7 AFFORDABILITY AND HOUSING NEED

7.01 This section provides an analysis of the affordability and housing need issues within the South Hampshire sub region, which represents the culmination of the supply and demand analysis presented in the previous three sections.[1]

Key Points

- Overall average house prices for South Hampshire are below those for the South East and marginally below those for England & Wales;
- House prices have shown a greater increase in South Hampshire between 1999 and 2004 compared to the South East and England & Wales;
- Lower quartile house price to incomes ratios for South Hampshire are below those for the South East, which indicates that issues of affordability are less prominent within the sub region compared to the region as a whole;
- Homelessness is a greater issue for South Hampshire compared to the South East and England (with acceptances per 1,000 households greater for the sub region);
- The number of households on the housing register are higher for South Hampshire compared to the South East and England (for 2003), with a greater increase in households on the housing register also experienced by the sub-region between 2000 and 2003
- There are fewer households in temporary accommodation (per 1,000 households) compared to benchmark areas.

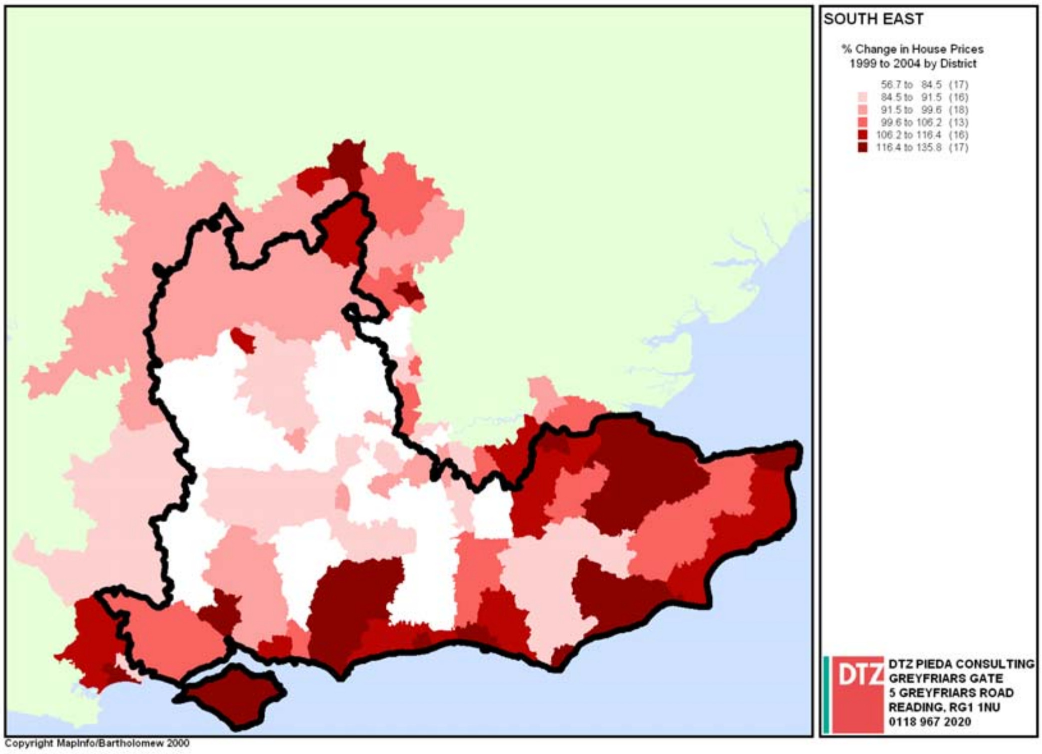
House Prices

7.02 Over the past five years house prices across the South East have exhibited sustained and marked growth. Between 1999 and 2004 house prices in many districts of the region grew by more than 100%. A clear spatial pattern of house price rises within the region is also evident, with coastal areas demonstrating the most rapid house price rises, as reflected in Figure 7.1 below.

7.03 By contrast, rural areas, whilst having the highest total prices in the region, have experienced a relatively constrained rise in prices compared with coastal and urban districts. This pattern is clearly evident within the South Hampshire sub-region, with Portsmouth and Southampton having experienced the most rapid growth in house prices between 1999 and 2004, as opposed to Test Valley and East Hampshire, which experienced the lowest, as illustrated in Figure 7.1.

[1] All of the data analysis in this section is presented for the 6 Local Authorities wholly contained within South Hampshire, as the source of the data is HIP returns.

Figure 7.1: Average House Price Change Across the South East and Its Fringe 1999 to 2005 (Source: Land Registry)



7.04 Table 7.1 and Figure 7.2 below documents the extent to which average overall house prices have increased within the South Hampshire Sub-Region between 1999 and 2004. The analysis does not include those districts that do not wholly fall within the sub-region, as up to date house price data from Land Registry is not available at ward level.

7.05 Table 7.1 confirms the pattern of house price rises reflected in Figure 7.1, with house prices in the predominantly urban and coastal South Hampshire sub region demonstrating a greater increase in house prices between 1999 and 2004 compared to the South East and England average.

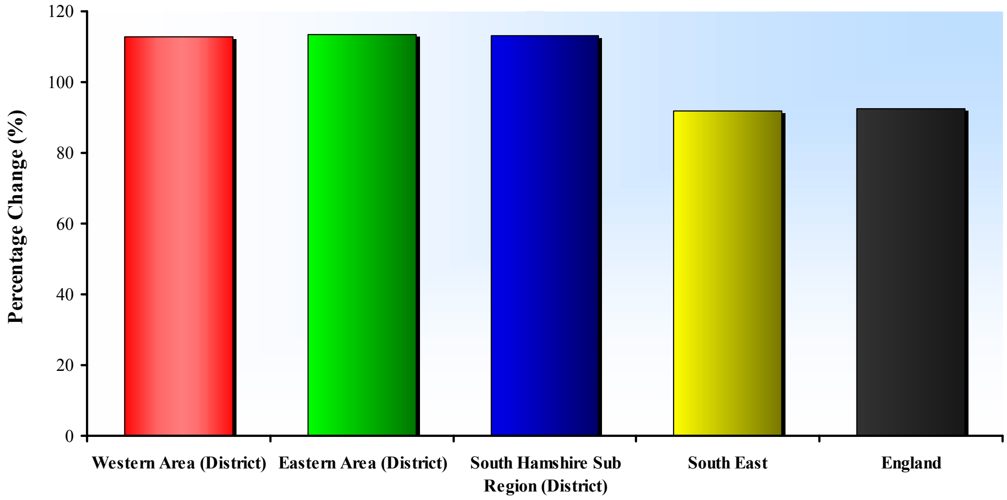
7.06 Over this period the total house price increase in the South Hampshire sub-region was greater than 113%. This overall increase was driven by the rapid increases in house prices in Southampton and Portsmouth, as people moved to take advantage of lower average prices within the City areas and the growth of the buy to let investment market took effect.

Table 7.1: South Hampshire House Price change 1999 to 2004

House Price Change 1999-2004			
	1999	**2004**	**% Change**
Western Area (District)	£87,747	£186,734	112.81
Eastern Area (District)	£84,453	£180,261	113.45
Total South Hampshire Sub Region (District)	£85,551	£182,418	113.23
South East	£118,793	£227,990	91.92
England	£97,616	£187,971	92.56

Source Land Registry

Figure 7.2: South Hampshire House Price change 1999 to 2004



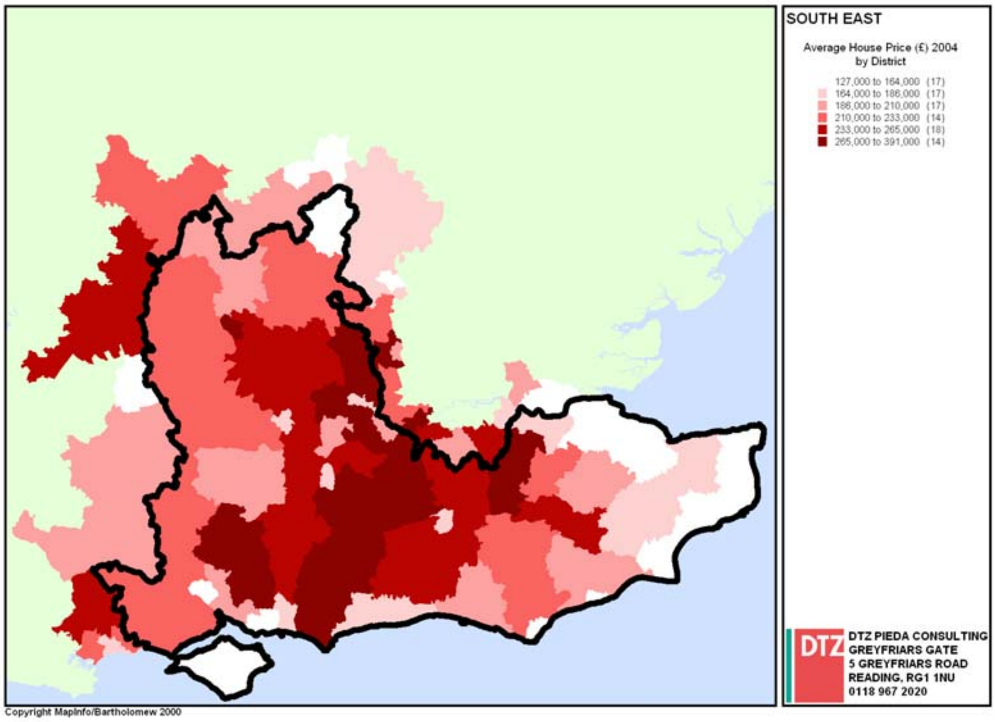
Source: Land Registry

Current House Prices

7.07 The spatial distribution of current house prices across the South East largely reflects the geographical split between rural and urban areas within the region. The highest house prices in the region are located within rural areas such as North East Hampshire, South Oxfordshire and Mid-Sussex, whilst the lowest prices are found in the region's urban centres such as Reading, Crawley, Southampton and Portsmouth, as presented in Figure 7.3 below.

7.08 One is able to observe a clear spatial pattern of house price distribution within the South East through a comparison of Figures 7.1 and 7.3. Areas that have experienced the most rapid increase in prices over the last five years are principally the same areas experiencing the lowest current house prices, suggesting that although asymmetries in house prices have been weakening within the South East over time, they nevertheless remain significant.

Figure 7.3: 2004 Average House Prices Across the South East



7.09 Table 7.2 and Figure 7.4 below present current house prices (Q3 for 2004) for the PUSH area using data from the Land Registry, distinguishing between house type. As previously mentioned, it is not possible to obtain up to date data on house prices by ward and therefore DTZ have been unable to include those districts that only fall partially within the sub-region as part of the analysis.

7.10 The following provide some of the key messages arising from this data:

- Overall, average house prices for the South Hampshire sub region (£182,418) are below averages for the South East (£227,990) and England and Wales (£187,971). The relatively low overall house prices within the Sub-Region reflect the low prices within the Southampton and Portsmouth City areas.

- Average house prices for each type of housing (detached, semi-detached) in South Hampshire are below the South East average. This reflects the poor and out dated stock of housing within the Sub-Region. However for some properties i.e. semi-detached and terraced homes, house prices are above levels for England;

- Average house prices are higher for the Western area (which incorporates Southampton and Eastleigh) compared to the Eastern area (which includes Portsmouth, Fareham, Gosport and Havant).

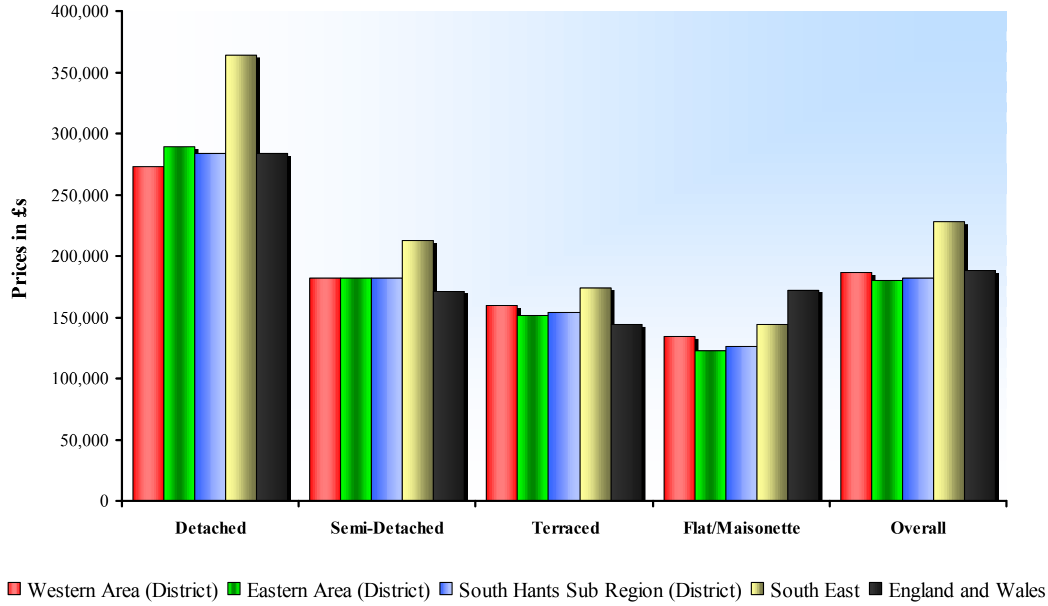
- There is a noticeable difference in house prices between the districts that fall wholly within South Hampshire and the fringe Authorities that are partly covered by the PUSH area. As reflected in Figure 7.3, the New Forest, Winchester, East Hampshire and Test Valley exhibited the highest average house prices in 2004 of all the districts in the sub-region. In terms of the whole districts within South Hampshire, house prices in Fareham are more consistent with those in Eastleigh than those in Portsmouth, Havant and Gosport.

Table 7.2: Average House Prices 3rd Quarter 2004

Average House Prices (July to September 2004)					
	Detached	**Semi-Detached**	**Terraced**	**Flat/ Maisonette**	**Overall**
Western Area (District)	£273,225	£182,024	£159,869	£134,019	£186,734
Eastern Area (District)	£289,375	£181,593	£151,579	£122,144	£180,261
South Hampshire Sub Region (District)	£283,992	£181,737	£154,342	£126,103	£182,418
South East	£363,765	£212,351	£173,861	£144,001	£227,990
England and Wales	£284,145	£170,816	£143,771	£172,196	£187,971

Source: Land Registry

Figure 7.4: Average House Prices 3rd Quarter 2004



Source: Land Registry

Rents

7.11 Table 7.3 and Figure 7.5 below provides details of average weekly RSL rents between 1999 and 2003. These figures are not available at a ward level and as such those districts which only fall partially within the sub-region have been excluded from this analysis.

7.12 The following are some of the key points arising from this data:

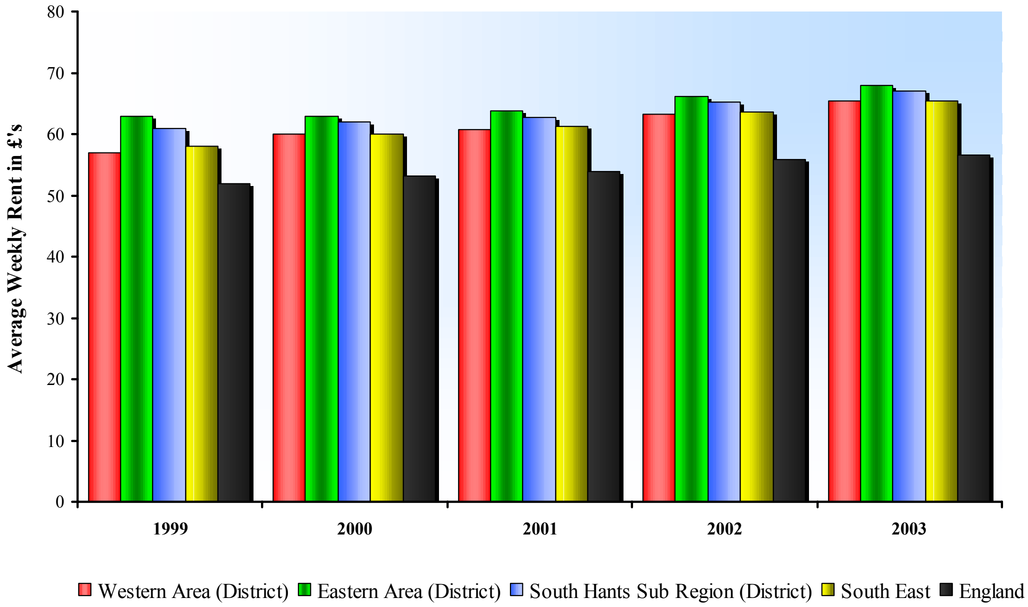
- Average weekly rents for the South Hampshire sub region have remained above levels for the South East and England between 1999 and 2003;
- Average RSL rents for the Eastern area (comprising of Fareham, Gosport, Havant and Portsmouth) are higher than for the Western area (comprising of Southampton and Eastleigh); and;
- Average rents for the South Hampshire sub region have increased by 10.17% between 1999 and 2003 compared to 12.50% for the South East and 8.86% for England as a whole.

Table 7.3 Average Weekly RSL Rents 1999-2003

Average Weekly RSL Rents 1999-2003 (£'S)					
	1999	**2000**	**2001**	**2002**	**2003**
Western Area (District)	56.97	59.99	60.69	63.21	65.35
Eastern Area (District)	62.82	62.88	63.79	66.13	67.91
South Hampshire sub region (District)	60.87	61.91	62.76	65.16	67.06
South East	58.09	59.96	61.23	63.97	65.35
England	51.92	53.11	53.90	55.81	56.52

Source: ODPM Housing Statistics (Table 704)

Figure 7.5 Average Weekly RSL Rents 1999 to 2003



Source: ODPM

7.13 Table 7.4 and Figure 7.6 below show average private sector rents for each of the benchmark areas for 2001/02. The data is taken from the Housing Corporation publication 'Guide to Local Rents 2002' and more recent data from this source is not available. The information is based on rent officer estimates of the average level of local rents for private unfurnished assured lettings in the private rented sector.

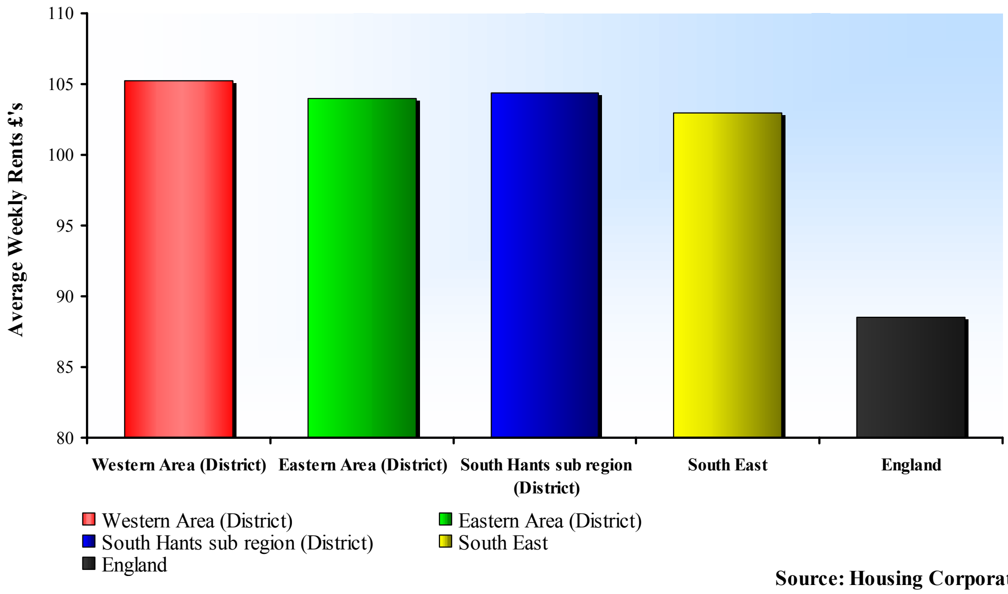
7.14 The data shows that average weekly private sector rents for South Hampshire are slightly higher than for the South East and significantly higher when compared with the average for England as a whole.

Table 7.4 Average weekly private sector rents

	2001/02
Western Area (District)	105.22
Eastern Area (District)	103.99
South Hampshire sub-region (District)	104.40
South East	102.98
England	88.55

Source: Housing Corporation Guide to Local Rents 2002

Figure 7.6 Average Weekly Private Sector Rents 2001/02



Source: Housing Corporation

Affordability Issues

7.15 The definition of what constitutes an affordable unit of housing is currently under review by ODPM. The current housing affordability indicator used by ODPM is the "long term trends in the ratio of lower quartile house prices to lower quartile earnings," which reflects entry-level affordability ratios.

7.16 The Government intends to use this indicator as its headline measure of housing market affordability in response to the recommendations of the Barker Review of Housing Supply in the UK. By the end of 2005, the ODPM will set a national market affordability goal couched in terms of a target for this indicator.

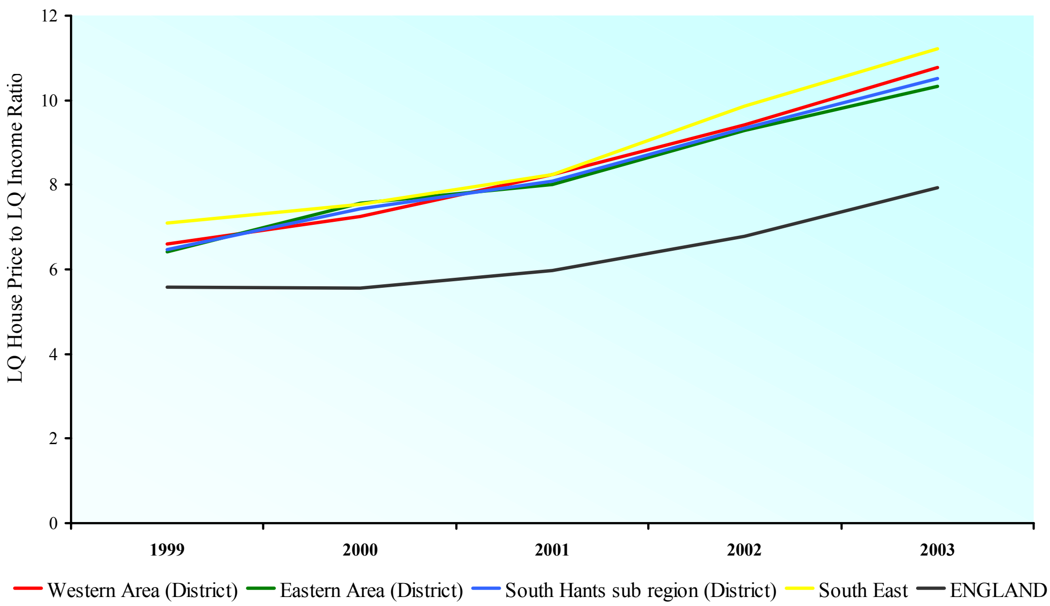
7.17 Table 7.5 below presents lower quartile house prices to lower quartile income for the South Hampshire Sub-Region compared with the benchmark areas. The information uses data from ODPM on lower quartile house prices, which is based on Land Registry data, together with data from the Annual Survey of Hours and Earnings (ASHE) on annual gross pay by place of work for all jobs over this period. Information is only available at district level and as such excludes those districts which do not fall wholly within the sub region. In addition, this data is not available for Gosport and consequently this district has been excluded from this analysis.

Table 7.5: Lower Quartile House Prices to Lower Quarter Income Ratios 1999-2003

LQ House Price to LQ Incomes Ratios (1999-2003)					
	1999	**2000**	**2001**	**2002**	**2003**
Western Area (District)	6.59	7.25	8.25	9.42	10.77
Eastern Area (District)	6.41	7.55	8.00	9.28	10.33
South Hampshire sub region (District)	6.47	7.43	8.10	9.34	10.51
South East	7.09	7.53	8.24	9.87	11.22
ENGLAND	5.59	5.55	5.99	6.78	7.92

Source: ODPM using Land Registry Figures and Annual Survey of Hours and Earnings

Figure 7.7: Lower Quartile House Prices to Lower Quarter Income Ratios 1999-2003



Source: ODPM and ASHE

7.18 Some of the key points reflected in Table 7.5 and Figure 7.7 are that:

- House price to income ratios have been increasing for all benchmark areas between 1999 and 2003, which suggests that the issue of affordability has worsened during this period.

- Ratios for the South Hampshire sub region as a whole are below those for the South East but above those for England, which indicates that those people living within the sub region experience fewer problems of affordability compared to the region but greater problems when compared to England as a whole.

- House price to income ratios are higher for the Western area (comprising of Southampton and Eastleigh) compared to the Eastern sub area, which suggests that affordability issues are greatest for those living within the Western area.

7.19 Overall affordability measures (in terms of average household income to average house prices) as documented in the JRF study "Can Work, Can't Buy' highlight the high degree of variability of affordability within South Hampshire. There are particularly high affordability ratios experienced in the PUSH fringe authorities of the New Forest (4.72), Test Valley (4.10), and East Hampshire (4.20), due to the high relative house prices within these areas, as reflected in Table 7.6 below. Each of the affordability ratios in these fringe districts are considerably higher than the South Hampshire average of 3.89.

Table 7.6: JRF Average Household Income to Average House Prices

Ratio of Average Household Income to Average House Prices	
England	3.37
South East	3.96
Portsmouth	3.46
Southampton	3.70
Eastleigh	3.94
Fareham	3.83
Gosport	3.91
Havant	4.51
South Hampshire Average	**3.89**
New Forest	4.72
Test Valley	4.10
East Hampshire	4.20
Winchester	3.50

Source: JRF

Key Worker Affordability

7.20 The Joseph Rowntree Foundation (JRF) study 'Can Work – Can't Buy[2] ' uses a measure of affordability for key workers[3] to show the income of key workers as a proportion of the income required to purchase a home. This is based on the following information:

- The salary of four key workers have been used for a nurse, police officer, social worker and teacher. In each case a point on the salary scale has been selected to correspond with a key worker that has been in post for some three to four years, and may be sufficiently settled to consider house purchase. The basic salaries have been supplemented as appropriate with London and South East weightings, allowances or other equivalent supplements for these localities where they apply. Figures are for October 2002.

- House prices are based on lower quartile prices for 4/5 room dwellings (where a kitchen is counted as a room together with other living rooms and bedrooms). The local house price data used is Halifax plc. data for the period 1996-98 updated by regional indexes to Q4 2002 levels.

Table 7.7: Key Worker Affordability

Key Worker Affordability	
	Income of Key Workers as a % of Income required to Purchase a Home
Western	62.5
Eastern	66.5
South Hampshire sub region	65.1
South East	56.1
England	75

Source: JRF study Can Work-Can't Buy

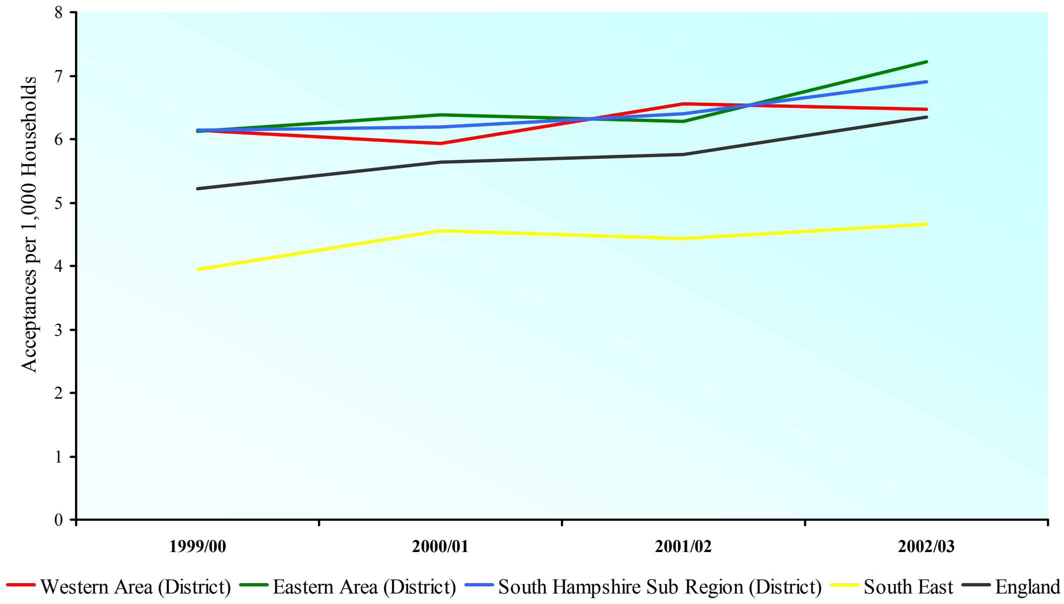
7.21 As presented in Table 7.7, the income of key workers as a proportion of the income required to purchase a home is higher within the South Hampshire sub-region compared to the South East, but lower when compared to England as a whole. This shows that on the whole those key workers living within South Hampshire experience fewer problems in terms of affordability compared to the South East but not if compared to England as whole;

Homelessness

7.22 Figure 7.8 presents the number of homeless acceptances per 1,000 households for each of the benchmark areas. Table 7.8 outlines the total number of homeless households in each of the benchmark areas.

[2] Can Work – Can't Buy, Local Measures of the ability of working households to become home owners (Steve Wilcox), Published by the Joseph Rowntree Foundation May 2003
[3] Key Workers are defined in the JRF study as comprising the positions of teachers, police offices, social workers and nurses.

Figure 7.8 Homeless Acceptances per 1,000 Households



Source: HIP returns 2003 and Census 2001

Table 7.8: Total Homeless Acceptances 1999 to 2003

Homeless Acceptances				
	1999/00	**2000/01**	**2001/02**	**2002/03**
Western Area	848	819	906	892
Eastern Area	1,238	1,289	1,269	1,458
South Hampshire Sub Region	2,086	2,108	2,175	2,350
South East	12,977	14,954	14,550	15,337

Source: HIP Returns 2003

7.23 Whilst within the South East as a whole, homeless acceptances per 1,000 households have fluctuated between 1999 and 2003, within the South Hampshire sub region as a whole there has been a steady and more recently significant increase in the number of homeless acceptances per 1,000 households.

7.24 Levels for the South Hampshire sub-region have been consistently above those for the South East and England and indicate growing household need in South Hampshire from those who are unable to access social rented accommodation.

7.25 The latest figures show that there has been a significant increase in acceptances per 1,000 for the Eastern area, whilst figures for the Western sub region have declined in 2002/03.

7.26 Table 7.9 below presents the proportion of homeless acceptances in 2003/4 according to their ethnicity. This shows that there are a lower proportion of black and minority ethnic groups accepted as homeless in the South Hampshire sub region compared to the South East and particularly England as a whole.

Table 7.9 Homeless Acceptances by Ethnicity for 2003/04

Homeless Acceptances 2003/04		
	White (%)	**BME groups (%)**
Western Area (District)	90.32	9.68
Eastern Area (District)	93.07	6.93
South Hampshire sub region (District)	92.02	7.98
South East	90.56	9.44
England	76.37	23.63

Source: ODPM Housing Statistics (Table 627)

Housing Register

7.27 Table 7.10 and Figure 7.9 below present the increase in the number of households on the Housing Register between 2000 and 2003. We have not been able to include those districts which do not fall wholly within the study area as part of this analysis as data is not available at a ward level.

7.28 Overall, the South Hampshire sub region has witnessed a greater increase in the number of households on the housing register between 2000 and 2003 compared to the South East and England. In particular, this is largely due to the increase in households registered within the Western Area. Eastleigh, for example, has experienced a markedly acute rise in the number of households on the housing register, with an increase of over 150% during this period.

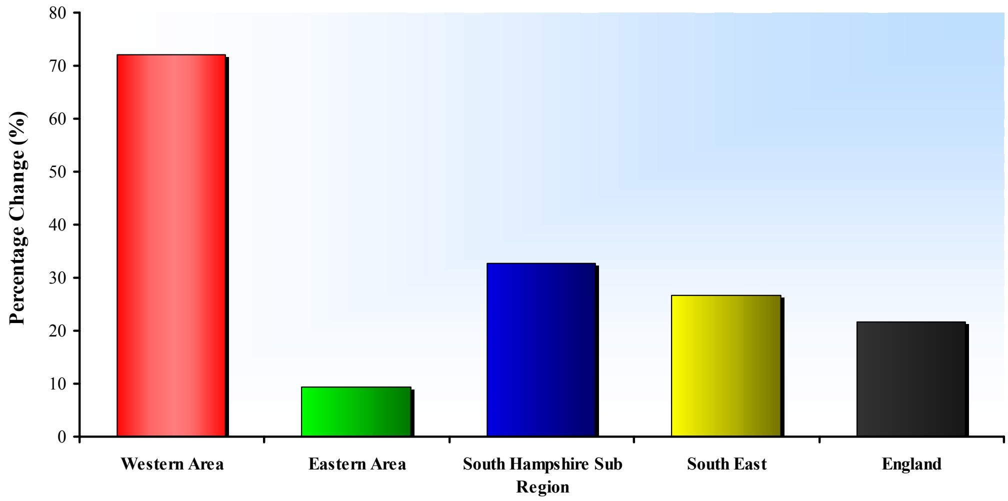
7.29 Overall, the number of households on the housing register per 1,000 households are higher for the sub region compared to the South East and England, again indicating high levels of housing need from those unable to gain access to social rented accommodation.

Table 7.10: Total Numbers of Households on Housing Register

Households on Housing Register			
	Households on Housing Register (2003)	**Households 2001 (thousands)**	**Households on Housing Register per 1,000 Households**
Western Area (District)	10,121	138	73.34
Eastern Area (District)	10,911	202	54.01
South Hampshire Sub Region (District)	21,032	340	61.86
South East	146,880	3,287	44.69
England	1,263,550	20,451	61.78

Source: HIP Returns 2003 and Census 2001

Figure 7.9: Percentage Increase in Numbers of Households on Housing Register 2000 and 2003



Source: HIP Returns

7.30 Table 7.11 and Figure 7.10 below presents the number of homeless households in priority need in temporary accommodation per 1,000 households in 2002/03.

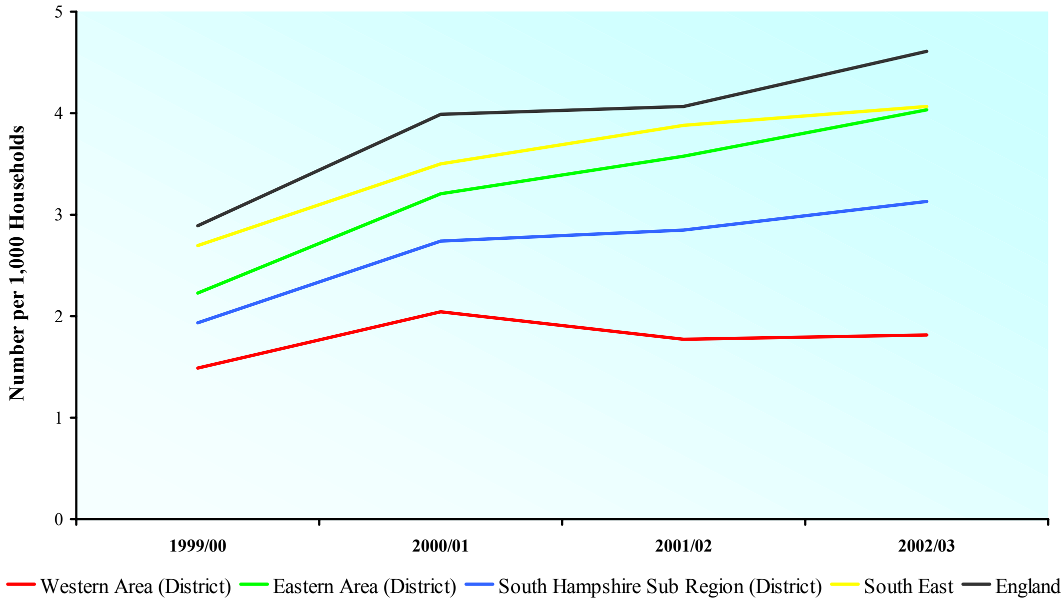
Table 7.11: Homeless Households in Priority Need in Temporary Accommodation

	1999/00		2000/01		2001/02		2002/03	
	No	No per 1,000 HH	No	No per 1,000 HH	No	No per 1,000 HH	No	No per 1,000 HH
Western Area (District)	206	1.49	282	2.04	244	1.77	251	1.82
Eastern Area (District)	451	2.23	648	3.21	723	3.58	815	4.03
South Hampshire sub region	657	1.93	930	2.74	967	2.84	1,066	3.14
South East	8,844	2.69	11,508	3.50	12,771	3.89	13,352	4.06
England	59,053	2.89	81,503	3.99	83,226	4.07	94,269	4.61

Source: HIP Returns 2003 and Census 2001

7.31 For the sub-region as a whole, there are fewer homeless households (in priority need) in temporary accommodation per 1,000 households compared to both the South East and England as whole. However, figures for all areas have increased between 1999 and 2003. The Eastern area in particular has shown a higher number per 1,000 households than the sub region as a whole but not compared to the South East and England

Figure 7.10: Number of People in Temporary Accommodation per 1,000 Households

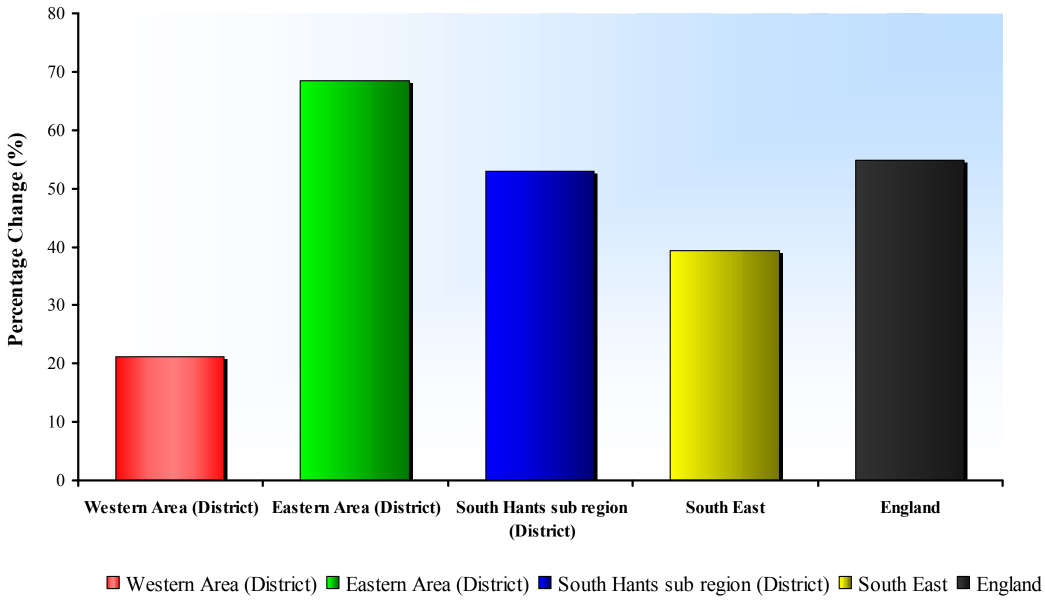


Source: HIP Returns and Census 2001

7.32 DTZ have also examined the change in the numbers of statutory homeless households with children (or pregnant) in temporary accommodation between 1999/00 to 2002/03 and this is illustrated in Figure 7.11 and Table 7.12 below.

7.33 Figure 7.11 below shows that the South Hampshire sub region has experienced a more significant increase in the number of households in temporary accommodation with children (53.03%), compared to the South East (39.33%). The increase experienced by England as a whole is marginally higher than the sub region at 54.77%.

Figure 7.11 Percentage Change in the Numbers of Statutory Homeless Households with Children (or Pregnant) in Temporary Accommodation (1999/00 to 2002/03)



Source: HIP Returns 2003

Table 7.12 Numbers of Statutory Homeless Households with Children (or Pregnant) in Temporary Accommodation (1999/00 to 2002/03)

	1999/00	2000/01	2001/02	2002/03
Western Area (District)	199	279	236	241
Eastern Area (District)	412	447	575	694
South Hampshire sub region (District)	611	726	811	935
South East	6,892	8,553	9,208	9,561
England	42,333	58,315	58,700	65,518

Source: HIP Returns 2003