South Hampshire Strategic Housing Market Assessment

Partnership for Urban South Hampshire

Final Report

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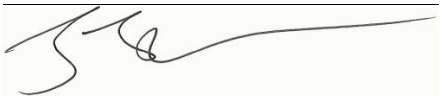

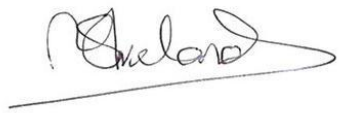

Limitations

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FOREWORD TO THE PUSH STRATEGIC HOUSING MARKET ASSESSMENT

National planning policies have been changing over the last few years and in March 2013 the Government revoked the South East Plan. The National Planning Policy Framework, published in March 2012, requires local planning authorities to collaborate with one another in planning to meet future development needs. The Partnership for Urban South Hampshire (PUSH) has a long history and strong track record of joint working and this study will assist all eleven of the Hampshire local authorities to facilitate joint decision making in taking forward strategic planning in a sustainable manner.

To support on-going work on local plans, the Partnership for Urban South Hampshire (PUSH) commissioned the preparation of this new Strategic Housing Market Assessment (SHMA). It will also provide an input to the review of the South Hampshire Strategy that will provide an agreed framework for development to 2036.

The review of the Spatial Strategy will also take into account the Solent LEP's Strategic Economic Plan, which will be completed in March 2014. In preparing this Plan, the LEP have commissioned modelling of their preferred scenario for economic growth in the Solent area. When completed, the intention is that this will inform an assessment of the implications for housing need across the Solent of the LEP's preferred rate of economic growth. When this modelling work is complete, it is intended to publish an Annex to this document which will update relevant findings to take into account the LEP's preferred economic growth scenario. The Partnership intends to update elements of the assessment as appropriate to take into account new evidence.

The PUSH SHMA provides projections of housing need to 2036 in two housing market areas, focused on Portsmouth and Southampton respectively. It responds to Government policy that local planning authorities should work together to undertake such assessments of their housing needs, and should plan to meet them in full across each housing market area where this is consistent with achieving sustainable development.

Government has set the bar high. Every local planning authority is required to demonstrate how it will meet an appropriate share of the need identified and to plan positively for the delivery of sufficient new homes to support future prosperity in its area.

The SHMA is, however, not policy in itself and does not set targets for how much or what types of homes each of the eleven partner authorities should plan for. The SHMA is just part of the evidence base that will help the PUSH local planning authorities in their review of the spatial strategy for the area to 2036. The SHMA acts as a building block for further work which will necessarily take into account housing demand and deliverability, land availability and supply considerations as well as the feasibility of delivering infrastructure to support housing development. The review of the PUSH Spatial Strategy will take account of the capacity

of different areas to accommodate development and the most sustainable locations for new homes in each of the two housing market areas. There is much work to do yet to consider these issues further.

The partner authorities will now seek to bring together the evidence in the SHMA with a range of other factors to consider what level of development should be planned for across the PUSH area and in its different parts. This will involve detailed joint work to assess the availability of land that can sustainably accommodate development, environmental constraints and impacts, economic development and employment analysis, along with infrastructure capacity and consideration of what new infrastructure might be needed. Public consultation will also be undertaken to consider the level of development that can be accommodated in different areas. Inevitably, the local planning authorities are at different stages of this process in looking at these issues in preparing new plans for development in their areas. This work will be brought together through the review of the South Hampshire Strategy to determine the joint strategy for future development – for homes, jobs and infrastructure – to 2036.

1 SUMMARY

1.1 This Strategic Housing Market Assessment has defined the extent of the relevant housing market areas (HMAs) covering the Partnership for Urban South Hampshire (PUSH) area; and then considered the objectively-assessed need for housing within them. The report has considered the overall need for housing, the need for different types of homes, and the housing needs of different groups within the community in line with the requirements of the 2012 National Planning Policy Framework (NPPF).

Housing Market Areas

1.2 The SHMA defines two housing market areas (HMAs) which cover the majority of the PUSH Sub-Region, with the Isle of Wight functioning as its own separate housing market area. The report defines a Southampton-focused (PUSH West) Housing Market Area; and a Portsmouth-focused (PUSH East) Housing Market Area.

1.3 There is a degree of overlap between these two Housing Market Areas, particularly within Fareham Borough and the southern parts of Winchester City Council's area; but also some interactions with surrounding areas around the boundaries of the PUSH area. This includes with Lymington in the west; Chichester and Bognor Regis to the east and towards Winchester and Petersfield to the north. The implications of this are that major housing growth (or shortfall in housing provision) in these areas will impact on the housing market within the PUSH area (and vice-versa).

1.4 However the analysis undertaken in this SHMA concludes that the PUSH area remains a sensible basis for strategic planning for housing provision based on the information currently available. This is also recognised by Government through its designation of the Solent Local Enterprise Partnership (LEP) area.

Housing Needs

1.5 The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. It sets out that SHMAs should consider housing needs, taking account of relevant market signals and economic evidence.

1.6 The Government issued draft Planning Practice Guidance on *Assessment of Housing and Economic Development Needs* in August 2013. The SHMA has taken this into account in considering objectively-assessed needs for housing.

1.7 The SHMA does not set policy targets for housing provision. It provides an evidence base regarding the need for housing which provides an input into the plan-making process.

1.8 Government's draft Planning Practice Guidance sets out that the starting point for considering housing needs is the demographic projections. It then identifies a number of tests which need to be considered:

- Is there evidence that household formation has been constrained? Do market signals suggest a need to increase housing supply to improve affordability?
- Will the projected housing need be capable of meeting affordable housing needs? Should higher housing numbers be considered to increase delivery of affordable housing?
- Will the housing numbers support expected growth in jobs, or is there a need to consider increasing housing supply to support economic growth?

1.9 These three tests effectively provide a basis for considering whether it would be appropriate to make an upward adjustment to housing need derived from trend-based demographic projections.

1.10 The SHMA has considered these issues for the PUSH area and for the two housing market areas within it in order to derive conclusions regarding the need for housing.

1.11 The latest (2011-based) Government household projections identify a need for around 3,600 homes per year across the PUSH area. However more recent evidence taking into account the 2011 Census indicates that net in-migration to the area has been stronger than previously estimated. This increases the projected need to around 3,800 homes per year.

1.12 There is however evidence that because of the housing market conditions over the last few years these projections build in a degree of constrained household formation. Taking this into account, the SHMA identifies that 4,160 homes per year would be needed to meet past demographic trends in full.

1.13 The SHMA concludes that provision of 4,160 homes per annum across the PUSH area would represent a robust basis for forward planning based on the demographic evidence and market signals. This is split between the two housing market areas with an assessed need for:

- 2,115 homes per annum across the Portsmouth (PUSH East) Housing Market Area to 2036; and
- 2,045 homes per annum in the Southampton (PUSH West) Housing Market Area.

1.14 **It should be recognised that this is an objective, policy-off analysis and takes no account of land supply or development constraints within the PUSH area; or 'Policy-On' aspirations for economic growth**. The draft Planning Practice Guidance indicates that SHMAs should not apply constraints to the overall assessment of need such as issues related to land supply, infrastructure or environmental constraints.

1.15 The authorities in working together to review the South Hampshire Strategy and developing their respective local plans will need to consider what scale of development can be sustainably accommodated, the interaction between the strategy for housing provision and economic growth

and potential levels of affordable housing delivery. Economic forecasts have been commissioned by the LEP to support this. In considering how affordable housing needs can be met, it will be important to take account of available funding, what level can viably be delivered through mixed tenure schemes and the degree to which needs can be met in part through private rented sector lettings. The draft Planning Practice Guidance indicates that these may provide a basis for adjusting upwards the assessment of housing need.

1.16 How housing provision is ultimately distributed and met across the two housing market areas and the PUSH area as a whole should reasonably be decided at the local level and through dialogue between the authorities within the PUSH Partnership, taking account of constraints and land availability, the need to promote sustainable patterns of development and other policy aspirations (such as regeneration). The SHMA analysis is thus intended to provide a 'starting point' and input to this which is to be taken forward through the development and review of the South Hampshire Strategy and authorities' development plans.

Housing Mix

1.17 The various constituent parts of the two PUSH HMAs play a somewhat complementary relationship to one another in respect of housing mix. In the two cores of Portsmouth and Southampton (and to a lesser extent Gosport), the housing offer is focussed towards smaller properties, serving professional, small family and student markets. The more suburban and rural areas provide the "family" offer within the PUSH area, in particular parts of East Hampshire, Test Valley and Winchester, all of which have high representations of properties with three or more bedrooms.

1.18 The SHMA indicates that 28% of affordable housing need in the Portsmouth HMA and 29% in the Southampton HMA could be met through provision of intermediate housing, with 72% of the need for social or affordable rented homes in the Portsmouth HMA and 71% in the Southampton HMA. Within the rented element, the assessment favours social rented provision; however, this will clearly need to be balanced against development viability and the realities of funding for affordable housing.

1.19 The analysis points to a higher potential need for intermediate housing in those parts of Winchester and Test Valley in the PUSH area, as well as Fareham Borough and Southampton. However in the short-term it should be recognised that need for shared ownership and equity housing is likely to be influenced by access to mortgage finance.

1.20 In terms of mix, the SHMA indicates that across both the Portsmouth and Southampton HMAs over two thirds of the net affordable housing need is for homes with one or two bedrooms:

- 1-bedroom properties: 35-40%
- 2-bedroom properties: 30-35%

- 3-bedroom properties: 20-25%
- 4-bedroom properties: 5-10%

1.21 This analysis is based on a longer-term view of requirements for affordable housing: it does not reflect any specific priorities such as family households in need or the impacts in the short-term of benefit reforms.

1.22 In the market sector, the SHMA indicates that the demand profile can be expected to be focussed on two and three bedroom properties. It considers that the following size mix for market housing could be appropriate in both the Portsmouth and Southampton HMAs as a whole:

- 1-bedroom properties: 5-10%
- 2-bedroom properties: 30-35%
- 3-bedroom properties: 40-45%
- 4-bedroom properties: 15-20%

1.23 The projections for housing mix are driven by long-term demographic factors, namely ageing population. Over the last decade the analysis points towards a modest shift in the housing mix towards smaller properties, but also a growth in private renting in particular. In Portsmouth and Southampton owner-occupation has fallen; and there is potentially some case for seeking to diversify the housing mix to offer a greater supply of family homes subject to the availability of suitable sites.

1.24 Whilst the above assessment of need for different sizes of properties is considered to provide a sound basis for planning across the PUSH area, decisions on local mix policy should be made by individual authorities in conjunction with PUSH neighbours. These should take into account:

- Balance in the existing housing mix, including recognition of the role and function which different parts of the PUSH area play as part of the sub-regional housing market;
- The findings of the affordable housing needs analysis, local evidence regarding pressures within the affordable needs sector and the impact of benefit reforms;
- The needs of specific groups within the population, as considered within this report, and any other local research;
- The nature of the land supply available in different areas and its suitability to deliver different types of homes; and
- Local policy objectives, including aspirations to focus on meeting the needs of particular groups within the population or to support economic growth.

Meeting the Needs of Particular Groups

1.25 The SHMA indicates that a particular driver of housing need over the period to 2036 will be a growing population of older persons. The number of people aged 65 and above expected to increase by 63,000 (21%) from 2011 to 2021 along with further strong increases post-2021.

Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors.

1.26 Many older persons will however seek to remain living in mainstream housing. Some may require support to do so, including adaptions to properties to meet their changing needs. We can also expect some older households to consider downsizing, particularly in the market sector to release equity within their homes and potentially reduce the costs associated with maintaining a home. Planning for and accommodating this will be important, such as through provision of smaller homes (albeit often with more than 1 bedroom) in accessible locations to meet localised needs.

1.27 Linked partly to the growing older population, the SHMA estimates that we can expect to see an increase in the number of people with disabilities. Demographic projections suggest a 45% increase in the population aged over 85 from 2011 to 2021 with Census data suggesting that 81% of this age group have some level of disability. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

1.28 The SHMA has also considered the needs of Black and Minority Ethnic Groups. The BME population of the PUSH Area is relatively small but has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Accommodation quality (particularly in the Private Rented Sector) is a relevant issue for these groups.

1.29 Analysis of the needs of family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the area over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.

1.30 The SHMA provides evidence that young persons under 35 within the PUSH Area have some difficulty in accessing home ownership; with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality. Increasing housing supply may also help to improve affordability and access to home ownership over the longer-term.

1.31 Finally, both Portsmouth and Southampton contain notable student populations. Both the City Councils have implemented Article 4 Directions seeking to manage the impact of student lettings on the sustainability of local neighbourhoods. In managing growth in student populations moving

forward, it will be important that growth in student numbers and delivery of new student bedspaces are monitored, as any imbalance between these will influence the impact on the wider housing market.

2 INTRODUCTION

Context

2.1 GL Hearn (GLH) and Justin Gardner Consulting (JGC) have been commissioned by the local authorities in the Partnership for Urban South Hampshire (PUSH) sub-region to prepare a Strategic Housing Market Assessment (SHMA). The purpose of the SHMA is to develop a robust understanding of housing market dynamics, to provide an assessment of future needs for both market and affordable housing and the housing requirements of different groups within the population.

2.2 The SHMA responds to and is compliant with the requirements of both the National Planning Policy Framework (the NPPF) and the CLG's SHMA Practice Guidance (the Guidance) published in August 2007. It has also taken into account the draft Planning Practice Guidance on *Assessment of Housing and Economic Development Needs* which was published by Government in August 2013.

2.3 It provides a 'policy-off' assessment of future housing requirements, with the intention that this will inform future development of planning policies across the sub-region and within its constituent local authority areas. It is intended that the SHMA will in due course inform a review of the PUSH South Hampshire Strategy.

2.4 This SHMA focuses on providing an assessment of need for housing. It does not set policy targets. In considering overall housing requirements, the SHMA findings will needs to be brought together with a range of other considerations in informing policy decisions regarding future housing supply. The SHMA provides specific evidence and analysis of need and demand for different sizes of homes, to inform policies on the mix of homes (both market and affordable). It does not consider land availability, development constraints or the sustainability of accommodating different levels of housing provision. These are all however relevant considerations in the development of local plans and form part of the wider plan-making process.

Geographies

2.5 The Partnership for Urban South Hampshire (PUSH) is a voluntary partnership of ten local authorities. It covers the entire local authority areas of the following:

- Portsmouth City Council
- Southampton City Council,
- Havant Borough Council
- Gosport Borough Council
- Fareham Borough Council
- Eastleigh Borough Council

2.6 It also includes parts of the local authority areas of:

- East Hampshire District Council
- Test Valley Borough Council
- Winchester City Council
- New Forest District Council

2.7 In addition, Hampshire County Council and the Isle of Wight Council are members of the Partnership.

2.8 When work began on the PUSH SHMA, New Forest District Council was not formally part of PUSH. However, the Council has since rejoined PUSH and the 'Waterside' (eastern) part of the district is within the PUSH area. The Isle of Wight has recently become a member of PUSH although evidence confirms that the Isle of Wight forms a separate housing market area to South Hampshire. The Island will be producing its own SHMA and is not considered in detail in this report.

Overview of SHMA Process

2.9 The SHMA has been prepared by a consultant's team comprising GL Hearn and Justin Gardner Consulting. It has been overseen by a Project Steering Group of PUSH authority officers.

2.10 A programme of stakeholder engagement has informed the development of the SHMA. This included a workshop with housebuilders, registered providers and other key stakeholders on 5th June 2013. In addition to this, a programme of consultation and engagement with estate and letting agents, and local authority officers from across the PUSH area has informed the SHMA.

Report Structure

2.11 The remainder of the report is structured in the following way:

- Chapter 3: Defining the Housing Market Area;
- Chapter 4: Policy Context;
- Chapter 5: Housing Stock and Supply Trends;
- Chapter 6: Housing Market Dynamics and Market Signals;
- Chapter 7: Assessing Future Housing Requirements;
- Chapter 8: Assessing Affordable Housing Needs;
- Chapter 9: Requirements for Different Types of Homes;
- Chapter 10: Requirements of Specific Groups; and
- Chapter 11: Conclusions.

2.12 This main report document is accompanied by a number of appendices (which are included within a separate document). These include:

- the ward-based definition of the PUSH Housing Market Areas;

- the detailed demographic projections methodology and outputs at a local authority level; analysis of housing costs, particularly entry-level costs for different tenures of housing; and
- detailed local-level outputs on affordable housing need.

2.13 This main report focuses on providing outputs for the two defined housing market areas based on Portsmouth and Southampton. The definition of the housing market areas is considered further in the next section.

3 HOUSING MARKET AREAS

3.1 The National Planning Policy Framework (NPPF) makes clear that in planning for housing provision, local authorities should work together at a 'housing market area' level. The starting point in planning for housing is that objectively assessed needs for the housing market area should be met within it. The first question is therefore, what are the appropriate housing market areas which cover the PUSH area?

Approach to Defining Housing Market Areas

3.2 Over the last decade, a considerable body of technical work and analysis has been undertaken to define HMAs across the country. A range of different technical approaches have been used, which to some extent have reflected the different spatial characteristics of housing markets in different areas; but more probably reflect the weight which is attached to different factors such as migration and travel to work patterns, and variations in house prices.

3.3 The Government produced guidance in March 2007 on defining sub-regional housing markets which clarifies that sub-regional housing market areas are geographical areas defined by household demand and preferences for housing. It identifies three primary sources of information which can be used to define these:

- House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
- Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, which reflects the functional relationships between places where people work and live.

3.4 The draft Planning Practice Guidance reaffirms the use of these information sources. The Government Guidance made it clear that these sources of information can reflect different aspects of household behaviour and that there is therefore no 'right or wrong' set to use in identifying housing markets; the focus is on considering what is appropriate in a local context.

National Research on Defining Housing Market Areas

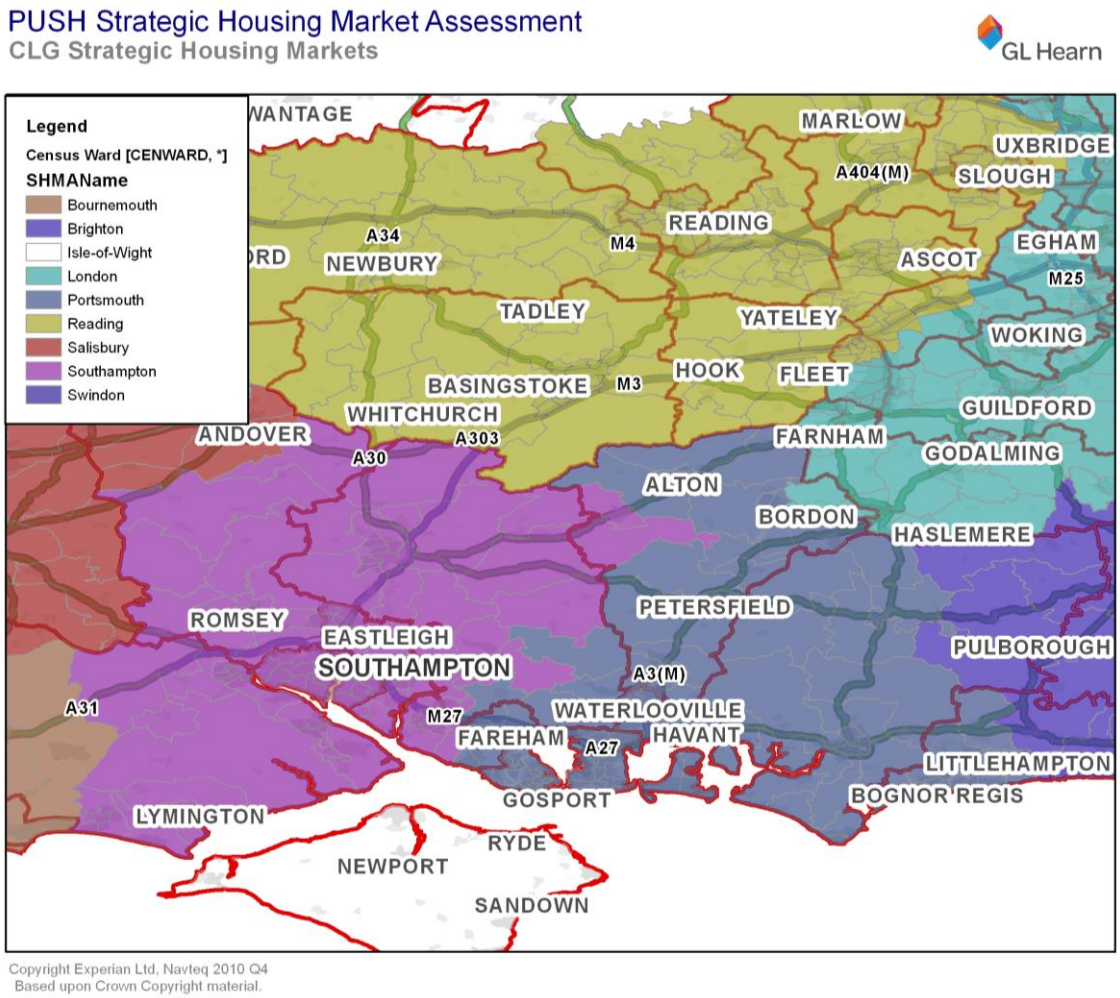
3.5 CLG published research in 2010 which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics, and house prices (standardised for differences in housing mix and neighbourhood characteristics).

3.6 This was brought together to define a three tiered structure of housing markets, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

3.7 The strategic and local housing markets defined in and around the PUSH HMA by the CLG Research have been mapped in Figure 1 below. It should be noted that these are based on 2001 Census analysis (which is now somewhat dated) however 2011 Census origin/ destination statistics are unlikely to be available until 2014 to allow this local-level analysis to be updated.

Figure 1: CLG-defined Strategic Housing Market Areas



3.8 The CLG research defines two strategic housing market areas, one focused on Southampton and one on Portsmouth. The Portsmouth Strategic Housing Market Area extends to include Chichester and Bognor Regis in West Sussex; whilst the Southampton Strategic Housing Market Area extends beyond the PUSH area to the west to include Lymington, Brockenhurst and Lyndhurst as defined by the CLG research.

3.9 Broadly, the Portsmouth Strategic Housing Market Area identified by CLG covered the eastern part of the PUSH sub-region (Portsmouth, Havant, Gosport and parts of East Hampshire) and Southampton Strategic Housing Market Area covers the western part of the sub-region (Southampton, Eastleigh and parts Test Valley and New Forest). Wards in Fareham and Winchester are found in both the Southampton and Portsmouth Strategic Housing Market Area.

3.10 Within these two strategic housing market areas, the CLG research defines a number of more local housing market areas. These are set out below. The local housing market areas in the Portsmouth and Southampton Strategic HMAs in the CLG research include Chichester & Bognor Regis and Lymington & Totton areas.

Table 1: Strategic and Local Housing Market Areas

Strategic Housing Market Areas	Local Housing Market Areas
Portsmouth	Portsmouth
	Fareham & Gosport
	Chichester& Bognor Regis
Southampton	Southampton (West Centre)
	Southampton (East)
	Winchester & Eastleigh
	Lymington & Totton

Source: CLG

3.11 This research is based on national-level data analysis which whilst providing a useful basis for starting to look at housing market areas is undertaken at a high level and based on somewhat historic (principally 2000-1) based data. It is therefore appropriate to test and consider further the definition of housing market areas based on other research and more recent evidence.

Regional Research on Housing Market Areas

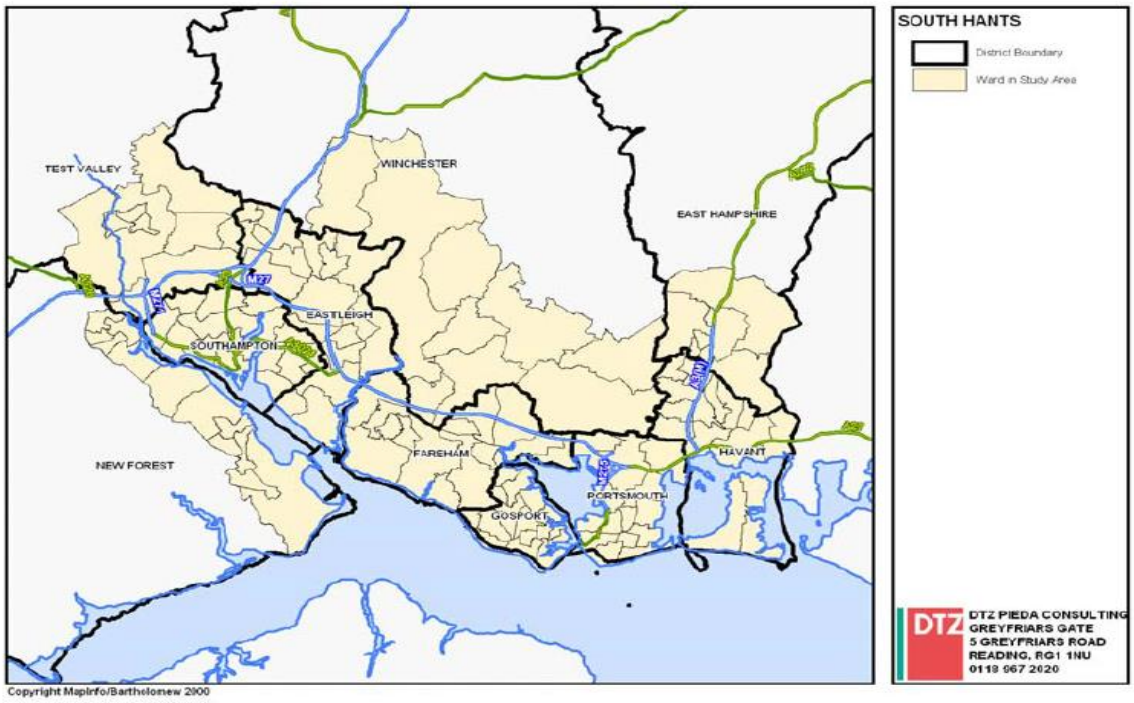
3.12 A regional study was undertaken by DTZ for the South East Regional Assembly and the Homes and Communities Agency in 2004 to define housing market areas across the South East. This concluded that a South Hampshire Sub-Regional Housing Market exists that embraces all of the South Hampshire urban areas and their rural hinterland.

3.13 The definition of the housing market area was considered further within the South Hampshire Housing Market Assessment (2005). This concluded that:

- A clear cluster of household movement is evident in South Hampshire centred on the Portsmouth urban area (Gosport, Havant, Fareham and Portsmouth) and the Southampton-Eastleigh-Winchester area;
- A clear spatial distinction begins to emerge within South Hampshire between a housing market centred on, and adjacent to, Portsmouth and a housing market based upon the urban nucleus of Southampton;
- The South Hampshire sub-region exhibits a high degree of self-containment in travel to work terms, with a demonstrable cluster of movement spanning into the New Forest, Test Valley, Winchester District and Havant, and which has Southampton and Portsmouth as its nuclei;
- Overall travel to work movements reveal a similar configuration to household movement patterns and suggest that smaller housing markets within the sub-region can be defined with:
  - An eastern pole (**Portsmouth HMA**) comprising Portsmouth, Fareham, Havant, East Hampshire, and Gosport;
  - A western pole (**Southampton HMA**) comprising Southampton, Eastleigh, the New Forest, Winchester and Test Valley.

3.14 The Portsmouth and Southampton Housing Market Areas in the DTZ research are less extensive than those in the CLG research. The spatial boundaries of the two housing market areas identified in the DTZ research are shown in Figure 2 below:

Figure 2: Spatial boundaries in PUSH

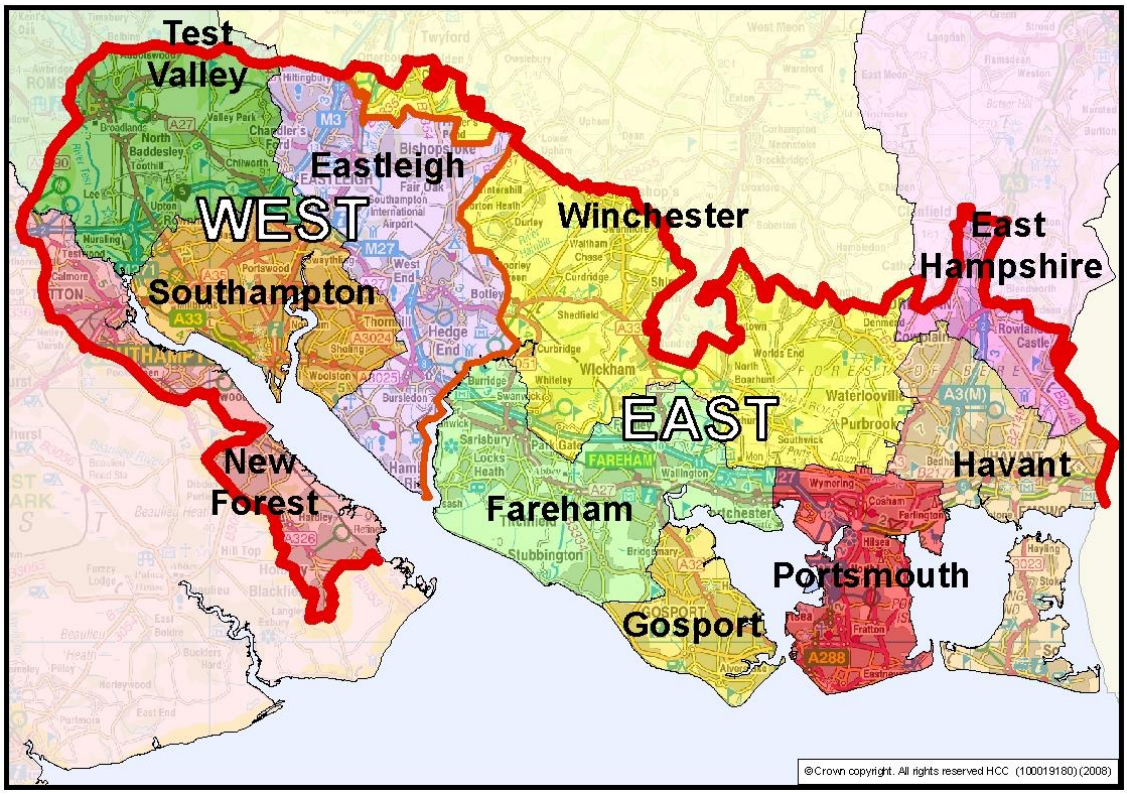


Source: DTZ

3.15 The DTZ research placed most Winchester wards in the eastern part of the SHMA and all Fareham wards in the eastern part of the SHMA. However more up to date data analysis of migration flows, commuting dynamics and house types and socio-economic characteristics has been undertaken as part of this SHMA to test this further. This updated data analysis on migration flows and commuting dynamics is outlined later in this section.

3.16 In the 2005 SHMA, DTZ identified an eastern and western distinction in the PUSH area, which we have replicated in Figure 3 below.

Figure 3: East and West Extent of PUSH HMA



Source: DTZ, 2005

Migration Flows

3.17 Migration flows reflect households' movements between areas, and thus are a key factor in considering the geography of housing markets. GL Hearn has analysed migration flows between local authority areas based on information recorded by the Office for National Statistics (ONS). We have considered both gross and net flows.

3.18 In terms of gross migration flows[1], the most significant inter-relationships (i.e. main flows of over 1000 persons per annum) between authorities are:

- Southampton and Eastleigh (combined flow of 3390 persons per annum)
- Southampton and New Forest (1720 ppa)
- Southampton and Test Valley (1110 ppa)
- Eastleigh and Winchester (1250 ppa)
- Portsmouth and Havant (3130 persons per annum)
- Portsmouth and Fareham (1380 ppa)
- Fareham and Gosport (1600 ppa)
- Havant and East Hampshire (1100 ppa)

3.19 Flows to the Isle of Wight are much smaller, with a gross flow of 270 persons per year with Portsmouth and 340 persons a year with Southampton.

3.20 The migration analysis indicates a fairly modest flow (580 persons per annum gross) between Southampton and Portsmouth. It suggests that (based on district-level analysis) Fareham is more closely related to Gosport and Portsmouth than Southampton; and that Winchester is most closely related to Eastleigh. It suggests that different parts of East Hampshire relate to different adjoining authorities, including to Havant and Waverley (as well as Winchester and Chichester).

3.21 There is little level of migration between South Hampshire authorities and Arun, with the strongest registered flows being only 230 persons per annum (gross) between Arun and Portsmouth. Flows between Chichester and South Hampshire authorities are more apparent, particularly with Havant (720 persons per annum) and East Hampshire (620 persons per annum); indicating some overlap between markets in this area. However, the relationship between Chichester and Arun is particularly strong (1,750 flows per annum) suggesting that Chichester District is more closely related to other parts of West Sussex than South Hampshire.

3.22 Consistent up-to-date data on migration self-containment is not published. The ONS internal migration statistics do not include details of flows within local authority boundaries and it is thus not possible to provide specific figures for self-containment. What the analysis can however be used to illustrate is that of those flows within the South East Region (i.e. excluding long-distance flows) which cross authority boundaries, 67% of those which originate within in one of the PUSH Partnership authorities and to another location within one of the authorities; with 63% of those originating from elsewhere in the South East to a PUSH authority coming from another PUSH authority. It is highly likely that if more local flows are considered self-containment across the PUSH area would exceed 70%.

[1] ONS Internal Migration Statistics, annual average 2006-11

3.23 We have also analysed net migration flows using data on internal migration between authorities over the 2006-11 period. The most significant net migration flows are from the cities to surrounding authorities, specifically:

- From Southampton to Eastleigh (710 persons per annum), Test Valley (250 ppa), New Forest (200 ppa) and Fareham (130 ppa);
- From Portsmouth to Fareham (280 ppa) and Havant (170 ppa).

3.24 While we see significant cross-border movements between other areas the net flows are generally less than 100 persons per annum. This includes flows from the PUSH authorities to the Isle of Wight.

3.25 The overall pattern of migration is one of student, international and economic migration into the two cities (Portsmouth and Southampton), and movement from the cities to adjoining areas. This pattern is similar to those associated with other cities across the UK.

Commuting Dynamics

3.26 ONS has defined travel to work areas across the UK based on areas in which generally "at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area." The area must also have a working population of at least 3,500. The latest travel to work areas are defined based on commuting data from the 2001 Census.

3.27 The Southampton Travel to Work Area (TTWA) extends from the New Forest in the west to Romsey and Winchester and to Eastleigh. The Portsmouth TTWA includes Fareham and Gosport and extends north to Petersfield, Liphook and Alton. Chichester and Bognor Regis form part of a separate TTWA.

3.28 These defined geographies are however based on somewhat dated analysis. We have therefore sought to assess more recent information from the 2011 Annual Population Survey on commuting dynamics. This is survey based data which is subject to an error margin, but provides an overall indication of trends.

3.29 The analysis looks at what proportion of the workforce in the PUSH authorities is drawn from other PUSH authorities. We see that over 90% of the workforce is drawn from the PUSH authorities in Eastleigh, Fareham, Gosport, Havant, Portsmouth and Southampton. These are all fully within the PUSH area.

3.30 In the other authorities which fall partly within the PUSH area, over three quarters of the workforce is either resident within the local authorities, or one of the PUSH authorities and the main commuting flow is from the PUSH authorities, with the strongest commuting flow into East

Hampshire from Havant; to New Forest from Southampton; to Test Valley from Eastleigh then Southampton; and to Winchester from Test Valley and Southampton.

3.31 The analysis points to those authorities falling partly within the PUSH area continuing to function as part of a South Hampshire-focused labour market.

Table 2: Commuting Flows, 2011 (Workplace-based)

% Workforce resident in …	East Hampshire	Eastleigh	Fareham	Gosport	Havant	New Forest	Portsmouth	Southampton	Test Valley	Winchester	Containment in PUSH Authorities
Workplace											
East Hampshire	59.46		0.92		10.79		2.67	0.35		2.21	76.4
Eastleigh		50.62	1.76	2.99	1.27	4.91	4.11	20.46	7.13	5.35	98.6
Fareham	0.52	1.63	51.44	14.26	3.75	0.69	8.51	7.82	1.58	6.70	96.9
Gosport			13.69	72.33	2.08		2.34	0.68		3.81	94.9
Havant	8.20		1.36	2.16	60.91	0.86	15.38	0.88		1.00	90.8
New Forest		1.45	1.88			72.56		7.12	1.38	1.75	86.1
Portsmouth	1.65	0.57	7.41	4.78	8.51		63.90	1.38	0.34	3.91	92.5
Southampton		12.51	3.85	0.27	0.88	9.42	1.66	56.67	4.11	1.05	90.4
Test Valley		15.33	2.74	0.85		5.37		11.96	40.25	2.06	78.6
Winchester	3.68	6.7	4.35		1.22	2.61		6.77	11.59	48.33	85.3

Source: Annual Population Survey. NB: Data for whole districts has been used.

3.32 The Isle of Wight using this source has a very high level of self-containment (94%), with a modest 1.3% of residents in work commuting to Southampton and 0.9% to Portsmouth. This does suggest that it functions as a separate housing market area.

3.33 As with the migration analysis, the commuting data suggests an interaction between Fareham and both Southampton and Portsmouth, with significant commuting in both directions between Gosport and Fareham. It suggests the strongest commuting to Portsmouth is from Fareham and Havant. The strongest commuting to Southampton is from Eastleigh, followed by Test Valley.

3.34 We have also considered commuting relationships with Arun and Chichester. Arun has high levels of self-containment (81% of workers live in the district) and draws the next highest proportion of its labour from Chichester (8%). There are only very limited commuting flows between Arun and South Hampshire districts with only 0.8% and 0.6% of workers in Arun commuting from Fareham and Portsmouth respectively.

3.35 Whilst interactions between Chichester and South Hampshire districts; particularly Portsmouth (4.3% of workforce) and Havant (3.5% of workforce), are stronger than those identified for Arun; Chichester also draws more than 17% of its workforce from Arun. This suggests its labour market faces more strongly towards Coastal West Sussex than it does towards South Hampshire.

House Prices

3.36 The geography of house prices is of higher housing costs in rural areas and particularly within the national parks (South Downs and New Forest), with lower housing costs within the urban area.

3.37 In relative terms, house prices for an average property are lowest in Portsmouth and Gosport (both in the eastern sub region). They are highest in attractive smaller settlements with a high quality of place but accessible from the A27/M27.

3.38 We can identify the following broad price zones[2]:

- Prices under £170,000: Gosport;
- Prices £170,000 - £200,000: includes Portsmouth, Cosham, Havant and Cowplain;
- Prices £200,000 - £225,000: includes Southampton as well as surrounding areas such as Totton and Park Gate; as well as the Portchester and Southwick area;
- Prices around £230,000: includes accessible settlements along the M27 including Hedge End, Fareham and Waterlooville;
- Prices around £245,000: includes Eastleigh, Hythe and Hayling Island;
- Prices between £250,000 - £300,000: includes Chandler's Ford and smaller settlements to the north of the M27;
- Prices over £300,000: includes Emsworth, Romsey and a number of higher value settlements to the north of the M27.

3.39 We have also sought to analyse house price changes. Table 3 analyses house price changes since the peak of the market in Q3 2007. The analysis suggests that over this period we have seen growth in house prices in Gosport, Fareham, Winchester and Test Valley; but that house prices remain below levels at the peak of the market in other areas (and particularly in Havant).

[2] Based on data from Zoopla Zed-Index,2013

Table 3: Median House Prices, and Change since Q3 2007

	House Price in Q3 2012	% Change from 2007 Q3
Southampton	£163,500	-2.6%
Eastleigh	£210,000	-0.9%
Fareham	£216,000	2.9%
Gosport	£155,500	3.7%
Portsmouth	£152,000	-2.3%
Havant	£186,750	-5.7%
New Forest (Whole)	£250,000	0.4%
Winchester (Whole)	£308,000	2.7%
Test Valley (Whole)	£245,000	3.2%
East Hampshire (Whole)	£263,500	-2.8%
England	£190,001	3.3%

Source: GLH Analysis of HM Land Registry Data

Housing Mix

3.40 We have also analysed differences in the housing mix. The overall pattern is one of a greater concentration of smaller and mid-market housing in the urban areas; and larger homes particularly within suburban areas and a rural hinterland within commuting distance of the larger urban centres.

3.41 Data regarding the predominant house type is mapped in Appendix E. Analysis of the most frequent house type on a ward basis in 2011 indicates that the balance of housing of different types differs across the sub-region, with a concentration of terraced and flatted properties in Portsmouth and Gosport. Southampton sees a high concentration of flatted properties, but has some suburban areas with higher levels of detached and semi-detached properties. In Eastleigh and Havant the housing mix is broader with areas where terraced, semi-detached and detached homes predominate. In more rural areas, the housing mix is focused more towards detached housing.

3.42 We see a similar broad pattern when assessing the proportion of homes in Council Tax Bands A and B (see Figure 13 and Appendix F). Portsmouth and Southampton in particular have a housing offer focused towards smaller and cheaper properties; whilst larger or higher value stock is more prevalent in Eastleigh and Fareham Boroughs. In East Hampshire, Winchester and Test Valley there are few wards with over 25% of properties in Bands A and B.

Socio-Economic Characteristics

3.43 Experian's Mosaic Classification is useful in that it draws together a range of socio-economic characteristics to identify areas with common attributes. It is based on a range of data sources which collate information regarding:

- Locational characteristics
- Property Characteristics (Value, Housing Mix etc)
- Socio-Economic Characteristics;

- Demographics; and
- Household incomes/ finances.

3.44 These are brought together to define 15 groups. We have mapped households in these classes across the PUSH area (see Appendix G, H and I). There is a clear difference between socio-economic characteristics in the cities of Portsmouth and Southampton and those in surrounding areas.

3.45 There is a concentration of higher-value housing in Chandler's Ford, Botley and Hedge End and in Park Gate. In contrast the housing/socio-economic profile is more mixed in Fareham/Porchester. Havant contains concentrations of local authority housing which influence the socio-economic profile.

3.46 Looking at differences in age structure, we firstly see a rural/ urban dimension (with a higher concentration of younger people in central Southampton, Portsmouth and Gosport (as well as further afield in parts of Winchester). The coastal parts of New Forest have a higher younger population than the inland areas. Concentrations of people aged over 60 at a ward level are highest in Hayling Island, around Stubbington, Portchester and in the New Forest. A lower proportion of the population is aged over 60 in Portsmouth, Southampton, Gosport (with the exception of one ward, Lee West, which has one of the highest levels in the PUSH area) and the town of Havant.

3.47 Unemployment is focused in Southampton, Portsmouth, Gosport and Havant. It is relatively low in the rural areas. Turning to look at deprivation, this is highest in Central Portsmouth, Cosham and Havant; and in central and some of the peripheral parts of Southampton

3.48 A full analysis of house type and socio-economic conditions using GIS analysis is set out within the Appendix (Appendix E – N).

Defining Two Housing Market Areas

3.49 Drawing the analysis together, there is a high level of self-containment in the South Hampshire Sub Region as currently defined. We consider that there are two clear overlapping housing markets, based on Portsmouth and Southampton. The commuting and migration analysis in particular continues to highlight a distinction between Southampton and Portsmouth focused markets.

3.50 However, the evidence does not suggest that these HMAs stretch as far inland/ north as suggested by the CLG Research; and we consider that the broad definition of the PUSH is still a sensible functional geography to base analysis on in advance of detailed information on commuting and travel to work data from the 2011 Census being released. Once this information is available, the definition of housing markets should be reviewed.

3.51 The definition of the PUSH area, including the Waterside parts of the New Forest but excluding the Isle of Wight, continues to reflect this evidence. The Isle of Wight has a high degree of self-containment in commuting terms, and there is not a strong migration flow from either Portsmouth or Southampton relative to those with other surrounding authorities. The evidence thus continues to show that the Island represents its own sub-regional housing market. This is consistent with the findings of the Isle of Wight SHMA 2007.

3.52 Evidence on housing market geographies from CLG and DTZ showed that there are clear links between Fareham and Gosport within the eastern Portsmouth-focused HMA; and links between Winchester and Eastleigh in the Southampton-focused HMA although some overlap is acknowledged.

3.53 Based on the DTZ and CLG research and updated analysis of household migration, contextual data (e.g. travel to work / commuting) and housing dynamics, the Southampton Housing Market Area (HMA) comprises:

- Southampton
- Eastleigh
- Southern Test Valley
- Eastern New Forest; and
- the western wards of Winchester and Fareham.

3.54 The Portsmouth Housing Market Area comprises:

- Portsmouth
- Gosport;
- Havant; and
- the eastern wards of Fareham Borough; and
- the southern parts of Winchester District.

3.55 Not all of the wards in each local authority fall within the PUSH area. Where only part of the local authority falls within one of the two PUSH HMAs, this is shown by the word 'Part' in Table 4 (and elsewhere in this report). The breakdown of wards in each HMA is set out in Appendices B and C.

Table 4: Geography of the two Housing Market Areas

Southampton HMA	Portsmouth HMA
Test Valley (Part)	Portsmouth
Southampton	Gosport
Eastleigh	Havant
New Forest (Part)	East Hampshire (Part)
Winchester (Part) (Western Wards)	Winchester (Part) (Eastern Wards)
Fareham (Western Wards)	Fareham (Eastern Wards)

3.56 Where data is limited and is only available at local authority level, we define the 'Core HMA' authorities as those which fall entirely within the PUSH area, namely:

- Eastleigh;
- Fareham;
- Gosport;
- Havant;
- Portsmouth; and
- Southampton

3.57 Reflecting the CLG analysis and consistent with the findings of the Coastal West Sussex SHMA, our analysis of contemporary data indicates that there is some functional relationships between the PUSH area north to Winchester and Petersfield; to Lymington and the New Forest National Park to the west and Chichester to the east. Whilst these relationships do not affect the definition of the PUSH area as a HMA, they should be borne in mind in the context of the Duty to Cooperate.

Implications of the Analysis

3.58 Two Housing Market Areas (HMAs) have been defined covering the PUSH Area – a PUSH East HMA focused on Portsmouth; and a PUSH West HMA focused on Southampton. The Isle of Wight represents a separate housing market area and is not considered further within this report.

3.59 A common Strategic Housing Market Assessment (SHMA) is being prepared for the two HMAs given the close inter-relationships between them, and the fact that some local authorities sit across both HMAs.

3.60 There is a degree of overlap between these two Housing Market Areas, particularly within Fareham Borough and the southern parts of Winchester City Council's area; but also some interactions with surrounding areas around the boundaries of the PUSH area. This includes Lymington and the New Forest National Park in the west; Chichester and Bognor Regis to the east and towards Winchester and Petersfield to the north. The implications of this as this new housing development of a substantial scale (or shortfall in housing provision) in these areas will impact on the housing market within the PUSH area (and vice-versa).

3.61 However the analysis undertaken in this SHMA concludes that the PUSH area remains a sensible basis for strategic planning for housing provision based on the information currently available. This is also recognised by Government through its designation of the Solent LEP area.

4 POLICY CONTEXT

4.1 In this section we review relevant strategic housing and planning policies, from a national to local level.

National Planning Policy and Guidance

4.2 The Coalition Government has reformed the policy framework for planning for housing provision, revoking regional spatial strategies and returning responsibilities for determining policies for housing provision to local authorities. The South East Plan has been revoked. The primary legislation to support this is the 2011 Localism Act which now includes a 'duty to cooperate' on local authorities.

4.3 The duty applies to the preparation of development plan and other local development documents, and to activities which can 'reasonably be considered to prepare the way' for these activities or support them (such as the preparation of evidence base studies such as this). Authorities are required by Section 110:2 of the Localism Act to "engage constructively, actively and on an on-going basis" with the other authorities identified in undertaking these tasks. The Duty to Cooperate is a legal test with which development plans must comply.

4.4 National policies for plan-making are set out within the *National Planning Policy Framework*[3]. This sets out key policies against which development plans will be assessed at examination and with which they must comply.

National Planning Policy Framework (NPPF)

4.5 The National Planning Policy Framework (NPPF) was published in March 2012. Compliance of existing Local Development Documents became a key issue from April 2013 onwards.

4.6 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. Green Belt, AONB and flood risk are recognised as nationally-significant constraints.

4.7 The core evidence for housing requirements is intended to be a Strategic Housing Market Assessment (SHMA) for the housing market area. 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:

[3] CLG (March 2012) *National Planning Policy Framework*

- 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.

4.8 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.

4.9 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.

4.10 This highlights the importance of collaborative working and engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act, and ensuring that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

4.11 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. This is a theme taken forward in Draft Planning Practice Guidance (which is considered next). Paragraph 17 in the NPPF reaffirms this, and outlines that plans should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

4.12 The preparation of a strategic housing market assessment for the housing market area is intended to be the primary means of determining policies for future housing provision.

4.13 The SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment. To increase housing supply, the NPPF requires that Local Authorities should maintain a 5 year supply of specific deliverable sites and include an allowance of 5% to ensure choice and competition in the market for land (unless there is a persistent track record of under-delivery when a 20% allowance is required).

4.14 In regard to housing mix, the NPPF sets out that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. National thresholds for affordable housing provision are removed as are national brownfield development targets.

4.15 In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this, affordable housing policies would need to be considered alongside other factors including infrastructure contributions – a 'whole plan' approach to viability. Where possible the NPPF encourages Local Authorities to work up Community Infrastructure Levy (CIL) charges alongside the Local Plan.

Draft Planning Practice Guidance

4.16 The Government published Practice Guidance on undertaking Strategic Housing Market Assessments in 2007. The approach in this report takes account of this Guidance.

4.17 New draft Planning Practice Guidance was issued by Government in August 2013 on 'Assessment of Housing and Economic Development Needs'. This is relevant to this SHMA 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.

4.18 The draft 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 this need." 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.

4.19 The Guidance outlines that whilst 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, 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). At the time of preparation of this report these are 2011-based 'Interim' Household Projections.

4.20 It 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, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where there market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

4.21 Evidence of affordable housing needs is also relevant, with the draft 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.

4.22 In regard to economic evidence, the draft Guidance indicates that job growth and economic forecasts should be considered, and that an increase in housing provision should be considered where there is evidence that labour supply in the housing market area might result in unsustainable commuting patterns or reduce the resilience of local business. It cautions against reducing migration assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.

Changes to National Housing Policies

Housing Strategy for England

4.23 In November 2011 the Government published *Laying the Foundations: A Housing Strategy for England* (HM Government, Nov 2011). This outlines the Government's ambition to stimulate housebuilding, not least to support economic recovery. It identifies a number of initiatives to support this, including:

- New-build Indemnity Scheme – providing Government-backed 95% mortgages for new-build properties;
- Growing Places Fund – providing funding for infrastructure which unblocks housing and economic growth;
- Initiatives to Kick-Start Stalled Developments – including proposals to allow reconsideration of planning obligations; a 'Get Britain Building' Investment Fund to provide development finance; and 'build now, pay later' deals with public sector land; and
- Custom Homes Programme – with short-term project finance support for individuals looking to build their own homes.

4.24 The Strategy includes initiatives to support growth and investment in the Private Rented Sector, including new 'build-to-let' models and a review of barriers to investment. It also indicates that the Government is looking at supporting greater innovation and competition between social landlords, including encourage new private entrants to the sector, and potential new approaches to funding in the medium-term.

4.25 The Strategy also included proposals for Reinvigorating the Right-to-Buy by raising the discounts available to tenants, but with a commitment to build a new 'replacement' home for affordable rent for every home lost. It also identified a funding steam to support local authorities in bringing empty homes back into use.

4.26 The Great Britain Building Fund and Growing Places Fund provide funding to unblock stalled schemes. The Government is also advising local authorities to renegotiate existing S106 agreements where these provide a hindrance to development, including allowing developers to appeal decision for a three year period to April 2016.

4.27 The Reinvigorating Right-to-Buy scheme increases the discount cap to £75,000; and makes provision that receipts from sales will be retained by local authorities to deliver replacement provision.

4.28 Since the 2011 Housing Strategy the Government has introduced a number of additional measures to try to kick-start the housing market. Of particular relevance is the new "Help to Buy" scheme introduced in the 2013 Budget. This provides two schemes aimed at increase the supply of low-deposit mortgages and new housing:

- Help to Buy Equity Loan – a new-build only scheme which expands the existing FirstBuy scheme to provide an equity loan of up to 20% of the value of a home through an equity loan. The scheme will run until April 2016 and buyers will require only a 5% deposit;
- Help to Buy Mortgage Guarantee – a similar scheme where buyers will require a 5% deposit and the Government will provide guarantees underpinning the 95% mortgage from a commercial lender. This scheme is available for both new-build and existing homes. Monies will be available from January 2014.

4.29 Moving forward these schemes could have a real impact at stimulating effective market demand for homes (and there is some evidence of this already) as they target some of the key challenges which have restricted access to owner occupation - difficulties for households in securing mortgage finance and high loan-to-value ratios.

Localism Act – Housing Reforms

4.30 The Localism Act has introduced a number of reforms affecting the management of social housing. These reforms are summarised below:

Allocations Policies

4.31 The Localism Act gives Councils greater flexibilities in deciding who qualifies to go onto housing waiting lists (through their allocations policies) and how they treat tenants who want rather than need to move. Local Authorities can thus revise their allocations policies, should they wish to do so, to prevent people with no 'need' for affordable housing from joining housing registers.

Tenancies

4.32 The Localism Act has introduced changes to social housing tenancies, giving both local councils and Registered Providers (RP's) the flexibility to grant fixed term tenancies (as well as lifetime tenancies) should they decide to do so. New fixed term tenancies would continue to be at social rent levels and tenants would have the same rights as those with existing lifetime tenancies in terms

of a right to repair or to buy/acquire. A minimum fixed-term tenancy in most cases would be for five years (with two year tenancies granted only in exceptional circumstances). Shorter tenancies are considered to be one way of making better use of the existing social housing stock in meeting housing need. Specific local policies are expected to be set out in local tenancy strategies.

4.33 The Government has also changed the rules on succession to make them consistent for all Council and RP tenants. The spouse or partner of a tenant who dies will have an automatic legal right to succeed, but will not have an automatic right to then pass on the property. This will not however affect joint tenancies or existing secure tenants.

Reform of Homelessness Legislation

4.34 Councils will be able to bring the statutory homelessness duty to an end with an offer of suitable private rented housing. People's right to refuse private rented accommodation will be withdrawn. This could potentially assist in the use of private sector housing stock in meeting affordable housing needs. Specific local policies are expected to be set out in local authority's tenancy strategies.

4.35 The Government has also introduced a new nationwide home swap scheme to support mobility in the social sector. In terms of social housing finance, the Localism Act also introduces 'self-financing' which allows Councils to keep money from rents to spend on upkeep, investment and management of their housing stock. It has also made changes to the regulation of the Social Housing Sector.

Consultation on Housing Standards Review

4.36 In August 2013, the Government published a consultation on housing standards. The consultation outlines the Government's response to the Local Housing Delivery Group which found that there was significant scope for rationalisation in technical and functional standards.

4.37 The consultation covers a number of traditional themes including accessibility, water efficiency and energy but also seeks views on the introduction on national minimum internal space standards for private sector housing. The implications of minimum space standards are complex. On the positive side, space standards may serve to improve the quality of housing and provide a product which is more flexible to occupier needs. More generously sized units may also serve to encourage downsizing amongst older households. However, prescribing unit sizes could also have implications for viability and, in some areas, could increase entry level prices leading to some buyers (particularly first time buyers) being priced out of the market.

Welfare Reforms

4.38 The Welfare Reform Act received Royal Assent in March 2012. This introduces the following:

- Household Benefit Cap;
- Planned introduction of Universal Credit (combining current existing benefits);

- Linking Local Housing Allowance (LHMA) rates to CPI; and
- Size Criteria for Calculating Housing Benefit in the Social Rented Sector.

Household Benefit Cap

4.39 The Welfare Reform Act introduces restrictions on how much Housing Benefit working-age households in social rented properties can claim from April 2013, based on the size of the household. Housing Benefit has been previously based on the size of the property rather than the household. This change will particularly impact on working-age households who are under-occupying homes. The Government estimates that the change of policy will impact on 670,000 households nationally – 32% of all working-age households in receipt of Housing Benefit. The average cost to affected households will be a reduction in Housing Benefit of £13 per week in 2013/14. The policy change is focused on reducing the Government's benefit bill, increasing mobility in the social rented sector and making better use of the existing social housing stock.

Shift towards Universal Credit

4.40 Universal Credit, which brings together existing benefits into a single payment, is due to be phased in from October 2013. A movement towards universal credit to provide one streamlined payment is likely to end the payments of housing benefit directly to landlords in some instances. Coupled with the caps on growth in LHA levels, this may over time make tenants on benefits less attractive to landlords. It could result in some moderating of growth in benefit claimants in the private rented sector, although this will depend on overall dynamics within the sector.

Changes to Local Housing Allowance

4.41 Low income households living in the Private Rented Sector are able to claim Local Housing Allowance (LHA) to assist in meeting their housing costs. LHA is determined in relation to rents in the Broad Rental Market Area (BRMA) in which a property lies.

4.42 In April 2011 the Government changed how LHA is calculated, shifting this from median rents in the BMRA to the 30th percentile. It has also introduced caps on LHA payments: £250 a week for a 1bed property or shared accommodation, £290 a week for a 2-bed property, £340 a week for a 3-bed property and £400 a week for properties with 4 or more bedrooms.

4.43 The Welfare Reform Act also indicates that increases in LHA rates from 2013 will be restricted to growth in inflation as measured by the Consumer Price Index (CPI). Rates will also be set annually rather than monthly. This can be expected to exert a downward pressure on rents, particularly in areas where LHA claimants form a significant proportion of the private rented sector market, and may encourage some LHA claimants to move to cheaper areas.

South Hampshire Strategy

4.44 The South Hampshire Strategy, published by PUSH in October 2012, "provides a framework to inform and support the preparation of statutory local plans and the future review/roll forward of those which are already adopted."

4.45 The document sets out the ambition of the Partnership for Urban South Hampshire (PUSH) to secure faster economic growth. The strategy recognises the role of housebuilding to facilitate this, and seeks to provide 55,600 new homes across South Hampshire during the period from 2011 to 2026.

4.46 The strategy also sets out a distribution of housing across the various PUSH authorities (Table 5). This 'policy on' distribution, which uses the South East Plan approach as a starting point, seeks to reflect the principle of prioritising development in the two cities and major urban areas to support regeneration whilst taking account of land availability and environmental constraints.

4.47 The distribution also recognises the role of the New Community North of Fareham (Welborne) in meeting housing needs of Fareham and other nearby authorities across the sub-region.

Table 5: Provision for Net Additional Homes 2011-2026

Area	Number of Dwellings
East Hampshire (Part)	1050
Eastleigh	8050
Fareham	2200
New Community North of Fareham	5400
Gosport	2550
Havant	5150
Portsmouth	9100
Southampton	12,200
Test Valley (Part)	2950
Winchester (Part)	6200
Housing Released by delivery of New Student Accommodation	750
South Hampshire Total	**55, 600**

Source: South Hampshire Strategy, 2012

Local Housing and Planning Policies in South Hampshire

4.48 The analysis below summarises relevant housing and planning policies, both current and where applicable emerging, across the South Hampshire authorities.

East Hampshire District

4.49 East Hampshire District Council's Joint Core Strategy is being prepared with the South Downs National Park Authority (SDNPA) and covers the planning period 2011 to 2028. Progress on the Joint Core Strategy was suspended in November 2012 to allow for the completion of an up-to-date SHMA and other evidence based studies.

4.50 This work has been completed and the spatial strategy for the District is outlined in Local Plan: Joint Core Strategy - Submission (June 2012) and as revised by the Further Proposed Modifications (August 2013). The Further Proposed Modifications plan for 10,060 homes in the whole district, including the SDNP area (as outlined in Policy CP8) during the plan period 2011-2028. This overall total includes 2,725 dwellings as part of the development of a new Eco-town at Whitehall & Bordon plus further new allocations with capacity for 3,200 dwellings distributed across the main settlements.

4.51 The proposed number of dwellings in East Hampshire in various locations is summarised overleaf in Table 6:

Table 6: Dwellings Proposed in East Hampshire

Location	Broad Distribution of Dwellings Proposed
Alton and Horndean	About 700
Petersfield	About 400 - 700
Clanfield	About 200
Liphook and Four Marks / South Medstead	About 175
Liss and Rowlands Castle	About 150
Other Villages Outside the National Park	About 150
Other Villages in the National Park	About 100

4.52 Specific sites will be identified in the Site Allocations Plan and through consultations with the local community.

4.53 CP11 outlines proposed policy on affordable housing. To meet affordable housing needs, development of 1 or more additional dwellings must provide 40% affordable housing (except at Whitehill Bordon where the target is proposed to be 35%).

4.54 Policy CP12 deals with affordable housing for rural communities. Residential development outside of settlement boundaries will only permitted in certain circumstances. In most cases, it is proposed that 100% affordable houses will be provided on these sites.

4.55 East Hampshire's proposed policy on housing tenure, type and mix is outlined in Policy CP 10 which aims to maintain a range of dwelling sizes in the settlements and countryside. It also aims to protect areas of special housing character through measures such as restricting the size of replacement dwellings. Policy CSWB 4 states that development at Whitehill Bordon must provide a number of family homes (3-5 beds) and executive homes. Within the South Downs National Park, housing provision will be restricted to the tenure, type and mix needed to serve local communities in the National Park.

Eastleigh Borough

4.56 Eastleigh Borough Council is preparing a local plan for the period from 2011 to 2029. Public consultation on a revised draft of the plan is to take place in the autumn of 2013 with a view to submitting the plan for examination in early Summer 2014.

4.57 The Revised draft Eastleigh Borough Local Plan 2011 - 2029 is to contain proposals to accommodate a little over 10,100 new homes in the borough over the plan period.

4.58 The plan notes that about 4,450 homes either already have planning permission or can be accommodated on sites within the existing built up area. The remaining 5,650 homes will be built on greenfield sites, of which 4,050 dwellings will be on strategic development sites, as shown in Table 7 below. The remaining requirement will be accommodated on a range of smaller sites around the borough.

Table 7: Dwellings Proposed on Strategic Sites in Eastleigh (Revised draft Eastleigh Borough Local Plan 2011 - 2029)

Location	Proposed No of Dwellings
Boorley Green, Botley	1,400
South of Chestnut Avenue, Eastleigh	1,100
West of Woodhouse Lane, Hedge End	800
West and south of Horton Heath	750

4.59 The plan states that the Borough Council will seek to secure 35% of the dwellings provided on sites capable of accommodating 15 or more dwellings as affordable homes. On sites capable of accommodating fewer dwellings, a reduced objective will apply.

4.60 There is a Housing Strategy for Eastleigh (2012 - 2017). There are also two relevant SPDs for Eastleigh: "Affordable Housing" (2009) and "Accommodation for Older People and Those in Need of Care" (2011).

Fareham Borough

4.61 Fareham Council's Core Strategy was adopted in August 2011. It covers the planning period 2006 – 2026.

4.62 Policy CS2 outlines the Council's policy on housing provision between 2006 and 2026. It states that 3,729 dwellings are to be provided within Fareham Borough excluding the Strategic Development Location (SDL). The SDL is to accommodate 6,500 – 7,500 homes. Policies CS7 - CS13 detail the number of dwellings proposed at various sites / locations (as can be seen in Table 8).

Table 8: Dwellings Proposed in Fareham Borough

Location	Number of Dwellings Proposed
Fareham	680 dwellings (2010 – 2026) (including 350 dwellings within Fareham Town Centre)
Western Wards & Whiteley	Approximately 1,480 dwellings (2010 - 2026) in the Western Ward settlements and around 180 dwellings at Whiteley
Coldeast Hospital (Strategic Development Allocation)	Implementation of existing residential planning permissions for 250 dwellings
Porchester Stubbington & Hill Head Titchfield	Approximately 60 Approximately 60 Approximately 30
North of Fareham Strategic Development Location	6,500-7,500 dwellings as the target for the SDL

4.63 Policy CS 13 states that development outside of settlements will be strictly controlled to protect the countryside and coastline.

4.64 Policy CS 18 outlines the provision of affordable housing. It states that schemes that deliver 5 net additional dwellings or above must provide affordable housing. On sites between 5 and 9 dwellings, 30% affordable housing (or an equivalent financial contribution towards off-site provision) is to be provided. On developments that are between 10 and 14 dwellings, there is a 30% affordable housing target and on developments of 15 or more dwellings, there is a 40% affordable housing target. Policy CS 18 does not apply to the SDL. A more detailed site specific study will be needed for this.

4.65 As policy CS 2 states, development will achieve a mix of different housing sizes, types and tenures informed by the latest Strategic Housing Market Assessment and the Council's Housing Strategy.

Gosport Borough

4.66 Gosport Council undertook consultation on its draft Local Plan at the end of 2012. The revised Pre–Submission Plan is anticipated in December 2013.

4.67 Policy LP3 proposed delivery of 2,700 net additional dwellings to 2029. There are a number of proposed regeneration areas (see Table 9 below).

Table 9: Dwellings Proposed in Gosport

Area	Number of Dwellings Proposed
Gosport Waterfront and Town Centre	700 to 900 dwellings
Daedalus	Up to 350 dwellings
Haslar Peninsula	Up to 300 dwellings at Royal Hospital Haslar and potential residential uses at Blockhouse.
Rowner	Up to 700 dwellings with approximately 200 net additional dwellings at the Alver Village Site, approximately 15 dwellings at Davenport Close

4.68 Policy LP24 states that on development sites where there are 10 or more dwellings proposed, 40% of dwellings are to be affordable housing. Houses are to be built to Lifetime Home Standards. The policy states that a mix of dwelling types and sizes are to be provided. Policy LP24 supports the reuse of previously developed land, redevelopment of poor quality homes and development of accommodation for the elderly, where appropriate.

Havant Borough

4.69 Havant Council's Core Strategy was adopted in March 2011. The Plan aims to provide 6, 300 new dwellings between 2006 and 2026 (as outlined in Policy CS 9) which are to be distributed across the five main areas of the Borough (see Table 10).

4.70 Policy CS 9 requires provision of 30 – 40% affordable housing or a financial contribution depending on the size of the development. The policy aims to develop of up to 450 extra care dwellings over the plan period, provide housing for people with various needs and prioritise development of brownfield land.

Table 10: Dwellings Proposed in Havant

Regeneration Area	Number of Dwellings Proposed
Waterlooville	2,126
Leigh Park	1,357
Emsworth	826
Hayling Island	727
Havant	1,944

New Forest District

4.71 The Core Strategy for New Forest District outside the National Park was adopted in October 2009. Plan Objective 3 aims to provide 3,920 additional dwellings over the plan period to 2026. This is broken down into 1,540 dwellings in the Totton and the Waterside, and 2,380 dwellings in the rest of the District (excluding the National Park Area). Policy CS 10 states there will be allocation of new greenfield sites for 250 dwellings. This is being taken forward through the Local Plan Part 2.

4.72 Policy CS 11 sets out new housing land allocations. Policy CS12 outlines that additional sites will be identified adjoining the main towns and larger villages to meet identified local needs for affordable and low cost market housing. It states that not more than 810 dwellings should be provided as part of the policy.

4.73 Affordable housing policies are set out in Policy CS 14 and CS 15. Requirements vary between 40% and 50% across the Plan Area. New greenfield allocations made under Policy CS11 are expected to deliver 50% affordable housing Sites allocated specifically to meet a local housing need under Policy CS12 are expected to provide 70% affordable housing. The requirements of CS 11 and the possible additional housing provision of CS12 are summarised in Table 11 below.

Table 11: Proposed Housing Provision in New Forest Local Plan Part 1

Area	Number of Dwellings Proposed
Totton	Approximately 100
Ringwood	Approximately 150
Totton (additional)	Approximately 50 dwellings
Marchwood	Approximately 150 dwellings
Hythe	Approximately 50 dwellings
Lymington	Approximately 150 dwellings
New Milton	Approximately 110 dwellings
Fordingbridge	Approximately 100 dwellings
Blackfield Langley Hardley and Holbury Fawley Milford-on-Sea , Sandleheath.	Approximately 30 dwellings (in each)
Hordle Everton Bransgore Ashford Sandleheath	Approximately 10 dwellings (in each)

4.74 Policy on housing types, tenure and provision is set out in policy CS13 which outlines how housing provision should meet the needs of local people.

Portsmouth

4.75 Portsmouth City Council adopted its Core Strategy in January 2012 covering the period from 2010 to 2027. Policy PCS 10 identifies the housing requirement for delivery of 7,117 - 8,387 homes to 2027, subject to the provision of necessary infrastructure. Housing delivery is proposed in the following areas (as set out in Table 12):

Table 12: Dwellings Proposed in Portsmouth

Area	Number of Dwellings Proposed
Port Solent	500
Horsea Island	0-500
Tipner	480-1250
Somerstown and North Southsea	539
City Centre	1,600
Other Town Centres	602
Rest of the City	1,674

4.76 Expected affordable housing provision ranges from 20 – 30% and should be provided in developments where 8 or more net additional dwellings are constructed. 20% affordable housing is expected on schemes of 8 – 10 dwellings, 25% affordable housing where there are 11 – 14 dwellings, and 30% affordable housing where there are more than 15 dwellings.

4.77 The expected tenure mix of the affordable units is 70% social rented and 30% intermediate. In all cases, where provision of affordable housing is required, on-site provision will be sought which mirrors the market element in terms of mix, size and type of dwellings.

4.78 In exceptional circumstances, where it is not practical or viable to provide on-site affordable housing, provision will be sought on an alternative site. A financial contribution towards securing affordable housing elsewhere in the City will only be considered when both on- and off-site provision has been shown to be impossible. Information on affordable housing is set out in the Housing Standards SPD.

4.79 Affordable housing will not be required from care/nursing homes or from student accommodation. Affordable housing is required on schemes of sheltered accommodation. Policy PCS 20 states that applications for changes of use to a House in Multiple Occupation (HMO) will only be permitted where the community is not already imbalanced by a concentration of such uses; or where the development would not create an imbalance.

4.80 Objective 5 states there should be an increased focus on delivery of family homes and homes for the elderly in the City. Policy PCS 19 states that developments should achieve a target of 40% family housing where appropriate and that the Council will encourage development of homes for the elderly.

4.81 Regarding housing size, all new dwellings and conversions should meet Portsmouth City Council minimum space standards for internal floorspace. High density housing development is encouraged in areas with very good public transport links which are close to local facilities and have been identified for intensification. Housing density should be a minimum of 100dph in the following areas:

- City Centre

- Cosham District Centre
- Fratton District Centre
- Southsea Town Centre
- Albert Road/Elm Grove District Centre
- North End District Centre
- Port Solent
- Tipner
- Somerstown and North Southsea

4.82 Outside of these areas, housing density should be no less than 40dph.

Southampton

4.83 Southampton City Council adopted its Core Strategy in 2010. Partial Review is underway focused on revising office development targets in the City Centre.

4.84 Policy CS 4 in the Core Strategy states that an additional 16,300 homes will be provided within the City of Southampton between 2006 and 2026.

4.85 Policy CS 16 seeks 30% family homes on sites which comprise 10 or more dwellings or that are more than 0.5 hectares; and there is to be no net loss of family homes on sites which comprise a mixture of residential units unless planning consideration suggests otherwise. Houses in Multiple Occupation for students (where planning permission is required) is to be controlled and there is to be an improvement and increase in the provision of accommodation for senior citizens and the disabled as part of Policy CS 16. Policy CS 16 also outlines minimum space standards for different types of properties.

4.86 Policy CS 15 on affordable housing states that the Council will seek 20% affordable housing on sites of 5 - 14 dwellings and 35% affordable housing on sites of 15 dwellings or more or over 0.5 ha in size. Affordable housing is expected to comprise 65% social rented housing and 35% intermediate affordable housing.

4.87 Policy CS 5 states that high density housing should be confined to the most accessible areas (the City Centre and areas within close proximity of Shirley Town Centre), other district centre, areas in key public transport corridors and other major sites in the LDF allocated for significant intensification.)

Test Valley Borough

4.88 Test Valley Borough Council is in the process of developing a new Local Plan. The draft Revised Borough Local Plan was approved by the Council for consultation in February 2013.

4.89 Policy COM 1 proposes provision of 10,026 homes over the planning period (2011 – 2029). The proposed distribution of this is as follows:

Table 13: Dwellings Proposed in Test Valley

Area of the Borough	Number of Dwellings Proposed
Andover (Northern Test Valley)	5,868
Rural Test Valley (Northern Test Valley)	648
Southern Test Valley	3,510
Borough Wide Total	10,026

4.90 More detailed policies relating to the following key sites are outlined in Policies COM3 to COM6:

- Policy COM3: New Neighbourhood at Whitenap, Romsey (approximately 1, 300 dwellings)
- Policy COM4: New Neighbourhood at Hoe Lane, North Baddesley (approximately 300 dwellings
- Policy COM5: Residential Development at Park Farm, Stoneham (approximately 75 dwellings)
- Policy COM6: New Neighbourhood at Picket Piece, Andover (approximately 1,000 dwellings)

4.91 Test Valley's proposed policy on affordable housing is outlined in Policies COM 7 (Affordable Housing) and COM 8 (Rural Exemption Affordable Housing). The policy seeks:

- 15 or more dwellings (or sites 0.5ha or more) : up to 40% on-site provision
- 10-14 dwellings (or sites 0.3-0.49ha) : up to 30% on-site provision
- 5-9 dwellings (or sites 0.2-0.39ha) : up to 20% on-site provision, or equivalent off-site financial contribution; and
- 1-4 dwellings (or up to 0.19ha) off-site financial contribution equivalent to up to 10% on-site provision.

4.92 Policy COM 10 deals with accommodation in the countryside for rural workers and the circumstances in which this is permitted. Policy COM 11 deals with extension proposals for existing dwellings in the countryside which Policy COM 12 relates to replacement dwellings in the countryside.

Winchester

4.93 Winchester City Council and South Downs National Park Authority have worked together to prepare the Winchester District Local Plan Part 1 – Joint Core Strategy which was adopted in March 2013.

4.94 Policy CP 1 states that provision will be made for 12,500 dwellings over the planning period 2011 – 2031, distributed as follows:

Table 14: Dwellings Proposed in Winchester

Area of the District	Number of Dwellings Proposed
Winchester Town	4,000
South Hampshire Urban Areas	6,000
Market Towns and Rural Area	2,500

4.95 Policy CP 2 states that there should be a range of tenure, types and sizes of homes on housing developments including private rented housing and extra care housing, but states that the majority of dwellings should be 2 – 3 beds.

4.96 Affordable housing policy for Winchester City Council is set out in Policy CP3. 40% affordable housing is expected unless it makes development proposals economically unviable. 70% of the affordable housing should be for affordable rent and the remaining 30% intermediate affordable housing.

Overview of Proposed Housing Provision

4.97 The NPPF indicates that the weight which can be given to existing adopted development plans is affected by their degree of fit with the Framework. The NPPF indicates that local plans should be prepared to meet objectively-assessed need (OAN) for market and affordable housing where this is compatible with achieving sustainable development.

4.98 Draft Planning Practice Guidance indicates that the starting point for considering OAN is the latest set of household projections issued by Government. It however then identifies a number of tests which should be considered primarily to examine the case for increasing housing supply:

- Is there evidence that household formation has been constrained? Do market signals suggest a need to increase housing supply to improve affordability?
- Will the projected housing provision be capable of meeting affordable housing needs? Should higher housing numbers be considered to increase delivery of affordable housing?
- Will the housing numbers support expected growth in jobs, or is there a need to consider increasing housing supply to support economic growth?

4.99 Five of the authorities within the PUSH area have adopted plans. Others are emerging. The current proposed housing numbers, planning period and affordable housing policy for each are summarised in Table 15 below.

Table 15: Overview of Proposed Housing Whole Authority)

	Planning Period	Number of Dwellings Proposed	Affordable Housing
East Hampshire	2006 - 2028	10,060	35 - 40%
Eastleigh	2011 - 2029	10,140	10 – 35%
Fareham (adopted)	2006 - 2026	3,729	30 – 40%
Gosport	2011 - 2029	2, 700	40%
North of Fareham SDL	2006-26	6,500 – 7,500	TBC
Havant	2006 - 2026	6, 300	30 – 40%
New Forest (adopted)	2006 - 2026	3,920	40 - 50%
Portsmouth (adopted)	2010 - 2027	7,117 - 8,387	20 – 30%
Southampton (adopted)	2006 - 2026	16, 300	20 – 35%
Test Valley	2011 - 2029	10, 026	Equivalent to 10-40%
Winchester (adopted)	2011 - 2031	12, 500	40%

4.100 In regard to housing policy, welfare and benefit reforms have (and can be expected to continue to have) an impact on dynamics within the social and private rented sectors. A range of Government initiatives have also been established to seek to increase housebuilding, including most recently the 'Help-to-Buy' scheme.

5 STOCK AND SUPPLY TRENDS

5.1 This section reviews the housing stock and how this has been changing over the last decade. The PUSH SHMA looks at housing requirements over the period to 2031 and 2036. Much of the housing stock likely to exist in 2031 already exists now; and it is thus important to understand the current 'housing offer', to consider what gaps in the offer new-build development might fill moving forward.

5.2 In this section, we profile the current housing offer, considering the profile of stock of different types, sizes and tenures of homes, and how it varies across the HMA.

5.3 Where statistics are available below local authority level these are shown. Where local authority level data only is available, statistics are presented for the 'Core' PUSH Authorities, namely Eastleigh, Fareham, Gosport, Havant, Portsmouth and Southampton. Where data is available at sub local authority level, full tables for each local authority and parts of local authorities can be found in the Appendix (Appendix O – Q).

Tenure Profile

5.4 Table 16 below shows that there are just over 440,400 households in the PUSH area. Of this, just over half (50.2%) of households are in the PUSH West HMA and just under half are in the PUSH East HMA (49.8%).

Table 16: PUSH – Number of Households, 2011

	Households	% of PUSH Area
PUSH Area	440,460	100.0%
PUSH East HMA	219,254	49.8%
PUSH West HMA	221,206	50.2%
East Hampshire (Part)	8,361	1.9%
New Forest (Part)	29,546	6.7%
Test Valley (Part)	17,060	3.9%
Winchester (Part)	16,269	3.7%
Eastleigh	52,177	11.8%
Fareham	46,579	10.6%
Gosport	35,430	8.0%
Havant	51,311	11.6%
Portsmouth	85,473	19.4%
Southampton	98,254	22.3%

5.5 Across the Core PUSH authorities[4] 17.9% of homes were in public sector ownership (owned by local authorities, Registered Providers or other parties such as the MOD); whilst 82.1% were in private ownership (either owner occupied or private rented).

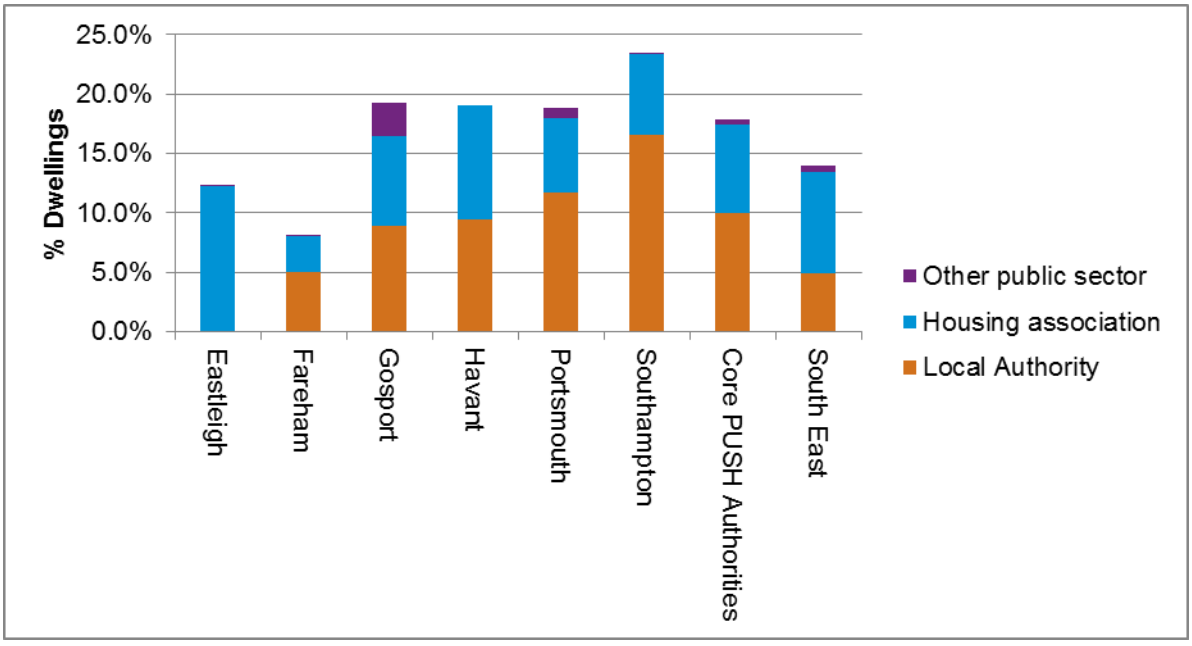
Table 17: Broad Tenure Profile, 2011

	Public	Private
Eastleigh	12.2%	87.8%
Fareham	8.1%	91.9%
Gosport	19.2%	80.8%
Havant	19.0%	80.9%
Portsmouth	18.8%	81.2%
Southampton	23.4%	76.6%
Core PUSH Authorities	17.9%	82.1%
South East	14.0%	86.0%
England	18.0%	82.0%

Source: CLG Table 100

5.6 Figure 4 splits out the ownership of homes in public sector ownership for the Core PUSH authorities. Most of the public housing is either owned by local authorities or housing associations. Public sector ownership of housing is above the regional average in Gosport, Havant, Portsmouth and Southampton. It is highest in Southampton at 23.4% of the stock. Public sector ownership below average in Eastleigh (12.2%) and Fareham (8.1%).

Figure 4: Public Housing Sector Tenure, 2011 – Core PUSH Authorities



Source: CLG Table 100

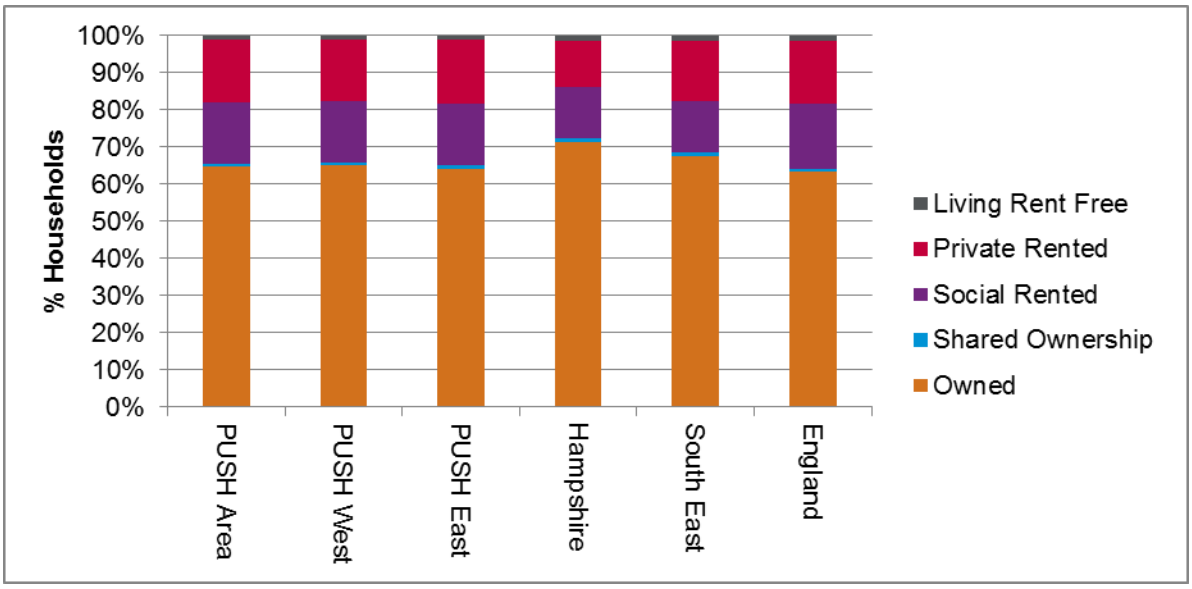
[4] Those authorities which fall wholly within the PUSH area – Eastleigh, Fareham, Gosport, Havant, Porstmouth and Southampton

5.7 A more detailed picture of the housing stock is available using 2011 Census data. This indicates that owner occupation is the dominant tenure across the PUSH area, and accommodates 64.6% of households. Owner occupation in the PUSH area is below the regional (67.6%) but above the England average (63.3%).

5.8 The proportion of private renting in the PUSH area (17.1%) is higher than regional (16.3%) and the national average (16.8%). Whilst the level of social renting in the PUSH area (16.4%) is above the South East (13.7%) but lower than the England average (17.7%).

5.9 The PUSH West HMA has a slightly higher proportion of private (17.5%) and social renting (16.5%) and lower proportion of owner occupier households (64.1%) compared with the PUSH East HMA in which 16.7% of households privately rented, 16.3% are in the socially rented sector and 65.1% in owner occupation.

Figure 5: Detailed Tenure Profile for HMAs, Census 2011



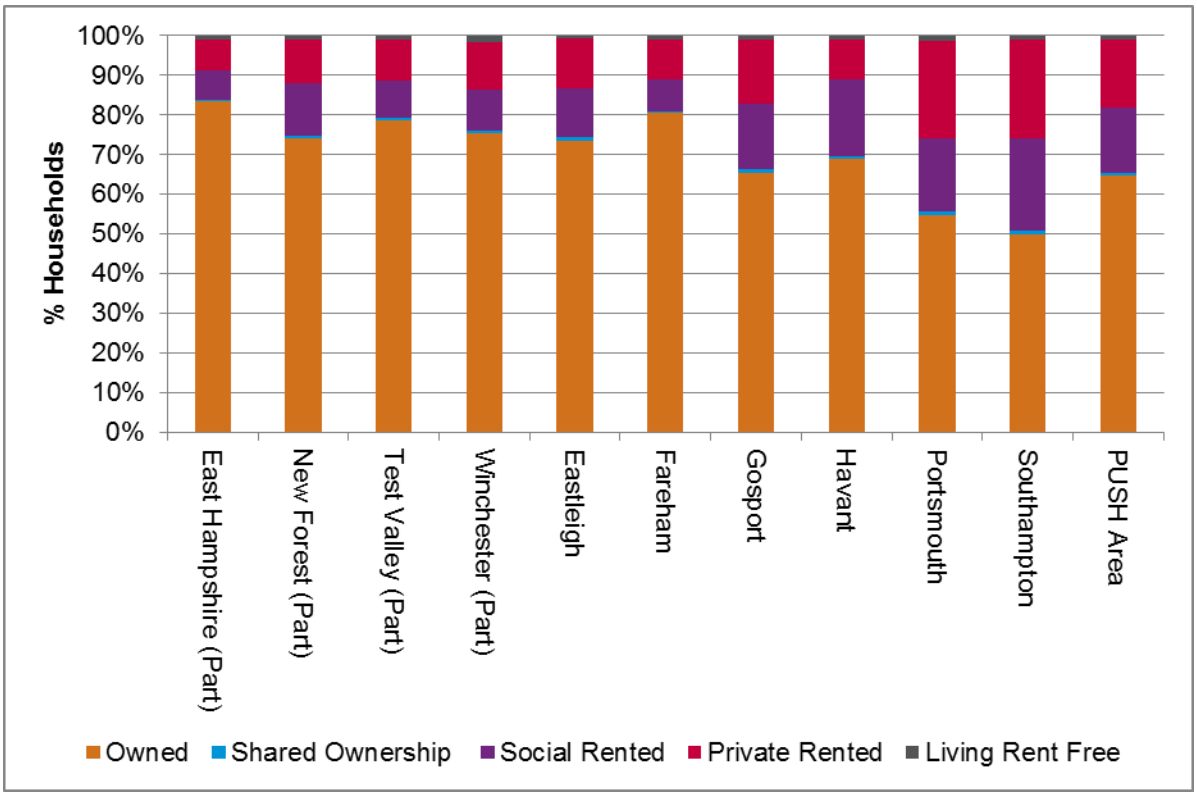
Source: Census 2011

5.10 Levels of owner occupation are highest in the parts of East Hampshire which fall in the PUSH area (83.5%), followed by Fareham (80.4%) and Test Valley (78.7%). They are lowest in the urban centres - Southampton (49.7%) and Portsmouth (54.9%) - and also in Gosport (65.2%).

5.11 Just under a quarter of households in Southampton and Portsmouth live in the private rented sector compared with the 17.1 % across the PUSH area. The private rented sector is particularly low in East Hampshire (7.8% of households) and Havant (9.9%).

5.12 Portsmouth (18.3%) and Southampton (23.3%) have the highest levels of households in the social rented sector. This can be seen in Figure 6.

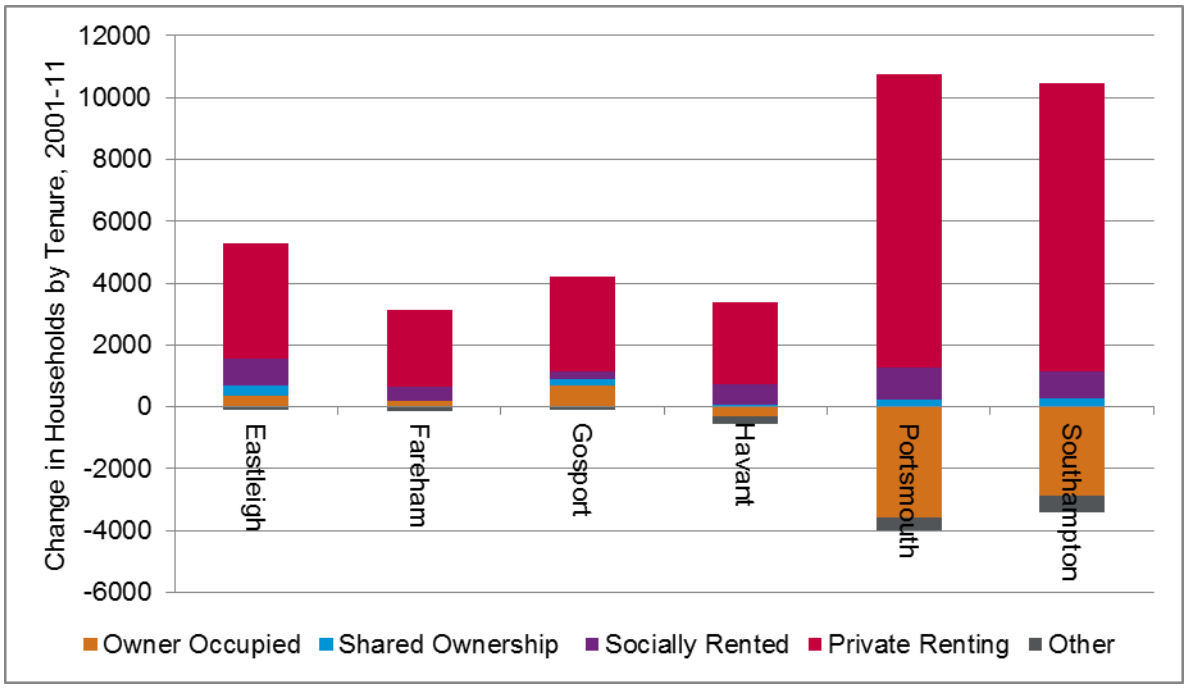
Figure 6: Detailed Tenure Profile at Local Authority Level, Census 2011



Source: Census 2011

5.13 Figure 7 profiles changes in the tenure pattern between 2001-11. It shows that private renting has been the key growth sector within the housing market over this decade and has increased in size each of the Core PUSH HMA local authorities. This increase has been particularly notable in Portsmouth and Southampton where owner occupation has decreased (in both absolute and percentage terms).

Figure 7: Change in Tenure Profile Core PUSH HMA, 2001 – 2011



Source: 2001 and 2011 Census

House Types

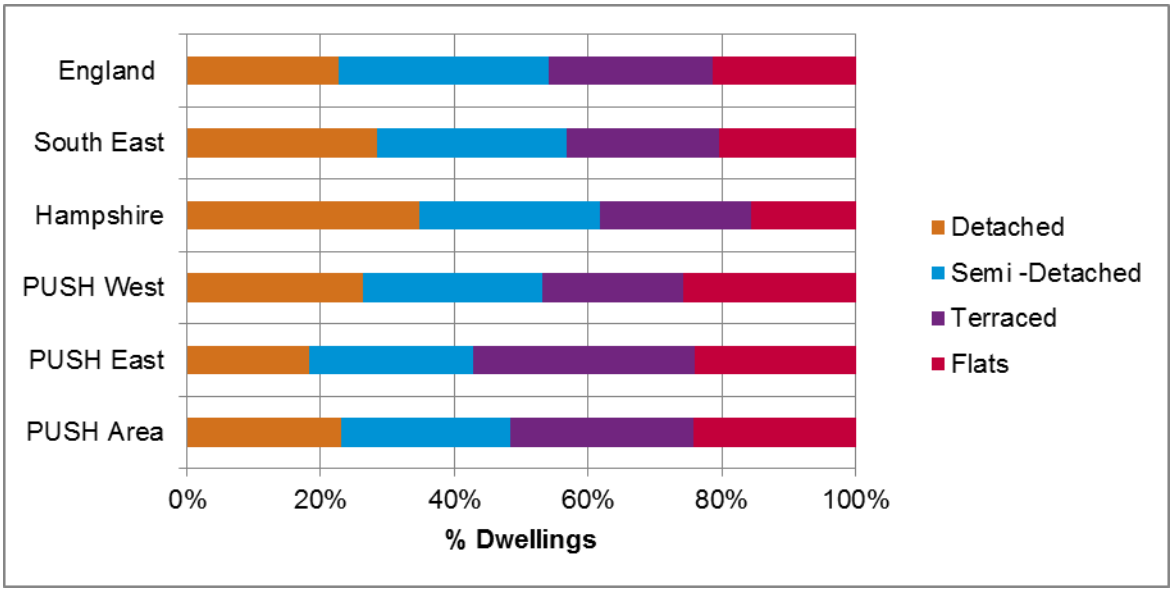
5.14 Terraced housing accounts for the largest proportion of the housing stock across PUSH at 27.1% compared with 22.5% regionally and 24.5% nationally (as can be seen by Figure 8). There is also a significant level of flats/maisonettes (24.1% across the PUSH area with 20.3% regionally and 21.2% nationally), driven by the housing mix in Portsmouth and Southampton.

5.15 Detached housing across the PUSH area accounts for a lower than average proportion of the housing stock – 22.8% of the housing stock compared to 28.2% across the South East region.

5.16 The PUSH East HMA has an above average proportion of terraced housing (33.1%), is influenced particularly by the housing mix in Portsmouth.

5.17 Terraced housing in the PUSH West HMA, however, accounts for the lowest proportion of its housing stock, with detached (27.4%) and semi-detached (26.2%) homes predominating.

Figure 8: Profile of Dwelling Stock by Type - PUSH HMA, 2011



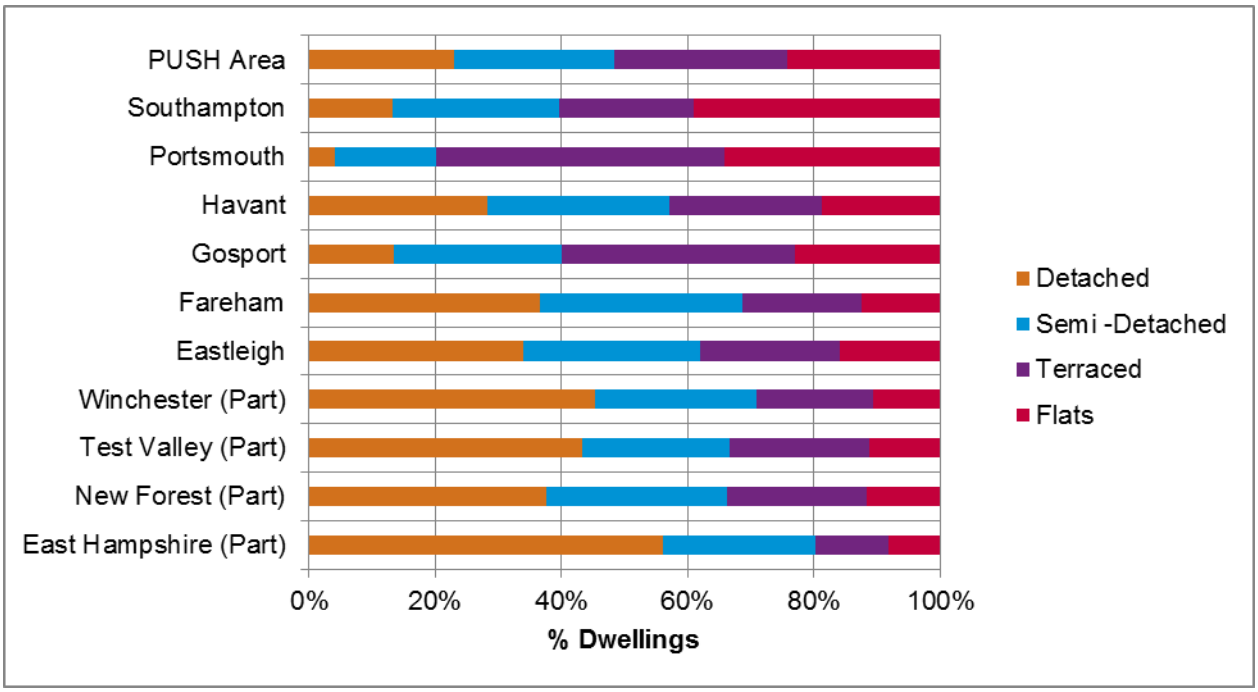
Source: 2011 Census

5.18 The proportion of detached and semi-detached housing is lowest in Portsmouth. 4.2% of homes in the city are detached and 15.8% semi-detached (compared to a 22.8% and 25.2% respectively across the PUSH area). The city's housing stock is strongly skewed towards terraced housing and flats/maisonettes.

5.19 Detached housing is highest in those parts of East Hampshire (55.9%), New Forest (37.1%), Winchester (44.3%) and Test Valley (43%), which fall within the PUSH area. The focus of the housing offer in these areas is towards larger, higher value homes. Semi-detached housing is highest in Fareham (32.1%), Havant (28.7%) and New Forest (28.4%).

5.20 The proportion of terraced housing is highest in Gosport (36.6%) and Portsmouth (45.2%). Portsmouth (33.9%) and Southampton (38.7%) have the highest levels of flatted stock, as we might expect for larger urban areas with higher development densities.

Figure 9: Profile of Dwellings Stock by Type – PUSH Authorities, 2011



Source: 2011 Census

House Sizes

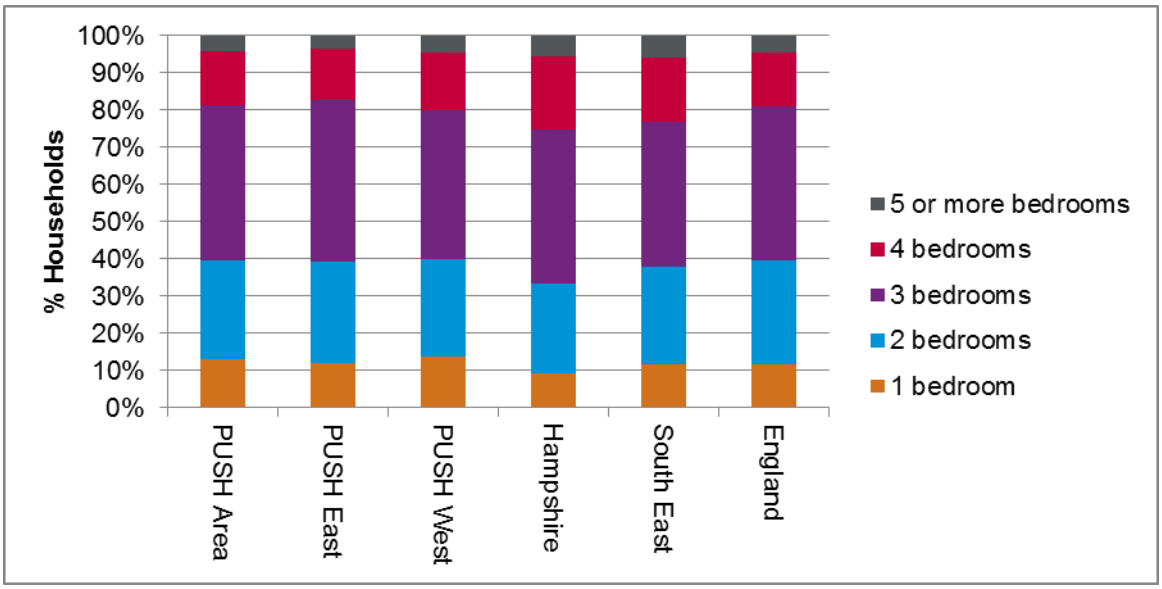
5.21 The profiles of housing of different sizes across the PUSH area is similar to national patterns, but with a slightly higher proportion of smaller (1 bed) properties (as can be seen from Figures 10 and 11).

5.22 Across the PUSH area:

- 12.9% of houses have 1 bedroom;
- 26.6% have 2 bedrooms;
- 41.6% are 3 bedrooms;
- 14.6% have 4 bedrooms; and
- 4.1% have 5 or more bedrooms.

5.23 The percentage of 2 – 3 bed homes in the PUSH East HMA is slightly higher (70.4%) than for the PUSH West HMA (66%). The PUSH West HMA has a higher proportion of smaller 1 bed homes (13.7%), which particularly reflects the housing mix in Southampton.

Figure 10: Number of Bedrooms –PUSH HMA 2011

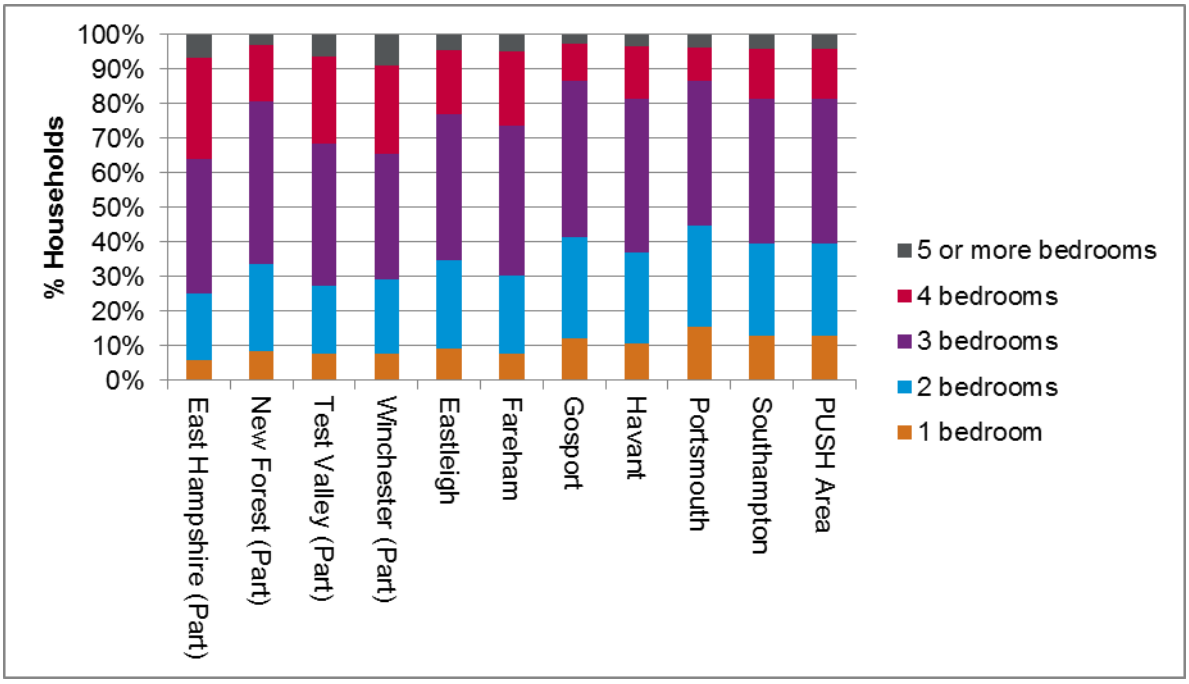


Source: Census 2011

5.24 In all authorities, three-bedroom properties predominate. The parts of East Hampshire, Test Valley and Winchester which fall in the PUSH area have the highest proportion of properties with three or more bedrooms, accounting for over 70% of its housing stock (74.6% in East Hampshire 72.4% in Test Valley, 70.5% in Winchester and 69.7% in Fareham) consistent with a focus more towards detached and semi-detached homes.

5.25 In Portsmouth, Southampton and Gosport in comparison, the percentage of dwellings with 3 or more bedrooms accounts for just over half of dwellings – much less than in other authorities (55.2%, 60.2% and 58.4% respectively). These areas have a housing offer focused more towards smaller properties.

Figure 11: Number of Bedrooms – Local Authorities, 2011



Source: Census 2011

5.26 The different parts of the two HMAs play a somewhat complementary relationship to one another, with suburban and rural areas providing greater family homes than in the cores of the two cities where development densities are typically higher.

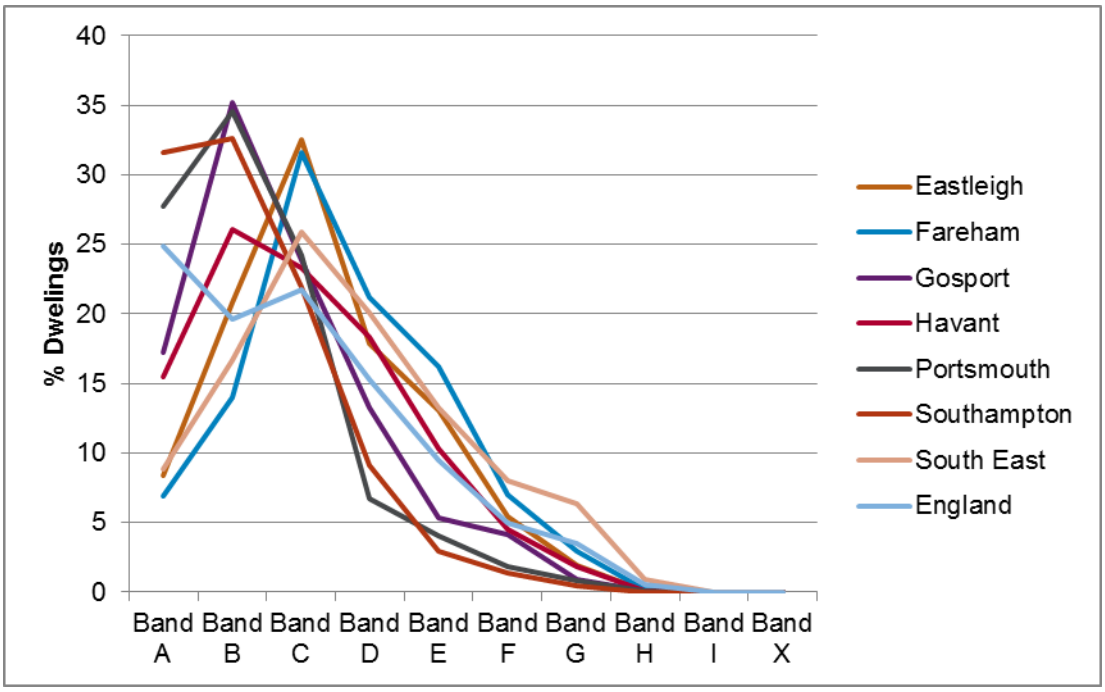
Council Tax Band

5.27 Across the Core Authorities, just under half of dwellings are in Council Tax Bands A and B (44.4%) which is consistent with the England average (44.4%) but much higher than the South East average (25.5%). This is influenced partly by below average housing costs in the PUSH area relative to other parts of the South East and partly by the housing mix. Just under a quarter of properties across the Core Authorities are in Band A (24.8%). 18.5% of properties are in Band E. This is lower than the regional average (25.3%) but consistent with the national average (18.5%).

5.28 The proportion of Band A and B properties is highest in Portsmouth (62%), Southampton (64%), Gosport (52.4%) and Havant (41.6%) and lowest in Fareham (20.9%) and Eastleigh (29.2%) (compared with a 44.4% average across the core authorities in the HMA). The housing offer in Southampton, Portsmouth, Gosport and Havant generally comprises smaller and more affordable homes. In those parts of East Hampshire, Winchester and Test Valley which fall in the PUSH area there are few wards with over 25% of properties in Bands A and B (see Appendix F).

5.29 Portsmouth and Southampton in particular have a housing offer focused towards smaller and cheaper properties; whilst larger or higher value stock is more prevalent in Eastleigh and Fareham Boroughs.

Figure 12: Dwellings by Council Tax Band, 2011 – Core Authorities



Source: Neighbourhood Statistics

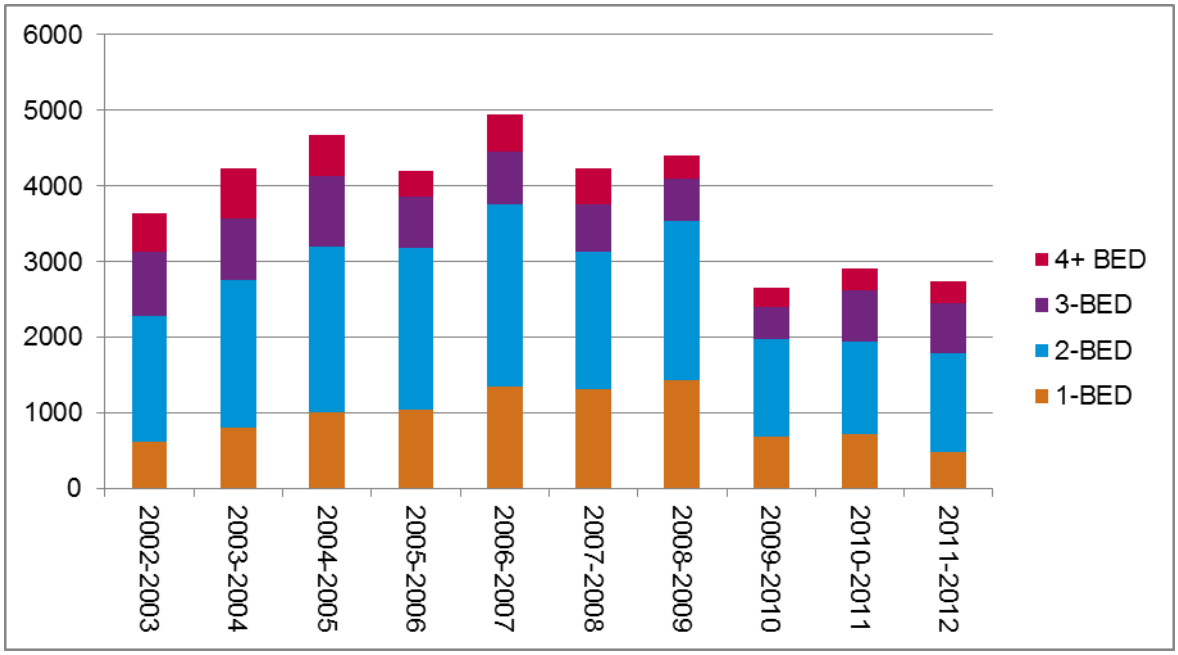
Completions by Bed Size

5.30 Over the 2002-12 decade the profile of dwelling completions significantly focused towards one- and two-bed properties as can be seen by Figure 13.

- 24.5% of completions across the PUSH area were of 1-bed homes;
- 46.8% 2-bed;
- 17.9% 3-bed; and
- 10.7% with four or more bedrooms.

5.31 Relative to the existing profile of homes, completions focused towards smaller one- and two-bed properties; and thus over the last decade the focus of the housing offer has shifted towards smaller homes.

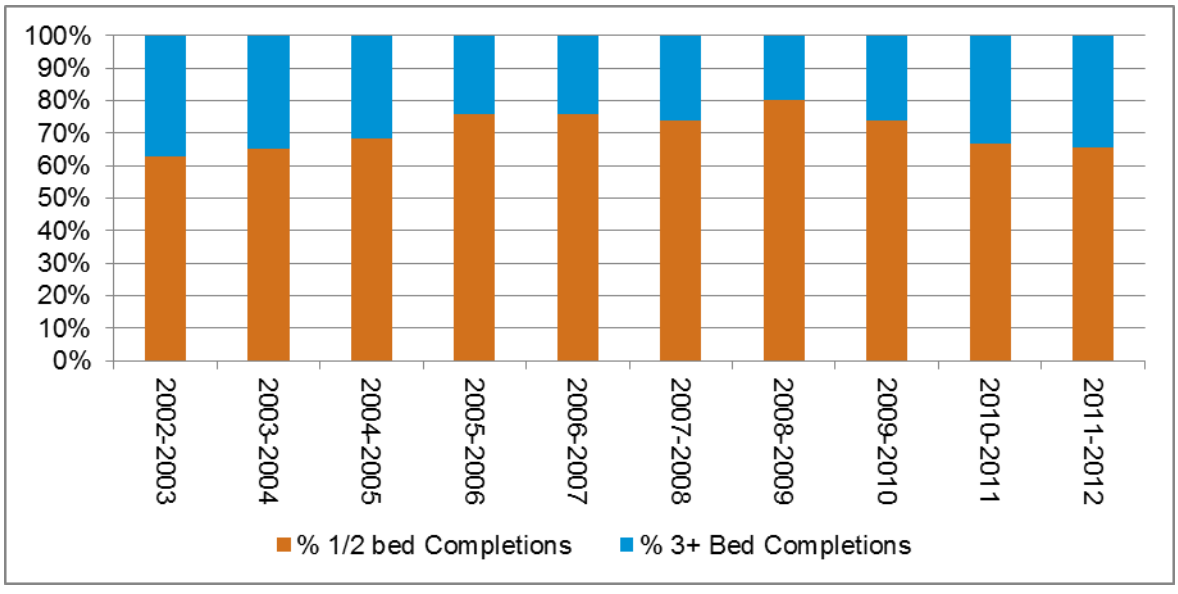
Figure 13: Completions by Property Size (PUSH Area), 2002-12



Source: HCC Monitoring. *Note: This is based on gross not net dwelling completions*

5.32 Analysing the profile of sales of different sizes, we saw a shift over the period to the peak of the market (2007-2008) towards smaller 1- and 2-bed dwellings; however since this point whilst completions overall have fallen the market for larger new-build properties of 3- and 4+ bedrooms has held up moderately better. Figure 14 profiles the proportion of completions of smaller 1 and 2-bed properties, and those with 3+ bedrooms.

Figure 14: Proportions of Completions by Broad Property Size (PUSH Area),



Source: HCC Monitoring. *This is based on gross dwelling completions*

Drawing the Analysis Together

5.33 Across the PUSH area, there is a higher proportion of terraced dwellings and flats than the national and regional average. In the Core authorities, over 60% of the housing stock falls within Council Tax Bands A and B and more than 40% of households live in rented accommodation. This is partly a function of the nature of the market and housing offer in the two cities.

5.34 The PUSH East HMA has more terraced housing (than PUSH West), largely driven by Portsmouth. The housing offer in Gosport and Havant is slightly broader but publically-owned or affordable housing is above average. In these authorities, two- and three-bed properties predominate, over 40% of homes fall within Council Tax Bands A and B, and over 16% of households live in the social rented sector. The housing offer is focused on mid-market housing. Gosport has over 1,000 properties in 'other public sector' (most likely MOD) ownership.

5.35 The PUSH West HMA has a higher proportion of dwellings in the private rented sector and a higher proportion of 1 bed dwellings (driven by the high proportion of flats in Southampton). In the parts of Test Valley and New Forest in this HMA (and in Eastleigh), owner occupation is higher, in part influenced by a housing offer focused towards larger detached and semi-detached 'family' homes with three or more bedrooms.

5.36 The analysis of the housing offer across the HMA highlights a distinction between the housing offer in "the two cities" (Southampton and Portsmouth) and Gosport to some extent. The two cities have a housing offer which is focused towards smaller properties and rented accommodation and are clearly built at a higher density than other parts of the HMA. Whilst Southampton has a higher proportion of flats, Portsmouth has a higher proportion of terraced housing. In the more rural areas with Winchester and Test Valley within the PUSH sub-region and in Fareham Borough, there is a higher proportion of larger, higher value detached properties which are owner occupied.

5.37 Key trends over the 2001-11 decade emerging from the analysis are the growth in private renting (across all areas but particularly in Portsmouth and Southampton where owner occupation has fallen); and a modest shift in the housing mix towards smaller properties.

6 HOUSING MARKET DYNAMICS AND MARKET SIGNALS

6.1 We have sought to provide an analysis in this section of housing market dynamics and market signals within the PUSH area. This includes a review of macro-economic dynamics and drivers as well as analysis of micro and local level house price, demand and rental trends for the Core PUSH authorities. This is supplemented by qualitative evidence and findings from consultation with estate and letting agents active across the PUSH area.

Overview of the UK Housing Market and Economy

Conceptual Framework

6.2 It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in the diagram below:

Figure 15: Understanding Housing Demand

Source: GL Hearn

6.3 At the macro-level, the market is particularly influenced by interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the macro-level). In the recent recessionary period, these macro conditions have been particularly prominent in driving the housing market.

6.4 The market is also influenced by the economy at both regional and local levels, recognising that economic employment trends will influence migration patterns (as people move to and from areas to access jobs) and that the nature of employment growth and labour demand will influence changes in earnings and wealth (which influences affordability).

6.5 Housing demand over the longer-term is particularly influenced by population and economic trends: changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products.

6.6 There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. The importance of these local factors is perhaps more pronounced in stable or healthy economic times, when mortgage availability and market liquidity are far less of a constraint on activity. These include:

- quality of place and neighbourhood character;
- school performance and the catchments of good schools;
- the accessibility of areas including to employment centres (with transport links being an important component of this); and
- the existing housing market and local market conditions.

6.7 These factors influence the demand profile and pricing within the market. At a local level, this often means that the housing market (in terms of the profile of buyers) tends to be influenced and consequently reinforce to some degree the existing stock profile. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.

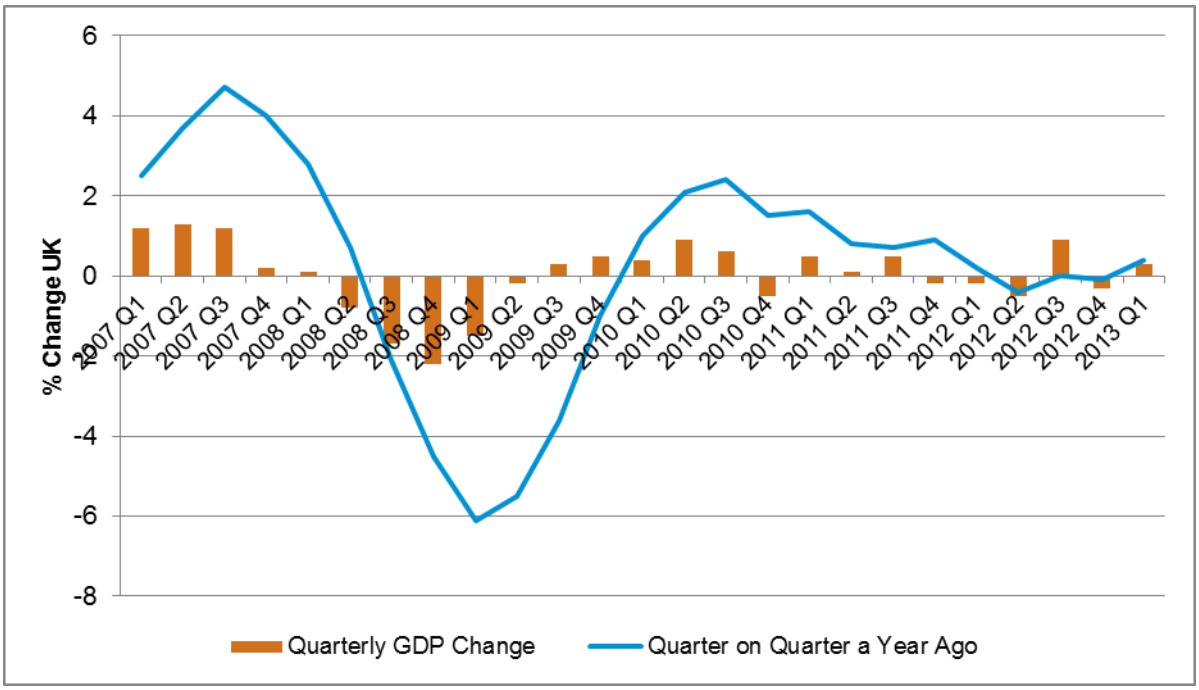
6.8 Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Understanding the Macro-Level Dynamics

6.9 Much has been written over the last few years about economic performance and outlook. The UK economy, as well as a number of the major global economies, experienced an economic recession which lasted six quarters from Q3 2008 until the end of 2009. The economy began to recover in 2010.

6.10 Economic recovery since 2010 has been relative weak – we have seen both a deep recession and weak recovery. As Figure 16 indicates during the course of 2012 there was minimal growth in the UK economy. During the course of 2013 the economic outlook has begun to improve.

Figure 16: UK Economic Growth, 2007-2013



Source: ONS

6.11 One of the key triggers to the recent economic difficulties on an international level was the 'credit crunch.' The downturn in the world economy was led to a large extent by the sub-prime lending crisis in the United States: this crisis has generated a fundamental shift in not only interbank lending but more significantly, attitudes towards customer lending (including home purchasers, landlords and developers).

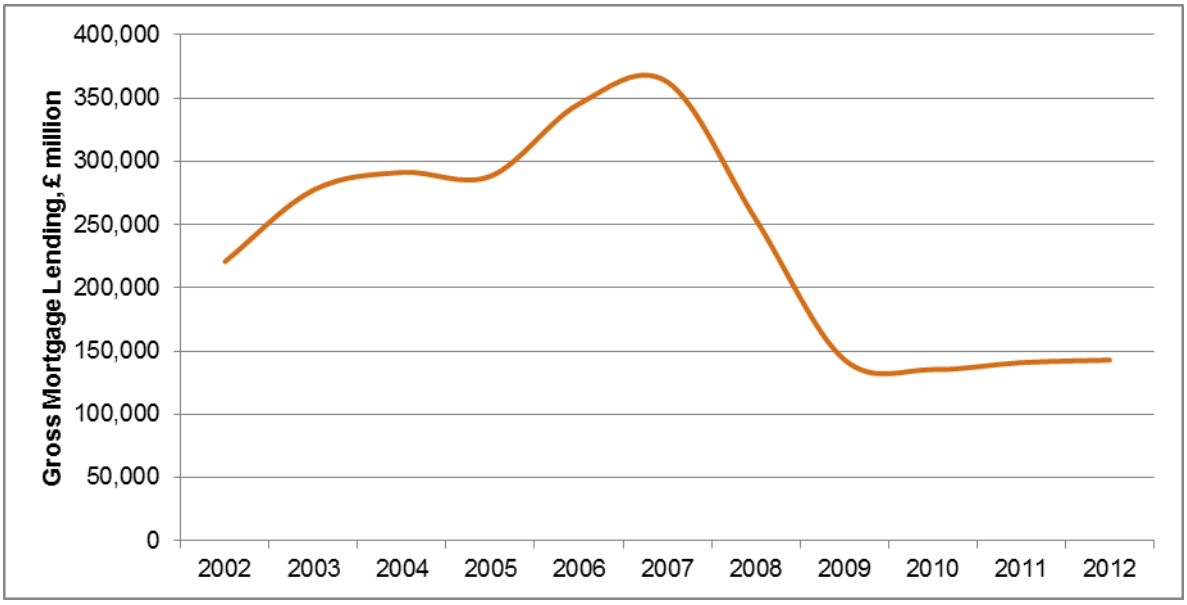
6.12 From the onset of the economic downturn, banks sought to increase the inter-bank lending rate (LIBOR) and sought to adjust their exposure to risk by adopting much more cautious lending practices. This sharply reduced liquidity in the financial markets and credit available and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased 'barriers' to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.

6.13 The tight lending criteria initiated by the credit crunch have continued to have an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance functioning as a notable constraint on effective demand for market homes. As the figure below

demonstrates, there is virtually no evident recovery in lending since 2010; with trends flat during the past few years. There are however signs that mortgage lending is picking up in 2013, particularly owing to Government-backed schemes.

6.14 Overall there has been limited evident recovery in lending since 2010. The trend in gross lending in 2012 was flat, as Figure 17 shows. There is however some evidence in recent months that mortgage lending is picking up in 2013, driven in part by Government-backed schemes such as Help to Buy.

Figure 17: Trends in Gross Mortgage Lending, UK



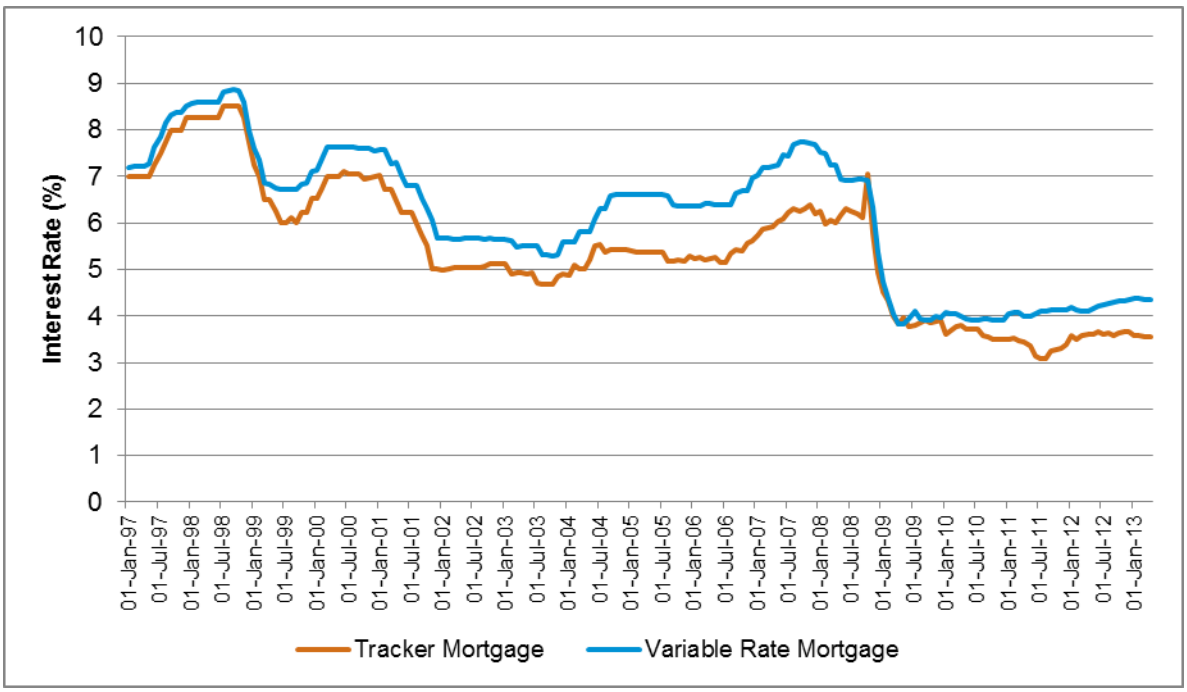
Source: Council for Mortgage Lenders

6.15 The impact on first-time buyers (FTB) has been particularly notable. Average loan-to-value ratios fell sharply post-2008 and currently stand at 80%. There has however been a gradual improvement in the proportion of FTB with a deposit of 10% or less (albeit that for these loans the interest rates charged are often punitive), with 25% of FTBs putting down a deposit of 10% or less in early 2013. Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

6.16 For those with a sufficient deposit, housing is now actually relatively affordable given the reductions in the value of homes since the peak of the market in 2007 and low interest rates by historic standards. The figure below demonstrates the trend in mortgage interest rates over the past 15 years.

Figure 18: Interest Rates



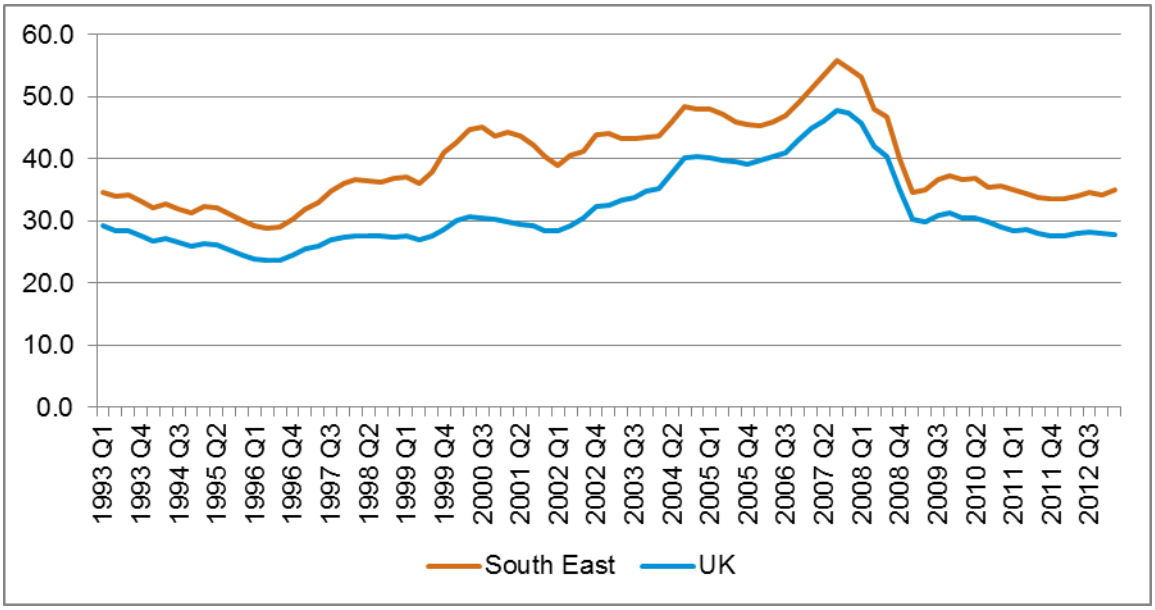
Source: Bank of England Statistics

6.17 The persistence of low interest rates has helped to make monthly mortgage payments for first-time buyers (and other home owners) the most affordable for almost eight years at 12.2% of income in January 2013 (consistent with a year previously), according to the Council for Mortgage Lenders.

6.18 Figure 19 assesses long-term trends in the balance between housing costs and incomes as an indicator of the affordability of market housing. It considers the cost of mortgage payments as a percentage of monthly income.

6.19 With reductions in house prices and low interest rates, market housing is now as affordable as it was in the late 1990s on this measure. Mortgage repayments are on average 35.0% of (gross) household income in the South East (and 27.8% across the UK) as at Q1 2013. This is significantly down on the peak of the market in Q3 2007 when mortgage repayments were on average 55.8% of gross income across the region. Indeed affordability on this measure is similar to 1997.

Figure 19: Mortgage Payments as a % of Monthly Income



Source: Halifax House Price Index

6.20 We can therefore see that the key constraint on the market is not the affordability of housing (in terms of the ability of households to cover mortgage repayments), but the ability of households to raise a sufficient deposit and to meet lending criteria to secure mortgage finance.

6.21 Market sales are also influence by investment activity - that is properties bought to be rented privately. The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that by the end of March 2013 buy-to-let lending accounted for 13.4% of total outstanding mortgage lending in the UK - up from 13% the previous quarter and 12.9% at the end of the first quarter of 2012. This is partly related by improved access to finance. With growth in rents over the last few years and lower capital costs for house purchases, housing represents an improved investment proposition. There is evidently occupier demand from a combination of demographics, limited new-build and restrictions on home purchases.

6.22 In addition to "buying activity", data also shows that mortgage possessions have been falling (no doubt supported by low interest rates). The Council of Mortgage Lenders in February 2013 stated that the number of repossessions held by lenders in 2012 was at the lowest level for 5 years[5]. The trend in mortgage arrears is also downwards.

[5] https://www.cml.org.uk/cml/media/press/3422

Demand Indicators and Market Signals in the PUSH Area

House Price Trends

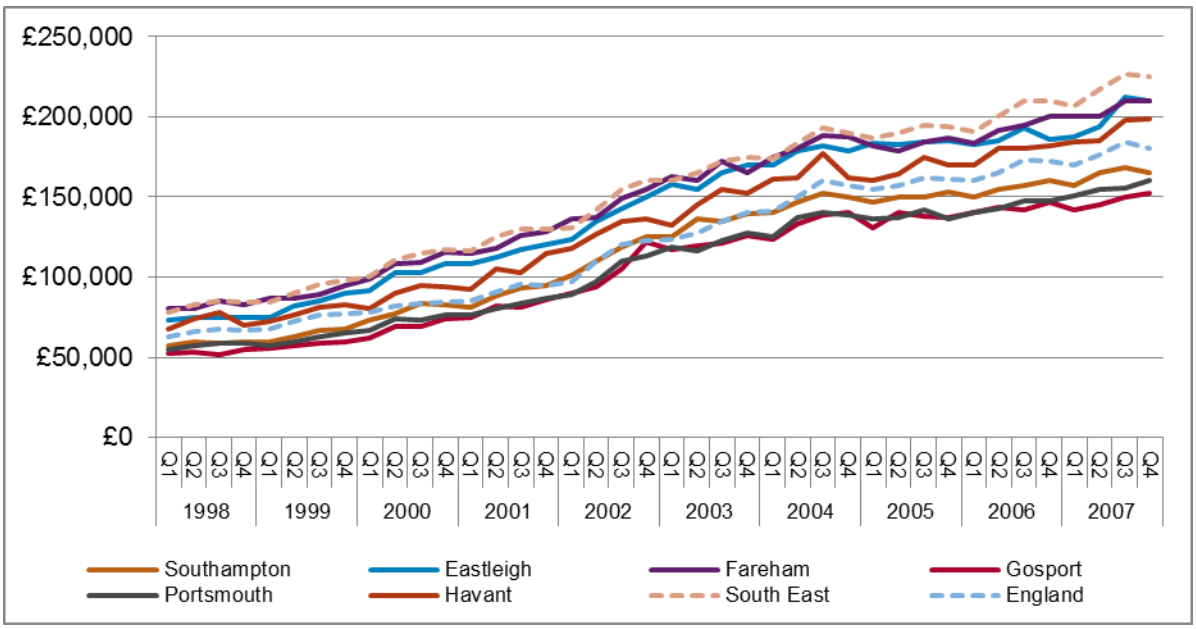
6.23 As recognised in the draft Planning Practice Guidance, long term changes in house prices can be an indicator of the balance between the demand for, and supply of, housing in a particular area. Figure 20 profiles median house prices in the Core PUSH authorities 1998 – 2007 (the pre-recession decade).

6.24 As we can see, price growth across the Core PUSH authorities has been broadly consistent with regional trends. Between Q1 1998 and Q4 2007, the median house price in the South East as a whole increased by an average of 188%. However, as the chart illustrates, the Core PUSH authorities experienced similar growth levels over the corresponding period with little evidence of significant divergence from regional trends. Southampton and Eastleigh performed closest to the regional average at 188% and 189% growth respectively. Gosport (190%), Portsmouth (191%) and Havant (192%) experienced growth only slightly above this.

6.25 Amongst the part authorities within the PUSH area, our analysis of median price data shows comparatively stronger growth in the New Forest (203%) and East Hampshire (196%) areas over the period from 1998 to 2007, with comparatively weaker growth in both Winchester (164%) and Test Valley (158%) when compared to long term regional growth.

6.26 Overall, the pre-recession price growth points towards an imbalance between housing supply and demand over this period.

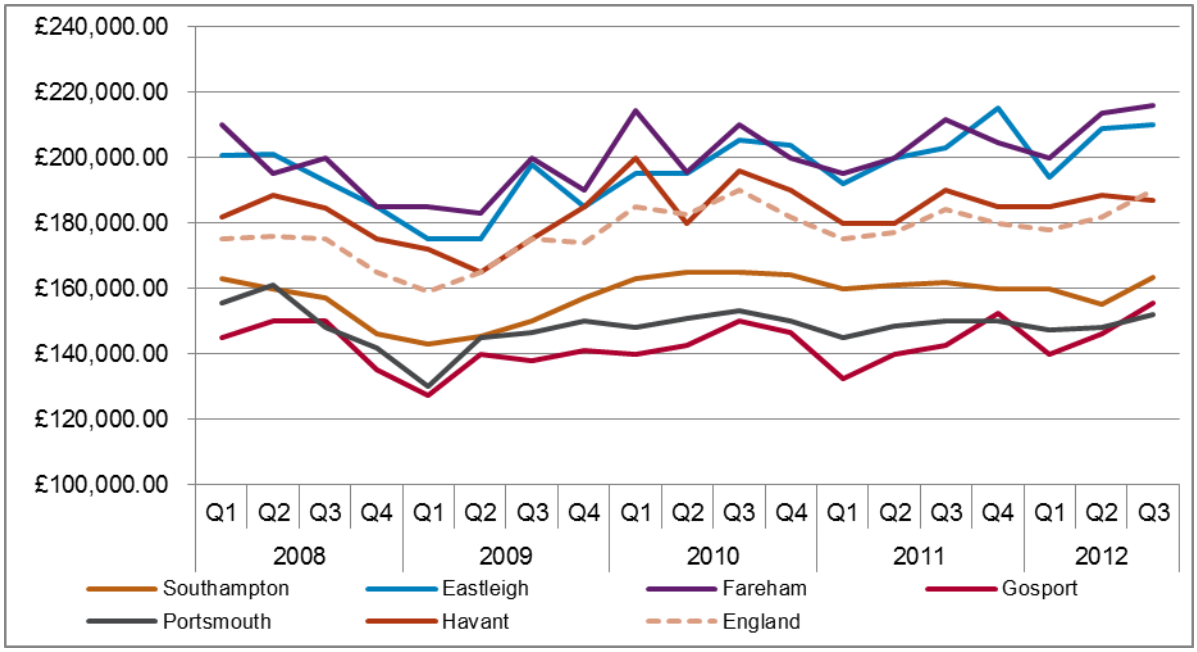
Figure 20: Median House Price Trends, 1998 – 2007, Core PUSH Authorities



Source: HM Land Registry / CLG. Note: Data only available at LA level

6.27 House price dynamics since 2007 have been vastly different as a result of the wider economic situation. As the chart below demonstrates, house prices have been broadly flat over the past 5 years and, if inflation was stripped out, would likely show nil or even negative growth across many areas. This indicates a market characterised by higher supply than demand.

Figure 21: Median House Price Trends, 2007-2012 (Q3), Core PUSH Authorities



Source: HM Land Registry. Note: Data only available at LA level

6.28 Analysis of price change since the "peak" of the market in Q3/Q4 2007 indicates that only two of the Core PUSH authorities have experienced growth; both of which have been relatively marginal (Gosport 2.1% and Fareham 2.9%). In the three other core authorities, prices in late 2012 remained below peak prices, most significantly in Portsmouth (-5.0%) and Havant (-5.9%).

6.29 Of the non-core authorities, Winchester has experienced the strongest growth at 2.7% whilst the New Forest has experienced very slight growth of 0.4%. Prices in Test Valley are flat against the peak of the market with no growth or decline, whilst prices in East Hampshire remain almost 3% down against the peak.

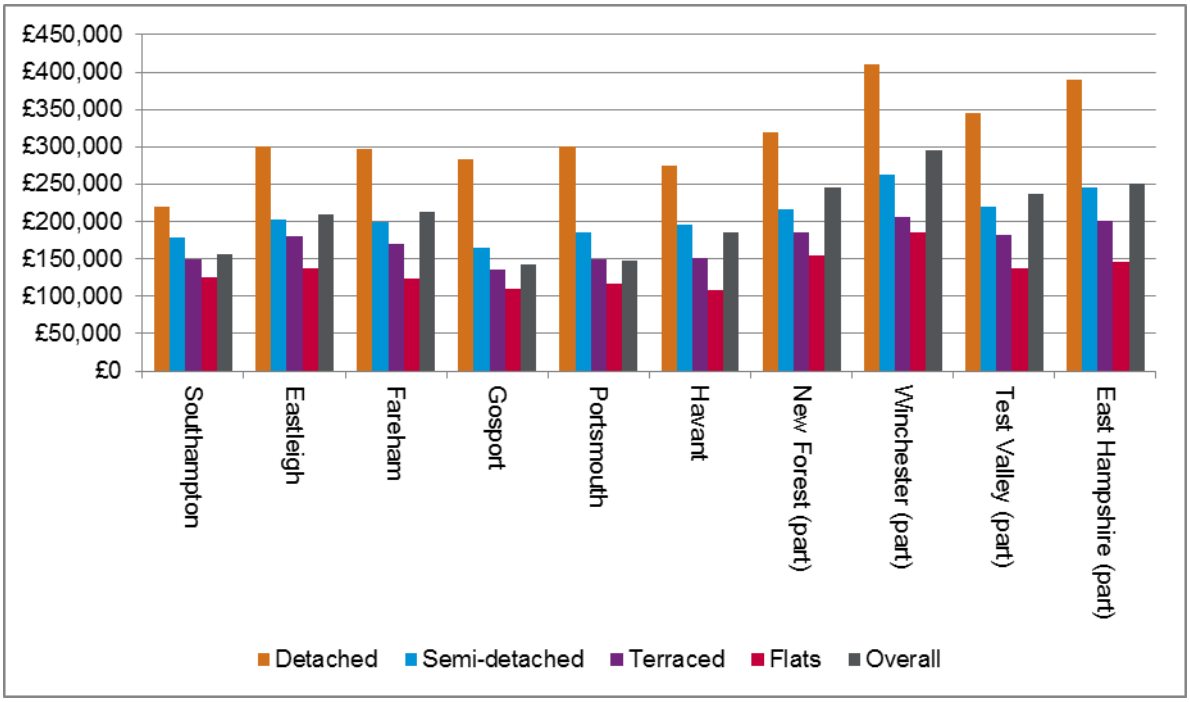
Current House Prices

6.30 Average house prices are influenced by the mix of homes sold and pricing differentials can be an important indicator of supply and demand dynamics for particular types of property within an area. Figure 22 profiles the average price for different types of property in each of the PUSH authorities over the past year.

6.31 Across all property types, the non-core or part authorities within the PUSH area experience higher median prices. Winchester in particular experiences comparatively high median prices with an average over the past year of £295,000. Winchester also experiences comparatively high prices for flats, even against the other non-core authorities, indicating strong demand across all market segments.

6.32 Of the core authorities, we see particularly low median prices in Gosport (£143,500) and Portsmouth (£148,630), with relatively higher median prices in Eastleigh (£210,000) and Fareham (£212,750). Amongst the core authorities, median prices for detached properties are broadly consistent around the £300,000 mark, except for Southampton which over the past year has experienced substantially lower prices at c.£220,000. Prices for semi-detached properties vary somewhat, with particularly comparatively high prices in Eastleigh, Fareham and Havant against the other core authorities. Eastleigh also experienced comparatively high prices for flats (£137,250), more than 10% above the other core authorities.

Figure 22: Median House Prices by Type – Local Authorities (Aug 2012-Feb 2013)



Source: GLH Analysis of HMLR Data

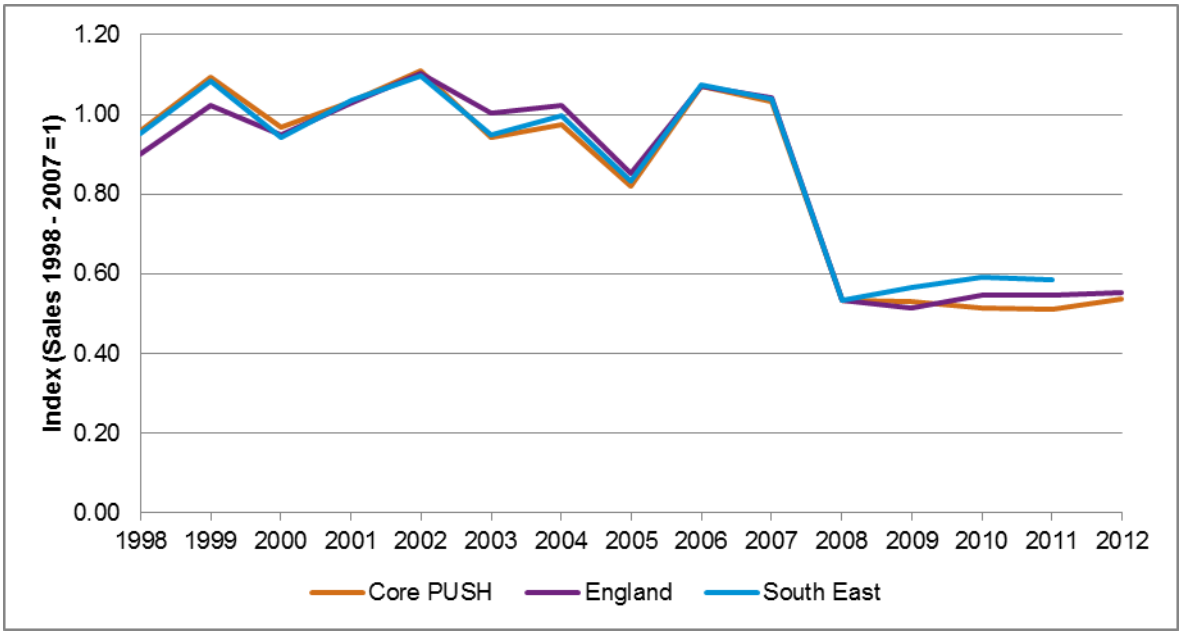
Sales Trends

6.33 Sales volumes and sales rates are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand. We use an approach of benchmarking sales performance against long-term trends to assess relative demand. Figure 23 benchmarks annual sales across the Core Authorities and wider geographies over the 1998-2011 periods. 2011 is the latest data currently available consistently. It uses an index where 1 is the average annual sales over the 1998-2007 decade (prior to the credit crunch).

6.34 The chart shows that the credit crunch resulted in a substantial reduction in effective demand, with sales broadly halving across the Core PUSH authorities, as well as across England and the South East. Since 2009, there has been only a very modest recovery across both the PUSH area and the country as a whole.

6.35 Analysis of the data indicates that in 2012, the combined number of sales across the Core Authorities was 46% down on the pre-2008 annual average, broadly consistent with the corresponding figure for England as a whole (45%).

Figure 23: Sales Trends – PUSH Overall (Core Authorities), 1998-2011



Source: HM Land Registry

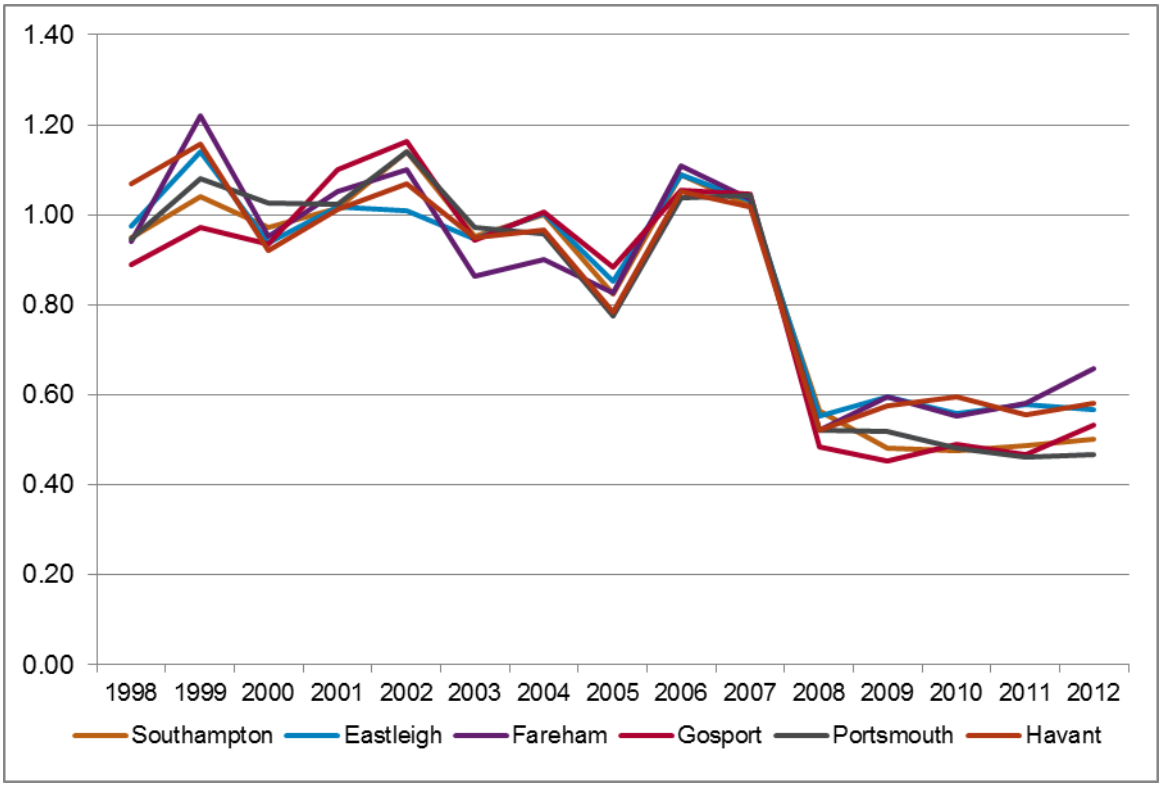
6.36 Looking at the individual authorities, we again see a similar broad trend in terms of the impact of the economic downturn, demonstrating somewhat the influence of macro rather than micro factors on the PUSH market at this point.

6.37 However, there is some divergence with the drop off in sales/demand noticeably greater in Southampton, Portsmouth and Gosport and in the other three authorities. There is also evidence of a noticeably stronger recovery in demand in the Fareham area compared to other authorities, particularly over the past couple of years.

6.38 In essence, comparison of 2012 sales against the pre-recession average indicates two distinct "groupings" in terms of sales and demand performance:

- A more substantial fall in sales and more protracted recovery in Portsmouth (-53%), Southampton (-50%) and Gosport (-48%).
- A less significant fall in sales and slightly better recovery in Eastleigh (-43%), Havant (-42%) and Fareham (-34%).

Figure 24: Sales Index (Individual Districts), 1998 – 2012



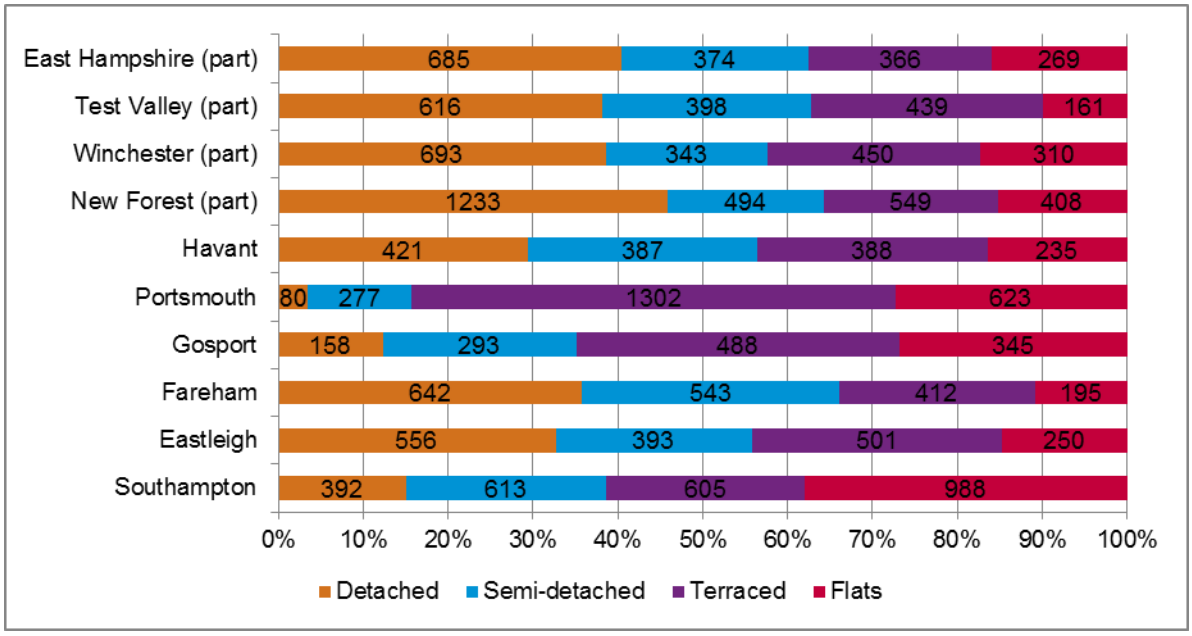
Source: HM Land Registry / CLG

6.39 We have also analysed sales performance of the non-core authorities. Whilst all of the non-core authorities experienced similar falls in sales levels in 2008 as the core authorities, the data indicates that they have recovered more rapidly over the past few years. As a result, the comparisons to pre-recession averages are more favourable:

- Winchester: -30%
- New Forest: -39%
- Test Valley: -35%
- East Hampshire: -34%

6.40 At Local Authority level, the proportion of detached sales is highest in New Forest (46%) and East Hampshire (40%), suggesting a strong market for, and availability of, such properties in this area. The proportion of semidetached sales is highest in Fareham (30%) and Havant (27%) whilst the proportion of terraced sales is significantly higher in Portsmouth than other local authorities (57%) Flatted represented 38% of all sales in Southampton, significantly above the next two highest areas – Portsmouth and Gosport – which both had 27%.

Figure 25: Percentage of Sales by Type – LA level, April 2012 – March 2013

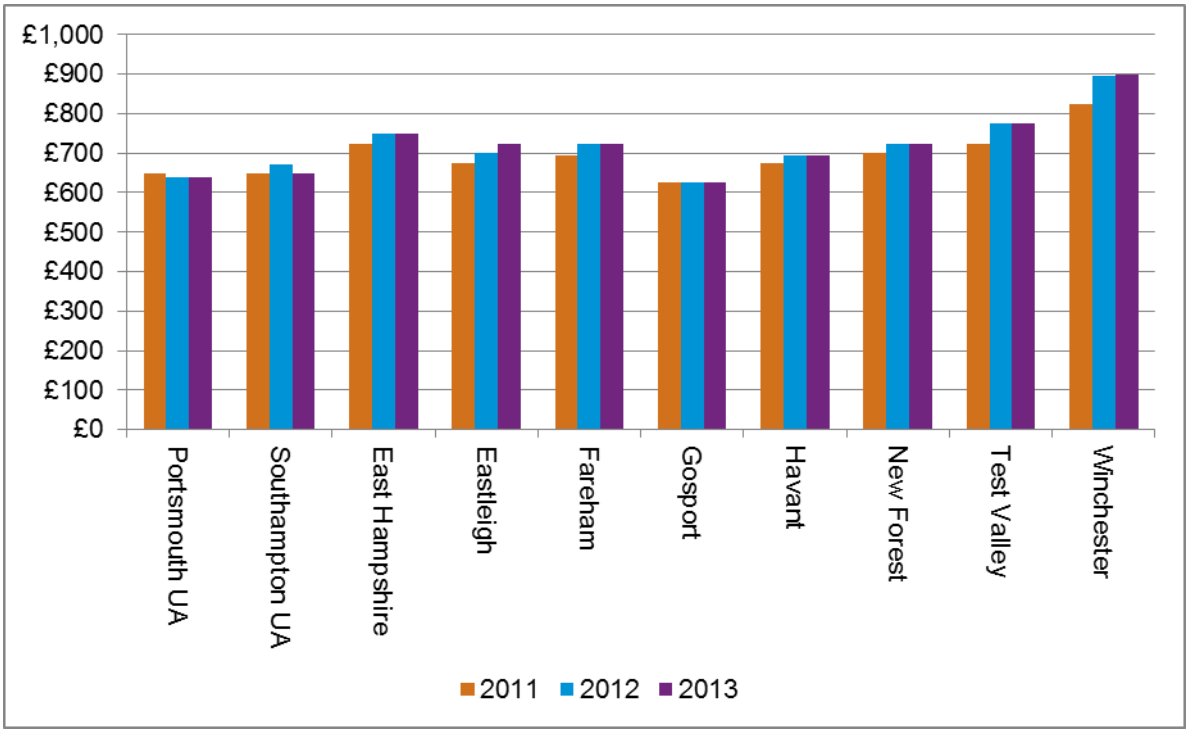


Source: GLH Analysis of HMLR Data

Rental Values

6.41 Analysis of trends in median monthly private rents indicates that there has been relatively little movement in rental prices across the PUSH area over the past few years. As the chart below demonstrates, the two cities have seen no or even negative change in rents. The most significant change in rents has been in Winchester, where average monthly rents have increase by £75 (9%) over the past three years. Eastleigh and Test Valley have experienced rental growth of around 7% since 2011.

Figure 26: Median Monthly Rental Levels – 2011 - 2013



Source: VOA Private Rental Data

Market Affordability

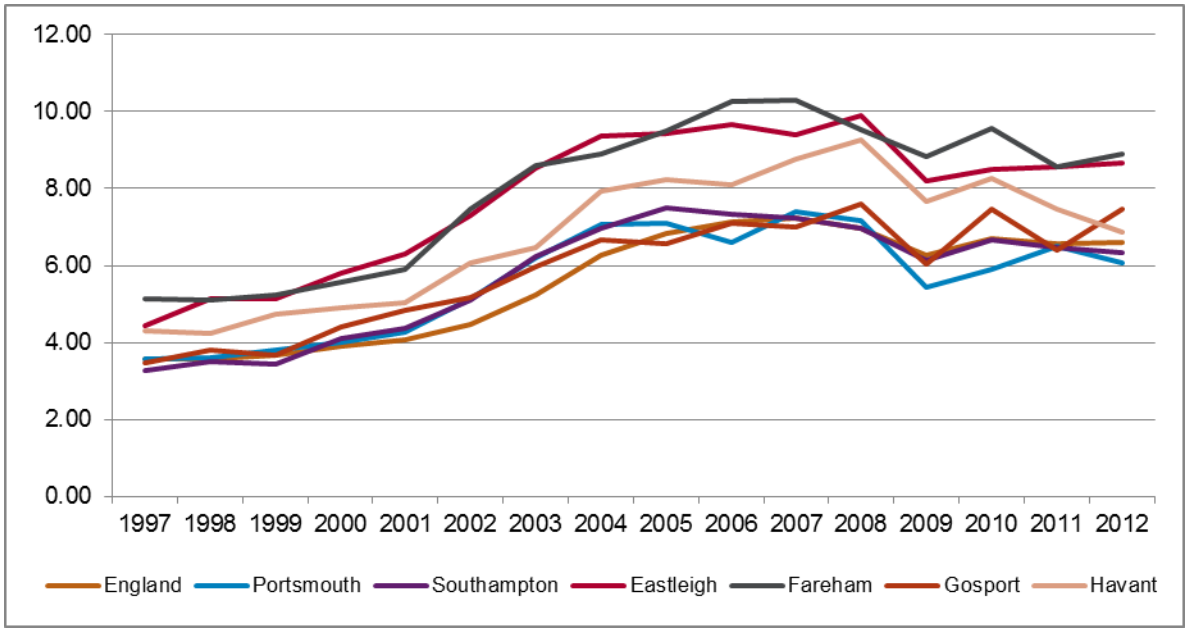
6.42 The draft Guidance specifically identifies the affordability of market housing for sale as an important signal of market pressures. We have therefore considered lower quartile affordability ratios produced by CLG. These describe the ratio between lower quartile house prices and lower quartile earnings, to provide an indication of the cost of entry level housing relative to the typical earnings of younger households. As a general observation, we can see that across all areas the affordability of market housing has worsened quite markedly over the past 15 years across the country.

6.43 In broad terms, Figure 27 demonstrates that amongst the core authorities, affordability issues (using this measure) are more acute in Eastleigh and Fareham, with these two areas having ratios of 8.7 and 8.9 respectively, significant above the national level of 6.6. Towards the top of the market in 2007-8, affordability pressures in Havant have been similar to those in Eastleigh and Fareham; however, the recession has effected a significant improvement in affordability in Havant using this measure, more so than most others in the PUSH area.

6.44 Affordability issues are noticeably less significant for the remaining core areas and ratios are broadly comparable with the national picture. In this case of Portsmouth and Southampton,

affordability is actually better than that experienced across the country as a whole. In these areas, issues of suppressed household formation are likely to be less prevalent across the market as a whole but may occur in pockets as a result of mismatches in particular property types.

Figure 27: Lower quartile affordability (price/income) – Core Authorities (1997 - 2012)



Source: DCLG Affordability Tables

6.45 Looking at the non-core authorities, the evidence suggests that affordability pressures are more acute. Test Valley performs similarly to Eastleigh and Fareham with a current ratio of 8.60. However, in New Forest (9.38), Winchester (9.60) and particularly East Hampshire (10.32), lower quartile affordability ratios are significantly above the national picture and those seen elsewhere in the HMA, indicating greater market pressure and increased likelihood of household suppression.

6.46 Across almost all of the core and non-core authorities, the situation with respect to affordability improves at the median house price to earnings level and in the case of Eastleigh, Fareham and Gosport, this improvement is quite marked. This broadly indicates that issues with affordability are particularly focussed on the lower end of the market rather than across the market as a whole.

Table 18: Comparison of Median and Lower Quartile Affordability, 2012

	Median Ratio	Lower Quartile Ratio
Portsmouth	5.45	6.06
Southampton	5.80	6.34
Eastleigh	7.78	8.68
Fareham	8.04	8.89
Gosport	6.36	7.45
Havant	6.71	6.87
New Forest	9.51	9.38
Test Valley	8.47	8.60
Winchester	9.36	9.60
East Hampshire	10.00	10.32
England	6.74	8.35

Source: DCLG Affordability Tables

Qualitative Evidence

6.47 The above analysis is based on interrogation of available data. To bring the analysis right up-to-date we have sought to use qualitative research as well, to examine housing market conditions and trends within the HMA. The aim is to add a local or bottom up perspective to the study and provide a 'how and why' perspective to overall study findings.

6.48 The following information is based upon face to face interviews with estate agents, letting agents and on site new-build sales staff in each of the districts and cities of the PUSH Sub-Region. Interviews were conducted early June 2013. These interviews are important as they record the perceptions of professionals that service and facilitate the housing market.

6.49 Interviews are designed to answer research questions aimed at broadly understanding local housing market conditions trends and drivers, which parts of the market serve the needs of important groups such as local people, incomers, first time buyers, investors, students, those on low income and vulnerable people. The research also explores the interfaces between the sales and letting markets and these markets with sub market and affordable housing.

6.50 Our research questions relate to defined market segments:

- **Owned**
  - new-build (volume and small house builders);
  - second hand (re-sale);
- **Rented**
  - market;
  - student;
  - sub-market; and
  - Affordable.

6.51 Additional supply is mostly through development of new build housing and it is important to understand the characteristics of new build housing and households that purchase or occupy it. This is delivered mainly by volume builders. On a smaller scale local builders and self-builders develop smaller infill and windfall sites. We have only interviewed volume developers with on-site sales staff.

6.52 Project resources are limited and the PUSH sub-region is large and diverse in character. The following report is structured by area and inevitably some areas needed more investigation than others due to their size and complexity.

6.53 During the fieldwork period in June 2013 a stakeholder consultation event for developers, registered providers and their associates was held in Havant. We report key findings here in order to supplement the overall findings of the qualitative analysis of housing market dynamics across the PUSH area.

Housebuilder Workshop

6.54 A consultation and workshop was held with developers, registered providers, planning consultants, and local authority and PUSH officers on 5th June 2013. We have sought to summarise below key issues arising from the discussion.

Housing Market Recovery

6.55 Thought was given to what market conditions may exist when the market can be said *"to have recovered"*. It was generally felt that price recovery to peak levels would not represent a normal market as that would represent peak market conditions. Many thought that factors should include:

- balance between supply and demand;
- fewer financial constraints and a return of confidence i.e. adequate finance that is accessible to households with good credit ratings; and
- first time buyers able to participate more fully in the housing market.

6.56 The stakeholders present felt that the implications of this are that supply of market housing will need to increase from current (2013) levels. On the matter of confidence, it was also noted that an improving economy and improves land supply in parts of the PUSH area were having a positive impact on the market.

Shared Housing

6.57 Some concern was expressed about shared housing being seen as a satisfactory solution to housing needs, particularly taking account of the Government's reforms to benefits. Many felt that self-contained housing should be available to anyone that wants it.

Financing Affordable Housing

6.58 Concern was expressed about the long term impact of registered providers providing such a high proportion of new build funding in the current climate; and around the difficulties in securing funding for affordable housing development. The workshop included discussion around funding models and potential innovative ways of supporting affordable housing delivery.

General Findings from Estate & Letting Agents

6.59 A programme of engagements with estate and letting agents across the PUSH area has been undertaken to inform the SHMA and suggests that there is a slight current upward pressure on house prices and rents. House prices are still well below their peak in 2007, but sales agents report rising sales volumes. Letting agents are very busy and some are maintaining waiting lists for some dwelling sizes and types, pointing to localised shortages of supply in some areas.

6.60 Estate agents report that up to 95% of transactions are bought and sold by local people. The lack of incomers is noteworthy. Letting agents and new build sales staff report higher levels of 'incomers'. Estate agents say that 'normal' market conditions would reflect a greater number of higher earning households moving out of the cities in the PUSH area into the suburbs and surrounding districts; and a greater number of first time buyers participating in the re-sale market. These are essential for chains to complete. Estate agents remarked that both of these factors were significantly different in the period up to 2007. Most agents expressed the view that a greater volume of new-build is needed relative to current levels, both to meet latent demand and to ensure that there is greater price stability.

6.61 First time buyers are active in the new-build market mainly due to Help-to-Buy and predecessor schemes. They are less active in the resale market although some have now managed to save the deposit, currently around 10%.

6.62 Investors are active in the market for both new build and re-sales. The price they are prepared to pay varies as higher rents can be charged in some parts of the sub-region, however they are mostly 'competing' with first time buyers at entry level prices. The additional rental supply that is being created is however helping to stabilise rents.

6.63 Landlords of student housing are expressing concern about demand in Portsmouth and Southampton. Some are considering offering lettings to benefit claimants paid at the room rate. Most landlords are 'waiting to see' if the drop in demand is temporary.

6.64 Many low income and benefit dependant households seek housing in the private rented sector. Few landlords will consider working-age households that rely totally on benefits. Many more landlords will consider low income working households receiving 'top up' benefits provided they have good references. All agents passed on the concern from landlords about the cessation of direct payment of housing benefit to the landlord and the impacts this could have on landlords' willingness to take tenants supported by Local Housing Allowance (LHA).

6.65 Based upon the areas covered by agents and evidence from them about local housing markets (LHMs) we have the following observations about HMA linkages between the PUSH Authorities:

- parts of south Fareham and south west Gosport combine to be a distinct local housing market;
- Denmead in Winchester District is closely associated with the Havant LHM with its connection to Waterlooville;
- the eastern section of the M27 corridor north of Portsmouth in the districts of Havant and Fareham forms a LHM, housing people leaving Portsmouth and people needing to commute via the M27. That said the town of Fareham is distinct from this LHM due to its character.

6.66 Some local variations are noteworthy.

- Ringwood and Lymington in New Forest District are areas of housing that are considerably more expensive, which relates to their location and local character.
- Certain local areas are noteworthy because of their high proportions of older people (Lee on Solent and Milford on Sea).
- The housing requirements of serving members of H.M. armed forces are a significant factor mainly in Gosport.
- The cities of Portsmouth and Southampton have significantly larger private rented sectors than the other parts of PUSH. They have developed landlord accreditaion, consultation, selective licensing and Article 4 directions in response to problems. Officers in both cities concur with the view of agents that demand for private rented sector student accomodation is weakening.
- A house-share market is present in the two cities, but not the surrounding boroughs and districts beyond these within the sub-region.
- Local authority housing officers across the area report severe shortages of 1 bedroom homes and to a lesser extent 2 bedroom homes and the shortage is being being made worse by the 'bedroom tax' affecting working-age households in social rented housing. All work with the private rented sector through leasing schemes or tenancy support. Some have policies aimed at assisting low-income working households. The only area of low demand is in connection with sheltered housing bedsits. Officers stated that between 30% and 50% of households presenting as homeless so as a result of private rented sector tenancies that have failed or have ended.
- Local authority officers state that both currently and historically there has been little interest in self build. It is not currently a significant part of the new-build supply within the sub-region.

6.67 We summarise below key findings from the consultation with estate and letting agents relating to different parts of the PUSH area.

Southampton – Key Findings

6.68 Key features of Southampton's housing market at the time of the assessment included:

- Most sales and rentals house local people, although a large number of Eastern European workers have settled in the City.
- Agents reported that in the last 6 months house prices are have shown modest recovery in some parts of the City.
- Rents in Southampton are increasing slightly but rental supply is increasing to meet increasing demand.
- The lack of new-build and suitable sites is major factor affecting the City's housing market.
- Some student houses have not yet been let for 2013/14 academic year and some landlords are looking to let to under 35s in receipt of benefit to secure tenants.
- The only realistic option for some low-paid workers is to share housing.
- Some professionals move out of the City Centre and the peripheral residential areas into the suburbs and the towns and villages beyond such as in Eastleigh and Test Valley, but flows are small relative to the period before 2007.
- The City has large private rented Houses in Multiple Occupation (HMO) sector and is phasing in an additional licensing scheme.
- Around half of the demand for social rented housing is for one bedroom homes partly driven by the 'bedroom tax'. The City has seen increasing proportions of homeless applications come from failed and ended private rented sector tenancies.

Test Valley – Key Findings

6.69 Consultation with agents covering the Southern Test Valley identified the following:

- Whilst the majority of sales and lettings are to local people, the district houses households moving out of Southampton who seek a better quality housing offer, and households from Winchester that cannot afford Winchester prices.
- There is significant new build at the Abbotswood development in Romsey with developers offering a range of specifications and price points. Developers and registered providers were offering a range of affordable products.
- There is considerable demand for rented housing at the time of this assessment due to first time buyers and others not being able to afford home ownership. Investors are continuing to grow rental supply through new acquisitions not being able to secure mortgage finance.
- House prices were thought by some to be increasing marginally in the Southern Test Valley, rents less so.

Eastleigh – Key Findings

6.70 Eastleigh has four distinct local housing markets: Chandler's Ford; the town of Eastleigh; Hedge End which is north east of the M27 and the area south of the M27 which borders Southampton Water. Each market has different characteristics.

- Chandler's Ford has seen prices recover to near 2007 levels and has a significant number of incomers from Romsey and Winchester.
- The town of Eastleigh has current new-build for the retirement market and for Eastleigh and Southampton based employees, many of whom are taking advantage of the Help to Buy scheme. There is a very active rental market. Agents state that the town's house prices are recovering slowly and investors are very active. Demand for private rented housing outstrips supply in the town.
- The area approaching Southampton Water is made up of several villages (including Hamble, Bursledon and Netley) within commuting distance of Southampton; but with a local economy of its own focused on marine leisure and aviation. Agents report that around 50% of sales and lettings are to incomers who are mostly re-locating to work in the local economy or in Southampton.
- Officers state that there is a critical shortage of 1 and 2 bedroom social rented homes in the Borough

Havant - Key findings

6.71 From engagement of agents in Havant, the following market characteristics and trends were identified:

- Estate and letting agents in Havant indicate that sales and letting volumes are rising. Transactions are overwhelmingly for local people.
- Sales prices for homes under £150k are rising due to demand. Rents are also rising very gradually as landlords test the market. Demand is 50/50 from first time buyers and investors at this price point.
- Investors in the Borough are letting to families rather than converting to flats and bedsits.
- There is a current lack of demand for a proportion of Hayling Island homes on the market with properties taking longer to sell.
- There is a significant market for retirement housing, again mostly to assist older people to downsize and release equity.
- Denmead is closely associated with Havant even though it is in Winchester District.
- Havant is a recognisable part of the M27 commuter belt.
- Officers state that the shortage of 1 and 2 bedrooms social rented homes has become more acute because of the 'bedroom tax'. There is a shortage of shared accommodation for single benefit claimants aged under 35; over 40% of homeless applicants are from private rented tenancies that have failed or ended.

Gosport - Key Findings

6.72 Factors that distinguish the Gosport market from others in South Hampshire are:

- Demand from HM Forces households based in various training complexes, and people working in the extensive supply chain for the Royal Navy.
- Much of the Borough is away from the M27 corridor and less well connected to employment opportunities along it; however parts of Gosport and Fareham can arguably be viewed as a local housing market.
- The town of Gosport offers an alternative housing offer to Portsmouth.
- Lee-on-Solent is a popular retirement destination.

Portsmouth - Key Findings

6.73 Agents in Portsmouth identified the following market characteristics and trends:

- The market for sales is stagnating due to credit crunch related factors. Few people are moving out of the city. This is leading to heightened demand for rented housing as the population grows;
- Officers state that a high proportion of the city's private rented sector stock is HMOs – 4,312 in number.
- Southsea contains some fine 3 storey Victorian dwellings. Agents reported that some years ago the trend was for investors to acquire and convert these into flats however this is no longer the case and some restoration into single dwellings has occurred.
- Student housing is a significant part of the market for rentals and agents reported some reduction in demand for the academic year 2013/14.
- Agents said that there was a lack of demand for apartments in the city.
- New build was scarce and hard to find. The recent developments and schemes under construction we came across were mostly for affordable housing. Agents believe that much more new build market housing is needed to help 'get the market moving' and there is evidence of unmet demand for high quality retirement housing.
- Officers stated that there was a critical shortage of 2 bedroom social rented housing as many households in need required a second bedroom, however there is significant unmet need and demand for 1 bedroom homes due to the 'bedroom tax'.

Fareham – Key Findings

6.74 The following characteristics and trends were identified by agents in regard to Fareham Borough:

- Fareham Borough is expected to see significant growth in housing and employment in the next few years with delivery of the new community north of Fareham.
- Parts of Fareham and Gosport Boroughs can be said to have a common local housing market;
- Parts of Fareham Borough traditionally housed higher-income households moving from Portsmouth. This process has faltered due to the credit crunch restricting supply but may well resume with the above mentioned new build.
- Fareham Town's rental market is seeing sharper rent increases due to significant demand from incomers in addition to local demand.
- Agents say there is a shortage of 2 and 3 bedroom family homes for purchase and rent.
- Officers report a critical shortage of 1 bedroom social rented homes and that around 405 of homeless applications are a result of failed or ended private rented sector tenancies. Homeless households will generally be supported to take private rented sector tenancies in order to meet their housing need.

New Forest (Urban Areas) – Key Findings

6.75 The stakeholder engagement programme identified the following characteristics relating to the parts of New Forest District within the PUSH Area:

- Agents state that prices generally now exceed 2007 peak values and did not suffer a significant drop in the interim. Parts of the coastal strip are sought after retirement destinations.

- Within the PUSH area, settlements along Southampton Water are more modestly priced and there is interest from incomers from Southampton and re-locators seeking to work in the local refinery or in Southampton. Agents say that the refinery is no longer a major driver in the local housing market and agents believe that Totton can be regarded as a suburb of Southampton. Generally agents say there is a shortage of rental accommodation for working households and housing suitable for elderly downsizers.
- Officers tell us that 15-20% of social rented vacancies are advertised to give preference to working households.

Winchester – Key Findings

6.76 The stakeholder engagement programme identified the following characteristics relating to the parts of Winchester within the PUSH Area:

- Low and middle income households are mostly priced out of the re-sale housing market in the southern part of the District. This means that many new households, moving households and households employed in Winchester seek housing in surrounding areas notably Test Valley and Eastleigh. The rental market is buoyant. There is also a house-share market.
- Key drivers in the market are prestigious international local employers and interest from London based households seeking to relocate.

Changes in the Use of Housing

6.77 Studying levels of overcrowding in the housing stock is an important part of the SHMA. This is strongly recognised in the Practice Guidance which notes that 'if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households "move up" through the system into larger properties'. The draft Planning Practice Guidance identifies long term increases in overcrowding as a potential signal that housing supply might need to increase.

6.78 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.

6.79 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%).

6.80 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 19: 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

6.81 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%.

6.82 Across many of the authorities in the PUSH area, the increase in overcrowding over the past decade have been broadly similar to the regional average; however, a number of the PUSH authorities have seen significantly higher increases in particular Portsmouth (50.6%), Gosport (45.7%) and Winchester (46.3%). This might indicate that these areas in particular have experienced more acute supply/demand imbalances over the past decade, however, the large growth in Portsmouth is likely to be partly attributable to the characteristics and growth of the student market and numbers of Houses in Multiple Occupation (HMOs). Also notable is the comparatively low increase growth in overcrowding in Havant at only 18.1%.

Table 20: Changes in overcrowding (2001-2011) – based on Room Standard

	Overcrowded households (2001)	Overcrowded households (2011)	Change (no.)	Change (%)
East Hampshire (Part)	1,806 (4.1%)	2,362 (5.0%)	556	30.8%
New Forest (Part)	2,794 (3.9%)	3,436 (4.5%)	642	23.0%
Test Valley (Part)	2,826 (3.1%)	1,908 (4.0%)	541	39.6%
Winchester (Part)	1,367 (4.1%)	2,583 (5.5%)	818	46.3%
Eastleigh	1,954 (4.2%)	2,362 (5.0%)	663	33.9%
Fareham	1,287 (3.8%)	1,776 (3.8%)	489	38.0%
Gosport	1,512 (4.8%)	2,203 (6.2%)	691	45.7%
Havant	2,826 (5.8%)	3,338 (6.5%)	512	18.1%
Portsmouth	6,169 (7.8%)	9,290 (10.9%)	3,121	50.6%
Southampton	9,408 (10.3%)	13,324 (13.6%)	3,916	41.6%
South East	195,392 (5.9%)	265,974 (7.5%)	70,582	36.1%
England	1,457,512 (7.1%)	1,928,596 (8.7%)	471,084	32.3%

Source: Census 2001 and Census 2011

Vacant and Second Homes

6.83 The 2011 Census indicated that there were just over 13, 500 vacant and second homes in the PUSH Area (equivalent to 3.0% of the dwelling stock). This level is below the regional and national averages.

6.84 The level of vacant and second homes area particularly low (below 3%) in a number of authorities including: the parts of East Hampshire, New Forest and Test Valley, which fall within the PUSH area; as well as Eastleigh, Fareham, Havant. In contrast levels are highest in the cities of Southampton (3.0%) and Portsmouth (3.6%) and in Gosport (3.5%).

Table 21: Vacant and Second Homes, 2011

	Household spaces with no usual residents	All categories: Dwelling type	% Households with no usual residents
East Hampshire (Part)	198	8558	2.3%
New Forest (Part)	613	30146	2.0%
Test Valley (Part)	506	17556	2.9%
Winchester (Part)	695	16962	4.1%
Eastleigh	1,238	53401	2.3%
Fareham	1,371	47,941	2.9%
Gosport	1,282	36,677	3.5%
Havant	1,503	52,781	2.8%
Portsmouth	3,165	88,091	3.6%
Southampton	3,018	100,596	3.0%
PUSH Area	13589	452709	3.0%
PUSH East	7257	225885	3.2%
PUSH West	6332	226824	2.8%
Hampshire	3,165	88,091	3.6%
South East	148,710	3694388	4.0%
England	980,729	22,976,066	4.3%

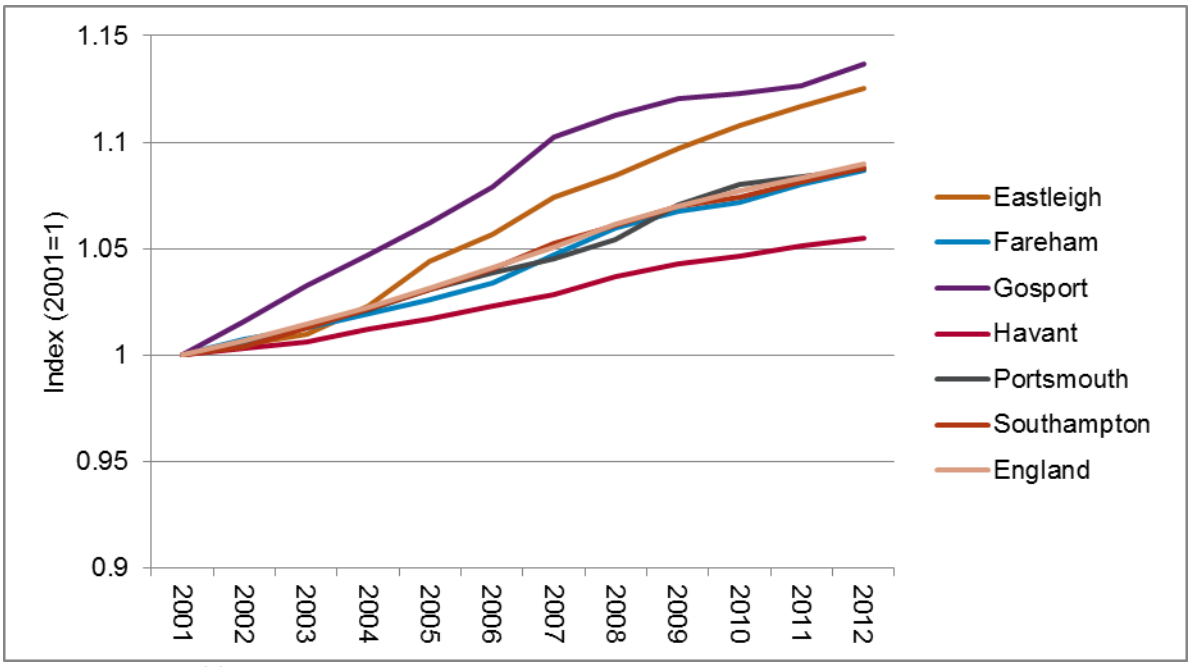
Source: 2011 Census

Rates of Development

6.85 Figure 28 below profiles growth in dwelling stock over the 2001-11 decade. Over this period the housing stock grew by 8.7% across the Core Authorities within the HMA, which was marginally above the 8.3% growth recorded across England but below the 9.1% growth recorded across Hampshire.

6.86 Over the 2001-11 decade, growth in housing stock has been strongest in Gosport (12.7%) and, Eastleigh (11.7%), whilst housing stock growth has been lower than average in Havant (5.1%). The notably 'above average' housing growth in Gosport and Eastleigh is likely to have fed through to higher migration to these authorities in comparative terms. This in turn can influence trend-based demographic projections.

Figure 28: Growth in Dwelling Stock, 2001-12 (Core Authorities)

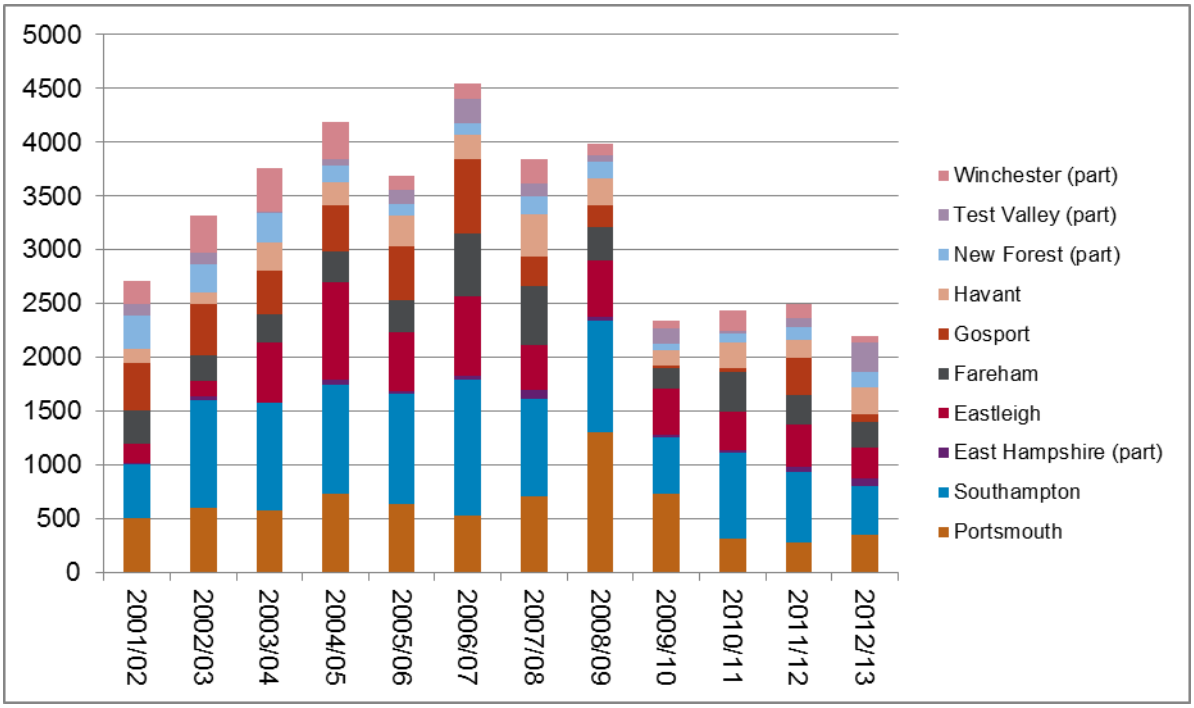


Source: CLG, Table 125

6.87 Figure 29 shows the trend in net completions across the PUSH area since 2001. This demonstrates completions steadily rising to a peak of 4,547 in 2006/07. However, since then completions have dropped off with a particularly pronounced drop in 2009/10 owing to the recession and wider market circumstances. In 2012/13, completions in the PUSH area (including New Forest) totalled 2011/12 totalled 2,492 dwellings.

6.88 Within the PUSH study area, net completions have been highest in Portsmouth, Southampton and Eastleigh in absolute terms (as can be shown by Figure 30).

Figure 29: Net Completions 2001-2013 (PUSH Area)



Source: HCC

Drawing the Analysis Together

6.89 Across the PUSH area, and indeed across much of the country, there has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability

6.90 Since the recession, the evidence indicates a substantial decline in effective demand from peak levels, with annual sales in the PUSH area more than 46% down on pre-recession levels. However, the pattern is somewhat variable with the non-core authorities experiencing stronger recovery in effective demand over the past couple of years, as have Eastleigh and Fareham whilst in the two cities and Gosport there is little evidence of a sustained recovery to date. The downturn in sales, driven by wider economic and market conditions, is likely to have resulted in some suppression of household formation since 2008.

6.91 House price patterns prior to the recession were broadly consistent across the PUSH authorities with little evidence of divergence from regional or national trends. Since the recession, our analysis shows generally flat price across most authorities (both core and non-core) with some remaining in negative territory (Portsmouth and Havant in particular). Overall, there is little evidence of a sharp recovery and, taking account of inflation most areas have seen price falls in real terms.

6.92 In terms of pricing levels, market evidence indicates that Eastleigh and Fareham experience the highest median prices across most property types out of the core authorities. In particular, the data suggests that prices of flats in Eastleigh are more than 10% above those of the other core authorities. Prices are noticeably cheaper in the two cities and Gosport than in the other core authorities. Median prices in the non-core authorities, particularly Winchester and East Hampshire, are significantly above the wider PUSH average.

6.93 This pricing analysis translates somewhat into market affordability. Lower quartile affordability in many of the core authorities compares quite favourably with the national ratio, with housing in the two cities in particular shown to be more affordable than the average across England. Affordability issues are however more acute in Eastleigh and Fareham, and even more so within the non-core authorities, particularly Winchester and East Hampshire. The market signals do however suggest that affordability issues in most areas occur mainly at the lower end of the market.

6.94 There is some evidence of increasing "household constraint" across the PUSH area. Whilst overcrowding across the PUSH area is not significantly out of step with the South East generally, the number of overcrowded households has increased by more than one third over the past decade. The data suggests that there are pockets of high overcrowding in Portsmouth and Southampton (albeit that this is likely to be partly influenced by the nature of the housing offer and demand profile) and that, in terms of trends, there have been particularly sharp increases in overcrowding in Gosport, Winchester and Portsmouth. We do however recognise that overcrowding issues in Portsmouth and Southampton in particularly are likely to be driven in part by the student market and levels of HMOs. In contrast, growth in overcrowding has been very low in Havant compared to both the regional and national picture.

6.95 In terms of past growth, the housing stock in the majority of the core authorities has grown at a similar rate to the national and regional averages over the past decade. However, we do see quite notably high growth in Gosport and Eastleigh with very low growth in Havant. The evidence does not however indicate that the low growth in Havant has fed through to pricing and demand signals.

6.96 Overall, the signals in terms of market and affordability pressures are not considered to be significant for most of the core authorities within the PUSH area. Given the evidence, we identify relatively modest market pressure in Eastleigh and Fareham but little significant evidence of market constraint for the remainder of the core authorities. In terms of the non-core authorities, we consider there to be some modest market pressure in Test Valley; however, in the other three authorities, evidence of demand, pricing and affordability all point to more significant pressure and constraint in the market.

7 ASSESSING FUTURE HOUSING NEEDS

Introduction

7.1 This section of the SHMA seeks to begin considering overall housing needs in the PUSH area. The analysis is prepared to meet the requirements of the NPPF which says the scale of housing required should be based on meeting *'household and population projections, taking account of migration and demographic change'* (para 159) and the approach proposed in the draft Planning Practice Guidance. The analysis considers demographic trends and the relationship between population and employment growth. It also considers household formation rates and how these relate to market signals.

7.2 Section 8 in this SHMA report then deals with affordable housing need. The relationship between the projections herein and meeting affordable need are considered in drawing conclusions on Objectively Assessed Need for housing in Section 11 of the report.

7.3 For the study, we have run a total of nine separate projections covering a range of scenarios. The section below discusses the main scenarios in the context of the draft Planning Practice Guidance and provides the headline output in terms of housing need arising across the two PUSH Housing Market Areas (HMAs). Detailed population, employment and household outputs are set out in **Appendix U.**

7.4 Full details of the methodological approach taken in preparing the projections is set out in **Appendix T** along with a table summarising the key inputs and assumptions underpinning each projection.

The Starting Point – PROJ 1 (SNPP)

7.5 In line with the guidance, the starting point for projections is reasonably an analysis of the most recent Government projections. At the time of writing these were the 2011-based Interim Household Projections from CLG (which are directly based on the 2011 based Interim Sub-National Population Projections prepared by ONS).

7.6 These projections are important as they provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The draft Planning Practice Guidance encourages their use as a "starting point" for considering housing need, setting out that they are statistically robust and based on nationally consistent assumptions.

7.7 The SNPP is also a good source of data as it uses a 'multi-regional' model that studies migratory movements by age and sex between all local authorities in the country. It takes account of how the population in different areas is expected to change over time and how this might influence in- and

out-migration. The SNPP is however limited by the accuracy of data underpinning it, such as migration which is notoriously difficult to accurately measure – particularly at smaller area level.

7.8 Our first projection uses information in the ONS 2010- and 2011-based Sub-National Population Projections (SNPP). The last full set of SNPP published by ONS was 2010-based figures. These have subsequently been updated by 2011-based 'Interim' Projections which look at the ten year period to 2021. These interim projections use the same assumptions around fertility, mortality and migration profiles as 2010-based figures (based on pre-Census data). However the 2011-based figures have updated estimates of future levels of migration (both in- and out-migration and by type of migration (e.g. international vs. internal)) to take account of what the 2011 Census showed about the population structure.

7.9 The PROJ 1 projections therefore use the same assumptions as in the ONS 2010-based SNPP with regards to fertility, mortality and migration rates but with some adjustments to overall levels of migration on the basis of the 2011-based figures (the assumptions around fertility, mortality and migration rates from the 2010-based SNPP are also used in all other projections within this report).

7.10 It should be noted that the 2011-based SNPP only projects for a ten-year period to 2021. Beyond 2021 we have used 2010-based SNPP data but adjusted this to take account of the differences shown between the 2010- and 2011-based versions of the SNPP. In keeping with the methodology used by ONS, figures for cross-border and international migration are held constant with internal migration figures changing slightly on the basis of the projected change in the 2010-based data (but from the adjusted baseline position for 2021 shown in 2011-based projections).

7.11 The table below summarises the household growth across the PUSH area resulting from PROJ 1 For the whole period studied these projections suggest a need for an additional 3,589 homes per annum across the PUSH area, equivalent to household growth of 19.8% over the period to 2036 (0.8% per annum).

Table 22: Projected Household Growth 2011-36 – PROJ 1 2011 Interim SNPP/CLG 2011-based Household Projections

	PUSH Area
Households 2011	439,639
Households 2036	526,744
Change in households	87,105
Change per annum	3,484
% change from 2011	19.8%
% change per annum	**0.79%**
Change per annum (inc. 3% vacancy allowance)	**3,589**

7.12 The projections indicate a need for 1,655 homes per annum across the Portsmouth (PUSH East) HMA and 1,934 across the Southampton (PUSH West) HMA.

Taking Account of the Latest Demographic Evidence – PROJ 2 (Adjusted SNPP)

7.13 Whilst the figures in the household projections appear broadly reasonable in the context of regional and national comparisons, the draft Planning Practice Guidance directs plan makers to take account of the most recent demographic evidence, including the latest population estimates prepared by the Office of National Statistics. This projection therefore considers a range of evidence (around population growth and migration) to test whether or not the key assumptions in PROJ 1 should be changed.

7.14 The key issue here is that the 2011-based Population and Household Projections are based on data regarding trends regarding fertility, mortality and migration which pre-date the release of data from the 2011 Census. Projections for future housing need are particularly sensitive to the migration trends.

7.15 We have therefore examined the key migration inputs feeding into the SNPP for the PUSH authorities in more detail, in particular seeking to reflect the 2011 Mid-Year Population Estimates and ONS' revised data on components of change from 2001-11 (which have been rebased to take account of Census population estimates since the 2011-based SNPP was produced). We have also considered the implications of the 2012 Mid-Year Population Estimates which were published in June 2013 to ensure that the latest data is considered.

7.16 We have compared the levels of migration estimated by ONS at the time of its work on the 2011 SNPP and the revised estimated produced following the Census rebasing. Data for the five years to 2011 has been used. Across the PUSH Area the most recent data suggested that migration was under-recorded by around 434 people per annum.

7.17 Compared to many areas across the Country (and indeed the in- and out-flows) the levels of over- and under-estimation are pretty moderate. Whilst the reasons for problems with population estimates are unknown, it is the case that migration is notoriously difficult to accurately measure given that there is no formal method of registration of moves from one area to another. The issues with migration data are most likely to result from inaccuracies in the modelling of international migration and poor data regarding movement of younger persons, particularly students.

7.18 In line with the guidance, we have therefore prepared an adjusted projection which adjusts the level of net migration in the SNPP projection on a year-by-year basis using the annual difference shown in Table 22. We anticipate that this adjusted SNPP projection will be broadly reflective of an ONS

projection would show, if one were carried out on the basis of the new data published since the last SNPP.

7.19 In our view, **PROJ 2 therefore represents a robust, demographic driven baseline or "starting point" for considering overall housing needs**. The table below summarises the household growth across the PUSH area resulting from PROJ 2. For the whole period studied these projections suggest a requirement for an additional 3,779 homes per annum across the PUSH area, slightly above PROJ 1. This is equivalent to household growth of 20.9% over the period to 2036 (0.8% per annum).

Table 23: Projected household growth 2011-36 – PROJ 2 Adjusted SNPP-based Household Projections

	PUSH Area
Households 2011	439,639
Households 2036	531,368
Change in households	91,729
Change per annum	3,669
% change from 2011	20.9%
% change per annum	0.83%
Change per annum (inc. 3% vacancy allowance)	3,779

7.20 The projections indicate a need for 1,936 homes per annum across the Portsmouth (PUSH East) HMA and 1,843 homes per annum across the Southampton (PUSH West) HMA.

Considering Sensitivity to Headship Rates and Household Formation

7.21 The headship rates in the 2011-based projections are based on trends between 2001 and 2011 – a period during which house prices rose substantially and affordability worsened both within the PUSH area and across the wider South East (as outlined in Section 6).

7.22 The draft Planning Practice Guidance indicates that local planning authorities should take account of the implications of constrained or suppressed household formation. To provide an indication of the impact of greater household formation, we have therefore run a sensitivity analysis on PROJ 2 (Adjusted SNPP), applying headship rates from the 2008 based CLG Household Projections. The headship rates in the 2008-based Projections were published in advance of the release of 2011 Census data and are based on longer-term trends in household formation dating back to 1971.

7.23 The table below summarises the household growth across the PUSH area resulting from PROJ 2A. This indicates that stronger household formation could generate a need for 4,537 additional homes per annum across the PUSH area, equivalent to an annual growth rate of around 1.0%. The impact of the 2008-based headship rates on household formation is therefore to increase housing requirements by around 20% (compared to PROJ 2).

Table 24: Projected household growth 2011-36 – PROJ 2A Adjusted SNPP-based household projections with 2008 headship assumptions

	PUSH Area
Households 2011	439,639
Households 2036	549,768
Change in households	110,128
Change per annum	4,405
% change from 2011	25.0%
% change per annum	1.00%
Change per annum (Inc. 3% vacancy allowance)	4,537

7.24 The equivalent figure for the Portsmouth (PUSH East) HMA is for 2,309 homes per annum; with a need for 2,251 homes per annum identified in the Southampton (PUSH West) HMA to 2036 in this projection.

7.25 Recent national research indicates that around half of the change in assumptions between 2008 and 2011 can be attributed to economic and market conditions constraining household formation (although this will vary area by area) with around half of the change being due to changes in household structures (particularly linked to international migration)[6]. The potential reasons for changes to headship rates and how these should be projected forward are considered as part of our conclusions about overall housing needs.

Considering Sensitivity to Migration Assumptions

7.26 As a sensitivity analysis, we have also run two additional projections based on different assumptions on migration:

- PROJ 3 – 10 year past migration trends
- PROJ 4 – 5 year past migration trends

7.27 The table below shows estimated net migration into the sub-region (and each local authority area) over the 2001-11 and 2006-11 period. The figures have been taken from the revised ONS Mid-Year Population Estimates.

[6] Holmans, A (2013) New estimates of housing demand need in England, 2011 to 2031

Table 25: Past Trends in Net In-Migration

Year	EH (part)	East-leigh	Fare-ham	Gos-port	Havant	NF (part)	Ports-mouth	South-ampton	TV (part)	Winc'r (part)	Sub-region
Average (last ten years)	75	618	353	391	372	476	1,057	581	157	259	4,339
Average (last five years)	112	824	661	308	509	442	909	346	127	328	4,568

Source: ONS Mid-Year Population Estimates

7.28 Migration figures can be somewhat variable over time – particularly for individual districts. Variation could be linked to a number of factors such as completions levels (which could inhibit or provide greater opportunities for migration), year-on-year changes to specific parts of the population such as students and other demand factors influencing migration such as employment. Additionally, given the difficultly of measuring migration accurately. It is possible that year-on-year changes may influenced by recording issues, but this should be evened out by looking at 5 and 10 year averages. Overall, for the full decade studied it is however considered that the figures in the table above are of the right order of magnitude as these have been calibrated to take account of Census data (in both 2001 and 2011).

7.29 Generally the highest estimated levels of migration have been over the past five years, including a net in-migration of 7,600 people in 2009/10. This contrasts with some much lower levels of net in-migration in 2005/6 and 2006/7 (1,300 and 1,700 people respectively).

7.30 Relative to the 10 year average, migration trends over the 2006-11 period have higher in East Hampshire, Eastleigh, Fareham, Havant and Winchester; and lower in other areas. However the trends shown can be influenced by quite modest changes in the balance between in- and out-migration. These are likely to be influenced by a range of factors including age structure dynamics and housing market conditions.

7.31 In developing PROJ 3 and PROJ 4 we have simply taken an overall average and projected this forward. Over the last ten years (2001-11) the average level of net migration has been an in-migration of 4,340 people with a slightly higher figure (of 4,570) if we look at 5-year trends (2006-11). Both of these trend figures are slightly above those shown in the SNPP which as noted above averages 3,600 per annum from 2011 to 2036 or about 4,000 when adjusted to take account of the latest demographic data (PROJ 2). The table below summarises the household growth across the PUSH area resulting from PROJ 3 and 4.

Table 26: Projected Household Growth 2011-36 – PROJ 3 (10 yr Migration Trend) and PROJ 4 (5 yr Migration Trend)

	PROJ 3	PROJ 4
Households 2011	439,639	439,639
Households 2036	537,437	539,227
Change in households	97,798	99,588
Change per annum	3,912	3,984
% change from 2011	22.2%	22.7%
% change per annum	0.89%	0.91%
Change per annum (inc. 3% vacancy allowance)	4,029	4,103

7.32 Equivalent figures can be provided for the two housing market areas. The projections indicate a need for 2,039 homes per annum over the 2011-36 period in the Portsmouth (PUSH East) HMA based on average 10 year migration levels (PROJ 3); and 2,110 homes per annum based on the higher 5-year migration levels (PROJ 4). In the Southampton (PUSH West) HMA the projections indicate a need for 1,988 homes per annum based on 10-year migration levels (PROJ 3) rising slightly to 1,991 homes per annum based on the trends over the 2006-11 period (PROJ 4).

7.33 The housing need identified in both PROJ 3 and PROJ 4 is based on headship rates in the 2011-based Household Projections.

7.34 Whilst PROJ 3 and PROJ 4 provide a useful sensitivity test, unlike PROJ 2 they are not "dynamic" in terms of the impact of population age profile on migration. As such, **we consider that the dynamic projection (PROJ 2) is a more realistic and robust projection of future population**. This is mainly because it is reasonable (and logical) that levels of migration will change in the future as the population age structure across the PUSH area changes and the population in surrounding areas (and further afield) continues to grow and change in structure as well.

Taking Account of Economic and Employment Trends

7.35 The draft Planning Practice Guidance highlights the need to consider the implications of economic and employment growth on housing need. The Solent LEP has commissioned the preparation of detailed economic scenarios to consider future economic performance. The analysis herein should be regarded as indicative as it is not based on a detailed assessment of drivers, opportunities and risks associated with future economic performance across the sub-region.

7.36 It should also be borne in mind that economic forecasting is not an exact science and is more difficult to undertake accurately than projections for future population growth. How the economy might perform over the next 20+ years is somewhat uncertain. Relating economic performance to housing need is also not straightforward, and will be influenced by a range of factors including:

- Future economic and employment growth;

- Potential changes to commuting patterns;
- The relationship between growth in employment and the workforce; and
- The proportion of people (in different age groups) who are in work.

7.37 Employment rates moving forward are likely to be influenced by changes to pensionable ages and we may see some people work for longer. There are opportunities to reduce unemployment and worklessness as the economy improves. It is however difficult to predict precisely how commuting patterns may change given the various influences on these including the balance between employment growth and growth in the workforce in different areas, skills issues and transport investment – all of which may influence commuting. The relationship between overall economic growth (GVA) and growth in employment will also be influenced by the nature of growth in jobs and improvements in productivity.

7.38 Given these sensitivities, the economic-led projections presented should be considered indicative – particularly at a local level. They are based on (and sensitive to) multiple assumptions.

7.39 To provide an initial indication of the potential impact of employment growth on housing requirements in the PUSH area, we have run the following two projections:

- PROJ A – Jobs baseline
- PROJ B – Residents in employment

7.40 In developing PROJ A and PROJ B, we have drawn on January 2013 local economic and employment forecasts prepared by Experian for each of the constituent districts of the PUSH HMA. These projections should be seen as an initial set of findings with the opportunity for these to be updated when the ongoing work around economic prospects (by Oxford Econometrics) is completed.

7.41 The local forecasts take account of Experian's forecast for the performance of different sectors in the economy at a national and regional level and the structure of the economy in different areas locally. They take account of past economic performance and assume that historical relationships between performance of different sectors locally relative to the region and UK hold true moving forward (so if a certain sector locally has seen a relative stronger growth rate in the past relative to the region, it is expected to continue to do so). They do not take account of local policy based factors, land supply or other influenced which might mean that future performance relative to wider areas (by sector) could differ from that in the past.

7.42 For both projections we have built in an assumption that employment rates will increase moving forward – assuming that unemployment levels fall over time and we see an increase in older people working (partly driven by changes to pensionable age).

7.43 However, we have applied different assumptions with regards to commuting as explained below. The detailed assumptions are explained in Appendix T.

7.44 The PROJ A projection assumes a 1:1 relationship between the number of jobs created and the number of local residents in employment. This projection essentially does not include any assumptions about commuting patterns with all new jobs being filled by local people (it can alternatively be viewed as being based on no changes to commuting patterns with equal numbers of people in- and out-commuting as a result of new employment opportunities). This projection sees an increase in the number of residents in employment of 111,600 over the 25-year period.

7.45 The PROJ B projection draws on the Experian data about the number of additional jobs forecast to be created in each district but also considers commuting patterns (from 2001 Census data) to calculate a commuting ratio (the number of people who live in an area and are working as a proportion of the total number of people who work in an area. These ratios and their derivation are provided in Appendix T. This generates a very slightly higher projected increase in the number of residents in employment of 111,700 over the 25-year period.

7.46 The table below shows the estimated increase in the number of residents in employment in five year periods for each of the two economic-led scenarios. The data shows that the strongest employment growth is expected in the 2011-16 period with weaker growth thereafter.

Table 27: Employment Growth Assumptions used in Modelling

Period	PROJ A – Jobs Baseline		PROJ B – Residents in Employment	
	Annual	5-year total	Annual	5-year total
2011-2016	5,426	27,132	5,552	27,759
2016-2021	5,117	25,584	5,087	25,434
2021-2026	4,032	20,159	4,017	20,086
2026-2031	3,919	19,596	3,902	19,510
2031-2036	3,913	19,564	3,896	19,479
PUSH Total	**112,035**		**112,268**	

Source: Experian 2013

7.47 This is fed through the demographic model. In doing so we consider how employment rates might change for different age groups, and overall adjust in-migration to support the identified expected scale of growth in the labour force.

7.48 The table below summarises the household growth across the PUSH area resulting from PROJ A and PROJ B. The outcomes of the two projections in terms of household requirements are broadly aligned at around 5,400 homes per annum over the period to 2036. A need for 2,609 – 2,644 homes per annum is identified in the Portsmouth (PUSH East) HMA (for PROJ A and PROJ B respectively); and for between 2,778 homes (PROJ B) and 2,809 homes (PROJ A) in the Southampton (PUSH West) HMA.

7.49 The economic driven projections indicate a requirement for higher levels of household growth than any of the demographic-led projections suggesting that meeting economic/employment aspirations in the PUSH are could generate upward pressure on housing needs. However as identified the projections are not based on a detailed interrogation of economic prospects within the PUSH Area, as well as the potential for improvements in productivity and economic participation which could be realised.

Table 28: Projected household growth 2011-36 – PROJ A (Jobs Baseline) and PROJ B (Residents in Employment)

	PROJ A	PROJ B
Households 2011	439,639	439,639
Households 2036	571,147	571,250
Change in households	131,508	131,611
Change per annum	5,260	5,264
% change from 2011	29.9%	29.9%
% change per annum	1.20%	1.20%
Change per annum (inc. 3% vacancy allowance)	5,418	5,422

7.50 The outputs of the economic modelling should be treated as a sensitivity rather than an accurate assessment of housing need. In purely methodological terms, there are inherent limitations in the accuracy of economic forecasts. Furthermore, the relationship between population growth and growth in jobs locally is complex, and is sensitive to changes in employment rates, commuting patterns and double jobbing.

7.51 The pure forecasts also need to be considered in the context of economic realities. Future employment growth in the PUSH area will in reality be sensitive to the national economic recovery (and even Eurozone performance) and at the micro level could be affected by single shocks such as the future of the naval presence in Portsmouth. There are also particular local sensitivities in relation to public funding and the resultant impact on jobs in the public sector.

7.52 Bespoke local economic forecasts are being developed for the PUSH area as part of its economic strategy. These forecasts are likely to take better account of specific local circumstances than the general “shift-share” type projections and thus a more accurate indication of housing requirements arising from future economic and employment trends in the PUSH area. The findings of the SHMA

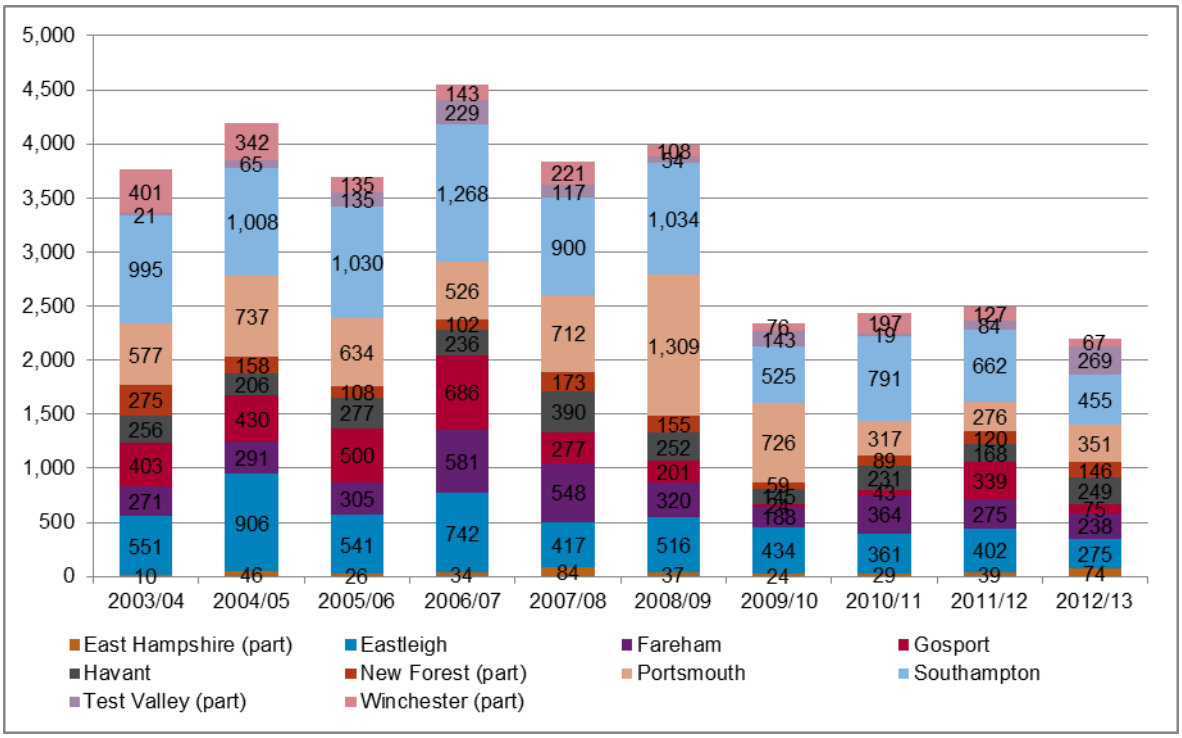
should be reviewed alongside these to assess whether there is any potential upward pressure on housing provision from expected economic performance.

Considering Past Completions (PROJ Z)

7.53 The final projection run in this report seeks to demonstrate the population, employment growth and household growth which would arise if past trends in housing delivery (based on average completions over the past 10-years) were to continue into the future. This projection is indicative – it does not take account of future arising needs and thus is not an approach upon which future planning should be based. It does not represent an assessment of "housing need."

7.54 The figure below shows net housing completions over the ten years (from 2003/04 to 2012/13). The data shows considerable year-on-year variation in the numbers with strongest delivery (more than 4,500 units) being seen in 2006/7 and more moderate completion levels over the past four years as a result of the recession (between 2,200 and 2,500 homes in all cases). Over the full ten-year period the average level of completions has been 3,349 per annum and this figure is taken forward into our projection modelling exercise. For most of the 2003-9 period net completions averaged 3,500-4,000 homes per annum.

Figure 30: Net Completions 2003/04 to 2012/13



Source: Hampshire County Council

7.55 Detailed outputs of the population and employment impacts of this scenario (i.e. maintaining past trends in delivery) are set out in **Appendix U.** In terms of housing growth, a replication of past

delivery trends would generate a requirement for an additional 86,230 homes in the PUSH area over the period to 2036 (allowing for 3% vacancy), equivalent to household growth of around 19.7% (0.8% per annum).

7.56 This projection results in a need for 1,530 homes per annum to 2036 across the Portsmouth (PUSH East) HMA and 1,821 homes per annum across the Southampton (PUSH West) HMA.

Taking the Analysis forward

7.57 The analysis suggests that the PROJ2 figures should be considered a starting point for assessing housing need. These indicate a need for 1,936 homes per annum to 2036 within the Portsmouth (PUSH East) HMA and 1,843 homes per annum within the Southampton (PUSH West) HMA.

7.58 The evidence herein points towards the need to consider an upward adjustment to this to:

- Ensure that we are not projecting forward a degree of constraint to household formation which was evidence over the 2001-11 period, based on the market and demographic analysis; and
- To potentially support growth in employment, pending the findings of detailed economic modelling for the PUSH area.

7.59 The third key test identified in the draft Government Guidance is the need to consider how identified affordable housing needs might be met. This is considered in the next section.

8 AFFORDABLE HOUSING NEEDS

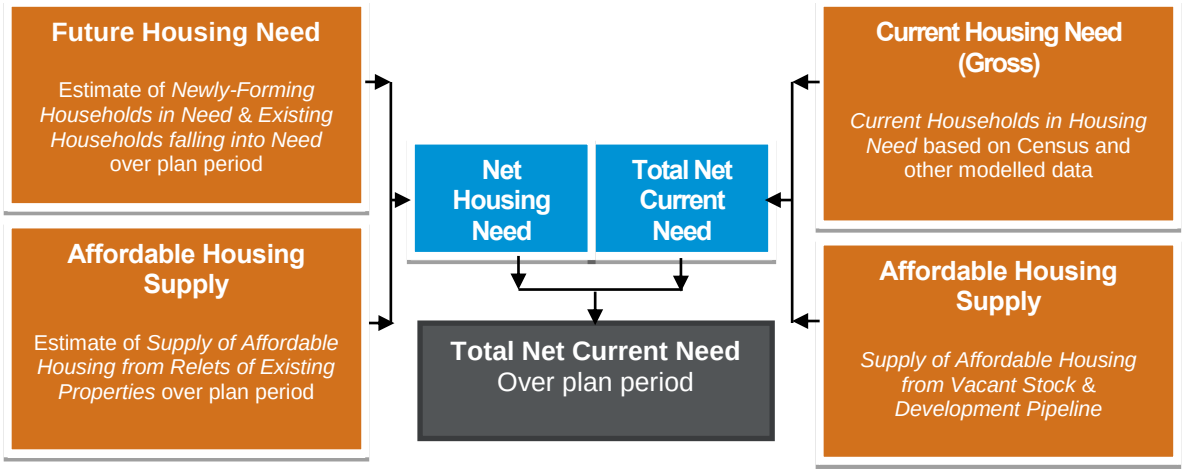
8.1 In this section we discuss levels of affordable housing need in PUSH and each of the two housing market areas PUSH West and PUSH East. The detailed assessment of needs for individual districts and part districts can be found in **Appendix Y.**

8.2 Affordable housing need is defined in the draft Planning Practice Guidance as those households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market. The draft Guidance sets out a standard approach for assessing housing need, which we adopt for this study. This Guidance is largely consistent with that in the CLG 2007 SHMA Guidance.[7]

Assessment process

8.3 Affordable housing need has been assessed using the approach set out in the draft Planning Practice Guidance. This model is summarised in the chart below.

Figure 31: Overview of Basic Needs Assessment Model



8.4 The figures presented in this report for affordable housing needs have been based on contemporary secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need for the period to 2031. Each of the stages of the housing needs model calculation are discussed in more detail below.

8.5 The housing needs model is however influenced strongly by 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 (through relets of current stock) which can be used to meet housing need.

[7] CLG (August 2007) Strategic Housing Market Assessments, Practice Guidance Version 2

Key Definitions

8.6 We begin by setting out key definitions relating to housing need, affordability and affordable housing.

- ***Affordable housing:*** Affordable housing is defined in the NPPF as social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. The NPPF states that affordable housing should:
    - *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
    - *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.*
- ***Social rented housing:*** Defined as rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed 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 as a condition of grant.
- ***Affordable rented housing:*** Defined as rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.
- ***Intermediate housing:*** Intermediate housing is housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (shared ownership and equity loans), other low cost homes for sale and intermediate rent but does not include affordable rented housing.
- ***Housing Need:*** 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:*** 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.
- ***Supply of Affordable Housing:*** An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources 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:*** The affordability of market housing 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 (in line with the 2007 SHMA Guidance) and are summarised below:
    - *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 time multiplier for analysis. This ensures that 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;*
    - *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 30% of gross income. CLG guidance suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. A sensitivity analysis is also provided using 30%.*

8.7 It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing, particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. However in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without financial support.

Survey of Local Prices & Rents

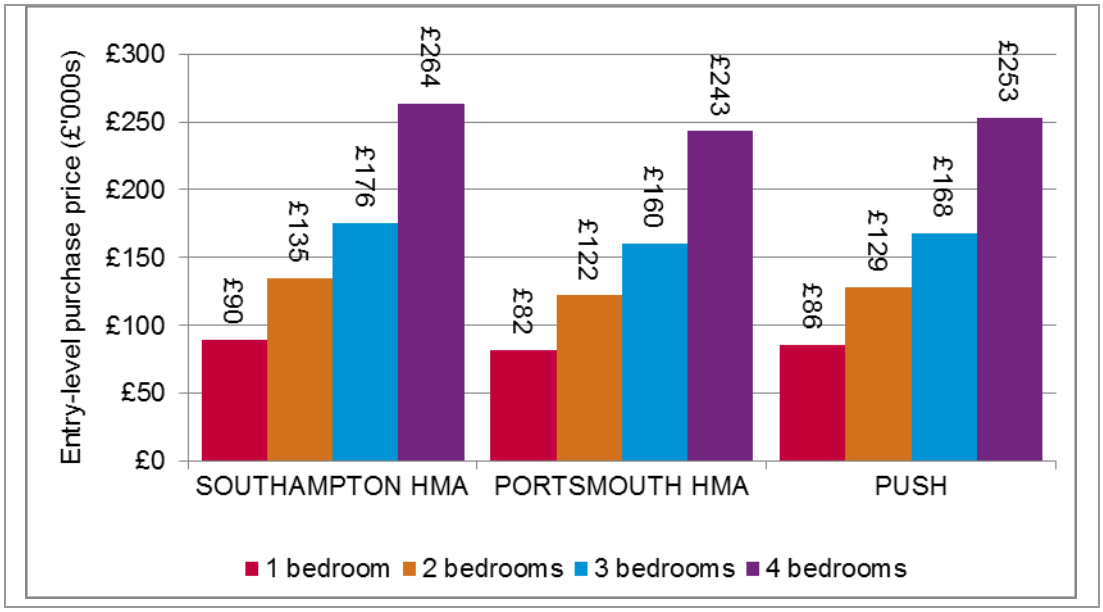
8.8 An important part of the assessment of housing need is to establish the entry-level costs of housing to buy and rent. This housing needs assessment then compares this with the incomes of households within the HMA to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a 'housing need.'

8.9 In this section we establish the entry-level costs of housing to both buy and rent in each of the two HMAs – the outputs have been built up from a more localised analysis of prices and rents which is presented in **Appendix Y**. Our approach has been to carry out a desktop survey using internet sources. We have assessed prices and rents for different sizes of properties from one to four bedrooms in each of the different locations.

8.10 The figure below shows estimated lower quartile property prices obtained from this search. The prices have been reduced slightly (on average by about 6%) to take account of the difference between asking prices and prices paid based on information from the Hometrack website.

8.11 The data shows some differences between areas, with prices in the Southampton HMA being slightly higher than in the Portsmouth HMA for all sizes of property. Overall, prices are estimated to start at about £82,000 for a one-bedroom home in the Portsmouth HMA and rising to about £264,000 for four bedrooms in the Southampton HMA. The data excludes shared ownership and retirement homes for the purposes of analysis (although the latter have been included within the analysis of the profile of homes available by size).

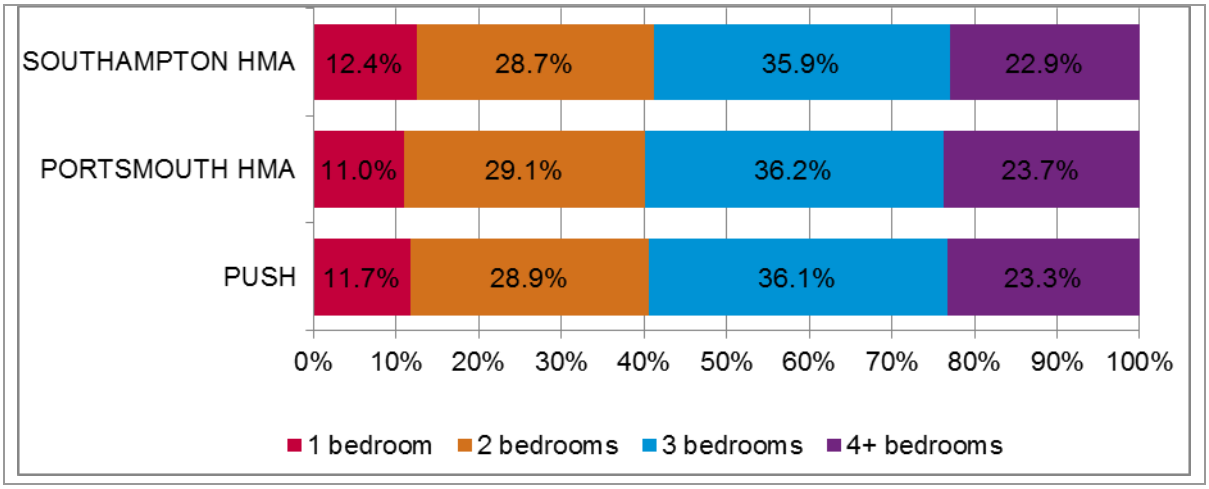
Figure 32: Entry-level Purchase Price



Source: Online Estate and Letting Agents Survey (June 2013)

8.12 Figure 33 below shows the profile of properties for sale in each of the two HMAs (again more detailed area level information is available in **Appendix Y**). The data shows that the two HMAs overall have a similar profile of dwellings available and that these are particularly focussed on two- and three-bedroom homes. Across the PUSH area as a whole the analysis suggests that 36% of properties available have three bedrooms, 29% two-bedrooms, 23% four or more bedrooms and just 12% one bedroom. Overall the profile appears relatively balanced.

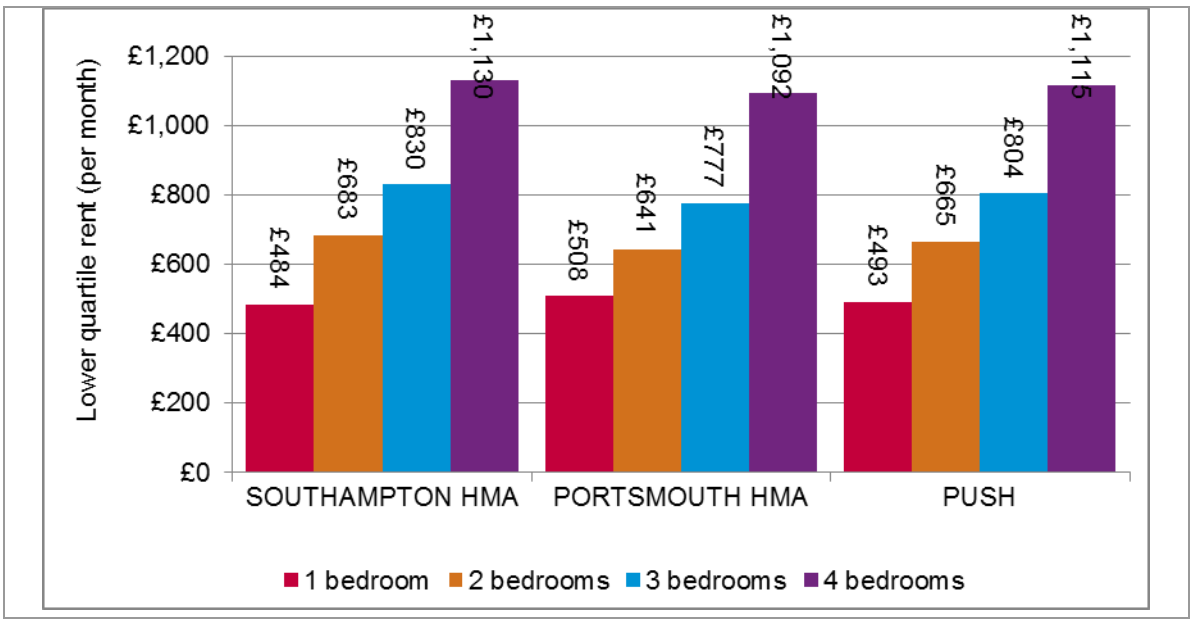
Figure 33: Profile of Properties Advertised for Sale



Source: Online Estate and Letting Agents Survey (June 2013)

8.13 The entry-level cost for private rented accommodation is presented in the figure below. This indicates that entry-level rents range from about £480-£510 per month for a one bedroom home up to around £1,100 per month for a four bedroom property depending on location. As with the sales prices rent levels in the Southampton HMA are generally higher than for the Portsmouth HMA. The only exception to this is in the case of one bedroom homes which appear to be slightly more expensive in the Portsmouth HMA.

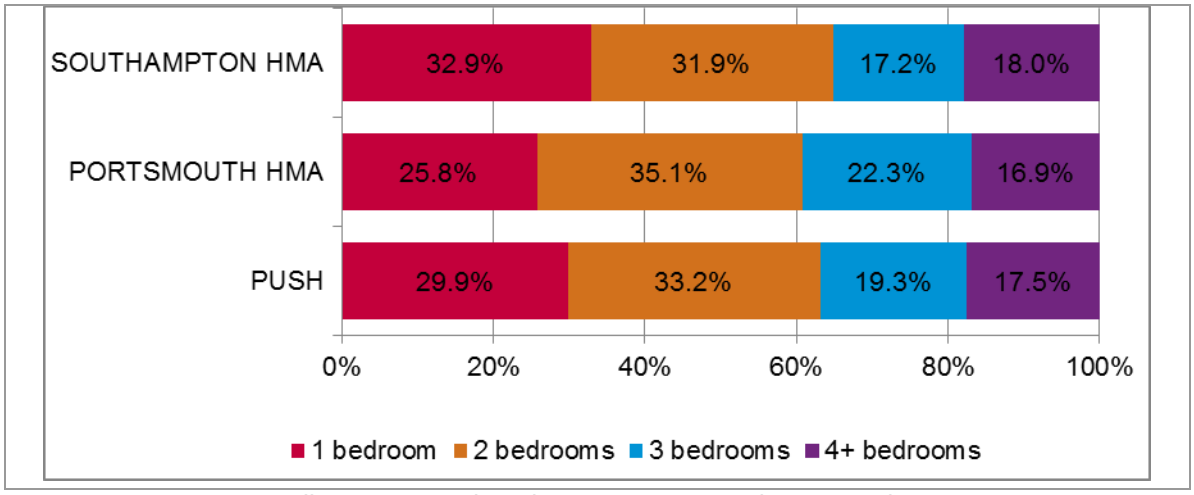
Figure 34: Entry-level Private Rents



Source: Online Estate and Letting Agents Survey (June 2013)

8.14 The figure below shows the profile of properties available for rent in each of the two HMAs by size of property. Compared with properties for sale the data clearly indicates a higher proportion of smaller homes being available to rent in both areas (which is consistent to wider trends) with around 30% of available homes being one bedroom compared with just 12% for sales. In total an estimated 63% of homes available for rent have one or two bedrooms which compares with 41% of sales availability. Where possible the figures exclude lettings advertised on a room only basis (which are often advertised under the heading of the overall size of the property). However, where a property is advertised in its entirety it is included in the figures even if it is specifically targeted at sharers (e.g. groups of students).

Figure 35: Profile of Properties Advertised to Rent



Source: Online Estate and Letting Agents Survey (June 2013)

8.15 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the HMA. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs. The vast majority of homes are within either the Southampton or Portsmouth Broad Rental Market Area (BRMA) although small parts of the HMA are within other BRMAs (for example part of Havant is in the Chichester BRMA).

8.16 Below we have therefore provided details for the two main BRMAs. The data suggests some differences between LHA rates and the findings of our market survey: these mainly relate to larger properties where the market survey suggests higher rents than the LHA rates. There are likely to be very few households who are eligible for the 4-bed LHA rate. However the analysis does suggest that larger households may need to top up LHA through their own resources, and suggests that the potential role of the Private Rented Sector in meeting the needs of larger households falling into housing need is more limited and thus their needs will need to be met primarily in the

Social/Affordable Rented Sector. The analysis of BRMA data generally confirms the market survey finding of slightly higher rents in the Southampton HMA.

8.17 In Table 29 we have also added LHA rates for room only accommodation. Generally, the amount able to be claimed for a room is around 55%-60% of the figure for a self-contained one bedroom property. Single households under 35 are now only to claim the Single Room Rate.

Table 29: Maximum LHA payments by Size and Broad Housing Market Area

Size	Southampton	Portsmouth
Room only	£280	£294
1 bedroom	£500	£500
2 bedrooms	£664	£613
3 bedrooms	£790	£741
4 bedrooms	£1,000	£1,022

Source: VOA data (June 2013)

Cost of Affordable Housing

8.18 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2011/12. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 30: Monthly Average Social Rent Levels

Area	1 bedroom	2 bedrooms	3+ bedrooms
SOUTHAMPTON HMA	£362	£397	£447
PORTSMOUTH HMA	£376	£443	£483
PUSH	£369	£420	£465

Source: CORE (2013)

8.19 Changes in affordable housing provision have seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'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)'*. In the short-term it is likely

that this tenure will replace social rented housing for new delivery, however, the tenure is initially only being trialled for four years and so this situation may change in the future. Registered Providers are also able to re-let social rented properties at affordable rent levels.

8.20 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different from a two-bedroom detached bungalow). In addition, market rents for newbuild homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents.

8.21 The table below shows potential affordable rents at 80% of (average) market cost by size of property (including service charge). The data shows that affordable rents are above social rents for all property sizes although in the case of one-bedroom homes in particular the differences are quite marginal (the estimated affordable rent for the whole push area is £394 compared with an average social rent of £369). For smaller homes there will be less to gain in viability terms in providing homes at 80% of market rents.

8.22 For larger property sizes it is however the case that affordable rents will be notably higher than current social rents with the gap widening as property sizes get bigger. This suggests in viability terms that affordable rent might work for some sizes and locations – the affordability of such accommodation should however also be considered. This latter point provides some support for providing affordable rent at below the 80% maximum (particularly for larger properties), but noting that this needs to be balanced against scheme viability and the availability of HCA funding.

Table 31: Cost of Affordable Rented Housing by Size and HMA (per month)

Area	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
SOUTHAMPTON HMA	£387	£547	£664	£904
PORTSMOUTH HMA	£406	£513	£621	£874
PUSH	£394	£532	£643	£892

Source: Derived from Online Estate and Letting Agents Survey (June 2013)

Gaps in the Housing Market

8.23 The table below estimates how current prices and rents in PUSH might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). The data clearly indicates a gap between the costs of 'entry-level' market housing

and the social rented sector – demonstrating the potential for intermediate and affordable rented housing to meet some of the affordable need.

Table 32: Indicative Income Required to Purchase/Rent without Additional Subsidy

Area	Lower quartile purchase price	Lower quartile private rent	Affordable rent	Lower quartile social rent
SOUTHAMPTON HMA	£44,358	£25,333	£20,267	£14,829
PORTSMOUTH HMA	£40,005	£23,968	£19,175	£15,445
PUSH	£42,188	£24,829	£19,863	£15,133

Source: Online Estate and Letting Agents Survey (June 2013) and CORE

8.24 For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing. In reality, home ownership will also be influenced by households existing savings or equity.

Income levels and affordability

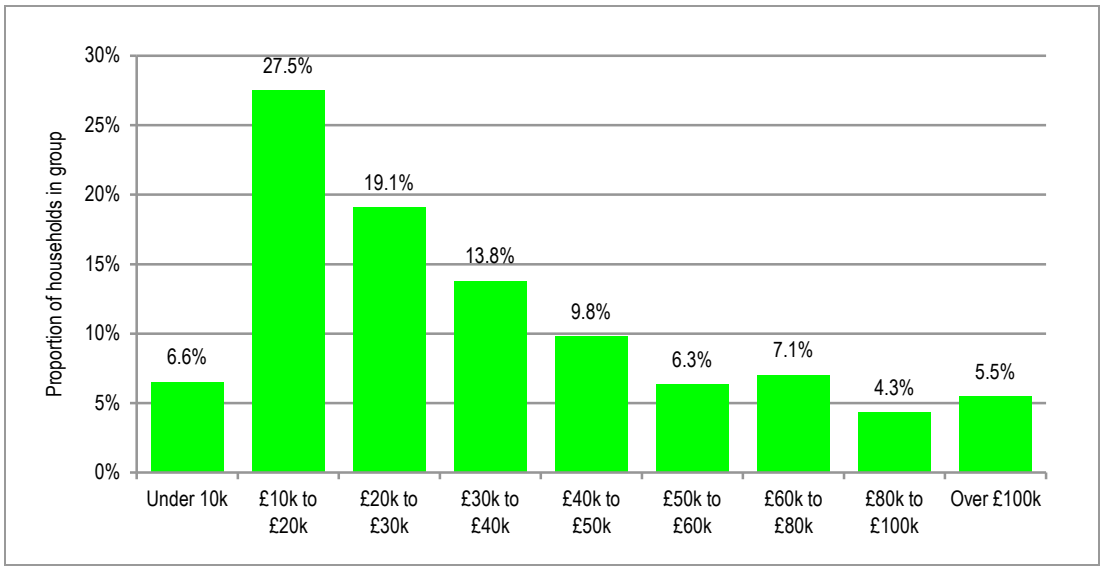
8.25 Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Income in this analysis is taken to be gross income including all benefits. 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 – to provide information about the distribution of incomes (taking account of variation by tenure in particular);
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at differences between local authority area (but recognising that this source only provides data about people in employment); and
- ONS modelled income estimates – to assist in providing more localised income estimates (e.g. for the partial authorities and for sub-markets such as the east/west split in Fareham).

8.26 Drawing all of this data together we have therefore been able to construct an income distribution for the whole PUSH area and individual HMAs (and smaller areas) for 2013. Figure 38 below shows the distribution of household incomes for the whole of PUSH. The data shows that around a third (34%) of households has an income below £20,000, with a further 33% in the range of £20,000 to

£40,000. The overall average (median) income of all households in the sub-region was estimated to be around £28,100 with a mean income of £37,500.

Figure 36: Distribution of Household Income in the PUSH Sub-Region (gross including benefits)



Source: Derived from ASHE, Experian, SEH, CACI and ONS data

8.27 The table below shows how the distribution of income varies for each of the two HMAs. Incomes were found to be slightly higher in the Southampton HMA than the Portsmouth HMA with the mean income in Southampton estimated to be £38,800 compared with £36,100.

Table 33: Income levels by HMA

Income band	SOUTHAMPTON HMA	PORTSMOUTH HMA	PUSH
Under £10k	6.2%	6.9%	6.6%
£10k to £20k	26.5%	28.5%	27.5%
£20k to £30k	18.9%	19.3%	19.1%
£30k to £40k	13.9%	13.7%	13.8%
£40k to £50k	9.8%	9.9%	9.8%
£50k to £60k	6.7%	6.0%	6.3%
£60k to £80k	7.6%	6.6%	7.1%
£80k to £100k	4.4%	4.2%	4.3%
Over £100k	6.1%	4.9%	5.5%
Total	100.0%	100.0%	100.0%
Mean	£38,800	£36,100	£37,500
Median	£29,000	£27,200	£28,000

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

8.28 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, within each area, 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.

8.29 The table below shows **across the PUSH area that it is estimated that around 44% of households are unable to access market housing on the basis of income levels**. There is little difference between the two HMAs with affordability looking to be very marginally better in the Portsmouth HMA. The fact that private sector rents are typically higher in the Southampton HMA, along with slightly higher incomes, has had the effect of broadly bringing affordability calculations in line for both locations.

8.30 It should be remembered that this analysis only considers income levels and not a full range of financial information (such as savings and equity). In the sub-region where around two-thirds of households are already owner-occupiers, it is clear that a proportion of households will have sufficient funds to be able to access housing were there to be a need to move home. The lack of information about savings and equity does not fundamentally impact on the overall housing needs analysis which is predominantly focussed on non-owners.

Table 34: Estimated Proportion of Household Unable to Afford Market Housing without Subsidy

Area	Number unable to afford	Estimated households (2013)	% of households unable to afford
SOUTHAMPTON HMA	100,382	225,199	44.6%
PORTSMOUTH HMA	97,677	223,557	43.7%
PUSH	198,059	448,755	44.1%

Source: Online Estate and Letting Agents Survey (June 2013) and Income modelling

Assessing Current Housing Need (Backlog)

8.31 In line with CLG guidance, the backlog of affordable housing need has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census, along with an estimate of other needs which have been modelled by comparing the tenure profile in each area with information from previous surveys about households in need. Much of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.

8.32 The data modelling estimates housing unsuitability by tenure. From these figures 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). The analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move and 90% of owners with a mortgage. Again analysis of a range of recent surveys indicates that the vast majority of owners with a mortgage are able to afford housing once savings and equity are taken into account. The small element of owners included in the backlog will take account of a number who may be in negative equity and/or are unable to fund mortgage payments due to a change in circumstances (e.g. loss of job). A final adjustment (which mainly impacts on Southampton and Portsmouth) is to slightly reduce the unsuitability figures to take account of student-only households – such households could technically be overcrowded but would be unlikely to be considered as being in housing need.

8.33 At the time of the assessment there were an estimated 12,064 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers). This represents 2.7% of all households in the PUSH area. The figure below shows the current locations of these households by HMA – the data suggests a similar level of unsuitability in each of the two HMAs with the figure for the Southampton HMA being very slightly higher.

Table 35: Estimated number of households in unsuitable housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
SOUTHAMPTON HMA	6,200	225,199	2.8%
PORTSMOUTH HMA	5,864	223,557	2.6%
PUSH	12,064	448,755	2.7%

Source: Census (2011) and data modelling

8.34 We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect the fact that typically households living in unsuitable housing have an average income which is around 69% of the figure for all households in an area. Overall, around 36% of households with a current need are estimated to be likely to have sufficient income to afford market housing and so our estimate of the total backlog need is reduced to 7,714 households.

Table 36: Estimated Backlog Need by Sub-Area

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
SOUTHAMPTON HMA	6,200	65%	4,033
PORTSMOUTH HMA	5,864	63%	3,682
PUSH	12,064	64%	7,714

Source: Census (2011), data modelling and income analysis

8.35 CLG guidance also suggests that the Housing Register can be used as a data source to assist in estimating levels of housing need. In the sub-region it has proved difficult to get a consistent set of figures from all authorities due to different allocation policies and pointing systems and so, for consistency, the method linked to Census and other modelled data is preferred.

Estimating Newly Arising Need

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

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

Newly-Forming Households

8.37 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form over the five year period and then applied an affordability test. This has been undertaken by considering the changes in households in specific 5-year age bands in 2018 relative to numbers in the age band below 5 years previously to provide an estimate of *gross* household formation. This is then projected forward over the plan period to 2031. This differs from numbers presented in the demographic projections in section 6 which are for net household growth. The number of newly-forming households is limited to households forming who are aged under 45. This methodology is recognised in guidance as a robust method for assessing the number of newly forming households.

8.38 The estimates of gross new household formation have been based on outputs from our projection linked to the adjusted SNPP (for each local authority). 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).

8.39 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). Our assessment suggests that overall around 53% of newly-forming households will be unable to afford market housing – there is no great difference in assessed affordability in the two HMAs.

Table 37: Estimated Level of Housing Need from Newly Forming Households (2013-2036)

Area	Number of new households	% unable to afford	Total in need
SOUTHAMPTON HMA	97,745	53.1%	51,903
PORTSMOUTH HMA	89,249	52.6%	46,945
PUSH	186,995	52.9%	98,920

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

8.40 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 five years - this group will represent the flow of households onto the Housing Register over a five year 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, although relatively few households are estimated to have sufficient income to afford market housing.

8.41 This method for assessing existing households falling into need is consistent with the 2007 SHMA Guidance 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)'*.

8.42 Table 38 below therefore shows our estimate of likely new need from existing households over the next five years by location. The data shows an additional need arising from 46,699 households, with a notably higher proportion of these being in the Southampton HMA.

Table 38: Estimated level of Housing Need from Existing Households (2013-36)

Area	Number of Existing Households falling into Need	% of Need
SOUTHAMPTON HMA	26,997	57.8%
PORTSMOUTH HMA	19,702	42.2%
PUSH	46,699	100.0%

Source: CORE/affordability analysis

8.43 Estimates of total future housing need which is likely to arise over the plan period are shown below, by combining the estimates of need arising from newly-forming households and from existing households falling into need. Total newly-arising need is estimated at 145,619 households over the 2013-36 period.

Table 39: Estimated Future Housing Need (2013-36)

Area	Newly-forming Households in Need	Existing Households falling into Need	Total Newly-Arising Need 2013-18
SOUTHAMPTON HMA	51,903	26,997	78,900
PORTSMOUTH HMA	46,945	19,702	66,647
PUSH	98,920	46,699	145,619

Calculating the Supply of Affordable Housing

8.44 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 relets and the annual supply of relets/sales within the intermediate sector.

Social rented housing

8.45 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 availability. Our figures include general needs and supported lettings but exclude lettings to 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.

Table 40: Analysis of Past Social Rented Housing Supply (past 5 years)

		SOUTHAMPTON HMA	PORTSMOUTH HMA	PUSH
General needs	Total lettings	9,075	5,657	14,732
	% as non-newbuild	81.4%	72.6%	78.0%
	Lettings in existing stock	7,388	4,108	11,496
	% non-transfers	60.2%	61.7%	60.7%
	Total lettings to new tenants	4,446	2,535	6,981
Supported	Total lettings	7,300	5,388	12,688
	% as non-newbuild	96.5%	96.6%	96.5%
	Lettings in existing stock	7,043	5,207	12,250
	% non-transfers	68.1%	76.6%	71.7%
	Total lettings to new tenants	4,795	3,987	8,782
Total lettings to new tenants (past 5 years)		9,240	6,522	15,763
Total lettings to new tenants (per annum)		1,848	1,305	3,153

Source: CORE

8.46 On the basis of past trend data is has been estimated that 3,153 units of social rented housing are likely to become available each year moving forward (72,519 over the period to 2036). Table 45 breaks this information down by source of supply and it is notable that 56% is in supported rather than general needs housing.

8.47 The supply figure is for social rented housing only and whilst the stock of intermediate housing in PUSH is not significant compared to the social 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 estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data. From this it is estimated that around 166 additional properties might become available per annum (3,818 over the projection period to 2036).

8.48 The total supply of affordable housing is therefore estimated to be 3,319 per annum (or 76,337 over the projection period). Table 41 shows the locations where supply is expected to arise.

Table 41: Supply of Affordable Housing from the existing stock by HMA

Area	Social rented relets	Intermediate housing 'relets'	Total supply (2013-2036)
SOUTHAMPTON HMA	42,504	2,231	44,735
PORTSMOUTH HMA	30,015	1,587	31,602
PUSH	72,519	3,818	76,337

Source: Derived from CORE and Census (2011) analysis

Net Affordable Housing Need

8.49 The table below shows our overall calculation of housing need. This excludes supply arising from sites with planning consent (the 'development pipeline') to allow comparison with the demographic projections. In considering the net need for additional affordable housing provision in negotiating S106 agreements, the 'pipeline' of affordable housing which is expected to be delivered should be netted off the 'backlog need' figures shown in the table.

8.50 The data shows an overall need for affordable housing of 76,996 units over the period to 2036, equivalent to 3,345 units per annum. For individual HMAs of the PUSH area the analysis finds the highest needs to be in the Southampton HMA although the net need figure for the Portsmouth HMA is broadly similar. The net need is calculated as follows:

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

Table 42: Estimated level of Housing Need (2013-36) excluding Pipeline

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need	Net need per annum
SOUTHAMPTON HMA	4,033	51,903	26,997	82,933	44,735	38,198	1,661
PORTSMOUTH HMA	3,682	46,945	19,702	70,329	31,602	38,727	1,684
PUSH	7,714	98,920	46,699	153,333	76,337	76,996	3,345

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

Putting the Affordable Needs Assessment into Context

8.51 The need assessment set out above concludes that there is a significant need for almost 77,000 affordable homes across the PUSH area over the period from 2013 to 2036, equivalent to 3,345 per annum. We therefore conclude that there is a clear justification for authorities in the PUSH area seeking to secure the maximum viable level of affordable housing on development schemes.

8.52 However, there are a number of things that need to be remembered in interpreting the quantitative findings of the assessment. The role of the needs assessment is specifically to identify whether there is a shortfall or surplus of genuine affordable housing product to provide for those households who cannot afford to meet their needs in the market: it does not look at all housing needs. There are therefore two key assumptions which underpin the model:

- All households are adequately housed in a home which they can afford (assuming no more than 30% of the households' gross income is spent on housing costs); and
- All households in need are housed in a "genuine" affordable housing product (as defined by the NPPF).

8.53 Considering this, there are therefore three key factors and sensitivities which need to be considered in order to put the needs identified in the model into a "real life" context:

- The extent to which households defined as in housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home;
- The role of the Private Rented Sector, supported by Local Housing Allowance, in providing accommodation for those identified as in need; and
- The possible future impacts of recently announced welfare reforms on need for affordable housing.

8.54 It should be recognised that the assessment is also a 'snapshot' at a point in time. It is therefore particularly sensitivity to the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. The turnover of stock has also generally decreased over time. The shortfall of affordable housing identified will also to some extent be affected by past investment decisions.

8.55 The following sections discuss in detail the implications of these various factors.

Sensitivity to Income Thresholds

8.56 Whilst 30% is a widely accepted and robust income threshold for the assessment, in practice, many households will choose to spend a greater proportion of their income on housing. This is particularly likely to occur in more affluent areas.

8.57 To understand the implications of this factor, we sensitivity tested affordable housing need assuming variant levels of income spent on housing costs. If we reduce the proportion to be spent on housing to 25% the level of net need across the PUSH area rises to 94,340 (4,104 per annum) whilst increasing the figure to 35% see the estimated level of need drop to 61,647 (2,680 per annum). In all cases the analysis shows a significant need for affordable housing.

Role of the Private Rented Sector in Meeting Housing Need

8.58 In considering the true dynamics of the local housing market, it is vitally important to consider the role played by the private rented sector (through the Local Housing Allowance (LHA) system) in meeting the needs of households with an affordable housing need. To do this, we have analysed data from the Department of Work and Pensions (DWP) in order to identify the number of LHA, supported private rented homes and estimate its role in augmenting the supply of homes for households in need.

8.59 As of February 2013 it is estimated that there were 26,034 benefit claimants in the private rented sector in the PUSH area.

8.60 The data in the table below shows that in both HMAs the number of LHA claimants has increased over the two year period from February 2011 although the proportionate increase in the Southampton HMA is high relative to the Portsmouth HMA.

Table 43: Number of People claiming LHA in Private Rented Sector (February 2011 and February 2013)

Area	February 2011	February 2013	Absolute change	% change
SOUTHAMPTON HMA	11,003	12,129	1,126	10.2%
PORTSMOUTH HMA	13,176	13,905	729	5.5%
PUSH	24,178	26,034	1,856	7.7%

Source: Department of Work and Pensions

8.61 Comparing this to the total private rented sector (PRS) stock in the PUSH area (75,180 dwellings) shows that benefit claimants account for just under 35% of the sector.

8.62 What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of homes within the private sector which are "new lettings" each year (i.e. stripping out the effect of transfers) is around 13%. Applying this to the private rented stock gives us an estimate of 9,773 private sector lettings per annum in the PUSH area.

8.63 Of these lettings, we assume 35% are to benefit claimants, consistent with their representation in the total private rented stock, giving a total of approximately 3,383 lettings per annum to LHA claimants. There are however likely to be instances of multiple LHA claimant households in the PUSH area and we have therefore applied a reduction of 20% to convert to households. The result indicates that the PRS supports around 2,706 LHA households per annum across the PUSH area – 1,261 lettings in the Southampton HMA and 1,445 in the Portsmouth HMA.

8.64 The table below takes the above data and uses it to show concentrations of households living in the private rented sector (PRS) by area along with an estimate of the number of lettings in this sector over a five year period. Some caution should be used in interpreting this data given the different data sources used. In addition it should be noted that the number of claimants is individuals and in some cases there may be more than one claimant per household. The data shows as a proportion of the whole PRS that claimant rates are higher in the Portsmouth HMA which also has a higher number of claimants.

Table 44: Private Rented Sector LHA claimants by HMA

Area	LHA claimants in PRS	Households in PRS	Claimants as % of households	Estimated lettings per annum	Estimated lettings to LHA claimants
SOUTHAMPTON HMA	12,129	38,613	31.4%	5,020	1,261
PORTSMOUTH HMA	13,905	36,567	38.0%	4,754	1,445
PUSH	26,034	75,180	34.6%	17,260	2,706

Source: Census (2011), DWP

8.65 As such, the overall estimated number of lettings in the LHA part of the PRS can be seen to be more than three quarters of the net need derived through housing needs analysis. Whilst the private rented sector is not recognised as a genuine affordable housing product, it is important to recognise that, in practice, the sector makes a significant contribution to meeting housing need and addressing a shortfall in genuine affordable housing products.

8.66 The extent to which authorities across the PUSH area wish to see this role in the future will clearly have implications for both affordable housing supply and by implication overall housing provision. Whilst, this is ultimately a local policy decision which is beyond the scope of this study, we would note the following considerations:

- The private rented sector continues to grow (across the PUSH area and the South East) and given the stock of affordable housing locally as well as the future prospects in terms of grant funding for new affordable housing delivery the reality is that there is likely to be comparatively greater availability in the private rented sector moving forward.
- The private rented sector however provides less security than the affordable sector and standards can also be lower than for social rented properties.
- There are likely to be households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

Impact of Welfare Reforms

8.67 The Coalition Government has heralded a period of considerable change by way of welfare reforms which will have an effect on local residents. The reforms are set against a backdrop of government spending cuts, which has seen funding levels drop, and an economic recession which has led to changes to the country's housing market and how housing can be accessed. A summary of the welfare reforms and impacts are shown below:

- Reducing the Local Housing Allowance (LHA) from the median rent in a Broad Rental Market Area (BRMA) to the 30th centile and the abolition of the rate for 5 or more bedroom homes. These changes were introduced in April 2011 and will have meant that some households will have seen a reduction in housing benefit. There has also been a reduction in the number of homes available to rent at or below payment thresholds and potentially increased demand for lower cost properties. Households requiring larger (5 or more bedroom) homes have been disproportionately affected.
- Limiting payments for people under 35 to the shared room rate (up from 25) – from January 2012. This change has made it harder for Councils to place young single people in private rented accommodation and has resulted in a greater demand for shared housing.
- Up rating LHA in line with Consumer Price Index (CPI) instead of by reference to local rents. If rents increase at a rate above CPI then there will be a reduction in the number of properties with a rent below LHA maximum levels.
- Limiting Housing Benefit entitlements for working age people in social housing sector to reflect family size. The 'bedroom tax' is arguably the most controversial of the Government changes with households losing 14% of housing benefit if they have one spare bedroom and 25% for two or more. This change has already put considerable pressure on housing providers who are seeing a significantly increased demand for smaller (particularly one bedroom) homes. In the longer-term if the supply does not improve this change could see some increases in homelessness. This change was brought in from April 2013.

- A household benefit cap is being phased in from April 2013 which will limit the amount claimed in all benefits for working age (non-working) households to £500 per week for households with two or more people and £350 for single adults. For many households this will not make a difference to their ability to access housing; however larger households living in larger (more expensive) homes will be disproportionately affected.
- The move towards a Universal Credit is likely to end Housing Benefit payments direct to landlords (which happens in some instances), making benefit claimants potentially less attractive as tenants.

8.68 Whilst the full impact of the various current and proposed changes is difficult to quantify it is clear when taken together that a significant number of people and households will be affected. Given the levels of housing need identified set against the potential supply of affordable housing (from both the existing stock and new provision) it seems unlikely that the number of households in need will fall in the short/medium-term. Indeed the evidence suggests a likely growth in need.

Need for Different Types of Affordable Housing

8.69 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. The main data sources for establishing housing need are Census data and projections of newly-forming households (along with local income and affordability estimates).

8.70 We have assessed need on the basis of three income bands which have been associated with three different tenures of housing – intermediate, affordable rented and social rented. Households are considered able to afford intermediate housing if their income is greater than that required to rent at 80% of market rental costs (a figure which equates with possible affordable rent maximum costs) and the income falls below that required to access the market without subsidy. Although technically an intermediate product could be provided at below this level, the reality is that most intermediate housing is priced closer to market costs than social housing costs. Households whose income falls in the gap between intermediate housing and social rented housing are allocated to affordable rented housing with lower income households placed in the social rent group. The categories of affordable housing are described in the table below.

Table 45: Categories of Affordable Housing Used for Analysis

Housing type	Description
Intermediate housing	Assigned to households who can afford a housing cost at or above 80% of market rents but cannot afford full market costs
Affordable rent	Assigned to households who could afford a social rent without the need to claim housing benefit but would need to claim benefit to afford an Affordable Rented home (priced at 80% of market rental costs)
Social rent	Households who would need to claim housing benefit regardless of the cost of the property

8.71 In fact there will be a considerable overlap between these categories – the first would potentially represent households who could afford affordable rented housing without the need to claim housing benefit whilst the latter category (called social rent for analytical purposes) could have their needs met through affordable rented housing (with benefit assistance).

8.72 The table below shows our estimate of the number of households in need in each of the above categories. The analysis confirms the levels of intermediate housing required as well as showing (in affordability terms) that affordable rented housing may have a limited role to play in meeting need with only around a quarter of those in the affordable/social rented category being able to afford an affordable rent without the need for benefit assistance.

Table 46: % Net Need for Different Types of Affordable Housing (2013-18)

Area	Intermediate	Affordable rent	Social rent	Total
SOUTHAMPTON HMA	29.4%	19.9%	50.7%	100.0%
PORTSMOUTH HMA	27.4%	14.1%	58.5%	100.0%
PUSH	28.4%	17.3%	54.4%	100.0%

Source: Housing Needs Analysis

8.73 In considering what mix of housing to deliver, it needs to be borne in mind that HCA funding is primarily focused on delivering affordable (as opposed to social) rent as part of the current National Affordable Housing Programme.

Drawing the Evidence Together

8.74 The NPPF (and national guidance) sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. In assessing needs for affordable housing, we have adopted the methodology set out in the draft Planning Practice Guidance.

8.75 In following this approach, we have identified a net affordable housing need across the PUSH area of 76,996 households over the period from 2013 to 2036, equivalent to 3,345 households each year. There is thus a significant need for new affordable housing across the PUSH area and we therefore consider the Councils are justified in seeking to secure the maximum viable level of affordable housing.

8.76 However, whilst a significant quantitative shortfall is identified, there are in reality two key factors against which the assessment must be put into context. Firstly, in practice there are likely to be households who are adequately housed whilst paying more than the 30% of income threshold used in this report, particularly in more affluent parts of the HMA. Our sensitivity testing demonstrates that at an income threshold of 35%, affordable housing need over the plan period falls to around 2,700 households per annum whilst at 25%, needs rise to more than 4,100 per annum.

8.77 Secondly, in considering the true dynamics in the affordable sector, it is important that the role played by the private rented sector is recognised, particularly insofar as it provides adequate and affordable housing when supported by the LHA. In this regard, our evidence shows that in the PUSH area the private rented sector makes a potentially significant contribution to meeting affordable housing needs with an estimated 2,700 lettings per annum in the sector to households supported by LHA.

8.78 Clearly the private rented sector is not a recognised form of affordable housing and the extent to which the councils wish to see the private rented sector being used to make up for shortages of affordable housing is ultimately a local policy decision which is outside the scope of this study. However, assuming its current role continues, our analysis indicates a need to deliver around 640 affordable homes per annum across the PUSH area. This could be deliverable with overall housing provision across the PUSH area in the region of 2,100-2,200 homes per annum.

8.79 Looking at the district level analysis in **Appendix Y,** there is some evidence that meeting affordable housing needs is likely to place upward pressure on housing requirements over and above the demographic projections in some areas. In Eastleigh, even assuming the current role of the private rented sector continues, we identify a need to deliver around 310 additional affordable homes per annum, which would require overall housing provision in the region of 1,000 to 1,100 homes per annum. In Fareham, our analysis shows a need to deliver around 150 additional affordable homes per annum, which could be deliverable at an overall housing figure of 480-500 homes per year. This is based on current funding mechanisms for affordable housing (i.e. largely through Section 106 Agreements). We also see some upward pressure in the East Hampshire (part) where a need for 50 affordable homes per annum is identified, requiring an overall housing requirement in the region of 150 homes per year to ensure full delivery.

8.80 In establishing an objective assessment of overall housing requirements in Section 10, the outputs of this assessment will be considered alongside other signals as well as the demographic-led projections of housing requirements.

9 REQUIREMENT FOR DIFFERENT TYPES OF HOMES

Introduction

9.1 As discussed in **Section 5,** there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.

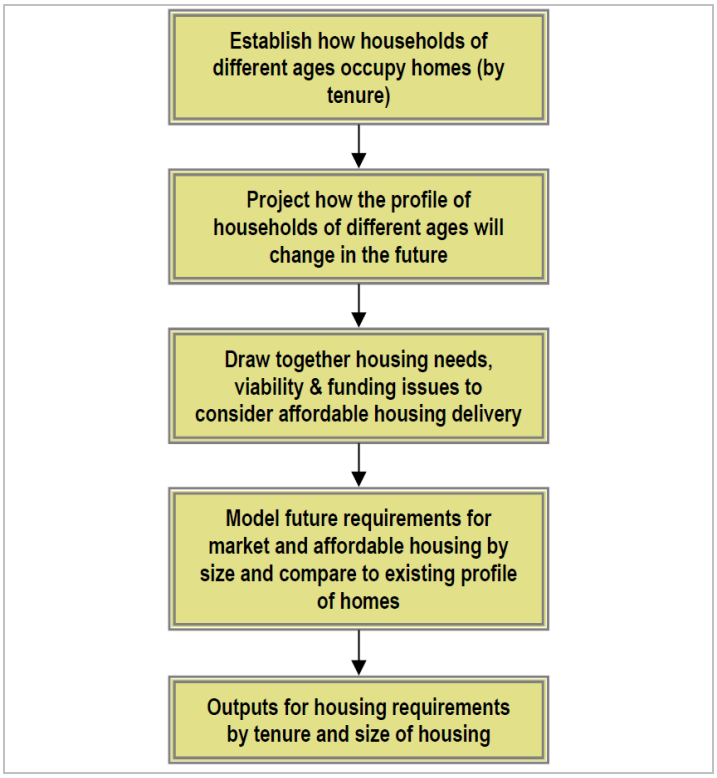
9.2 In this section we consider in some detail the implications of demographic drivers on demand for different housing products. The assessment is intended to provide an understanding of the implications of changes in the size and structure of the population on need and demand for different sizes of homes.

9.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For the purposes of this analysis we have looked at the demographic change as indicated in our projection linked to the 2011-based SNPP (as updated) - delivery of 93,300 additional homes from 2011 to 2036.

Methodology

9.4 The figure below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections and below we briefly discuss key information sources.

Figure 37: Summary of Housing Market Model



Understanding how Households Occupy Homes

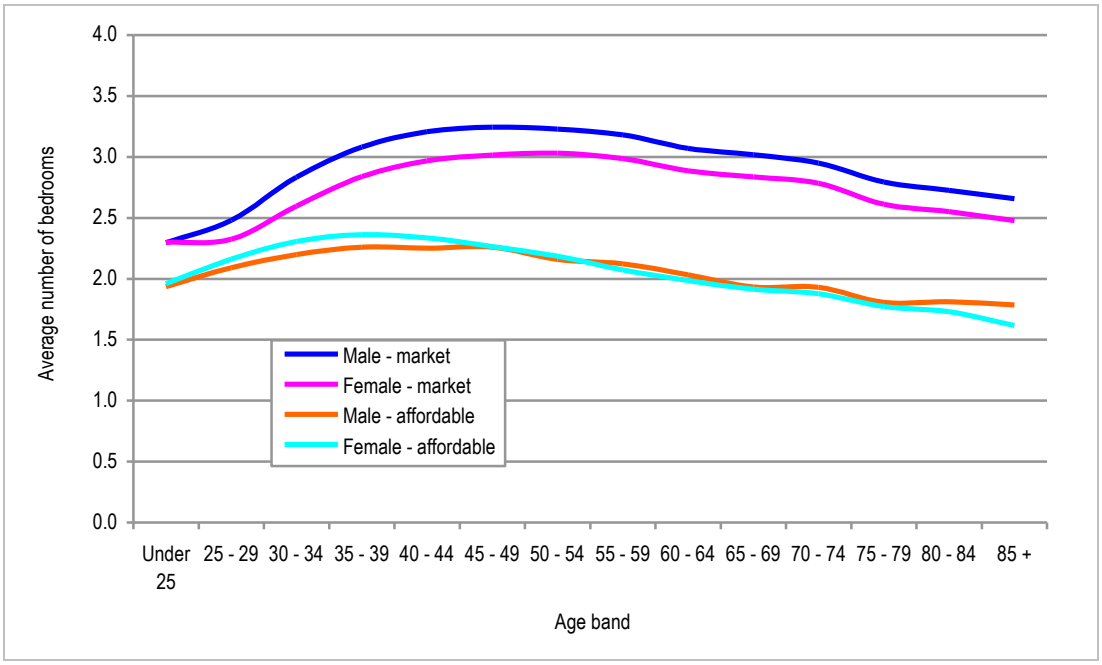
9.5 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly translate into the sizes of property needed. The sizes of market housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.

9.6 In the affordable sector this issue is less relevant (particularly since the introduction of the 'bedroom tax') although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.

9.7 The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

9.8 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-54 age group. In the affordable sector this peak appears earlier. After this the average dwelling size decreases – possibly due to a number of people down-sizing as they get older. It is also notable that the average size for affordable housing is lower than that for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with no particular trend being seen in the affordable sector).

Figure 38: Average Bedrooms by Age, Sex and Tenure - PUSH



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

9.9 As of 2011 it is estimated that there were 440,893 households living in the PUSH area. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2011, as shown in the table below. The table shows that an estimated 17.2% of households live in affordable housing with 82.8% being in the market sector. The size of the

affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in 2011. The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 66% having three or more bedrooms compared to 32% for affordable housing.

9.10 These figures are for households rather than dwellings as information about the sizes of vacant homes across the whole stock (i.e. market and affordable) is not currently readily available. For the purposes of analysis this will not make any notable difference to the profile. We have however translated the household projections into dwelling figures by including a 3% vacancy allowance when studying the final outputs of the market modelling.

Table 47: Estimated Profile of Dwellings in 2011 by Size

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	33,071	9.1%	25,762	33.9%	58,832	13.3%
2 bedrooms	91,727	25.1%	25,862	34.0%	117,590	26.7%
3 bedrooms	161,394	44.2%	21,567	28.4%	182,961	41.5%
4+ bedrooms	78,648	21.6%	2,862	3.8%	81,511	18.5%
Total	364,840	100.0%	76,053	100.0%	440,893	100.0%
% in tenure	82.8%		17.2%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

9.11 The housing market model has been used to estimate future requirements for different sizes of property over the 2011-36 period. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what mix of future housing will be in the market and affordable sectors.

9.12 The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The affordable housing needs analysis in this report provides evidence of considerable housing need which would support any target although the viability of providing affordable housing will limit the amount that can be delivered. On the basis of information available we believe that 30% is probably about the maximum affordable housing delivery likely to be achieved over the longer term and have developed projections on the basis of 30% of new delivery being in the affordable sector. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Model Outputs: Affordable Housing

9.13 The table and figure below show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2011 and 2036 that around 78% of the requirement is for homes with one or two-bedrooms with around 22% of the requirement being for larger homes with three or more bedrooms. There is no significant difference in the outputs for each of the two Housing Market Areas.

9.14 This analysis provides a longer-term view of need for different sizes of affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit which can be claimed by working-age households.

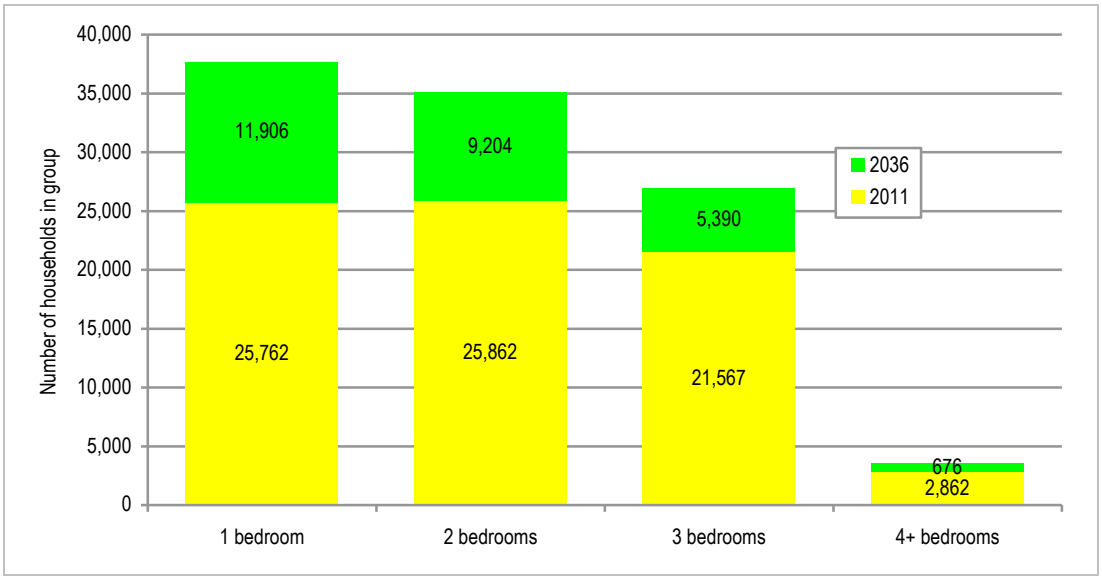
Table 48: Estimated Size of Dwellings Needed 2011 to 2036 – Affordable Housing

Size	2011	2036	Additional households 2011-2036	% of additional households
SOUTHAMPTON HMA				
1 bedroom	13,009	18,407	5,397	41.5%
2 bedrooms	13,547	18,196	4,649	35.7%
3 bedrooms	10,594	13,230	2,636	20.3%
4+ bedrooms	1,437	1,762	325	2.5%
Total	**38,587**	**51,594**	**13,007**	**100.0%**
PORTSMOUTH HMA				
1 bedroom	12,753	19,261	6,508	45.9%
2 bedrooms	12,315	16,870	4,555	32.2%
3 bedrooms	10,973	13,727	2,754	19.4%
4+ bedrooms	1,425	1,776	350	2.5%
Total	**37,466**	**51,634**	**14,168**	**100.0%**
PUSH AREA				
1 bedroom	25,762	37,667	11,906	43.8%
2 bedrooms	25,862	35,066	9,204	33.9%
3 bedrooms	21,567	26,956	5,390	19.8%
4+ bedrooms	2,862	3,538	676	2.5%
Total	**76,053**	**103,228**	**27,175**	**100.0%**

Source: Housing Market Model

9.15 The figure below shows how our estimated affordable requirement compares with the stock of affordable housing in 2011. The figures are based on households (i.e. before adding in a vacancy allowance). The data shows that, relative to the current stock, there is a slight move towards a greater proportion of smaller homes being required (with 77% of the need in the Southampton HMA and 78% in the Portsmouth HMA for properties with 1- or 2-bedrooms). This makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings. However, the analysis still identifies a requirement for larger units (particularly three bedroom accommodation).

Figure 39: Impact of Demographic Trends on Affordable Housing Need by House Size, 2011 to 2036 - PUSH



Source: Housing Market Model

Model Outputs: Market Housing

9.16 As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 25-year period from 2011 to 2036.

9.17 The table and figure below shows estimates of the sizes of market housing required from 2011 to 2036 based on demographic trends for the whole of the PUSH area and the two HMAs. The data suggests a need for homes for 63,408 additional households with the majority of these being two-

and three-bedroom homes. As with the affordable housing analysis, there is no significant difference in the profile of homes needed in each HMA.

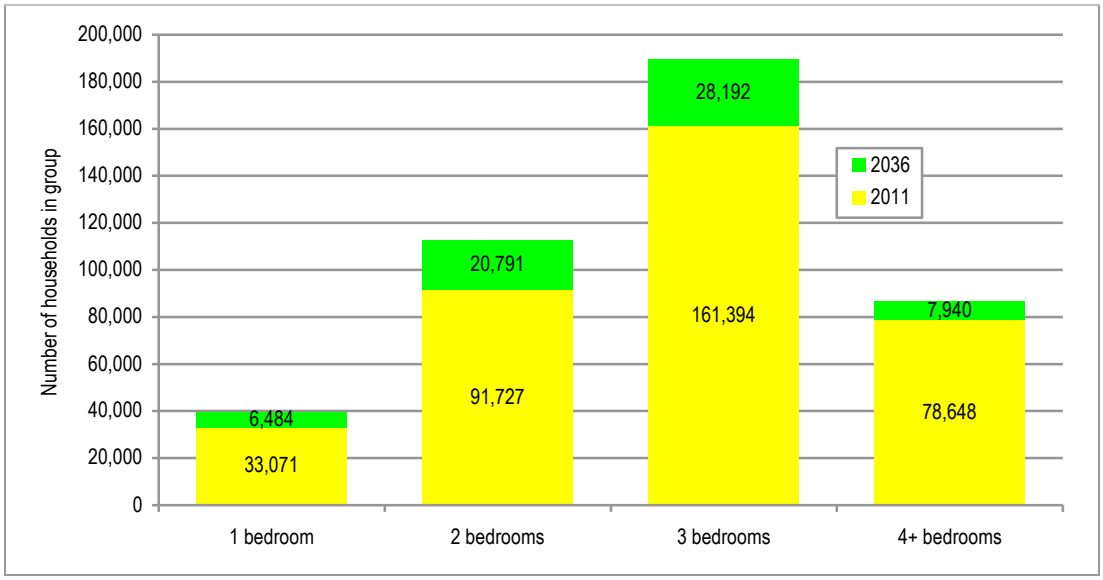
Table 49: Estimated Size of Dwellings Required 2011 to 2036 – Market Housing

Size	2011	2036	Additional households 2011-2036	% of additional households
SOUTHAMPTON HMA				
1 bedroom	18,321	21,515	3,194	10.5%
2 bedrooms	44,441	54,054	9,613	31.7%
3 bedrooms	77,641	90,973	13,332	43.9%
4+ bedrooms	42,273	46,484	4,211	13.9%
Total	**182,676**	**213,026**	**30,350**	**100.0%**
PORTSMOUTH HMA				
1 bedroom	14,750	18,040	3,290	10.0%
2 bedrooms	47,286	58,465	11,179	33.8%
3 bedrooms	83,753	98,613	14,860	45.0%
4+ bedrooms	36,375	40,105	3,729	11.3%
Total	**182,164**	**215,222**	**33,058**	**100.0%**
PUSH AREA				
1 bedroom	33,071	39,555	6,484	10.2%
2 bedrooms	91,727	112,519	20,791	32.8%
3 bedrooms	161,394	189,586	28,192	44.5%
4+ bedrooms	78,648	86,588	7,940	12.5%
Total	**364,840**	**428,248**	**63,408**	**100.0%**

Source: Housing Market Model

9.18 The figure below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the 3% vacancy allowance)). The data suggests that housing requirements reinforce around the existing profile of stock, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are projected to fall slightly in the future (which itself is partly due to the ageing of the population).

Figure 40: Impact of Demographic Trends on Market Housing Requirements by House Size, 2011 to 2036



Source: Housing Market Model

9.19 The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand. This may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

9.20 In the immediate term we would expect stronger relative demand for family homes as the market for smaller properties is restricted by mortgage finance constraints; albeit that with the Help-to-Buy Scheme this may start to change. Over the 25-year projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).

9.21 As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently influenced by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.

9.22 The NPPF is explicit in requiring local planning authorities to identify and plan for the required mix of housing in terms of type, size and tenure. The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered for allocation through the local plan processes to ensure that land supply is capable of delivering not only the right amount, but also the right type of housing. Housing mix can also be guided implicitly through policies on development densities which may be geared towards driving sustainable and efficient patterns of growth.

Interpreting the Model Outputs

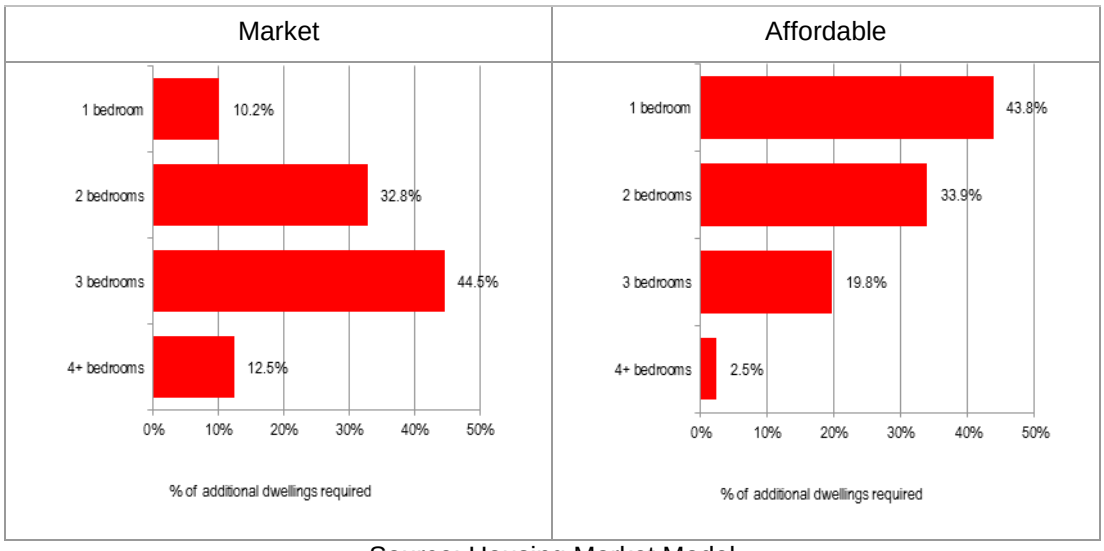
9.23 The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a 3% vacancy allowance in moving from household figures to estimates of housing requirements. Given the similarities in outputs for both the Southampton and Portsmouth HMAs there does not appear to be any great benefit in considering these separately.

Table 50: Estimated Dwelling Requirement by number of Bedrooms (2011 to 2036)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	6,484	6,678	10.2%	11,906	12,263	43.8%
2 bedrooms	20,791	21,415	32.8%	9,204	9,480	33.9%
3 bedrooms	28,192	29,038	44.5%	5,390	5,552	19.8%
4+ bedrooms	7,940	8,178	12.5%	676	696	2.5%
Total	**63,408**	**65,310**	**100.0%**	**27,175**	**27,990**	**100.0%**

Source: Housing Market Model

Figure 41: Size of Housing Needed 2011 to 2036



Source: Housing Market Model

9.24 Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small, the ability for these needs to be met is even more limited.

9.25 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and may therefore prioritise the needs of families over single person households and couples. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the 'bedroom tax'.

9.26 For these reasons we would suggest converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

9.27 Across the PUSH level and for each of the two HMAs, the analysis point towards the following mix of affordable housing:

- 1-bed properties: 35%-40%
- 2-bed properties: 30%-35%
- 3-bed properties: 20%25%
- 4-bed properties: 5%-10%

9.28 This profile recognises the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

9.29 The need for affordable housing of different sizes will vary by area across the PUSH area and over time. In considering the mix of homes to be provided within specific development schemes, the identified needs at a strategic level should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

9.30 Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

9.31 The evidence would point towards the need and the following mix of market housing across the PUSH area and in the two HMAs:

- 5%-10% 1-bed properties
- 30%-35% 2-bed properties
- 40%-45% 3-bed properties
- 15%-20% 4+ bed properties

9.32 Whilst we consider the mix modelling for affordable and market housing provides a sound basis for strategic aspirations and planning across the PUSH area, decisions on local mix policy should be made by individual authorities in conjunction with PUSH neighbours. Such decisions would likely need to take into account the availability of land to deliver particular types of housing, the need to promote sustainable patterns of growth and the need to address specific market expectations or the needs of individual groups.

9.33 The current Government consultation on housing standards, particularly in respect of the possibility of national space standards, may have implications for mix requirements. Authorities within PUSH should keep abreast of developments in this area but at any rate may wish to consider whether it is appropriate to set out specific local space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties). The local authorities may also wish to consider whether it is appropriate to limit the sub-division of existing larger properties which can help to attract and retain family households in certain parts of the sub-region.

Modelled Outputs at Local Level

9.34 Whilst the analysis above has focussed on outputs for the whole PUSH area and the two HMAs the data itself has been built up from analysis at a smaller area level. The tables below provide the outputs of this analysis in terms of the sizes of accommodation estimated to be needed in each of the affordable and market sectors for twelve different areas.

9.35 To a considerable degree the outputs show a reinforcing of the current housing offer in each area with larger homes expected to be required in areas which traditionally have provided larger housing units. This is largely a function of the expected demographic change in these areas and the fact that household types requiring larger homes are expected to continue seeking these locations.

9.36 The only slightly unexpected output is an apparent (small) surplus of four or more bedroom accommodation in Fareham West. This does not mean that there is no demand for larger homes but that the market appears likely to have capacity within the existing stock. The findings for Fareham West are driven by the ageing population and, as a result, in the short-term we would expect there to be some continued requirement to provide larger units in the market sector.

Table 51: Estimated Dwelling Requirement by number of Bedrooms (2011 to 2036) – Market Sector

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Eastleigh	7.7%	30.5%	45.5%	16.3%
Fareham (West)	14.3%	45.0%	42.4%	-1.7%
New Forest (part)	7.8%	33.9%	47.9%	10.4%
Southampton	13.6%	30.3%	42.3%	13.8%
Test Valley (part)	10.3%	32.9%	43.5%	13.3%
Winchester (part-west)	6.0%	29.4%	39.5%	25.2%
SOUTHAMPTON HMA	10.5%	31.7%	43.9%	13.9%
East Hampshire (part)	5.6%	27.3%	44.1%	23.1%
Fareham (East)	12.3%	40.6%	44.4%	2.8%
Gosport	10.3%	36.4%	43.0%	10.3%
Havant	8.9%	34.2%	45.2%	11.6%
Portsmouth	10.3%	30.6%	46.8%	12.2%
Winchester (part-east)	5.7%	28.5%	38.6%	27.2%
PORTSMOUTH HMA	10.0%	33.8%	45.0%	11.3%
PUSH	10.2%	32.8%	44.5%	12.5%

Source: Housing Market Model

Table 52: Estimated Dwelling Requirement by number of Bedrooms (2011 to 2036) – Affordable Sector

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Eastleigh	33.0%	43.0%	22.1%	1.9%
Fareham (West)	51.4%	30.8%	15.8%	2.0%
New Forest (part)	33.6%	36.0%	27.5%	3.0%
Southampton	48.0%	31.2%	17.7%	3.1%
Test Valley (part)	45.9%	34.8%	17.9%	1.4%
Winchester (part-west)	43.1%	31.8%	22.6%	2.5%
SOUTHAMPTON HMA	41.5%	35.7%	20.3%	2.5%
East Hampshire (part)	38.3%	40.5%	19.4%	1.8%
Fareham (East)	51.0%	31.1%	16.5%	1.5%
Gosport	56.7%	25.1%	16.5%	1.8%
Havant	41.6%	36.0%	19.6%	2.8%
Portsmouth	41.2%	33.7%	21.9%	3.2%
Winchester (part-east)	44.2%	29.7%	23.8%	2.4%
PORTSMOUTH HMA	45.9%	32.2%	19.4%	2.5%
PUSH	43.8%	33.9%	19.8%	2.5%

Source: Housing Market Model

Drawing the Analysis Together

9.37 The various constituent parts of the two HMAs play a somewhat complementary relationship to one another in respect of housing mix. In the two cores of Portsmouth and Southampton (and to a lesser extent Gosport), the housing offer is focussed towards smaller properties, serving professional, small family and student markets. The more suburban and rural areas provide the

"family" offer within the PUSH area, in particular parts of East Hampshire, Test Valley and Winchester, all of which have high representations of properties with three or more bedrooms.

9.38 Our evidence indicates that overcrowding across the PUSH area is slightly above regional average. This conclusion is consistent across both the PUSH East and PUSH West areas and in both cases it is the main urban areas (Portsmouth and Southampton) where overcrowding is highest. This is perhaps unsurprising given the smaller stock profile; however, it may also be driven in part by the strong student and professional sharing markets in these areas, the socio-economics of the area and levels of HMOs. Under-occupation similarly varies, but in some areas within the PUSH HMA, such as Winchester and East Hampshire, it rises to in excess of 80%. Given the demographic profile of these areas, this is likely to be driven by "empty nesters" and retirees and may point to some strategic need to consider improving quality and choice of housing at the smaller end of the market in these areas, rather than a need to substantially increase the supply of smaller units.

9.39 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (25-year) demographic change points towards a broad need for the following mix of homes in the affordable and market sectors homes.

Table 53: Summary of Strategic Conclusions on Housing Mix – Southampton and Portsmouth HMAs

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	30-35%	40-45%	15-20%
Affordable	35-40%	30-35%	20-25%	5-10%

9.40 Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households. It is however important to recognise that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households which can feed through into high turnover. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

9.41 In the market sector, we would expect the focus of housing need to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

9.42 The analysis has been developed to inform strategic PUSH-wide policies as well as inform the 'portfolio' of sites which are considered through the local plan process, including site allocations, neighbourhood plans and other planning documents.

9.43 Our analysis considers the implications of demographic trends on the need for different types of homes. In converting this into policies for housing mix, a number of wider factors are relevant:

- Balance in the existing housing mix (as considered in Section 4), albeit recognising the role and function of different parts of the PUSH area within the two HMAs;
- The findings of the affordable housing needs analysis and what this suggests about short-term needs for different sizes of homes;
- The needs of specific groups within the population, as considered in Section 9 of this report;
- The likely availability (and viability) of land in different areas to deliver particular types of homes, and market expectations of the offer in different areas; and
- Local policy objectives, including aspirations to focus on meeting needs of particular groups within the population and/or support economic growth.

10 REQUIREMENTS OF SPECIFIC GROUPS

Introduction

10.1 We have established overall housing requirements for different sizes of properties over the next 25-years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.

10.2 Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

10.3 The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children;
- Young people; and
- Students.

10.4 These are considered in turn in this section.

Housing Needs of Older People

10.5 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 25-years is expected to be the growth in the population of older persons.

10.6 Indeed, as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

10.7 The context for older persons' housing provision can be summarised as below:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;
- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing over 20-years, requiring higher levels of support. This said, many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for people's changing circumstances *in situ* rather than requiring a move; and
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and provision of floating support.

Current Population of Older Persons

10.8 Below we have provided some baseline population data about older persons and compared this with other areas. The data for population has been taken from the published ONS Mid-Year Population Estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group as some housing developments are specifically targeted at the 'over 55' age group.

10.9 The data shows that, when compared with both the region and England, the PUSH area has a similar proportion of older persons. In 2011 it is estimated that 28% of the population of PUSH was aged 55 or over compared with 29% in the South East region and 28% for the whole of England. The Portsmouth HMA has a slightly higher proportion of people aged 55 and over (at 29%) although the difference when compared with the Southampton HMA (27%) is not particularly notable.

Table 54: Older person population (2011)

Age group	Southampton HMA		Portsmouth HMA		PUSH		South East	England
	Population	% of popn	Popul-ation	% of popn	Popul-ation	% of popn	% of popn	% of popn
Under 55	388,783	72.9%	369,115	70.8%	757,899	71.9%	70.8%	72.0%
55-64	60,349	11.3%	60,240	11.6%	120,589	11.4%	11.9%	11.6%
65-74	43,463	8.2%	47,098	9.0%	90,561	8.6%	8.9%	8.6%
75-84	28,617	5.4%	31,792	6.1%	60,408	5.7%	5.8%	5.5%
85+	11,819	2.2%	13,068	2.5%	24,887	2.4%	2.5%	2.2%
Total	533,031	100.0%	521,313	100.0%	1,054,345	100.0%	100.0%	100.0%
Total 55+	144,248	27.1%	152,198	29.2%	296,446	28.1%	29.2%	28.0%

Source: ONS 2011 mid-year population estimates

Future Changes in the Population of Older Persons

10.10 As well as providing a baseline position for the proportion of older persons in the PUSH area we can use population projections to provide an indication of how the numbers might change in the future. The data provided below is based on our projection linked to updating the 2011-based SNPP (PROJ 2) with data for the South East and England being taken directly from published projections. Due to the timescales used by ONS the analysis below only looks to 2021 although for PUSH this report does look at the changing age structure through to 2036.

10.11 The data shows that the PUSH area (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 55 and over expected to increase by 21% over just 10-years. This figure is slightly lower than projected for the region but higher than for England. PUSH is projected to have relatively strong growth in the population aged 85+ when compared with other areas although, to some degree, this is linked to the size of the population in this age group in 2011.

10.12 There are small differences between the Southampton and Portsmouth HMAs with the increase in older persons expected to be slightly stronger in the Portsmouth HMA. Much of this however is in the 'younger' age group of 55-64 with increases for other groups being broadly the same in both areas.

Table 55: Projected Change in Population of Older Persons (2011 to 2021)

Age group	Southampton HMA	Portsmouth HMA	PUSH	South East	England
Under 55	2.7%	1.3%	2.1%	4.0%	4.4%
55-64	12.6%	18.6%	15.6%	15.7%	13.5%
65-74	21.4%	21.0%	21.2%	22.7%	20.3%
75-84	22.2%	22.8%	22.5%	26.2%	22.6%
85+	44.4%	45.7%	45.1%	40.4%	38.5%
Total	7.4%	7.5%	7.4%	9.3%	8.6%
Total 55+	19.8%	22.5%	21.2%	22.1%	19.4%

Source: ONS 2011-based SNPP

Characteristics of Older Persons Households

10.13 We have used 2011 Census data to explore in more detail the characteristics of older person households in PUSH (based on the population aged 65 and over). The first table below shows the number of households compared with the region and England. The data shows that in 2011 around 21% of households were comprised entirely of people aged 65 and over. This is in-line with both regional and national figures. The proportion of pensioner only households is slightly higher in Portsmouth HMA than Southampton HMA.

Table 56: Pensioner households (Census 2011)

Pensioner households	Southampton HMA	Portsmouth HMA	PUSH	South East	England
Single pensioner	26,126	28,918	55,044	449,969	2,725,596
2 or more pensioners	18,460	20,400	38,860	329,263	1,851,180
All households	221,206	219,254	440,460	3,555,463	22,063,368
Single pensioner	11.8%	13.2%	12.5%	12.7%	12.4%
2 or more pensioners	8.3%	9.3%	8.8%	9.3%	8.4%
All households	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	20.2%	22.5%	21.3%	21.9%	20.7%

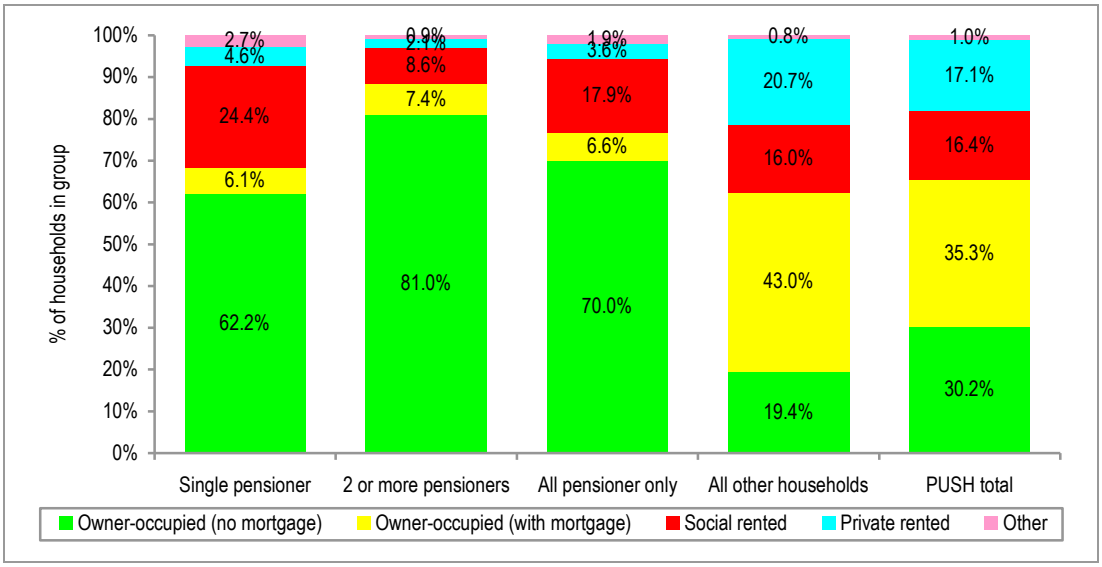
Source: Census (2011)

10.14 The figure below shows the tenure of older person households. The data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in outright owned accommodation (70%) and are also slightly more likely than other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (4% compared with 17% of all households in the PUSH area).

10.15 There are however notable differences for different types of pensioner households; with single pensioners having a much lower level of owner-occupation than larger pensioner households. This group also has a much higher proportion living in the social rented sector.

10.16 Given that the number of older people is expected to increase in the future, and that the number of single person households is expected to increase, this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. This does not however necessarily translate into demand for existing stock.

Figure 42: Tenure of older person households - PUSH



Source: 2011 Census

10.17 A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. At the time of writing no up-to-date Census information was available to study levels of under-occupation by age although past Census data along with knowledge of under-occupation by tenure (and linked to the above data) would suggest that older person households are more likely to under-occupy their housing than other households. Whilst the majority of under-occupation is expected to be found in the owner-occupied sector there will be a notable number under-occupying in social rented stock (who will not have been affected by the 'bedroom tax'). This may therefore present some opportunity to reduce under-occupation.

10.18 It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement; however we would expect many older households to still require family housing with space to allow friends and relatives to come to stay. This said, there is a clear role for delivery of attractive homes which may encourage downsizing within the PUSH area.

Health-related Population Projections

10.19 In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.

10.20 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

10.21 The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 84%) along with a 77% increase in the number with mobility problems. Broadly similar changes are expected in each of the Southampton and Portsmouth HMAs.

Table 57: Estimated Population Change for range of Health Issues (2011 to 2031)

Type of illness/disability	2011	2031	Change	% increase
Southampton HMA				
Dementia	6,631	12,064	5,433	81.9%
Mobility problems	15,678	28,183	12,505	79.8%
Portsmouth HMA				
Dementia	7,417	13,821	6,405	86.4%
Mobility problems	17,275	30,115	12,841	74.3%
PUSH				
Dementia	14,047	25,885	11,838	84.3%
Mobility problems	32,953	58,298	25,345	76.9%

Source: Data from POPPI and demographic projections

10.22 We have also accessed data from the Housing LIN website's Strategic Housing for Older People (SHOP) analysis toolkit. This source estimates potential requirements for sheltered, extra care and residential care housing. A broad summary of the outputs for PUSH (using the SHOP standard settings) are shown in the table below.

10.23 The data suggests a current (2012) requirement for 4,103 units with an additional 14,789 expected to be needed over the period to 2030. This is a total of 18,893, with the majority of this expected to

be required as affordable housing. The analysis suggests a current surplus of sheltered housing although this is only related to Southampton and Portsmouth.

10.24 In total (and excluding the figures for registered care) the Housing LIN data suggests a requirement for some 10,745 additional units of accommodation specifically for older people by 2030 – 597 per annum. This is about 16% of the total housing requirement as estimated by our projection linked to the SNPP (updated).

Table 58: Estimated Need for Specialist Housing

	Current need	Additional need (to 2030)	Total need
Sheltered – affordable	-697	4,465	3,768
Sheltered – market	804	3,176	3,980
Extra care – affordable	1,620	1,278	2,898
Extra care – market	52	46	98
Registered care	2,325	5,824	8,148
TOTAL	4,103	14,789	18,893

Source: Housing LIN

10.25 Whilst this analysis should be treated as indicative given the number of assumptions feeding into it there is clearly a case for the Councils seeking to provide additional 'specialist' accommodation for older persons as the population ages.

Key Findings related to Older Persons Needs

10.26 The older person population of PUSH is about average when compared with national figures although it is projected to increase significantly in the future.

10.27 Older persons are more likely to under-occupy homes. In the affordable sector, there may be potential to reduce (or seek to limit potential growth in) under-occupation and the Council may wish to consider providing support and incentives to social housing occupiers to downsize. This will help to release larger affordable homes for younger households. An analysis of older person households suggest that they are more likely to live in social rented housing (especially single pensioner households). With the projected increases in older persons there may therefore be additional pressure on the affordable housing stock from such households.

10.28 Our analysis also suggests that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Typically the greatest support needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved *in situ* through adaptations to existing properties and the resource implications of this will need to be planned for.

10.29 The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests an 84% growth in older population with dementia, and a 77% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS). Analysis of Housing LIN data suggests a need for around 16% of additional housing units to be specialist accommodation to meet the needs of the older person population.

People with Disabilities

10.30 This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although at the time of writing the level of available Census data was quite limited. It should also be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

10.31 Table 59 below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across PUSH some 24.8% of households contain someone with a LTHPD. This figure is slightly higher than the level for the region but below the national average. The figures for the population with a LTHPD again show a similar trend when compared with regional and national figures (an estimated 16.5% of the population of PUSH have a LTHPD).

10.32 Differences between the two HMAs are relatively slight although the analysis does suggest a slightly higher incidence of LTHPD in the Portsmouth HMA when compared with the Southampton HMA.

Table 59: Households and people with Long-Term Health Problem or Disability (2011)

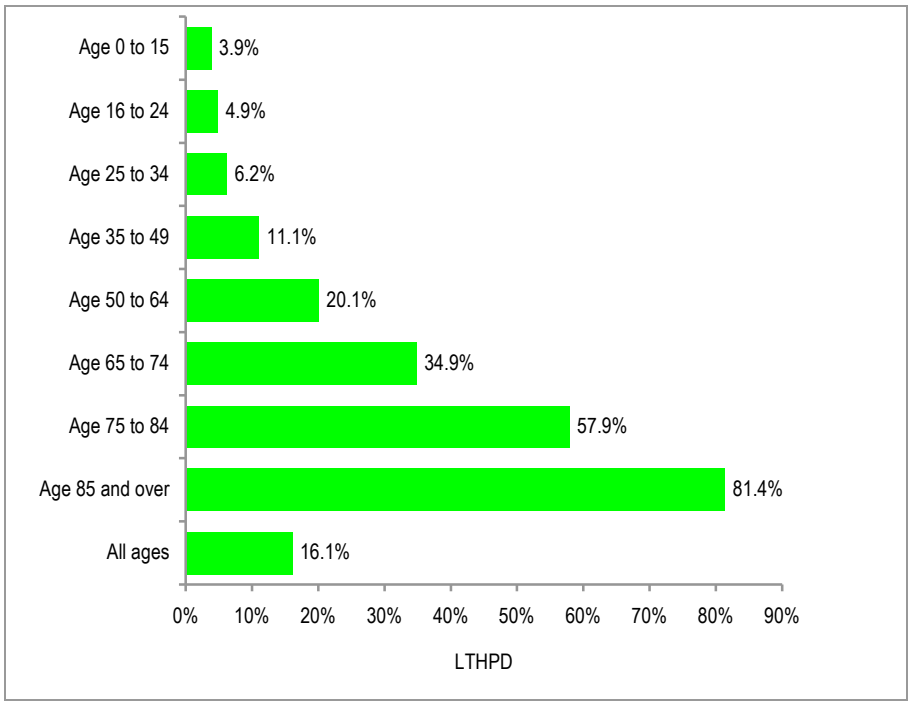
Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Southampton HMA	52,949	23.9%	83,930	15.7%
Portsmouth HMA	56,098	25.6%	89,891	17.3%
PUSH	109,047	24.8%	173,821	16.5%
South East	839,086	23.6%	1,356,204	15.7%
England	5,659,606	25.7%	9,352,586	17.6%

Source: Census (2011)

10.33 It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore Figure 43 shows the

age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 81% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

Figure 43: Population with LTHPD in each Age Band



Source: Census (2011)

10.34 The age-specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our projection linked to the SNPP it is estimated that the number of people with a LTHPD will increase by around 59,000 (a 34% increase) in the period from 2011 to 2031. The vast majority of this increase (93%) is expected to be in age groups aged 65 and over.

Key Findings related to People with Disabilities

10.35 Currently 25% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth in the population and number of households with disabilities over the period to 2031. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

Black or Minority Ethnic (BME) Households

10.36 Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

10.37 From 2011 Census data we find that around 11% of the population of PUSH came from a non-White (British/Irish) background. This figure is slightly lower than found across the region and notably lower than the figure for England (of 19%). The key BME group in PUSH is Other-White (which is likely to contain a number of Eastern European migrants). The Other-White population makes up 3.4% of all people in the PUSH area, which is significantly higher than any other BME group.

10.38 When comparing the two HMAs it is apparent that the BME population is notably higher in the Southampton HMA (13%) than in the Portsmouth HMA (9%). The difference between the two areas is seen across many of the different groups studied with particularly large differences seen in the proportions of the White: Other and Indian populations.

Table 60: Black and Minority Ethnic Population (2011)

Ethnic Group	Southamp-ton HMA	Portsmouth HMA	PUSH	South East	England
White: British	86.2%	90.7%	88.4%	85.2%	79.8%
White: Irish	0.6%	0.5%	0.5%	0.9%	1.0%
White: Gypsy or Irish Traveller	0.2%	0.1%	0.1%	0.2%	0.1%
White: Other White	4.4%	2.4%	3.4%	4.4%	4.6%
Mixed: White and Black Caribbean	0.5%	0.4%	0.4%	0.5%	0.8%
Mixed: White and Black African	0.3%	0.3%	0.3%	0.3%	0.3%
Mixed: White and Asian	0.6%	0.8%	0.7%	0.7%	0.6%
Mixed: Other Mixed	0.4%	0.4%	0.4%	0.5%	0.5%
Asian: Indian	1.9%	0.8%	1.4%	1.8%	2.6%
Asian: Pakistani	0.6%	0.1%	0.4%	1.1%	2.1%
Asian: Bangladeshi	0.4%	0.8%	0.6%	0.3%	0.8%
Asian: Chinese	0.9%	0.7%	0.8%	0.6%	0.7%
Asian: Other Asian	1.2%	0.7%	1.0%	1.4%	1.5%
Black: African	0.8%	0.7%	0.8%	1.0%	1.8%
Black: Caribbean	0.3%	0.2%	0.2%	0.4%	1.1%
Black: Other Black	0.1%	0.1%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.3%	0.3%	0.3%	0.2%	0.4%
Any other ethnic group	0.4%	0.3%	0.3%	0.4%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	533,027	520,428	1,053,455	8,634,750	53,012,456
% non-White (British/Irish)	13.2%	8.9%	11.1%	13.9%	19.3%

Source: ONS (2011 Census)

10.39 Since 2001 the BME population in the PUSH area can be seen to have increased significantly as can be seen in the table below. We have condensed some categories together, due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The

data shows that whilst the overall population of the PUSH area has risen by 67,845 over the 10-year period the increase in BME groups (all groups other than White (British/Irish)) has been 62,760 (93% of the total). The White (British/Irish) population has increased by 0.5% compared to an increase of 117% in BME groups (all combined).

10.40 Looking at particular BME groups we see that the largest rise in terms of population has been for Asian people – increasing by 21,500 over the ten years; although in proportionate terms it is the black population which has seen the biggest increase (up by 179%).

Table 61: Change in BME groups 2001 to 2011 (PUSH)

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	931,850	936,935	5,085	0.5%
White - Other	16,804	36,935	20,131	119.8%
Mixed	8,572	18,576	10,004	116.7%
Asian or Asian British	21,464	42,917	21,453	99.9%
Black or Black British	4,092	11,423	7,331	179.2%
Chinese and other	2,828	6,669	3,841	135.8%
Total	985,610	1,053,455	67,845	6.9%

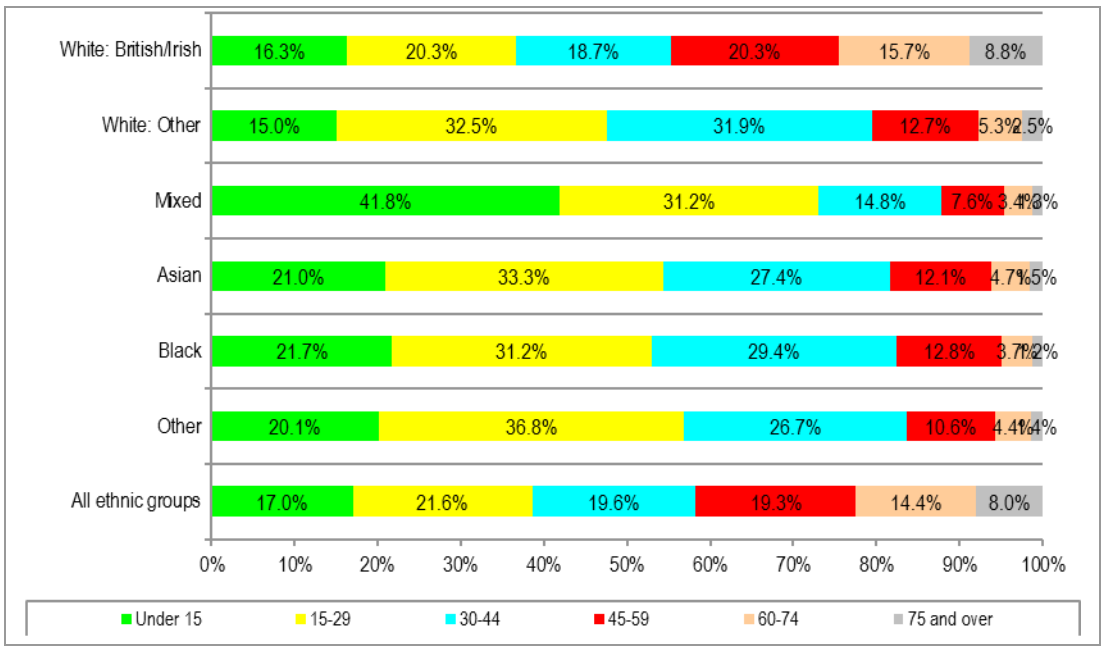
Source: Census 2001 and 2011

BME Household Characteristics

10.41 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the PUSH area. The figure below looks at the population age structure of six broad age groups using data from the 2011 Census.

10.42 The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 25% of White; British/Irish people being age 60 or over compared with all BME groups showing proportions of no more than 8%.

Figure 44: Population Age Profile by Ethnic Group, PUSH Area (2011)



Source: Census (2011)

10.43 We have used 2011 Census data to provide an indication of the characteristics of BME households. Table 62 shows estimates of the number of households in each BME group. Whilst the data broadly follows the patterns for population it is notable that BME households make up a lower proportion of total households when compared with population proportions. This suggests higher average household sizes for BME groups (as shown in the last column of the table).

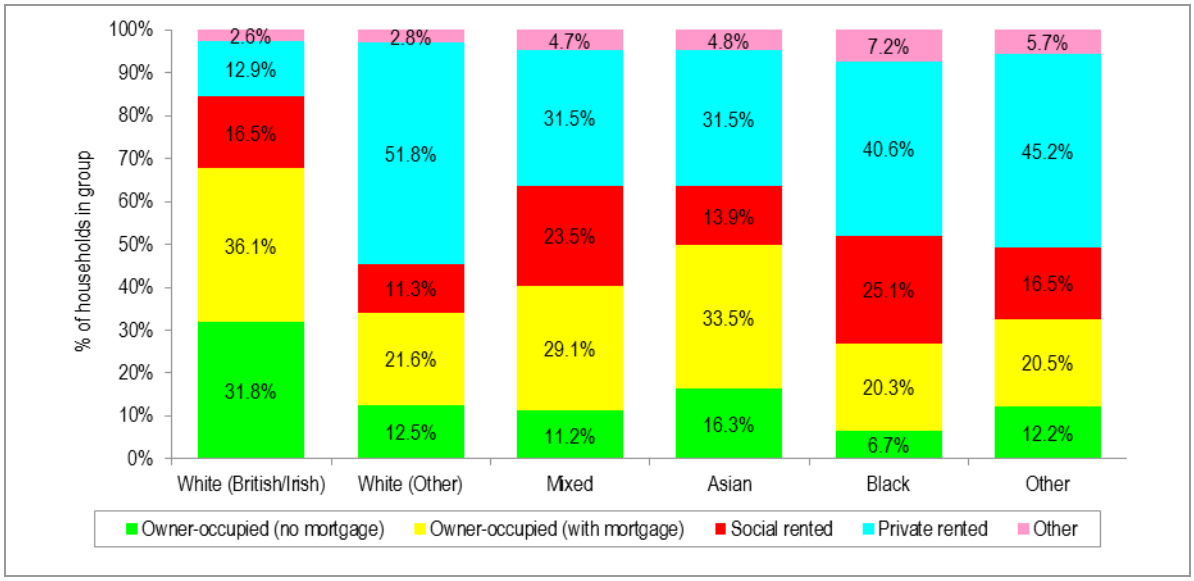
Table 62: Number of Households by Ethnic Group (2011) and average Household Size

Ethnic Group	Households		Population		Average
	No.	%	No.	%	hh size
White: British/Irish	402,720	91.4%	936,935	88.9%	2.33
White: Other White	13,995	3.2%	36,935	3.5%	2.64
Mixed	4,119	0.9%	18,576	1.8%	4.51
Asian	12,951	2.9%	42,917	4.1%	3.31
Black	4,283	1.0%	11,423	1.1%	2.67
Other ethnic group	2,392	0.5%	6,669	0.6%	2.79
Total	440,460	100.0%	1,053,455	100.0%	2.39

Source: Census (2011)

10.44 There are notable differences between the household characteristics of BME households as against the White: British population. Figure 45 indicates that all BME groups are significantly less likely to be owner-occupiers and far more likely to live in private rented accommodation. Arguably the starkest trend is the 52% of White (Other) households living in the Private Rented Sector.

Figure 45: Tenure by Ethnic Group in PUSH



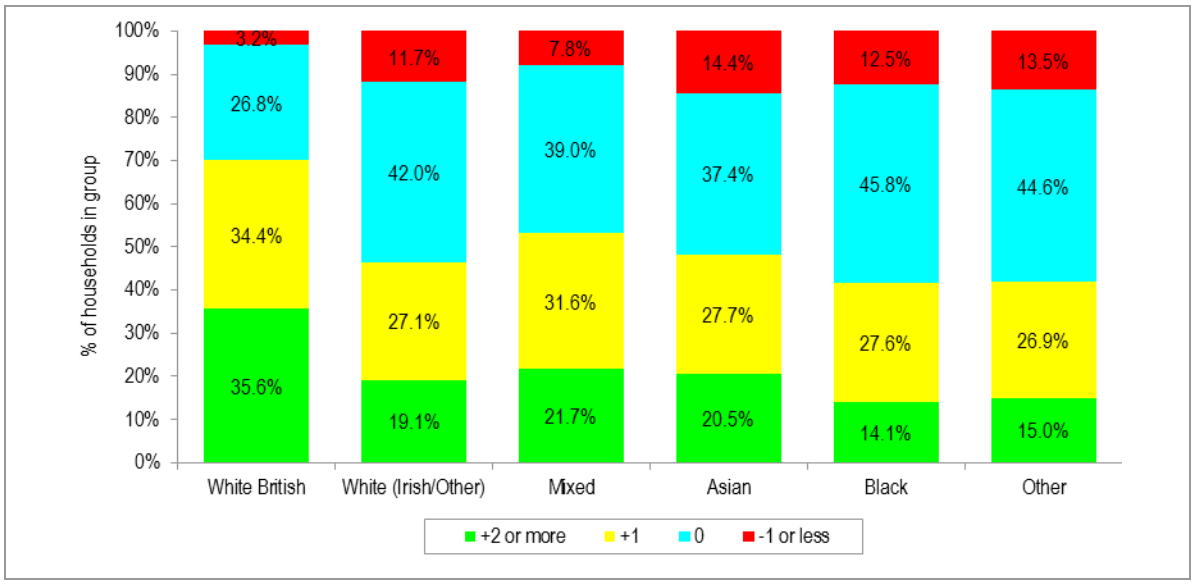
Source: 2011 Census data (from NOMIS)

10.45 The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the area shows a strong representation of LHA Claimants).

10.46 As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

10.47 Figure 46 shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 14% of Asian households are overcrowded - this compares with only 3% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

Figure 46: Occupancy rating by ethnic group in PUSH



Source: 2011 Census data (from NOMIS)

Key Findings related to Black and Minority Ethnic Households

10.48 The BME population in PUSH has grown strongly since 2001. The 2011 Census shows that BME groups make up 11% of the area's population. The Asian and White: Other populations (which includes Eastern European migrants) have both grown notably.

10.49 BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings.

10.50 The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

Households with Children (Family Households)

10.51 The number of families in PUSH (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals 124,800 accounting for 28.3% of households. The demographic projection (linked to the SNPP (updated PROJ2)) suggests that the

number of children (aged Under 15) is expected to increase markedly from 2011 to 2031 (an increase of over 17,000 – about 11% of all population growth).

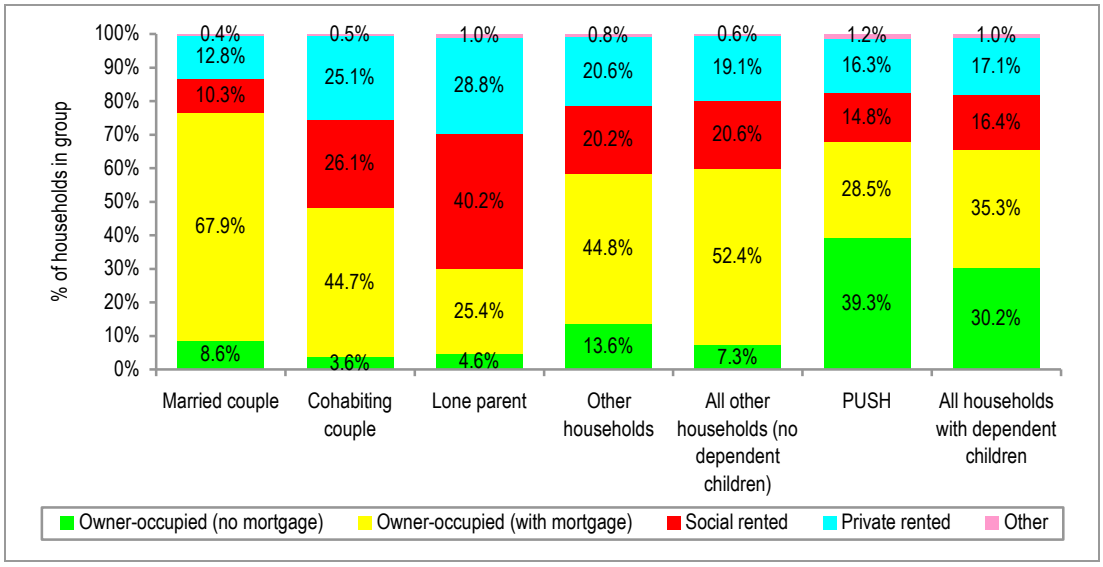
Table 63: Households with Dependent Children (2011)

Household type	Southampton HMA		Portsmouth HMA		PUSH	
	Number	%	Number	%	Number	%
Married couple	35,201	15.9%	31,545	14.4%	66,746	15.2%
Cohabiting couple	8,490	3.8%	9,317	4.2%	17,807	4.0%
Lone parent	14,078	6.4%	16,361	7.5%	30,439	6.9%
Other households	4,934	2.2%	4,831	2.2%	9,765	2.2%
All other households (no dependent children)	158,503	71.7%	157,200	71.7%	315,703	71.7%
Total	221,206	100.0%	219,254	100.0%	440,460	100.0%
Total with dependent children	62,703	28.3%	62,054	28.3%	124,757	28.3%

Source: ONS (2011 Census)

10.52 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Less than a third of lone parent households are owner-occupiers compared with over three-quarters of married couples with children.

Figure 47: Tenure of Households with Dependent Children - PUSH



Source: 2011 Census

10.53 Overcrowding is often a key theme when looking at the housing needs of households with children although at the current time 2011 Census data has not been published to analyse this in any detail. However, recognising that levels of overcrowding are typically highest in the social and private rented sectors the data above (about tenure) does point to the likelihood of high levels of overcrowding, particularly amongst lone parent households.

10.54 Overall, the somewhat limited data available about family households suggests that this group may be quite polarised. Whilst married couple households have high levels of owner-occupation and may well be slightly better off than the general population, the data does point to potentially the lone parent households being more disadvantaged. Given that households with children should be seen as a priority for the Councils, this points towards ensuring that the housing offer meets the needs of such households and in particular the need to ensure a reasonable quality of housing in the private rented sector.

Young People

10.55 Providing for the needs of younger person households is an important consideration. Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements.

10.56 The demographic projections (linked to the SNPP) suggest that in 2011 there were around 81,900 households headed by someone aged under 35 and that this is set to increase by around 2,800 over the period from 2011 to 2031.

10.57 As well as households headed by a younger person, there will be others living as part of another household (typically with parents). The table below shows the number of households in the PUSH area with non-dependent children. In total, some 9% of households (about 40,000) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents.

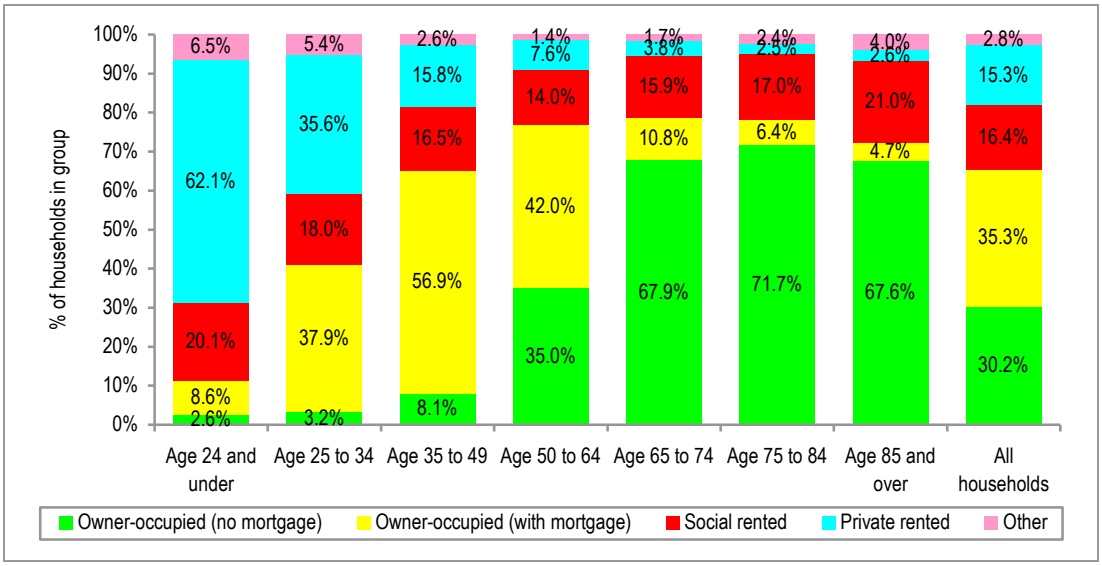
Table 64: Households with Non-Dependent Children (2011)

Household type	Southampton HMA		Portsmouth HMA		PUSH	
	Number	%	Number	%	Number	%
Married couple	11,996	5.4%	11,795	5.4%	23,791	5.4%
Cohabiting couple	1,051	0.5%	1,141	0.5%	2,192	0.5%
Lone parent	6,679	3.0%	7,163	3.3%	13,842	3.1%
All other households	201,480	91.1%	199,155	90.8%	400,635	91.0%
Total	221,206	100.0%	219,254	100.0%	440,460	100.0%
Total with non-dependent children	19,726	8.9%	20,099	9.2%	39,825	9.0%

Source: ONS (2011 Census)

10.58 Moving back to study households that are currently headed by a younger person (taken for this analysis as being aged under 34) we can use Census data to look at some key characteristics. The figure below shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the Private Rented Sector and to a lesser degree social rented housing.

Figure 48: Tenure by Age of HRP - PUSH

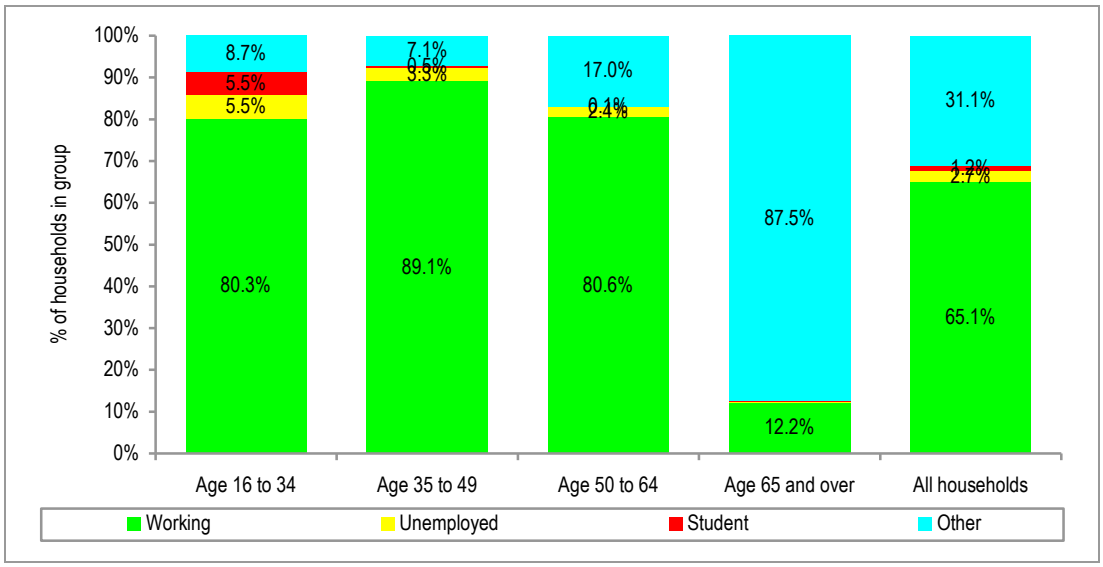


Source: 2011 Census

10.59 Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in Figure 50 (again based on the head of household/household reference person age). The data shows that whilst the vast majority of HRPs aged 16 to 34 are in employment there are a notable proportion unemployed or not economically active. A total of 5.5% of HRPs aged 16-34 are unemployed compared with a PUSH-wide figure of just 2.7%.

10.60 The figure however does not tell the full story around unemployment as the data is based on people who are already living in their own household (or in this case are considered as the HRP or head of household). Additional Census data shows that of the population aged 16-24 who are economically active some 17% are unemployed.

Figure 49: Economic Activity by age of HRP - PUSH



Source: 2011 Census

Key Findings related to Young People

10.61 Analysis of younger person households shows a high reliance on rented housing. Younger age cohorts may therefore be forced into private rented (including shared) housing as the only means of meeting their housing needs, aside from residing with parents, where they would not form a head of household. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, increased housing supply along with high standards for Houses in Multiple Occupation (HMOs) will help younger households to access housing.

Students

10.62 The housing needs of student populations are particularly relevant to the cities of Southampton and Portsmouth. To analyse issues related to student housing needs, information has been collated on trends in student numbers and the future plans of universities in terms of growth in student numbers and student bed spaces. This has been based on analysis of the universities' websites and through consultation of the University of Portsmouth and University of Southampton.

10.63 It is acknowledged that there are a number of other further and higher education institutes in the PUSH area. This includes Southampton Solent University (a university of 17,000 students based in Southampton).

University of Southampton

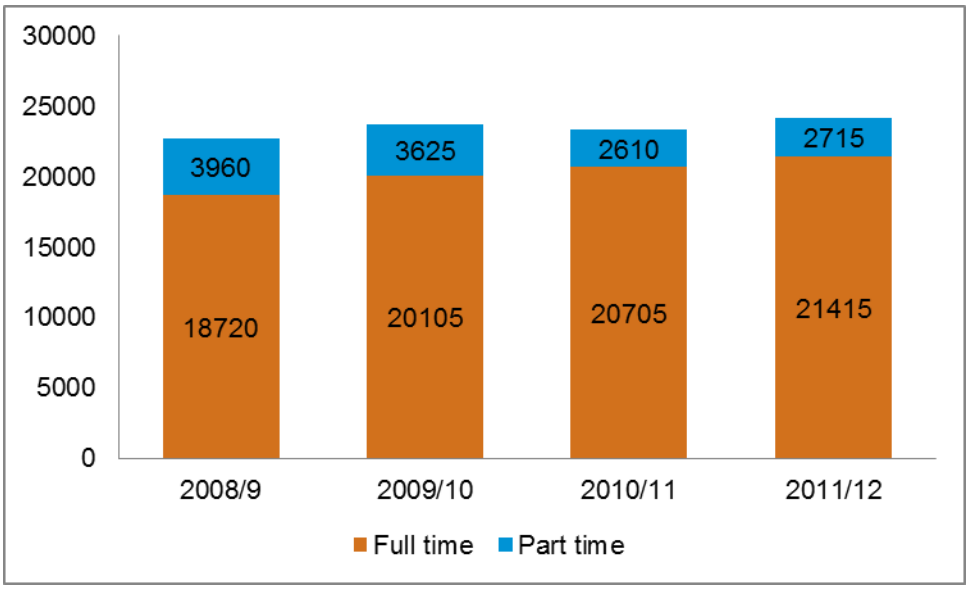
10.64 The University of Southampton is the largest university in the South East comprising 23,000 students (7,000 post graduates and 17,000 undergraduates).

10.65 Over recent years, the University has seen increasing demand for student accommodation:

"…demand for places in halls has risen and we are exploring options to increase the number of rooms available for students, taking pressure off the city's private housing market. We believe that this demand is strong enough for the University to invest further in its own provision of student residences and explore other options with other partners." (Southampton University – website)

10.66 Since 2008, student numbers have indeed increased from around 21,300 to 23,700. The number of full time students has increased by 15% from 2008 levels. However the number of part-time students has decreased.

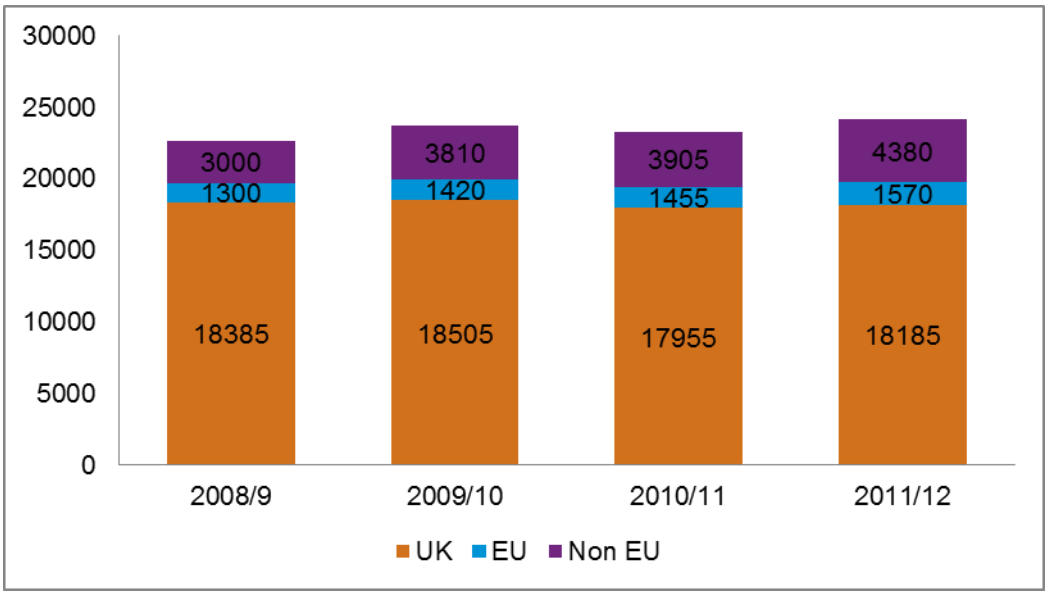
Figure 50: Part Time and Full Time Students at the University of Southampton



Source: HESA

10.67 The proportion of overseas students has increased at a greater rate since 2000 than numbers of UK students.

Figure 51: UK and Non UK Students at the University of Southampton



Source: HESA

10.68 The University currently has over 5,000 places at University-owned halls of residence, spread over two main complexes and several other smaller halls all located within a couple of miles from the University. University accommodation is available for first year, MSc and international students. The existing student halls are outlined below.

Table 65: Student Accommodation - University of Southampton

	Bed spaces
Glen Eyre Halls	2,000 undergraduate and postgraduate students
Archers Road Halls Bencraft Hall Highfield Hall Shaftesbury Avenue	1, 000 students
Wessex Lane Complex	1,700 residents
Liberty Point	309
Erasmus Park - Winchester	381 bedrooms

Source: Southampton University

10.69 In addition to student halls, a number of students live in the Private Rented Sector. There is an accreditation scheme in place for students renting in the private rented sector: The Southampton Accreditation Scheme for Student Housing (SASSH).

10.70 Looking forward, the University Strategy plans to aspire to be a world-leading research university, clearly ranked top 10 in the UK. Its core objectives include the following:

> *"We will develop our facilities to meet the needs of our growing student population and changing student profile and expectations. We will continue to provide excellent learning resources, improve the range and quality of residential accommodation, and actively support variety in social and recreational opportunities, as well as the needs of all faiths and cultures." (University Strategy – University of Southampton).*

10.71 Within the city, the City Council is concerned about concentrations of student lettings and the impact on neighbourhood sustainability. It implemented Article 4 Direction which came into force in March 2012 whereby planning permission is required for change of use of C3 housing within the city to C4 HMOs.

10.72 The University of Southampton has suggested to GL Hearn that there is a shortage of student accommodation, with its initial analysis showing the need for an additional 1,000 student rooms. Following further analysis of student needs and numbers, the University is now planning to deliver 1,500 rooms through two new student accommodation developments. These schemes are detailed below:

- *Mayflower Plaza* - will comprise over 1,100 student rooms over three towers 16 storeys high. It is hoped this will be completed by October 2014.
- *City Gateway* - will provide around 360 high quality student rooms. Occupation is anticipated in October 2014.

10.73 In addition, the University plans redevelopment of the existing Chamberlain Hall (built in circa the 1960s) and Bassett House sites. The development will comprise around 400 rooms and has planning consent. It is believed that work will begin on site in the near future.

10.74 In addition to delivery of student accommodation by the University, it is anticipated that student development by private providers will contribute to meeting needs.

10.75 The analysis overall does not point towards student demand in the city in the immediate term placing particular pressure on the housing market; but the balance of growth in student numbers and delivery of additional bedspaces should be kept under review.

The University of Portsmouth

10.76 The University of Portsmouth comprises approximately 22,000 students and has three main halls of residence:

- Guildhall Halls
- Rees and Burrell
- Langstone Student Village

Table 66: Student Accommodation – University of Portsmouth

	Bed spaces
Margaret Rule Hall	342 city centre rooms in self-contained flats for 3 to 8 students each.
Harry Law Hall	302 city centre rooms along corridors, with kitchens shared between 8 or 9 students
James Watson Hall	688 city centre rooms in self-contained flats for 4 to 6 students each
Langstone Flats	192 rooms in halls overlooking the harbour in self-contained flats for 8 students each
Trafalgar Hall	288 city centre rooms in self-contained flats for 6 students each
Trafalgar Hall Studio Flats	40 self-contained studio flats prioritised for postgraduate students
Bateson Hall	281 city centre rooms in self-contained single-sex flats accommodating 5 to 6 students
Bateson Hall Large Rooms	287 city centre rooms in self-contained single-sex flats accommodating 5 to 6 students
Trust Hall	62 rooms in self-contained flats accommodating 8 students overlooking the harbour. Additional self-contained flats near the harbour for 4 to 6 students, close to Trust Hall
Burrell House	132 rooms close to the seafront. Arranged corridor style, all meals taken in Rees Hall
Rees Hall	267 en suite rooms close to the seafront. Arranged corridor style with 2 communal TV lounges.
QEQM Hall	330 en suite rooms mainly in mixed-sex blocks and floors.

10.77 A key aim of the University Strategy 2012 – 2017 is to for the University to have first class estate, facilities and services.

10.78 The University of Portsmouth's Estates Strategy 2011 - 2015 was published in June 2010. Regarding residential accommodation, the 2006–2010 Estate Strategy highlights the following:

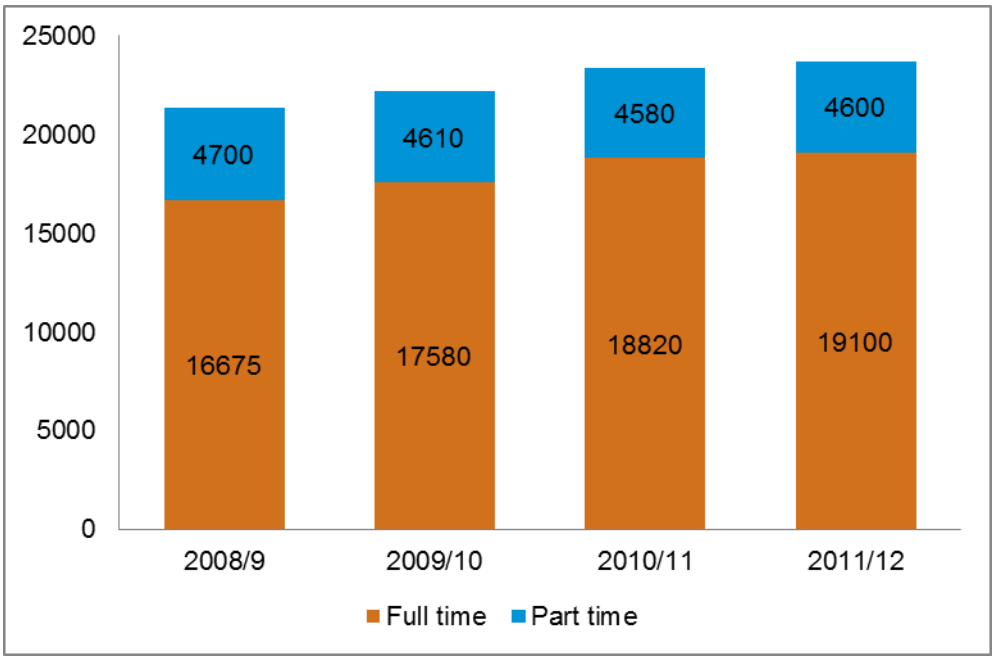
- *Applications for halls places have exceeded available places in recent years and therefore additional spaces are being progressed in conjunction with third party providers.*
- *When developments referred to above come online, serious consideration will be given to the disposal of Burrell House.*

10.79 The 2011- 2015 Estates Strategy concludes that there is a significant and persistent unmet demand for student residential accommodation. The current Victoria development will meet a proportion of this demand but the University will be open to the provision of further bedrooms through partnership arrangements.

10.80 The University has acquired the swimming pool site in Victoria Park to provide approximately 600 bedrooms of student residential accommodation.

10.81 Between 2008/9 to 2011/12 student numbers at the University grew by 11%, driven by a 15% increased in full-time students.

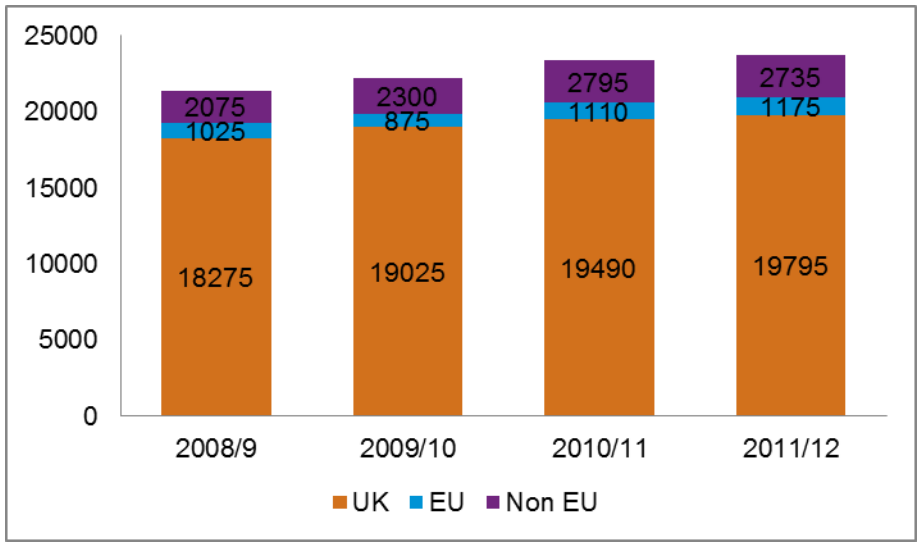
Figure 52: Part Time and Full Time Students at the University of Portsmouth



Source: HESA

10.82 Since 2008, the number of EU and non–EU students has increased more than the proportion of UK students.

Figure 53: UK and Non UK Students at the University of Portsmouth



Source: HESA

10.83 As in Southampton, an Article 4 Direction has been implemented seeking to manage growth in Houses in Multiple Occupation (HMOs). This can be expected to manage the impact of future student growth on the Private Rented Sector.

10.84 Moving forward, the balance of growth in student numbers and delivery of additional bedspaces – either by the University or private providers – should be kept under review. This will influence the impact of student growth on the wider housing market.

10.85 In both Southampton and Portsmouth, the Councils are currently planning for delivery of significant new student accommodation. The South Hampshire Strategy (2012) anticipates that this will potentially release 750 market homes across the two cities to non-student households.

Drawing the Analysis Together

10.86 Drawing together the preceding analysis we can draw out the following key issues:

- Older Persons – the key challenge here will be to meet the needs of an ageing population with the number of people aged 65 and above expected to increase by 63,000 (21%) from 2011 to 2021 along with further strong increases post-2021. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors.

- People with Disabilities – the number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest a 45% increase in the population aged over 85 from 2011 to 2021 with Census data suggesting that 81% of this age group have some level of disability.

- BME Groups – the BME population of PUSH is relatively small but has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. The Councils might consider advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

- Family Households – data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the area over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.

- Young person households – young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time. Increasing housing supply may also help younger households to get on the housing ladder.

- Students – there is a sizeable student population in both Portsmouth and Southampton. In the longer-term the balance between delivery of student accommodation and growth in students will include the impact of student lettings on the wider housing market.

11 CONCLUSIONS

11.1 The focus of this Strategic Housing Market Assessment has been to define the extent of the relevant housing market areas (HMAs) covering the Partnership for Urban South Hampshire (PUSH) area and then to consider the objectively-assessed need for housing within them. The report has considered the overall need for housing, the need for different types of homes, and the housing needs of different groups within the community. In this final section of the report we draw together the preceding analysis to draw out key conclusions regarding housing need.

Housing Market Areas

11.2 The analysis within this report points to the existence of two housing market areas (HMAs) which cover the majority of the PUSH Sub-Region, with the Isle of Wight functioning as its own separate housing market area. The report defines a PUSH West Housing Market Area, focused on Southampton (the Southampton HMA); and a PUSH East Housing Market Area, focused on Portsmouth (the Portsmouth HMA).

11.3 There is a degree of overlap between these two Housing Market Areas, particularly within Fareham Borough and the southern parts of Winchester City Council's area; but also some interactions with surrounding areas around the boundaries of the PUSH area. This includes with Lymington and the New Forest National Park in the west; Chichester and Bognor Regis to the east, and towards Winchester and Petersfield to the north. The implications of this are significant, as housing development of a significant scale (or shortfall in housing provision) in these areas will impact on the housing market within the PUSH area (and vice-versa).

11.4 However the analysis undertaken in this SHMA concludes that the PUSH area remains a sensible basis for strategic planning for housing provision based on the information currently available. This is also recognised by Government through its designation of the Solent LEP area. The geography of the HMA should be reviewed once detailed commuting and migration data from the 2011 Census is released in 2014.

Assessment of Housing Need

11.5 The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. It sets out that SHMAs should consider housing needs, taking account of relevant market signals and economic evidence. The SHMA provides an assessment of need for housing. It does not set out policy targets.

11.6 The Government issued draft Planning Practice Guidance on *Assessment of Housing and Economic Development Needs* in August 2013. The conclusions have been framed by this draft

Guidance and the approach described therein to assessing housing need. The conclusions need to be defensible set against the framework provided by the NPPF and associated Practice Guidance.

11.7 The draft Guidance outlines that "the starting point" is the latest set of household projections published by CLG – in this case the 2011-based Interim Household Projections. It sets out that these may require adjustment to take account of the latest evidence and to consider need over longer-term timeframes for strategic planning. In accordance with the draft Planning Practice Guidance, the 2011-based SNPP and related CLG Household Projections have formed the starting point for our assessment. The CLG projections only run to 2021; however, we have projected these forward to 2036. This has been done in the development of PROJ 1 in this report, which takes into account the latest demographic evidence. This indicates a need for 1,655 homes per annum within the Portsmouth (PUSH East) HMA and 1,935 homes per annum (rounded to the nearest 5) in the Southampton (PUSH West) HMA to 2036.

11.8 However, in line with the Planning Practice Guidance, our evidence shows there is justification to deviate from some of the assumptions underpinning the ONS/CLG work, particularly having taken account of the latest evidence of migration. This leads us to PROJ 2. This projection is linked to the SNPP but, in line with the draft Guidance, incorporates migration inputs which have been moderated to reflect the latest available demographic information. This indicates a requirement for 1,935 homes per annum across the Portsmouth (PUSH East) HMA and 1,845 homes per annum across the Southampton (PUSH West) HMA over the period to 2036.

11.9 The draft Planning Practice Guidance then effectively sets out a number of tests which need to be considered. We can paraphrase these as follows:

- Is there evidence that household formation has been constrained? Do market signals suggest a need to increase housing supply to improve affordability?
- Will the projected housing need be capable of meeting affordable housing needs? Should higher housing numbers be considered to increase delivery of affordable housing?
- Will the housing numbers support expected growth in jobs, or is there a need to consider increasing housing supply to support economic growth?

11.10 These three tests effectively provide a basis for considering whether it would be appropriate to make an upward adjustment, in the case of this report to the housing figures derived from the PROJ 2 projections. We have considered these issues for the PUSH area and for constituent authorities or part-authorities within it in order to derive conclusions regarding the need for housing.

Considering Housing Requirements at for the PUSH Sub-Region

Test 1: Has household formation been constrained? Is there a market rationale to increase supply?

11.11 The first of the above tests relates to whether there is evidence that household formation rates in the projections have been constrained. The headship rates in the 2011-based projections are based on trends between 2001 and 2011 – a period during which house prices rose substantially and affordability worsened across the South East but also in the PUSH area in particular.

11.12 The evidence does suggest that over the 2001-11 decade (and most likely within the latter years of this period), market characteristics did lead to a level of supressed household formation relative to longer-term trends. It would not be appropriate to plan on the basis that this continues over the longer-term to 2036.

11.13 To provide some indicative quantification of the impact of household suppression on requirements we have therefore run a sensitivity analysis on the baseline projection (PROJ 2) applying the 2008 based headship rate (household formation) assumptions to the PROJ 2 figures. This increases the projected housing requirement across the PUSH area to 4,537 homes per annum to 2036. This represents a 20% uplift on the PROJ 2 figures. However it is estimated through national research led by the Cambridge Centre for Housing and Planning Research that around half of this differential relates to economic and market conditions constraining household formation and the other half to different household structures within migrant communities.

11.14 On this basis it would be sensible to plan moving forwards for household formation rates to lie midway between those in the 2008- and 2011-based projections. This results in a housing need for 2,045 homes per annum across the Southampton (PUSH West) HMA and 2,115 homes per annum across the Portsmouth (PUSH East) HMA.

11.15 Housing market conditions at the time of writing of the SHMA are subdued, interest rates are low and the SHMA evidence does not provide a particular rationale for seeking to increase housing supply above demographic projections in order to improve affordability.

Test 2: Is overall housing supply capable of meeting affordable housing needs?

11.16 The second test is to consider the ability of overall housing numbers to ensure affordable housing needs can be satisfied. Following the approach advocated by the draft Guidance, the net affordable housing need identified across the PUSH area is substantial –equivalent to 1,661 households per annum across the Southampton HMA and 1,684 per annum across the Portsmouth HMA if all households who couldn't afford market housing without subsidy were to be provided with an

affordable home. It is therefore clear that authorities across the PUSH area are justified in seeking to secure the maximum viable level of affordable housing in future.

11.17 However, whilst a significant quantitative shortfall is identified, there are in reality two key factors against which the assessment must be put into context. Firstly, the assessment is sensitive to the income threshold adopted. Across the PUSH area, there are likely to be some households paying more than the 30% threshold adopted in the study but equally some who are only able to pay less. Our sensitivity testing demonstrates that at an income threshold of 35%, affordable housing need over the plan period falls from 3,345 households to around 2,680 households per annum across the PUSH area.

11.18 Secondly, our evidence shows that across the PUSH area the private rented sector makes a potentially significant contribution to meeting affordable housing needs with an estimated 2,700 lettings per annum to households supported by LHA. The extent to which the Councils wish to see the private rented sector being used to make up for shortages of affordable housing is plainly a local policy decision which is outside the scope of this study. However, assuming the role continues (but does not grow further, given the potential impact of the Government's welfare reforms), our analysis indicates a need to deliver at least 650 new affordable homes per annum across the PUSH area (at least 400 per annum in the Southampton HMA and 240 per annum across the Portsmouth HMA).

11.19 In our view, and considering the proposed affordable housing requirements set out in the various adopted and emerging plans in the PUSH area, there is therefore no need at the strategic PUSH-wide level to increase housing provision above the levels indicated in the demographic projections to ensure that the needs of households with an affordable housing need are met in full.

Test 3: Will the housing numbers support expected growth in jobs, or is there a need to consider increasing housing supply to support economic growth?

11.20 The final test relates to the ability for planned housing supply to support expected economic and employment growth within the PUSH area. The SHMA has considered this issue initially and at a high level, taking account of 'off the shelf' Experian economic forecasts. These should be treated with caution for the reasons explained in Section 7.

11.21 The initial evidence based on modelling baseline Experian forecasts is that, across the PUSH area as a whole, meeting economic aspirations could in theory generate upward pressure on housing provision; but that this balance is sensitive to future changes in productivity, economic participation and commuting as well as the overall scale of economic growth. The forecasts do not however take

account of special downside factors in the economy such as the likelihood of continued public sector contraction in south Hampshire and the prolonged impact of recent shocks such as the BAe and Ford closures.

11.22 The development of a set of scenarios for economic growth has been commissioned by the Solent LEP . These will need to inform consideration in the review of the South Hampshire Strategy of the alignment of the strategies for housing and employment growth. The outputs of the economic forecasting work being undertaken will ultimately need to feed into and inform conclusions on housing need.

Overall Strategic Conclusion on Housing Needs – PUSH wide

11.23 The SHMA concludes that provision of 4,160 homes per annum across the PUSH area would represent a robust basis for forward planning based on the demographic evidence and market signals. This is split between the two housing market areas with an assessed need for:

- 2,115 homes per annum across the Portsmouth (PUSH East) Housing Market Area to 2036; and
- 2,045 homes per annum in the Southampton (PUSH West) Housing Market Area.

11.24 **It should be recognised that this is an objective, policy-off analysis and takes no account of land supply or development constraints within the PUSH area; or 'Policy-On' aspirations for economic growth**. The draft Planning Practice Guidance indicates that SHMAs should not apply constraints to the overall assessment of need such as issues related to land supply, infrastructure or environmental constraints.

11.25 The authorities in working together to review the South Hampshire Strategy and developing their respective local plans will need to consider what scale of development can be sustainably accommodated, the interaction between the strategy for housing provision and economic growth and potential levels of affordable housing delivery. Economic forecasts have been commissioned by the LEP to support this. In considering how affordable housing needs can be met, it will be important to take account of available funding, what level can viably be delivered through mixed tenure schemes and the degree to which needs can be met in part through private rented sector lettings. The draft Planning Practice Guidance indicates that these may provide a basis for adjusting upwards the assessment of housing need. This however will need to be balanced against consideration of the deliverability of higher housing numbers.

11.26 How housing provision is ultimately distributed and met across the two housing market areas and the PUSH area as a whole should reasonably be decided at the local level and through dialogue between the authorities within the PUSH Partnership, taking account of constraints and land availability, the need to promote sustainable patterns of development and other policy aspirations (such as regeneration). The SHMA analysis is thus intended to provide a 'starting point' and input to

this which is to be taken forward through the development and review of the South Hampshire Strategy and authorities' development plans.

Housing Mix

11.27 The analysis in the SHMA indicates that the various constituent parts of the two PUSH HMAs play a somewhat complementary relationship to one another in respect of housing mix. In the two cores of Portsmouth and Southampton (and to a lesser extent Gosport), the housing offer is focussed towards smaller properties, serving professional, small family and student markets. The more suburban and rural areas provide the "family" offer within the PUSH area, in particular parts of East Hampshire, Test Valley and Winchester, all of which have high representations of properties with three or more bedrooms.

11.28 Our evidence indicates that overcrowding across the PUSH area is slightly below the regional average. This conclusion is consistent across for both the PUSH East and PUSH West areas and in both cases, it is the main urban areas (Portsmouth and Southampton) where renting is highest. This is perhaps unsurprising given the smaller stock profile; however, it may also be driven in part by the strong student market in these areas, younger population and levels of Houses in Multiple Occupation (HMOs) which provide entry-level housing for a diverse range of groups. Under-occupation similarly varies, but in some areas within the PUSH Area, such as the parts of Winchester and East Hampshire Districts which fall in the PUSH area, it rises to in excess of 80%. Given the demographic profile of these areas, this is likely to be driven by "empty nesters" and retirees and may point to some strategic need for quality and broader choice at the smaller end of the market in these areas, rather than a need to substantially increase the supply of smaller units.

11.29 The analysis overall indicates that around a quarter of affordable housing need within the PUSH area could be met through provision of intermediate housing, with three-quarters of the need for social or affordable rented homes. Within the rented element, the assessment favours social rented provision; however, this will clearly need to be balanced against viability and the realities of funding for affordable housing.

11.30 The analysis points to a higher potential need for intermediate housing in those parts of Winchester and Test, as well as Fareham Borough and Southampton. However in the short-term it should be recognised that need for shared ownership and equity housing is likely to be influenced by access to mortgage finance.

11.31 In terms of mix, the SHMA indicates that across both the PUSH East and PUSH West areas more than three quarters of the net affordable housing need is for homes with one or two bedrooms:

- 1-bedroom properties: 35-40%

- 2-bedroom properties: 30-35%
- 3-bedroom properties: 20-25%
- 4-bedroom properties: 5-10%

11.32 This analysis is based on a longer-term view of requirements for affordable housing: it does not reflect any specific priorities such as family households in need or the impacts in the short-term of benefit reforms which are likely to increase need for smaller properties.

11.33 In the market sector, we would expect the demand profile to be focussed on two and three bedroom properties. Across the Southampton and Portsmouth HMAs as a whole, the following size mix for market housing could be appropriate:

- 1-bedroom properties: 5-10%
- 2-bedroom properties: 30-35%
- 3-bedroom properties: 40-45%
- 4-bedroom properties: 15-20%

11.34 The specific mix at a more local level, in different authorities (or parts of authorities) will need to be considered taking account of the balance within the current housing offer, local policy aspirations (including to support economic growth) and the nature of the land supply and its suitability to accommodate different forms of development.

11.35 The projections for housing mix are driven by long-term demographic factors, namely ageing population. Over the last decade the analysis points towards a modest shift in the housing mix towards smaller properties, but also a growth in private renting in particular. In Portsmouth and Southampton owner-occupation has fallen; and there is potentially some case for seeking to diversify the housing mix to offer a greater supply of family homes.

11.36 Whilst we consider the above mix to be a sound basis for planning across the PUSH area, decisions on local mix policy should be made by individual authorities in conjunction with PUSH neighbours. These should take into account:

- Balance in the existing housing mix, including recognition of the role and function which different parts of the PUSH area play as part of the sub-regional housing market;
- The findings of the affordable housing needs analysis, local evidence regarding pressures within the affordable needs sector and the impact of benefit reforms;
- The needs of specific groups within the population, as considered within this report;
- The likely availability of land in different areas to deliver different types of homes; and
- Local policy objectives, including aspirations to focus on meeting the needs of particular groups within the population or to support economic growth.

Meeting the Needs of Particular Groups

11.37 The SHMA indicates that a particular driver of housing need over the period to 2036 will be a growing population of older persons. The number of people aged 65 and above expected to increase by 63,000 (21%) from 2011 to 2021 along with further strong increases post-2021. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors.

11.38 Many older persons will however seek to remain living in mainstream housing. Some may require support to do so, including adaptations to properties to meet their changing needs. We can also expect some older households to consider downsizing, particularly in the market sector to release equity within their homes and potentially reduce the costs associated with maintaining a home. Planning for and accommodating this will be important, such as through provision of smaller homes (albeit often with more than 1 bedroom) in accessible locations to meet localised needs.

11.39 Linked partly to the growing older population, the SHMA estimates that we can expect to see an increase in the number of people with disabilities. Demographic projections suggest a 45% increase in the population aged over 85 from 2011 to 2021 in each of the HMAs with Census data suggesting that 81% of this age group have some level of disability. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

11.40 The SHMA has also considered the needs of Black and Minority Ethnic Groups. The BME population of the PUSH Area is relatively small but has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Accommodation quality (particularly in the Private Rented Sector) is a relevant issue for these groups.

11.41 Analysis of the needs of family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the area over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.

11.42 The SHMA provides evidence that young persons under 35 within the PUSH Area have some difficulty in accessing home ownership; with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other

groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time. Increasing housing supply may also help to improve affordability and access to home ownership over the longer-term.

11.43 Finally, both Portsmouth and Southampton contain notable student populations. Both the City Councils have implemented Article 4 Directions seeking to manage the impact of student lettings on the sustainability of local neighbourhoods. In managing growth in student populations moving forward, it will be important that growth in student numbers and delivery of new student bedspaces are monitored, as any imbalance between these will influence the impact on the wider housing market.