



Housing Needs Assessment Summary

The Housing Needs Assessment [HNA] is a 67 page technical report that compiles and evaluates statistical evidence including demographic data, economic characteristics, current housing inventory, trends and similar to support the developing Neighbourhood Plan. It was undertaken by the consultants AECOM in late 2021.

It looks at local need [people living, working or with family ties in the parish] and identifies any gaps or shortfalls. This note provides the main points that the NDP group have taken from the report.

What questions were asked in preparing the Peasmarsh HNA?

1. How affordable is housing in Peasmarsh?
2. How much affordable housing is needed over the next 20+ years?
3. What type and size of housing is needed? [detached, semi's, terraced, flats]
4. Should affordable housing be for sale and/or rent?

1 How Affordable is Housing in Peasmarsh?

House Prices

House prices in Peasmarsh have risen significantly in the last 10 years, except semi-detached house prices [*prices in £k*] :

Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth
Detached	£222	£290	£275	£348	£345	£351	£435	£400	£373	£556	150%
Semi-detached	£250	£246	£228	£221	£240	£237	£230	£280	£218	£265	6%
Terraced	£165	£165	£160	£175	£200	£241	£260	£275	£258	£265	60%
All Types	£213	£246	£245	£250	£320	£314	£325	£335	£290	£405	90%

The median* house price has risen from £212,500 in 2011 to £405,000 in 2020 – a 90% increase in 9 years.

Income

The HNA provides evidence of the gap between house prices in Peasmarsh and what household incomes are. The average household income in 2018 in Peasmarsh was £37,400. The household income for those working locally is harder to estimate as it is calculated on individual earnings rather than household incomes but will be about £25,000 for a 2-earner household, half that for a single earner.

Affordability

The table on the next page shows the gaps in affordability for average earners looking either to rent or buy.

The figures for ownership were run twice : once for the median house price and once for the semi-detached house price. First Homes is a government initiative where homes are sold at a discount – in this case 50% – of full market price. Shared Ownership is a blend of having a partial mortgage and partial rent.

Ownership is only possible for those on the average income if a semi-detached or terraced house is assumed. Renting is possible for those on the average income and households with two earners but single earner households cannot even afford to rent in Peasmarsh.

* a median is a type of average most suitable for judging this data



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Tenure	Mortgage value	Annual rent	Income required	Affordable?		
				on average incomes?	on one LQ earnings?	on two LQ earnings?
Affordable Home Ownership						
First Homes (50% discount)	£164,025 / £119,250	-	£46,864 / £34,071	If semi	No	No
Shared Ownership (50% owned)	£182,250 / £119,250	£5,063 / £3,313	£68,946 / £45,113	No	No	No
Shared Ownership (25% owned)	£91,125 / £59,625	£7,594 / £4,969	£51,348 / £33,598	If semi	No	No
Shared Ownership (10% owned)	£36,450 / £23,850	£9,113 / £5,963	£40,789 / £26,689	If semi	No	No
Affordable Rented Housing						
Affordable Rent	-	£6,108	£20,341	Yes	No	Yes
Social Rent	-	£5,122	£17,056	Yes	No	Yes

What this shows is that, in practical terms, the so-called 'affordable' homes which commercial developers must offer – at a 20% discount to the full market price – are not at all affordable in our context.

2. How Much Affordable Housing Will Be Needed Over the Next 20 Years?

AECOM looked at the figures available from Rother District Council Housing Register which suggests 26 rental homes will be needed for people expressing a preference to live in Peasmarsh. These are homes using the traditional social housing model.

However, many people do not join the register as they know they will not fit social housing criteria and so in addition to this figure AECOM has calculated an additional 32 affordable homes will be needed for those wishing to live in Peasmarsh, and with local connections. The total rental demand could therefore be as high as 58 houses.

The report makes the important point that when affordable housing is developed, it must go to people with local connections as that is the criterion used in developing the above figures. It is pointless allocating them to other people as that does not resolve the issue in the parish.

In addition, the report concludes that there may be a demand for 32 affordable houses for sale, presumably semi-detached properties with heavily discounted prices or with shared ownership options.

On that basis the total demand for truly affordable homes in the parish in the next 20 years or so might be as high as 100 properties. Further investigation of this is outside the scope of the HNA but definitely part of NDP effort.

3. What Type and Size of Housing is Needed?

Considering the ageing demographic and affordability issues, based on the Census 2011 data, AECOM suggests a future increase in small and mid-sized homes would :

- improve the offering in Peasmarsh for younger households who have few options for their next – perhaps first – step on the property ladder; and
- also enable older households currently under-occupying larger homes to downsize and in doing so potentially create churn in the market;



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Variety should be sought within the mid-sized homes to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes, whose needs are far from identical.

Whilst recommending that two bedroom properties should see the biggest injection of housing, the report also recognises that some larger affordable family homes will be needed. The following table shows AECOM's suggested mix over the next twenty years or so :

Number of bedrooms	Current Mix (2011)	Target Mix (2039)	Balance Required
1 bedroom	7.10%	10.20%	21.40%
2 bedrooms	24.20%	32.70%	62.80%
3 bedrooms	45.60%	35.70%	0.00%
4 bedrooms	14.90%	15.30%	15.80%
5 or more bedrooms	8.10%	6.10%	0.00%

4. Should Affordable Housing be For Sale and/or Rent?

The HNA proposes that both should be available, albeit with an emphasis on rental housing.

As discussed in Section 2 above, the 'affordable housing for rent' model suggests that 1.4 rented units are needed per annum in Peasmarsch, which equates to a total of 26 rental units over the plan period. This could be increased to 60 over the period if the larger cohort of people with a local connection to Peasmarsch is taken as the starting point.

A similar calculation for 'affordable housing for sale' found potential demand for 1.9 units per annum, resulting in a total of 32 purchase units over the plan period.

If you want to see more details, including AECOM's full calculations, the full report is available in the 'Acquired' chamber of the Vault on the PNDP website. This link will take you straight to the document :

<https://www.peasmarschndp.uk/vault/PeasmarschHNA.pdf>

In all cases latest available figures have been used. Some of the data in the report is based on the 2011 census because the assessment was completed before the release of the 2021 census data. The NDP group will append 2021 census data when released.

The next stage of defining the need for affordable housing in the parish is expected to be a parish-wide survey undertaken by Action in Rural Sussex [AirS], an independent organisation. This is likely to be in Q2 of this year once the Site Location Assessment – now under way – is completed.

The nature of that survey will be such that people responding will have to give private and confidential information so nobody in the parish will be involved. All responses will be sent direct to AirS and the PNDP group will only receive anonymised summary information.