

REBUTTAL PROOF OF EVIDENCE
of
Emily Howbrook
AFFORDABLE HOUSING
APPENDICES

APPENDIX EH7

**AFFORDABLE HOUSING EVIDENCE (EASTLEIGH
BOROUGH LOCAL PLAN)**

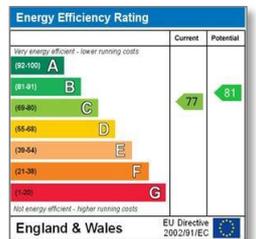
1. Eastleigh Borough Assessment of Affordable Housing & Other Housing Types 2017 Report of Findings July 2017 (ORS)
2. Eastleigh Borough Assessment of Affordable Housing Update 2020 Report of Findings July 2020 (ORS) UPDATE



Eastleigh Borough Assessment of Affordable Housing & Other Housing Types 2017

Report of Findings

July 2017





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Executive Summary

Summary of Key Findings and Conclusions

Introduction

1. Opinion Research Services (ORS) was commissioned by Eastleigh Borough Council to undertake an Assessment of Affordable Housing & Other Housing Types for the area.
2. The overall Objectively Assessed Need (OAN) for Eastleigh borough has been established as being 14,500 dwellings over the plan period 2011-2036. This corresponds to an OAN of 580 dwellings per annum over the period. The figure of 580 was established in the most recent PUSH (Partnership for Urban South Hampshire) SHMA, (Source: Objectively Assessed housing Needs Update – Partnership for Urban South Hampshire, GL Hearn April 2016 paragraph 6.44). As a result of this prior work, Eastleigh Borough Council do not consider it necessary to reassess their OAN in this study. The core requirement from this study is therefore to identify a robust affordable housing needs figure for the study area, as well as many of the specific needs for the area, as required by the NPPF.
3. There are a number of key objectives that Eastleigh Borough Council wished for this assessment to focus on:
 - » Mix and type of dwellings (current and future requirements)
 - » Evidence to inform the provision of Starter Homes
 - » Analysis of the private rented markets
 - » Older person housing needs
 - » Policy implications
4. In March 2014, the government produced new guidance on conducting housing needs assessments in the form of '*Guidance for Housing and Economic Development Needs Assessments*'. Paragraphs 22-29 of this cover affordable housing needs.
5. Alongside past changes to housing and planning policy, the Housing White Paper, '*Fixing our broken housing market*' was published in February 2017. One change flagged in the White Paper is a change in definition for affordable housing to include Starter Homes at 20% discounts of market prices. The inclusion of Starter Homes in a wider definition of affordable housing will require a fundamental revision of who is considered to be in affordable housing need because the current definition is based upon who can afford market housing, not owner occupied housing. Therefore, if the Government proceed to include Starter Homes in the definition of affordable housing products, they will also need to count many more households as being in affordable housing need than is currently the case because all non owning households who wish to purchase Starter Homes will need to be included. Therefore, the affordable housing needs assessed in this study may require a revision from April 2018 onwards.

Affordable Housing Need

6. Paragraph 47 of the National Planning Policy Framework identifies that local planning authorities should meet “the full, objectively assessed needs for market and affordable housing”. Furthermore, paragraph 159 of the Framework identifies that they should “prepare a Strategic Housing Market Assessment to assess their full housing needs” which identifies “the need for all types of housing, including affordable housing”.
7. There have been a number of Judicial Reviews of Planning Inspector decisions which have helped to clarify the relationship between the Full Objectively Assessed Need for housing and the need for Affordable Housing:

- **Satnam Millennium v Warrington BC Judgement**

Mr Justice Stewart surmised that “*The NPPF requires full affordable housing needs to be identified as part of the OAN*” before concluding that “*The assessed need for affordable housing was 477 dpa*” and “*This assessed need was never expressed or included as part of the OAN*” leading to the judgement that there had not been compliance with Policy.

- **Oadby and Wigston v Bloor Homes Judgement**

Mr Justice Hickinbottom concluded that “*on the basis of the SHMA, the Council was working to a purportedly policy off housing requirement figure of 80-100 dpa – but the SHMA itself assessed ... the full affordable housing need alone at a net 160 dpa*” and therefore this was inevitably a “*policy on*” figure.

- **Borough Council of Kings Lynn and West Norfolk v Elm Park Holdings Ltd Judgement**

Mr Justice Dove stated “*At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing ... The Framework makes clear these needs should be addressed in determining the FOAN*”.

8. On this basis, it is clear that NPPF considers that the full, objectively assessed needs for housing will include the need for affordable housing and this is now supported by a sequence of High Court Judgements. Our view is that affordable housing need must be a component of the full, objectively assessed needs for housing. This view is consistent with the Framework and the High Court Judgements identified above, and forms the core of the analysis set out below.
9. Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **959 households are in affordable housing need in Eastleigh borough and unable to afford their own housing**. This assessment is based on the criteria set out in Planning Practice Guidance and avoids double-counting.
10. Of these households, 333 currently occupy affordable housing that does not meet the households’ current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. There is, therefore, a net need from 626 households (959 less 333 = 626) who currently need affordable housing and do not currently occupy affordable housing in Eastleigh borough (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

11. Based on the household projections previously established for the OAN, we have established the balance between the need for market housing and the need for affordable housing. The housing mix analysis identified a need to provide 3,300 additional affordable homes over the 20-year Plan period 2016-36 (an average of 165 dwellings per year). This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but this assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.
12. Providing sufficient affordable housing for all households that would otherwise be living in the private rented sector with housing benefit support would increase the need to around 5,000 affordable homes over the Plan period (250 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.
13. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount. Meanwhile any vacant dwellings returned to use would count as part of the supply necessary to meet the need for affordable housing.

Housing Mix: Size and Tenure

14. When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patterns. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted.
15. Figure 1 identifies the need for market housing and affordable housing of different types (in terms of flats and houses) and sizes (in terms of number of bedrooms) for the period 2016-36. Whilst there is projected to be an increase of 4,500 extra single person households, only 800 extra dwellings have one bedroom (200 market homes and 600 affordable homes). This reflects that many single person households will continue to occupy family housing in which they already live.

**Figure 1: Housing mix of OAN for market and affordable housing reflecting current patterns (Source: ORS Housing Model.
Note: Figures may not sum exactly due to arithmetic rounding)**

Housing Mix 2016-36		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	200	600	800
	2+ bedrooms	500	500	1,000
House	2 bedrooms	500	1,100	1,600
	3 bedrooms	5,200	800	6,000
	4+ bedrooms	1,900	300	2,200
TOTAL		8,300	3,300	11,600

Need for Older Person Housing

16. The ONS population projections used by the SHMA identify that the population of Eastleigh is likely to increase from 131,500 persons to 150,900 persons over the 20-year period 2016-36. The population in older age groups is projected to increase substantially during this period, with over two thirds (69%) of the overall population growth projected to be aged 65 or over and almost a half projected to be 75+.
17. The Housing Learning and Improvement Network (LIN) published “More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people” in February 2008; and subsequently published the “Strategic Housing for Older People (SHOP)” resource pack in December 2011. By applying these toolkits to Eastleigh borough’s projected increase population of over 75s over the remaining plan period 2016-36, an estimate for the provision of specialist older person housing over the plan period can be derived:

Figure 2: Benchmark Figures for Specialist Older Person Housing Needs in Eastleigh Borough for over 75s 2016-36

2016-36	More Choice, Greater Voice toolkit			SHOP resource pack		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
2016 Total	1,090	920	2,020	1,790	1,020	2,810
2036 Total	2,030	1,720	3,750	3,340	1,900	5,240
Total change 2016-36	940	800	1,740	1,540	880	2,420
Percentage of OAN	9.3%	7.9%	17.2%	15.2%	8.7%	24%

18. The toolkits indicate that a provision should be made of between 17% and 24% of the OAN to specialist older person housing to accommodate the ageing population. These figures are based on national rates and do not consider local circumstances in Eastleigh.
19. Considering the increase in households, 79% (10,100 out of an increase of 12,800 households) are likely to have household representatives aged 65 or over. The current government position is that more older persons should remain at home rather than enter care. Given this context, the evidence supports the need for a significant growth in dwellings to meet Category 2 requirements, providing that this does not compromise viability. This could include the conversion of dwellings using Disabled Facilities Grants and also the provision of dedicated older person housing schemes.

20. Figure 3 identifies the net change in the number of households with a wheelchair user over the 20-year period 2016-36. It is evident that the number of households likely to need wheelchair adapted housing in Eastleigh borough is likely to increase by 750 over the period.

Figure 3: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+			Overall change 2016-36	% of OAN
	2016	2036	Net change 2016-36	2016	2036	Net change 2016-36		
Housing type								
Market housing	810	900	90	490	900	410	500	6.82%
Affordable housing	350	420	70	200	380	180	250	9.53%
All households	1,160	1,320	160	690	1,280	590	750	7.53%

- 1.1 This comprises 500 households in market housing (7% of total projected market households) and 250 households in affordable housing (8% of total projected affordable households). The evidence therefore supports the need for a proportion of both market and affordable housing to be wheelchair accessible, and **the Council should plan for a minimum of 7% of all market housing and 8% of affordable housing to meet Category 3 requirements.**
- 1.2 Whilst not all households aged 75 or over needing wheelchair adapted housing will live in specialist older person housing, at any point in time it is likely that around two-fifths of those living in specialist housing will need wheelchair adapted homes. However, it is important to recognise that as individual household circumstances change, it is likely that some households will start using a wheelchair whilst living in specialist housing if their health deteriorates. On this basis, a higher proportion of specialist older person housing units will need to be adaptable to become a wheelchair user dwelling (Category 3). **The evidence supports the need for a target for all specialist housing for older people to meet Category 3 requirements.**

1. Introducing the Study

Background to the project and wider policy context

- 1.1 Opinion Research Services (ORS) was commissioned by Eastleigh Borough Council to undertake an Assessment of Affordable Housing & Other Housing Types for the area.
- 1.2 The National Planning Policy Framework (NPPF) sets out government's planning policies for England and how these are expected to be applied. The Framework acts as guidance for local planning authorities and decision-takers, both in drawing up plans and making decisions about planning applications.
- 1.3 Planning Practice Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014. Previous Strategic Housing Market Assessment Guidance (2007) and related documents were rescinded at that time, so the approach taken in preparation of this report is focused on meeting the requirements of the NPPF and PPG. The study methodology was also mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice.
- 1.4 The overall Objectively Assessed Need (OAN) for Eastleigh borough has been established as being 14,500 dwellings over the plan period 2011-2036. This corresponds to an OAN of 580 dwellings per annum over the period. The figure of 580 was established in the most recent PUSH (Partnership for Urban South Hampshire) SHMA, (Source: Objectively Assessed housing Needs Update – Partnership for Urban South Hampshire, GL Hearn April 2016 paragraph 6.44). As a result of this prior work, Eastleigh Borough Council do not consider it necessary to reassess their OAN in this study. The core requirement from this study is therefore to identify a robust affordable housing needs figure for the study area, as well as many of the specific needs for the area, as required by the NPPF.
- 1.5 There are a number of key objectives that Eastleigh Borough Council wished for this assessment to focus on:
 - » Mix and type of dwellings (current and future requirements)
 - » Evidence to inform the provision of Starter Homes
 - » Analysis of the private rented markets
 - » Older person housing needs
 - » Policy implications

Housing White Paper

- 1.6 We would also note that the Housing White Paper, "*Fixing our broken housing market*" was published in February 2017. One change flagged in the White Paper is a change in definition for affordable housing to include Starter Homes at 20% discounts of market prices and also Build to Rent with rents to remain at 20% below market prices. Build to rent does not affect the need for affordable homes because the rents would be similar to Affordable Rents, just on the private sector not with a registered provider

- 1.7 However, the inclusion of Starter Homes in a wider definition of affordable housing will require a fundamental revision of who is considered to be in affordable housing need because the current definition is based upon who can afford market housing, not owner occupied housing. Therefore, if the Government proceed to include Starter Homes in the definition of affordable housing products, they will also need to count many more households as being in affordable housing need than is currently the case because all non owning households who wish to purchase Starter Homes will need to be included.
- 1.8 On this basis, this study should be seen as sitting between two points in time in terms of the modelling of affordable housing need. Past studies have applied very strict affordability test to assess who requires affordable housing, while this study applies the much looser definition currently in force. However, it is likely that by April 2018 many more households who are not currently counted as being in affordable housing need will be added to the figures because of the move to include Starter Homers in the definition of affordable housing products.

2. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 2.1 Before calculating the affordable housing needs for Eastleigh initially we would like to cover the link between affordable housing and the OAN because we consider this to be a central issue and the main source of the problems experienced by many Councils around affordable housing need.
- 2.2 Paragraph 47 of the National Planning Policy Framework identifies that local planning authorities should meet “the full, objectively assessed needs for market and affordable housing”. Furthermore, paragraph 159 of the Framework identifies that they should “prepare a Strategic Housing Market Assessment to assess their full housing needs” which identifies “the need for all types of housing, including affordable housing”.
- 2.3 There have been a number of Judicial Reviews of Planning Inspector decisions which have helped to clarify the relationship between the Full Objectively Assessed Need for housing and the need for Affordable Housing:

- **Satnam Millennium v Warrington BC Judgement**
Mr Justice Stewart surmised that *“The NPPF requires full affordable housing needs to be identified as part of the OAN”* before concluding that *“The assessed need for affordable housing was 477 dpa”* and *“This assessed need was never expressed or included as part of the OAN”* leading to the judgement that there had not been compliance with Policy.
- **Oadby and Wigston v Bloor Homes Judgement**
Mr Justice Hickinbottom concluded that *“on the basis of the SHMA, the Council was working to a purportedly policy off housing requirement figure of 80-100 dpa – but the SHMA itself assessed ... the full affordable housing need alone at a net 160 dpa”* and therefore this was inevitably a *“policy on”* figure.
- **Borough Council of Kings Lynn and West Norfolk v Elm Park Holdings Ltd Judgement**
Mr Justice Dove stated *“At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing ... The Framework makes clear these needs should be addressed in determining the FOAN”*.

- 2.4 On this basis, it is clear that NPPF considers that the full, objectively assessed needs for housing will include the need for affordable housing and this is now supported by a sequence of High Court Judgements. Our view is that affordable housing need must be a component of the full, objectively assessed needs for housing. This view is consistent with the Framework and the High Court Judgements identified above, and forms the core of the analysis set out below.

Planning Practice Guidance for Affordable Housing Needs

- ^{2.5} In March 2014 the Government issued (PPG)¹ on the Assessment of Housing and Economic Development Needs (March 2014). This includes advice on how calculate affordable housing needs at ID 2a-022 to 029. ID2a-022 summarises the key steps required to calculated affordable housing needs:

How should affordable housing need be calculated?

Plan makers working with relevant colleagues within their local authority (e.g. housing, health and social care departments) will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

Planning Practice Guidance (March 2014), ID 2a-022

- ^{2.6} The PPG approach largely reflects that in chapter 5 the 2007 CLG SHMA Practice Guidance:

“The first part of this chapter explains how to estimate the number of current and future households in housing need. It then looks at the available stock and requirements of existing affordable housing tenants for different sizes of properties. In so doing, the approach outlines how to develop an evidence base that can inform decisions about a range of policy responses to housing need, including: setting targets for affordable housing, changing allocations policies and using the private rented sector.” (page 40, SHMA Practice Guidance Version 2²)

- ^{2.7} The 2007 CLG SHMA Practice Guidance was in turn based on the approach set out in *“Local Housing Needs Assessment: A Guide to Good Practice”*, published by the Department for the Environment, Transport and the Regions (DETR) in 2000³. This presented *“a basic needs assessment model which all local authorities should try to follow, so far as is practicable”* (pages 21-22):

Table 2a: Outline of basic model

B: BACKLOG OF EXISTING NEED (times a quota)
plus
N: NEWLY ARISING NEED
minus
S: SUPPLY OF AFFORDABLE UNITS
equals
NET SHORTFALL (SURPLUS) affordable units per year

- ^{2.8} Given this context, it is evident that the key elements of the PPG approach reflect a long-established approach for assessing affordable housing need (PPG ID 2a-022 cf. DETR 2000 Table 2a):

¹ <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

² “Strategic Housing Market Assessments Practice Guidance Version 2”, CLG 2007 (now rescinded)

³ “Local Housing Needs Assessment: A Guide to Good Practice”, DETR 2000 (now rescinded)

- » “This calculation involves adding together the current unmet housing need and the projected future housing need” → B: BACKLOG OF EXISTING NEED plus N: NEWLY ARISING NEED
- » “and then subtracting this from the current supply of affordable housing stock”
→ minus S: SUPPLY OF AFFORDABLE UNITS equals NET SHORTFALL (SURPLUS)

Assessing Affordable Housing Needs

- 2.9 The standard approach to modelling affordable housing needs that was originally set out in the 2000 DETR Guide to Good Practice and which is reflected by PPG at ID 2a-022 to 029 comprises:
- » A backlog of **current unmet need** for affordable housing, which includes:
 - Established households (who already live in market or affordable housing that is unsuitable for their needs); together with
 - Suppressed households (such as concealed families or homeless households) who need their own home; plus the
 - » **Projected future housing need** for affordable housing (i.e. newly arising need), which is based on a proportion of future household growth; less the
 - » **Supply of affordable housing.**
- 2.10 All of the established households counted as part of the current unmet need for affordable housing, and in moving to affordable housing they will vacate their existing dwelling – so no additional dwellings are needed and these needs will not add to the overall OAN. Nevertheless, these households moves will impact on the overall mix of housing needed.
- 2.11 By definition, the full OAN will include all projected household growth for the area – so any proportion of the growth where households need affordable housing will not add to the overall OAN.
- 2.12 The only households that would add to the overall OAN based on household projections would be suppressed households (such as concealed families or homeless households) that are not captured by the household projections. The needs of these households must be counted as part of the affordable housing OAN, and therefore they must also be included within the overall OAN.
- 2.13 Given this context, all households that need affordable housing will already be included within the household projections that inform the overall OAN (and will therefore not increase the overall OAN); except for suppressed households counted within the current unmet need for affordable housing.
- 2.14 The Planning Advisory Service Good Plan Making Guide⁴ clearly identifies that SHMAs must take account of any unmet need for housing that still exists at the start of the new plan period, which it describes as ‘backlog’. This includes “for example, the needs of the homeless and other households living in unacceptable accommodation”:
- “Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be ‘double counting’. Make sure however that the Strategic Housing Market Assessment takes account of ‘backlog’ which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all*

⁴ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope.” (page 49)

- 2.15 Therefore, the PAS Good Plan Making Guide confirms that the only households included within the affordable housing OAN that are not included within the household projections that inform the overall OAN have to be counted separately when establishing the overall OAN. On this basis, **all households counted within the affordable housing OAN must also be counted within the overall OAN: affordable housing need will not add to the overall OAN.**

Modelling Affordable Needs

- 2.16 In relation to assessing future need, PPG identifies needs should be assessed based on a “*gross annual estimate*” (ID 2a-025, emphasis added); however in establishing “*the total need for affordable housing*”, PPG identifies that the figure should be based on “*the total net need*” (ID 2a-029, emphasis added). The PPG suggests that this should be based on a calculation to “*subtract total available [affordable housing] stock from total gross need*” (ID 2a-029) – but not all households included within the total gross need will be allocated affordable housing, so it is important to consider this when deriving net need.
- 2.17 From a real-life perspective, **any household that needs an affordable dwelling will also need a dwelling; but equally important, any household that does not need a dwelling will not need an affordable dwelling.** Understanding this very simple concept is central to producing a robust needs assessment.
- 2.18 The basic approach to assessing affordable housing need set out at PPG ID 2a-022 to 029 covers five key groups of households: two relate to assessing current need (ID 2a-024) and three relate to assessing future need (ID 2a-025). The table below describes each of these groups and differentiates between their gross need and net need. It also sets out the impact that each group has on the assessment of affordable housing need and the full OAN.

Group	Description	Impact on needs assessment
Current needs of homeless and concealed households	These households should have a dwelling at the start of the Plan period, but they don't and they are unable to afford market housing.	The needs of these households should be counted as affordable housing need and also within the full OAN.
Current needs of existing households	These households have a dwelling at the start of the Plan period, but it isn't suitable for their needs (for example, due to overcrowding) and they are unable to afford market housing.	The needs of these households should be counted as affordable housing need, but as they already occupy a dwelling their need will not add to the full OAN.
Future needs of new households unable to afford: Newly forming households	<p>These new households are projected to form based on past trends, but they are unable to afford market housing. This will represent the gross need.</p> <p>The net need offsets those existing households previously assessed to need affordable housing that are projected to dissolve (either as existing households combine or following death of all household members).</p> <p>Such households no longer need a dwelling, so they should also be discounted from the affordable housing need. It is important that this need is discounted regardless of whether or not the dissolving household previously occupied</p>	<p>The overall number of newly forming households and household dissolutions should be consistent with the household projections on which the full OAN is based.</p> <p>This will ensure that the affordable housing need is consistent with the full OAN.</p> <p>Whilst it is necessary to identify the gross need, it should only be the net need that is counted when establishing the need</p>

	affordable housing.	for additional affordable housing.
Future needs of new households unable to afford: Migrant households	<p>These new households are projected to move to the area based on past trends (in-migrant households), but they are unable to afford market housing. This will represent the gross need.</p> <p>The net need offsets those existing households previously assessed to need affordable housing that are projected to move away from the area (out-migrant households).</p> <p>Such households no longer need a dwelling in the area, so they should also be discounted from the affordable housing need. It is important that this need is discounted regardless of whether or not the out-migrant household previously occupied affordable housing.</p>	<p>The overall number of in-migrant households and out-migrant households should be consistent with the household projections on which the full OAN is based.</p> <p>This will ensure that the affordable housing need is consistent with the full OAN.</p> <p>Whilst it is necessary to identify the gross need, it should only be the net need that is counted when establishing the need for additional affordable housing.</p>
Future needs of existing households falling into need	<p>These households have a suitable dwelling that they are able to afford, but their circumstances change such that their existing dwelling is no longer suitable and they are unable to afford market housing. This will represent the gross need.</p> <p>The net need offsets those existing households previously assessed to need affordable housing whose circumstances improve such that they no longer need affordable housing.</p> <p>Such households will continue to occupy a dwelling in the area, but no longer need affordable housing. It is important that this affordable housing need is discounted regardless of whether or not the household occupied affordable housing.</p>	<p>The needs of these households should be counted as affordable housing need, but as they already occupy a dwelling their need will not add to the full OAN.</p> <p>Whilst it is necessary to identify the gross need, it should only be the net need that is counted when establishing the need for additional affordable housing.</p>

- 2.19 It is appropriate to recognise that PPG does not explicitly state that the needs of dissolving households and out-migrant households that have been counted within the gross need for affordable housing should be discounted from the net need, regardless of whether or not the household ever occupied affordable housing. Nevertheless, such households will not need housing in the housing market area, so it stands to reason that they will no longer need affordable housing either – otherwise these households would be counted within the affordable housing need despite not being counted in the full OAN. Based on the simple concept above, any household that does not need a dwelling will not need an affordable dwelling – so these needs must be discounted when establishing the total need for affordable housing, which should be based on the “*total net need*” (ID 2a-029).
- 2.20 Similarly, PPG does not explicitly state that the needs of existing households climbing out of need should be discounted, regardless of whether or not the household ever occupied affordable housing. Nevertheless, PPG identifies that “*care should be taken ... to include only those households who cannot afford to access suitable housing in the market*” (ID 2a-024); so it is evident that the needs of households whose circumstances improve such that they can “*afford to access suitable housing in the market*” should not be included in the total need for affordable housing.
- 2.21 Given this context, it is important to recognise that PPG does not provide a framework which either could or should be applied mechanistically. Indeed, the PPG on housing and economic development needs states at the outset:

Can local planning authorities use a different methodology?

There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need. But the use of this standard methodology set out in this guidance is strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance.

Planning Practice Guidance (March 2014), ID 2a-005

- 2.22 There are a number of areas where PPG does not provide specific guidance; such as the need to consider commuting patterns when considering how employment trends are taken into account, and the need to consider vacancies and second homes when establishing housing need based on household projections. In this regard, in the *Borough Council of Kings Lynn and West Norfolk v Elm Park Holdings Ltd* Judgement Mr Justice Dove stated:

41. The PPG does not provide any specific guidance on this point related to vacancies and second homes. That is to my mind unsurprising, as it could not begin to address every conceivable point which might arise in this exercise. However, I have no doubt that the inclusion of vacancies and second homes is an adjustment based on statistical data of a kind similar to those which are contemplated in the PPG. The absence of this issue from the PPG does not therefore dissuade me from the view which I have reached.

- 2.23 Whilst PPG does not provide any specific guidance about the treatment of households that no longer need housing in the housing market area that have been counted in the gross need for affordable housing, it is still appropriate to discount their needs from the affordable housing need.

Backlog of Affordable Housing Needs for Eastleigh

- 2.24 Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.
- 2.25 PPG notes that affordable housing need is based on households “*who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market*” (paragraph 22) and identifies a number of different types of household which may be included:

What types of households are considered in housing need?

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

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

» *Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*

Planning Practice Guidance (March 2014), ID 2a-023

- 2.26 PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):
- » Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.
 - » The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.
 - » Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.
- 2.27 The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

Past Trends and Current Estimates of the Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

- 2.28 Local authorities hold data on the number of homeless households and those in temporary accommodation. In Eastleigh borough, the annual number of households accepted as being **homeless** and in priority need has seen a downward trend over the period 2006 to 2016. There were 70 such households in 2006 (1.4 per 1,000 households) which reduced to 0 households by 2016 (Figure 4). This is compared the rate for England (2.5 per 1,000).
- 2.29 There has also been a reduction in households living in **temporary accommodation** from Quarter 1 2006 to Quarter 1 2016 (net reduction of 24 households) and a reduction in the number of households accepted as homeless without temporary accommodation provided (from 1 household to 0). Of the households in temporary accommodation in Quarter 1 2016, 15 were accommodated in bed & breakfast accommodation or hostels, 2 were in Local Authority or RSL stock and a further 2 in private sector accommodation.

Figure 4: Households accepted as homeless and in priority need (Source: CLG P1E returns March 2006 and March 2016)

		Eastleigh Borough			England 2016
		2006	2016	Net change 2006-16	
Number accepted homeless and in priority need during year		70	0	-70	-
<i>Rate per 1,000 households</i>		1.4	0.0	-1.4	2.5
Households in temporary accommodation	Bed and breakfast	0	14	+14	-
	Hostels	27	1	-26	-
	Local Authority or RSL stock	16	2	-14	-
	Private sector leased (by LA or RSL)	0	1	+1	-
	Other (including private landlord)	0	1	+1	-
	TOTAL	43	19	-24	-
	<i>Rate per 1,000 households</i>	0.9	0.3	-0.6	3.1
Households accepted as homeless but without temporary accommodation provided		1	0	-1	-

- 2.30 It is evident that homelessness has not become significantly worse in Eastleigh borough over the last decade, and might be notably better, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the council limit the number of homeless presentations through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however, many households facing homelessness are now offered private rented housing.
- 2.31 Changes to the Law in 2011 mean private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2011 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Census Data: Concealed Households and Overcrowding

- 2.32 The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their “host” household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

- 2.33 The number of **concealed families** living with households in Eastleigh borough increased from 321 to 503 over the 10-year period 2001-11, a change of 182 households (57%).
- 2.34 Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with

another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing.

- 2.35 When we consider the growth of 182 families over the period 2001-11 (Figure 5), **over two-thirds of these families (123) have family representatives aged under 55**, with substantial growth amongst those aged under 25 in particular (in line with national trends).

Figure 5: Concealed families in Eastleigh Borough by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	45	148	+103
Aged 25 to 34	125	136	+11
Aged 35 to 44	49	34	-15
Aged 45 to 54	15	38	+23
Sub-total aged under 55	233	355	+123
Aged 55 to 64	23	42	+18
Aged 65 to 74	48	60	+12
Aged 75 or over	17	46	+29
Sub-total aged 55 or over	88	148	+59
All Concealed Families	321	503	+182

Sharing Households

- 2.36 The number of **sharing households** reduced from 54 to 17 over the 10-year period 2001-11 (Figure 6), a change of 37 households (69%).

Figure 6: Shared Dwellings and Sharing Households in Eastleigh Borough (Source: Census 2001 and 2011)

	2001	2011	Net change
Number of shared dwellings	23	7	-16
Number of household spaces in shared dwellings	57	21	-36
All Sharing Households	54	17	-37
Household spaces in shared dwellings with no usual residents	3	4	+1

- 2.37 Figure 7 shows that the number of **multi-adult households** living in the area increased from 1,541 to 2,023 households over the same period, an increase of 482 (31%). These people also have to share basic facilities, but are considered to be a single household (by the census definition) as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities**, as well as **single people living together as a group** and **individuals with lodgers**.

Figure 7: Multi-adult Households in Eastleigh Borough (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	1,141	1,250	109
Private rented	276	575	299
Social rented	124	198	74
All Households	1,541	2,023	482

- 2.38 The growth in multi-adult households was focused particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 299 households (an increase from 276 to 575 households over the period).
- 2.39 Nevertheless, shared facilities are a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.
- 2.40 There is therefore likely to be a continued (and possibly growing) role for HMOs in housing under 35's, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

- 2.41 The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

“There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement.”

- 2.42 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:
- » A one person household is assumed to require three rooms (two common rooms and a bedroom); and
 - » Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:
 - each couple (as determined by the relationship question)
 - each lone parent
 - any other person aged 16 or over
 - each pair aged 10 to 15 of the same sex
 - each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
 - each pair of children aged under 10 remaining
 - each remaining person (either aged 10 to 15 or under 10).
- 2.43 For Eastleigh Borough, **overcrowding** increased from 1,961 to 2,617 households (an increase of 656) over the 10-year period 2001-11 (Figure 8). This represents a percentage growth of 20%, which is slightly lower than the national percentage increase for England (23%).

- 2.44 When considered by tenure, overcrowding has reduced by 126 households in the owner occupied sector and increased by 199 households in the social rented sector; however the largest growth has been in the private rented sector where the number of overcrowded households has increased from 442 to 1,025, a growth of 583 households over the 10-year period. The percentage of overcrowded households in the private rented sector has also increased from 13.7% to 15.0% (a percentage increase of 9%); however the biggest percentage increase was in the social rented sector increasing from 11.3% to 12.8% (a percentage increase of 14%).

Figure 8: Proportion of overcrowded households 2011 and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11		N	%
	N	%	N	%	N	%		
EASTLEIGH BOROUGH								
Owned	897	2.3%	771	2.0%	-126	-16%	453	1.2%
Private rented	442	13.7%	1,025	15.0%	+583	+9%	396	5.8%
Social rented	622	11.3%	821	12.8%	+199	+14%	432	6.7%
All Households	1,961	4.2%	2,617	5.0%	+656	+20%	1,281	2.5%
ENGLAND								
Owned	-	3.3%	-	3.3%	-	-3%	-	2.3%
Private rented	-	16.4%	-	20.2%	-	+23%	-	8.8%
Social rented	-	14.9%	-	16.9%	-	+14%	-	8.9%
All Households	-	7.1%	-	8.7%	-	+23%	-	4.6%

English Housing Survey Data

Overcrowding

- 2.45 The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.
- 2.46 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach⁵ is based on a “*bedroom standard*” which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

“The ‘bedroom standard’ is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or,

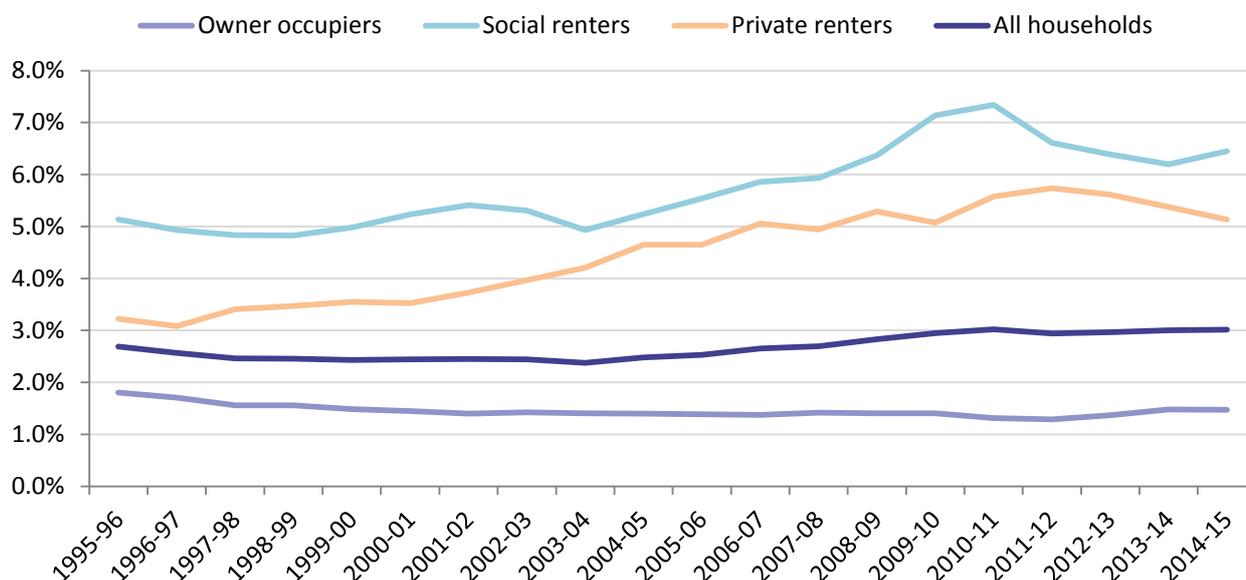
⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/501065/EHS_Headline_report_2014-15.pdf

if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

“Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed.”

- 2.47 Nationally, overcrowding rates have increased for households in both social and private rented housing, although the proportion of overcrowded households has declined in both sectors since 2011. Overcrowding rates for owner occupiers have remained relatively stable since 1995 (Figure 9).

Figure 9: Trend in overcrowding rates by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)



- 2.48 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance⁶ that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).
- 2.49 This Guidance, *“Allocation of accommodation: Guidance for local housing authorities in England”*, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:

- married or cohabiting couple*
- adult aged 21 years or more*
- pair of adolescents aged 10-20 years of the same sex*
- pair of children aged under 10 years regardless of sex*

- 2.50 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Eastleigh borough,

⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

we can estimate overcrowding using the bedroom standard. Figure 10 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that **279 owner occupied, 195 private rented and 294 social rented households were overcrowded** in Eastleigh Borough in 2015. Student households in the private rented sector have been excluded from this calculation given that their needs are assumed to be transient.

Figure 10: Estimate of the number of overcrowded households in Eastleigh borough by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)

	Owned		Private Rented		Social Rented		Totals
ENGLAND							
EHS bedroom standard 2011	1.3%		5.6%		7.3%		-
Percentage of households overcrowded [A]							
Census occupancy rating	<i>Bed rooms</i>	<i>Rooms</i>	<i>Bed rooms</i>	<i>Rooms</i>	<i>Bed rooms</i>	<i>Rooms</i>	
Percentage of households overcrowded [B]	2.3%	3.3%	8.8%	20.2%	8.9%	16.9%	-
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%	-
EASTLEIGH BOROUGH							
Census occupancy rating	<i>Bed rooms</i>	<i>Rooms</i>	<i>Bed rooms</i>	<i>Rooms</i>	<i>Bed rooms</i>	<i>Rooms</i>	
Number of overcrowded households [D]	453	771	396	1,025	432	821	-
Full-time student households [E]	77	66	114	158	34	34	-
Overcrowded households (excluding students) [F = D - E]	376	705	282	867	398	787	-
Estimate of overcrowded households based on the bedroom standard [G = C × F]	214	282	180	243	330	338	-
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	248		212		334		794
EHS bedroom standard	+12%		-8%		-12%		-
Change in overcrowding from 2011 to 2015							
Estimate of overcrowded households in 2015 based on the bedroom standard	279		195		294		767

Housing Condition and Disrepair

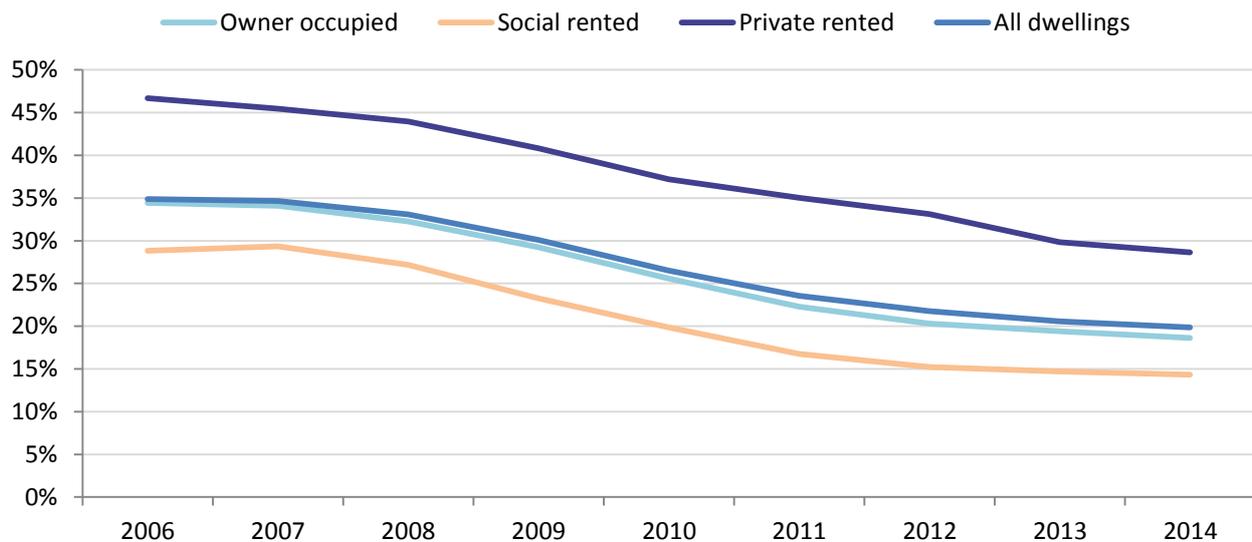
^{2.51} The EHS also provides useful information about **housing condition**. The Decent Homes Standard provides a broad measure which was intended to be a minimum standard that all housing should meet, and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

- » Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and
- » Be in a reasonable state of repair; and
- » Have reasonably modern facilities (such as kitchens and bathrooms) and services; and
- » Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).

^{2.52} If a dwelling fails any one of these criteria, it is considered to be “non-decent”. A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: “A Decent Home – The definition and guidance for implementation” June 2006.

^{2.53} Figure 11 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, over a quarter of the private rented sector (29.8%) currently remains non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 11: Trend in non-decent homes by tenure in England (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)



Housing Register Data

^{2.54} The local authority **housing register** and **transfer lists** are managed through a Choice Based Lettings scheme called Hampshire Home Choice. Households apply for a move via the scheme and ‘bid’ for homes along with applicants from various sources, including homeless households, housing register and transfer applicants.

^{2.55} Figure 12 shows the trend in households on the housing register over the period since 2001. Whilst the overall number of households on the housing register has varied over the period, it steadily increased between 2001 and 2013, after a minor dip in 2009. There was a substantial drop between 2013 and 2014, and the level has remained relatively constant between 2014 and 2016.

^{2.56} Figure 12 also shows the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires “reasonable preference” for housing to be given to people who are:

- » Legally homeless;
- » Living in unsatisfactory housing (as defined by the Housing Act 2004);
- » Need to move on medical/welfare grounds; or
- » Need to move to a particular area to avoid hardship.

^{2.57} However, the number in a reasonable preference category has barely moved in recent years suggesting that the underlying number of households needing affordable housing in Eastleigh borough has not substantially increased recently.

Figure 12: Number of households on the local authority housing register 2001-16 (Source: LAHS and HSSA returns to CLG)

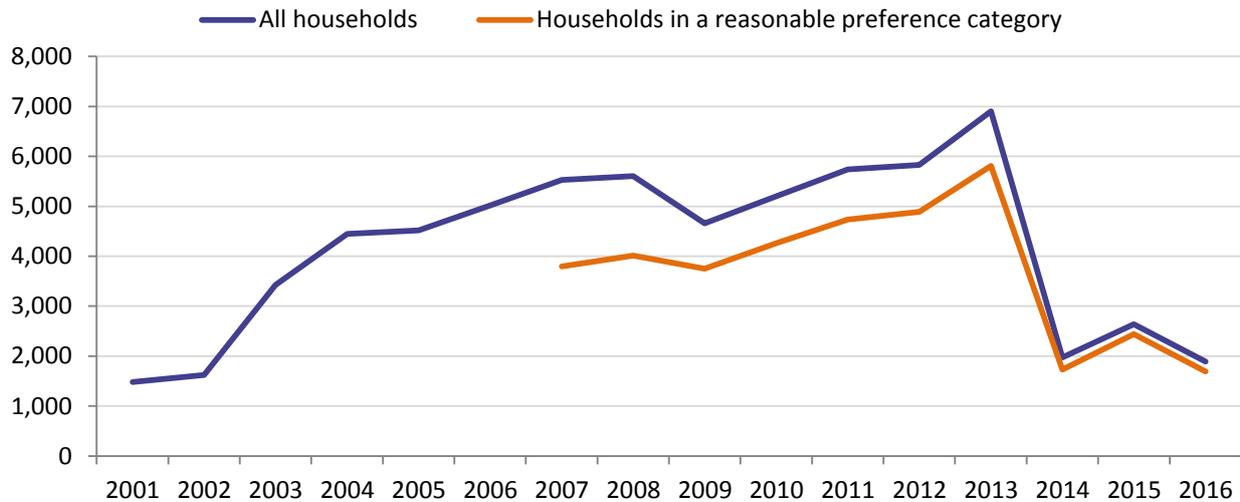


Figure 13 provides further detailed information for the last five years.

Figure 13: Number of households on the local authority housing register at 1st April (Source: LAHS returns to CLG) (* denotes missing data)

	2012	2013	2014	2015	2016
Total households on the housing waiting list	5,830	6,902	1,973	2,640	1,887
Total households in a reasonable preference category	4,890	5,809	1,733	2,437	1,692
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	*	*	0	14	4
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	*	*	83	139	121
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	*	*	1,659	2,437	1,627
People who need to move on medical or welfare grounds, including grounds relating to a disability	*	*	308	333	273
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	*	*	63	87	55

- ^{2.58} The number of people recorded by the housing register as homeless or owed a duty under the Housing Act appears to be broadly consistent with the local authority data about homelessness.
- ^{2.59} The number of people recorded as “*occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions*” in 2015 was 2,437 (reducing to 1,627 by 2016). We previously estimated that there were around 767 overcrowded households in Eastleigh borough in 2015, based on the bedroom standard (Figure 10). This discrepancy suggests that Eastleigh borough either have a more generous standard for measuring overcrowding than the bedroom standard, or that many in this category are there due to other unsatisfactory conditions than overcrowding, such as insanitary housing or similar (issues which may be corrected by improvements to the current stock, without generating additional housing need). In defining need this report uses the CLG recommended bedroom standard for consistency as discussed in paragraph 2.49.
- ^{2.60} When considering the types of household to be considered in housing need, the PPG also identified “*households containing people with social or physical impairment or other specific needs living in*

unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ” and “households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move”. It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted within a reasonable preference category.

- ^{2.61} In 2016 there were 273 people registered “who need to move on medical or welfare grounds, including grounds relating to a disability” with 55 registered “who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)”. However, some of these households are seeking to move within the social housing sector and hence will also be included in the supply of dwelling vacated.

Housing Benefit Claimants in Eastleigh Borough

- ^{2.62} The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

Plan makers ... will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (ID 2a-022, emphasis added)

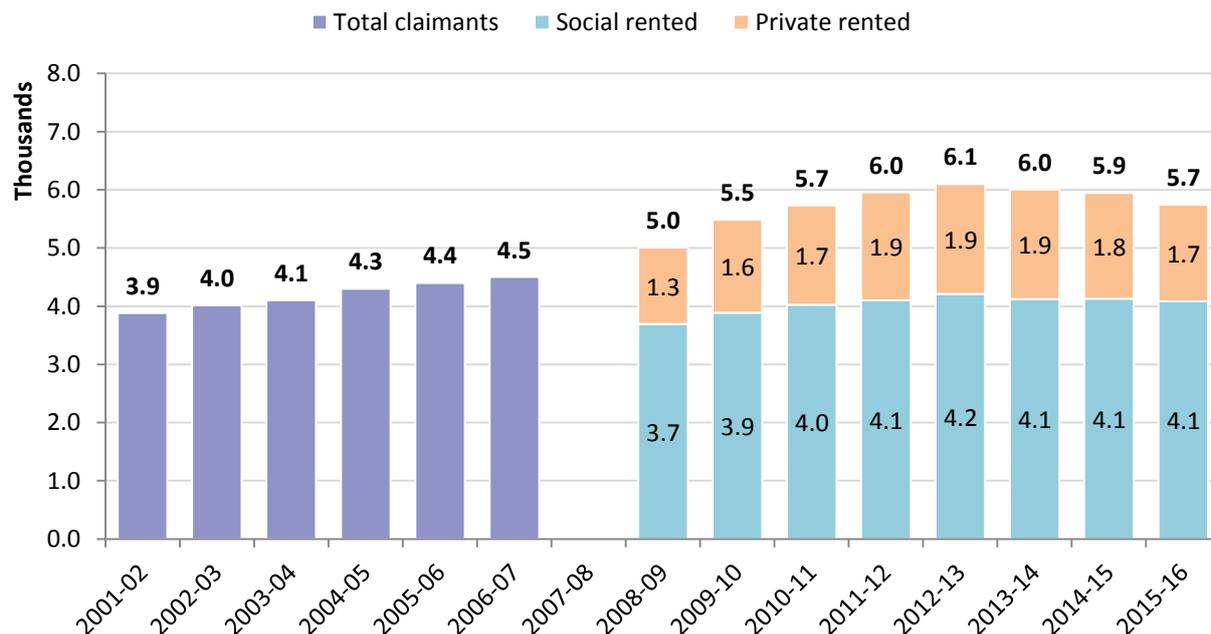
Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of ... those that cannot afford their own homes. Care should be taken to avoid double-counting ... and to include only those households who cannot afford to access suitable housing in the market (ID 2a-024, emphasis added)

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area (ID 2a-025, emphasis added)

Planning Practice Guidance (March 2014), ID 2a-022-025

- ^{2.63} Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09, including more detailed information about claimants and the tenure of their home.
- ^{2.64} Figure 14 shows the trend in the number of housing benefit claimants in Eastleigh borough.

Figure 14: Number of claimants in receipt of housing benefit in Eastleigh Borough by tenure (Source: DWP. Note: No breakdown by tenure is available for the period 2001-07 and data for 2007-08 was not published)



- ^{2.65} Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 3,700 to 4,100 over the period 2008-09 to 2015-16 – an increase of 400 families (11%). Over the same period the number of claimants in private rented housing also increased from 1,300 to 1,700 families – also an increase of 400 families (31%).
- ^{2.66} This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the increases observed on the housing register in Eastleigh borough during the period 2001-02 to 2012-13. Subsequently the numbers on the housing register reduced to significantly lower levels. Indeed, it is likely that many households applying for housing benefit would have also registered their interest in affordable housing. Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford.
- ^{2.67} The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

- ^{2.68} In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.
- ^{2.69} PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

Planning Practice Guidance (March 2014), ID 2a-022

Current Unmet Need for Affordable Housing

^{2.70} In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance (March 2014), ID 2a-024

^{2.71} Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (using the start of the Plan period in 2011 as a reference point where possible). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

- 2.72 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 2.73 When assessing overcrowded housing, it is likely that most owner occupiers living in overcrowded conditions would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.
- 2.74 **Our analysis counts the needs of all households living in overcrowded rented housing** when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) **but it does not count the needs of owner occupiers living in overcrowded housing** (which can be offset against any previous over-counting). Student households living in private rented housing are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Eastleigh borough.
- 2.75 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household, and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council has a range of statutory enforcement powers to improve housing conditions.
- 2.76 When considering **concealed families**, it is important to recognise that some will not want separate housing. For example, concealed families with older family representatives may be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although not all will want to live independently).
- 2.77 **Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55** (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).
- 2.78 The long term increase in concealed households aged under 55 is used in place of the total number of concealed households aged under 55 as this increase in need is a likely consequence of housing affordability problems. PPG identifies that this among other indicators “*demonstrate un-met need for housing*” and that “*longer term increase in the number of such households may be a signal to consider increasing planned housing numbers*” (ID 2a-019).
- 2.79 Therefore the needs of these households are counted when establishing the OAN for affordable housing and **they also add to the OAN for overall housing, as concealed families are not counted by the CLG household projections.**

^{2.80} Figure 15 sets out the assessment of current affordable housing need for Eastleigh borough:

Figure 15: Assessing current unmet gross need for affordable housing in Eastleigh borough (Source: CLG returns, Census, EHS; Note: totals may not sum due to rounding)

	Affordable Housing		Increase in Overall Housing Need not counted by projections
	Gross Need	Supply	
Homeless households in priority need (see Figure 4)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	15		15
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	2	2	
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	2		
Households accepted as homeless but without temporary accommodation provided	0		0
Concealed households (see Figure 5)			
Growth in concealed families with family representatives aged under 55	123		123
Overcrowding based on the bedroom standard (see Figure 10)			
Households living in overcrowded private rented housing	195		
Households living in overcrowded social rented housing	294	294	
Other households living in unsuitable housing that cannot afford their own home (see Figure 13)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	273	31	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	55	6	
TOTAL	959	333	138

^{2.81} Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **959 households are in affordable housing need in Eastleigh borough and unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

^{2.82} Of these households, 333 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 626 households** (959 less 333 = 626) **who currently need affordable housing and do not currently occupy affordable housing in Eastleigh borough** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

^{2.83} This number includes **138** households that would not be counted by the household projections. There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households.

^{2.84} Providing the net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 488 households (959 less 333+138) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

- 2.85 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How should the number of newly arising households likely to be in housing need be calculated?

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

Planning Practice Guidance (March 2014), ID 2a-025

- 2.86 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 2.87 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 2.88 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

- 2.89 PPG identifies that “*projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need*” (ID 2a-025); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 2.90 The affordability percentages in Figure 16 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:

- » Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
- » Households occupying owner occupied housing and those renting privately who aren't eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
- » The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 16: Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	22%	10%	17%	20%	21%	25%
Couple family with no dependent children	8%	3%	7%	8%	5%	8%
Couple family with 1 or more dependent children	54%	23%	11%	7%	7%	19%
Lone parent family with 1 or more dependent children	78%	75%	48%	31%	31%	36%
Other household type	18%	15%	20%	19%	14%	11%

Components of Projected Household Growth

- ^{2.91} PPG identifies that the CLG household projections “should provide the starting point estimate for overall housing need” (ID 2a-015) and that “the 2012-2037 Household Projections ... are the most up-to-date estimate of future household growth” (ID 2a-016). **However, when considering the number of newly arising households likely to be in affordable housing need,** the PPG recommends a “gross annual estimate” (ID 2a-025) suggesting that “the total need for affordable housing should be converted into annual flows” (ID 2a-029).
- ^{2.92} The demographic projections produced by the ORS Housing Model to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.

^{2.93} Figure 17 shows the individual components of annual household growth.

Figure 17: Components of average annual household growth by 5-year projection period in Eastleigh Borough (Source: ORS Housing Model)

	Annual average based on 5-year period				Annual average 2016-36
	2016-21	2021-26	2026-31	2031-36	
New household formation	1,094	1,106	1,157	1,201	1,140
Household dissolution following death	751	788	850	931	830
Net household growth within Eastleigh Borough	+342	+318	+308	+270	+309
Household migration in	2,569	2,605	2,648	2,719	2,635
Household migration out	2,348	2,408	2,470	2,559	2,446
Net household migration	+221	+197	+178	+160	+189
Total household growth	+563	+515	+486	+430	+499

^{2.94} Over the 5-year period 2016-21 the model shows that:

- » There are projected to be 1,094 new household formations each year; but this is offset against 751 household dissolutions following death – so there is an **average net household growth of 342 households** locally in Eastleigh borough;
- » There are also projected to be 2,569 households migrating to Eastleigh borough offset against 2,348 households migrating away from the area – which yields an **increase of 221 households attributable to net migration**;
- » The total household growth is therefore **projected to be 563 (342 plus 221) households each year** over the initial 5-year period of the projection.

^{2.95} During the course of the full 20-year projection period, annual net household growth is projected to decrease (from a gain of 563 households in 2016-21 to a gain of 430 households in 2031-36). This coincides with a larger number of household dissolutions in later years (consistent with a larger number of deaths). Net household migration is projected to remain relatively stable over the full period.

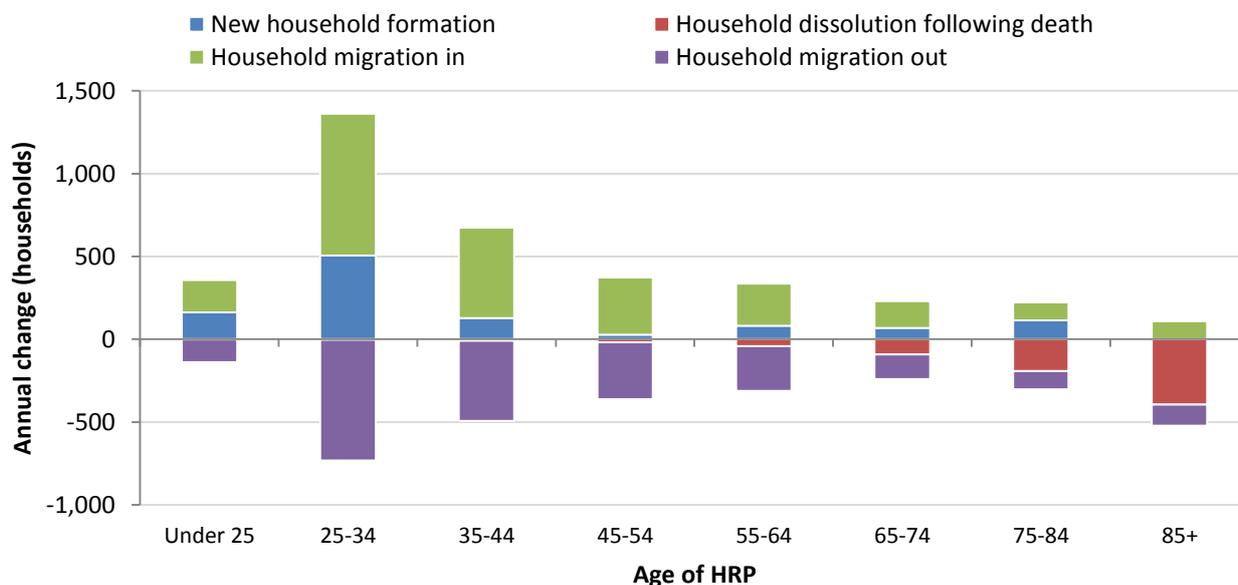
^{2.96} Over the 20-year Plan period 2016-36, total **household growth averages 499 households** each year.

Change in Household Numbers by Age Cohort

^{2.97} To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 563 new households projected to form in Eastleigh borough each year over the period 2016-21 (Figure 17) alongside the detailed information about household affordability (Figure 16).

^{2.98} Figure 18 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 18: Annual change in household numbers in each age cohort by age of Household Representative Person (Source: ORS Housing Model)



2.99 **Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.**

2.100 The Model identifies that 22% of all newly forming households are unable to afford their housing costs, which represents 242 households each year (Figure 19). The Model shows that a smaller proportion of households migrating to the area are unable to afford (19%), which represents 491 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 734 new households each year who are unable to afford their housing costs.**

Figure 19: Affordability of new households over the initial 5-year period 2016-21 (Eastleigh Borough) (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,094	851	242	22%
Households migrating in to the area	2,569	2,078	491	19%
All new households	3,663	2,929	734	20%

2.101 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting “total available stock from total gross need” (ID 2a-029), **but this over-simplifies what is a very complex system.**

2.102 It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:

- » Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;
- » Similarly, not all households that are unable to afford housing are allocated affordable housing;

- » Some will choose to move to another housing market area and will therefore no longer require affordable housing.

2.103 **In these cases, and others, the gross need will need adjusting.**

2.104 The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.

2.105 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **751 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 19% are unable to afford market housing: most living in social rented housing.

2.106 When considering **households moving away** from Eastleigh borough, the Model identifies that an average of 2,348 households will leave the area each year including 433 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the borough it is appropriate that their needs are discounted to ensure consistency with the household projections used to establish overall housing need.

2.107 Figure 20 summarises the total household growth. This includes the 734 new households on average each year who are unable to afford their housing costs, but offsets this against the 573 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Eastleigh borough (as they have moved to live elsewhere).

Figure 20: Components of average annual household growth 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,094	851	242	22%
Households migrating in to the area	2,569	2,078	491	19%
All new households	3,663	2,929	734	20%
Household dissolutions following death	751	612	140	19%
Households migrating out of the area	2,348	1,915	433	18%
All households no longer present	+3,100	+2,527	+573	18%
Average annual household growth 2016-21	+563	+402	+161	29%

2.108 Overall, the Model projects that household growth will yield a net increase of 161 households on average each year (over the period 2016-21) that are unable to afford their housing, which represents 29% of the 563 overall annual household growth for this period.

Projecting Future Needs of Existing Households

- 2.109 PPG also identifies that in addition to the needs of new households, it is also important to estimate “the number of existing households falling into need” (ID 2a-025). Whilst established households that continue to live in Eastleigh borough will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is estimated that an average of **132 established households fall into need each year** in Eastleigh borough. This represents a rate of approximately 2.4 per 1,000 households falling into need each year.
- 2.110 Finally, whilst the PPG recognises that established households’ circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households’ circumstances can improve**. For example:
- » When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 16 showed that for those aged 25 to 34, the proportions were 10% and 3% respectively.
 - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 16 showed that 23% of couple families with dependent children aged 25 to 34 could not afford housing, compared to 11% of such households aged 35 to 44.
- 2.111 Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that **the circumstances of 167 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 3 per 1,000 household climbing out of need each year.
- 2.112 Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 35 households (167 - 132 = 35) needing affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

2.113 Figure 21 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 21: Components of average annual household growth 2016-21 for both new and existing households (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,094	851	242	22%
Households migrating in to the area	2,569	2,078	491	19%
All new households	3,663	2,929	734	20%
Household dissolutions following death	751	612	140	19%
Households migrating out of the area	2,348	1,915	433	18%
All households no longer present	+3,100	+2,527	+573	18%
Average annual household growth 2016-21	+563	+402	+161	29%
Existing households falling into need	-	-132	+132	100%
Existing households climbing out of need	-	+167	-167	0%
Change in existing households	-	+35	-35	-
Average annual future need for market and affordable housing 2016-21	+563	+437	+126	22%

2.114 Overall, there is a projected need from 734 new households who are unable to afford their housing costs (242 newly forming households and 491 households migrating to the area); however, 573 households will either vacate existing affordable housing or will no longer need affordable housing in Eastleigh borough (as they have moved to live elsewhere) thereby reducing the new need to a net total of 161 households.

2.115 Considering the needs of existing households, there are 132 households expected to fall into need each year (a rate of 2.4 per 1000 households) but this is offset against 167 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 35 existing households that need affordable housing each year.**

2.116 Based on the needs of new households and existing households, there is a projected increase of 126 households each year on average for the initial period 2016-21 who will need affordable housing (161 less 35).

2.117 Using the approach outlined above for the initial 5-year period of the projection, the Model considers the need for affordable housing over the full 20-year projection period 2016-36. The Model identifies that **the number of households in need of affordable housing will increase by 2,579 households over the period 2016-36**, equivalent to an annual average of 129 households per year. This represents 25.8% = 2,579/9,970) of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

2.118 Figure 22 brings together the information on assessing the unmet need for affordable housing in 2016 and the future affordable housing need arising over the 20-year period 2016-36.

Figure 22: Assessing total need for market and affordable housing in Eastleigh Borough (Source: CLG returns, Census, EHS, ORS Housing Model)

Eastleigh Borough	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2016 (see Figure 15)			
Total unmet need for affordable housing	-	959	959
Supply of housing vacated	488	333	821
Overall impact of current affordable housing need	-488	+626	+138
Projected future housing need 2016-36			
Newly forming households	17,370	5,420	22,791
Household dissolutions following death	13,455	3,146	16,601
Net household growth within Eastleigh Borough	+3,915	+2,275	+6,190
Impact of existing households falling into need	-3,079	+3,079	-
Impact of existing households climbing out of need	+3,899	-3,899	-
Impact of households migrating to/from the area	+2,657	+1,124	+3,781
Future need for market and affordable housing 2016-36	+7,392	+2,579	+9,970
Total need for market and affordable housing			
Overall impact of current affordable housing need	-488	+626	+138
Future need for market and affordable housing 2016-36	+7,392	+2,579	+9,970
Total need for market and affordable housing	+6,904	+3,205	+10,108
Average annual need for housing	345	160	505
Proportion of overall need for market and affordable housing	68.3%	31.7%	100.0%

2.119 Figure 15 estimated there to be **959 households in need of affordable housing at the start of the projection period in 2016**. However, as 333 of these already occupied an affordable home, our previous conclusion was therefore a net need from 626 households (959 less 333 = 626) who need affordable housing and do not currently occupy affordable housing.

2.120 The 20-year projection period 2016-36 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 2,579 households over the period 2016-36**, alongside an increase of 7,392 households able to afford market housing.

2.121 Overall, there will be a **need to provide additional affordable housing for 3,205 households** over the Plan period 2016-36 (31.7% of the projected household growth). This is equivalent to an average of **160 households** per year.

2.122 Data from the HCA Statistical Data Return identifies a vacancy rate of 2.4% for housing in Eastleigh borough, therefore adding an additional allowance for vacancies this identifies a **total affordable housing need of 3,300 dwellings in addition to the current stock, an average of 165 dwellings per year**. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

^{2.123} During the period 2011-16, there have been a total of 396 net affordable housing completions in Eastleigh borough. Given a 2016 affordable housing need of 3,300 dwellings, this implies a full plan period 2011-36 affordable housing need of 3,696 homes (3,300+396). This is included in the overall OAN for the 25 year period of 14,500 (calculated as 25 times the annual OAN from the PUSH study of 580 dpa: $25 \times 580 = 14,500$).

Previous Assessments of Affordable Housing Need

^{2.124} Previous work on Eastleigh has come to different conclusions regarding the annual affordable housing need figure. These differences are summarised in Figure 23:

Figure 23: Assessing total affordable housing need breakdown from Eastleigh housing reports since 2015 (Source: GL Hearn, ORS, Justin Gardner Consulting)

Eastleigh Borough	Affordable Housing			
	GLH 2015 (updated April 2016)	JGC 2015	GLH 2016	ORS 2016
BACKLOG				
Total backlog				959
Transfers within AH				333
Backlog net of transfers	890	640	724	626
Annual backlog	36	26	29	31
NEWLY ARISING NEED				
New household formation	1,038		1,046	1,140
Unable to Afford	598	504	445	271
Established households falling into need	177	167	163	154
Net migration				56
GROSS NEED	811	696	637	512
SUPPLY / OUTWARD FLOWS				
Household dissolution				157
Climbing out of need				195
Social rent	249	260	264	
TOTAL SUPPLY	249	260	264	352
NET NEED	562	436	373	160

^{2.125} The previous reports all concluded a higher need for affordable housing than the current document, although it should be noted that the calculated need has reduced at each successive iteration.

^{2.126} The most notable differences between these reports and the current one are the “unable to afford” figure cited (and the formation rate behind it), and the “supply / outward flow” section. In both cases the methodology by which the figures are derived is significantly different.

^{2.127} The unable to afford figure (calculated by GL Hearn and Justin Gardner Consulting) in the previous reports is based on forming a distribution of income bands for newly forming households such that the average income of a newly formed household is 84% (a figure derived from other surveys such as the

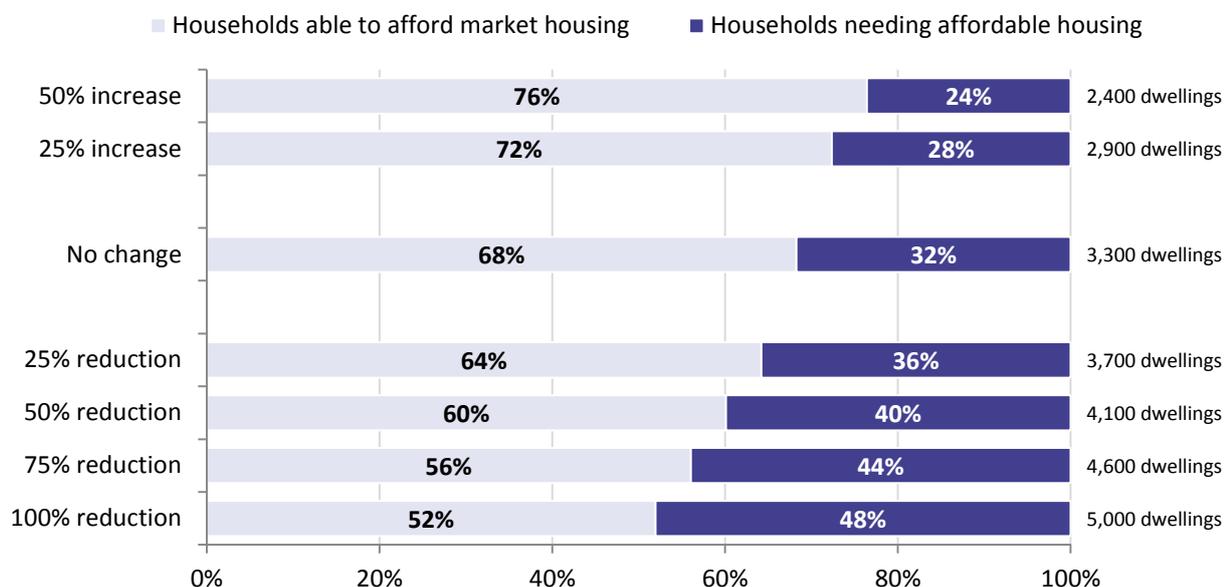
English Housing Survey). These income bands are then tested against a 25% of income spent on housing criterion to establish whether they would be unable to afford housing without subsidy of some form. This is a very different approach to the ORS methodology explained earlier in this chapter.

- 2.128 With regard to supply/outward flows (subtracted from the gross need to derive the total net affordable housing need), the previous analyses consider the number of social/affordable and intermediate housing options that come forward each year (from CORE), and project this forward on the assumption that each of these homes becomes occupied by a household in affordable need, thus reducing the overall net need.
- 2.129 The ORS approach to supply/outward flow is to reduce the gross need by the number of households that dissolve due to death, and also by those whose circumstances change such that they no longer require an affordable housing option.
- 2.130 The differences in methodological procedure outlined above account for the significant contrast between the total net affordable need calculated by ORS and that of previous reports on affordable housing need in Eastleigh borough.

Future Policy on Housing Benefit in the Private Rented Sector

- 2.131 The Model recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council.
- 2.132 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 2.133 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 2.134 To sensitivity test this position, Figure 24 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector.
- 2.135 If no households were to receive housing benefit support in the private rented sector, half of the growth in household numbers would need affordable housing. In this scenario, it is also important to recognise that the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.

Figure 24: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2016-36 and associated number of affordable dwellings



Conclusions

- ^{2.136} Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing (Figure 22). This analysis has identified a need to increase the overall housing need by 138 households to take account of the current unmet need from concealed families and homeless households that would not be captured by the household projections. **These additional households increase the projected household growth from 9,970 to 10,108 households (10,357 dwellings) over the remaining 20 years of the Plan period, 2016-36 (figure 19); equivalent to an average of 505 households and 517 dwellings per year.**
- ^{2.137} The conclusions of the SHMA recommended a further uplift to the number of market dwellings in their analysis to effectively mitigate a variety of factors. The most recent final OAN figure is 580 dwellings per year, equivalent to 11,600 dwellings over the remaining 20 years of the plan (Source: Objectively Assessed housing Needs Update – Partnership for Urban South Hampshire, GL Hearn April 2016).
- ^{2.138} **The housing mix analysis identified a need to provide 3,300 additional affordable homes over the 20-year Plan period 2016-36 (an average of 165 dwellings per year).** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but this assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.
- ^{2.139} Providing sufficient affordable housing for all households that would otherwise be living in the private rented sector with housing benefit support would increase the need to around 5,000 affordable homes over the Plan period (250 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

3. Housing needs of different groups

Considering the need for all types of housing

- 3.1 The National Planning Policy Framework states that Local Plans should meet the “*full, objectively assessed needs for market and affordable housing in the housing market area*” (paragraph 47) and identifies that local planning authorities should seek to “*deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities*” and plan for the “*needs of different groups*”:

To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- » *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
- » *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
- » *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.*

National Planning Policy Framework (NPPF), paragraph 50

- 3.2 On this basis, Planning Practice Guidance (PPG) sets out that:

Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:

- » *the proportion of the population of different age profile;*
- » *the types of household (e.g. singles, couples, families by age group, numbers of children and dependents);*
- » *the current housing stock size of dwellings (e.g. one, two+ bedrooms);*
- » *the tenure composition of housing.*

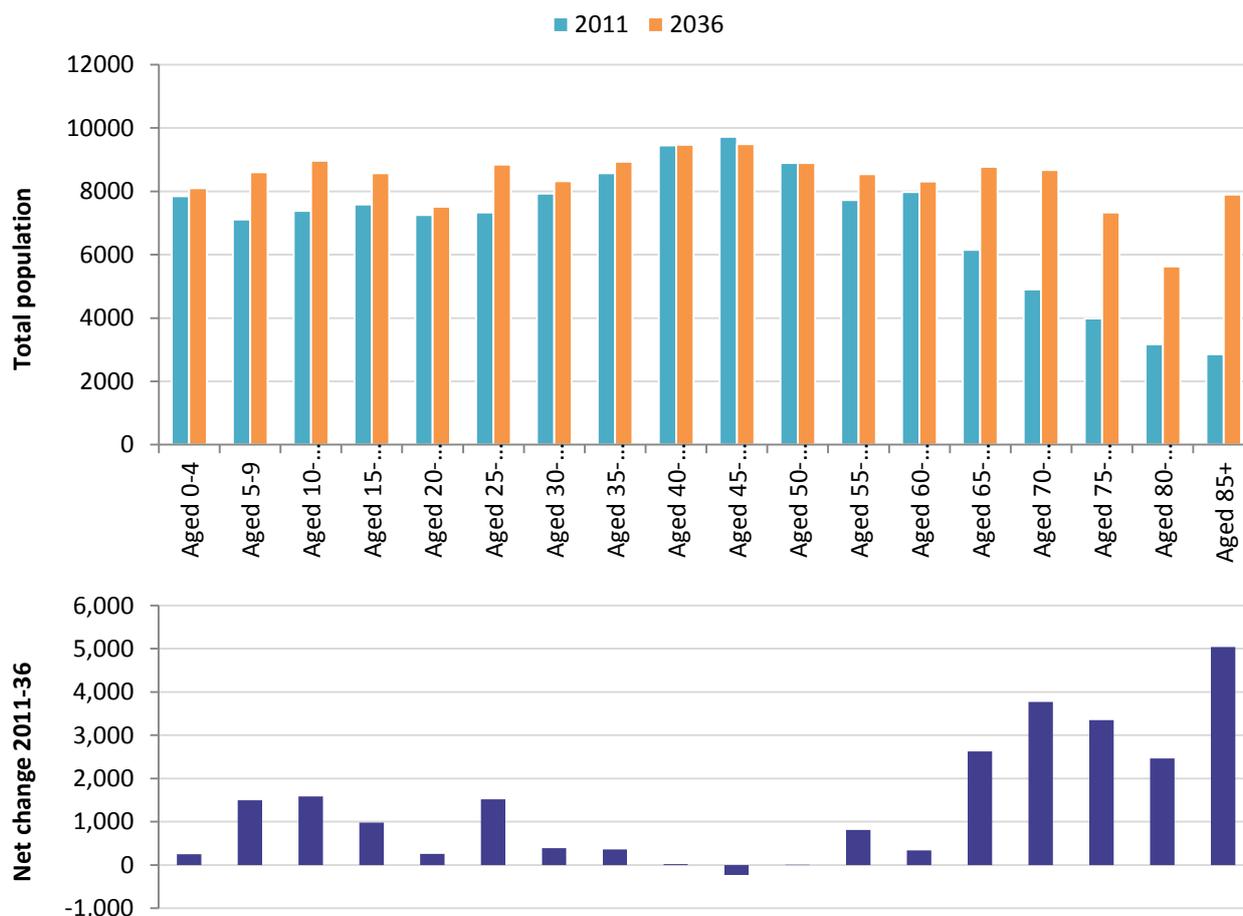
This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile e.g. increasing the number of working age people.

Planning Practice Guidance (March 2015), ID 2a-021

Projected Population Age Profile

- ^{3.3} Population projections based on ONS sub national population projections were considered in the SHMA (GL Hearn 2016 para 3.5). These projections show a population increase from 125,852 persons to 150,875 persons over the 25-year Plan period 2011-36; a 25-year increase of around 25,000 persons. Figure 25 shows the projected change in population by 5-year age band for the 20-year Plan period 2011-36 based on the detailed ONS data.
- ^{3.4} The number of persons in almost all age groups is projected to increase. The population aged 20-59 is projected to increase by 3,100 persons (which accounts for around an eighth of the overall growth) while an increase of 4,300 persons aged under 20 accounts for around a sixth (17%). Nevertheless, over two thirds of the overall population growth (17,200 persons equivalent to 69%) is projected to be aged 65 or over, including an increase of 10,900 persons aged 75 or over (43% of the overall growth). This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 25: Eastleigh borough population projections 2011-36 by 5-year age cohort based SHMA population projections



Household Projections

- 3.5 Household projections are produced from demographic analysis in 5 year tranches. By considering the changes over time, it is possible to identify key trends which may have implications for future housing need.
- 3.6 Figure 26 summarises the total number of households in 2011 and 2036 in terms of the age of household representatives, together with the change in the number of households in each category over 25-years of the Plan period 2011-36.

Figure 26: Total projected households for 2011 and 2036 and summary of 25-year change by age of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2011	1,300	6,800	9,900	10,600	9,300	7,000	5,200	2,200	52,400
2036	1,600	6,800	10,900	11,500	9,800	9,900	8,700	5,900	65,200
TOTAL CHANGE 2011-2036	+300	-100	+1,000	+800	+500	+2,900	+3,500	+3,700	+12,800

- 3.7 Considering this growth in terms of the age of household representatives, it is evident that a key change is the increase in older people household types. Whilst the increase in people aged 65+

represented 69% of the overall population growth, the increase in households aged 65+ represents 79% of the household growth: 10,100 households out of the 12,800 total.

- 3.8 However, it is important to note that many of these older households will already be established and living in existing homes in Eastleigh borough; they will simply get older during the Plan period.
- 3.9 Further, it is therefore also important to consider household growth in relation to younger age cohorts as this is more likely to lead to a need for new homes.
- 3.10 Figure 27 shows the projected number of households in each cohort, showing their age in both 2016 and 2031.

Figure 27: Total projected households for 2011 and 2036 and summary of 25-year change by age cohort of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative									TOTAL
	Age in 2011	0	<9	10-19	20-29	30-39	40-49	50-59	60+	
	Age in 2036	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS										
2011	0	0	4,200	8,500	10,800	9,700	8,500	10,700	52,400	
2036	1,600	6,800	10,900	11,500	9,800	9,900	8,700	5,900	65,200	
TOTAL CHANGE 2011-2036	+1,600	+6,800	+6,700	+3,000	-900	+200	+200	-4,700	12,800	

- 3.11 For example, there were 8,500 households aged 20-29 in 2011 and these same households would be aged 45-54 by 2036. The trend-based projection identified that total number of households aged 45-54 in 2031 would be 11,500; therefore, there will be an extra 3,000 households of this age: partly due to new household formations and partly due to net migration.
- 3.12 Based on the cohort analysis, it is apparent that around 18,100 extra households aged under 55 (in 2036) will be likely to form in Eastleigh borough over the 25-year Plan period 2011-36. This includes 6,800 households aged 25-34 and 6,700 households aged 35-44 (although many of those aged 35-44 in 2031 may have already formed households by 2026, at which time that they were also aged 25-34).
- 3.13 We previously noted that the overall growth net was 12,800 households over the 25-year Plan period 2011-36, which is lower than the number of new households forming. Nevertheless, the 18,100 extra household aged under 55 are offset against a reduction of 5,200 households aged 55 or over (in 2036). Most of this reduction is due to household dissolution following death (although some may be due to net migration):
- » 10,700 households were aged 60+ in 2016, who would be aged 85+ in 2036, if they survive;
 - » The projected number of households aged 85+ in 2036 is 5,900, which represents a reduction of 4,700 households whose existing homes would be vacated.
- 3.14 Whilst the increase in overall households is largely amongst those aged 65+, most of the new households seeking housing will actually be in their twenties and thirties at the time that they form. However, the total number of new households is likely to be nearly one and a half times the overall household growth; so it is also important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.
- 3.15 The key point to note is that, whilst the increase in overall households is largest amongst those aged 65+, it is from amongst younger aged households (i.e. those in their 20's and 30's) where the need for

new homes will come. However, the total number of new households is likely to be nearly one and a half times the overall household growth; so it is also important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

Projected Household Types

- 3.16 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.
- 3.17 Figure 28 shows the household numbers for 2011 and 2036 based on the trend-based projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that the housing needs are more likely to be influenced by the actual age rather than the year of birth.

Figure 28: Total projected households for 2011 and 2036 and summary of 25-year change by household type and age of household representative (Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total Households 2011									
Single person	300	1,800	1,700	1,600	2,100	1,900	3,400	1,600	14,400
Couple without children	300	1,800	1,400	3,900	6,000	4,700	1,500	400	19,900
Couple with child(ren)	200	2,100	5,100	3,700	600	0	0	0	11,800
Lone parent	400	900	1,300	700	100	0	0	0	3,400
Other households	200	300	400	600	500	300	400	200	2,900
TOTAL	1,300	6,800	9,900	10,600	9,300	7,000	5,200	2,200	52,400
Total Households 2036									
Single person	200	2,200	2,000	1,300	2,100	2,000	5,200	3,900	18,900
Couple without children	100	1,300	1,000	2,100	5,700	8,600	2,700	800	22,200
Couple with child(ren)	100	2,000	4,800	5,000	1,400	100	0	0	13,600
Lone parent	700	1,600	2,000	1,300	200	100	100	0	5,900
Other households	300	400	400	400	700	500	900	900	4,600
TOTAL	1,400	7,400	10,200	10,200	10,100	11,300	9,000	5,700	65,200
Total Change 2011-2036									
Single person	-100	+300	+300	-300	0	+100	+1,800	+2,400	+4,500
Couple without children	-200	-500	-400	-1,900	-300	+3,900	+1,200	+500	+2,300
Couple with child(ren)	-100	0	-300	+1,300	+800	+100	0	0	+1,800
Lone parent	+300	+700	+700	+600	+100	+100	+100	0	+2,500
Other households	+100	+100	+100	-100	+200	+200	+500	+700	+1,700
TOTAL CHANGE	+100	+500	+300	-500	+800	+4,300	+3,700	+3,500	+12,800

3.18 In summary:

- » Single person households represent over a third (35%) of the overall household growth: an increase of 4,500 over the 25-year period, including 2,400 extra single person households aged 85 or over;

- » Lone parents represent a fifth (20%) of the overall household growth; an increase of 2,500, with the greatest increases being aged 25-34 and 35-44 (both 700 households);
- » Couples without dependent children represent 18% of the growth: a net increase of 2,300 household, with an increase of 5,600 couples without children aged 65+ offset against a reduction of 3,300 younger couples without children;
- » Couple families with dependent children represent just 14% of the overall growth: a net increase of 1800, with an increase of around 2,200 aged 45+ and a decrease of around 400 in the younger age groups; and
- » “Other” households represent just over one eighth of the total (13%), with an increase of 1,700 households over the 25-year Plan period.

Housing Mix: Size and Tenure

- 3.19 When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patterns. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted.
- 3.20 Figure 29 identifies the need for market housing and affordable housing of different types (in terms of flats and houses) and sizes (in terms of number of bedrooms) for the period 2016-36. Whilst there is projected to be an increase of 4,500 extra single person households, only 800 extra dwellings have one bedroom (200 market homes and 600 affordable homes). This reflects that many single person households will continue to occupy family housing in which they already live.
- 3.21 Overall, most of the market housing need is for housing (7,600 dwellings over the 20-year period) with a need for 700 market flats also identified (around 8.3%). The need for affordable housing is also predominantly for housing; around 3,300 dwellings including a need for around 1100 flats (34%).

Figure 29: Housing mix of OAN for market and affordable housing reflecting current patterns (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

Housing Mix 2016-36		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	200	600	800
	2+ bedrooms	500	500	1,000
House	2 bedrooms	500	1,100	1,600
	3 bedrooms	5,200	800	6,000
	4+ bedrooms	1,900	300	2,200
TOTAL		8,300	3,300	11,600

Affordable Housing Tenure

- 3.22 Within the overall need of 3,300 affordable homes identified by the model, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing.

- 3.23 Figure 30 sets out the weekly rents for different property sizes in Eastleigh borough. This includes:
- » Median private rent;
 - » Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 Budget); and
 - » Affordable rent, based on 80% of the median private rent;

Figure 30: Weekly rent thresholds (Source: Valuation Office Agency; Homes and Communities Agency)

Weekly Rent £	Median Private Rent	Maximum LHA	Affordable Rent (80% of median)
1 bedroom	138.00	116.50	110.40
2 bedrooms	178.20	156.40	142.60
3 bedrooms	212.70	184.50	170.20
4+ bedrooms	287.50	242.40	230.00

- 3.24 It is evident that across all property sizes, the median private rent is the highest followed in turn by the maximum LHA and affordable rent. As affordable rent (at 80% of median private rent) is generally lower than the maximum LHA rate for the equivalent property size, households would currently be able to claim housing benefit to cover the full cost of affordable rent (where they were entitled to do so based on their circumstances); although the relationship between these two rates could change in future.
- 3.25 Households claiming out-of-work benefits are also subject to a cap of £500 per week (for lone parents and couples) or £350 per week (for single persons), which could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). These limits were reduced in the July 2015 Budget to a maximum of £20,000 per year (outside London) and this lower rate will affect more households. Nevertheless, households that qualify for Working Tax Credit and those that receive various disability related benefits or armed forces pensions are exempt from the cap.

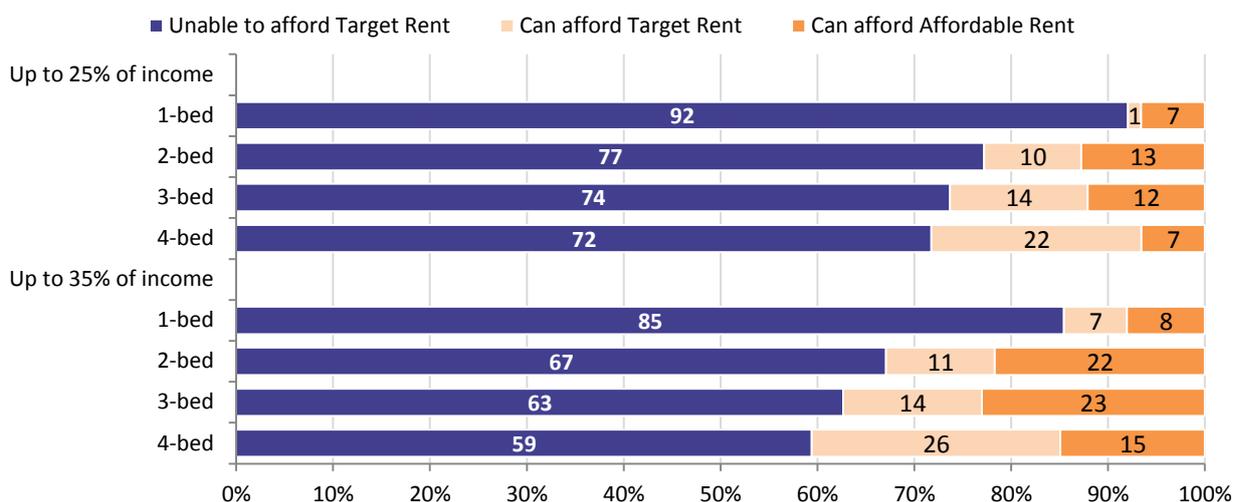
Household Affordability

- 3.26 In order to profile the affordability of the mix of households needing affordable housing, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age in the local authority area. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 3.27 The purpose of this data is to assess how many households are in affordable housing need are able to afford different types of affordable housing. Typically, very low income households are not able to afford Target Social Rents, but households who are in affordable need with higher incomes may be able to afford to meet the costs of more expensive affordable housing products. The purpose of this section is therefore to compare the incomes of households in affordable housing need with the cost of different types of affordable housing schemes as set out in the previous section.
- 3.28 Figure 31 illustrates the affordability of households needing affordable housing by property size in Eastleigh borough; identifying those able to afford affordable rent and target rent (all without housing

benefit subsidy) and those that would need financial support to afford target rent. The analysis is based on two scenarios:

- » Spending up to 25% of gross household income (excluding housing benefit) on housing costs; and
- » Spending up to 35% of gross household income (excluding housing benefit) on housing costs.

Figure 31: Affordability of households needing affordable housing by property size and local authority area (Note: Weekly costs based on data in Figure 30)



^{3.29} Figure 32 sets out the affordable housing mix broken down by the modelled household affordability for the two scenarios. In both scenarios, more than half of the households in need of affordable housing would not be able to afford the relevant Target Social Rent for a property of the size needed:

- » 2,590 households (79%) based on up to 25% of income being spent on housing costs; and
- » 2,270 households (69%) based on up to 35% of income being spent on housing costs.

Figure 32: Affordable housing mix by household affordability (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

		Unable to afford Target Rent	Can afford Target Rent	Can afford Affordable Rent	TOTAL
25% OF INCOME					
Flat	1 bedroom	550	10	40	600
	2+ bedrooms	390	50	60	500
House	2 bedrooms	850	110	140	1,100
	3 bedrooms	590	110	100	800
	4+ bedrooms	210	70	10	300
TOTAL		2,590	350	360	3,300
35% OF INCOME					
Flat	1 bedroom	510	40	50	600
	2+ bedrooms	330	60	110	500
House	2 bedrooms	740	120	240	1,100
	3 bedrooms	510	110	180	800
	4+ bedrooms	180	80	40	300
TOTAL		2,270	410	620	3,300

- 3.30 Providing new affordable rented housing based on Target Social Rents would enable around 350 more households (based on 25% income spent on housing costs) to pay their rent without housing benefit support than would be able to do so if new housing was provided as Affordable Rent. If new affordable rented housing was provided with Affordable Rents (based on 80% of median private rent), these households would continue to depend on housing benefit.
- 3.31 Between 360 and 620 households in need of affordable housing (depending on the proportion of income assumed) could afford Affordable Rent (without housing benefit support). Some of these households may also be able to afford shared equity or other forms of low cost home ownership, if this can be delivered based on a model where the weekly costs are similar to Affordable Rent.

Low Cost Home Ownership

- 3.32 In addition to affordable housing for rent, a range of Low Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership. Figure 33 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices. This illustration is based on a shared ownership model:
- » 40% equity share purchased by the occupier;
 - » 5% of the equity purchased is available as a deposit;
 - » Mortgage costs based on a 25-year repayment mortgage at 6.0% interest;
 - » Rent based on 2.75% of the retained equity paid each year; and
 - » Service charge of £10 per week.
- 3.33 Based on this model, it is evident that the weekly costs are higher than the equivalent median private rent and the maximum LHA with the exception of 1 bedroom properties, where the weekly costs are higher than the maximum LHA rate.

Figure 33: Shared ownership costs (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	5% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	135,000	54,000	2,700	76.96	42.72	10.00	129.68
2 bedrooms	190,000	76,000	3,800	108.32	60.12	10.00	178.44
3 bedrooms	265,000	106,000	5,300	151.07	83.86	10.00	244.93
4+ bedrooms	395,000	158,000	7,900	225.19	124.99	10.00	360.18

- 3.34 Figure 34 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. It would appear that the model currently promoted (based on 40% equity share) remains appropriate for smaller properties in the area, given that higher equity shares tend to yield weekly costs that are higher than private rent. However, a 25% equity share may be more appropriate for 3 bedroom properties.
- 3.35 There may also be a role for LCHO products at higher equity shares targeted at households able to afford private rent but unable to afford home ownership. This would help “*widen opportunities for home ownership*” (NPPF paragraph 50), but would be in addition to the need to deliver 3,300 affordable homes in Eastleigh borough over the remaining 20-years of the plan period.

Figure 34: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in brown are above the LHA rate but below median private rent, cells in red are above the equivalent median private rent. No cells are lower than the equivalent maximum LHA)

Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
1 bedroom	135,000	108.97	114.52	120.08	125.63	131.18	136.74
2 bedrooms	190,000	149.29	157.11	164.92	172.74	180.56	188.37
3 bedrooms	265,000	204.27	215.17	226.08	236.98	247.88	258.78
4+ bedrooms	395,000	299.58	315.83	332.08	348.33	364.58	380.83

Starter Home Initiative

- 3.36 The NPPF identifies that local authorities should seek to “*widen opportunities for home ownership*” (paragraph 50). Given this context, the Housing and Planning Act 2015 furthers this policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The Act includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.
- 3.37 The Act defines a Starter Home as a new dwelling, only available for purchase by qualifying first-time buyers, which is to be sold at a discount of at least 20% of the market value and for less than the price cap (of £250,000 outside Greater London), and is subject to restrictions on sale or letting for the initial 5-year period of occupancy. Figure 35 sets out the weekly costs based on the same property values considered when analysing low cost home ownership housing options.

Figure 35: Starter Home Initiative (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest)

	Property Value	80% Equity Share	10% Deposit	Weekly Costs		
				Mortgage	Service Charge	TOTAL
1 bedroom	135,000	108,000	10,800	145.82	10.00	170.06
2 bedrooms	190,000	152,000	15,200	205.23	10.00	235.27
3 bedrooms	265,000	212,000	21,200	286.25	10.00	324.20
4+ bedrooms	395,000	316,000	31,600	426.67	10.00	478.33

- 3.38 It is evident that the weekly costs associated with Starter Homes are notably higher than low cost home ownership and also much higher than median private sector rents, and therefore they are unlikely to be affordable to those households identified as being unable to afford market housing. Nevertheless, the initiative could to widen opportunities for homeownership for those households able to afford market rents but unable to afford to buy housing in Eastleigh borough.
- 3.39 We would again reiterate that, the inclusion of Starter Homes in a wider definition of affordable housing will require a fundamental revision of who is considered to be in affordable housing need because the current definition is based upon who can afford market housing, not owner occupied housing. The exact form of the new guidance is unlikely to be known before April 2018, but it is possible to consider the potential role of Starter Homes in the housing market and we have done so below.

Summary of Housing Costs

3.40 Figure 36 summarises the weekly costs for the range of different housing options discussed above for each property size.

Figure 36: Comparison of weekly housing costs by property size

	Starter Home Initiative (80% equity)	Shared ownership (40% equity)	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% median)
1 bedroom	170.06	129.68	138.00	116.50	110.40
2 bedrooms	235.27	178.44	178.20	156.40	142.60
3 bedrooms	324.20	244.93	212.70	184.50	170.20
4+ bedrooms	478.33	360.18	287.50	242.40	230.00

The Private Rented Sector

3.41 The English Housing Survey (EHS) 2014-15⁷ identified that 19% (4.3 million) of households were renting from a private landlord, much higher than the rate of 12% a decade earlier in 2004-05. The EHS also shows that households aged 25-34 were more likely to be renting privately (46%) than buying a home, up from 24% in 2004-05. Owner occupation in this age group dropped from 57% to 37% over the same 10 year period.

3.42 Growth in the Sector seems likely to continue, driven by a combination of demand and supply factors:

- » Increasing demand from more households;
- » Recent reductions in incomes (in real terms);
- » Affordability of owner occupation reducing;
- » Changing Bank lending practices: the number of Buy-to-Let (BTL) mortgages granted in 2014 (c.30,000 monthly average) is higher than those granted to First-time Buyers (c.25,000); and
- » Pension reform: pension drawdowns invested in BTL property.

3.43 The growth of the Sector has been acknowledged as both a growing and long term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association forecast) that the private rented sector will increase in size to 35% nationally by 2032⁸. On this basis, the number of households renting privately could double again over the next twenty years.

3.44 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

The private rented sector

Tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals in the demand for private rented sector housing could be indicated from a change in rents.

Planning Practice Guidance (March 2014), ID 2a-021

⁷ <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report>

⁸ <http://news.rla.org.uk/rpi-rent-revolution/>

3.45 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply⁹ (including the Build to Rent investment scheme¹⁰). The Government published “*Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities*” in March 2015¹¹, and the Forward by the Minister stated:

“The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue.”

3.46 The policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending. However, there have been a number of legislative changes affecting the calculation and payment of housing benefit in the private rented sector, and these are set out below:

Figure 37: Summary of legislative changes affecting private tenants’ LHA (Source: HM Treasury, DWP)

Effective from	Change
April 2011	Introduction of absolute caps on the maximum rates that can be paid for each size of property
	Ending of the 5 bedroom rate – LHA restricted to 4 bedroom rate
	Stopping claimants being able to keep up to a £15 ‘excess’ above their actual rent if it is below the LHA
	Increasing deductions for non-dependants living with HB claimants
	Increasing the Government’s contribution to Discretionary Housing Payments
	Amending size criteria to allow an extra bedroom for disabled claimants with a non-resident carer
October 2011	Setting maximum LHA at the 30th percentile of local rents instead of the median
January 2012	Increasing age qualification for Shared Accommodation Rate from 25 to 35 years old
April 2013	Increasing LHA rates over time by the Consumer Price Index instead of referencing market rents – increase by 1% from April 2014 except in high rent areas
	Reducing LHA by 10% for those claiming JSA for over a year – not implemented
	Council Tax Benefit replaced by localised Council Tax Reduction schemes
	Parts of the Social Fund abolished, including Community Care grants and Crisis Loans
	Universal Credit implementation begins (with a pathfinder) to complete by 2017
	Spare room subsidy (‘bedroom tax’) introduced
June 2013	End of DLA, PIP begins for new claims
July 2013	Benefit cap implementation
	Universal Credit pathfinder expands
October 2013	Temporary Accommodation to have housing costs met in line with Local Housing Allowance rates
	Reassessment of existing Disability Living Allowance migration to Personal Independence Payment begins
	Universal Credit roll-out begins
	Incapacity benefit abolished; all claimants move to Employment Support Allowance (ESA) by late 2017
	Expansion of PIP/DLA reassessment for existing claimants

⁹ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

¹⁰ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

¹¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

April 2014	Removal of access to Housing Benefit for EEA Jobseekers
	LHA uprating limited to 1 per cent
	Help to work scheme introduced for those unemployed 2 years +
April 2016	State Pensions Age increases begin
	Four year freeze to certain working age benefits (pensioner benefits, DLA, PIP not frozen)
	Four-year freeze to local housing allowance rates
	Lowering the benefit cap to £23,000 in London and £20,000 elsewhere
	Universal credit claims will be limited to two children from April 2017 (with some exceptions)
	Removing entitlement to housing support for those aged 21 or under (with some exemptions)

3.47 It is therefore important for local authorities to consider the role of the private rented sector at a local level and recognise the way in which private rented housing will continue to provide housing options for households unable to afford their housing costs in future. Nevertheless, local authorities need to understand the range of different households in their areas that currently rent from private landlords and consider their policy responses accordingly.

Private Rented Sector in Eastleigh Borough

3.48 Considering the trends of tenure mix for Eastleigh borough, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home.

- » **From 1981-1991:** the number of owner occupiers climbed (increasing from 24K to 33K households, a gain of nine thousand). This was partly as a consequence of the Right to Buy, which led to a decline in the number of social tenants (reducing from 6.5K to 5.5K households, a loss of 1K); however there was only a small increase of 200 in the number of private tenants .
- » **From 1991-2001:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from 33K to 38K households, a gain of five thousand); however this was alongside a growth of private tenants (increasing from 2K to 3K households, a gain of one thousand). The number of social tenants remained steady at 5,500 households).
- » **From 2001-2011:** the number of owner occupiers remained fairly constant (there was a small increase of 700), but their proportion in the market reduced by around 7% whilst the number of private tenants increased substantially (from 3K to around 7K households, a gain of four thousand). The number of social tenants increased back up to 1980s levels (from 5.5K to 6.5K households, an increase of one thousand).

3.49 It is evident that the overall balance between owners and renters is similar in 2011 to the position in 1981, with 74% owning in 1981 and 75% owning in 2011. Nevertheless, the balance between social rent and private rent has changed significantly: almost one quarter of tenants rented privately in 1981 (6% out of 26%) whereas over half rented privately in 2011 (13% out of 25%).

Figure 38: Number of Households by Tenure 1981-2011
(Source: UK Census of Population)

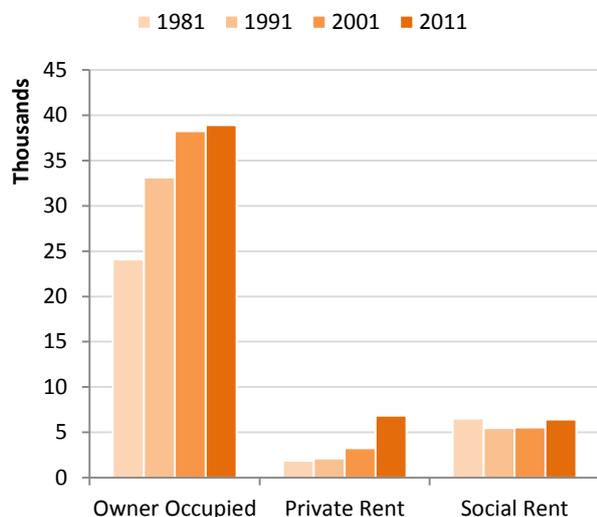


Figure 39: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)

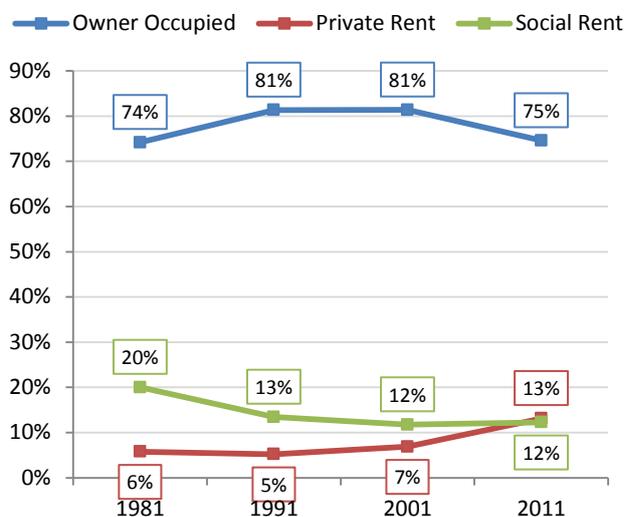


Figure 40: Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households			
	1981	1991	2001	2011
Owner occupied	24,100	33,100	38,200	38,900
Private rent	1,900	2,100	3,200	6,900
Social rent	6,500	5,500	5,500	6,400
TOTAL	32,500	40,800	47,000	52,200
Owner occupied	74.19%	81.35%	81.37%	74.58%
Private rent	5.77%	5.23%	6.88%	13.13%
Social rent	20.03%	13.43%	11.75%	12.29%

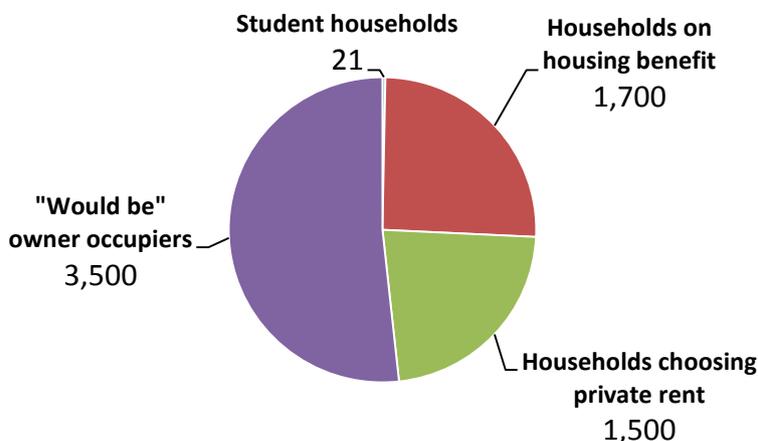
^{3.50} Based on the range of information available about tenants currently renting privately in Eastleigh borough, it is helpful to consider the mix of different types of household living in the area:

- » 21 properties are rented by households that are students, although this is only 0.3% of the sector;
- » 1,700 properties are rented by households in receipt of housing benefit, a quarter (25%) of the sector;
- » A further 5,100 households are renting privately; however if the proportion of owner occupiers had not changed between 2001 and 2011, 3,500 of these households would have owned their home (rounded figures). This represents over half (52%) of all households renting privately; and
- » 1,500 households are therefore renting privately through choice, due to their current personal, family, employment or other circumstances.

^{3.51} It is important to recognise that the 3,500 households identified as “would be” owner occupiers are not included within the need for affordable housing, as they are able to rent market housing without financial support through housing benefit even if they cannot afford to buy. It should also be recognised that a certain proportion of these households may prefer renting due to personal

circumstances and would remain renters regardless of the options for ownership available to them. However, as previously noted, the NPPF seeks to “widen opportunities for home ownership” (paragraph 50) and national schemes such as Help-to-Buy and the Starter Home Initiative aim to help people onto the housing ladder.

Figure 41: Mix of household types living in the private rented sector (Source: UK Census of Population 2011 and DWP)



Student Housing

^{3.52} PPG was updated in March 2015 to include specific reference to identifying the needs of students:

Local planning authorities should plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Student housing provided by private landlords is often a lower-cost form of housing. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan makers are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. Plan makers should engage with universities and other higher educational establishments to better understand their student accommodation requirements.

Planning Practice Guidance 2014, paragraph 21

^{3.53} In establishing the OAN for the HMA, students were included in the trend-based analysis; therefore the needs of student households are counted as part of the overall OAN. The household projections assume that the number of students living in communal establishments (such as student housing provided by private sector providers) remains constant over the Plan period 2011-36. Given the lack of a higher education institution in Eastleigh borough, students represent an insignificant impact on the OAN.

Service Families

^{3.54} Paragraph 50 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families.

- 3.55 The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and *“Laying the Foundations: A Housing Strategy for England 2011”* (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. Whereas Local authorities had been **expected** to give seriously injured service personnel “additional preference” (higher priority) for the allocation of social housing since 2009, this “additional preference” **should** now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the *“Housing Act 1996”* who have urgent housing needs.
- 3.56 *“The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012”* and the *“Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012”* both strengthened the position of some armed forces personnel in seeking to access social housing. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. HomeBuy enables social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder in England. In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.
- 3.57 Mandatory Disabled Facilities Grants (DFGs) are available from local authorities, subject to a means test, for essential adaptations to give disabled people better mobility at home and access to essential facilities. *“The Nation’s Commitment: Cross Government Support to our Armed Forces, their Families and Veterans”* (July 2008) made it clear that injured service personnel who bought a home through what was then the Key Worker Living Scheme might be eligible for a DFG to carry out necessary adaptation work.
- 3.58 Considering service families in Eastleigh borough, Figure 42 shows the number of residents employed in the Armed Forces. There were a total of 231 service personnel living in the area at the time of the 2011 Census, all of these living in households.

Figure 42: Eastleigh borough residents employed in the Armed Forces (Source: 2011 Census)

	Eastleigh Borough
Usual residents employed in the Armed Forces	
Living in a household	231
Living in a communal establishment	0
TOTAL	231
Percentage of population aged 16+	0.2%

- 3.59 This represents only 0.2% of the population aged 16 or over, therefore service families are relatively small in number in the area. The needs of these families are already included within the overall level of housing need identified for Eastleigh borough.

People Wishing to Build their Own Homes

- 3.60 Paragraph 50 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

People wishing to build their own homes

The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. Local planning authorities should, therefore, plan to meet the strong latent demand for such housing.

Planning Practice Guidance (March 2014), ID 2a-021

- 3.61 Over half of the population (53%) say that they would consider building their own home¹² (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 3.62 The attractiveness of self-build is primarily reduced costs and the ability to tailor a property to the wishes of a household; however the Joseph Rowntree Foundation report *"The current state of the self-build housing market"* (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.
- 3.63 *"Laying the Foundations – a Housing Strategy for England"* (HM Government, 2011)¹³ redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. *"Build-it-yourself? Understanding the changing landscape of the UK self-build market"* (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.
- 3.64 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act¹⁴ 2015 will place a duty on local planning authorities to:
- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
 - » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
 - » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.
- 3.65 Limited Government funding¹⁵ is currently available via the HCA Custom Build Homes Fund programme (short-term project finance to help unlock group custom build or self-build schemes). The Government announced further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission. Given this context, it is important to recognise that self-build could either

¹² Building Societies Association Survey of 2,051 UK consumers 2011

¹³ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

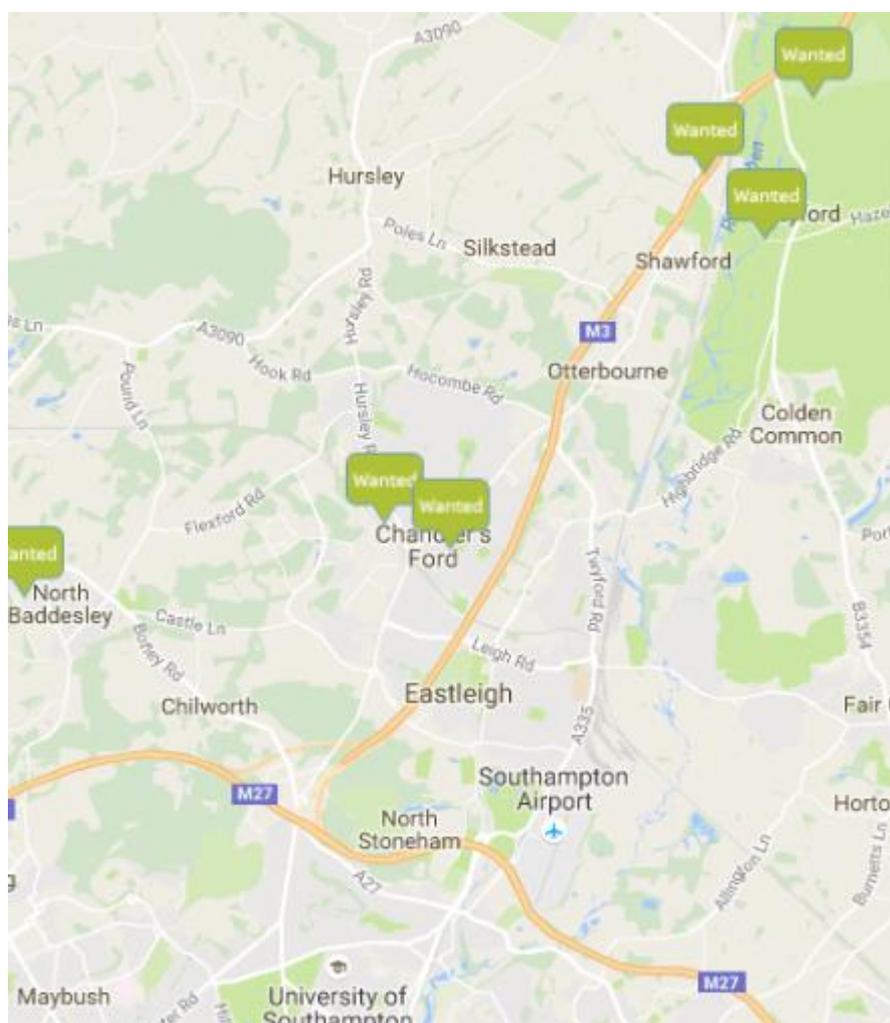
¹⁴ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

¹⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364100/custom_build_homes_fund_prospectus_120712.pdf

be market housing or low cost home ownership affordable housing products. Nevertheless, it is likely that the majority will be market homes.

- ^{3.66} In May 2012 a Self-Build Portal¹⁶ run by the National Custom and Self Build Association (NCaSBA) was launched. As of **March 2017, 15 interests were identified for self-build in the Eastleigh borough area**. Given the historic low supply of self-build homes it will take time for self-build to make a significant contribution locally to meeting housing need in its current form; but any self-build properties delivered would be a component of (and not additional to) the overall housing need identified. It is also likely to be the case if that if supply only responds to recorded demand then the choices available to potential purchasers will remain very restricted.

Figure 43: Group and Individual Registrations currently looking for land in and around Eastleigh on the 'Need-a-Plot' Portal (Source: NCaSBA, November 2016 and Google Maps)



- ^{3.67} The Council should put arrangements in place to comply with the Self-Build and Custom Housebuilding Act in advance of its implementation. The register required by the Act will inform the extent to which policy will need to be in place to reflect that demand and consideration will need to be given to schemes to determine the extent to which they contribute to affordable housing. The Council could also seek to make more land available at a range of sites to encourage the growth in the self-build sector even where no demand has been recorded.

¹⁶ <http://www.selfbuildportal.org.uk/>

Housing for Older People

- 3.68 Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 21.6m by 2037¹⁷ for the over 60s, and from 1.4m (2012) to 3.6m by 2033 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

Housing for older people

The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over ... Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to live independently and safely in their own home for as long as possible, or to move to more suitable accommodation if they so wish. Supporting independent living can help to reduce the costs to health and social services, and providing more options for older people to move could also free up houses that are under occupied.

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (Use Class C2). Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs.

Planning Practice Guidance (March 2015), ID 2a-021

- 3.69 The ONS population projections used by the SHMA identify that the population is likely to increase from 131,500 persons to 150,900 persons over the 20-year period 2016-36; a 20-year increase of 19,400 persons. The population in older age groups is projected to increase substantially during this period, with over two thirds (69%) of the overall population growth (13,500 persons) projected to be aged 65 or over and almost a half projected to be 75+ (9,600 persons, equivalent to 49%). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to be looking for suitable housing.
- 3.70 The Housing Learning and Improvement Network (LIN) published "*More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people*"¹⁸ in February 2008; and subsequently published the "*Strategic Housing for Older People (SHOP)*"¹⁹ resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for a range of specialist older person housing products, based on the population aged 75 or over.

¹⁷ <http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2012-based-projections/stb-2012-based-npp-principal-and-key-variants.html#tab-Changing-Age-Structure>

¹⁸ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

¹⁹ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

Figure 44: Benchmark Figures for Specialist Older Person Housing (rates per 1000 persons aged over 75)

Form of Provision	More Choice, Greater Voice toolkit			SHOP resource pack		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
Demand per 1,000 persons aged 75+						
Leasehold Schemes for the Elderly (LSE)	75	-	75	120	-	120
Conventional Sheltered Housing	-	50	50	-	60	60
Sheltered 'plus' or 'Enhanced' Sheltered	10	10	20	10	10	20
Extra care	12.5	12.5	25	30	15	45
Dementia	-	10	10	-	6	6
TOTAL	97.5	92.5	180	160	91	251

3.71 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures.

3.72 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:

"...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions." (page 44)

3.73 Similarly, the SHOP resource pack acknowledges that the framework simply provides a baseline, which extrapolates *"...crude estimates of future demand from existing data"* (page 36). There is no single correct answer when estimating the need for older person housing, and it is therefore appropriate to establish a local framework which takes account of local data. Therefore, the figures quoted below should be treated with caution because they are national rates and may not reflect the local circumstance in an area like Eastleigh.

3.74 By applying these rates to Eastleigh borough's projected increase population of over 75s over the remaining plan period 2016-36, an estimate for the provision of specialist older person housing over the plan period can be derived:

Figure 45: Benchmark Figures for Specialist Older Person Housing Needs in Eastleigh Borough for over 75s 2016-36

2016-36	More Choice, Greater Voice toolkit			SHOP resource pack		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
2016 Total	1,090	920	2,020	1,790	1,020	2,810
2036 Total	2,030	1,720	3,750	3,340	1,900	5,240
Total change 2016-36	940	800	1,740	1,540	880	2,420
Percentage of OAN	9.3%	7.9%	17.2%	15.2%	8.7%	24%

3.75 The More Choice, Greater Voice toolkit and the SHOP resource pack indicate that a provision should be made of between 17% and 24% of the OAN to specialist older person housing to accommodate the growing specialist needs of the ageing population. This represents a very high figure and a significant step up in provision for Eastleigh, but it does reflect the impact of a growing older person population in the area.

3.76 PPG also identifies that *"assessments should set out the level of need for residential institutions (Use Class C2)"* (ID 2a-021). The CLG demographic projections used in the SHMA have projected that the institutional population is likely to increase by around 606 persons over the period 2016-36 (Source: CLG Household projections 2012). This increase in institutional population is a consequence of the CLG

approach to establishing the household population²⁰, which assumes “that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s” on the basis that “ageing population will lead to greater level of population aged over 75 in residential care homes”.

- 3.77 However, older people are living longer, healthier lives, and the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible – so despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.
- 3.78 Given this context, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; some of the specialist older person housing may be more appropriate for their needs. Nevertheless, whilst specialist older person housing would generally be included within the overall OAN, **if fewer older people are expected to live in communal establishments than is currently projected, the housing needs of any additional older people in the household population would need to be counted in addition to the assessed OAN as part of the housing requirement.**
- 3.79 Of course, it is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also be important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
 - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
 - » **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
 - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and
 - » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Households with Specific Needs

- 3.80 Paragraph 50 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

²⁰ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

Households with specific needs

There is no one source of information about disabled people who require adaptations in the home, either now or in the future.

The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.

Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.

Planning Practice Guidance (March 2015), ID 2a-021

- 3.81 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Higher Mobility Component (HMC) is awarded when applicants have “*other, more severe, walking difficulty*” above the Lower Mobility Component (which is for supervision outdoors).
- 3.82 Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. It is paid at two different rates: a lower rate is paid for those who need help or constant supervision during the day, or supervision at night; a higher rate is paid where help or supervision throughout both day and night is needed, or if people are terminally ill. Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as “*not all of the people included within these counts will require adaptations in the home*”.
- 3.83 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs. Grants cover a range of works, such as:
- » Widening doors and installing ramps;
 - » Improving access to rooms and facilities, for example stair lifts or a downstairs bathroom;
 - » Providing a heating system suitable for needs; and
 - » Adapting heating or lighting controls to make them easier to use.
- 3.84 Local data about DFGs was provided by the Council and this indicates that 901 DFGs were funded in the area since 2011.
- 3.85 As previously noted, the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings)²¹. This introduces three categories of dwellings:

²¹ <http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admvol1>

- » Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
- » Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
- » Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

3.86 Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for Category 2 and Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability. Planning Practice Guidance for Housing optional technical standards states:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance (March 2015), ID 56-007

- 3.87 The demographic projections from the SHMA showed that the population of Eastleigh borough was projected to increase by around 25,000 persons over the 25-year period 2011-36 based on ONS sub national population projections. The number of people aged 75 or over is projected to increase by around 17,200 persons, which equates to over two fifths (43%) of the overall growth; which includes an extra 5,000 persons aged 85 or over.
- 3.88 Most of these older people will already live in the area and many will not move from their current homes; but those that do move home are likely to need accessible housing as required by the building regulations (Category M2, see footnote 18). This stipulates that provision must be sufficient to a) meet the needs of occupants with differing needs including some older or disabled people; and b) to allow adaptation of the dwelling to meet the changing needs of occupants over time.
- 3.89 Considering the increase in households, 79% (10,100 out of an increase of 12,800 households) are likely to have household representatives aged 65 or over. As noted before, the current government position is that more older persons should remain at home rather than enter C2 care, which further increases the need for the accessible housing that “allows adaptation of the dwelling to meet the changing needs of occupants over time” as they are relatively less likely to move elsewhere once established.
- 3.90 Given this context, the evidence supports the need for a significant growth in the dwellings stock to meet Category 2 requirements, providing that this does not compromise viability. We would note the DFGs have been averaging around 150 per annum in the past 6 years in Eastleigh, which represents close to 25% of the OAN, and also that all dedicated older persons housing schemes are likely to meet Category 2 requirements. Therefore, it should be possible to achieve a significant growth in the the number of dwellings meeting Category 2 requirements.

- ^{3.91} The CLG guide to available disability data²² (referenced by PPG above) shows that currently around 1-in-30 households in England (3.3%) have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households, and given that the number of older person households is likely to increase over the period to 2036, the proportion of households needing wheelchair housing in future is also likely to be higher.
- ^{3.92} Figure 46 identifies the proportion of households with a wheelchair user currently living in market housing and affordable housing by age of household representative.

Figure 46: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

- ^{3.93} Figure 47 identifies the net change in the number of households with a wheelchair user over the 20-year period 2016-36. It is evident that the number of households likely to need wheelchair adapted housing in Eastleigh borough is likely to increase by 750 over the period, equivalent to around 7% of the overall OAN.

Figure 47: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+			Overall change 2016-36	% of OAN
	2016	2036	Net change 2016-36	2016	2036	Net change 2016-36		
Housing type								
Market housing	810	900	90	490	900	410	500	6.82%
Affordable housing	350	420	70	200	380	180	250	9.53%
All households	1,160	1,320	160	690	1,280	590	750	7.53%

- ^{3.94} This comprises 500 households in market housing (7% of total projected market households) and 250 households in affordable housing (8% of total projected affordable households). The evidence therefore supports the need for a proportion of both market and affordable housing to be wheelchair accessible, and **the Council should plan for a minimum of 7% of all market housing and 8% of affordable housing to meet Category 3 requirements**. This is a minimum figure rather than a target as it is eminently possible that non-wheelchair users may occupy wheelchair adapted housing. To compensate for this possibility, a plan target somewhat higher than the minimum may be preferred. However, we would note the DFG could be used to convert existing stock.
- ^{3.95} It is evident that the majority of the identified growth (340 households, equivalent to 79%) are households aged 75 or over. It is likely that many of these households would also be identified as needing specialist housing for older persons. The earlier analysis identified a need for up to 2,420 specialist older person housing units for households aged 75 or over, whilst the above analysis identifies a need for around 590 wheelchair adapted dwellings for households in the same age group.

²² <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

- 3.96 Whilst not all households aged 75 or over needing wheelchair adapted housing will live in specialist older person housing, at any point in time it is likely that around two-fifths of those living in specialist housing will need wheelchair adapted homes. However, it is important to recognise that as individual household circumstances change, it is likely that some households will start using a wheelchair whilst living in specialist housing if their health deteriorates. On this basis, a higher proportion of specialist older person housing units will need to be adaptable to become a wheelchair user dwelling (Category 3). **The evidence supports the need for a target for all specialist housing for older people to meet Category 3 requirements.**
- 3.97 When developing appropriate policies, it is important to note that Planning Practice Guidance for Housing optional technical standards states:

Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.

Planning Practice Guidance (March 2015), ID 56-009

- 3.98 On this basis, it is appropriate for the local authority to set a target requiring the provision of wheelchair adaptable housing that meets Category 3 requirements in relation to affordable housing. Furthermore, as there is clearly evidence to support the need to provide market housing that is wheelchair accessible, it would be appropriate for the local authority to set a target requiring that a proportion of market housing is readily adaptable to wheelchair users, meeting Category 3 requirements, providing viability is not compromised.

Supported Housing Needs

- 3.99 Whilst it is important for SHMAs to consider the support needs of disabled people in terms of the housing requirement, it is necessary for this to be within the context of their support needs more generally. Figure 48 sets out the growth in vulnerable and older people needs for each client group over the 10-year period 2011-21 based on estimates from the Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit.

Figure 48: Estimates of Vulnerable and Older People Needs in Eastleigh Borough 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit)

	2011	2021	Change 2011-21
People aged under 18 in need			
Teenage parents	260	251	-9
Young people aged 16-17	21	20	-1
People aged 18-64 in need			
Alcohol misuse	413	422	+9
Learning disabilities	208	214	+6
Mental health problems	265	274	+9
Offenders	158	163	+5
Moderate physical or sensory disability	149	156	+7
Serious physical or sensory disability	45	47	+2
Refugees	9	9	0
Rough sleepers	3	3	0

Single homeless with support needs	202	209	+7
People aged 65+ in need			
Frail elderly	484	633	+149
Older people with mental health needs	800	1,045	+245
Older people with support needs	2,633	3,439	+806

3.100 The modelling of supported housing needs is complex and it is essential that housing options are established within the context of the strategy for wider support. It therefore isn't appropriate for these figures to be determined in isolation in a report such as this. Nevertheless, the numbers of people involved are relatively low; so the overall need for various types of specialist housing is likely to represent a very small proportion of the overall housing need.

3.101 There are also issues regarding new build viability; economies of scale are not strong (schemes tend to be bespoke or involve low volumes) and competition for land (especially in desirable areas) drives up values and costs. Further, the role of housing benefit in viability becomes more pronounced, and the impact of welfare reform will need to be taken into account. Consequently, some form of subsidy will be required either from planning gain, land subsidy or capital contribution. On this basis, the proposed delivery level may be lower than the identified need due to viability constraints. It will therefore be important for housing and planning officers to continue liaising with their colleagues from social care to ensure that appropriate housing is provided for the needs of Eastleigh borough's residents.

Gypsies and Travellers

3.102 Planning Policy for Traveller Sites (PPTS) came into force in March 2012 and was updated in August 2015. This document sets out the Government's policy for Gypsies and Travellers and represents the only policy for a particular household group which is not directly covered by the NPPF. However, at paragraph 1 PPTS notes that:

This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.

Planning Policy for Traveller Sites, paragraph 1

3.103 An April 2015 High Court Judgement, 'Wenman v SSCLG and Waverley Borough Council', has clarified the relationship between Gypsy and Traveller and Travelling Showpeople Needs Assessments and OAN. At paragraphs 42 and 43, the Judgement notes:

"42. However, under the PPTS, there is specific provision for local planning authorities to assess the need for gypsy pitches, and to provide sites to meet that need, which includes the requirement to "identify, and update annually, a supply of specific deliverable sites sufficient to provide five years' worth of sites against their local set targets" (paragraph 9(a)). These provisions have a direct parallel in paragraph 47 NPPF which requires local planning authorities to use their evidence base to ensure that the policies in their Local Plan meet the full objectively assessed needs for housing in their area, and requires, inter alia, that they

“identify and update annually a supply of specific deliverable sites sufficient to provide five years’ worth of housing”.

“43. The rationale behind the specific requirement for a five year supply figure under paragraph 9 PPTS must have been to ensure that attention was given to meeting the special needs of travellers. Housing provision for this sub-group was not just to be subsumed within the general housing supply figures for the area. Therefore it seems to me most unlikely that the housing needs and supply figures for travellers assessed under the PPTS are to be included in the housing needs and supply figures under paragraph 47 NPPF, as this would amount to double counting.”

- 3.104 The position proposed by the Judgement is correct in that Gypsy and Traveller and Travelling Showpeople households will form part of the household projections, concealed households and market signals which underwrite the OAN calculation. The needs of these households are counted as part of the overall OAN; therefore any needs identified as part of a Gypsy and Traveller and Travelling Showpeople Needs Assessment are a component of, and not additional to, the OAN figure identified by the SHMA.
- 3.105 We would also note that a change introduced by the Housing and Planning Act 2016 is the removal of the 2 sections in the 2004 Housing Act that placed a statutory requirement on Councils to conduct a specific assessment of need for Travellers. However PPTS still sets out that local planning authorities should make their own assessment of need for the purposes of planning Traveller sites, but that this only relates to households who meet the new planning definition of travelling.
- 3.106 The Housing and Planning Act also introduces a new duty (under Section 8 of the 1985 Housing Act that covers the requirement for a periodical review of housing needs) for local authorities to consider the needs of people residing in or resorting to their district with respect to the provision of sites on which caravans can be stationed, or places on inland waterways where houseboats can be moored. Draft Guidance related to this section of the Act has been published setting out how the government want local housing authorities to undertake this assessment and it is essentially the same as the GTAA assessment process - referring specifically for example to concealed or doubled-up households and unauthorised encampments.
- 3.107 The implication of the policy changes is that the housing needs of any Gypsy and Traveller households who do not meet the new ‘planning’ definition of a Traveller will form a subset of any wider need arising from households residing in caravans. In practice this amounts to 6 households in Eastleigh borough, but it does represent an important need because Romany, Irish and Scottish Travellers may claim a right to be provided with culturally appropriate housing (caravans) based on their protected ethnic status contained in the Equality Act 2010. It should also be noted that a separate 5 year land supply for this group is not required.

4. Housing Requirements

Considering the policy response to identified housing need

Affordable Housing Need

- 4.1 This document has identified a substantial need for additional affordable housing: a total of 3,300 dwellings across Eastleigh borough over the remainder of the Plan period: 2016-36. Given the level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.
- 4.2 As part of their strategic planning and housing enabling functions, the Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.
- 4.3 PPG identifies that the Council should also consider “an increase in the total housing figure” where this could “help deliver the required number of affordable homes”; although this would not be an adjustment to the OAN, but a policy response to be considered in the Local Plan:

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

Planning Practice Guidance (March 2014), ID 2a-029

- 4.4 It will therefore be important for the Council to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings²³ (paragraphs 3.20-21):

*“National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*

Any uplift on the demographic starting point ... would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified.”

²³ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

- 4.5 The identified OAN from the most recent PUSH report (Objectively Assessed housing Needs Update – Partnership for Urban South Hampshire, GL Hearn April 2016 paragraph 6.44) already incorporates an uplift from the baseline household projections in response to take account of market signals. This will contribute to increasing the supply of affordable homes through market housing led developments. The Council will need to consider whether there is sufficient justification for any further increase in the total housing figures included in their Local Plan (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.
- 4.6 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives in the past 5 years to attempt to boost the supply of homes, including affordable homes. The key Homes and Communities Agency (HCA) investment programmes include:
- » **Affordable Homes Programme:** the flagship HCA investment programme(s) for new affordable homes – the 2015-18 programme intends to support the building of 43,821 new affordable homes across 2,697 schemes in England
 - » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward
 - » **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities
 - » **Community Right to Build:** (Outside London) including some provision for affordable homes
 - » **Empty Homes programme** (now subsumed into the Affordable Homes Programme)
 - » **Estate Regeneration Programme:** often creating mixed tenure communities
 - » **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes
- 4.7 However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
<p>Welfare reform</p> <p>Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agency have also signalled concerns.</p> <p>Registered Providers</p> <p>Many RPs have become more risk averse in their approach to developing new homes. The move to Affordable Rent as opposed to Social Rent housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced. Grant level reductions in the AHP 2015-18 have, arguably, increased risk perceptions further.</p> <p>Stock rationalisation by Registered Providers</p> <p>The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with</p>	<p>Councils building more new homes</p> <p>Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers</p> <p>Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers.</p> <p>Co-operative Housing</p> <p>Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.</p>

a view to rationalisation.

Extension of Right to Buy (RTB) to Registered Providers

The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might reduce appetite for new development.

Private Rented Sector

- 4.8 The Government also sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher.
- 4.9 A Government task force was established in 2013 to encourage and support build-to-let investment²⁴. The HCA also has several investment programmes to help bring schemes forward. These include a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:
- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale²⁵, particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.
 - » **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these will take time to deliver significant numbers of units.
 - » **Local Enterprise Partnerships** are another potential source of new build PRS homes²⁶. The Growing Places Fund provides £500 million to enable the development of local funds to promote economic growth and address infrastructure constraints in order to enable the delivery of jobs and houses. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.
 - » **Insurance companies** and **pension funds** have been expanding into property lending in recent years; especially schemes in London. Nearly a quarter of new UK commercial property finance came from non-bank lenders in 2013.
- 4.10 National Government policy is also focused on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers. This is particularly important given the number of low income households that rent from a private landlord.

²⁴ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector>

²⁵ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

²⁶ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

- 4.11 Given the substantial need for affordable housing identified for Eastleigh, the Council will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Council to consider all of the options available to help deliver more affordable homes in the area.

Older People in Residential Institutions (Use Class C2)

- 4.12 The identified OAN for Eastleigh does not include the projected increase of institutional population,. This increase in institutional population is a consequence of the CLG approach to establishing the household population, which assumes *“that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s”* on the basis that *“ageing population will lead to greater level of population aged over 75 in residential care homes”*.
- 4.13 Whilst these additional persons aged 75 or over living in communal establishments are not counted as part of the OAN; an allowance is made for the dwellings that would be vacated by many of these people. Not all would vacate dwellings, as some will have a partner or other family remaining in the home, but many will be assumed to vacate a dwelling and for that to be available for use for other households. .
- 4.14 When considering housing supply, PPG states the following in relation to housing for older people:

How should local planning authorities deal with housing for older people?

Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.

Planning Practice Guidance (March 2014), ID 3-037

- 4.15 On this basis, given that housing provided for older people in Use Class C2 should be counted against the housing requirement, it is important that this need is also factored in when establishing the housing requirement. Furthermore, as older people are living longer, healthier lives, and the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; specialist older person housing such as Extra Care may be more appropriate for the needs of some of these older people.
- 4.16 Therefore, when establishing housing requirement, it is necessary to take account of those dwellings that were assumed to be vacated by people moving into care. This would allow the supply of bedspaces in residential institutions in Use Class C2 to be counted against the housing requirement; providing that this was calculated on the basis of the number of dwellings likely to be vacated in the housing market.

- 4.17 Recent market analysis by Knight Frank²⁷ suggests care home occupancy rates at around 88%, so there is also the need to allow for a relatively high level of vacancies in the Class C2 sector.
- 4.18 Overall, the delivery of Class C2 bedspaces must be seen as part of a wider need required to meet the growing older person population in Eastleigh. Many Councils are seeking to reduce their dependence on Class C2 bedspaces and are seeking to keep older persons in their own home for longer periods. However, there must be a recognition that as the older person population grows then there will be individuals for who it is not sustainable to remain in their own home and they will require Class C2 or Extra Care accommodation.

²⁷ ¹ <http://content.knightfrank.com/research/548/documents/en/2015-3267.pdf>

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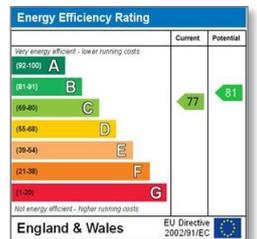
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Eastleigh Borough Assessment of Affordable Housing Update 2020

Report of Findings
July 2020





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1. Introducing the Study

Background to the project and wider policy context

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned in 2017 by Eastleigh Borough Council to undertake an Assessment of Affordable Housing & Other Housing Types for the area. This study should be read alongside that original work which provides a more detailed explanation of the methodology and policy context for this assessment.
- 1.2 At that time, the overall Objectively Assessed Need (OAN) for Eastleigh borough had been established as being 14,500 dwellings over the plan period 2011-2036. This corresponded to an OAN of 580 dwellings per annum over the period. The core requirement from the Eastleigh Assessment of Affordable Housing 2017 was to identify a robust affordable housing needs figure for the study area.
- 1.3 At Figure 29 of the Eastleigh Assessment of Affordable Housing 2017 (reproduced as Figure 1 below) the need for affordable housing from 2016-2036 was identified. This showed a net need for 3,300 affordable homes over the 20-year period, or 165 dwellings per annum.

Figure 1: Housing mix of OAN for market and affordable housing reflecting current patterns (Source: Eastleigh Assessment of Affordable Housing 2017. Note: Figures may not sum exactly due to arithmetic rounding)

Housing Mix 2016-36		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	200	600	800
	2+ bedrooms	500	500	1,000
House	2 bedrooms	500	1,100	1,600
	3 bedrooms	5,200	800	6,000
	4+ bedrooms	1,900	300	2,200
TOTAL		8,300	3,300	11,600

- 1.4 Since the time of the Eastleigh Assessment of Affordable Housing 2017, the Eastleigh Local Plan has progressed and the OAN figure is now 729 dwellings per annum over the period 2016-2036. This implies that the affordable housing need calculated in 2017 is no longer fully consistent with the OAN for Eastleigh. By increasing the OAN from 580 dwellings per annum to 729 dwellings per annum the consequences will include:
- » More local households will be able to form, which in turn will mean that more households will form in housing need;
 - » More households will migrate to the area, with some additional households being in affordable housing need;
 - » If there are more households in general, more will also fall in to affordable housing need each year; and
 - » If there are more household in total, it is also the case that a higher number in affordable housing need will dissolve through death, migrate away from the area and climb out of housing needs.
- 1.5 Therefore, by moving the OAN from 580 to 729 dwellings per annum, Eastleigh will see more households in affordable housing need, but will also see more households leaving affordable housing need. This update to

the Eastleigh Assessment of Affordable Housing 2017 considers the impact of all of these changes in line with the NPPF 2012.

2. Affordable Housing Need

Identifying households who cannot afford market housing

Establishing Affordable Housing Need

- 2.1 In establishing the Objectively Assessed Need for affordable housing, Planning Practice Guidance (PPG) sets out a framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

Planning Practice Guidance (March 2014), ID 2a-022

Current Unmet Need for Affordable Housing

- 2.2 In terms of establishing the **current** unmet need for affordable housing, the Eastleigh Assessment of Affordable Housing 2017 calculated the level of affordable housing in 2016 at Figure 15 (reproduced below as Figure 2). Given that the base date for the Eastleigh Local Plan remains at 2016, there is no change to this element of the affordable housing need. On this basis, Figure 2 still sets out the assessment of current affordable housing need for Eastleigh borough at the start of the Local Plan period.

Figure 2: Assessing current unmet gross need for affordable housing in Eastleigh borough in 2016 (Source: CLG returns, Census, EHS; Note: totals may not sum due to rounding)

	Affordable Housing		Increase in Overall Housing Need not counted by projections
	Gross Need	Supply	
Homeless households in priority need			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	15		15
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	2	2	
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	2		
Households accepted as homeless but without temporary accommodation provided	0		0
Concealed households			
Growth in concealed families with family representatives aged under 55	123		123
Overcrowding based on the bedroom standard			
Households living in overcrowded private rented housing	195		
Households living in overcrowded social rented housing	294	294	
Other households living in unsuitable housing that cannot afford their own home			
People who need to move on medical or welfare grounds, including grounds relating to a disability	273	31	

People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	55	6	
TOTAL	959	333	138

- 2.3 Therefore, based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **959 households are in affordable housing need in Eastleigh borough and unable to afford their own housing in 2016**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).
- 2.4 Of these households, 333 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 626 households (959 less 333 = 626) who currently need affordable housing and do not currently occupy affordable housing in Eastleigh borough** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).
- 2.5 This number includes **138** households who are concealed families that would not be counted by the household projections because they are not separate households, but who will be counted with the OAN of 729 dwellings per annum. Concealed families are couples with or without children and lone parent households who are living as part of another household. They do not include single persons living within another household.
- 2.6 Providing the net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 488 households (959 less 333+138) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

- 2.7 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How should the number of newly arising households likely to be in housing need be calculated?

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

Planning Practice Guidance (March 2014), ID 2a-025

- 2.8 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.

- 2.9 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 2.10 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

- 2.11 PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-025); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 2.12 The affordability percentages in Figure 3 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:
- » Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
 - » Households occupying owner occupied housing and those renting privately who aren’t eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
 - » The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 3: Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	22%	10%	17%	20%	21%	25%
Couple family with no dependent children	8%	3%	7%	8%	5%	8%
Couple family with 1 or more dependent children	54%	23%	11%	7%	7%	19%
Lone parent family with 1 or more dependent children	78%	75%	48%	31%	31%	36%
Other household type	18%	15%	20%	19%	14%	11%

Components of Projected Household Growth

- 2.13 PPG identifies that the CLG household projections “should provide the starting point estimate for overall housing need” (ID 2a-015) and that “the 2012-2037 Household Projections ... are the most up-to-date estimate of future household growth” (ID 2a-016). **However, when considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” (ID 2a-025) suggesting that “the total need for affordable housing should be converted into annual flows” (ID 2a-029).**
- 2.14 The demographic projections produced to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.
- 2.15 Figure 4 shows the individual components of annual household growth based upon data from the 2014 based ONS population projections and 2014 based CLG household projections.

Figure 4: Components of average annual household growth by 5-year projection period in Eastleigh Borough (Source: ORS Housing Model)

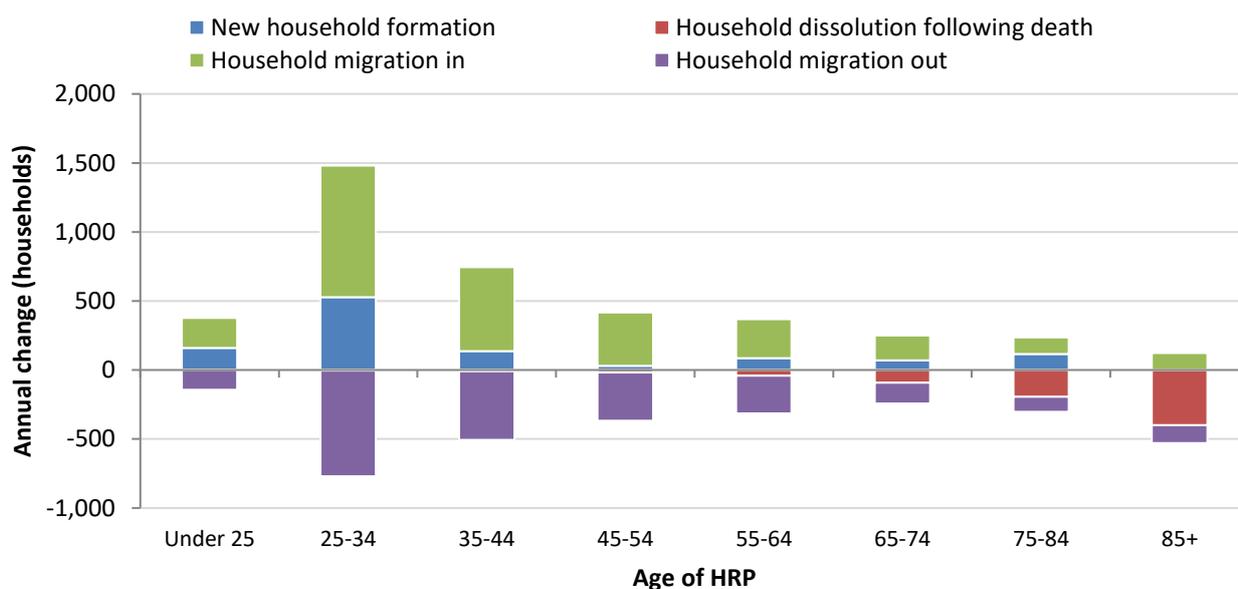
	Annual average based on 5-year period				Annual average 2016-36
	2016-21	2021-26	2026-31	2031-36	
New household formation	1,130	1,164	1,230	1,289	1,203
Household dissolution following death	761	807	878	970	854
Net household growth within Eastleigh Borough	+369	+357	+352	+319	+349
Household migration in	2,869	2,909	2,958	3,037	2,943
Household migration out	2,418	2,537	2,638	2,758	2,588
Net household migration	+451	+372	+320	+279	+356
Total household growth	+820	+729	+671	+598	+705

- 2.16 Over the 5-year period 2016-21 the model shows that:
- » There are projected to be 1,130 new household formations each year; but this is offset against 761 household dissolutions following death – so there is an **average net household growth of 369 households** locally in Eastleigh borough;
 - » There are also projected to be 2,869 households migrating to Eastleigh borough offset against 2,418 households migrating away from the area – which yields an **increase of 451 households attributable to net migration;**
 - » The total household growth is therefore **projected to be 820 (369 plus 451) households each year** over the initial 5-year period of the projection.
- 2.17 During the course of the full 20-year projection period, annual net household growth is projected to decrease (from a gain of 820 households in 2016-21 to a gain of 598 households in 2031-36). This coincides with a larger number of household dissolutions in later years (consistent with a larger number of deaths). Net household migration is projected to remain relatively stable over the full period.
- 2.18 Over the 20-year Plan period 2016-36, total **household growth averages 705 households** each year. When an allowance is made for vacant and second homes at a rate of 3.3% in line with the 2011 Census, this will support a need for 729 dwellings per annum.

Change in Household Numbers by Age Cohort

- 2.19 To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 820 new households projected to form in Eastleigh borough each year over the period 2016-21 (Figure 4) alongside the detailed information about household affordability (Figure 3). The period 2016-21 is used in the first instances to be consistent with Planning Practice Guidance (March 2014), but the figures are then extended to consider the whole plan period of 2016-36.
- 2.20 Figure 5 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group. Within the modelling process each age cohort is also considered by household type reflecting the different affordability patterns for different household types by age so that the change in household numbers can be compared to the affordability by age and household type set out in Figure 3.

Figure 5: Annual change in household numbers in each age cohort by age of Household Representative Person (Source: ORS Housing Model)



- 2.21 Combining the data from Figure 3 on affordability and Figure 5 on sources of household growth over the period 2016-21, the Model identifies that 22% of all newly forming households are unable to afford their housing costs, which represents 248 households each year (Figure 6). The same data also shows that a smaller proportion of households migrating to the area are unable to afford their housing costs (19%), which represents 548 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 796 new households each year who are unable to afford their housing costs.**

Figure 6: Affordability of new households over the initial 5-year period 2016-21 (Eastleigh Borough) (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,130	882	248	22%
Households migrating in to the area	2,869	2,320	548	19%
All new households	3,998	3,202	796	20%

- 2.22 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting “total available stock from total gross need” (ID 2a-029), **but this over-simplifies what is a very complex system.**
- 2.23 It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:
- » Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;
 - » Similarly, not all households that are unable to afford housing are allocated affordable housing;
 - » Some will choose to move to another housing market area and will therefore no longer require affordable housing.
- 2.24 **In these cases, and others, the gross need will need adjusting.**
- 2.25 The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.
- 2.26 Again, considering the affordability data set out in Figure 3 and components which reduce the number of households resident in the area set out in Figure 5, the Model identifies **761 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 19% are unable to afford market housing: most living in social rented housing.
- 2.27 The same data shows that when considering **households moving away** from Eastleigh borough, the Model identifies that an average of 2,418 households will leave the area each year including 448 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the borough it is appropriate that their needs are discounted to ensure consistency with the household projections used to establish overall housing need.
- 2.28 Figure 7 summarises the total household growth based upon the affordability by age and household type combined with the projected change in household growth by age. This takes the data set out in Figure 4 and determines how many households will not be able to afford market housing based upon their age and household type. This includes the 796 new households on average each year who are unable to afford their housing costs from Figure 6, but offsets this against the 589 households who will either vacate existing

affordable housing or who will no longer constitute a need for affordable housing in Eastleigh borough (as they have moved to live elsewhere).

Figure 7: Components of average annual household growth 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,130	882	248	22%
Households migrating in to the area	2,869	2,320	548	19%
All new households	3,998	3,202	796	20%
Household dissolutions following death	761	619	141	19%
Households migrating out of the area	2,418	1,970	448	19%
All households no longer present	3,178	2,589	589	19%
Average annual household growth 2016-21	+820	+613	+207	25%

- 2.29 Overall, the Model projects that household growth will yield a net increase of 207 households on average each year (over the period 2016-21) that are unable to afford their housing, which represents 25% of the 820 overall annual household growth for this period.

Projecting Future Needs of Existing Households

- 2.30 PPG also identifies that in addition to the needs of new households, it is also important to estimate “*the number of existing households falling into need*” (ID 2a-025). Whilst established households that continue to live in Eastleigh borough will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is estimated that an average of **133 established households fall into need each year** in Eastleigh borough. This figure is a residual change derived from the data underlying Figure 3 and Figure 5 by addressing how affordability will change for existing households as they become older. The number falling in to need represents the change in the number of households projected to be in need in that cohort after the Model has considered the impact of new formations, dissolution and migration. If the number is positive, then some must have fallen in to need and if it is negative, they must have climbed out of need.
- 2.31 Finally, whilst the PPG recognises that established households’ circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households’ circumstances can improve**. For example:
- » When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 3 showed that for those aged 25 to 34, the proportions were 10% and 3% respectively.
 - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 3 showed that 23% of couple families with dependent children aged 25 to 34 could not afford housing, compared to 11% of such households aged 35 to 44.
- 2.32 Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need

financial support. The Model identifies that **the circumstances of 169 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford.

- 2.33 Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 36 households** (169 - 133 = 36) **needing affordable housing each year.**

Projecting Future Affordable Housing Need (average annual estimate)

- 2.34 Figure 8 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this chapter.

Figure 8: Components of average annual household growth 2016-21 for both new and existing households (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,130	882	248	22%
Households migrating in to the area	2,869	2,320	548	19%
All new households	3,998	3,202	796	20%
Household dissolutions following death	761	619	141	19%
Households migrating out of the area	2,418	1,970	448	19%
All households no longer present	3,178	2,589	589	19%
Average annual household growth 2016-21	+820	+613	+207	25%
Existing households falling into need	-	-133	+133	100%
Existing households climbing out of need	-	+169	-169	0%
Change in existing households	-	+36	-36	-
Average annual future need for market and affordable housing 2016-21	820	+649	+171	21%

- 2.35 Overall, there is a projected need from 796 new households who are unable to afford their housing costs (248 newly forming households and 548 households migrating to the area); however, 589 households will either vacate existing affordable housing or will no longer need affordable housing in Eastleigh borough (as they have moved to live elsewhere) thereby reducing the new need to a net total of 207 households.
- 2.36 Considering the needs of existing households, there are 133 households expected to fall into need each year (a rate of 2.4 per 1000 households) but this is offset against 169 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 36 existing households that need affordable housing each year.**
- 2.37 Based on the needs of new households and existing households, there is a projected increase of 171 households each year on average for the initial period 2016-21 who will need affordable housing (207 less 36).
- 2.38 Using the approach outlined above for the initial 5-year period of the projection, the Model considers the need for affordable housing over the full 20-year projection period 2016-36. The Model identifies that **the number of households in need of affordable housing will increase by 3,301 households over the period 2016-36**, equivalent to an annual average of 165 households per year. This represents 23.4% = 3,301/14,092 of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

2.39 Figure 9 brings together the information on assessing the unmet need for affordable housing in 2016 and the future affordable housing need arising over the 20-year period 2016-36.

Figure 9: Assessing total need for market and affordable housing in Eastleigh Borough (Source: CLG returns, Census, EHS, ORS Housing Model)

Eastleigh Borough	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2016 (see Figure 2)			
Total unmet need for affordable housing	-	959	959
Supply of housing vacated	488	333	821
Overall impact of current affordable housing need	-488	+626	+138
Projected future housing need 2016-36			
Newly forming households	18,370	5,687	24,057
Household dissolutions following death	13,841	3,236	17,077
Net household growth within Eastleigh Borough	+4,529	+2,451	+6,980
Impact of existing households falling into need	-3,165	+3,165	-
Impact of existing households climbing out of need	+4,099	-4,099	-
Impact of households migrating to/from the area	+5,329	+1,783	+7,112
Future need for market and affordable housing 2016-36	+10,791	+3,301	+14,092
Total need for market and affordable housing			
Overall impact of current affordable housing need	-488	+626	+138
Future need for market and affordable housing 2016-36	+10,791	+3,301	+14,092
Total need for market and affordable housing	+10,303	+3,927	+14,230
Average annual need for housing	+515	+196	712
Proportion of overall need for market and affordable housing	72.4%	27.6%	100.0%

2.40 Figure 2 estimated there to be **959 households in need of affordable housing at the start of the projection period in 2016**. However, as 333 of these already occupied an affordable home, our previous conclusion was therefore a net need from 626 households (959 less 333 = 626) who need affordable housing and do not currently occupy affordable housing.

2.41 The 20-year projection period 2016-36 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 3,301 households over the period 2016-36**, alongside an increase of 10,303 households able to afford market housing.

2.42 Overall, there will be a **need to provide additional affordable housing for 3,927 households** over the Plan period 2016-36 (27.6% of the projected household growth). This is equivalent to an average of **196 households** per year.

2.43 Data from the HCA Statistical Data Return identifies a vacancy rate of 2.4% for affordable housing in Eastleigh borough, therefore adding an additional allowance for vacancies this identifies a **total affordable housing need of 4,000 dwellings in addition to the current stock, an average of 200 dwellings per year**. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

- 2.44 A figure of 200 dwellings per annum need for affordable housing represents a rise of 35 dwellings per annum when compared to the Eastleigh Assessment of Affordable Housing 2017. The difference in these figures comes from a higher number of newly forming households and in-migrant households being in affordable housing need. **Overall, a growth in the OAN of 149 dwellings per annum (729 dwellings-580 dwellings) generates an additional need for affordable housing of 35 dwellings per annum.**

Housing Mix: Size and Tenure

- 2.45 When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patterns. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted.
- 2.46 Figure 10 sets out the housing mix for Eastleigh using an OAN of 729 dwellings per annum in the same format as Figure 29 of the Eastleigh Assessment of Affordable Housing 2017.
- 2.47 Overall, the breakdown of the size and tenure mix is very similar to the Eastleigh Assessment of Affordable Housing 2017 with most of the market housing need being for housing (9,700 dwellings over the 20-year period) with a need for 900 market flats also identified (around 8.5%). The need for affordable housing is also predominantly for housing; around 4,000 dwellings including a need for around 1,300 flats (33%).

Figure 10: Housing mix of OAN for market and affordable housing reflecting current patterns (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

Housing Mix 2016-36		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	300	700	1,000
	2+ bedrooms	600	600	1,200
House	2 bedrooms	800	1,300	2,000
	3 bedrooms	6,200	1,100	7,300
	4+ bedrooms	2,700	200	3,000
TOTAL		10,600	4,000	14,600

Household Affordability

- 2.48 In order to profile the affordability of the mix of households needing affordable housing, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age in the local authority area. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 2.49 The purpose of this data is to assess how many households in affordable housing need are able to afford different types of affordable housing. Typically, very low income households are not able to afford Target Social Rents, but households who are in affordable need with higher incomes may be able to afford to meet the costs of more expensive affordable housing products. The purpose of this section is therefore to compare the incomes of households in affordable housing need with the cost of different types of affordable housing schemes as set out in the previous section.

2.50 Figure 11 sets out the affordable housing mix broken down by the modelled household affordability for the two scenarios. This table mirrors Figure 32 of the Eastleigh Assessment of Affordable Housing 2017 and considers whether the household can afford either Target Social Rent (the lowest cost rented housing) or Affordable Rent (set at 80% of market rents). In both scenarios, more than half of the households in need of affordable housing would not be able to afford the relevant Target Social Rent for a property of the size needed. For anyone unable to afford Target Social Rent it is assumed that they will normally receive housing benefit or Universal Credit to assist with their housing costs:

- » 3,070 households (77%) based on up to 25% of income being spent on housing costs; and
- » 2,680 households (67%) based on up to 35% of income being spent on housing costs.

Figure 11: Affordable housing mix by household affordability (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

		Unable to afford Target Social Rent	Can afford Target Social Rent	Can afford Affordable Rent	TOTAL
25% OF INCOME					
Flat	1 bedroom	640	10	50	700
	2+ bedrooms	460	60	80	600
House	2 bedrooms	1000	130	170	1,300
	3 bedrooms	810	160	130	1,100
	4+ bedrooms	140	40	10	200
TOTAL		3,070	400	430	4,000
35% OF INCOME					
Flat	1 bedroom	600	50	60	700
	2+ bedrooms	400	70	130	600
House	2 bedrooms	870	150	280	1,300
	3 bedrooms	690	160	250	1,100
	4+ bedrooms	120	50	30	200
TOTAL		2,680	470	750	4,000

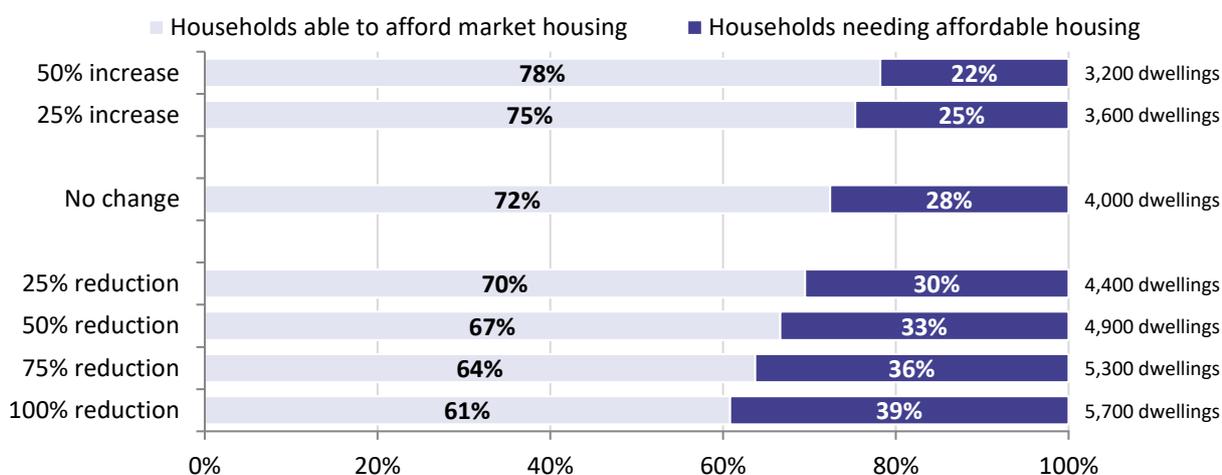
Future Policy on Housing Benefit in the Private Rented Sector

- 2.51 The Model recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council.
- 2.52 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 2.53 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it

does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.

- 2.54 To sensitivity test this position, Figure 12 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector. If no households were to receive housing benefit support in the private rented sector, 39% of the growth in household numbers would need affordable housing. In this scenario, it is also important to recognise that the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.

Figure 12: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2016-36 and associated number of affordable dwellings



Conclusions

- 2.55 Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing (Figure 9). The most recent final OAN figure is 729 dwellings per year, equivalent to 14,580 dwellings over the 20 years of the Eastleigh Local Plan.
- 2.56 The **housing mix analysis identified a need to provide 4,000 additional affordable homes over the 20-year Plan period 2016-36 (an average of 200 dwellings per year), or around 28% of the OAN.**
- 2.57 A figure of 28% affordable housing needed as a component of the OAN is lower than the current policy requirement in Eastleigh of 35% affordable housing on qualifying sites. However, the figure is 28% is a net need, so any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount implying a higher level of gross need on new sites.
- 2.58 It is also the case that the National Planning Policy Framework 2018 is clear at paragraph 63 that affordable housing should not be sought on non-major sites (less than 10 units).

63. Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.

- ^{2.59} On this basis, not every site in Eastleigh will deliver affordable housing, so a higher level than 28% affordable housing will need to occur on those sites capable of delivering affordable housing.
- ^{2.60} A figure of 4,000 affordable home would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but this assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Providing sufficient affordable housing for all households that would otherwise be living in the private rented sector with housing benefit support would increase the need to around 5,700 affordable homes over the Plan period (235 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

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