GL Hearn
Part of Capita plc

# Objectively-Assessed Housing Need Update

## Partnership for Urban South Hampshire

Final Report

April 2016

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## Quality Standards Control

The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator.

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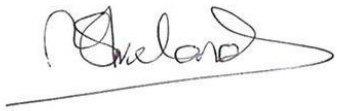
| DATE | ORIGINATORS | APPROVED |
|---|---|---|
| April 2016 | Paul McColgan<br>Associate Director | Nick Ireland<br>Planning Director |



Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

# 1 INTRODUCTION

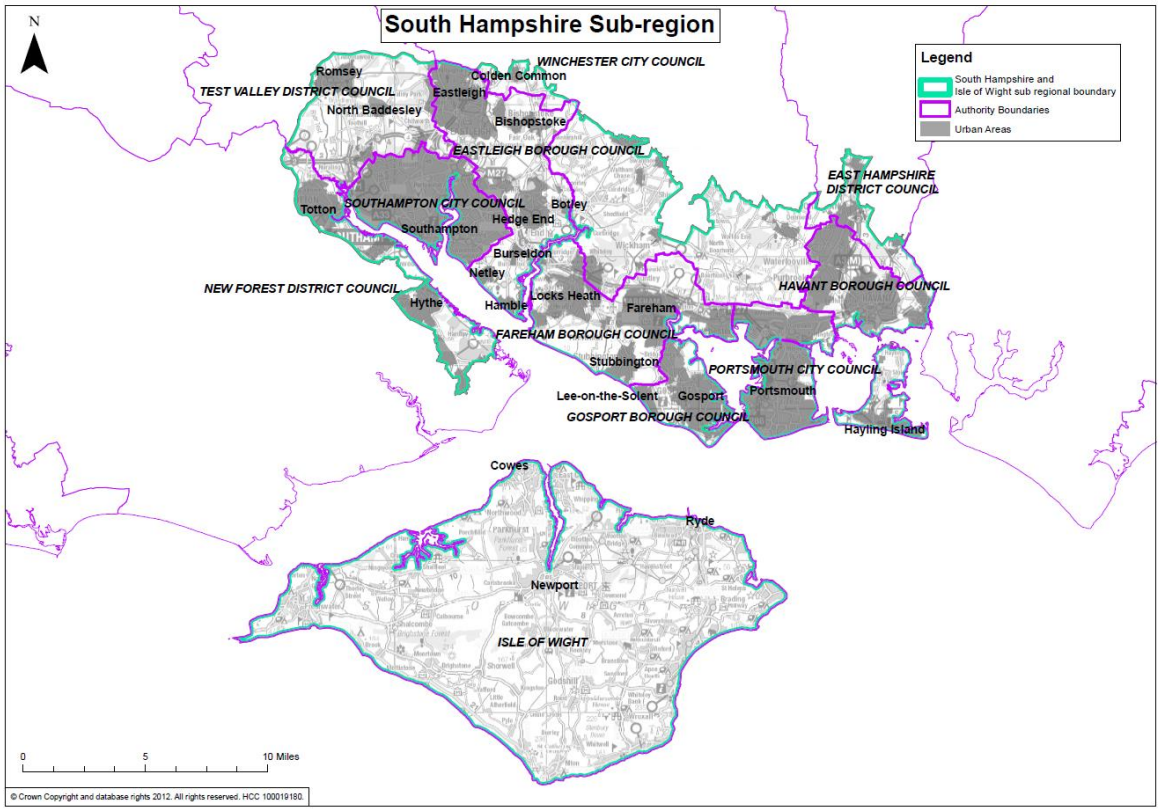
1.1 GL Hearn are working with the Partnership for Urban South Hampshire (PUSH) to develop a Spatial Strategy for the PUSH Area to 2036. The Spatial Strategy will identify housing targets for constituent parts of the PUSH Area, drawing together evidence regarding housing needs, with assessment of land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

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

## Purpose of this Report

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

**Figure 1: South Hampshire Sub-Region**



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

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

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

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

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

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

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

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

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

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

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

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

## National Policy and Guidance

### National Planning Policy Framework (NPPF)

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

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

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

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

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

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

**Planning Practice Guidance**

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

1.17 The Guidance defines "need" as referring to

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

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

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

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

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

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

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

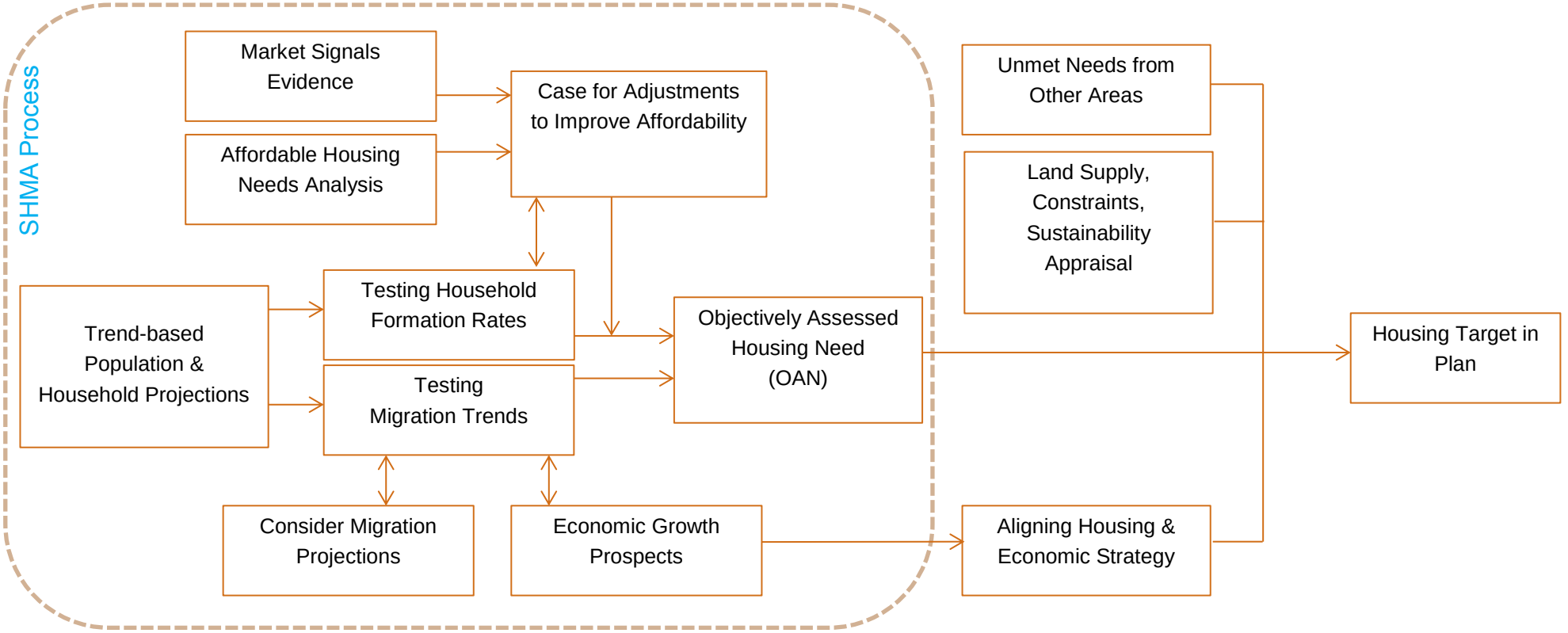
1.22 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for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

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

## Overview of the Approach to Deriving OAN

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

**Figure 2: Overview of Approach**



## Geographies

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

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

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

## Report Structure

1.28 The remainder of this report is structured as follows:

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

# 2 TREND-BASED DEMOGRAPHIC PROJECTIONS

## Introduction

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

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

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

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

**Table 1: Trend-based Demographic Scenarios**

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

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

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

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

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

## Initial Methodology Note and Geographies

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

**Table 2: Broad Composition of PUSH Housing Market Areas**

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

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

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

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

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

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

Source: 2011 Census

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

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

Source: 2011 Census

## Demographic Profile and Trends

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

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

### Population Dynamics

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

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

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

**Table 5: Population Growth (2001-14)**

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

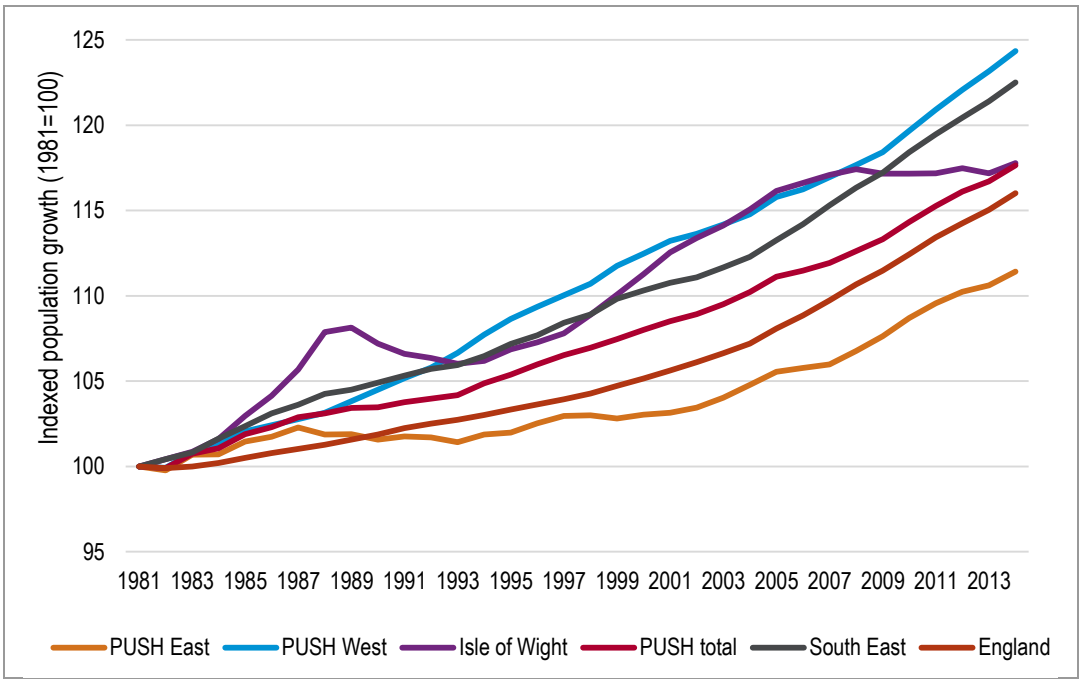
Source: ONS

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

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

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

**Figure 3: Indexed Population Growth (1981-2014)**

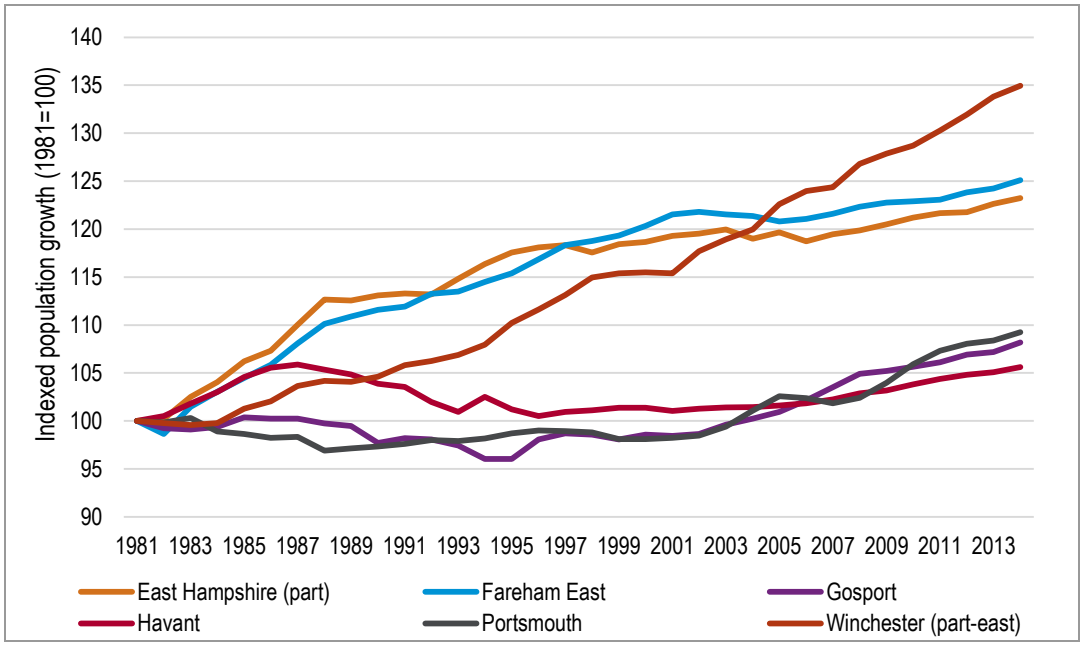



Source: ONS

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

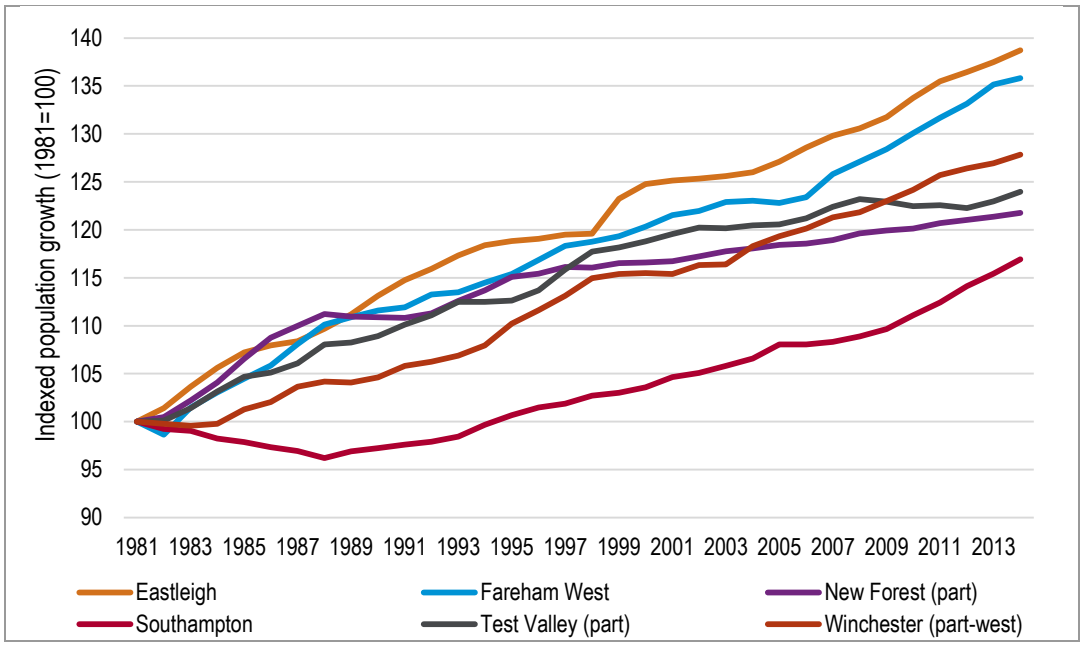
2.22 As shown in Figure 4 there is a notable distinction between the urban and rural parts of the PUSH East HMA. The urban areas have historically shown a much lower level of relative growth than their more rural counterparts. A similar picture in the West is also seen with Southampton showing the lowest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

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




Source: ONS

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




Source: ONS

**Components of Past Population Change**

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

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

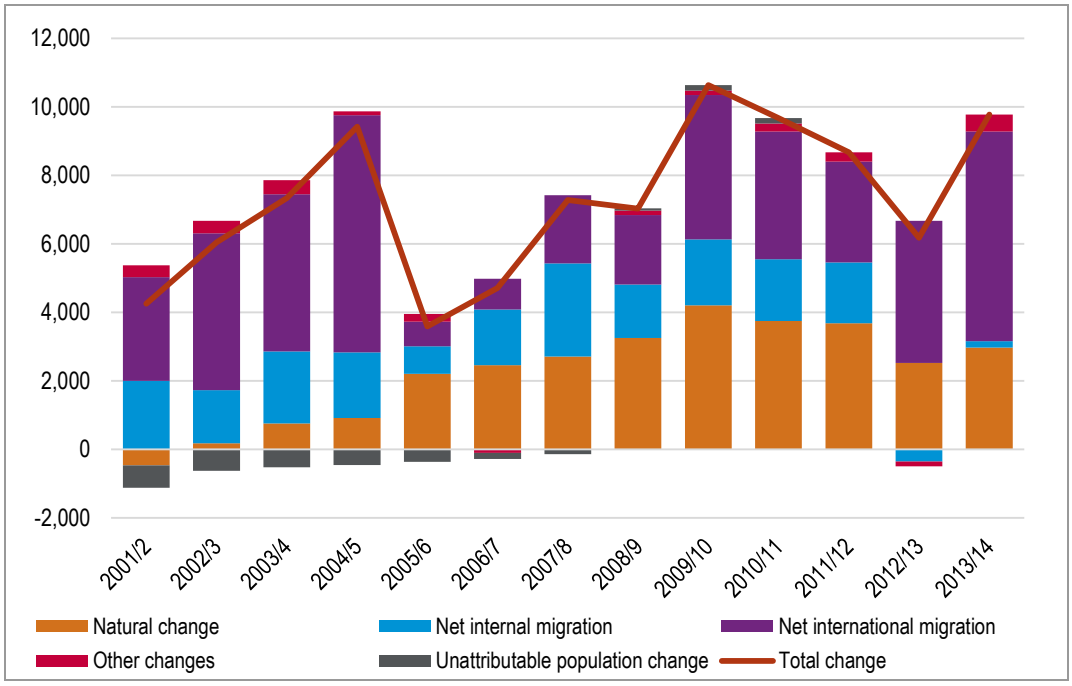
2.24 The figure shows that both natural change and net migration have been key drivers of population change. The number of births has typically exceeded the number of deaths by around 2,200 per annum over the period from 2001. The level of natural change has generally been increasing over time although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

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

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

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

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




Source: ONS

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

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

Source: ONS

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

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

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

Source: ONS

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

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

Source: ONS

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

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

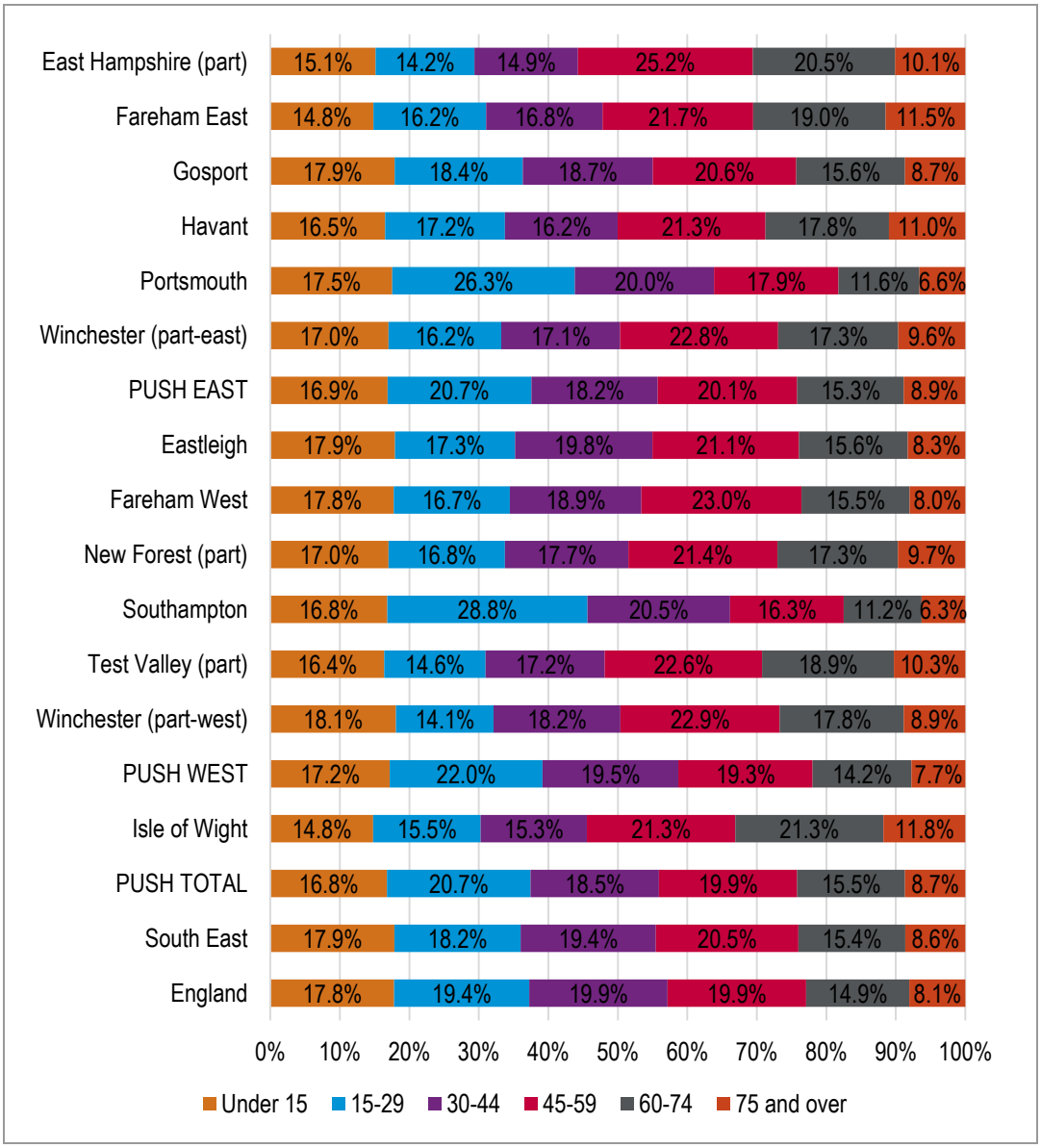
Source: ONS

**Age Profile and Past Changes**

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

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

**Figure 7: Population Age Profile (2014)**




*Source*: ONS 2014 mid-year population estimates

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

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

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

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

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

**Table 11: Change in Age Structure 2001 to 2014**

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

Source: Mid-Year Population Estimates

## Demographic Evidence of Housing Need

2.33 The PPG states that:

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

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

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

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

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

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

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

Source: CLG household projections

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

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

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

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

## 2012-based Subnational Population Projections (SNPP)

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

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

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

### Overall Population Growth

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

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

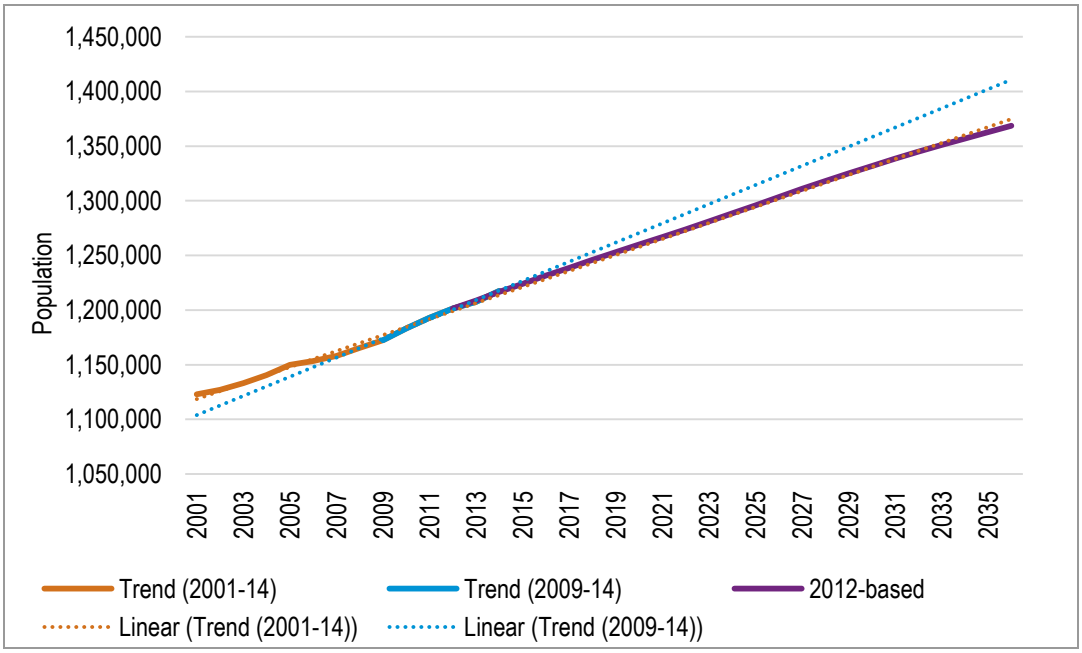
**Table 13: Projected population growth (2011-2036) – 2012-based SNPP**

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

Source: ONS

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

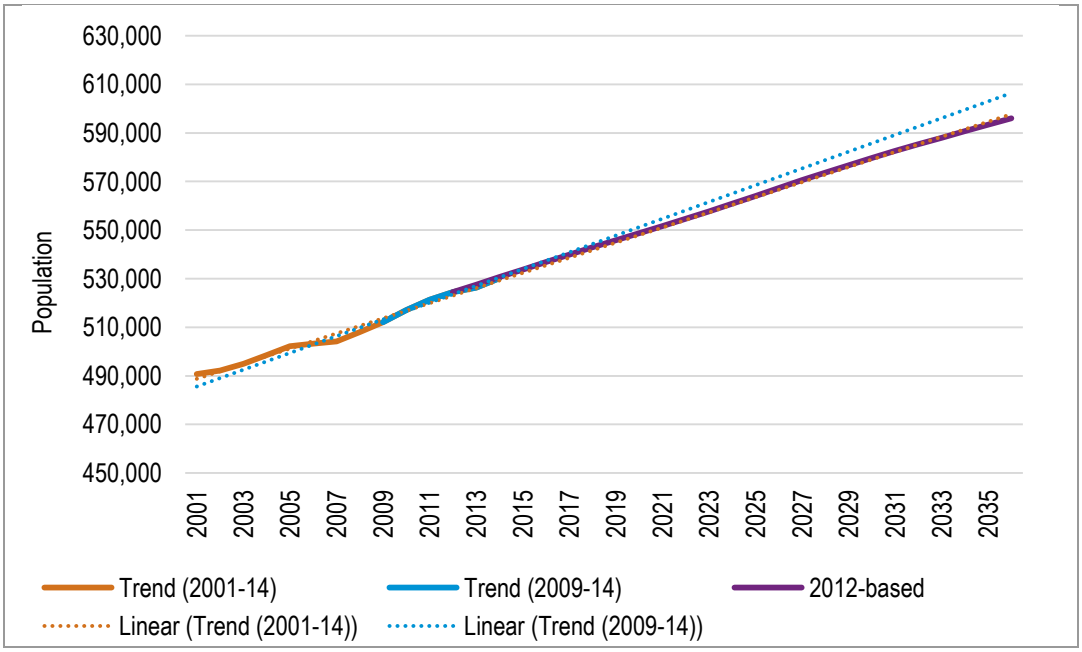
**Figure 8: Past and Projected Population Growth – PUSH**




Source: ONS

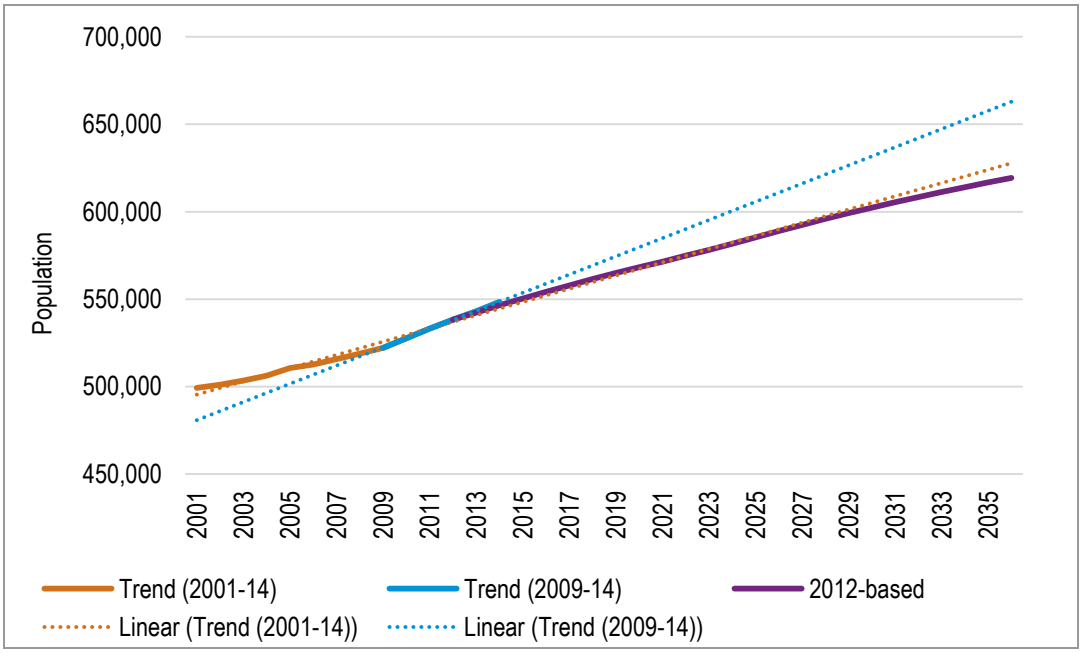
2.44 The figures below show the same data for individual HMAs. In both PUSH East and PUSH West HMAs, the data shows that population growth is projected to be in-line with long-term trends but at a level below that seen over the past five years. On the Isle of Wight, population growth is projected to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

**Figure 9: Past and Projected Population Growth – PUSH East**



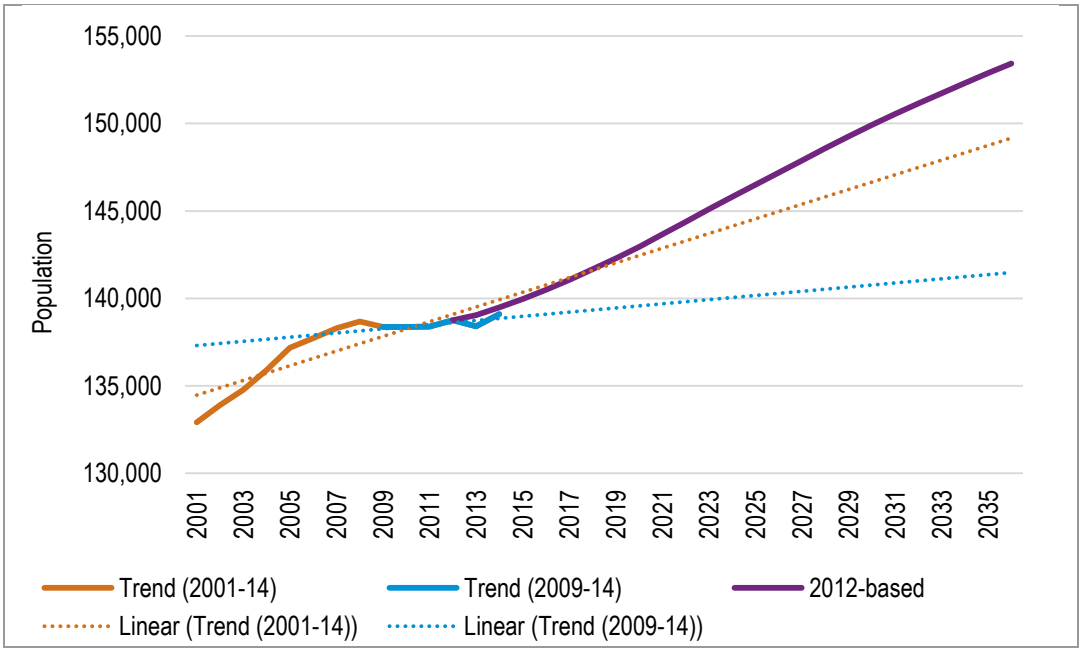

Source: ONS

**Figure 10: Past and Projected Population Growth – PUSH West**




Source: ONS

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




Source: ONS

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

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

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

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

## Implications of 2013 and 2014 Mid-Year Population Data

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

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

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

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

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

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

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

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

Source: ONS

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

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

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

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

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

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

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

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

Source: Derived from ONS data

## Broader Sensitivity Analysis

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

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

### 10-year Migration Trends

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

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

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

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

**Table 16: Net Migration Trends over different Time Periods**

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

Source: ONS

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

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

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

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

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

Source: Derived from ONS data

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

**Implications of Unattributable Population Change**

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

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

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

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

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

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

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

Source: Derived from ONS data

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

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

## Household Growth

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

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

**Household Formation (headship) Rates**

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

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

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

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

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

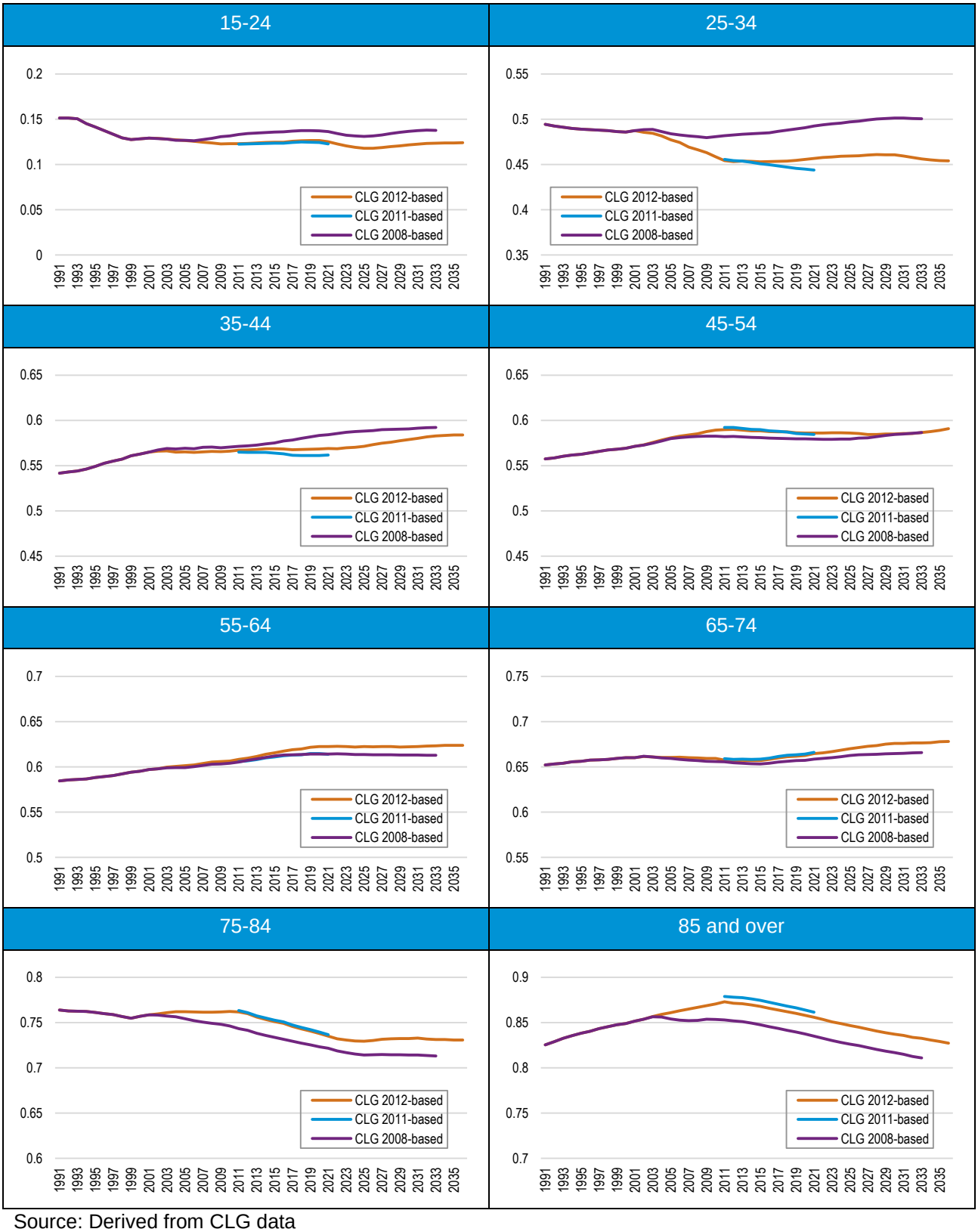
2.79 In looking at suppression amongst the 25-34 age group it is also useful to look at the 35-44 age group (noting that people aged 25-34 in 2011 with be aged 35-44 by 2021). The 35-44 age group shows fairly flat changes to headship rates until about 2021 and a gradual increase thereafter. It is also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

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

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

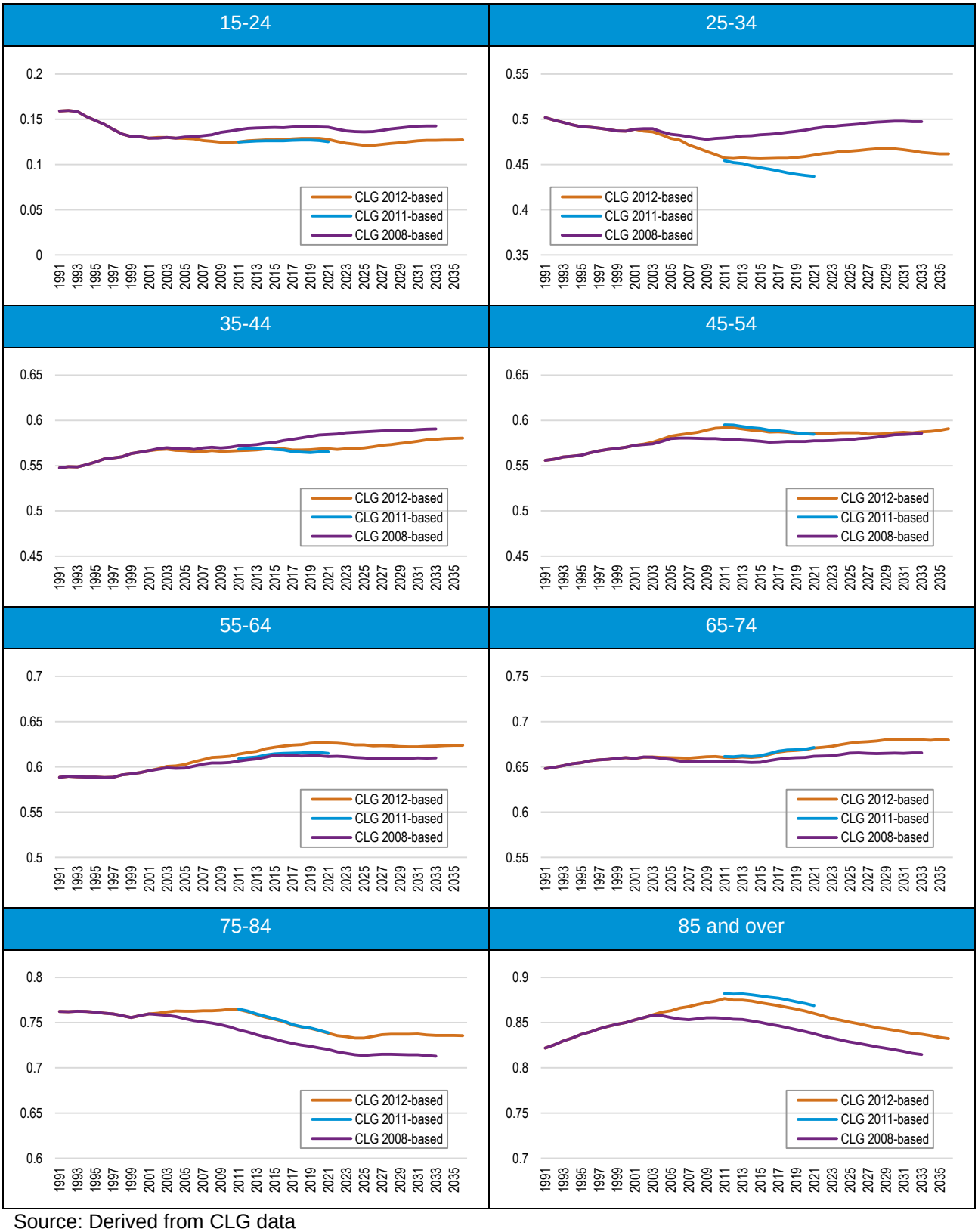
2.82 Figures 13-15 show the same information for each of the HMAs. All areas show broadly similar trends although it is notable on the Isle of Wight (and to a lesser extent PUSH East) that the reduction in headship rates of those aged 25-34 has been less strong than seen in the PUSH West area – this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

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



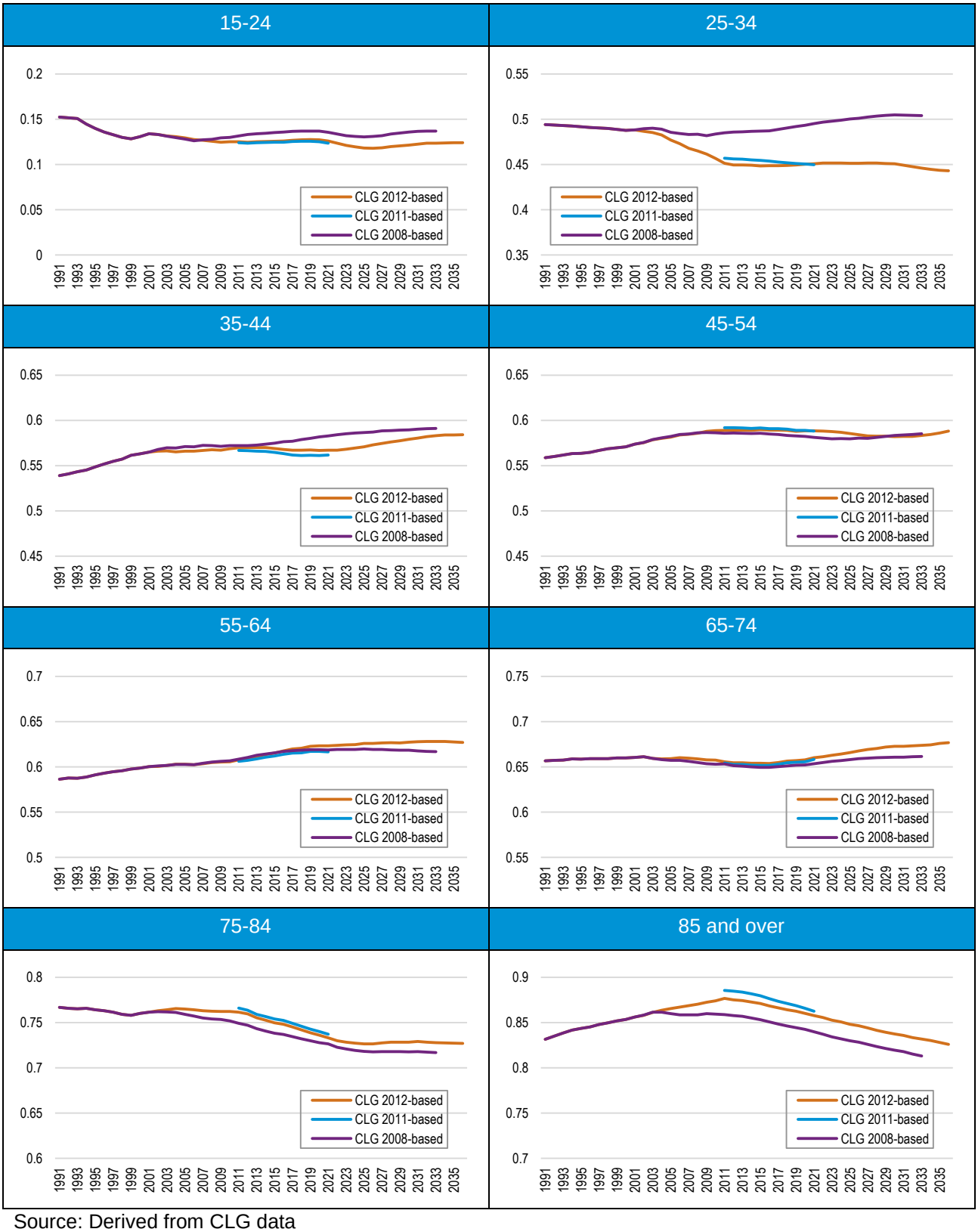

Source: Derived from CLG data

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



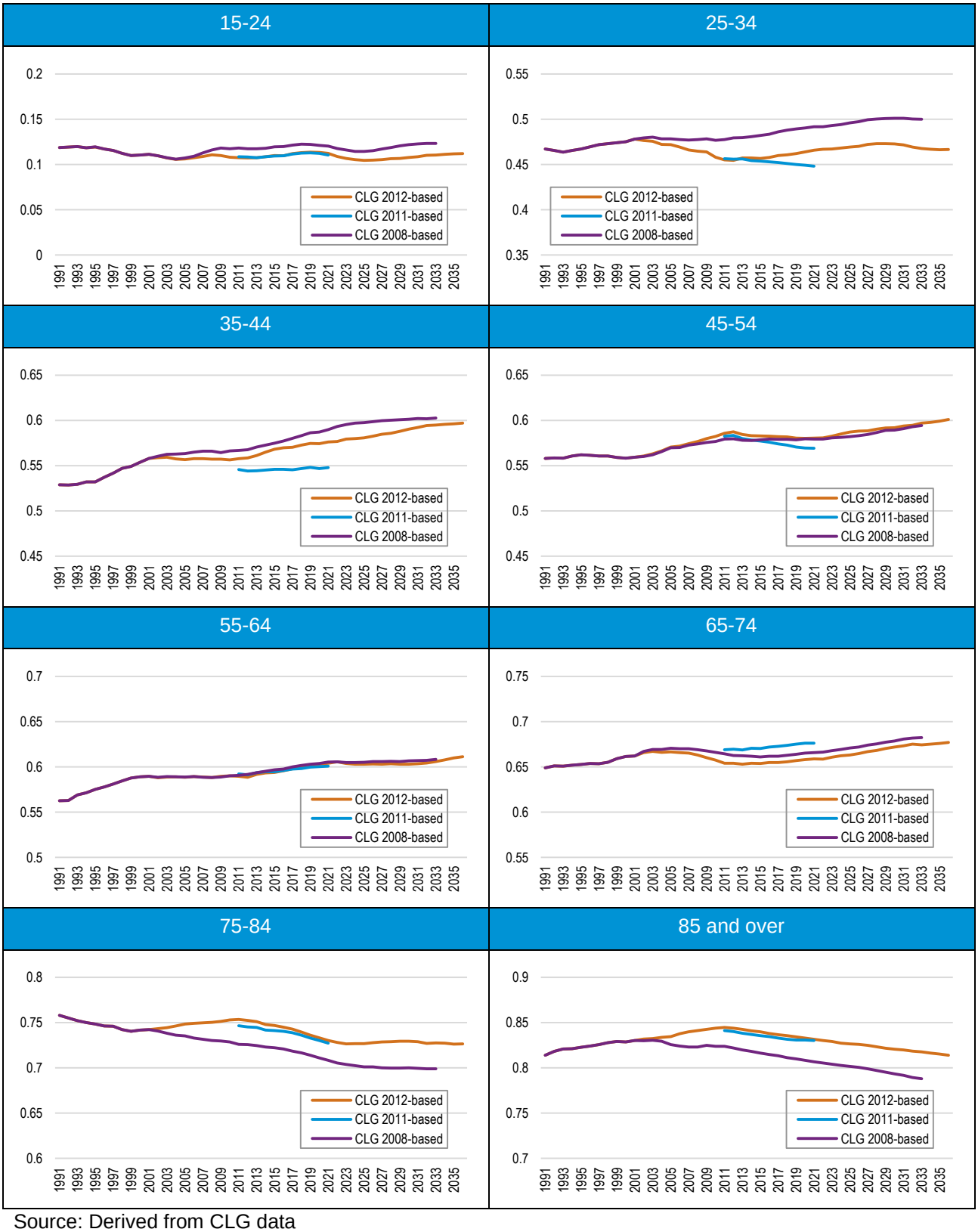

Source: Derived from CLG data

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




Source: Derived from CLG data

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




Source: Derived from CLG data

## Housing Need

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

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

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

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

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

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

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

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

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

**Trend based Demographic Projections: Implications**

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

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

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

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

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

# 3 ECONOMIC-LED HOUSING NEEDS

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

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

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

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

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

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

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

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

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

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

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

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

*Source:* GLH Analysis of Oxford Economics 2015 forecasts

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

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

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

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

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

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

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


*Source:* GL Hearn Analysis

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

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

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

*Source:* GL Hearn Analysis

3.16 Planning Practice Guidance sets out that:

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

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

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

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

**Job-led Projections: Implications**

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

# 4 AFFORDABLE HOUSING NEED

## Introduction

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

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

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

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

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

## Key Definitions

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

*Affordable Housing*

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

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

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

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

4.8 Affordable rented housing is defined as:

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

4.9 The definition of intermediate housing is shown below:

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

*Current Affordable Housing Need*

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

*Newly-Arising Need*

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

*Supply of Affordable Housing*

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

*Affordability*

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

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

## Review of Housing Costs

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

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

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

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

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

Source: Land Registry (2014)

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

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

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

Source: Valuation Office Agency

**How much will households spend on housing?**

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

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

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

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

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

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

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

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

Source: Derived from VOA data

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

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

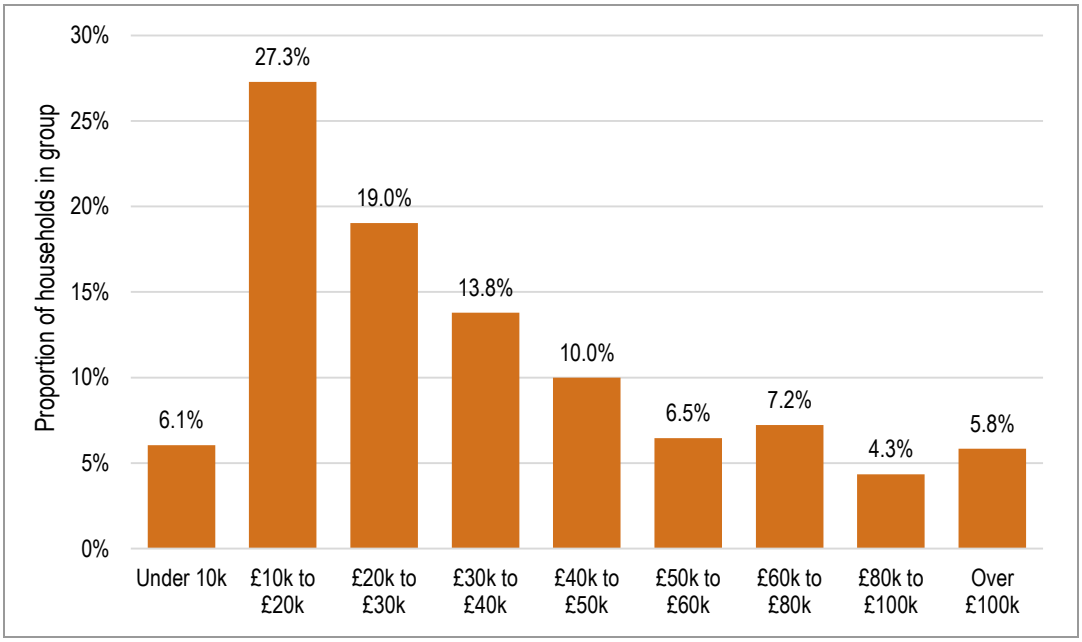
**Income levels and affordability**

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

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

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

**Figure 18: Distribution of Household Income in PUSH**




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

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

**Table 25: Income Levels by Area**

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

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

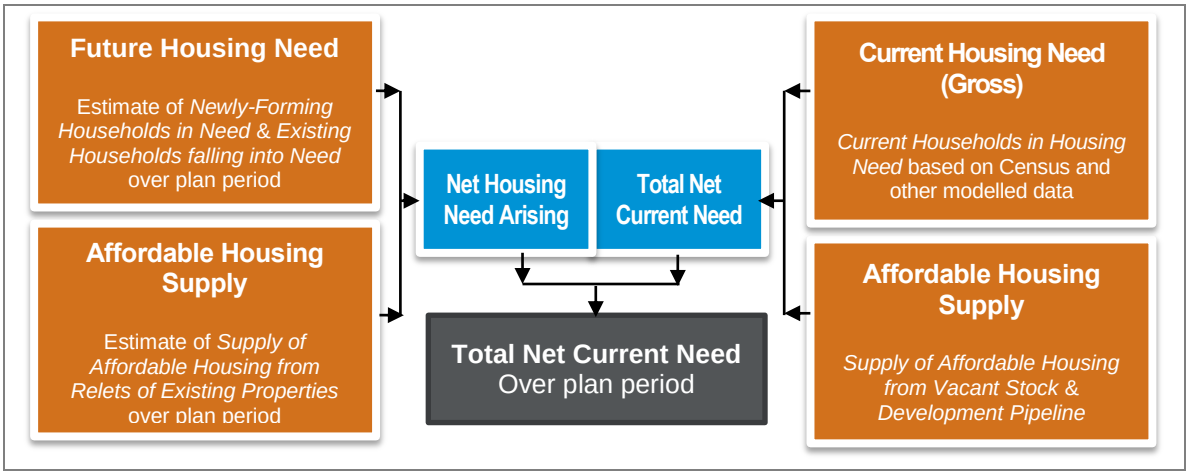
4.29 To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford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

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

## Affordable Housing Needs Assessment

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

**Figure 19: Overview of Basic Needs Assessment Model**




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

### Further Methodological Issues

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

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

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

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

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

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

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

### Current Affordable Housing Need

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

**What types of households are considered in affordable housing need?**

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

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

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

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

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

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

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

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

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

**Table 27: Estimated number of households living in unsuitable housing**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Table 30: Estimated Current Need – 25% Income Threshold**

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

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

**Table 31: Estimated Current Need – 30% Income Threshold**

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

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

**Table 32: Estimated Current Need – 35% Income Threshold**

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

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

**Table 33: Estimated Current Need – 40% income threshold**

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

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

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

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

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

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

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

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

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

***Newly-Arising Need***

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

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

*Newly-Forming Households*

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

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

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

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

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

Source: Projection Modelling/Income analysis

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

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

Source: Projection Modelling/Income analysis

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

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

Source: Projection Modelling/Income analysis

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

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

Source: Projection Modelling/Income analysis

*Existing Households falling into Affordable Housing Need*

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

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

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

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

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

Source: CoRe/affordability analysis

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

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

Source: CoRe/affordability analysis

***Supply of Affordable Housing***

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

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

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

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

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

Source: CoRe

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

**Table 43: Supply of Affordable Housing**

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

Source: CoRe

***Net Affordable Housing Need***

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

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

**Table 44: Estimated annual level of Affordable Housing Need**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Relating Affordable Need and OAN – legal judgements and guidance

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

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

**Satnam Millennium Limited v Warrington Borough Council (February 2015)**

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

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

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

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

**Oadby and Wigston v Bloor Homes (July 2015)**

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

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

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

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

**Planning Advisory Service – Technical Advice note (July 2015)**

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

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

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

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

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

**Kings Lynn v Elm Park Holdings (July 2015)**

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

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

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

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

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

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

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

## Relating Affordable Need and OAN

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

**Table 49: Affordable Need as % Demographic-based Projections**

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

**Table 50: Affordable Need as % Demographic-based Projections**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Housing and Planning Bill

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Affordable Housing Need: Implications**

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

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

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

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

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

# 5 MARKET SIGNALS

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

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

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

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

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

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

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

## House Prices

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

**Table 51: Median House Prices, 2014**

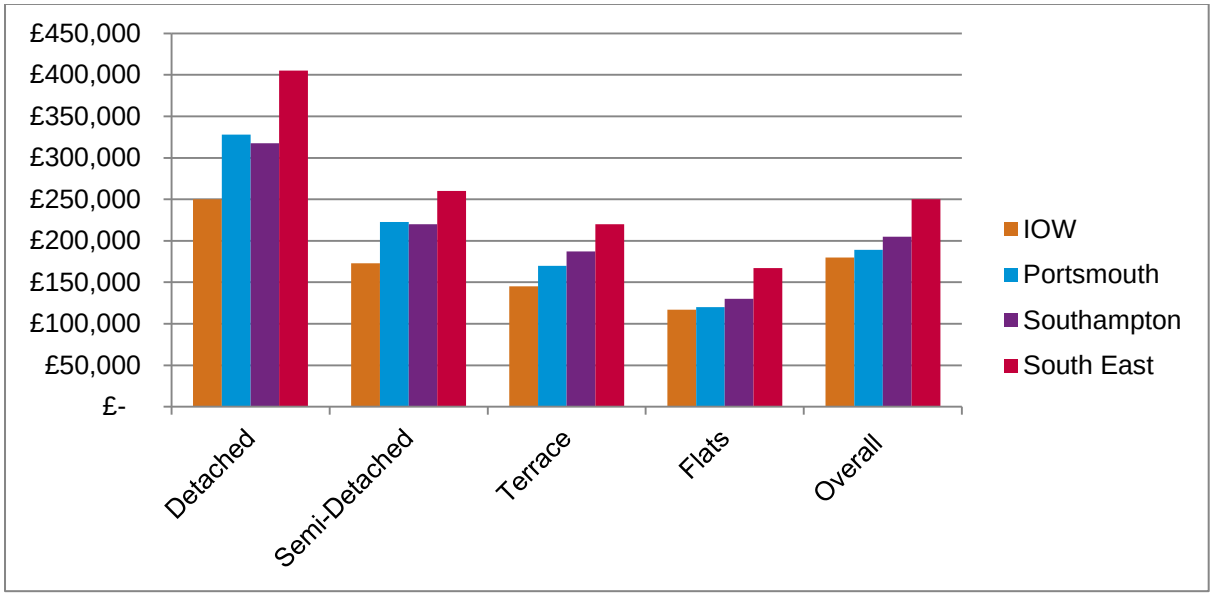
| | Detached | Semi-Detached | Terrace | Flats | Overall |
|---|---|---|---|---|---|
| **IOW** | £ 250,000 | £ 173,000 | £ 145,000 | £ 117,000 | £180,000 |
| **Portsmouth HMA** | £ 328,000 | £ 222,500 | £ 170,000 | £ 120,000 | £189,000 |
| **Southampton HMA** | £ 317,500 | £ 220,000 | £ 187,000 | £ 130,000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

Source: GLH Analysis of HM Land Registry Price Paid Data

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

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

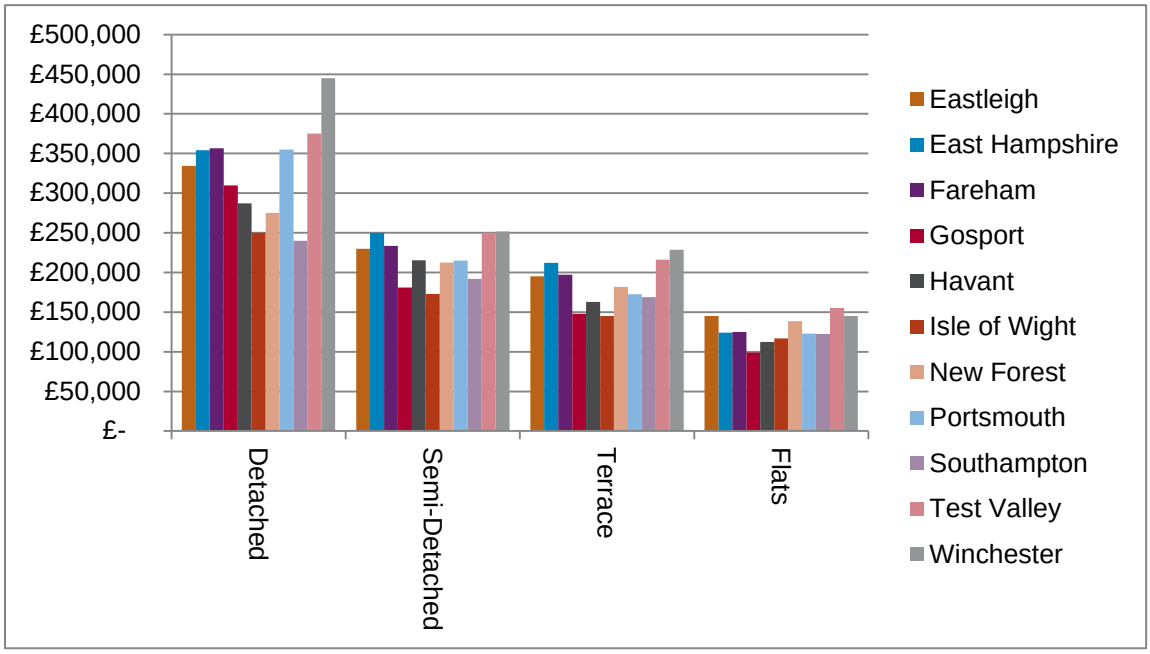
**Figure 20: Median House Prices by Type, 2014 – HMAs**




*Source:* GLH Analysis of HM Land Registry Data

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

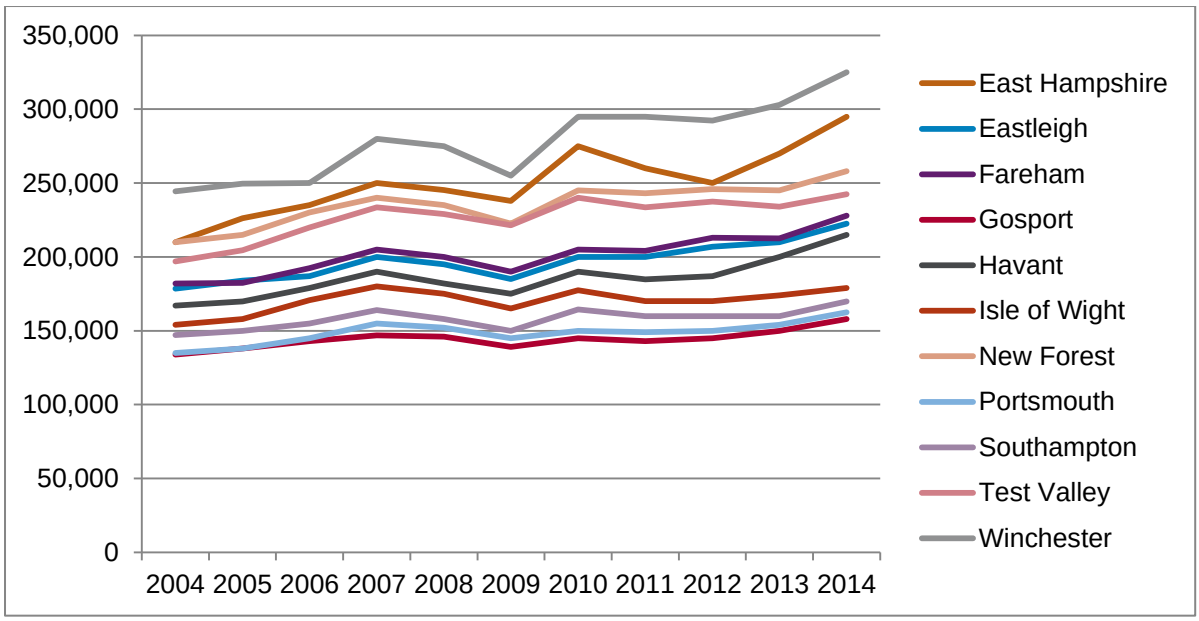
**Figure 21: Median House Prices by Type, 2014 – Local Authorities**




*Source:* GLH Analysis of HM Land Registry Data

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

**Figure 22: House Price Trends, 2004-14**




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

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

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

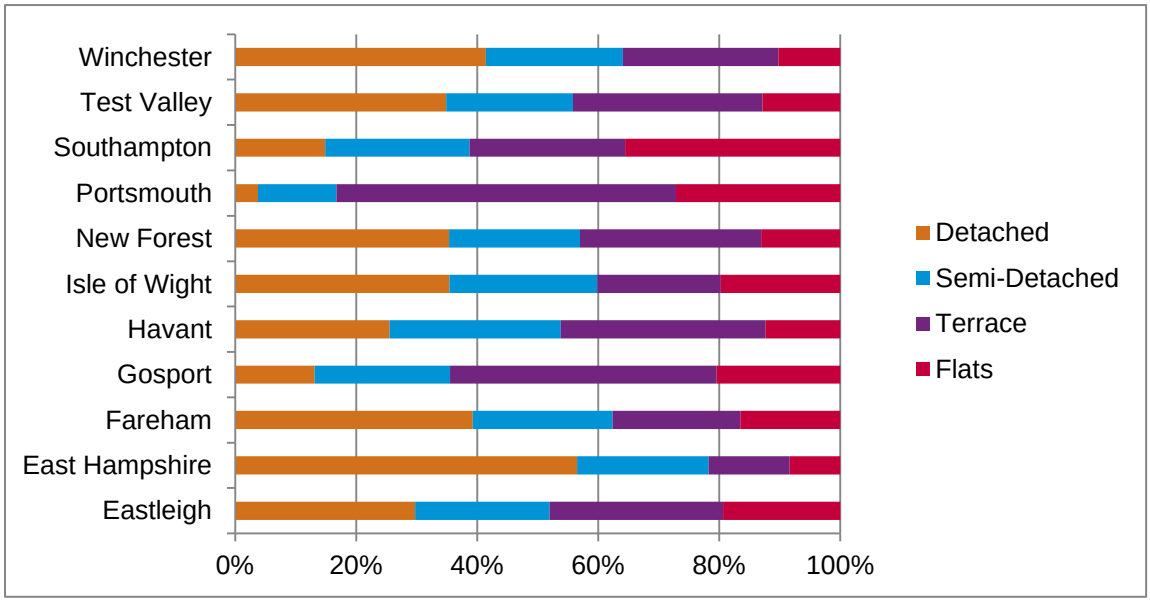
**Table 52: House Price Growth**

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

*Source:* GLH Analysis of HMLR Data

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

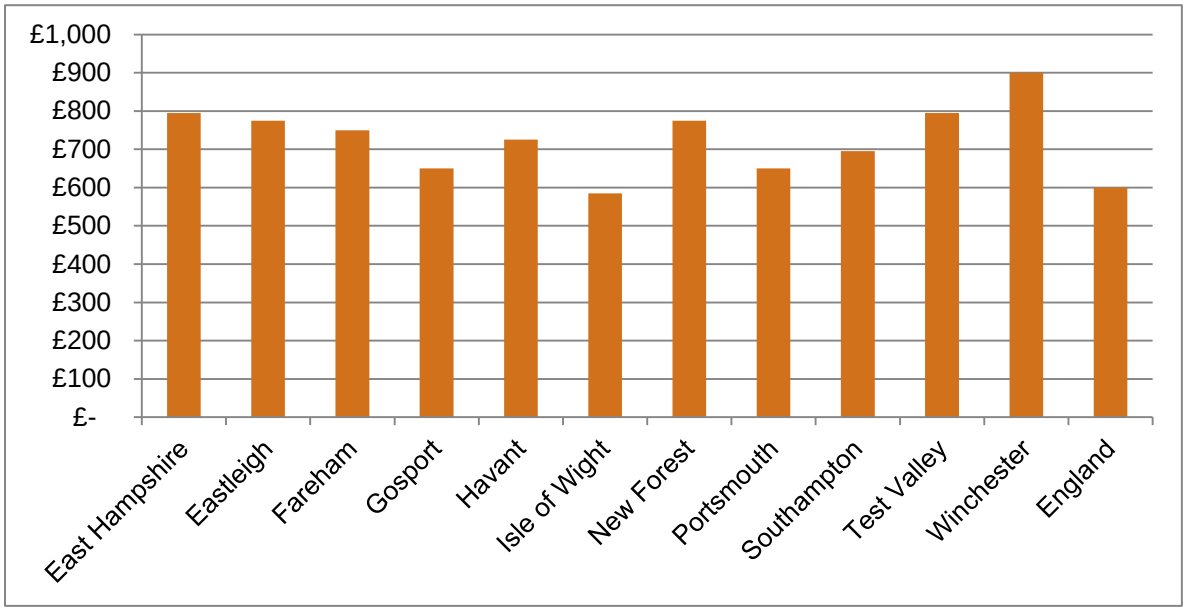
**Figure 23: Mix of Homes Sold, 2014**




*Source:* GLH Analysis of HM Land Registry Data

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

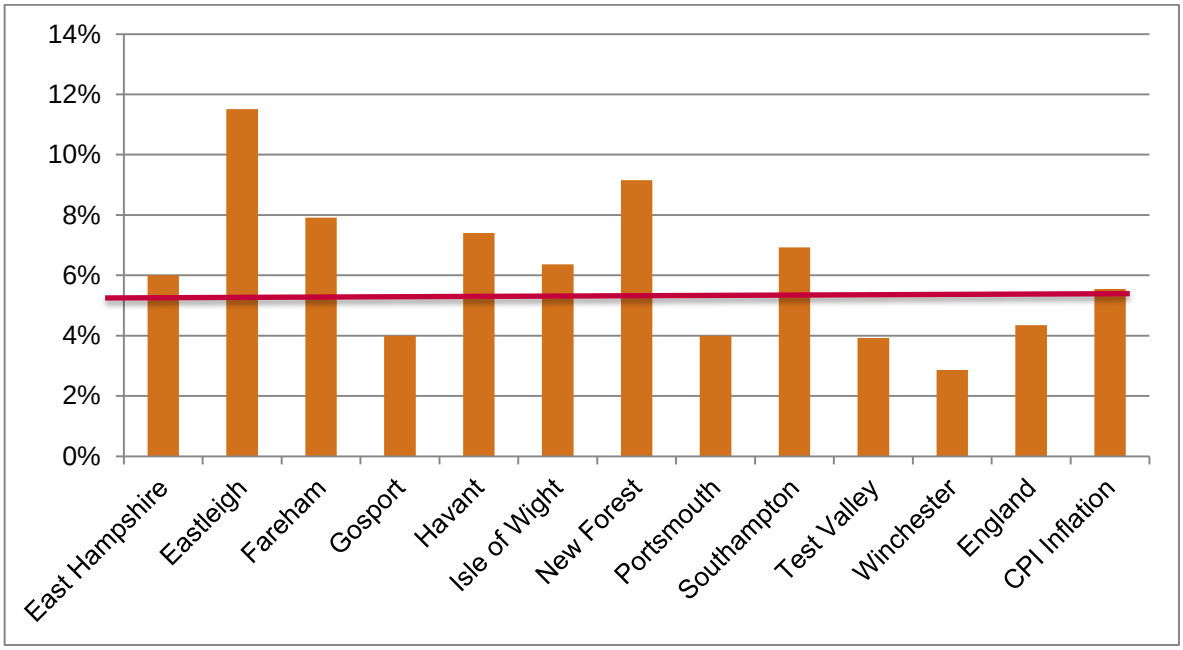
**Figure 24: Median Rent, Year to March 2015 (£ per Calendar Month)**




Source: GLH Analysis of VOA Private Rental Market Statistics

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

**Figure 25: Rental Growth, 2011-15**




Source: GLH Analysis of VOA Private Rental Market Statistics

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

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

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

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

Source: GLH Analysis of CLG Housing Statistics Data

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

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

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

**Table 54: Overcrowding, 2011**

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

*Source:* 2011 Census

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

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

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

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

*Source:* 2011 Census

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

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

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

*Source:* Census 2001, 2011

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

**Table 57: Concealed Families**

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

*Source:* GLH Analysis of Census Data

## Conclusion on Market Signals

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

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

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

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

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

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

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

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

# 6 EMERGING CONCLUSIONS

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

**Trend-based Demographic Projections**

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

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

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

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

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

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

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

**Economic Performance**

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

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

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

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

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


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

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

**Affordable Housing Need**

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

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

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

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

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

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

**Market Signals**

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

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

**Table 60: Uplift to Respond to market Signals**

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

## Drawing the Evidence Together

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

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

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

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

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

## Portsmouth HMA

### East Hampshire

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

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

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

### Fareham (East)

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

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

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

**Gosport**

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

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

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

**Havant**

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

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

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

**Portsmouth**

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

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

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

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

**Winchester (East)**

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

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

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

**Portsmouth HMA**

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

**Table 61: Objectively-Assessed Housing Need – Portsmouth HMA**

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

## Southampton HMA

**Eastleigh**

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

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

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

**Fareham (West)**

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

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

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

**New Forest (Totton & Waterside)**

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

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

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

**Southampton**

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

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

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

**Test Valley**

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

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

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

**Winchester (West)**

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

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

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

**Southampton HMA**

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

**Table 62: Objectively-Assessed Housing Need – Southampton HMA**

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

**Isle of Wight HMA**

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

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

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

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

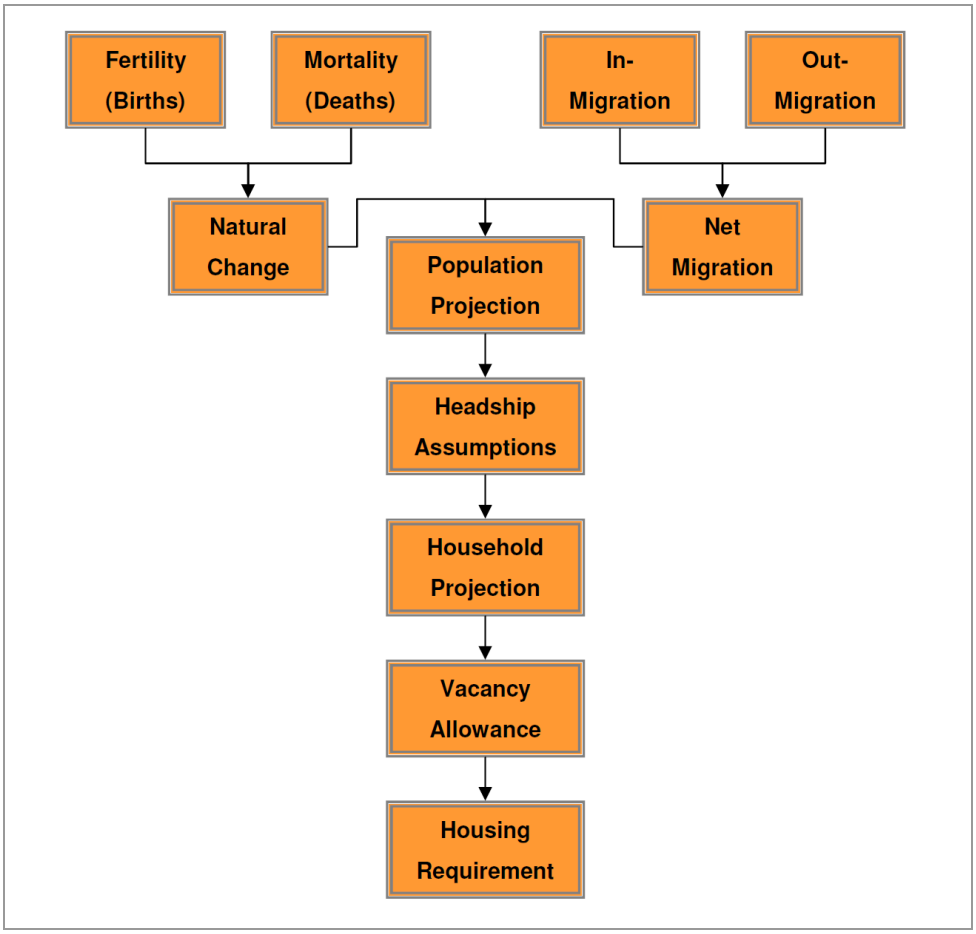
# Appendices

## APPENDIX A: PROJECTION METHODOLOGY

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

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

**Figure 1: Overview of projection methodology**




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

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

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

**Smaller Area Population Projection Methodology**

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

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

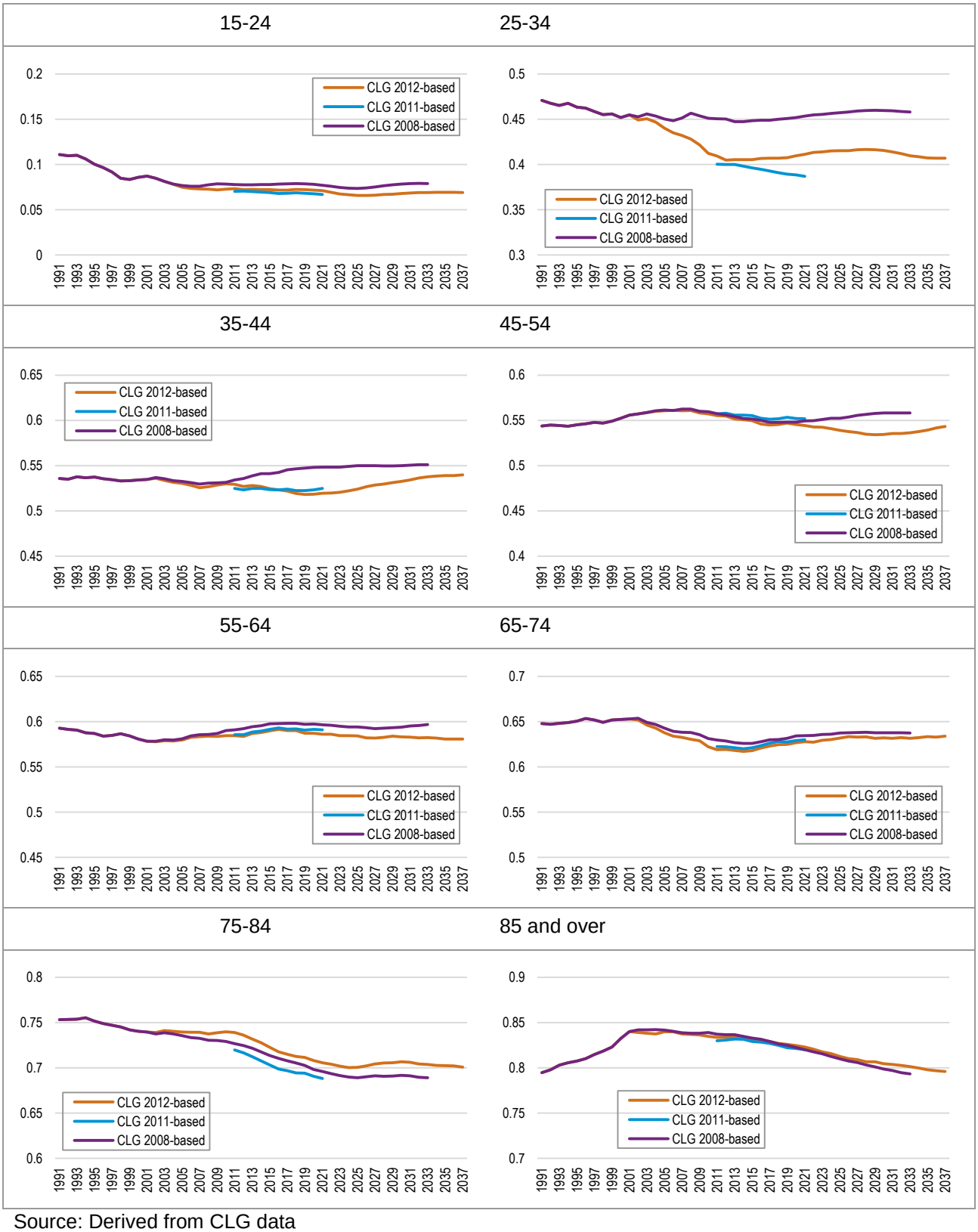
Essentially the methodology works by looking at incremental changes in each age and sex band (for each year of each projection) and applies this to the local population. For example, if a particular age/sex group is projected to increase by 10% district-wide then the methodology will assume a similar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

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

## APPENDIX B: HOUSEHOLD FORMATION RATE ASSUMPTIONS

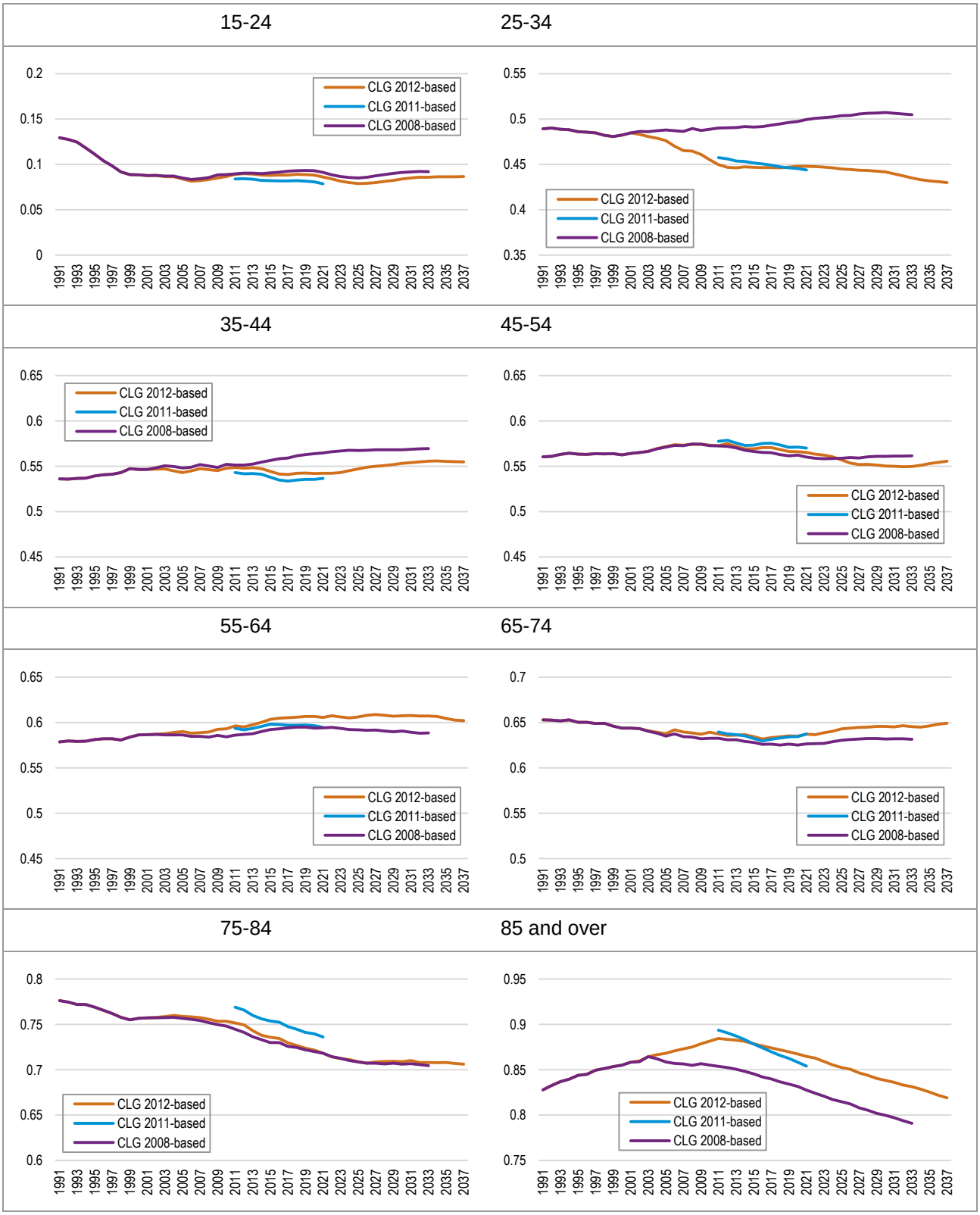
NB: the figures for East Hampshire, New Forest, Test Valley and Winchester are for the whole local authority area and not just the partial areas used in analysis. Figures within the analysis use the same trends but with a rebasing to the estimated number of households in each area in 2011. Therefore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

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



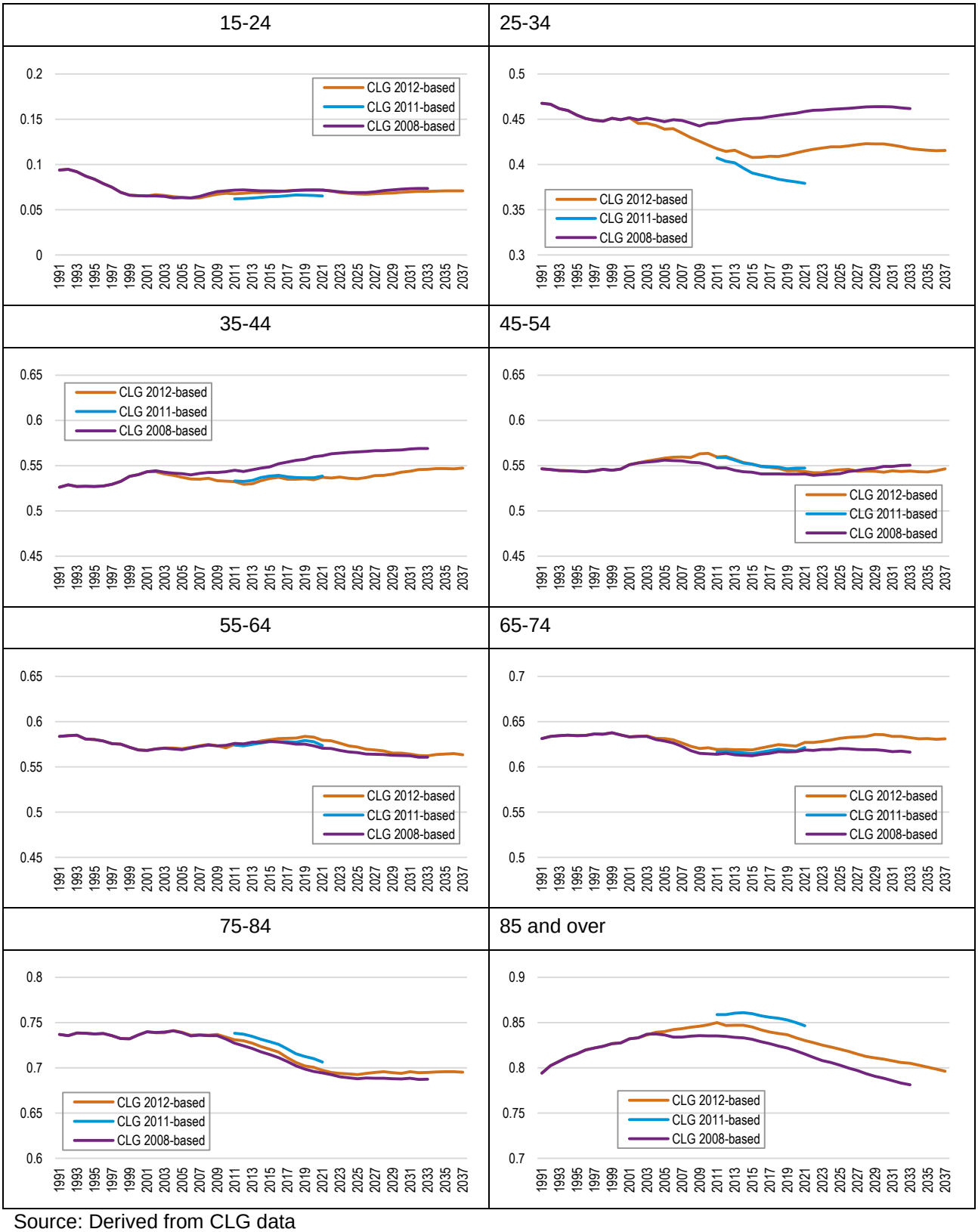

Source: Derived from CLG data

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



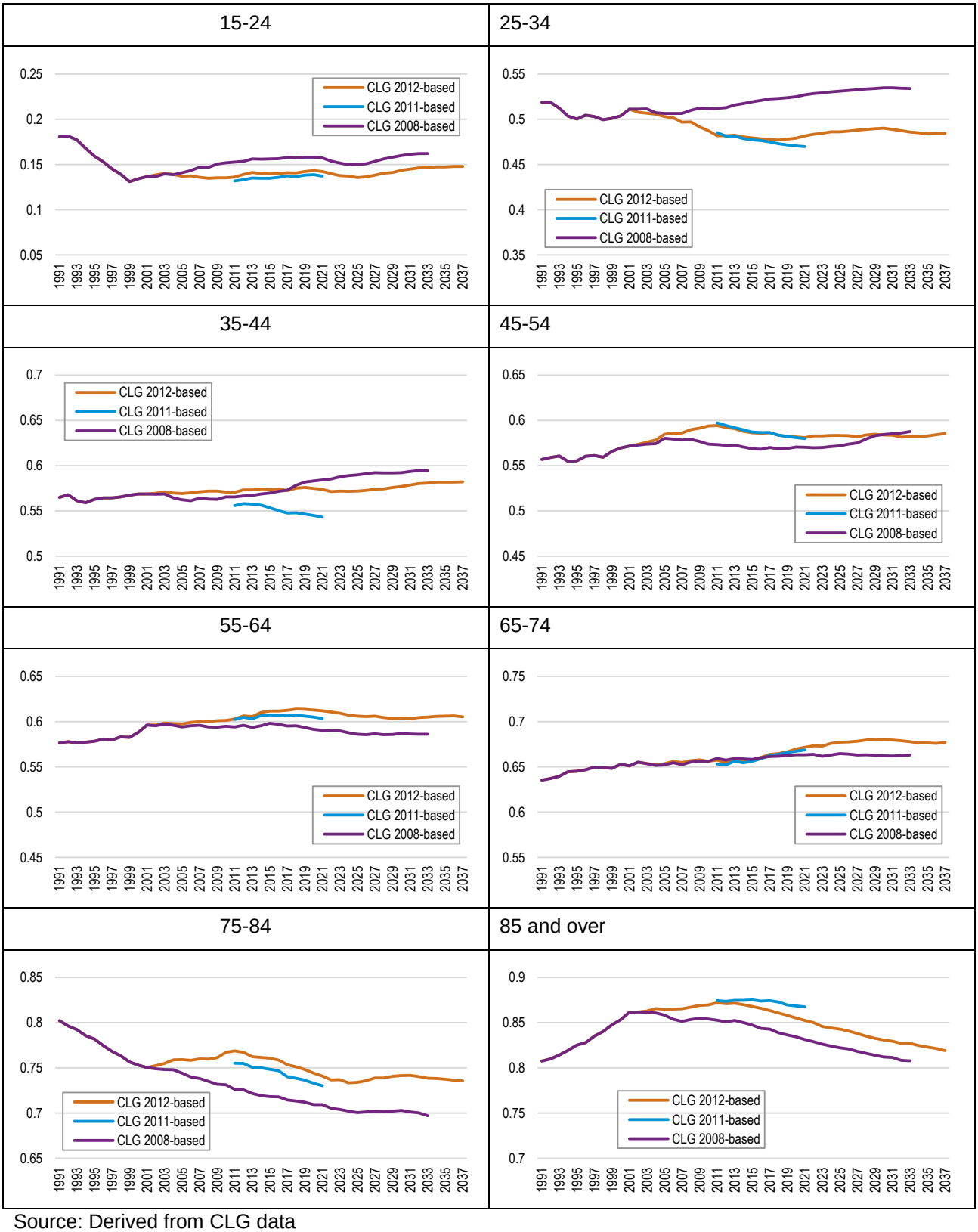

Source: Derived from CLG data

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



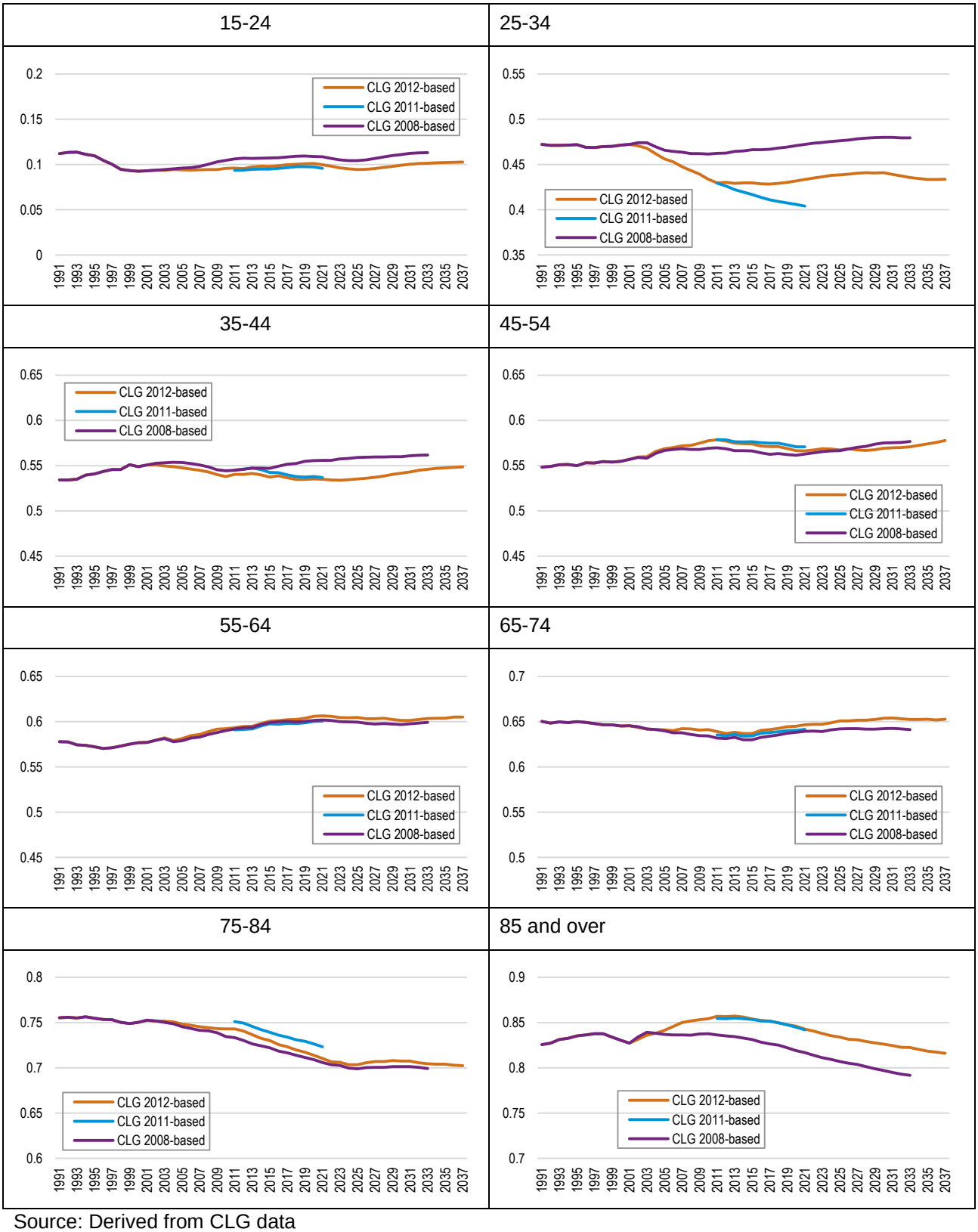

Source: Derived from CLG data

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



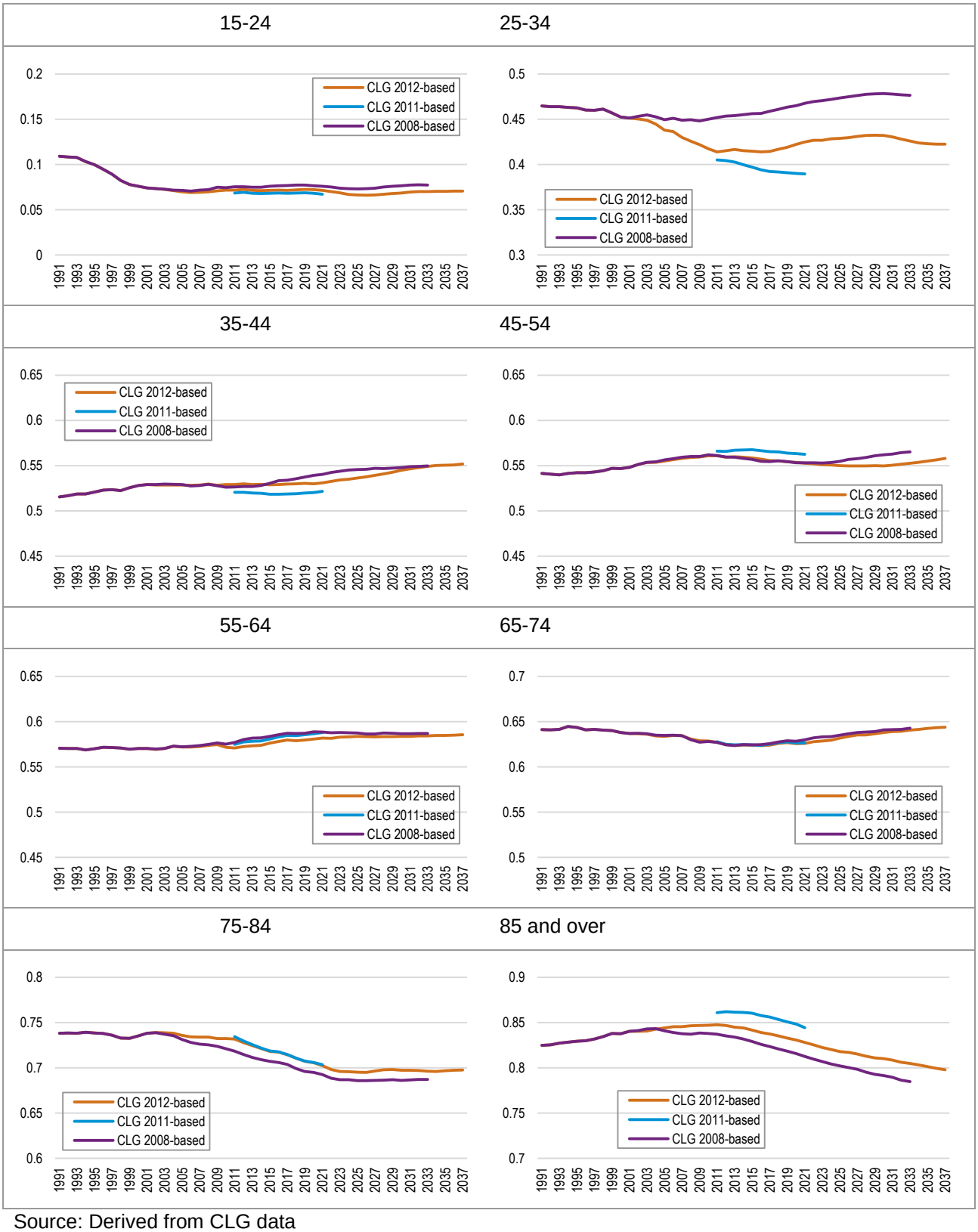

Source: Derived from CLG data

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



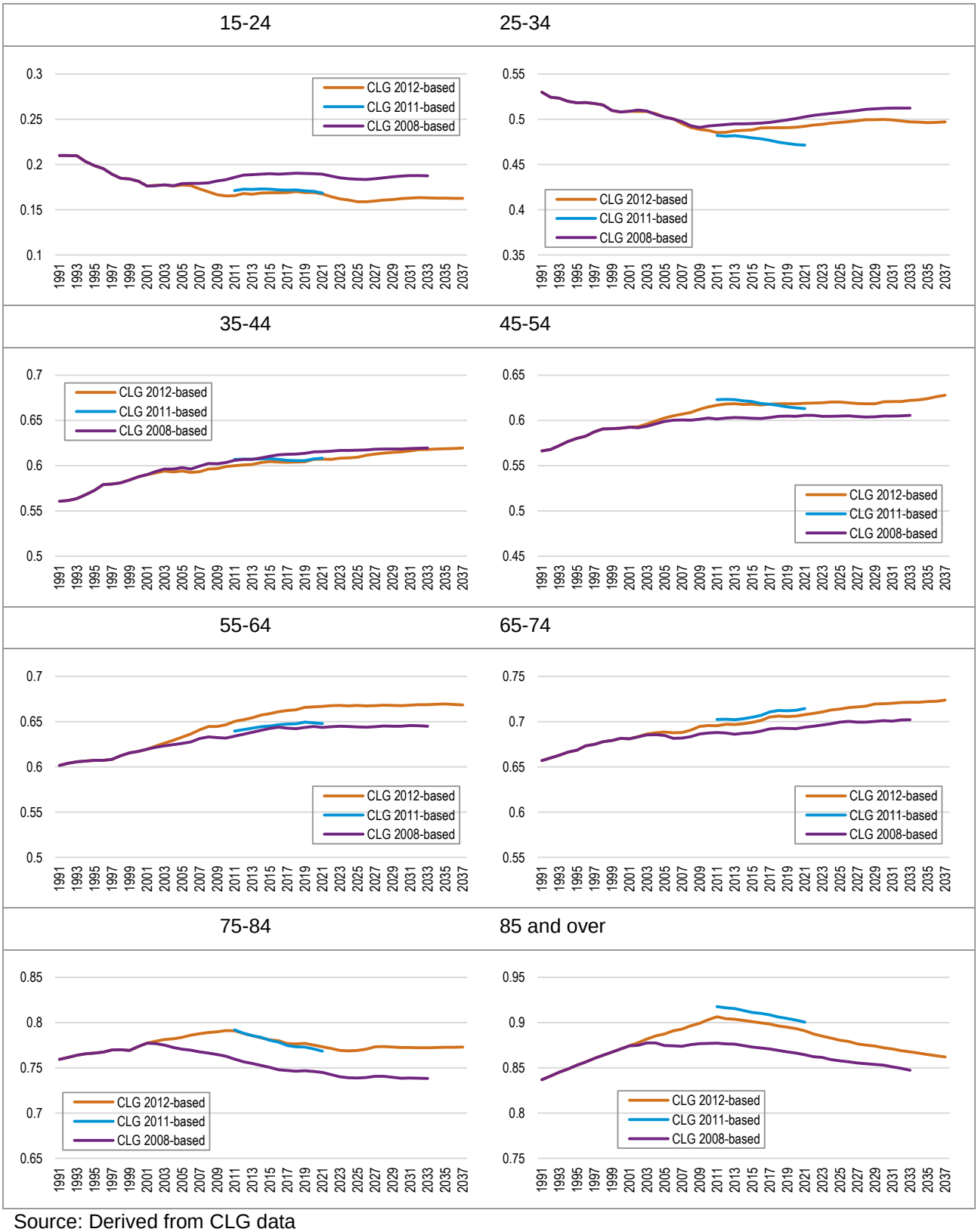

Source: Derived from CLG data

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



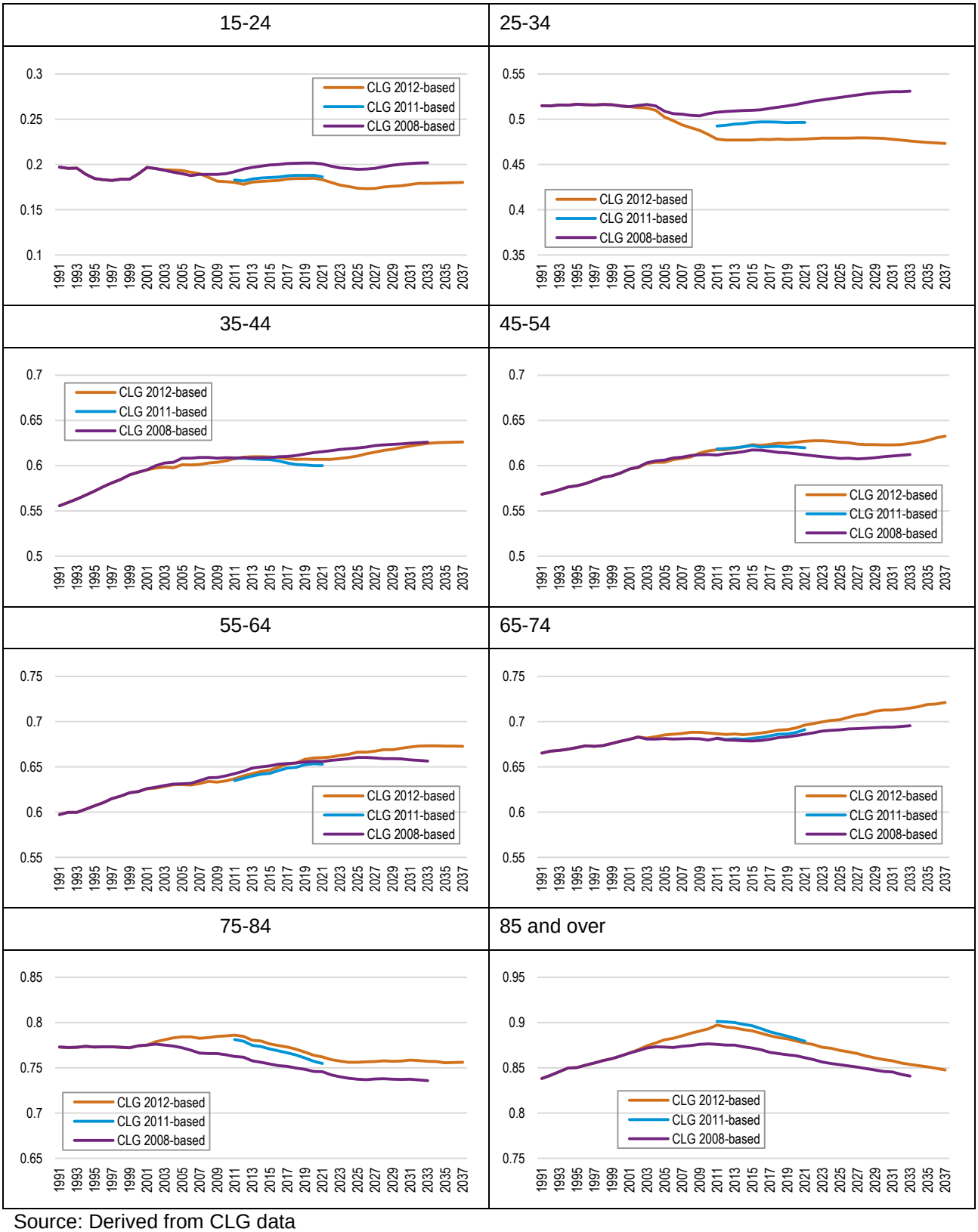

Source: Derived from CLG data

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



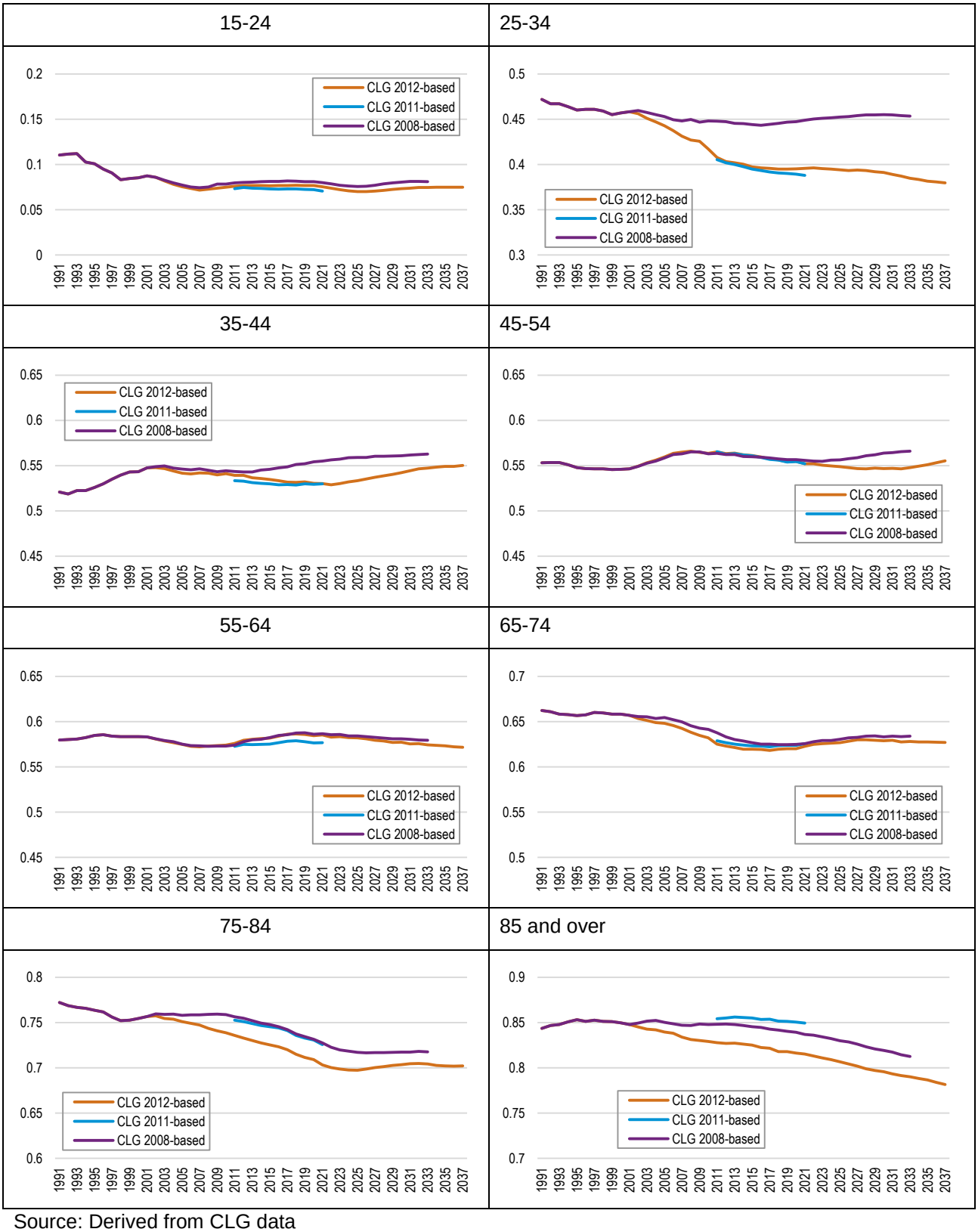

Source: Derived from CLG data

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



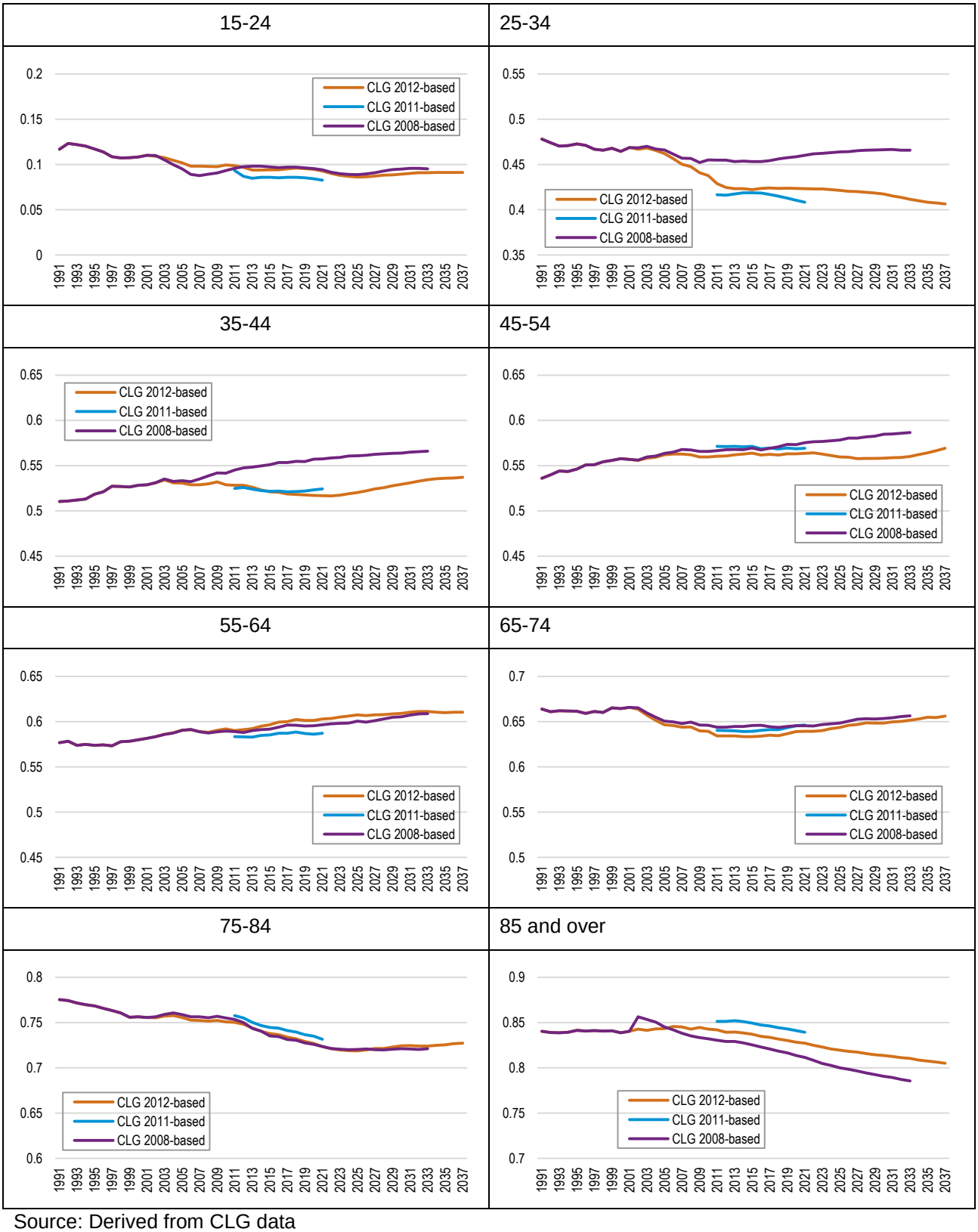

Source: Derived from CLG data

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




Source: Derived from CLG data

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




Source: Derived from CLG data

## APPENDIX C: COMPONENTS OF POPULATION CHANGE

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

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

Source: ONS

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

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

Source: ONS

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

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

Source: ONS

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

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

Source: ONS

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

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

Source: ONS

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

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

Source: ONS