

Wealden District Council

Wealden Housing Market Assessment

2007

Final Report



DTZ
Greyfriars Gate
5 Greyfriars Rd
Reading
RG1 1NU

Wealden District Council

Wealden
Housing Market Assessment

A Final Report

by

DTZ

Greyfriars Gate
5 Greyfriars Road
Reading RG1 1NU

Tel: 0118 967 2020
Fax: 0118 950 3759 & 9584378

Also at Belfast, Birmingham, Bristol, Cardiff, Dublin, Edinburgh,
Leeds, London & Manchester

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1. SUMMARY

1. Wealden District is not a self contained housing market. In 2001 and 2005 over half of households who moved in the District had moved into Wealden from outside the authority area. A number of localised housing markets are also evident across the northern area of Wealden and these are also influenced by the towns of Tunbridge Wells (on Crowborough) and East Grinstead (on Forest Row). This contrasts with the more integrated housing market that includes Eastbourne and the southern part of Wealden.
2. This Housing Market Assessment therefore considers these two housing market areas separately. A separate document has also been produced for the Eastbourne housing market area, including the southern part of Wealden. The distinction between the north and south of Wealden is made in the draft South East Plan which identifies the Sussex Coast Sub-Region (including Eastbourne and South Wealden) as an area where development will be concentrated in the future.
3. Job growth has historically been more buoyant in North Wealden compared with South Wealden. However, in neighbouring Eastbourne past levels of job growth have been very high so job growth has been buoyant within the Eastbourne and South Wealden housing market area. Resident based wages are also higher in North Wealden than in South Wealden, partly due to the level of commuting to higher paid jobs in areas such as Tunbridge Wells, Gatwick and London.
4. In a context where job and workforce growth has been buoyant in recent years, relatively low rates of housing development proposed for North Wealden in the future in the draft South East Plan are likely to mean that the area will continue to experience pressure within the housing market.
5. Wealden as a whole (particularly North Wealden) has a high proportion of family type households – couples and single parents with children. In Wealden District families with children accounted for 26% of all households in 2001, compared to 29% in North Wealden and in contrast to 22% in South Wealden which also has an older population.
6. The composition of households across Eastbourne and Wealden is set to change over the next 20 years if current demographic trends persist. The majority of new households that form over the next 20 years in Wealden are expected to be single person households and a large proportion (60%) of these are likely to be elderly.
7. 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 Wealden, around half of one person households live in dwellings with 2 or more bedrooms. A significant proportion of households in Wealden choose and are able to occupy homes that are larger than their household size would suggest they need.
8. Wealden, particularly North Wealden, has a very high concentration of detached houses, in common with many rural areas. Only 23% of the dwellings in North Wealden are smaller homes (flats or terraces). In South Wealden also just 22% of the dwelling stock consists of flats or terraces, but this is complemented by a high proportion of flats and smaller dwellings in Eastbourne which provide a balance in the housing market area. Recent completions in Wealden have included a higher proportion of flats than has been delivered in the recent past. This trend may have

provided wider choice within the North Wealden although it is likely to have reinforced the bias within the stock in the Eastbourne housing market area.

9. One of the reasons for high average house prices within the rural areas of North Wealden is a bias to larger and detached properties. **Encouraging the development of smaller dwellings in North Wealden could help to broaden the range of entry level housing available, and could make a contribution over time to improving affordability. DTZ would emphasise the role of South Wealden in the Eastbourne housing market. The provision of larger dwellings (3 and 4 bedrooms) as part of a mix of housing would be appropriate in this market area to improve choice.**
10. **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).**
11. In the context of house prices and affordability within North and South Wealden it is inevitable that a proportion of households find themselves unable to access housing in the open market and fall into housing need.
12. The most expensive postcodes are located in North Wealden, between the towns of Crowborough and Uckfield. Affordability worsened in all areas between 2002 and 2006 although it has stabilised since 2004 in Wealden. However, around 57% (the majority) of Wealden's households fall into the 'intermediate' housing market on the basis of their incomes, being able to afford more than a social rent but unable to purchase a house in the open market.
13. Wealden's Housing Need Survey revealed a shortfall of around 870 affordable homes each year. The totality of housing need is unlikely to be addressed – indeed it is in excess of the overall housing numbers proposed in draft South East Plan for Wealden and new affordable housing supply will only be a proportion of this. In this context, **DTZ recommend that Wealden District Council seek to maximise the provision of affordable housing. Delivery of market housing is key to securing more 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 housing need, development economics and the site specific context.**
14. DTZ suggest that it might be appropriate to consider a tiered approach to affordable housing targets across Wealden District with targets set according to varying development contexts. However, the HMA has not assessed viability and so targets and thresholds will need to be devised following the completion of a viability assessment.
15. Consideration also needs to be given to reducing the threshold for application of affordable housing policies as it is likely that a significant number of small sites are likely to continue to come forward.
16. Wealden District is constrained in its ability to deliver housing due to the land area covered by the High Weald Area of Outstanding Natural Beauty. However, the potential for higher rates of development in South Wealden are recognised in the draft South East Plan, though it is expected that this will contribute to the Eastbourne housing market area as a whole. The Government's modifications to the draft South East Plan propose that 4,000 new dwellings are delivered in North Wealden over the next 20 years (200 per annum) and 7,000 within South Wealden (350 per annum).

17. The opportunities for development on either allocated or identified sites (and excluding windfall) in Wealden amount to provision for around 4,700 homes, sufficient to deliver the target for the next 5 years.
18. However, some of 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. **The key priority for Wealden District Council (working with Eastbourne in South Wealden) will be to take measures to unlock any barriers to delivery that emerge over the course of the plan period.**

2. INTRODUCTION

- 1.01 In December 2006 DTZ was commissioned to undertake a Housing Market Assessment (HMA) for Wealden.¹ The core requirement of the HMA is to provide Wealden Council with the evidence to:
- Enhance its understanding of the structure of the housing market operating across Wealden
 - Better understand housing demand, need and supply
- 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 PPS3² 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 guidance³, 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 Wealden 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. These working papers form the evidence base for this report and address 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 Wealden housing markets. It also translates these into policy implications for Wealden District Council, drawing out how the Council may need to consider different policy approaches in the North and South of the District to reflect the two different market areas. The rest of this report is structured as follows:
- The Housing Market Areas
 - Future Housing Requirements
 - The Type and Size of Future Households and Dwellings
 - House Prices, Affordability and Housing Need
 - Housing Land Supply and Delivery Issues

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 Though the HMA was undertaken following the guidance set out in Planning Policy Statement 3 and the draft HMA guidance it meets the core requirements of the CLG's SHMA guidance.

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 local 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 It is appropriate to consider Eastbourne in this study since the southern part of Wealden forms part of a housing market that is dominated by Eastbourne.
- 1.08 A number of localised housing markets and smaller self-contained household movements (Figure 1) are evident across the northern area of Wealden, which contrast with the more integrated pattern of movement across Eastbourne and the southern part of Wealden (the Eastbourne HMA area).⁷ Indeed the relationship between Eastbourne and South Wealden is reciprocal – demonstrated by flows of households and workers into Eastbourne from Polegate and Hailsham and vice versa.
- 1.09 The household movements in Figure 1 show, for example, a relatively weak pattern of movement between the North Wealden settlements of Uckfield, Heathfield, Horam and Crowborough. They also show the influence on northern areas of Wealden of Tunbridge Wells, which receives a large number of household moves from Crowborough, and the strong housing relationship between East Grinstead and the settlement of Forest Row.
- 1.10 Due to the close relationship between the boundaries of sub-regional housing markets and sub-regional labour markets, the second key determinant of the spatial pattern of housing markets is travel to work movements. These have been compiled on the same basis as the household movement patterns and are shown in Figure 2.
- 1.11 Figure 2 illustrates the very well integrated labour market operating across Eastbourne and the southern area of Wealden, which again contrasts with the pattern of movements between the settlements in North Wealden. The settlements across North Wealden appear to have a restricted relationship with the South Wealden and Eastbourne labour market. Limited movements are, for example, evident from Polegate and Hailsham to the settlements in North Wealden such as Uckfield, Crowborough and Heathfield.
- 1.12 These settlements show a higher level of labour market integration with one another. Crowborough and Uckfield, for example, have an equal level of commuting movements

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 complexity of the picture

⁷ In DTZ's study of housing markets in the South East for the South East Housing Board this was called the High Weald housing market area

travelling between them. Uckfield also draws in a relatively high travel to work flow from Heathfield to the east (215).

- 1.13 Figure 2 also reveals the influence of Tunbridge Wells on North Wealden. Tunbridge Wells attracts a very large commuting flow from Crowborough (1,628) and, to a lesser extent, Heathfield (404). East Grinstead also exerts a strong influence on Crowborough and Forest Row, with some 357 and 272 people living in Crowborough and Forest Row respectively working in East Grinstead.
- 1.14 The North Wealden market therefore comprises a series of more localised housing markets that have a relatively weaker connection with one another than the Eastbourne and South Wealden market and are influenced by areas outside Wealden, most notably Tunbridge Wells. Furthermore, around 4,440 people commute to London to work from Wealden (on a par with the numbers commuting to Tunbridge Wells from Wealden as a whole) and a further 1,450 commute to Crawley Borough (including Gatwick).
- 1.15 The spatial definition of the North Wealden housing market and the Eastbourne housing market, containing South Wealden (in terms of the wards they cover) is shown in Figure 3.
- 1.16 DTZ would suggest that the nature of the housing market in North Wealden has implications for policy. North Wealden is not a cohesive housing market and therefore it would make sense to secure new housing (market and affordable) in a range of locations across the north of Wealden. In contrast, the Eastbourne HMA area is more integrated and Eastbourne and South Wealden's housing growth can be somewhat complimentary. In the South of Wealden therefore there is an opportunity to work with Eastbourne to deliver growth that meets the needs and aspirations of the Eastbourne housing market area. Additionally, the boundary between the Eastbourne HMA area and North Wealden is neither rigid or fixed and this needs to be borne in mind in applying policy.

Figure 1: All People Movements ≥ 30 People (Source: ONS 2001)

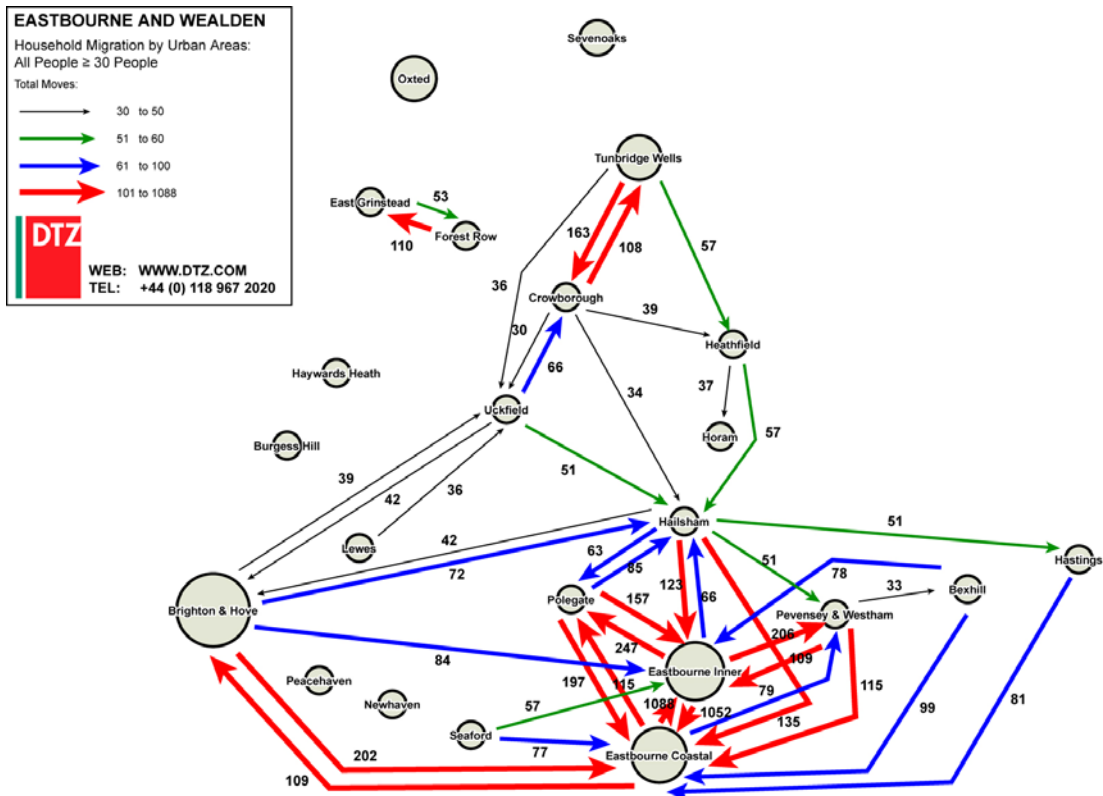


Figure 2: All Travel to Work Movements ≥ 150 People (Source: ONS 2001)

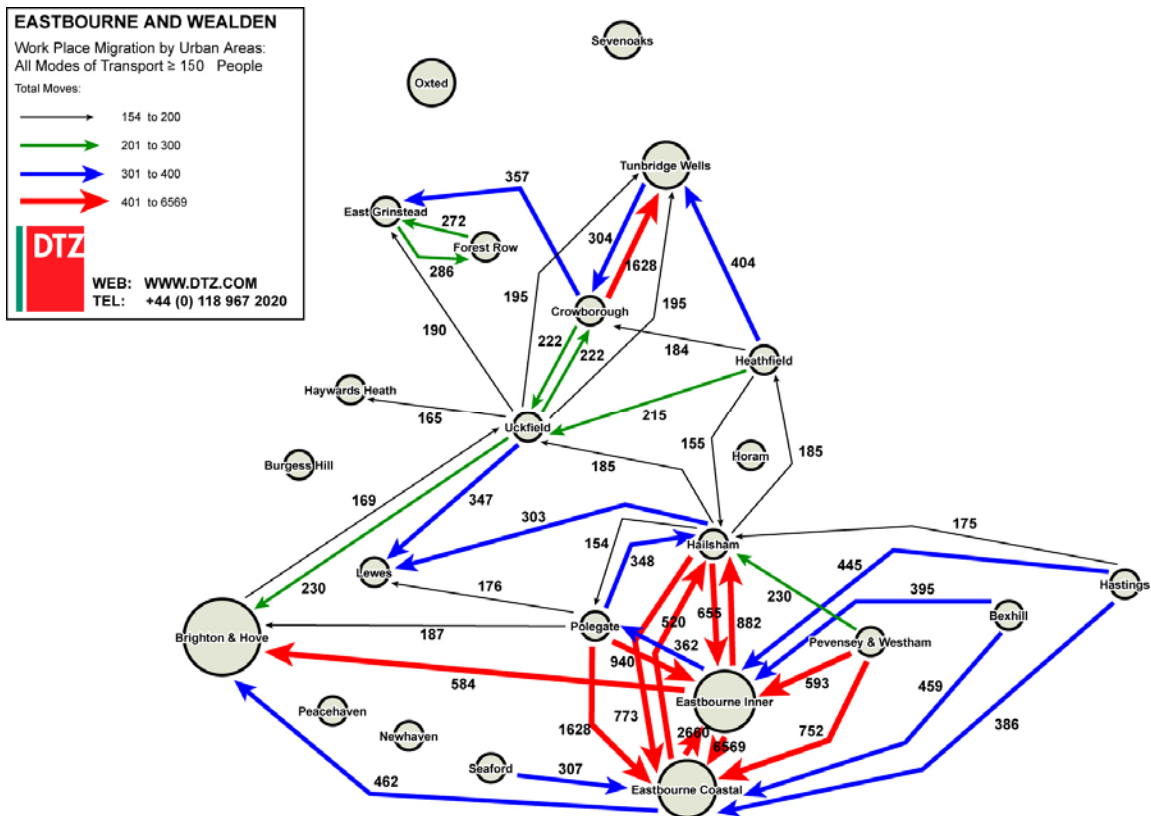
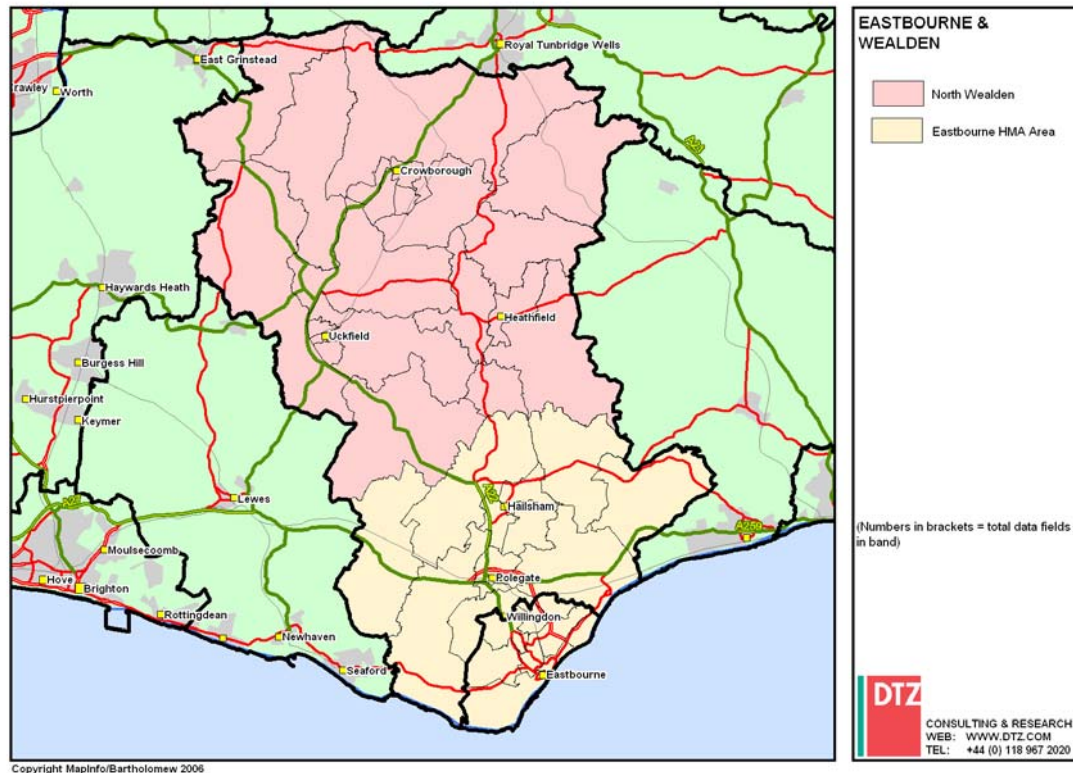


Figure 3: Spatial Definition of the North Wealden Market Area



- 1.17 This report primarily analyses the characteristics of the North Wealden market area, since South Wealden is included in the Eastbourne and South Wealden HMA. Although, this report also aims to draw together the evidence and implications for Wealden District as a whole. We have therefore included data for North and South Wealden and for the whole District so that Wealden District Council can understand the characteristics of the District as a whole as well as the two main housing markets that operate across it. A separate report on the Eastbourne housing market area (consisting of Eastbourne Borough and South Wealden) has been provided to the two Councils.

4. FUTURE HOUSING REQUIREMENTS

- 1.18 Wealden District faces significant constraints in its ability to deliver new housing; a significant proportion of the district is covered by the High Weald Area of Outstanding Natural Beauty. These constraints are more acute in North Wealden than in South Wealden, the south being where most of the district's future developable land is located.
- 1.19 The housing constraints faced in North Wealden and the potential for higher rates of development in South Wealden are recognised in the South East Plan. The latest version of the Plan (proposed modifications by the Secretary of State) sets a target to provide 4,000 new dwellings in North Wealden over the next 20 years, equivalent to 200 units per annum. This is around 40% lower than the future target set for South Wealden (350 units per annum), as shown in Figure 4.

Figure 4: Future Housing Targets for Wealden Under Secretary of State's Proposed Modifications

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's Proposed Modifications

- 1.20 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 than 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 targets set for South Wealden within the Eastbourne HMA area and North Wealden are likely to be sufficient to meet the level of future demographic and economic growth.
- 1.21 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.
- 1.22 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).

- 1.23 Trend based projections (shown in Figure 5) predict growth of 700 households per annum in Wealden district over the next 20 years. This is around 20% more than the target dwelling provision set for the district in the draft South East Plan (550 dwellings pa). When this total is split between the North and South area of Wealden (based upon the proportion of the housing stock located in each area⁸), it implies that, should past trends continue, North Wealden would grow by some 415 households per annum, more than twice the level of its future dwelling target (200 dwellings pa). The data therefore suggests that in an unconstrained market, demand for new housing in North Wealden would exceed current dwelling targets.

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 Wealden⁹	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	420
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 Note – figures may not sum due to rounding

- 1.24 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 North Wealden is expected to increase at a level (225 households per annum), more in line with the future housing targets proposed in the draft South East Plan (200 dwellings per annum), 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

⁸ See Appendix 1 (Working Paper 1) for a full description on how the split between North and South Wealden has been calculated.

- 1.25 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 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. The alternative would be growth in long distance commuting from areas outside the market.
- 1.26 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.
- 1.27 Between 1996 and 2005 around 720 new jobs were added to the Wealden economy each year, compared with 1,000 in Eastbourne (see Figure 7). Within Wealden district, North Wealden produced the most significant number of new jobs (460 per annum). 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, and more so than 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

- 1.28 Economic activity levels in North Wealden are also higher than in South Wealden, as shown in Figure 8. This will be due to the more robust economy in North Wealden and its higher levels of commuting into Tunbridge Wells, London and Gatwick compared to South Wealden. These commuting patterns will also tend to raise residence based wages in North Wealden vis a vis South Wealden and Eastbourne (household incomes across the study area are evidenced in Appendix 4) given the higher salaries in these locations.

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

- 1.29 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), anticipate that the workforce of Wealden district will increase by around 300 people each year over the next 10 years. Based upon the current distribution of the workforce in North Wealden, this implies growth of around 180 people per annum, a level that is considerably lower than past rates of job growth (see Figure 7). Moreover, in practice, workforce growth in North Wealden is likely to be even lower than outlined in Figure 9, given that the draft South East Plan distributes more of the housing growth into South Wealden rather than North Wealden.

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

- 1.30 Overall, job growth has historically been more buoyant in North Wealden compared with South Wealden. Economic activity rates are also higher than in South Wealden, as is the level of commuting to higher paid jobs in areas such as Tunbridge Wells, Gatwick and London, which will tend to raise resident based wages in North Wealden. However, the delivery of new housing in North Wealden is constrained and the population is ageing (see Appendix 1), which will reduce or limit the future growth in the workforce.
- 1.31 DTZ believes that the most likely scenario for North Wealden is that jobs will continue to grow, enabled by increases in activity rates of the working age and growth in activity rates among retirement age people. There is also scope to reduce net out-commuting, although this, in DTZ's view, will be contingent upon the development of high quality and better paid jobs in North Wealden in the future. However, small rural businesses reliant on relatively lower paid labour may find it increasingly difficult to recruit or be forced to pay more given the increasing tightening of the labour market in North Wealden and the lack of affordability of housing. Alternatively, workers may increasingly commute into North Wealden from cheaper areas.

- 1.32 DTZ would expect that, in a context where job and workforce growth has been buoyant in recent years, the lower rates of housing development proposed for North Wealden are likely to mean that the area will continue to experience pressure within the housing market in the future.
- 1.33 We consider in the next section of this report, based on the incomes of households within 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 constrain housing supply within Wealden in relation to trend based household projections.

5. THE TENURE, TYPE AND SIZE OF FUTURE 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 The principles of an approach to influencing the mix of homes provided through new development in the future is as follows:
- Recognise that planning for a mix of housing is not a precise science and 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 and the characteristics of the existing neighbourhood

- 1.39 The range of evidence that DTZ consider should inform the mix of dwellings in North Wealden 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 North Wealden's 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 (evidenced later in this report, see in particular Figure 23 and Appendix 4)
 - G. Considerations of viability and the characteristics of existing neighbourhoods. This is likely to be particularly important within North Wealden given the varied character of the towns, villages and rural areas (not evidenced in this HMA but see Appendix 7 for ward level stock data, Wealden DC's Draft Settlement Strategy for Villages 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 Wealden 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:
- 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 Lower quartile house prices in the same year in Wealden were £155,000 which, based on a mortgage 3.5 times income, would require an income of £44,300 to afford to buy one of

the cheapest properties in the market. The cost of renting a 1 bedroom property privately within Wealden is around £120 per week or £6,200 per annum. Thus, to rent privately, assuming households spend 25-33% of their income on rental costs, would require an income of between £20,800 - £25,000 per annum.

- 1.43 This implies that, on the basis of the incomes of existing households within Wealden around 20% would be able to access market ownership; 35% would be able to access the private rented sector and intermediate products at similar prices and 44% 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:
- Wealden District is not a self contained housing market (typically as the area within which 70% of household moves are contained). Although the level of movement within Wealden is lower than the national average¹⁰ over half of those who moved home in Wealden in 2005 had moved from outside the District according to the NHS Central Register data. In-migrants are likely to be able to afford to buy or rent privately otherwise they would be unable to move. Thus, house prices contribute to a pattern of selective migration to and from the District.
 - Existing households within Wealden 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.
- 1.44 In very broad terms, the relationship between house prices and incomes in Wealden suggests that around 55% could afford market housing (to buy or rent) and around 45% require assistance to access housing. However, the demand for market housing is in practice likely to be higher because in-migrants are likely to be able to afford market housing. These proportions are also likely to change over time. If prices are stable or fall for a period of time and incomes continue to rise, all other things being equal, the affordability of housing in Wealden should improve and therefore the proportion of households able to access market housing should increase. Conversely, if prices rise as they have done over the last 10 years at a rate which is above the growth of household incomes, affordability is likely to continue to decline and the proportion of households who can afford market housing would continue to decline.
- 1.45 In terms of the type of households, Wealden as a whole and particularly North Wealden has a high proportion of family type households – couples and single parents with children. In Wealden as a whole, families with children accounted for 26% of all households in 2001. In North Wealden 29% of households were families with children, in contrast to 22% in South Wealden (see Appendix 4 for a detailed profile of current households).
- 1.46 However, 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).

¹⁰ Census 2001

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

Household Type	Growth in Households 2006-2026		
	Eastbourne	Wealden	East Sussex
Couples	-770	-50	-4,160
Lone Parents	-610	-310	-2,430
One Person	5,610	7,470	39,290
Other (multi-person)	370	570	3,730
Total	4,600	7,680	36,430

Source: DTZ/ South East Regional Assembly, Data not available at lower level. Figures may not sum due to rounding

- 1.47 The forecasts in Figure 10 show that the total number of households in 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 in 2026 they will remain the largest group. 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 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

- 1.48 Although household projections for Wealden anticipate the single person households will account for the majority of the growth in households over the next 20 years, the implications for the type and size of homes required are complex.
- 1.49 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.
- 1.50 It is important to recognise that how people choose 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 (see Figure 11).

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

- 1.51 Figure 12 provides data to illustrate this pattern within Wealden in terms of the number of rooms by household size. The number of rooms listed does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms are counted, though if two rooms have been converted into one they are counted as one room. Rooms shared between a number of households (for example a shared kitchen) are not counted.
- 1.52 As a guide DTZ work with the following rule of thumb, regarding the relationship between habitable rooms and the number of bedrooms in a property, which is the more generally understood yardstick (albeit fairly crude) of dwelling size:
- 1-4 room dwellings equate to a 1-2 bed property - if we assume this includes a kitchen, and could include 1 or 2 reception rooms
 - 5-6 room dwellings equate to a 2-3 bed property - if we assume a kitchen and one or two reception rooms
 - 7 plus room dwellings equate to 4 bed plus properties

Figure 12: Household Size by Dwelling Size, Wealden

Wealden	1 Person	2 People	3 - 4 People	5 + People
1 to 4 rooms (1-2 Bedrooms)	52%	26%	11%	3%
5 to 6 rooms (2-3 Bedrooms)	35%	43%	44%	37%
7 or more rooms (4+ Bedrooms)	13%	31%	45%	59%
Total	100%	100%	100%	100%

Source: Census 2001

- 1.53 If this yardstick is accepted, Figure 12 shows that in Wealden, around half of one person households live in dwellings with 5 or more rooms (2 or more bedrooms). Around one third of households with two people live in homes with 7 or more rooms (4 or more bedrooms). A significant proportion of households in Wealden therefore choose and are able to occupy homes that are larger than their household size would suggest they need. Furthermore, the data in Figure 12 is for all tenures. The sizes of homes occupied by households in owner occupation are larger, relative to their household size - over half of all one person households live in dwellings with more 5 or 6 rooms (see Figure 12b).

Figure 12b: Household Size by Dwelling Size in the Owner Occupied Sector, Wealden

Owner Occupied Sector	1 Person	2 People	3 - 4 People	5 + People
1 to 4 rooms (1-2 Bedrooms)	44%	22%	8%	2%
5 to 6 rooms (2-3 Bedrooms)	40%	44%	42%	30%
7 or more rooms (4+ Bedrooms)	16%	35%	50%	67%
Total	100%	100%	100%	100%

Source: Census 2001

- 1.54 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 13. The basis for these estimates is the application of the proportions in Figure 11 to the projected growth in households in Figure 10 and is explained further in Appendix 4.

Figure 13: Future Household Growth in 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

- 1.55 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. 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.¹¹ Furthermore, these estimates are based on how current households live across all tenures. Evidence presented further on in this paper demonstrates that the size of homes occupied varies considerably between the owner occupied and social rented sectors.
- 1.56 Figure 13 show the increase in households by the size of dwelling they may demand over the next 20 years based on household growth in Wealden. Change is expected to be driven primarily by single person households. 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. Furthermore, Figure 13 shows that around one third of single person households expected to form within Wealden are likely to occupy homes with three or more bedrooms. However, it is important to consider what the stock in North and South Wealden can provide, since new households will not necessarily occupy new dwellings –

¹¹ CLG (2007) Strategic Housing Market Assessment – Practice Guidance

most new households are likely to buy homes within the second hand (existing stock), which are generally cheaper, like for like.

(B) Characteristics of the Existing Stock of Homes

- 1.57 Dwellings 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 and whilst this is significant over long periods of time it is important to consider how well new households can be accommodated within the existing stock.
- 1.58 In considering the mix of dwellings required by households in the future within North Wealden it is important to consider the stock of existing dwellings within North Wealden (the market area). Similarly in considering the mix of dwellings required by households in South Wealden it will be important to consider the stock of dwellings in the Eastbourne HMA area. Appendix 7 provides a ward level breakdown of the tenure, type and size of housing stock within Wealden.
- 1.59 Wealden as a whole and in particular, North Wealden, has a very high concentration of detached houses. In North Wealden, detached houses account for half of the dwelling stock, the figure is 40% in South Wealden although there is also a large proportion (36%) of semi detached houses in the South. Only 23% of the dwellings in North Wealden are smaller homes (flats or terraces), just 22% in South Wealden.
- 1.60 North Wealden also has a high proportion of the largest homes of 7 or more rooms, equivalent to 4 or more bedrooms (see Appendix 4). Only 22% of North Wealden's homes are 1 or 2 bedrooms (1 to 4 rooms).

Figure 14: Proportion of Different Types of Dwellings

	Detached House	Semi Detached House	Terraced House	Flat/ Marionette	Caravan/ Temporary	Total
Eastbourne	18%	23%	26%	32%	0%	100%
South Wealden	40%	36%	13%	9%	2%	100%
Eastbourne Market 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

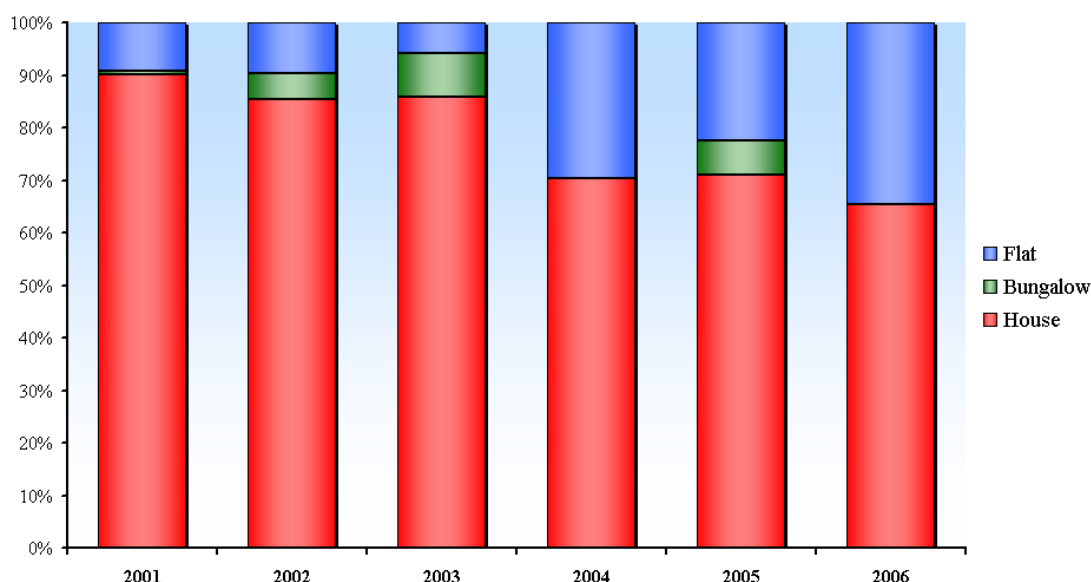
- 1.61 In summary, there is therefore a relatively strong bias in the stock of dwellings within North Wealden when compared to the South East as a whole where only 30% of the dwelling stock is detached houses. This can be largely explained by the rural nature of the North Wealden housing market area and is in contrast to the type and size of homes available in the Eastbourne housing market area. Thus the bias in South Wealden's stock towards detached and semi detached homes is balanced out somewhat by the types of properties in Eastbourne urban area.
- 1.62 Across the South East, rural areas typically have a relatively high proportion of larger dwellings, which also compounds affordability problems because of a more limited supply of small (and usually cheaper) homes. However, stakeholders highlighted that the largest homes in Wealden were likely to be outside of the development boundaries of the towns

within Wealden ie, in the more rural areas. There was a feeling that dwellings within the towns were on the whole smaller than the Wealden average and this is confirmed in the ward level analysis in Appendix 7.

(C) The Pattern of New Completions in Wealden

- 1.63 Another important factor in considering the mix of dwellings for households in the future is what has been delivered within Wealden over recent years. Figure 15 presents data on the type of completions by private enterprise (open market housing) within Wealden as a whole 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 and therefore not available for North and South Wealden). However Figure 15 shows a different pattern to the South East as a whole where completions are currently 50% flats.

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



Source: NHBC

- 1.64 The increase in the proportion of flats delivered in Wealden is reflected in the size of new homes. In Wealden, almost 50% of new homes built between 2004-2006 were 2 bedroom dwellings (see Appendix 4). However, given the bias in the existing stock of dwellings within Wealden towards larger homes this could be viewed as a welcome development that helps to provide a wider choice of types and sizes of homes available to North Wealden's current and future residents. Although provision of flats within South Wealden may reinforce the bias towards smaller homes in the Eastbourne HMA area.
- 1.65 It is worth considering some of the drivers behind this pattern of development. 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 market. We do not have specific evidence on the scale of the

Buy-to-Let market in Wealden though this is a national trend and is likely to have been replicated in the District to some extent, particularly where new flats have been delivered.

- 1.66 The emphasis in planning policies on delivering development within town centres on brownfield and at higher densities has supported and reinforced this pattern. This is however, more relevant to Eastbourne given the type of development opportunities within the Borough, but it is likely to have been reflected to some extent in developments within the towns in North Wealden as average densities within Wealden have increased to 35 dwellings per hectare.
- 1.67 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.
- 1.68 In the discussion about the pattern of recent completions it is worth noting that new homes are, on average, more expensive than an equivalent property in the second hand stock – in the South East the difference is around 20%.¹²

(D) Drivers in the Development Industry

- 1.69 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. The type and size of dwellings that a developer will propose on a particular site is 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

- 1.70 Occupancy levels can provide an indication of the interaction between households and dwelling sizes and whether the needs and demands of households within Wealden 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 provision of larger dwellings per se would not necessarily ensure the needs of particular households are met. This is evidenced in Figure 12b presented earlier in this

¹² Chapter 4, Barker Review (2003) Interim Report – Analysis. Data for new build prices vs other dwellings is available from CLG live tables (Table 207). In the South East in 2006, new build prices were 20% higher than dwellings in the second hand stock. Equivalent data is available for local authorities from the Land Registry.

section which demonstrated that households in the owner occupied sector in Wealden have been able to purchase homes with additional rooms.

- 1.71 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. Overcrowding in the owner occupied sector in North and South Wealden is limited and on a par with levels in at the South East as a whole at 3% of all households.
- 1.72 However, overcrowding is higher within North Wealden in the social rented sector, at 17% of households and 16% in South Wealden, compared to 15% in the South East as a whole (see Figure 16). However, it is worth noting that in Wealden as a whole, around 1 in 6 social rented tenants are *under* occupying their dwellings (though it is important to keep in mind that these occupancy standards are by no means generous). It is likely that the majority of these are older households who are reluctant to downsize as their circumstances change. There is a case, however, for exploring whether under occupancy in the social rented sector could be tackled. This is considered later in this report.

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

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

- 1.73 Analysis of household incomes and house prices in Wealden suggests that a significant proportion of existing households (45%) would be unable to access either home ownership or private renting based on their current incomes. However, a significant proportion of the overall demand for homes in Wealden 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 make up 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.
- 1.74 Single person households are expected to account for almost all of the growth in households over the next 20 years in Wealden as a whole (the pattern is likely to be the same in North and South Wealden) but it is important to keep in mind that family type households (couples and lone parent headed households) will continue to account for the majority of all households.

- 1.75 Whilst growth in one person households is expected in Wealden this does not imply the need for the majority of market dwellings to be small units. 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).
- 1.76 Recent completions in Wealden have included a higher proportion of flats than has been delivered in the recent past. To some extent this could help to rebalance the stock within the North Wealden, which, in common with many rural areas, has a bias towards larger dwellings. In contrast, although greater provision of smaller dwellings in South Wealden would help to provide a balance against the large numbers of detached and semi detached homes in the area, South Wealden appears to play an important function in the Eastbourne HMA area – providing larger homes to balance the stock of small dwellings in Eastbourne.
- 1.77 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. It is also 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 around 20% cheaper than equivalent newly built property. This means that it is not always attractive to first time buyers and primarily appeals to those trading up who can afford to pay more and, as they are trading up, will often want more space.
- 1.78 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.
- 1.79 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.
- 1.80 In North Wealden there is evidence of a strong bias towards larger dwellings in the existing stock and limited smaller dwellings. One of the reasons for high average house prices within the rural areas of North Wealden is a bias to larger and detached properties. Encouraging the development of smaller dwellings could help to broaden the range of entry level housing available, and could make a contribution over time to improving affordability. DTZ would emphasise the role of South Wealden in the Eastbourne housing market and so provision of greater proportions of larger dwellings (although already numerous) may be more appropriate than in North Wealden.
- 1.81 Encouraging enhanced provision of smaller, entry level housing in North Wealden as part of new developments could also help younger households that have amassed less equity to live in the rural areas. However, it should be noted that new housing has a premium – it is significantly more expensive than an equivalent property in the second hand stock. This

may mean that first time buyers cannot afford new housing in these areas, even if it is smaller and cheaper than the properties usually on sale in rural areas. Nevertheless, encouraging diversification in the size and type of properties in these areas could help to create more balanced communities, since the bias to larger, more expensive properties has a tendency to be reflected in a bias towards older age groups among the resident population.

- 1.82 In South Wealden, the policy implications of the evidence on household and dwelling mix are more complex. Although South Wealden has a strong bias towards larger detached and semi detached properties in its stock, when it is considered as part of the Eastbourne HMA area this bias serves an important function in balancing the high numbers of smaller properties - flats and terraces - in Eastbourne. Generally, it would make sense for Wealden District Council to consider the mix of dwellings provided on development sites within South Wealden in the context of what is available across the market area. However, in some neighbourhoods where there is a bias towards larger properties, the Council may consider that there is a benefit to providing a proportion of smaller dwellings to provide wider choice – this is a matter of judgment through the consideration of local factors and the wider housing market context.
- 1.83 The question is: how could Wealden District Council address these imbalances 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.¹³ There are two key policy areas that the Council may wish to consider however.
- 1.84 First, the Council have relatively strong levers to influence the pattern of completions in the open market through the type and size of *sites* allocated for new development. 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 housing land (in a similar way to that required in employment land allocations). To encourage a greater proportion of smaller properties to be delivered as part of the overall mix of housing, Wealden may like to ensure that there are smaller, and/or urban sites, available that are more suited to higher densities and likely to deliver smaller units. A range of different site types and sizes would also help to ensure that, were the market to change, there is the opportunity to deliver a different type of development. In general, a sufficient supply of developable land and choice of sites would also ensure that the authorities have more leverage over the nature of development in the future. Having a number of sites available at any one time would ensure that the authority is not dependent on any one site or any one developer to deliver its targets.
- 1.85 Second, the Council also has 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 or areas expected to accommodate the majority of new development – this may also go some way

¹³ 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)

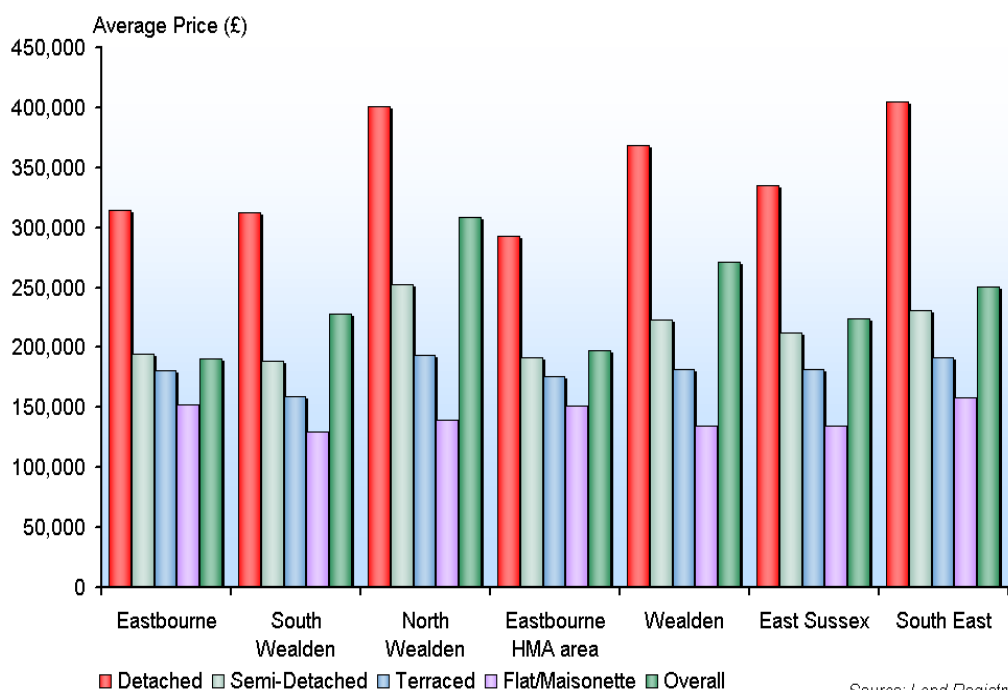
to managing developers expectations about the densities that could be achieved. In areas where larger homes are deemed appropriate, and therefore likely to be delivered at lower densities, the Council might wish to set maximum densities. This would likely impact on the type of dwellings eg the balance between flats and houses.

- 1.86 Finally, Wealden District Council will also need to consider site specific factors in the mix of dwellings that are delivered on new developments. Whilst general evidence might point to the case for securing a proportion of smaller dwellings in North Wealden, the appropriate mix for a particular site needs also to take into account site specific viability and the characteristics of the existing neighbourhood (Appendix 7 demonstrates how the characteristics of the stock varies at the local level in Wealden).

6. HOUSE PRICES, AFFORDABILITY AND HOUSING NEED

- 1.87 It is important to consider housing need within the context of house prices and affordability within North and South Wealden. Given the evidence on house prices and affordability it is inevitable that a proportion of households find themselves unable to access housing in the open market and fall into housing need.
- 1.88 Of all the areas included in this study, including Eastbourne and South Wealden, the highest overall average prices are found in North Wealden (£308,666). The high prices in North Wealden mean that Wealden as a whole has the highest overall average house price (£270,433) when compared to the other benchmarks in Figure 17. Prices in both Wealden and North Wealden are higher than the East Sussex (£223,710) average and in North Wealden they are higher than the South East (£251,077) average. Prices for South Wealden (£228,077) lie between the regional and county average, and above that for Eastbourne (£190,812).
- 1.89 However, although Wealden has high overall house prices, it has the second lowest prices for flats. Even in North Wealden the average price of a flat was lower than the Eastbourne HMA area. This may reflect the supply of new flats coming onto the market in Eastbourne which will have impacted on average sale prices (since new flats are more expensive than old ones, like for like). It may also reflect the premium people are prepared to pay for flats within Eastbourne with a sea view. However, the price of a terraced house in North Wealden is higher than the price of a semi-detached in Eastbourne and the Eastbourne housing market area.

Figure 17: Current House Prices by Type, October – December 2006

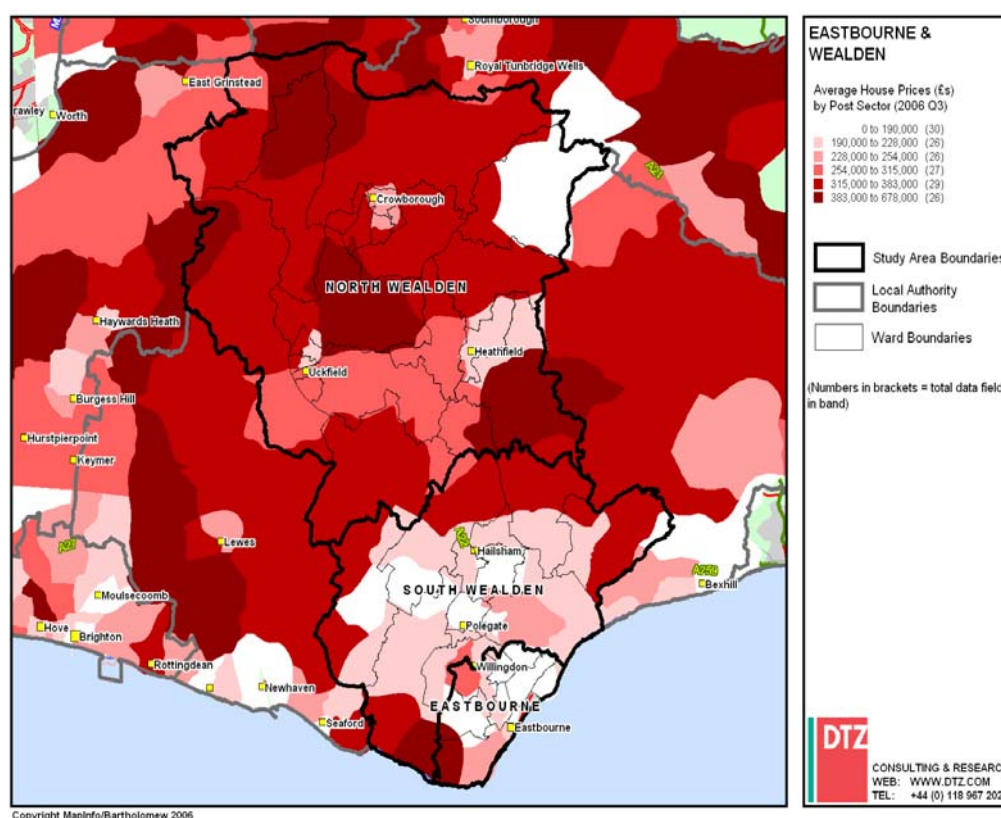


- 1.90 Figure 18 shows that within the study area the most expensive postcodes are located in North Wealden, between the towns of Crowborough and Uckfield. There are other pockets

of high prices in the north and south eastern edges of north Wealden market area, the more rural areas.

- 1.91 The areas where house prices are the lowest in North Wealden are centred in the three towns of Uckfield, Crowborough and Heathfield. 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 (see Appendix 4 for evidence of the type and size of the housing stock).

Figure 18: Overall Average House Prices at Postcode Sector Level, 2006 Q3



- 1.92 Postcode sector level house prices over the last ten years (1996-2006) show that the highest house price rises have been in the rural hinterlands of Crowborough, Hailsham and Eastbourne. North Wealden has also seen the largest *absolute* increase in average house prices of £200,131 over the ten year period, even though as a percentage increase this equated to a rise in prices of 184%, below that experienced in Eastbourne (236%).
- 1.93 In North Wealden, flat prices, followed by terraced house prices have increased at a higher rate than overall house prices over the last 10 years. Although price changes reflect a complex set of factors, relative price changes can sometimes imply a shortage of a particular dwelling (in this case flats and possibly terraced houses). There is a relatively limited proportion of smaller dwellings available within North Wealden which adds support to the signals apparent in the house price data.

Tenure Profile

- 1.94 The vast majority of households within North Wealden (82%) are owner occupiers. This level of owner occupation is significantly above that of the South East at 74% but lower than that for South Wealden – which may reflect the higher house prices in North Wealden and poorer affordability and also means that a slightly higher proportion of households occupy private rented accommodation in North Wealden relative to South Wealden. It may also reflect the higher proportion of elderly households in South Wealden who are more likely to be home owners.

Figure 19: 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%

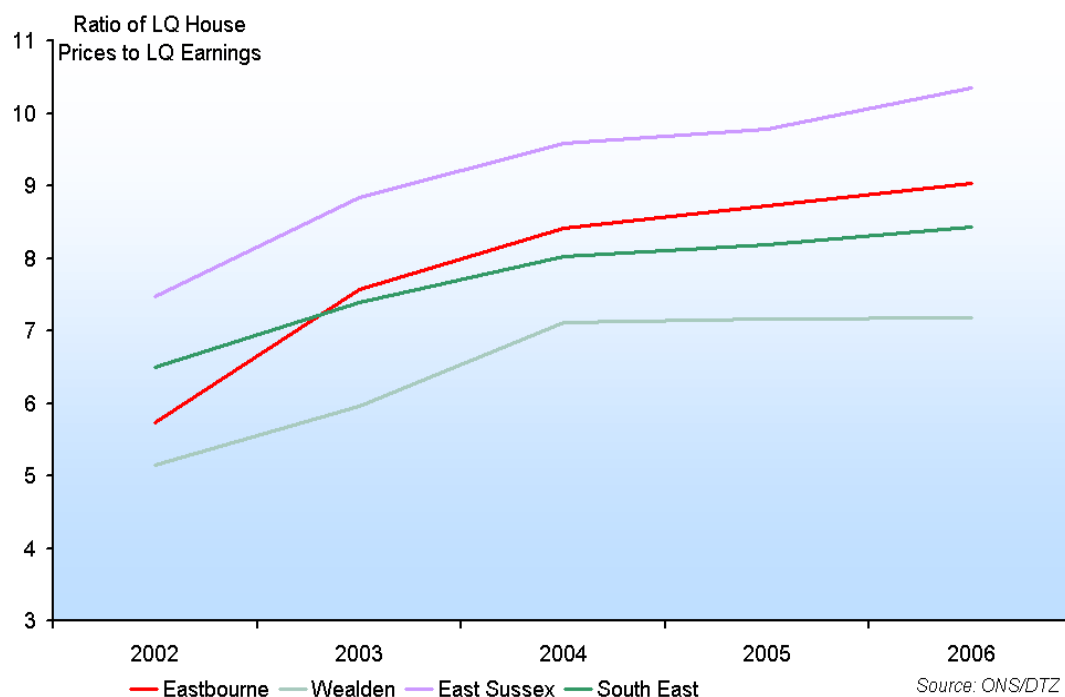
Source: Census 2001

- 1.95 North Wealden has experienced limited change in tenure profile between 1991 to 2001, only private renting has increased its share relative to the other tenures (from 9% to 10%) and it is likely that this share has increased further since 2001 with further declines in affordability.

Affordability

- 1.96 Figure 20 compares affordability in Wealden, Eastbourne, East Sussex and the South East. On this measure (lower quartile house prices to lower quartile earnings), Wealden is more affordable than Eastbourne, reflecting higher earnings of Wealden's residents. Though when average house prices to earnings are compared Wealden is less affordable than these other areas. Affordability worsened in all areas between 2002 and 2006 although it has stabilised since 2004 in Wealden.

Figure 20: Lower Quartile House Prices to Lower Quartile Earnings Ratios



1.97 However, Figure 21 shows that average key worker earnings are much less than the income required to purchase a home in Wealden (further information on the assumptions made is contained in Appendix 3). Wealden is less affordable than Eastbourne on this measure.¹⁴ The average income of key workers in Wealden only equates to 58% of the salary required to purchase a home. Key workers in the South East as a whole only earn on average 56% of the income required to purchase an entry-level house.

Figure 21: Affordability for Key-Workers in Wealden

	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’

1.98 Worsening affordability and concerns about the number and proportion of households priced out of the market have led to the definition of an ‘intermediate market.’ PPS3 defines this as housing at prices and rents above those of social rent but below market prices or rents. There is now a range of products to meet the needs and aspirations of households that, on the basis of their income and equity, fall into the intermediate market.

¹⁴ The difference between the two measures can in part be explained by the difference between the earnings of key workers in Wealden and the earnings of those on lower quartile earnings in Wealden – the latter may access higher earnings by working outside the District (in London, Gatwick and Tunbridge Wells), whereas the earnings of key workers do not generally vary depending on where they work.

- 1.99 According the Joseph Rowntree Foundation's definition of the broad and narrow intermediate market, around 57% of Wealden's households fall into the intermediate housing market (see Figure 22). A full definition of this measure is provided in Appendix 3. The data presented in Figure 22 mirrors the pattern in the DCLG data in presented earlier - Eastbourne is less affordable than Wealden by virtue of the lower incomes of households within Eastbourne. However, the JRF data suggests that in Wealden there is a large potential market for intermediate housing products. It is important to note that many of the households in Figure 22 will be home owners as many are likely to be older households who purchased their homes either when they were on higher incomes or when house prices were more affordable. This analysis also does not take into account the *willingness* of households to access intermediate products even though in theory they may be able to afford them.
- 1.100 However, on the basis of incomes within Wealden, a large number of residents would be unable to purchase a home now. Furthermore, the proportion of newly forming households unable to afford open market homeownership is likely to be even larger and therefore Figure 22 may underestimate the scale of the intermediate market amongst new households within Wealden.

Figure 22: 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'

Housing Need

- 1.101 Wealden's Housing Need Survey (2005) 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 year there is a need for around 1,200 affordable homes each year and therefore a shortfall of around 800 homes.
- 1.102 It is not the purpose of this report to review or update the Housing Need Survey since this remains current. Rather, given the overall shortfall of affordable housing in relation to the level of need it is more useful to provide evidence of the *nature* of housing need within the authority areas since it is unlikely that the totality of housing need can be addressed. We have reviewed available secondary data from Wealden District Council's joint housing register and transfer list, stock and allocations data in order to identify the type of homes required to house those in priority need.
- 1.103 According to Wealden District Council's waiting lists, the accommodation requirements of all households on the housing waiting and transfer list for the District are as follows:
- Just under half of the households on the waiting lists in Wealden require a 1 bed property

- The majority (70%) of households registered for a transfer are awaiting 2 bed properties
 - Retired households on the waiting list are almost exclusively awaiting 1 bed properties although in reality many would prefer 2 bedrooms if the stock was available.
- 1.104 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. 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.
- 1.105 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 bedroom or larger properties (see Appendix 3 for proportions of different sized dwellings needed by priority households). Although the overall numbers of households requiring large properties are small they are often considered to be in the highest priority need, including 5 families currently living in Bed and Breakfast accommodation in the District.
- Affordable Housing Stock and Relets**
- 1.106 62% of Wealden's affordable housing stock lies in North Wealden, 38% in South Wealden. 69% of RSL stock in Wealden falls within North Wealden, 31% in South Wealden. The profile of the affordable housing stock within Wealden (North and South) appears relatively broad. There is a spread of 1, 2 and 3 bedroom properties, accounting for around one third of the stock in each size, although with very limited numbers of larger (4 bed plus) properties. However, it is the pattern of re-lets that matters in terms of the ability to house those in priority need.
- 1.107 A high proportion of re-lets in North Wealden are bed-sits (including a large number of sheltered bed-sits) and 1 bed flats. Relets in South Wealden are less biased towards sheltered and 1 bed flats although the turnover of these properties together is higher than for other sized dwellings. Figure 23 shows the ratio of all applicants on the housing waiting list to re-lets. This demonstrates how the pattern of re-lets impacts upon the likelihood of different households being re-housed in Wealden.
- 1.108 The likelihood of households who require a 4 bedroom home being re-housed is particularly limited – there are around 33 households queuing for every property that becomes available. In contrast, households requiring sheltered accommodation are most likely to be housed due to the availability of these properties through re-lets.

Figure 23: 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 as at January 2007

- 1.109 Analysis of the data in this way illustrates that the highest waiting list to re-let ratio and therefore the greatest pressure on stock within Wealden is on 4 bedroom or larger properties. In contrast, households waiting for sheltered accommodation are likely to be housed relatively easily.

New Affordable Completions and Losses Through Right to Buy

- 1.110 Since 1999, over 300 properties have been sold through the Right To Buy in Wealden. The majority of these were 3 bedroom houses (55%), followed by 2 bedroom houses (27%). Only 16% of sales were flats. Figure 24 provides data for North and South Wealden and the extent to which RTB sales were in rural areas (settlements with less than 3,000 people). Over a third of RTB sales in North Wealden were in rural areas and 8% of the social housing stock in rural settlements in North Wealden was lost through RTB in this period. 10% of South Wealden's rural housing stock has also been sold through RTB.

Figure 24: Right to Buy Sales within Wealden, Total 1999-2006

	Total RTB Sales	Number Sold in Rural Areas	Sales in Rural Areas as % of all RTB sales	% of Rural Affordable Housing Stock Sold
North Wealden	188	64	34%	8%
South Wealden	130	18	14%	10%
Wealden	318	82	26	8%

- 1.111 Completions of new affordable homes within Wealden have been very limited when the scale of housing need is considered and losses through RTB are taken into account. Over the last 11 years (1995/6 – 2005/6) Wealden secured on average around 40 new affordable homes each year (around 20 per annum in both the northern and southern part of the District). RTB sales between 1999-2006 in Wealden averaged around 40 per annum (23 per annum on average in North Wealden) and therefore effectively cancelling out the contribution of new completions to the stock.

Policy Implications: Housing Need and Affordable Housing

- 1.112 In the context of house prices, incomes and the affordability of housing in 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 housing need is in excess of the overall housing numbers proposed in draft South East Plan for Wealden and new affordable housing supply will only be a proportion of this.

The Need for a Different Approach in North and South

- 1.113 In North Wealden, the nature of localised housing markets means that it would also make sense to secure affordable housing in a range of locations. However, the authority is likely to be limited by opportunity, particularly in the more rural areas.
- 1.114 In South Wealden there is a case for joint working with Eastbourne Borough Council in order to deliver and allocate affordable housing to meet needs in both authority areas. The Eastbourne housing market functions as a single reasonably integrated housing market, though different parts of the market area have distinct characteristics. Therefore the two authorities may wish to consider the development of common housing and planning policies as appropriate in Eastbourne and South Wealden.
- 1.115 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

- 1.116 Local authorities are required to justify their affordable housing policies with evidence of housing need. The evidence presented in the Wealden Housing Need Survey 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.
- 1.117 In this context, DTZ recommend that Wealden District Council 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 areas should be developed with consideration to the following factors:
- **Priority housing need** – given that the totality of need cannot be met, Wealden District Council will need to understand and focus on the needs of households who are the priority for re-housing (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 and dwelling stock
- 1.118 **Priority housing need:** There is a case therefore for focusing on priority housing needs within North and South Wealden, 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.
- 1.119 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.

- 1.120 Evidence in this report suggests that the majority of households in priority need in Wealden require 2 bedroom homes or larger. Although it is important to note that their requirements reflect Wealden District Council's allocation policies – it is likely that most would aspire to have 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.
- 1.121 The stock of affordable housing in North and South Wealden is a mix of 1, 2 and 3 bed properties. There are limited numbers of larger homes. 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 to be housed. In Wealden some large families are currently housed in B&B accommodation, to some extent reflecting the fact that there are very rarely large properties available for re-let. Thus 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 earlier in this report, with a significant proportion of households in social rented accommodation living in over crowded conditions in Wealden.
- 1.122 Finally, it is important to note that the stock of affordable housing in Wealden has been reduced by Right to Buy. In Wealden as a whole 2,367 homes have been sold since the introduction of RTB. The Council's monitoring data, from 1999 onwards, reveals that in North Wealden 57% of homes sold under RTB were three bedroom houses and a further 31% 2 bedroom houses and flats. In South Wealden 52% of properties sold were 3 bedroom houses, 40% two bedroom houses and flats. Limited numbers of new affordable completions in Wealden will only have offset these losses rather than expanded the availability of social rented properties. Furthermore, it is the larger properties that have been sold through Right to Buy yet new completions of affordable homes are likely to have been small with the implication that it is increasingly difficult to house households who need larger properties.
- 1.123 This evidence would justify seeking a higher proportion of larger, family homes as part of new development than has been delivered in recent years. One solution to the pressure on larger dwellings within the social housing stock is to build larger affordable housing units to provide the scope to re-house those living in overcrowded conditions and new households in need of large affordable dwellings. However if this is to be done on any scale, within existing levels of funding, it is likely to mean that the total output of affordable housing will fall, since larger dwellings are more expensive to build than small dwellings, and therefore require a higher level of grant or subsidy.
- 1.124 **Economics of Development:** 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. 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.
- 1.125 Development economics are likely to vary considerably across Wealden. For example, 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.

- 1.126 House prices are higher in rural North Wealden than in the market towns and in Eastbourne and South Wealden. 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 the rural areas than in the market towns (this is discussed in relation to rural communities further on in this report).
- 1.127 Thus there is likely to be a need to establish different affordable housing targets for different parts of Wealden, reflecting the different housing markets in operation. In exceptional circumstances flexibility through negotiation 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.
- 1.128 Local house price data presented in Figure 18 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 from 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 18 suggests it might be appropriate to consider a tiered approach to affordable housing targets across Wealden District (though a viability assessment would need to investigate the appropriateness of different affordable housing quotas).
- 1.129 In the rural areas of Wealden the District Council has a policy of allocating sites of 100% affordable housing (known as the HOPE initiative). Initially sites for around 100 homes were identified across Wealden although it is likely that not all of these will come forward for development. To date, planning permission has been granted on 3 of these sites for 39 units. DTZ suggest that there is merit in Wealden District Council reviewing the HOPE initiative and considering all of the available options for improved delivery of affordable housing on these sites.
- 1.130 The past performance of Wealden in terms of the delivery of affordable housing suggests that the authority has struggled to deliver their targets despite buoyant market conditions. In North Wealden, delivery is likely to have been hampered by low overall housing delivery in recent years and delivery on sites, which fall below affordable housing thresholds. In South Wealden, particularly in Polegate where 600 homes are planned, delivery has been held up by decisions over funding of the A27 improvements.
- 1.131 The adoption of any affordable housing policies within Wealden will need to take account of viability and the need to deliver housing targets. If it proves possible to achieve planned levels of overall housing completions with a particular level of affordable housing provision, it may be appropriate to increase the affordable housing target. It may also be helpful to signal an increase in the quota in future years. For example, the Local Development Document (or Supplementary Planning Document) could set out that the current affordable housing target is 30%, but that the Council intend this to increase to 40% in 2012 following a review, which suggests that the existing policy is being achieved and the Council is on track to deliver overall South East Plan targets. It is likely that a change in policy would require a revised LDD or SPD, but it ought to be possible to achieve this relatively efficiently under the new planning framework.

- 1.132 There is also the need to consider thresholds at which affordable housing policies will apply. These are given consideration further on in this report. 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. Given the amount of new development that has been delivered on small sites within Wealden in the past and the fact that these developments have not generally contributed to the delivery of affordable housing, it would be worth considering through a viability assessment, whether thresholds could be reduced or removed.
- 1.133 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.
- 1.134 All of these issues suggest that there would be merit in the authorities improving their understanding of the economics of development in order to test the viability of affordable policies, including thresholds levels and to inform site specific negotiations. An assessment of the viability of proposed affordable housing policies is a logical extension of the 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.
- 1.135 However, there is a balance to be struck – Wealden District Council are unlikely to be able to devote significant resources to developing expertise on development economics. DTZ suggest therefore that, working with Eastbourne in the south, the authority develops 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.
- 1.136 **Neighbourhood Considerations:** In addition to development economics, DTZ believe that the authorities and developers should also consider the following factors in determining the appropriate nature of new development. This is the range of evidence that DTZ has considered in advising local authorities and developers on the appropriate mix of new homes 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

1.137 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. It is relevant to consider the following groups within Wealden since they have a relatively high incidence within the population as a whole:

- Older people
- Disabled people
- Rural communities

1.138 Other specific groups, although relatively small in the population as a whole, are worth considering since they are often very different to those in the population as a whole or may have relatively significant implications for the housing market. These include:

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

1.139 There will be differences in the extent to which needs can be addressed however.

Older People

1.140 Figure 25 demonstrates that in 2001, 21% of the population in Wealden were aged 65 years or older, significantly higher than in the South East as a whole (16%) although lower than Eastbourne (25%).

1.141 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 a 12% increase in Wealden, and 21% in Eastbourne¹⁵.

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

1.142 In North and South Wealden, the largest component of population growth over the next 20 years will be in the 75 + age group. There will also be a decline in the proportion of the population aged 45 or younger. Furthermore, as evidenced earlier in this report, household growth will be driven by one person households within Wealden and a significant proportion of the single person households will be elderly.

¹⁵ Sub Regional Housing Needs Study, DCA, 2005

1.143 Although this data focuses 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 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. National research and consultation with local stakeholders reveals the following points:

- Older households have high levels of owner occupation and so there will be increasing numbers of older home owners in the future.
- 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.¹⁶ 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 (eg, 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 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

1.144 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.

¹⁶ Appleton, N (2002) Planning for the Majority: The Needs and Aspirations of Older People in General Housing *Joseph Rowntree Foundation*

Disabled People

- 1.145 The numbers of disabled people in Wealden (16,000 people, 19% of the working age population) are relatively high, comparable to the proportions in Eastbourne (21%) and East Sussex (20%) though higher than the South East as a whole (at 16% of the working age population).¹⁷ However, a significant proportion of people who have a disability remain economically active - 71% in Wealden, compared to 78% of the working age population as a whole.
- 1.146 Disability is also strongly linked to age. Of all households with a disability in Wealden, over 50% are 60 years or older, with 43% 75+ years in Wealden. This has obvious implications for the future housing market, given that these age groups (particularly 75+ in Wealden) are expected to grow at a faster rate than the rest of the population.
- 1.147 Data available centrally does not illustrate the extent to which disability affects the housing requirements of these people. However, levels of economic activity amongst 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. Furthermore, people with a limiting long term illness in Wealden do not appear to live in dwellings that are different from the population as a whole in terms of tenure.
- 1.148 By far the majority of Wealden's residents (89%) who have a limiting long term illness live in homes that are either owner occupied or rented privately. Only 11% of those with a limiting long term illness in Wealden live in the social rented sector. Whilst this is a slightly higher proportion than in the population of all household, this pattern contrasts with England as a whole, where a larger proportion of those with limiting long term illnesses live in the social rented sector (29%).
- 1.149 The Housing Needs Survey suggests 10% of all homes in Wealden are adapted to meet the need of a disabled person¹⁸. Given the number of disabled people within the population and the likelihood that this will rise as the population of Wealden ages, then a shortfall in suitable accommodation for this group may develop in the future. Additionally, according to the Housing Need Survey, 16% of households in rural areas in Wealden contained a member with a disability or a long-term limiting illness but only a small proportion (8% of these households) confirmed that their property had been adapted to meet the needs of a disabled resident or visitor. Nationally, the majority of disabled people are able to live in their homes without needing adaptations (Survey of English Housing 2004). Within Wealden, the HNS suggested that adaptations required by rural households were generally small scale.

Rural Communities

- 1.150 Around half of Wealden's population live in rural areas, as defined as settlements with a population of 3,000 people or less according to the 2001 Census. However, living in rural areas alone is not a sign of specific housing needs. Across the south east, the majority of people living in rural areas have chosen to live there because of the perceived quality of life offered. Most are not employed in employment that requires them to live in rural areas, although in Wealden, land based industries such as farming are more significant than in other areas of the South East, employing 3% of the workforce.

¹⁷ Data from the Annual Population Survey (2006)

¹⁸ DCA Housing Needs Survey 2005

1.151 In examining the housing needs of rural communities it needs to be borne in mind that the majority of people have chosen to live in rural areas - it does not necessarily imply that public services (and resources) should follow. However, the proportion of people who do need to live in rural areas because of their work, for example, may require specific assistance in relation to housing. Others may have a strong local connection (eg, family) which often gives rise to demands for assistance in the housing market so that they can continue to live locally.

1.152 The rural areas within North Wealden display the following housing market characteristics:

- **Higher property prices than comparable urban areas.** Evidence in this report clearly illustrates the variation in house prices across Wealden and shows that the rural hinterlands around settlements in North Wealden have the highest average house prices. This gives rise to low levels of affordability for newly forming households. It is likely that those on the lowest incomes in rural areas of North Wealden are forced to move elsewhere if they want to buy a house
- The Wealden Housing Need Survey showed that those seeking alternative accommodation were generally looking within the same parish or neighbouring parish. Those requiring homes were mostly between the ages of 20-29 years looking to move as a result of forming a new relationship or as a result of their current accommodation being too small. However, the mean annual gross income of those households was around £22,300, yet the average property price in Wealden was around £266,000 giving an affordability ratio of almost 12 – clearly beyond the means of those households. A similar problem arises for households requiring larger properties but unable to afford to trade up locally. Furthermore, 14% of those surveyed suggested that a member of their family had moved away from the parish in the last five years because they could not afford a home locally. This is a pattern that is evident in rural areas across the South East
- **Properties are generally larger in North Wealden than in other housing market areas.** Rural properties tend to be larger than those found within urban areas. This is evidenced earlier in this report and demonstrates that the stock in North Wealden has a high proportion of detached houses (accounting for half of all of the housing stock), many with 4 or more bedrooms
- **High levels of owner occupation and limited social rented stock.** Owner occupation within North Wealden is high (82%) and there is limited social renting (just 8% in North Wealden as a whole). A significant proportion of the social rented stock in rural areas has also been lost through Right to Buy over recent years (8-10% since 1999)
- **Increasing numbers of ‘second homes’.** Whilst this is an increasing trend, particularly rural in areas, in Wealden, the levels of second home ownership has remained at around 1% of all dwellings between 1991 and 2001

Black and Minority Ethnic Households

1.153 The Black and Minority Ethnic population in Wealden is very limited compared with the South East as a whole. In Wealden there is a high proportion of White British households making up 95% of all households, compared with 91% in the South East.

1.154 The data also indicates that the largest proportion of BME households in Wealden in 2001 were of Eastern European origin - these households accounted for 21% of BME households in Wealden. Whilst comprehensive data is not available on what has happened

since 2001, this may suggest that Wealden may have received a proportion of new migration from the EU Accession Countries, if there was already a small existing East European population in the area.

Migrant Workers

- 1.155 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. 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 time¹⁹.
- 1.156 It is possible to make some assumptions about the extent to which the recent wave of EU migration has impacted upon Wealden by considering the characteristics of the existing population and the type of jobs available within the area.
- 1.157 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. The top 10 occupations nationally for migrants from these Accession Countries include jobs within the hotel, catering and hospitality sectors as waiting staff, cleaners, kitchen and catering assistants.
- 1.158 This development raises questions about the impact these migrants will have on the housing market. The majority occupy dwellings in the private rented sector – with anecdotal evidence suggesting that they share dwellings intensively to reduce costs. To the extent that recent migration has impacted upon North and South Wealden, some migrants may be accommodated in tied accommodations, often associated with jobs in rural areas.

Policy Implications: Specific Groups in the Housing Market

- 1.159 In 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 migrant workers)
 - Households limited in ability to access the housing market or require accommodation which is beyond their means (households on lower incomes, particularly BME households, new households in rural communities and migrants workers)
- 1.160 The population in Wealden is ageing and the growth in households in the future is expected to be driven to some extent by the ageing population. 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

¹⁹ 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.

is important that there is a wide choice of housing available. This issue is common to Eastbourne and Wealden 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. A key issue in the villages and rural areas in North Wealden will be that older households choose to live there (or remain in their homes) despite limited (or even declining) service provision. Whilst many have and will adapt successfully and some may rely on private or voluntary service provision, the provision of attractive alternatives in the market towns (where there is more likely to be sufficient scale of demand to make these development viable). This might provide a one longer term solution in order to ensure that older households can access quality housing within communities where there is access to range of services and social networks.

- 1.161 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 Council to do more by feeding in this evidence on specific needs into negotiations over the nature of new affordable housing provision.
- 1.162 The overall number of migrant workers within the population in Wealden is limited at present. However, there is potential for the group 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.
- 1.163 In other areas across the County, migrant workers have been accommodated in Houses in Multiple Occupation and there is evidence of migrant workers in particular sharing intensively. In North Wealden it is unlikely that the stock of housing provides large numbers of HMOs, however, there may be an issue around the quality of ‘tied accommodation’ for migrants working in rural areas. DTZ recommend that Wealden monitor this situation by talking to key stakeholders such as 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.

Delivery of Affordable Housing in Rural Areas and the Role of Thresholds

- 1.164 Significant development is planned within Wealden over the next 20 years and so there is scope for the authority to address some of the needs of households who need to live within rural areas but cannot afford market housing. The evidence presented earlier in this report demonstrates that there are a number of localised housing markets within North Wealden, associated with the main towns. North Wealden is not a particularly integrated housing market itself. This points to the need for distribution of the authority’s housing allocation across the District – since housing provided in Heathfield, for example, is unlikely to meet the demands and needs of households in Forest Row.

- 1.165 As discussed earlier in this report, DTZ recommend that Wealden District Council examine the economics of development within different locations in North Wealden and in South Wealden with Eastbourne Borough Council. Within this, there is a need to consider affordable housing thresholds. Wealden's current policy is to secure around 30% affordable housing (25% social rent and 5% intermediate) on sites of 10 homes or more in the main towns and on sites of 3 homes or more in the surrounding rural areas.
- 1.166 The majority of sites coming forward for development in North Wealden in particular will be small sites, so consideration needs to be given to reducing the threshold for application of affordable housing policies. These policies should be considered in relation to viability issues. DTZ recommend that Wealden District Council examine the pattern of sites that come forward for development in the rural areas and consider adopting a policy that can be applied in order to secure affordable housing on these sites. The principle should be to secure affordable housing or affordable housing contributions from all developments of housing in rural areas - though the amount achieved and whether it is provided on site or as a commuted sum should depend on site specific and viability considerations, which could be evidenced by the developer. In developing this policy, Wealden District Council will need to weigh up the likely benefits of securing affordable housing from small scale developments against the resources required by the authority and the ability of small developments to carry the cost.
- 1.167 There are a number of options which the authorities could pursue as a means of reducing thresholds, if this is deemed appropriate:
- One option would be to seek commuted sums from small schemes. In some cases it may be preferable for local authorities to receive a commuted sum in lieu of onsite provision of affordable housing; and to use this to buy an existing dwelling – perhaps one formerly sold under the Right to Buy. This may be more cost effective than provision of a new affordable housing unit
 - An alternative option would be to introduce a sliding scale of affordable housing requirements for smaller sites, seeking smaller contributions or levels of affordable housing from smaller sites and progressively more on larger sites. However, experience in rural authorities elsewhere suggests that sometimes small rural sites can support higher affordable housing obligations than at first thought – largely because there may be fewer additional demands for contributions towards access or strategic infrastructure. Conversely, larger sites may be required to contribute to strategic infrastructure, impacting on their ability to support affordable housing
 - Existing powers to foster new development on exception sites or to allocate sites for 100% affordable housing remain unaltered and should also be reflected in policy. Active steps could be taken to identify and bring forward such sites, although we set out earlier in this report that it may be necessary to review the existing programme and consider how best these sites could be delivered.

The Type of Affordable Housing in Rural Areas

- 1.168 In terms of the *type* of affordable housing to be provided in the towns and the rural areas in Wealden (particularly in North Wealden) a number of points are worth considering:
- The majority of dwellings in the rural areas are owner occupied since the social housing stock has been eroded by the Right to Buy. In view of this DTZ see no major issues in seeking to ensure that all of the affordable housing in rural areas is provided

as social rented housing, if this is the priority for the Council, justified by the level of housing need within the district

- An alternative approach is possible as the high costs of entering the owner occupied sector in parts of rural Wealden means that there may be more of a market for intermediate housing than in neighbouring Eastbourne. However, checks would need to be made to ensure that it is affordable to those with local connections
- However funding presents a considerable constraint on the development of social rented housing. In view of this it will be sensible to plan for a proportion of intermediate housing in rural housing. Wealden currently seek 5% intermediate housing, in addition to 25% social rented. Although we have not reviewed the economics of development in the authority, we would expect that higher house prices and land values in the rural areas would support a higher proportion of affordable housing – either social rented or intermediate (as suggested earlier in this report)
- DTZ recommend that Wealden use their local housing register to inform type, and size of affordable housing requirements when particular opportunities arise for development in rural areas

8. HOUSING LAND SUPPLY AND DELIVERY ISSUES

- 1.169 Wealden District Council has an adopted Local Plan and a Non-Statutory Local Plan which identifies land for housing development within the district. Wealden's Local Plan (1998) allocated land to meet the requirements set out in the East Sussex Structure Plan (1998-2006). Almost all of the allocated sites have now been developed. A Non-Statutory Plan was adopted by Wealden District Council in 2005 and identified sites for around 3,000 homes for the period 2006-2011. The Council is now in the process of producing a Core Strategy as part of its new Local Development Framework. The Core Strategy will identify key development locations and will prove timely in addressing the requirements set out in the South East Plan and providing a continuous supply of land for housing development to follow the provision made in the Non-Statutory Local Plan.
- 1.170 This report examines the available evidence on:
- 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 North and South Wealden
- 1.171 This report 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. It also considers the role that South Wealden will play in supporting the Eastbourne and South Wealden housing market – identified as part of the Sussex Coast Sub-Region in the draft South East Plan.
- 1.172 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.
- 1.173 Whilst Wealden District Council cannot be expected to meet these requirements immediately, consideration of what is meant by the new policy and the current land supply situation will help the authority to plan for this requirement in the future.
- 1.174 The key question for this report is whether Wealden has sufficient land allocated in relation to the housing target for the authority for the next 5 years. It is important to note that in Wealden's case the land supply situation is highly dependent on the target which it is judged against. The requirements of the Structure Plan (1991-2011) are considerably higher than the housing figures proposed in the draft South East Plan (2006-2026) for the next 5 years, though the Inspector's Panel Report recommended an increase on the proposed figures in the draft South East Plan and the Secretary of State has since proposed an increase on the Panel's figures.

Draft South East Plan Housing Targets

- 1.175 Figure 26 sets out the proposed housing targets to 2026 for Wealden in the draft South East Plan. The draft South East Plan proposed that Wealden deliver 8,000 new homes over the next 20 years. This target would rise to 11,000 under the Secretary of State's proposed modifications. This equates to 550 homes per annum in Wealden as a whole, equating to around 200 in North Wealden and 350 in South Wealden. Therefore the proposed target for 2006-2011 according to the draft South East Plan (Secretary of State's proposed modifications) is 2,750 dwellings -1,000 in North Wealden and 1,750 in South Wealden.
- 1.176 In order to examine whether Wealden has a 5 year supply of housing land, therefore, we need to examine whether there are sufficient sites to deliver an average of 550 homes per annum for the next 5 years in Wealden, 200 per annum in North Wealden and 350 per annum in South Wealden. DTZ understand that, once the South East Plan figures are adopted, a line will be drawn under the previous Structure Plan shortfall (around 510 dwellings) and this would not be carried forward by future plans.

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
Secretary of State's Modifications 2006-2026 (Annual Average)	240	550	200	350

Source: Draft South East Plan 2006-2026 / Panel Report: August 2007/ Secretary of State's Modifications

- 1.177 In examining the extent to which Wealden has a 5 year supply of housing land to meet its housing targets it is appropriate first to consider allocated sites with and without planning permission. 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 accepted or relatively advanced. The vast majority of sites that were allocated in Wealden's Adopted Local Plan have been built out or given planning permission (only 2.4 hectares – 85 units remain allocated but not permitted and these are located in North Wealden). Thus, the figures for allocated and permitted dwellings in Wealden in Figure 27 represent permissions that have been granted, with the exception of these 85 dwellings in North Wealden.
- 1.178 There is also additional land in Wealden that has been identified in the Non-Statutory Plan (effectively allocated). It is possible to estimate the number of homes that could be accommodated on this land by applying assumptions about density. Wealden has a target dwelling density of 35 per hectare in line with PPS3 guidelines of between 30-50 dwelling

per hectare²⁰. In 2005-2006 of the 173 dwellings completed 21% were built at a density less than 30 dwellings per hectare and 39% were built at densities greater than 50 per hectare. The average density for the year was 35 per hectare. Therefore, an average density of 35 has been applied in Figure 27 to estimate the number of homes that could be accommodated on these sites within Wealden.

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	2,800	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	4,730	2,050	2,670

Sources: Wealden Non-Statutory Local Plan 2005/ Wealden Annual Monitoring Report 2005-06/ Wealden Housing Delivery Statement

*Includes 230 completions in Wealden in 2006/07 and 85 allocated units in North Wealden from the Adopted Local Plan. There are no remaining allocations in South Wealden

- 1.179 Figure 27 shows that around 4,730 homes could be accommodated on land with planning permission for housing or land that is allocated and identified within Wealden (assuming densities of development consistent with policy and recent development at 35 per hectare). This would deliver Wealden's housing target for the next 5 years under the draft South East Plan (Secretary of State's modifications). North Wealden has sufficient allocated and permissioned sites to accommodate around 2,050 homes, in excess of what would be required to deliver its target for the next 5 years. South Wealden has sufficient allocated and permissioned land to accommodate around 2,670 new homes, again in excess of its target for the next 5 years.
- 1.180 North Wealden also has sufficient permissioned land to accommodate the target proposed by the Secretary of State (for the next 5 years). Current *permissioned* land is able to accommodate around 1,480 homes in South Wealden, equivalent to around half of the requirement for the next 5 years.

²⁰ Non-Statutory Wealden Local Plan, December 2005.

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'.

1.181 Figure 28 shows that Wealden also anticipates a level of supply from windfalls in the future. Wealden's allocations plus land identified in the non-Statutory Local Plan along with windfalls has the potential to deliver around over 5,800 homes over the next 5 years.²¹ In North Wealden and South Wealden around 2,480 and 3,320 homes respectively would be delivered from all sources.

1.182 However, 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 is the realistic supply of new homes likely to come forward on these sites over the next 5 years?' On the other hand, this analysis makes no allowance for the possibility of sites delivering more units than identified in the Non-Statutory Plan. Two recent planning permissions within Wealden have been granted for a greater number of dwellings than the number identified in the Non-Statutory Local Plan.

Deliverability

1.183 PPS3 introduces a further test in relation to the deliverability of the sites allocated in the 5 year supply – sites should be available, suitable and achievable. 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 achievable.

1.184 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. Wealden's trajectory includes identified sites, allocated sites as well as commitments (sites with planning permission) and expected windfall supply.

1.185 Wealden District Council has produced housing trajectories to demonstrate expected delivery and taking into account different scenarios in relation to the District's housing targets. One scenario compares expected future delivery in relation to housing targets under the Structure Plan and the District's shortfall against these targets. On this

²¹ This total is slightly reduced by completions in Wealden in 2006/07 which were 230 dwellings

trajectory, delivery within Wealden over the next 5 years would fall short of targets. An alternative trajectory compares expected delivery against the proposed South East Plan targets. This trajectory demonstrates that Wealden expects to exceed its targets over the next 5 years. This is reliant on very high levels of delivery between 2008 and 2010.

- 1.186 Apart from a small increase in 2001/2002 and 2005/2006 the number of new completions in Wealden has declined each year since 1997. Wealden has under-provided by on average 34 dwellings per year since 1991, despite delivering relatively high levels of development 1995-1999. This past under performance in relation to housing targets in Wealden can be attributed to three points:
- Sites were delivered quicker than expected in the first 7 years of the Structure Plan period, resulting in lower completion numbers since 1997/8
 - Windfall sites did not come forward as expected
 - Delay in approval of Wealden's non-Statutory Plan because of legal proceedings. Although this point needs to be considered in the light of increased certainty of land supply in future years as a result of the completion of this plan.
- 1.187 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 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.
- 1.188 In Wealden, although there appears to be a relatively large supply of land allocated or identified for development, completions have declined over the last 5 years. There are a number of constraints associated with development in Wealden and these explain some of the decline in housing delivered in recent years.
- Section 106 negotiations related to junction improvements led to delays in granting planning permission at three sites in Uckfield, North Wealden. These negotiations have been resolved. One site, North of Mallard Drive has been granted permission for an extra 26 units on top of the 146 identified in the non-Statutory Plan. To date the authority states that negotiations have not caused planning permission to be withheld or significantly altered
 - There are also continued negotiations regarding the trunk road required for the identified development of 600 units west of the A22 near Polegate. This implies that completions are unlikely to occur on this site before 2010 which is a risk to the delivery of South Wealden's housing trajectory for the next 5 years
- 1.189 However, the housing trajectories produced by Wealden have discounted the available supply over the next 5 years to take account of the risk that some sites will not come forward as expected.
- 1.190 A significant proportion of the land area across Wealden is designated as AONB (illustrated on the maps in Appendix 2). In North Wealden in particular, this serves to limit options for future land supply. It also means that development opportunities in the southern most part of Wealden are limited. However, in terms of the location of the land identified for housing development in Wealden, for the period 2006-2011 these are concentrated in the south of Wealden District. Comparatively, North Wealden has fewer commitments although there are relatively significant developments proposed in Crowborough and near to Uckfield.

- 1.191 Wealden is in the process of undertaking an employment land review, which may provide additional opportunities for housing development in the authority areas. In 2005-06, 7.4 hectares of employment land were converted to residential use in Wealden. Assuming a dwelling density of 35 hectares this is the equivalent of an extra 259 dwellings from changing land use.
- 1.192 Earlier in this report we demonstrated that the housing market across North Wealden comprises a series of localised markets focussed on the main settlements with relatively loose connections to one another. They are also influenced by settlements outside of Wealden. Forest Row has a more significant relationship with East Grinstead than other settlements within Wealden. Thus housing commitments in Forest Row though limited, are likely to serve the housing and labour market associated with East Grinstead and Forest Row rather than other areas in North Wealden. Similarly, housing completions in Crowborough will serve the Tunbridge Wells housing and labour market as well as localised demand.
- 1.193 The main development sites proposed in North Wealden are in and around the main settlements of Crowborough, Heathfield and Uckfield. These settlements have relatively localised housing markets though Crowborough and Uckfield are relatively well connected to Tunbridge Wells and Lewes/Haywards Heath respectively. New development in these locations will therefore serve these labour markets as well as the surrounding rural hinterlands.
- 1.194 In some of the rural wards of North Wealden the majority of completions will be on sites with less than 10 dwellings. Although the overall numbers of completions in these wards will be limited, the fact that they are small scale will have implications for the delivery of affordable housing and the mix of development achieved on the sites.
- 1.195 In recent years a significant proportion of completions in Wealden have been on small sites (fewer than 10-15 dwellings). Some of these developments have fallen below affordable housing thresholds in the authority area. 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 relatively low in Wealden.

Policy Implications: Land Supply and Delivery

- 1.196 There appear to be sufficient opportunities for development on either allocated or identified sites in Wealden for the next 5 years. Total land supply from allocated, identified and permission land would provide for around 4,660 homes and with additional windfall, all of these sources would provide for around 5,700 in Wealden.
- 1.197 The targets for dwelling provision according to the draft South East Plan (Secretary of State's modifications) equate to total provision of 2,750 for the next 5 years (an average of 550 dwellings per annum). Evidence suggests that much of this development could be accommodated on permissioned land in North Wealden and around 50% of this total could be accommodated on permissioned land in South Wealden. Wealden's housing trajectory estimates that delivery will exceed this target at the end of the 5 year period.
- 1.198 However, some of the sites in the planning pipeline may not come forward as expected and so whether there is sufficient land to ensure that housing targets are met depends to a large extent on whether the sites are deliverable in reality.
- 1.199 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. However, the development of Wealden's Core Strategy, provides an opportunity to address the new policy requirements.

- 1.200 However, the extent to which the authorities are actually able to meet their housing targets will depend on sites coming forward. Recently, delivery of new homes in Wealden has tapered off which is largely due to the sites in the Local Plan having been built out and the lag associated with planning permissions for the non-Statutory Plan sites (and windfall has not been forthcoming to the extent anticipated). The housing trajectory takes account of this risk by applying a discount to sites that are expected to come forward on the basis of the risks to delivery.
- 1.201 In summary, in Wealden District, North Wealden and South Wealden current allocations are insufficient to meet the full PPS3 requirements (although PPS3 requirements are new it is likely that authorities will increasingly be expected to comply with them), though there appears to be sufficient land permissioned or allocated to deliver housing over the next 5 years. The review of employment land which is planned across Wealden may also offer some opportunities in this respect.
- 1.202 However, the key priority for Wealden District Council (working with Eastbourne in South Wealden) will be to identify the extent to which allocated and identified sites can be brought forward for development and to take measures to unlock barriers to delivery where possible. Wealden has sufficient potential land supply which implies that, if appropriate action is taken, housing completions could be secured in line with the planned target.
- 1.203 In the longer term, as Wealden identify sites and areas for future development, DTZ would suggest that it is relevant to consider the location and type of sites available for development. This will impact on the nature of development that is secured in the future and the extent to which a different mix of housing can be secured. Thus, Wealden District Council need to consider the location, type and size of sites that are identified and allocated in order that the Council can influence the market area that development serves, the level of affordable housing secured and the mix of dwellings overall. There are a number of points to bear in mind:
- Most of the development committed in Wealden as a whole 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. The Council has commissioned an Affordable Housing Viability Study and this will help to inform policies to be included in the LDF in this regard.
 - In the more rural wards in the east of Wealden there are likely to be limited opportunities to secure affordable housing because limited development is proposed and planned completions are on small sites. However, rural exception sites provide a mechanism through which such sites can be secured
 - A relatively significant proportion of development over the next 5 years in Wealden 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 possibly flats instead of houses.
- 1.204 There are also likely to be challenges to delivery in the future, including over-coming environmental constraints and, highly likely, changes to the strength of the housing market. A down turn in the housing market would impact on the delivery of housing in North and

South Wealden, though DTZ would suggest that this impact might not be as severe as on development in Eastbourne which is more reliant on flatted development. In fact, should the market change, developers are likely to propose and bring forward a different type of development which may favour locations in North Wealden where it is likely that demand remains relatively robust, particularly in the rural areas.

- 1.205 DTZ recommend that Wealden District Council ensure that there is a variety of different types and sizes of housing land available for development (in a similar way to that required in employment land allocations). This would encourage a greater range of different types and sizes of homes to be developed and would also help to ensure that, were the market to change, there is the opportunity to deliver a different type of development. Given the factors discussed earlier in relation to North Wealden, it would make sense to allocate, where possible, sites that are capable of supporting affordable housing (either because of their size or likely viability) and sites that are suited to delivering a proportion of small homes, which may be in village or town centres in order provide a wider choice of dwelling types and sizes.
- 1.206 In the south of Wealden the Council will need to work with Eastbourne Borough Council, within the Eastbourne 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. 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 Eastbourne 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.