GL Hearn
Part of Capita plc

Objectively-Assessed Housing Need Update

Partnership for Urban South Hampshire

Final Report

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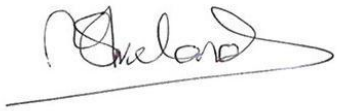

Limitations

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1 INTRODUCTION

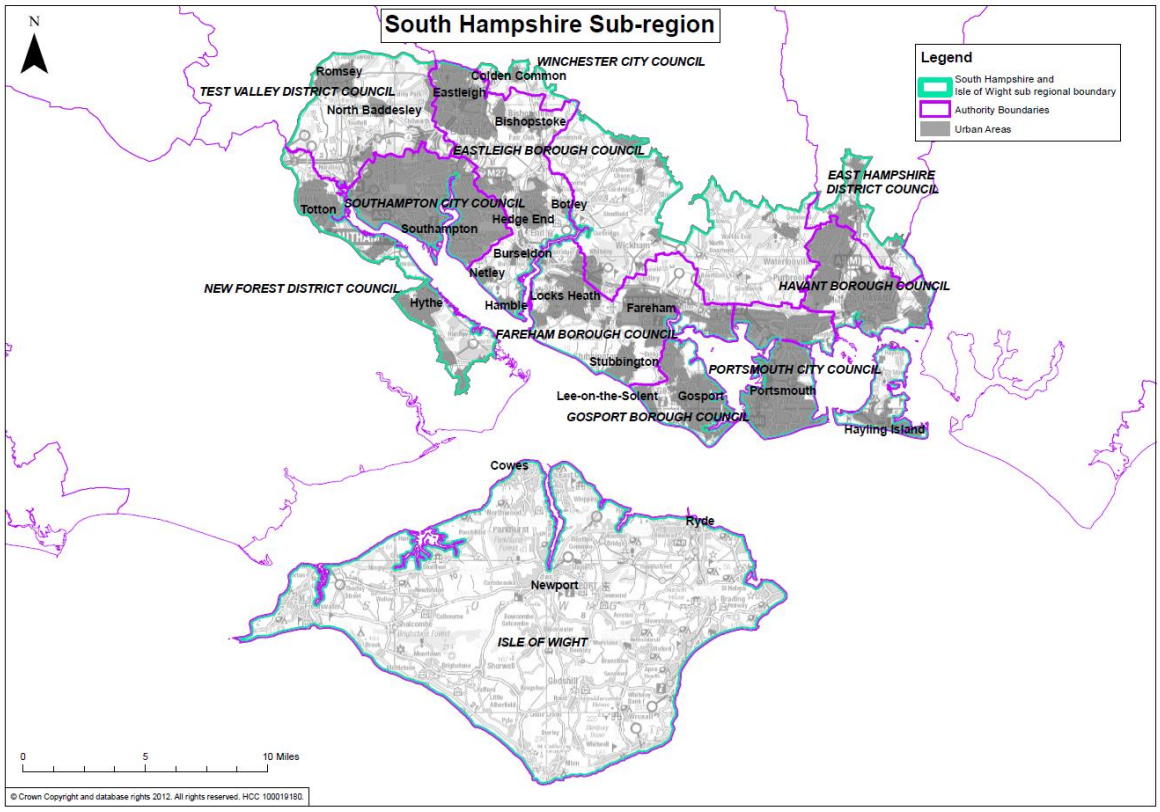
1.1 GL Hearn are working with the Partnership for Urban South Hampshire (PUSH) to develop a Spatial Strategy for the PUSH Area to 2036. The Spatial Strategy will identify housing targets for constituent parts of the PUSH Area, drawing together evidence regarding housing needs, with assessment of land availability and the potential to sustainably accommodate new development over the period to 2036.

1.2 This report provides an assessment of housing need. The assessment is undertaken on a "policy off" basis, as required by national policy/ guidance. This provides a "starting point" for considering future housing targets – which are derived by bringing together evidence of need, with understanding of land availability, development constraints and what can be sustainably accommodated in different parts of the PUSH Area. This report updates the work set out in the PUSH SHMA Final report (January 2014) although certain sections including the Housing Market Area analysis remain accurate.

Purpose of this Report

1.3 The purpose of this report is to provide an update to analysis of objectively-assessed housing need (OAN) across the South Hampshire Sub-Region. Figure 1 shows the sub-regional boundary.

Figure 1: South Hampshire Sub-Region



1.4 The report takes account of the latest official population projections - the 2012-based Population Projections, released by CLG in May 2014, and the 2012-based Household Projections, released in February 2015. In line with PPG guidance this report takes account of these latest projections and provides a single per annum figure for Objectively Assessed Need (OAN) for housing in each of the local authorities, or parts of local authorities, within the PUSH area.

1.5 It also provides an updated assessment of affordable housing need and market signals. As with the previous 2014 SHMA, the approach used herein to define OAN follows that set out by the Government in its Planning Practice Guidance.

1.6 This update report does not seek to update certain aspects of the January 2014 SHMA including the policy context, identifying the HMA, and the socio-economic baseline (which was largely drawn from census data).

1.7 The report does not update analysis regarding the need for different types of homes, or the needs of specific groups within the community. Calculations for these sections will largely remain in place as they are typically driven by the 2012-based population projections, which have not been superseded. The report therefore should be read alongside the 2014 SHMA which provides a full assessment of need for different types of accommodation.

1.8 The assessment of housing need is a policy off calculation: it does not take into account environmental or policy constraints or infrastructure or land capacities. The OAN figures are therefore not development plan targets. This was emphasised in the letter, dated 19th December 2014, from Planning and Housing minister Brandon Lewis to the Chief Executive of the Planning Inspectorate. In this letter Mr Lewis states that SHMAs are untested and "should not automatically be seen as a proxy for a final housing requirement in local plans". It continues:

> 'Councils will need to consider Strategic Housing Market Assessment evidence carefully and take adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement'.

1.9 The soundness test for local plans is that they meet objectively assessed development needs for their areas, and unmet need from adjoining authorities, where it is reasonable to do so and consistent with achieving sustainable development. This report focuses on what the OAN is, not what the housing target should be in the context of national planning policy.

1.10 The distinction between household projections, an objective assessment of housing need, and a 'policy on' housing requirement are set out in Paragraph 37 of the High Court judgement in the case of *Solihull MBC vs. Gallagher Estates*. This outlines the different concepts:

i) Household projections: These are demographic, trend-based projections indicating the likely number and type of future households if the underlying trends and demographic assumptions are realised. They provide useful long-term trajectories, in terms of growth averages throughout the projection period. However, they are not reliable as household growth estimates for particular years: they are subject to the uncertainties inherent in demographic behaviour, and sensitive to factors (such as changing economic and social circumstances) that may affect that behaviour. Those limitations on household projections are made clear in the projections published by the Department of Communities and Local Government ("DCLG") from time-to-time (notably, in the section headed "Accuracy").

ii) Full Objective Assessment of Need for Housing: This is the objectively assessed need for housing in an area, leaving aside policy considerations. It is therefore closely linked to the relevant household projection; but is not necessarily the same. An objective assessment of housing need may result in a different figure from that based on purely demographics if, e.g., the assessor considers that the household projection fails properly to take into account the effects of a major downturn (or upturn) in the economy that will affect future housing needs in an area. Nevertheless, where there are no such factors, objective assessment of need may be – and sometimes is – taken as being the same as the relevant household projection.

iii) Housing Requirement: This is the figure which reflects, not only the assessed need for housing, but also any policy considerations that might require that figure to be manipulated to determine the actual housing target for an area. For example, built development in an area might be constrained by the extent of land which is the subject of policy protection, such as Green Belt or Areas of Outstanding Natural Beauty. Or it might be decided, as a matter of policy, to encourage or discourage particular migration reflected in demographic trends. Once these policy considerations have been applied to the figure for full objectively assessed need for housing in an area, the result is a "policy on" figure for housing requirement. Subject to it being determined by a proper process, the housing requirement figure will be the target against which housing supply will normally be measured.

1.11 The calculations in this assessment take as a starting point the household projections (i) to calculate a 'policy-off' full objective assessment of need for housing (ii) which will in turn inform the housing requirements (iii) as set out in the 'policy on' spatial strategy which reflects a best estimate taking into account a high-level, preliminary understanding of local constraints and supply. By doing so the local authorities are demonstrating their duty to cooperate. Further, more detailed, consideration of these issues will be undertaken as the local authorities prepare their individual Local Plans.

National Policy and Guidance

National Planning Policy Framework (NPPF)

1.12 The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets a presumption in favour of sustainable development whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change,

unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.

1.13 The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.14 This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries. Paragraph 181 sets out that LPAs will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examining.

1.15 Paragraph 158 of the NPPF also emphasises "Local Planning Authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals". Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability.

Planning Practice Guidance

1.16 Planning Practice Guidance was issued by Government in March 2014 on '*Housing and economic development needs assessments'* and is maintained as an online resource which is updated periodically. This SHMA update complies with the latest version of this guidance. The PPG is relevant to this report in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report takes account of this Guidance.

1.17 The Guidance defines "need" as referring to

> *"the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand."*

1.18 It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It

should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:

> *"plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."*

1.19 The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). This report takes account of first stage of the 2012-based Household Projections published by CLG in February 2015.

1.20 The Stage 2 projections (December 2015) provided additional information about a range of household types and generally in 10-year age bands. However, these were published too late in the process to be considered as part of the OAN. The total household growth in each is identical, however because CLG only consolidate the total number of households (and not age specific data) it is the case that the two projections can show notably different assumptions.

1.21 The Guidance sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, including where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

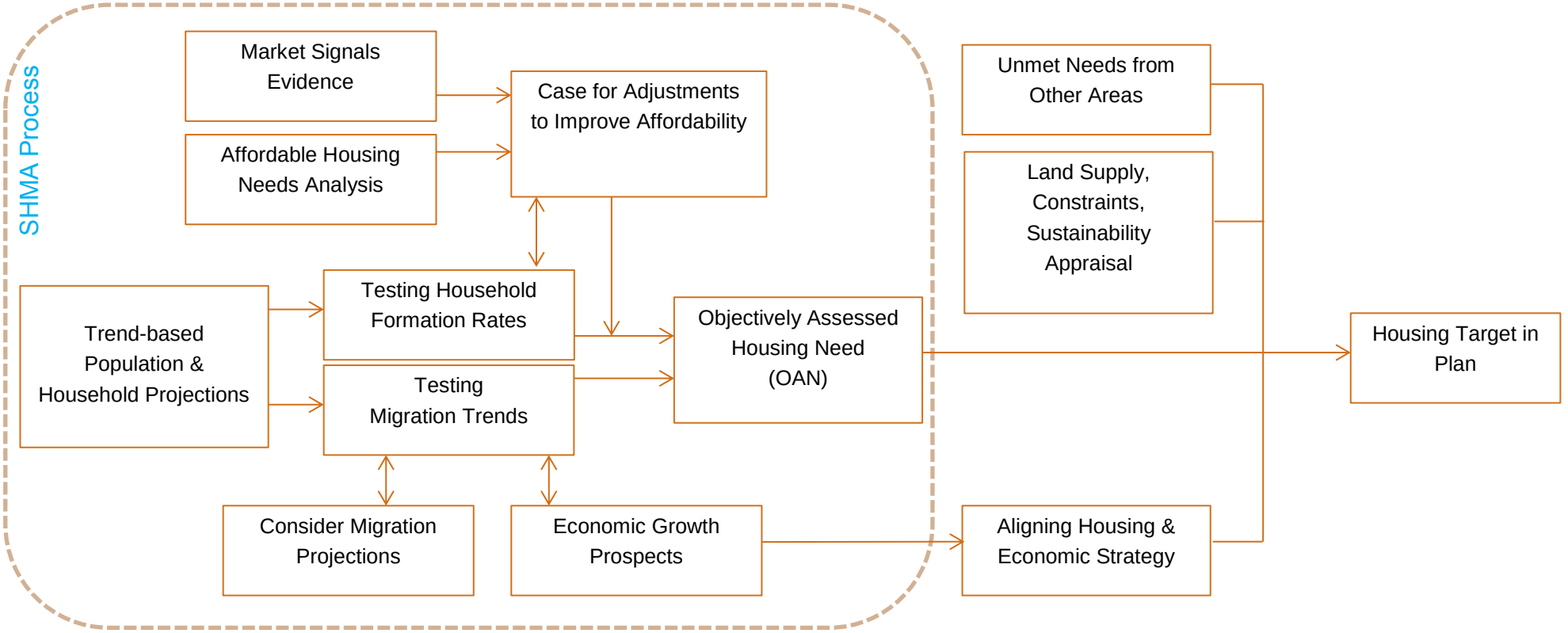
1.22 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

1.23 In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

Overview of the Approach to Deriving OAN

1.24 The NPPF and Planning Practice Guidance set out a clear approach to defining OAN for housing. We have sought to summarise this within the diagram overleaf, Figure 2. This summarises the approach we have used to considering OAN.

Figure 2: Overview of Approach



Geographies

1.25 The PUSH Area includes three Housing Market Areas – one focused on Portsmouth, one on Southampton and one covering the Isle of Wight. The joint geography is coterminous with of the Solent Local Enterprise Partnership, which has been accepted by Government as representing the relevant Functional Economic Market Area (FEMA).

1.26 Detailed analysis undertaken to assess housing market geographies is outlined within the PUSH Strategic Housing Market Assessment 2014 and Isle of Wight Strategic Housing Market Assessment 2014.

1.27 It should also be noted that this report only deals with the PUSH parts of Housing Market Areas. Both the Portsmouth and Southampton HMA extend beyond this area into other parts of the region including Winchester District, East Hampshire and New Forest.

Report Structure

1.28 The remainder of this report is structured as follows:

- Section 2: Trend-based Demographic Projections;
- Section 3: Economic-Led Projections;
- Section 4: Affordable Housing Need;
- Section 5: Housing Market Dynamics and Market Signals;
- Section 6: Conclusions.

2 TREND-BASED DEMOGRAPHIC PROJECTIONS

Introduction

2.1 In this section consideration is given to demographic evidence of housing need. It includes analysis of past demographic trends, as well as the latest official population and household projections published by ONS/CLG. A sensitivity analysis is provided, considering alternative demographic –led projections, in-line with the PPG [ID 2a-017-20140306].

2.2 The core projections in this section look at housing needs in the period from 2011 to 2036. Data about the population size and structure is available up to mid-2014 and so within the projections developed, the data in the 2011-14 period is fixed to published ONS data.

2.3 This section uses a scenario-based approach, using a range of different demographic assumptions to look at population growth. The scenarios are described as they are developed, but for clarity are listed below for reference.

2.4 In converting population into households, all of these scenarios are underpinned by the household formation (headship) rates contained within the 2012-based CLG Household Projections.

Table 1: Trend-based Demographic Scenarios

Scenario	Broad description
SCEN 1_SNPP	Based on the population assumptions in the latest ONS subnational population projections (SNPP)
SCEN 2_14SNPP	Based on an assessment of what new mid-year population estimates (MYE) say about migration and how this might translate into the next SNPP (which will be a 2014-based version and expected to be published in Spring 2016). Data for the period to 2014 is fixed by reference to the MYE.
SCEN 3_UPC	Based on the 2012-based SNPP (as updated in SCEN 2 for recorded population levels) but with an adjustment for Unattributable Population Change (UPC) post-2014
SCEN 4_10yr-mig	Based on the levels of migration seen over the past 10-years (2004-14). Migration assumed to change post-2014

2.5 The 2012-based population projections are latest sub-national population projections. The ONS recently published the 2014-population projections which are a national projection. The 2014-based sub-national population projections are expected to be released in Spring 2016 with household projections in late 2016/early 2017.

2.6 The National Population Projections include a number of variant projections. These assume different assumptions relating to mortality, fertility and migration. However only the central variant is provided at a sub-national level. This variant has been used in the following analysis.

2.7 The key difference between this (2014-based) release and the previous (2012-based) version is a higher long-term projected level of international migration. Whilst we cannot be certain how this will play out in future releases of subnational population projections it is most probable across the PUSH area that projected levels of international migration will increase.

2.8 Given that our projection (SCEN 2) takes account of recent migration data and includes an uplift for higher migration, it is likely that the projections developed in this report provide a reasonable view about future population growth based on the most up-to-date evidence.

Initial Methodology Note and Geographies

2.9 The PUSH area comprises three different Housing Market Areas (HMAs) – Portsmouth (PUSH East), Southampton (PUSH West) and the Isle of Wight. The first two of these are made up of a combination of whole local authorities and partial areas (i.e. where only part of a local authority is consider to be within PUSH). Additionally, Fareham Borough is considered to be split between the Portsmouth and Southampton HMAs. The table below summarises the geography of the three Housing market Areas, with partial areas being built up from ward level data.

Table 2: Broad Composition of PUSH Housing Market Areas

HMA	Areas in HMA
PUSH East	East Hampshire (part), Fareham (part), Gosport, Havant, Portsmouth, Winchester (part)
PUSH West	Eastleigh, Fareham (part), New Forest (part), Southampton, Test Valley (part), Winchester (part)
Isle of Wight	Isle of Wight

2.10 The use of partial areas can make some of the analysis difficult (particularly where data is only published at a local authority level; as is the case with ONS and CLG Population/Household Projections). For the partial authorities, projections in this report have been developed to focus only on the part of the area that is within PUSH (or within each of the HMAs in the case of Fareham).

2.11 For some analysis (particularly in relation to past migration trends) some additional assumptions have been made to align data as closely as possible with the PUSH and HMA boundaries. Where this is done, the data uses a pro-rata of the population or households that are either within or outwith the relevant HMA. The tables below summarise the proportions used, which have been based on 2011 Census data.

2.12 The analysis shows that around 44% of the population of the PUSH area is in each of the PUSH East and PUSH West HMAs, with a further 12% being on the Isle of Wight. Data for households shows similar patterns to population.

Table 3: Population of PUSH (by local authority, partial local authority and HMA) – 2011

Area	Population in PUSH	Total local authority population	% of local authority in HMA	% of population in HMA	% of population in PUSH
East Hampshire (part)	20,326	115,608	17.6%	3.9%	1.7%
Fareham East	74,965	111,581	67.2%	14.4%	6.3%
Gosport	82,622	82,622	100.0%	15.9%	6.9%
Havant	120,684	120,684	100.0%	23.2%	10.1%
Portsmouth	205,056	205,056	100.0%	39.4%	17.2%
Winchester (part-east)	16,775	116,595	14.4%	3.2%	1.4%
PUSH EAST	520,428	-	-	100.0%	43.7%
Eastleigh	125,199	125,199	100.0%	23.5%	10.5%
Fareham West	36,616	111,581	32.8%	6.9%	3.1%
New Forest (part)	69,924	176,462	39.6%	13.1%	5.9%
Southampton	236,882	236,882	100.0%	44.4%	19.9%
Test Valley (part)	41,188	116,398	35.4%	7.7%	3.5%
Winchester (part-west)	23,218	116,595	19.9%	4.4%	1.9%
PUSH WEST	533,027	-	-	100.0%	44.7%
Isle of Wight	138,265	138,265	100.0%	100.0%	11.6%
PUSH TOTAL	1,191,720	-	-	-	100.0%

Source: 2011 Census

Table 4: Number of households in PUSH (by local authority, partial local authority and HMA) – 2011

Area	Households in PUSH	Total local authority households	% of local authority in HMA	% of households in HMA	% of households in PUSH
East Hampshire (part)	8,361	47,258	17.7%	3.8%	1.7%
Fareham East	31,925	46,579	68.5%	14.6%	6.4%
Gosport	35,430	35,430	100.0%	16.2%	7.1%
Havant	51,311	51,311	100.0%	23.4%	10.2%
Portsmouth	85,473	85,473	100.0%	39.0%	17.0%
Winchester (part-east)	6,754	46,865	14.4%	3.1%	1.3%
PUSH EAST	219,254	-	-	100.0%	43.7%
Eastleigh	52,177	52,177	100.0%	23.6%	10.4%
Fareham West	14,654	46,579	31.5%	6.6%	2.9%
New Forest (part)	29,546	76,839	38.5%	13.4%	5.9%
Southampton	98,254	98,254	100.0%	44.4%	19.6%
Test Valley (part)	17,060	47,626	35.8%	7.7%	3.4%
Winchester (part-west)	9,515	46,865	20.3%	4.3%	1.9%
PUSH WEST	221,206	-	-	100.0%	44.1%
Isle of Wight	61,085	138,265	44.2%	100.0%	12.2%
PUSH TOTAL	501,545	-	-	-	100.0%

Source: 2011 Census

Demographic Profile and Trends

2.13 Although the analysis in this section looks at housing need from 2011 onwards, ONS has published Mid-Year Population Estimates for mid-2014. It is therefore not necessary to project population growth for local authorities between 2011-14. However this report sets out overall population, household and dwelling growth over the 2014-36 period to align with the timeframes for the PUSH Spatial Strategy.

2.14 For local authorities which fall partly in the PUSH Area, data is only available up to 2013 and so information has been 'rolled forward' by a year to provide an estimated population in 2014. This takes account of overall population growth and age structure changes within the 'host' local authority area.

Population Dynamics

2.15 The population of PUSH in 2014 is estimated to be 1,217,500. This is an increase of 94,600 people since 2001 – an 8.4% increase over the 13-year period. This level of population growth is below that seen across the South East region (10.6%) and also below the average for England as a whole (9.8%).

2.16 Over the period from 2001, population growth was slightly stronger in the PUSH West area than PUSH East, with a more modest increase seen on the Isle of Wight.

2.17 For individual local authorities and part authorities, the analysis shows the strongest growth to be in the Winchester part of PUSH East and the weakest growth to be in the Fareham part of the same HMA. The main urban areas of Portsmouth and Southampton have both seen above average levels of population growth.

Table 5: Population Growth (2001-14)

Area	Population 2001	Population 2014	Change in Population	% change
East Hampshire (part)	19,932	20,587	655	3.3%
Fareham East	74,286	76,477	2,191	2.9%
Gosport	76,677	84,287	7,610	9.9%
Havant	116,886	122,210	5,324	4.6%
Portsmouth	188,046	209,085	21,039	11.2%
Winchester (part-east)	14,907	17,436	2,529	17.0%
PUSH EAST	490,734	530,082	39,348	8.0%
Eastleigh	116,256	128,877	12,621	10.9%
Fareham West	33,873	37,854	3,981	11.8%
New Forest (part)	67,959	70,895	2,936	4.3%
Southampton	219,537	245,290	25,753	11.7%
Test Valley (part)	40,215	41,701	1,486	3.7%
Winchester (part-west)	21,366	23,675	2,309	10.8%
PUSH WEST	499,206	548,292	49,086	9.8%
Isle of Wight	132,918	139,105	6,187	4.7%
PUSH TOTAL	1,122,858	1,217,479	94,621	8.4%
South East	8,023,400	8,873,800	850,400	10.6%
England	49,449,700	54,316,600	4,866,900	9.8%

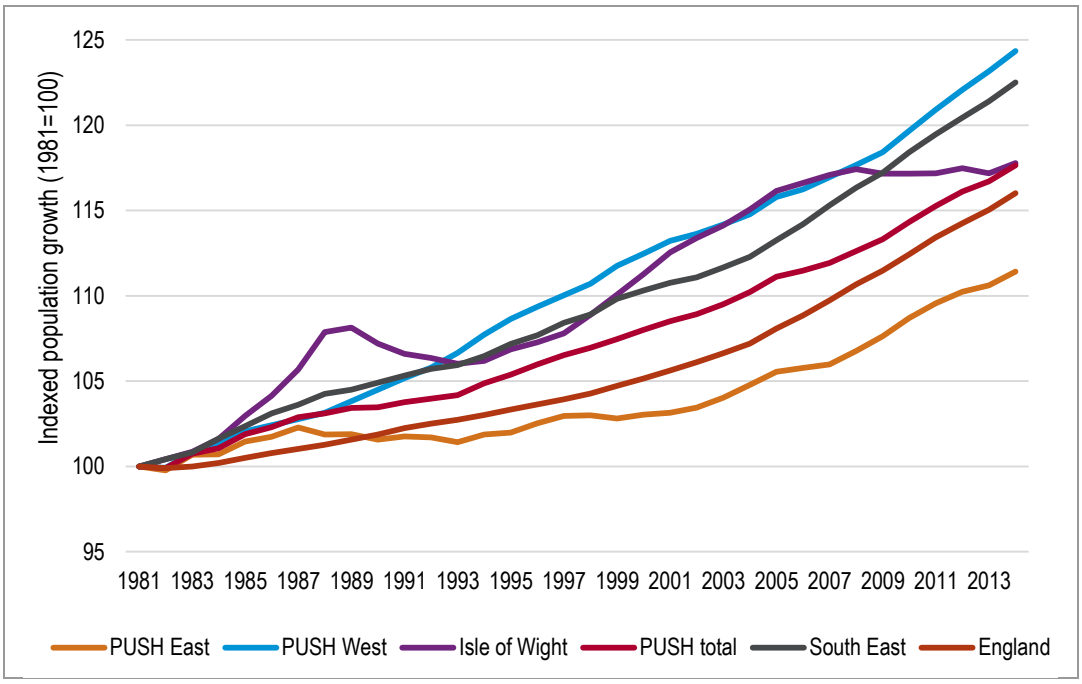
Source: ONS

2.18 We have also sought to consider longer-term trends in population growth with data being available back to 1981. The PUSH area as a whole has seen population growth over this longer-term period that is above the level seen nationally, but some way below the rate of change in the South East. Within the PUSH area, the data however shows a particularly strong growth in the PUSH West area; with much more modest growth in PUSH East – indeed PUSH East saw relatively little population change until about 2001. The Isle of Wight has seen variable population levels and until the last five years or so, population growth had been relatively strong.

2.19 Overall, the population of the PUSH area has grown by 18% since 1981, above the growth level seen in England (16%) but below the figure for the South East (23%). For the individual HMAs, the level of growth has been 11% in PUSH East, 24% in PUSH West and 18% on the Isle of Wight.

2.20 Some caution should be exercised in using the data pre-2001 as estimates have been made for the partial areas based on overall population change in their 'host' local authorities (this is in the absence of consistent data for these smaller areas being available prior to this date).

Figure 3: Indexed Population Growth (1981-2014)

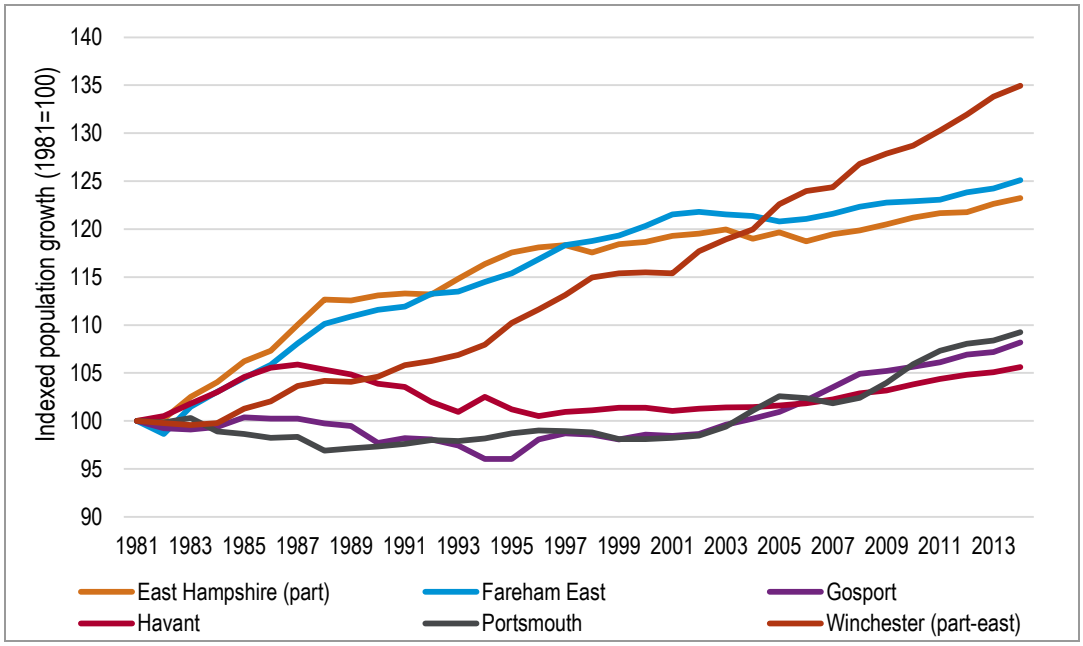


Source: ONS

2.21 Figures 4 and 5 below show the same information for individual local authority areas (separated into the PUSH East and PUSH West HMAs) – as with the note above, some caution should be attached to the interpretation of data for partial areas.

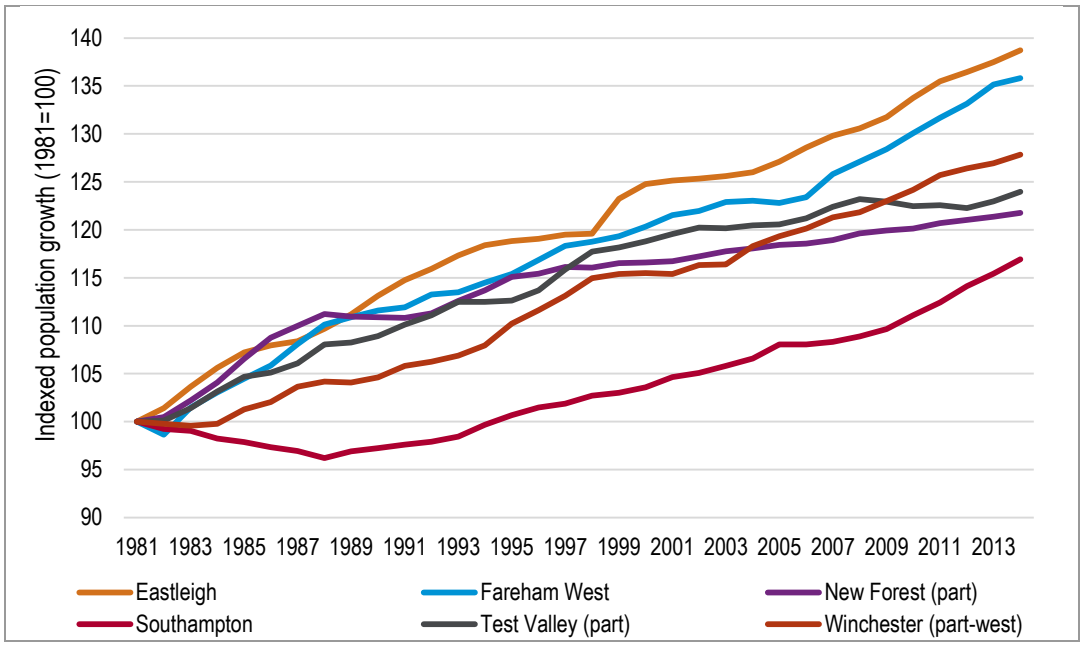
2.22 As shown in Figure 4 there is a notable distinction between the urban and rural parts of the PUSH East HMA. The urban areas have historically shown a much lower level of relative growth than their more rural counterparts. A similar picture in the West is also seen with Southampton showing the lowest level of relative growth.

Figure 4: Indexed population growth (1981-2014) – by Local Authority (PUSH East)



Source: ONS

Figure 5: Indexed population growth (1981-2014) – by Local Authority (PUSH West)



Source: ONS

Components of Past Population Change

2.23 The figure and table below consider the drivers of population change in the PUSH area. Population change is largely driven by natural change (births minus deaths) and migration although within ONS data there is also a small other changes category (mainly related to changes in armed forces and

prison populations) and an unattributable population change (UPC) category – this is an adjustment made by ONS to mid-year population estimates where Census data has suggests that population growth had either been over- or under-estimated in the inter-Census years. Because UPC links back to Census data a figure is only provided for 2001 to 2011.

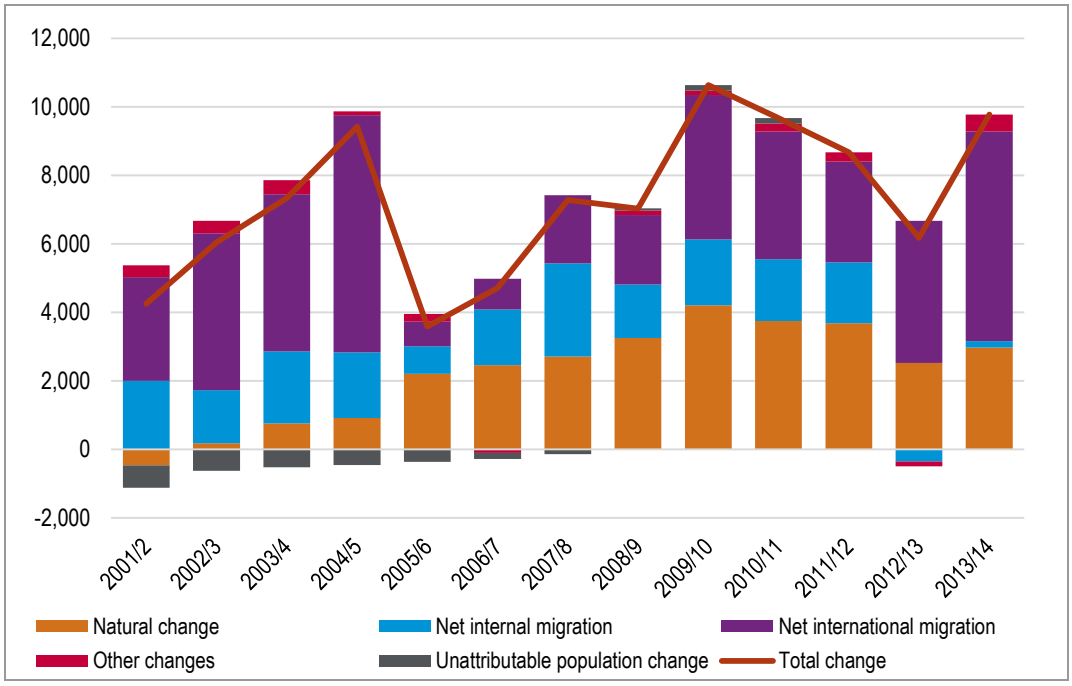
2.24 The figure shows that both natural change and net migration have been key drivers of population change. The number of births has typically exceeded the number of deaths by around 2,200 per annum over the period from 2001. The level of natural change has generally been increasing over time although the more recent evidence suggests that this may now be levelling off. The data also shows that migration is a key component of change – particularly international migration. Over the period from 2001, international migration has averaged 3,500 people per annum and internal migration (i.e. moves from one part of the Country to another) around 1,500 per annum on average. Migration levels were been particularly strong before 2005 and from 2009 onwards.

2.25 There are clearly a range of factors which could influence international migration trends, including relative economic performance of the UK compared to other parts of the EU (and other areas internationally) and immigration policies.

2.26 Other changes are quite small and the data shows a small (and generally negative) level of UPC when considered across the area as a whole. This latter finding would suggest that ONS may have previously over-estimated migration and population growth in the PUSH area, or point to an inaccuracy with either 2001 or 2011 Census counts. An over-estimation of migration could potentially have an impact on forward projections. The implication of UPC for housing need is discussed later in this section.

2.27 Some caution should be taken in interpreting this data as assumptions have been made about the likely components of change in each of the partial local authority areas (with figures consolidated to the recorded level of population growth in each area). Given that the PUSH area is dominated by whole local authorities, this will not significantly impact on the figures, although this point should be recognised.

Figure 6: Components of Population Change, mid-2001 to mid-2014 – PUSH



Source: ONS

Table 6: Components of Population Change (2001-14) – PUSH

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	-461	2,000	3,032	345	-658	4,257
2002/3	181	1,546	4,586	363	-627	6,049
2003/4	762	2,102	4,588	407	-518	7,341
2004/5	922	1,913	6,926	112	-453	9,421
2005/6	2,211	796	725	220	-367	3,586
2006/7	2,460	1,628	899	-99	-180	4,708
2007/8	2,710	2,724	1,984	-20	-117	7,280
2008/9	3,252	1,564	2,029	128	61	7,033
2009/10	4,205	1,927	4,218	128	161	10,640
2010/11	3,745	1,811	3,721	233	166	9,676
2011/12	3,687	1,771	2,944	275	0	8,677
2012/13	2,524	-354	4,149	-139	0	6,180
2013/14	2,971	192	6,117	493	0	9,773

Source: ONS

2.28 Tables 7 and 8 below provide this information for each of the three HMAs – again some caution should be exercised due to inclusion of estimated data for partial local authorities. Data for individual local authorities (where a whole area falls within PUSH) can be found in Appendix C.

Table 7: Components of Population Change (2001-14) – PUSH East

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	-73	341	947	207	-41	1,381
2002/3	233	338	1,809	416	-1	2,794
2003/4	726	84	2,336	404	45	3,595
2004/5	517	490	2,536	31	105	3,679
2005/6	1,142	-18	-452	204	161	1,037
2006/7	1,758	-124	-849	-87	260	958
2007/8	1,644	1,053	751	47	321	3,815
2008/9	1,661	877	940	109	456	4,044
2009/10	2,081	716	1,601	150	534	5,082
2010/11	1,752	436	1,203	114	647	4,151
2011/12	1,658	334	1,002	204	0	3,197
2012/13	1,188	-510	1,012	96	0	1,786
2013/14	1,108	395	1,928	398	0	3,829

Source: ONS

Table 8: Components of Population Change (2001-14) – PUSH West

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	396	-99	2,014	24	-449	1,886
2002/3	617	-310	2,582	-68	-441	2,380
2003/4	634	83	2,194	129	-403	2,638
2004/5	904	-172	4,117	-3	-391	4,454
2005/6	1,532	-463	1,258	17	-343	2,001
2006/7	1,094	398	2,012	-37	-279	3,188
2007/8	1,531	290	1,511	2	-255	3,079
2008/9	2,052	151	1,311	-5	-206	3,303
2009/10	2,507	427	2,786	0	-165	5,555
2010/11	2,365	749	2,558	63	-237	5,497
2011/12	2,363	683	2,031	47	0	5,124
2012/13	1,901	-486	3,167	167	0	4,749
2013/14	2,154	-1,091	4,078	91	0	5,232

Source: ONS

Table 9: Components of Population Change (2001-14) – Isle of Wight

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	-784	1,758	70	114	-168	990
2002/3	-669	1,519	195	15	-185	875
2003/4	-598	1,935	58	-126	-161	1,108
2004/5	-499	1,595	274	85	-167	1,288
2005/6	-463	1,278	-81	-1	-185	548
2006/7	-391	1,353	-264	25	-161	562
2007/8	-465	1,381	-278	-69	-183	386
2008/9	-461	535	-222	23	-189	-314
2009/10	-383	784	-168	-22	-208	3
2010/11	-371	626	-40	56	-243	28
2011/12	-334	754	-89	25	0	356
2012/13	-566	643	-30	-402	0	-355
2013/14	-291	888	111	4	0	712

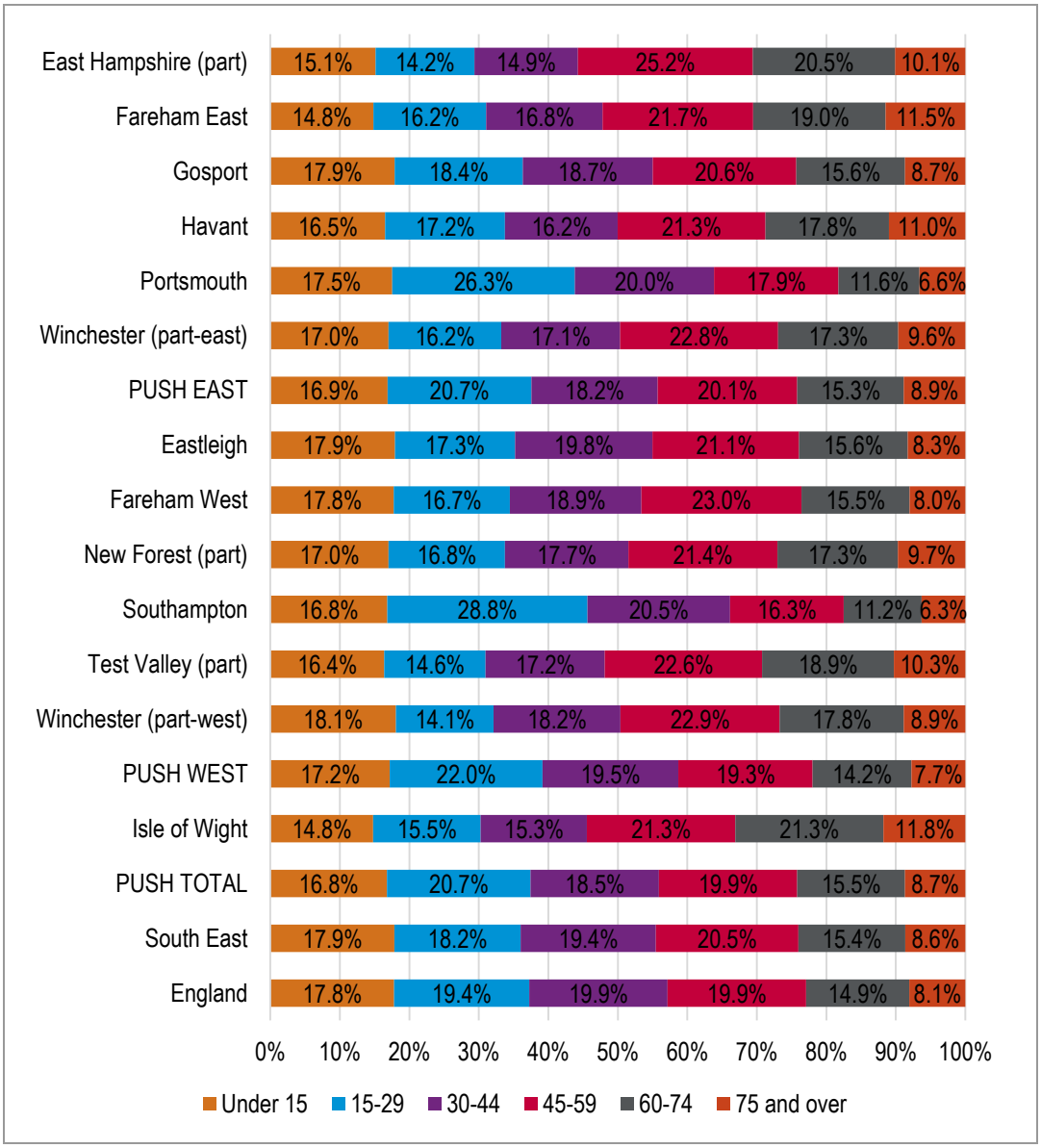
Source: ONS

Age Profile and Past Changes

2.29 The age profile of the population of the PUSH area is generally similar to that seen across the region and nationally with 24% of people aged 60 and over, this compares with 24% regionally and 23% for the whole of England. The proportion of people aged Under 30 is 37%, compared with 36% in the region and 37% nationally. Both the PUSH East and PUSH West areas show an age profile that is similar to the regional and national position, although the population of the Isle of Wight is notably older.

2.30 For individual local authority areas (and part areas) there are some notable differences, with Portsmouth and Southampton standing out as having a particularly young age structure in comparison with other locations. Cites tend to have a younger age structure than surrounding areas.

Figure 7: Population Age Profile (2014)



Source: ONS 2014 mid-year population estimates

2.31 Table 10 shows how the age structure of the population has changed over the 2001 to 2014 period. The data shows the most significant growth to have been in the 60-74 age group, with this group also showing the highest proportionate increase. Significant increases have also been seen in the 15-29 and 45-59 age groups (both increasing by over 30,000 people – over 14%). The population aged 75 and over has increased by around 15,500 people; a notable 17% increase. The analysis also indicates a small decline in the population aged 30-44 and virtually no change in the number of children (population aged under 15).

Table 10: Change in Age Structure 2001 to 2014 – PUSH

Age group	2001	2014	Change	% change
Under 15	204,525	204,164	-361	-0.2%
15-29	220,686	251,816	31,130	14.1%
30-44	246,114	224,644	-21,470	-8.7%
45-59	211,428	242,207	30,779	14.6%
60-74	149,628	188,714	39,086	26.1%
75 and over	90,477	105,934	15,457	17.1%
Total	**1,122,858**	**1,217,479**	**94,621**	**8.4%**

Source: ONS mid-year population estimates (2001 and 2014)

2.32 The same analysis has been carried out for the individual local authorities and a range of comparator areas (in the table below). The data identifies that population profile changes in the HMA are fairly similar to that seen in the region and nationally. However, for individual local authorities a different picture emerges – most notably, all areas other than Portsmouth and Southampton have seen significant growth in the population aged 60 and over.

Table 11: Change in Age Structure 2001 to 2014

Area	Under 15	15-29	30-44	45-59	60-74	75 and over	Total
East Hampshire (part)	-15.9%	7.2%	-33.6%	12.1%	40.4%	65.5%	**3.3%**
Fareham East	-11.8%	7.0%	-18.4%	5.9%	22.1%	33.9%	**2.9%**
Gosport	2.4%	3.3%	-10.0%	28.3%	32.1%	25.0%	**9.9%**
Havant	-6.6%	13.1%	-19.3%	10.7%	16.6%	34.4%	**4.6%**
Portsmouth	8.4%	24.8%	-3.7%	23.2%	13.6%	-7.4%	**11.2%**
Winchester (part-east)	10.6%	11.7%	-7.1%	21.8%	43.6%	48.7%	**17.0%**
PUSH EAST	0.0%	16.0%	-11.7%	17.1%	20.9%	18.6%	**8.0%**
Eastleigh	0.8%	11.1%	-6.3%	16.0%	38.8%	31.3%	**10.9%**
Fareham West	-2.9%	27.8%	-21.0%	29.0%	44.5%	45.1%	**11.8%**
New Forest (part)	-10.2%	6.4%	-20.5%	12.1%	32.8%	45.3%	**4.3%**
Southampton	10.2%	14.7%	11.5%	14.3%	13.9%	-4.4%	**11.7%**
Test Valley (part)	-13.6%	-1.7%	-23.9%	7.8%	54.3%	51.0%	**3.7%**
Winchester (part-west)	5.2%	11.6%	-14.5%	14.7%	44.5%	30.6%	**10.8%**
PUSH WEST	1.7%	12.7%	-4.2%	14.9%	29.8%	19.3%	**9.8%**
Isle of Wight	-8.5%	12.3%	-16.1%	5.1%	31.8%	7.9%	**4.7%**
PUSH TOTAL	-0.2%	14.1%	-8.7%	14.6%	26.1%	17.1%	**8.4%**
South East	6.0%	11.0%	-5.1%	16.5%	29.4%	19.4%	**10.6%**
England	4.2%	12.9%	-4.0%	16.0%	24.1%	17.5%	9.8%

Source: Mid-Year Population Estimates

Demographic Evidence of Housing Need

2.33 The PPG states that:

> *'household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population*

projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'.

2.34 The most up-to-date projections at the time of writing are the 2012-based CLG Household Projections published in February 2015. These projections were underpinned by ONS (2012-based) subnational population projections (SNPP) – published in May 2014.

2.35 Table 12 below sets out levels of household growth expected by the CLG Household Projections in the 2011-36 period. Data is also provided for the South East and England for comparative purposes. Whilst the projections run from 2012, the CLG data also includes figures for 2011. Estimates for the partial authorities should be treated with some caution due to the assumptions made (a description of the broad methodology for looking at smaller area projections can be found later in this section).

2.36 Across the whole PUSH area, the CLG Household Projections show household growth of about 105,700 – this is a 21% increase; slightly below equivalent figures for both the South East (26%) and England (24%). Growth is projected to be at broadly similar levels across each of the three HMAs.

Table 12: Household Change 2011 to 2036 (2012-based CLG Household Projections)

Area	Households 2011	Households 2036	Change in households	% change
East Hampshire (part)	8,401	10,297	1,896	22.6%
Fareham East	32,038	39,499	7,461	23.3%
Gosport	35,454	42,393	6,938	19.6%
Havant	51,362	60,231	8,869	17.3%
Portsmouth	85,633	104,964	19,331	22.6%
Winchester (part-east)	6,769	8,371	1,603	23.7%
PUSH EAST	219,657	265,756	46,098	21.0%
Eastleigh	52,392	65,153	12,762	24.4%
Fareham West	14,706	17,258	2,552	17.4%
New Forest (part)	29,615	34,748	5,133	17.3%
Southampton	97,657	118,641	20,984	21.5%
Test Valley (part)	17,120	20,217	3,097	18.1%
Winchester (part-west)	9,536	11,642	2,106	22.1%
PUSH WEST	221,026	267,659	46,633	21.1%
Isle of Wight	61,157	73,955	12,799	20.9%
PUSH TOTAL	501,840	607,370	105,530	21.0%
South East	3,563,049	4,490,835	927,786	26.0%
England	**22,103,878**	**27,363,402**	**5,259,524**	**23.8%**

Source: CLG household projections

2.37 As will be seen from the analysis that follows, a number of scenarios are built up depending on the assumptions made about migration and population growth. The above data therefore forms the first

scenario for growth; the above data is based on the 2012-based subnational population projections (SNPP) and for brevity will be notated as:

SCEN 1_SNPP	Based on the population assumptions in the latest ONS subnational population projections (SNPP)

2.38 Whilst the 2012-based SNPP is the latest 'official' population projection and therefore forms part of the start point for analysis in line with the PPG, it is worth testing the assumptions underpinning the projection to see if it broadly reasonable in the local context. The analysis therefore initially considers the validity of the population projections and their consistency with past trends, before moving on to consider past trend data in more detail, and also data released since the population projections were published. In particular, ONS has subsequently published new mid-year population estimates for 2013 and 2014.

2012-based Subnational Population Projections (SNPP)

2.39 The latest SNPP were published by ONS on the 29th May 2014. They replace the 2010- and 2011-based projections. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2012-based national population projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends). The SNPP are only population projections and do not contain headship rates (which are needed to convert into household estimates).

2.40 The Planning Practice Guidance (Paragraph 16) states that "Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need". In order to fully interrogate the official projections we firstly must interrogate the population projections which feed into the official household projections.

2.41 The SNPP are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

Overall Population Growth

2.42 Table 13 below shows projected population growth from 2011 to 2036 in each HMA, local authority and partial areas, this data is compared with information for the South East and England. The data shows that the population of the PUSH area is projected to grow by around 175,900 people; this is

a 14.7% increase – somewhat below that expected across the South East (18.5%) and also England as a whole (16.5%). Population growth is expected to be strongest in the PUSH West area and weaker on the Isle of Wight.

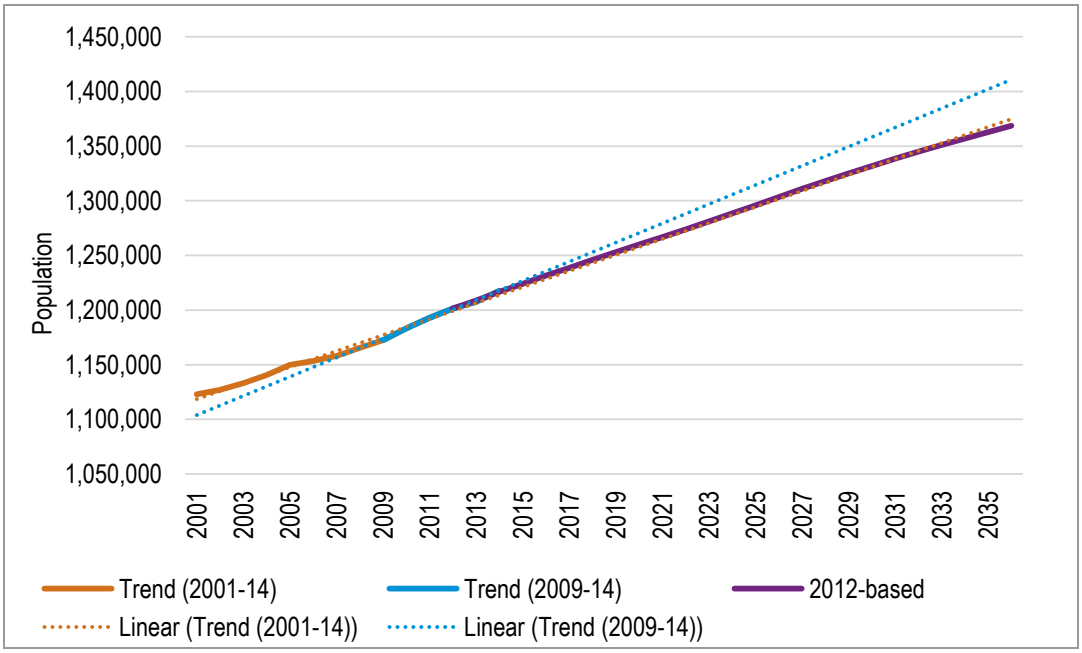
Table 13: Projected population growth (2011-2036) – 2012-based SNPP

	Population 2011	Population 2036	Change in population	% change
East Hampshire (part)	20,326	23,183	2,857	14.1%
Fareham East	75,225	88,231	13,006	17.3%
Gosport	82,669	91,491	8,822	10.7%
Havant	120,783	133,546	12,763	10.6%
Portsmouth	205,433	239,739	34,306	16.7%
Winchester (part-east)	16,834	19,771	2,937	17.4%
PUSH EAST	521,270	595,961	74,691	14.3%
Eastleigh	125,852	150,875	25,023	19.9%
Fareham West	36,706	41,587	4,881	13.3%
New Forest (part)	70,261	77,935	7,674	10.9%
Southampton	235,870	275,930	40,060	17.0%
Test Valley (part)	41,221	45,663	4,442	10.8%
Winchester (part-west)	23,277	26,941	3,664	15.7%
PUSH WEST	533,187	618,931	85,744	16.1%
Isle of Wight	138,392	153,421	15,029	10.9%
PUSH TOTAL	1,192,849	1,368,313	175,464	14.7%
South East	8,652,800	10,254,600	1,601,800	18.5%
England	53,107,200	61,886,100	8,778,900	16.5%

Source: ONS

2.43 Figure 8 below shows past and projected population growth in the period 2001 to 2036. The data also plots a linear trend line for the last five years for which data is available (2009-14) and also a longer-term period from 2001 to 2014 – this being the longest period for which reasonable data about the components of population change (e.g. migration) is available. The data shows that the population is expected to grow at a rate which is in line with long-term past trends but at a level which is some way below that seen over the past five years. This is an important finding given that ONS typically consider short-term trends when developing the SNPP (looking at the last 5-years for internal migration and the last 6-years for international migration).

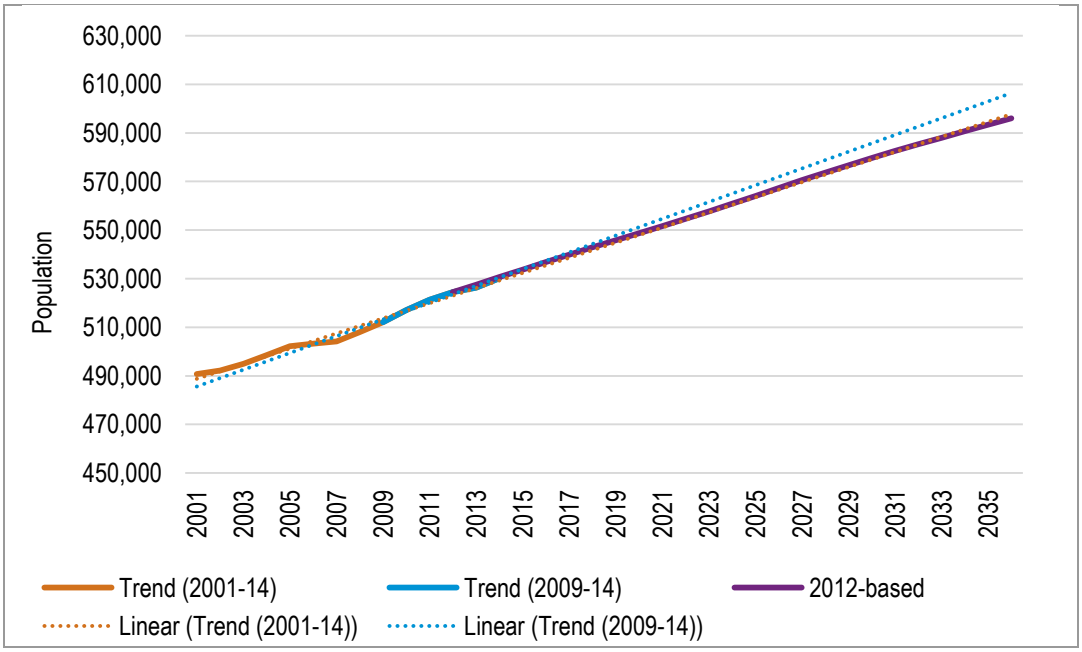
Figure 8: Past and Projected Population Growth – PUSH



Source: ONS

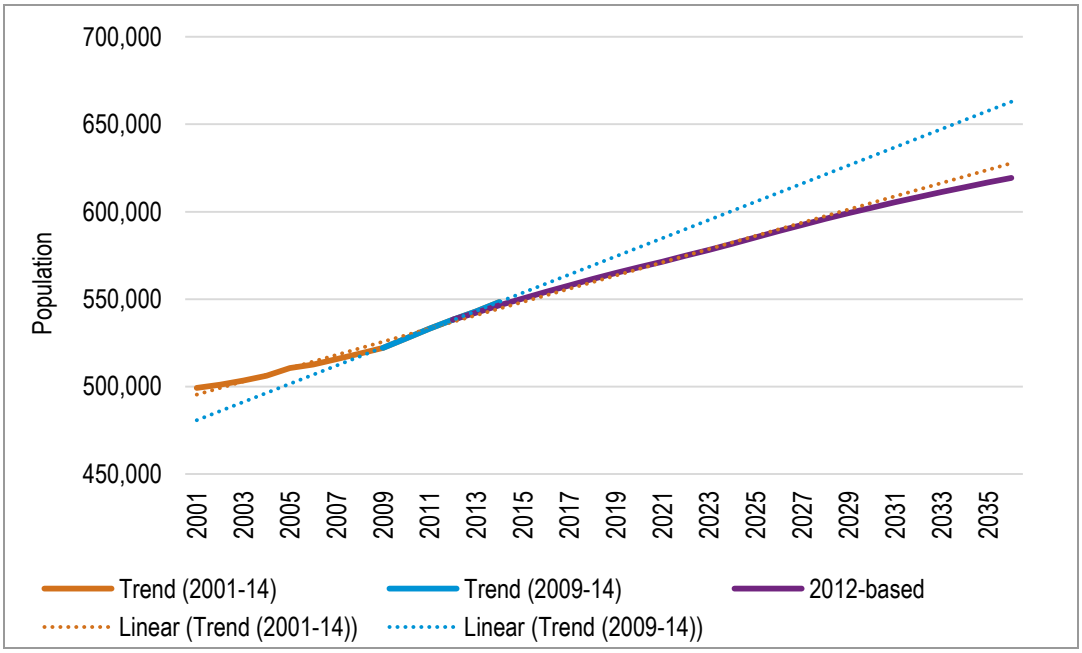
2.44 The figures below show the same data for individual HMAs. In both PUSH East and PUSH West HMAs, the data shows that population growth is projected to be in-line with long-term trends but at a level below that seen over the past five years. On the Isle of Wight, population growth is projected to be somewhat stronger than in either of the past trend periods.

Figure 9: Past and Projected Population Growth – PUSH East



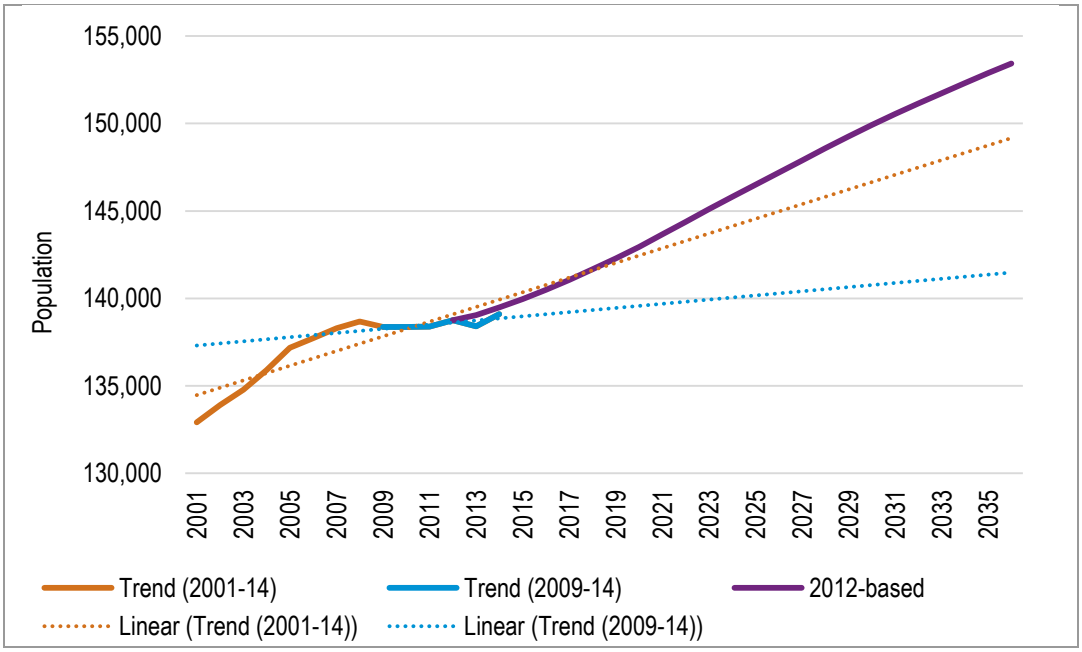
Source: ONS

Figure 10: Past and Projected Population Growth – PUSH West



Source: ONS

Figure 11: Past and projected population growth – Isle of Wight



Source: ONS

2.45 The finding that population growth (across the PUSH area) is expected to be below short-term past trends does not mean that the SNPP is an unrealistic projection (despite the fact that ONS construct projections over data from the previous 5/6 years). The ONS methodology is more complex than simply estimating the past level of migration and projecting this forward. Key aspects of the SNPP methodology to note include:

- For internal migration (moves from one part of the Country to another) the ONS methodology takes a dynamic approach where rather than levels of migration, the modelling looks at migration rates (i.e. the chances of someone in any particular age/sex group being a migrant from one area to another). This means that in-, out- and net migration can vary over time as age structures in areas develop.
  One key feature of the SNPP is that (consistent with national projections) there is expected to be fairly modest growth in some younger age groups (particularly those aged 15-29). This typically means that areas where the population in these groups is particularly large (and has grown strongly in the past) are expected to see lower than trend levels of future population growth. This particular point tends to influence urban areas, and will have a notable impact on Portsmouth and Southampton. On the flip side, areas with older populations are often expected to see above trend levels of population growth and this can be seen in the case of the Isle of Wight.

- For international migration, whilst ONS look at data over the previous six years for the purposes of the SNPP, it is the case that the sum of international migration must be the same as the totals within national population projections (also by ONS). In the national projections, a longer time series of data is used (believed to be back to 1994) with additional adjustments being made based on the views of an expert academic panel.
  Generally, the levels of international migration within the national projections are slightly lower than in the trends seen over the previous 6-years and so in most local authorities projected levels of international migration are below trends – this particularly influences areas where international migration is large and in the PUSH area will therefore have a notable impact on Portsmouth and Southampton.

2.46 On the basis of the above discussion, it is concluded that (at HMA level) that the SNPP is a reasonable projection to take forward into household growth modelling. However, it is noted that since the SNPP was published there have been two new releases of mid-year population estimates which can provide a more up-to-date view about demographic trends.

Implications of 2013 and 2014 Mid-Year Population Data

2.47 Paragraph 17 of the relevant section of the Planning Practice Guidance states that “plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates”. This section of the demographic analysis s takes into account the most recent datasets i.e. the latest Mid-Year estimates.

2.48 As noted above, the SNPP looks to be a sound projection with regard to population growth in the PUSH area. However, it should be noted that the SNPP are 2012-based. With publication of new population data for 2013 and 2014 it is now possible to see if there have been any notable shifts in short-term migration patterns and hence use the more recent data to establish if the next SNPP (a 2014-based version expected to be published in Spring 2016) will differ substantially from that in the 2012-based version.

2.49 In seeking to understand how population projections might change as a result of more recent ONS data, it is important to understand how the projections work. The SNPP is not a simple roll forward of past migration numbers but also takes account of the age structure and how this will change over time – this has an impact on estimated future migration (which can go up as well as down). Additionally, international migration is linked back to the ONS national projections which use a longer-term time series for analysis (believed to date back to 1994). It also needs to be noted that when looking at past trends at a local level, ONS conventionally uses data from the past five years for internal/domestic migration and a period of six years when considering international migration trends.

2.50 Table 14 below therefore shows average levels of migration in the periods which fed into the 2012-based SNPP and also that which are expected to feed into the 2014-based SNPP. The analysis considers the difference between these periods to determine if the next set of SNPPs are likely to show a higher or lower level of population growth. The analysis looks at internal and international migration separately.

2.51 The data shows in all three HMAs that there has been an increase in net migration, although this is as a combination of a reduction in internal migration and a greater increase in the number of international migrants.

2.52 Evidently international migration levels could be influenced by a range of factors including relative economic performance, immigration policies, and the mooted referendum on EU Membership. GL Hearn has sought to be led by the evidence in the development of trend-based projections, but the impact of these factors – and associated variance in housing need – should be recognised.

Table 14: Past trends in internal and international migration – data feeding into subnational population projections – HMAs in PUSH

	PUSH East		PUSH West		Isle of Wight	
	Internal net migration	Inter-national net migration	Internal net migration	Inter-national net migration	Internal net migration	Inter-national net migration
2006/7	-	-849	-	2,012	-	-264
2007/8	1,053	751	290	1,511	1,381	-278
2008/9	877	940	151	1,311	535	-222
2009/10	716	1,601	427	2,786	784	-168
2010/11	436	1,203	749	2,558	626	-40
2011/12	334	1,002	683	2,031	754	-89
2012/13	-510	1,012	-486	3,167	643	-30
2013/14	395	1,928	-1,091	4,078	888	111
2012-SNPP	683	775	460	2,035	816	-177
2014-SNPP	274	1,281	56	2,655	739	-73
Difference	-409	506	-404	620	-77	104

Source: ONS

2.53 To model an alternative scenario, the levels of migration underpinning the 2012-based SNPP have been adjusted to reflect the difference between figures for the different periods shown in the tables above. For example, in PUSH East, the modelling assumes a level of internal migration that is 409 people lower for each year of the projection post-2014, along with a 506 per annum increase in international migration. The data is all built up from smaller-area projections with the analysis specific to each area being utilised. For the partial local authorities, adjustments have been made for the whole local authority (as appropriate) with the data for smaller areas using the same level of adjustment. Below is a summary of this scenario.

SCEN 2_14SNPP	Based on an assessment of what new mid-year population estimates (MYE) say about migration and how this might translate into the next SNPP (which will be a 2014-based version and expected to be published in Spring 2016). Data for the period to 2014 is fixed by reference to the MYE.

2.54 The table below shows projected population growth from 2011 to 2036 in each HMA, local authority and partial areas using this updated projection. The data shows that the population of the PUSH area is projected to grow in this scenario by around 185,700 people; this is a 15.6% increase – this is around 9,900 more population growth than projected through the SNPP.

2.55 The analysis shows a slightly lower level of population growth in the PUSH East HMA when compared with the SNPP (13.7% increase compared with 14.3%). This is an interesting finding given that generally, migration in the period to 2014 was slightly stronger than in the period to 2012. It reflects a reduction in net migration to Portsmouth – this has a notable knock-on effect on other aspects of the modelling (particularly it drives a reduction in natural change due mainly to a reduced

number of births). Differences can also be explained by the inclusion in the modelling of 2013 and 2014 MYE data rather than projected figures from the SNPP.

2.56 In the PUSH West HMA the opposite pattern is observed with a higher level of population growth being shown. This is due to both increased migration in the modelling for Southampton, along with relatively strong population growth in the 2012-14 period. Population growth on the Isle of Wight is also shown to be slightly stronger.

Table 15: Projected population growth (2011-2036) – SCEN 2_14SNPP

	Population 2011	Population 2036	Change in population	% change
East Hampshire (part)	20,326	22,863	2,537	12.5%
Fareham East	75,225	87,677	12,452	16.6%
Gosport	82,669	92,989	10,320	12.5%
Havant	120,783	137,695	16,912	14.0%
Portsmouth	205,433	232,045	26,612	13.0%
Winchester (part-east)	16,834	19,287	2,453	14.6%
PUSH EAST	521,270	592,557	71,287	13.7%
Eastleigh	125,852	152,551	26,699	21.2%
Fareham West	36,706	41,861	5,155	14.0%
New Forest (part)	70,261	77,084	6,823	9.7%
Southampton	235,870	285,411	49,541	21.0%
Test Valley (part)	41,221	49,212	7,991	19.4%
Winchester (part-west)	23,277	25,997	2,720	11.7%
PUSH WEST	533,187	632,116	98,929	18.6%
Isle of Wight	138,392	153,915	15,523	11.2%
PUSH TOTAL	1,192,849	1,378,588	185,739	15.6%

Source: Derived from ONS data

Broader Sensitivity Analysis

2.57 The analysis so far has looked at the latest SNPP and also considered the possible levels of population growth in the next SNPP (which will be a 2014-based version). Additionally, scenarios have been developed to consider 10-year migration trends and also the potential implications of Unattributable Population Change (UPC). The two projections are summarised below with descriptions to follow.

SCEN 3_UPC	Based on the 2012-based SNPP (as updated in SCEN 2 for recorded population levels) but with an adjustment for Unattributable Population Change (UPC) post-2014
SCEN 4_10yr-mig	Based on the levels of migration seen over the past 10-years (2004-14). Migration assumed to change post-2014

10-year Migration Trends

2.58 This projection looks at the level of population and household growth we might expect if migration levels in the future are the same as seen over the past 10-years (2004-14). This is often considered as an alternative scenario for demographic modelling, and takes account of findings from the Planning Advisory Service's latest report on *Objectively-Assessed Housing Need and Housing Targets* (PBA, July 2015) which outlines that the 2006/7-12 reference period for the latest 2012-based official population/ household projections is somewhat problematic, as it coincides with a period of recession and constrained housing market circumstances.

2.59 A projection based on longer-term migration trends is suggested as an alternative scenario in the PBA report for PAS (see para 6.24 of PAS technical advice note), although we would recognise that the approach (as a standalone projection) is unlikely to be as robust as the SNPP (in terms of the methodology) as it won't take account of changes to the age structure over time and the impact this might have on migration levels.

2.60 Table 16 below shows the estimated levels of migration over the past ten-years and an average over this period. For comparative purposes the table also shows the average level of net migration feeding in to the 2012-based SNPP and also the figures that are appropriate for a 2014-based projection. The figures provided are for both international and internal migration combined and as such the averages for 2012- and 2014-based SNPP scenarios are not directly calculated from this table (due to internal migration being calculated over a 5-year period and international migration over 6-years). Additionally, the data is provided for HMAs (and PUSH as a whole) and some caution should be taken given that data for the partial areas in each location is estimated.

2.61 The table shows for the whole of the PUSH area that migration over the 2004-14 period was on average about 4,770 people – this figure is slightly higher than the average feeding into the 2012-based SNPP but lower than was seen in the period which will feed into the next (2014-based) SNPP. In PUSH East the 10-year migration figure is lower than any of the other periods with the opposite being seen on the Isle of Wight. In The PUSH West area (as for the whole PUSH area) the 10-year figure sits somewhere in-between the figures for the two other periods studied.

Table 16: Net Migration Trends over different Time Periods

	PUSH East	PUSH West	Isle of Wight	PUSH total
2004/5	3,025	3,945	1,869	8,839
2005/6	-470	795	1,197	1,521
2006/7	-972	2,410	1,089	2,527
2007/8	1,804	1,801	1,103	4,708
2008/9	1,817	1,463	313	3,593
2009/10	2,316	3,213	616	6,145
2010/11	1,639	3,307	586	5,532
2011/12	1,336	2,715	665	4,715
2012/13	502	2,680	613	3,795
2013/14	2,324	2,987	999	6,310
Average (10-years)	1,332	2,532	905	4,769
Average (2012-SNPP)	1,458	2,495	639	4,592
Average (2014-SNPP)	1,555	2,712	666	4,933

Source: ONS

2.62 To model a 10 year migration scenario, the demographic projections are adjusted so that each year (from 2014 onwards) has the same level of net migration as seen over the past 10-years (e.g. on the Isle of Wight migration is fixed at 905 people per annum from 2014 to 2036). Migration is projected forward on a linear basis.

2.63 Table 17 below shows that population growth in this scenario is significantly higher than in either of the two previous ones (population growth of 17.4% across the whole PUSH area). This finding is noteworthy given the analysis shows that migration over the 10-year period is not substantially different to the levels seen in the periods to feed into the SNPP (being higher than the 2012-based data but lower than 2014-based figures). The finding of higher population growth is driven by the fact that the modelling undertaken fixes migration at the actual levels shown and does not make adjustments (as in the SNPP based projections) for the implications of a changing age structure.

2.64 This can be seen when looking at the data for Southampton, where population growth is projected to be substantial, despite migration over the last 10-years being broadly in-line with other trend periods. Additionally, on the Isle of Wight, the data shows a much lower level of population growth, despite the 10-year migration level being above any of the other trend periods. In reality (and in the SNPP), due to age structure changes, migration to Southampton is expected to fall over time, with the opposite being seen for the Isle of Wight.

Table 17: Projected Population Growth (2011-2036) – SCEN 3_10yr-mig

	Population 2011	Population 2036	Change in population	% change
East Hampshire (part)	20,326	22,125	1,799	8.9%
Fareham East	75,225	86,514	11,289	15.0%
Gosport	82,669	91,600	8,931	10.8%
Havant	120,783	125,341	4,558	3.8%
Portsmouth	205,433	253,517	48,084	23.4%
Winchester (part-east)	16,834	20,006	3,172	18.8%
PUSH EAST	521,270	599,102	77,832	14.9%
Eastleigh	125,852	152,450	26,598	21.1%
Fareham West	36,706	41,270	4,564	12.4%
New Forest (part)	70,261	74,363	4,102	5.8%
Southampton	235,870	312,689	76,819	32.6%
Test Valley (part)	41,221	45,416	4,195	10.2%
Winchester (part-west)	23,277	26,982	3,705	15.9%
PUSH WEST	533,187	653,171	119,984	22.5%
Isle of Wight	138,392	147,540	9,148	6.6%
PUSH TOTAL	1,192,849	1,399,814	206,965	17.4%

Source: Derived from ONS data

2.65 Taking account of the data above and the limitations of this approach to demographic modelling, it is concluded that this is not a robust scenario, and should not be considered as informing projected levels of population growth in the PUSH area. It does not take account of the implications of future changes in the age structure of the population and how this can be expected to influenced the 'propensity to migrate.'

Implications of Unattributable Population Change

2.66 As noted earlier there is a modest level of Unattributable Population Change (UPC) in the ONS data for 2001-11 in the PUSH area. In this instance UPC is generally negative.

2.67 UPC is by its nature "unattributable" in that it cannot be precisely attributed to one component of population change or another. It is likely to be associated with either inaccuracies in the recording of the population by either the 2001 or 2011 Censuses, or to the estimation of the components of population change between these points (in particular migration).

2.68 The scenario modelled assumes that UPC is associated with errors in the estimates of migration and makes an adjustment to net migration on this basis. It again forms a sensitivity analysis on the 2012-based SNPP. There are some differences by area (and local authority), with the PUSH East area seeing a positive level of UPC and the PUSH West area and the Isle of Wight seeing negative figures.

2.69 For example, in Gosport, UPC is an average of 134 people per annum and so the migration assumptions are assumed to increase by 134 net migrant each year (based on an equal revision of 67 people per annum to each of in- and out-migration). The adjustments are made to the 2012-based SNPP data although figures for 2013 and 2014 are included as recorded in ONS MYE data.

2.70 The analysis with a UPC adjustment shows the same percentage change to the level of population growth as the SNPP (SCEN 1) at 14.7% across the whole PUSH area. The overall population growth (of 174,900) is slightly below figures generated from any of the other scenarios. Generally, the UPC scenario pushes population growth up slightly in the PUSH East HMA and in a slight downward direction for PUSH West and the Isle of Wight.

Table 18: Projected Population Growth (2011-2036) – SCEN 4_UPC

	Population 2011	Population 2036	Change in population	% change
East Hampshire (part)	20,326	23,497	3,171	15.6%
Fareham East	75,225	85,538	10,313	13.7%
Gosport	82,669	95,373	12,704	15.4%
Havant	120,783	140,063	19,280	16.0%
Portsmouth	205,433	236,377	30,944	15.1%
Winchester (part-east)	16,834	20,184	3,350	19.9%
PUSH EAST	521,270	601,032	79,762	15.3%
Eastleigh	125,852	153,929	28,077	22.3%
Fareham West	36,706	40,748	4,042	11.0%
New Forest (part)	70,261	76,228	5,967	8.5%
Southampton	235,870	271,760	35,890	15.2%
Test Valley (part)	41,221	47,074	5,853	14.2%
Winchester (part-west)	23,277	27,226	3,949	17.0%
PUSH WEST	533,187	616,965	83,778	15.7%
Isle of Wight	138,392	149,768	11,376	8.2%
PUSH TOTAL	1,192,849	1,367,765	174,916	14.7%

Source: Derived from ONS data

2.71 Whilst this is a useful scenario to consider (again it is one suggested in the PAS Technical Advice Note – para 6.35) it is not considered on its own to be a robust alternative to the SNPP (or the SNPP updated to take account of new MYE data). The main reasons for this are that it is unclear if UPC is related to migration and more importantly, due to changes in the methods used by ONS to measure migration it is most probable that any errors are focussed on earlier periods (notably 2001-6) and therefore a UPC adjustment for more recent data would not be appropriate. Additionally, it should be noted that the view of ONS is that it is not appropriate to include adjustments for UPC within population projections.

2.72 On the basis of the above, it is suggested that a UPC adjusted projection is not a robust projection, and therefore whilst core outputs are provided above, it is not proposed to take these any future (e.g. to look at implications for households growth and housing need).

Household Growth

2.73 Having studied the population size and the age/sex profile of the population, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

2.74 With the publication of new 2012-based CLG Household Projections a new set of headship rates is now available. These rates are considered to be more positive than the previous set (2011-based) and typically suggest higher rates of household growth for a given population. The overall level of household growth within the CLG Household Projections have already been provided in this section.

Household Formation (headship) Rates

2.75 The figures described above all use information from the 2012-based CLG Household Projections to convert population into households and it is useful to understand how the different CLG projections impact on assumptions for different age groups (i.e. to compare the 2012-based projections with those released as 2008- and 2011-based versions).

2.76 We have not incorporated within the housing need calculations the CLG published Stage 2 household projections (December 2015). These projections provided additional information about a range of household types and generally in 10-year age bands.

2.77 The total household growth in each of Stage 1 and Stage 2 are identical, however because CLG only consolidate the total number of households (and not age specific data) it is the case that the two projections can show notably different assumptions. This is likely to mean that for some age groups the assumptions around household formation rates is likely to change (both upwards and downwards). We should note that bottom-line household estimates are not significantly impacted by the choice of headship rates.

2.78 Figure 12 shows the headship rates used in each of the projections across the whole PUSH area. Overall the 2012-based projections look fairly sound with levels and rates of change being not dissimilar to those in the earlier (pre-recession) 2008-based projections. The main age group where there is some difference is the 25-34 age group where the data shows a notable decrease in the headship rate from 2001 to 2011. This may have been influenced by international migration (and

different household structures within new migrant communities) and/or the impact of affordability issues and the credit crunch on household formation rates. Moving forward from 2011 however, the projections are expecting the headship rate to remain broadly stable (increasing slightly initially and then decreasing slightly from about 2029). This suggests that there is no suppression being built into the forward projections.

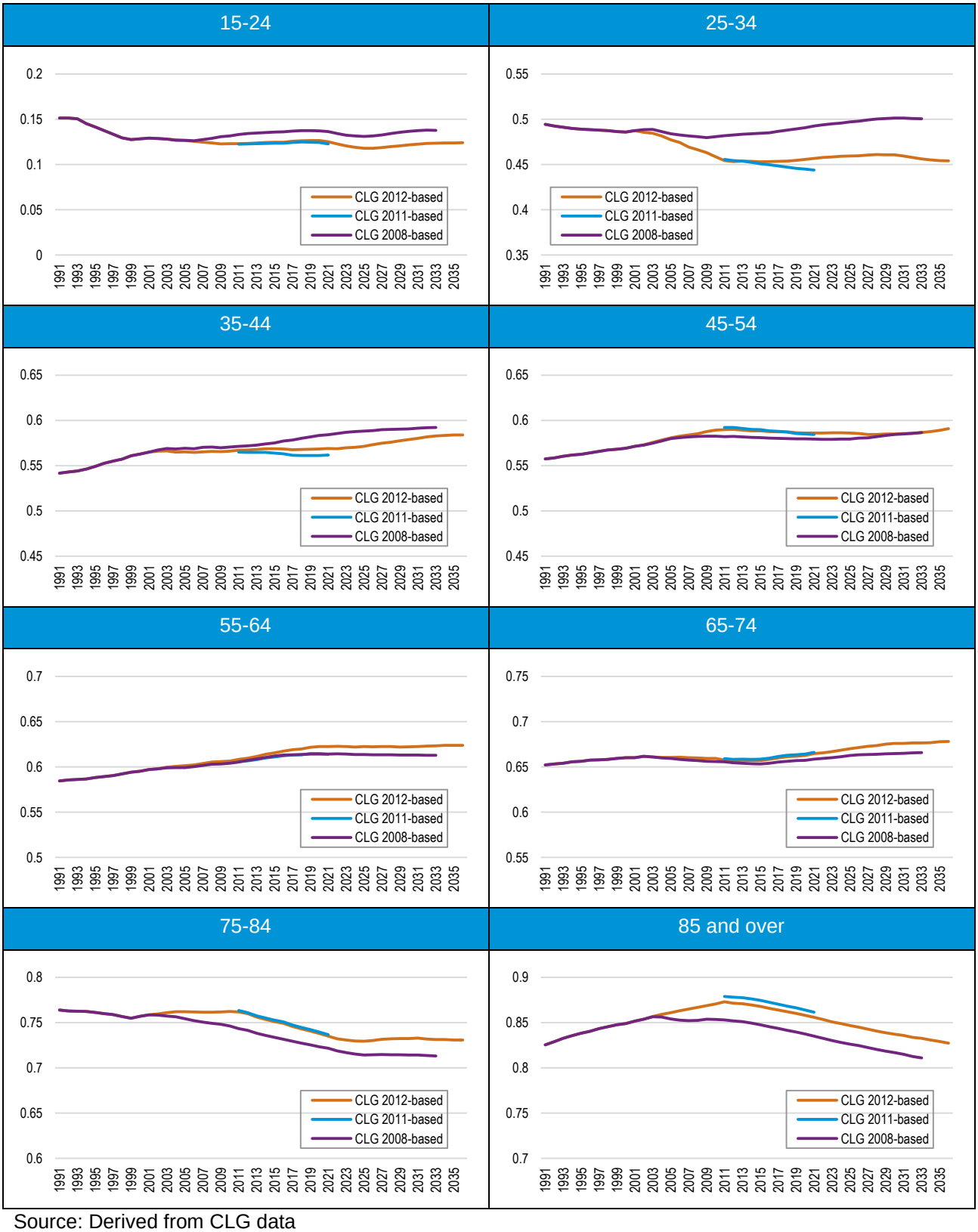
2.79 In looking at suppression amongst the 25-34 age group it is also useful to look at the 35-44 age group (noting that people aged 25-34 in 2011 with be aged 35-44 by 2021). The 35-44 age group shows fairly flat changes to headship rates until about 2021 and a gradual increase thereafter. It is also noteworthy throughout the period from 2011 to 2036 that the headship rate of this age group is at or above the level shown in 2001 (i.e. there is no suggestion of any suppression in this age group either in the past or projected forward).

2.80 This analysis also suggests that the extent to which there is a suppression in the 25-34 age group, it is expected that this will not remain as a supressed household formation – the analysis would suggest that all of the households who might be expected to form will do so, it's just that some of this formation might be delayed (i.e. households who might historically been expected to form when aged 25-34 will now form when aged 35-44).

2.81 Overall, therefore levels of household growth will over a period of time (e.g. to 2036) fully reflect the needs of the local population with no suppression being evident in the long-term.

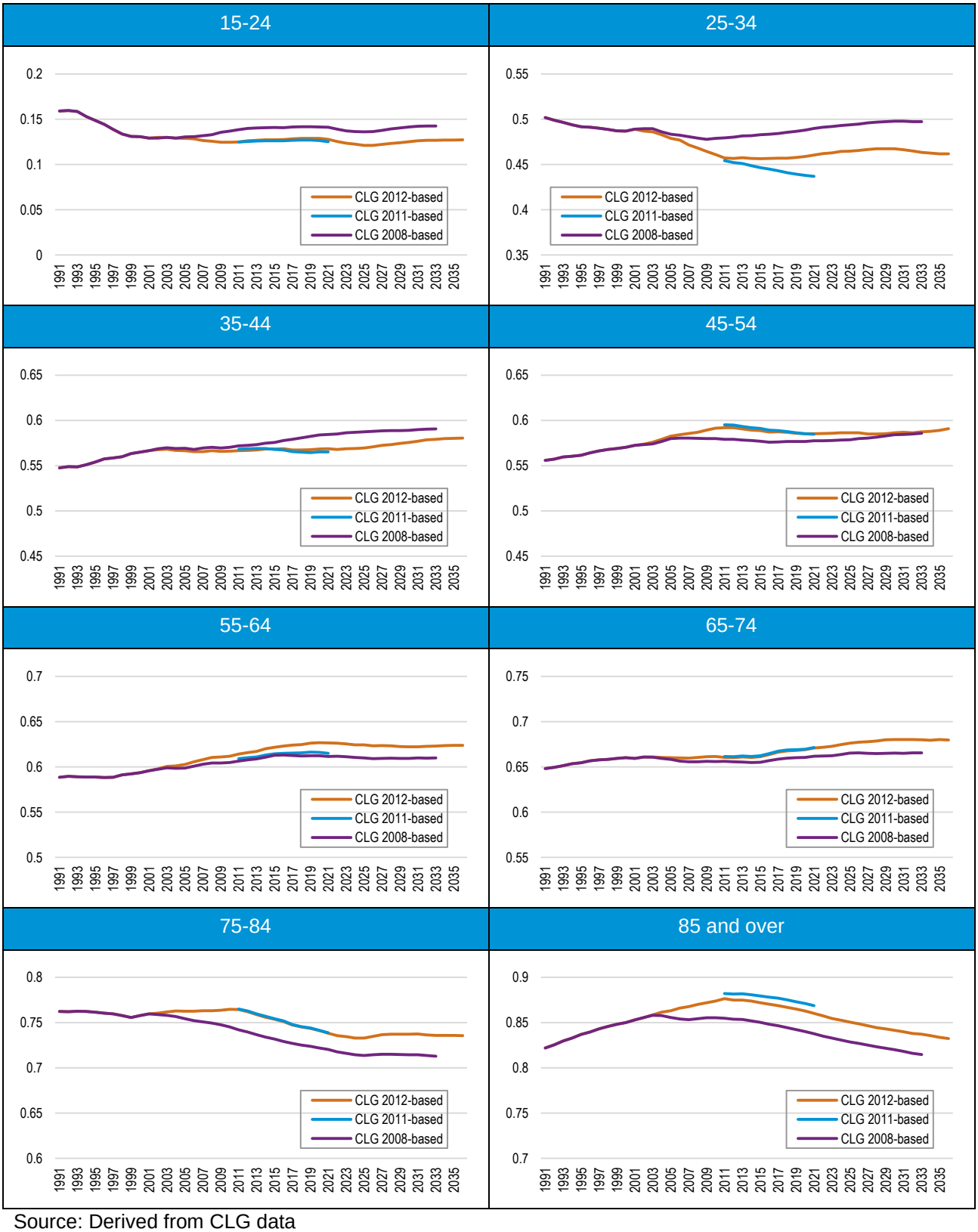
2.82 Figures 13-15 show the same information for each of the HMAs. All areas show broadly similar trends although it is notable on the Isle of Wight (and to a lesser extent PUSH East) that the reduction in headship rates of those aged 25-34 has been less strong than seen in the PUSH West area – this finding is notable given that historically population growth has been more strongly driven by international migration in the PUSH West HMA than other locations (due to high levels of international migration to Southampton).

Figure 12: Projected Household Formation Rates by Age of Head of Household –PUSH



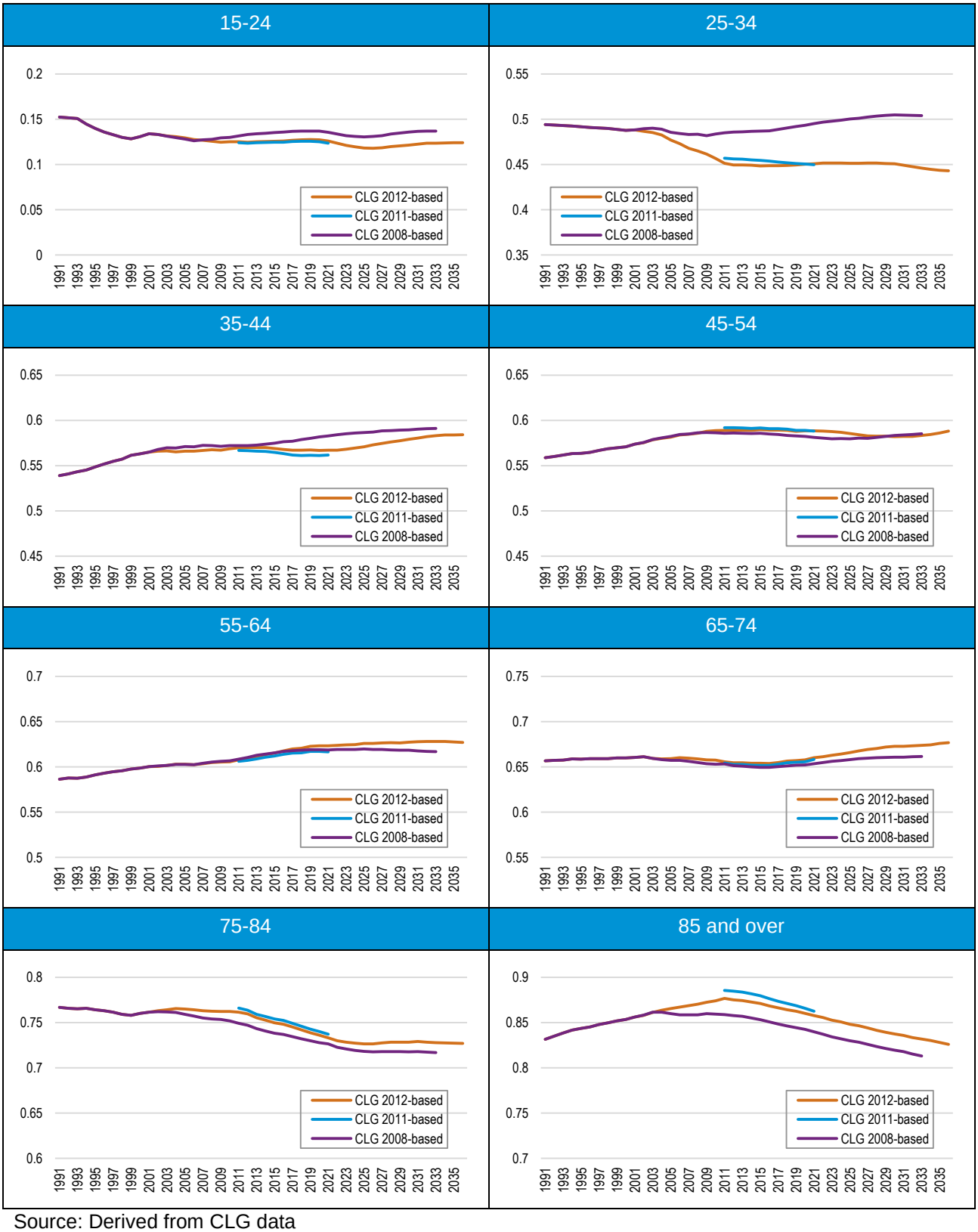
Source: Derived from CLG data

Figure 13: Projected Household Formation Rates by Age of Head of Household –PUSH East



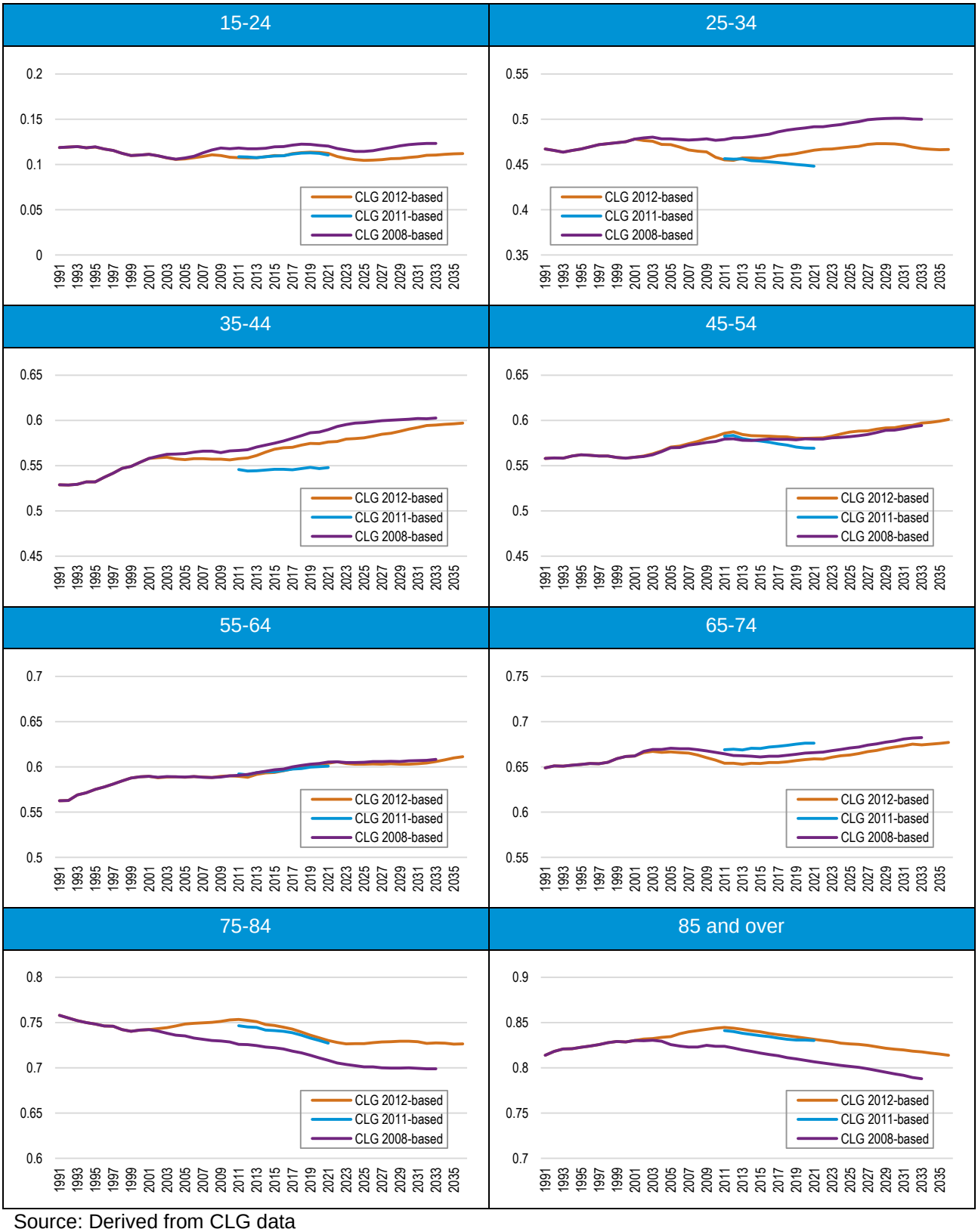
Source: Derived from CLG data

Figure 14: Projected Household Formation Rates by Age of Head of Household –PUSH West



Source: Derived from CLG data

Figure 15: Projected Household Formation Rates by Age of Head of Household –Isle of Wight



Source: Derived from CLG data

Housing Need

2.83 The tables below bring together outputs in terms of household growth and housing need using the 2012-based headship rates and the 2012-based SNPP (SCEN 1) and the SNPP as updated by reference to recent migration patterns and mid-year population estimates (SCEN 2). To convert households into dwellings the data includes an uplift to take account of vacant and second homes. Analysis of 2011 Census data (Table: QS417EW) about unoccupied household spaces provides the following rates which have been used in analysis:

- East Hampshire (part) – 2.4%
- Fareham East – 2.7%
- Gosport – 3.6%
- Havant – 2.9%
- Portsmouth – 3.7%
- Winchester (part-east) – 3.9%
- Eastleigh – 2.4%
- Fareham West – 3.6%
- New Forest (part) – 2.1%
- Southampton – 3.1%
- Test Valley (part) – 3.0%
- Winchester (part-west) – 4.6%
- Isle of Wight – 10.8%

2.84 The analysis shows an overall housing need for 4,396 dwellings per annum across the PUSH area when using the 2012-based SNPP as the underlying population projection (SCEN 1). This figure rises to 4,620 dwellings per annum when taking account of SCEN 2 (which updates the SNPP using more recent migration data and MYE figures). SCEN 2 therefore projects 5% more housing than in the 'starting point' official projections.

2.85 When looking at the individual HMAs the SCEN 1 projection suggests a need for 1,905 dwellings in PUSH East, 1,925 in PUSH West and 567 on the Isle of Wight. The SCEN 2 projection shows 1,879 in PUSH East (a 1% reduction), 2,171 in PUSH West (a 13% increase) and 570 on the Isle of Wight (virtually no change).

2.86 The increase in the projections from SCEN 1 to SCEN 2 is therefore driven by higher growth projected in PUSH West and this is largely driven by an increase in Southampton. These findings are consistent with the data shown in the 2013 and 2014 MYE from ONS.

Table 19: Projected household growth 2011-36 – 2012-based SNPP and 2012-based headship rates (SCEN 1)

	Households 2011	Households 2036	Change in households	Per annum	Dwellings (per annum)
East Hampshire (part)	8,401	10,297	1,896	76	78
Fareham East	32,038	39,499	7,461	298	306
Gosport	35,454	42,393	6,938	278	288
Havant	51,362	60,231	8,869	355	365
Portsmouth	85,633	104,964	19,331	773	802
Winchester (part-east)	6,769	8,371	1,603	64	67
PUSH EAST	219,657	265,756	46,098	1,844	1,905
Eastleigh	52,392	65,153	12,762	510	523
Fareham West	14,706	17,258	2,552	102	106
New Forest (part)	29,615	34,748	5,133	205	210
Southampton	97,657	118,641	20,984	839	865
Test Valley (part)	17,120	20,217	3,097	124	128
Winchester (part-west)	9,536	11,642	2,106	84	88
PUSH WEST	221,026	267,659	46,633	1,865	1,919
Isle of Wight	61,157	73,955	12,799	512	567
PUSH TOTAL	501,840	607,370	105,530	4,221	4,391

Table 20: Projected household growth 2011-36 – 2012-based SNPP with adjustment for recent migration trends and MYE and 2012-based headship rates (SCEN 2)

	Households 2011	Households 2036	Change in households	Per annum	Dwellings (per annum)
East Hampshire (part)	8,401	10,040	1,639	66	67
Fareham East	32,038	39,228	7,190	288	295
Gosport	35,454	43,206	7,752	310	321
Havant	51,362	61,747	10,385	415	428
Portsmouth	85,633	102,734	17,101	684	709
Winchester (part-east)	6,769	8,166	1,397	56	58
PUSH EAST	219,657	265,121	45,464	1,819	1,879
Eastleigh	52,392	65,727	13,336	533	546
Fareham West	14,706	17,367	2,661	106	110
New Forest (part)	29,615	34,461	4,846	194	198
Southampton	97,657	123,521	25,863	1,035	1,066
Test Valley (part)	17,120	21,490	4,369	175	180
Winchester (part-west)	9,536	11,225	1,689	68	71
PUSH WEST	221,026	273,790	52,764	2,111	2,171
Isle of Wight	61,157	74,015	12,859	514	570
PUSH TOTAL	501,840	612,926	111,086	4,443	4,620

Trend based Demographic Projections: Implications

- The 2012-based subnational population projections (SNPP) look to be a sound demographic projection. Although population growth is expected to be below recent trends, it is in line with long-term population change. In addition, by understanding the SNPP methodology the lower projected level of population growth is logical (particularly in respect of Portsmouth and Southampton where the population age structure is relatively young).

- However, data published since the 2012-based SNPP (from ONS mid-year population estimates) suggests a slight increase in net migration in the period which will feed into the next (2014-based) SNPP compared with the 2012-based version. It seems logical to build this data into the assessment of need – essentially to develop a projection that attempts to predict then likely population growth that will be in the 2014-based SNPP and in due course underpin the next set of CLG household projections.

- Alternative (sensitivity) projections using longer-term (10-year) migration trends and an Unattributable Population Change adjustment have also been developed. For a number of reasons these are not considered as sound projections to take forward into the modelling of housing need.

- The 2012-based CLG Household Projections also look to be reasonably sound when considering age specific household formation rates.

- The 2012-based population and household projections suggest a need for about 4,396 dwellings per annum to be provided across the PUSH area – this increases to 4,620 once account is taken of 2013 and 2014 midyear population data. This latter figure is split between the HMAs as: 1,879 dwellings per annum in PUSH East, 2,171 dwellings per annum in PUSH West and 570 dwellings per annum on the Isle of Wight.

3 ECONOMIC-LED HOUSING NEEDS

3.1 The Planning Practice Guidance sets out that in objectively assessing need for housing, consideration should be given to economic (job growth) trends and/or forecasts, outlining that:

> *'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population'*
>
> And that:
>
> *'Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems'*

3.2 The Solent Local Enterprise Partnership (LEP) is responsible for driving forward economic development in the area. The LEP commissioned a set of econometric forecasts from Oxford Economics in 2013 to inform the development of its Strategic Economic Plan. To reflect more recent economic trends, and inform future work, it has worked with Oxford Economics to update the forecasts in Summer 2015. GL Hearn has drawn on these forecasts to inform the evidence base for and development of the PUSH Spatial Strategy.

3.3 Oxford Economics forecasts are derived from an integrated econometric model which considers future economic performance, and set out how this can be expected to influence migration and population growth. The model provides integrated outputs for employment growth, population growth and occupied housing stock for different local authorities (and parts of local authorities) in the Solent LEP Area.

3.4 As the Planning Advisory Service's Report on *Objectively-Assessed Need and Housing Targets* (July 2015) sets out, econometric models usually include a view of the factors workplace jobs to resident population. As the report sets out, in the Oxford Economics Model the population and employment forecasts are inter-linked.

3.5 The Oxford Economics Model relates economic growth and demographic factors, taking account of the relationship between jobs and people and how this can be expected to change, commuting dynamics and changes to economic participation. OE have used assumptions from the 2012-based Household Projections to relate population to occupied dwellings. This allows a relatively straight forward comparison to be made between the demographic-led forecasts, and those within the economic model, with a view to considering whether there is a need to increase housing provision to support economic growth.

3.6 Other forecasts may for example suggest a similar level of employment growth but a different population growth or alternative changes to economic participation rate. The resultant need from these alternative projections would therefore be completely different. If for example the alternative projections had assumed a lesser improvement to economic activity rates then the housing need would be larger as more people would be needed to fill the same number of jobs.

3.7 The OE econometric forecasts run to 2030, and therefore we have sought to consider how the economic and demographic-led forecasts align with one another over this period. As a result the demographic-led need considered in this section is also presented over the 2011-30 period. The projections were used to inform the LEP's Strategic Economic Plan therefore the period covered is shorter than that for the Spatial Strategy.

3.8 Table 21 below profiles the expected growth in employment and GVA. The forecasts show 2.7% per annum economic growth across the PUSH area, which sits between that forecast for the region and at a national level. This translates into 0.8% compound annual growth rate (CAGR) in employment – consistent with that forecast nationally.

3.9 At a local authority level, the strongest growth in employment is projected to be in Winchester and Test Valley in proportional terms; but with the highest absolute increase expected in Southampton.

Table 21: Econometric Forecasts for Solent LEP, 2011-30

	Total Employment, Jobs	Resident Employment, People	CAGR, Employment	CAGR, GVA
Eastleigh	9,500	9,800	0.7%	3.3%
Fareham	9,000	9,200	0.8%	2.9%
Gosport	5,800	3,900	1.1%	2.8%
Havant	10,000	6,900	1.1%	2.7%
IOW	7,600	11,300	0.6%	2.1%
Portsmouth	11,800	10,900	0.5%	2.0%
Southampton	23,500	18,100	1.0%	2.9%
East Hampshire	100	1,300	0.1%	2.1%
New Forest	2,500	6,900	0.4%	2.0%
Test Valley	4,600	2,800	1.3%	2.9%
Winchester	17,400	5,200	1.7%	3.5%
PUSH	97,700	86,300	0.8%	2.7%
South East			0.9%	2.8%
UK			0.8%	2.6%

Source: GLH Analysis of Oxford Economics 2015 forecasts

3.10 The Oxford Economics model translates these levels of employment growth into forecasts for expected population growth and housing need (based on occupied dwellings). To relate occupied

dwellings to overall changes in the dwelling stock, we have applied an assumption on the level of vacant and second homes based on 2011 Census data.

3.11 The chart below compares the results of the demographic and economic-led scenarios for housing need at an HMA level.

3.12 For the PUSH East (Portsmouth HMA) the demographic-led scenarios would support the expected growth in employment. There is thus no need to adjust upwards housing provision.

3.13 For the PUSH West HMA, the economic-led scenario sits between the two demographic-led scenarios developed. It shows a need for 2,029 homes per annum to 2030.

3.14 On the Isle of Wight however, the expected economic growth has a potential upside to the demographic-based assessment of housing need. The economic-led scenario shows a need for an annual average of 708 homes per annum to 2030 (note not 2036).

Figure 16: Comparing Demographic- and Economic-led Needs for Housing (2011-30)

Source: GL Hearn Analysis

3.15 The results of the economic-led scenarios for individual local authorities are shown in the Table below.

Figure 17: Housing Need from Economic and Demographic-Led Scenarios – 2011-30 per Annum

	SCEN1	SCEN2	OE
East Hampshire (part)	78	67	85
Fareham East	306	295	318
Gosport	288	321	372
Havant	365	428	408
Portsmouth	802	709	617
Winchester (part-east)	67	58	92
PUSH EAST	1,905	1,879	1,893
Eastleigh	523	546	527
Fareham West	106	110	120
New Forest (part)	210	198	154
Southampton	865	1,066	934
Test Valley (part)	128	180	177
Winchester (part-west)	88	71	117
PUSH WEST	1,919	2,171	2,029
Isle of Wight	567	570	708
PUSH TOTAL	4,391	4,620	4,630

Source: GL Hearn Analysis

3.16 Planning Practice Guidance sets out that:

> *"Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."*

3.17 Relative to Scenario 2, the economic evidence points to higher housing need in Gosport, Fareham, Winchester and East Hampshire. On the other hand, on the basis of the demographic evidence there is higher labour force growth expected in the other parts of the area – including the Cities.

3.18 The question for the local planning authorities when developing policy is whether housing provision should be adjusted to follow the jobs; or the employment distribution adjusted to follow the workforce.

3.19 For the purposes of drawing conclusions on OAN, we have sought to consider economic dynamics first of all at an HMA level.

Job-led Projections: Implications

- The OE Forecasts indicate that employment in the PUSH area can be expected to increase by 86,300 between 2011-30. This equates to 0.8% pa growth in employment and 2.7% pa growth in GVA.
- The analysis indicates that this level of growth in employment would require 4,630 homes per annum across the PUSH Area, which is below the level expected in the demographic-led scenarios.
- However the distribution of housing need based on employment growth differs from that driven by past demographic trends. Influenced by changing age structures, the economic-led need is lower in the cities, and higher in areas such as Fareham, Winchester and East Hampshire.
- Baseline economic forecasts are trend based. The policy choice which arises is should the employment distribution be adjusted to take account of where population growth is expected; or the housing distribution adjusted to support the distribution of employment growth which is forecast. The inter-relationship between homes and jobs will also be affected by investment in transport infrastructure.

4 AFFORDABLE HOUSING NEED

Introduction

4.1 In this section we discuss levels of affordable housing need in PUSH, the three HMAs and individual local authorities (and partial authorities). Affordable housing need is defined in the NPPF as:

> *'social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'.*

4.2 The PPG sets out a model for assessing affordable housing need – this model largely replicates the model set out in previous 2007 SHMA Guidance. The 2007 Guidance contained more detail about specific aspects of the analysis and so is referred to in this section as appropriate. The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information. Key definitions used in the analysis of affordable housing are set out in Appendix D.

4.3 The affordable housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing which can be used to meet the need. The base date for analysis is 2014 (e.g. data about housing costs and incomes is for 2014). However, it is recognised that the analysis should align with other research and hence estimates of affordable housing need are provided in this section on an annual basis for the 25-year period between 2011 and 2036 (to be consistent with the demographic projections described in the previous section).

4.4 It should be recognised that a key challenge in assessing affordable housing need using secondary sources is the lack of information available regarding households' existing savings. However in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact of deposit issues on the overall assessment of affordable housing need is limited.

Key Definitions

4.5 Below are set out some of the key definitions relating to affordable housing need, affordability and affordable housing.

Affordable Housing

4.6 The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

"Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision."

4.7 Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

"Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency."

4.8 Affordable rented housing is defined as:

"Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)."

4.9 The definition of intermediate housing is shown below:

"Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing."

Current Affordable Housing Need

4.10 Current affordable housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

4.11 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CoRe along with demographic projections about the number of new households forming (along with affordability) to estimate future needs. CoRe (Continuous Recording of Lettings and Sales) is a national information source now funded by the Department for Communities and Local Government that records information on social housing lettings and sales, and from 2011 on affordable lettings for those providers signed up to the Homes and Communities Agency's Affordable Homes Programme

Supply of Affordable Housing

4.12 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources (mainly CoRe) about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

Affordability

4.13 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting and are summarised below:

a. *Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9x) and those with a single income (3.5x), however (partly due to data availability) we have only used a 3.5 times multiplier for analysis. This ensures that affordable housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;*
b. *Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40% (although this can vary by area). Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics). Consideration of a reasonable proportion of income to use in analysis can be found later in this section although outputs are provided for a range of thresholds (from 25% to 40%).*

Review of Housing Costs

4.14 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need.'

4.15 We have first used the latest data to establish the entry-level costs of housing to both buy and rent across the study area. Our approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to the PPG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market

4.16 Table 24 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £87,600 for a flat in Gosport and rising to £368,750 for a detached home in Winchester (part-west). Looking at the lower quartile price across all dwelling types the analysis shows a range from £130,000 in Gosport, up to £235,000 in East Hampshire (part).

Table 22: Lower Quartile Sales Prices by Type (2014)

	Flat	Terraced	Semi-detached	Detached	All dwellings
East Hampshire (part)	£110,000	£191,200	£230,000	£285,000	£235,000
Fareham (East)	£105,000	£169,000	£195,000	£260,000	£175,000
Gosport	£87,600	£132,600	£159,200	£239,100	£130,000
Havant	£98,500	£152,000	£193,250	£250,000	£160,500
Portsmouth	£104,000	£145,000	£184,750	£250,000	£135,000
Winchester (part-East)	£123,000	£190,000	£222,500	£325,000	£200,000
Eastleigh	£120,250	£177,400	£210,000	£280,000	£177,500
Fareham (West)	£110,000	£180,000	£220,000	£295,000	£199,500
New Forest (part)	£124,200	£165,000	£190,000	£243,900	£175,250
Southampton	£105,000	£150,000	£170,000	£202,000	£136,000
Test Valley (part)	£127,750	£193,500	£225,000	£305,000	£210,000
Winchester (part-West)	£137,900	£195,900	£240,000	£368,750	£218,500
Isle of Wight	£92,500	£125,000	£150,000	£199,950	£136,000

Source: Land Registry (2014)

4.17 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2015. For the rental data information about dwelling sizes is provided (rather than types). For partial or split areas, additional analysis has been carried out through an internet search (using Rightmove) to establish variations between different parts of each area (then linked back to local authority level data). In these areas only an overall 'all dwellings' figure is provided. The analysis shows an average lower quartile cost (across all dwelling sizes) of between £475 per month (Isle of Wight), rising to £710 in Winchester (part-West).

Table 23: Lower Quartile Private Rents by Size and Location (year to March 2015) – per month

	Room only	Studio	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	All dwellings
East Hampshire (part)							£625
Fareham (East)							£610
Gosport	-	£450	£500	£610	£741	£950	£595
Havant	£390	£425	£540	£650	£775	£1,000	£619
Portsmouth	£325	£399	£520	£625	£750	£1,100	£541
Winchester (part-east)							£650
Eastleigh	£350	£400	£575	£695	£850	£975	£675
Fareham (West)							£635
New Forest (part)							£595
Southampton	£320	£425	£510	£672	£795	£1,050	£575
Test Valley (part)							£665
Winchester (part-west)							£710
Isle of Wight	£347	£340	£400	£525	£650	£823	£475

Source: Valuation Office Agency

How much will households spend on housing?

4.18 To assess housing affordability it is necessary to give some thought to who much households might reasonably be expected to spend on housing (without financial support). This is needed to consider the question *'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?'* There is no official guidance on this topic within the PPG, and our own analysis shows that analysis based upon 25% to 40% could be considered a reasonable starting point.

4.19 The choice of an appropriate threshold in the absence of specific guidance will inevitably be somewhat judgement-based, but needs to be linked to the cost of housing rather than just income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold.

4.20 It is therefore useful to look at housing costs in the three HMAs and contrast this with other areas. The analysis in this section has shown a lower quartile rent (across all dwelling sizes) of between £475 (Isle of Wight) and £710 per month (Winchester (part-west)). This rent level can be compared with other areas nationally; the highest rents (outside London) being in Elmbridge (£975 per month) and the lowest in Liverpool (at £325 per month). More locally within the South East the lower quartile rents range from £415 in both Hastings and Thanet up to £975 in Elmbridge.

4.21 It is clear from this that the local authorities in the PUSH area are all within the regional and national range. Although arbitrary, if the upper rent areas were considered to be '40%' areas and lower rent areas '25%' locations then arguably the local authorities would sit on average somewhere in the middle of this range.

4.22 However, the key point when looking at thresholds and housing costs is one of 'residual income' – i.e. the amount of money a household has after housing costs are paid for. Using the South East examples, if a household in Thanet spent 25% of income on housing then their residual income would be £1,245 per month, the same threshold in Elmbridge would show a residual income of £2,925 – if the threshold in Elmbridge were increased to 40% then the residual income would be around £1,460. Hence it could be concluded that a 40% threshold in Elmbridge is reasonable. This analysis is not conclusive given that such an analysis would need to be predicated on a) an assumption that 25% in Thanet is appropriate and b) that living costs (other than housing) are equal across areas. It does however serve to show why the cost of housing is the key input into understanding a reasonable threshold for affordability.

4.23 Returning to the question for the HMAs, we can as an indicative analysis look at this residual income method by considering housing costs both nationally and within the South East region. If Liverpool is taken as a 25% benchmark then the income multiple to achieve the same residual income would be between 33% and 42%; if Thanet is taken as the 25% benchmark then this percentage drops to 28% to 36%. Estimates of relevant income thresholds are shown in the table below.

Table 24: Estimated affordability thresholds using a residual income method and comparing with regional and national benchmarks

	Benchmark – Liverpool	Benchmark – Thanet
East Hampshire (part)	39%	33%
Fareham (East)	38%	33%
Gosport	38%	32%
Havant	39%	33%
Portsmouth	36%	30%
Winchester (part-east)	40%	34%
Eastleigh	41%	35%
Fareham (West)	39%	34%
New Forest (part)	38%	32%
Southampton	37%	32%
Test Valley (part)	41%	35%
Winchester (part-west)	42%	36%
Isle of Wight	33%	28%

Source: Derived from VOA data

4.24 Overall, this analysis is somewhat convoluted and does not definitively show what income multiple is most suitable in the three HMAs – indeed it confirms that no such 'single' figure exists. However, for the purpose of analysis we would suggest on the basis of the range set out above that something in the region of 30%-35% of income to be spent on housing costs would be a reasonable benchmark (on the basis that all bar one of the figures derived above being at least 30%).

4.25 It is therefore concluded in seeking to establish the need for affordable housing that the outputs based on the 30% or 35% thresholds are likely to be a robust assessment although there is certainly a case for suggesting a figure of up to 40% (in some areas). The analysis in the remainder of this section looks at a full range of potential thresholds (25%, 30%, 35% and 40%).

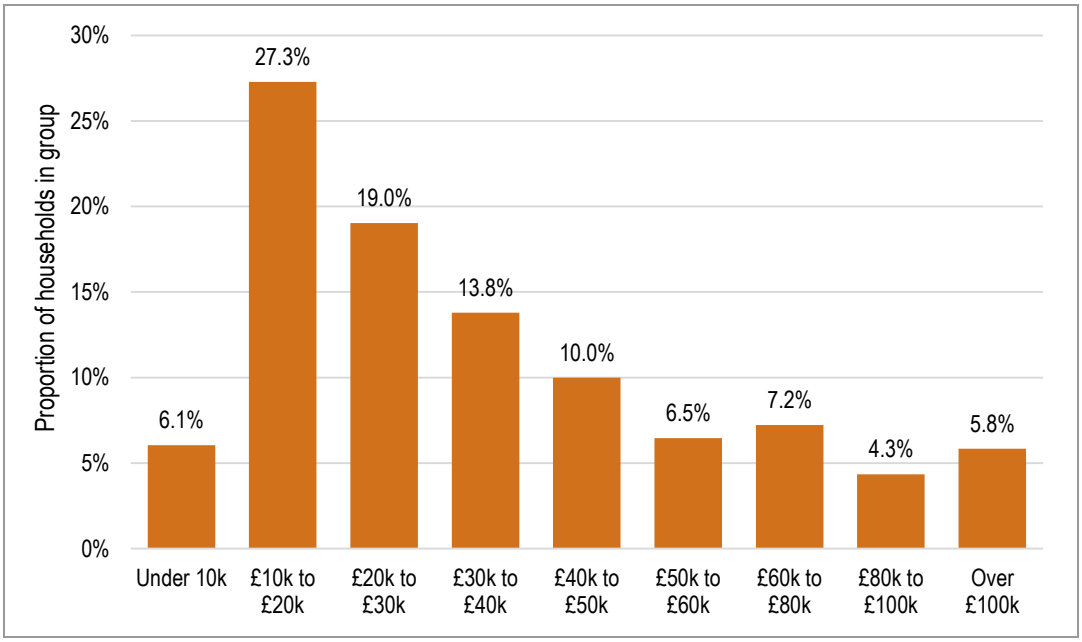
Income levels and affordability

4.26 Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2014 (a 2% increase per annum was identified from this source for the South East region)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for each of the local authority areas and partial areas)

4.27 Drawing all of this data together we have constructed an income distribution for the whole of the study area for 2014. The data shows that around a third of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the study area was estimated to be around £28,600 with a mean income of £38,100.

Figure 18: Distribution of Household Income in PUSH



Source: Derived from ASHE, EHS, CACI and ONS data

4.28 The table below shows how income levels vary for each of the HMAs and local authorities/part authorities. Incomes were found to be slightly higher in PUSH West (Southampton HMA) than in PUSH (East) although for smaller areas the lowest incomes are estimated to be in Southampton (followed by the Isle of Wight); the highest incomes are estimated to be in Fareham (West), the two Winchester sub-areas and Test Valley.

Table 25: Income Levels by Area

	Mean income	Median income
East Hampshire (part)	£48,336	£36,764
Fareham (East)	£42,155	£32,062
Gosport	£36,310	£27,617
Havant	£37,192	£28,287
Portsmouth	£34,897	£26,542
Winchester (part-East)	£50,458	£38,377
PUSH EAST (Portsmouth)	£37,714	£28,455
Eastleigh	£43,507	£33,091
Fareham (West)	£53,376	£40,597
New Forest (part)	£40,375	£30,709
Southampton	£32,839	£24,977
Test Valley (part)	£50,467	£38,385
Winchester (part-West)	£52,250	£39,740
PUSH WEST (Southampton)	£39,947	£29,840
Isle of Wight	£32,930	£25,046
PUSH TOTAL	**£38,114**	**£28,558**

Source: Derived from ASHE, EHS, CACI and ONS data

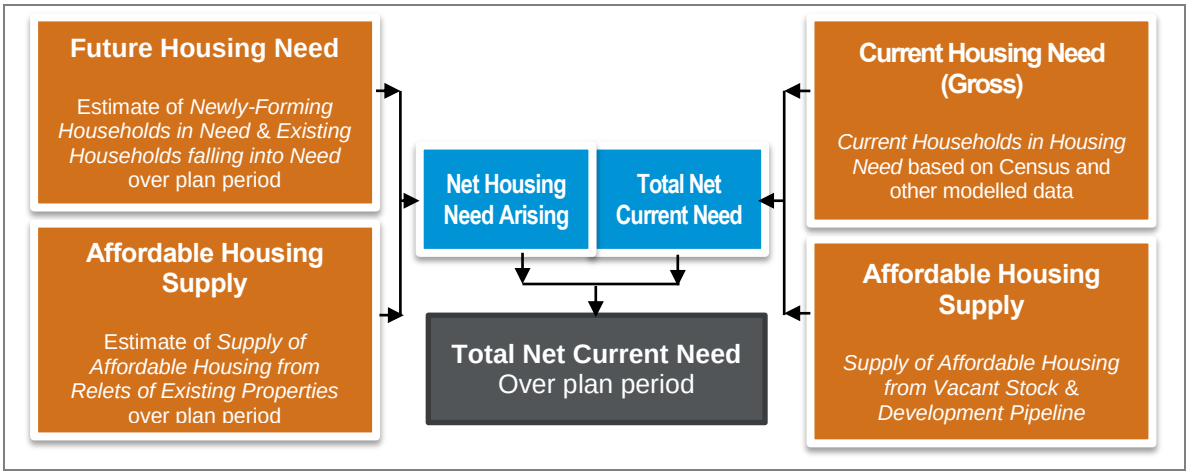
4.29 To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

4.30 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed where relevant in the analysis that follows.

Affordable Housing Needs Assessment

4.31 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 19: Overview of Basic Needs Assessment Model



4.32 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The modelling undertaken provides an assessment of affordable housing need for a 25-year period from 2011 to 2036 (which is then annualised). Each of the stages of the affordable housing needs model calculation are discussed in more detail below.

Further Methodological Issues

4.33 As the analysis is based on secondary data sources only, there are a number of assumptions that need to be made to ensure that the analysis is as robust as possible. Key assumptions include considering the number of households who have an affordable housing need due to issues such as insecure tenancies or housing costs – such households form part of the affordable need as set out

in guidance (see paragraph 023 of the PPG for example) but are not readily captured from secondary data sources. Assumptions also need to be made about the likely income levels of different groups of the population (such as newly forming households), recognising that such households' incomes may differ from those in the general population.

4.34 To overcome the limitations of a secondary-data-only assessment, additional data has been taken from a range of survey-based affordable housing needs assessments carried out by GL Hearn over the past five years or so. These surveys (which cover a range of areas and time periods) allow the assessment to consider issues such as needs which are not picked up in published sources and different income levels for different household groups. This data is then applied to actual data for PUSH (e.g. from the Census) as appropriate. It is the case that outputs from surveys in other areas show remarkably similar outputs to each other for a range of core variables (for example the income levels of newly forming households when compared with existing households) and are therefore likely to be fairly reflective of the situation locally in PUSH. Where possible, data has also been drawn from national surveys (notably the English Housing Survey).

4.35 It should also be stressed that the secondary data approach is consistent with the PPG. Specifically, guidance states that:

> *'Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance'.*

4.36 The analysis that follows is therefore consistent with the requirements of guidance.

4.37 The PPG also suggests that the housing register can be used to estimate levels of affordable housing need. Experience working across the country is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need (this is particularly an issue with multi-authority commissions such as this). Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to a range of secondary data sources is preferred, although it can be benchmarked/sense tested against the register.

Current Affordable Housing Need

4.38 In line with PPG, the current need for affordable housing need has been based on considering the likely number of households with one or more housing problem. A list is initially set out in paragraph 023 of the PPG and provides the following.

What types of households are considered in affordable housing need?

The types of households to be considered in housing need are:

- homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
- households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);
- households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
- households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
- households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

Source: PPG [ID 2a-023-20140306]

4.39 This list of potential households in need is then expanded on in paragraph 24 of the PPG which provides a list of the categories to consider when assessing current need. This assessment seeks to follow this list by drawing on a number of different data sources.

4.40 The table below sets out the data used in each part of the assessment. All efforts have been made to avoid double counting; this includes excluding households living in non-hostel and B&B properties from the number of 'other' households in need (such households will be included in the homeless in temporary accommodation). However, there may be some issues with looking at both concealed households and overcrowding – it is likely that providing housing for some concealed households would remove an overcrowding issue – no account has been taken of this and therefore arguably the figures presented could be slightly too high. On the other hand, the analysis of concealed households only includes those with children and it is possible that some 'childless' concealed households also have a need (which would make the figures too low). On balance it is considered that the analysis and outputs (whilst noting some potential deficiencies of using a secondary data approach) will be as accurate and plausible as is reasonably possible.

Table 26: Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured
Those in priority need who are currently housed in temporary accommodation	CLG Live Table 784	Total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children)
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Will include households with many of the issues in the first box above (e.g. insecure tenure). Figures exclude those living in LA/HA or private sector/Other temporary accommodation)
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [ID 2a-024-20140306]

4.41 The table below provides an initial assessment, showing the number of households in unsuitable housing. These figures are before any consideration of affordability has been made. Overall, the analysis suggests that there are currently some 33,651 households living in unsuitable housing (or without housing) – this is 6.7% of the estimated total number of households living in the study-area in 2011.

Table 27: Estimated number of households living in unsuitable housing

Category of 'need'	Households
Homeless households	43
Those in priority need who are currently housed in temporary accommodation	807
Households in overcrowded housing	18,248
Concealed households	2,614
Existing affordable housing tenants in need	1,479
Households from other tenures in need	10,460
Total	33,651

Source: CLG Live Tales, Census (2011) and data modelling

4.42 The table below shows this information for smaller areas. The analysis identifies a slightly higher level of 'unsuitable housing' in PUSH West when compared with PUSH East. In most areas overcrowding is the main reason for finding that a household's current circumstances are unsuitable.

Table 28: Main sources for assessing the current unmet need for affordable housing

	Homeless	Temp-orary	Over-crowded	Con-cealed	Existing (in AH)	Existing (other)	Total
East Hampshire (part)	0	14	141	42	0	138	335
Fareham (East)	5	59	667	142	34	532	1,439
Gosport	0	226	1,185	170	119	578	2,278
Havant	0	23	1,805	272	218	833	3,151
Portsmouth	36	50	4,277	455	319	2,253	7,391
Winchester (part-East)	0	6	130	29	16	134	315
PUSH EAST (Portsmouth)	**41**	**378**	**8,205**	**1,110**	**707**	**4,469**	**14,909**
Eastleigh	0	13	1,281	240	131	982	2,647
Fareham (West)	2	26	215	57	6	256	563
New Forest (part)	0	76	768	150	54	499	1,548
Southampton	0	126	5,741	662	420	2,509	9,457
Test Valley (part)	0	19	301	65	24	300	709
Winchester (part-West)	0	8	183	50	20	182	444
PUSH WEST (Southampton)	**2**	**269**	**8,489**	**1,224**	**656**	**4,728**	**15,368**
Isle of Wight	0	161	1,554	280	116	1,263	3,374
PUSH TOTAL	**43**	**807**	**18,248**	**2,614**	**1,479**	**10,460**	**33,651**

Source: CLG Live Tales, Census (2011) and data modelling

4.43 In taking this estimate (33,651) forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise).

4.44 The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. Additionally, the 'temporary accommodation' group are split depending on whether or not they are currently housed (with those temporarily housed in LA/HA accommodation then being excluded as per the analysis for affordable housing (i.e. they would be a transfer)).

4.45 A final adjustment is to slightly reduce the unsuitability figures in the Private Rented Sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need. Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

4.46 The table below shows that as of mid-2011 it is estimated that there were 16,138 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers) – this represents 3.2% of all households in the area in 2011.

Table 29: Unsuitable housing by tenure and numbers to take forward into affordability modelling

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	9,223	922
Social rented	8,002	0
Private rented	12,962	11,985
No housing (homeless/concealed)	2,776	2,776
Temporary accommodation	688	455
Total	**33,651**	**16,138**

Source: CLG Live Tales, Census (2011) and data modelling

4.47 Having established the figure of 16,138, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy, because they could afford a suitable market housing solution.

4.48 For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 69% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing other than in temporary accommodation). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing and those in temporary accommodation. These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (and excluding social tenants and the majority of owners) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.

4.49 Overall, using a 25% affordability threshold, over 70% of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to 11,554 households in PUSH. With a 40% threshold the estimated level of need is reduced to 8,047 households. The tables below shows how current need is estimated to vary across local authorities and part areas.

Table 30: Estimated Current Need – 25% Income Threshold

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
East Hampshire (part)	145	64.9%	**94**
Fareham (East)	599	69.6%	**417**
Gosport	1,100	75.9%	**834**
Havant	1,080	75.1%	**811**
Portsmouth	3,722	69.6%	**2,589**
Winchester (part-East)	155	63.2%	**98**
PUSH EAST (Portsmouth)	**6,801**	**71.2%**	**4,844**
Eastleigh	1,260	70.6%	**890**
Fareham (West)	277	60.6%	**168**
New Forest (part)	667	70.4%	**469**
Southampton	4,773	75.2%	**3,592**
Test Valley (part)	328	64.1%	**210**
Winchester (part-West)	211	66.6%	**141**
PUSH WEST (Southampton)	**7,517**	**72.8%**	**5,470**
Isle of Wight	1,821	68.1%	**1,240**
PUSH TOTAL	**16,138**	**71.6%**	**11,554**

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Table 31: Estimated Current Need – 30% Income Threshold

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
East Hampshire (part)	145	56.3%	**82**
Fareham (East)	599	61.9%	**371**
Gosport	1,100	68.5%	**754**
Havant	1,080	67.4%	**728**
Portsmouth	3,722	61.4%	**2,286**
Winchester (part-East)	155	54.4%	**84**
PUSH EAST (Portsmouth)	**6,801**	**63.3%**	**4,304**
Eastleigh	1,260	62.7%	**791**
Fareham (West)	277	51.5%	**143**
New Forest (part)	667	62.7%	**418**
Southampton	4,773	66.9%	**3,195**
Test Valley (part)	328	55.6%	**182**
Winchester (part-West)	211	58.4%	**123**
PUSH WEST (Southampton)	**7,517**	**64.6%**	**4,852**
Isle of Wight	1,821	60.2%	**1,097**
PUSH TOTAL	**16,138**	**63.5%**	**10,253**

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Table 32: Estimated Current Need – 35% Income Threshold

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
East Hampshire (part)	145	48.9%	**71**
Fareham (East)	599	54.3%	**325**
Gosport	1,100	61.9%	**680**
Havant	1,080	60.7%	**656**
Portsmouth	3,722	54.0%	**2,010**
Winchester (part-East)	155	47.0%	**73**
PUSH EAST (Portsmouth)	**6,801**	**56.1%**	**3,815**
Eastleigh	1,260	55.4%	**698**
Fareham (West)	277	44.4%	**123**
New Forest (part)	667	55.2%	**368**
Southampton	4,773	60.2%	**2,876**
Test Valley (part)	328	48.0%	**157**
Winchester (part-West)	211	50.7%	**107**
PUSH WEST (Southampton)	**7,517**	**57.6%**	**4,329**
Isle of Wight	1,821	52.5%	**955**
PUSH TOTAL	**16,138**	**56.4%**	9,100

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Table 33: Estimated Current Need – 40% income threshold

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
East Hampshire (part)	145	42.9%	**62**
Fareham (East)	599	47.9%	**287**
Gosport	1,100	55.2%	**607**
Havant	1,080	54.1%	**584**
Portsmouth	3,722	47.4%	**1,765**
Winchester (part-East)	155	41.0%	**64**
PUSH EAST (Portsmouth)	**6,801**	**49.5%**	**3,369**
Eastleigh	1,260	48.7%	**614**
Fareham (West)	277	38.4%	**107**
New Forest (part)	667	48.7%	**325**
Southampton	4,773	53.6%	**2,560**
Test Valley (part)	328	42.0%	**138**
Winchester (part-West)	211	44.6%	**94**
PUSH WEST (Southampton)	**7,517**	**51.0%**	**3,837**
Isle of Wight	1,821	46.2%	**841**
PUSH TOTAL	**16,138**	**49.9%**	8,047

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

4.50 The tables below shows the current need split by broad category of current housing. The analysis shows that between about 1,900 and 2,400 of the households do not have housing – these are the important numbers within this analysis as it is this group who will need additional accommodation to be provided. The remaining households (6,140-9,160) have a need but if they were to move to alternative accommodation would free-up a home for use by another household (and hence no need for additional accommodation overall is required).

Table 34: Estimated Current Need by broad type of current accommodation

Area	@ 25% affordability threshold			@ 30% affordability threshold		
	House-holds in housing	No housing (home-less/con-cealed)	TOTAL	House-holds in housing	No housing (home-less/con-cealed)	**TOTAL**
East Hampshire (part)	60	34	94	50	31	**82**
Fareham (East)	291	126	417	254	116	**371**
Gosport	642	192	834	572	182	**754**
Havant	565	246	811	496	233	**728**
Portsmouth	2,155	433	2,589	1,879	407	**2,286**
Winchester (part-East)	70	28	98	59	25	**84**
PUSH EAST (Portsmouth)	**3,784**	**1,060**	**4,844**	**3,310**	**994**	**4,304**
Eastleigh	679	211	890	592	198	**791**
Fareham (West)	121	47	168	101	42	**143**
New Forest (part)	332	137	469	291	128	**418**
Southampton	3,003	589	3,592	2,635	560	**3,195**
Test Valley (part)	157	53	210	134	48	**182**
Winchester (part-West)	93	48	141	80	44	**123**
PUSH WEST (Southampton)	**4,385**	**1,085**	**5,470**	**3,833**	**1,019**	**4,852**
Isle of Wight	992	249	1,240	866	231	**1,097**
PUSH TOTAL	**9,161**	**2,393**	**11,554**	**8,009**	**2,244**	**10,253**

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Table 35: Estimated Current Need by broad type of current accommodation

Area	@ 35% affordability threshold			@ 40% affordability threshold		
	House-holds in housing	No housing (home-less/con-cealed)	TOTAL	House-holds in housing	No housing (home-less/con-cealed)	**TOTAL**
East Hampshire (part)	43	28	71	37	25	**62**
Fareham (East)	219	106	325	191	96	**287**
Gosport	511	170	680	451	156	**607**
Havant	438	218	656	383	201	**584**
Portsmouth	1,635	375	2,010	1,422	343	**1,765**
Winchester (part-East)	50	23	73	43	21	**64**
PUSH EAST (Portsmouth)	**2,896**	**920**	**3,815**	**2,527**	**842**	**3,369**
Eastleigh	515	183	698	447	167	**614**
Fareham (West)	86	37	123	73	34	**107**
New Forest (part)	251	117	368	219	106	**325**
Southampton	2,348	527	2,876	2,069	490	**2,560**
Test Valley (part)	114	43	157	98	39	**138**
Winchester (part-West)	68	40	107	58	36	**94**
PUSH WEST (Southampton)	**3,382**	**947**	**4,329**	**2,965**	**872**	**3,837**
Isle of Wight	745	210	955	650	190	**841**
PUSH TOTAL	**7,024**	**2,077**	**9,100**	**6,143**	**1,904**	**8,047**

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Newly-Arising Need

4.51 To estimate newly-arising (projected future) need we have looked at two key groups of households based on the Planning Practice Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

4.52 The number of newly-forming households has been estimated through the demographic modelling. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below 5 years previously to provide an estimate of *gross* household formation. This differs from numbers presented in the demographic projections which are for *net* household growth. The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG 2007 SHMA Guidance which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

4.53 The estimates of gross new household formation have been based on outputs from the 2012-based SNPP/household projections to allow for a consistent approach across areas (use of a different projection would not significantly change estimates of the number of new households). In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

4.54 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall between 35% and 58% of newly-forming households will be unable to afford market housing depending on the affordability threshold used and that a total of 3,219 to 5,249 new households will have a need on average in each year to 2036.

Table 36: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – 25% affordability threshold

Area	Number of new households	% unable to afford	Total in need
East Hampshire (part)	125	48.6%	60
Fareham (East)	528	54.3%	287
Gosport	580	60.2%	349
Havant	793	60.8%	483
Portsmouth	1,777	57.7%	1,024
Winchester (part-East)	122	48.4%	59
PUSH EAST (Portsmouth)	**3,924**	**57.6%**	**2,262**
Eastleigh	1,038	57.7%	598
Fareham (West)	292	44.5%	130
New Forest (part)	504	55.3%	279
Southampton	2,037	63.3%	1,289
Test Valley (part)	258	49.4%	127
Winchester (part-West)	164	51.1%	84
PUSH WEST (Southampton)	**4,293**	**58.4%**	**2,506**
Isle of Wight	888	54.2%	481
PUSH TOTAL	**9,105**	**57.7%**	**5,249**

Source: Projection Modelling/Income analysis

Table 37: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – 30% affordability threshold

Area	Number of new households	% unable to afford	Total in need
East Hampshire (part)	125	40.0%	50
Fareham (East)	528	45.0%	238
Gosport	580	51.4%	298
Havant	793	52.2%	414
Portsmouth	1,777	48.4%	861
Winchester (part-East)	122	39.8%	48
PUSH EAST (Portsmouth)	**3,924**	**48.6%**	**1,908**
Eastleigh	1,038	48.6%	504
Fareham (West)	292	36.3%	106
New Forest (part)	504	45.9%	232
Southampton	2,037	54.8%	1,116
Test Valley (part)	258	40.7%	105
Winchester (part-West)	164	42.1%	69
PUSH WEST (Southampton)	**4,293**	**49.6%**	**2,131**
Isle of Wight	888	44.9%	399
PUSH TOTAL	**9,105**	**48.7%**	**4,438**

Source: Projection Modelling/Income analysis

Table 38: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – 35% affordability threshold

Area	Number of new households	% unable to afford	Total in need
East Hampshire (part)	125	33.2%	41
Fareham (East)	528	38.0%	201
Gosport	580	43.6%	253
Havant	793	44.4%	352
Portsmouth	1,777	41.1%	731
Winchester (part-East)	122	33.0%	40
PUSH EAST (Portsmouth)	**3,924**	**41.2%**	**1,618**
Eastleigh	1,038	41.2%	427
Fareham (West)	292	29.5%	86
New Forest (part)	504	38.9%	196
Southampton	2,037	46.8%	955
Test Valley (part)	258	33.9%	87
Winchester (part-West)	164	35.3%	58
PUSH WEST (Southampton)	**4,293**	**42.1%**	**1,809**
Isle of **Wight**	888	37.9%	337
PUSH TOTAL	**9,105**	**41.3%**	**3,764**

Source: Projection Modelling/Income analysis

Table 39: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – 40% affordability threshold

Area	Number of new households	% unable to afford	Total in need
East Hampshire (part)	125	27.2%	34
Fareham (East)	528	32.1%	170
Gosport	580	37.6%	218
Havant	793	38.4%	304
Portsmouth	1,777	35.2%	626
Winchester (part-East)	122	27.0%	33
PUSH EAST (Portsmouth)	**3,924**	**35.3%**	**1,385**
Eastleigh	1,038	35.3%	366
Fareham (West)	292	23.5%	68
New Forest (part)	504	33.1%	167
Southampton	2,037	40.6%	828
Test Valley (part)	258	28.0%	72
Winchester (part-West)	164	29.3%	48
PUSH WEST (Southampton)	**4,293**	**36.1%**	**1,550**
Isle of Wight	888	32.0%	285
PUSH TOTAL	**9,105**	**35.4%**	**3,219**

Source: Projection Modelling/Income analysis

Existing Households falling into Affordable Housing Need

4.55 The second element of newly arising need is existing households falling into need. To assess this we have used information from CoRe. We have looked at households who have been housed over the past two years – this group will represent the flow of households onto the Housing Register over this period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied (again based on 25% and 40% of income to be spent on housing).

4.56 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*.

4.57 Following the analysis through suggests a need arising from between 2,029 and 2,535 existing households each year.

Table 40: Estimated level of Housing Need from Existing Households (per annum)

Area	25% affordability threshold		30% affordability threshold	
	Number of Existing Households falling into Need	% of Need	Number of Existing Households falling into Need	% of Need
East Hampshire (part)	20	0.8%	18	0.7%
Fareham (East)	78	3.1%	73	3.0%
Gosport	191	7.5%	180	7.6%
Havant	199	7.9%	189	7.9%
Portsmouth	474	18.7%	445	18.7%
Winchester (part-East)	28	1.1%	25	1.1%
PUSH EAST (Portsmouth)	**990**	**39.1%**	**929**	**39.0%**
Eastleigh	177	7.0%	167	7.0%
Fareham (West)	22	0.9%	19	0.8%
New Forest (part)	105	4.1%	97	4.1%
Southampton	851	33.6%	809	34.0%
Test Valley (part)	63	2.5%	57	2.4%
Winchester (part-West)	36	1.4%	33	1.4%
PUSH WEST (Southampton)	**1,254**	**49.5%**	**1,183**	**49.7%**
Isle of Wight	291	11.5%	270	11.3%
PUSH TOTAL	**2,535**	**100.0%**	**2,382**	**100.0%**

Source: CoRe/affordability analysis

Table 41: Estimated level of Housing Need from Existing Households (per annum)

Area	35% affordability threshold		40% affordability threshold	
	Number of Existing Households falling into Need	% of Need	Number of Existing Households falling into Need	% of Need
East Hampshire (part)	16	0.7%	14	0.7%
Fareham (East)	66	3.0%	60	3.0%
Gosport	168	7.6%	155	7.6%
Havant	176	8.0%	163	8.0%
Portsmouth	411	18.6%	375	18.5%
Winchester (part-East)	23	1.0%	20	1.0%
PUSH EAST (Portsmouth)	**860**	**38.9%**	**788**	**38.8%**
Eastleigh	154	7.0%	140	6.9%
Fareham (West)	17	0.8%	16	0.8%
New Forest (part)	89	4.0%	81	4.0%
Southampton	762	34.5%	708	34.9%
Test Valley (part)	52	2.3%	47	2.3%
Winchester (part-West)	30	1.4%	27	1.3%
PUSH WEST (Southampton)	**1,103**	**49.9%**	**1,019**	**50.2%**
Isle of Wight	245	11.1%	223	11.0%
PUSH TOTAL	**2,209**	**100.0%**	**2,029**	**100.0%**

Source: CoRe/affordability analysis

Supply of Affordable Housing

4.58 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.

4.59 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CoRe) to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings have been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes (of which there were relatively few in the study area)).

4.60 On the basis of past trend data is has been estimated that 3,625 units of social/affordable rented housing are likely to become available each year moving forward, with a notably higher proportion of these being in the PUSH-West area (Southampton HMA).

Table 42: Analysis of past Social/ Affordable Rented Housing Supply (per annum – based on data for 2011-14 period)

	Total lettings	% as non-newbuild	Lettings in existing stock	% non-transfers	Sub-total	% non-temporary housing	Total lettings to new tenants
East Hampshire (part)	54	84.5%	46	66.1%	30	100.0%	30
Fareham (East)	254	78.6%	199	58.4%	116	95.4%	111
Gosport	556	81.0%	451	55.2%	249	100.0%	249
Havant	458	84.1%	385	66.3%	256	100.0%	256
Portsmouth	1,159	92.4%	1,071	65.2%	698	88.4%	617
Winchester (part-East)	68	90.1%	61	69.9%	43	94.5%	40
PUSH EAST (Portsmouth)	**2,549**	**86.8%**	**2,213**	**62.9%**	**1,392**	**93.6%**	**1,303**
Eastleigh	489	77.1%	377	60.1%	227	100.0%	227
Fareham (West)	76	78.6%	60	58.4%	35	95.4%	33
New Forest (part)	239	87.9%	210	71.7%	151	100.0%	151
Southampton	2,363	92.1%	2,176	62.2%	1,353	99.9%	1,352
Test Valley (part)	164	80.1%	131	65.3%	86	92.6%	79
Winchester (part-West)	86	90.1%	78	69.9%	54	94.5%	51
PUSH WEST (Southampton)	**3,417**	**88.7%**	**3,032**	**62.9%**	**1,906**	**99.4%**	**1,894**
Isle of Wight	763	89.1%	680	66.8%	454	94.2%	428
PUSH TOTAL	**6,730**	**88.0%**	**5,925**	**63.3%**	**3,752**	**96.6%**	**3,625**

Source: CoRe

4.61 The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in PUSH is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have again utilised CoRe data about the number of sales of homes that were not newbuild. From this it is estimated that around 113 additional properties might become available per annum. The total supply of affordable housing is therefore estimated to be 3,738 per annum.

Table 43: Supply of Affordable Housing

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
East Hampshire (part)	30	2	32
Fareham (East)	111	5	116
Gosport	249	7	255
Havant	256	8	263
Portsmouth	617	12	629
Winchester (part-East)	40	2	43
PUSH EAST (Portsmouth)	**1,303**	**35**	**1,339**
Eastleigh	227	23	249
Fareham (West)	33	5	38
New Forest (part)	151	6	156
Southampton	1,352	31	1,383
Test Valley (part)	79	4	83
Winchester (part-West)	51	1	53
PUSH WEST (Southampton)	**1,894**	**69**	**1,962**
Isle of Wight	428	9	436
PUSH TOTAL	**3,625**	**113**	**3,738**

Source: CoRe

Net Affordable Housing Need

4.62 Table 45 shows our overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows with a 25% affordability threshold that there is a need for 4,508 dwellings per annum to be provided; with the 40% threshold this drops to 1,833. This is a wide range, although this is not untypical given the nature of the assumptions that can reasonably be applied. The net need is calculated as follows:

Net Need = Current Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 44: Estimated annual level of Affordable Housing Need

	25% affordability threshold	30% affordability threshold	35% affordability threshold	40% affordability threshold
Current need	462	410	364	322
Newly forming households	5,249	4,438	3,764	3,219
Existing households falling into need	2,535	2,382	2,209	2,029
Total Gross Need	8,246	7,230	6,337	5,570
Supply	3,738	3,738	3,738	3,738
Net Need	**4,508**	**3,492**	**2,600**	**1,833**

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

4.63 The tables below show the annualised information for each local authority and part authority with both estimates of affordable housing need.

Table 45: Estimated level of Affordable Housing Need per annum – by location (25% affordability threshold)

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
East Hampshire (part)	4	60	20	84	32	52
Fareham (East)	17	287	78	382	116	265
Gosport	33	349	191	573	255	318
Havant	32	483	199	715	263	452
Portsmouth	104	1,024	474	1,602	629	973
Winchester (part-East)	4	59	28	91	43	48
PUSH EAST (Portsmouth)	**194**	**2,262**	**990**	**3,446**	**1,339**	**2,107**
Eastleigh	36	598	177	811	249	562
Fareham (West)	7	130	22	158	38	120
New Forest (part)	19	279	105	402	156	246
Southampton	144	1,289	851	2,283	1,383	900
Test Valley (part)	8	127	63	199	83	116
Winchester (part-West)	6	84	36	126	53	73
PUSH WEST (Southampton)	**219**	**2,506**	**1,254**	**3,979**	**1,962**	**2,016**
Isle of Wight	50	481	291	821	436	385
PUSH TOTAL	**462**	**5,249**	**2,535**	**8,246**	**3,738**	**4,508**

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

Table 46: Estimated level of Affordable Housing Need per annum – by location (30% affordability threshold)

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
East Hampshire (part)	3	50	18	71	32	39
Fareham (East)	15	238	73	325	116	209
Gosport	30	298	180	508	255	253
Havant	29	414	189	631	263	368
Portsmouth	91	861	445	1,397	629	768
Winchester (part-East)	3	48	25	77	43	34
PUSH EAST (Portsmouth)	**172**	**1,908**	**929**	**3,010**	**1,339**	**1,671**
Eastleigh	32	504	167	702	249	453
Fareham (West)	6	106	19	131	38	93
New Forest (part)	17	232	97	346	156	189
Southampton	128	1,116	809	2,052	1,383	669
Test Valley (part)	7	105	57	170	83	87
Winchester (part-West)	5	69	33	107	53	55
PUSH WEST (Southampton)	**194**	**2,131**	**1,183**	**3,508**	**1,962**	**1,545**
Isle of Wight	44	399	270	713	436	276
PUSH TOTAL	**410**	**4,438**	**2,382**	**7,230**	**3,738**	**3,492**

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

Table 47: Estimated level of Affordable Housing Need per annum – by location (35% affordability threshold)

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
East Hampshire (part)	3	41	16	60	32	28
Fareham (East)	13	201	66	280	116	164
Gosport	27	253	168	449	255	193
Havant	26	352	176	555	263	292
Portsmouth	80	731	411	1,223	629	593
Winchester (part-East)	3	40	23	66	43	23
PUSH EAST (Portsmouth)	**153**	**1,618**	**860**	**2,631**	**1,339**	**1,293**
Eastleigh	28	427	154	609	249	360
Fareham (West)	5	86	17	108	38	70
New Forest (part)	15	196	89	300	156	143
Southampton	115	955	762	1,831	1,383	448
Test Valley (part)	6	87	52	145	83	62
Winchester (part-West)	4	58	30	92	53	40
PUSH WEST (Southampton)	**173**	**1,809**	**1,103**	**3,085**	**1,962**	**1,123**
Isle of Wight	38	337	245	621	436	184
PUSH TOTAL	**364**	**3,764**	**2,209**	**6,337**	**3,738**	**2,600**

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

Table 48: Estimated level of Affordable Housing Need per annum – by location (40% affordability threshold)

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
East Hampshire (part)	2	34	14	51	32	19
Fareham (East)	11	170	60	241	116	125
Gosport	24	218	155	397	255	142
Havant	23	304	163	490	263	227
Portsmouth	71	626	375	1,072	629	443
Winchester (part-East)	3	33	20	56	43	13
PUSH EAST (Portsmouth)	**135**	**1,385**	**788**	**2,307**	**1,339**	**969**
Eastleigh	25	366	140	531	249	282
Fareham (West)	4	68	16	88	38	50
New Forest (part)	13	167	81	261	156	104
Southampton	102	828	708	1,639	1,383	256
Test Valley (part)	6	72	47	124	83	41
Winchester (part-West)	4	48	27	79	53	26
PUSH WEST (Southampton)	**153**	**1,550**	**1,019**	**2,722**	**1,962**	**759**
Isle of Wight	34	285	223	541	436	104
PUSH TOTAL	**322**	**3,219**	**2,029**	**5,570**	**3,738**	**1,833**

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

Relating Affordable Need and OAN – legal judgements and guidance

4.64 The analysis above clearly indicates a need for affordable housing across the two HMAs and individual local authorities. However the link between affordable need and the OAN is complex and has been subject to a number of recent High Court decisions. The Planning Advisory Service's Technical Advice Note on *Objectively-Assessed Need and Housing Targets* (2nd Edition, July 2015) also deals with this issue.

4.65 We have summarised some of the key judgements and guidance in Chronological Order.

Satnam Millennium Limited v Warrington Borough Council (February 2015)

4.66 In this case, a challenge to the adoption of the Warrington Local Plan Core Strategy succeeded, resulting in the quashing of the Plan's housing provision policies. With regard to affordable housing the judge found that the assessment of full, objectively assessed needs for housing had not taken account of the (substantial) need for affordable housing.

4.67 In paragraph 43 of the judgement it is concluded that *'the Local Plan should then meet the OAN for affordable housing, subject only to the constraints referred to in the NPPF, paragraphs 14 and 47'*. This quote has been taken by some parties to imply that the need for affordable housing (as shown in modelling such as within the section) needs to be met in full – for example, if the affordable need

is 200 per annum and delivery is likely to be 20% then an OAN for 1,000 homes would be appropriate.

4.68 It is not clear if this is exactly what the judge in this case had in mind. What is clear that such an approach in many areas would be impractical as it would require huge increases to have any significant impact.

Oadby and Wigston v Bloor Homes (July 2015)

4.69 In this case, a challenge by Oadby & Wigston Borough Council to the granting of planning permission through a Section 78 inquiry was dismissed.

4.70 The key issue in front of the Judge was whether or not the original inspector's adoption of a figure of 147 dwellings per annum as the full objectively assessed need for housing (FOAN) was sound. In essence the Council's position was that the need was in the range of 80-100 dwellings per annum and that this was a policy-off figure based on the most up-to-date population and household projections. The appellant suggested a need in the range of 147-161 based on long-term migration trends and the needs of the local economy (in terms of matching job growth and housing need).

4.71 The Judge's initial conclusion was that he considered the SHMA position (of 80-100 dwellings per annum) to be policy-on. He based this on a recognition that other analysis in the SHMA had indicated a need for 173 dpa to meet economic growth and a slightly lower figure (of 160 per annum) as the affordable housing need.

4.72 The uncertainty in this decision is whether or not the FOAN must include all of the affordable housing need. Some of the wording of the judgment would suggest that this was the case with Judge Hickinbottom stating that the assessment of need *'becomes policy on as soon as the Council takes a course of not providing sufficient affordable housing to satisfy the FOAN'*. This however is inconsistent with the more recent judgement in Kings Lynn (below) and also contrasts with the approach recommended in the PAS Technical Advice Note.

Planning Advisory Service – Technical Advice note (July 2015)

4.73 At about the same time as the Oadby & Wigston judgement, the Planning Advisory Service (PAS) published the second edition of their technical advice note on Objectively Assessed Need and Housing Targets – this replaced/updated a version from June 2014.

4.74 The consideration of affordable housing need and its relationship to overall housing need is covered in some detail within Section 9 of the document. PAS set out a suggested approach for looking at

the relationship between OAN and affordable housing (which is broadly in line with the approach in this report) before going on to consider their own view about the relationship.

4.75 They initially suggest that affordable housing is "a policy consideration" that bears on housing targets rather than OAN and note that they are not comparable because they relate to different meanings of the term "need." They also highlight that the OAN relates to new dwellings whereas much of the affordable need relates to existing households, who, when moving, would free up dwellings to be occupied by other households.

4.76 PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need before concluding that the affordable need cannot be a component part of the OAN. PAS do however note that their views 'may be' contradicted by the Satnam judgement referred to above.

Kings Lynn v Elm Park Holdings (July 2015)

4.77 The final case of reference is Kings Lynn and West Norfolk Council vs. SSCLG and Elm Park Holdings. The case involved the Council's challenge to an inspector's granting of permission for 40 dwellings in a village. Although much of the case was about the approach to take with regards to vacant and second homes, the issue of affordable housing was also a key part of the final judgment.

4.78 The case was heard by Justice Dove who was an experienced former planning barrister with many years of experience in understanding the issues involved.

4.79 Focussing on affordable housing, Justice Dove considered the "ingredients" involved in making a FOAN and noted that the FOAN is the product of the Strategic Housing Market Assessment (SHMA) required by paragraph 159 of the NPPF. It is noted that the SHMA must identify the scale and mix of housing to meet household and population projections, taking account of migration and demographic change, and then address the need for all housing types, including affordable homes.

4.80 He continued by noting that the scale and mix of housing is *'a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgement'*. Crucially, in paragraph 35 of the judgment he says that the *'Framework makes clear that these needs [affordable housing needs] should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice'*. This is an important point, given the previous judgements in Satnam and Oadby & Wigston. And indeed in relation to Oadby and Wigston he notes that *'Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be*

taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total need for affordable housing must be met in full by its inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG'.

4.81 Therefore, this most recent judgement is clear that an assessment of affordable housing need should be carried out, but that the level of affordable need shown by analysis does not have to be met in full within the assessment of the FOAN.

4.82 The approach in Kings Lynn is also similar to that taken by the inspector (Simon Emerson) to the Cornwall Local Plan. His preliminary findings in June 2015 noted in paragraph 3.20 that *'National guidance requires consideration of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites.'*

Relating Affordable Need and OAN

4.83 The analysis above indicates a clear need for affordable housing. Table 49 and 50 set out the annual affordable housing need as a proportion of the need identified from the demographic-based projections. The affordable need represents between 40% (40% income threshold) and 98% (25% income threshold) of the demographic-need based on the 2012-based SNPP and Household Projections (as amended to take account of more recent migration data – SCEN 2) across the whole PUSH area. These figures are however calculated in different ways and are not strictly comparable.

Table 49: Affordable Need as % Demographic-based Projections

Area	Demographically-based Need	@ 25% affordability threshold		@ 30% affordability threshold	
		Affordable Housing Need	Affordable as % Demographic-based Need	Affordable Housing Need	Affordable as % Demographic-based Need
East Hampshire (part)	67	52	77%	39	58%
Fareham (East)	295	265	90%	209	71%
Gosport	321	318	99%	253	79%
Havant	428	452	106%	368	86%
Portsmouth	709	973	137%	768	108%
Winchester (part-East)	58	48	83%	34	59%
PUSH EAST (Portsmouth)	1,879	2,107	112%	1,671	89%
Eastleigh	546	562	103%	453	83%
Fareham (West)	110	120	109%	93	84%
New Forest (part)	198	246	124%	189	96%
Southampton	1,066	900	84%	669	63%
Test Valley (part)	180	116	64%	87	48%
Winchester (part-West)	71	73	103%	55	77%
PUSH WEST (Southampton)	2,171	2,016	93%	1,545	71%
Isle of Wight	570	385	67%	276	48%
PUSH TOTAL	4,620	4,508	98%	3,492	76%

Table 50: Affordable Need as % Demographic-based Projections

Area	Demographically-based Need	@ 35% affordability threshold		@ 40% affordability threshold	
		Affordable Housing Need	Affordable as % Demographic-based Need	Affordable Housing Need	Affordable as % Demographic-based Need
East Hampshire (part)	67	28	42%	19	28%
Fareham (East)	295	164	55%	125	42%
Gosport	321	193	60%	142	44%
Havant	428	292	68%	227	53%
Portsmouth	709	593	84%	443	62%
Winchester (part-East)	58	23	40%	13	23%
PUSH EAST (Portsmouth)	1,879	1,293	69%	969	52%
Eastleigh	546	360	66%	282	52%
Fareham (West)	110	70	64%	50	45%
New Forest (part)	198	143	72%	104	53%
Southampton	1,066	448	42%	256	24%
Test Valley (part)	180	62	35%	41	23%
Winchester (part-West)	71	40	56%	26	37%
PUSH WEST (Southampton)	2,171	1,123	52%	759	35%
Isle of Wight	570	184	32%	104	18%
PUSH TOTAL	4,620	2,600	56%	1,833	40%

4.86 The Planning Practice Guidance sets out how it expects the affordable housing need to be considered as part of the plan-making process. It outline in Paragraph 029 that:

> *"The total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."*

4.87 The likely delivery of affordable housing on mixed market housing-led developments will be influenced both by affordable housing policies (themselves influenced by development viability evidence), the mix of homes which are delivered and the viability of individual development schemes. Some schemes will not be able to viably deliver policy-compliant levels of affordable housing.

4.88 GL Hearn has not considered residential development viability in detail, but existing studies which do so conclude that between 25-40% affordable housing would potentially be achievable. Not all sites however are able to viably deliver policy compliant levels of affordable housing, and more typically delivery of affordable housing will range from between 20-30%. This is a working assumption but takes account of the fact that some sites will not be able to provide the full amount of affordable housing sought (e.g. due to size or viability issues), but at the same time, it is possible that some affordable housing is provided through non-106 sites (discussed further below).

4.89 It should be borne in mind that besides delivery of affordable housing on mixed-tenure development schemes, there are a number of other mechanisms which deliver affordable housing. These include:

- National Affordable Housing Programme – this (adminsted by the HCA) provides fuding to support Registered Providers in delivering new housing including on sites owned by RPs;
- Building Council Homes – following reform of the HRA funding system, Councils can bring forward affordable housing themselves.
- Empty Homes Programmes – where local authorities can bring properties back into use as affordable housing. These are existing properties, and thus represent a change in tenure within the current housing stock;
- Rural Exception Site Development – where the empasis is on delivering affordable housing to meet local needs.

4.90 Funding for specialist forms of affordable housing, such as extra care provision, may also be available from other sources; whilst other niche agents, such as Community Land Trusts, may deliver new affordable housing. Net changes in affordable housing stock may also be influenced by estate regeneration schemes, as well as potentially by factors such as the planned extension of the Right to Buy to housing association properties. Affordable housing can be met by changes in the ownership of existing housing stock, not just by new-build development.

4.91 In interpreting the relationship between affordable need and total housing provision, it is important to understand the basis of the affordable housing needs model. As the Planning Practice Guidance sets out, the calculation of affordable need involves *"adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable stock."* The affordable housing need does therefore not represent an assessment of what proportion of additional households might require affordable housing. Instead the model considers:

- What need can be expected to arise from both existing and newly-forming household who require financial support to access suitable housing;
- This is then compared with the projected supply of affordable housing expected to arise from the turnover of existing stock, and affordable housing in the development pipeline.

4.92 The affordable housing model thus includes supply-side factors. The net need figures derived are influenced by the current stock of affordable housing and turnover of this. This has been influenced by past policies and investment decisions (at both the national and local levels). Funding mechanisms for affordable housing have influenced past delivery, which in turn influence the need today.

4.93 Given that there has been little change in affordable housing stock over the last 15 years, the Private Rented Sector has in effect taken on an increasing role in providing housing for households who require financial support in meeting their housing needs, supported by Local Housing Allowance.

4.94 Whilst the Private Rented Sector (PRS) does not fall within the definition of "affordable housing," it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.

4.95 Data from the Department of Work and Pensions (DWP) has been used to look at the number of LHA supported private rented homes. As of May 2015 it is estimated that there were around 29,800 benefit claimants in the Private Rented Sector.

4.96 From English Housing Survey we estimate that the proportion of households within the private sector who are "new lettings" each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the Private Rented Sector gives an estimate of around 3,870 private sector lettings per annum to new LHA claimants in the HMA. This serves to illustrate that there is some flexibility within the wider housing market.

4.97 However, national planning policy does not specifically seek to meet the needs identified through the Basic Needs Assessment Model through the Private Rented Sector. Government's benefit caps may reduce the contribution which this sector plays in providing a housing supply which meets the needs of households identified in the affordable housing needs model herein. In particular future growth in households living within the PRS and claiming LHA cannot be guaranteed.

4.98 Secondly, and perhaps more critically, it is important to recognise that the model includes needs arising from both new households and existing households. Part of the needs included are from households who might require an additional home, such as:

- Newly-forming households;
- Those in temporary accommodation;
- Concealed households; and
- Homeless households.

4.99 But the figures also include needs arising from households who will require a different form of home, but who – by moving to another property – would release an existing property for another household. These households do not necessarily generate a need for more dwellings overall (subject to there being housing within the existing dwelling stock that is sufficient to meet their housing requirements). They include households who need to move as they are:

- Overcrowded;
- Coming to the end of a tenancy;
- Living in unsuitable housing; and
- Cannot afford to remain in their current home.

4.100 Such households do not necessarily generate a net need for additional homes, as by moving they would release a home for other households. On this basis, these elements of the affordable housing need are not directly relevant to considering overall housing need and housing targets (which are typically measured in terms of net dwellings).

4.101 In considering the overall need for housing, only those who are concealed or homeless would be likely to result in an additional need for housing. Numbers of newly-forming households in the modelling are established specifically from the demographic projections.

4.102 The analysis undertaken arguably provides some evidence to justify considering an adjustment to the assessed housing need to address the needs of concealed households, and support improvements household formation for younger households. The conclusions drawn take this into account – alongside the analysis of market signals.

Housing and Planning Bill

4.103 In February 2015 the Government launched their Starter Home Initiative in a move to help first time buyers get onto the housing ladder. This took greater hold through the Housing and Planning Bill which set out that local planning authorities should put in place planning obligations to ensure that Starter Homes are offered for sale at a minimum of 20% below its open market value of the property.

4.104 In exchange, the developer would not have to provide additional affordable housing on the remaining percentage of homes delivered. The sites should not have already been identified for housing. The discounted price can be no more than £250,000 outside London.

4.105 The Government is aiming to deliver 200,000 of these starter homes by 2020. Further changes are planned in the upcoming Housing Bill with more detail released in March 2016 at the earliest. The Government has already announced that these may include exempting starter homes from CIL and requiring authorities to proactively plan for the delivery of starter homes.

4.106 The proposed changes to the NPPF[1] include widening the definition of affordable homes to include "a fuller range of products that can support people to access home ownership…This would include products that are analogous to low cost market housing or intermediate rent, such as discount market sales or innovative rent to buy housing." It was also suggested that some of these housing Typologies will be no longer subject to "in perpetuity" restrictions to remain "affordable".

4.107 It is expected that the NPPF definition of affordable housing will be amended to include starter homes. Given that other affordable housing tenures rarely equate to 80% of market value, Starter homes will be very attractive to developers if they can secure planning for this tenure at the expense of social/affordable rent or shared ownership. Potentially this could even cut out the housing associations and reduce the supply of affordable housing as it is currently defined.

4.108 The impact on this on the supply of affordable homes has not yet been determined but could trigger a targeted update of affordable housing calculation once a greater understanding is achieved. The local authorities should also provide reports relating to the provision of starter homes, their form and content and about their timing.

[1] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488276/151207_Consultation_document.pdf

4.109 There has also been a number of other initiatives which may impact on the supply and demand for general and affordable homes, although the full impact is yet to be understood. These include:

- **A requirement for social rents to be reduced by 1% for four years from April 2016.** The likely impact of this will be to reduce income for both the local authorities (which have housing stock) and housing associations. This in turn may reduce the LA or RP reinvestment funding and may subsequently reduce the development of new affordable homes.

- **The extension of the Right to Buy to RP tenants**. Although not enforceable this could reduce affordable housing stock and reduce thus the number of re-lets. Research by Joseph Rowntree Foundation[2] predicts that nationally 8.3% of housing association tenants will be eligible for and could afford the RTB, and that 71% of those will purchase their home over the first five years.

- **Local authorities to sell high value social housing stock as it becomes vacant**. Whilst the detail of this has yet to be confirmed this is will reduce the number of available properties which are available for re-lets each year. Higher value areas will be impacted most although it may provide additional funding for smaller affordable properties. York estimates having to sell 40 high value homes pa as they become vacant each year. The JRT report estimates that social lets will reduce by 22% in York due to the combined effect of right to buy extensions and sale of high value stock.

- **Increasing rent to market rates for social housing tenants earning over £30,000**. This "pay to stay" initiative will ensure those who can afford to pay market rates will do so. However, it may mean that people are more likely to exercise their right to buy thus reducing the stock level of affordable housing.

- **Capping social housing rents at Local Housing Allowance.** For some Registered Providers this will limit their income to a multiple of the Local Housing Allowance. In the long term likely to influence the type of homes they build with more smaller homes being likely. The proposal will see any single claimants under 35 only being eligible for the LHA Shared Accommodation Rate which at present is much lower than the LHA for one bedroom flats. This could result in reduced demand for RP properties with a shift toward the PRS.

- **The introduction of 3% higher stamp duty on buy to let properties and second homes.** This may result in in the number of Buy-to-let landlords being through sales of their existing properties and new landlords seeing it as unviable. The Bank of England expressed their concerns that the proliferation of Buy-to-let landlords could result in a housing crash if they flood the market with their unwanted property. While the introduction of the new rules may not result in a flood of sales it may well reduce the supply of PRS properties.

4.110 It is too early to fully quantify the impact these changes will have on the supply and demand for affordable homes. However, the local authorities should monitor the situation. We would however add that any reduction in the supply would need to be offset with increasing the need within the affordable housing calculations.

[2] Understanding the likely poverty impacts of the extension of Right to Buy on housing association tenants. JRF 21st November 2015.

Affordable Housing Need: Implications

- An assessment of affordable housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in the PUSH area HMAs. This has estimated between 8,047 and 11,554 households in current housing need (depending on the affordability threshold used), excluding existing social housing tenants where they would release a home for another household in need.

- The affordable housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 5,248 to 7,784 households are expected to fall into affordable housing need (again depending on the affordability threshold used) and 3,738 properties are expected to come up for relet (across the study area).

- Overall, in the period from 2011 to 2036 a net deficit of 1,833 to 4,508 affordable homes per annum is identified across the study area. There is thus a requirement for new affordable housing in the study area and the Councils are justified in seeking to secure additional affordable housing. This level of affordable need (as a simplistic calculation) represents between 40% and 98% of the overall need identified in the demographic modelling (when linked to the SNPP as updated by reference to the 2013 and 2014 MYE data).

- Analysis of housing costs in the area and how these compare with costs nationally and regionally suggests that an affordability threshold in the range of 30%-35% is probably appropriate. This would suggest an annual affordable housing need of between 2,600 and 3,492 homes (56%-76% of the demographic need).

- However, the link between the affordable housing need and the overall need for housing (or the objectively assessed need) is complex. Once we take account of the fact that many of the households in need are already living in accommodation (existing households), the analysis does not provide strong evidence of a need to consider additional housing to help meet the need. However some additional housing could potentially be considered as part of a market signals adjustment to help reduce the number of concealed households.

5 MARKET SIGNALS

5.1 Planning Practice Guidance sets out that the "market signals" should be considered to assess affordability levels and whether this is deteriorating, and provide information regarding the supply/demand balance for housing. The PPG outlines that:

> *"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."*

5.2 Market signals provide information on the supply/demand balance for market housing. Relevant market signals identified in the PPG include:

- Land Prices;
- House Prices;
- Rents;
- Lower Quartile House Price to Income Ratios;
- Rates of Development; and
- Levels of overcrowded, concealed and shared households.

5.3 GL Hearn considers that sales trends are also an important indicator of effective demand for market housing. Whilst land values are identified in the PPG, up-to-date published data on land values is not available.

5.4 In this section, GL Hearn analyse market signals as set out in the PPG. The analysis is geared at considering if there is a case for adjustment to overall housing provision to improve affordability. Its focus therefore necessarily differs from how previous SHMA and related studies may have considered these issues.

5.5 Further market signals are outlined in the 2014 SHMA which cannot be updated due to data availability. For example they may be census based or the data has not yet been released. Where possible we have used data for the area relating to the PUSH area however some data sets only have information set out at local authority level. Broadly the Census and HMLR datasets refers to the PUSH area with other datasets (rental) referring to the wider local authorities in this section only. The rental costs in the affordable housing need sections are based on more localised cost estimations.

House Prices

5.6 Across all three housing market areas, the median house price of properties sold in 2014 was below the South East average. It was a substantial 28% below the regional average on the Isle of Wight, 24% below in the Portsmouth HMA and 18% below the regional average in the Southampton HMA.

Table 51: Median House Prices, 2014

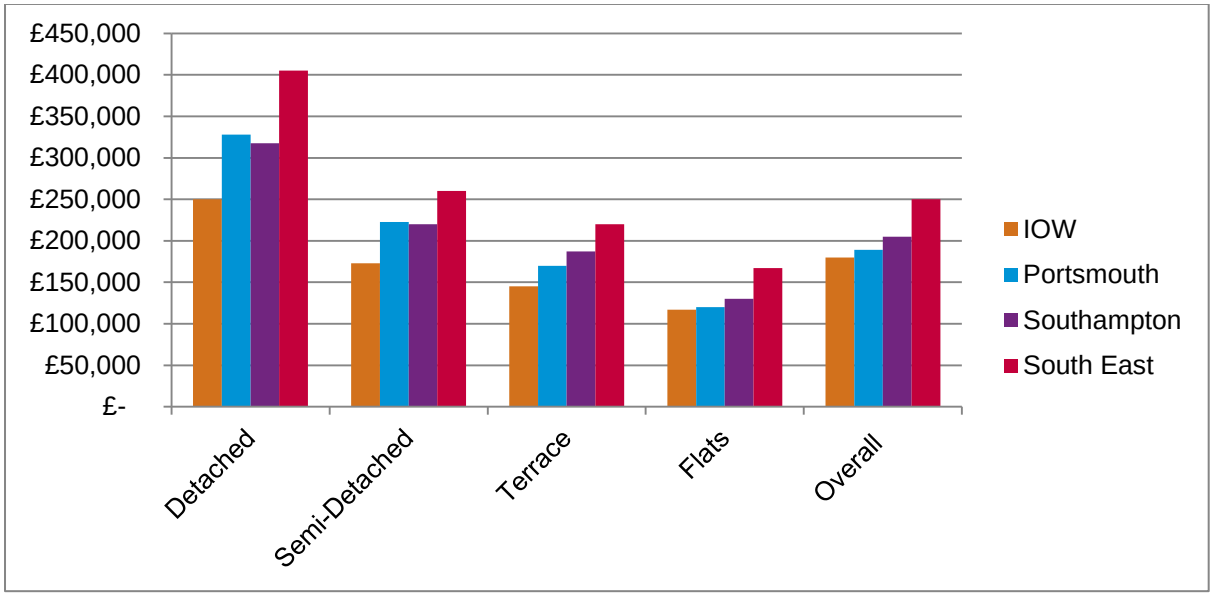
	Detached	Semi-Detached	Terrace	Flats	Overall
IOW	£ 250,000	£ 173,000	£ 145,000	£ 117,000	£180,000
Portsmouth HMA	£ 328,000	£ 222,500	£ 170,000	£ 120,000	£189,000
Southampton HMA	£ 317,500	£ 220,000	£ 187,000	£ 130,000	£205,000
South East	£ 405,000	£ 260,000	£ 220,000	£ 167,000	£249,950

Source: GLH Analysis of HM Land Registry Price Paid Data

5.7 Figure 20 shows house prices by property type. Across all house types, the average price in each of the three housing market areas is below the South East average. In absolute terms, this differential is strongest for detached homes.

5.8 A comparison between prices in the Portsmouth and Southampton HMAs shows that the slightly higher relative house prices in the Southampton HMA is partly a reflection of the stock mix – with greater sales of more expensive dwelling types.

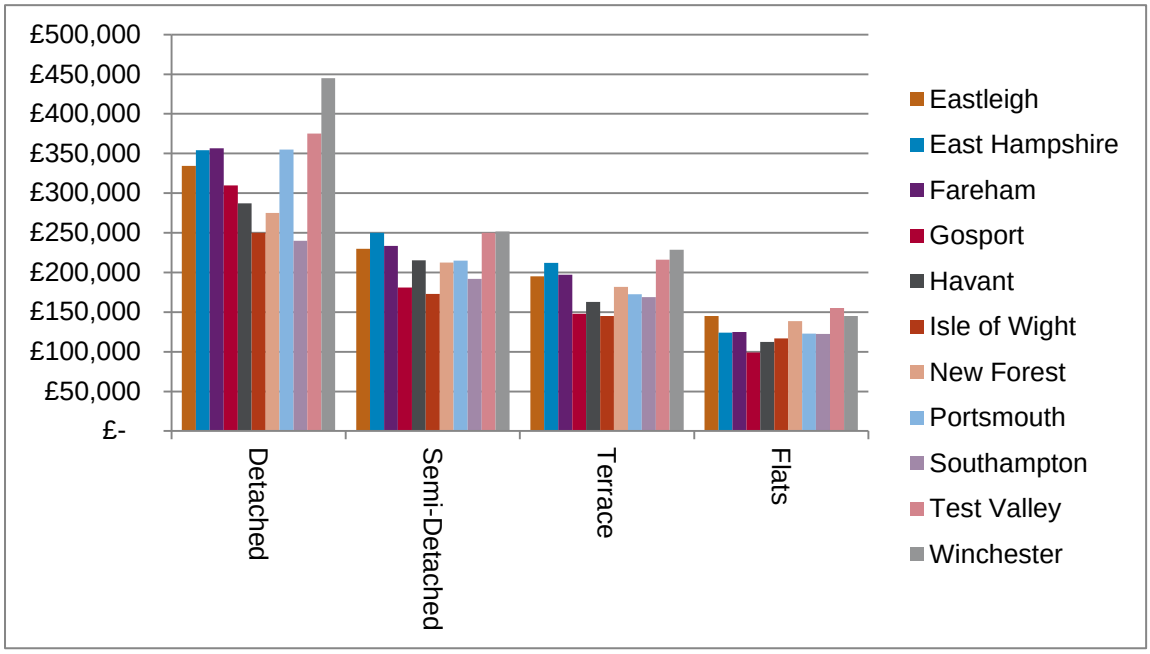
Figure 20: Median House Prices by Type, 2014 – HMAs



Source: GLH Analysis of HM Land Registry Data

Drilling down to a local authority level, the analysis points to lower relative housing costs on the Isle of Wight, in Gosport and Havant; and comparatively stronger house prices in Test Valley and Winchester.

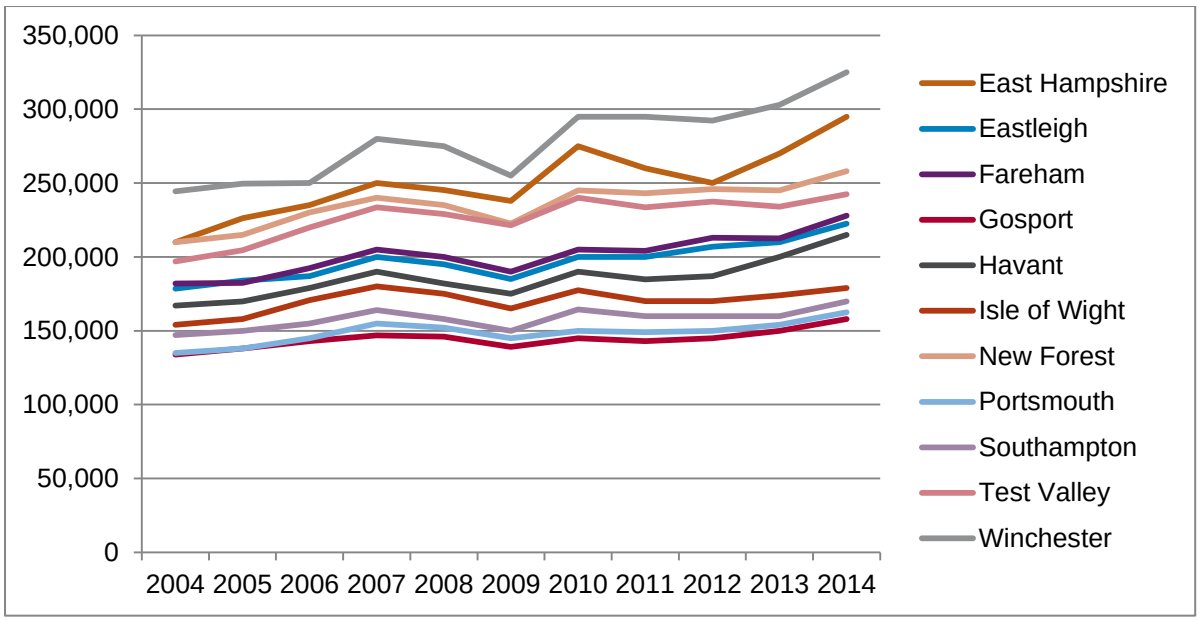
Figure 21: Median House Prices by Type, 2014 – Local Authorities



Source: GLH Analysis of HM Land Registry Data

5.9 Figure 22 tracks trends in house prices over the last decade. The highest house prices are seen in Winchester and East Hampshire. These areas have seen stronger comparative growth over the last decade. In contrast the cities together with the Isle of Wight have cheaper housing costs.

Figure 22: House Price Trends, 2004-14



Source: GLH Analysis of HM Land Registry Data (sourced from CLG Housing Statistics and Price Paid Data)

5.10 Table 52 tracks house price growth over the last year, five year period and ten years, in both absolute and relative terms. The strongest growth over the last 5 years has been in Winchester and East Hampshire (at a local authority level).

5.11 Looking over the longer-term, house price growth equally has been strongest in East Hampshire and Winchester. It has been in relative terms lowest in Gosport, the Isle of Wight and Portsmouth.

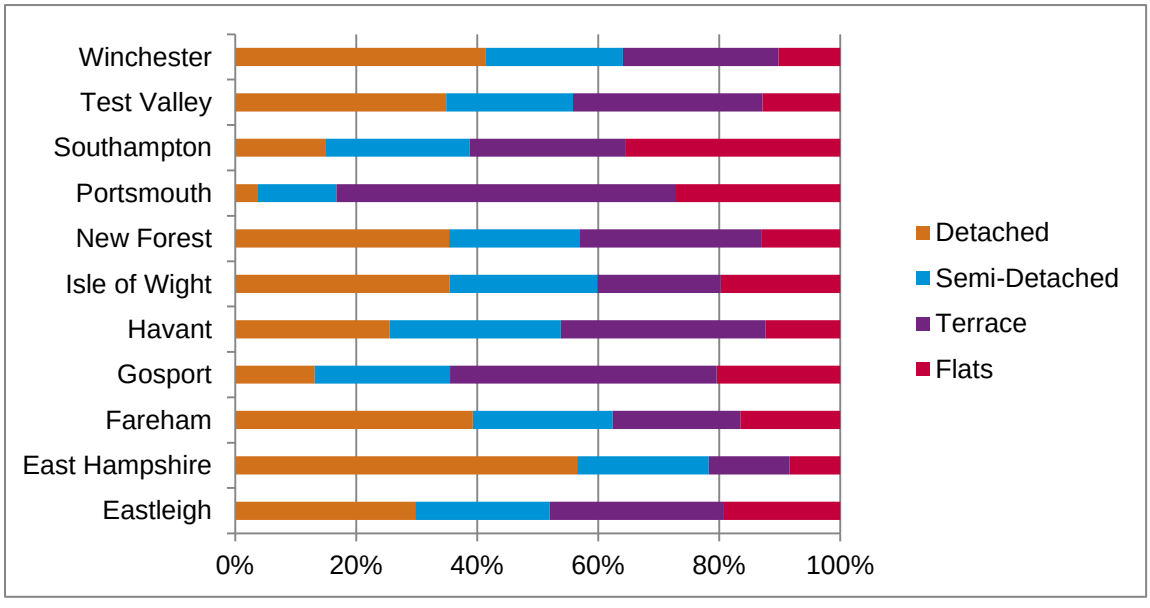
Table 52: House Price Growth

	1 Year		5 Year		10 Year	
	Value	%	Value	%	Value	%
East Hampshire	£ 25,000	9%	£ 57,000	24%	£ 85,000	40%
Eastleigh	£ 12,500	6%	£ 37,500	20%	£ 44,000	25%
Fareham	£ 15,500	7%	£ 38,000	20%	£ 46,000	25%
Gosport	£ 8,000	5%	£ 19,000	14%	£ 24,000	18%
Havant	£ 15,000	8%	£ 40,005	23%	£ 48,000	29%
Isle of Wight	£ 5,000	3%	£ 14,000	8%	£ 25,000	16%
New Forest	£ 13,000	5%	£ 35,500	16%	£ 48,000	23%
Portsmouth	£ 8,500	6%	£ 17,500	12%	£ 27,500	20%
Southampton	£ 9,950	6%	£ 19,950	13%	£ 22,775	15%
Test Valley	£ 8,500	4%	£ 21,000	9%	£ 45,500	23%
Winchester	£ 22,000	7%	£ 70,000	27%	£ 80,500	33%

Source: GLH Analysis of HMLR Data

5.12 Figure 23 shows how the mix of homes sold varies by area. Winchester and East Hampshire see the greatest share of sales of detached homes. The evidence suggests that it is highly likely that housing mix influences comparative price trends.

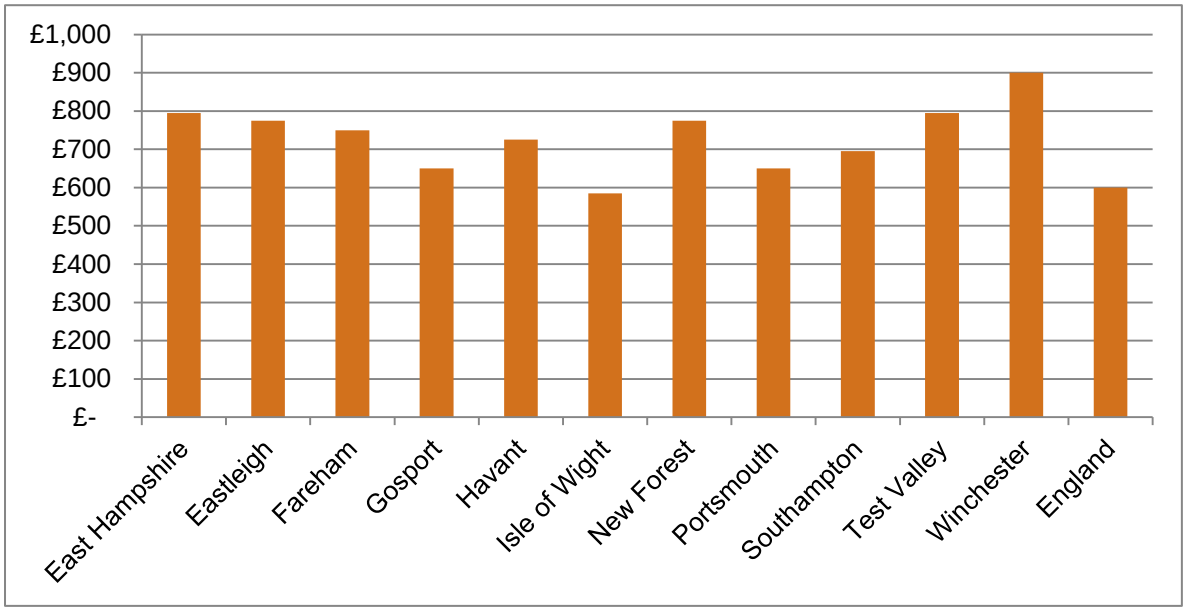
Figure 23: Mix of Homes Sold, 2014



Source: GLH Analysis of HM Land Registry Data

5.13 Turning to look at rents, these are highest (at local authority district level) in Winchester, East Hampshire and Test Valley; and lower in comparative terms in the Isle of Wight, Portsmouth and Gosport. The geography of rents is similar to that of prices.

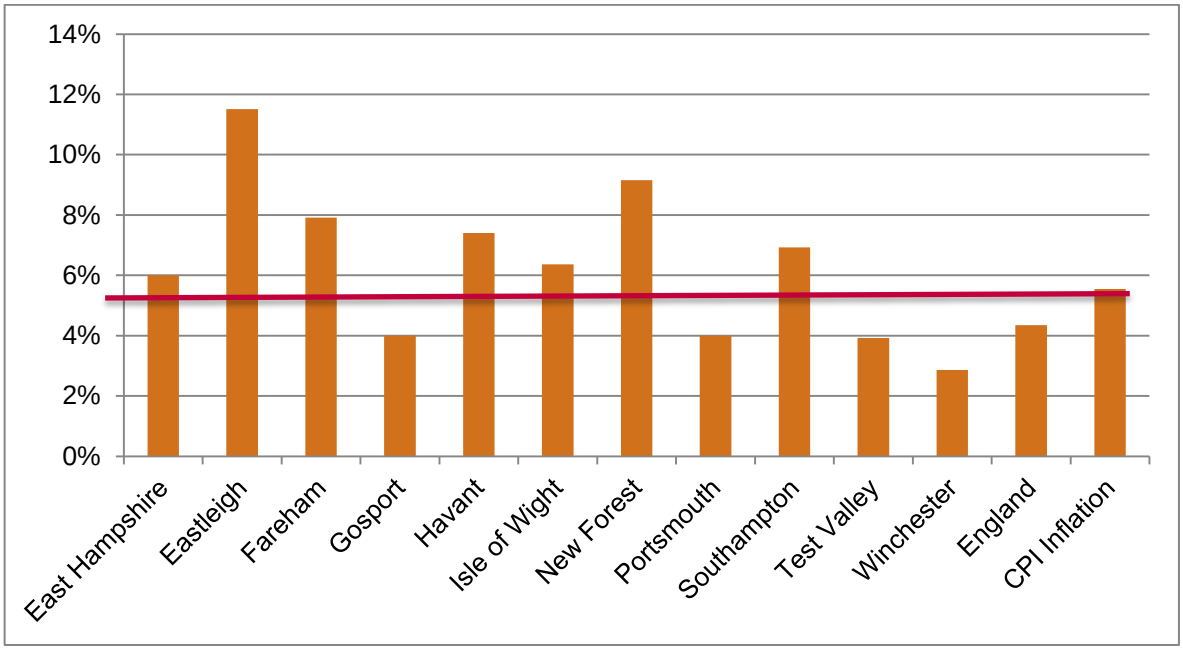
Figure 24: Median Rent, Year to March 2015 (£ per Calendar Month)



Source: GLH Analysis of VOA Private Rental Market Statistics

5.14 Rental cost data has only been published on a consistent basis since 2011. Over the 2011-15 period, median rents have increase in real terms (taking account of inflation) in Eastleigh, New Forest, Fareham, Havant (and to a more modest degree East Hampshire, Southampton and Isle of Wight).

Figure 25: Rental Growth, 2011-15



Source: GLH Analysis of VOA Private Rental Market Statistics

5.15 House price to income ratios can be used as a broader measure of changes in affordability. Table 53 shows the lower quartile house price to income ratio in 2013. This shows that across many parts of the sub-region the ratio is above the national average – as is the case for most of South East England. The ratio (again at local authority level) is highest in East Hampshire and Winchester, followed by New Forest.

5.16 Over the last decade, the ratio has however worsened by a greater degree than seen nationally only in East Hampshire. Over a shorter five year period, the ratio has fallen in a number of local authorities. It has worsened to a notable degree in East Hampshire and Winchester only.

Table 53: Changes in Lower Quartile House Price to Income Ratio

	2013 Ratio	2007-13 PP Change	2003-13 PP Change
East Hampshire	11.67	0.99	2.40
Eastleigh	8.41	-0.99	-0.13
Fareham	8.54	-1.77	-0.06
Gosport	7.24	0.24	1.27
Havant	7.31	-1.47	0.85
Isle of Wight	8.13	-1.25	1.11
New Forest	9.89	-1.05	0.50
Portsmouth	6.38	-1.00	0.17
Southampton	6.47	-0.76	0.23
Test Valley	8.53	-1.22	0.31
Winchester	10.67	1.07	0.99
England	6.45	-0.79	1.23

Source: GLH Analysis of CLG Housing Statistics Data

5.17 Data about overcrowding is available from the 2011 Census based on the 'bedroom standard'. This is defined by the difference between the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationships of the household members) and the number of bedrooms available to the household. A household is defined as overcrowded if there are fewer bedrooms available than required by the bedroom standard.

5.18 The PUSH area has a slightly higher level of overcrowding in 2011 (4.0%) than the South East (3.8%) but levels of overcrowding are below the England average (4.8%). Overcrowding is marginally higher in the PUSH West HMA (4.0%) than in PUSH East HMA (3.9%).

5.19 Levels of over occupation vary considerably across the local authorities - from 1.8% in East Hampshire to 6.2% in Southampton. The higher than average level of overcrowding in Portsmouth and Southampton is likely to partly be a function of the higher percentage of smaller dwellings (terraced housing and flats) relative to other housing types; the socio-economic characteristics of the areas; levels of Houses in Multiple Occupation; and the higher occupancy levels amongst student housing.

Table 54: Overcrowding, 2011

	% Overcrowded Households	% Households Under-Occupying Homes
East Hampshire (Part)	1.8%	83.3%
New Forest (Part)	2.7%	74.9%
Test Valley (Part)	1.9%	80.1%
Winchester (Part)	2.0%	80.1%
Eastleigh	2.6%	74.8%
Fareham	2.0%	78.9%
Gosport	3.4%	68.1%
Havant	3.7%	71.0%
Portsmouth	5.2%	61.4%
Southampton	6.2%	56.1%
PUSH Area	**4.0%**	**68.0%**
PUSH East	**3.9%**	**68.5%**
PUSH West	**4.0%**	**67.6%**
Hampshire	2.8%	75.0%
South East	3.8%	70.7%
England	4.8%	68.7%

Source: 2011 Census

5.20 To identify trends, we have compared the room based occupancy measure from the 2001 and 2011 Census. From this, we can see that over the past decade, the number of overcrowded households has grown by more than 36% across the South East, slightly above the national level at 32%.

5.21 In the PUSH area the number of households with a negative occupancy rating increased to the greatest degree in absolute terms in Portsmouth and Southampton. In proportional terms, the cities together with Gosport and Winchester, saw the greatest change relative to household volumes.

Table 55: Changes in Overcrowding (2001-2011) – based on Occupancy Rating

	Households with Negative Occupancy Rating, 2011	Increase in Households, 2001-11	Percentage Point Change
East Hampshire	3.2%	37	0.3%
Eastleigh	5.0%	663	0.9%
Fareham	3.8%	489	0.9%
Gosport	6.2%	691	1.4%
Havant	6.5%	512	0.7%
Isle of Wight	5.8%	864	0.9%
New Forest	5.0%	291	0.7%
Portsmouth	10.7%	3158	2.9%
Southampton	13.6%	3916	3.2%
Test Valley	3.4%	96	0.4%
Winchester	3.8%	250	1.2%

Source: 2011 Census

5.22 Numbers of shared dwellings (houses in multiple occupation) increased by 0.8 pp across the PUSH Area between 2001-11. There was a significant growth in both of the Cities. Only in the Isle of Wight did numbers fall.

Table 56: Changes in Houses in Multiple Occupation, 2001-11

	HMOs 2011	% Households, 2011	Change in HMOs, 2001-11	Percentage Point Change, 2001-11
East Hampshire	712	3.5%	121	0.5%
Eastleigh	5469	4.4%	1454	0.9%
Fareham	4212	3.8%	856	0.6%
Gosport	3792	4.6%	1115	1.0%
Havant	5067	4.2%	1365	1.0%
Isle of Wight	4906	4.0%	-928	-0.4%
New Forest	2878	4.1%	766	1.0%
Portsmouth	14971	7.3%	3269	1.0%
Southampton	18836	8.2%	3822	1.1%
Test Valley	1446	3.6%	287	0.7%
Winchester	1503	3.8%	212	0.1%
Total	**63,792**	**5.5%**	**12,339**	**0.8%**

Source: Census 2001, 2011

5.23 Finally, the 2011 Census shows numbers of concealed families. The table below shows numbers, and how these have changed between the 2001 and 2011 Census.

Table 57: Concealed Families

	Concealed Households in 2001	Concealed Households in 2011	Change, 2001-11	% change
East Hampshire (part)	45	88	43	95.6%
Fareham East	218	268	50	22.9%
Gosport	157	341	184	117.2%
Havant	405	520	115	28.4%
Portsmouth	541	830	289	53.4%
Winchester (part-east)	49	65	16	32.7%
PUSH EAST	**1,415**	**2,112**	**697**	**49.3%**
Eastleigh	317	503	186	58.7%
Fareham West	72	125	53	73.6%
New Forest (part)	147	300	153	104.1%
Southampton	701	1,257	556	79.3%
Test Valley (part)	112	162	50	44.6%
Winchester (part-west)	36	73	37	102.8%
PUSH WEST	**1,385**	**2,420**	**1,035**	**74.7%**
Isle of Wight	439	588	149	33.9%
PUSH TOTAL	**3,239**	**5,120**	**1,881**	**58.1%**
South East	23,063	39,465	16,402	71.1%
England	161,254	275,954	114,700	71.1%

Source: GLH Analysis of Census Data

Conclusion on Market Signals

5.24 The market signals analysis suggests highlights that some pressures in the PUSH area. Over the longer period there has been increasing house prices (market and rental) both in absolute and relative to earnings.

5.25 There was a particular worsening for the indicators we reviewed (where possible) over the 2001 to 2007. Since that time the house prices have remained fairly stable and when inflation is taken into account in some cases they will have reduced in real terms.

5.26 It is also clear that in comparison to the wider region large parts of the PUSH area are considerably more affordable than the South East with the gap with the region ever widening. This is particularly the case in the urban authorities of Southampton, Havant, Portsmouth and Gosport.

5.27 East Hampshire, Winchester and the New Forest are the notable exceptions. All have significant affordability issues although analysis of sub area house prices would suggest that the highest pressures in those areas would be outside of the PUSH area (and within National Parks).

5.28 That said there are some issues that we should respond to when calculating the OAN. We should be ensuring that the additional concealed households which have arising between 2001 and the start of the plan period are accommodated going forward.

5.29 We have therefore suggest that this level of growth in concealed household (1,881 households) should be accommodated across the plan period (75 per annum). This should be distributed on the basis of where that growth has arisen.

5.30 This is also an appropriate uplift as this group would not have been considered as part of the demographic growth. It is also an approached in similar studies used elsewhere (Wider Bristol SHMA, 2015).

5.31 For the avoidance of doubt, it should be noted that addressing concealed households over a period of twenty-five years does not mean that individual households currently concealed expected to remain in the same circumstances for 25 years. Nor does it mean that any households becoming concealed over the next twenty-five years are excluded from the total need. Every year there is a 'flow' of households into and out of need, and clearing the 'backlog' essentially means increasing the outflow relative to the in-flow until the 'stock' of need (from concealed households) is reduced to zero.

6 EMERGING CONCLUSIONS

6.1 The approach to defining OAN has followed that set out in Planning Practice Guidance. This uses the trend-based demographic projections as a starting point, and then considers whether the assessed need should be adjusted to support economic growth; enhance delivery of affordable housing; or improve affordability, taking account of market signals.

Trend-based Demographic Projections

6.2 The starting point is the latest official (2012-based) population and household projections. These expect population growth of 14.3% in the Portsmouth (East) HMA, resulting in a housing need for 1,905 dwellings per annum (2011-36). In the Southampton (West) HMA they show stronger population growth of 16.1%, resulting in a housing need for 1,919 dwellings per annum (2011-36). On the Isle of Wight they show more modest population growth of 10.9% resulting in a need for 567 dwellings per annum.

6.3 This report has undertaken sensitivity testing considering longer-term migration trends, together with the potential implications of unattributable population change. The findings are that UPC is more likely to have influenced the earlier periods during the 2001-11 decade, given more recent improvements to migration statistics; and that 10 year linear projections of migration do not adequately take account of the implications of changes in population structures on migration dynamics.

6.4 The analysis does however show that there is some potential impact from the recession on the 2012-based Projections; and that more recent evidence points to higher net migration, particularly to the Southampton HMA. On the basis of the evidence we conclude that the most appropriate demographic-led scenario would be SCEN 2. This takes account of the latest Mid-Year Population Estimates to recalibrate the forward projections. The results are of projected growth of the population in the Portsmouth HMA of 13.7% to 2036, resulting in a housing need for 1,879 homes per annum. In the Southampton HMA a need is shown for 2,171 dwellings per annum (2011-36) based on 18.6% population growth. On the Isle of Wight, a need for 570 dwellings per annum is shown, based on 11.2% population growth.

6.5 Demographic projections are trend-based and provide a starting point for considering OAN. It is important that a consistent approach is adopted across the PUSH area in drawing conclusions, to ensure that base migration assumptions are consistent. These were subsequently updated with more recent evidence from the 2013 and 2014 mid-year estimates to derive Scenario 2. Both are set out below.

Table 58: Trend-based Demographic Projections, 2011-36

	SCEN1 2012-based SNPP			SCEN 2 14_SNPP		
	Population Growth, 2011-36	Change in households	Dwellings (per annum)	Population Growth, 2011-36	Change in households	Dwellings (per annum)
East Hampshire (part)	14.1%	1,896	78	12.5%	1,639	67
Fareham East	17.3%	7,461	306	16.6%	7,190	295
Gosport	10.7%	6,938	288	12.5%	7,752	321
Havant	10.6%	8,869	365	14.0%	10,385	428
Portsmouth	16.7%	19,331	802	13.0%	17,101	709
Winchester (part-east)	17.4%	1,603	67	14.6%	1,397	58
PUSH EAST	**14.3%**	**46,098**	**1,905**	**13.7%**	**45,464**	**1,879**
Eastleigh	19.9%	12,762	523	21.2%	13,336	546
Fareham West	13.3%	2,552	106	14.0%	2,661	110
New Forest (part)	10.9%	5,133	210	9.7%	4,846	198
Southampton	17.0%	20,984	865	21.0%	25,863	1,066
Test Valley (part)	10.8%	3,097	128	19.4%	4,369	180
Winchester (part-west)	15.7%	2,106	88	11.7%	1,689	71
PUSH WEST	**16.1%**	**46,633**	**1,919**	**18.6%**	**52,764**	**2,171**
Isle of Wight	10.9%	12,799	567	11.2%	12,859	570
PUSH TOTAL	**14.7%**	**105,530**	**4,391**	**15.6%**	**111,086**	**4,620**

6.6 The change in Southampton's population projections between scenario 1 and 2 is significant, primarily as a result of a higher projection of international net migration, taking account of the latest short term figures (2007 – 2012). The scenario 1 figures are considered unrealistic. Whether the full extent of the increase for Southampton will be borne out by longer term trends will need to be monitored.

Economic Performance

6.7 Planning Practice Guidance outlines that in drawing conclusions on housing need, the likely change in job numbers should be considered across the HMA. Where labour supply is less than projected job growth, the distribution of housing provision might need to be adjusted.

6.8 The PUSH Spatial Strategy will consider the distribution of employment land across the PUSH area, informed in part by the housing distribution.

6.9 Drawing on Oxford Economics 2015 forecasts for the Solent LEP, the chart below compares the demographic-led scenarios with the outputs of the econometric model regarding housing need across the three HMAs. For the Portsmouth HMA it indicates that the level of housing growth required to support economic growth falls 1% below the preferred demographic scenario; whilst in

the Southampton HMA it is 8% lower. Only on the Isle of Wight is there a potential upside associated with economic performance.

Figure 26: Comparing Demographic- and Economic-led Needs for Housing (2011-30)

6.10 At an individual local authority level, the economic scenarios tend to show a lower housing need than the demographic-based scenarios in the cities (which have a younger population structure) and higher need in other parts of the PUSH area.

6.11 GL Hearn's view is that any unmet housing needs should be counted leaving aside economic-based issues, recognising that if an area is meeting unmet needs from another, this will support stronger population and workforce growth across the HMA.

Affordable Housing Need

6.12 An assessment has been undertaken of the need for affordable housing. Using the Basic Needs Assessment Model, which considers the need arising for affordable homes; and compares this with the current supply and expected turnover of existing properties, a net annual need for 3,492 – 4,508 affordable homes is shown. This is the level of provision which would be necessary if all households requiring financial support to meet their housing needs were to be allocated an affordable home. It is based on scenarios which assume households will spend 30% or 35% of their income on housing costs.

6.13 The table below summarises figures for individual authorities. It is clear that given the high affordable housing need it would be appropriate to consider housing provision above the demographic-led projections, to support affordable housing delivery.

6.14 However it should be borne in mind that the affordable housing need includes needs arising from existing households who require a different type/ tenure of home (such as to address overcrowding or due to a tenancy ending). These needs of these households do not result in a need for higher net overall housing provision. In drawing conclusions on OAN we have sought to take account of levels of concealed households, and adjusted the OAN to meet their needs.

Table 59: Affordable Housing Need compared to Demographic-led Projections

Area	Demographically-based Need	@ 30% affordability threshold		@ 35% affordability threshold	
		Affordable Housing Need	Affordable as % Demographic-based Need	Affordable Housing Need	Affordable as % Demographic-based Need
East Hampshire (part)	67	39	58%	28	42%
Fareham (East)	295	209	71%	164	55%
Gosport	321	253	79%	193	60%
Havant	428	368	86%	292	68%
Portsmouth	709	768	108%	593	84%
Winchester (part-East)	58	34	59%	23	40%
PUSH EAST (Portsmouth)	**1,879**	**1,671**	**89%**	**1,293**	**69%**
Eastleigh	546	453	83%	360	66%
Fareham (West)	110	93	84%	70	64%
New Forest (part)	198	189	96%	143	72%
Southampton	1,066	669	63%	448	42%
Test Valley (part)	180	87	48%	62	35%
Winchester (part-West)	71	55	77%	40	56%
PUSH WEST (Southampton)	**2,171**	**1,545**	**71%**	**1,123**	**52%**
Isle of Wight	570	276	48%	184	32%
PUSH TOTAL	**4,620**	**3,492**	**76%**	**2,600**	**56%**

6.16 The scale of affordable need has been influenced by past investment policies, including available funding for affordable housing delivery and losses, such as through right-to-buy sales.

Market Signals

6.17 The market signals evidence indicates that all three housing market areas have house prices and affordability below the South East average. House price growth over the last decade has been modest in real terms, but with stronger growth in New Forest, East Hampshire and Winchester in terms of absolute costs in relation to earnings. However, this partly reflects house price changes in these authorities outside of the PUSH Area.

6.18 Our response is to increase the OAN to meet the level of concealed households which have failed to form within the 2001 to 2011 period. The extent of this uplift is set out in the table below.

Table 60: Uplift to Respond to market Signals

	Additional Concealed households, 2001-11	Per Annum Uplift
East Hampshire (part)	43	2
Fareham East	50	2
Gosport	184	7
Havant	115	5
Portsmouth	289	12
Winchester (part-east)	16	1
PUSH EAST	**697**	**28**
Eastleigh	186	7
Fareham West	53	2
New Forest (part)	153	6
Southampton	556	22
Test Valley (part)	50	2
Winchester (part-west)	37	1
PUSH WEST	**1,035**	**41**
Isle of Wight	149	6
PUSH TOTAL	**1,881**	**75**

Drawing the Evidence Together

6.19 Taking account of relevant legal judgements, we have sought to draw conclusions on OAN at both a local authority and HMA level. In doing so we have considered the demographic projections, and the case for adjustment upwards to improve affordability.

6.20 In addition we have rounded OAN conclusions to the nearest 5 dwellings per annum for ease of comparison. The conclusions are based on:

- The demographically-driven need based on SCEN2 forming the starting point;
- Adjustments to improve affordability based on addressing levels of concealed households.

6.21 The PUSH Spatial Strategy is considering the distribution of employment land. In the development of the Draft Spatial Strategy consideration is been given to the alignment of housing provision with assumptions on economic growth and employment land. This assessment of OAN however is policy off.

6.22 It is considered appropriate to draw conclusions on demographic-based need taking account of the latest Mid-Year Population Estimates, recognising that new Sub-National Population Projections are due to be released by ONS in Spring 2016 and that net migration in recent years has been running higher than expected in the 2012-based SNPP.

Portsmouth HMA

East Hampshire

6.23 Trend-based demographic projections using the latest data indicate a need for 67 homes per annum. The economic evidence points towards potentially higher need, for 85 homes per annum.

6.24 The affordable housing needs evidence (based on 30-35% income thresholds) points towards an affordable need for between 28-39 dwellings per annum, equivalent to 42-58% of the demographic-based need. Market signals suggest, looking district-wide, that this is one of the less affordable local authorities in the sub-region – and point towards a degree of supply/demand imbalance. House prices and rental levels are above average, and there has been stronger relative growth in both compared to other parts of the sub-region. However this is likely to be influenced by higher prices in some of the northern parts of the District which fall outside of the PUSH area.

6.25 We consider than an adjustment upwards from the base demographic need would be appropriate to support improvements to affordability. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 70 dwellings per annum. A higher upward adjustment is made relative to other areas in order to support improvements to affordability.

Fareham (East)

6.26 Trend-based demographic projections using the latest data indicate a need for 295 homes per annum. The economic evidence points to a need for 318 homes per annum, suggesting economic growth could support higher net migration.

6.27 The affordable housing evidence suggests a need for between 164-209 dwellings per annum (equating to between 56-71% of the demographic based need). There is thus some basis for considering higher housing need. Market signals point to average affordability issues relative to other parts of the HMA.

6.28 We consider than an upward adjustment from the base demographic need would be appropriate to support some improvements in affordability. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 305 dwellings per annum.

Gosport

6.29 Trend-based projections indicate a need for 321 homes per annum. The economic evidence suggests a potential upside associated with economic performance, suggesting economic growth could support higher net migration – resulting in a need for 372 homes per annum.

6.30 The affordable housing evidence suggests a need for 193-253 homes per annum, equivalent to 60-79% of the demographic-based need. Higher housing provision should thus in theory be considered to support affordable housing delivery.

6.31 We consider than an adjustment upwards from the base demographic need would be appropriate to support delivery of affordable housing. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 335 dwellings per annum.

Havant

6.32 Trend-based demographic projections identify a need for 428 dwellings per annum. The economic-led scenario sits below this at 408 dwellings per annum, and do not justify any increase to the OAN calculated on the basis on the latest demographic evidence.

6.33 The affordable housing evidence indicates a need for 292-368 affordable dwellings per annum, which represents 68-86% of the demographic-based need. Market signals point to average affordability pressures, but would justify an upward adjustment from the demographic baseline.

6.34 We consider than an adjustment upwards from the base demographic need would be appropriate to improve affordability. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 450 dwellings per annum.

Portsmouth

6.35 Trend-based demographic projections indicate a need for 709 dwellings per annum. The economic-based scenario (showing a need for 617 homes per annum) does not provide evidence suggesting any need to consider higher housing provision.

6.36 The affordable housing evidence suggests a need for 593-768 affordable dwellings per annum, which represents 84-108% of the demographic based need. Market signals point to the City being a more affordable place to live relative to other parts of the HMA.

6.37 However there is evidence that household formation has been constrained, and it would be appropriate to address needs of concealed households. To improve household formation, and

reduce levels of concealed households, we identify an objectively assessed need for 740 dwellings per annum.

Winchester (East)

6.38 The south-eastern part of Winchester District has a demographic-based need for 58 dwellings per annum. The economic-based scenario provides a potential upside, suggesting a need for 92 dwellings per annum – suggesting that economic performance could support higher net migration.

6.39 The affordable housing evidence suggests a need for 23-34 dwellings per annum, which equates to 40-59% of the demographic-led assessment of need. At a local authority level, the market signals evidence suggests stronger affordability pressures in comparative terms relative to other parts of PUSH.

6.40 To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 70 dwellings per annum. A higher upward adjustment is made relative to other areas in order to support improvements to affordability.

Portsmouth HMA

6.41 At the HMA level, the demographic-led projections suggest a need for 1,879 homes per annum. However economic-led projections suggest a need for 1,893 dwellings per annum. Including provision for adjustments to address concealed households, the OAN at the HMA level is 1980 dwellings per annum.

Table 61: Objectively-Assessed Housing Need – Portsmouth HMA

2011-36	Housing Need (dpa)
East Hampshire	70
Fareham	305
Gosport	335
Havant	450
Portsmouth	740
Winchester	60
Portsmouth HMA	**1,980**

Southampton HMA

Eastleigh

6.42 Trend-based demographic projections using the latest data indicate a need for 546 dwellings per annum. The economic evidence does not provide an upside to this, showing a need for 527 homes per annum.

6.43 The affordable housing evidence points to a need for between 360-453 affordable homes per year, representing 66-83% of the demographic-led need. Market signals provide evidence of moderate affordability pressures.

6.44 Taking account of the market signals, and the need to boost affordable housing provision, we consider that the full OAN would represent 580 homes per annum. A higher upward adjustment is made relative to other areas in order to support improvements to affordability.

Fareham (West)

6.45 Trend-based demographic projections based on the latest data identify a need for 110 dwellings per annum. The economic evidence suggests a modest upside to this, pointing to 120 dwellings per annum.

6.46 Affordable housing need equates to between 70-93 homes per annum, accounting for between 64-85% of the demographic-led need. There is thus some basis for considering higher housing need. Market signals point to average affordability issues relative to other parts of the HMA.

6.47 We consider than an upward adjustment from the base demographic need would be appropriate to support some improvements in affordability. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 115 dwellings per annum.

New Forest (Totton & Waterside)

6.48 For the Totton and the Waterside area the demographic-led projections based on the latest data identify a need for 198 dwellings per annum. The economic-led projections show a lower need, for 154 homes per annum but there is no basis in guidance to reduce the demographic figure on this basis.

6.49 Affordable housing need equates to 143-189 homes per annum, equivalent to 72-95% of the demographic-led projections. Market signals point to modest pressure with house prices, and price growth average relative to other parts of the area; but rents are above average, with above average rental growth when looking at the District as a whole. The lower quartile affordability ratio is high, but has fallen recently. The Totton and Waterside area supports lower housing costs relative to other parts of New Forest District.

6.50 We consider than an upward adjustment from the base demographic need would be appropriate to support some improvements in affordability. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 210 dwellings per annum.

Southampton

6.51 Trend-based demographic projections indicate a need for 1,066 dwellings per annum. The economic evidence does not provide any upside to this, showing a need for 934 dwellings per annum.

6.52 Affordable housing need of between 408-669 homes per annum is shown, representing between 42-63% of the demographic led projections. Market signals point to modest market pressure, however there are higher numbers of concealed younger households in the City relative to other areas.

6.53 We consider than an upward adjustment from the base demographic need would be appropriate to support some improvements in affordability. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 1,115 dwellings per annum.

Test Valley

6.54 Trend-based demographic projections indicate a need for 180 dwellings per annum. The economic evidence indicates a similar need for 177 homes per annum.

6.55 The affordable housing needs evidence points towards a need for between 62-87 homes per year, equivalent to 34-48% of the demographic based need. The market signals evidence suggests average affordability pressures than in some other parts of the sub-region (noting that some statistics deal with the District as a whole).

6.56 We consider than an upward adjustment from the base demographic need would be appropriate to support some improvements in affordability. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 185 dwellings per annum.

Winchester (West)

6.57 Trend-based demographic projections indicate a need for 71 dwellings per annum. The economic evidence provides an upside, suggesting a need for 117 dwellings per annum.

6.58 The affordable housing needs evidence points towards a need for between 40-55 homes per year, equivalent to 56-77% of the demographic based need. At a local authority level, the market signals evidence suggests stronger affordability pressures in comparative terms relative to other parts of PUSH.

6.59 Based on the evidence we would suggest an OAN of between 75 dwellings per annum. This includes adjustments to improve household formation, and reduce levels of concealed households.

Southampton HMA

6.60 At the HMA level, the demographic-led projections suggest a need for 2,171 homes per annum; with economic-led projections suggest a need for 2029 dwellings per annum. Including provision for adjustments to address concealed households, the OAN at the HMA level is for 2,270 dwellings per annum.

Table 62: Objectively-Assessed Housing Need – Southampton HMA

2011-36	Housing Need (dpa)
Eastleigh	580
Fareham	115
New Forest	210
Southampton	1,115
Test Valley	185
Winchester	75
Southampton HMA	**2,270**

Isle of Wight HMA

6.61 The latest demographic information shows a need for 570 homes per year on the Isle of Wight. Using the assumptions in the Oxford Economics Model suggests a higher potential housing need, of up to 708 homes per annum.

6.62 The affordable housing needs evidence points towards a need for between 184-276 affordable homes per year representing between 32-48% of the demographic led projections. Market signals point to modest market pressure, with the Island being more affordable than many other parts of the South East.

6.63 The OAN is clearly sensitive to planning assumptions on employment growth. The latest Oxford Economics figures suggest employment growth over the period to 2036 which is more than double that projected in the previous (2013) econometric forecasts. It also shows a scale of employment growth which does not align particularly strongly analysis of commercial/ occupier demand on the Island.

6.64 We would suggest a cautious approach is applied to the econometric forecasts for the Island, and that subject to further testing, **it would be appropriate to identify an OAN for 600 homes per annum** on the Island. This is based on the demographic-based need and a 5% upwards adjustment to support workforce growth and improve affordability.

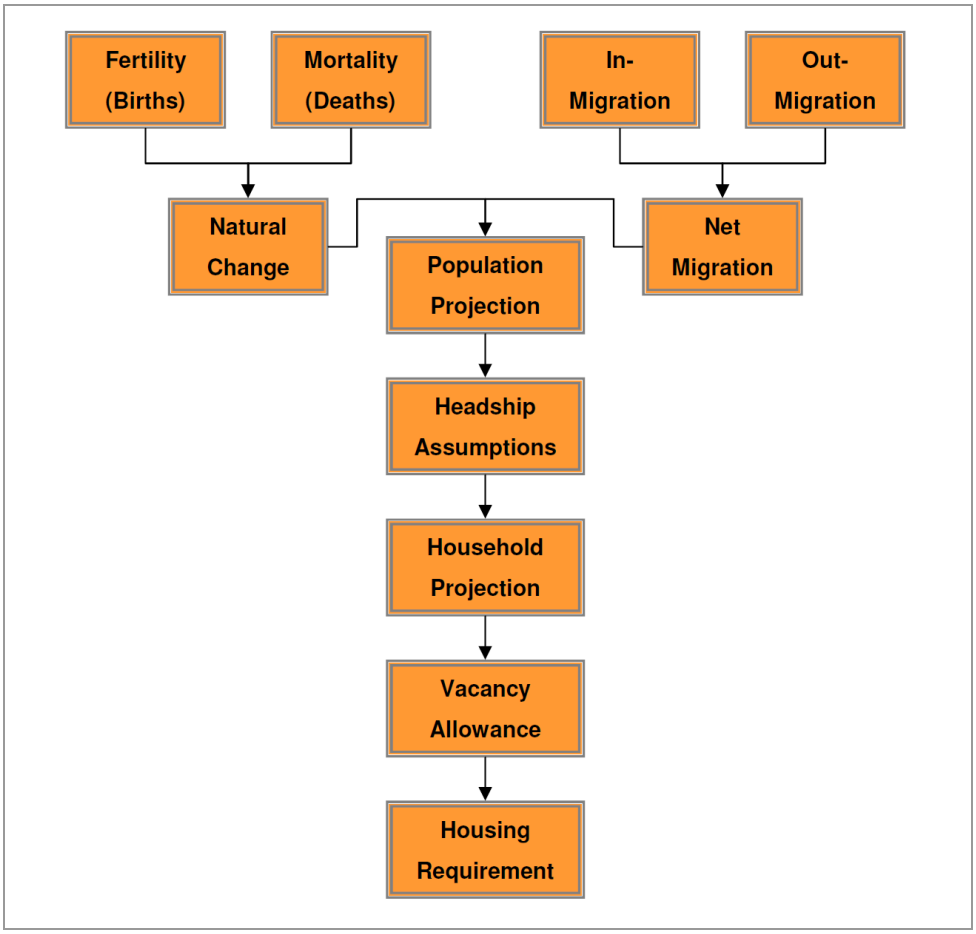
Appendices

APPENDIX A: PROJECTION METHODOLOGY

The methodology used to determine population growth and hence housing requirements is based on fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2011 to 2036 (or post-2014 where the population is fixed by reference to ONS mid-year population data). This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of each local authority. These are the principal components of population change and are used to construct our principal trend-based population projections.

The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure 1: Overview of projection methodology



Much of the data for the projections draws on ONS information contained within the 2012-based subnational population projections (SNPP) and the 2012-based CLG household projections; as well as additional data from the 2011 Census and ONS mid-year population estimates. In particular the 2012-based SNPP has

been used to look at fertility rates, mortality rates and the profile of in- and out-migrants (by age and sex).

In the projections developed in the report, fertility and mortality rates are not adjusted from those contained in the SNPP with different scenarios looking at making adjustments to levels of migration depending on the assumptions being used (adjustments are made separately for each of in- and out-migration and also for internal and international migration – recognising that these groups have different age profiles which will impact on household growth and also population dynamics moving forward).

Smaller Area Population Projection Methodology

It is difficult to develop small area projections using the standard methodology involving birth rates, death rates and migration patterns due to the relative lack of up-to-date and robust data at this level. For example, ward level data about life expectancy is available but error margins associated with these are quite large whilst data about migration can come from the 2011 Census but is only based on data for a single year.

The methodology used to assign the population change figures to smaller areas is therefore based on overall change within a whole local authority (by age and sex) applied to the demographic profile of the local population. This methodology takes account of past trends in fertility, mortality and migration to the extent that these will have shaped the current population profile (with such trends likely to shape the future population).

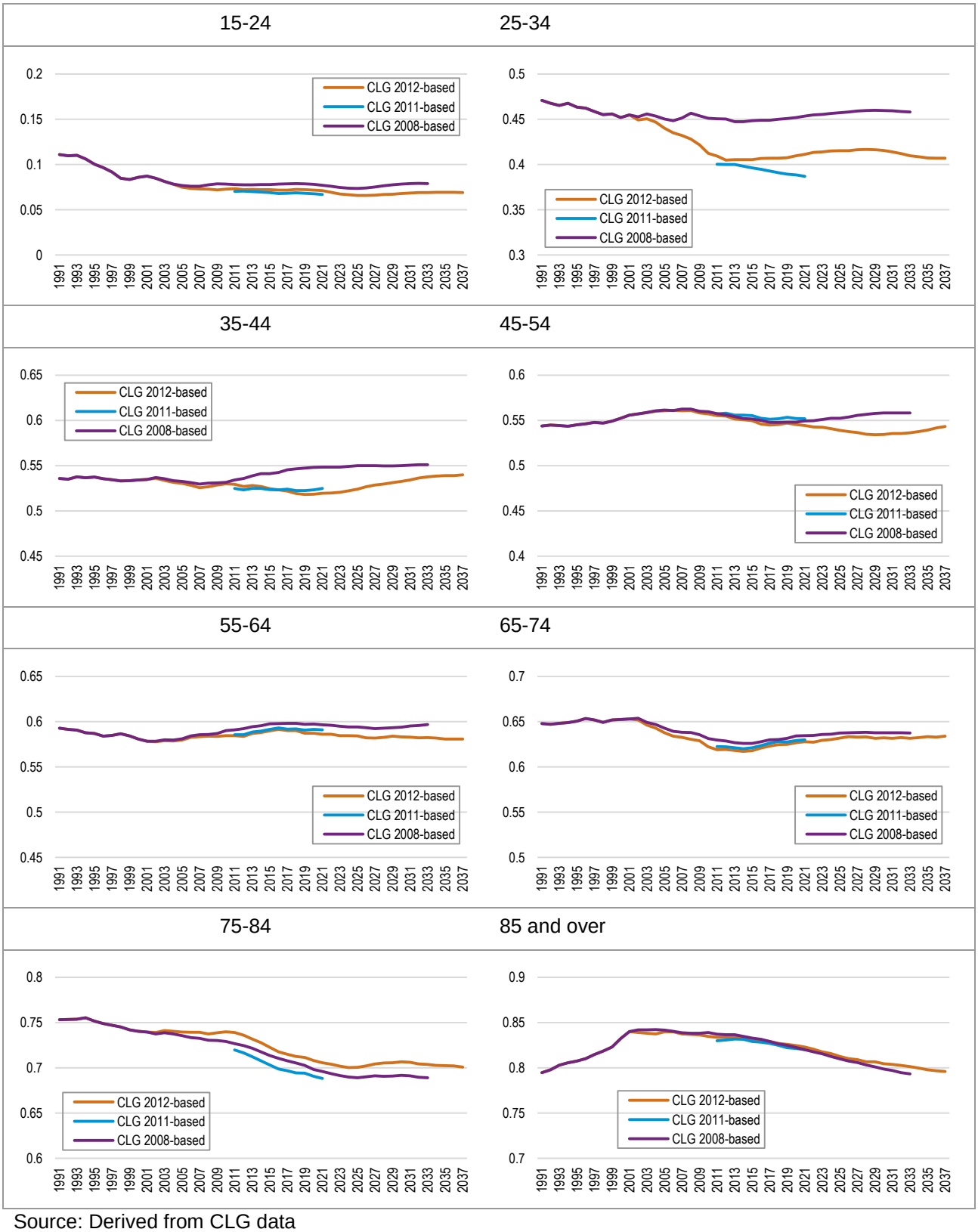
Essentially the methodology works by looking at incremental changes in each age and sex band (for each year of each projection) and applies this to the local population. For example, if a particular age/sex group is projected to increase by 10% district-wide then the methodology will assume a similar level of population growth for that particular group at a smaller area level.

Specific local data about employment and headship rates have been used to ensure that the outputs about the number of people working and the number of households properly reflect any local differences.

APPENDIX B: HOUSEHOLD FORMATION RATE ASSUMPTIONS

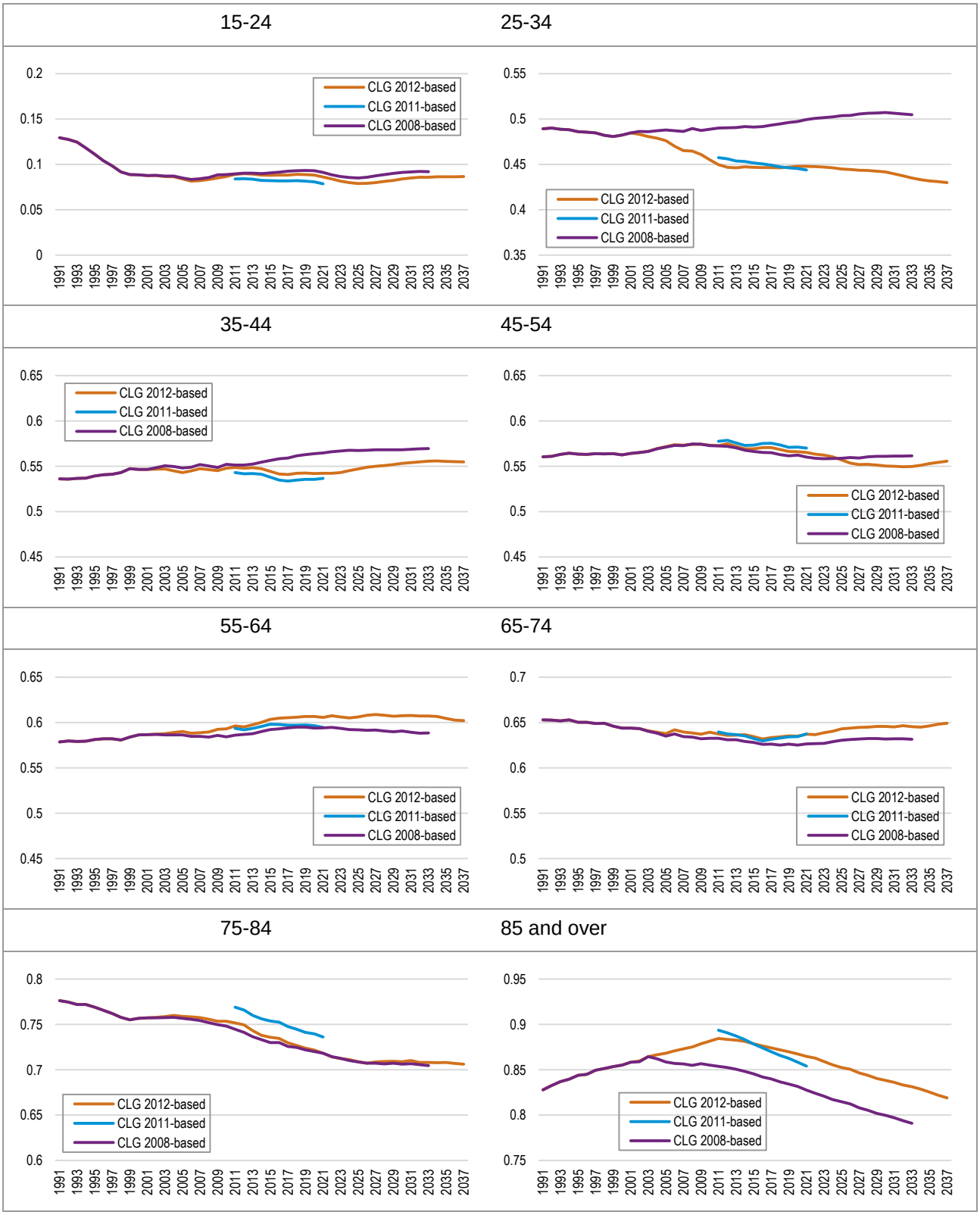
NB: the figures for East Hampshire, New Forest, Test Valley and Winchester are for the whole local authority area and not just the partial areas used in analysis. Figures within the analysis use the same trends but with a rebasing to the estimated number of households in each area in 2011. Therefore the rates of change shown in the figures for these areas are consistent with the rates of change used in the demographic projections analysis.

Figure 1: Projected household formation rates by age of head of household – East Hampshire



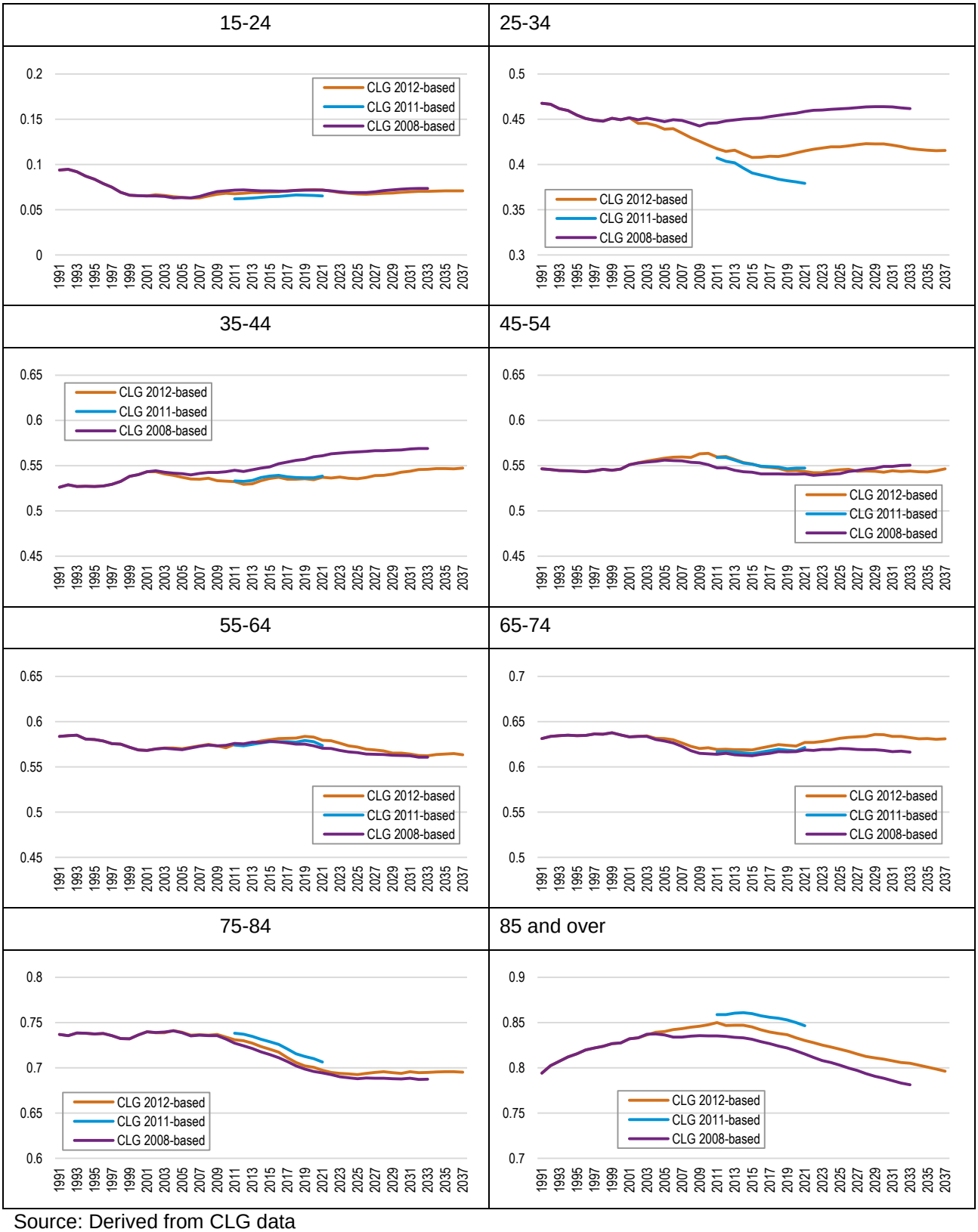
Source: Derived from CLG data

Figure 2: Projected household formation rates by age of head of household – Eastleigh



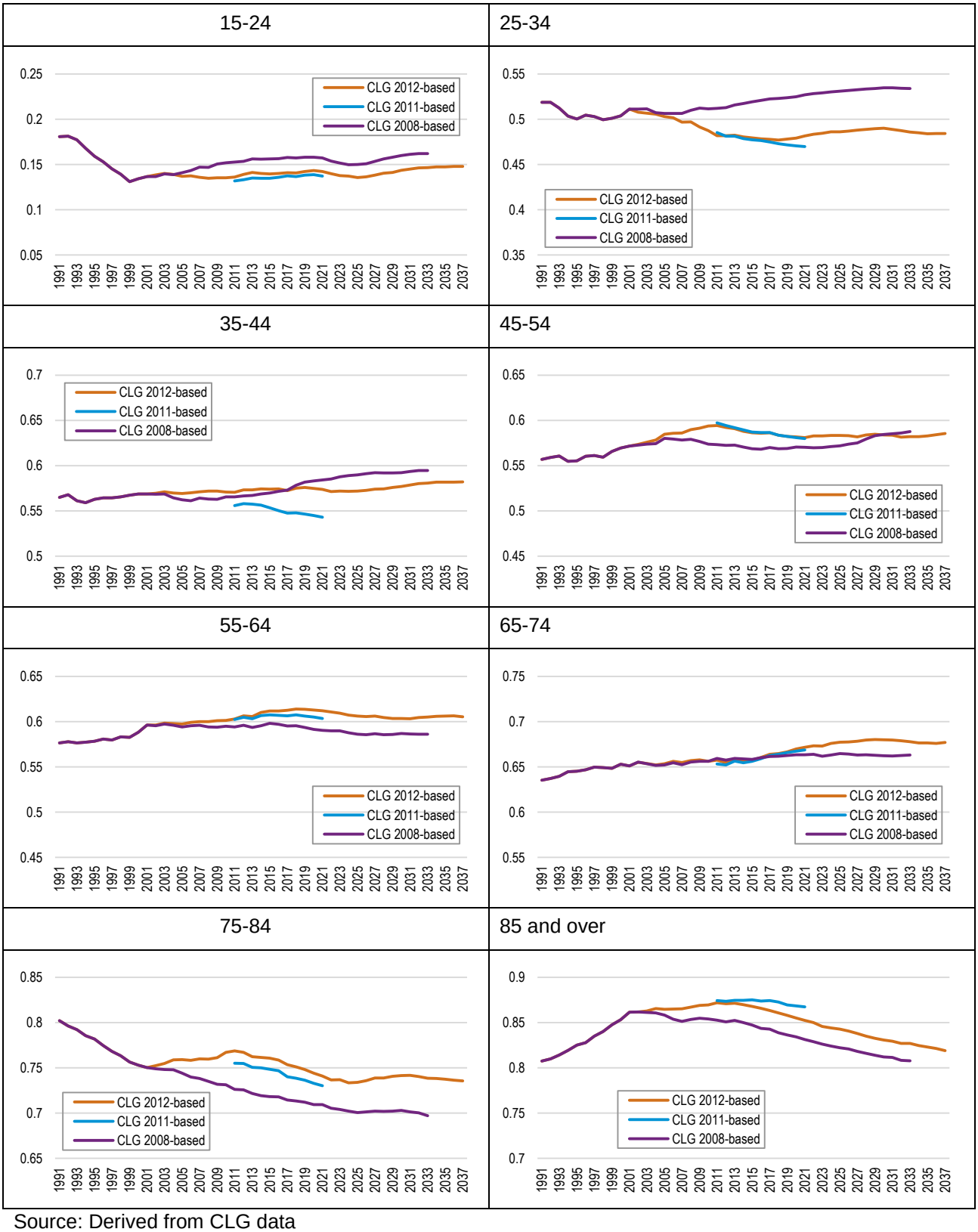
Source: Derived from CLG data

Figure 3: Projected household formation rates by age of head of household – Fareham



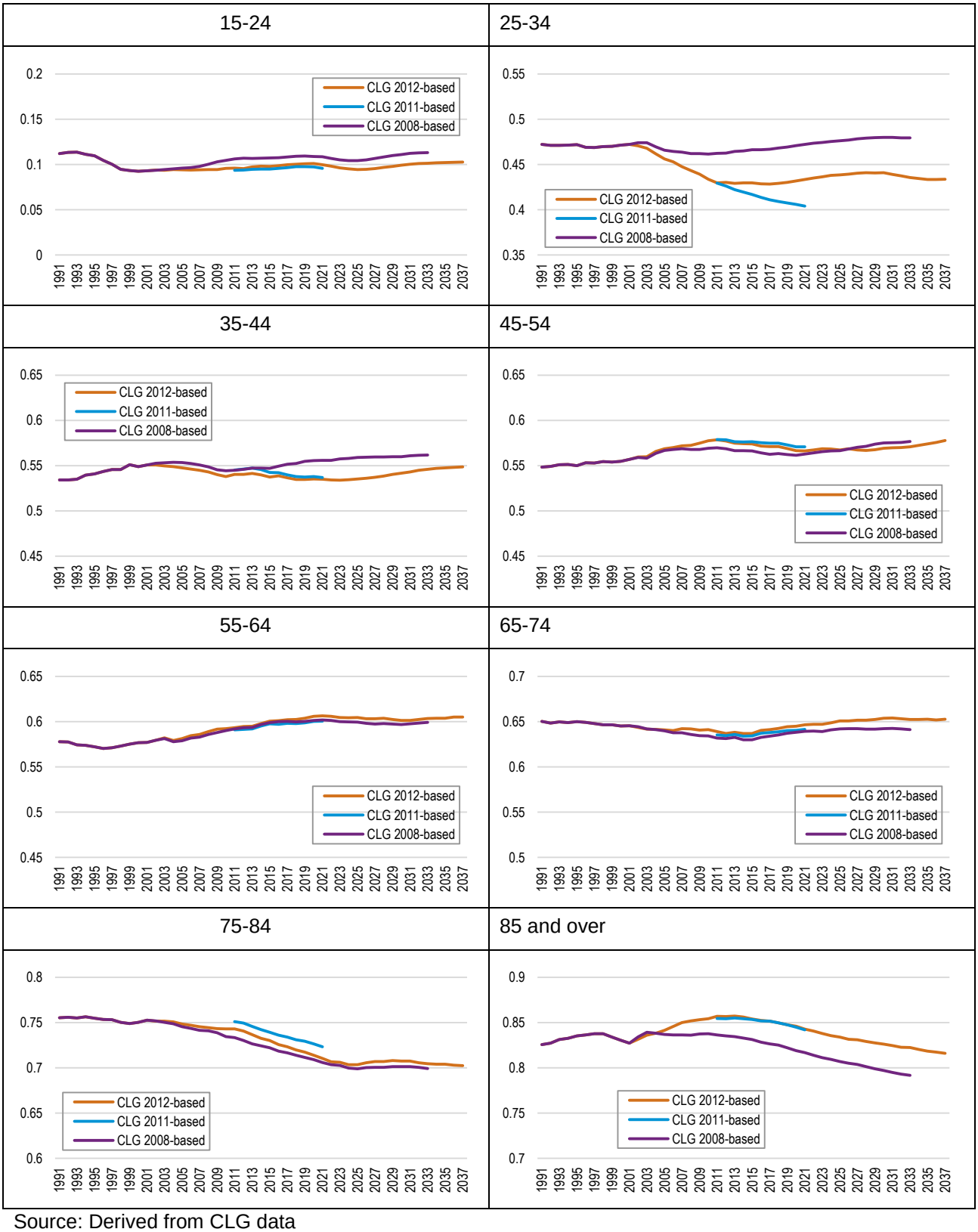
Source: Derived from CLG data

Figure 4: Projected household formation rates by age of head of household – Gosport



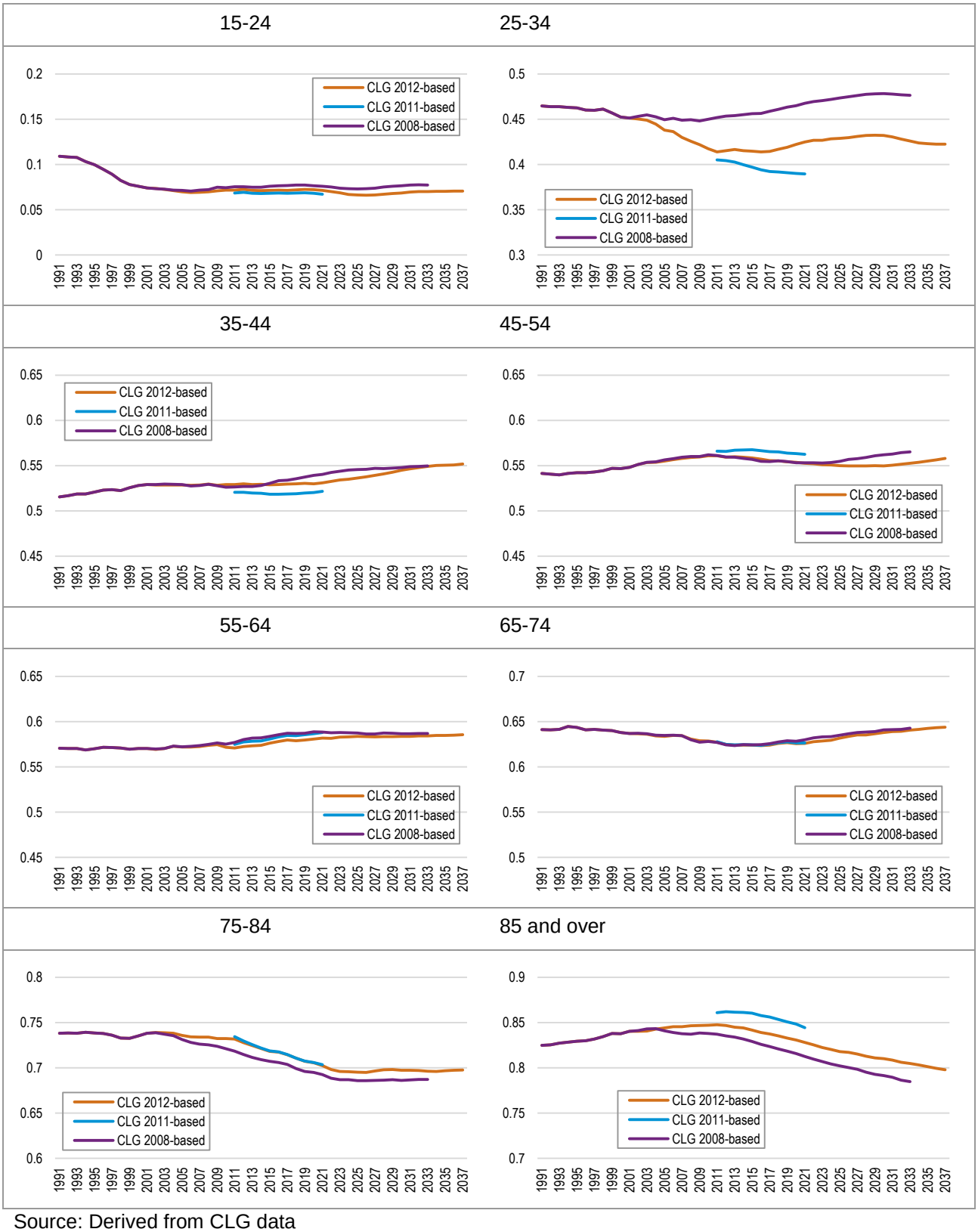
Source: Derived from CLG data

Figure 5: Projected household formation rates by age of head of household – Havant



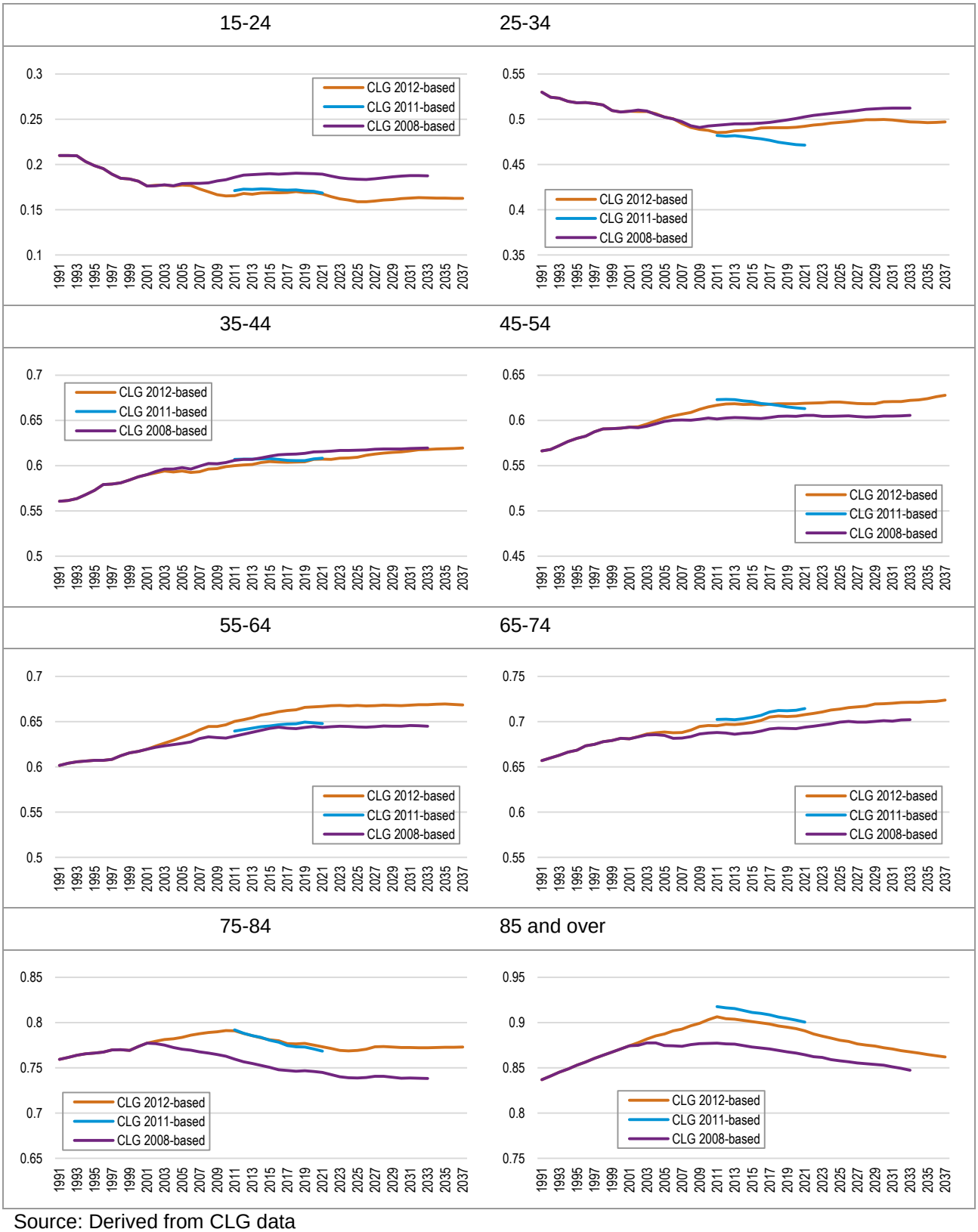
Source: Derived from CLG data

Figure 6: Projected household formation rates by age of head of household – New Forest



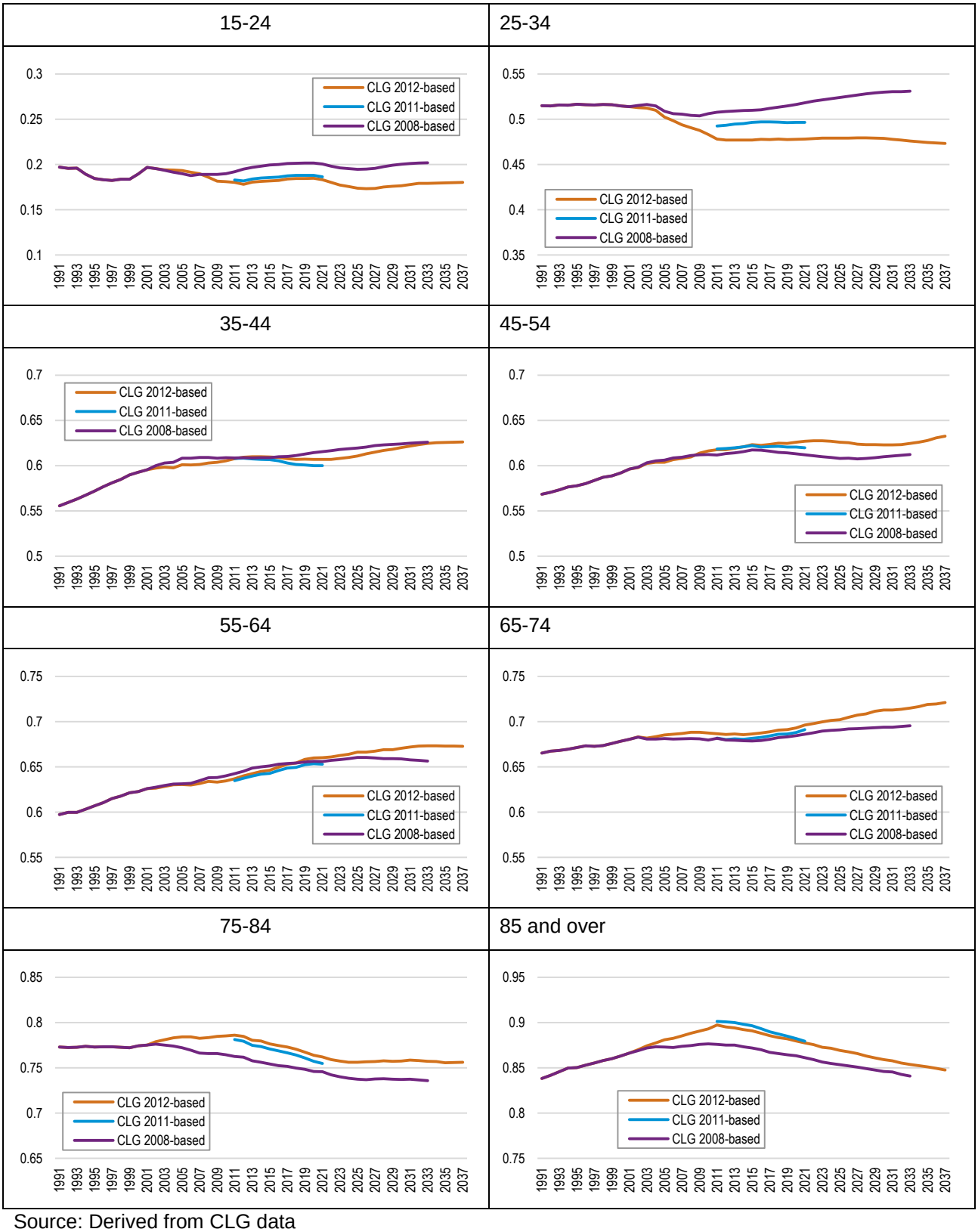
Source: Derived from CLG data

Figure 7: Projected household formation rates by age of head of household – Portsmouth



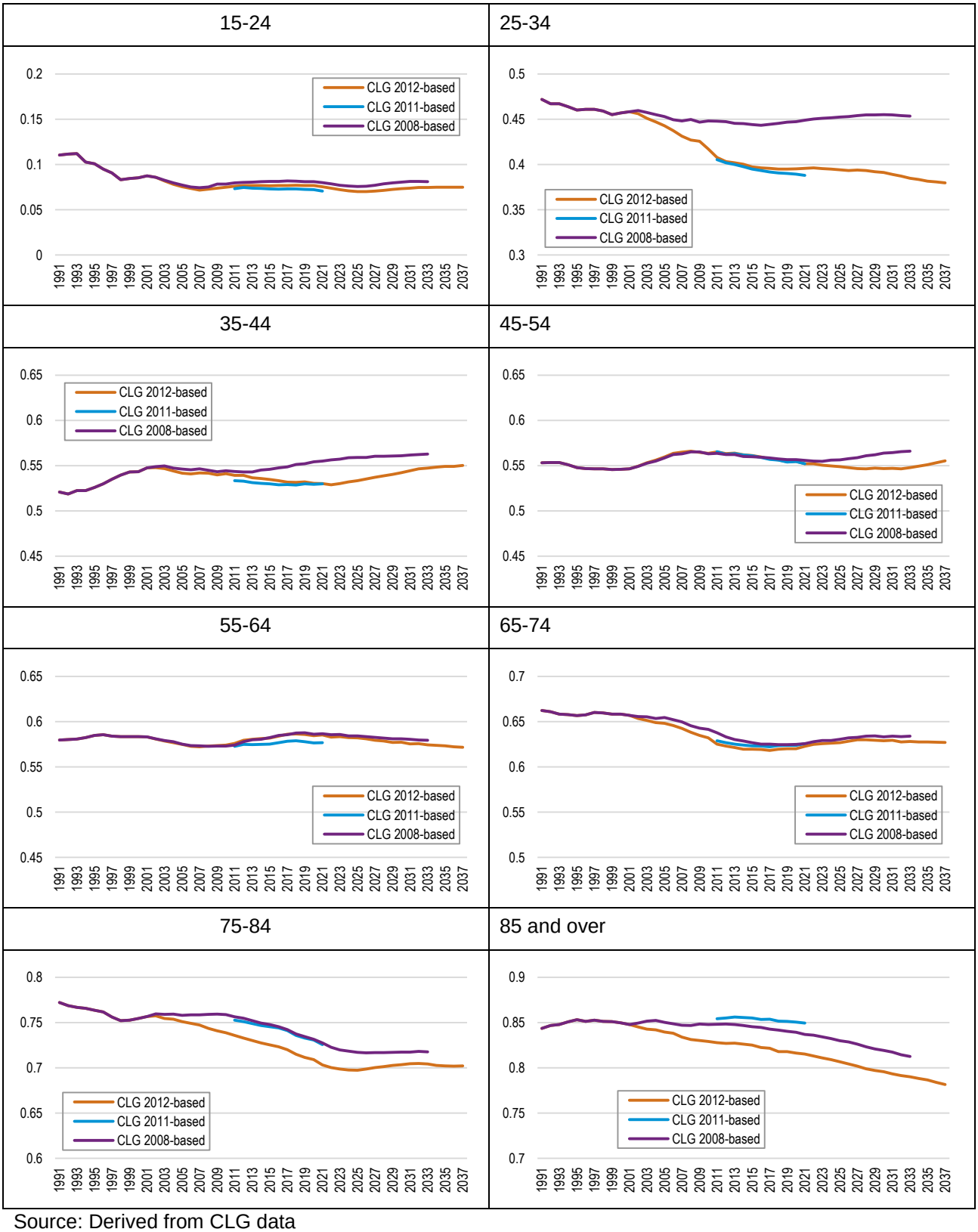
Source: Derived from CLG data

Figure 8: Projected household formation rates by age of head of household – Southampton



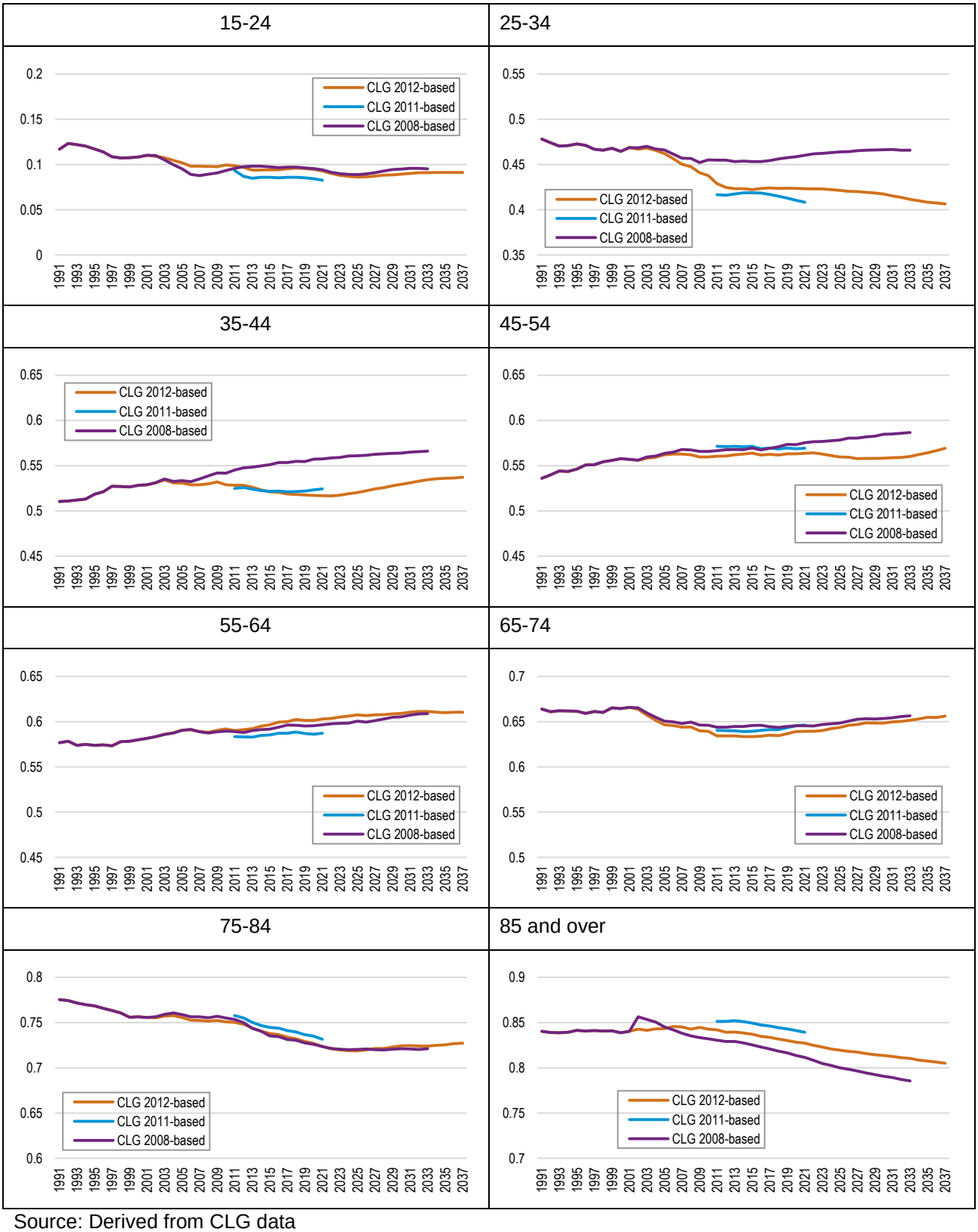
Source: Derived from CLG data

Figure 9: Projected household formation rates by age of head of household – Test Valley



Source: Derived from CLG data

Figure 10: Projected household formation rates by age of head of household – Winchester



Source: Derived from CLG data

APPENDIX C: COMPONENTS OF POPULATION CHANGE

Table 1: Components of population change (2001-14) – Eastleigh

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	137	-222	158	-6	107	174
2002/3	138	-120	161	-26	113	266
2003/4	229	32	-33	28	114	370
2004/5	162	627	107	-5	132	1,023
2005/6	459	650	115	-7	130	1,347
2006/7	306	766	-56	-7	151	1,160
2007/8	316	391	-150	-8	167	716
2008/9	506	402	-19	-15	191	1,065
2009/10	556	973	141	-11	204	1,863
2010/11	610	698	79	13	212	1,612
2011/12	579	315	22	-4	0	912
2012/13	509	435	-13	27	0	958
2013/14	597	367	176	15	0	1,155

Source: ONS

Table 2: Components of population change (2001-14) – Fareham

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	1	540	-30	6	-218	299
2002/3	-39	353	10	-17	-213	94
2003/4	33	127	-116	88	-204	-72
2004/5	76	-220	-38	5	-219	-396
2005/6	-51	424	126	27	-206	320
2006/7	47	1,131	49	-17	-208	1,002
2007/8	109	803	95	7	-208	806
2008/9	22	711	79	25	-210	627
2009/10	-2	643	117	22	-230	550
2010/11	54	558	139	43	-245	549
2011/12	34	760	3	74	0	871
2012/13	-131	919	-48	72	0	812
2013/14	-99	568	77	171	0	717

Source: ONS

Table 3: Components of Population Change (2001-14) – Gosport

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	45	101	-122	47	83	154
2002/3	77	627	-72	10	112	754
2003/4	129	300	-203	187	101	514
2004/5	112	421	-126	7	133	547
2005/6	172	611	-48	62	136	933
2006/7	285	704	-74	-29	162	1,048
2007/8	414	466	17	21	185	1,103
2008/9	232	-271	7	48	215	231
2009/10	369	-351	26	59	243	346
2010/11	250	-201	8	35	270	362
2011/12	252	224	7	124	0	607
2012/13	149	71	-64	71	0	227
2013/14	167	298	48	271	0	784

Source: ONS

Table 4: Components of Population Change (2001-14) – Havant

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	-130	113	-6	15	295	287
2002/3	-89	-107	88	-31	312	173
2003/4	-30	-244	-60	32	318	16
2004/5	-21	-135	42	-14	308	180
2005/6	39	-62	-34	10	329	282
2006/7	71	146	-94	-15	350	458
2007/8	73	388	-51	4	343	757
2008/9	49	-24	-24	-4	358	355
2009/10	114	208	59	-3	333	711
2010/11	105	130	106	10	327	678
2011/12	91	356	-4	45	0	488
2012/13	-63	376	-52	30	0	291
2013/14	25	529	104	-10	0	648

Source: ONS

Table 5: Components of Population Change (2001-14) – Portsmouth

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	195	-506	925	120	-304	430
2002/3	182	-395	1,894	435	-309	1,807
2003/4	350	-70	3,072	109	-261	3,200
2004/5	519	-41	2,549	24	-216	2,835
2005/6	652	-711	-209	106	-192	-354
2006/7	778	-1,490	-177	-29	-139	-1,057
2007/8	959	-522	767	20	-95	1,129
2008/9	1,036	713	1,159	42	-3	2,947
2009/10	1,095	630	1,845	62	85	3,717
2010/11	1,055	217	1,230	35	196	2,733
2011/12	1,141	-866	1,149	-21	0	1,403
2012/13	1,061	-1,703	1,322	-56	0	624
2013/14	1,030	-1,078	1,628	45	0	1,625

Source: ONS

Table 6: Components of Population Change (2001-14) – Southampton

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	421	-833	1,782	-3	-445	922
2002/3	502	-956	2,465	-39	-442	1,530
2003/4	603	-944	2,298	41	-398	1,600
2004/5	649	-1,286	4,111	-5	-403	3,066
2005/6	902	-1,620	1,124	-6	-357	43
2006/7	1,142	-1,901	1,616	-12	-320	525
2007/8	1,377	-1,183	1,355	0	-325	1,224
2008/9	1,414	-930	1,391	-8	-297	1,570
2009/10	1,566	-937	2,724	-16	-269	3,068
2010/11	1,941	-963	2,107	45	-345	2,785
2011/12	1,611	-268	2,228	-13	0	3,558
2012/13	1,441	-2,034	3,262	44	0	2,713
2013/14	1,514	-2,224	3,856	3	0	3,149

Source: ONS