

**PARTNERSHIP FOR URBAN SOUTH
HAMPSHIRE (PUSH)**

**South Hampshire Housing Market
Assessment – Part II**

October 2006

DTZ Consulting & Research
Greyfriars Gate
5 Greyfriars Rd
Reading
RG1 1NU

**PARTNERSHIP FOR URBAN SOUTH HAMPSHIRE
(PUSH)**

**South Hampshire
Housing Market Assessment – Part II**

A Report

by

DTZ CONSULTING & RESEARCH

Greyfriars Gate
5 Greyfriars Road
Reading RG1 1NU

Tel: 0118 967 2020
Fax: 0118 950 3759 & 9584378

Also at Birmingham, Bristol, Cardiff, Dublin, Edinburgh,
Leeds, London & Manchester

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1 ABOUT THIS REPORT

Objective

- 1.01 In April 2005 DTZ completed a study for the Partnership for Urban South Hampshire (PUSH) entitled '*The South Hampshire Housing Market Assessment*'. In December 2005 the then ODPM¹ published the new draft Housing Market Assessment guidance, and the South East Regional Housing Board decided to select South Hampshire as one of four areas in the South East to undertake pilots to test out the new guidance.
- 1.02 DTZ was appointed to review the previous work undertaken and identify what work needed to be undertaken to ensure that all aspects of the guidance were covered by the HMA process and to inform the next stage of the PUSH agenda which aims to develop policies on the distribution of housing across the sub-region and to plan for the type of households that will need to be accommodated in the future.
- 1.03 In the main, the key elements of the draft HMA guidance not covered in the initial DTZ report is the evidence needed to inform policies on the size, type and location of market and affordable housing across the sub-region. To address these topics, DTZ has examined:
- the level and distribution of household types and the implications for future dwelling requirements.
 - evidence from housing needs assessments and other sources of data on the type of households in need and how their needs could be met (including through social rented or intermediate housing solutions)
 - how the evidence base in the HMA could be monitored and updated in the future.

Context

- 1.04 Analysis undertaken by DTZ for the original South Hampshire HMA suggested that housing requirements linked to new jobs in the sub-region would be in the range of 63,000 to 81,000 for growth rates between 3.0% and 3.5% GVA. The PUSH Steering Group decided to work within a range of estimated housing requirement that equates to a dwelling provision that is between 15% to 20% higher than that stipulated in the RPG. Over the period 2006 to 2026, this represents a range of between 79,000 and 82,000 new homes.
- 1.05 The target for the sub-region proposed in the current Draft South East Plan (the Regional Spatial Strategy (RSS) for the South East) is the provision of 80,000 homes between 2006-2026. The preferred option in the draft RSS is to focus growth in Southampton and Portsmouth by maximising opportunities on brownfield sites within urban areas and urban extensions; then through development of strategic development areas (one near to each of the two cities). These strategic development areas will be pushed further into the future if additional urban brownfield land becomes available.
- 1.06 However, relatively substantial development is also proposed in the other districts in South Hampshire and this will play an important part in addressing local needs.
- 1.07 Data in Sections 2 and 3 is presented for each of the local authorities that comprise the PUSH sub-region. Six authority areas are wholly included within the sub-region – Portsmouth, Southampton, Gosport, Havant, Fareham and Eastleigh. East Hampshire,

¹ Now the Department for Communities and Local Government

Winchester, Test Valley and New Forest are partially included in the sub-region and, where possible, data is presented for the six core authorities plus part of the four authorities that are partially included. However, in some cases it is appropriate to present complete data for all ten authorities, for example, information presented on the stock of social housing where the data is not available for smaller areas. Each table and chart is labelled to ensure that it is clear where complete data has been used in each case.

Outline of the Report

1.08 **Section 2** of the report addresses the following questions:

- What are the characteristics of current households and how are they expected to change in the future?
- What is the relationship between household types and the types of dwellings they will require in the future?
- What is the evidence for the types of households in need of affordable housing and how far are households in housing need different from the overall population of households?

1.09 **Section 3** addresses the following questions:

- What is the nature of the stock of housing and the flow of new completions in the South Hampshire sub-region and how does this vary between different areas of the sub-region and for different tenures?
- What are the implications of this for the likely requirements of future households, for achieving balanced and mixed communities and a greater choice of housing.

1.10 **Section 4** addresses the following questions:

- What are the key social and economic factors that will influence the South Hampshire housing market in the future?
- How might outcomes for the housing market might be different under different future scenarios?

1.11 **Section 5** sets out conclusions and recommendations on the broad mix of housing appropriate for the sub-region, the level and type of affordable housing, the role of intermediate housing and priorities for monitoring delivery across the sub-region.

2 CURRENT AND FUTURE HOUSEHOLDS

Introduction

2.01 This section addresses the following questions:

- What are the characteristics of current households in the sub-region and how are they expected to change in the future?
- What is the relationship between household types and the types of dwellings they will require in the future?
- What is the evidence for the types of households in need of affordable housing?

2.02 This section is structured as follows:

- Characteristics of current households in the sub-region
- Characteristics of households in need and intermediate households
- Forecasts for future households in the sub-region
- Implications for future dwelling requirements

Characteristics of Current Households in South Hampshire

2.03 The majority (72%) of households in the sub-region are owner occupiers, with the balance made up of social housing tenants (17%) and private tenants (12%)¹. The greatest change in tenure in the decade between the 1991 and 2001 Census has been the relative decline in the proportion of households who rent from a social landlord (falling from 19% to 17%) and the rise in the proportion who rent privately (increasing from 9% to 12%).

2.04 Levels of home ownership in the South Hampshire housing market area are slightly less than in the South East as a whole (72% of households own their own home in the sub-region, compared to 74% of households in the South East and 69% in England as a whole). Moreover, the proportion of people in the sub-region that are owner occupiers fell over the 10 years to 2001, whereas it has risen in the South East and England.

2.05 The available data does not tell us what has happened since 2001, however, DTZ expect that declining affordability in the sub-region and the take off of the buy to let market since 2002 will have led to growth in the private rented sector, while the share of owner occupation will have remained largely static, and social renting has continued to decline.

2.06 Overall the housing market area has a smaller average household size than in the South East as a whole, driven by a comparatively high proportion of single person and lone parent families. However, Table 2.1 shows that in 2001 the majority of households (40%) in the South Hampshire sub-region were couple households – either with (21%) or without (19%), children. Single person households are the next most significant group in the sub-region – accounted for by broadly equal proportions of older people living alone and other single person households.

Table 2.1: Household Composition in 2001, South Hampshire

Household composition in South Hampshire	Number of households	Percentage of households
<i>Total households</i>	408,000	100
One Person - pensioner	59,500	15
One Person - other	59,700	15
Pensioner couple	39,400	10
Couple Households - no children	75,700	19
Couple Households - with dependent child(ren)	84,300	21
Couple Households - all children non-dependent	24,000	6
Lone Parent Household - with dependent child(ren)	25,300	6
Lone Parent Household - all children non-dependent	11,300	3
Other households - with dependent child(ren)	7,500	2
Other households - all student	3,700	1
Other households - all pensioner	1,800	0
Other households - other	15,800	4

Source: Census 2001

- 2.07 There are differences in household types (or composition) across the sub-region and these are set out in Table 2.2. Table 2.2 shows the relative proportions of different households by each local authority in the sub-region. The data shows that Southampton and Portsmouth have the highest proportion of single person households, accounting for 35% and 32% of all households respectively. Fareham, East Hampshire and Test Valley have relatively low proportions of single person households in comparison. Single person households in these authorities account for between 23-25% of all households. It is also worth noting that the majority of these are older people living alone. The reverse is true in Southampton and Portsmouth – most single person households are from younger age groups.
- 2.08 New Forest, Winchester and Fareham have the highest proportion of older households (single and couple pensioner households) though in absolute terms, Portsmouth, Southampton and Test Valley have the greatest numbers of older households. This is significant because growth is projected in the number of these households, largely due to the demographic changes associated with an ageing population.

¹ Census 2001

Table 2.2: Household Composition Across the Sub-Region

	East Hants part	Eastleigh	Fareham	Gosport	Havant	New Forest part	Portsmouth	Southampton	Test Valley part	Winchester part
<i>Percentage of households</i>	100	100	100	100	100	100	100	100	100	100
One Person - pensioner	13	13	13	14	15	17	15	15	13	15
One Person - other	12	13	10	14	11	10	17	20	12	13
Pensioner couple	10	10	12	10	12	15	7	7	9	11
Couple Households - no children	22	20	22	19	19	20	16	16	22	21
Couple Households - with dependent child(ren)	25	25	24	22	21	20	19	17	25	22
Couple Households - all children non-dependent	6	7	7	6	7	6	5	5	7	6
Lone Parent Household - with dependent child(ren)	5	5	5	7	7	4	7	7	5	4
Lone Parent Household - all children non-dependent	2	3	2	3	3	3	3	3	2	2
Other households - with dependent child(ren)	2	2	2	2	2	1	2	2	2	1
Other households - all student	0	0	0	0	0	0	2	3	0	1
Other households - all pensioner	0	0	0	0	0	1	1	0	0	0
Other households - other	3	3	3	3	3	3	5	5	3	4

Source: Census 2001

- 2.09 The South Hampshire authorities have expressed a desire to understand better the number of households with children, where these households live and how far they are expected to grow in the future.
- 2.10 The majority of households with children are ‘couple households’ either married or unmarried, with an average number of 4 people living in them. The highest proportions of households with children are found in the districts of East Hampshire, Eastleigh and Test Valley. Southampton, New Forest, Winchester and Portsmouth have the lowest proportions of families. Table 2.3 shows the number of households in the sub-region with children and the number of people living in these households.

Table 2.3: Households With Children, South Hampshire

	Total households	Total People	Average Household Size	Average number of children
Couple Households - with dependent child(ren)	84,300	337,600	4.01	2.01
<i>One dependent child</i>	34,000	102,200	-	-
<i>Two or more dependent children</i>	50,200	235,400	-	-
Lone Parent Household - with dependent child(ren)	25,300	71,300	2.82	1.82
<i>One dependent child</i>	13,700	27,400	-	-
<i>Two or more dependent children</i>	11,600	43,900	-	-
Other households - with dependent child(ren)	7,500	35,200	4.68	-
<i>One dependent child</i>	-	15,650	-	-
<i>Two or more dependent children</i>	-	19,500	-	-

Source: Census 2001

Characteristics of households in housing need

- 2.11 The South Hampshire authorities calculate that about 23,500 additional affordable homes will be needed in South Hampshire during 2001–2021 on the basis of the housing needs surveys undertaken for each authority. In addition, they estimate that there is a backlog of affordable housing need of about 5,000 households. Together, this represents a total need for 28,500 affordable homes over the plan-period (for further discussion see the South Hampshire HMA).
- 2.12 In the South Hampshire HMA DTZ concluded that ‘*while it is difficult to accurately quantify the current and future requirement for affordable housing, and this will constantly change depending on what happens to house prices and rents, the position in South Hampshire is simply stated. The sub-region needs as much affordable housing as it can realistically secure across all sites, without damaging the overall output of new homes. This can be very readily evidenced.*’ Further examination of the housing needs surveys and housing registers for this study suggests that there is considerable housing need within all areas of the sub-region.

- 2.13 Table 2.4 shows households on the housing registers for each local authority in 2005 and in recent years. It has not been within the scope of this study to examine the data contained in the housing registers in detail to determine the extent to which households registered are in severe need. There may be some element of aspiration amongst some of the households that are registered eg households who are adequately housed but would like to move elsewhere. However, on the other hand, other households in need may not register if they consider that there is little opportunity of being re-housed which may serve to reduce numbers on the register.
- 2.14 In most authorities, the number of households registered has remained stable or has risen over the period 2002-2005. Only Havant has shown a slight decline and Portsmouth's numbers dropped between 2004 and 2005 but have remained very high.

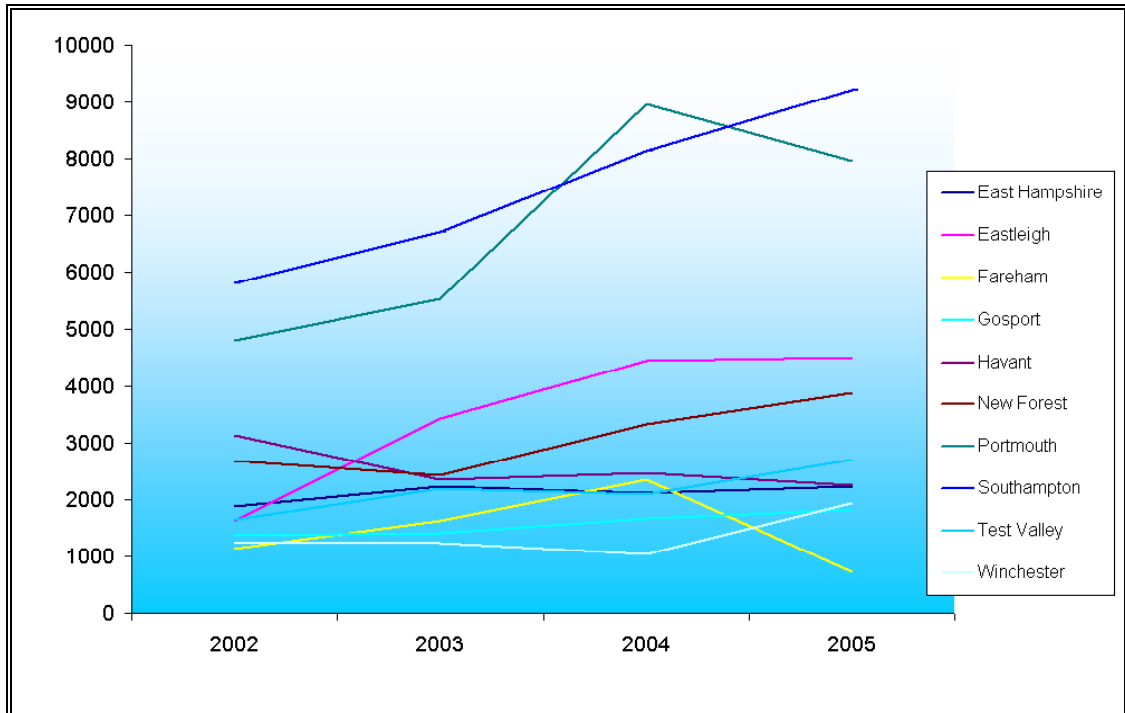
Table 2.4 : Households on the Housing Register 2002-2005 (complete data for each authority)

	Number of households on housing register			
	2002	2003	2004	2005
East Hampshire	1890	2240	2120	2230
Eastleigh	1620	3420	4450	4520
Fareham²	1150	1630	2350	740
Gosport	1380	1410	1670	1830
Havant	3140	2350	2480	2260
New Forest	2690	2430	3340	3890
Portsmouth	4810	5530	8960	7970
Southampton	5810	6700	8130	9230
Test Valley	1650	2190	2090	2700
Winchester	1260	1240	1040	1950

Source: HSSA, HIP returns

² Data for Fareham in 2005 is incomplete as the authority were in the process of compiling the new register.

Figure 2.1: Numbers of Households on the Housing Registers, South Hampshire



Source: HSSA, HIP returns

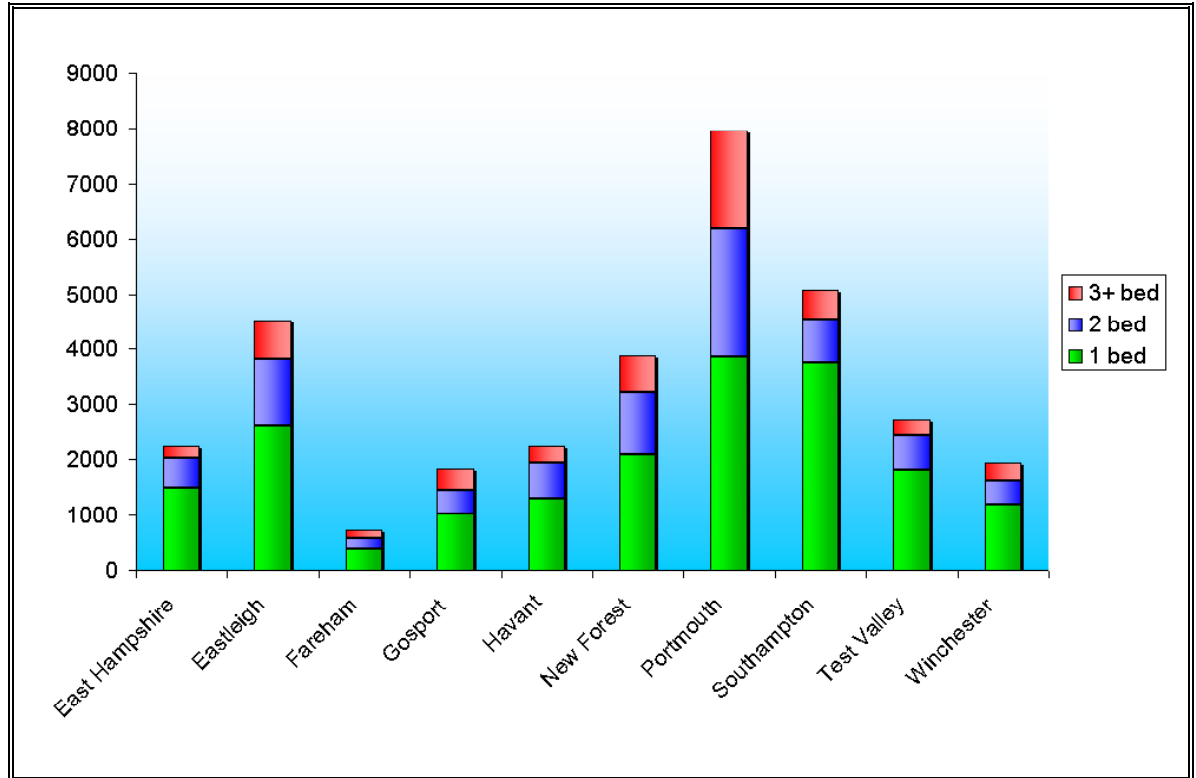
2.15 Less information is available, however, on the types of households in need of affordable housing. Although the Portsmouth HNS will not be indicative of the entire sub-region, it provides an indication of the skew towards need amongst smaller households. In the Portsmouth HNS around 54% of need is described as need for one bedroom accommodation though 24% of need is for dwellings with more than three bedrooms.

Table 2.5: Size of House Needed by Households on the Housing Register (complete data for each authority)

	Size of house required 2005		
	1 bed	2 bed	3+ bed
East Hampshire	1490	540	200
Eastleigh	2610	1210	700
Fareham	390	200	150
Gosport	1030	430	380
Havant	1300	640	300
New Forest	2100	1120	680
Portsmouth	3870	2310	1790
Southampton	3760	790	520
Test Valley	1810	620	270
Winchester	1200	420	330
Total	19550	8260	5310

Source: HSSA, HIP Returns

Figure 2.2: Size of House Needed by Households on the Housing Register (complete data for each authority)



Source: HSSA, HIP Returns

- 2.16 The data from the housing registers suggests that the majority (60%) of households on the housing register in South Hampshire require one-bedroom dwellings and just 16% of households are listed as needing more than three bedrooms. Further to this, amongst new RSL social housing tenants, almost half (46%) are comprised of single adult or single parent families.
- 2.17 There is more evidence in the housing needs surveys carried out in the sub region about the types of concealed households but these may not be representative of the whole population of households in need. Again, need in this group is skewed towards smaller households (between 45-50% in Fareham and Test Valley) and especially in Southampton where 65% of the concealed household need is described as being for smaller properties such as flats.
- 2.18 This raises the question as to why households in need are different to households able to access housing on the open market. DTZ would offer the following explanation. Primarily, access to housing is determined by income and wealth. Single person households (with a single income) as well as lone parents (who may have an income but considerable costs associated with raising children) are therefore more likely than larger (couple) households to be unable to afford to buy or rent housing on the open market.

- 2.19 Smaller households comprising singles or single parent families may be supported by a network of wider family and friends which may mean that they are accommodated one way or another. However, previous research suggests that, at the extreme end of housing need ie homelessness, relationship breakdown leads people to fall into housing need and it is therefore unsurprising that these households are commonly single person or lone parents who find themselves alone and unsupported economically and socially.
- 2.20 However, it does not necessarily follow that new affordable housing should be designed to meet the needs of small households. Portsmouth's housing register provides evidence that waiting times for households in need of larger properties are longest (often several years) which implies that these properties are in relatively short supply, particularly given the authorities duty and priority to house families in need of affordable housing. Whilst small households in need of affordable housing are most numerous there is relatively rapid turnover within the existing stock of small properties which means that these households can be accommodated fairly quickly (in less than 6 months) albeit often in less desirable areas. New Forest District experiences the longest waiting times for households requiring larger properties in comparison to those requiring smaller dwellings.

Intermediate households

- 2.21 The draft HMA guidance expects local authorities to identify households that fall into the intermediate market. Intermediate housing is defined in draft PPS3 as follows: '*Housing at prices or rents above those of social-rent but below market prices or rents. This can include shared equity products (for example HomeBuy) and intermediate rent (ie rents above social-rented but below market rents). Intermediate housing differs from low cost market housing (which Government does not consider to be affordable housing)*'³.
- 2.22 Evidence from the analysis of housing needs studies in the sub-region would suggest that around 40% of those assessed as being in housing need might be able to afford intermediate housing (eg shared ownership). Table 2.6 provides a breakdown of the intermediate market in South Hampshire, based on incomes and house prices. This analysis presents figures for the intermediate housing market using a narrow and broad definition.
- 2.23 The broad definition is the proportion of working households in each area unable to purchase at lower quartile house prices for two and three bed dwellings. The narrow definition is the proportion of working households in each area that can afford to pay a social rent without recourse to Housing Benefit but cannot purchase at the lowest deciles house prices for two and three bed dwellings.
- 2.24 This demonstrates that a significant proportion of households in New Forest, Eastleigh and Test Valley (between 35% to 60%) fall into the intermediate market, though absolute numbers of households are highest in Southampton and Portsmouth because of the larger population base.

³ para 23, Annex A, Consultation on Planning Policy Statement 3: Housing

2.25 There might also be additional demand for intermediate housing market products that is not reflected in this analysis where they offer households the opportunity to obtain larger or better quality properties than they could afford to buy at the lower end of the housing market; or even allow households to purchase in more attractive and expensive locations than they could otherwise afford.

Table 2.6: Scale of Intermediate Market in South Hampshire

	Total Working Households (in PUSH sub-region)	Scale of Intermediate Housing Market in PUSH sub-region			
		Proportion of all working households		Number of working households	
		Narrow Definition	Broad Definition	Narrow Definition	Broad Definition
East Hampshire (part)	1,706	29%	43%	498	731
Eastleigh	14,117	38%	59%	5,408	8,320
Fareham	9,709	26%	47%	2,532	4,515
Gosport	9,170	25%	44%	2,253	4,042
Havant	10,290	26%	54%	2,662	5,597
New Forest (part)	6,052	36%	61%	2,173	3,678
Portsmouth	22,489	28%	55%	6,348	12,283
Southampton	30,178	24%	53%	7,277	15,976
Test Valley (part)	4,602	34%	58%	1,547	2,672
Winchester (part)	3,413	32%	53%	1,103	1,801
Total	111,726	28%	53%	31,801	59,615

Source: Joseph Rowntree Foundation

2.26 This estimation of the size of the intermediate market based on income does not mean that these households would actually be willing to buy a share in housing. The actual market for intermediate products in reality is much smaller for a number of reasons:

- Many of these households are over the age of 65 and are already owner occupiers i.e. they managed to buy their home earlier in life and their income may have dropped since.
- Many of those in the intermediate income band may expect to be able to afford to buy in the open market in the future.
- Some may prefer the flexibility offered by private renting.
- Some may be unaware that intermediate housing solutions are available to them.
- Others may have access to resources from family or friends that enable them to buy
- Still others may be willing to spend a higher proportion of their income on housing than assumed in conventional assessments of affordability.

2.27 Allowance must also be made for the fact that few people have experience of intermediate housing, and the range of intermediate housing products is limited. Most intermediate housing is new build properties, a high proportion of the current output is flats. People

may well not wish to live in a flat and often second hand properties are perceived as offering better value for money. There is huge difference therefore between the *potential market* intermediate housing and actual expressed demand. Moreover demand may vary over the housing market cycle. The best way to assess demand is therefore to monitor take up closely.

- 2.28 The difference of the potential and actual market is partly reflected in a study undertaken on the intermediate market in the South East by Cambridge Centre for Housing Research. The study estimates that around 700,000 households in the region fell into the intermediate income group. However, based on the characteristics of households who had taken up of intermediate products (Homebuy, shared ownership and Starter Home Initiative) they conclude that only 25% of this group would actually want to buy into this tenure. This illustrative calculation is based on the intermediate products that are available now and would be subject to change if new products were introduced that appealed to a wider market.
- 2.29 Swaythling Housing Society maintains a register of those households who would like to buy or rent intermediate housing in Hampshire. The register is likely to provide the best source of information about the demand for intermediate housing solutions as it is reviewed on a 6 monthly basis and records information on household incomes so that household preferences can be assessed realistically. The register is also reviewed on a rolling basis – as households are informed about new schemes they are also asked to confirm that they wish to remain on the register.
- 2.30 In South Hampshire as a whole there are around 1,800 households registered as interested in intermediate housing. Of these households the majority would like help buying their own home; only a few specifically would prefer intermediate renting. Most of these households are under 30 years of age and most are either single or couples without children. Most express a preference for a 2-bedroom house, or larger if, for example, they anticipate starting a family.
- 2.31 Swaythling Housing Society confirm that *take up* of intermediate housing products in South Hampshire is dependent on the level of restrictions applied to any scheme. The more the restrictions on who is eligible to purchase the property, the smaller the market and naturally the slower the take up. Intermediate housing also needs to be ‘priced right’ in relation to local incomes – in this it is no different to market housing. For example, a shared ownership scheme in East Hampshire was recently designed to allow households with an income of £28,000 to purchase a 75% share in a £160,000 house. Successful schemes need to be designed by reference to the incomes of those whom it is intended the scheme will house.

Future households

- 2.32 DTZ has worked with Hampshire County Council to produce forecasts for household growth over the next 20 years. The figures disaggregated to different household types are provided in Table 2.7. There are a number of important issues to bear in mind with these forecasts:

- they are based on assumptions about economic growth (assuming 3% GVA growth per annum in the sub-region over the next 20 years).
- they are trend based forecasts that largely assume the continuation of current patterns eg growth in the number of single person households.
- the forecasts are not a means to 'predict and provide' housing provision over the next 20 years, rather they are a tool to improve understanding of the dynamics of household growth and a basis from which to monitor change and respond in the future.

Table 2.7: Forecast Growth in Different Household Types, South Hampshire

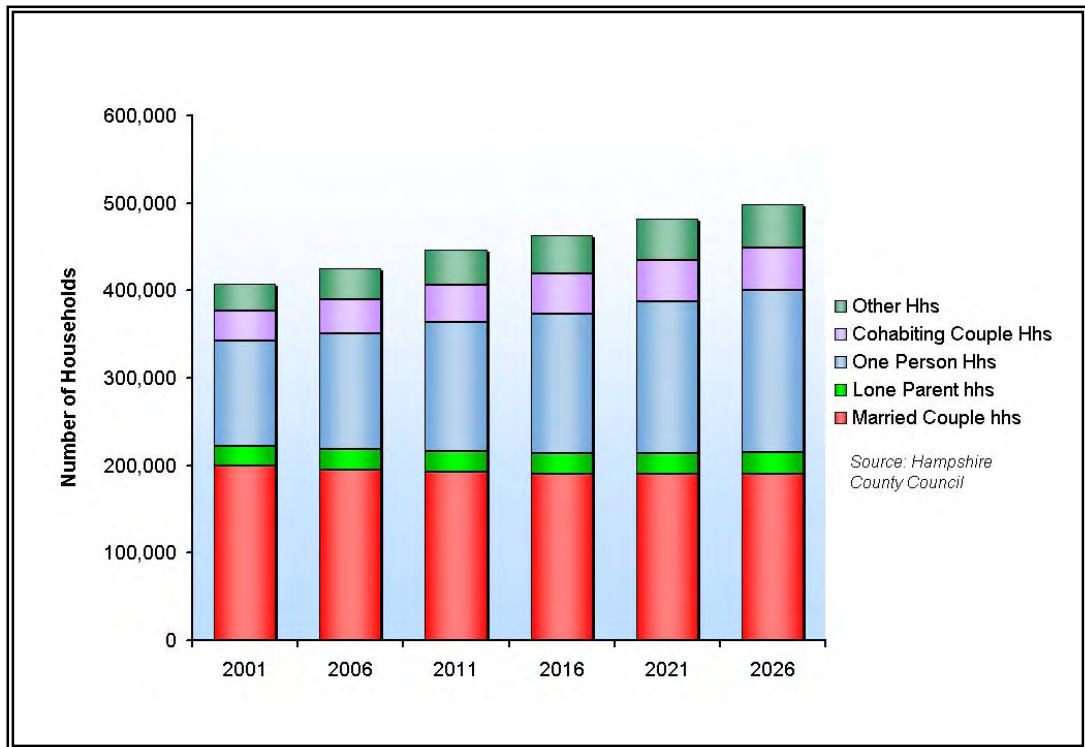
Household type	2001	2006	2011	2016	2021	2026	Change 2006- 2026
Married Couple	199,900	194,500	192,400	190,300	190,000	190,600	-3,900
Lone Parent	22,200	23,500	24,300	24,000	23,900	23,900	400
One Person	120,500	133,300	146,500	159,000	173,400	186,500	53,200
Cohabiting Couple	34,000	38,500	42,900	45,700	47,200	47,700	9,200
Other	31,200	35,200	40,200	43,900	47,400	50,300	15,100
Total	407,800	425,000	446,400	463,000	481,900	499,000	74,000

Table 2.8: Forecast % Growth in Different Household Types in South Hampshire

Year	2001	2006	2011	2016	2021	2026
Total Households	407,800	425,000	446,400	463,000	481,900	499,000
Married Couple	49%	46%	43%	41%	39%	38%
Lone Parent	5%	6%	5%	5%	5%	5%
One Person	30%	31%	33%	34%	36%	37%
Cohabiting Couple	8%	9%	10%	10%	10%	10%
Other	8%	8%	9%	9%	10%	10%

2.33 The forecasts show that the total number of households is forecast to grow, but a major change in household composition is forecast (See Table 2.8 and Figure 2.3). The number of married couple households is forecast to decline, though this appears to be compensated for by the increase in cohabiting couples as people choose to delay or opt out of marriage. The largest increases are expected for single person and other households. This is broadly in line with ODPM projections for the growth in household types for the South East region.

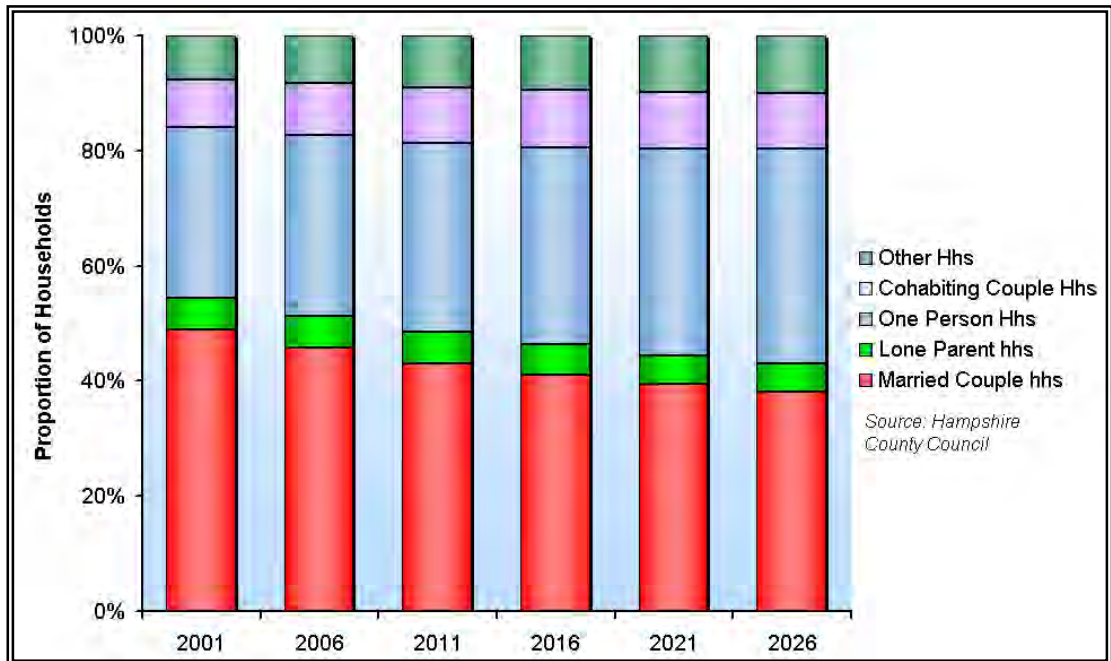
Figure 2.3: Growth in Different Household Types, South Hampshire



2.34

There are relatively small changes in the absolute number of married couple households and lone parent households. But the growth in one person and other households means these households are expected to account for a declining proportion of all households (See Figure 2.4).

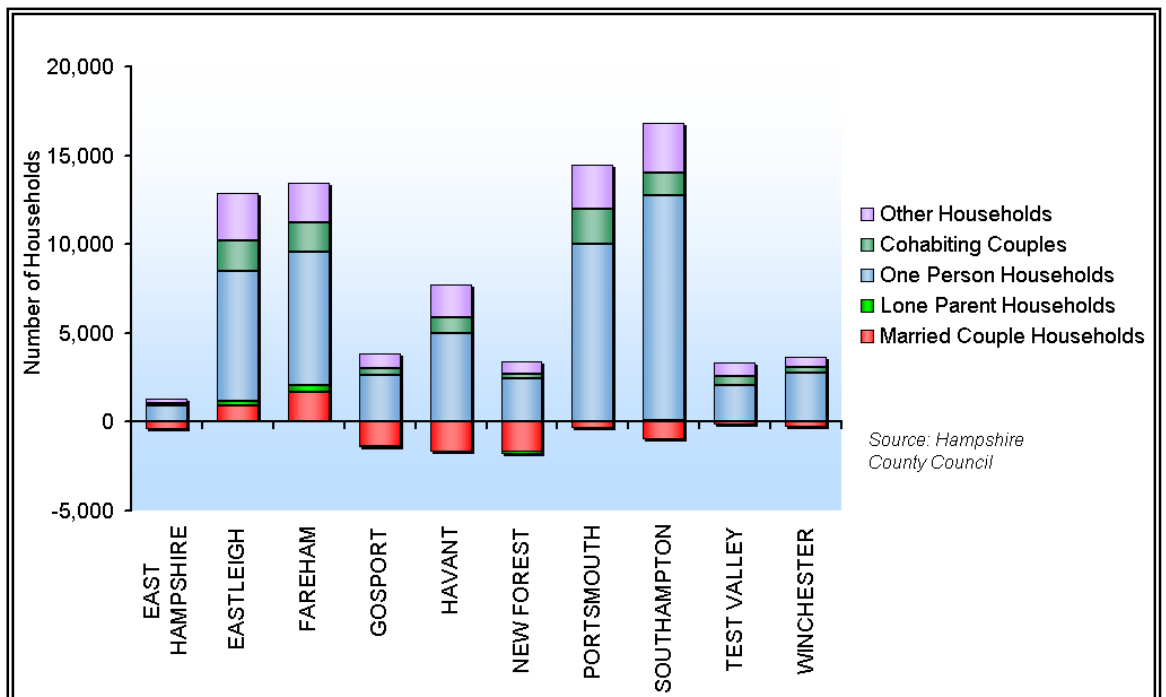
Figure 2.4: Change in Household Types 2006 - 2026, South Hampshire



2.35

All districts within the sub-region are expected to experience the greatest growth in one person households and other households but there are some differences: the numbers of married couple households are expected to grow in Eastleigh and Fareham in contrast to the rest of the sub-region (See Figure 2.5). Note that the scale of growth also reflects the relative size of the districts and that East Hampshire, Test Valley, New Forest and Winchester are partially included in the housing market area.

Figure 2.5: Change in Household Types 2006 – 2026, South Hampshire



What is driving these projections?

- 2.36 It is important to remember that these projections are based on economic and social assumptions so it is necessary to consider what factors drive growth in certain types of households.
- 2.37 Higher economic growth is likely to lead to more in-migration and formation of single/ other households as relatively mobile workers take up jobs in the area. Families, particularly those with school age children are generally less mobile than childless households, and younger people are more willing to move to a new area than older people. By way of contrast, low or slower levels economic growth may lead to less growth in these types of households.
- 2.38 Economic activity rates will also influence types of households that grow and therefore type of dwellings demanded in future. Economic growth driven by increased economic activity rather than in-migration might mean that fewer houses are required to deliver growth but on the other hand, as a greater proportion of the working age population becomes employed and as these households increase their income they may demand more living space. Either way, economic growth is likely to result in increased demand for housing.
- 2.39 These projections are also based on assumptions that current social trends will continue into the future ie people will live longer lives, divorce rates will remain high and may increase, people will continue to delay marriage and starting a family and as incomes rise, and it becomes hard to enter the housing market. It is also an established trend that households are on average likely to demand for more space per person, as average household incomes and earnings increase. While the growth in single person households will be significant, DTZ suspect that these forecasts may overstate the level of growth of single person households. If affordability problems remain as severe as they have over the last few years, one can expect to see more households comprising unrelated individuals. This trend is very evident in areas with severe affordability problems, such as inner London. It is also worth bearing in mind that a significant proportion of the single person households will be elderly.
- 2.40 Future socio-economic trends may well be different and are discussed in Section 4. One key trend is the housing implications of the 'pensions gap'. Another is the growth of home working trends which mean that housing takes on extended role, influencing the type of dwelling demanded in the future. Thus, it is important to consider how far current trends in household growth, which inform these projections, are likely to continue in the future.

The Relationship between household type and dwelling size

- 2.41 It is important to recognise that how people consume housing and use their home is complicated. This is confirmed by the evidence that shows that the size of a household does not translate easily into a particular dwelling size.
- 2.42 The relationship between household size and type and dwelling size and type is not straightforward. The conventional logic that household size and dwelling size have a direct

correlation is misleading. Research by Anglia University highlights that dwellings with more than seven rooms (which DTZ assume equates to around 4 bedrooms) are popular and often occupied by single or two-person households. Therefore, policy orientated towards building smaller properties for smaller households might well fail to understand the aspirations and needs of people.

2.43 The complexity of the relationship between household size and dwelling size is illustrated in Figures 2.6, 2.7 and 2.8. These show the relationship of household size and dwelling size in the South East of England. It is also possible to undertake the same analysis using household type instead of household size (see Figures 2.9, 2.10 and 2.11). This analysis shows that:

- One and two bed dwellings are lived in almost exclusively by small households but significant numbers of larger properties accommodate one or two person households.
- Two person households account for a greater proportion of dwellings with 6 or more bedrooms (14%) than six person households (13%). Two person households also occupy the largest proportion of four bed houses (39%).
- Over a third of all single person households live in dwellings with three or more bedrooms. While two thirds of all single person households live in one or two bed dwellings, many live in three bed properties.
- Very significant numbers of couples without children live in 4/5/6 bed dwellings. The relatively high proportion of couples without children occupying larger properties may reflect the existence of many 'empty nesters' – those who have had children who have now left the family home, but have not downsized. Equally it may reflect the growing number of dinkies – dual income households with no children, who have substantial purchasing power.

2.44 Clearly the relationship between household size and type and property size reflects a complex mix of socio-economic variables. The implications are that it is very hard to translate projections of particular household types into forecasts of what the market demand will be for particular types of property, not least because the figures presented include both market housing and social housing.

Figure 2.6: Household Size by Size of Property in the South East (2001)

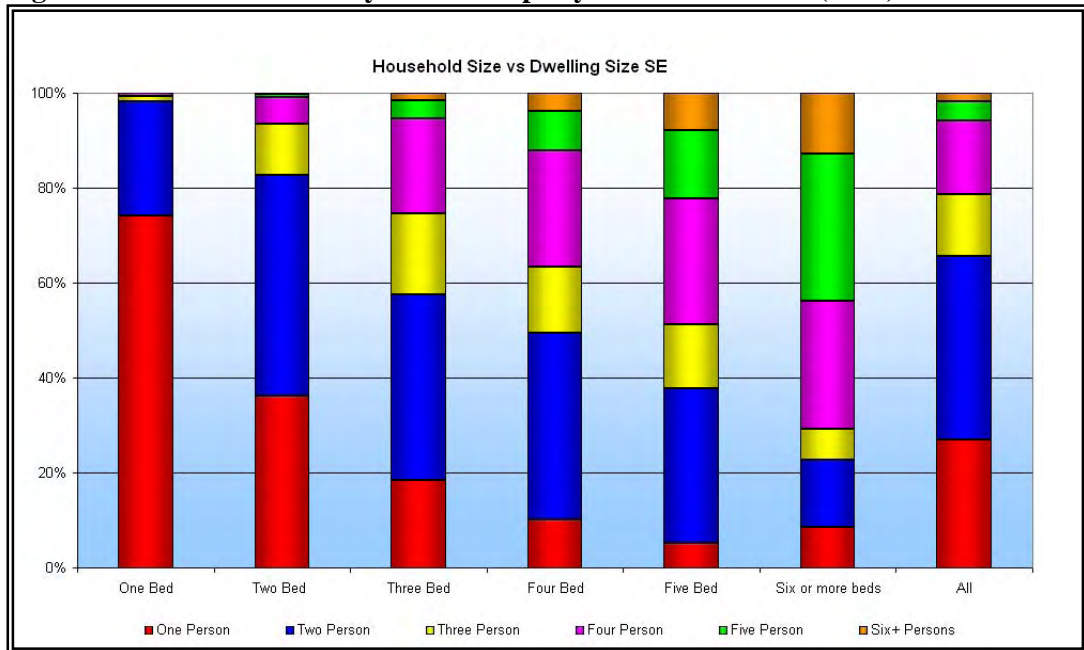


Figure 2.7: Size of Household by Size of Property in South East England

	One Bed	Two Bed	Three Bed	Four Bed	Five Bed	Six or more beds	All
One Person	74	36	18	10	5	9	27
Two Person	24	47	39	39	33	14	39
Three Person	1	11	17	14	13	6	13
Four Person	1	6	20	24	26	27	15
Five Person	0	1	4	8	14	31	4
Six+ Persons	0	0	2	4	8	13	2
Total	100%	100%	100%	100%	100%	100%	100%

Source: Survey of English Housing/ODPM

Figure 2.8: Size of Property by Size of Household in South East England

	One Bed	Two Bed	Three Bed	Four Bed	Five Bed	Six or more beds	All
One Person	32	31	29	7	1	0	100
Two Person	7	28	43	18	3	0	100
Three Person	1	19	56	19	4	1	100
Four Person	1	9	55	27	7	2	100
Five Person	0	4	39	35	14	8	100
Six+ Persons	0	2	38	36	17	7	100

Figure 2.9: Household Type by Size of Property in the South East (2001)

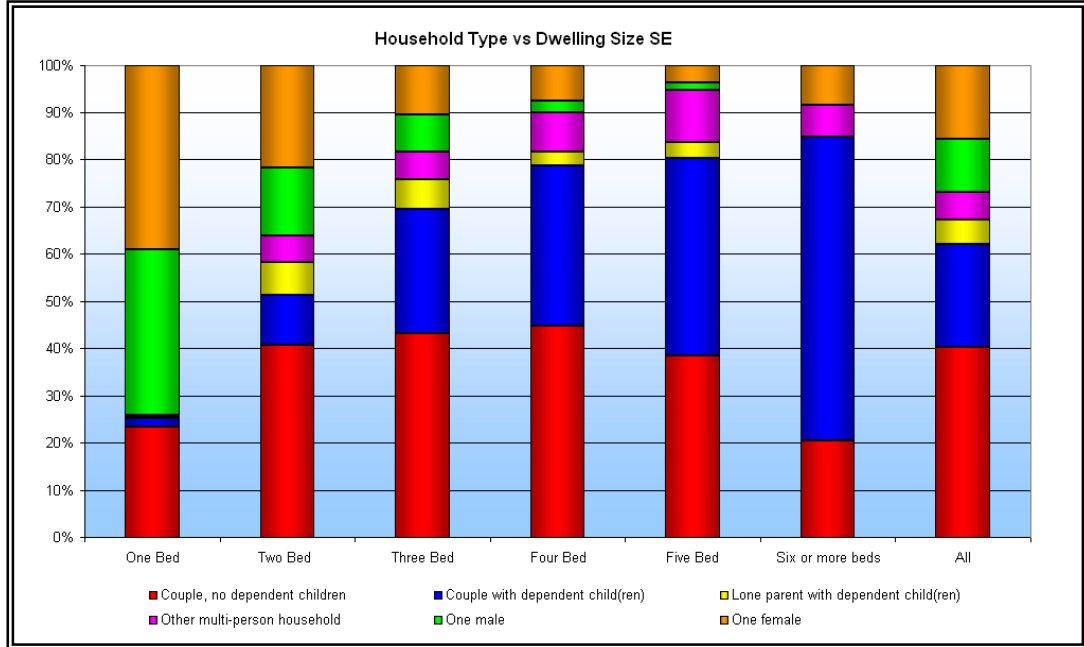


Figure 2.10: Household Type by Size of Property in South East England

	One Bed	Two Bed	Three Bed	Four Bed	Five Bed	Six + beds	All
Couple, no dependent children	23	41	43	45	38	21	40
Couple with dependent child(ren)	2	11	26	34	42	64	22
Lone parent with dependent child(ren)	0	7	6	3	3	0	5
Other multi-person household	0	6	6	8	11	7	6
One male	35	14	8	3	1	0	11
One female	39	22	11	8	4	9	16
Total	100%	100%	100%	100%	100%	100%	100%

Source: Survey of English Housing/ODPM

Figure 2.11: Size of Property by Type of Household in South East England

	One Bed	Two Bed	Three Bed	Four Bed	Five Bed	Six + beds	All
Couple, no dependent children	7	24	46	19	4	1	100
Couple with dependent child(ren)	1	11	51	27	8	3	100
Lone parent with dependent child(ren)	1	32	54	10	3	0	100
Other multi-person household	1	23	43	25	8	1	100
One male	36	30	29	4	1	0	100
One female	29	33	28	8	1	1	100

Implications for South Hampshire

- 2.45 Bearing in mind the lack of a linear relationship between household size and type and dwelling size, which means all projections must be treated with caution, DTZ has produced **indicative** estimates of the types of dwellings that might be required, based on projected household growth in the sub region. These are set out in Figure 2.12 and 2.13. Figures for each authority in the sub-region are provided in Annex A. The basis for these estimates is explained below.
- 2.46 The previous charts and tables based on data from the Survey of English Housing show how different types of households are *currently* housed (Figure 2.12 provides a summary). Applying these proportions to the forecast change in the numbers of different households in South Hampshire produces Figure 2.13. This shows the size of property that new households are likely to occupy, by type of household, if growth in these types of households is achieved in the sub-region.
- 2.47 The caveat with this analysis is that it assumes that the size of dwelling that certain types of households currently live in will continue in the future. In reality, many households will aspire to more and evidence suggests that as incomes rise they will aspire to and consume more space.

Figure 2.12: How Households are Currently Housed

From Survey of English Housing, ODPM						
	Number of Bedrooms					
	1	2	3	4	5	6+
Couple	5%	19%	47%	22%	5%	1%
Lone parent	1%	32%	54%	10%	3%	0%
One Person	32%	31%	29%	7%	1%	0%
Other Households	1%	23%	43%	25%	8%	1%

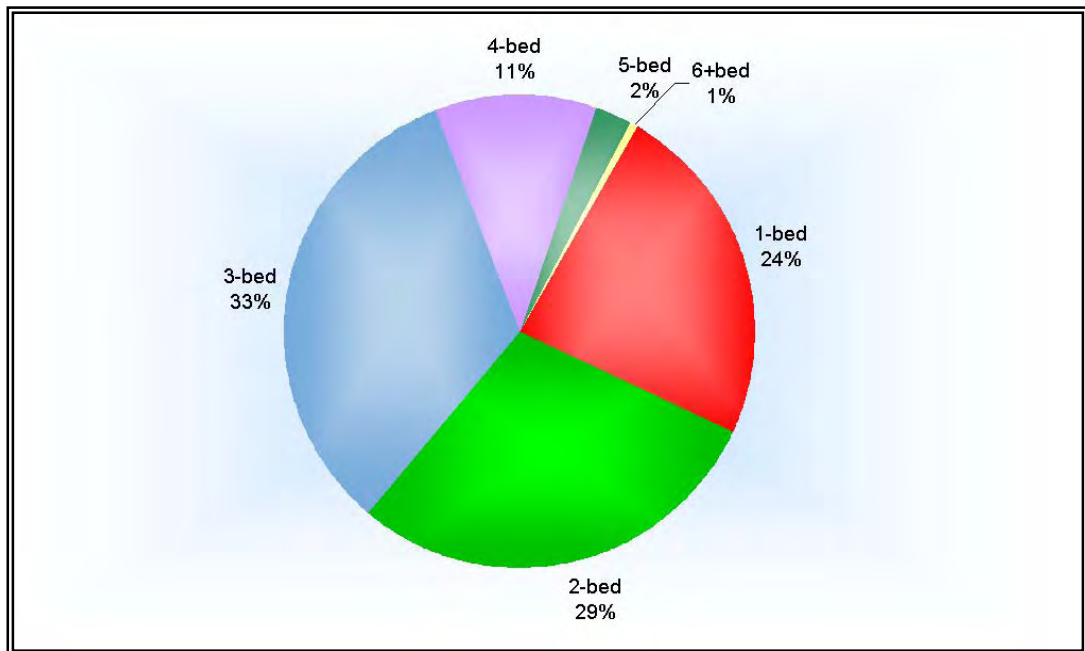
Figure 2.13: Estimated Requirement for Different Size Dwellings, South Hampshire

Change in number 2006-26		Dwelling size required (bedrooms)					
		1	2	3	4	5	6+
Married Couple	-3,900	-200	-800	-1,800	-900	-200	-100
Lone Parent	400	0	100	200	0	0	0
One Person	53,200	17,100	16,700	15,300	3,500	400	200
Cohabiting Couple	9,200	400	1,800	4,400	2,000	500	100
Other	15,100	100	3,500	6,500	3,700	1,200	200
Total	74,000	17,500	21,300	24,500	8,400	1,800	400

- 2.48 Figure 2.13 and 2.14 show the increase in households by the size of dwelling they may demand over the next 20 years based on household growth in the sub-region which is projected to be driven by single person households. Dwelling requirements are unlikely to

correspond neatly to the size of the household. If current living arrangements continue, almost half (47%) of the dwellings required for new households over the next 20 years will be for 3, 4 and 5 bedrooms or more. 29% will be for 2 bed dwellings and just under one quarter (24%) will be for one bed properties.

Figure 2.14: Estimated Requirement for Different Size Dwellings, South Hampshire



- 2.49 Even though growth is expected in single person households the demand is likely to be for larger properties. This may be especially important if the area is to meet the needs of in-migrants. Although most are expected to comprise one or two person households, their age structure (66% between the ages of 15 and 45) would suggest that many would aspire to form families before too long and be looking for something larger than a 1 or 2 bed property.
- 2.50 The Hampshire Home Movers Survey 2002, for example, complements other research findings that smaller households seek the extra space provided by larger dwellings. Based on a representative sample survey of all home movers, the Home Mover Survey revealed that almost one-third of all one-person households who moved home during the survey year moved into a property with three or more bedrooms.
- 2.51 DTZ has analysed the growth in different households and the implications for dwelling sizes required within the housing market area. It is possible to look at what this would mean for individual districts (see Annex A). However, this is only an **illustrative** exercise, designed to show the sizes of dwellings likely to be required in the future, based on the sizes of dwellings different types of households currently occupy and assuming projections for the growth in different household types are borne out.

- 2.52 All districts expect to experience significant growth in single person households and ‘other households’. There is variation between districts in projected changes to the numbers of ‘family’ households (married and cohabiting couple and lone parents) which is likely to have implications for the dwelling sizes required:
- Portsmouth, Fareham and Eastleigh are projected to experience growth in couple households.
 - Gosport, Havant, East Hampshire and New Forest are projected to experience relatively significant decline in couple households.
- 2.53 DTZ estimate that if current trends in the size of dwellings occupied by different types of households continue, and if household projections are borne out, this would imply the following for *overall dwellings* within each of the districts within the sub-region:
- The majority of Southampton’s dwelling requirement for new households would be for smaller dwellings (1 and 2 beds) with only around 30% as 3, 4 or 5 bed dwellings.
 - The New Forest’s future households would also predominately require small dwellings with only a small proportion requiring large (3 bed plus) dwellings.
 - Both the Test Valley and Havant’s new households would require mainly 2 and 3 bed dwellings, driven by relatively high proportions of new single person households forecast.
 - Eastleigh’s new households would require broadly equal proportions of small (2 bed or less) and larger properties (3 bed plus) including a significant proportion of 4 bed dwellings. Winchester would also require broadly equal proportions of 1, 2 and 3 bed plus dwellings with slightly higher proportion of larger dwellings (40% 3 bed plus).
 - Portsmouth’s new households would require a broad balance of different sized dwellings but around 40% would need to be 3 bed plus largely due to the projected growth in ‘other households’ and couple households in addition to strong growth in single person households.
 - Gosport and East Hampshire’s household projections suggest that both would require smaller dwellings to meet the requirements of new households and only 25-30% households will require larger (3 bed plus) dwellings.
 - Fareham’s new households would require larger dwellings. Over 50% would require 3 bed plus dwellings. Those requiring smaller dwellings are more likely to need 2 beds rather than 1 bed.
- 2.54 However, given that it is one housing market area, with Eastern and Western poles, this does not mean that certain types of dwellings need to be provided in specific areas to meet the needs of households in that area. Evidence of household movements in the sub-region confirm that households are prepared to move within the South Hampshire area to access housing. There may be other justifications for aiming for a certain mix of housing in a particular location – to address gaps in the existing housing stock or a bias towards a particular type or size of dwellings or to achieve mixed communities at the local level.

The characteristics of the housing stock in South Hampshire is examined in Section 3 and the implications for policy in the sub-region are discussed in Section 5.

3 CHARACTERISTICS AND STRUCTURE OF HOUSING SUPPLY

Introduction

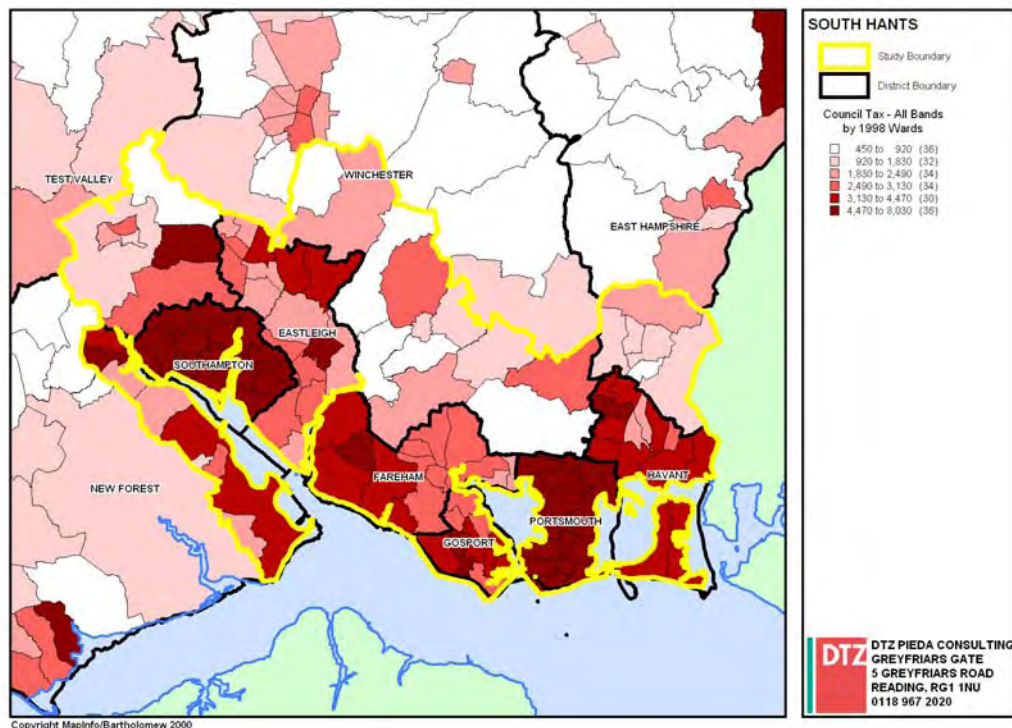
3.01 This section addresses the following key questions:

- What is the nature of the stock of housing and the flow of new completions in the South Hampshire sub-region and how does this vary between different areas of the sub-region and for different tenures?
- What are the implications of this for the likely requirements of future households, for achieving balanced and mixed communities and a greater choice of housing.

Characteristics of current stock of housing in South Hampshire

3.02 Figure 3.1 shows the spatial concentration of the housing stock in the sub-region. Whilst there is clear concentration within the main urban centres in Southampton and Portsmouth the housing stock is relatively dispersed around these two poles. For further discussion see South Hampshire HMA Part 1 (Section 6 – Characteristics and Structure of Supply).

Figure 3.1: Spatial Distribution of Total Dwellings (All Council Tax Bands) Across the South Hampshire Sub-Region 2001



3.03 Figure 3.2 provides a breakdown of housing stock within South Hampshire. The vast majority of the stock is in private ownership (either owner occupied or rented). Figure 3.3 shows that Portsmouth and Southampton appear to be different to the rest of the authorities in the sub-region, having a more significant proportion of social rented stock, whilst Fareham by contrast has a very low proportion of social rented stock.

Figure 3.2: Dwelling Stock by Local Authority, 2005 (complete data for each authority)

	Local Authority	Registered Social Landlord	Other public	Private Sector	Total
East Hampshire	0	5,520	550	40,470	46,540
Eastleigh	0	5,860	10	43,390	49,260
Fareham	2,420	920	30	41,880	45,240
Gosport	3,340	1,980	940	28,290	34,540
Havant	0	4,580	5,080*	40,930	50,580
New Forest	5,070	2,980	330	68,700	77,090
Portsmouth	10,470	4,930	760	67,600	83,770
Southampton	17,500	5,900	30	74,000	97,340
Test Valley	0	6,400	600	39,900	46,900
Winchester	5,180	2,040	100	39,500	46,850
Total	43,980	41,110	8,420	484,660	578,170

Source: HSSA, HIP returns 2005

* denotes Portsmouth City Council housing stock located in Havant

Figure 3.3: Social Rented Dwelling Stock by Local Authority, 2005 (complete data for each authority)

	Social housing stock			
	Total	LA stock	RSL stock	Other public stock
East Hampshire	6070	0	5520	550
Eastleigh	5870	0	5860	10
Fareham	3370	2420	920	30
Gosport	6250	3340	1980	940
Havant	9660	0	4580	5080
New Forest	8390	5070	2980	330
Portsmouth	16160	10470	4930	760
Southampton	23390	17500	5900	30
Test Valley	7000	0	6400	600
Winchester	7320	5180	2040	100
Total	93480	44000	41050	8430

Source: HSSA, HIP returns 2005

- 3.04 The Census 2001 provides information about the size of dwellings in different tenures in terms of the number of rooms. The count of the number of rooms in a household's accommodation does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms and studies are counted. If two rooms have been converted into one they are counted as one room. Rooms shared between a number of households, for example a shared kitchen, are not counted.
- 3.05 The following charts illustrate the size of dwellings in the sub-region for each local authority. Note that where absolute numbers are shown we have not reduced the data for those authorities partially included in the sub-region. For the purposes of this discussion

we have assumed the following relationship between the number of rooms and the number of bedrooms:

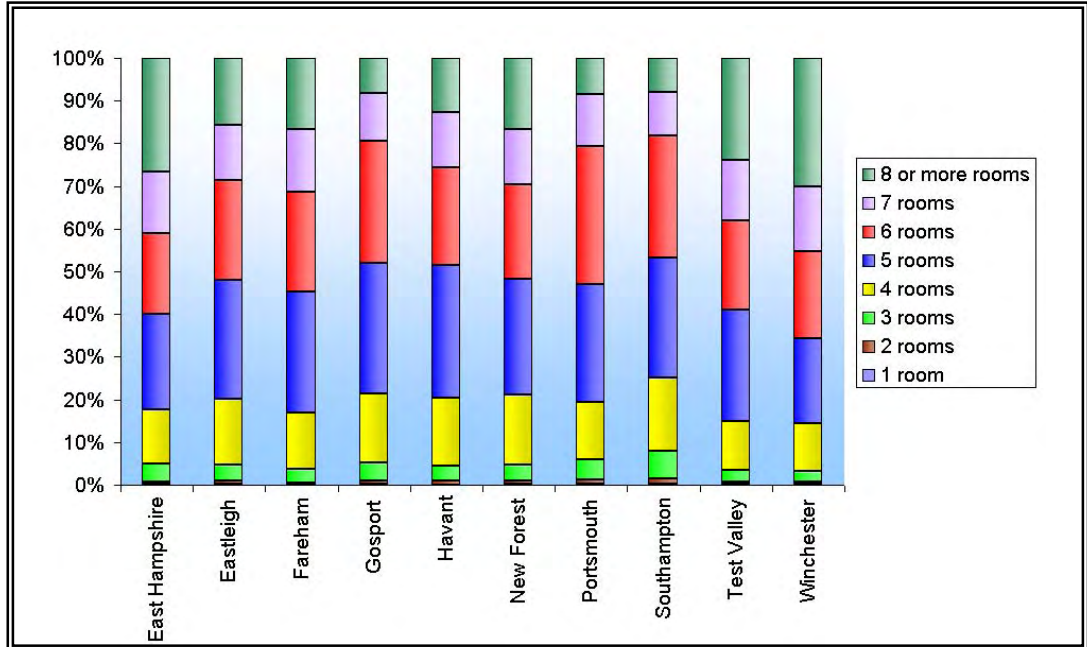
- 1-4 room dwellings equate to a 1-2 bed property if we assume this includes a kitchen, and could include 1 or 2 reception rooms
- 5-6 room dwellings equate to a 2-3 bed property if we assume a kitchen and one or two reception rooms
- 7-8 room dwellings equate to 4 bed plus properties.

3.06 The following charts show how the size of properties in the sub-region varies across different tenures. Figure 3.4 shows that the majority of owner occupied dwellings in the sub-region have 5 or 6 rooms, which would translate to around 2 or 3 bedrooms.

3.07 Figure 3.4 shows the proportion of different sized dwellings and clearly demonstrates that East Hampshire, Test Valley and Winchester have the highest proportion of larger dwellings (7-8 rooms or 4 beds plus) that are privately owned. Southampton, Portsmouth and Gosport have a higher proportion of smaller dwellings and lower proportions of larger dwellings which mirrors the pattern of households living in these area – single person households and relatively lower incomes.

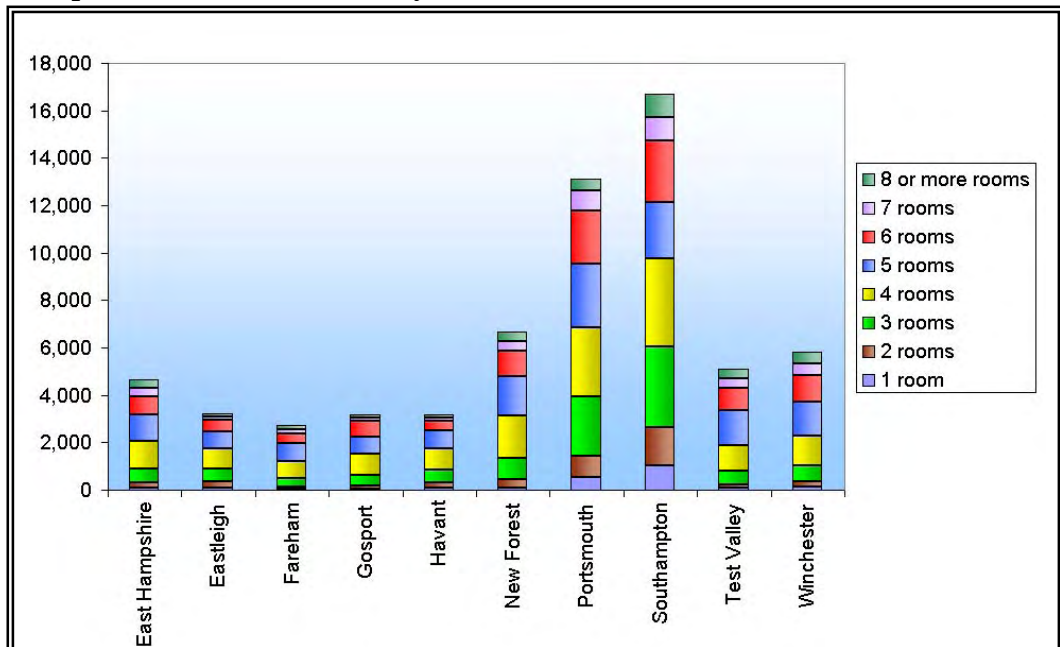
3.08 Figure 3.6 shows that Southampton and Portsmouth have the largest stock of privately rented dwellings in the sub-region. Overall, the size (number of bedrooms) of private rented stock is smaller than the owner occupied stock. Figure 3.6 demonstrates that most have 5 rooms or less (generally 2 bedrooms or less). East Hampshire, Fareham, Winchester and Gosport have greater proportions of larger private rented properties than in the other local authority areas.

Figure 3.4: Proportion of Different Sized Private Owned Dwellings in South Hampshire



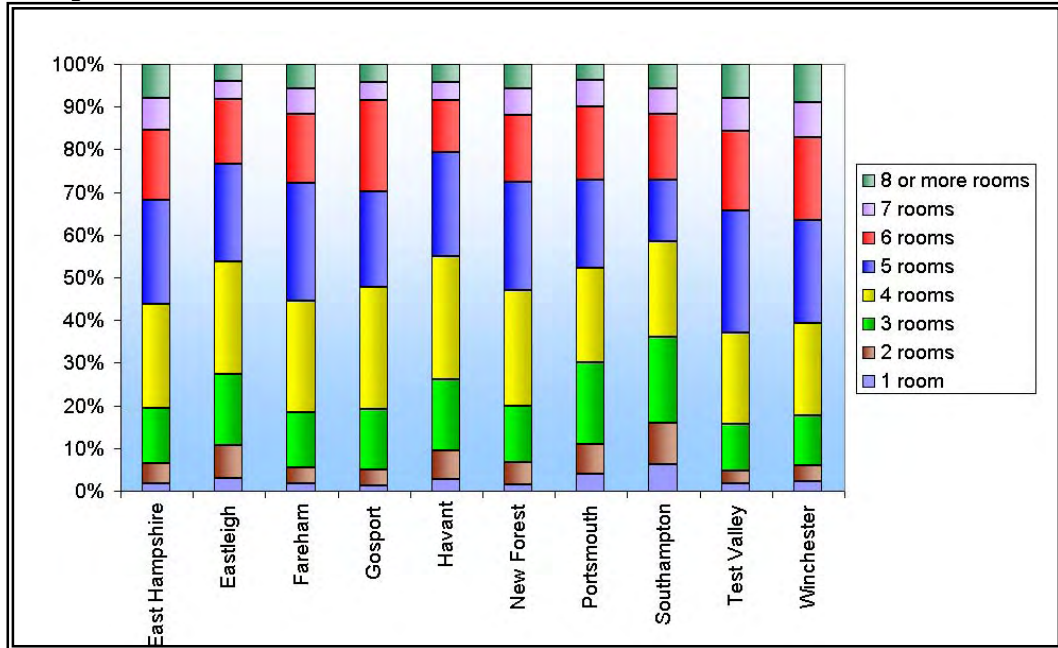
Census 2001

Figure 3.5: Number of Different Sized Private Rented Dwellings in South Hampshire (complete data for each authority)



Census 2001

Figure 3.6: Percentage of Different Sized Private Rented Dwellings in South Hampshire

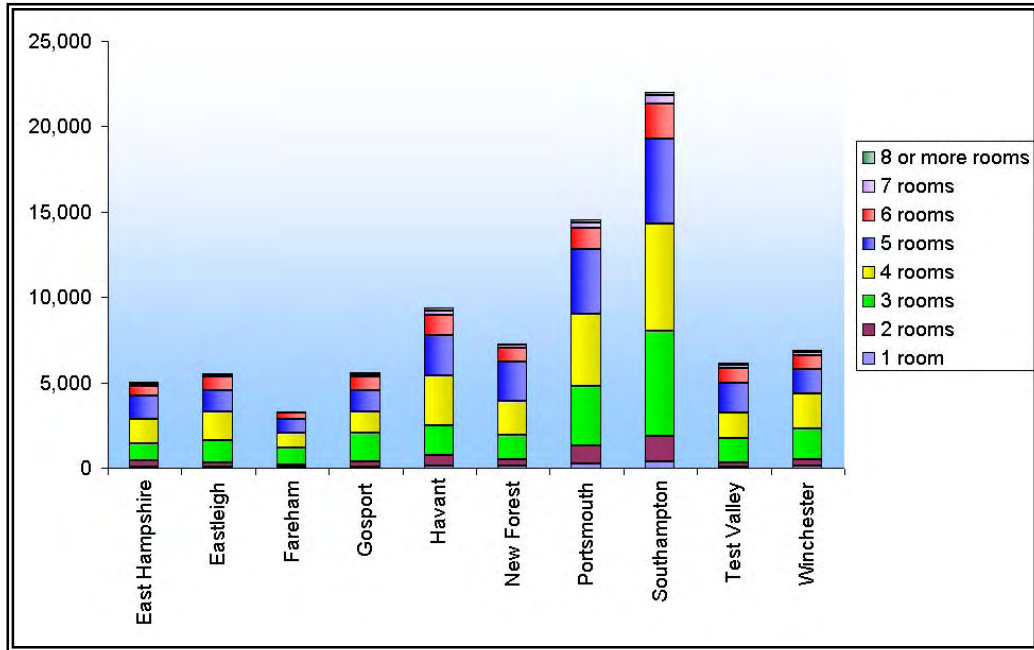


Census 2001

Characteristics of affordable housing stock

- 3.09 We have used Census 2001 data, Local Authority Housing Revenue Account (HRA) and Housing Investment Programme (HIP) returns, Housing Corporation Regulatory and Statistical Returns from RSLs and data from individual local authorities to build a sub-regional picture of the stock of affordable housing.
- 3.10 There is a higher proportion (17%) of social rented accommodation (rented from the local authority or RSL) in the South Hampshire housing market area than that observed in the South East (14%) as a whole.

Figure 3.7: Size of Socially Rented Housing in South Hampshire (complete data for each authority)



Census 2001

- 3.11 According to the Census 2001, the majority of social rented dwellings have 4 rooms or less, equating to a 1-2 bed house or flat. As would be expected, Southampton and Portsmouth have greater proportions of smaller social rented dwellings (See Figure 3.7). Winchester and Fareham also appear to have smaller social rented dwellings than the other South Hampshire authorities. Larger social rented dwellings are found in Test Valley, New Forest, Havant and East Hampshire though in all authorities the stock is overwhelmingly 5 rooms or less (largely 2 bedrooms or less). The key observation from the data is that the stock of socially rented housing is generally smaller in size than privately owned dwellings.
- 3.12 Figure 3.9 provides data on the size (number of bedrooms) of socially rented stock using information from Housing Revenue Account Returns and data obtained from the individual districts. This is incomplete (there is no size breakdown available for Fareham, no data for Gosport and incomplete data for Portsmouth) but does appear to support other evidence that the size of socially rented stock in the sub-region comprises mainly 1 and 2 bed dwellings, though over a third is 3 bed or larger.

Figure 3.8: Proportion of Different Sized Social Rented Dwellings, South Hampshire

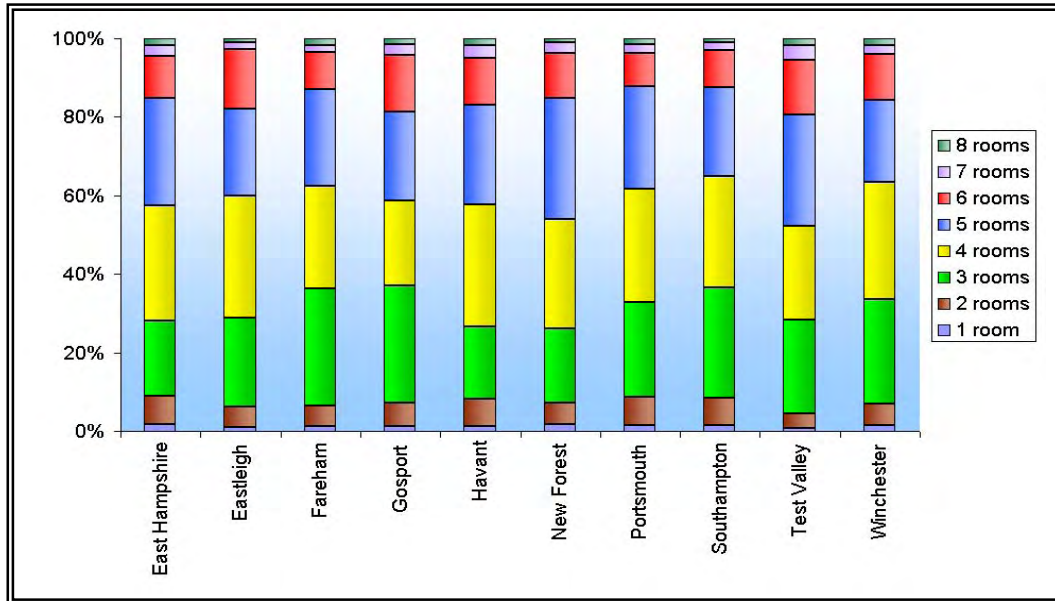


Figure 3.9: Proportion of Different Sized Local Authority Social Rented Dwellings

	% of different sized local authority dwellings			
	Number One Bedroom	Number Two Bedrooms	Number Three Bedrooms +	Total
East Hampshire part	20%	30%	50%	100%
Eastleigh	24%	42%	33%	100%
Fareham*	42%	27%	31%	100%
Gosport	0	0	0	0
Havant	38%	31%	33%	100%
New Forest part	34%	26%	49%	100%
Test Valley part	41%	27%	32%	100%
Winchester part*	33%	33%	33%	100%
Portsmouth (incomplete)	26%	33%	41%	100%
Southampton*	36%	34%	30%	100%
Total for sub region	30%)	31%	33%	100%

Source: Local Authority Housing Revenue Account Returns (2004) and * indicates where data has been provided by individual local authorities

3.13 Table 3.10 confirms this pattern, showing that RSL general needs housing stock is dominated by two and three bedroom dwellings (34% and 41% respectively). One bedroom dwellings account for almost 20% of the general needs stock but bedsits and non self-contained stock amounts to less than 2%. RSL supported housing stock on the other hand is dominated by one bedroom dwellings (58%) with a significant proportion of non self-contained dwellings (16%) and bedsits 12%.

- 3.14 RSL stock in Southampton and Portsmouth is smaller, again, reflecting the nature of stock found in large urban areas. Havant, East Hampshire, Test Valley and Eastleigh have larger RSL dwellings, with relatively large proportions of three-bedroom properties and a lower than average proportion of one-bedroom dwellings.

Figure 3.10: Stock owned by RSLs by Local Authority, 2005 (complete data for each authority)

Local Authorities	One Bedroom	Two Bedroom	Three bedroom	Four or more bedrooms	TOTAL (100%)
East Hampshire	18%	35%	45%	3%	3,970
Eastleigh	16%	40%	43%	1%	4,120
Fareham	36%	34%	27%	3%	917
Gosport	17%	41%	39%	4%	1,590
Havant	12%	35%	49%	4%	3,440
New Forest	15%	43%	39%	3%	2,060
Portsmouth	34%	32%	29%	4%	3,310
Southampton	36%	30%	29%	4%	3,340
Test Valley	25%	32%	39%	4%	5,560
Winchester	38%	40%	21%	1%	1,300
TOTAL LAs (%)	19.7%	34.3%	40.8%	3.2%	100%
TOTAL LAs	6,850	10,400	11,250	1,240	29,600

Source: RSR (Regulatory and Statistical Returns Survey) 2005

Intermediate housing stock

- 3.15 Data from the Housing Corporation provides an initial illustration of the scale of intermediate housing stock in the sub-region. This data suggests that the majority of shared ownership stock is located within the main urban areas of Southampton and Portsmouth. This is in line with what would be expected because of the higher numbers of households that fall into the intermediate sector in these authorities. It is also where the majority of new house building has been focussed in recent years and therefore where intermediate housing has been secured through Section 106 agreements.

Figure 3.11: Shared Ownership Stock Including Leasehold Housing for Older People, 2005 (complete data for each authority)

Local Authorities	Shared ownership stock	Shared ownership stock (% of total)
East Hampshire	186	7%
Eastleigh	228	9%
Fareham	136*	5%
Gosport	279	11%
Havant	128	5%
New Forest	203	8%
Portsmouth	476	19%
Southampton	526	21%
Test Valley	182	7%
Winchester	153	6%
TOTAL	2,500	100%

Source: RSR 2005 * Fareham Borough Council ran its own shared ownership scheme in the 1980s and 1990s. As a result, there are a further 71 shared ownership properties in the Borough in addition to this.

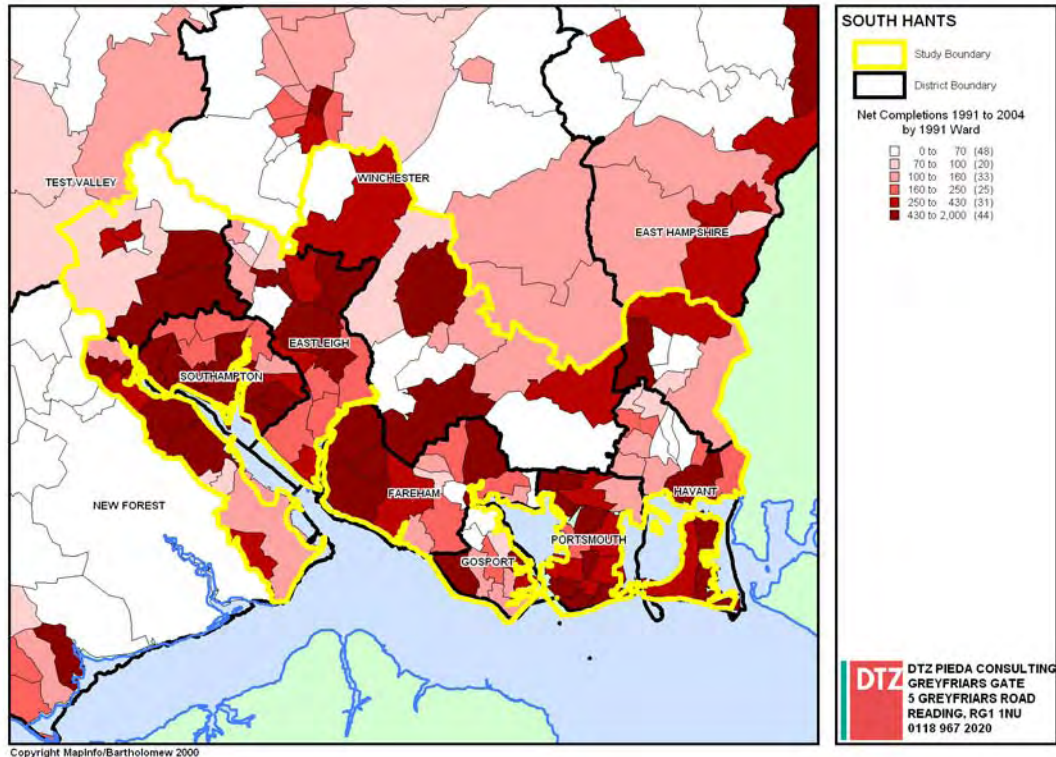
- 3.16 The supply of intermediate housing is small at present. This makes it difficult for the sector to expand because it lacks the critical mass that would allow households to trade within the sector and change location whilst staying in intermediate housing. This may discourage potential buyers from entering the market. The sector is also immature in the sense that RSLs are not particularly well geared up for resale of intermediate properties. They are well rehearsed in matching buyers with properties when they are built but there is no clear system established for second hand sales.
- 3.17 There is also a lack of understanding in most households about the different options and not all are popular when they are available. For example, there is some anecdotal evidence that key workers have been reluctant to take up key worker housing for sale in the sub-region which has meant switching to intermediate rental solutions which were taken up more readily.
- 3.18 There is the perception amongst stakeholders in the sub-region that intermediate housing has not been very effective at releasing socially rented stock, especially amongst older people living in socially rented accommodation, who are unlikely to wish to take on a mortgage even though they might be able to afford it.

Nature of new housing

- 3.19 Figure 3.12 shows the pattern of housing completions from 1991 to 2004 in South Hampshire. Throughout this period private sector housing completions have been greater than non-private sector completions. The total number of completions peaked in 1997/1998 with 4,400 dwellings completed but then fell to just over 3,000 in 2000/01. The level of completions of new houses has been increasing since 2001/2002¹ however and in 2004 was back up to 4,400 again.

¹ DTZ South Hampshire Housing Market Assessment 2004

Figure 3.12: Net Housing Completions, 1991-2004 – ward



- 3.20 Although completions of new dwellings contribute only a small amount to the overall stock of housing each year, over the last 35 years South Hampshire has added around 35% to its housing stock. Over the next 20 years planned levels of house building would add around 20% to the overall housing stock. New supply, therefore, plays a key role in shifting the character of the stock in terms of price, type, size, location and design over the longer term.
- 3.21 The South Hampshire HMA set out the overall numbers of new dwellings built in the recent past. However the original HMA did not break this down by the type and size of dwellings. DTZ has since obtained data for each local authority in terms of the size and type of dwellings completed over the last 10 years. This is a very valuable source of information and provides PUSH with basis for understanding what has been built in recent years and whether particular policies on the mix of different dwellings are desirable. DTZ has compared the figures for South Hampshire to the South East. At the sub-regional level at least, the size and type of new dwellings completed in South Hampshire broadly reflects the pattern of the South East region as a whole, although South Hampshire appears to be building a greater proportion of flats than the South East as a whole.
- 3.22 The charts 3.13 – 3.19 demonstrate a number of key trends in the South East:
- Figure 3.13 shows that the size of houses built in the South East each year appears to be affected by the housing market cycle. Smaller dwellings are built during a rising market whilst larger dwellings are favoured by developers in a stable or falling market.
 - Since 1999/2000 the size of all dwellings completed in the South East has fallen considerably.

- However, market dwellings remain larger than those built for RSLs. In 2004/5, over 40% of dwellings built for the open market were 3 bed or larger. Given the evidence presented in Section 2 which shows that many small households live in large dwellings this is unsurprising even though average household sizes are falling.
 - Figures 3.17 and 3.19 shows that flats increasingly represent a greater proportion of new dwellings, particularly new RSL dwellings. How far this trend will continue will depend on the market appetite for more flats, particularly in a softening housing market where investors may be increasingly reluctant to enter.
- 3.23 Figures 3.20-2.21 show the change in the size and type of dwellings completed in South Hampshire over the last 10 years. Charts for individual authorities in the sub-region are provided in Annex C. These charts demonstrate the following, recent trends in the sub-region:
- The recent expansion in housing completions in the sub-region has been driven by an increase in flatted development and by significant increases in the number of 2 bedroom properties built (both flats and houses)
 - That 2 bed properties have accounted for the largest proportion of new housing built in the sub-region probably reflects the fact that 2 bed properties can be built as either flats or houses.
 - There has been a decline in the provision of large dwellings in the sub-region. This may be cyclical and may also be as a result of the expansion of the Buy to Let market, where smaller properties, particularly flats, have been attractive to investors.
- 3.24 The size and type of new dwellings is something that the PUSH authorities should monitor on a continuous basis. Whilst recent changes in the type and size of new dwellings completed may be cyclical to some extent it will be important to monitor how far these trends continue. Continued provision of high proportions of small dwellings (particularly flats) is unlikely to meet the wider objectives of the sub-region, for example, to provide a choice of dwellings, particularly in the urban areas, and to support economic development objectives.
- 3.25 Moreover, it is important to note that there is a considerable premium on new build properties - they are more expensive than comparable dwellings in the second hand stock. Those who tend to buy new properties are those who are trading up for more space or better quality. This is an essential part of the mechanism that frees up space in the second hand stock for other households, including first time buyers. This points to the need to provide a range of different dwellings sizes in new development, including large dwellings, so that the requirements of these households are met.

Figure 3.13: Size of All New Dwellings (Houses and Flats) Built in the South East

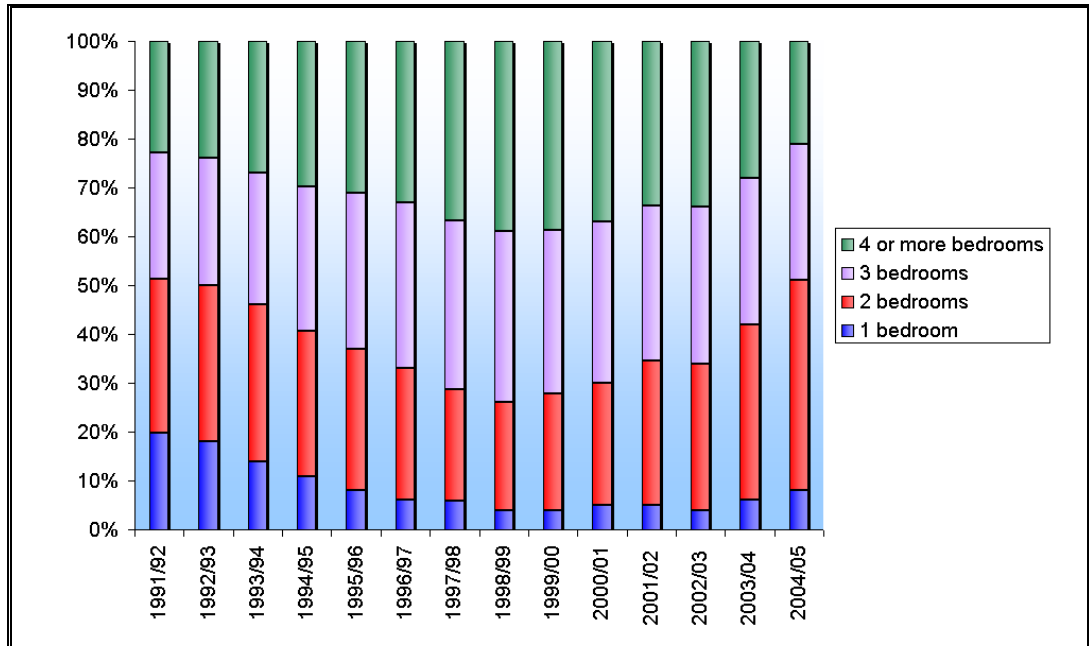


Figure 3.14: Size of New Market Dwellings (Houses and Flats) Built in the South East

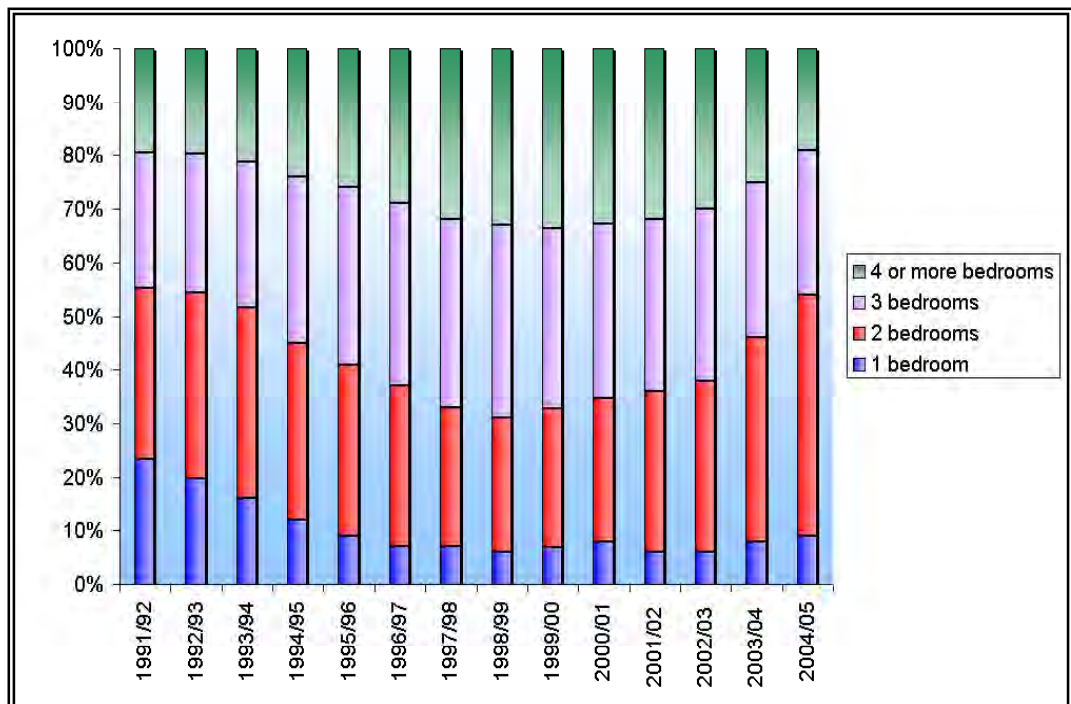


Figure 3.15: Size of New RSL Dwellings (Houses and Flats) Built in the South East

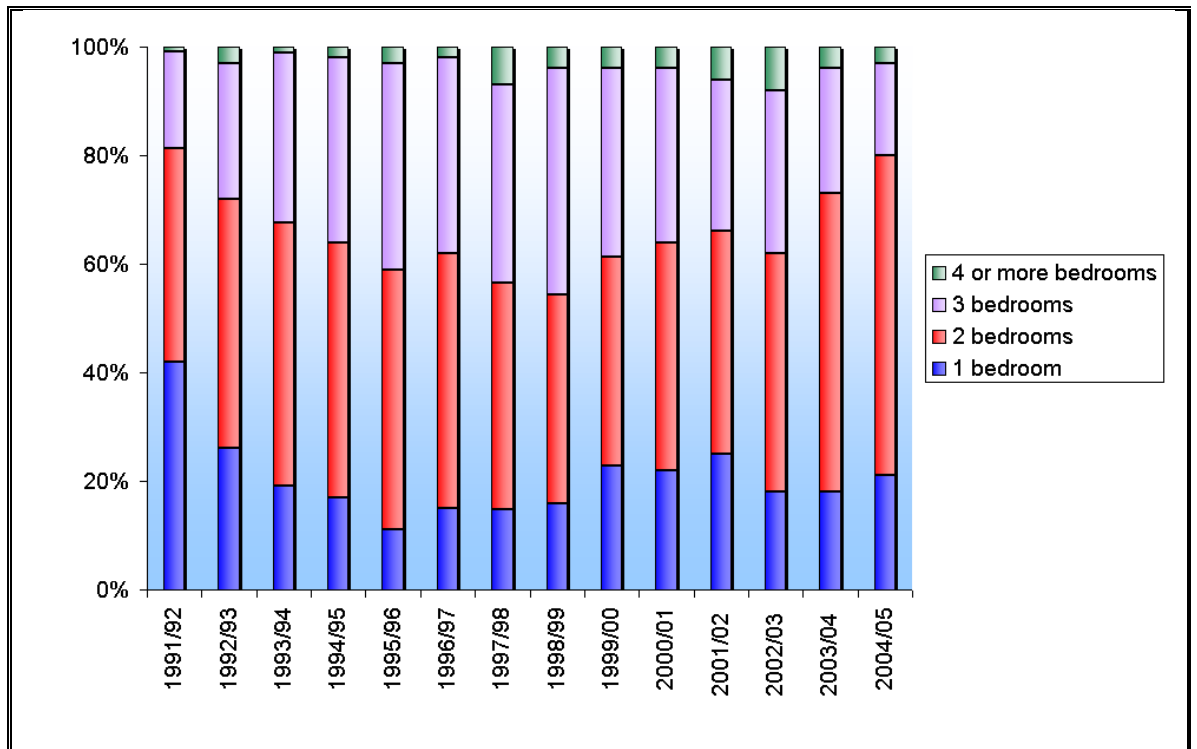


Figure 3.16: Size of New Market Houses Built in the South East

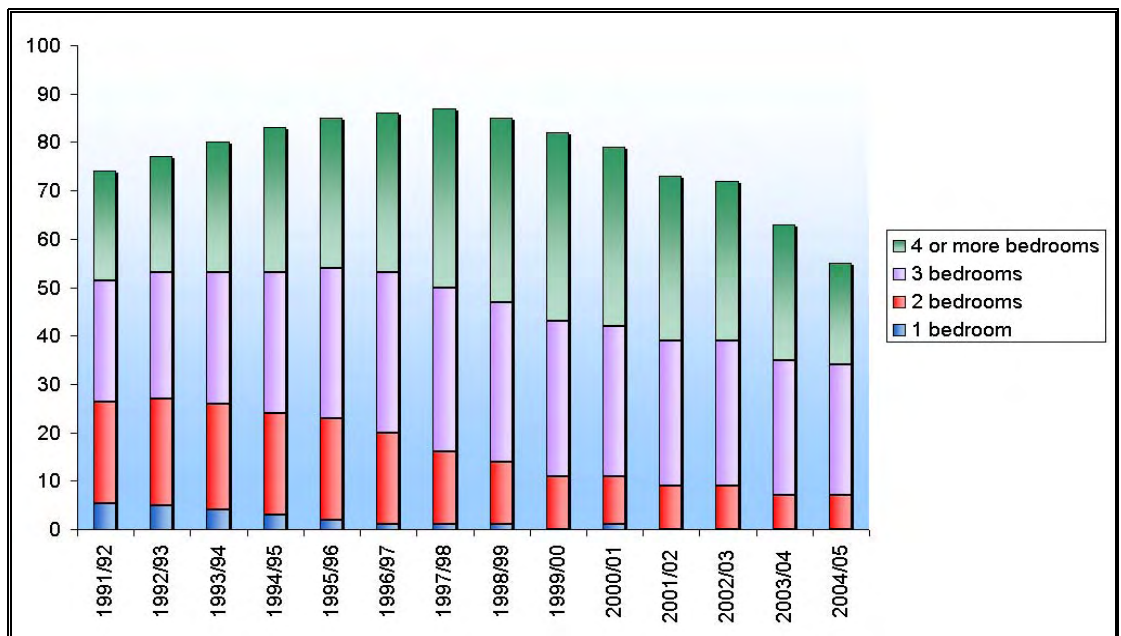


Figure 3.17: Size of New Market Flats Built in the South East

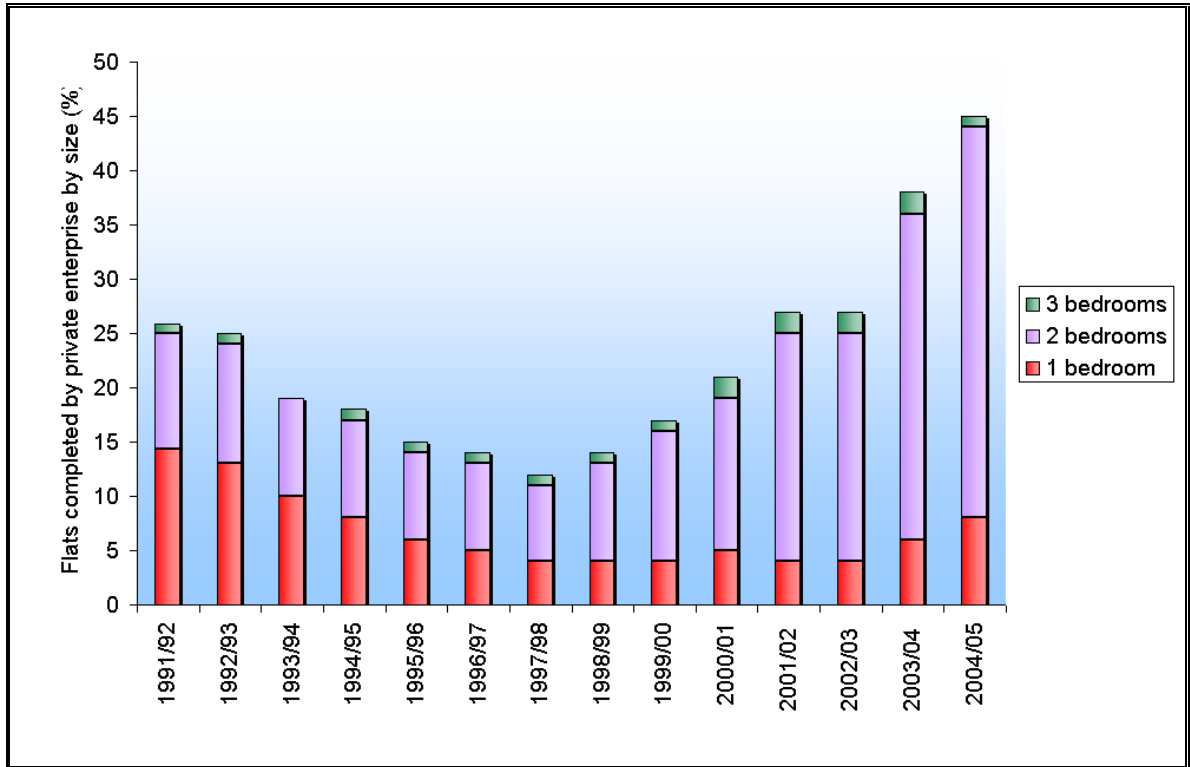


Figure 3.18: Size of New RSL Houses Built in the South East

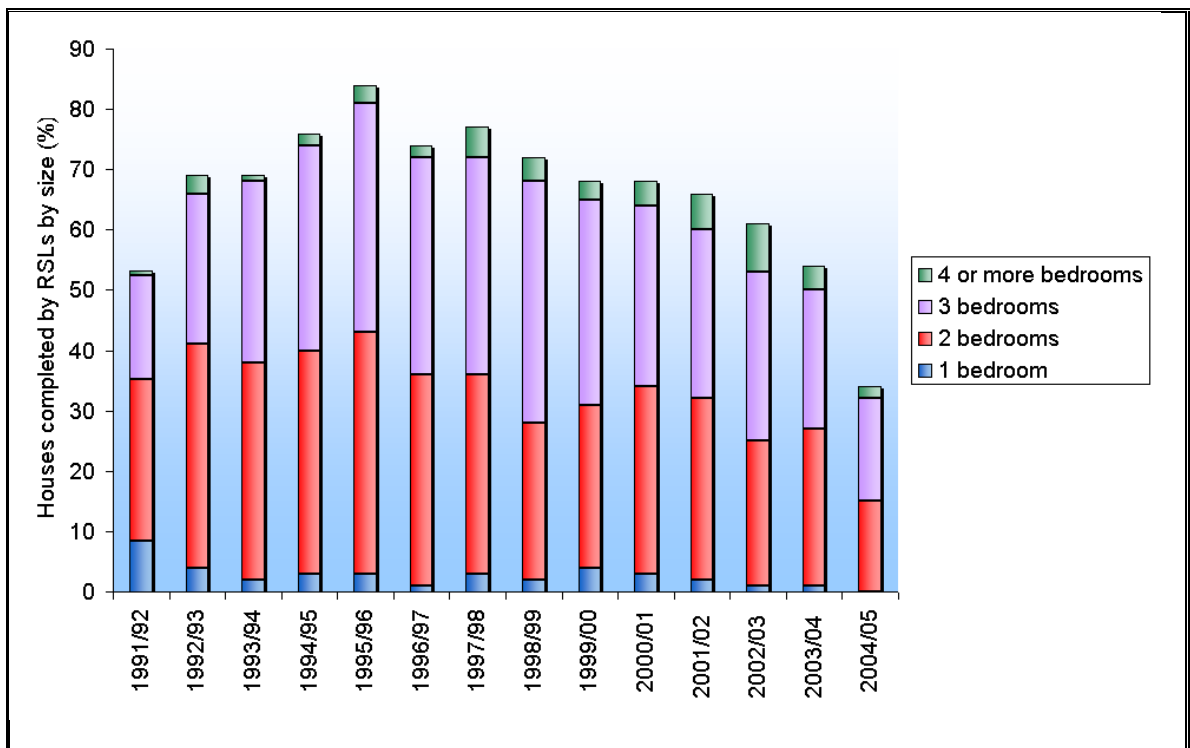


Figure 3.19: Size of New RSL Flats Built in the South East

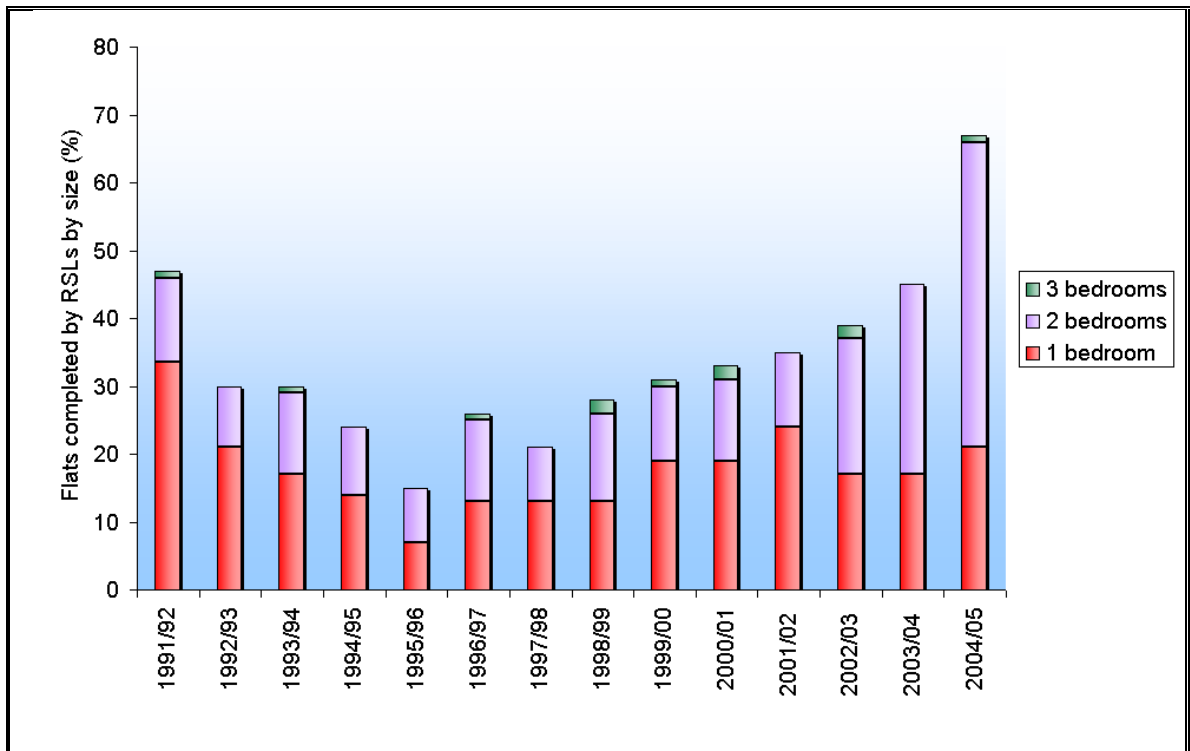
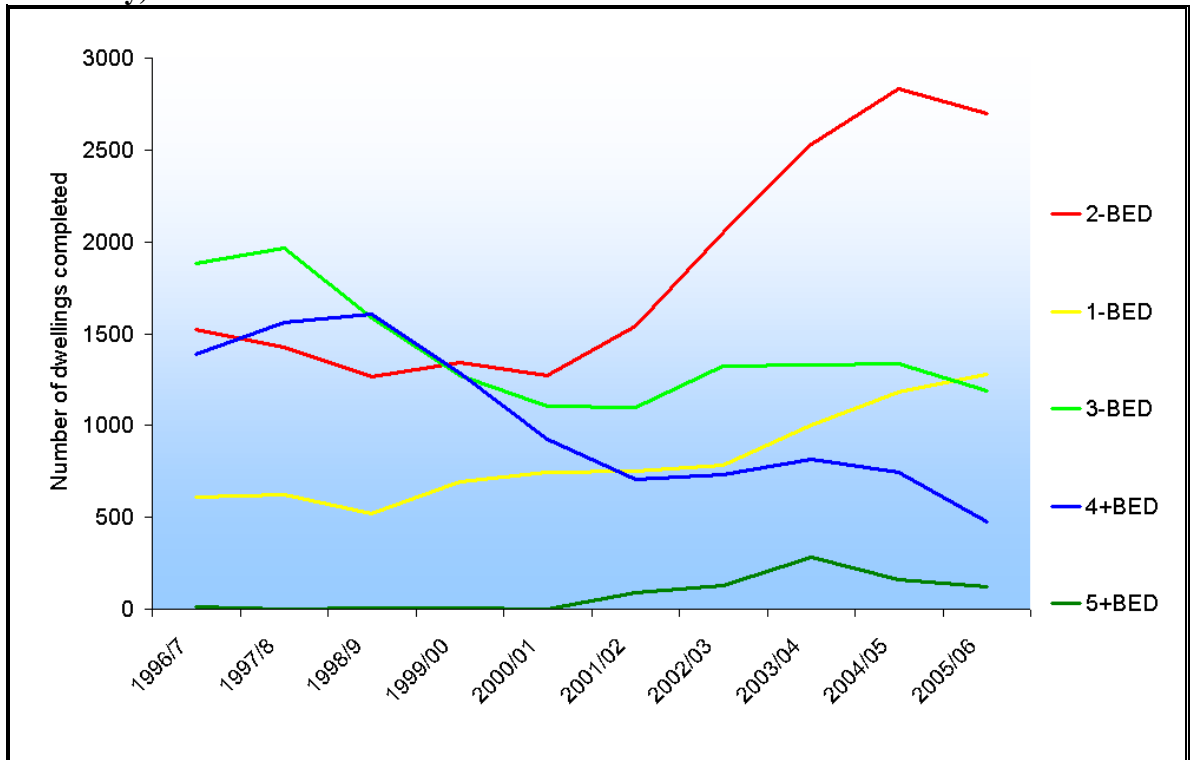
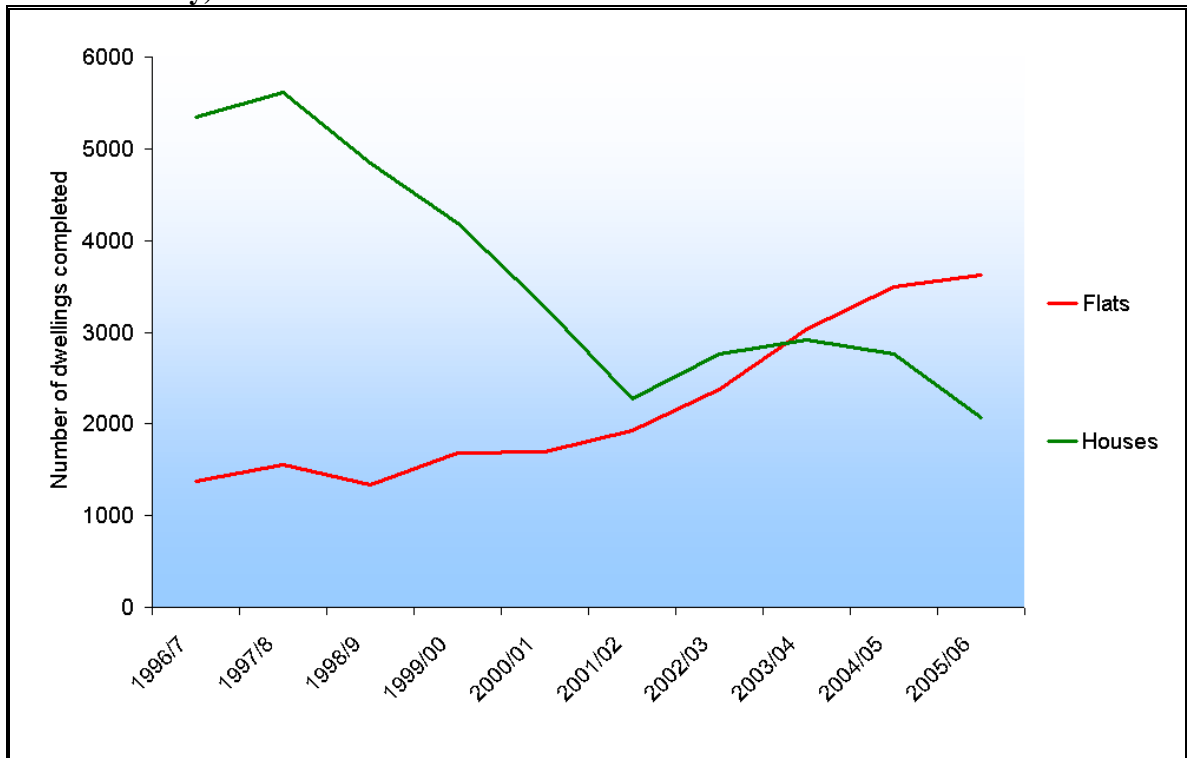


Figure 3.20: Size of Dwellings Built in South Hampshire 1996-2006 (complete data for each authority)



Source: Hampshire County Council

Figure 3.21: Type of Dwellings Built in South Hampshire 1996-2006 (complete data for each authority)



Source: Hampshire County Council

Vacant properties

- 3.26 It is also relevant to consider the level of vacant dwellings within the existing stock and the extent to which these could contribute to delivering increased housing supply. The South Hampshire HMA examined vacancies in detail for the 6 South Hampshire authorities wholly included in the sub-region. It concluded that the sub-region had a lower vacancy rate than the South East and England as a whole, which suggested that the capacity within the existing stock was low.
- 3.27 The following tables (3.22 and 3.23) provide data for 2005 for each of the authorities in the sub-region. It is important to note that vacant dwellings are *necessary* to allow the housing market to operate. The percentage of private dwellings vacant in 2005 was just over 2% in South Hampshire, which DTZ consider to be a reasonable level in order to allow households to move around within the existing stock.
- 3.28 The vacant properties that the South Hampshire authorities should be concerned about are those that exist within the local authority and RSL stock (because these offer an opportunity to address additional housing need within the sub-region) and long term vacancies within the private sector. There are around 4,800 private sector dwellings that have been vacant for over 6 month in South Hampshire. Over 1,500 of these are in Southampton. This represents a significant (but challenging) opportunity for the PUSH authorities to bring some of these properties back into occupation. This implies the need to develop and implement a strategy for dealing with empty properties in the sub-region.

Figure 3.22: Number of Vacant Dwellings (complete data for each authority)

Number of vacant dwellings in South Hampshire						
Local authority	RSL	Other public sector dwellings	Private sector	Total	<i>Private sector dwellings vacant > 6 months</i>	
East Hampshire	0	49	0	1,222	1,271	357
Eastleigh	0	134	5	918	1,057	362
Fareham	53	13	2	628	696	109
Gosport	58	23	0	999	1,080	239
Havant	0	38	36	1,196	1,270	100
New Forest	58	6	67	1,020	1,151	533
Portsmouth	192	5	0	1,912	2,109	764
Southampton	261	133	0	1,997	2,391	1,528
Test Valley	0	9	21	703	733	354
Winchester	104	20	0	738	862	425
South Hampshire	726	430	131	11,333	12,620	4,771

Source: HSSA, HIP Returns 2005

Figure 3.23: Vacant Dwellings as a Proportion of the Whole Stock

Vacancy rate - % of stock that is vacant						
Local authority	RSL	Other public sector dwellings	Private sector	Total	<i>Private sector dwellings vacant > 6 months</i>	
East Hampshire	0	0.9	*	3.0	2.7	0.9
Eastleigh	0	2.3	*	2.1	2.1	0.8
Fareham	2.2	1.4	*	1.5	1.5	0.3
Gosport	1.7	1.2	*	3.5	3.1	0.8
Havant	0	0.8	*	2.9	2.5	0.2
New Forest	1.1	0.2	*	1.5	1.5	0.8
Portsmouth	1.8	0.1	*	2.8	2.5	1.1
Southampton	1.5	2.3	*	2.7	2.5	2.1
Test Valley	0	0.1	*	1.8	1.6	0.9
Winchester	2.0	1.0	*	1.9	1.8	1.1
South Hampshire	1.7	1.0	1.6	2.3	2.2	1.0

Source: HSSA, HIP Returns 2005

*Absolute numbers too small to provide meaningful disaggregation to the local authority level

Proposed distribution of new homes 2006-2026

3.29 Table 3.24 sets out the level and distribution of new dwellings proposed in the draft RSS. Whilst significant development is focussed in Portsmouth and Southampton, the other South Hampshire districts have a considerable part to play in delivering housing over the next 20 years, particularly Fareham and Eastleigh where Strategic Development Areas are identified.

Figure 3.24: Proposed Distribution of New Dwellings in South Hampshire

	2006-11	2011-16	2016-21	2021-26	2006-26
New Forest (part)	600	500	220	220	1,540
Test Valley (part)	650	1,375	1,375	510	3,910
Southampton	5,100	4,000	3,600	3,600	16,300
Eastleigh	3,000	2,300	890	890	7,080
Hedge End SDA	0	0	2,600	3,400	6,000
Winchester (part)	1,400	3,800	1,040	500	6,740
Fareham	1,700	1,100	470	460	3,730
Fareham (SDA)	0	0	5,000	5,000	10,000
Gosport	1,200	500	400	400	2,500
Portsmouth	4,650	2,950	3,550	3,550	14,700
East Hampshire	350	500	175	175	1,200
Havant	1,800	2,950	775	775	6,300
Total	20,450	19,975	20,100	19,480	80,000

Source: South Hampshire Sub-Regional Statement, Draft RSS

3.30 Between 2006-2016 the draft RSS proposes that development is focused on brownfield sites in urban areas, existing allocated sites and urban extensions. The Strategic Development Areas will be developed out in the second half of the plan period – 2016-2026. This phasing of development across the sub-region will have implications for the types of dwellings that are developed over time and the level of affordable housing that can be delivered.

3.31 For example, if, as proposed, development is focussed in the cities and towns in the first 10 years this may make it more challenging to achieve the level of affordable housing envisaged for two reasons.

- First, the majority of development sites in towns and cities are small in size and therefore often exempt from affordable housing contributions.
- Secondly, brownfield sites in urban areas are often (though not always) more complex to develop and so affordable housing and other contributions sought through S106 may need to be reduced in order to enable development to come forward.

3.32 Finally, Southampton and Portsmouth are proposed as significant centres of new housing development. There is a large stock of small dwellings in these urban areas already so a key challenge will be around how far developers can be encouraged to deliver development that diversifies the existing stock, particularly given recent trends in the size of completions in these areas (Annex C provides charts on the size of dwellings completed by local authority).

4 FUTURE SCENARIOS FOR THE SUB-REGION

Introduction

4.01 The South Hampshire authorities asked DTZ to consider how outcomes for the housing market might be different under different future scenarios. Projections for overall household growth and the growth of different household types are based on anticipated economic growth rates of 3% per annum and the continuation of past demographic trends, particularly the growth in single person households.

4.02 This section considers the key social and economic factors that will influence the South Hampshire housing market in the future and identifies alternative scenarios that could produce an alternative future. Specifically the section considers:

- Drivers of change - the key features of the South Hampshire sub-region that have a major influence on the housing market
- Key challenges – the issues that the sub-region faces and the implications for the housing market
- Alternative futures – possible trends and changes that could impact upon housing market outcomes

Drivers of change

4.03 DTZ would highlight three key characteristics of the sub-region that are critical in shaping patterns of change in the housing market:

- **Economic growth:** South Hampshire is considered to be punching below its weight in terms of economic growth. Despite employment growth above the regional average between 1995 and 2003 (see South Hampshire HMA 1), unemployment is slightly higher than the regional average and the sub-region has relatively fewer workers employed in senior professional and managerial occupations.
- **Accessible:** Road and rail links to London and the national motorway network are relatively good.
- **Stock of smaller dwellings:** The urban centres are characterised by a stock of smaller dwellings. While this is counterbalanced in part by surrounding districts, the sub-region as a whole has a slightly higher proportion of small dwellings than found in the South East region. It has a correspondingly smaller proportion of larger dwellings.

4.04 These underlying facets of the sub-region, combined with its location within the South East, the most economically buoyant region in the UK and the least affordable outside London, give rise to a number of processes:

- Housing in the main urban centres in the sub-region, Southampton and Portsmouth, is cheaper than the average for the South East, and more affordable than the South East as a whole.
- Relatively cheaper housing in the urban centres has encouraged in-migration, though not necessarily from highly skilled migrants who may prefer and can afford to live outside of the city centres.

- Owner occupiers who move into the area from other parts of the South East will in general be able to outbid local residents for property since they will have greater equity from the sale of property in higher prices locations.
- This helps to explain the pattern seen in recent years of rising house prices in Southampton and Portsmouth which have been rising faster than other parts of the sub-region.
- Consultation with stakeholders has also highlighted additional pressures as a result of people buying second homes for sailing and water sports activities, the area being relatively cheap compared to other attractive coastal locations, but still reasonably accessible to London (the main source of second home purchasers).

4.05 The key issue that needs to be highlighted is that there are processes at work within both the market and social housing sectors that tend to encourage social segregation within the sub-region (see Figure 4.1). There are three features of the housing market which start this process:

- The urban areas of the sub-region have a much greater stock of social rented dwellings and cheaper private rented property than the surrounding areas.
- The majority of new housing development – and hence provision of additional market and affordable housing will be in urban areas, due to the emerging Regional Spatial Strategy which focuses growth in the two poles of Southampton and Portsmouth and existing urban areas, particularly in the first 10 years of the plan.
- Housing in rural areas is more expensive than in the urban areas of the sub-region, in part because of the attraction of living in market towns and villages, in part because a higher proportion of the stock comprises larger and detached dwellings which attract a premium.

4.06 These features of the housing market lead to a pattern of selective migration that development patterns tend to reinforce and that lead to greater social segregation and work against the achievement of balanced and mixed local communities.

- First time buyers are squeezed out of rural areas because house prices are not affordable, in part because of higher house prices on a like for like basis, but also because of a smaller stock of small dwellings. They move into the urban areas.
- There is also a smaller stock of social rented housing in the rural areas, in part because for historic reasons councils built more housing in urban areas, but also because of higher levels of Right to Buy sales in rural settlements.
- The consequence is rising levels of housing need in rural areas. The local authority finds it difficult to satisfy this need, so households move into the urban area to access either social or privately rented housing
- New development may be concentrated in the urban areas. Since new affordable housing is often associated with new development this may mean adding to the stock of affordable housing in areas which already have a large stock of affordable housing or low cost private rented dwellings.
- This will tend to reinforce concentrations of lower income households in particular neighbourhoods.

- 4.07 In this way new development may not do as much to diversify tenure and social composition as it could, and may in some circumstances even reinforce concentrations of lower income households.
- 4.08 If left unchecked these processes are likely to lead to increased polarisation within the sub-region. There is scope however for policy makers to seek to counter these processes which lead to social segregation and creation of areas of concentrated disadvantage.

Figure 4.1: The Threat of Increasing Social Segregation

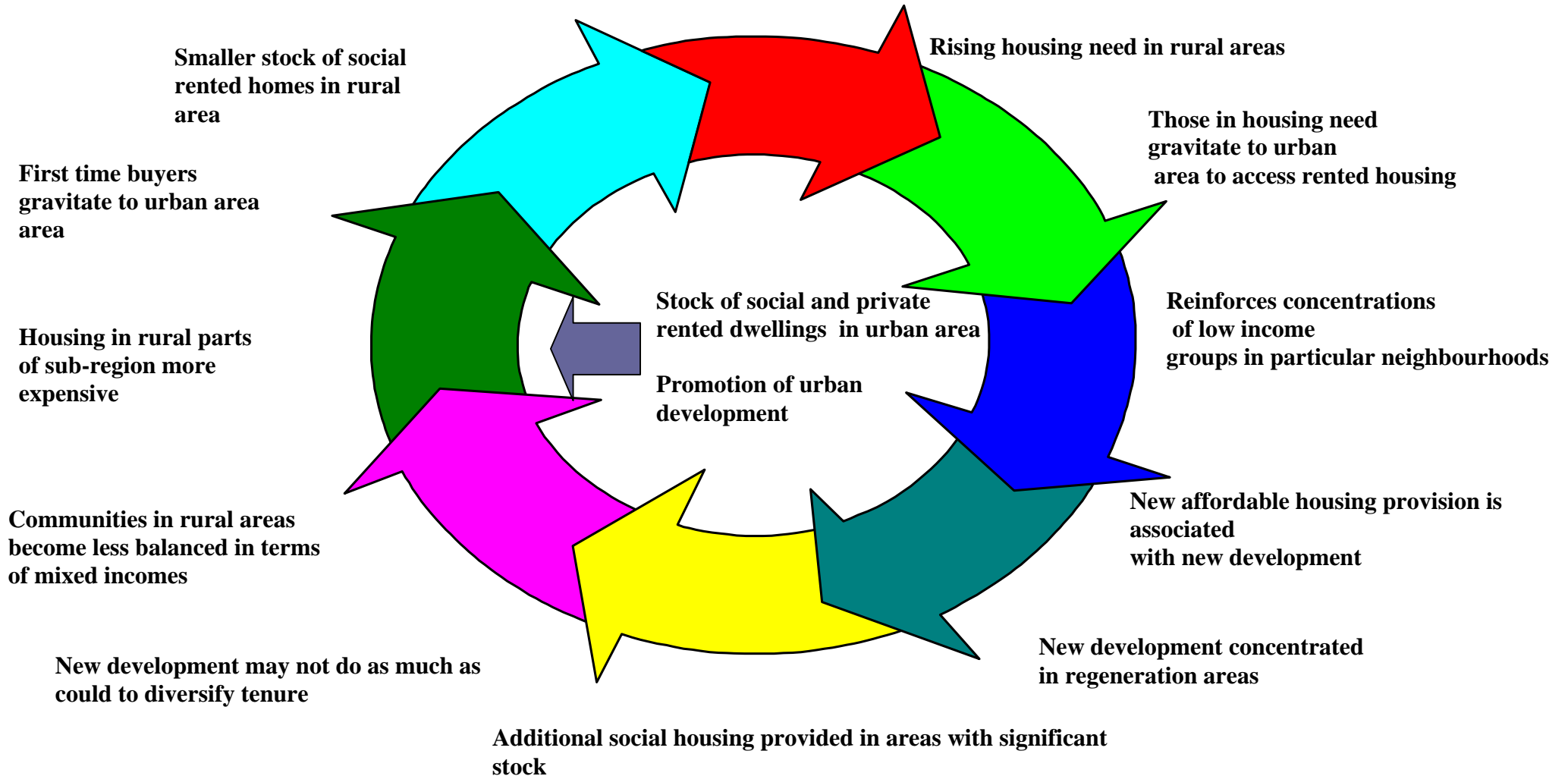


Figure 4.2: Future scenarios identified by the HMA steering group

	Short Term	Medium Term	Long Term
Social	<ul style="list-style-type: none"> • ‘Buying a lifestyle’ – home becomes a place of work, place for friends and family to visit or even lodge • Broken families – both parents may have access to children at different times and need family space • Expansion of higher education - need for accommodation 	<ul style="list-style-type: none"> • Care for elderly – home based care may be preferred • 2nd home ownership may increase significantly as sailing and leisure offer improves • Inheritance tax and equity release may remove help onto the housing ladder for next generation 	<ul style="list-style-type: none"> • How far will the projected growth in single households arise • Increasing desire to live alone – I Pod, I-Pad generation?
Economic	<ul style="list-style-type: none"> • Migrant labour from the EU likely to increase, especially with next wave of EU expansion • Interest rate rises • Skills and capacity constraints in the construction sector • Economic shocks 	<ul style="list-style-type: none"> • Home working, part time working and self employment – placing demands on living space • Globalisation of the property market 	<ul style="list-style-type: none"> • Pensions gap (housing as asset and equity release) • Ageing workforce
Environmental	<ul style="list-style-type: none"> • Trade off between housing development and environmental goals becoming acute • Opposition to growth 	<ul style="list-style-type: none"> • National road pricing – impact on commuting and household movements • Increased energy efficiency standards in homes • CO2 emissions targets 	<ul style="list-style-type: none"> • Climate change – flood risk
Technological	<ul style="list-style-type: none"> • IT/ telecommunications enabled flexible working 	<ul style="list-style-type: none"> • Modern methods of construction • Environmental innovation for housing design 	
Political	<ul style="list-style-type: none"> • Commitment to growth – how far will it remain, including delivery of infrastructure alongside housing 	<ul style="list-style-type: none"> • Local Government White Paper • Increased focus on city-regions 	<ul style="list-style-type: none"> • Change of administration likely between 2006 and 2026

Future scenarios for the sub-region

- 4.09 DTZ has worked with the South Hampshire authorities to identify and consider future scenarios for the sub-region. The factors identified by the South Hampshire authorities are set out in Figure 4.2. This is by no means an exhaustive list but it begins highlight key issues and concerns that might impact on housing market outcomes in the future.
- 4.10 Overall, it is important to note that the pace of housing development and hence of population and household growth will depend on in the main on macro-economic factors. The pace of economic growth and the level of employment in the economy will affect the housing the housing market. The main influences of these are actually external to the UK economy, and reflect international trade volumes, market confidence and energy prices.
- 4.11 Within the UK economy interest rates have a major bearing on the housing market and these are affected by inflationary pressure and government financing requirements, as well as being a tool of macro-economic policy. It is not unrealistic to expect the interest rate environment in the UK to change in the next 5 years. Low interest rates have been a key factor why the decline in affordability as measured by the relationship of incomes to house prices has had a less pronounced effect on demand for housing than might have been expected.
- 4.12 The other key dimension that will influence the pace of housing growth and potentially the type of housing in demand and the scale of need, is the pattern of migration. Migration is influenced primarily by changing patterns of employment and house price differentials between areas, particularly those within the same broad regional labour catchment area. Some areas are also influenced by migration from metropolitan to rural or coastal towns as part of lifestyle changes. South Hampshire may experience an element of such migration.
- 4.13 The issue for policy is that the macro economy and the pattern of job growth may affect the pace of development, could affect development economics, and ultimately affect the tenure, type and mix of housing it is appropriate to provide. The rest of this section considers further economic, social, environmental, technological and political influences that could affect the sub-region in the future.

Social and demographic Influences

- 4.14 There are two key influences that the South Hampshire authorities highlighted (see Figure 4.2) and that DTZ consider could have significant implications for housing in the future.
- 4.15 The first is the anticipated growth in single person households, particularly elderly people living alone. The decisions taken by this demographic in the future will have implications for the housing market. However the location, type and size of housing chosen will not necessarily be a product of their need for housing but may relate more closely to other socio-economic needs. For example, single elderly people may chose home-based care rather than sheltered housing, residential or nursing homes as they get older or their health deteriorates.
- 4.16 The availability of home-based care will depend on policy decisions made in other areas as well as whether carers are available – which may well be a function of whether they can afford to live in the sub-region. Another factor is whether people decide they need to realise part of the equity tied up in their home, to make up for inadequate pensions, pay for care or to help finance children or grandchildren to buy a home. If older people decide to

move to smaller dwellings, this would free up larger properties, but also generate demand for particular types of property in particular favoured locations.

- 4.17 The behaviour of other single households in relation to their housing choices will also be dependent on factors outside the housing market. Whilst in-migration to South Hampshire is expected to be dominated by younger households, and in particular single people, people in this age group are likely to form couples and may aspire to starting a family. The housing stock needs to be capable of meeting their aspirations, which, if they can afford, is unlikely to be a one bed house or flat.
- 4.18 Those committed to single life are often highly flexible with their living arrangements – moving in and out of shared dwellings, perhaps then buying a property and living alone for a while but ensuring they have extra space for taking in a friend or lodger as and when they desire. Those able to access housing in the open market are able to choose housing solutions that meet their wider needs for space for visitors or entertaining or even home-working.
- 4.19 However, these needs are not limited to households active in the housing market. Households in need of affordable housing may also have requirements for more space than their household size would suggest. For example, parents that have separated may have access to their children on a regular basis and would need extra space to accommodate them.

Economic Influences

- 4.20 The underlying performance of the economy of the sub-region has been one of the key factors that has shaped the housing market and had an impact on patterns of migration and on the socio-economic structure of the area. In thinking about the future it is therefore relevant to consider the prospects for economic development.
- 4.21 DTZ's would assess the economy's positioning in relation to the three drivers of local economic performance. The latter two drivers are those which DTZ consider South Hampshire could improve and which housing policy has a part to play:
- **Strategic Accessibility:** The sub-region has good strategic accessibility to the wider South East with relatively fast links to London, to Heathrow and Gatwick, though it is not so well connected to the rest of the UK.
 - **Skills:** It is hard to change the relative profile of the skill base of the local population since all areas are investing in workforce development. However, change tends to happen more quickly if policy can encourage in-migration of higher skilled people. Housing policy has a part to play in this by ensuring that the stock is attractive to in-migrants and meets their aspirations.
 - **Quality of Life:** The sub-region should be able to capitalise on the scope to sell itself to investors, employers and individuals as a good place to work and live and current investments are linked to capitalising on this potential. South Hampshire is an inherently attractive place to live. Throughout the UK coastal locations prove attractive destinations for migrants.
- 4.22 Were a faster rate of economic growth than anticipated (higher than 3% GVA growth per annum) to be achieved, with significant creation of new jobs, this would provide a powerful stimulus to the development market, and create confidence. It would tend to reinforce existing patterns of migration of young, economically active households. If

housing supply lags this additional demand one might expect affordability to decline, other things being equal. This highlights the importance of being able to respond rapidly to changes in demand, where necessary by release of land for development.

- 4.23 A slow down in economic growth within the sub-region would most likely be associated with a slow down in the national and regional economy. As a relatively under performing economy compared to other parts of the South East the effects could well be magnified in the sub-region. Rising unemployment would have an impact on the housing market in terms of potentially fewer transactions and stagnant or slowing/declining house prices. This would discourage new development. If an economic slow down is associated with rising interest rates, the combination of higher outgoings on consumer debt and unemployment could present many households with severe difficulties in servicing their mortgages.
- 4.24 There are also other significant socio-economic trends that could have an impact on the housing market of the sub-region. A notable example is the ‘pensions gap’ which is affecting the decisions and actions of those in the owner occupied sector. Property is increasingly seen as an asset that offers some security against the possibility of a declining income in later life, as well as a place to live. The second dimension to this is that people will have to work for longer to secure their pension with the result that they may delay decisions to relocate or downsize when they may have done so in the past and freed up housing for those wanting to trade up.
- 4.25 There is the added implication that older workers may take up new jobs created in the economy of the sub region. Half of all new jobs created in the UK economy in 2005 were taken by those above the retirement age. This may mean that the contribution of in-migrants to the growth of the economy is less than anticipated which may also limit the opportunity to diversify or improve the skills base of the sub-region. These consequences may be a step too far but they serve to illustrate how the impact of policy decisions elsewhere could have significant impacts upon housing choices.
- 4.26 DTZ would also highlight recent trends in international migration which are directly impacting upon the sub-region. Since the expansion of the European Union in 2004 the number of EU citizens migrating to the UK has increased five-fold. In 2003 the inflow of EU citizens was around 14,000. In 2004 this rose to around 74,000 – 80% of this increase is attributed to migrants from the 10 accession states.^{1 2} The latest Government figures state that around 447,000 migrants from these states registered for work in the UK between May 2004 and the end of June 2006, of which 265,000 were Polish migrants³. A recent survey by the Centre for Research on Nationalism, Ethnicity and Multiculturalism indicated that these figures may understate the true level of migration.⁴
- 4.27 This development raises questions about the impact these migrants will have on the housing market. The majority occupy dwellings in the private rented sector – with anecdotal evidence suggesting that they share dwellings intensively. This is likely to place additional demand on low cost private rented dwellings within Southampton and

¹ ONS 2004

² The 2004 accession states were Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

³ Home Office (2006) Accession Monitoring Report – Note that this records the **cumulative** number of people who have register to work. It does not represent net migration.

⁴ The survey of 500 Poles in the UK found that 64% had signed the workers register

Portsmouth in particular. Southampton City Council has estimated that around 10,000 - 20,000 Polish people now live in the city.

- 4.28 Over time, this trend may have implications beyond the private rented sector. Whilst some migrants will stay in the UK for a limited period of time they are likely to be replaced by others – either from Poland or the other recent EU accession states or by migrant workers from Bulgaria and Romania – due to join the EU in 2007. However, the recent of 500 Poles (discussed above) revealed that a proportion (around 15%) intended to stay in the UK permanently. Whilst the official data suggests that most migrants to the UK are young (within the 15-44 age groups), those that decide to remain may eventually bring their families over or start families of their own.

Environmental influences

- 4.29 Environmental issues have become a greater consideration in development decisions over the last 20 years. The perceived trade off between housing development and environmental protection is becoming more acute – though the net environmental impacts of housing are not straightforward. It is important to bear in mind the impacts associated with not building (which could include longer car based journeys to work as well as worsening affordability). Nevertheless, the opposition to growth is likely to remain in many areas with consequences for the delivery of housing objectives. Successful outcomes will depend on how far Government and local partners in the sub-region remain committed to achieving agreed targets, and how far growth can be achieved sustainably.

Technological influences

- 4.30 The South Hampshire authorities identified a number of possible technological innovations that have the potential to improve the environmental performance of housing. How far increased energy efficiency standards are taken up will depend on how far Government is prepared to enforce rather than encourage them. At the moment, the Code for Sustainable Homes proposed in draft in December 2005, is a voluntary scheme which will be dependent on the economics of delivering the standards on particular sites, which may mean the local authorities have to accept less in terms development contributions in other areas as ultimately both are costs that will reduce residual land values.
- 4.31 A key technological influence worth highlighting is the change to working patterns made possible by developments in internet, broadband and telecommunications. These are fundamentally changing the options available in how work is organised. Evidence suggests that increasing numbers of people in the South East are working from home one or more days a week and part time working arrangements are also increasing. This has implications for how people choose and use living space – it may need to be more than a home.

Political influences

- 4.32 There are obvious risks to policy continuity resulting from of a change in administration or leadership at the national or local level. A strong evidence base around housing issues can go some way to mitigating the impact of any such changes. There are also likely to be changes to the structure and funding of local government through a Local Government White Paper, which is likely to take forward the conclusion of the Lyons Review and recent emphasis on the importance of city-regions.

5 CONCLUSIONS AND RECOMMENDATIONS

- 5.01 This study has analysed evidence on the projected growth in different households, the relationship between household type and dwelling size, housing need and the stock of housing in the sub-region. A summary of the policy considerations arising from this is provided in Table 5.1.
- 5.02 A key reason for undertaking this study is to inform the development of policy in the South Hampshire sub-region. This section provides recommendations in relation to the following policy issues:
- Recommendations on the general mix of housing in terms of tenure and size to be provided in the future.
 - Recommendations on the level, type and size of affordable housing to be provided in the future.
 - Advice on priorities for monitoring and updating the housing market assessment in the future (General advice on monitoring is provided in Annex B).
- 5.03 A workshop with the South Hampshire authorities included some initial discussion of these policy issues and has also informed the recommendations presented in this section. This section summarises key points from the evidence, discuss key policy considerations then makes recommendations for policy within the sub-region.

Key points arising from the evidence

- 5.04 There are a number of key points to draw out from the evidence presented in Sections 2 and 3:
- There are excessive levels of housing need within South Hampshire. The level of housing need far exceeds what could be supplied in the sub-region. These households are predominately single person and other small households. However, some authorities (specifically Portsmouth and New Forest) indicate that waiting times for larger social rented properties are longest and it is harder to address the needs of families and larger households.
 - The majority of current households in the sub-region are couple households either with or without children i.e. family households. Single person households are the next largest group and make up a very significant proportion of all households within both Portsmouth and Southampton. Growth is anticipated in single person households in all areas of the sub-region over the next 20 years.
 - However there are differences between different districts in whether this is driven by older households, as in Fareham, Havant, New Forest and Winchester or younger households, as in Southampton and Portsmouth. These changes may be more marked by a decline in couple households. Some parts of the sub-region, particularly East Hampshire, Havant, Gosport and New Forest expect to see significant decline in couple households (married and cohabiting) over the next 20 years.
 - What this means for the types of dwellings required in the future is complex. The type and size of dwelling that households demand is not necessarily driven by what they

strictly need. If one examines the current relationship between households and the dwellings that they currently occupy and apply this to the expected growth in future households one can estimate what the requirement is for size of new dwellings. Broadly the indication is that roughly 45% of the new dwellings should be 3,4 and 5 bed dwellings (around 33% 3 bed, 11% 4 bed and 3% 5 bed plus), 30% 2 bed dwellings and 25% 1 bed dwellings.¹

- Variations between districts in the sub-region in terms of anticipated household growth would imply different requirements for dwellings. Table 5.1 provides an illustration of the likely dwellings required to meet anticipated household growth in each of the districts if current trends continue and household growth forecasts are borne out. However given mobility between the districts, and the fact that the area is a single housing market, means that there are no requirements to adhere to these levels, provided that proper balance is achieved at the sub-regional level, and probably also around the eastern and western pole. This implies the need to monitor trends within the sub-region and the two poles to ensure that this balance is achieved – which may mean that individual districts need to make specific requirements.
- Table 5.1 also sets out the other considerations that could influence the provision of different types of dwellings in the future. An important factor will be the extent to which the existing dwelling stock is biased towards a certain type or size of dwelling and therefore limits the choice of housing available to households. The stock of dwellings across South Hampshire is predominately 2 and 3 bedrooms in size. However, there are considerable differences in size between districts in the sub-region. Section 3 provides evidence of this pattern and the key differences are summarised in Table 5.1.
- Evidence of the size (number of bedrooms) of socially rented stock is patchy. However, it is clear that social rented stock is, on average, smaller than private sector stock and the majority of social rented dwellings have 1 or 2 bedrooms. Social rented stock is smallest in Southampton – less than one third of the local authority and RSL stock has 3 bedrooms or more. By contrast in East Hampshire around 50% of the local authority and RSL stock is 3 bedroom plus.
- The size of dwellings that are being built in the sub-region has declined since the late 1990s² and since 2002 flats have accounted for a greater number of new dwellings than houses. The decline in the size of new dwellings reflects the pattern of development in the South East as a whole. However, in the South East as a whole houses still account for a greater proportion of new dwellings than flats.

¹ Note that this is an estimate for all dwellings and does not distinguish between different tenures.

² Evidence suggests that new build in 2005 was smaller than new build over the last 10 years for both market and RSL dwellings. It is important to note that new RSL dwellings have internal space standards that may be more generous than those built for the open market

Policy considerations

- 5.05 There are a number of further policy considerations that, along with this evidence, will influence and limit what can be achieved in terms of the nature of future housing provision in the sub-region. The key drivers that will influence policy are:
- The distribution of development – this has largely been determined and is set out in the draft RSS (see Section 3).
 - The economics of development in particular locations or on particular sites – including the availability of grant from the Housing Corporation.
 - Economic and regeneration objectives for particular locations or neighbourhoods within the sub-region.
 - The objective of creating mixed communities.

Distribution of development

- 5.06 The key point to note is that if development is successfully focussed within existing urban areas in the early part of the plan period this will, naturally, promote pressure for a certain kind of development. It may also mean that development sites are generally small which will make the delivery of affordable housing more difficult. The authorities may like to consider whether a lower site size threshold (less than 15 dwellings) could be justified for obtaining affordable housing contributions from smaller sites.
- 5.07 To secure delivery it is likely that a range of different products (types and sizes) will need to be provided. It is unlikely that one type, size or style of dwelling will secure the level of housing that the sub-region aspires to over the plan period. South Hampshire will need to deliver a range of new dwellings that appeal to different households in order to maximise the output of new homes. For example, at different stages in the development cycle, there may be a more robust market for houses than flats. It is imperative that sites suitable for both houses and flats are available at all times. This may mean that authorities within the sub-region need to draw on a wider range of sites in order to ensure that they have sufficient development opportunities to ensure delivery.
- 5.08 It is also important to achieving the overall level of planned development that work is progressed now to ensure that major development areas are available for release if demand conditions are favourable and this is consistent with policy objectives. Having suitable sites available to take advantage of opportunities for market development is very important if the region is to achieve the step change in the volume of housing development it wishes to achieve. The overall volume of completions is also a key consideration in securing the development of additional affordable housing units alongside the investment and funding required to ensure delivery.

Economic and Regeneration Objectives

- 5.09 There is a close inter-relationship between the economic performance of the sub-region, its housing market, patterns of net in-migration and the social composition of the sub-region. An improvement in the economic performance of the area would enhance the prospects of existing residents. It would also help to attract higher paid and more skilled labour into the sub-region, and this would have implications for the size mix of dwellings required.

- 5.10 Policy makers should consider the contribution that new housing provision might make to improving the economic performance of the area. Inward investment is powerfully influenced by three key factors; the availability of skilled labour, the quality of life (including attractive housing and neighbourhoods) and strategic accessibility.
- 5.11 The sub-region is reasonably well placed in terms of strategic accessibility. But it needs to do more to compete effectively for mobile business investment by improving its quality of life offer, and redressing the lack of higher level skills in the sub-region. Development of good quality new housing could help to change the balance of different household types in the main urban centres and enhance the perceived quality of life of both towns.
- 5.12 It is also possible that provision of suitable new housing could help foster the in-migration of more skilled people. A more skilled resident workforce would enhance the ability of the urban centres in particular to attract mobile business investment and thus contribute to economic development.
- 5.13 Changes in the structure of in-migration to the sub-region would over time have some impact on the social structure of the sub-region. Policy makers in the sub-region should also appreciate that the type of market housing developed and the balance between market and affordable housing is one of the mechanisms by which they can influence the social make up of particular neighbourhoods, and hence reduce concentrations of disadvantage.
- 5.14 The implication is that policies on the type of market housing to be provided for in the sub-region should not be dictated solely by analysis of where there are gaps in relation to future housing demand arising from forecast household types in the sub-region. There is a need to take into account wider economic and social regeneration objectives. Decisions about future provision of housing, both in the market and affordable sector should not be divorced from policy ambitions that the sub-regional partners have for the sub-region as a whole as an integrated housing and labour market.

Creating mixed communities

- 5.15 The new draft PPS3 consolidates government thinking on planning for mixed communities and what that should mean in terms of planning for a mix of tenures and housing types in new development. The government wishes to foster the creation of mixed communities – though what this means in practice is not defined, nor the spatial level at which a mix is to be achieved (eg within neighbourhoods, or across sub-regions).
- 5.16 DTZ take the view that it is clearly important to avoid creating concentrations of disadvantage, such are associated with large estates of social rented housing, or areas dominated by low cost private renting. It is also probably desirable to avoid neighbourhoods where everyone is of the same income and socio-economic group, though in practice this is what many home owners would prefer and is probably characteristic of many neighbourhoods.
- 5.17 It is also important to recognise that neighbourhoods have different characteristics and that this is important to providing a variety of choice in the housing market. It is broadly accepted for example that the development of city centre housing appeals particularly to younger single people and couples. Suburban locations are often favoured by families who place a higher value on having gardens and access to schools. Such variety should be valued as part of creating diverse and liveable towns.

- 5.18 DTZ would argue that mixed and balanced communities are only really meaningful to people at the neighbourhood level. This is supported by recent research by English Partnerships, the Joseph Rowntree Foundation and Housing Corporation, which found that the real meaning of a mixed community is one where people of different incomes, ages, ethnicities etc *interact* with one another. This can only really be achieved if different people live side by side and are able to interact through shared facilities or services. There are clear benefits to this in terms of reducing the ‘area effect’ of disadvantage as well as encouraging mixing and integration for its own sake.
- 5.19 Policy as set out in draft PPS3 is that authorities should be aware of the ‘*overall balance of different household types to be provided for across the plan area, to ensure housing provision is made for example for family, single person, and multi-person households. In planning at site level, it is important that a broad mix of housing suitable for different household types is provided on larger sites. For smaller sites, the mix of housing should contribute to the creation of mixed communities*’. PPS3 does not indicate a requirement for specific targets for different types or sizes of dwellings.
- 5.20 Thus Local Development Documents need to provide indications of the type of dwellings to be provided to meet household demand within the sub-region. But the government has made it clear that it does not envisage prescriptive targets for different types of dwelling, since this would undermine the responsiveness of the market to demand: rather, authorities should provide a strategic assessment of where there are gaps within current housing provision and identify in broad terms the relative priority to be accorded to development of different types of dwelling. Annex A provides a starting point for the local authorities in the sub-region in considering the broad balance of different dwelling sizes required. Table 5.1 also sets out further considerations that could influence the broad mix. However, the authorities should also consider the type of housing required to support a *different* future for the sub-region, particularly in terms of delivering the PUSH economic aspirations.
- 5.21 With respect to affordable housing, draft PPS3 indicates that there is a need to establish an overall target for affordable housing provision. Separate targets should be set for social rented and intermediate housing. Local authorities will need to consider the location, size and type of affordable housing provision; but these are not necessarily things that need to be set out in Local Development Documents. Local authorities can influence the pattern of provision in the light of current needs, as identified by analysis of local housing registers, through their relationship with housing associations.
- 5.22 The South Hampshire authorities may also wish to consider how they can influence the creation of mixed communities through the design of new development. The type and location of new services and community facilities and the ability of households to access them may have a stronger effect on the delivery of mixed communities than the size and type of housing provided.³

³ Joseph Rowntree Foundation, English Partnerships & Housing Corporation (2006) *In the Mix*

Table 5.1: Summary of Policy Considerations in Determining the Mix of Dwellings Required

	Growth in household types 2006-2026 (Hampshire County Council Household Projections)	Indicative balance of different sized dwelling required for these households (See Section 2 for discussion)	Stock considerations – how far is stock biased towards small or large dwellings	Mixed community issues	Housing allocation 2006-2026
New Forest	Significant growth in single person households Decline in married couples	Majority will require small dwellings Only a small proportion of larger dwellings	Balanced small and large private relative to other authorities Relatively high proportion of 3+ bed social rented dwellings	High proportion of pensioner households (32%)	1,500 (70 pa)
Test Valley	Significant growth in single person households and 'other' households	Majority will require 2-3 bed dwellings (medium size houses or flats)	Relatively high proportions of larger private dwellings Majority of social rented stock is smaller (1-2 bed dwellings)		3,900 (200 pa)
Southampton	Vast majority of household growth attributed to single person households	Majority of new households (around 70%) will require small dwellings (1 and 2 beds)	High proportion of small dwellings (highest in South Hants) Majority (around 70%) of social rented stock is small (1/2 bed dwellings)	Relatively high proportion of students (3%) households	16,300 (800 pa)
Eastleigh (+ Hedge End SDA)	Significant growth in single person households Also growth in couple households	New households will require equal proportions of small (2 bed and less) and larger dwellings (3 bed or more)	Balanced mix of small and large private dwellings relative to other authorities Majority (around 70%) of social rented stock is small 1 and 2 bed dwellings		13,000 (650 pa)

	Growth in household types 2006-2026	Balance of different sized dwelling required for these households	Stock considerations – how far is stock biased towards small or large dwellings	Mixed community issues	Housing allocation 2006-2026
Winchester	Significant growth in single person and other households	New households will require broadly equal proportions of 1,2 and 3+ bed dwellings, with slightly more (40%) 3+ beds	Majority of private dwellings are large, over 40% are around 4 bed or more Majority of social rented dwellings are small (1/2 bed) dwellings	High proportion (26%) of pensioner households	6,700 (300 pa)
Fareham (+ Fareham SDA)	Significant growth in single person households Considerable growth in couple and lone parent households (4,000 new families expected)	Majority (50+%) will require 3 beds or more. The remainder will required smaller properties but more 2 beds than 1 beds	Large proportion of larger dwellings relative to other authorities Majority RSL social rented stock is 2-3 bed (no info on LA stock)	High proportion (25%) of pensioner households	14,000 (700 pa)
Gosport	Relatively low growth compared to other areas Majority single person households, very significant decline in couple households	Majority (75%) of new households will require small (1 and 2 bed) dwellings. Around 25% will require larger (3+ bed dwellings)	Majority of private stock is small, very small proportion of larger dwellings compared to other authorities Majority RSL social rented stock is 2-3 bed (no info on LA stock)		2,500 (125 pa)

	Growth in household types 2006-2026	Balance of different sized dwelling required for these households	Stock considerations – how far is stock biased towards small or large dwellings	Mixed community issues	Housing allocation 2006-2026
Portsmouth	Significant growth in single person and other households. Considerable increased in couple households	Households will require a broad balance of 1,2 and 3 bed plus dwellings but with around 40% 3 bed plus	Majority of private stock is small (1/2 bed) dwellings Incomplete data on size of LA social rented stock, majority of RSL stock is small in size	Relatively high proportion of student households (2%)	14,700 (700 pa)
East Hampshire	Vast majority of growth attributed to single person and other household Relatively large decline in couple households overall	The majority of new households (60%) will require smaller dwellings, the remainder will require 3,4 and 5 beds.	High proportions of large private dwellings Very high proportion (around 50%) of social rented stock is large (3 bed plus)		1,200 (60 pa)
Havant	Majority of household growth attributed to single person and other households Significant decline in married couple households	The majority of new households are likely to require 2 and 3 bed (medium sized) dwellings	Majority of private dwellings are small relative to other authorities, relatively small proportion of large dwellings Equal balance of 1,2 and 3 bed LA social rented dwellings and RSL dwellings relatively large	High proportion (27%) of pensioner households	6,300 (300 pa)
South Hampshire sub region	Significant growth in single person households followed by other households and some growth in couple households.	Half of all new households will require large (3,4 and 5 bed) dwellings, around half will required smaller (1 and 2 beds)			80,000 (4,000 pa)

General Recommendations for Policy in South Hampshire

5.23 There are four general recommendations for policy across the South Hampshire sub-region:

- i. **Maximise the provision of affordable housing.** South Hampshire can justify a high quota of affordable housing on the basis of housing need in the sub-region. The question remains however, what can be realistically delivered in any location at a particular point in time. It is important to provide developers (and communities) with some certainty through the planning policies contained in the LDFs of the South Hampshire local authorities. DTZ suggest that the best means to achieve this certainty would be for the authorities to adopt a consistent affordable housing quota across the sub-region. DTZ suggest that up to 40% affordable housing could be justified, with the precise quota defined according to site specific factors including the economics of development, mixed community objectives as well as the impact on overall housing delivery. The authorities will need to *monitor the level of affordable housing achieved through new development* with a view to reviewing the quota in future. The authorities and developers will also need to continue to employ flexibility in relation to site specific circumstances and changes in the market.
- ii. **Consider the requirements of specific groups that will have an important influence on the way the rest of the housing market functions.** The evidence suggests that elderly households – either couples or people living alone already make up a significant proportion of the population of households and are set to become even more significant in the future, particularly in some parts of the sub-region. The South Hampshire authorities should plan for the requirements of these households in order to provide them with living choices that enable them to remain within their community and access services as they get older. This could also help to free up larger properties that are ‘under-occupied’ by older people in both the market and social stock, if genuine alternatives are provided for these households. Southampton and Portsmouth should also consider the future requirements of student households in the two cities. Whilst student households make up only 2-3% of all households there is a tendency for student households to cluster in specific locations and place additional demands on the low cost private rented sector.
- iii. **Maintain the system for monitoring the size and type of new dwellings completed in the sub-region.** An understanding of what is being delivered at present is essential to any policies aimed at influencing the mix of dwellings delivered in the future. This should be relatively easy to achieve given Hampshire County Council’s ongoing monitoring activities and could also become part of each authority’s Annual Monitoring Report. The authorities might also consider monitoring trends in the prices of different types and sizes of houses in their areas. This could be used alongside other data to identify households preferences for different types or sizes of dwellings and to identify shortages in the housing stock. For example, if over time, the price of 3 bedroom homes are rising at a faster rate than other types of houses this might signal the need for family-type housing in certain locations. Further, general advice on monitoring and updating the information in the Housing Market Assessment is included in Annex B.

- iv. **Consider establishing a delivery body for the sub-region.** It is probable that to deliver the step change in the level of housing development envisaged for South Hampshire there may be merit in establishing a single planning and housing delivery team for major housing developments. It is beyond the scope of this study to recommend the form that this new delivery body might take, but DTZ would envisage that its basic responsibilities might include:
- pre-planning work on major developments and establishment of an effective development pipeline
 - troubleshooting to sort out infrastructure problems and chasing progress from key agencies (eg statutory consultees)
 - liaison with housebuilders – perhaps using an account management system, so that each major housebuilder has a named contact who they deal with all the time in the delivery team
 - the development of consistent policies and standard legal processes and agreements
 - operation of a Brownfield Land Assembly Trust – bringing together brownfield sites through use of Compulsory Purchase powers where necessary.

- 5.24 A key task for any planning and housing delivery team would be to ensure that the investment plans of infrastructure providers are aligned behind the strategic planning process so that major developments are not delayed by absence of essential infrastructure.
- 5.25 The concept of this delivery team would be to draw upon the experience of New Town Development Corporations, Urban Development Corporations and the new ATLAS⁴ team in English Partnerships to facilitate the delivery of housing developments through the planning process. The delivery team would measure its success in terms of the volume and quality of housing completed.
- 5.26 The rest of this section outlines specific recommendations relate to detailed policy options that the sub-region might wish to consider.

Specific Recommendations

The overall mix of dwellings

- i. **Aim to provide a broader range of dwellings in all locations, using new dwellings to meet specific gaps in the stock where appropriate.** Around half of new households in South Hampshire are likely to require larger dwellings i.e. with three or more bedrooms. Overall, it seems appropriate that the sub-region should be seeking to develop a relatively high proportion of large houses to meet the requirements of future households. However, there may be different mixes justified in different parts of the sub-region depending on the likely requirements of future households, the existing stock and wider policy objectives. Different sites and locations will lend themselves to provision of different dwelling types, densities, and hence size of dwellings. Normal planning considerations need to be applied taking into account the characteristics of particular sites and the surrounding area. This implies it will not always be appropriate to maximise

⁴ Advisory Team for Large Applications

density. Town centres will typically lend themselves to higher density development than more suburban locations. Regard will be had to density and hence type of development with respect to access and traffic generation.

- ii. **Focus on design tools as well as dwelling mix to encourage the creation of mixed communities.** As well as planning for housing provision that will meet the likely requirements of future households, the South Hampshire authorities also need to consider how they can influence the creation of mixed communities by other means, including the layout and design of new developments to encourage interaction between different people.

5.27 In considering policies for mix of tenures and type of housing there is a need to consider the contribution that future housing provision can make to four distinct objectives.

- The need to plan for future requirements in terms of household types – where the evidence presented in Section 2 highlights a substantial increase in single person households. This should not be taken as simplistically meaning that all, or even necessarily the majority, of new provision should be of 1 or 2 bed properties, the authorities must consider how this growth is likely to be accommodated. Satisfying demand for larger property through new development could well free up significant volumes of smaller dwellings.
- The desire to promote economic development, which would indicate the desirability of bringing forward significant brownfield sites identified for housing at an early stage, as a means of improving the physical environment of the urban areas, and helping to create a positive image of progress. It could also indicate the desirability of creating housing attractive to potential in-migrants who have higher level skills.
- The need for regeneration of particular neighbourhoods with higher levels of disadvantage than found in the rest of the sub-region. In such areas new housing provision can help to improve the physical environment, but it can also help to start to change the social balance of the neighbourhood through decisions about the tenure mix and type of new housing provided. In this way concentrations of disadvantage may be diluted through new development.
- The pressing need for affordable housing across the sub-region, where high housing costs relative to local incomes makes access to owner occupation unaffordable for many.

5.28 In terms of policy implications for the sub-region, DTZ would counsel considerable caution in interpreting the anticipated growth in single person households as implying a requirement for the bulk of new housing provision to take the form of small unit for the following reasons:

- We are not wholly confident that the projections are not biased by particular circumstances that may have led to considerable growth in single person households in the sub-region in the 1990s, that will continue in future.
- In any event policy makers may wish to try to restrain the trend. For policy reasons concerned with maintaining a balanced population and achieving mixed communities, policy makers may wish to counter the current bias to single person households in Southampton and Portsmouth.

- As evidenced by the analysis above, there can be no presumption that growth in small households necessarily implies that these households can only afford to purchase the smallest dwellings. This may be true of new market entrants, but some of the growth in single households will be the result of the aging population which are likely to under-occupy larger properties for a long period of time.
- In any event it may be that any increase in demand for smaller properties is better met by adaptation within the existing stock. It would be probably deemed a positive development if some of the stock of poor condition private rented property was improved and sold for owner occupation.
- Many single people may not consider a three or even four bedroom property too large for their requirements (one bedroom for themselves, one used as a domestic office and one or two available as guest rooms). There is a tendency for people to 'buy to the limit' that their financial resources will allow.
- Restricting development of larger properties may also limit the scope to retain local residents who wish to live locally but can afford to move into a dwelling larger than their current home. In addition it may act as a restraint on drawing in higher skilled and higher paid individuals who can afford a higher standard and size of accommodation, who might consider living in the sub-region.

Tenure

- 5.29 Local authorities have no real control over the tenure mix of the market sector. Properties move in and out of private renting and owner occupation according to market conditions. The sub-region does not have a high level of private renting. The scale of private renting in Southampton and Portsmouth is higher and this is both the cause and effect of a large number of single person households and the historic stock of housing in Portsmouth – with a large number of smaller older dwellings, which are attractive in terms of private renting.
- 5.30 Whilst disadvantage is often associated with concentrations of private renting, on balance DTZ believes that the local authorities, should consider encouraging development of the lower cost private rented sector in some areas given the substantial student population in Southampton and Portsmouth and the growth in EU migration in recent years. Both factors will place additional demand on the private rented sector, which the authorities may wish to monitor. A shortage of low cost private rented accommodation could create additional demand for social rented housing. It is worth noting that the expansion of Higher Education provision in Southampton in particular has increased demand for private renting in the city, and if this trend continues in the future, may potentially displace some existing private rented tenants.
- 5.31 There are fewer issues associated with private renting for the upper end of the market, though were buy-to-let investors to purchase a high proportion of units in new developments, this may work against objectives of creating more stable communities in some parts of the urban area.

The tenure and size of affordable housing

- i. **Diversify tenure:** The South Hampshire local authorities should aim to maximise affordable housing whilst ensuring that not more than 25% of dwellings on site are social rented. There are exceptions to this general rule however. Where social renting is already high in particular urban neighbourhoods, it may be wise to seek a lower proportion of social rented dwellings in new developments. Where social

renting is low a higher proportion (greater than 25%) could be sought, provided this is part of small developments set within existing neighbourhoods, as this may help to diversify the tenure of the stock and encourage a broader range of households to live alongside each other. Local authorities will have to consider the local context and site specific considerations in applying this. There is no one size fits all level. The principle to keep in mind is to avoid large concentrations of social renting that might not deliver the best social and economic outcomes.

- ii. Based on the evidence presented in Sections 2 and 3, DTZ consider that it would be wise to **plan a range of different sizes of affordable homes** within South Hampshire. Whilst small households dominate the housing registers of the South Hampshire authorities it is important to remember that larger households (large families) often have to wait much longer to be housed or re-housed (in Portsmouth and New Forest for example). While these households are relatively fewer in number they may be a higher priority for allocation and re-housing could also free up smaller stock for other households in need. Developing larger family sized properties could allow the authorities to make better use of the public sector stock by creating a chain of lettings. However, DTZ consider that the size of affordable homes to be provided at a particular point in time should be informed by the local authority's priority housing need, preferably informed by the type of households in priority need on local housing registers.
- iii. **Consider intermediate housing products:** DTZ suggest that the South Hampshire authorities consider whether intermediate housing products are provided as part of all new developments as a way of broadening the range of different income households living alongside one another. DTZ recommend that Portsmouth and Southampton should explore intermediate products to provide more affordable housing where it is undesirable to provide additional social rented units. However, DTZ would add that while the *potential* market for intermediate housing appears substantial, the actual demand for intermediate home ownership is largely unproven. It would also be more cost effective for purchasers if the focus was on enabling intermediate tenures through purchase and part sale of existing properties, because new build dwellings carry a substantial premium over second hand properties.

5.32 The priority housing need in South Hampshire is for additional social rented dwellings. DTZ consider that this should be the priority in terms of meeting housing need within the sub-region. However, there also a number of advantages in providing a proportion of intermediate housing as part of the affordable housing quota:

- It would provide the local authorities with some flexibility in negotiations with developers. It is also often the case that separate funding provision is made for intermediate housing. Planning for a certain level of intermediate housing provision is therefore sensible as part of a strategy to maximise the level of public funding secured for affordable housing.
- It is likely to be appropriate in the light of affordability problems and people's housing aspirations. Home ownership is the tenure of choice of virtually all households in England regardless of tenure. Government policy has reflected this in the past through encouragement of the Right to Buy, and the current government has indicated its intention to develop new intermediate housing products such as Home Buy to meet the aspiration for home ownership. Provision of intermediate housing can go some way to

meeting identified needs. Not all those in housing need want or need social rented housing. It therefore makes sense in terms of an overall housing strategy to plan for a certain level of intermediate housing provision.

- Provision of intermediate housing can also be used by the local authorities to free up social rented stock, where households are willing and able to afford to access intermediate products. Local authorities should consider collecting information from those on their housing registers and those occupying social rented accommodation that would indicate their suitability for and interest in intermediate housing options. Ideally this information could be linked with Swaythling Housing Society's list of those interested in intermediate housing.
- It could also help to secure more mixed income communities. Even if it were possible to negotiate that half of all new dwellings on a site should be affordable housing and that these should all be traditional social rented properties, this would probably not be desirable on larger developments. In recent years there has been growing recognition of the undesirability of creating large concentrations of social housing tenants, and the desirability of creating mixed income communities at the neighbourhood level. On larger developments or developments in areas which already have a high level of social rented housing the objective of building balanced communities suggest that there is merit in encouraging an element of shared ownership or other forms of intermediate housing.

5.33 All of the above indicates that the provision of shared ownership and other intermediate housing products should form part of the sub-region's affordable housing policies. It is hard to say how significant an element it should play since the affordability of shared ownership products varies with market conditions and interest rates; funding opportunities come and go; and there remains a generally poor understanding of intermediate housing products among consumers – which is not helped by the variety of initiatives and different products launched, each with different eligibility criteria and characteristics.

Plan to respond to change

- i. **Develop a set of development management/ development control criteria to guide negotiations on specific sites.** The South Hampshire authorities should consider developing a common set of principles to be used in development management/ development control. Whilst planning policies should provide developers with a high degree of certainty over affordable housing requirements and the broad mix of dwellings to be encouraged in particular areas, there would also be some merit in having a clear set of principles that would guide any negotiations over specific developments.

5.34 The previous recommendations in this section have focussed on what can be achieved through forward planning. However, authorities will need to employ some flexibility in implementing these policies in relation to changes in the market, the specific site under consideration and also to changes in the nature of housing need.

5.35 DTZ would argue that due regard should be given to house builders and developers interpretation of current market requirements in terms of the size and type of dwellings, within a framework of what is deemed suitable in terms of different locations and the requirements of future households. This is consistent with draft PPS3. Plans may, for example, indicate that higher density development is desirable in more central locations

- well served by public transport, than in areas characterised at present by lower densities and where houses rather than flats currently predominate.
- 5.36 At different stages in the housing market cycle different forms of development may be brought forward in different quantities. This is illustrated in Section 3. Arguably the high proportion of flats produced over the last few years, reflects the particular characteristics of a rising market, where new entrants have been keen to get a foothold in the market, and where there has been a shortage of suitable housing product. Given the volume of this product developed in recent years it is quite realistic to anticipate a relative shift back to building of houses in the next 5 years, or the development of a different type of flatted product. Thus, there is an argument for developing a common set of development management principles that allow the authorities to consider, for example, changes in the market, or unanticipated events or scenarios.
- 5.37 In a similar way as house builders interpret market data and respond accordingly, local authorities and RSLs need to work together to identify priority needs in terms of affordable housing provision. This also points to the need for ongoing monitoring of housing need and the pattern of lettings in order to inform the provision of particular types and sizes of affordable dwellings on specific sites. Proper consideration needs to be given both to households' current housing needs and their future requirements, assuming they remain in the social housing sector. It may not always be sensible to seek to provide smaller units even if this reflects the current requirements, if it is anticipated that the number of families requiring social housing will increase in future as those households currently being housed have more children or family breakdown means parents need extra space so that children can visit regularly. Similarly, monitoring of type and size of households interested in intermediate options and their ability to afford different products should help to determine the type of intermediate products developed.
- 5.38 The South Hampshire local authorities will need to consider these data requirements in moving to Choice Based Lettings systems. This provides an opportunity to harmonise data and to ensure appropriate information is collected to inform policy development in the future.

**ANNEX A: ESTIMATES FOR DWELLING REQUIREMENTS FOR DISTRICTS IN THE
SUB-REGION**

Note that these figures are to illustrate the size of dwellings required if household projections are borne out and if particular types of households continue to occupy the same size of dwellings they do now.

	Change 2006-26	Number of Bedrooms Households are Likely to Require					
	East Hampshire (part)	1	2	3	4	5	6+
Married Couple	-373	-18	-72	-177	-81	-19	-5
Lone Parent	-30	0	-10	-16	-3	-1	0
One Person	922	297	290	265	60	7	3
Cohabiting Couple	124	6	24	59	27	6	2
Other	275	2	63	118	67	21	3
Total	919	287	295	250	70	15	0
	Eastleigh	1	2	3	4	5	6+
Married Couple	894	43	174	424	195	46	13
Lone Parent	285	2	92	154	29	8	0
One Person	7330	2,361	2,303	2,109	477	54	25
Cohabiting Couple	1723	82	335	817	376	88	25
Other	2613	16	598	1,124	642	201	32
Total	12845	2,504	3,503	4,628	1,720	396	94
	Fareham	1	2	3	4	5	6+
Married Couple	1699	81	330	806	371	87	24
Lone Parent	353	2	114	191	36	9	0
One Person	7487	2,412	2,353	2,154	488	56	25
Cohabiting Couple	1687	80	328	800	368	86	24
Other	2248	14	515	967	552	173	28
Total	13474	2,590	3,640	4,918	1,816	410	101
	Gosport	1	2	3	4	5	6+
Married Couple	-1294	-62	-252	-614	-283	-66	-19
Lone Parent	-136	-1	-44	-74	-14	-4	0
One Person	2614	842	821	752	170	19	9
Cohabiting Couple	407	19	79	193	89	21	6
Other	806	5	184	347	198	62	10
Total	2397	804	789	605	160	33	6
	Havant	1	2	3	4	5	6+
Married Couple	-1643	-78	-320	-779	-359	-84	-24
Lone Parent	-5	0	-2	-3	-1	0	0
One Person	5006	1,613	1,573	1,440	326	37	17
Cohabiting Couple	874	42	170	415	191	45	13
Other	1837	12	420	790	451	141	22
Total	6069	1,588	1,842	1,863	608	139	28
	New Forest (part)	1	2	3	4	5	6+
Married Couple	-1652	-79	-321	-783	-361	-84	-24
Lone Parent	-177	-1	-57	-96	-18	-5	0
One Person	2422	780	761	697	158	18	8
Cohabiting Couple	299	14	58	142	65	15	4
Other	704	4	161	303	173	54	9
Total	1595	719	602	262	16	-2	-3

	Portsmouth	1	2	3	4	5	6+
Married Couple	-308	-15	-60	-146	-67	-16	-4
Lone Parent	43	0	14	23	4	1	0
One Person	9963	3,210	3,131	2,866	649	74	33
Cohabiting Couple	1969	94	383	934	430	100	28
Other	2496	16	571	1,073	613	192	31
Total	14163	3,305	4,039	4,751	1,629	352	88
	Southampton	1	2	3	4	5	6+
Married Couple	-938	-45	-182	-445	-205	-48	-13
Lone Parent	66	0	21	36	7	2	0
One Person	12700	4,091	3,991	3,654	827	94	43
Cohabiting Couple	1253	60	244	594	274	64	18
Other	2819	18	645	1,213	692	217	35
Total	15900	4,125	4,719	5,051	1,595	329	82
	Test Valley (part)	1	2	3	4	5	6+
Married Couple	-125	-6	-24	-59	-27	-6	-2
Lone Parent	31	0	10	17	3	1	0
One Person	2011	648	632	579	131	15	7
Cohabiting Couple	532	25	104	252	116	27	8
Other	735	5	168	316	180	56	9
Total	3184	672	889	1,105	403	93	22
	Winchester (part)	1	2	3	4	5	6+
Married Couple	-210	-10	-41	-100	-46	-11	-3
Lone Parent	-5	0	-2	-3	-1	0	0
One Person	2741	883	861	789	179	20	9
Cohabiting Couple	362	17	70	172	79	18	5
Other	525	3	120	226	129	40	6
Total	3413	894	1,009	1,084	340	68	18
	Sum of districts	1	2	3	4	5	6+
Married Couple	-3,950	-188	-768	-1,873	-863	-201	-57
Lone Parent	424	3	137	230	44	11	0
One Person	53,197	17,138	16,716	15,305	3,464	395	178
Cohabiting Couple	9,230	440	1,795	4,376	2,016	470	132
Other	15,057	95	3,447	6,477	3,696	1,158	184
Total	73,959	17,487	21,327	24,515	8,358	1,833	435

ANNEX B: Monitoring and Review

1. This annex brings together advice on monitoring and updating the housing market assessment.
2. DTZ suggest that the issue of what needs to be monitored, how frequently and how to collect or access the necessary data is a function of what the information is needed for and what is already being done in terms of monitoring and whether that can be built upon, for example the PUSH Housing Group Housing Market Indicators. The following tables (1-3) set out the core data and information that DTZ has used in the original HMA and for this additional study.
3. These data sets are publicly available and would allow officials in the sub region to update information or key charts on a regular basis as information is updated.

Table 1: Datasets for updating the demand assessment

Component of Demand	Indicator	Specifics	Source	Date	Lowest Level
Demographic Drivers Of Demand	Total Population	Total Current Population	Mid Year Population Estimates	2003	District
	Population Trends	Total Annual Population	Mid Year Population Estimates	1981-2003	District
	Population- Age Structure	0-15, 16-24, 25-44,45-64,65-74,75+	Mid Year Population Estimates	2003	District
	Population Trends- Age Structure	0-15, 16-24, 25-44,45-64,65-74,75+	Mid Year Population Estimates	1983, 1993, 2003	District
	Population Characteristics	Long Term Ill/ Disabled/BME Population	Census	2001	Ward
	Household Movements	Inter And Intra Housing Market Area Movements, Movements From Outside	Census	2000/01	District
Demographic Structure	Household Composition	Concentrate On Key Groups	Census	2001	Ward
	Household Composition Trends	Concentrate On Key Groups	Census	1991-2001	Ward
	Household Size	Average People Per Household	Census	2001	Ward
Economic Drivers Of Demand	Economic Wealth	GVA Per Head E	ONS/ DTZ- Locus	2003	District
	Productivity	GVA Per Employee	ONS/ DTZ- Locus	2003	District
	Output Growth	GVA Trends And Projections	ONS/ DTZ- Locus	2001- 2011	District
	Employment Trends	Total Employment Change	ABI/ AES	1991-2002	Ward
	Economic Activity Levels	% Employed, Unemployed, Retired Etc	Census	2001	Ward
	Socio-Economic Structure	Occupation Status	Census	2001	Ward
	Incomes	Average Gross Weekly Wage	Annual Survey of Hours and Earnings	2005	Ward
	Commuter Patterns	Inflows/ Outflows Of Commuters	Census	2001	District

Table 2: Datasets for updating the supply assessment

Component of Supply	Indicator	Specifics	Source	Date	Lowest Level
Scale And Structure Of Supply	Type Of Dwelling	% Detached, Semi, Terrace Etc	Census	2001	Ward
	Type And Age Of Dwelling	Absolute Changes In Number Of Detached, Semi, Terraced Etc	Census	1991-2001	Ward
	Size Of Dwelling	Number Of Rooms/ Average Number Of Rooms	Census	2001	Ward
	Council Tax Bandings	% Of Properties In Each Band	Census	2001	Ward
	Occupancy Status	Principal Residence, 2nd Home, Vacant Dwellings Etc	Census	2001	Ward
	Occupancy Rating	Over-occupation, Under-occupation	Census	2001	Ward
	Households In Temporary Accommodation With A Dependent Child Or In Priority Need	Absolute Numbers	ODPM HIP Returns	2005	District
	Right To Buy Sales	Absolute Numbers	Housing Corporation	1998-2003	District
Supply Trends	Stock	Total Change 1995-2003	Source Is ODPM-Take From Community Data Services	1995-2003	District
	Stock Tenure	Proportion Of Social (LA And RSL) Stock 2003	ODPM HIP Returns	2005	District
	Completion Levels	Net Completions	Regional Assembly Monitoring Report	As Available	District
	Large Development Sites (500+ Dwellings)	Number Of Sites Of 500+ Dwellings In Each LA	Regional Assembly Monitoring Report	As Available	N/A
	Future Housing Supply	This Is A Total Of Extant Planning Permissions, Allocations Made In Local Plans, And Dwellings Forecasted From Unidentified Sites.	Regional Assembly	As Available	District
	Provision of Gypsy/Traveller Sites	Provision and Quality of Sites	ODPM	Future/tbc	District
	Housing Targets	Number Of Dwellings (LA Proportion Of Structure Plan/ RSS)	County Structure Plans/ RSS	Plan period	District
	Affordable Housing Supply (Rented And Bought)	% Of Completions That Are Affordable	Regional Assembly Monitoring Report	As Available	District

Table 3: Datasets for updating affordability and needs assessment

	Indicator	Specifics	Source	Date	Lowest Level
Affordability and Needs Assessment	House Prices	Overall And By Dwelling Type	Land Registry	2005	District
	House Price Trends	Hold Constant For One Type Of Dwelling- Semi-Detached	Land Registry	1999-2005	District
	House Price Sales Trends	Quarterly Sales Volumes	Land Registry	1999-2005	District
	Private Sector Rents	Average Private Sector Weekly Rent	Housing Corporation	2001	District
	Interest & Mortgage Rates	Proxy for affordability of mortgage payments	Valuation Office	1992-2005	National
	Affordability	House Price To Income Ratio	Land Registry/Inland Revenue	2004/2001	District
	Affordability	House Price to Income Ratio	Joseph Rowntree Foundation	2004	District
	Affordability	Extent of Intermediate Housing Market	Joseph Rowntree Foundation	2004	District
	Housing Benefit Claimants	Housing Benefit Claimants by Tenure	Department of Work and Pensions	2005	District
	Number Of Shared Households	Shared Households	Census	2000/01	Ward
	Numbers Waiting For Housing	Trends To See Change In Waiting Lists To Establish Housing Needs	ODPM HIP Returns	2005	District
	Homelessness	Proxy For Housing Need	ODPM HIP Returns	2005	District
	Housing Need	District Level Housing Needs Assessments	Where available	-	Districts

4. There are a number of current requirements for statistical monitoring – principally provision of data for inputs to the Regional Planning Body’s Annual Monitoring Report, and statistical returns to DCLG. There are a number of ways in which the authorities could build on these to improve their understanding of changes in the housing market which DTZ would consider a priority for the PUSH authorities.

New Development

5. Currently local authorities are required to monitor:
 - Housing land supply, area of land allocation, availability for development, amount subject to outline permission, granted full permission,
 - Output of new development, units with outline planning permission, full planning permission, starts and completions.
 - Other source of housing supply – conversions, development on windfall sites, and also loss of housing – demolitions and closures (and if possible conversion of multiple units to single dwellings).
6. PPS3 and the guidance on Housing Land Availability Studies indicates the need to ensure that all of the above is undertaken in a robust manner and that action is taken to ensure that allocated sites for development in the next 5 years are genuinely available.
7. DTZ recommend that in future authorities continue to monitor dwelling type and number of bedrooms. The authorities could also consider monitoring the following to add to this information:
 - number of rooms excl bathroom and kitchen
 - net internal floor area
 - ideally sale price (though housebuilders maybe reluctant to reveal this, it may be accessible via Hometrack or similar systems).
8. It is also important that monitoring systems allow geographic analysis. Authorities may have their own system for geographic referencing, but ideally each site and dwelling needs to have a unique property reference identifier, that can be linked to postcode or some other unit of analysis that allows simple aggregation of data to larger units.
9. Recent research published by the Joseph Rowntree Foundation has highlighted that local authorities need to get better at monitoring whether developers have delivered their Section 106 obligations regarding delivery of affordable housing.

Monitoring of Homelessness and Housing Need

10. Authorities have existing systems for monitoring the number of people presenting themselves for re-housing, and those accepted as being homeless and in priority need. They will then monitor those who have been re-housed, in what property and location. However it is not always easy to extract high level statistical data useful for HMA purposes from internal systems, and they are likely to vary between the authorities in the sub-region, making it difficult to build up a good picture of trends in homelessness and housing needs at the sub-regional level.
11. Authorities need to review their internal systems for collecting data on homelessness, the protocols for peoples coming onto the Housing Register and their transfer lists, and

requirements for internal and external reporting. Authorities then need to work at the sub-regional level to harmonise their systems and definitions. Moving to Choice Based Letting Systems provide the authorities with an opportunity to do this. One early win might be for all authorities to participate in the CORE system, which allows analysis of the characteristics of new tenants.

Market Information

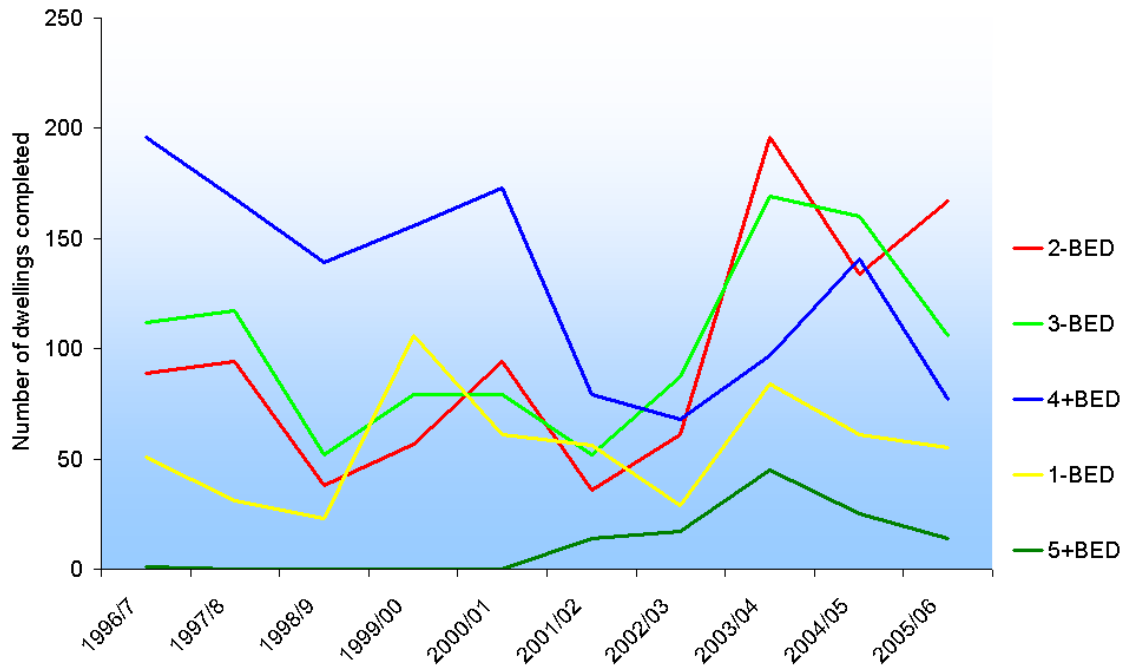
12. Authorities need to put in place new systems to monitor house prices, the volume of transactions and household movements. By meshing data on house prices with local earnings data it will be possible to monitor affordability.
13. DTZ recommend that local authorities monitor at the sub-regional level changes in house prices and sales volumes on a quarterly basis. This can be done using Land Registry data. We would recommend that analysis is always undertaken by house type, since differences in the volume of sales in any quarter can distort overall average house prices change. This also provides an indication of change within different sectors of the market. Geographic analysis by post code is also useful.
14. Authorities should analyse at quarterly changes in prices and volumes, but always set this in the context of time series analysis of data, since there are important seasonal variations in sales volumes. Techniques such as moving annual averages can be useful in giving a picture of underlying change in the market – can also trend annually and some quarter to prevent seasonal change distortions. Authorities should also ensure that they monitor the number of vacant properties and second homes as recorded for council tax purposes.
15. Much can be done with Land Registry data but it is typically about 3/6 months out of date. Authorities, groups of authorities, or even Regional Planning Bodies might wish to consider subscribing to HomeTrack, which provides more up to date house prices information, and a better appreciation of what is happening in different sub-regional housing markets though it is important to bear in mind that it is trends rather than short term fluctuations that are important so authorities do not necessarily need real time information. However it also provides additional information that is useful to monitoring the state of the housing market such as the time taken from a property being put on the market and the sales as well as price information for different sizes of dwellings.
16. Authorities should also start to monitor private sector rents. Some information should be available on the lower end of the private rented market from analysis of housing benefit claims. Information on other segments in the PR market may require monitoring of web-sites or surveys of letting agents. .

Household Movements

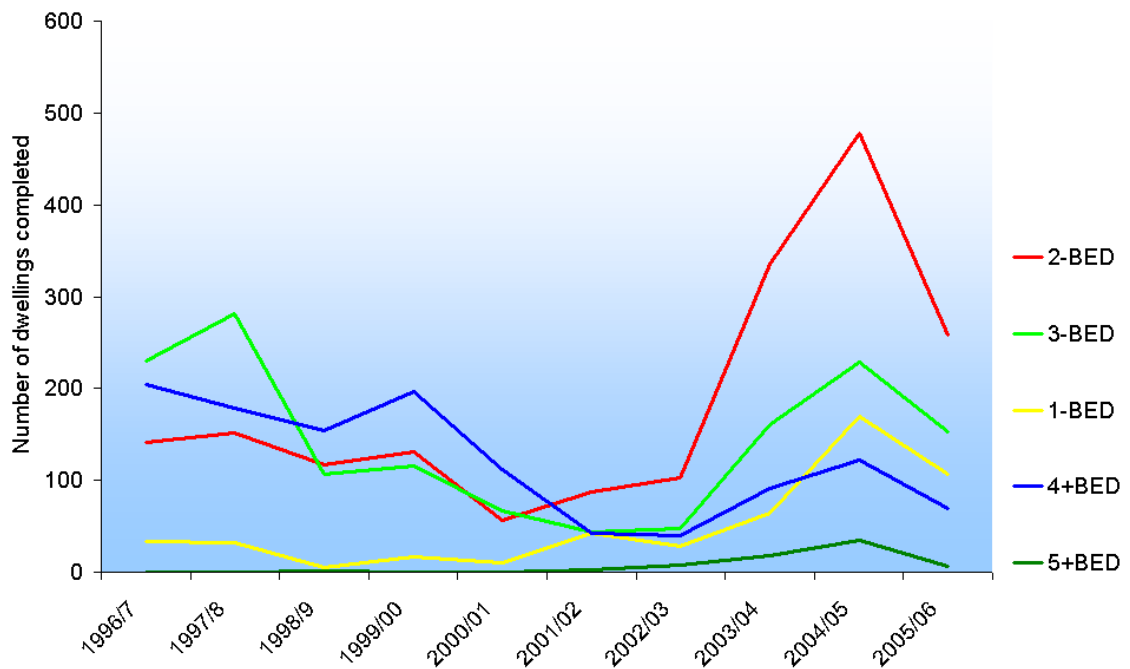
17. Authorities should also look to monitor the pattern of household movements. At present the NHS National Patient Register allows some analysis to be undertaken of movements between authorities. Local authorities should analyse the data on an annual basis to see what it says about patterns of household movements.
18. Long distance in-migration is often particularly linked to new housing developments. DTZ therefore recommend that authorities undertake regular surveys of purchasers living in new housing developments, particularly as the proposed SDAs and MDAs are built out and occupied. This will help to establish hard information on what is happening in the buy to let sector, and also give insights to migration patterns. It may well be possible to undertake such surveys in partnership with housebuilders and the previous Hampshire Home Movers Survey provides a basis for this.

ANNEX C: Size of Dwellings Completed by Local Authority 1996-2006
(Source: Hampshire County Council)

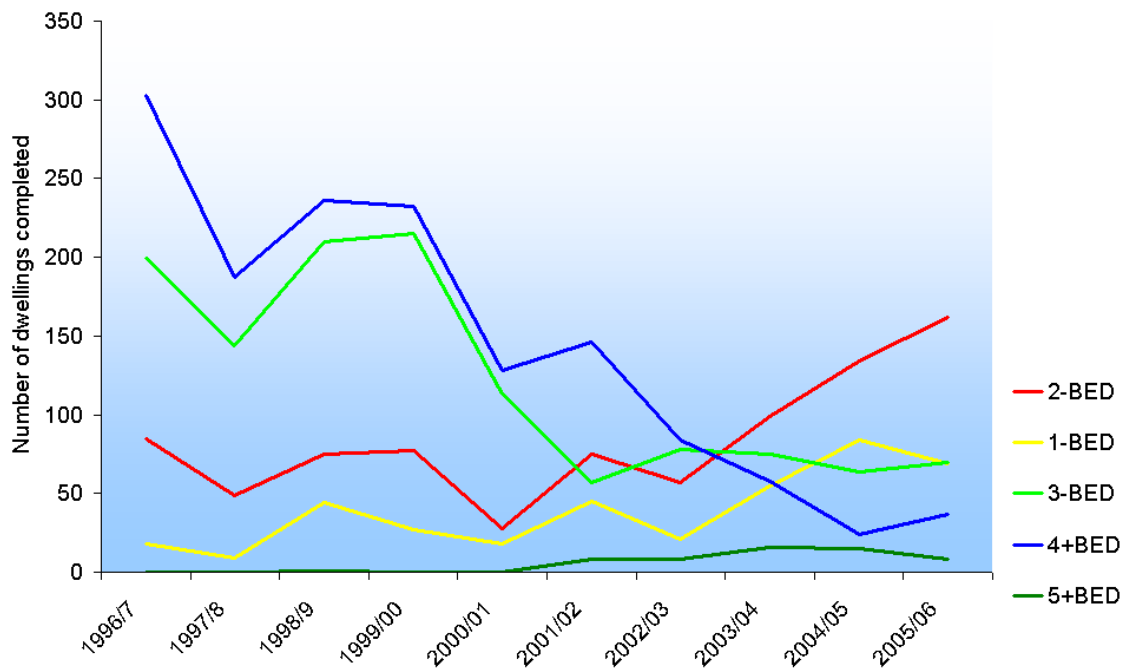
East Hampshire



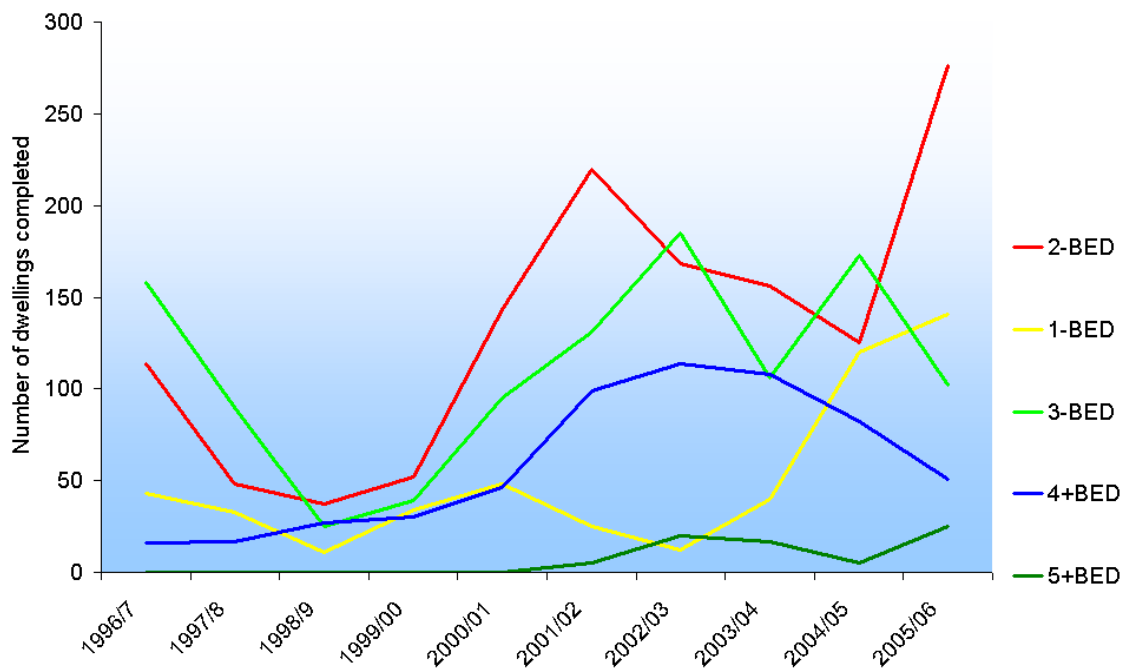
Eastleigh



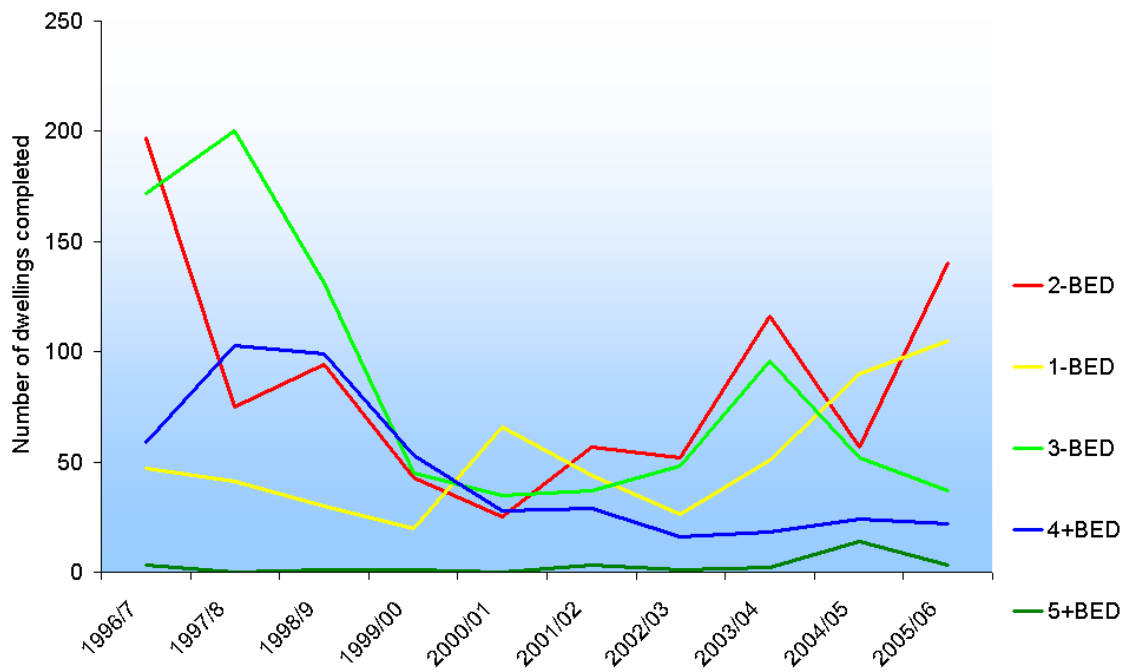
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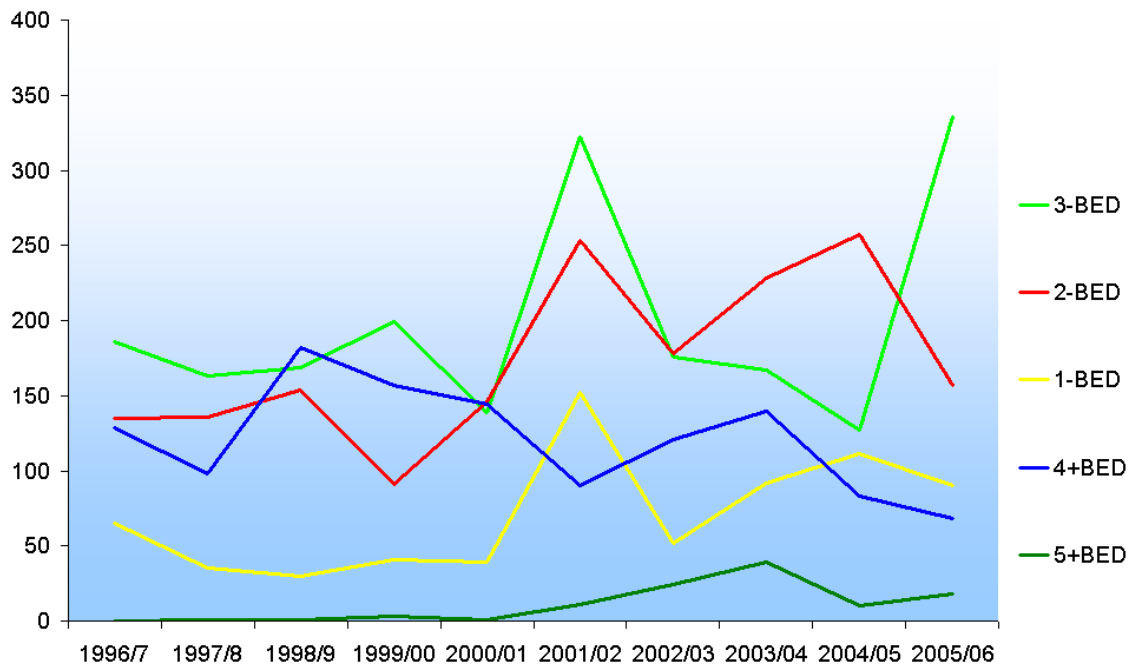
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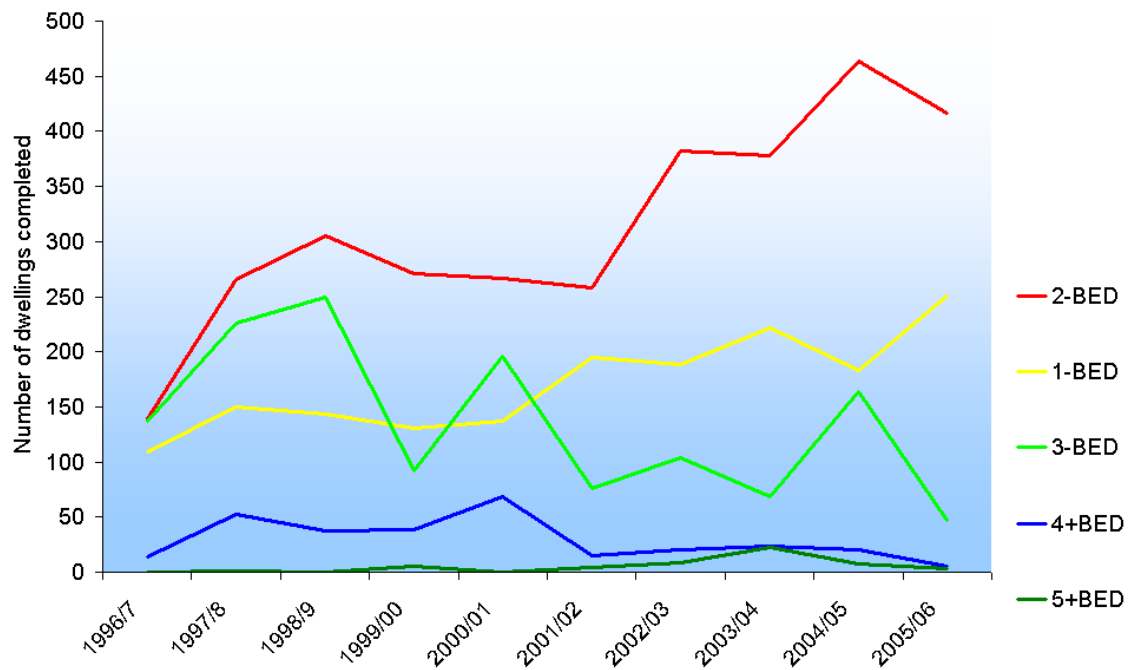
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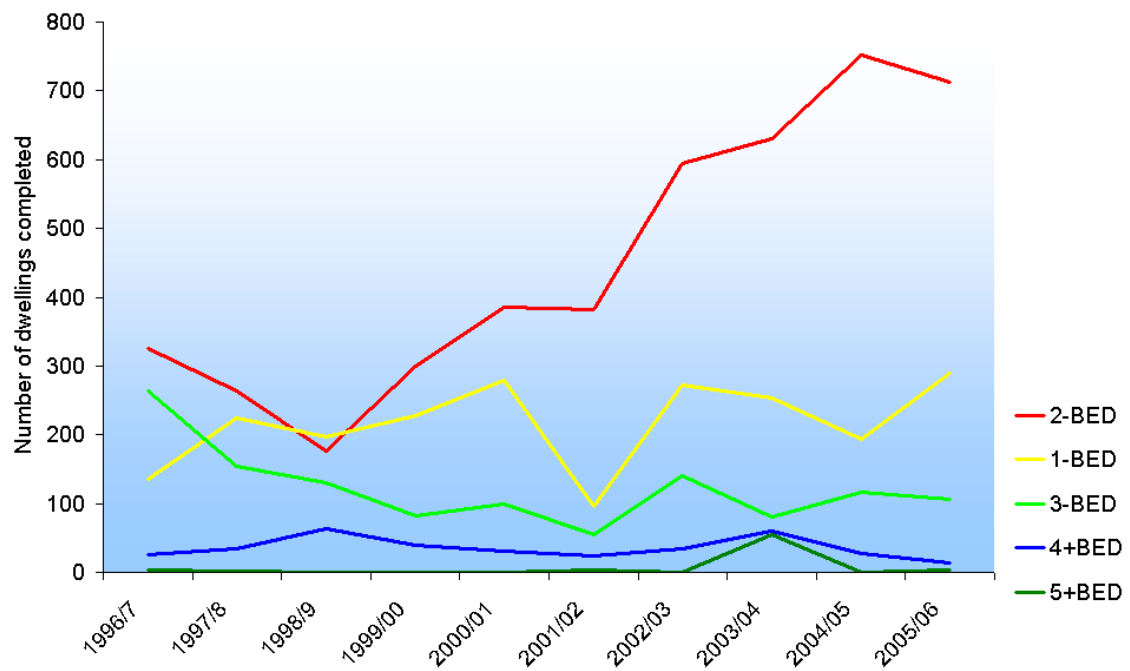
New Forest



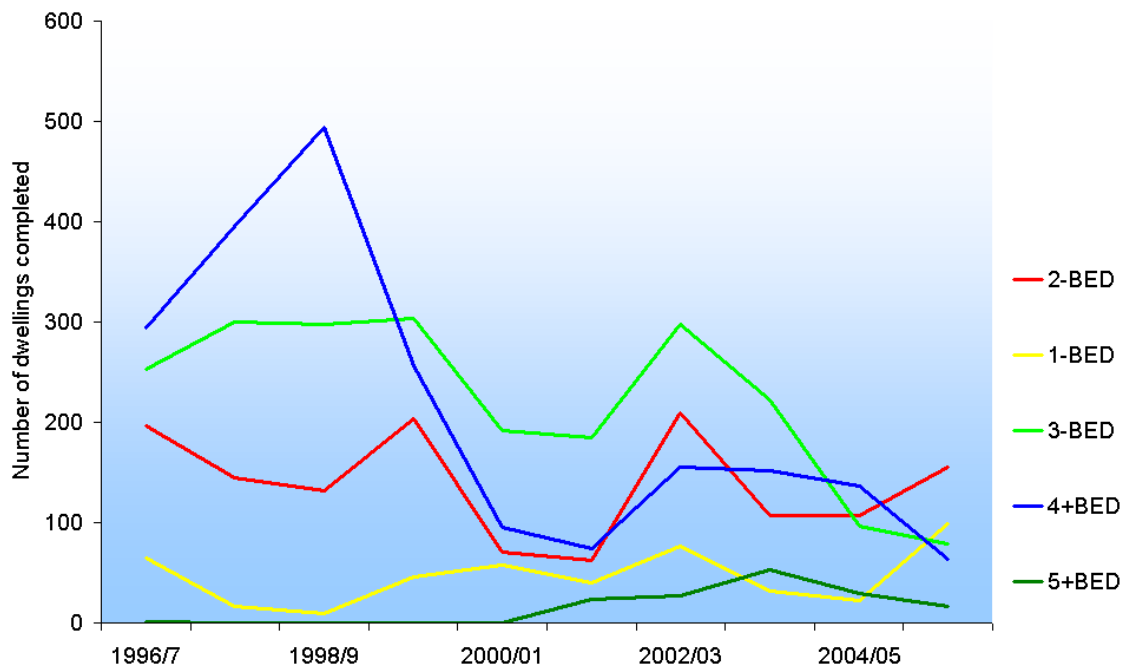
Portsmouth



Southampton



Test Valley



Winchester

