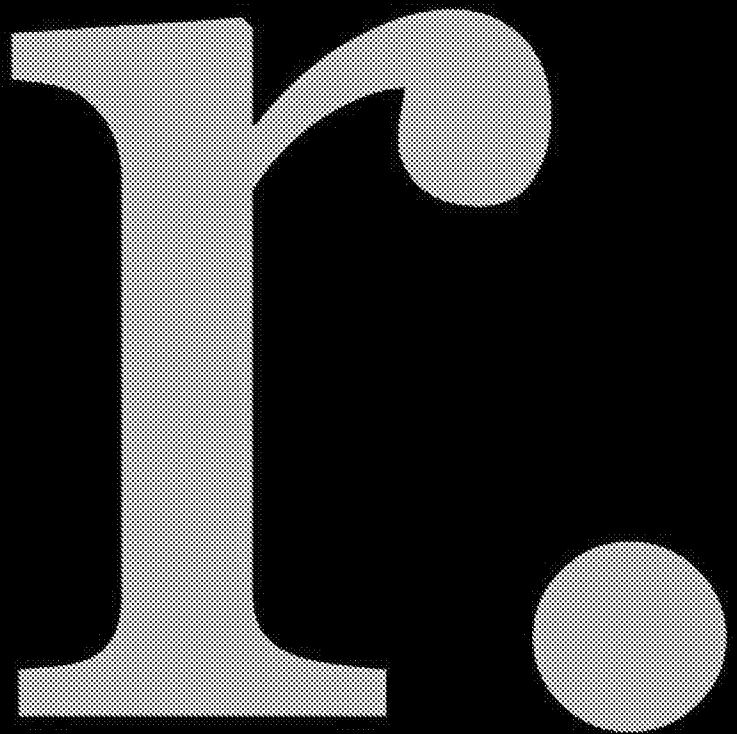


reside.

Land west of Fontwell Avenue, Eastergate

Arun District Housing Market Failure Assessment





APRIL 2020

Arun District Housing Market Failure Assessment

Final Report

Iceni Projects Limited on behalf of
Reside Developments Ltd

April 2020

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ON BEHALF OF RESIDE
DEVELOPMENTS LTD

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**Arun District Housing Market Failure
Assessment
FINAL REPORT**

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A1. COMPARISON OF HOUSING TRAJECTORIES

EXECUTIVE SUMMARY

Iceni Projects has been appointed by Reside Developments to undertake a review of Arun's housing market and housing land supply in support of a planning application for development at Land at Fontwell Avenue, Eastergate.

Arun District Council adopted its Local Plan in July 2018 with a requirement to deliver 20,000 homes over the 20 year plan period between 2011 and 2031 (equal to an average of 1,000 homes per annum). This was based on meeting Arun's objectively-assessed housing needs of 18,380 homes (equal to 919 homes per annum) together with a contribution of 1,620 homes towards meeting unmet needs from other parts of the Sussex Coast Housing Market Area, specifically Chichester and Worthing.¹

The Local Plan includes a stepped housing requirement in Policy H SP1 which took account of an under-delivery of housing against the housing requirement prior to the adoption of the Plan, the large increase in the housing requirement and the time it would take for strategic sites to come forwards taking account of the requirement for masterplanning and related infrastructure.

The steps require housing delivery of 610 homes per annum to 2016, 1,120 homes per annum from 2016 to 2021, 1,310 homes per annum from 2021 to 2026, and 960 homes per annum from 2026 to 2031. Notably, the Local Plan incorporated an early review mechanism to be triggered should housing delivery fall below the required levels for two consecutive years.

The Council published its latest Authority Monitoring Report in December 2019. This sets out that as at 1st April 2019, delivery had fallen below the requirement in 2017/18 and 2018/19². In line with the wording within the Plan, this would trigger a partial review of the Local Plan. On 15th January 2020, Full Council resolved to commence an update of the Local Plan as well as updating development management policies so that they could be used by the Council in the short-term.

In the report submitted to Full Council, the view put forward was essentially that Arun's housing market is not strong enough to sustain the delivery of the housing requirement within the Local Plan.

This report has therefore sought to consider the degree to which under-delivery of housing in the District has been a function of the Council's planning strategy and housing land supply put forward

¹ Inspector's Report Para 83

² Completions in these years were 704 and 603 dwellings respectively against a requirement of 930 dpa

within the 2018 Local Plan and/or a broader structural weakness within the housing market, and Arun's housing market in particular, and how these issues might be addressed.

The report has worked through a range of data analysis to establish a clear profile of Arun District which effectively reflects:

- An age structure which is weighted significantly towards an older population with those aged 60 and over accounting for 35% of the population compared with 25% in the South East and 24% nationally
- A lower than average representation in all age groups under 50, which is a function both of the attractiveness of the district as a retirement location; and the weakness of the local economy which affects the numbers of people who are drawn to the area to work
- A housing market where house prices are lower when set against West Sussex and the South East; although the analysis also shows that the gap is not significant and ultimately, this will mean Arun District is seen as a more affordable area to move in comparison to neighbouring authorities
- An economic profile where GVA per head is lower than the rest of the Coast to Capital LEP; but with strong employment growth despite this being driven by lower value sectors
- An earnings profile which is lower for both residents and workers in than the county and regional average, leading to affordability challenges despite lower house prices
- A significant level of in-migration from surrounding areas and from more expensive areas such as London and Surrey with the age profile spread across a range of groups including younger people, middle-aged and retirees but with a particularly high volume in the older age groups; and therefore:
- Overall, a housing market which is attractive to a range of groups from families moving to the District (i.e. trading up) to older households from more expensive areas (i.e. releasing equity), owing the area being more affordable for a greater range of people, despite affordability being a particular issue for those living and working in the District.

Having established the characteristics of the District, we have then turned to land supply in the context whereby there is a requirement to deliver an average of 1,000 homes per annum over the 20 year plan period. The report has considered historic and recent housing completions, the Council's overall planning strategy and its reliance on a number of key strategic sites to deliver early in the plan period.

The Council has recognised on its own that the delivery rates have not been as forthcoming as previously predicted to enable the completions to come through as anticipated. This has been the case for a number of key strategic sites which in some instances were expected to deliver substantial numbers early on in the plan period with starting completions of upwards of 100 homes per annum.

The report has worked through a number of these key strategic sites and it is clear that the assumptions underpinning their delivery in the Local Plan were not realistic nor achievable. The strategic sites are in some cases reliant on complex land assembly being resolved; significant infrastructure requiring funding and delivery in advance of housing completions; slow progress on the submission of planning applications and landowners who are not either master developers or housebuilders who will drive the sites forward quickly.

It is clear from our analysis that there is ultimately a market and demand for housing but ultimately, the planning strategy has not allowed for delivery in the short-term to meet this demand - resulting in a supply-demand imbalance – and is likely to continue to be unable to meet this demand should the Council fail to shift its focus onto approving planning permission for a greater number of small to medium sized site.

In conclusion, **it is our position that the situation in Arun District is not one of market failure but of planning strategy failure.** The Council's planning strategy moving forward has to recognise both the role which strategic sites could play - with an appropriate delivery model and infrastructure investment - and the need for a range of small and medium-sized sites which can deliver quickly in advance of the progress with larger strategic sites.

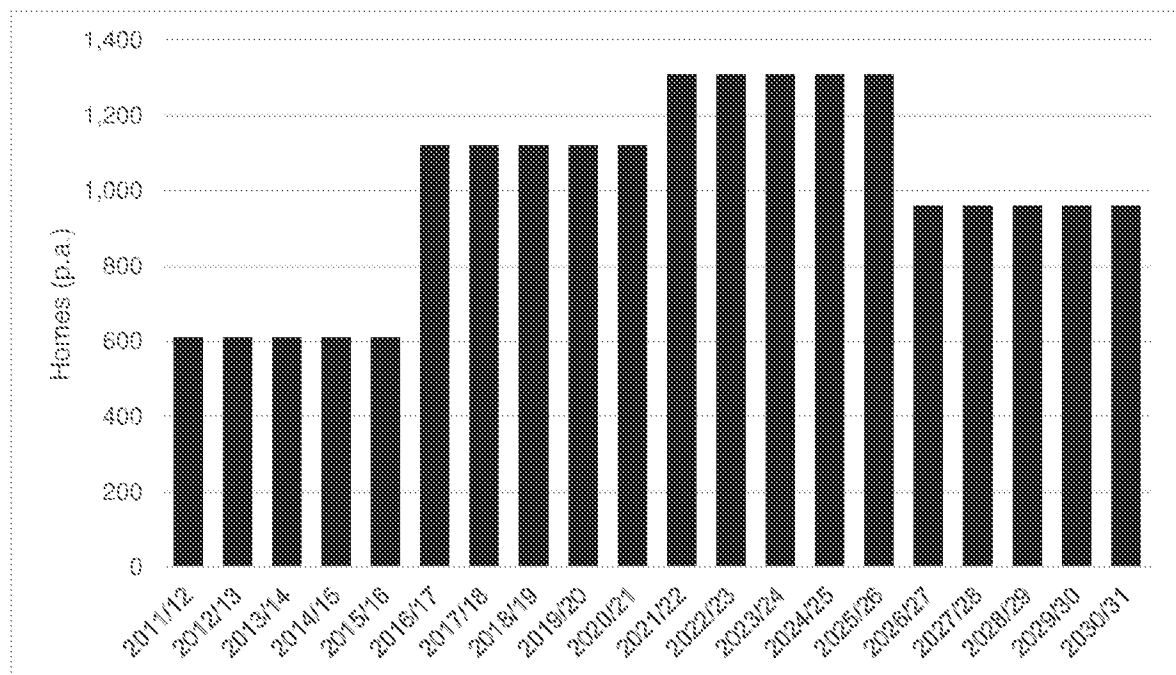
Iceni would be very happy to engage with Council Officers on the content of this report. Iceni staff have a track record of providing advice of providing research and advice on issues of housing need, housing market dynamics and housing supply to the local authorities in the Sussex Coast Housing Market Area and Iceni has recently undertaken a Strategic Housing Market Assessment Update for Crawley and Horsham; and for Adur and Worthing Councils.

1. INTRODUCTION

- 1.1 Iceni Projects (“Iceni”) has been appointed by Reside Developments to undertake a review of Arun’s housing market and housing land supply in support of a planning application for development at Land at Fontwell Avenue, Eastergate.
- 1.2 Arun District Council adopted its Local Plan in July 2018 with a requirement to deliver 20,000 homes over the 20 year plan period between 2011 and 2031 (equal to an average of 1,000 homes per annum). This was based on meeting Arun’s objectively-assessed housing needs of 18,380 homes (equal to 919 homes per annum) together with a contribution of 1,620 homes towards meeting unmet needs from other parts of the Sussex Coast Housing Market Area, specifically Chichester and Worthing.³
- 1.3 The Local Plan includes a stepped housing requirement in Policy H SP1 which took account of an under-delivery of housing against the housing requirement prior to the adoption of the Plan, the large increase in the housing requirement, and the time it would take for strategic sites to come forwards taking account of the requirement for masterplanning and related infrastructure.
- 1.4 The steps require housing delivery of 610 homes per annum to 2016, 1,120 homes per annum from 2016 to 2021, 1,310 homes per annum from 2021 to 2026, and 960 homes per annum from 2026 to 2031. This is shown in the Figure below.

³ Inspector’s Report Para 83

Figure 1.1: Phased Housing Requirement in Arun Local Plan



- 1.5 Notably, the Local Plan incorporated an early review mechanism to be triggered should housing delivery fall below the required levels for two consecutive years. This is set out in the Local Plan at paragraph 12.1.12, which outlines that:

“The Council will monitor housing delivery against the housing trajectory or the District using the indicators specified in the Monitoring Framework set out in the Local Plan. If the Annual Monitoring Report (AMR) demonstrates that annual housing delivery is less than the annualised requirement or the projected completion rate (whichever is the lower) in two consecutive years (based on the trajectory set out in picture 12.1 of this Plan and in Appendix A to the Housing Implementation Strategy), the Council will undertake a partial review of this Plan. In undertaking this review, the Council will ensure that sufficient infrastructure capacity is available, and that the potential allocation of additional housing sites will not prejudice the delivery of the infrastructure required by this Plan.”

- 1.6 This additional paragraph was inserted by the Planning Inspector as a main modification as part of the examination of the Local Plan (MM25).
- 1.7 The Council published its latest Authority Monitoring Report (“AMR”) in December 2019. This sets out that as at 1st April 2019, delivery had fallen below the requirement in 2017/18 and 2018/19⁴. In line with the wording within the Plan, this would trigger a partial review of the Local Plan. It essentially

⁴ Completions in these years were 704 and 603 dwellings respectively against a requirement of 930 dpa

suggests that the development strategy within the Plan is not working to meet the housing target as identified.

- 1.8 In a recent report to the Council's Planning Policy Sub-Committee in December 2019⁵, the Council's Head of Planning recognised that the Council must thus now commence a partial review of the Local Plan in order to increase housing supply.
- 1.9 The Head of Planning set out various options from a full review of the Plan to doing nothing, but concluded recommending an approach whereby development management policies would be updated in the short-term; with a full review of the Local Plan initiated with the ambition that a new local plan would be put in place in a 3-5 year timeframe. This responded to the strategic priorities of the Council's new administration which in declared a climate emergency, as well as delivering infrastructure; maximising social housing; and better public engagement.
- 1.10 The Planning Policy Sub-Committee accepted these recommendations, which were taken forward to Full Council on 15th January 2020. Full Council resolved to commence an update of the Local Plan as well as updating development management policies so that they could be used by the Council in the short-term.
- 1.11 In the Head of Planning's Report, he set out the following:

"The NPPF and the National Planning Practice Guidance (the Guidance) now direct how we should work out our housing need and requirement. For Arun this new standard methodology states that we should be working to a basic need of approx. 1,200 new homes per annum. This compares with the current Local Plan need of 919. The previous Local Plan (2003) required 580 homes per annum.

In terms of translating this into a housing requirement we need to consider factors such as economic growth. Officers believe that there is circumstantial evidence to suggest that the local market cannot sustain the current level of housing growth that is contained within the existing Local Plan or the updated housing requirement figures. However, to run an argument to say that the numbers are too high requires evidence of market failure and this would need be a trend against the current supply proposed in the Local Plan and a need to allow sufficient time in which delivery on strategic allocations can be assessed."

⁵ Planning Policy Sub-Committee Meeting, 17th December 2019

-
- 1.12 As a result, the Council has essentially put forward a view that Arun's housing market is not strong enough to sustain the delivery of the housing requirement within the Local Plan. This report aims to consider and critically assess this.
- 1.13 This report therefore explores the nature of Arun's land supply having due regard to the key strategic allocations in the Local Plan; as well as potential issues associated with market capacity. The report considers the following issues:

The characteristics of the housing market in Arun, reviewing:

- the demographic structure of the District and projected changes; together with the profile of in-migration to the District and consideration of what is driving this;
- house prices and house price trends; sales trends and the extent to which sales volumes have recovered from the recession relative to other locations; and
- the nature and dynamism of Arun's economy and how this influences the housing market and affordability.

The nature of the authority's land supply, considering:

- the degree to which development sites are coming forwards and delivering,
 - the role of small to medium sized sites and how these can support delivery in the short-term; and
 - issues associated with the delivery on some of the larger allocated strategic sites and examining the degree to which this is influenced by varying factors including ownership, infrastructure constraint and market constraints.
- 1.14 The report seeks to consider the degree to which under-delivery of housing in the District has been a function of the growth strategy and housing land supply put forward within the 2018 Local Plan and/or a broader structural weakness within the housing market and how the issues which underpin this might be addressed.
- 1.15 Iceni would be very happy to engage with Council Officers on the content of this report. Iceni staff have a track record of providing advice of providing research and advice on issues of housing need, housing market dynamics and housing supply to the local authorities in the Sussex Coast Housing Market Area and Iceni has recently undertaken a Strategic Housing Market Assessment Update for Crawley and Horsham; and for Adur and Worthing Councils.

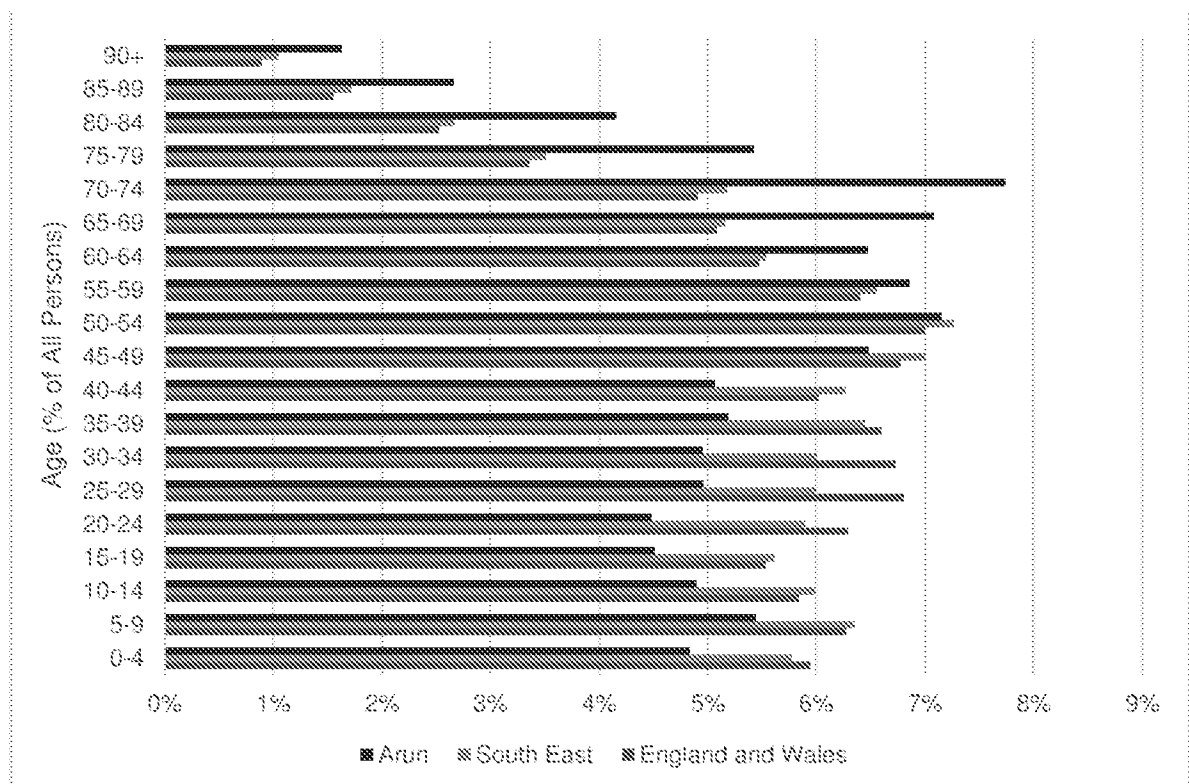
2. ARUN'S DEMOGRAPHICS AND HOUSING MARKET

- 2.1 This section considers the demographic profile of Arun's population and the District's housing market dynamics.

Arun's Demographic Profile

- 2.2 According to the latest ONS 2018 Mid-Year Population estimates, the population of Arun is estimated at 159,827 persons. The age structure of the District is weighted significantly towards an older population with those aged 60 and over accounting for 35% of the population compared with 25% in the South East and 24% nationally. This is shown in the Figure below.
- 2.3 There is a lower than average representation in all age groups under 50. This is a function of the attractiveness of the District as a retirement location and the weakness of the local economy which affects the numbers of people who are drawn to the area to work.

Figure 2.1: Age Structure of Arun District



Source: ONS 2018 Mid-Year Population Estimates

- 2.4 On the basis of the 2016-based subnational population projections, Arun's population is forecast to increase by 14,600 people (equal to population growth of 0.9% per annum) over the period from 2020 to 2030, rising from a projected 163,400 people to 178,000 people by 2030. This projected

rate of population growth is 0.4% higher per annum than the South East and England. The Table below provides an overview of projected structural change in the District's population.

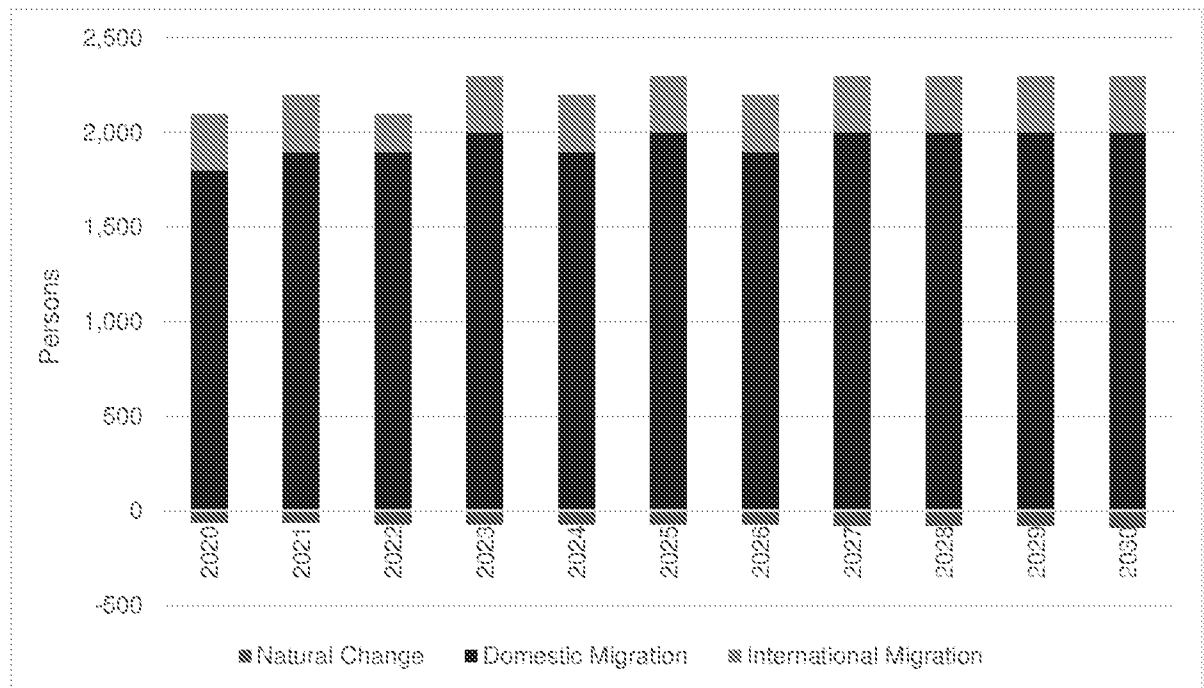
Table 2.1 Projected Change in Population Structure in Arun District

Age Bands	2020	2030	Change	% Change
0-14	24,900	25,000	100	0.4%
15-19	7,500	9,100	1,600	21.3%
20-29	14,700	14,900	200	1.4%
30-39	16,400	16,400	0	0.0%
40-49	18,000	18,900	900	5.0%
50-59	23,100	21,000	-2,100	-9.1%
60-74	35,000	41,300	6,300	18.0%
75 and Over	23,700	31,400	7,700	32.5%

Source: ONS 2016-based Sub National Population Projections

- 2.5 As the analysis shows, there is expected to be significant increases in absolute terms in respect of the number of residents aged 60 and over in the District. Those aged 75 and over is expected to grow in percentage terms by 32.5% over the ten year period - driven by increasing life expectancy - whilst the population aged between 20 and 39 years of age is expected to grow by only 200 persons.
- 2.6 As the Figure below demonstrates, the anticipated growth in the population is expected to be driven principally by domestic migration from other areas. International migration is expected to remain relatively steady with natural change (i.e. the number of births to deaths) expected to increase marginally.
- 2.7 Indeed, natural change is marginally negative, and what the analysis below shows is that net migration is the principal driver of population growth in the District. Over 85% of the net movement of people to Arun is expected to be driven by internal moves from other parts of the country, rather than moves from overseas.

Figure 2.2: Components of Projected Population Change



Source: ONS 2016-based Sub National Population Projections

Domestic Migration to Arun District

- 2.8 Reflecting on recent domestic migration, Iceni note that Arun was the primary destination for migrants coming from Worthing Borough over the period 2016 to 2018 (1,260 flows)⁶. This is followed by other Districts and Boroughs in close proximity including Chichester (1,055 flows) and Horsham (418 flows).
- 2.9 In terms of people moving out of Arun, the highest average flow over the period 2016 to 2018 has been recorded for people moving to Chichester (1,019), followed by Worthing (850) and Horsham (268). The Table below shows the top five average inflows and outflows for Arun over the period from 2016 to 2018.

Table 2.2 In- and Out-Migration in Arun District, 2016-2018 Avg.

	1 st	2 nd	3 rd	4 th	5 th
Inflows	Worthing [1,260]	Chichester [1,055]	Horsham [418]	Brighton [287]	Adur [236]
Outflows	Chichester [1,019]	Worthing [850]	Horsham [268]	Brighton [226]	Portsmouth [166]

Source: ONS Matrices of Moves

⁶ Domestic migration: matrices of moves by local authority and region, Year ending 2018.

-
- 2.10 Looking further at inflows, recognising that those moving to Arun District will be looking for homes, the Table below shows the number of in-migrants from surrounding Districts and Boroughs including Surrey, Hampshire and London.

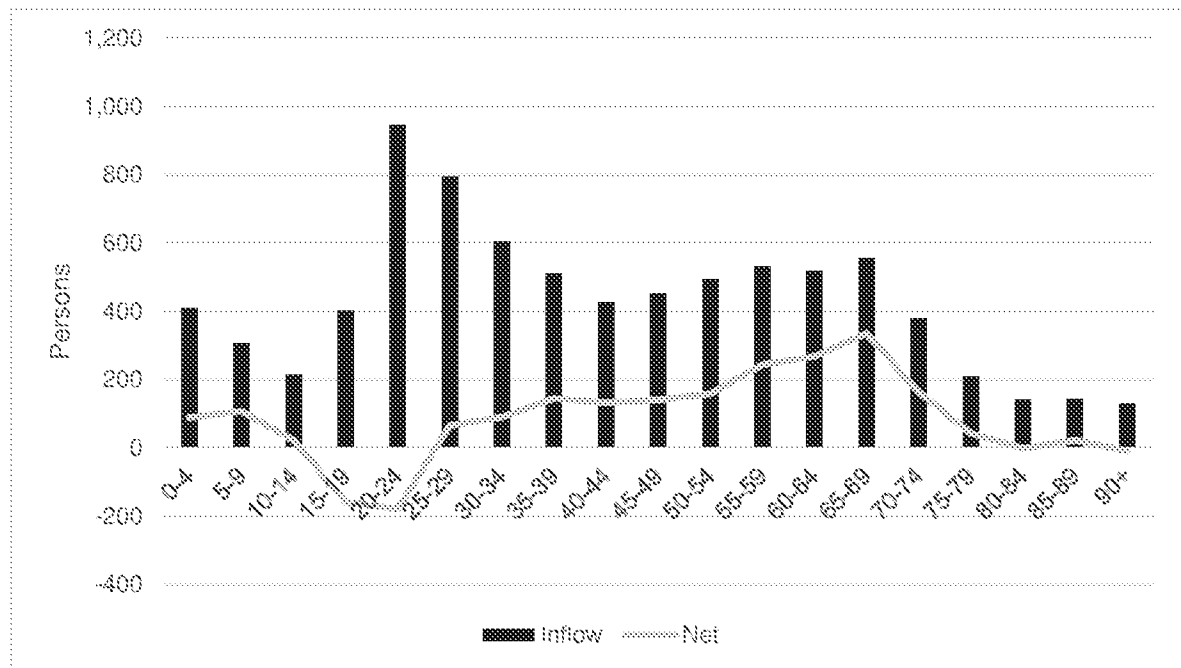
Table 2.3 In-Migration to Arun District, Longer-Distance, 2016-2018

Origin	2016	2017	2018	Average
London	890	1,060	1,247	1,066
Surrey	400	430	681	504
Hampshire	260	280	460	333
Kent	60	110	162	111

Source: ONS Matrices of Moves

- 2.11 The analysis shows that there is a high volume of people moving to Arun District each year from further afield, including from more expensive areas such as London and Surrey where the median house price was £470,000 and £432,500 respectively in the year ending September 2019. This suggests that from a demand perspective, the volume of people moving in points to a good market.
- 2.12 On average the number of people migrating from London to Arun has been around 1,000 people each year (over the period 2016 to 2018), although this has been rising year on year, as is the case with the other comparatives shown in the Table.
- 2.13 In terms of the age profile of the migrant population in Arun, the Figure below is clear in demonstrating that a particularly high number of in-migrants aged 40-74 migrate to Arun from authorities across the country in relative terms. There is a particularly high proportion of those in their 50s and 60s.

Figure 2.3: Age Profile of In-Migrants to Arun District, 2016-2018 Avg.



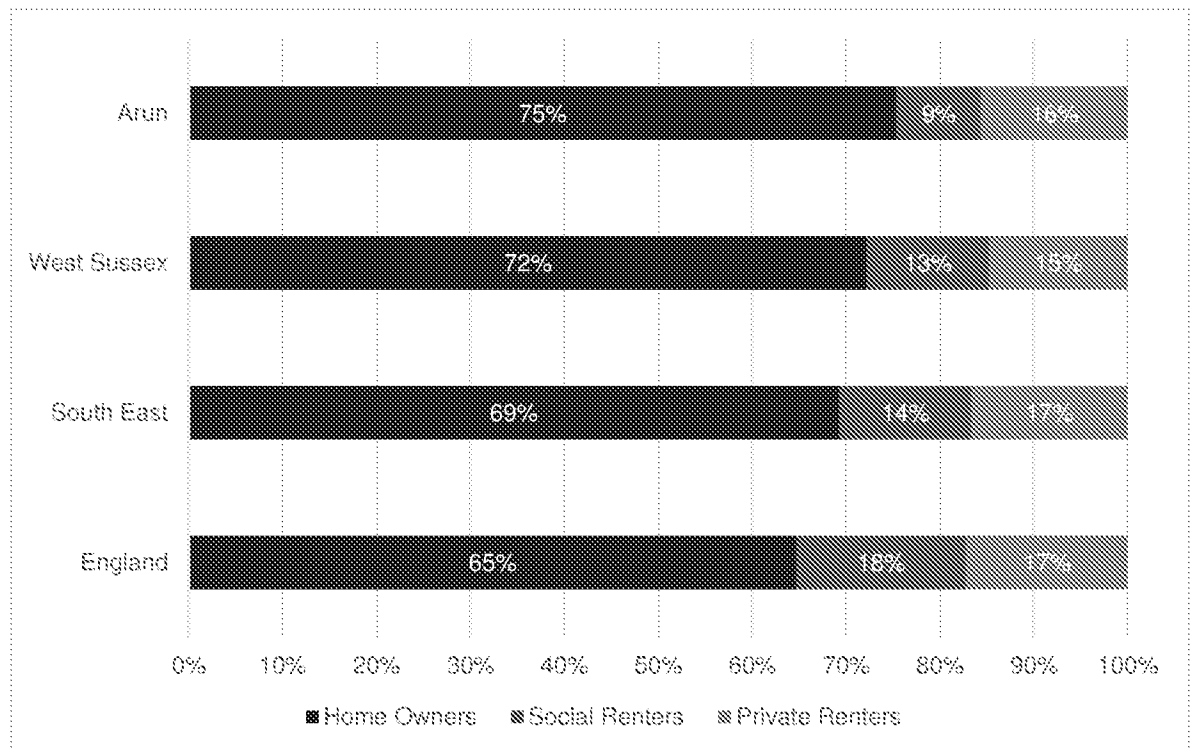
Source: ONS Matrices of Moves

- 2.14 Arun District sees a net inflow of people in all age groups except from those aged 15 to 24 and very significant net in-migration overall with a net average of 1,537 inflows of people aged between 35 to 74 between 2016 and 2018. Almost half (49%) of this range was accounted for by those aged between 60 and 74 years old.

Arun's Tenure Profile

- 2.15 At the point of the 2011 Census, homeowners accounted for three quarters (75%) of all households in the District. This compares with the West Sussex average at 72% and 65% nationally which shows there is a strong role for general market housing in the District in relative terms.
- 2.16 As a consequence, the proportion of social renters was low in Arun at 9% of all households which is half that of the England average. The private rented sector was the second largest tenure, accounting for 16% of all households.

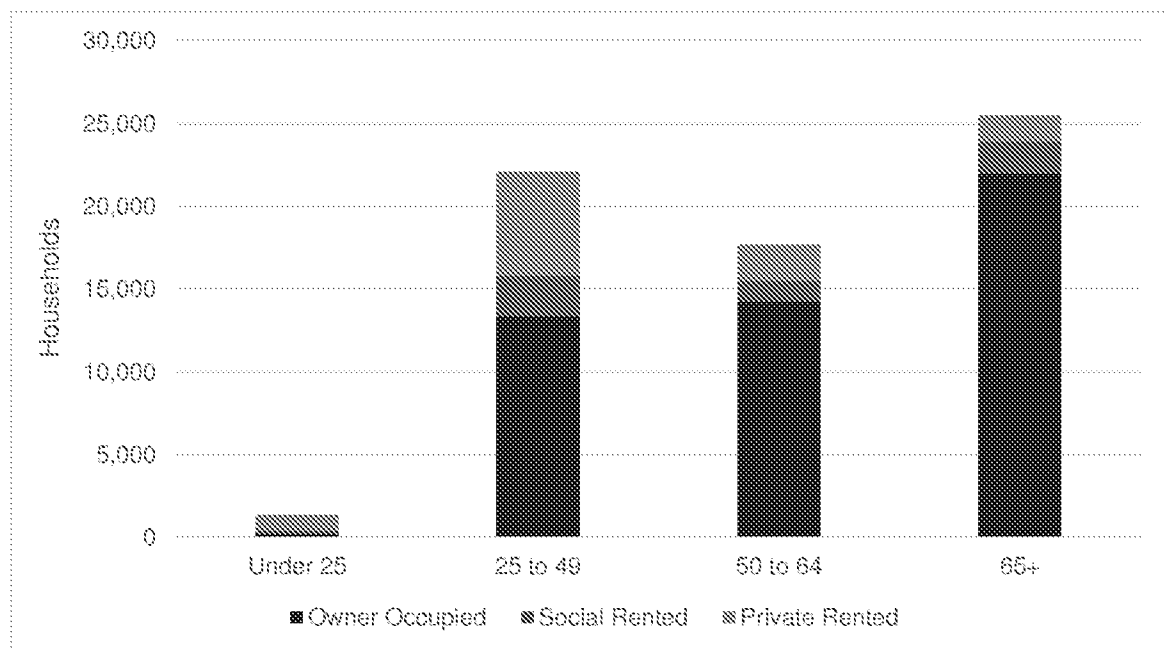
Figure 2.4: Tenure Profile of Households, 2011



Source: 2011 Census

2.17 The Figure below cross-tabulates age and tenure for household reference persons in 2011 in Arun.

Figure 2.5: Tenure Profile by Age in Arun, 2011

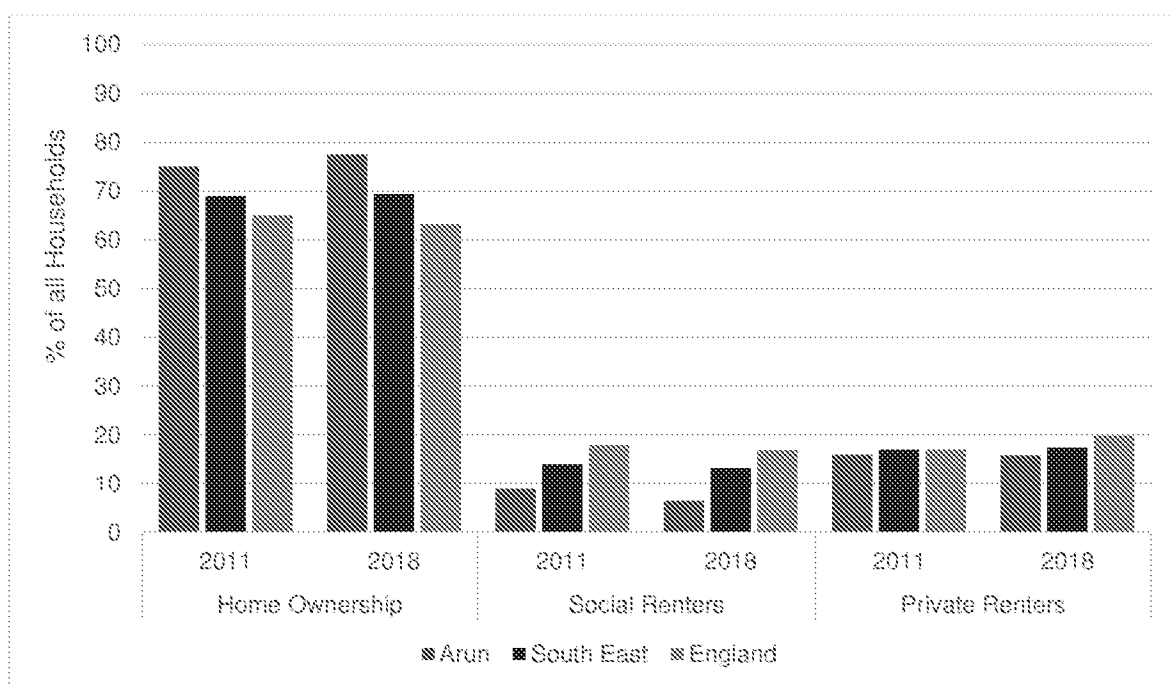


Source: 2011 Census

2.18 Turning to more recent research data published by ONS which looks at dwelling stock by tenure by local authority between 2012 and 2018, we have tried to give due consideration to how the tenure profile may have changed in Arun District following the 2011.

2.19 ONS is clear that the research outputs are not official statistics on dwelling stock by tenure; they are research outputs which provide an estimated breakdown of the number of owner-occupied and privately rented dwellings. The analysis is set out in the Figure below.

Figure 2.6: Potential Tenure Profile of Arun District in 2018



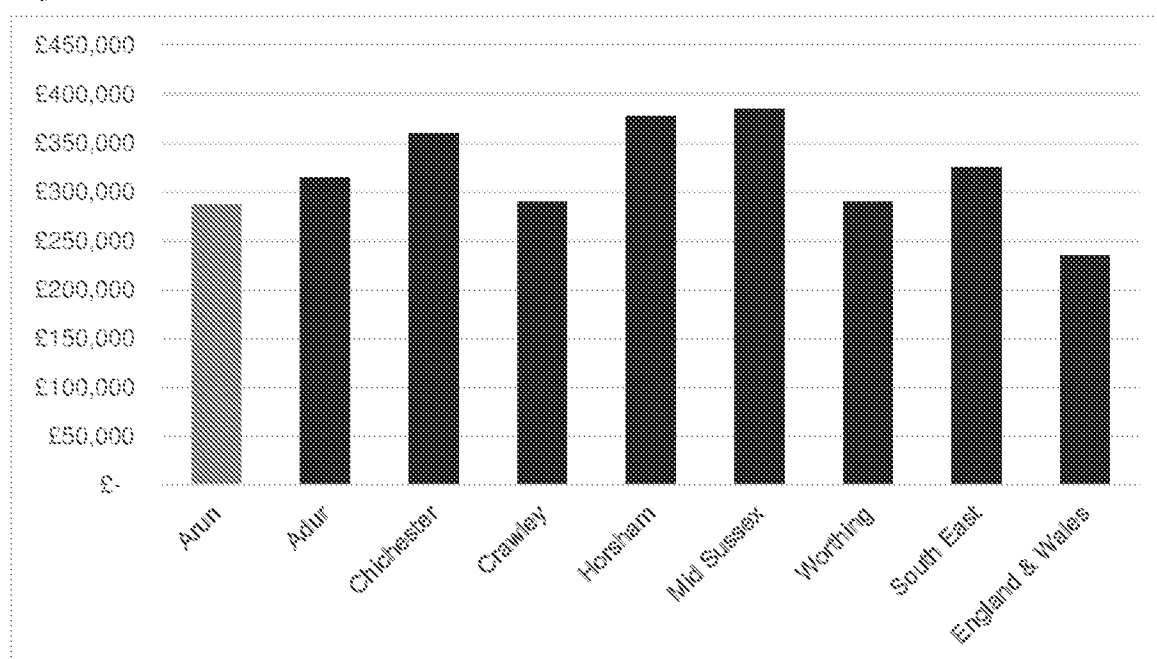
Source: ONS, 2019

2.20 As is shown in the Figure above, the ONS research outputs suggest that the proportion of homeowners has increased in the District from 75% to 77.5% with a related decrease in the proportion of social renters to 6.5% from 9% of all households. The size of the private rented sector has remained static in comparison to the national trend which has seen a proportionate shift from home ownership to private renting.

Arun's Housing Market Dynamics

2.21 The housing market in Arun sees relatively lower values when set in the context of the wider South East, but higher values relative to other parts of the Country. As identified in the latest data published by ONS (as at year ending September 2019), the median house price in the District of Arun at £287,000 was the lowest of the local authorities in the county of West Sussex and below the South East average. This is shown in the Figure below.

Figure 2.7: Median House Prices in Arun District, 2019



Source: ONS House Price Statistics, Year Ending September 2019

- 2.22 Median house prices by type of property show a similar picture with Arun seeing a consistently lower median house price across all types when set against median house prices in other authorities within West Sussex and the South East.
- 2.23 The price differential is relatively significant in some instances, with the median house price for flats in Arun lower by as much as £63,000 and for detached properties by as much as £137,500. This means that households moving to the District can potentially get more for their money; and some households – including older households – may be able to release equity by moving to a lower cost location.

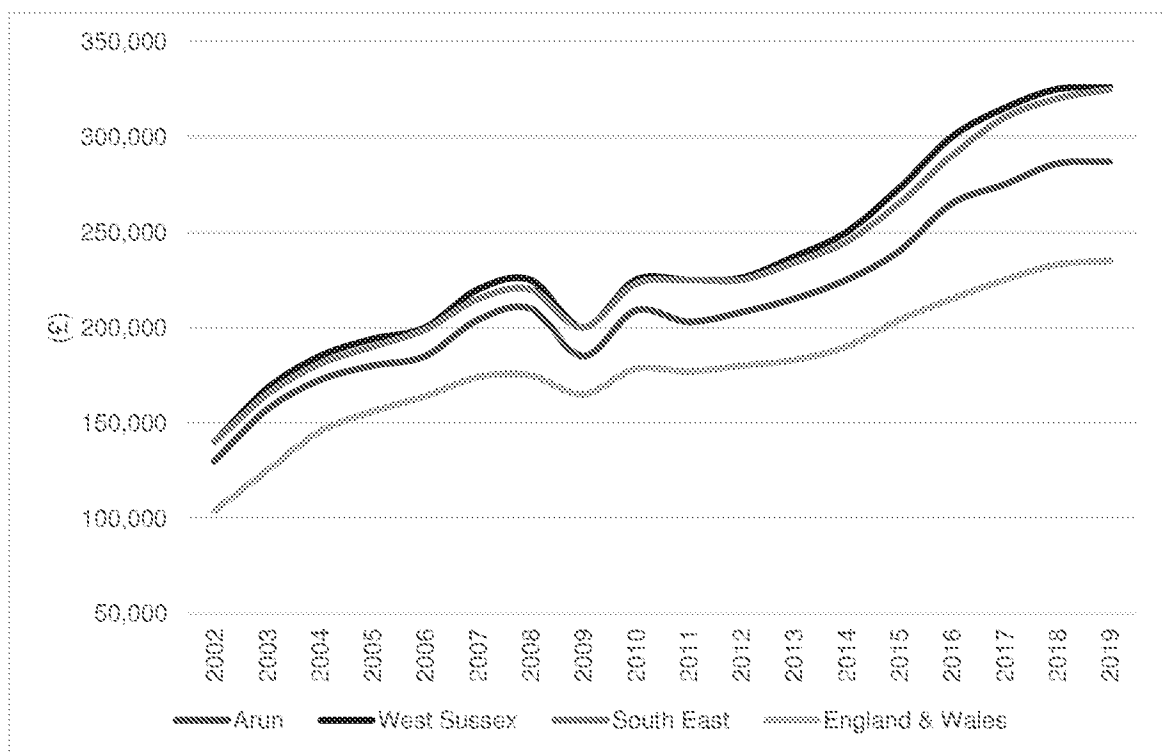
Table 2.4 Median House Prices by Type, 2019

	Detached	Semi-Detached	Terraced	Flatted
Arun	£410,000	£285,000	£253,000	£165,000
Adur	£410,000	£334,000	£300,000	£225,000
Chichester	£517,000	£335,000	£299,950	£212,000
Crawley	£460,000	£345,000	£285,000	£220,000
Horsham	£550,000	£385,000	£315,000	£215,000
Mid Sussex	£547,500	£380,750	£317,500	£228,250
Worthing	£435,000	£325,000	£282,000	£199,975
South East	£492,500	£335,000	£277,000	£210,000
England & Wales	£335,000	£210,000	£182,500	£210,000

Source: ONS House Price Statistics, Year Ending September 2019

- 2.24 There has been significant house price growth across the country since 2002, with a particularly sharp increase in the period since 2014. In Arun, the median house price has increased by £157,050 (equal to 121% growth) over this period. However, this falls modestly behind percentage growth at a national level at 126% and in West Sussex and across the South East at 133% and 132% respectively. House prices have therefore risen slower in Arun.
- 2.25 Nonetheless, the growth in house prices points to a long-term structural supply/demand imbalance. House price growth over this period is likely to have been influenced by the upturn in demand following improvements in the availability of mortgages from 2013 together with the Government's Help-to-Buy scheme.
- 2.26 As the Figure below shows, over the last five years there has been a level of divergence in Arun District from the county and regional trends. This points to a weaker supply-demand imbalance in the District than that seen in West Sussex and the South East but still a clear supply-demand imbalance. Overall, supply has clearly been slow to respond to demand.

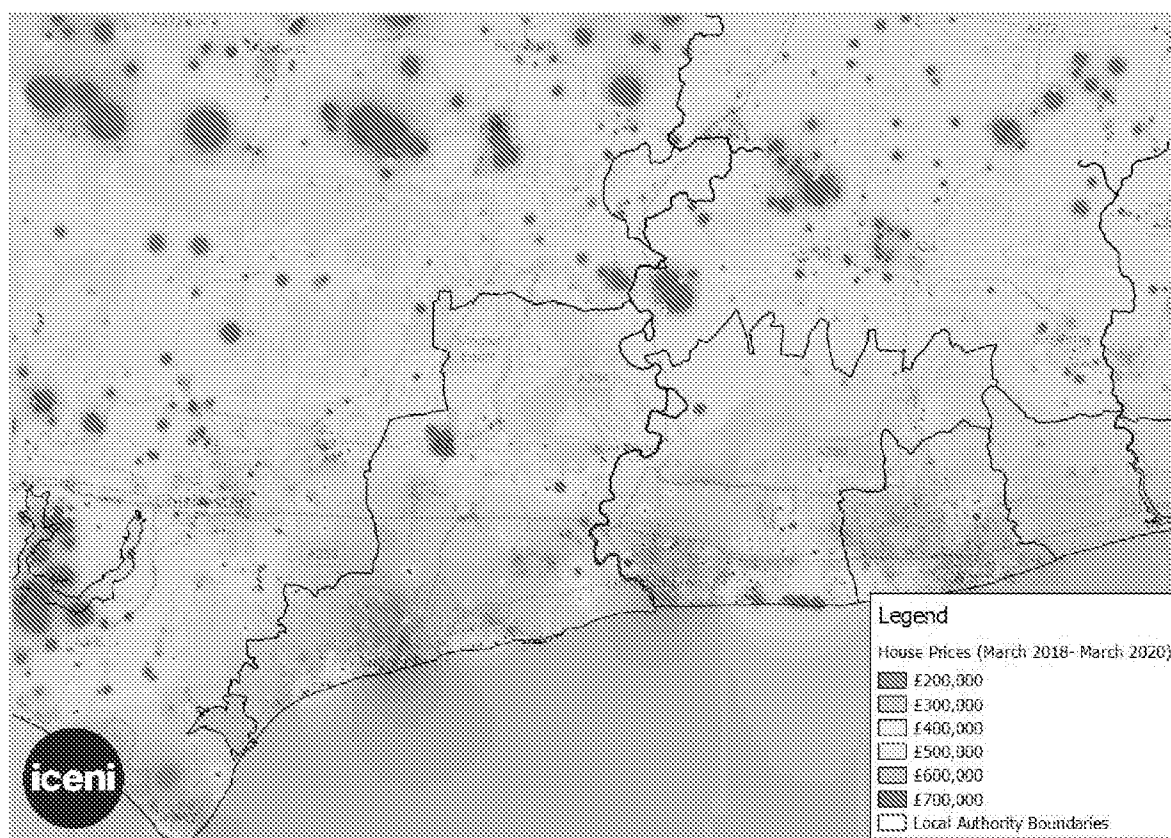
Figure 2.8: Median House Price Trends, 2002 to 2019



Source: ONS House Price Statistics

- 2.27 If house prices are mapped spatially across the District and in surrounding authorities - as is shown in the Figure below - there are clearly higher values in Chichester, and the South Downs National Park to the north. In Arun's plan area, it shows higher house prices around Fontwell, Eastergate and Barnham; and in Angmering, East Preston and Ferring. Prices are notably lower in Bognor Regis and Littlehampton.

Figure 2.9: Median House Price Variation



Source: HM Land Registry, 2019

The Profile of Sales

- 2.28 Although it is recognised that the profile of sales will partly be influenced by the profile of available housing stock, IcenI has reviewed recent property transactions to assess the relative demand for market homes for sale and understand the extent to which sales have recovered following the economic recession.
- 2.29 Drawing on an analysis of the latest ONS data, the Table below shows that the profile of sales in Arun District is spread across a range of house types, but with the greatest proportion being detached properties at 34% of all sales, followed by sales of semi-detached properties. The proportion of detached sales is higher than the proportion seen in West Sussex and across the South East and England.

Table 2.5 Profile of Sales by Type (%), 2019

	Detached	Semi-Detached	Terraced	Flatted
Arun	34%	24%	22%	20%
West Sussex	30%	26%	22%	22%
South East	28%	26%	25%	21%
England & Wales	26%	30%	28%	17%

Source: ONS Residential Property Sales

2.30 In respect of overall sales performance, Icení has benchmarked the data from ONS on property transactions against long-term trends. The Figure below benchmarks annual sales over the period 1998-2019 against the pre-recession average⁷.

2.31 There is a relative similarity with the trend in Arun compared with the comparative areas, reflecting the influence of macro-economic factors. National sales volumes experienced a significant drop between 2008 and 2009 influenced by the economic recession and subsequent housing market downturn.

2.32 Between 2013 and 2016, there was a gradual recovery in sales volumes nationally, influenced by a combination of increasing availability and choice of mortgages together with Government support through the Funding for Lending and Help-to-buy scheme. The trend in Arun and the wider South East shows that sales began to fall in 2014 and have since reduced in line with the national trend, reflecting market uncertainty around the potential implications of the UK leaving the European Union.

Figure 2.10: Sales Trends, 1998 to 2019



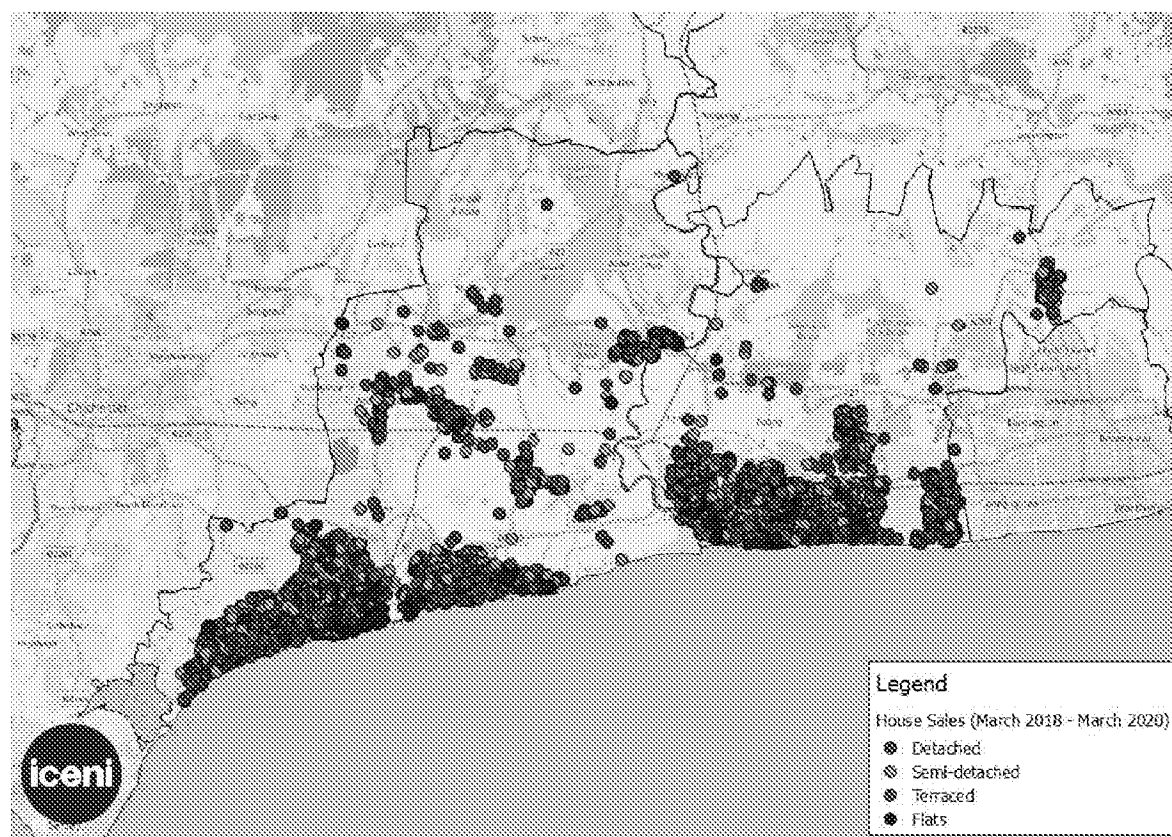
Source: ONS Residential Property Sales

2.33 Turning again to recent data and the spatial distribution of property transactions across the District, we have drawn on HM Land Registry data over the past two years on sales. The Figure below demonstrates that the vast majority of sales occurred along the two mains towns of Littlehampton

⁷ The average annual sales over the pre-recession decade (1998 to 2008)

and Bognor Regis, as well as in smaller numbers in areas of the District which have good transportation links such as Arundel, Eastergate and Fontwell.

Figure 2.11: Distribution of Sales by Type in Arun District, 2018 to 2020



Source: HM Land Registry and Icen Projects

- 2.34 The Figure is also clear in showing that there is a concentration of flatted sales around Bognor Regis train station and Littlehampton train station, with a typically higher proportion of detached and semi-detached sales further out of the main settlements.

Summary Box

The age structure of the District is weighted significantly towards an older population with those aged 60 and over, and in turn, there is a lower than average representation in all age groups under 50. This is a function of the attractiveness of the district as a retirement location and the weakness of the local economy which affects the numbers of people who are drawn to the area to work.

It is clear from the analysis that house prices are lower in Arun District when set against West Sussex and the South East; however, the gap is by no means significant and ultimately, Arun District will be seen as a more affordable area to move in comparison to neighbouring authorities. These circumstances would therefore not necessarily point to a market weakness.

There is a significant proportion of homeowners in the District with a relatively low number of social renters and a stable private rented sector which is the second largest tenure. There is also a notably high proportion of transactions for detached properties in the District with this type of property accounting for 34% of all sales in 2019.

Coupled with this, there is a significant level of in-migration (both domestic and international) spread across a range of groups including younger people, middle-aged and retirees but there are particularly large numbers in relative terms moving into the District in the older age groups. The age origin of in-migrants couples with the analysis of the age profile suggests that the market is strongly supported by a combination of families moving to the District (i.e. trading up) to older households moving from more expensive parts of the Country (i.e. releasing equity).

This analysis indicates that there is not a demand-side issue in the District with regards to housing delivery.

3. ARUN'S ECONOMIC STRUCTURE

- 3.1 This section considers the economic profile of Arun District with regards to Gross Value Added ("GVA"), total employment and the profile of employment, the earnings profile of residents and workers, and the relative consequences of this on affordability.
- 3.2 Arun sits within the Coast to Capital Local Economic Partnership ("LEP") area. This area includes part of the southern section of the M25, the Gatwick Diamond and the A23/M23 corridor which runs from London to Brighton. Arun is however located at some distance from the larger employment hubs in this area, such as Crawley/Gatwick and Brighton, and other major employment locations for instance around Portsmouth to the west.
- 3.3 The economic output (i.e. GVA) of Arun District in 2018 was equal to £2,264m and the District therefore accounted for 4% of the total output of the Coast to Capital LEP area at £51,920m. GVA reflects the income generated by workers and companies in the creation of goods and services; and is a 'balanced' measure which takes into account both 'income' and 'production' factors.
- 3.4 What the analysis below shows is that the size of Arun's economy has been growing more slowly than other parts of West Sussex or the wider region. Between 2014-18, the size of Arun's economy grew at around half of the pace of the South East as a whole; and nearly a quarter of the pace of the stronger relative growth seen across West Sussex. Thus, whilst the economy has been growing, the rate of growth has been comparatively weak.

Table 3.1 GVA in Arun District and Comparator Areas (£ million)

	2014	2015	2016	2017	2018	Change (p.a.)
Arun	2,209	2,142	2,235	2,298	2,264	0.5%
Coast to Capital LEP	50,318	52,177	52,092	52,327	51,920	0.7%
West Sussex	20,282	21,363	22,006	22,143	22,241	1.9%
South East	254,309	262,741	263,714	266,419	267,813	1.0%

Source: ONS Balanced GVA

- 3.5 Set in context, GVA per head in Arun was £14,165 in 2018 which is considerably lower than GVA per head across the LEP area, West Sussex and the South East. The economic output per head has also declined over recent years in contrast to West Sussex as a whole, which has seen growth of 6% to £25,896; however, it is recognised this could simply reflect demographic changes. This is shown in the Table below.

Table 3.2 Productivity: Total Balanced GVA per Head (£)

	2014	2015	2016	2017	2018	Change (Total)
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Arun	14,284	13,749	14,210	14,484	14,165	-0.8%
Coast to Capital LEP	26,219	26,988	26,701	25,126	26,322	0.4%
West Sussex	24,421	25,477	25,985	22,283	25,896	6.0%
South East	28,658	29,359	29,203	29,339	29,322	2.3%

Source: ONS Balanced GVA

- 3.6 For comparison purposes and to recognise the significantly higher number of older persons in Arun District, the Table below considers GVA per employee, with the total number of individuals in employment drawn from the ONS Business Register and Employment Survey ("BRES"). This shows that GVA per worker at £44,392 in 2018 was also lower in Arun District compared to the LEP and the rest of West Sussex.

Table 3.3 Productivity: Total Balanced GVA per Employee (£)

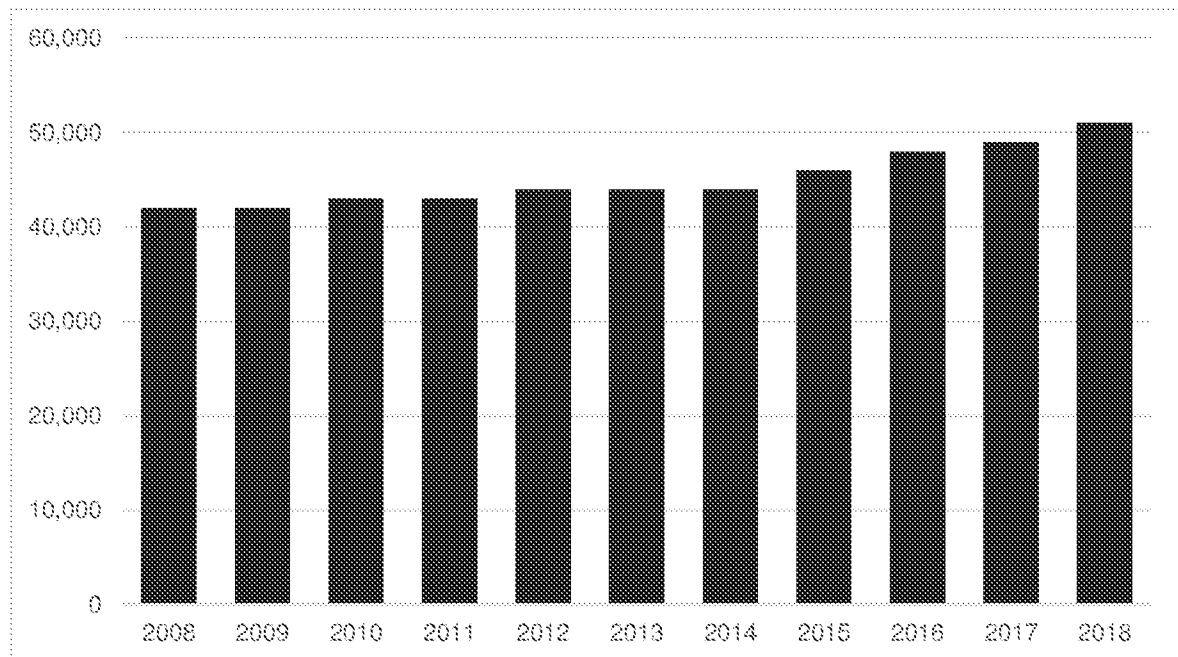
	2014	2015	2016	2017	2018	Change (Total)
Arun	50,205	46,565	46,563	46,898	44,392	-11.6%
Coast to Capital LEP	62,600	62,868	61,622	58,098	60,668	-3.1%
West Sussex	54,965	56,367	55,853	47,962	55,742	1.4%
South East	62,839	62,468	61,644	62,775	62,500	-0.5%

Source: ONS Balanced GVA and BRES

- 3.7 It is also useful to consider total employment and how this has changed over time, as ultimately, employment growth is an important influence on demand for housing. Drawing on ONS BRES data for employment⁸, the Figure below shows that there were 51,000 persons in employment in 2018.
- 3.8 ONS data shows that Arun has a jobs density of 0.69 compared to 0.88 across the South East region. The evidence in effect points to a shortage of jobs within the District. However, this is partly a function of geography; and there are larger employment centres such as Chichester and Worthing in relative proximity.

⁸ BRES data will capture principally employment in companies with PAYE. It thus does not fully capture self-employment and will under-estimate total employment. It is commonly recognised that there can be particular issues with BRES which is survey-based, does not fully record self-employment and can record employment in locations where people are paid, rather than where they actually work.

Figure 3.1: Employment Growth in Arun District, 2008 to 2018



Source: ONS BRES

3.9 The analysis in the Figure above also shows that employment growth has been increasing at an annual average of 2.0% over the ten year period from 2008 to 2018. In comparison, West Sussex experienced a growth rate of 1.8% per annum, the South West of 1.5% and across the country, growth rates averaged out at 1.2% per annum, indicating strong relative employment growth in Arun District (albeit from a lower base). As a result, Arun's jobs density has been increasing over the last decade.

3.10 If we turn to the economic structure of the District, it is clear from the analysis that Arun's sectoral composition is focused on less knowledge-intensive activities than wider comparatives. In 2018, Retail and Health were the largest sectors in the District whereas knowledge-intensive sectors such as the Finance & Insurance sector and Professional, Scientific and Technical sector accounted for a relatively low proportion of employment in comparison to the county and region.

3.11 Arun also leads on its share of employment in Agriculture – reflecting the strong presence of the horticultural sector in the District - Accommodation & Food and other lower value sectors. This is shown in the Table below.

Table 3.4 Economic Structure by Sector in the District (%), 2018

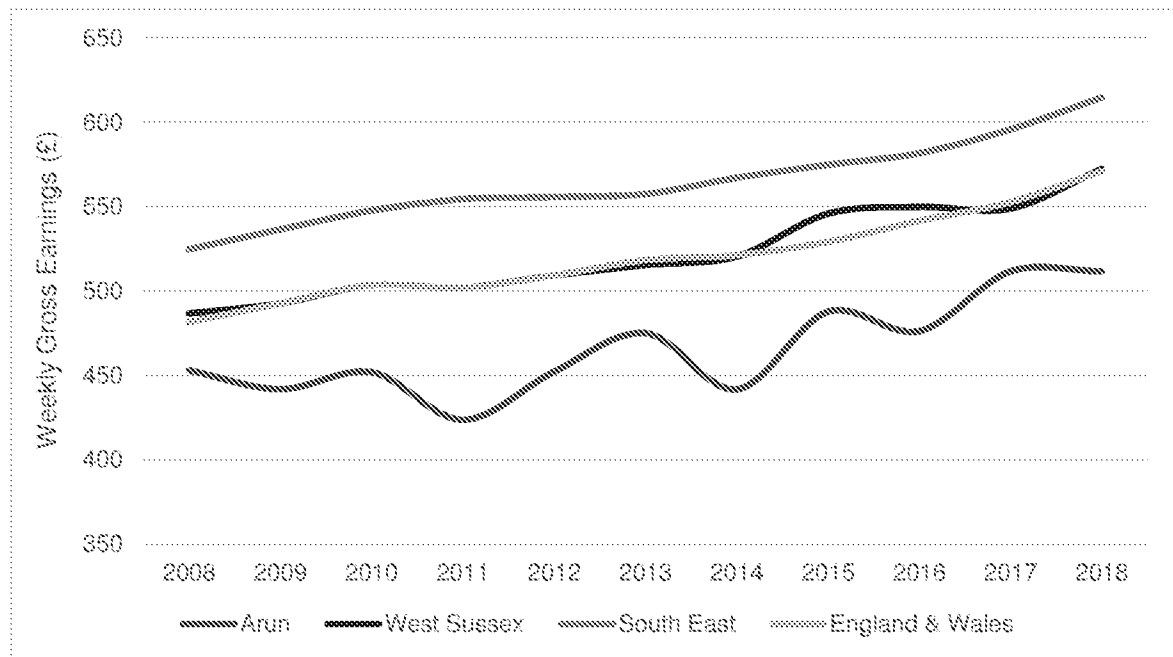
Industry Section	Arun	W Sussex	South East	England
Agriculture	2.0%	1.7%	1.3%	1.4%
Manufacturing	7.0%	7.2%	6.2%	8.0%
Electricity, Gas, etc.	0.0%	0.3%	0.4%	0.4%

Water & Waste	1.0%	0.8%	0.7%	0.7%
Construction	5.0%	4.5%	5.3%	4.8%
Wholesale & Retail	20.0%	17.0%	16.4%	15.3%
Transport & Storage	3.5%	7.7%	4.6%	4.8%
Accommodation & Food	12.0%	8.2%	7.4%	7.5%
Information and Comms	1.8%	3.2%	5.6%	4.2%
Finance and Insurance	0.9%	2.8%	2.8%	3.3%
Real Estate	1.4%	1.6%	1.6%	1.9%
Professional, Scientific & Technical	6.0%	6.7%	9.0%	8.9%
Admin & Support Services	9.0%	10.1%	8.8%	8.9%
Public Admin & Defence	3.0%	2.9%	3.0%	4.0%
Education	9.0%	8.2%	9.7%	8.6%
Health	14.0%	12.6%	12.5%	12.6%
Arts, Entertainment & Recreation	3.0%	2.7%	2.7%	2.4%
Other	1.6%	2.0%	2.2%	2.1%

Source: Business Register and Employment Survey, 2018

- 3.12 The District's economic structure also shows a concentration of employment in leisure and tourism-related activities, in the sorts of activities which relate to servicing the needs of the resident population, and in health and social care. Fundamentally, it sees limited provision of higher-value private sector businesses.
- 3.13 Reflecting economic weakness and potentially in part the population age structure, it is also important to highlight that there are significant levels of part-time working in Arun, with the ONS BRES data showing that of total employment at 51,000 in Arun in 2018, 18,000 (i.e. 35%) were in part-time roles. This is higher than the level of part-time employment across the South East (equal to 33.7%).
- 3.14 Turning to earnings, in line with the District's prominence of lower value employment sectors, the median wages of residents who work full-time are typically lower in Arun than other authorities in West Sussex, the South East and across the country at £511.7 per week. In 2018, residents' median weekly gross earnings were 12% lower than the West Sussex average and 20% lower than the South East average. This is influenced by the weak private sector business base in the District.
- 3.15 The Figure below shows how resident earnings have been changing over the last ten years in comparison to the wider areas. The analysis shows that although earnings have increased in Arun by £58.7 per week over the last ten years, wage growth has not kept pace with other areas. In percentage terms, full-time resident weekly gross earnings have increased by 13% in comparison to 18% across West Sussex and 19% nationally. Arun residents' median weekly wages are the lowest of all the local authorities in West Sussex.

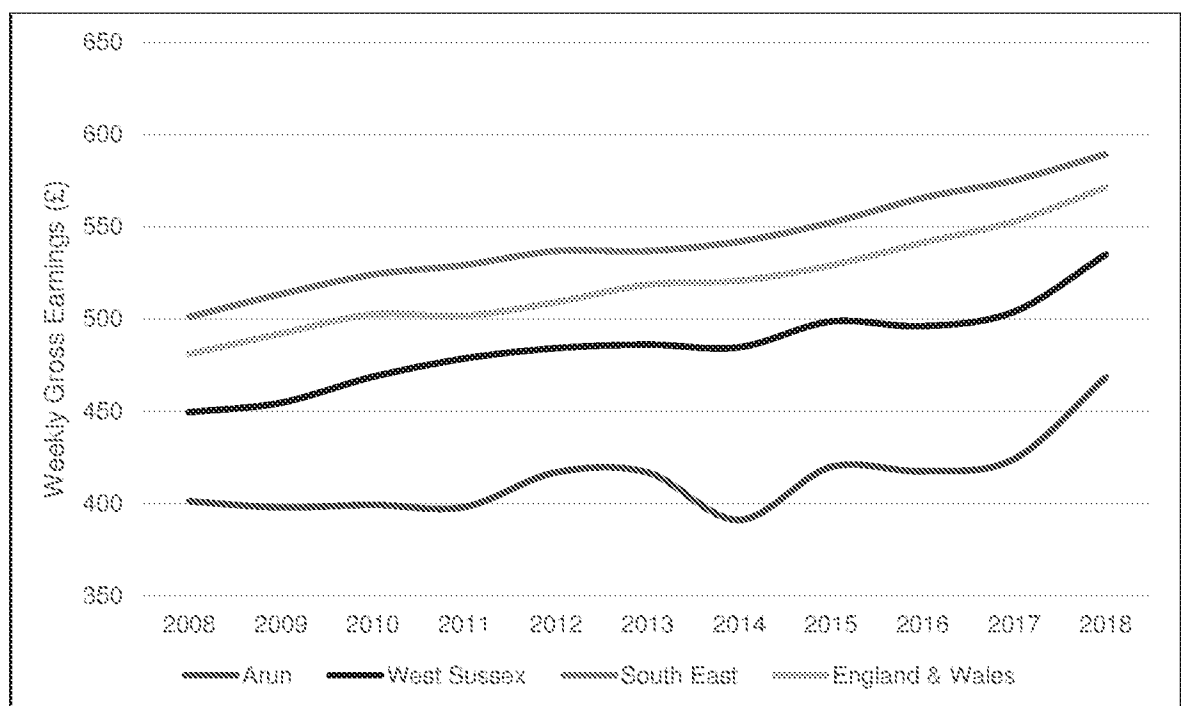
Figure 3.2: Resident Median Weekly Gross Earnings, Full-Time



Source: ONS ASHE, 2019

- 3.16 Arun District also has the lowest median weekly workplace wages. In 2018, workplace gross earnings were £468.2 per week for full-time workers. This was 14% below the average across West Sussex and a significant 26% below the average median weekly workplace wages across the South West. This is despite earnings in the District having grown relatively sharply since 2014.

Figure 3.3: Workplace Median Weekly Gross Earnings, Full-Time



Source: ONS ASHE, 2019

- 3.17 The high level of part-time employment and low wages contribute to particular affordability pressures in Arun District. The analysis set out in the Table below shows that despite house prices in the District being the lowest of any of the surrounding authorities, housing is more unaffordable in Arun due to substantially lower earnings for full-time residents and workers in the District.

Table 3.5 Affordability Ratios in Arun District, 2018

	Resident-Based		Workplace-Based	
	LQ	Median	LQ	Median
Arun	11.4	10.2	11.9	12.2
West Sussex	11.6	10.8	12.2	11.3
South East	10.5	9.9	10.8	10.4
England & Wales	7.2	7.9	7.2	7.9

Source: ONS Affordability Ratios

- 3.18 By way of example, workplace-based affordability is notably worse in Arun compared with the South East as a whole, despite median house prices in Arun being some 13% below the South East average owing to median earnings being 26% below the South East average.

Summary Box

The analysis is clear in showing that the size of Arun's economy has been growing more slowly than other parts of West Sussex or the wider region. Set in context, GVA per head in Arun was £14,165 in 2018 which is considerably lower than GVA per head across the LEP area, West Sussex and the South East. GVA per head has also been declining in contrast to the rest of the county.

In terms of employment, ONS data shows that Arun has a jobs density of 0.69 compared to 0.88 across the South East region which effectively points to a shortage of jobs within the District. However, this is partly a function of geography; and there are larger employment centres such as Chichester and Worthing in relative proximity.

Employment growth – which is an important influence on demand for housing - has been increasing at an annual average of 2.0% which is higher than the county and wider region over the period from 2008 to 2018. Although it is recognised that this has largely been in lower value sectors and, reflecting economic weakness and potentially in part the population age structure, there are significant levels of part-time working in Arun.

Overall, the economic structure has a notable impact on affordability in the District with lower quartile and median affordability ratios higher in Arun than the county and wider South East. This invariably points to affordability for younger families and those on lower incomes in the District but ultimately,

as evidenced in Section 2, demand is principally being driven by a range of groups moving into the District from other areas where housing is substantially more expensive.

4. THE NATURE OF ARUN'S LAND SUPPLY

- 4.1 In light of having established the characteristics of Arun's population, housing market and the economic structure of the District, this section reviews the nature of the Council's housing land supply which is expected to come forward over the course of the Local Plan period.

Arun Local Plan

- 4.2 The Arun Local Plan (July 2018) under Policy H SP1 "the Housing Requirement" sets out that at least 20,000 homes will be accommodated over the plan period of 2011 to 2031 which is equal to 1,000 homes per annum.
- 4.3 The approach taken by the local authority under Policy H SP1 is to plan on the basis of a phased housing requirement over the plan period. The Table below sets out the breakdown of this phased approach in the District.

Table 4.1 Arun District Housing Requirement: Phasing Approach

	2011/12-2015/16	2016/17-2020/21	2021/22-2025/26	2026/27-2030/31
Homes (p.a.)	610	1,120	1,310	960
Total	3,050	5,600	6,550	4,800

Source: Arun Local Plan Policy H SP1

- 4.4 The Local Plan sets out that development is to be distributed across the District at sustainable locations, focussed on the two main towns of Bognor Regis and Littlehampton and their associated hinterlands. Underpinning this spatial strategy is a number of key strategic housing allocations and allocations within the District's inland villages on sites with a capacity ranging from 250 homes up to 2,500 homes. These strategic housing sites are set out in the Table below.

Table 4.2 Arun Local Plan, Strategic Housing Sites

Location	Site Name	Housing Capacity
Greater Bognor Regis Urban Area	Pagham South	400
	Pagham North	800
	West of Bersted	2,500
Greater Littlehampton Urban Area	Littlehampton – West Bank	1,000
Inland Arun	Barnham/Eastergate/Westergate	2,300
	Fontwell	400
	Yapton	500
	Ford	1,500
	Angmering North	800

	Climping	300
	Angmering South and East	250

Source: Arun Local Plan

Historic Completions Trends

- 4.5 West Sussex County Council collects data on gross and net housing completions at a District level. This is supplemented by data set out in the Council's Annual Monitoring Reports. The Table below draws on this data, showing that the Council delivered a net average of 587 homes per annum over the ten year period from 2008/09 to 2018/19.

Table 4.3 Housing Completions in Arun District (excl. the SDNP from 2012/13)

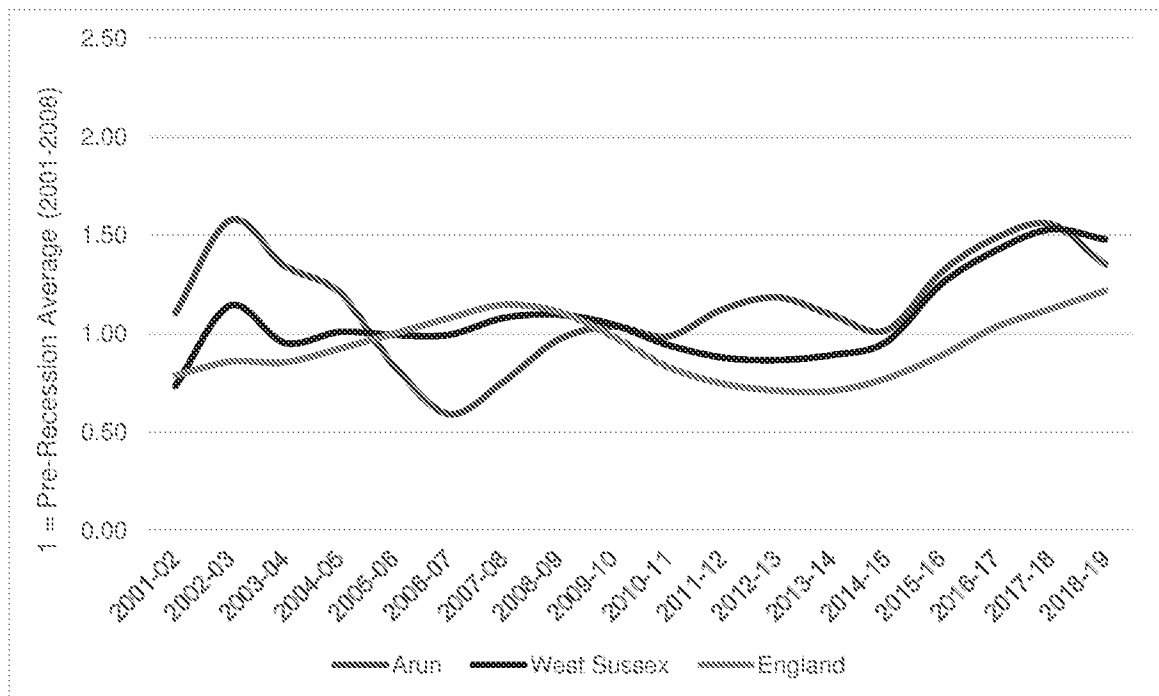
Year	Gross Completions	Net Completions
2018/19	627	603
2017/18	733	704
2016/17	659	622
2015/16	912	890
2014/15	642	601
2013/14	384	359
2012/13	499	475
2011/12	748	722
2010/11	570	519
2009/10	448	416
2008/09	587	548
Average (2008-19)	619	587
Average (2013-19)	715	684

Source: West Sussex County Council

- 4.6 There is a difference in the rate of delivery over the ten year period including
- Completions over the period from 2008/09 to 2013/14 averaged out at 507 homes per annum. This was a period in which housing delivery was significantly hindered by the economic recession and housing market downturn.
 - Over the period since 2013/14, net average housing delivery has increased to 684 homes per annum;
 - Over the last two years, net completions have been recorded as 704 homes in 2017/18 and 603 homes in 2018/19 which is below the phased requirement for both years.

- 4.7 The current Local Plan was submitted for examination in January 2015 and adopted following a lengthy examination process in July 2018. Thus, whilst the current Local Plan's plan period started in 2011, the housing targets set out within it were not confirmed until 2018.
- 4.8 The previous Local Plan was adopted in 2013 and was based on the Structure Plan housing requirement of 536 homes per annum between 2001 to 2016. The current Local Plan thus represents a significant step change on previous housing targets for the District.
- 4.9 In order to set recent delivery in context, the Figure below provides an indexed comparison between delivery rates in Arun, West Sussex and England back to the turn of the century. The graph reflects three year averages and is indexed against the average delivery rates across the pre-recession period (i.e. the period from 2001/02 to 2008/09).

Figure 4.1: Indexed Comparative Housebuilding Trends



Source: MHCLG Live Table 122

- 4.10 The analysis shows that Arun began to experience a downward shift in housing completions from 2002/03, reaching its lowest rate in 2006/07 prior to the economic recession in comparison to the pre-recession average.
- 4.11 However, the analysis also shows that completions began to increase thereafter and did not see a dip of any significance throughout the recessionary period. Housebuilding rates in Arun have now reached a level which is 35% above the pre-recession average.

-
- 4.12 Overall, it is important to recognise that with regards to recent housing completions, it is too early to state with confidence whether the Local Plan will be effective over the plan period; however, the adoption of a Local Plan would typically be expected to drive a spike in planning activity and overall housing delivery.
- 4.13 As this report will come onto below, delivery in the early part of the plan period in Arun District was expected to be supported by delivery from the key strategic sites which has not materialised shortly after the adoption of the Local Plan.
- 4.14 In some cases, these sites were expected to generate substantial numbers from first completions onwards, which Iceni would argue were based on assumptions that were not realistic or achievable. The build-up of a lack of completions is the first indication that any issues in respect of delivery are not necessarily due to market capacity, but due to planning strategy.

Projected Housing Completions

- 4.15 Moving forward, the Council's latest position on projected housing completions is set out in the Council's AMR (December 2019) Appendix 9 which provides an updated position on the Housing Trajectory adopted through the Local Plan in 2017. The update reflects a number of changes, particularly driven by a lack of activity on a range of sites allocated within the 2018 Local Plan.
- 4.16 The Council's Authority Monitoring Report (paragraph 13.1) is explicit in recognising this issue by setting out that *"it is recognised that the delivery rates have not been as forthcoming as previously predicted to enable the completions to come through as anticipated"*. The reasons for this include:
- Some of the submissions for major applications have not been of sufficient quality to allow a timely approval
 - A number of applications on strategic allocations which have officer recommendation for approval were subsequently refused at Committee
 - The actual rate of completions is highly dependent on the developers, which the local authority is not able to influence
 - Applications on all strategic sites have not been as forthcoming as anticipated. This includes, for example, the Bersted allocation and the Barnham/Eastergate/Westergate allocation for which an application was expected within 6 to 9 months following the examination in 2017. The planning applications have still not been received.
- 4.17 The delays associated with sites and differences in forthcoming supply are clear when the updated Housing Trajectory (December 2019) is set against the Local Plan Housing Trajectory (September

2017). A summary of our review is set out in the Table below and a full comparison is attached at Appendix A1.

Table 4.4 Local Plan Housing Trajectory vs. Updated Housing Trajectory

Source of Supply	Version	2011/12- 2018/19	2019/20- 2020/21	2021/22- 2025/26	2026/27- 2030/31	Total
Completions	2017	5,326	-	-	-	5,326
	2019	4,967	-	-	-	4,967
Commitments	2017	-	1,225	602	480	2,337
	2019	-	1,768	2,762	466	4,996
NP Allocations	2017	-	249	178	37	464
	2019	-	56	317	83	456
HELAA Sites	2017	-	111	389	89	589
	2019	-	33	401	146	580
Small Sites	2017	-	64	1	0	65
	2019	-	207	71	0	278
Windfall	2017	-	89	379	380	848
	2019	-	207	71	0	278
Small Sites DPD	2017	-	0	300	950	1,250
	2019	-	0	200	950	1,150
Pagham South	2017	-	100	250	0	350
	2019	-	0	65	0	65
Pagham North	2017	-	150	375	225	750
	2019	-	0	460	175	635
West of Bersted	2017	-	400	1,000	950	2,350
	2019	-	0	597	1,375	1,972
BEW	2017	-	440	635	1,125	2,200
	2019	-	0	1,033	1,425	2,458
Yapton	2017	-	100	250	25	375
	2019	-	0	375	175	550
Ford	2017	-	250	850	400	1,500
	2019	-	0	575	825	1,400
LEGA	2017	-	0	400	600	1,000
	2019	-	0	375	625	1,000
Angmering North	2017	-	240	550	0	790
	2019	-	35	310	300	610
Angmering South and East	2017	-	0	250	0	250
	2019	-	0	185	60	245
Total	2017	5,326	3,418	6,409	5,261	20,324

	2019	4,967	2,306	7,797	6,605	21,675
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Source: Icení Analysis of Housing Trajectories

- 4.18 The analysis set out in the summary Table above is clear in showing that all of the strategic allocations have either seen anticipated housing delivery pushed back several years and/or delivery rates reduced in the forthcoming years between the 2017 Housing Trajectory and 2019 Update.
- 4.19 Furthermore, on a number of the key strategic sites, overall delivery over the plan period has also been reduced. This includes, for example, the West of Bersted allocation with delivery from 2019/20 onwards reduced to 2,350 homes from 1,972 homes; and the Pagham North allocation which has been reduced to 635 homes from 750 homes. These numbers are now expected to be delivered beyond the plan period in most cases.
- 4.20 In some instances, a substantial number of homes have been pushed back in the 2019 Housing Trajectory. For example, the 2017 Housing Trajectory anticipated that the Barnham, Eastergate and Westergate allocation would deliver 440 homes over the two year period between 2019/20 to 2020/21. The 2019 Update now expects first completions in 2021/22, although the Council now expect a greater number of homes to be delivered overall in the plan period.
- 4.21 The implication of the revised trajectory is that overall, on the Council's figures, it will meet its housing requirement over the plan period. However, there are clear risks within the figures, particularly on strategic sites which are expecting to deliver over 1,000 homes in a five year period.
- 4.22 The latest housing trajectory shows delivery of 7,273 dwellings over the first half of the plan period which is equal to a shortfall of 1,377 homes in the first half of the plan period. This is shown in the Table below. Notably, this leaves 12,727 dwellings to be delivered over the 2021/22 to 2030/31 period (equal to an average of 1,273 homes per annum).

Table 4.5 Housing Delivery in First Half of the Plan Period, 2011/12 to 2020/21

	2011/12-2015/16	2016/17-2020/21	Total
Actual & Projected Completions	4,967	2,306	7,273
Requirement	3,050	5,600	8,650
Shortfall	+1,917	-3,294	-1,377

Source: Icení Analysis

- 4.23 Standing back, the amendments to the housing trajectory and the delays to expected delivery appear not to have been driven by market failure or a lack of demand but by the progress of larger, strategic sites and therefore the overall planning strategy of the Local Plan.

The Delivery of Key Strategic Sites

- 4.24 As recognised by the Council, a number of the key reasons why delivery rates have not come forward as expected relates to the strategic sites allocated under Policy H SP1. The Council has also been unable to substantiate expected delivery rates with evidence, as identified in a recent appeal decision⁹ dated 12th February 2020, where the Inspector (paragraph 47-48) stated, on examining four strategic sites challenged by the appellant, that:

"In all cases, the Council were of the view that, following discussions with the relevant developers, landowners and site promoters, there is a reasonable prospect that the sites will be available and could viably be developed at the point envisaged. However, this view was not supported by any evidence, for example agreed notes of meetings, exchanges of emails, or the like.

Consequently, in my view, there was nothing in front of the Hearing to represent evidence that housing completions will begin within five years on the sites in question".

- 4.25 The Council's latest published Housing Trajectory (updated in November 2019) expects 10,335 homes to be delivered from the key strategic sites over the remainder of the plan period from 2019/20 to 2030/31. This includes a small proportion of 1,400 homes from strategic allocations with planning permission as at 31st March 2019 (equal to only 14% of the expected provision from this source) with the remainder of outstanding strategic sites yet to obtain planning permission. The updated Trajectory reflects a number of revisions to the timing of the strategic allocations, as set out above.
- 4.26 Icenis has sought to undertake a review of a sample of three key strategic sites allocated under Policy H SP1 which we deem to be sites with apparent delivery issues. We have sought to examine the degree to which there has been progress, the assumed delivery timescales for starting on site and the key constraints which must be addressed before commencing development. We deal with each of these strategic sites in turn below.

Greater Bognor Regis Urban Area: West of Bersted

- 4.27 The strategic developments planned to take place to the west and north-west of the Greater Bognor Regis Urban Area include the allocations: Pagham South (allocated for 400 homes), Pagham North (allocated for 800 homes) and West of Bersted (allocated for 2,500 homes).
- 4.28 The largest allocation within the Greater Bognor Regis Urban Area is the West of Bersted site (reference SD3). The site is allocated for 2,500 homes and is owned by the Church Commissioners

⁹ APP/C3810/W/19/3236911

for England and Langmead Group who are being represented by Landlink Estates Ltd. The site is located 2km to the north-west of Bognor Regis nearby to Bersted and Aldwick.

- 4.29 The Council's 2017 Housing Trajectory envisaged first completions in 2018/19 with a starting delivery rate of 150 homes rising to 200 homes per annum. However, as evidenced in the revisions to delivery in the 2019 Housing Trajectory, progress has been minimal. The Council has revised the timing of this allocation substantially, moving to first completions in 2022/23 with only 22 homes expected in this first year.
- 4.30 In May 2017, a formal scoping opinion request was submitted to Arun District Council by the planning agent in relation to an Environmental Impact Assessment to be submitted in conjunction with an outline planning application for up to 2,300 homes, up to 10 ha of employment land, a 3 Form Primary School and a local centre. A scoping opinion was issued by the local authority in December 2018; however, an outline planning application was not submitted and has not been submitted at the time of writing.
- 4.31 To date, there has been two planning applications for residential development submitted and approved which form part of the allocated site, including:
- Outline planning permission granted in February 2018 at Land West of New Barn Lane (APP/C3910/V/17/3166900) for 50 homes following an allowed appeal which was the subject of a Secretary of State call-in. An application for reserved matters approval remains undecided having been submitted in September 2019. The developer is Bellway Homes.
 - Detailed planning permission granted in August 2019 at Land West of New Barn Lane (BE/29/19/PL) for 99 homes. The developer is Linden Homes and the site is under construction.
- 4.32 There is currently no comprehensive site-wide masterplan in the public domain, there does not appear to be a master developer in place, an outline planning application for the wider site has not been submitted and at present, only 149 homes of the allocated 2,500 homes have gained planning consent and are under the control of a housebuilder.
- 4.33 It is also noted that the eventual master developers will have to ensure that there is no detrimental impact to the Pegham Harbour Special Protection Area as well as prepare a comprehensive strategy for surface water management.
- 4.34 The Local Plan also sets out that improvements to the A259 between Bersted and Drayton are necessary, and we note Highways England have set out in the formal scoping opinion that they have concerns about the implications of development traffic on the A27 Chichester Bypass, A27 Bognor

Regis Roundabout and A27 Whyke Roundabout. The impact of which will need to be given detailed consideration as part of the technical evidence supporting a planning application.

- 4.35 The Council's 2019 Housing Trajectory sets out that the promoters claim it is likely that the site could be delivered within three years from commencement; however, development will involve joint working with the wider allocation. There is no supporting evidence to substantiate the Council's position on this or the delivery timescales envisaged on site, nor any further information on the landowners' intentions.

Littlehampton West Bank

- 4.36 The Littlehampton West Bank site (reference SD4), formally known as LEGA ("Littlehampton Economic Growth Area") is allocated for 1,000 homes over the plan period. The site is partly owned by Arun District Council and a number of other landowners; although on 9th December at a Cabinet meeting, Councillors voted in favour of selling the Council's land. In the 2014 HELAA, it was recognised that with regards to ownership:

"The West Bank is in multiple ownerships, and this has major implications for achieving consensus and for a future delivery strategy. The variety of land ownerships also highlights the need for a comprehensive strategy / development brief to release the full economic potential of the area."

- 4.37 The West Bank site is located on the estuary of the River Arun, flanked by the coast and Littlehampton Harbour and is functionally connected to the Arun Valley Special Protection Area and any development is therefore expected to avoid adverse effects on this designated area. The Local Plan (paragraph 12.1.17) is also clear in stating that "development at this location will require significant infrastructure provision, including the provision of flood defences, improved access and land remediation".
- 4.38 The Council expect financial contributions to be secured when development commences on site which will provide funding for improvements to the West Bank Flood Defences, including flood protection works, land raising, new access points and a buffer zone between the river and development.
- 4.39 It is also expected that improvements will be made to the A259 between Climping and Littlehampton to enable the reduction of flood risk to the existing West Bank communities, alongside habitat improvements.
- 4.40 In August 2018, the Arun Growth Deal (2018 to 2023) was agreed and published by Arun District Council and West Sussex County Council. A key priority of this Growth Deal is Littlehampton with resources partly focussed on the West Bank Development. The Growth Deal explicitly states that:

“the councils will work together to obtain funding for key infrastructure required to support the viability of this strategic site which has the potential to deliver 1,000 new homes and new flood defences”

4.41 As part of this, a two stage process is identified including first (1) identifying key infrastructure required to support the viability of developing the site, before (2) developing a joint business case for external funding to deliver key infrastructure requirements to facilitate development. Evidently, there are questions around the viability of the development and there is no evidence to support delivery in the near future.

4.42 The Council's 2019 Housing Trajectory anticipates first completions in 2022/23 with 100 homes expected to come forward in the first year. However, at present, it is our understanding that funding has not been secured to facilitate development. There is also no evidence to suggest that a comprehensive masterplan has been prepared and it also our understanding that a planning application has not been submitted in relation to the allocation.

Barnham, Eastergate and Westergate

4.43 The Barnham, Eastergate and Westergate site (reference SD5) is allocated for 2,300 homes in the plan period with the expectation that the site would deliver up to 3,000 homes in total. The majority of the land is owned by the Church Commissioners for England, CEG and Hanbury Properties. The allocation is located around the three settlements which form its name and is expected to form a self-contained settlement whilst maintaining the separate identities and avoid further coalescence of the three villages.

4.44 The Local Plan allocation is clear in setting out that the design and layout of the development needs to take account of the location of the railway line cross the site alongside substantial infrastructure requirements including:

- A new A29 route through the allocation which provides for all necessary linkages and routing between the A259 to the south and A27 to the north and includes a bridge over the railway to the east of the current Woodgate crossing; and
- Provision of an east-west route north of the railway line that will join the existing A29 route to the new A29 route and continue eastwards to Barnham railway station

4.45 A site-wide illustrative masterplan has been prepared by JTP which aims to show how around 4,000 new homes was displayed at a public consultation exercise in February 2019 planned by West Sussex County Council, where people had the opportunity to view plans for the realignment of the A29. The A29 realignment scheme will be delivered in 2 phases:

- Phase 1 – From the A29 south of Eastergate Lane to a new junction with Barnham Road

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- Phase 2 – From Barnham Road to a new junction on the A29 south of Lidsey bends.

4.46 The Transport Business Case submitted by the County Council to the LEP was approved in October 2019 with £9.9m of Local Growth Funding awarded for the delivery of Phase 1. Detailed design began in January 2020. The County Council hope that a planning application for Phase 1 of the A29 realignment will be submitted in summer 2020 with a start of construction in spring 2021.

4.47 At the time of writing, an outline planning application covering the extent of the site's allocation for residential development has not been submitted. The Council's 2017 Housing Trajectory envisaged first completions in 2018/19 with a starting delivery rate of 100 homes; however, as recognised in the latest Authority Monitoring Report, this was on the basis that a planning application would be submitted within 6 to 9 months following the Local Plan Examination in 2017.

4.48 Thus far, 8 planning applications for residential development have been submitted and refused on land which forms part of the allocated site. The majority of applications were for small-scale development on land in different ownerships, with one large scale hybrid application refused for 350 homes in March 2020. These applications are detailed below:

- Outline planning application refused in December 2018 at Land at Bridge Cottage & The Old Cottage Lidsey Road Lidsey (AL/20/18/OUT) for 27 homes. An appeal was withdrawn in December 2019. The applicant was Mr C Howard-Harris.
- Full planning application refused in December 2019 at Bridge Cottage Lidsey Road (AL/75/19/PL) for 8 homes. The applicant was Mr C Howard-Harris.
- Outline planning application refused in May 2019 at Land East of Orchard Gardens Woodgate Chichester (AL/129/18/OUT) for 55 homes.
- Outline planning application refused in July 2019 at Ryefields Farmhouse Oak Tree Lane Woodgate (AL/118/18/OUT) for 10 homes. The applicant was Turnbull Land.
- Full planning application refused in December 2019 at Ryefields Farmhouse Oak Tree Lane Woodgate (AL/72/19/PL) for 10 homes. Resubmission following AL/118/18/OUT.
- Outline planning application refused in November 2019 at Boweries Barnham Road Eastergate (EG/22/19/OUT) for 28 homes. An appeal was lodged in March 2020. The applicant is Domusea Developments.
- Outline planning application refused in December 2019 at Bexstone House Barnham Road Eastergate (BN/65/19/OUT) for 10 homes.

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- Hybrid planning application refused in March 2020 at Land to the East of Westergate Street (AL/15/17/PL) for 101 homes associated with the full planning application and 249 homes associated with the outline planning application. The applicant was Cala Homes.

- 4.49 The most recent application made by Cala Homes for 350 units was refused in March 2020. The first reason for refusal was that insufficient information had been provided on how the delivery of key infrastructure would be secured. There was also insufficient information on whether a development of its scale could be accommodated in a manner which would not undermine the delivery of a comprehensively planned settlement; as well as a range of other reasons.
- 4.50 These issues are clearly significant in terms of delivery and at the time of writing, remain unaddressed.
- 4.51 The Council have recently formed High Level Development Principles for the allocation which are intended to guide the form of development at the site. The document was presented to the Planning Policy Sub Committee on 25th February 2020 and was recommended to Full Council on 18th March; however, this Committee was cancelled. Once agreed by the Council, the principles will act as a material planning consideration when determining applications.
- 4.52 The 2019 Update of the Council's Housing Trajectory now envisages first completions in 2021/22 with a starting delivery rate of 77 homes, rising to 171 homes per annum; however, the evidence thus far suggests that there is still a significant amount of work to be done with regards to strategic infrastructure provision.
- 4.53 Given that the development principles are yet to be agreed and there is no indication of when or if a planning application will be submitted which covers the entire allocated site, the Council's latest trajectory appears very unrealistic with regards to first completions in 2021/22 and overall delivery timescales.

Drawing the Findings Together

- 4.54 Bringing the analysis of three key selected strategic sites together, it is clear that it is likely to be some time before the allocated sites begin to deliver numbers which will enable the Council to meet the varying phased housing requirements over the plan period.
- 4.55 The consequence of this is that there is a substantial land supply shortfall in the first half of the plan period, which in simple terms, will not be addressed by continuing to rely on expected growth tied up in large strategic sites which are the subject of ownership, infrastructure, viability and other significant constraints which will take time to resolve before housing delivery can begin at scale.

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- 4.56 Overall, it is evident that the land supply shortfall which has resulted against the phased requirement is not due to a lack of demand or an inability for the market to deliver it, but due to the planning strategy of relying on large strategic sites delivering early, when it was never realistic to assume that they would . **In effect, the Council has been unable to drive delivery rates in the short-term due to a lack of small to medium sites.**

5. SUMMARY AND CONCLUSIONS

5.1 This report has sought to consider the degree to which under-delivery of housing in Arun District has been a function of the Council's planning strategy and housing land supply put forward within the 2018 Local Plan and/or a broader structural weakness within the housing market, and Arun's housing market in particular, and how these issues might be addressed.

5.2 The report has worked through a range of data analysis to establish a clear profile of Arun District which effectively reflects:

- An age structure which is weighted significantly towards an older population with those aged 60 and over accounting for 35% of the population compared with 25% in the South East and 24% nationally
- A lower than average representation in all age groups under 50, which is a function both of the attractiveness of the district as a retirement location; and the weakness of the local economy which affects the numbers of people who are drawn to the area to work
- A housing market where house prices are lower when set against West Sussex and the South East; although the analysis also shows that the gap is not significant and ultimately, this will mean Arun District is seen as a more affordable area to move in comparison to neighbouring authorities
- An economic profile where GVA per head is lower than the rest of the Coast to Capital LEP; but with strong employment growth despite this being driven by lower value sectors
- An earnings profile which is lower for both residents and workers in than the county and regional average, leading to affordability challenges despite lower house prices
- A significant level of in-migration from surrounding areas and from more expensive areas such as London and Surrey with the age profile spread across a range of groups including younger people, middle-aged and retirees but with a particularly high volume in the older age groups; and therefore:
- Overall, a housing market which is attractive to a range of groups from families moving to the District (i.e. trading up) to older households from more expensive areas (i.e. releasing equity), owing the area being more affordable for a greater range of people, despite affordability being a particular issue for those living and working in the District.

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- 5.3 Having established the characteristics of the District, we have then turned to land supply in the context whereby there is a requirement to deliver an average of 1,000 homes per annum over the 20 year plan period. The report has considered historic and recent housing completions, the Council's overall planning strategy and its reliance on a number of key strategic sites to deliver early in the plan period.
- 5.4 The Council has recognised on its own that the delivery rates have not been as forthcoming as previously predicted to enable the completions to come through as anticipated. This has been the case for a number of key strategic sites which in some instances were expected to deliver substantial numbers early on in the plan period with starting completions of upwards of 100 homes per annum.
- 5.5 The report has worked through a number of these key strategic sites and it is clear that the assumptions underpinning their delivery in the Local Plan were not realistic nor achievable. The strategic sites are in some cases reliant on complex land assembly being resolved; significant infrastructure requiring funding and delivery in advance of housing completions; slow progress on the submission of planning applications and landowners who are not either master developers or housebuilders who will drive the sites forward quickly.
- 5.6 It is clear from our analysis that there is ultimately a market and demand for housing but ultimately, the planning strategy has not allowed for delivery in the short-term to meet this demand - resulting in a supply-demand imbalance – and is likely to continue to be unable to meet this demand should the Council fail to shift its focus onto approving planning permission for a greater number of small to medium sized site.
- 5.7 In conclusion, **it is our position that the situation in Arun District is not one of market failure but of planning strategy failure.** The Council's planning strategy moving forward has to recognise both the role which strategic sites could play - with an appropriate delivery model and infrastructure investment - and the need for a range of small and medium-sized sites which can deliver quickly in advance of the progress with larger strategic sites.

A1. COMPARISON OF HOUSING TRAJECTORIES

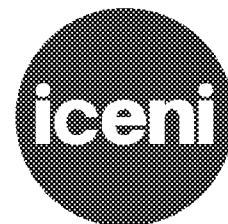
Kenil Projects Analysis of Arun District Council Housing Trajectories

2017 Housing Trajectory	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
Commitments on Large Sites							585	467	869	386	200	108	54	120	120	120	120	120	120	0	3389
Neighbourhood Plan Allocations							0	6	25	224	101	38	24	0	15	0	0	37	0	0	479
HFLAA Sites							0	10	41	70	109	108	105	25	42	33	0	0	39	17	599
Sub Total							585	483	935	680	410	254	183	145	177	153	120	157	159	17	4458
10% Lapse							59	48	94	68	41	25	18	15	18	15	12	16	16	2	427
Sub Total							527	435	842	612	369	229	165	131	159	138	108	141	143	15	4034
Small Sites							107	79	52	12	1	0	0	0	0	0	0	0	0	0	251
Windfall							0	0	25	64	75	76	76	76	76	76	76	76	76	76	848
Total	722	475	359	601	890	622	634	513	918	688	445	305	241	207	235	214	184	217	219	91	5113
Strategic Sites																					
Pagham South (SD1)							0	50	50	50	50	50	50	50	50	0	0	0	0	0	400
Pagham North (SD2)							0	50	75	75	75	75	75	75	75	75	75	75	0	0	800
West of Bersted (SD3)							0	150	200	200	200	200	200	200	200	200	200	200	200	150	2500
BEW (SD5)							0	100	190	250	250	110	125	75	75	225	225	225	225	225	2200
Formwell (SD6)							0	50	50	50	50	50	50	50	50	0	0	0	0	0	400
Yapton (SD7)							0	25	50	50	50	50	50	50	50	25	0	0	0	0	400
Ford (SD8)							0	0	100	150	175	175	175	175	150	150	150	100	0	0	1500
LEGA (SD4)							0	0	0	0	0	100	100	100	100	125	125	125	125	100	1000
Angmering North (SD9)							0	10	55	185	150	150	100	100	50	0	0	0	0	0	800
Angmering South and East (SD11)							0	0	0	0	50	75	75	50	0	0	0	0	0	0	250
Climping (SD10)							0	75	75	75	0	0	0	0	0	0	0	0	0	0	300
Total							0	510	845	1085	1125	1035	1000	925	800	800	775	725	550	475	10650
Small Sites DPD							0	0	0	0	0	0	100	100	100	200	200	200	200	150	1250
Grand Total	722	475	359	601	890	622	634	1023	1763	1773	1570	1340	1341	1232	1135	1214	1159	1142	969	716	20680

2019 Housing Trajectory Update	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
Commitments on Large Sites									496	1272	1458	688	230	206	180	130	150	101	40	45	4996
Neighbourhood Plan Allocations									0	56	32	28	71	122	64	0	15	25	6	37	456
HFLAA Sites									0	33	33	92	30	144	102	82	15	28	21	0	360
Sub Total									496	1361	1523	808	331	472	346	212	180	153	67	82	6031
10% Lapse									50	136	152	81	33	47	35	21	18	15	7	8	603
Sub Total									446	1225	1371	727	298	425	311	191	162	139	60	74	5429
Small Sites									120	87	58	12	1	0	0	0	0	0	0	0	278
Windfall									0	0	19	63	73	73	73	73	73	73	73	73	866
Total	722	475	359	601	890	622	704	603	566	1312	1447	802	371	498	384	264	235	212	133	147	7678
Strategic Sites																					
Pagham South (SD1)									0	0	0	0	25	25	15	0	0	0	0	0	65
Pagham North (SD2)									0	0	35	75	100	135	115	50	50	50	25	0	635
West of Bersted (SD3)									0	0	0	22	50	250	275	275	275	275	275	275	1972
BEW (SD5)									0	0	77	171	225	250	310	300	325	300	300	200	2458
removed																					
Yapton (SD7)									0	0	0	75	100	100	100	100	50	25	0	0	550
Ford (SD8)									0	0	0	50	175	175	175	175	175	150	150	150	1400
LEGA (SD4)									0	0	0	0	100	125	150	125	125	125	125	125	1000
Angmering North (SD9)									0	0	35	50	25	100	100	100	100	100	0	0	810
Angmering South and East (SD11)									0	0	0	0	60	60	65	60	0	0	0	0	275
removed																					0
Total									0	0	147	443	860	1220	1305	1185	1100	1050	875	750	8935
Small Sites DPD									0	0	0	0	0	100	100	200	150	200	200	200	1150
Grand Total	722	475	359	601	890	622	704	603	566	1312	1594	1245	1231	1818	1789	1649	1485	1462	1208	1097	21432

Difference Table	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
Commitments on Large Sites									-373	886	1258	580	176	86	60	10	30	-19	-80	45	1607
Neighbourhood Plan Allocations									-25	-168	-69	-10	47	122	49	0	15	-12	6	37	-14
HFLAA Sites									-41	-37	-76	-16	-75	119	60	49	15	28	-18	-17	-19
Sub Total									-439	681	1113	554	148	327	169	59	60	-4	-92	65	1573
10% Lapse									-44	68	111	56	15	32	17	6	6	-1	-9	6	156
Sub Total									-396	613	1002	498	133	294	152	53	54	-2	-83	59	1415
Small Sites									-68	75	57	12	1	0	0	0	0	0	0	0	27
Windfall									-75	64	-56	-13	-3	-3	-3	-3	-3	-3	-3	-3	-182
Total	0	0	0	0	0	0	70	-420	-352	624	1002	497	130	291	149	50	51	-5	-86	56	2567
Strategic Sites																					
Pagham South (SD1)									-50	-50	-50	-50	-25	-25	-35	0	0	0	0	0	-335
Pagham North (SD2)									-75	-75	-40	0	25	60	40	-25	-25	-25	25	0	-165
West of Bersted (SD3)									-200	-200	-200	-178	-150	50	75	75	75	75	75	125	-528
BEW (SD5)									-190	-250	-173	61	100	175	235	75	100	75	75	25	158
removed																					
Yapton (SD7)									-50	-50	-50	25	50	50	50	75	50	25	0	0	150
Ford (SD8)									-100	-150	-175	-125	0	0	25	25	25	75	150	150	-100
LEGA (SD4)									0	0	0	-100	0	25	50	0	0	0	0	25	0
Angmering North (SD9)									-55	-185	-115	-100	-75	0	50	100	100	100	0	0	-190
Angmering South and East (SD11)									0	0	-50	-75	-15	10	65	60	0	0	0	0	-5
removed																					
Total									-845	-1085	-978	-592	-140	295	505	385	325	325	325	275	-1715
Small Sites DPD									0	0	0	0	-100	0	0	0	-50	0	0	50	-100
Grand Total	0	0	0	0	0	0	70	-420	-1197	-461	24	-95	-110	586	654	435	326	320	239	381	752

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