

## 1 INTRODUCTION AND BACKGROUND

1.01 In January 2005 DTZ were commissioned by the Partnership for Urban South Hampshire (PUSH) to carry out analysis to better understand the housing market of the South Hampshire and to meet its Housing Needs. The three key elements of this work are:

1. The Preparation of a Housing Market Assessment for South Hampshire
2. Development of a Strategic Approach to the Delivery of New Housing
3. Sub-Regional Planning Scenarios- Linking Housing and Economic Growth

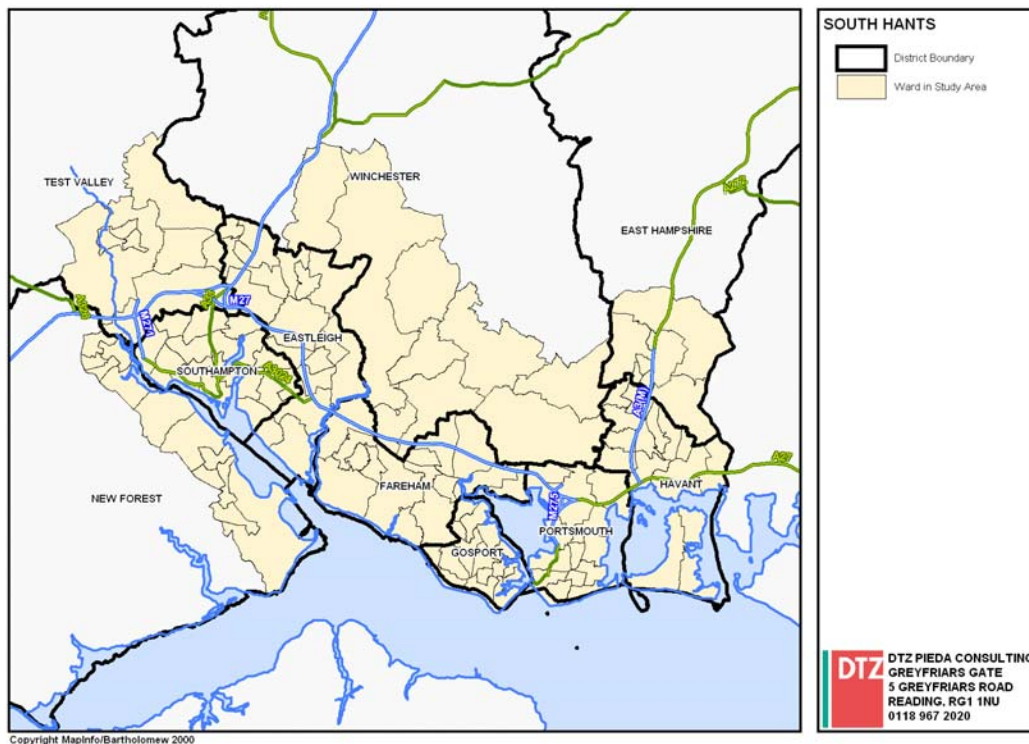
1.02 This report focuses the first of these three exercises.

1.03 In addition, and in parallel with the first two work streams outlined above, DTZ were also commissioned to undertake analysis to drill down into the results and conclusions of the Phase 1 work completed by DTZ in October 2004, which examined the implications of different economic growth scenarios on the South Hampshire economy. Task three of the above falls within this parallel assignment.

### Background

1.04 PUSH – Partnership for Urban South Hampshire- consists of the local authorities comprising the urban core of South Hampshire (Eastleigh, Fareham, Gosport, Havant, Southampton and Portsmouth and Hampshire County Council) and the adjacent urban parts of the authorities of Test Valley, New Forest, Winchester and East Hants. The spatial extent of the PUSH area is illustrated in figure 1.1 below.

**Figure 1.1: PUSH Spatial Coverage/Context Map**



1.05 Urban South Hampshire is an area that is recognised as having the potential for carefully managed growth. This potential has been acknowledged in the submission of the draft Sub Regional Spatial Strategy for South Hampshire by the PUSH authorities to the South East

England Regional Assembly on 1 November. It is also recognised in the consultation draft of the South East Plan that was agreed by the Regional Assembly in January.

- 1.06 Currently, however, South Hampshire is viewed to be ‘punching below its weight’ in the Region and does not have a sufficiently high profile to attract the economic and infrastructure investment it needs. South Hampshire’s economic performance is below the regional average and significant concentrations of deprivation are evident.

#### **The South Hampshire Sub-Regional Strategy**

- 1.07 In order to address these economic issues, a strategic vision of sustainable managed growth has been developed by the PUSH partnership within the ‘South Hampshire Sub-Regional Strategy.’ The vision of the strategy is:

1. To address the economic regeneration and development needs of the sub-region by delivering a growth rate in GVA of between 3 and 3.5% per annum over the period 2006 to 2026
2. To place a high priority on the identification of a range of appropriate employment sites within the sub-region, in support of this goal
3. To deliver sufficient new homes over the period to ensure that housing availability and affordability do not constrain this growth objective
4. To provide a suitable volume and mix of housing types and tenures, to meet the affordable housing needs of the sub region over the period
5. To ensure that these development goals are met in a sustainable way, which ensures that the quality of life of the sub-region is enhanced and separation of settlements is maintained
6. To ensure that future growth rates are directly related to the provision of appropriate and adequate infrastructure to meet the needs of existing and expanding communities within the sub-region.

- 1.08 In spatial terms, the strategy is to focus on the potential of Portsmouth and Southampton to support social needs, tackle deprivation and secure social and economic inclusion. The dual city focus will be complimented by regeneration and development within the other urban areas.

- 1.09 At its current stage the strategy requires further elaboration and refinement. Specific areas identified are the need to develop a better understanding of the relationship between economic growth and sub-regional housing need and a more detailed knowledge of future housing need linked to new household formation and the current housing backlog.

#### **South Hampshire Housing Requirements**

- 1.10 The Regional Assembly has set a target within the South East Plan for 25,500 to 32,000 new homes per annum across the whole of the South East. The Regional Assembly’s demographic projections show a requirement, based on a continuation of recent migration trends, of between 67,000 and 69,000 dwellings in South Hampshire between 2006 and 2026.

- 1.11 This rate of future dwelling provision would be broadly equivalent to continuing the house-building rate in Regional Planning Guidance. However, the Assembly’s work is based on an historical growth rate. It does not incorporate the effects of a managed growth strategy within the sub-region, with a long-term economic growth rate ahead of the regional

average. Also, it may not accurately reflect the latest sub-regional estimates of housing need.

- 1.12 Analysis undertaken in October by DTZ suggested that housing requirements linked to new jobs in the sub-region will be in the range of 63,000 to 81,000 for growth rates between 3.0% and 3.5% GVA.
- 1.13 There is also a need to consider the delivery of affordable housing as a distinct component of housing need. The South Hampshire authorities have calculated that about 23,500 additional affordable homes will be needed in South Hampshire during 2001 – 2021. In addition, they estimate that there is a backlog of affordable housing need of about 5,000. Together, this represents a total need for 28,500 affordable homes.
- 1.14 The PUSH Steering Group has decided to work within a range of estimated housing need that equates to a dwelling provision that is between 15% to 20% higher than that stipulated in the RPG. Over the period 2006 to 2026, this represents a range of between 79,000 and 82,000 new homes.

### **Housing Market Assessment**

- 1.15 Given the preceding background, there is an underlying need to carry out a Housing Market Assessment (HMA) of the South Hampshire area to better understand the housing market of the Sub-Region and to meet South Hampshire's housing needs.
- 1.16 The specific objectives of this HMA are to:
- Review and build upon the work previously undertaken by PUSH to inform the housing element of the South Hampshire Sub-regional strategy.
  - Build upon DTZ's work undertaken for the Regional Assembly in defining the housing markets of the South East to define the spatial extent of the South Hampshire housing market and the sub-markets that operate within and across it.
  - Analyse the full range of secondary data to establish the current supply and demand characteristics of the South Hampshire housing market, and examine past trends to identify the key factors that bring about change.
  - Verify current estimates of the housing need backlog in South Hampshire and review and validate this information.
  - Examine future housing requirements, in terms of reviewing housing forecasts produced by DTZ and Anglia University, and comment upon how demand is changing over time (in terms of preference for different types of housing, trends in consumption of housing space, and the proportion of income that people are willing to spend on housing). Future housing provision in South Hampshire will be driven in part and engendered by economic growth, and the link between these needs to be established.
  - The implications of these patterns need to be assessed in terms of the current composition of the housing stock in order to make any meaningful comments about the type and size of new housing provision that should be sought.
  - Assess what proportion of new housing development should comprise affordable housing and (broadly) the split between social rented housing and intermediate housing.

- 1.17 The HMA attempts to understand and establish gaps in housing provision across all house types and tenures, which also includes provision of sufficient housing to meet the backlog of housing need in the Sub-Region.
  
- 1.18 The analysis is conducted in accordance with the ODPM guidance on preparing Housing Market Assessments, which DTZ Pieda Consulting prepared. The work has also been informed by the emerging Local Housing Needs Assessment guidance, which is due to be published shortly.