

**Basingstoke and Deane Borough Council
Winchester City Council
New Forest District Council
East Hampshire District Council
Test Valley Borough Council**

Central Hampshire and New Forest Strategic Housing Market Assessment

Final Report v2.0

November 2007



DTZ
Greyfriars Gate
5 Greyfriars Rd
Reading
RG1 1NU

**BASINGSTOKE AND DEANE BOROUGH COUNCIL
WINCHESTER CITY COUNCIL
NEW FOREST DISTRICT COUNCIL
EAST HAMPSHIRE DISTRICT COUNCIL
TEST VALLEY BOROUGH COUNCIL**

**CENTRAL HAMPSHIRE AND NEW FOREST
STRATEGIC HOUSING MARKET ASSESSMENT**

Final Report v2.0

by

DTZ

Greyfriars Gate
5 Greyfriars Road
Reading RG1 1NU

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

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

Contents

	Page
1	Introduction.....1
2	Defining the Spatial Extent of the Sub-Regional Housing Market.....4
3	Drivers of the Housing Market.....20
4	Demographic Drivers of Demand.....28
5	Economic Drivers of Demand.....54
6	Characteristics and Structure of Housing Supply.....81
7	House Prices, Household Incomes and Affordability.....99
8	Housing Need Assessment.....118
9	Future Housing Provision in Central Hampshire and New Forest.....139
10	Specific Groups within the Housing Market.....161
11	Policy Implications & Recommendations.....183

Appendices

Appendix A	Household and Travel to Work Movements Between Key Settlements
Appendix B	Selected Maps
Appendix C	Economic Terminology
Appendix D	Housing Need Assessment Summary Calculations
Appendix E	Stakeholder Consultation Event

1 INTRODUCTION

- 1.01 The Central Hampshire and New Forest Strategic Housing Market Assessment (hereafter ‘SHMA’) has been undertaken to help the local authorities and their partners to understand the dynamics and drivers of their housing markets. The SHMA also provides the evidence base to inform emerging Local Development Frameworks within the authorities of Basingstoke and Deane, East Hampshire, Test Valley, Winchester and New Forest. Ultimately the SHMA will seek to identify actions that will help deliver better housing and social and economic outcomes for those living in Central Hampshire and New Forest.
- 1.02 Undertaking a SHMA is a key requirement of Government’s planning for housing policy, set out in Planning Policy Statement 3 Housing¹ (hereafter referred to as PPS3). In the future, SHMAs will form an important part of the evidence base for developing plans and policies and for responding to changing household requirements. The benefits of SHMAs are set out in the CLG’s² Strategic Housing Market Assessments - Practice Guidance³:
- To enable local authorities to think spatially about the nature and influence of the housing markets in respect of their local area and to enable regional bodies to develop long term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies
 - To provide evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing
 - To provide evidence to inform policies about the level of affordable housing required, including the need for different sizes of affordable homes
 - To support authorities in developing a strategic approach to housing through consideration of the housing need and demand in all housing sectors – owner occupied, private rented and affordable – by assessing the key drivers and relationships within the housing market
 - To draw together the bulk of the evidence required for local authorities to appraise strategic housing options and to ensure the most appropriate and cost-effective use of public funds
- 1.03 The analysis in the Central Hampshire and New Forest SHMA is conducted in accordance with the CLG Strategic Housing Market Assessment Practice Guidance. The CLG published the final guidance on 30th March 2007.
- 1.04 PPS3 and the SHMA guidance have arrived at a point in time where local and regional plans are in a period of transition. Therefore, there are some elements that the SHMA was designed for that it will not realistically be able to inform until the next review of Regional Spatial Strategies and Local Development Frameworks. It is important to note therefore, that the objective of *this* SHMA and the housing needs assessment it includes is about informing the elements of policy that are not yet determined i.e. the type and tenure of development rather than the overall number of new dwellings, although the SHMA will be able to draw on evidence and comment on the implications of the overall level of housing to be provided.⁴

¹ CLG (2006) Planning Policy Statement 3 (PPS3) Housing

² Communities and Local Government – formerly known as DCLG and ODPM

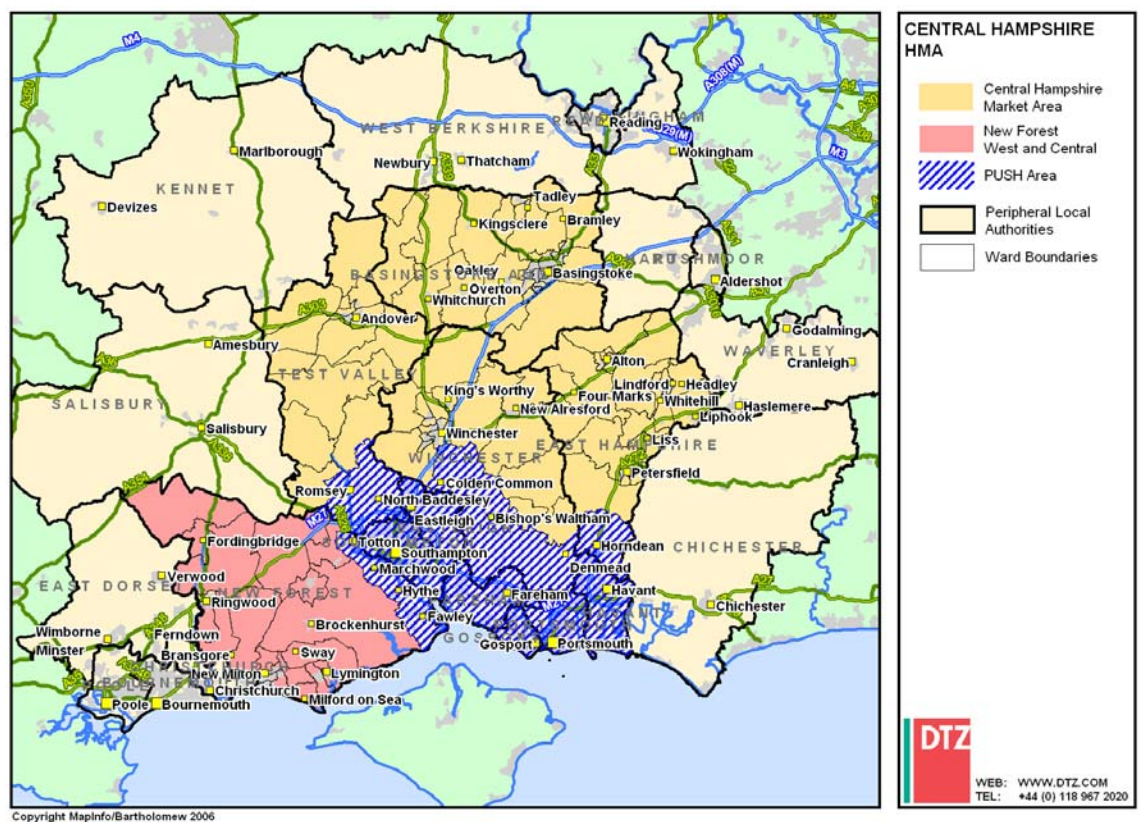
³ CLG (March 2007) Strategic Housing Market Assessments – Practice Guidance

⁴ A viability assessment is being prepared by DTZ for Basingstoke and Deane, East Hampshire and Winchester

Central Hampshire and New Forest Context

- 1.05 Figure 1.1 sets Central Hampshire and New Forest and its housing markets within the South East context. The authorities within Central Hampshire (Basingstoke and Deane, Winchester, East Hampshire and Test Valley) benefit from a relatively high degree of strategic accessibility afforded by the M3 motorway, with links on to the M4 and M25. In addition, the proximity of London and Heathrow Airport and direct trains to London Waterloo from Basingstoke and Winchester provides enhanced national and international connectivity for many of those living and working in the area. There are also a number of strategic links towards the east of the sub-region such as the A3 and the Portsmouth to Waterloo rail link.
- 1.06 New Forest is not functionally part of the Central Hampshire market area and is considered separately in this report. However, the east of the authority area (functionally part of the South Hampshire housing market) also has good strategic accessibility, afforded by the M3 and M27. Settlements in the south west of New Forest have good accessibility to Christchurch, Bournemouth and Poole. The majority of New Forest District is covered by the New Forest National Park and strategic accessibility (road and rail links) is therefore limited. Although not presented in Figure 1.1, a significant proportion of Central Hampshire and New Forest's land area is covered by the South Downs (including the East Hampshire AONB) and New Forest National Park.

Figure 1.1: Central Hampshire and New Forest Context⁵



Note: PUSH area is defined here on the basis of 2001 ward definitions in order to be compatible with Census data and the market areas defined in the South Hampshire HMA. The 2007 definition of the PUSH sub-region differs slightly from the boundaries shown in Figure 1.1 and the maps contained in the rest of the report, finishing further south in Winchester District and East Hampshire Districts

⁵ A larger version of this map is contained in Appendix B

- 1.07 This report provides evidence of the demographic and economic drivers of the housing markets within Central Hampshire and New Forest, evidence on the stock and supply of housing within its housing markets and the implications for affordability.
- 1.08 The rest of this report is structured as follows:
- **Section 2** – Spatial extent of the housing markets
 - **Section 3** – Drivers of the housing market
 - **Section 4** – Demographic drivers of demand
 - **Section 5** – Economic drivers of demand
 - **Section 6** – Characteristics and structure of housing supply
 - **Section 7** – Affordability
 - **Section 8** – Housing need assessment
 - **Section 9** – Future housing provision in Central Hampshire and New Forest
 - **Section 10** – Specific groups within the housing market
 - **Section 11** – Policy Implications and recommendations

2 DEFINING THE SPATIAL EXTENT OF THE SUB-REGIONAL HOUSING MARKET

2.01 In order to undertake meaningful analysis of the Central Hampshire and New Forest market areas it is first necessary to establish the boundaries of the sub-regional housing markets and the spatial extent of any smaller housing markets that operate within and across them. Indeed, determining the spatial extent of the housing market area is the first step in the Strategic Housing Market Assessment process, as set out in the CLG guidance.

2.02 It is important, therefore, to ensure that there is a common understanding of what is meant by the term ‘the housing market’. Once this is understood it is possible to explain what is meant by the sub-regional component of the phrase ‘sub-regional housing market’.

Definition of Sub-Regional Housing Markets

2.03 In economic terminology a market is where buyers and sellers come together to exchange goods or services at an agreed price. The price mechanism is the means by which demand and supply are brought into balance. Excess demand will result in prices being bid up. Excess supply will mean that prices fall until buyers are found for the surplus goods or services.

2.04 The housing market is a particularly complex market for a variety of reasons:

- First, housing is a high value commodity. Purchases by individuals are typically financed over a long period of time. The decision to purchase is therefore of great importance to individuals and subject to the influence of the cost of capital – interest rates
- Second, housing is both a consumer good and an investment good. A consumer good is one that people buy to derive immediate benefits from – a pleasant place to live, a roof over their head. An investment good is bought to provide a financial return
- Third, because housing is built to last, at any point in time only a fraction of the total stock of housing is ‘on the market’ – that is, available for sale. Typically in any year around 10% of the stock of housing may change hands, and new supply (newly built homes) comprise only 10% of total sales in any year (that is 1% of the total stock)
- Fourth, the housing market is highly regulated. The location and volume of new development is controlled through the town planning system. Minimum quality standards are set for new buildings and existing housing
- Finally, because shelter is a basic human requirement, considerable resources are provided to ensure that those who cannot afford market housing are adequately housed either through direct provision of housing (council or housing association homes) or subsidy (Housing Benefit)

2.05 The final dimension that distinguishes the housing market from many product markets is that it has a strong spatial dimension. Location matters. Thus, while it is possible to talk of a national housing market and regional housing markets, in practice most buyers seek to move within the same sub-region because they wish to continue to live in that general area because of their sense of belonging, their family or broader social relationships, their jobs or access to particular services – most notably particular schools.

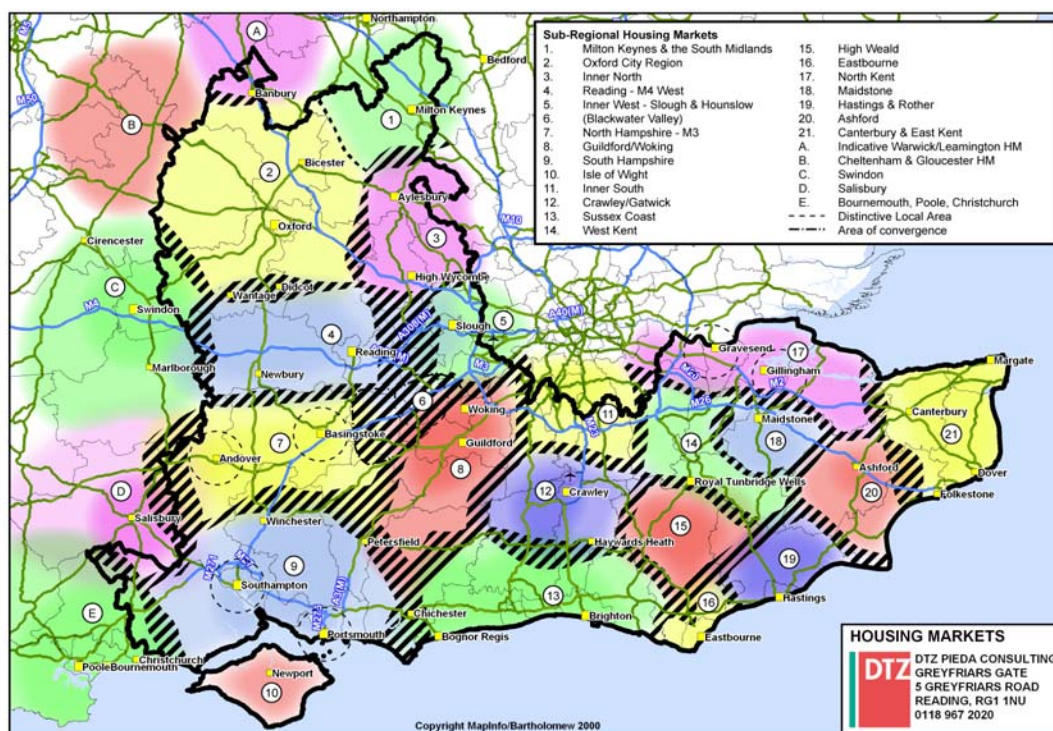
- 2.06 Typically one expects a sub-regional housing market to comprise an area in which some 70% of all household moves are contained, excluding long distance moves which are associated with a major lifestyle change – for example a change in the place of work, retirement to a different part of the country, or a decision to share accommodation with a partner who is located in a different part of the country. This sub-regional market is likely to cover an area that falls at least partly in the administrative area of a number of local authorities. Indeed, this is particularly relevant to the five commissioning authorities.
- 2.07 There are a number of other ways to think about the likely extent of sub-regional housing markets. The area of the sub-regional housing market area will map onto the area of search when looking to move home considered by the majority of households – not ignoring the fact that many people will confine their search to a much more localised area, or have limited choice to move further a-field. However the fact that certain socio-economic groups may have more limited choices is a characteristic of the housing market, not something that determines the boundaries of the sub-regional housing market. DTZ will, however, consider the sub markets that may relate to different tenures of housing as far as is possible through the housing need assessment.
- 2.08 One would also expect a close relationship between the boundaries of sub-regional housing markets and sub-regional labour markets – generally referred to as Travel to Work Areas (TTWA). TTWAs delineate the areas within which at least 70% of the workforce in employment live and work. Across the South East around 65% of all households contain people who are in work, and unless these people are taking up a job in another location outside an acceptable journey time, they are likely to look for somewhere to live within the same travel to work area if they move home.
- 2.09 Below the sub-regional level there are local housing markets. For example smaller towns and settlements have their own housing market characteristics, as will particular parts of larger towns and cities. Such areas can achieve a high level of self containment – because many household moves are of relatively short distance. Rural areas also have their own market characteristics though many rural areas are functionally part of sub-regional housing markets based on large centres of employment – cities or towns.

The Central Hampshire Housing Market

- 2.10 In May 2004 DTZ were commissioned by the South East England Regional Assembly and Regional Housing Board to undertake a study to identify the spatial extent of sub-regional housing markets across the whole of the South East Region. The findings and recommendations of the study have now been accepted by the Housing Board and are being used to inform the Regional Housing Strategy and Regional Spatial Strategy. The final map of the South East's housing sub-regions to emerge from the study is presented in Figure 2.1¹.

¹ DTZ's full report to the South East England Regional Assembly can be found at: http://www.southeast-ra.gov.uk/our_work/planning/housing/docs/dtz-part_b.pdf

Figure 2.1: Spatial Delineation of the South East's Sub-Regional Housing Markets



- 2.11 Using the methodology outlined above DTZ concluded that there existed a 'North Hampshire' (as opposed to Central Hampshire) housing market associated with the M3/A303 and related rail corridors (see Figure 2.1). The consultations conducted during the study also produced broad agreement on this market.
- 2.12 However the precise extent of this housing market area, and the degree of integration it exhibits were subject to debate. The data analysis undertaken for the 2004 study also did not answer all of the issues that arose. In particular the view was expressed that the area comprises three relatively small housing markets focused on Andover (the northern part of Test Valley), Basingstoke and the Blackwater Valley area. New Forest is not functionally part of the Central/North Hampshire market but does have overlaps with South Hampshire.
- 2.13 It is therefore an important requirement of this study to examine the extent of the housing market associated with Central/North Hampshire in more detail than was the case in the 2004 SEERA work.
- 2.14 The analysis in the remainder of this section therefore takes a tiered approach:
1. The first step is to map household and travel to work movements (the two key determinants of the extent of housing markets) between all wards of the study area. Ward level is the lowest level that this data is available and provides a much more detailed picture than the district level analysis used in the 2004 SEERA study. However, given the size of the study area this produces a very detailed and rather complicated picture.
 2. For the second step of the analysis DTZ have grouped particular wards together to form individual settlements and mapped the pattern of movements between these and the remaining (predominantly rural) wards of the study area.

3. The final part of the analysis then maps only those movements between the defined settlements (this therefore excludes any moves to the outlying wards of the study area) so that the major movements between the major settlements can be clearly identified. Appendix A provides the data for these movements.

2.15 Each of these stages is now undertaken in detail.

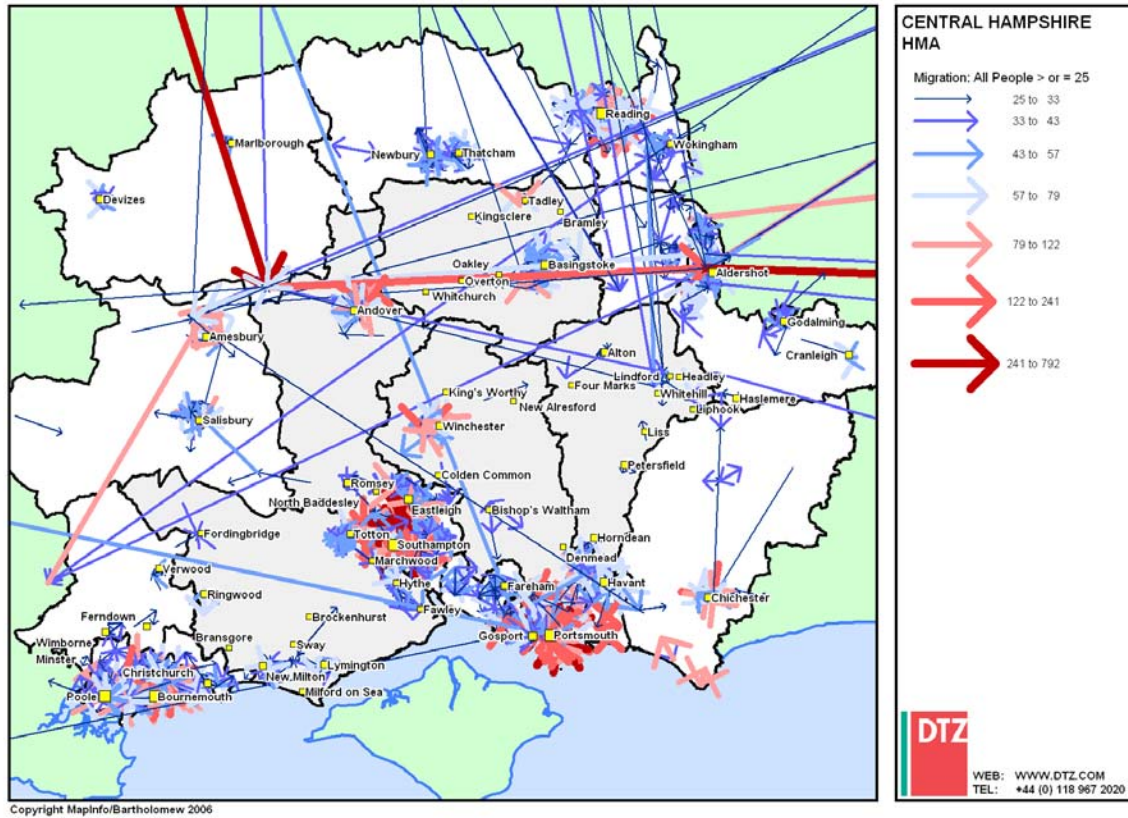
Stage 1: The Spatial Pattern of Ward Level Movements Across the Central Hampshire Study Area

- 2.16 Figures 2.2 and 2.3 show the origin and destination of all household movements in the year prior to Census Day 2001 (the most recent data available). Figures 2.4 and 2.5 show the origin and destination of all ward level travel to work movements across the study area in 2001 Census. In both sets of maps a higher threshold has been introduced to identify the origin and destination of the most major movements.

Household Migration Movements

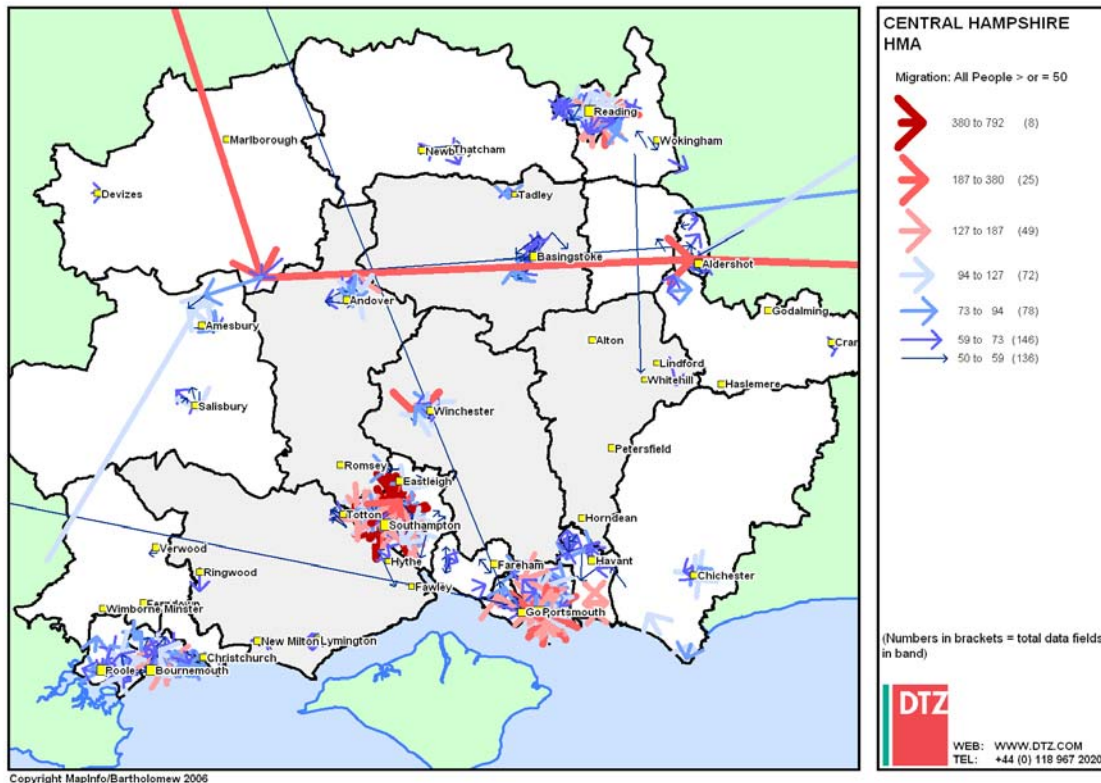
- 2.17 Figure 2.2 shows a highly integrated pattern of household movements taking place across urban South Hampshire, which extend out to cover Totton and Hythe and the eastern fringe of the New Forest. There is, however, a smaller level of household moves between Winchester City and the dominant concentration of movements in urban South Hampshire. Romsey also shows more limited integration southwards to either Totton or Eastleigh.
- 2.18 A series of localised housing markets are evident in Andover and Basingstoke, with self-contained concentrations of household movements centred upon each town. Tadley also shows signs of a localised market, with few movements into this area from the towns of Newbury or Basingstoke. The town of Basingstoke has a high number of household movements taking place within and across its urban area, which cover a large part of the district's central and eastern area. There is a noticeable absence of household moves between Basingstoke and Reading.
- 2.19 Across New Forest District the pattern of household movements suggests that Ringwood has a self-contained local housing market and little penetration of its market from outside the town. The data also shows a strong connectivity and relatively high level of movement between New Milton, Lymington and (to a lesser extent) Brockenhurst.
- 2.20 Overall the Central Hampshire sub-region appears to function as an area with a number of localised housing markets. This contrasts with the highly integrated market in South Hampshire. This pattern reflects the geography of Central Hampshire and the dispersal of its principal settlements across a relatively large area.
- 2.21 There is therefore a need to understand how the main urban areas and settlements in Central Hampshire relate to one another functionally by tracing the pattern of travel to work and household movements between them. This is undertaken in the next stages (stages 2 and 3) of this section.

Figure 2.2: Origin and Destination of All Ward Level Household Movements (25+)²



² A larger version of this map is provided in Appendix B

Figure 2.3: Origin and Destination of All Ward Level Household Movements (50+)



Travel to Work Movements

2.22 The travel to work movements (2000-01) mapped in Figures 2.4 and 2.5 reveal a number of well defined and interconnected labour markets in operation across Central Hampshire:

- Basingstoke has a concentrated pattern of travel to work movements focussed upon its urban centre, which draws in labour from the west and east of the town (Figure 2.4). Jobs in Newbury exert a strong influence on settlements in the north west of the Borough, whilst Aldermaston appears to provide an important source of employment for those living in Tadley
- There is a level of integration between the towns of Basingstoke and Andover. A relatively large volume of travel to work movements between these can be traced in Figure 2.4. Andover also draws cross-district travel to work flows from Amesbury and Tidworth (in the far south east of Kennet district) and Whitechurch (in the far western area of Basingstoke and Deane district)
- The City of Winchester has a well defined labour market that attracts travel to work movements from across the north and north east of the district. It shows signs of integration southwards, with heavy travel to work movements evident into Winchester City from Eastleigh and Southampton. There is also a labour market influence on the south east fringe of Winchester's administrative boundary from Fareham, Havant and Portsmouth

- Figure 2.5 shows clearly the division of New Forest district between the urban belt to the east (which stretches across Totton, Hythe and Fawley) and the rural area that covers the west and central parts of the district (where few travel to work movements are evident). Figure 2.5 also shows a band of integrated commuting flows stretching across the New Forest's south western settlements of New Milton, Lymington and Ringwood and across the district boundary into Christchurch and Bournemouth. Whilst the introduction of a higher threshold (Figure 2.5) suggests that these flows are not nominally high they remain an important feature of the market given these New Forests' settlements smaller population bases
- Travel to work movements across East Hampshire are smaller compared with most other areas in Central Hampshire. However, Figure 2.4 does show Petersfield and Alton to be important centres of employment, which tend to draw in travel to work movements from wards within East Hampshire's administrative boundaries

Figure 2.4: Origin and Destination of All Ward Level Travel to Work Movements (50+) 2000-2001

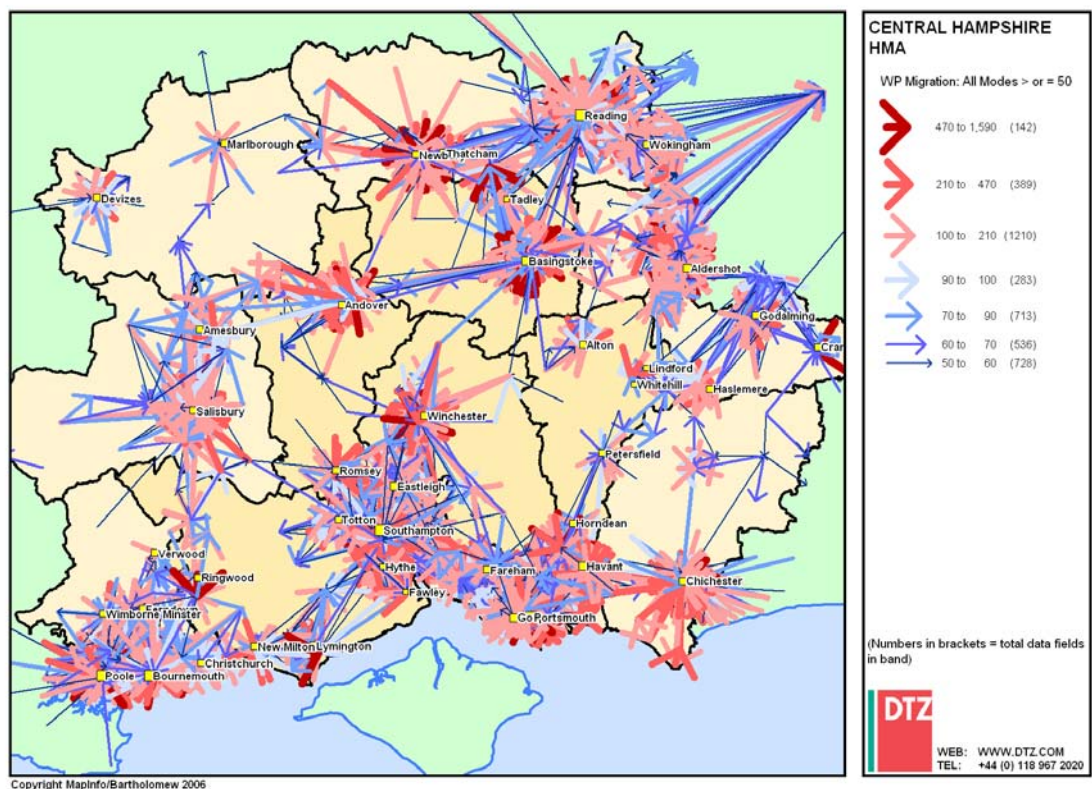
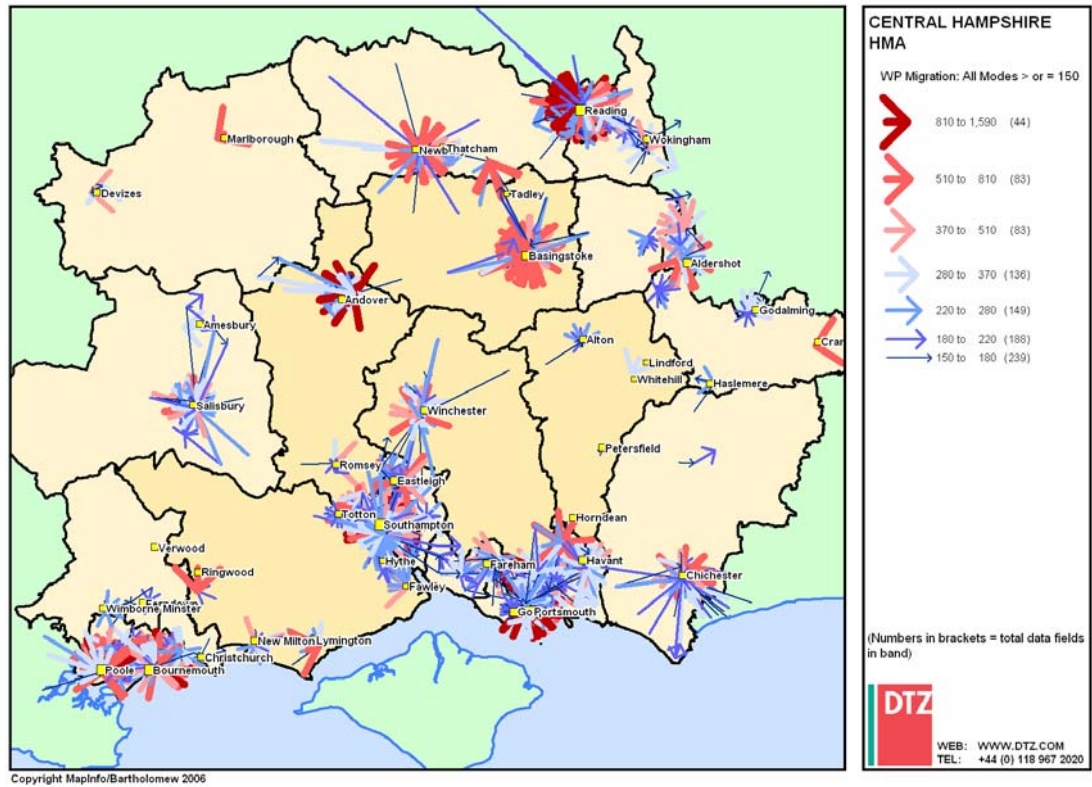


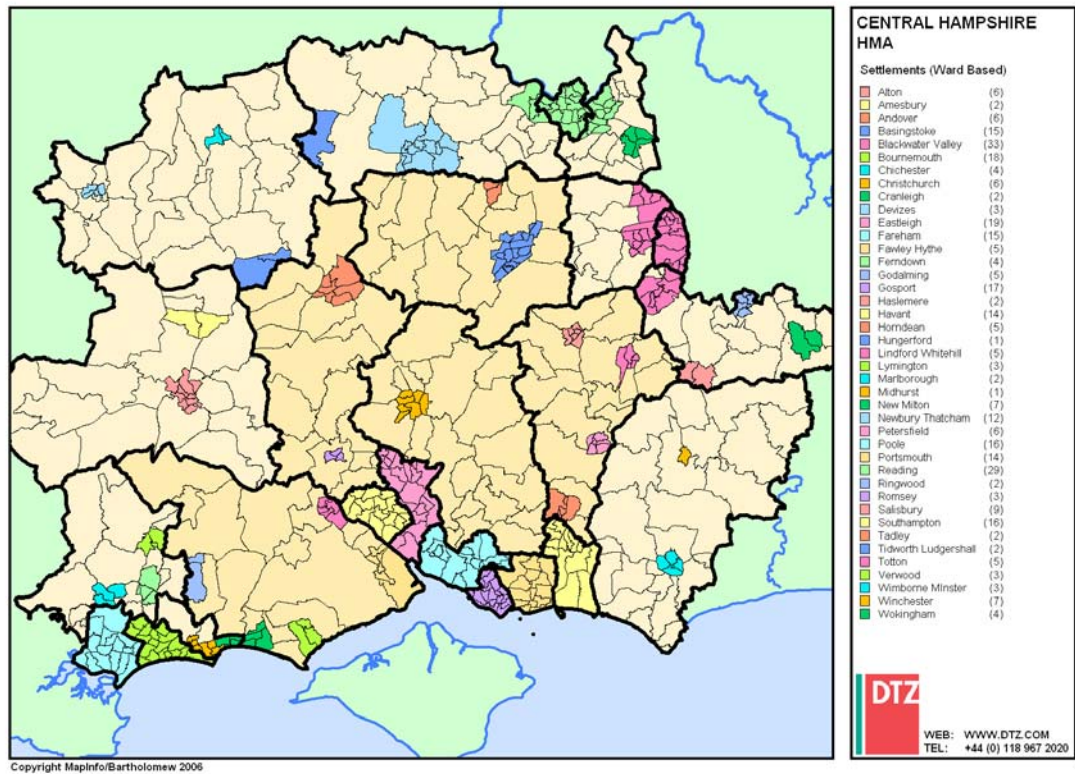
Figure 2.5: Origin and Destination of All Ward Level Travel to Work Movements (150+)



Stages 2 and 3: The Spatial Pattern of Movements Across the Central Hampshire Study Area Between the Urban Areas and Principal Settlements

- 2.23 Stages 2 and 3 of the analysis examine the movements between the main urban areas and settlements across Central Hampshire. In order to undertake this, each of the main settlements have been defined according to the wards covered by their urban areas. These are shown in Figure 2.6.

Figure 2.6: Ward Based Definitions of the Major Settlements in the Central Hampshire Study Area



Note: Numbers in brackets indicate number of wards in each settlement

- 2.24 DTZ has mapped two separate patterns of (house and travel to work) movements between the areas shown in Figure 2.6:
1. The pattern of household and travel to work movements between each of the urban centres only.
 2. The pattern of household and travel to work movements between each of the urban centres, together with the movements across the wards of the residual area.
- 2.25 The data underlying the main movements in the urban area movement maps is presented in a matrix format in Appendix A.

Household Movement Patterns

- 2.26 The analysis of household movement patterns (2000-01) is shown in Figures 2.7 and 2.8. These show weaker levels of movements between the urban centres of the sub-region, than highlighted by analysis of travel to work patterns, analysed below. Key points emerging from the analysis are:
- There is only a low level of household movement between the Andover and Basingstoke urban areas. In 2001 only 70 households moved from Basingstoke into Andover, and only 50 households moved from Andover into Basingstoke. In comparison, 204 movements were made from the Blackwater Valley into the Basingstoke urban area during the same period (see Appendix A for more detail)
 - The Blackwater Valley continues to exert a strong influence on north eastern parts of East Hampshire district, with a relatively large number of households moving from the Blackwater Valley urban area into Alton (130 households) and Borden (84 households)
 - The Winchester urban area receives high levels of in-migration from Southampton (200 households) and Eastleigh (160 households). These flows are, however, countered for by reciprocal movements, with 240 and 180 households moving from Winchester into Eastleigh and Southampton respectively in 2001
 - The Romsey and Horndean urban areas receive sizeable inward flows of households from the urban areas of South Hampshire (Romsey 110 moves from Southampton and Hordean 250 moves from Havant). In Horndean, however, reciprocal movements into the Havant urban area more than offset this flow (with 275 moves from Horndean into Havant recorded in 2001)
 - There is a close level of integration across the south west part of New Forest district. Relatively large numbers of households (115) move between Lymington and New Milton. There are also large movements (220) from the Christchurch urban area into New Milton
 - The central and western area of the New Forest does not, however, show any real housing relationship with Urban South Hampshire or to Test Valley and the wider Central Hampshire area (see Figure 2.7). That is, it is quite a closed housing market, though it may be subject to in-migration from many more distant, but dispersed locations

Figure 2.7: Origin and Destination of Household Movements Between Urban Centres (2000-01)

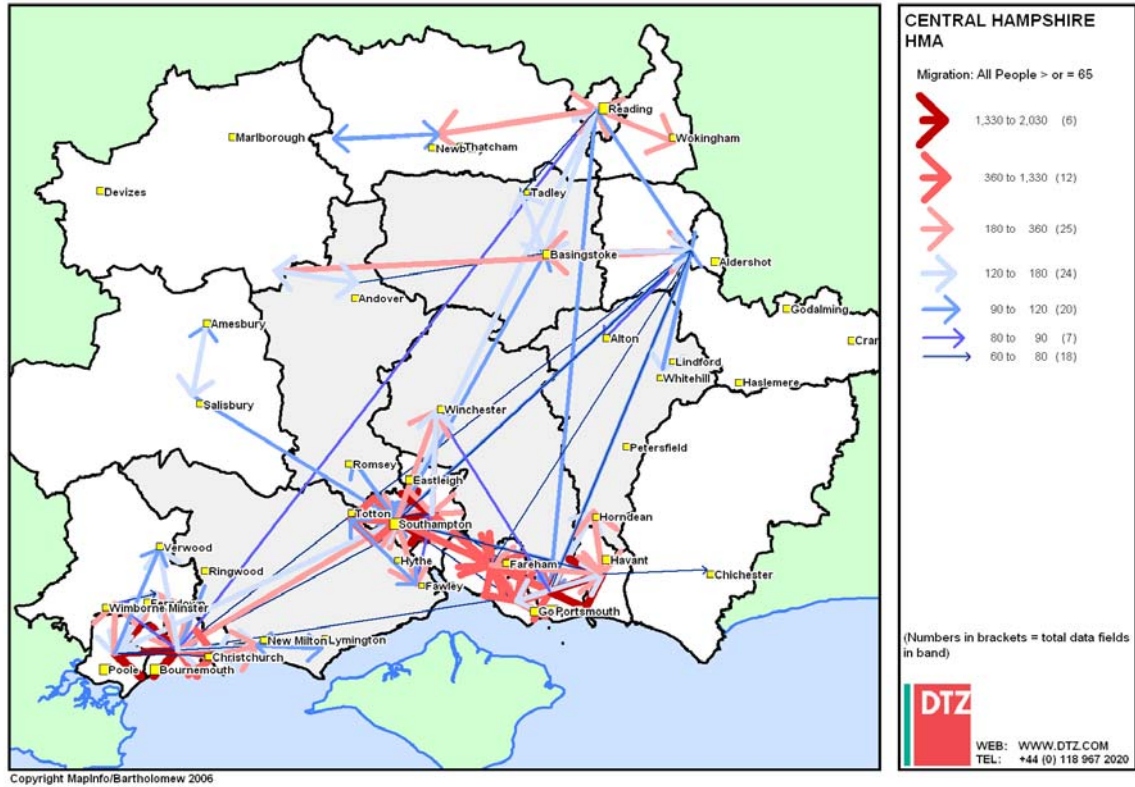
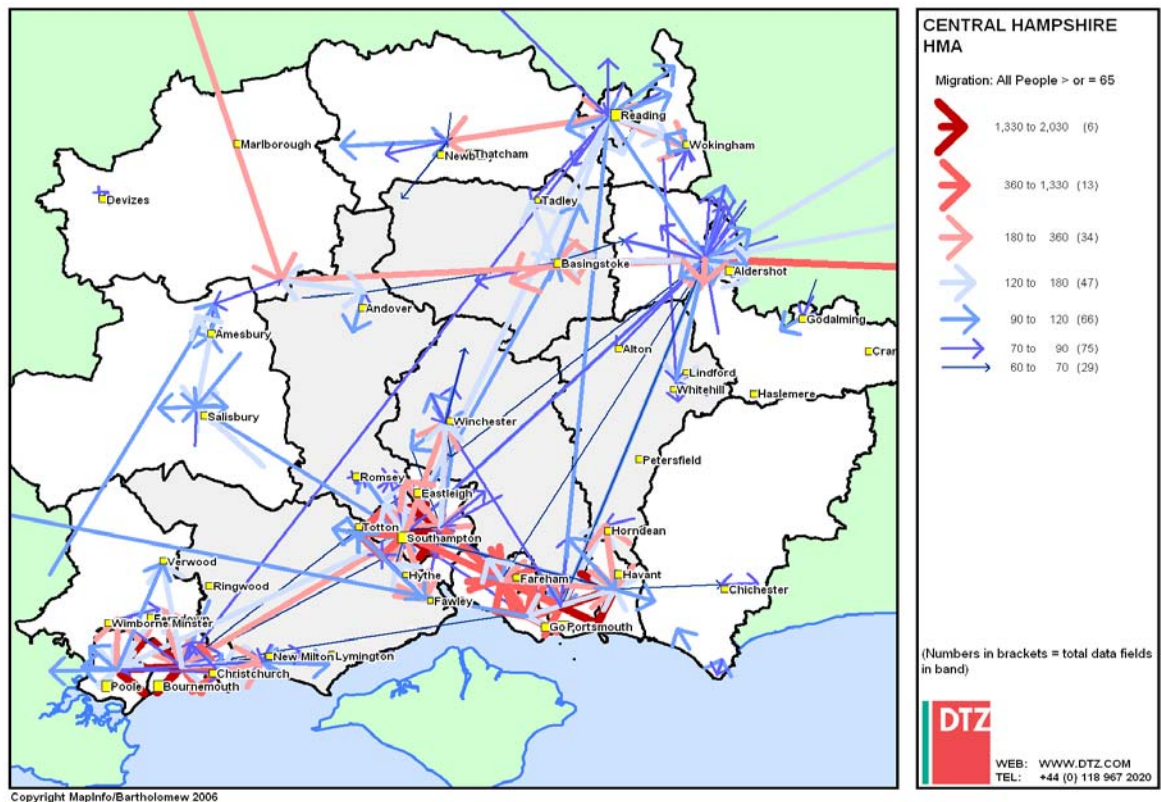


Figure 2.8: Origin and Destination of Household Movements between Urban Centres plus Wards in the Residual Area (2000-01)



Travel to Work Movements

- 2.27 The travel to work movements between each of the urban centres (only) are shown in Figure 2.9, whilst the movements between the urban centres together with the wards in the residual study area (ie, the rural hinterlands) are shown in Figure 2.10.
- 2.28 Figures 2.9 and 2.10 reveal close economic linkages between the different parts of Central Hampshire (especially when compared with the pattern of all ward level movements analysed earlier in this section):
- The Basingstoke urban area has a strong influence across the northern part of Central Hampshire and attracts large travel to work flows from the Tadley (1,250 - see Appendix A) and Andover (1,090) urban areas. There are also sizeable movements into the Basingstoke urban area from the Blackwater Valley urban area (1,815)
 - The Newbury/Thatcham urban area exerts a strong influence on the north west of Basingstoke and Deane District (Figure 2.10)
 - A relatively large number of the workforce in the Andover urban area live in the Tidworth/Luggershall urban area (1,290) and therefore outside the Test Valley administrative boundary
 - Winchester has very large numbers of people working within its urban area that live in Southampton (1,885) and Eastleigh (3,980). This suggests that Winchester has close functional alignment with the South Hampshire sub-region
 - Romsey also appears to have close functional alignment with the South Hampshire sub-region, with Figures 2.9 and 2.10 showing strong travel to work movements

from Romsey into Southampton (1,250). Similarly, the Totton (2,165) and Hythe/Fawley (820) urban areas have close integration with Southampton as well as to one another

- Large travel to work flows are evident from Havant into both the Petersfield (1,010) and Horndean (890) urban areas. These suggest an overlap of the South Hampshire sub-region across the southern part of East Hampshire district. Settlements in the northern part of East Hampshire district, such as Alton and Borden, have large volumes of people working in the Blackwater Valley (720 and 890 respectively)

2.29 Overall, the urban area travel to work movements reveal reasonably strong economic linkages between the different parts of the Central Hampshire sub-region. They also help to illustrate the extent of the South Hampshire sub-region and the labour market influence it exerts on the southern settlements of Hythe, Totton, Romsey, Eastleigh, Winchester, Horndean and Petersfield, and the significance of the Blackwater Valley as an employment centre on the northern part of East Hampshire District.

Figure 2.9: Origin and Destination of Travel to Work Movements Between Urban Centres 2000-01

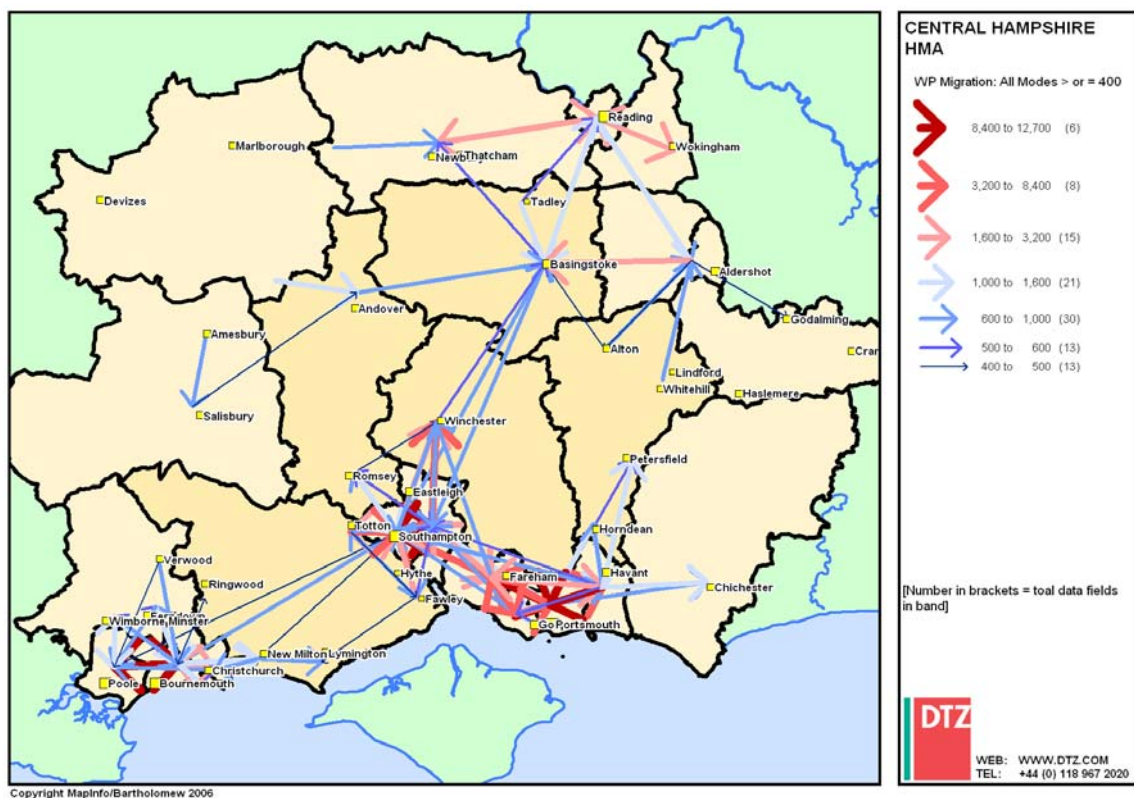
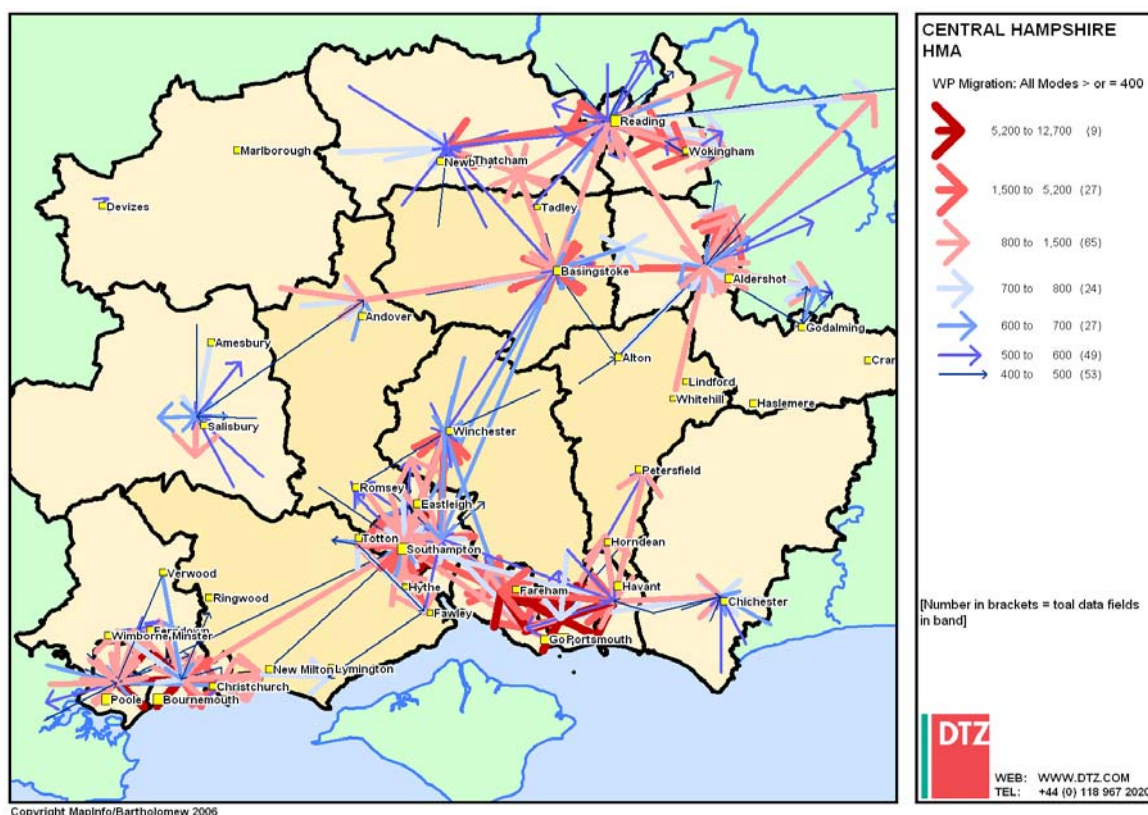


Figure 2.10: Origin and Destination of Travel to Work Movements Between Urban Centres Plus Wards in the Residual Area 2000-01



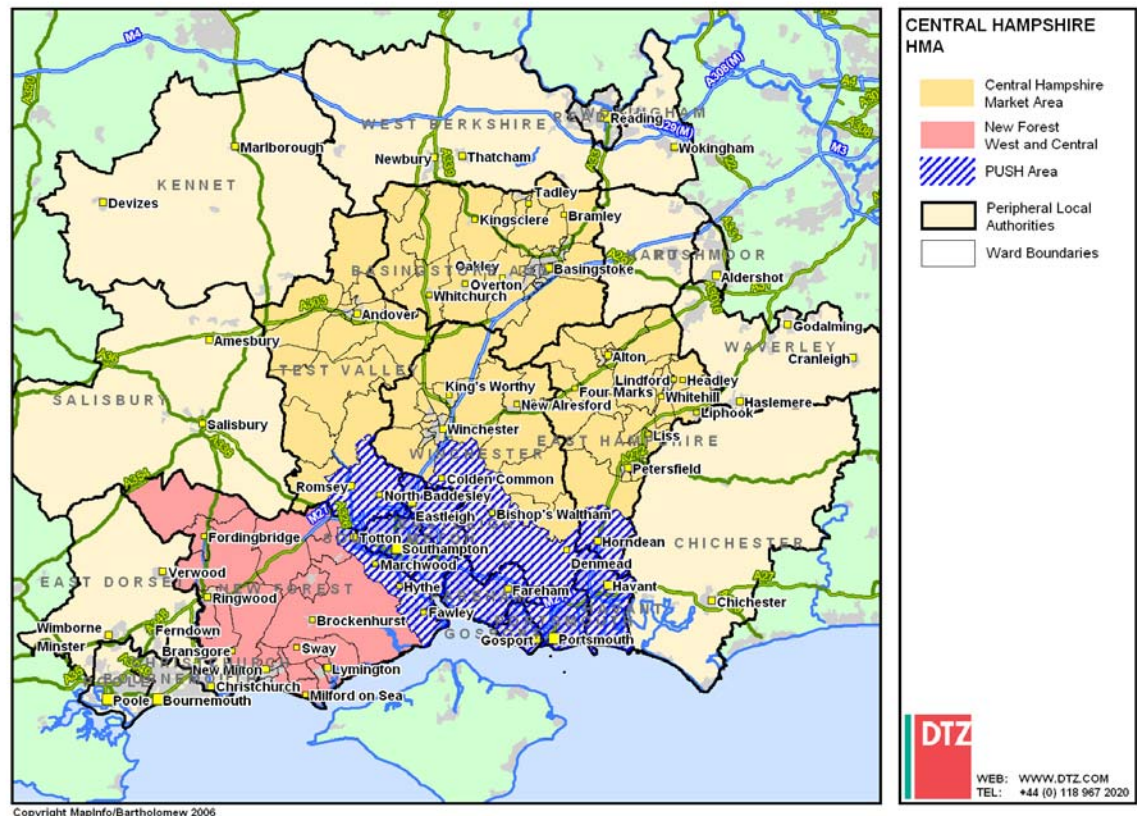
Implications for the SHMA

- 2.30 The analysis contained within this section suggests that in the northern part of Central Hampshire there are a number of localised but interconnected housing markets operating across it, with Basingstoke, Winchester and Andover forming the sub-region's key nuclei. It is clear that the labour market is more integrated than the housing market, which is suggestive that people make decisions about which settlement they wish to live in, and a high proportion will continue to live there, but there is much more flexibility in where people choose to work.³ This particular aspect of the live work balance is made possible in Central Hampshire by the existence of good road and rail links, and a relatively low density of population.
- 2.31 By way of contrast the settlements in the southern fringes of the districts of Test Valley, Winchester and East Hampshire, together with the eastern fringe of New Forest district, quite clearly relate to the urban parts of South Hampshire in both labour market and housing markets terms. The central and western area of New Forest district also shows limited connectivity to the wider Central Hampshire area or to urban South Hampshire.
- 2.32 The analysis confirms therefore the definition of the South Hampshire market area, as shown in Figure 2.11. Broadly in terms of a ward definition of the Central Hampshire housing market, those areas of Winchester, Test Valley, East Hampshire and all of Basingstoke and Deane can be regarded as the Central Hampshire market area. The west

³ This is supported by the research conclusions of the Countryside Agency's (2004) The Role of Rural Settlements as Service Centres – carried out as background work to the designation of the South Downs National Park (covering significant parts of Winchester and East Hampshire Districts)

and central parts of New Forest excluding the Waterside are referred to as the New Forest West and Central market area. Where reference is made in later sections to the Central Hampshire market area and New Forest West and Central market area, the analysis is for the ward defined market areas shown in Figure 2.11.

Figure 2.11: Ward Based Definition of the Central Hampshire Housing Market



- 2.33 It should also be noted that the analysis in this section shows Winchester City to have close functional alignment with South Hampshire, with particularly sizeable travel to work movements into Winchester originating from Eastleigh in particular. However, given the links between Winchester and Basingstoke and the relationship between Winchester City and its rural hinterland it is appropriate to consider Winchester City within this study, although it has an important relationship to the western pole market area in South Hampshire.
- 2.34 It is also important to note that the Central Hampshire market area is not a tightly integrated market (as the evidence in this section demonstrates) so it will be important to present data, as far as possible for the individual authority areas and, through the use of GIS mapping, the more localised areas within them. The remainder of this HMA therefore also contains data on whole districts and how these relate to adjoining areas.
- 2.35 Given its dislocation from urban South Hampshire and Central Hampshire, the western and central area of the New Forest (excluding the urban settlements on its eastern fringe) is considered separately from the core Central Hampshire area shown in Figure 2.11.
- 2.36 The remainder of this SHMA uses the spatial definition of Central Hampshire shown in Figure 2.11 for purposes of data compilation as far as possible. Thus data is presented for the following areas:

- Central Hampshire Market Area (based on wards and excluding the part in the South Hampshire market area)
- New Forest West and Central (based on wards and excluding the part in South Hampshire market area)
- New Forest District
- Basingstoke and Deane Borough
- East Hampshire District
- Test Valley Borough
- Winchester District
- The South East Region
- England

2.37 It should however be noted that where data is not available, pro-rated or whole district level data is used. Where whole district data is used for the Central Hampshire benchmark area this is indicated in the title of the chart or table.

3 DRIVERS OF THE HOUSING MARKET

3.01 The housing market of any area is driven by a range of demand and supply factors (see Figure 3.1). The same factors exist across the country but the way in which these factors operate differs considerably between different housing markets. It is this which gives rise to significant differences in housing markets across the country. This section outlines the generic factors, which to varying degrees impact on all housing markets before subsequent sections address the specific trends and dynamics of the Central Hampshire and New Forest housing markets.

Market Demand and Housing Need

3.02 In thinking about the housing market it is helpful to recognise the distinction between housing demand, housing need and housing requirement.

- **Housing Demand** is the quantity of housing of the type and quality that households both want and can afford to buy or rent in the open market without subsidy. Housing demand thus takes into account both preference and the ability to pay
- **Housing Need** is the quantity of housing of the type and quality necessary to house those households currently lacking their own housing, or living in housing which is unsuitable or inadequate and who cannot afford to buy or rent suitable housing in the open market. So housing need takes account of those without adequate housing who are unable to resolve their situation without assistance
- **Housing Requirement** encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of the ability to pay. Put simply, it is the amount of housing needed to accommodate the population at appropriate minimum standards as defined by government or in local policies

3.03 Some confusion arises in housing policy around the use of the term ‘affordable housing’ since the term has in the past been used to embrace entry-level market housing as well as extending to include shared ownership and social rented housing.

3.04 CLG’s Planning Policy Statement 3 (PPS 3) published in November 2006 provides the full definition of affordable housing as follows: ‘*Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:*

- *meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices*
- *include provision for the home to remain at an affordable price for future eligible households; or if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.*’

3.05 In general DTZ use the following terminology when discussing different segments of the housing market:

- **Market Housing** where the purchaser, owner or tenant pays the full market cost or rent without subsidy. Since the abolition of Mortgage Interest Relief in 2001 there is no longer any subsidy for owner occupiers. It is relevant to note that the Barker Review estimates that private tenants incur costs around 18% higher than an owner occupier occupying an identical property. Standard entry level housing that is

delivered without any subsidy and without any protection that ensures that the housing remains 'affordable' would fall within our definition of market housing

- **Social Rented Housing** where housing is allocated on the basis of need rather than ability to pay and rents are set below market levels. The development of new social rented housing is critically dependent on subsidy of development costs either from public funds or cross subsidy based on the capture of enhancements in land value associated with the award of planning permission. The social rented housing sector comprises both local authority and housing association housing for rent
- **Intermediate Housing** is a relatively new phrase designed to describe the growing number of interventions that seek to assist those who are ineligible for social rented housing but cannot afford market housing. This is what is referred to in the Barker Review as sub-market housing. Such interventions include the provision of shared ownership, discounted equity and fixed equity and cost rent schemes. Such schemes typically require an element of public subsidy or cross-subsidy from commercial development secured through capturing part of the enhancement in land value associated with the granting of planning permission. Intermediate housing is defined in PPS3 as '*Housing at prices and rents above those of social rent but below market prices or rents, and which meet the (affordable housing) criteria set out above. These can include shared equity products (e.g. Homebuy), other low cost homes for sale and intermediate rent.*'

3.06 PPS 3 goes on: '*The definition does not exclude homes provided by public sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.*'

3.07 The definition of what is intermediate housing, at least in terms of what may be regarded as being within the remit of affordable housing policies set out in planning policies is clear. It does potentially mean that some private sector intermediate housing initiatives may not necessarily be regarded as providing affordable housing in planning terms, since they may not provide intermediate housing in perpetuity or guarantee recycling of receipts back into the provision of affordable housing.¹

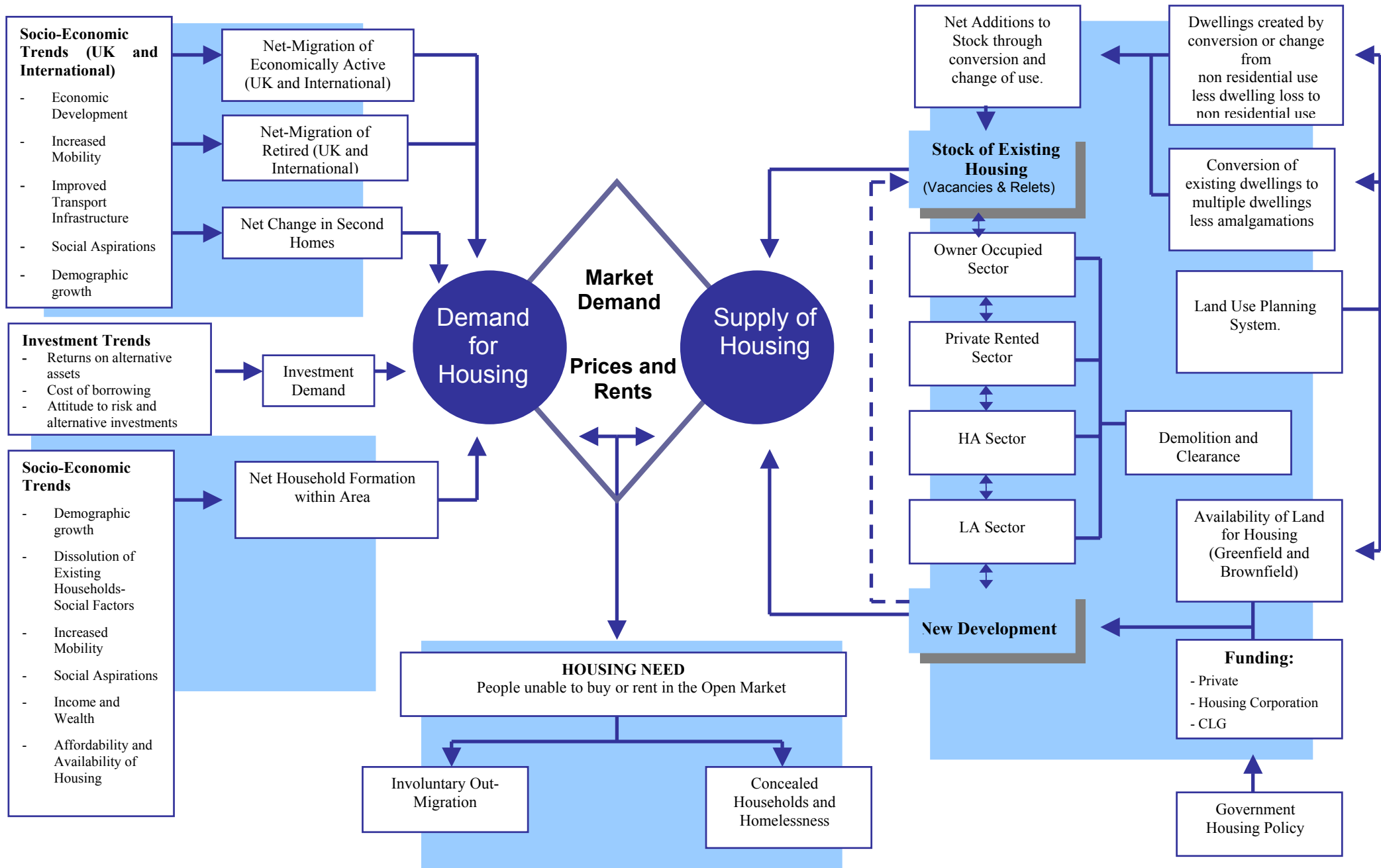
3.08 It is relevant to note that key worker housing could in theory fall into any of the above categories, though in practice most schemes fall into the intermediate housing category. Key worker housing is targeted at a particular group of occupiers and is not a particular form of tenure.

The Drivers of the Housing Market

3.09 Figure 3.1 shows the key underlying factors, which contribute to the working of a housing market, and it is this framework, which underpins the subsequent analysis of the Central Hampshire and New Forest housing markets.

¹ English Partnerships / ATLAS guidance stipulates that any private receipts generated from the provision of affordable housing should be recycled back into the sector

Figure 3.1: A Conceptual Framework for the Operation of Housing Markets



The Demand For Housing

- 3.10 The overall demand for housing is a function of the number of households living in an area. Changes in the total number of households are brought about either by:
- net changes in the number of households living in the area attributable to change within the population already living in the area and average household size
 - net changes in the population, and hence households, brought about by migration into or out of the area

The key drivers of these two components of demand are examined in brief below.

Internal Drivers of Demand

- 3.11 Internal drivers of demand can be thought of as those factors that influence the rate of household formation or dissolution among the resident population of an area. The key influences are as follows:
- **The natural rate of population growth.** This refers to the growth or decline of the population of an area excluding the effect of migration into or out of the area. Broadly speaking the faster the growth of population in an area, the more rapidly one would expect the number of households to increase and the greater the demand for housing. The converse is true if the population of the area is declining. In the UK the natural rate of population growth through birth rates has fallen dramatically over the past century. This has been partly offset by people living longer and the associated fall in death rates
 - **The rate of household formation.** A major driver of housing demand in recent years has been the increase in the number of households per thousand of population associated with declining average household size. This has been brought about by a number of influences – the growing proportion of adults in the population as birth rates have fallen; the increasing number of adults who chose to live alone as people form stable relationships at a later age; and the increasing number of older people couples or singles who live alone since children have grown up and left the family home
- 3.12 Social change underpins the changes in the rate of household formation and natural population growth described above. These include changing attitudes to marriage, to the role of women in the workplace, and changes in the number of children couples choose to have. Social change is brought about in part by economic and technological change. The decline in the average number of children per family has been associated worldwide with rising incomes and the availability of birth control. Generally, however, such changes occur relatively slowly and their impact on the housing market is fairly predictable.
- 3.13 Of more direct relevance to this study is the impact that a variety of other changes can have on the composition of demand. Rising incomes and wealth have been and will continue to be associated with demand for higher standards of housing. At the same time the availability and affordability of housing can itself influence the rate of household formation or average household size. Where housing becomes less affordable young people may delay leaving the parental home and there may be an increase in households comprised of unrelated individuals who share accommodation and housing costs.

External Drivers of Demand

- 3.14 The other major component of demand, the effect of migration, is much less predictable than factors that change the underlying rate of household formation or dissolution. In the South of England as a whole there is increasing requirement for housing development, which reflects the strength of the economy and a growing population. However in many areas there are significant tensions between this demand and the supply of development land.
- 3.15 Another key feature of the South East region is the relationship with London, which exerts a considerable influence over the whole of the South East. London is the largest source of in-migrants to the South East region. In 2003, 96,000 people moved from London to the South East while only 49,000 people moved from the South East to live in London. Overall, therefore, net inward migration from London to the South East is around 50,000 people per annum, according to latest estimates.
- 3.16 We have not analysed the pattern of migration as part of this study, but there is a well documented process that London experiences in-migration of young people as students, young single people and childless couples from around the country (as well as significant levels of international in-migration). As these people get older and start to purchase property or consider starting families they often move to more suburban areas, such as those found in the South East. Therefore, London acts as a form of conduit through which migrants from around the country enter into the South East.
- 3.17 These in-migrants may continue to work in London – so the pattern of in-migration is linked to the observed pattern of commuting into London, though there will also be those who move into the South East from London who also change their place of work. Those moving into the region from London will tend to have greater financial resources due to higher salaries obtained in the capital and possibly greater housing equity than local residents. This has an impact on sub-regional markets in the South East.
- 3.18 This situation has led to the designation of the Thames Gateway, Milton Keynes and Ashford as priority growth areas to help accommodate the excess demand from elsewhere in the region, arising from net in-migration, natural population growth and declining household size.
- 3.19 In Great Britain more generally, internal migration patterns are influenced by the relative performance of regional economies and employment opportunities (particularly relevant to Central Hampshire) and then by regional and sub-regional house price differentials.

The Supply of Housing

- 3.20 There are two key dimensions of housing supply that it is important to understand. First the overall stock of housing changes only slowly, though it is important to assess the extent to which housing supply responds to price signals that indicate rising demand. Second it is important to understand the inter-relationship between the stock of housing in different tenures and how tenure shifts occur in response to demand and other factors.

Changes to the Overall Stock of Housing

- 3.21 In general the overall stock of housing only changes slowly. The lack of responsiveness of housing supply to increases in house prices is examined in the Independent Review of Housing Supply conducted by Kate Barker on behalf of HM Treasury. The Final Report published in March 2004, notes that over the last 30 years real house prices in the UK have increased by around 2.4% per annum, while in Europe as a whole they have increased by

only 1.1%. The Review concludes that a key factor in the inflation of house prices is persistent inadequate supply of new housing supply and indicated that the underlying constraint on housing is the supply of land, determined by a number of factors:

- The housebuilding industry, its response to risk and the speculative nature of land leading to a reluctance to build out large sites quickly
- The increasingly complex nature of sites (especially brownfield sites) where significant remediation may be required
- Land ownership and the incentives to bring forward for development along with the difficulties of site assembly where ownership is fragmented
- The planning system and its influence over the amount of land which is made available and whether development is viable through the delivery of necessary infrastructure
- Land use is politically contentious

3.22 The government published its response to the Barker Review in December 2005. The key commitment made by government is to increase the rate of housebuilding from the current level of around 150,000 dwellings pa to 200,000 dwellings pa by 2016 (recently increased to 250,000 pa by Gordon Brown). The government also stated its intent to increase the output of affordable housing to a rate of 70,000 pa by 2010, of which around 50,000 would be social rented homes.²

3.23 The approved Regional Planning Guidance and emerging Regional Spatial Strategy provide an agreed framework for land use planning in the authorities. The Panel Report of the draft South East Plan was recently published and although the Inspectors recommended some increase in housing provision in the South East as a whole it is not at the level expected, given Government's ambition and the evidence in relation to housing demand and need. The Inspectors accepted that a higher level of housing provision would need to be supported by increased funding and infrastructure provision. For the Central Hampshire authorities, however, the housing provision recommended by the Inspectors implies an increase for all of the authorities except New Forest, with a significant increase recommended for East Hampshire (provision figures are included in Section 11).

Changes to the Tenure Balance of the Stock

3.24 The stock of dwellings in different tenures has changed significantly over the past decade as a result of differential rates of development of housing of different tenure and shifts in tenure within the existing stock.

- **The overall stock of owner occupied property has increased.** The majority of new housing development has been for sale, though the emergence of the Buy-to-Let phenomenon has meant that some new development has resulted in the expansion of the private rented sector. The stock of owner occupied dwellings has also expanded as a result of people exercising the Right to Buy on housing association or local authority owned dwellings
- **The stock of local authority owned dwellings has shrunk significantly in the last decade.** For all practical purposes there has been no development of new local authority dwellings. Nationally there has been a trend towards local authorities transferring stock to the management of Housing Associations (RSLs), though New

² Housing Green Paper 2007

Forest District Council and Winchester City Council has retained its stock. The stock of local authority dwellings has also continued to dwindle as people exercise the Right to Buy. In most of the Central Hampshire authorities (and in the New Forest), around half of the social rented stock has been sold since RTB was initiated.

- **The stock of housing association properties has increased as a consequence of new development and stock transfer**
- **The stock of private rented housing has expanded considerably over the last decade.** This growth has been achieved at the expense of the owner occupied sector. By implication growth must have been achieved both through a significant proportion of new dwellings being bought under Buy-to-Let arrangements or more commercial investors; and through some of the existing owner occupied stock of housing moving into the private rented sector

- 3.25 It is also important to understand the way in which demand for different tenures impacts other tenure sectors.
- 3.26 The owner occupied sector is the dominant form of tenure and the tenure of preference of the vast majority of residents. The sector is so dominant in terms of the housing market (since social rented and intermediate housing can be thought of outside the market mechanism) that what happens in the owner occupied sector has major implications for all other forms of tenure. Put simply, if people cannot access owner occupied housing, this will increase demand in both the private rented sector and the social rented housing sector.
- 3.27 The converse is also true as is evident in areas of the country with systemic low demand. If the owner occupied sector is easily accessed, then typically one sees the impact in terms of low demand for social rented housing and private rented housing, and abandonment of the worst privately owned properties. Understanding the dynamics of the owner occupied sector is therefore critical to social and private sector landlords.
- 3.28 Where declining affordability in the owner occupied sector leads to increased demand in the private rented sector, this can be expected to have a number of effects. Increasing demand can generally be expected to lead to increased rents. Little is known about how the supply of rented properties responds to increasing rents, but in the context of a general shortage of housing it seems unlikely that a significant new supply of private rented properties will be called forth by higher prices (although the emergence of the Buy to Let sector may have changed this picture).
- 3.29 Increased private sector rents are likely to have two important implications. First it is probable that those on the margins of owner occupation can outbid those already in the sector in the competition for the best properties. So over time, one can expect to see a process by which those on slightly higher incomes displace those on lower incomes into less good properties, and at all levels in the market people end up paying higher rents. This is likely to lead to higher Housing Benefit costs, with a consequent diversion of public sector resources from other priorities.
- 3.30 At the bottom end of the market, typically where the most vulnerable people live, tenants may find themselves unable to access rented properties. They are likely to look to social rented housing providers to assist them, putting already stretched social rented housing resources under further pressure. In many cases these tenants may not be accorded priority by social housing landlords, so they may end up sharing or, at worst, on the streets. What appears therefore as house price inflation has direct knock on effects that ultimately can lead to increased street homelessness.

- 3.31 Rising costs in the owner occupied sector therefore impact on the social housing sector, largely by displacing people from the private rented sector. It is increasingly possible to think of the local authority and housing association sectors as a single sector, albeit it is comprised of two different types of landlord, with different governance structures. Local authorities have nomination rights over a large proportion of new housing association tenancies, and increasingly housing association development priorities are agreed in conjunction with local authority partners.

4 DEMOGRAPHIC DRIVERS OF DEMAND

- 4.01 This section analyses the underlying components of housing demand by examining demographic change over the last two decades, alongside historic and current structures and trends of those who occupy housing within each of the housing market areas.
- 4.02 The analysis is presented for the following geographic areas, and compared with data for the South East and England:
- Central Hampshire Market Area
 - New Forest West and Central
 - Test Valley
 - Basingstoke and Deane
 - East Hampshire
 - Winchester
 - New Forest
- 4.03 In some instances data is not available at ward level and thus it is only possible to present data for the whole local authority area.

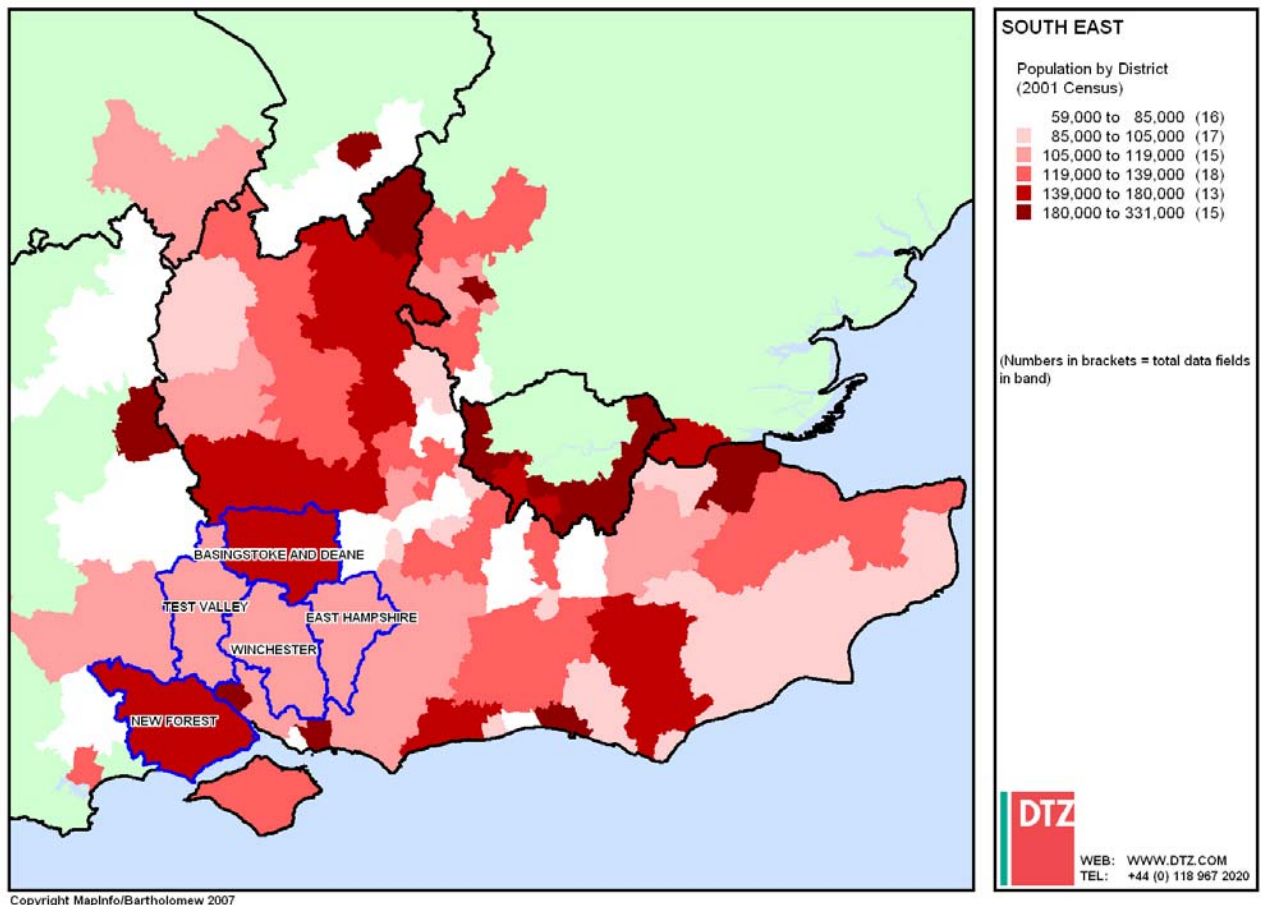
Key Points

- Population Estimates indicate that the population of Central Hampshire is 393,900 and New Forest West and Central is 102,900 (as at 2005)
- Overall growth in population over the period 1981-2005 was 17% in Central Hampshire and 15% in New Forest West and Central. Regional figures for the South East show that the population has increased by 11% in the same period
- The age profile of the two benchmark areas differ somewhat with evidence of a significant proportion of people over the age of 65 in New Forest West and Central and middle aged families in Central Hampshire
- Figures also show a decrease in the absolute population of those aged 0-14 and 25-44 in New Forest and East Hampshire
- The ethnicity of the study area is largely White, figures are above that of the national and regional average
- Owner occupation for New Forest West and Central (81%) substantially exceeds regional and national figures. Ownership levels in Central Hampshire (72%) are above the national level (69%) but similar to the regional level (74%)
- New Forest West and Central has an average household size of 2.23, this is significantly below the national average. Central Hampshire has an average household size of 2.42, marginally above national (2.38) and regional averages (2.36)
- 2001 Census figures show that 2.3% of all homes in New Forest West and Central are second or holiday homes
- The total number of households in Central Hampshire increased by 17,300, whilst in New Forest West and Central household numbers grew by 4,700. This growth was in the period between 1991 and 2001. These growth figures indicate an increase in households of 11%, matching the regional growth level and exceeding the national level of 9% growth

Population

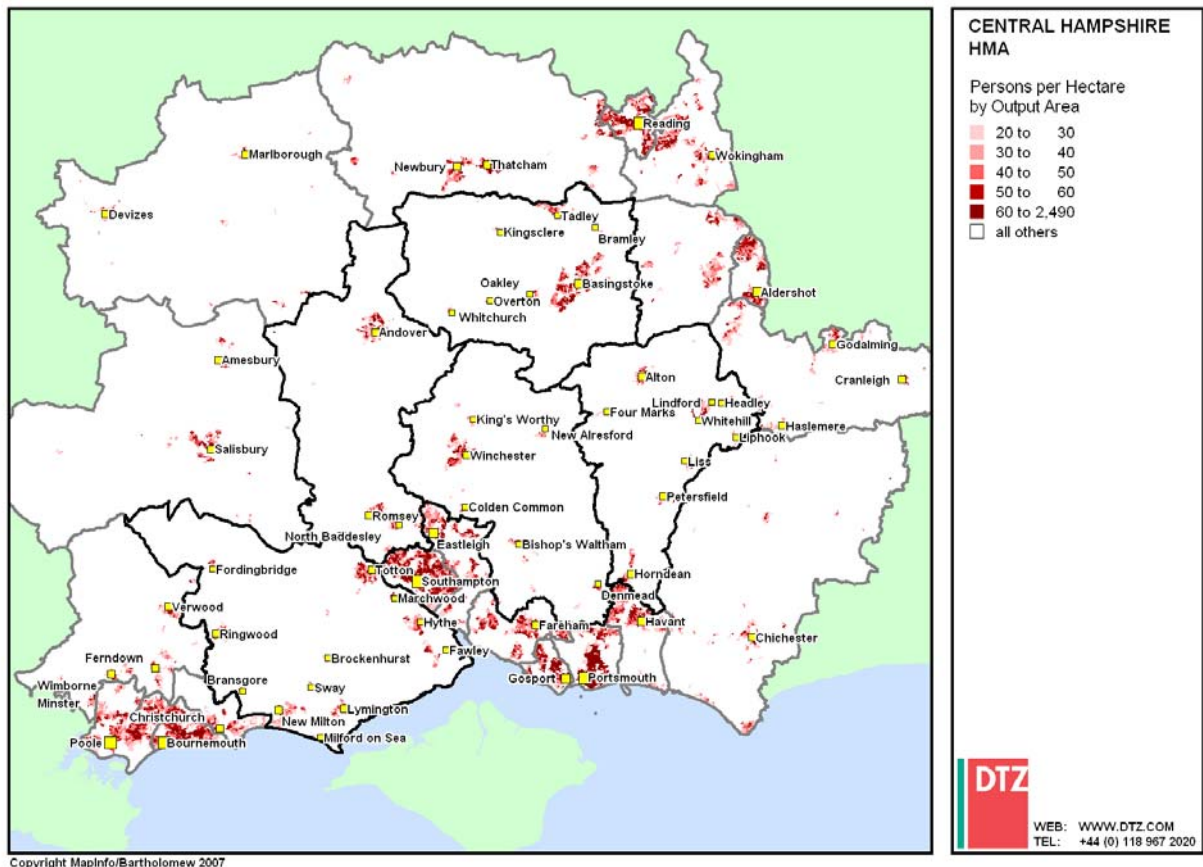
- 4.04 The total population of the four Central Hampshire authorities (based on the ONS 2005 mid year estimates) is 493,000 and that of New Forest District is 171,700. In 2001 80% of the population of the four central Hampshire local authorities was in the Central Hampshire market area, and 60% of the population of New Forest District was in the Central and West New Forest area. Assuming that these proportions have not changed since 2001, then the current population of the Central Hampshire market area is estimated to be 393,000, and that of New Forest West and Central area is estimated at 102,900.
- 4.05 Overall around 5% of the population of the South East live in the Central Hampshire market area and another 1% in New Forest West and Central area. Figure 4.1 shows the relative population to be found in the local authority areas that cover the Central Hampshire and New Forest areas, and those of adjacent authorities, based on 2001 Census. The distribution of population will not have changed significantly since 2001. Figure 4.1 illustrates that Basingstoke and Deane and New Forest have relatively large populations compared to Test Valley, Winchester and East Hampshire.

Figure 4.1: Total Population by District



4.06 Figure 4.1 presents information on the absolute population of the District, without taking account of the size of the District. Figure 4.2 presents information on population density (people per hectare) at Output Area (OA)¹. This provides a clear sense of where the major settlements and hence concentrations of population are within the area, and in the surrounding local authority areas. Population densities are highest in the urban centres of Basingstoke, Winchester and Andover.

Figure 4.2: Population Density by Output Area²

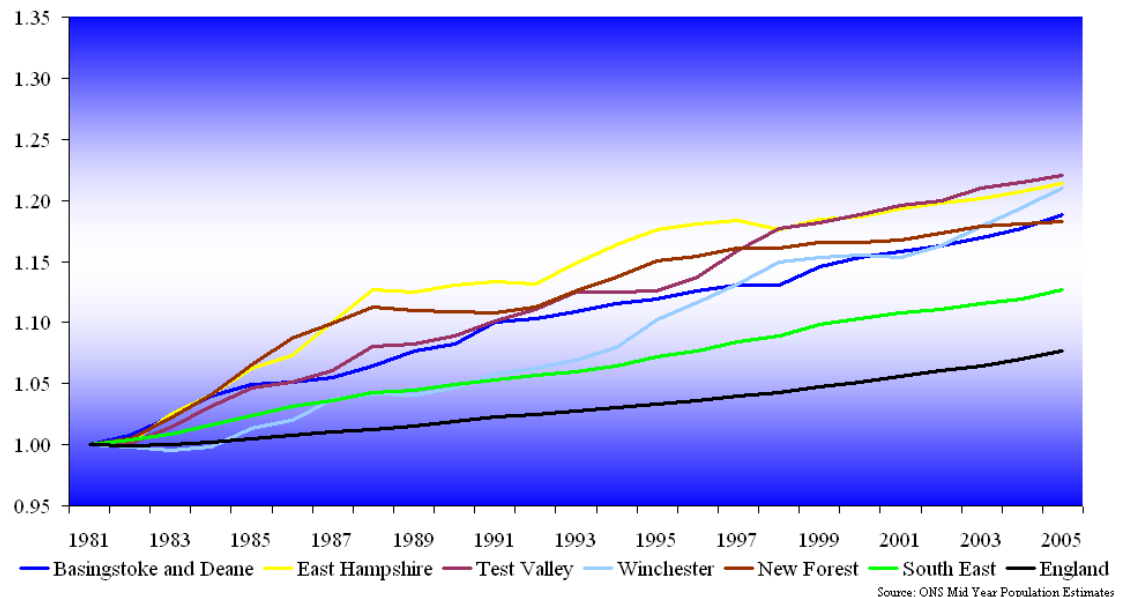


¹ Output Areas are defined by ONS as an area of approximately 125 homes, normally comprising of whole unit postcodes. They are based on data from the 2001 Census

² A larger version of this map is provided in Appendix B

- 4.07 Figure 4.3 shows the pattern of population change since 1981 in each of the local authority areas in the study area. The chart shows that the population of the districts in Central Hampshire and New Forest have grown much more significantly than the growth in population in the South East as a whole, which in turn has grown much more rapidly than in England as a whole. (Note data is not presented for the Central Hampshire market nor for Central and West New Forest since data is not available on an annualised basis at ward level).
- 4.08 Overall the population growth has been more rapid in percentage terms in Test Valley, East Hampshire and Winchester Districts, than in Basingstoke and Deane, and New Forest. However this is due to fact that the base population in both Basingstoke and Deane, and New Forest was larger in 1981, so despite large absolute increases in population (see Figure 4.4) in these Districts, the percentage increase is less than in the other, less populated Districts.

Figure 4.3: Indexed Population Change 1981-2005 (whole Districts)



4.09 Figure 4.4 shows the absolute and percentage growth in population in the study area over the period 1981-2005. New Forest District has experienced the largest absolute increase in population, followed by Basingstoke and Deane. Winchester and East Hampshire Districts have experienced the smallest (though still considerable) absolute increase in population over the period 2001-05. Estimates are provided of population growth for the Central Hampshire Market Area and the New Forest Central and West area, based on the assumption that the proportion of total District population has grown proportionally and at a constant rate over time.

Figure 4.4: Population Change 1981-2005

	1981	2005	Change	% Change
Central Hampshire Market Area	317,600^{*3}	393,900	65,100	19%
Basingstoke and Deane	132,000	156,900	24,900	19%
East Hampshire	91,700	111,300	19,600	21%
Test Valley	92,000	112,300	20,300	22%
Winchester	93,000	112,500	19,500	21%
New Forest West and Central	86,300^{*4}	102,900	15,200	15%
New Forest	145,200	171,700	26,500	18%
South East	7,243,100	8,164,200	921,100	13%
England	46,820,200	50,431,700	3,620,900	8%

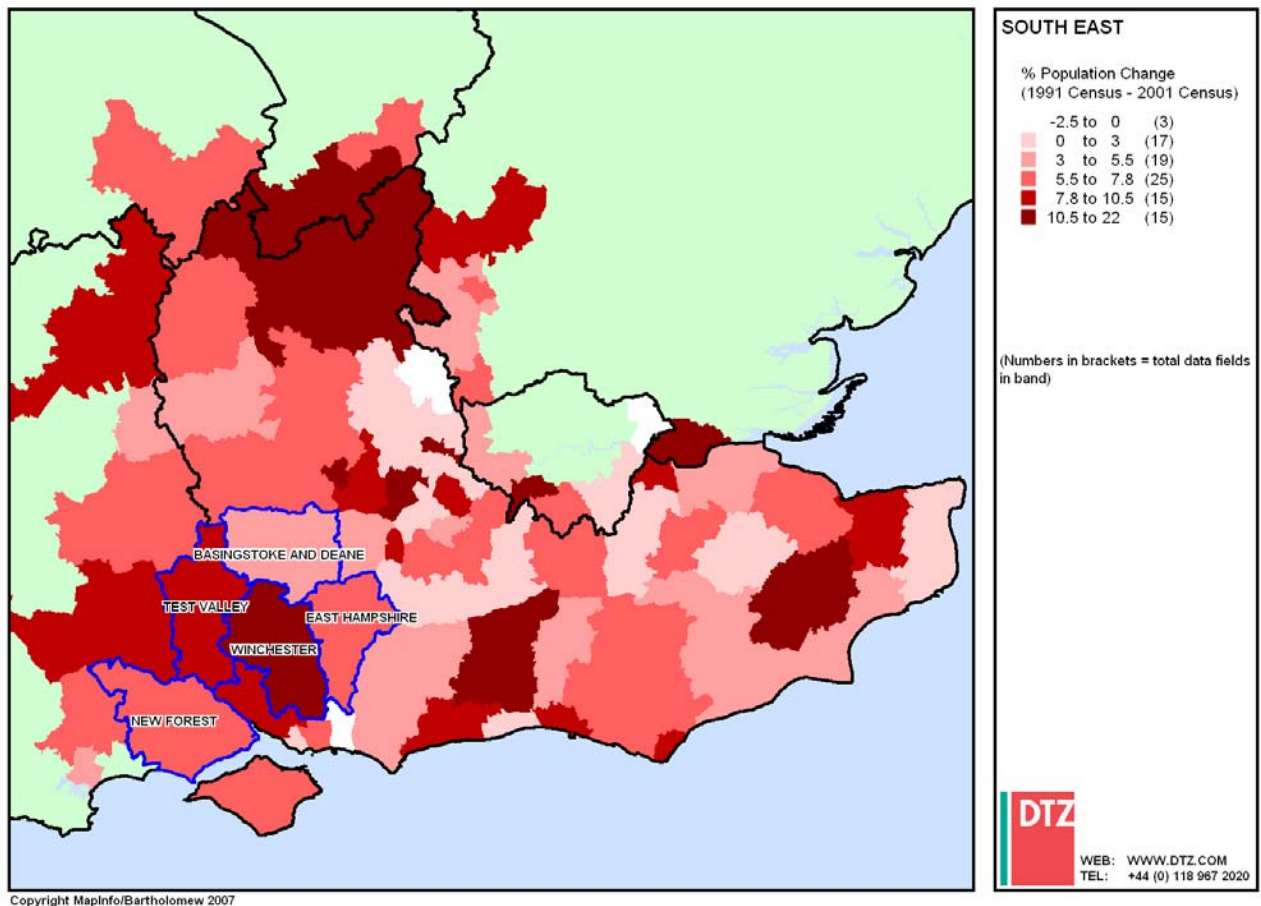
Source: Mid Year Population Estimates June 2005

³ * Indicates an estimated population for the benchmark areas as population figures at ward level were not available for 1981

⁴ * Indicates an estimated population for the benchmark areas as population figures at ward level were not available for 1981

- 4.10 Figure 4.5 presents the broader picture of how the population of each district in the South East changed over the decade 1991-2001. The map shows that Winchester District is among those local authority areas that have experienced the most rapid population growth in this period, with Test Valley also having experienced rapid growth, along with Eastleigh, Southampton and Fareham.

Figure 4.5: Population Change by District 1991-2001



- 4.11 The age structure of the population influences the level, type and tenure of housing that is required. For example, a population that is younger tends to be more mobile and has accumulated less in the way of housing equity and savings. Younger households therefore have more difficulty in becoming home owners, and their mobility means that they are less inclined to buy. Areas with a larger population of people in their 20s therefore typically have a relatively large stock of private rented accommodation. Conversely areas with an older age profile often have high levels of owner occupation, but may have a relatively greater need to consider how best to meet the housing and health needs of older people.
- 4.12 Figure 4.6 compares the age profile of the study area with that of the South East region as a whole and that of England. The South East is represented by the green line polygon, which has a score of 1 on every axis. Where an area has a relatively high proportion of a particular age group compared to the proportion found in South East, then this registers as a score of more than one. Conversely a score of less than 1 means that the proportion of the population in a particular age group in the area is lower than the South East.

- 4.13 The most striking feature of the diagram is the very high proportion of people aged 65 and over, and the correspondingly low proportion of those aged between 15 and 44 in New Forest District. The other striking dimension highlighted by the diagram is the under-representation of older people (65+) and the high proportion of those aged 25-44, and a relatively high proportion of children (age 0-14). The more subtle variations in the distribution of population by age are shown in Figure 4.7. It can be seen that the percentage share accounted for by different age groups do not vary hugely between areas.

Figure 4.6: Age Structure Location Quotient 2001

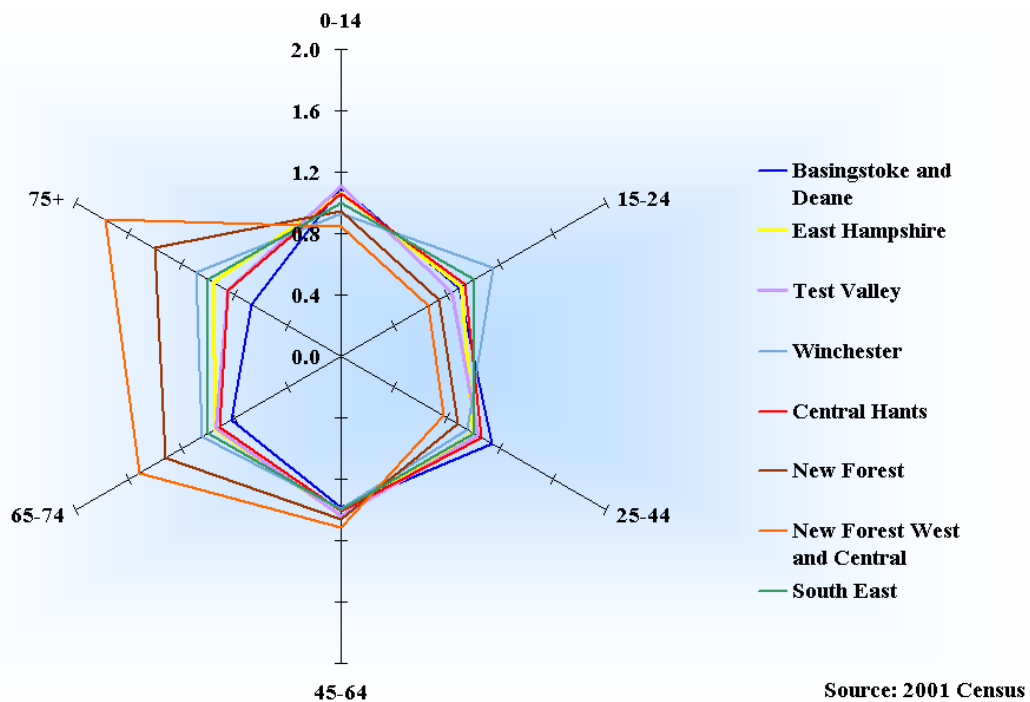


Figure 4.7: Population by Age 2005 (whole Districts)

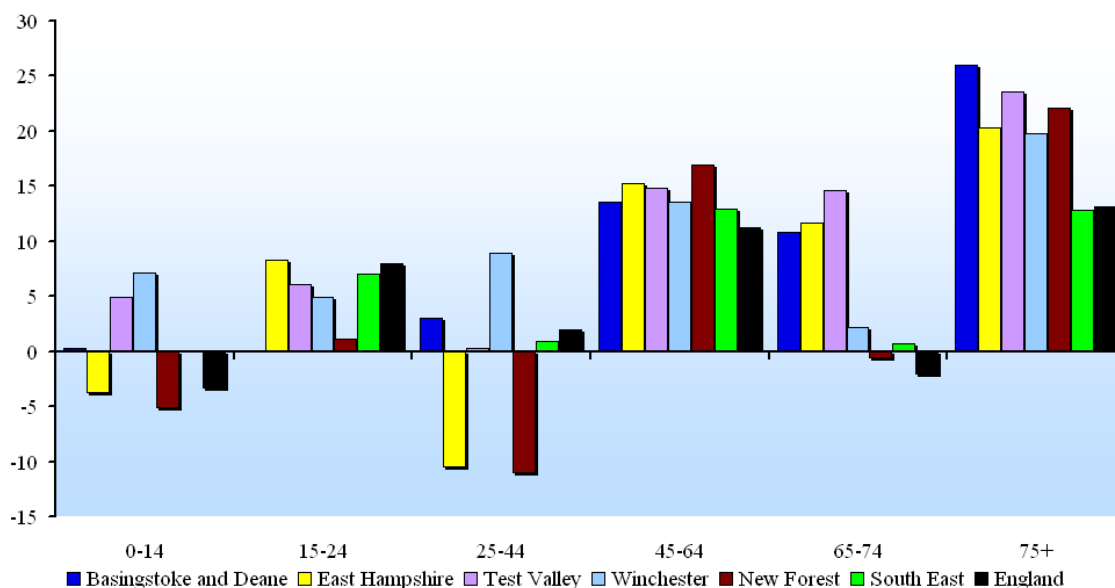
	Total Population	0-14	15-24	25-44	45-64	65-74	75+
Basingstoke and Deane	156,900	19%	11%	31%	26%	7%	6%
East Hampshire	111,300	19%	12%	25%	28%	9%	8%
Test Valley	112,300	19%	11%	27%	27%	8%	7%
Winchester	112,500	17%	13%	26%	26%	8%	9%
New Forest	171,700	16%	10%	23%	28%	11%	12%
South East	8,164,200	18%	12%	28%	25%	8%	8%
England	50,431,700	18%	13%	29%	24%	8%	8%

Source: ONS 2005 Mid Year Population Estimates

- 4.14 It is also interesting to consider how the age profile of the population is changing over time. Figures 4.9 and 4.10 examine the percentage change in population by age group, while Figures 4.12 and 4.13 examine the absolute changes in population by age group.

4.15 Figures 4.9 and 4.10 show that a particular feature throughout the study area is the rapid percentage growth in population of people aged over 75. Growth in this age group is markedly higher in the study area than in the South East as a whole and in England. Every area is experiencing significant growth in the population aged 45-64 – but this is much more in line with regional and national trend, though still somewhat higher.

Figure 4.9: Percentage Population Growth by Age Group – 1995-2005



Source: 2001 Census

Figure 4.10: Percentage Population Growth by Age Group (1995-2005) (Whole Districts)

	Total	0-14	15-24	25-44	45-64	65-74	75+
Basingstoke and Deane	6%	0%	0%	3%	13%	11%	26%
East Hampshire	3%	-4%	8%	-11%	15%	12%	20%
Test Valley	8%	5%	6%	0%	15%	15%	24%
Winchester	9%	7%	5%	9%	14%	2%	20%
New Forest	3%	-5%	1%	-11%	17%	1%	22%
South East	5%	0%	7%	1%	13%	1%	13%
England	4%	-3%	8%	2%	1%	-2%	13%

Source: 2005 ONS Mid Year Population Estimates

4.16 The ageing population of the nation is a national phenomenon. The growth in the 45-64 age group is a consequence of the baby boom of the 1950s, and the growth in the population aged 75+ is a consequence of growing longevity. But clearly there is something in the character of Central Hampshire and New Forest that means that it is either attractive to these age groups as a place to live, or has more people already in the groups that feed into these age cohorts.

- 4.17 New Forest District and East Hampshire Districts stand out because they have experienced a fall in the population of people aged 25-44 and of children (0-14), while Winchester and Test Valley have experienced relatively high growth in the numbers of children in contrast to national and regional trends. Winchester has also experienced growth in the population aged 25-44 – perhaps the city itself appeals to young professionals or there may be parts of the district accommodating younger couples and families.
- 4.18 Winchester has also experienced strong growth in the 45-65 and 0-14 year age cohorts, which suggests that in-migration into the district is becoming increasingly driven by family households. Data from the 2001 Census on the household composition of in-migrants would appear to support this, with Winchester experiencing a net in-migration of 157 family households in the year preceding 2001.
- 4.19 Figure 4.11 displays the net migration figures, with data obtained from the 2001 Census. The figures represent the net figures taking into account inward and outward movements. The figures suggest that within all districts there are inward movements of couples with children (family households). There was net out-migration of one-person households in all areas except Basingstoke. This may reflect the nature of the town as an important employment location attracting young and single professionals. The figures also suggest that New Forest has been subject to inward migration from pensioner households and also couples with and without children.

Figure 4.11 Net Migration Figures (Whole Districts) 2000-01

	Basingstoke & Deane	East Hampshire	Test Valley	Winchester	New Forest
One Person (excluding pensioner)	148	-109	-63	-129	-124
One Person Pensioner	-9	46	18	46	55
Pensioner Couples	-31	-3	10	8	78
Couples without children	7	78	67	-25	215
Couples with children	130	215	109	157	214
Lone parent households	-15	-5	35	-7	-3

Source: 2001 Census

- 4.20 It is difficult to obtain more up to date and detailed information on the economic or personal characteristics of those moving into each of the Central Hampshire authorities areas^{5 6}. DTZ would expect, however, that a number of the family household movements into areas such as Winchester are likely to comprise moves from areas with very high housing equity (mainly London) due to reasons associated with quality of life, better environment, larger and (relatively) more affordable housing and a higher standard of local services (most notably schools).
- 4.21 Figure 4.12 shows that in absolute terms overall population growth is being driven primarily by the 45-64 age cohort. This is a national phenomenon. The next most important age bracket, contributing to absolute growth in population, is the over 75 age

⁵ The NHS Patient Register provides a source of migration data and is updated annually, however movements are recorded between health authority areas not individual authorities

⁶ Hampshire Home Movers Survey (last undertaken 2001-02) provides more detailed information on the reasons for moving and the origin and destination of moves in each authority though sample sizes are relatively small at the authority level.

group. It is worth noting that in New Forest and East Hampshire Districts the number of people aged 24-44 has fallen as have the number of children (0-14 years).

Figure 4.12: Absolute Change in Population by Age, 1995-2005

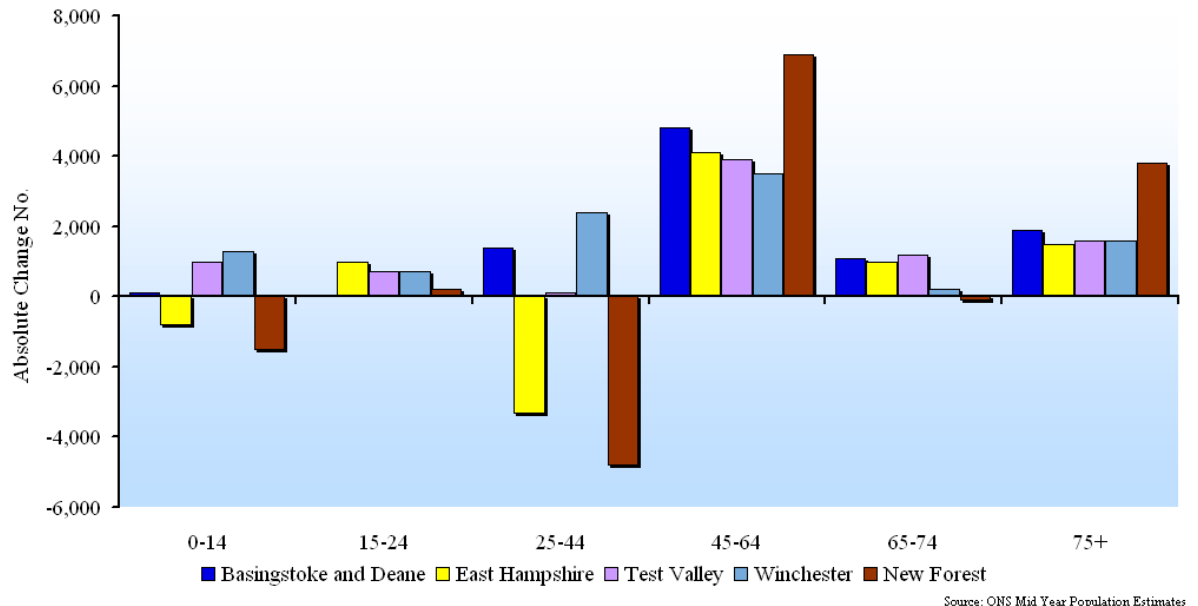


Figure 4.13: Absolute Change in Population by Age, 1995-2005 (Whole Districts)

	Total	0-14	15-24	25-44	45-64	65-74	75+
Basingstoke and Deane	9300	100	0	1400	4800	1100	1900
East Hampshire	3500	-800	1000	-3300	4100	1000	1500
Winchester	9700	1300	700	2400	3500	200	1600
Test Valley	8500	1000	700	100	3900	1200	1600
New Forest	4500	-1500	200	-4800	6900	-100	3800
South East	401,400	400	66,700	19,800	233,400	5000	76,100
England	2,048,000	-313,100	485,000	277,800	1,236,900	-86,700	448,100

Source: ONS Mid Year Population Estimates

4.22 Overall the analysis suggests that each area may be experiencing its own population dynamic. This is consistent with the analysis presented in Section 2 that the Central Hampshire market area and New Forest is diverse, with settlements having distinctive characteristics, which may appeal to different markets in terms of people at different life stages. The implication of the changing age profile of population and households within both housing market areas in the study for housing and planning policies is considered in later sections.

Ethnicity and National Origin

- 4.23 Figure 4.13 shows the ethnic composition of the housing market areas. It is relevant to examine this in the context of the SHMA because the housing experiences of Black and Minority Ethnic (BME) households are sometimes different to the population as a whole. Where there are relatively high concentrations of BME households, therefore, there may be particular housing needs or demands that should be taken into consideration by housing and planning policies.
- 4.24 The data shows that the ethnic composition of the study area is predominantly White. Figures for all ethnic groups are below the national and South East averages with no more than 1% of each of the differing ethnicities making up the population of local authorities in the study area. While particular ethnic groups may have distinctive housing requirements, it is also worth bearing in mind that many BME households do not have fundamentally different aspirations or requirements to the majority community.

Figure 4.13: Ethnic Composition by Local Authority Area

	White	Mixed	Asian	Black	Chinese or other ethnic group
Basingstoke and Deane	96.6%	1.0%	1.2%	0.6%	0.6%
East Hampshire	98.3%	0.7%	0.4%	0.2%	0.4%
Test Valley	97.9%	0.6%	0.8%	0.2%	0.5%
Winchester	97.8%	0.7%	0.7%	0.3%	0.6%
New Forest	98.9%	0.5%	0.2%	0.1%	0.3%
South East	95.1%	1.1%	2.3%	0.7%	0.8%
England	90.9%	1.3%	4.6%	2.3%	0.9%

Source: 2001 Census

- 4.25 Data on ethnicity does not capture information on national origin or recent migration. The issue of large scale in-migration from eastern Europe following EU enlargement has become a significant housing issue in many areas, though one in which there is limited data. At the national level the number of EU citizens migrating to the UK has increased five-fold since the expansion of the European Union in 2004.
- 4.26 In 2003 the inflow of EU citizens to the UK was around 14,000. In 2004 this rose to around 74,000 – with 80% of this increase attributed to migrants from the 10 accession states.^{7 8} The latest Government figures state that around 447,000 migrants from these states registered for work in the UK between May 2004 and the end of June 2006, of which 265,000 were Polish migrants⁹. A recent survey by the Centre for Research on Nationalism, Ethnicity and Multiculturalism indicated that these figures may understate the true level of migration.¹⁰
- 4.27 To what extent this trend has been manifested in Central Hampshire and New Forest is discussed in Section 10 of this report. In terms of housing market implications, the evidence from across the country is that the majority of EU in-migrants live in privately rented property – with anecdotal evidence suggesting that they share dwellings intensively.

⁷ ONS 2004

⁸ The 2004 accession states were Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

⁹ Home Office (2006) Accession Monitoring Report – Note that this records the **cumulative** number of people who have registered to work. It does not represent net migration.

¹⁰ The survey of 500 Poles in the UK found that 64% had signed the workers register

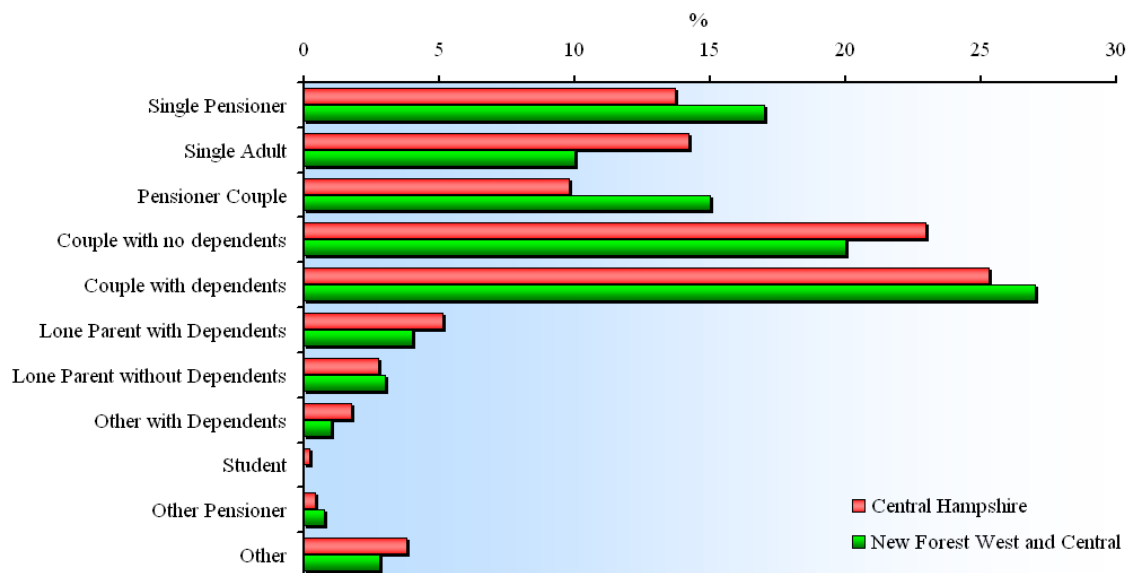
This is likely to place additional demand on low cost private rented dwellings within the urban areas in particular.

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

Household Composition and Tenure

- 4.29 Figures 4.14 and 4.15 show the distribution of household types within the two housing markets compared with the average for the South East and England as a whole. Couple and family households account for over half (56%) of all households in Central Hampshire, and less than half (46%) of households in New Forest West and Central.
- 4.30 Overall Central Hampshire has a relatively high proportion of couple households with children compared to the South East and England, indicating the area has a comparatively high proportion of families. In contrast New Forest Central and West has a very high proportion of Single and Couple Pensioners compared to Central Hampshire, the South East and England. Pensioner households account for 34% of the total households in New Forest Central and West compared with a national average of 23% and 24% in the South East.

Figure 4.14: Household Composition in Central Hampshire and New Forest West and Central



Source: 2001 Census

- 4.31 In 2001 both Central Hampshire and New Forest Central and West had very small numbers of students, indicative of the absence of any major Higher Education Institution located in

the area. The 2001 Census, unlike the 1991 Census records students at their term time address not their home address. The absence of any major HEI within the area will be one factor for the relatively under-representation of younger age groups (15-24) and even a factor explaining why much of the area has an under-representation of people aged 25-44, given that graduates tend to gravitate to major cities, often staying in the city where they studied.

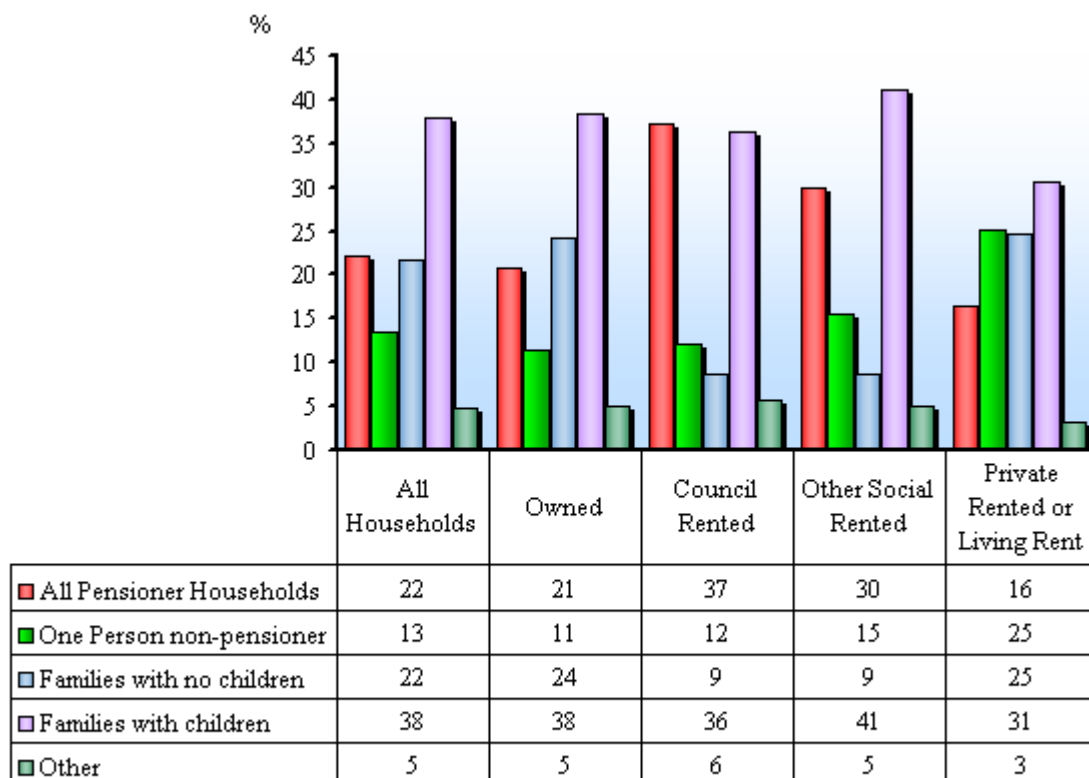
Figure 4.15: Household Composition

	Basingstoke and Deane	East Hampshire	Test Valley	Winche- ster	Central Hampshire	New Forest	New Forest West and Central	South East	England
Single Pensioner	11.5%	14.3%	13.7%	17.5%	13.7%	17.3%	19.6%	14.4%	14.4%
Single Adult	15.8%	12.9%	12.2%	14.5%	14.2%	10.4%	9.3%	14.1%	15.7%
Pensioner Couple	8.4%	10.6%	10.0%	11.5%	9.8%	14.6%	16.4%	9.7%	8.9%
Couple with no dependents	23.3%	22.9%	24.4%	21.0%	23.0%	19.7%	18.6%	25.4%	24.1%
Couple with dependents	26.4%	25.9%	26.0%	21.8%	25.3%	26.5%	25.8%	22.1%	20.8%
Lone Parent with Dependents	5.6%	4.9%	5.3%	4.1%	5.1%	4.3%	3.5%	5.2%	6.4%
Lone Parent without Dependents	3.0%	2.8%	2.7%	2.4%	2.7%	2.6%	2.4%	2.7%	3.0%
Other with Dependents	1.9%	1.8%	1.7%	1.3%	1.8%	1.4%	1.3%	1.9%	2.2%
Student	0%	0%	0%	1.1%	0.2%	0.0%	0%	0.4%	0.4%
Other Pensioner	0.3%	0.5%	0.5%	0.5%	0.4%	0.6%	0.7%	0.4%	0.4%
Other	3.9%	3.4%	3.6%	4.4%	3.8%	2.6%	2.5%	3.7%	3.7%

Source: Census 2001

- 4.32 Figures 4.16 and 4.17 show the distribution of household types by tenure for Central Hampshire and New Forest West and Central. Figure 4.16 shows that families with children account for about 38% of all households in the Central Hampshire housing market, and such households are to be found in all tenures, though the proportion is somewhat higher in other social rented housing and slightly lower in the private rented sector.
- 4.33 Pensioner households are particularly strongly represented in the council rented and other social rented sectors, with proportionately fewer living in the private rented sector. Single adults (other than pensioners) account for 13% of households and are much more likely to live in privately rented accommodation than other household types.

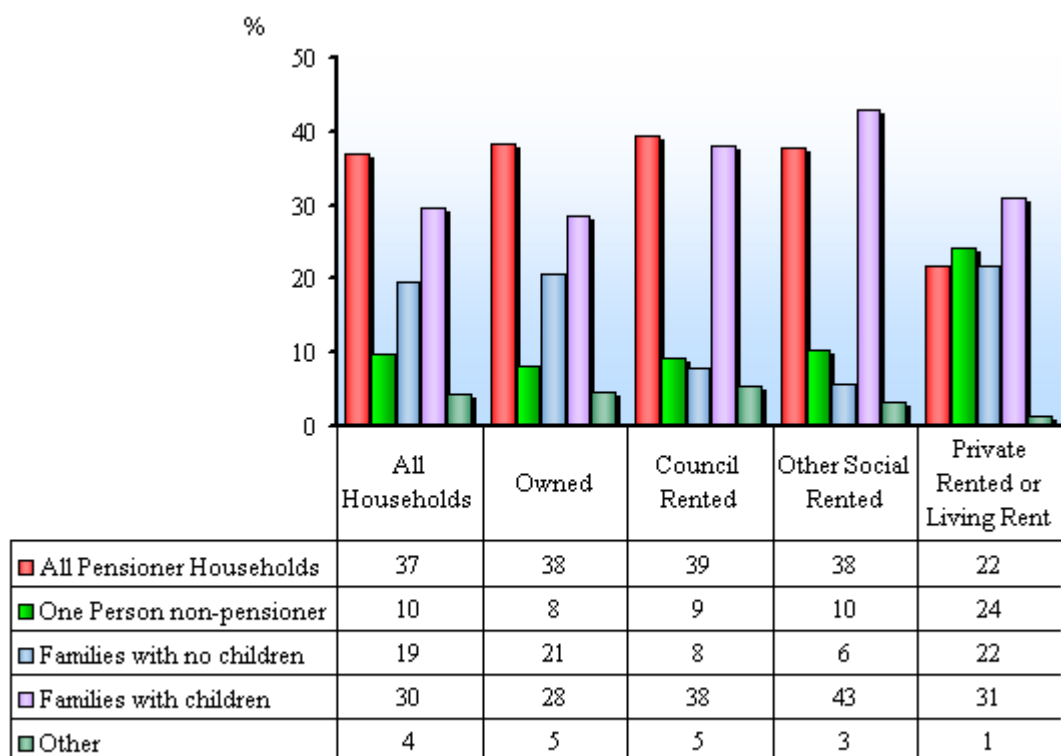
Figure 4.16: Central Hampshire – Household Composition by Tenure



Source: 2001 Census

- 4.34 The figures for the New Forest West and Central show that pensioners make up over a third of all households. This impacts upon the housing market as a whole. Pensioners occupy the highest proportion of owned, council rented and other social rented properties. Families with children account for the second highest proportion of New Forest households, with particularly strong representation among social housing tenants and even a higher representation among private tenants than their representation among the population as a whole.

Figure 4.17: New Forest West and Central – Household Composition by Tenure



Source: 2001 Census

Tenure Patterns

- 4.35 Figure 4.18 shows that in 2001, 72% of all households in the Central Hampshire market and 81% of households in the New Forest West and Central area owned their own homes. Overall levels of owner occupation in Central Hampshire are above the UK average but below the South East average; while the overall level of owner occupation in New Forest West and Central is significantly above both the UK and South East average.
- 4.36 Figure 4.19 indicates that the share of all households who are owner occupiers increased between 1991 and 2001 in Central Hampshire, while it remained largely unchanged in New Forest West and Central and the South East. This will reflect the fact that the majority of new development since 1991 has been for sale, and the growth in the Buy to Let market had not come fully to fruition by 2001 in either of the market areas.
- 4.37 The private rented sector accounted for a similar proportion of households in 2001 as in 1991 in Central Hampshire, and a slightly lower proportion in New Forest West and Central, while it grew in the South East and in England. The growth at the regional and national level probably reflects the growth of the private rented stock due to the emergence of the Buy to Let phenomenon. This started in major cities and it is probably only since 2001 that its impact will have been felt in Central Hampshire and New Forest.

- 4.38 The decline in renting from local authorities and growth in renting from social landlords over the period 1991 to 2001 is very evident. In this time period a number of the local authorities transferred their council housing to housing associations. Of more significance is the fact that the proportion of households renting from social landlords has fallen from 19% in Central Hampshire in 1991 to 16% in 2001, and from 10% to 8% in New Forest West and Central. This reflects the impact of Right to Buy Sales and limited new provision of social rented homes.

Figure 4.18: Tenure Change 1991-2001

	Total Dwellings	Owned	Rented from Council	Other Social Rented	Private Rented of Living Rent Free
Central Hampshire Market Area 1991	137,500	70%	17%	2%	12%
Central Hampshire Market Area 2001	154,300	72%	4%	12%	12%
New Forest West and Central and Central Market Area 1991	39,900	81%	9%	1%	11%
New Forest West and Central and Central Market Area 2001	44,600	81%	6%	2%	10%
South East 1991	2,923,800	74%	13%	3%	10%
South East 2001	3,279,500	74%	7%	7%	12%
England 1991	18,545,500	68%	20%	3%	9%
England 2001	20,406,100	69%	13%	6%	12%

Source: Census 1991 & 2001

- 4.39 The impact of Right to Buy Sales on the overall stock of social rented dwellings is shown more clearly in Figure 4.19. Despite new housing association development between 1991 and 2001, this was insufficient to offset sales of council homes, with the effect that the stock of social housing in Central Hampshire in 2001 is around 850 units less than in 1991; and about 125 less in New Forest West and Central.
- 4.40 Figure 4.19 also shows that in absolute terms the stock of private rented dwellings increased between 1991 and 2001, by about 1,500 dwellings in Central Hampshire and 300 units in New Forest West and Central. However such changes are insignificant compared to the scale of growth in home ownership. In Central Hampshire in 2001 more than 16,000 more dwellings were occupied by owner occupiers in 2001 than in 1991, and 5,300 in New Forest West and Central.

Figure 4.19: Tenure Change 1991-2001 Absolute Values

	Total Dwellings	Owned	Rented from Council	Other Social Rented	Private Rented of Living Rent Free
Central Hampshire Market Area 1991	140,000	99,000	23,100	3,000	16,600
Central Hampshire Market Area 2001	156,400	112,900	6,600	18,800	18,100
New Forest West and Central Market Area 1991	40,600	32,100	3,500	500	4,500
New Forest West and Central Market Area 2001	45,900	36,900	3,000	1,200	4,800
South East 1991	2,967,700	2,163,600	380,000	87,700	292,400
South East 2001	3,287,500	2,405,700	241,800	217,200	397,000
England 1991	18,765,600	12,610,940	3,709,100	556,400	1,669,100
England 2001	20,406,100	14,080,200	2,652,800	1,224,400	2,448,700

Source: Census 1991 and 2001

Spatial Distribution of Households by Tenure

- 4.41 The three maps (Figures 4.20 to Figure 4.22) illustrate the spatial distribution of households by tenure across the study area. The mapping shows that in 2001 private renting was a more significant feature of rural housing markets than of urban housing markets – with the highest levels of private renting (most outside the study area) associated with military bases.
- 4.42 There is a more dispersed provision of social housing across the study area. However, most of the areas where social housing is concentrated tend to encompass the urban centres of Central Hampshire. Figure 4.21 shows, for example, that there is a relatively high incidence of social housing surrounding Andover, Basingstoke and (to a lesser extent) Winchester. The data also shows that the provision of social housing in the rural areas of Central Hampshire is more limited. This also accords with a number of the district Housing Needs Surveys that highlight the growing shortages of affordable housing in rural areas (which has been diminished in particular by Right to Buy).

Figure 4.20: Proportion of Households in Private Rented Sector

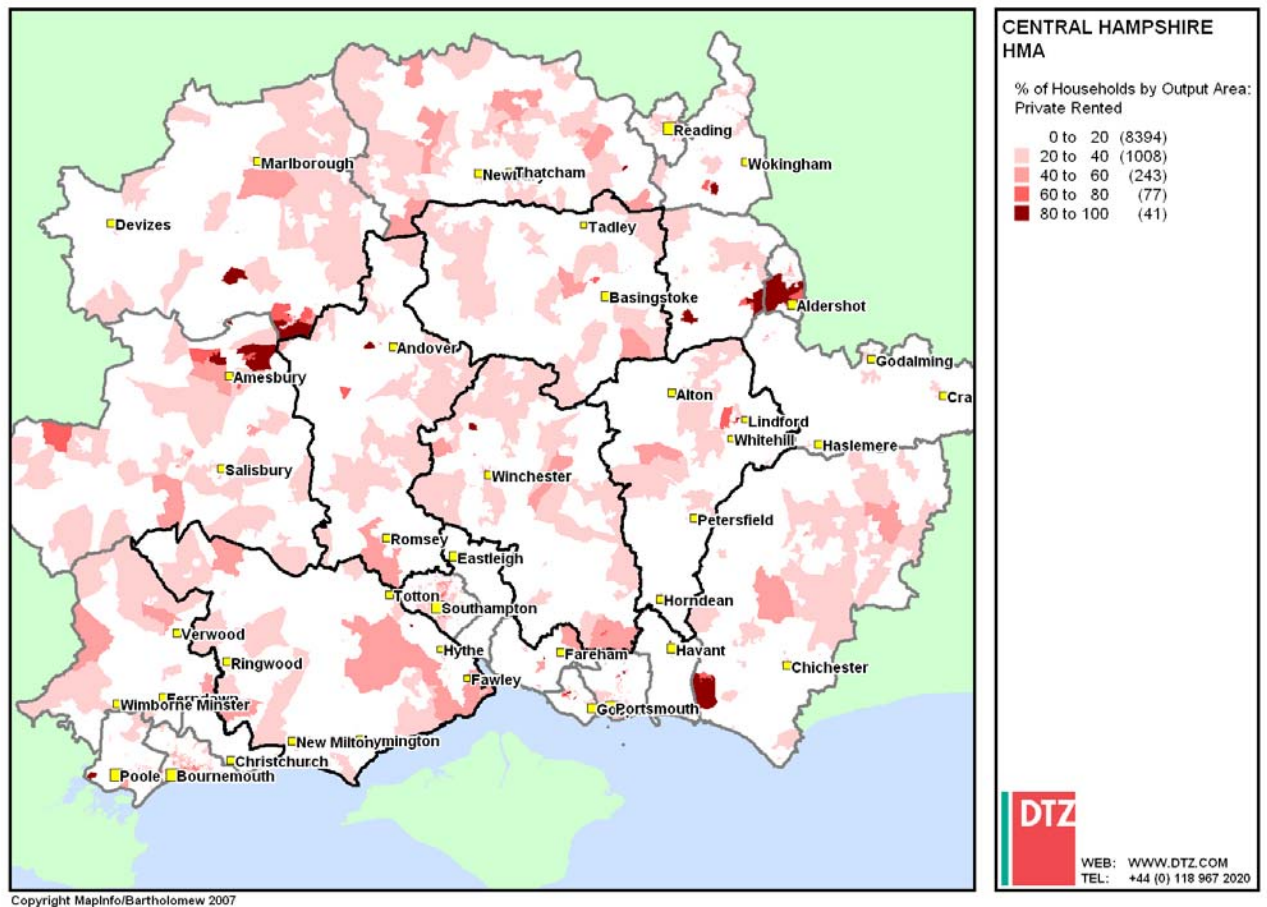
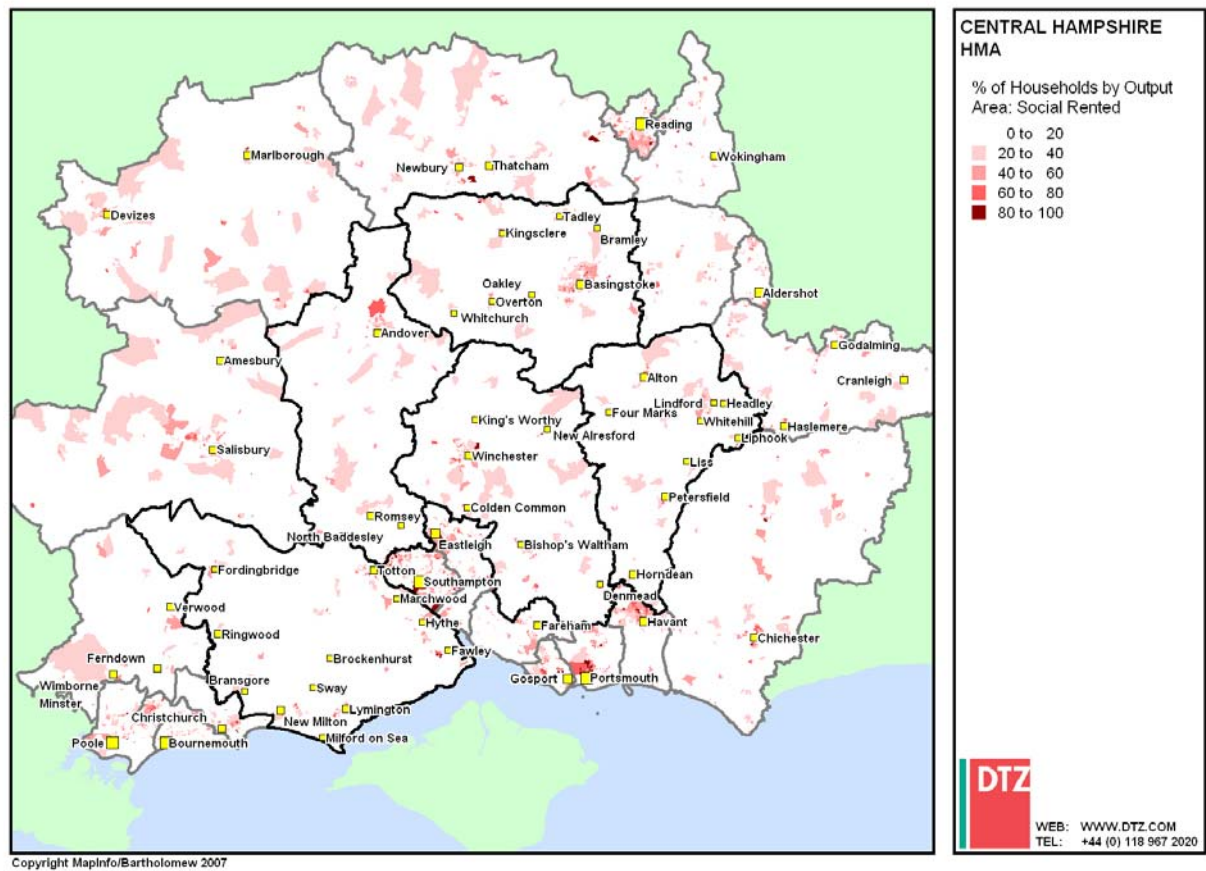
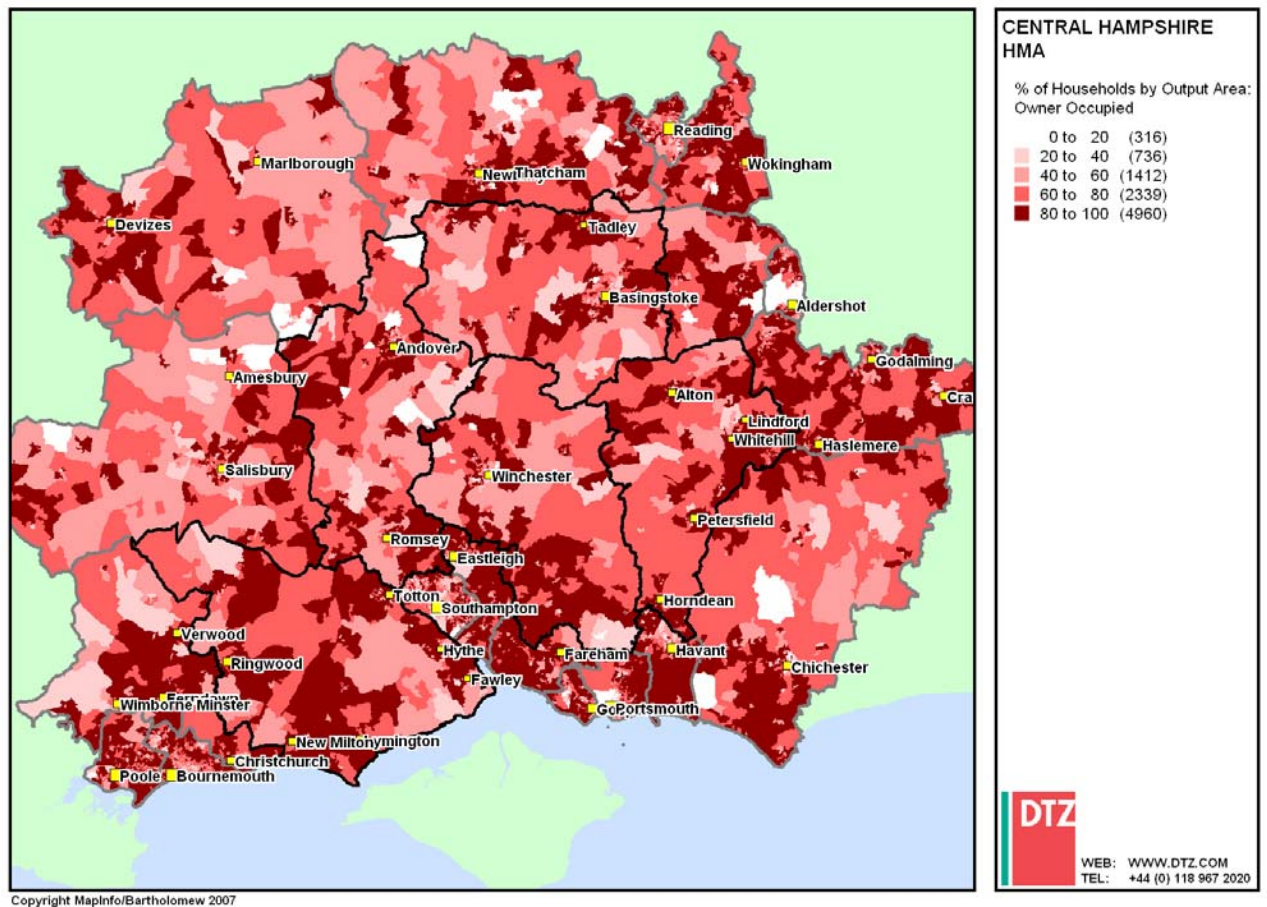


Figure 4.21: Proportion of Households in Social Rented Sector¹¹



¹¹ A larger version of this map is provided in Appendix B

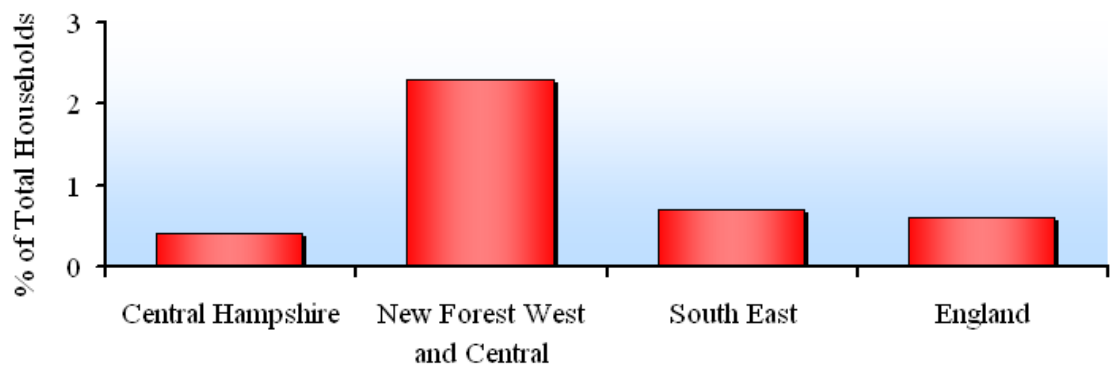
Figure 4.22: Proportion of Households in Owner Occupation (GIS)



Holiday Homes / Second Homes

- 4.43 In some areas demand for residential property as holiday homes or second homes represents a significant source of demand for property arising outside of the local market. Demand for second homes is fairly significant in New Forest West and Central, with 2.3% of all households being classed as a holiday or second home (see Figure 4.23). The number of holiday and second homes in Central Hampshire is lower than the average figures for England and the South East.

Figure 4.23: Percentage of Holiday and Second Homes in Total Number of Households 2001

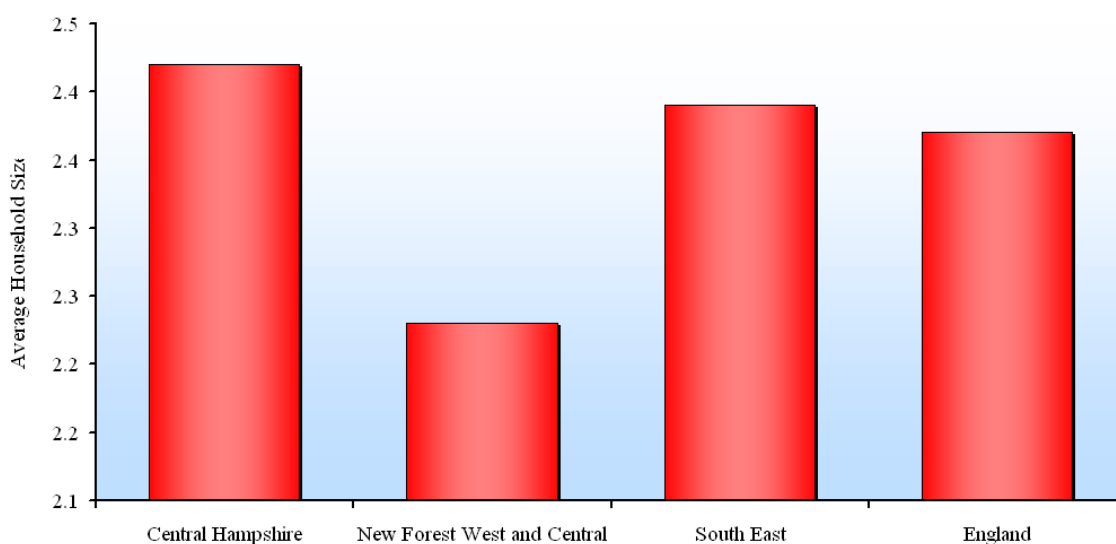


Source: 2001 Census

Household Size

- 4.44 Trends in household size and the number of households are crucial in determining the demand for future housing. Future changes in the number of households will be determined by increases in population and the extent to which an area follows national trends in reducing average household size. This also has implications for the size of property that will be required to house the population of an area in the future.
- 4.45 Figure 4.24 shows that in Central Hampshire there are on average 2.42 persons per household, whilst the average for New Forest is 2.23 persons per household. Central Hampshire has on average more persons per household, while New Forest has fewer persons per household than the national average.
- 4.46 The contrast in average household size between the two areas provides further evidence of larger family sized households in Central Hampshire and smaller households typically occupied by pensioners in New Forest West and Central.

Figure 4.24: Average Number of People per Household Space



Source: 2001 Census

Household Growth

4.47 The total number of households in Central Hampshire and New Forest West and Central increased by 11% in the period from 1991 to 2001. This level of growth is in line with the South East average and above the national average. Higher levels of growth occurred in Test Valley and Winchester (14%). However these authorities had a relatively small number of total households so the higher level of growth does not affect the overall figure.

Figure 4.25: Percentage Change in Number of Households 1991-2001

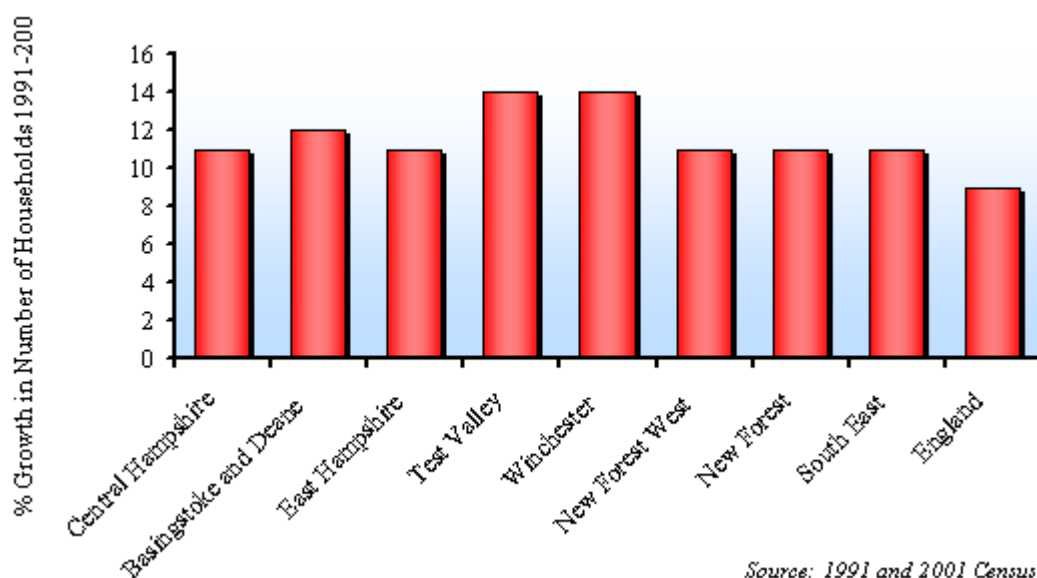


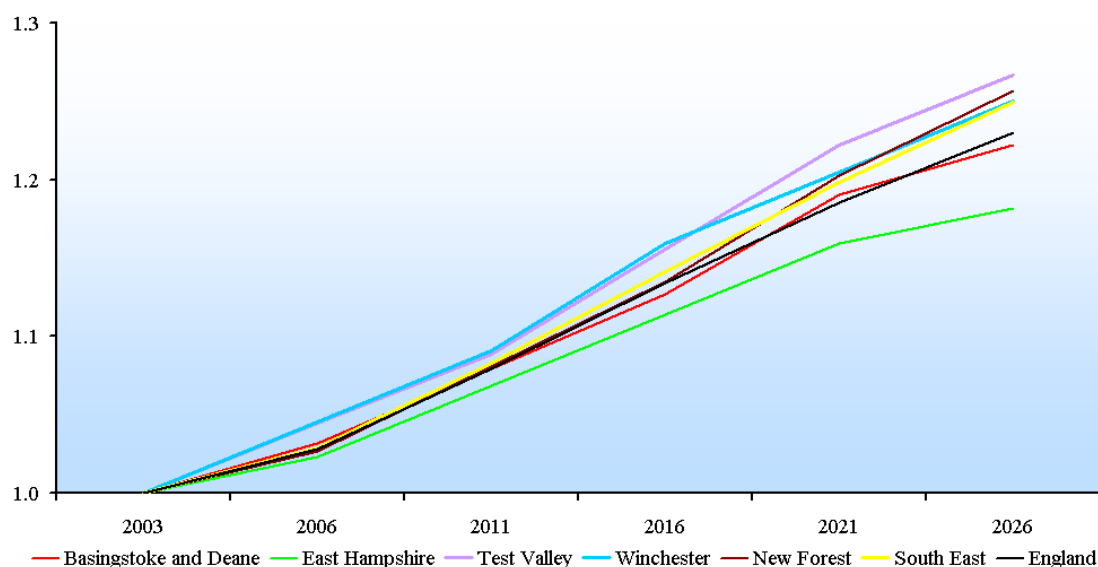
Figure 4.26: Household Growth 1991-2001

	1991	2001	Household Growth	% Change
Central Hampshire	136,900	154,300	17,300	13%
Basingstoke and Deane	54,100	61,700	7,600	14%
East Hampshire	38,700	43,600	5,000	13%
Test Valley	38,000	44,100	6,100	16%
Winchester	37,000	43,200	6,100	17%
New Forest West and Central	39,900	44,600	4,700	12%
New Forest	64,300	72,000	7,700	12%
South East	2,967,700	3,287,500	319,800	11%
England	18,765,600	20,451,400	1,685,800	9%

Household Projections

- 4.48 Household projections prepared by CLG (Figure 4.27, and 4.28) suggest that household growth will differ vastly between the different administrative areas in Central Hampshire. Household growth in Winchester and Test Valley is expected to be above that of the South East and England. In contrast housing growth in Basingstoke and Deane and East Hampshire is predicted to be below the levels of the rest of England.
- 4.49 Predicted growth in East Hampshire is for an additional 350 households each year. This is likely to be in part a consequence of the rural nature of East Hampshire and the constraint this has posed in the past to accommodating new household growth. As the CLG projections are based upon the continuation of past trends, the rural nature of East Hampshire will therefore lead (indirectly) to low anticipated household growth levels in the future. The draft South East Plan Panel Report (August 2007) proposes an increase to East Hampshire's dwelling target from 260 to 385 per annum (the latter being more in line with household projections).
- 4.50 It is important to realise that these forecasts are trend based; they tend to reflect the past pattern of household growth (2003 based). They therefore imply a continuation of past trends, though they also reflect the underlying demographic structure of the population. They do not take account of planned changes in the pattern of future housing provision, and linked to this, patterns of household movement between local authority areas. They do not therefore reflect for example, the designation of Basingstoke and Deane as a growth point by Government or the housing allocations contained in the South East Plan, which proposes that 16,500 new homes be built in Basingstoke and Deane during the period 2006 to 2026.

Figure 4.27: Indexed Household Growth Projections 2003-2026



Source: ODPM 2003 Based Household Growth Figures

Source: CLG 2003 Based Household Projections

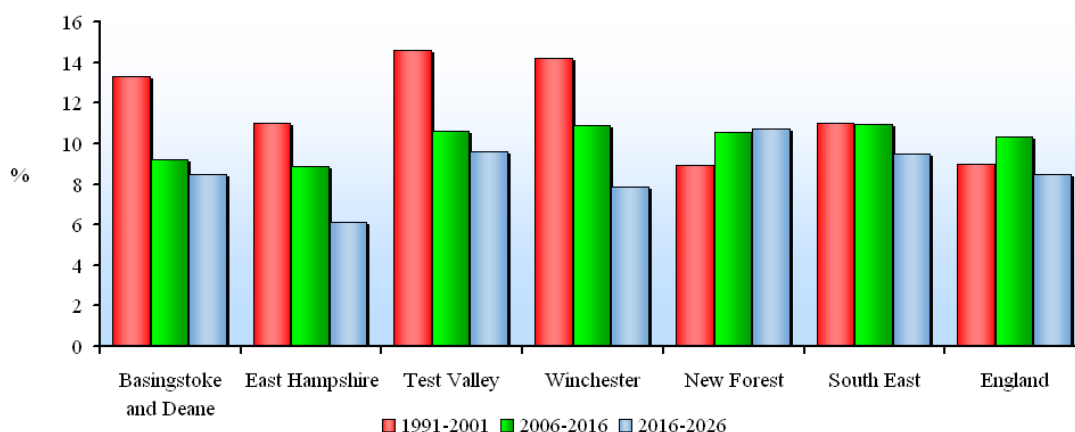
Figure 4.28: Absolute Household Growth Projections 2003-2026 (Whole Districts)

	2003	2006	2011	2016	2021	2026	Change 2003- 2026	Annual Change
Basingstoke and Deane	63,000	65,000	68,000	71,000	75,000	77,000	14,000	610
East Hampshire	44,000	45,000	47,000	49,000	51,000	52,000	8,000	350
Test Valley	45,000	47,000	49,000	52,000	55,000	57,000	12,000	520
Winchester	44,000	46,000	48,000	51,000	53,000	55,000	11,000	480
New Forest	74,000	76,000	80,000	84,000	89,000	93,000	19,000	830
South East	3,348,000	3,445,000	3,626,000	3,822,000	4,013,000	4,184,000	836,000	36,350
England	20,904,000	21,485,000	22,566,000	23,705,000	24,781,000	25,713,000	4,809,000	209,090

Source: CLG 2003 Based Household Projections

- 4.51 A comparison between historical household growth and the CLG household growth projections is shown in Figure 4.29. The charts show that in every local authority district, except New Forest, the projected rate of growth between 1991 and 2001 is higher than the projected rate of growth up until 2026. In New Forest District the household projections anticipate that the rate of growth will accelerate to 2026. Thus with the exception of New Forest the CLG projections anticipate a declining rate of household growth compared with the decade 1991-2001.

Figure 4.29: Percentage Household Growth – Past and Future (Whole Districts)



Source: 1991 and 2001 Census / ODPM 2003 Based Household Growth Forecasts

Source: CLG 2003 Based Household Projections

- 4.52 There are, however, a number of question marks that surround the future household growth rates put forward in the CLG projections (particularly for New Forest) given their trend-based assumptions. An alternative and probably more realistic forecast of future household growth is provided by Hampshire County Council and the University of East Anglia using the Chelmer model.
- 4.53 The main assumption underlying these policy based (rather than trend based) projections is that the number of dwellings built between 2006 and 2026 in each district will be

consistent with the numbers proposed in the draft South East Plan (the period 2001-06 is based on actual dwellings completions). The forecasts therefore take account of the development constraints and the number of dwellings likely to be available to accommodate new household growth in each area in the future. They are shown in Figure 4.30.

Figure 4.30: Hampshire County Council Policy Based Household Forecasts (Whole Districts)

	2001	2006	2011	2016	2021	2026	Change 06 to 26
Basingstoke & Dean	61,600	65,500	72,000	75,200	78,400	81,600	16,100
East Hampshire	43,700	45,300	47,400	48,500	49,400	50,300	5,000
Test Valley	44,200	46,200	48,600	51,000	53,300	54,900	8,700
Winchester	43,100	45,800	48,000	52,600	55,400	57,900	12,100
New Forest	72,000	74,400	76,100	77,100	77,700	78,400	4,000

Source: Hampshire County Council/University of East Anglia

- 4.54 The policy based forecasts (Figure 4.30) predict higher levels of growth in Basingstoke & Dean and a significantly lower level of growth in New Forest compared with the trend based projections (Figure 4.28). New Forest has the greatest disparity between the two sets of predictions, with policy based forecasts anticipating that by 2026 some 78,000 households will live in New Forest, compared to 93,000 households under the trend based projections (a difference of 15,000 households). The difference between the two sets of forecasts reflects the future development constraints in New Forest and the slowdown (compared to rates of household growth inferred by past trends) that the SE Plan targets imply for the area.
- 4.55 For some authorities, the recommended increase in dwelling provision contained in the draft South East Plan Panel Report would have implications for future household formation in Figure 4.30. For example, East Hampshire's household projections anticipate an additional 250 households per annum (reflecting the proposed level of housing supply for the period at 260 per annum). If the Panel Report's recommendations are adopted, increased provision in East Hampshire to 385 dwellings per annum and an increase of 185 dwellings (and similarly in Winchester +90 dwellings, Test Valley +50 dwellings) would imply an increased level of household growth over the period.

5 ECONOMIC DRIVERS OF DEMAND¹

- 5.01 Demographic change within an area creates the need for different levels and types of homes. However the economic development of an area is of equal importance in driving change in housing markets, especially due to its effect on migration. This section analyses recent economic performance and the way in which the economy of Central Hampshire and New Forest has influenced the demographic and socio-economic profiles.
- 5.02 It is important to highlight the reciprocal relationship between economic development and the provision of housing. While there is an obvious and established link between economic development and the requirement for housing, the type of housing provided within an area can also often play a role in supporting economic development and regeneration objectives.

Key Points

- 203,600 people were employed within the Central Hampshire market area in 2005, which accounts for 5.4% of the 3,762,400 people employed within the South East. The New Forest West & Central area accounts for 42,200 employees (1.1% of regional employment)
- Over the period 1995-2005, a 33% growth in the number of jobs within the Central Hampshire market area exceeded 17% national growth and 23% regional growth. The growth has resulted in an absolute growth of 51,090 jobs within the area. Furthermore, unconstrained growth could result in the creation of over 50,000 new jobs by 2020 (based on past trends).
- Over the same period, employment growth within the New Forest West and Central area was lower at 25%, equating to an absolute growth of 8,500 jobs. Unconstrained growth could result in the creation of almost 10,000 new jobs by 2020 (based on past trends).
- The most important employment sectors in the two market areas are Public Administration, Education & Health (approximately 25% of employment), and Distribution, Hotels & Restaurants (also approximately 25% of employment). Banking, Finance and Insurance is also an important sector accounting for 24% of employment within the Central Hampshire market area and 18% in the New Forest West & Central area.
- Within the Central Hampshire market area the most significant contribution to overall employment growth over the past decade has come from the Banking, Finance and Insurance sector, which has grown by 47% since 1995, providing an additional 15,400 jobs. The largest growth in relative terms was in the Construction industry, which grew by 92% over the period and accounted for an additional 4,300 employees. Transport and communications also grew strongly by 86% over the past decade (providing an additional 4,800 jobs).
- Within the New Forest West & Central area the most significant contribution to overall employment growth in absolute terms has come from the Public administration, education & health sector, which saw the creation of an additional 2,400 employees (28% growth). Distribution, hotels & restaurants and the Banking, finance & insurance sector also grew strongly by 2,300 and 2,100 employees respectively (corresponding growth of 23% and 39%). Similarly, the strongest

¹ A glossary of economic terminology used in this section is presented in Appendix C.

relative growth of 106% occurred within the construction sector.

- The two markets share similar occupational profiles, with large proportions of the workforce employed in high-value occupations such as Managers & Senior Officials and, Professional and Associate Professional Occupations. As such, much of the demand for market housing within the study areas will have been driven by those employed in high paid and high value sectors who will tend to have higher incomes and who are able to exercise greater choice within the market.
- Further employment growth is likely to increase demand for housing. However, continued growth in the higher value-added sectors could mean that there is increased demand for higher quality housing in the sub-region as further high paid jobs are created in the area.
- Increased demand for housing and the growth in high value jobs is having a particularly marked impact on the housing stock in Winchester. Winchester City Council report an increased number of properties being extended & improved in the City and that this enlargement and gentrification is impacting on the availability of entry level properties.
- The unemployment rate in the Central Hampshire Market area (2.4%) and New Forest (3.6%) is lower than the South East rate of 4.4% and the England rate of 5.3%. However, some districts within the Central Hampshire Market area have extremely low unemployment rates, in particular East Hampshire (1.6%), Test Valley (1.9%) and Winchester (2%).
- Over the past decade the South East experienced a fall of 47% in the number of unemployed whilst the Central Hampshire Market area and the New Forest West & Central area saw their unemployment fall by 49% and 48% respectively over the period. The claimant count within the all of the study districts has fallen from its 1993 peak (of between 5% to 6%), to around 1% in 2007.
- Economic activity is generally high throughout the Central Hampshire Market area and the New Forest West & Central area, but rates are highest amongst those in the private rented sector. Economic activity is slightly lower within the owner-occupied market, which appears to be because of the higher proportion of retired people living in owner occupied dwellings.
- High economic activity and the decline in unemployment, which has continued in recent years, may mean that labour surpluses have now reduced to the level that any further increases in labour demand will require net additions to the labour supply, rather than further reductions in the number of unemployed or the economically inactive. Sustained low unemployment together with forecast employment growth will have an impact on policy, as additions to the workforce will increase the demand for housing within the study areas.
- In all of the study and benchmark areas (other than Basingstoke & Deane), resident earnings are higher than workplace earnings. This pattern suggests that there are a proportion of people that live within the given area, but choose to work elsewhere in order to obtain higher wages.
- Furthermore, both the Central Hampshire Market Area and the New Forest West & Central Area have a higher proportion of people that commute over 10km to work than regionally and nationally. This indicates that more people seek employment away from their residence and raises further questions surrounding sustainability.

Employment

- 5.03 Employment and job growth are important drivers of the demand for housing. In 2005 some 203,600 people were employed (working) in the Central Hampshire market area, which represents 5.4% of the 3,76 million people employed in the South East of England. Some 42,200 people are employed in the New Forest West & Central area which represents 1.1% of South East employment), whilst 64,500 people are employed in New Forest District as a whole (1.7% of regional employment). Figure 5.1 shows the latest employment data available for the study and benchmark areas.

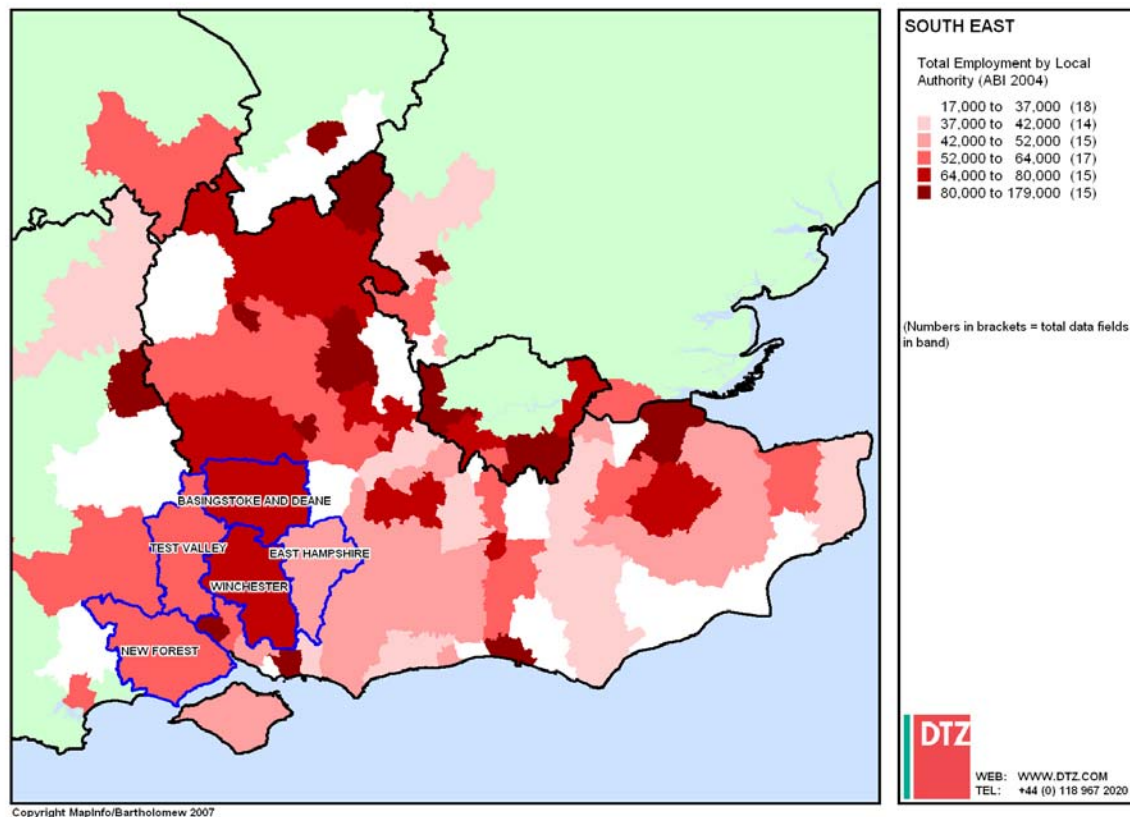
Figure 5.1: South East Employment Breakdown

	2005 Employment	% of Region
England	22,921,700	-
South East	3,762,400	100%
Central Hampshire Market Area	203,600	5.4%
New Forest West and Central	42,200	1.1%
Basingstoke and Deane	80,200	2.1%
East Hampshire	47,800	1.3%
New Forest	64,500	1.7%
Test Valley	54,000	1.4%
Winchester	64,800	1.7%

Source: ABI 2005 (Nomis)

- 5.04 Figure 5.2 illustrates the number of employee jobs in each of the districts in the South East. It can be seen that within the study area, Basingstoke & Deane and Winchester have relatively high numbers of jobs, whilst East Hampshire has a relatively low concentration of people working within its district boundaries.

Figure 5.2: Spatial Distribution of Jobs (Source: ABI², 2004)

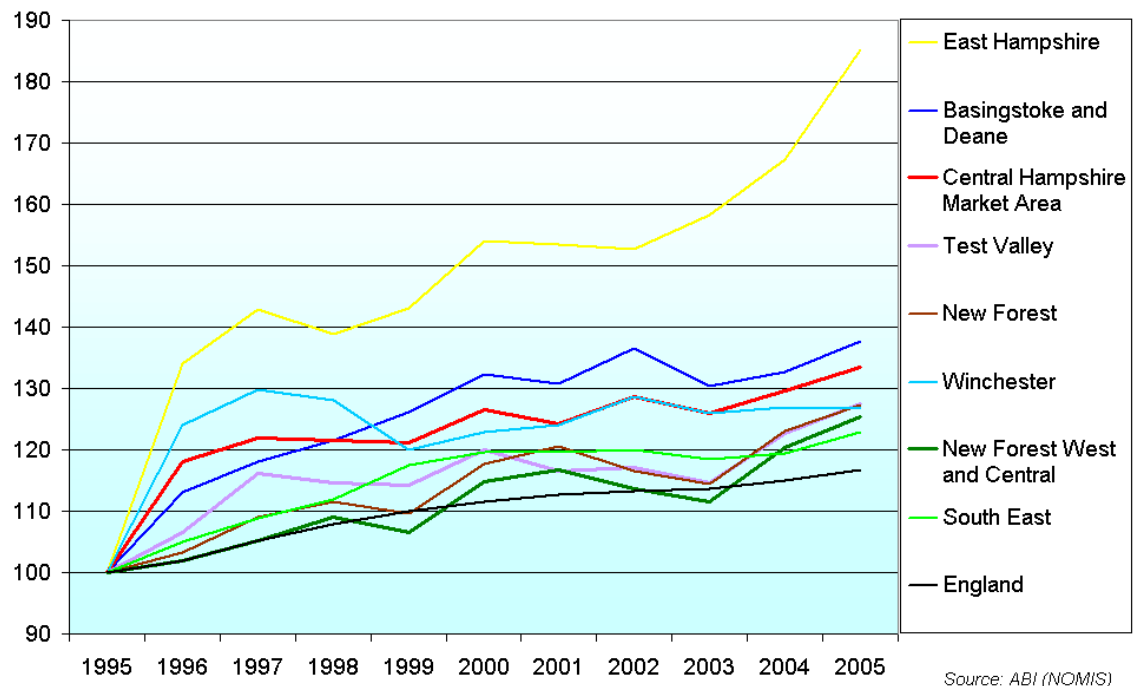


- 5.05 Over the period 1995-2005, the number of jobs in the Central Hampshire market area has grown by a third (33%). This compares with growth in employment of 17% in England growth and 23% in the South East as a whole. The growth in employment within the Central Hampshire market area has resulted in an absolute growth of 51,100 jobs.
- 5.06 Until 2003, growth in employment within the New Forest West and Central area has been lower than the regional average. However a recent surge in employment within the area has resulted in an overall growth of 25% during the period, representing the creation of an additional 8,500 jobs/employees over the period 1995 to 2005.
- 5.07 Most of the districts that make up the Central Hampshire market area have experienced relatively steady employment growth in the years since 1985. The most rapid growth, according to the ABI between 1995 and 2005 has been in East Hampshire, where employment grew by almost 22,000 jobs over the period, an 85% rise in employment. This may be explained partly by East Hampshire having the smallest economy in 1995 and therefore has grown faster in proportional terms. However, the ABI recorded employment growth between at 8,500 jobs between 1995-96, which appears extreme compared to other years. If 1995 is regarded as an anomaly then employment growth in East Hampshire for the period would be 38%, on a par with the other authorities though still an impressive

² The ABI (Annual Business Inquiry) measure of employment measures the number of employment positions within a given location

growth rate, particularly between 2003-2005. Basingstoke & Deane grew by 38%, whilst the other districts grew by 27% to 28%, all above the regional and national growth rates.

Figure 5.3: Indexed Employment Growth, 1995-2005 (1995 = 100)



Note comments in para 5.07 on East Hampshire. Data for 1995-1996 considered extreme and may represent an anomaly or error in the data.

Figure 5.4: Employment Change, 1995-2005 (Source: ABI)

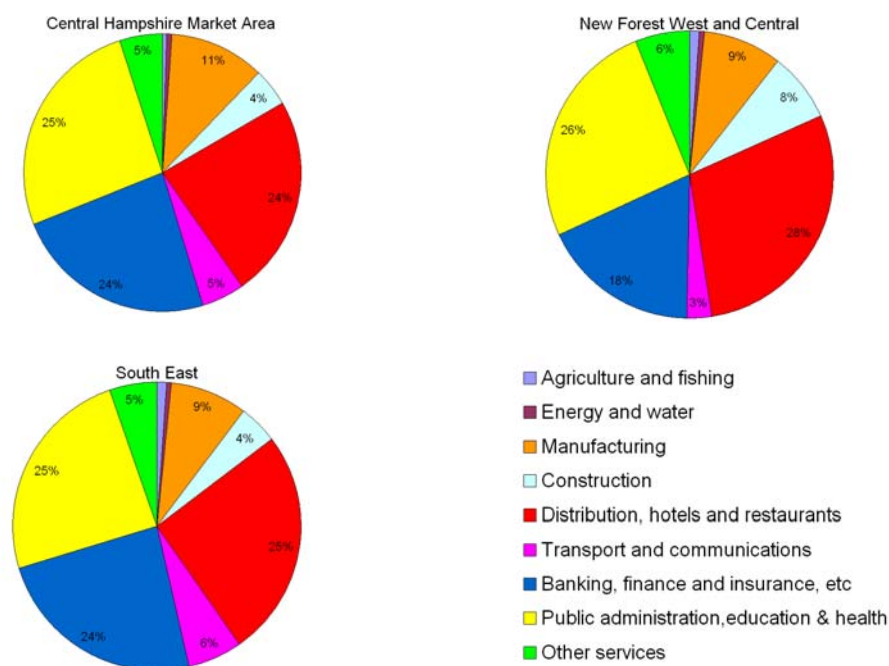
	1995	2005	Absolute Change	% Change
England	19,625,000	22,922,000	3,297,000	17%
South East	3,062,000	3,762,000	700,000	23%
Central Hampshire Market Area	152,000	204,000	51,000	33%
New Forest West and Central	34,000	42,000	9,000	25%
Basingstoke and Deane	58,000	80,000	22,000	38%
East Hampshire	26,000	48,000	22,000	85%
New Forest	51,000	64,000	14,000	27%
Test Valley	42,000	54,000	12,000	28%
Winchester	51,000	65,000	14,000	27%

Note comments in para 5.07 on East Hampshire. Data for 1995-1996 considered extreme and may represent an anomaly or error in the data.

5.08 Figure 5.5 presents the sectoral breakdown of employment for the Central Hampshire market area and New Forest West & Central, compared against the South East as a whole. The data shows that the profile of employment in the Central Hampshire market area is extremely similar to the regional profile. The distribution of employment in the New Forest West & Central area shows a slight over-representation of distribution, hotels and restaurants jobs compared to the South East, and an under-representation of banking, finance and insurance jobs.

- 5.09 The most important industrial sectors in all three of the geographies are Public Administration, Education & Health (making up approximately a quarter of the employment in each area), and Distribution, Hotels & Restaurants (also accounting for approximately a quarter of the employment in each area), Banking, Finance and Insurance is also an important sector in each of the areas, accounting for 24% of employment within the Central Hampshire market area and the South East, and 18% in the New Forest West & Central area.

Figure 5.5: Sectoral Employment Breakdown (Percentage)



Source: ABI 2005 (Nomis)

- 5.10 The absolute numbers of jobs by sector for each of the geographies under consideration are shown in Figure 5.6.

Figure 5.6: Sectoral Employment Breakdown (Absolute)

	South East	Central Hampshire Market Area	New Forest West and Central	Basingstoke and Deane	East Hampshire	Test Valley	Winchester	New Forest
Agriculture and fishing	40,400	1,000	500	-	-	-	-	1,500
Energy and water	20,200	1,400	300	1,200	100	-	100	400
Manufacturing	330,200	22,300	3,700	10,100	4,900	7,200	4,100	7,800
Construction	163,700	9,000	3,300	4,300	2,200	3,000	2,900	5,000
Distribution, hotels and restaurants	963,600	48,200	12,300	20,500	11,100	14,300	13,400	18,000
Transport and communications	227,700	10,300	1,200	3,800	3,800	3,700	2,400	2,600
Banking, finance and insurance, etc	894,400	48,000	7,500	19,700	12,000	10,400	15,800	9,900
Public administration, education & health	924,800	53,000	10,900	15,700	10,400	12,000	21,400	15,500
Other services	197,500	10,300	2,600	4,000	2,300	2,500	3,600	4,000
Total	3,762,400	203,600	42,200	80,200	47,800	54,100	64,800	64,500

Source: ABI 2005 (NOMIS)

- 5.11 Figure 5.7 shows that between 1995 and 2004 (discounting agriculture, which began the time series from a very small base) the most significant contribution to overall employment growth in the Central Hampshire market area has come from the Banking, finance and insurance sector, which has grown by 47%, providing an additional 15,400 jobs. The largest growth in relative terms was experienced within the Construction sector, which grew by 92% over the period (an additional 4,300 employees), whilst Transport and communications also grew strongly by 86% over the past decade (providing an additional 4,800 jobs).

Figure 5.7: Central Hampshire Market Area - Employment Growth by Broad Sector, 1995-2004 (Source: ABI)³

Central Hampshire Market Area	1995	2004	Absolute Change	% Change
Agriculture and fishing	500	1,000	500	122%
Energy and water	900	1,400	500	56%
Manufacturing	25,100	22,300	-2,800	-11%
Construction	4,700	9,000	4,300	92%
Distribution, hotels and restaurants	36,800	48,200	11,400	31%
Transport and communications	5,500	10,300	4,800	86%
Banking, finance and insurance, etc	32,600	48,000	15,400	47%
Public administration, education & health	39,000	53,000	14,000	36%
Other services	7,400	10,300	2,900	41%
Total	152,500	203,600	51,100	33%

- 5.12 Public Administration, Education & Health also grew strongly with an increase of 14,000 employees (36% growth), as did Distribution, Hotels & Restaurants with a growth of

³ Absolute figures have been rounded.

11,400 employees (31%). However, despite most of sectors experiencing strong growth employment in the Manufacturing sector fell by 11%, equating to a loss of 2,900 employees within the industry.

- 5.13 Figure 5.8 shows that within the New Forest West & Central area the most significant contribution to overall employment growth in absolute terms has come from the Public administration, education & health sector, which saw the creation of an additional 2,400 jobs (28% growth). Distribution, hotels & restaurants and the Banking, finance & insurance sector also grew strongly employing an additional 2,300 and 2,100 people respectively by the end of the period 1995-2005 (corresponding growth of 23% and 39%).
- 5.14 Between 1995 and 2005 (discounting agriculture, which began the time series from a very small base) the strongest relative growth of 106% occurred within the construction sector (an absolute growth of 1,700 employees). Overall, the New Forest West & Central area has experienced strong growth in almost all of the sectors. However, like the Central Hampshire market area, the New Forest West & Central area also experienced a loss of jobs in the Manufacturing sector of 900 employees, a decline of around 19%, over the period.

Figure 5.8: New Forest West & Central - Employment Growth by Broad Sector, 1995-2004 (Source: ABI)⁴

New Forest West & Central	1995	2004	Absolute Change	% Change
Agriculture and fishing	200	500	300	104%
Energy and water	200	300	100	31%
Manufacturing	4,600	3,700	-900	-19%
Construction	1,600	3,300	1,700	106%
Distribution, hotels and restaurants	10,000	12,300	2,300	23%
Transport and communications	900	1,200	300	30%
Banking, finance and insurance, etc	5,400	7,500	2,100	39%
Public administration, education & health	8,500	10,900	2,400	28%
Other services	2,200	2,600	400	17%
Total	33,700	42,200	8,500	25%

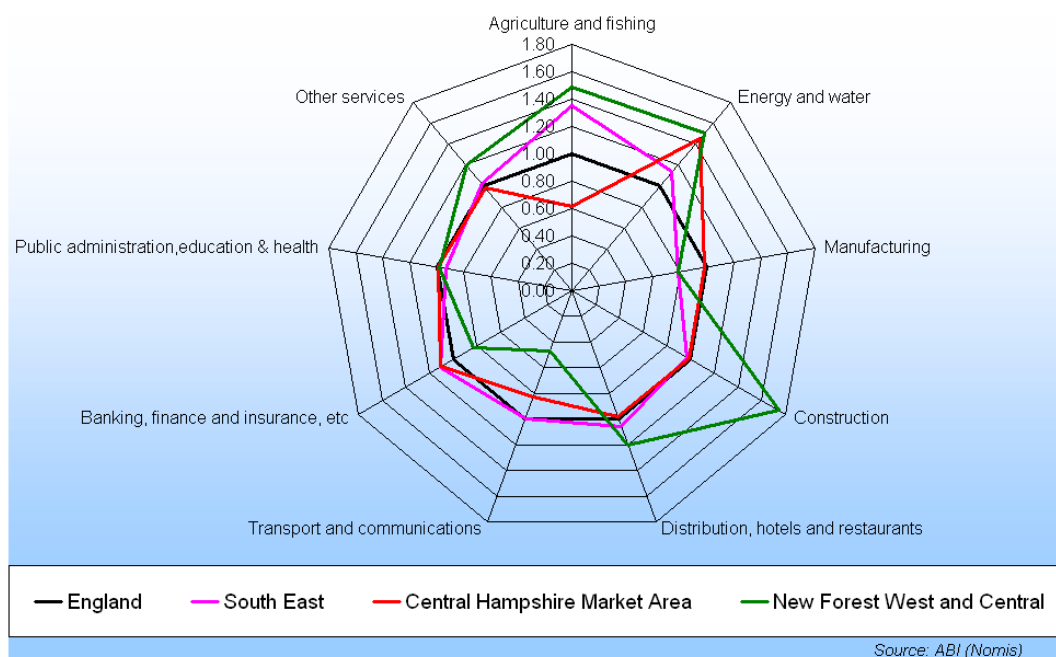
- 5.15 The sub-regional economies of the Central Hampshire Market area and the New Forest West & Central area have therefore undergone considerable change over the past decade. Although growth has been strong within most of the employment sectors, absolute employment growth has been largely driven by growth within sectors such as Banking, Finance and Insurance activities and Public administration, education & health. Further employment growth is likely to increase demand for housing by stimulating in-migration, and also potentially by increasing earnings and economic wealth.
- 5.16 Employment data by broad sector is presented as a location quotient in Figure 5.9. Location quotients allow a comparison to be made of the relative concentrations in the employment base between the benchmark areas. Location quotients identify the relative concentration of each occupation type compared with the average for England as a whole

⁴ Absolute figures have been rounded.

for each area. A score greater than one indicates a relative concentration of employment, and a score less than one represents a relative under-representation of employment in that sector compared to the average for England.

- 5.17 Figure 5.9 reveals the similarities and differences between the employment bases of the Central Hampshire and the New Forest West & Central economies. Despite having a slight under-representation within the Transport and Communications industries, the Central Hampshire market area shows a similar profile to the regional employment structure, with a relative strength in Banking, Finance and Insurance activities and the Energy and Water sector. New Forest West & Central employment profile differs from the national and regional benchmarks with a strength within the Construction, Energy and Water, Other Services, and Distribution, hotels and restaurant industries. However, the area also has an under representation within Banking, Finance and Insurance activities, Transport and Communications, and Manufacturing.

Figure 5.9: Location Quotient Employment by Broad Sector compared to England, 2005



Economic Activity and Unemployment

- 5.18 The analysis above provides an insight into the number of jobs and the employment structure within each of the market areas. However it is also important to understand how well the local workforce is engaged with the labour market, in terms of the economic activity associated with those people who live in each of the market areas. Data from the Annual Population Survey provides an indication of the economic activity of an area, defined as the proportion of the working age population who are employed, self-employed, unemployed but available for work, or full time students. The Annual Population Survey also provides an insight into the unemployment level within an area.
- 5.19 Annual Population Survey data is not available at a ward level so whole districts have been used to observe the market area. Figures 5.10 and 5.11 show that, the economic activity rate across the four Central Hampshire Districts is 86%, compared to a rate of 82% in the South East and 78% in England. New Forest District has an economic activity rate slightly below the regional average at 81%, but above the national average. In terms of District economic activity rates, at 88% economic activity rate in Basingstoke and Deane is significantly higher than the regional average. Test Valley is close behind with a rate of 87%, whilst Winchester and East Hampshire have rates of 84% and 83% respectively (all higher than the regional and national average activity rate).
- 5.20 The unemployment rate across the four Central Hampshire Districts is 2.4% and is 3.6% in New Forest District. In both areas this is lower than the South East rate of 4.4% and the England rate of 5.3%. However, some Districts within the Central Hampshire Market area have extremely low unemployment rates, in particular East Hampshire (1.6%), Test Valley (1.9%) and Winchester (2%). Basingstoke & Deane has a slightly higher unemployment rate at 3.7%, though this is still lower than the South East and England rates.

Figure 5.10: Economic Activity Rate and Unemployment Rate, Working Age Population, 2006 (Whole Districts)

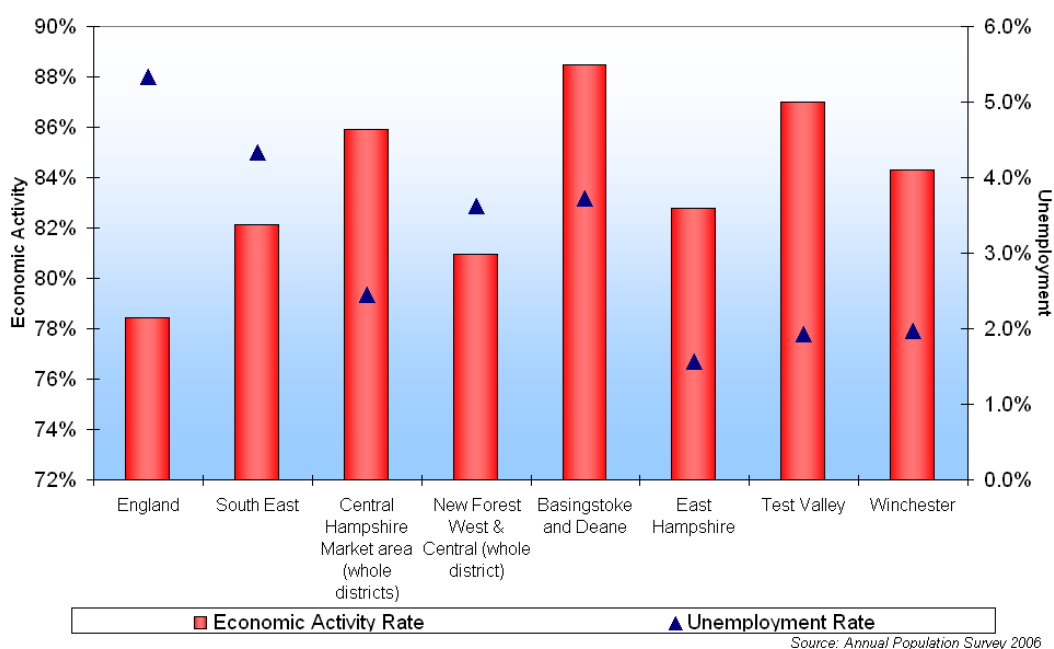


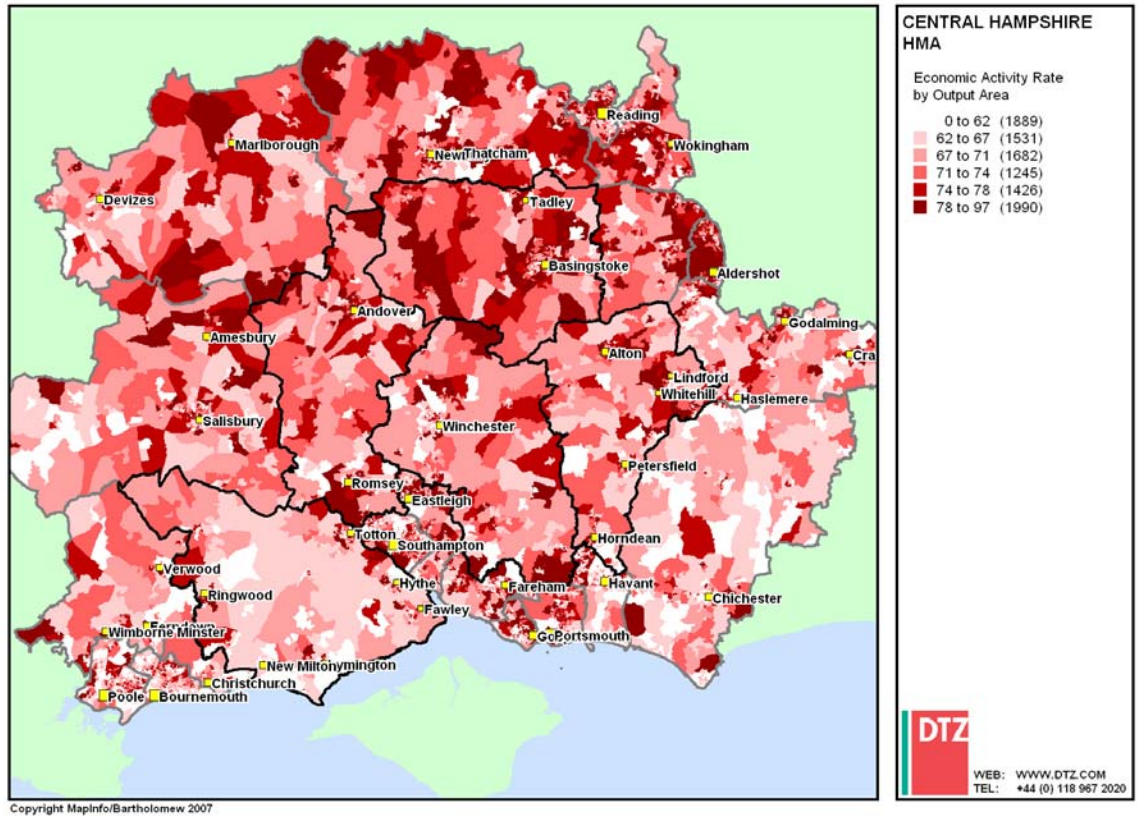
Figure 5.11: Economic Activity and Unemployment, 2006 (Whole Districts)

	Economic Activity Rate	Unemployment Rate
England	78%	5.3%
South East	82%	4.3%
Central Hampshire Districts Combined	86%	2.4%
New Forest District	81%	3.6%
Basingstoke and Deane	88%	3.7%
East Hampshire	83%	1.6%
Test Valley	87%	1.9%
Winchester	84%	2.0%

Source: Annual Population Survey (June 2006)

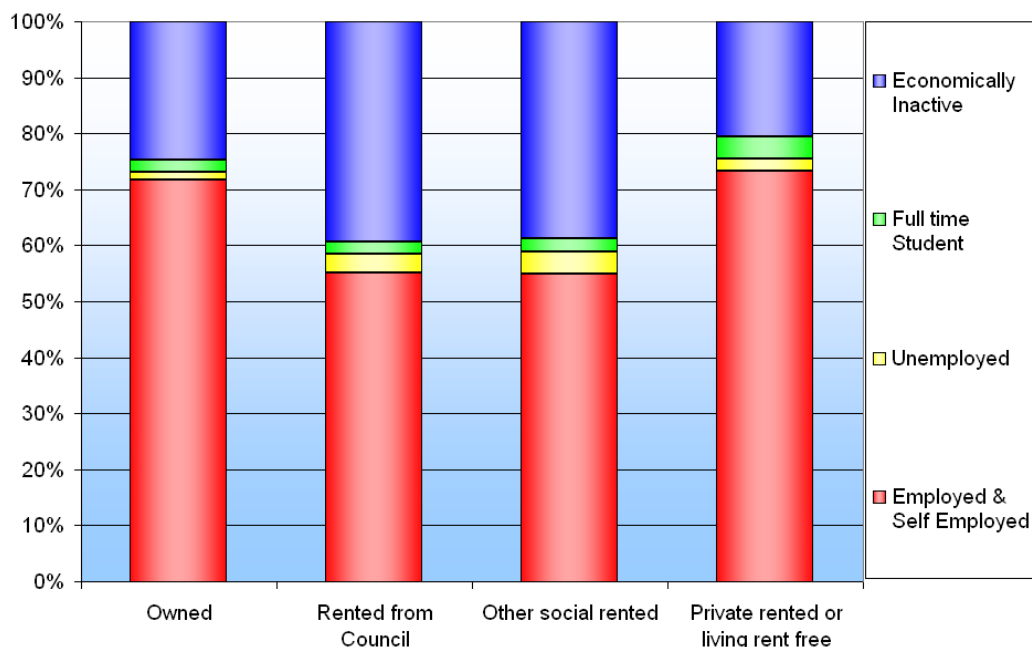
- 5.21 Figure 5.12 illustrates the proportion of the working age population who are economically active at an output area level. The map suggests quite a degree of variability in economic activity rates across the two market areas. It is noticeable that economic activity rates are lower generally across New Forest District and specially on the coast probably reflecting a number of people who have retired early. Basingstoke & Deane contains a large number of areas with a relative density of economically active people. Areas of particularly high activity exist in and around Basingstoke, and to the west of the Borough (near Whitchurch and the A34).
- 5.22 Historically, the Central Hampshire market area had some capacity to increase job growth by drawing surplus (unemployed) labour resources into the economy. However, in the future (given activity rates are already high and unemployment very low), employment growth may become increasingly reliant upon either greater in-commuting (perhaps from urban South Hampshire) or in-migration. The degree to which the need for labour can be satisfied is in part linked to the provision of new dwellings within the market area. The alternative to this is to seek to push activity rates still higher, which may be difficult, or to draw more people of retirement age into the labour market.
- 5.23 Drawing labour into the area from increasingly further a field is likely to entail even greater long distance commuting and would add to congestion on transport networks. This is not attractive in terms of sustainable development and underlines the relationship between future economic development within the Central Hampshire area and plans for housing provision.

Figure 5.12 – Proportion of Working Age Population Who Are Economically Active



- 5.24 Figures 5.13 to 5.16 present economic activity levels by tenure in the Central Hampshire market area and the New Forest West & Central area. These show that economic activity rates are highest amongst those living in private rented housing. Economic activity rates are slightly lower among owner-occupiers, which is attributable to the higher proportion of retired people living in owner occupied dwellings, than in privately rented property.
- 5.25 Within the Central Hampshire market area around 74% of home owners are classed as economically active, compared to 80% of private tenants or those living rent-free. Within the council rented and other social rented sectors, just 61% of people are classed as economically active. Unemployment is low in all tenures (4% in the council rented and other social rented tenure, just 1% among owner occupiers, and 2% among private tenants).

Figure 5.13: Economic Activity In Central Hampshire Market Area by Tenure, Proportion of Working Age Population



Source: Census 2001

Figure 5.14: Central Hampshire Market Area Economic Activity by Tenure – Percentages (Source: Census 2001)

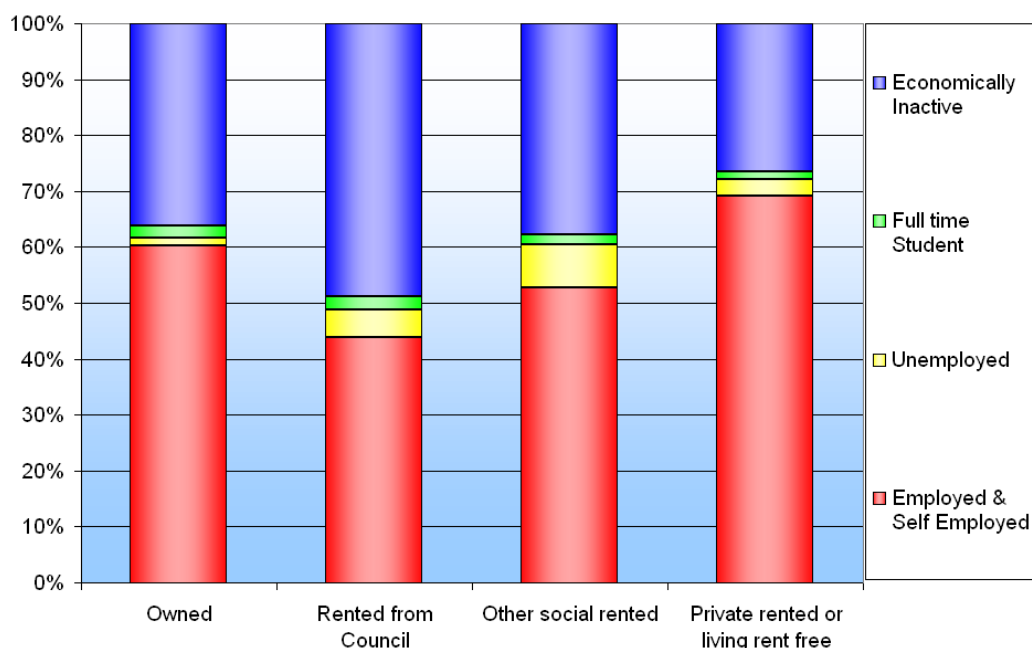
	All People	Owned	Rented from Council	Other social rented	Private rented or living rent free
All Households	271,585	205,534	8,935	26,907	30,153
Employee	60%	61%	50%	50%	64%
Self employed	10%	11%	5%	5%	10%
Unemployed	2%	1%	4%	4%	2%
Full-time student	2%	2%	2%	2%	4%
Retired	12%	13%	16%	13%	5%
Student	3%	2%	3%	3%	5%
Looking after home/family	6%	6%	10%	11%	6%
Permanently sick or disabled	3%	2%	7%	9%	2%
Other	2%	2%	4%	4%	2%

5.23 The New Forest West & Central area has a slightly differing profile of economic activity by tenure. Around 64% of home owners are economically active (compared to 74% in Central Hampshire Market area), a fact, which is attributable to the sizable, retired population in the area (22% across all tenures and 24% within the owner occupied tenure).

5.24 Within the council rented tenure, just 51% of the population are defined as economically active with 18% defined as retired. Around 55% of people living in other social rented

accommodation are defined as economically active of which 6% are unemployed, which is relatively high for the South East (2%).

Figure 5.15: Economic Activity In New Forest West & Central by Tenure, Proportion of Working Age Population



Source: Census 2001

Figure 5.16: New Forest West & Central Economic Activity by Tenure – Percentages (Source: Census 2001)

	All People	Owned	Rented from Council	Other social rented	Private rented or living rent free
All Households	69,485	57,231	4,078	1,384	6,832
Employee	47%	47%	40%	41%	55%
Self employed	13%	14%	5%	6%	14%
Unemployed	2%	1%	4%	6%	3%
Full-time student	2%	2%	2%	2%	2%
Retired	22%	24%	18%	14%	10%
Student	2%	2%	3%	3%	3%
Looking after home/family	7%	6%	13%	14%	7%
Permanently sick or disabled	3%	2%	11%	10%	3%
Other	2%	2%	4%	3%	3%

5.25 Low levels of unemployment are a significant feature across the South East, and in each of the study areas. Figure 5.17 below shows that the absolute level of unemployment almost halved in all the benchmark areas over the period 1991 to 2001. The South East experienced a fall of 47% in the number of unemployed people whilst the Central

Hampshire Market area and the New Forest West & Central area saw their unemployment fall by 49% and 48% respectively over the period.

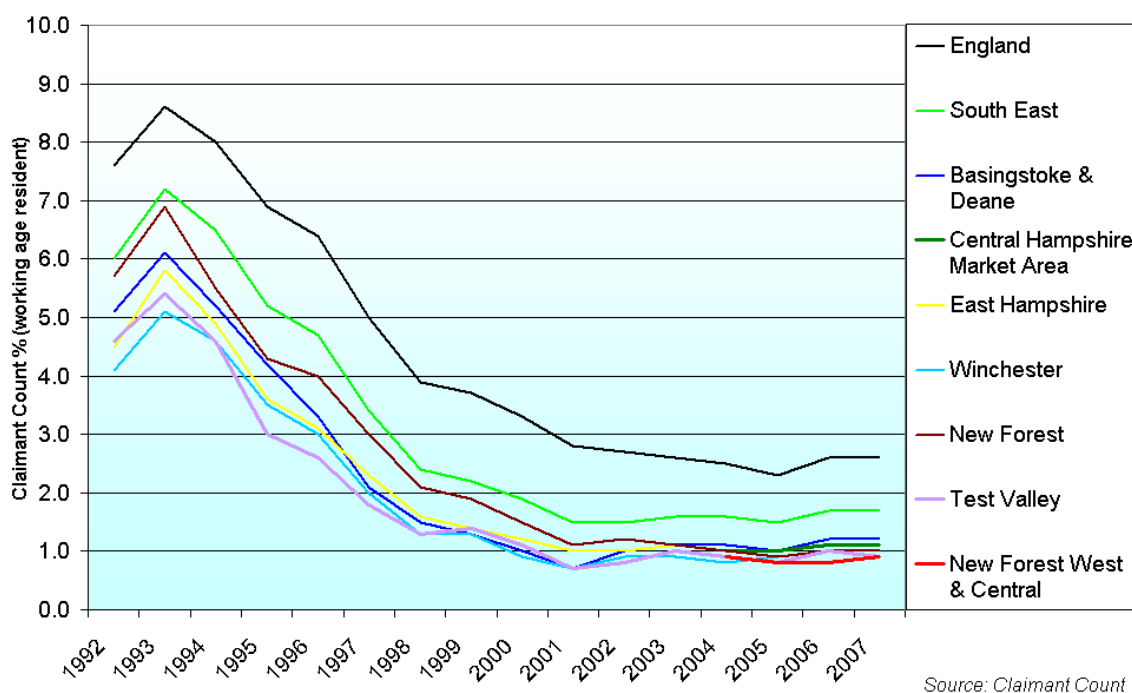
- 5.26 The largest proportionate fall in unemployment between 1991 and 2001 was experienced in Test Valley, which recorded a 55% reduction in unemployment over the period (a reduction of 1,500 unemployed people). Basingstoke & Deane and New Forest also achieved a reduction in unemployment of 50% or more. Other than East Hampshire, which experienced a 43% decline in unemployment, all of the Districts achieved a reduction in unemployment larger than the 44% fall nationally and matched or exceeded the 47% regional fall in unemployment.

Figure 5.17: Unemployment Change Between 1991 and 2001 (Source: Census)

Unemployed (Working Age)	1991	2001	Absolute Change	% Change
England	2,108,100	1,188,900	-919,300	-44%
South East	253,700	133,500	-120,200	-47%
Central Hampshire Market Area	9,900	5,000	-4,900	-49%
New Forest West & Central	2,600	1,300	-1,200	-48%
Basingstoke and Deane	4,400	2,200	-2,200	-50%
East Hampshire	2,500	1,400	-1,100	-43%
Test Valley	2,700	1,200	-1,500	-55%
Winchester	2,400	1,300	-1,100	-47%
New Forest	4,700	2,300	-2,400	-51%

- 5.27 An alternative measure of unemployment is the number of people claiming unemployment benefit (claimant count unemployment). However, due to restrictions in the length of time a person can remain on unemployment benefit, this figure is likely to understate the true level of unemployment, by omitting those who are long term unemployed. Figure 5.18 shows that the number of claimants as a proportion of the working-age population has declined significantly in all areas since 1992.
- 5.28 The claimant count rate of unemployment within the Central Hampshire and New Forest West & Central market (and the study districts) have followed the regional and national trend very closely, but have also remained below the England and South East claimant rates over the past fifteen years. Within the districts the rate has fallen from its 1993 peak (of between 5.1% to 6.1%), to around 1% in 2007. The low claimant count once again highlights the growing absorption of unemployed labour resources into the Central Hampshire and New Forest West & Central market economies (as well as the whole districts under observation within this study).
- 5.29 The decline in unemployment presents a challenge in terms of accommodating future employment growth. There is little scope to increase labour supply by reducing unemployment, and economic activity rates are already high. Some job growth may be accommodated by growth in double jobbing where people do more than one part time job or drawing more retired people into the labour market. However the implications of future job growth for labour demand and how this is to be met need to be considered, in terms of the implications for commuting patterns or for housing policy. Job growth is likely to stimulate demand for housing in the area, with implications for the overall balance of demand and supply.

Figure 5.18: Claimant Rate, 1992-2007⁵



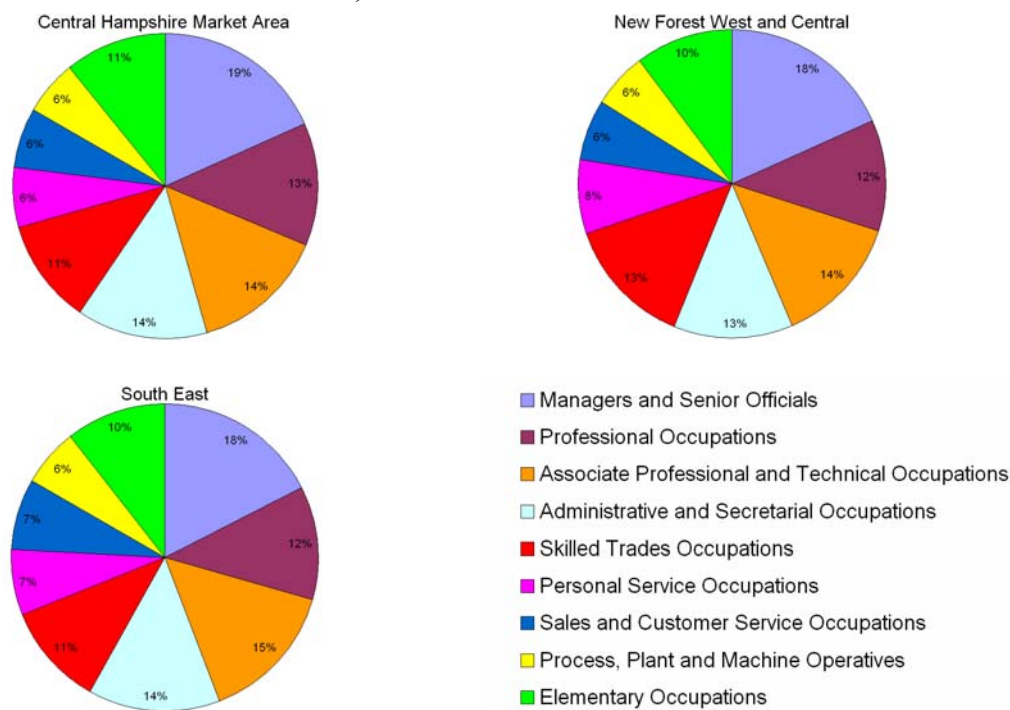
Occupational Structure

5.30

Figure 5.19 sets out the occupational profile of those who live in the Central Hampshire Market Area and the New Forest West & Central Area compared to the South East benchmark. The two sub-regions share similar occupational profiles to the South East, with large proportions of the workforces in each area employed as Managers & Senior Officials (18% to 19%) and in, Professional, Associate Professional and Technical Occupations (12% to 14%). In each area there is also a significant proportion of people working within the associated Administrative and Secretarial occupations (13% to 14%), which traditionally support the higher-level occupational jobs.

⁵ Claimant Count ward data unavailable between 1992 and 2003.

Figure 5.19: Occupational Employment Structure of the Central Hampshire Market Area, the New Forest West & Central Area, and the South East



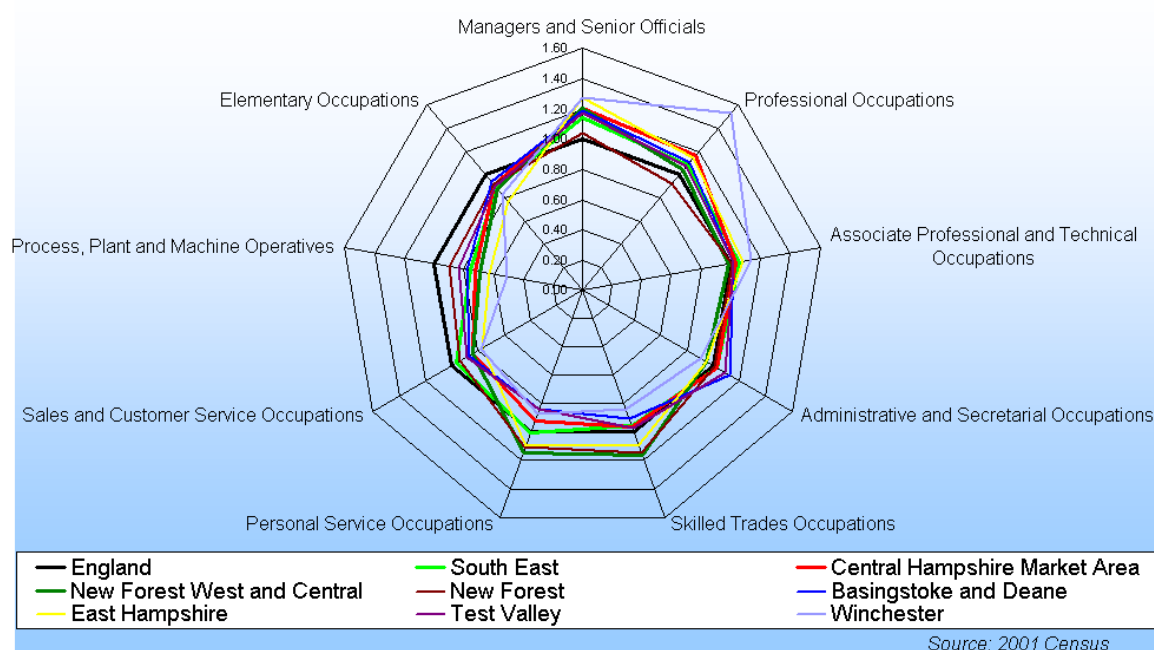
Source: Census 2001

- 5.31 Overall, almost half of the people living in the Central Hampshire Market Area and the New Forest West & Central Area are employed in the three highest income occupational groups (46% in the Central Hampshire Market Area, and 44% in New Forest West & Central). In contrast, there is a low representation of typically lower income activities such as Process, Plant & Machine Operatives.
- 5.32 Occupational structure data can be usefully presented as a location quotient (Figure 5.22). Location quotients identify the relative concentration of each occupation type compared with the average for England as a whole for each area. A score greater than one indicates an over-representation of a particular occupation group relative to the representation of that group in England as a whole, and a score less than one represents a relative under-representation of employment in that occupational group.
- 5.33 The location quotient analysis suggests the resident workforce of the Central Hampshire and the New Forest West & Central market areas are more likely to be employed in higher value added occupations when compared to the national average; this is particularly the case within the Winchester District but holds true across all of the districts that make up the market areas.
- 5.34 The study areas and each of the districts under observation (particularly Winchester) have a significantly higher concentration of Managers and Senior Officials and Professional Occupations as well as Associate Professional and Technical Occupations compared to England. These occupations are generally the better paid occupations. Conversely the economies of the study areas and districts have a relatively low proportion of people

employed in traditionally lower paid occupations such as Process, Plant and Machine operatives, and Elementary Occupations.

- 5.35 Additionally, the New Forest West & Central area, New Forest District as a whole, and East Hampshire, also have an over-representation of people employed in Personal Service and Skilled Trade occupations. Overall however, the data reflects a situation of high dependency on service sector activity within the economies of the study areas and districts under observation.

Figure 5.20: Occupational Structure Location Quotients 2001



Productivity and Output

- 5.36 Gross Value Added⁶ is a key measure of the output generated within an area. Assessing GVA per head of resident population as well as the workforce is a useful benchmark for measuring the economic health and wealth of an area.
- 5.37 Figure 5.21 shows that in 2005, GVA per worker was lower than the regional and national average across all of the study districts, which indicates that workers within the area are slightly less productive than the average across the region. East Hampshire had the lowest GVA per worker at £32,200, followed by New Forest at £32,900. This is likely to be due to the comparatively lower wages and value of the output of those *working* (as opposed to *living*) in each of these districts. In contrast, GVA within the South East is relatively high and it is likely that the national average is positively skewed by high GVA in London.

⁶ Gross value added is the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs, which are used up in production.

- 5.38 The picture is slightly different when looking at GVA per resident. All districts other than New Forest and East Hampshire have higher GVA per resident than the UK average (£16,800), whilst Winchester (£21,300) and Basingstoke & Deane (£18,300) exceed the average for the South East (£17,600). This will reflect the high levels of economic activity in the area – the great majority of the working age are contributing the generation of economic wealth.
- 5.39 The fact that New Forest perform less well on this criteria probably owes much to the size of the population of retired people. East Hampshire also has a somewhat more elderly population and a larger proportion of children of less than 14 years.

Figure 5.21: GVA per Worker and per Resident, 2005 (Whole Districts)

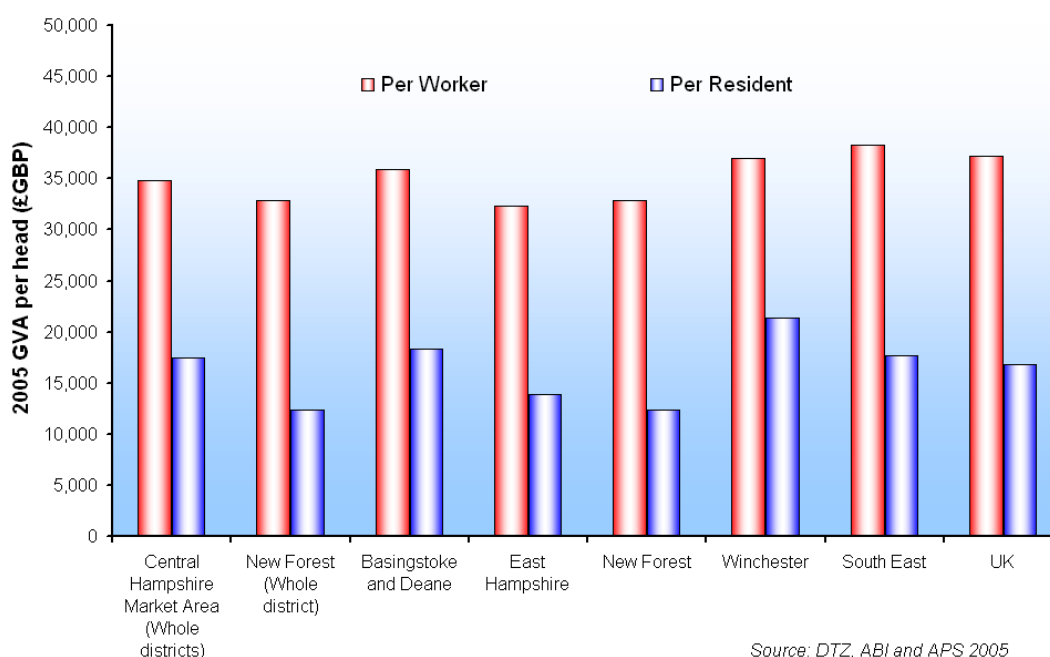


Figure 5.22 –GVA per Worker and per Resident, 2004 (Whole Districts)

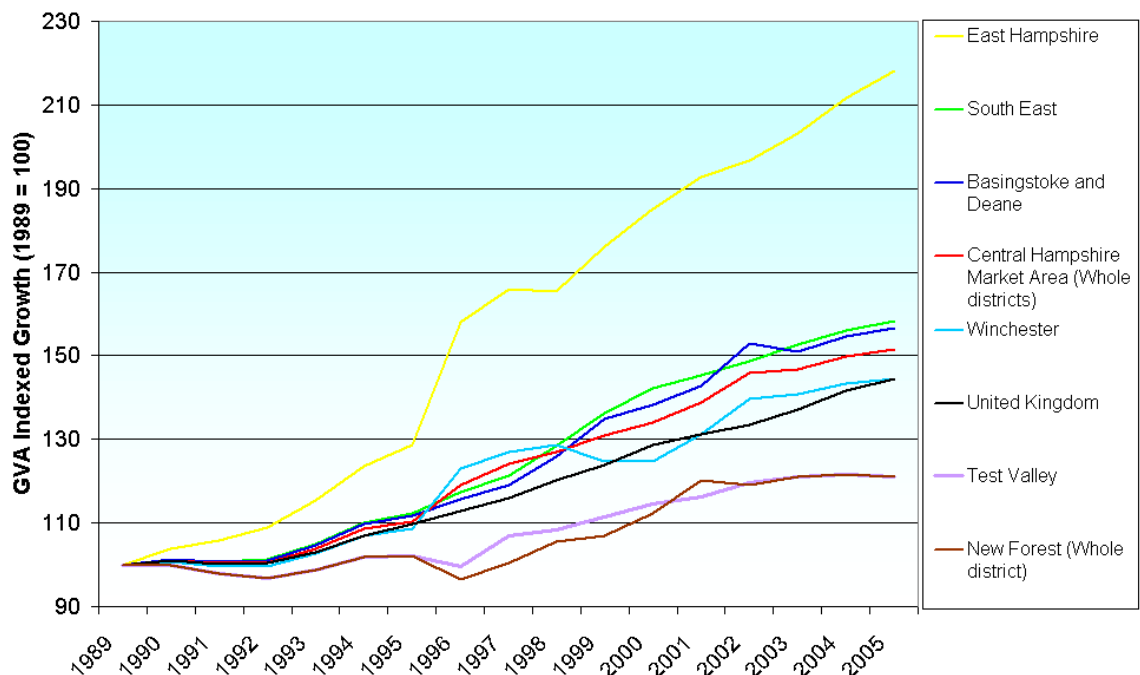
	Per Worker	Per Resident
Central Hampshire Market Area (Whole districts)	£34,800	£17,400
New Forest (Whole district)	£32,900	£12,300
Basingstoke and Deane	£35,900	£18,300
East Hampshire	£32,300	£13,900
Winchester	£37,000	£21,300
South East	£38,200	£17,600
UK⁷	£37,200	£16,800

Source: DTZ Locus – Note: Section 7 provides more up to date household income (as oppose to individual earnings) data using CACI modelled income data (2007)

⁷ Figure has been calculated using a combination of GB and UK data.

- 5.40 Figure 5.23 shows that the total GVA in the Central Hampshire Market area and Basingstoke & Deane grew broadly in line with regional growth. Whilst Winchester grew at a slightly slower rate, but in line with the UK growth, Test Valley and New Forest experienced significantly slower GVA growth than experienced nationally or regionally. Conversely, East Hampshire's GVA more than doubled since 1989, far outstripping GVA growth recorded in all of the other study areas. Again, this may be explained by the small size of East Hampshire's economy in 1995 compared to the other authority areas, allowing it to achieve more impressive growth rates. However, as with employment growth, significant GVA growth was recorded between 1995-1996. Growth in previous years and following 1996 was significant though more in line with the other authorities.

Figure 5.23: Indexed Growth in GVA, 1989 – 2005 (Whole Districts)



Source: DTZ

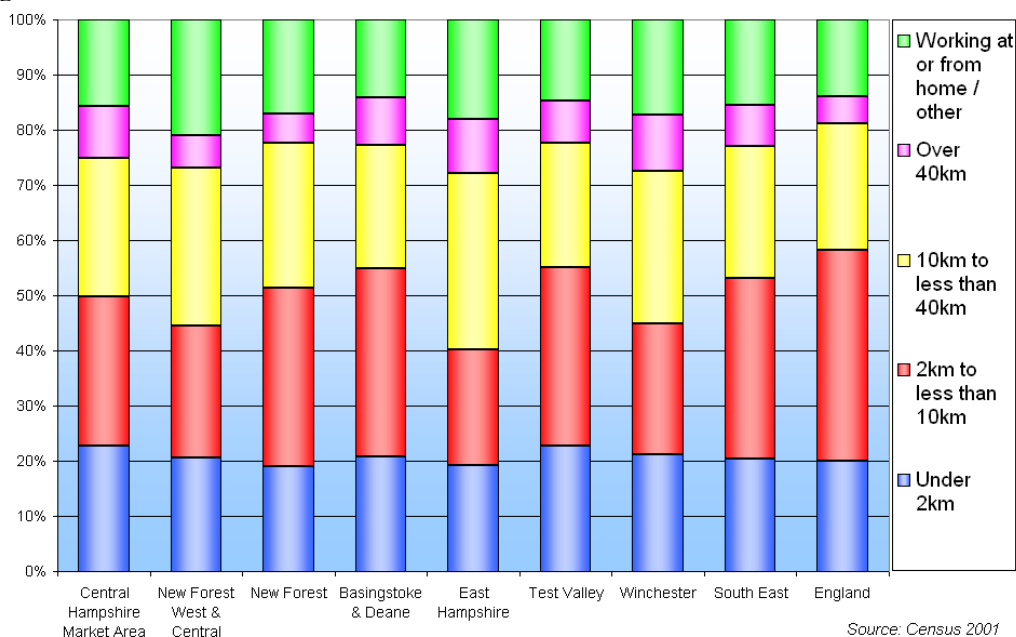
Commuting Distances

- 5.41 Both the Central Hampshire market area and New Forest West & Central (both 34%) have a higher proportion of people that commute over 10km to work than regionally (31%) and nationally (28%). This indicates that more people seek employment further away from where they live. Good road and rail links to and from Southampton through Central Hampshire to the Blackwater Valley and London, and through East Hampshire to Portsmouth, Surrey and London are all likely to encourage longer distance commuting.
- 5.42 However, in 2001 11% of all those in work, worked at home or from home in the Central Hampshire Market Area which is slightly higher than the regional (10%) and national (9%) averages. Within the New Forest West & Central Area 14% of those in work from home in 2001. With growth in service sector employment and significant advances in Information and Communications Technology since 2001, the numbers of full or part time home workers may have increased significantly. Such trends have implications for the housing market in terms of demand for working space at home, and by allowing people to live

progressively further from their place of work, though they do not necessarily remove the need or desire for face to face interaction.

- 5.43 The growth in home working will also affect the size and layout of properties in the future, the need to travel and the geographic distribution of economic wealth. These issues are examined further in Section 9 of this report.⁸

Figure 5.24: Commuter Distances of Residents within the Benchmark Areas 2001



Individual Income

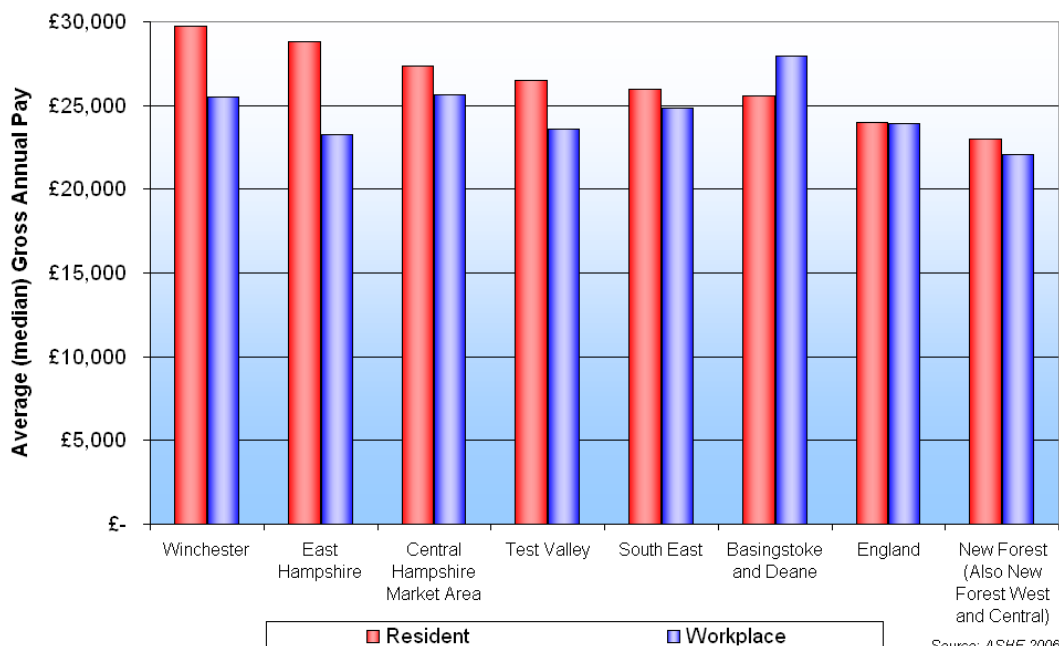
- 5.44 Figures 5.25 and 5.26 present two different measures of individual income: gross weekly pay by workplace and gross weekly pay by residence.⁹ Workplace pay shows the average pay of those working in an area (who may not live in the area), whilst resident pay shows the average pay of people who actually live in the area (but who may not work there). The assessment of income differs from that of GVA because income, and particularly household income, is one of the fundamental determinants of the ability of households to access home ownership or the private rented sector.
- 5.45 In all of the study and benchmark areas other than Basingstoke & Deane, resident earnings are higher than workplace earnings. This pattern suggests that in each of the study areas a significant proportion of people that live within the area choose to work elsewhere in order to obtain higher wages. It can be seen in Figure 5.25 that Winchester and East Hampshire have the largest disparity between resident and workplace pay levels, indicating that there are a large proportion of residents within these districts that commute elsewhere to achieve higher earnings. It is highly likely that these people live within the study area but commute to London or other major urban centres in order to earn higher wages.

⁸ More information on recent patterns of home working across Hampshire can be found at: <http://www3.hants.gov.uk/matisse/matisse-why-smarter-working.htm>.

⁹ Average Wages for the study areas have been weighted using the proportion of total jobs (ABI 2004) that make up the area.

- 5.46 However, the opposite scenario exists within Basingstoke & Deane where workplace earnings exceed resident earnings, implying that a proportion of people commute into the district in order to obtain higher wages. It is quite probable that those that a high proportion of commuters into Basingstoke from outside the District occupy well paid jobs, and chose to live in other parts of the South East.
- 5.47 Overall, with residents earning average salaries of £26,000 and workers earning £24,860¹⁰, the South East achieves higher wages than found nationally (residents and workers earning £23,980 and £23,950 respectively). Winchester exhibits the highest annual pay levels with residents earning average salaries of £29,750 and workers earning average salaries of £25,510. At £27,350 for residents and £25,670 for workers, the Central Hampshire Market Area also has high wage levels when compared to the region. However, New Forest achieves wage levels lower than the England and South East averages at £23,010 for residents and £22,050 for workers.

Figure 5.25: Gross Annual Pay (median) by Workplace and Residence, £s, 2006
(Source: Annual Survey of Hours and Earnings 2006 – Individual Incomes)



¹⁰ Figures 5.25 and 5.26 show the median wage for all workers and residents in employment in each of the benchmark areas (it does not show household income). Where incomes are low this will be due to lower local wages and will not be the result of averaging across areas with higher rates of economic inactivity.

Figure 5.26: Gross Annual Pay, 2006 (Whole Districts) Source: ASHE 2006

	Resident	Workplace
England	£23,980	£23,950
South East	£26,000	£24,860
Central Hampshire (Local Authorities)	£27,350	£25,670
New Forest (Also New Forest West and Central)	£23,010	£22,050
Basingstoke and Deane	£25,580	£27,970
East Hampshire	£28,830	£23,250 ¹¹
Test Valley	£26,480	£23,570
Winchester	£29,750	£25,510

Index of Multiple Deprivation

- 5.48 The socio-economic characteristics of the sub-regions manifest themselves in the levels of deprivation experienced across the Local Authorities that comprise study areas. Figure 5.27 presents 2004 IMD Rankings across the study areas at a Local Authority area, whereas Figure 5.28 presents 2004 IMD Rankings at an Output Area level - the lowest area level for spatial analysis.

Figure 5.27: Index of Multiple Deprivation Rankings 2004

Local Authority (LA) Area	IMD Rank of Average Score (1 being most deprived, 354 being least deprived)
Central Hampshire Market Area LAs	
<i>Basingstoke and Deane</i>	313
<i>East Hampshire</i>	328
<i>Test Valley</i>	317
<i>Winchester</i>	338
New Forest West & Central LAs	
<i>New Forest</i>	286

Source: IMD 2004, ODPM

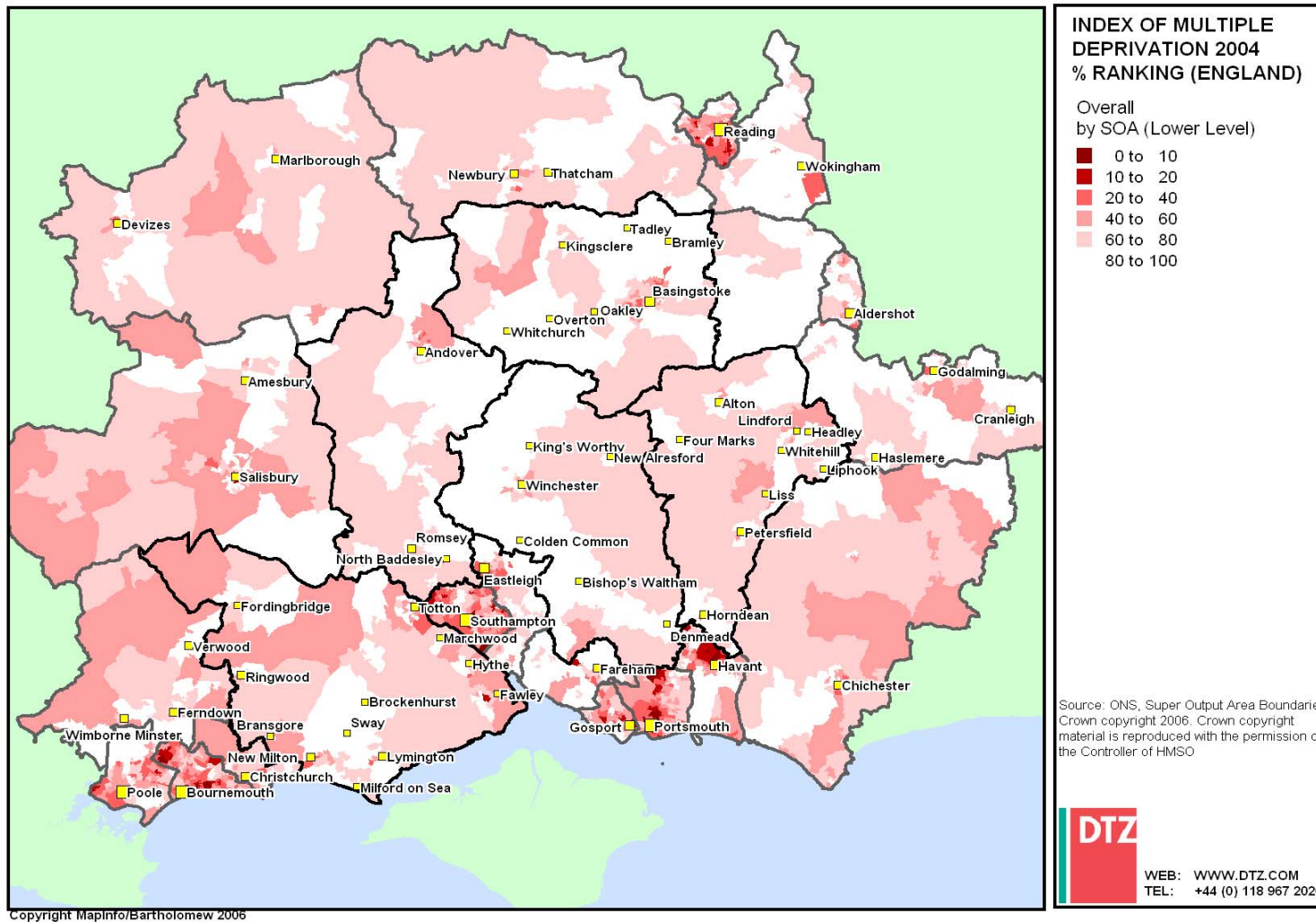
- 5.49 The average IMD scores for each of the local authorities shown in Figure 5.27 reveal that all of the authorities that make up the Central Hampshire market area and New Forest fall within the 20% least deprived local authorities in the country.
- 5.50 Observing deprivation at a lower geographical level, the majority of the output areas across both the Central Hampshire market area and New Forest fall into the 60% least deprived areas in the country (Figure 5.28). Despite small areas of higher deprivation in Basingstoke, as well as Fawley & Hythe in New Forest, none of the output areas fall within the top twenty percent of deprived output areas in the country and so there is limited deprivation according to this measure in either of the market areas.
- 5.51 Caution must also be taken when observing the IMD in rural areas. The IMD is measured across seven different themes including income and employment. However, the IMD is partly ranked by access to services - meaning that some rural areas, despite being generally

¹¹ Data Not Available: Estimate based on Central Hampshire Market Area average rise from 2005 to 2006.



affluent, are identified as being disadvantaged because of the absence of local services. This is an issue for low income groups, the young and those that are elderly and infirm in particular.

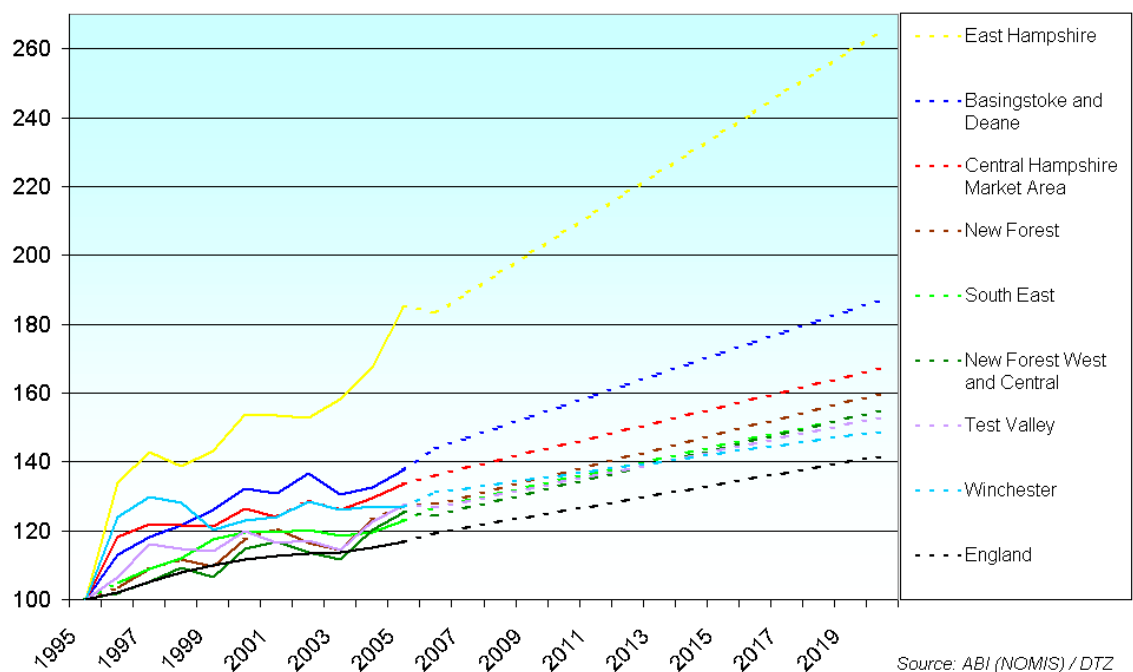
Figure 5.28: Index of Multiple Deprivation Rankings 2004



Employment and GVA Projections

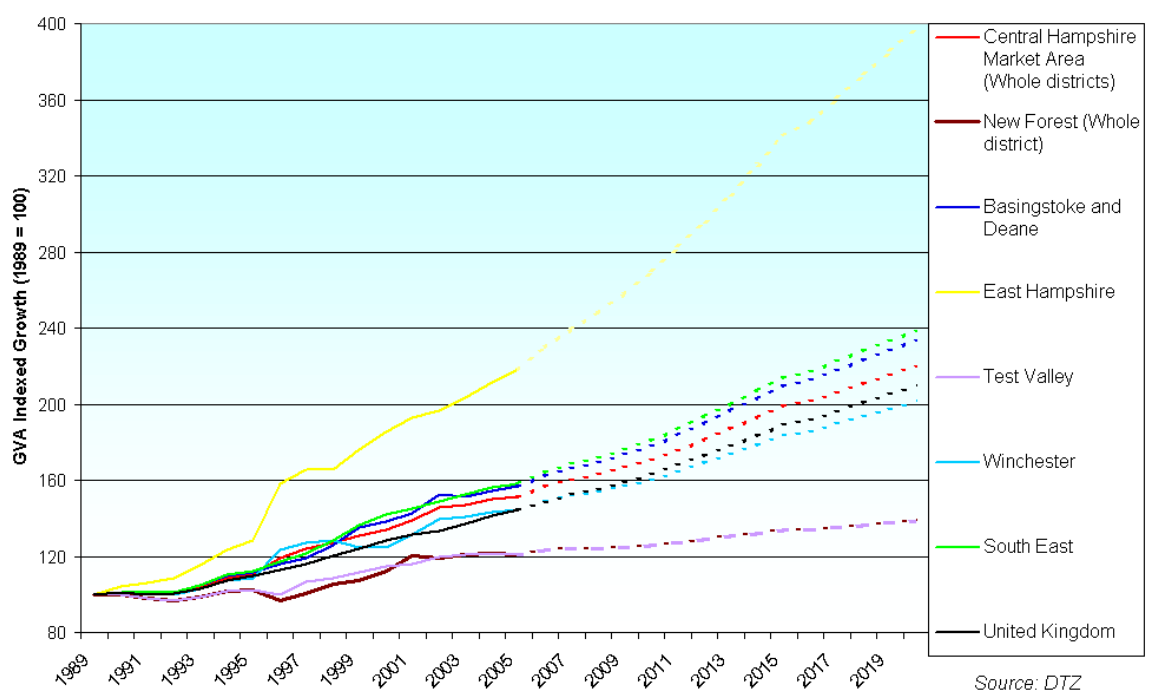
- 5.52 It is important to have an understanding of the likely path of economic growth, as it will impact upon the future demand for housing in an area. As economic growth is associated with both employment growth and greater productivity, substantial projected economic growth indicates there may be a requirement for provision of additional housing. However, a lack of housing provision could constrain the potential growth of an area.
- 5.53 Using historic trend-based projections, Figure 5.29 shows DTZ's trend based projection for employment using ABI data (which measures the number of jobs located within a given area). When considering these projections, a picture emerges of what the position might be given unconstrained economic growth. However, it is important to bear in mind that these projections merely represent the likely outcome if past trends were to be maintained, and should be interpreted as a tool to show general trends rather than precise outcomes.
- 5.54 Figure 5.29 indicates that, based on trends over the last 10 years, unconstrained employment growth would result in continued major growth within East Hampshire and Basingstoke and Deane. Employment growth within the Central Hampshire Market area and the New Forest West & Central area would each exceed regional growth. All of the study areas show growth trends above those forecast for England, should historical trends continue.
- 5.55 If past trends continue, the projections show that employment will grow by around 25% in the Central Hampshire Market area over the period 2005 to 2020, equating to an additional 51,100 employees within the area (though in practice we do not suggest projecting forward by more than 5 years). During the same period there would be a growth of 24% in the New Forest West & Central area, resulting in the creation of 10,000 additional jobs.

Figure 5.29: Historical Trend Based Employment Projection, 2005 to 2020



- 5.56 Using the same basic approach to extrapolate GVA (as that used for extrapolating employment above) across the study areas suggests that there would be substantial continued growth in East Hampshire – although DTZ do not consider this likely give the tendency for growth rates to slow as the size of the economy grows (it is easier for smaller economies to achieve higher growth rates than larger ones) and given our cautions about the data. Trends in home working, which are likely to favour attractive rural areas such as those within East Hampshire, may contribute further to growth in the future rather than growth from more traditional types of employment.
- 5.57 The Central Hampshire market area and Basingstoke & Deane would continue to grow at a similar rate to the region, and Winchester would continue to grow closely to the national average. Should past trends continue Test Valley and New Forest would grow at a significantly lower rate than experienced nationally. It is also worth noting that although Figure 5.30 extrapolates trends forward to 2020, DTZ generally do not consider it sensible to make projections or forecasts further than 5 years forward since it becomes increasingly tenuous to predict what the future might hold based on the relationships and trends of the past. This point underlines the importance of reviewing projections and forecasts – the new planning framework has also been designed with this need for flexibility in mind.

Figure 5.30: GVA Projection to 2020¹²



¹² It is not possible to provide GVA projections at a sub-district level (i.e. for the New Forest West and Central area), as there is no proxy variable upon which to base this apportionment upon and GVA data is only available at a district level.

6 CHARACTERISTICS AND STRUCTURE OF HOUSING SUPPLY

6.01 This section examines the characteristics and structure of housing supply in the market areas. It provides an assessment of the range, quality and spatial distribution of housing that is currently available within the existing stock. As in previous sections, the market areas of Central Hampshire, New Forest West & Central and the authority areas of New Forest, Basingstoke & Deane, East Hampshire, Test Valley and Winchester are compared where possible to the benchmark areas of the South East and England.

Key Points

- Central Hampshire has a housing stock characterised by a relatively high proportion of detached housing (36%) and a relatively low proportion of flats, maisonette and apartments (13%)
- Owner occupation in Central Hampshire stands at 73%, slightly higher than the national average of 69%, but just below the level for the South East of 74%. New Forest has an even greater proportion at 81%. In Central Hampshire 16% of homes are socially rented. This compares to 9% in New Forest and 19% nationally
- Growth in total housing stock from 1991-2001 in Central Hampshire (11.6% or an average of 1.1% per annum) has been greater than across the South East (9.4%) or England (7.8%), but slightly less than some individual benchmark areas (e.g. Winchester with 14.2% growth). The stock in Central Hampshire is likely to have continued to grow by just over 1% per annum based on the known level of completions in the authorities.
- Both the largest absolute and proportional increases by housing type in Central Hampshire have been through the development of semi-detached properties between 1991-2001 although since 2001 there have been growing proportions of flats and smaller properties completed.
- In terms of council tax banding, the study areas have profiles similar to that of the South East – i.e. with greater proportions of stock in the higher price bands than the national average
- Central Hampshire and New Forest have lower proportions of 1-2 bed houses and higher proportions of dwellings with 4 bedrooms or more than England or the South East
- Both New Forest and Central Hampshire have smaller vacancy rates than the wider benchmarks. However, the level of vacant second homes in New Forest is nearly four times the national average
- All the authority areas show low levels of overcrowding and high levels of under-occupancy, indicating that a high proportion of households are able to buy or occupy larger dwellings than their household size would indicatively need
- In terms of new housing provision, between 2006 and 2016 Basingstoke and Deane is expected to experience the most significant growth compared with each of the other districts in Central Hampshire. Delivering this growth will be assisted by Basingstoke's recently awarded 'Growth Point' status

Current Housing Stock

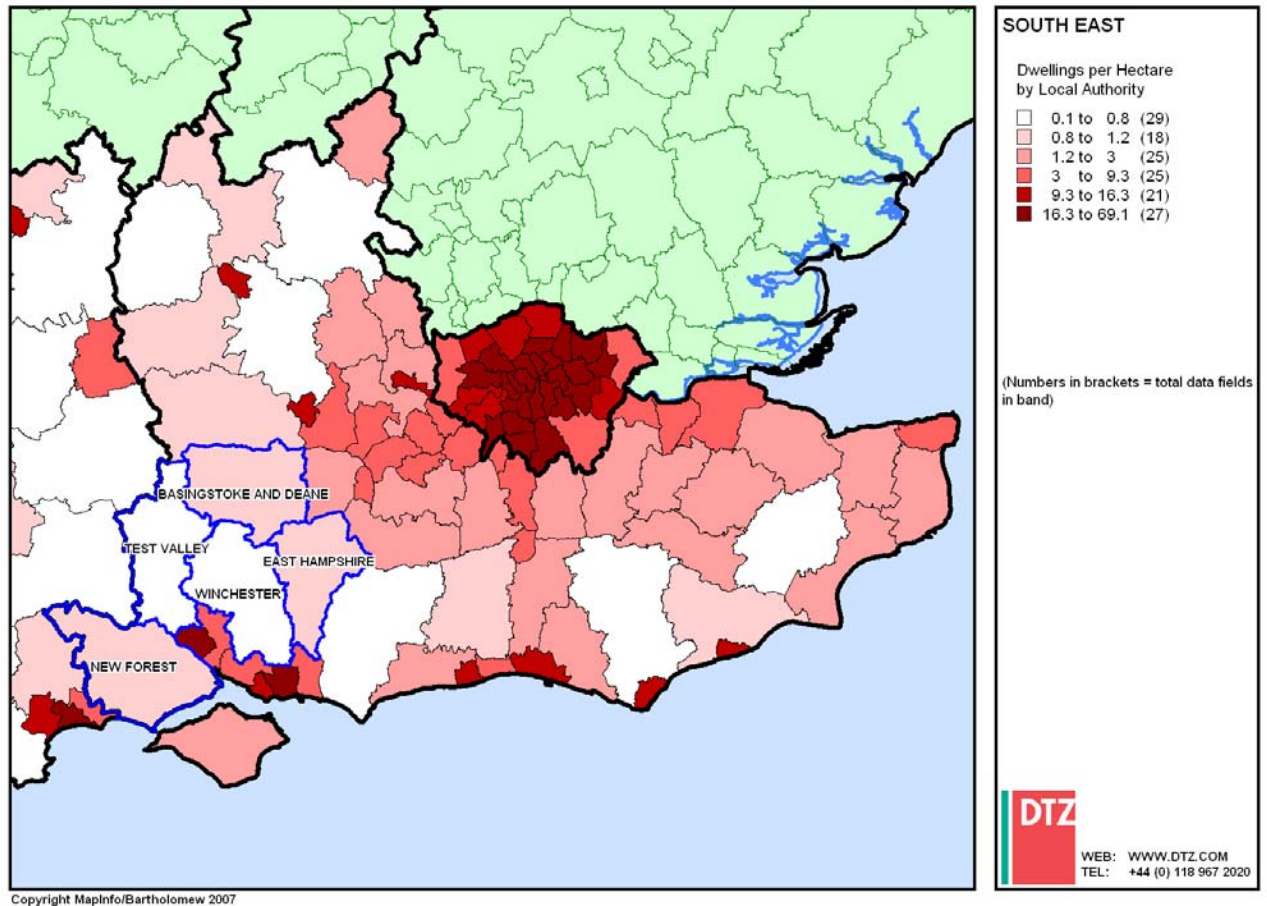
- 6.02 The total numbers of dwellings in each housing market area according to the 2001 Census are shown in Figure 6.1.

Figure 6.1 Dwelling Numbers (Source: 2001 Census)

Area	Total Dwellings
Central Hampshire Market Area	160,300
New Forest West & Central	48,100
New Forest	74,700
Basingstoke & Deane	62,800
East Hampshire	44,900
Test Valley	45,200
Winchester	44,300
South East	3,391,800
England	21,206,800

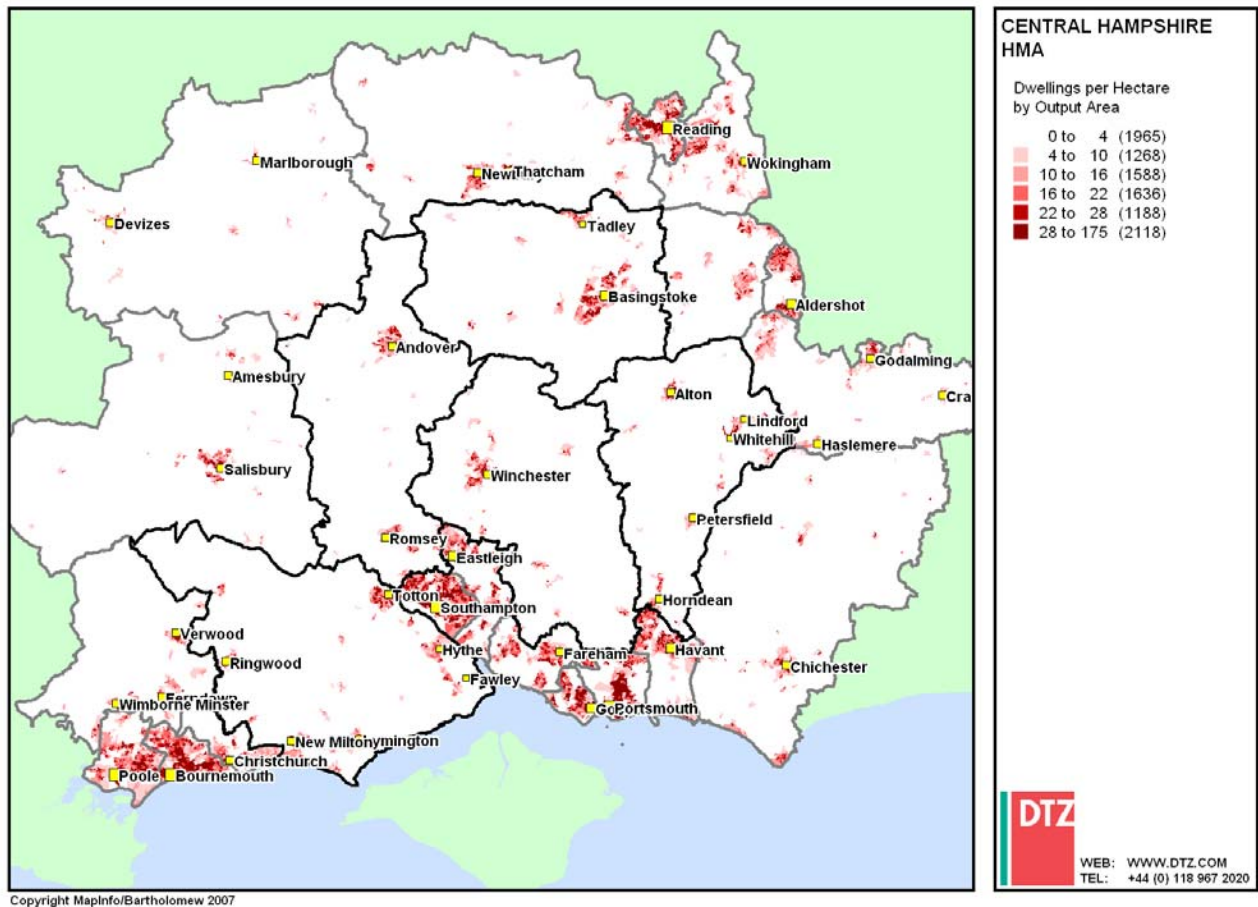
- 6.03 Figure 6.2 shows the spatial distribution of housing per hectare (dwelling density) by local authority. New Forest, Basingstoke and Deane and East Hampshire authority areas are more densely developed than Test Valley and Winchester. However, authorities in the PUSH area as well as other, more urban, local authority areas – such as Brighton and Hove, Reading and Oxford – are much more densely developed.

Figure 6.2: Spatial Distribution of Housing: Number of Dwellings per Hectare by Local Authority, South East (Source: 2001 Census)



6.04 Figure 6.3 shows the spatial distribution of dwellings (dwelling density) by output area. The map identifies urban areas such as Tadley, Alton, Basingstoke, Winchester and Andover, as well as the smaller settlements in the study area. The study area is generally less densely developed than the PUSH area to the south, the Poole- Bournemouth area, the Blackwater Valley or the Reading area.

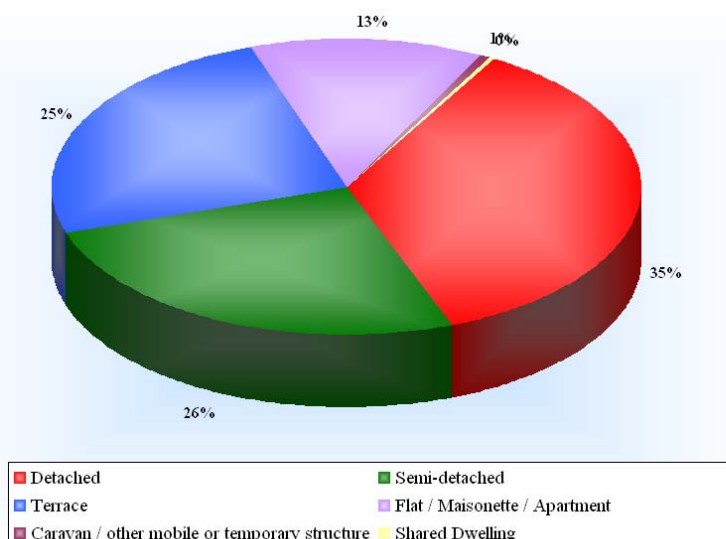
Figure 6.3: Spatial Distribution of Housing: Number of Dwellings per Hectare by Output Area (Source: 2001 Census)



Housing Stock by Type

- 6.05 The composition of the stock of housing in the study and benchmark areas is shown in Figures 6.4 and 6.5. All the local areas have higher proportions of detached housing than the wider benchmarks of the South East or London. Indeed, both New Forest West & Central Market Area (53%) and New Forest District (48%) have twice the national average (23%) of detached dwellings.
- 6.06 Much less of a difference between the local areas and wider benchmarks is seen in terms of semi-detached housing, although all the areas have slightly lower proportions than the wider averages. However, as with detached housing, large differences are seen with the proportions of terraced premises, this time with the English average being double the relative amount in New Forest West and Central and the Central Hampshire Market Area. Proportions of flats, maisonettes and apartments are also lower in all local areas than in the South East or England.

Figure 6.4 Housing Stock by Type – Central Hampshire Market Area¹



Source: Census, 2001

¹ Pie charts for individual areas have not been included (as this would entail production of 9 separate charts). However, data for all areas are included in the tables. The same point applies to Figure 6.6.

Figure 6.5: Housing Stock by Type 2001

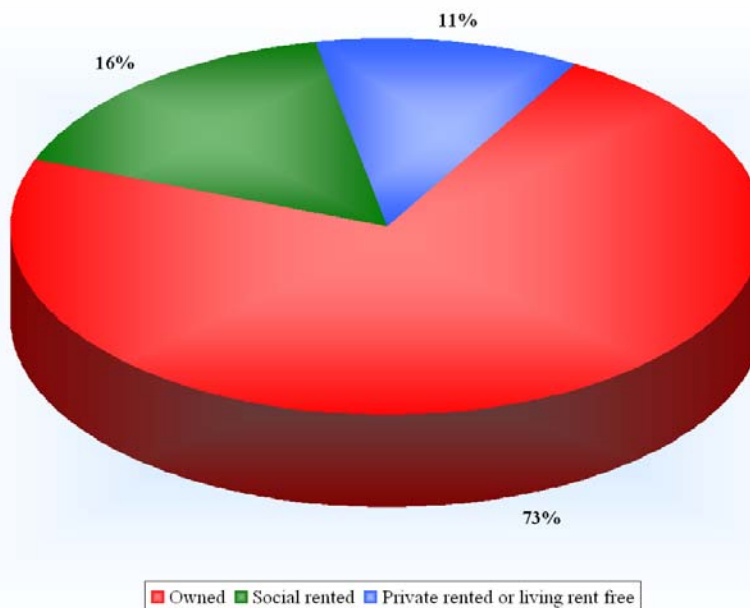
	Detached	Semi-detached	Terraced	Flat/maisonette / apartment	Caravan/other mobile/temporary structure	Shared Dwelling
Central Hampshire Market Area	36%	26%	25%	13%	1%	0%
New Forest West & Central	53%	21%	12%	12%	2%	0%
New Forest	48%	23%	15%	11%	2%	0%
Basingstoke & Deane	33%	25%	30%	11%	0%	0%
East Hampshire	44%	25%	17%	13%	1%	0%
Test Valley	40%	26%	23%	11%	1%	0%
Winchester	39%	26%	20%	13%	1%	0%
South East	29%	29%	23%	18%	1%	0%
England	23%	32%	26%	19%	0%	0%

Source: Census 2001

Housing Stock by Tenure

- 6.07 Figures 6.6 and 6.7 analyse the pattern of housing tenures. All study areas have higher levels of owner occupation than the national average of 69%. All areas, with the exception of Winchester and the Central Hampshire Market Area, have levels similar to or higher than the South East, reflecting the affluence of the region in relation to the country as a whole. As with the proportion of detached housing, New Forest District and New Forest West and Central Area have the highest levels of owner occupation.
- 6.08 All study areas have lower proportions of social rented property than England (19%), though the Central Hampshire Market Area (16%), Basingstoke and Deane (18%) and Winchester (16%) have proportions larger than the South East (14%). The New Forest West and Central Market Area and New Forest local authority have particularly low levels of social rented premises compared to the other areas, with proportions of 9% and 10% respectively. Levels of private rented accommodation are broadly consistent across all the study areas and benchmarks although Winchester has a higher proportion than the other authority areas as well as the South East and England as a whole.

Figure 6.6 Housing Stock by Tenure – Central Hampshire Market Area



Source: Census, 2001

Figure 6.7: Housing Stock by Tenure 2001

	Owned	Social Rented	Private Rented/Rent Free
Central Hampshire Market Area	73%	16%	11%
New Forest West & Central	81%	9%	10%
New Forest	81%	10%	9%
Basingstoke & Deane	74%	18%	9%
East Hampshire	78%	11%	11%
Test Valley	75%	14%	11%
Winchester	71%	16%	13%
South East	74%	14%	12%
England	69%	19%	12%

Source: Census 2001

Growth in Stock

- 6.09 The total change in housing stock is shown in Figure 6.8. This indicates that the housing stock of all areas has increased substantially between 1991 and 2001 and completions since 2001 suggest it is likely to have continued to grow at the same rate, if not slightly faster in Basingstoke and Deane, which has seen higher completion rates in recent years. All study areas have experienced percentage increases greater than the national average and only New Forest District is below the average figure for the South East. Within the study areas, Winchester and the Test Valley have experienced the greatest increases, with the former witnessing a growth of over 14%. The Central Hampshire Market Area and New Forest West and Central have both experienced growth of just over 11%, although this still represents growth of around 1% per annum which is higher than experienced in the South East and England as a whole.

Figure 6.8 Total Change in Housing Stock

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	143,600	160,300	16,700	11.6
New Forest West & Central	43,200	48,100	4,900	11.3
New Forest	68,900	74,700	5,800	8.4
Basingstoke & Deane	56,100	62,800	6,700	11.9
East Hampshire	40,500	44,900	4,400	10.9
Test Valley	39,800	45,200	5,400	13.6
Winchester	38,800	44,300	5,500	14.2
South East	3,099,400	3,391,800	292,400	9.4
England	19,671,000	21,206,800	1,535,800	7.8

Source: Census 1991 & 2001

- 6.10 Figures 6.9 to 6.12 show the pattern of growth broken down by housing type. The biggest source of growth in absolute terms in the Central Hampshire market area has come from semi-detached houses, with an increase of 6,000 units, despite semi-detached houses not being the largest stock type. Detached houses show the next largest absolute increase with 5,800 units, followed by flats, maisonettes and apartments with an increase of 1,700 units.

The number of terraced houses has fallen by 1,900 – perhaps as a result of conversion to flats. Since 2001 there have been increased numbers of flats and smaller dwellings completed in all of the authority areas, which is likely to have changed the profile of the stock to some extent. However, new completions only add around 1% to the stock each year so the profile of the stock is unlikely to have been changed radically, although change may have been focused in some areas or neighbourhoods. It is also relevant to note that the stock itself changes over time as households extend and convert their dwellings. Research by Cambridge University for SEERA (2006) on the housing stock in the region estimated that the stock of homes in the South East was increasing in size despite new additions to the stock because of the extent of extensions and conversions. This research demonstrated that more 4 bedroom properties were added to the stock each year through extension of smaller properties than were completed by house builders each year.

- 6.11 The pattern between housing types seen in these absolute increases is also mirrored in the relative (percentage) changes. Semi-detached houses have seen a significantly larger proportional increase (17.4%) than detached houses (11.5%). This appears to be supported by completions data over this period, which shows that higher proportions of larger (3 and 4 bedroom properties) were completed, in contrast to the relatively high proportions of 1 and 2 bedroom homes completed since 2001. Research by DTZ for SEERA and SEEDA examined and explained the changes in the type and size of completions over time. A number of factors explain the changes in the type and size of completions including the housing market cycle, affordability, development economics on brownfield sites and the emergence of the Buy to Let sector².
- 6.12 Between 1991 and 2001 a similar overall pattern can be seen in New Forest West and Central, with semi-detached houses again contributing most to the increase in housing stock. Semi-detached houses increased by 1,300, compared to 1,000 for detached. Both the number of flats, maisonettes & apartments and terraced houses fell over the period (by 300 and 400 units, respectively). As the stock of detached houses is nearly four times larger than that of semi-detached dwellings, the increase in the stock of semi-detached houses represents a much greater proportional increase (15.7%) than for detached houses (at only 4.3%). As with the Central Hampshire Market Area, there has been a decline in the proportion of terraced houses (-6.9%), but also a decline in the proportion of flats (-5.1%).

Figure 6.9 Growth in Detached Houses 1991 – 2001

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	50,500	56,300	5,800	11.5
New Forest West & Central	23,300	24,300	1,000	4.3
New Forest	33,200	34,600	1,400	4.2
Basingstoke & Deane	17,700	20,400	2,700	15.3
East Hampshire	17,600	19,200	1,600	9.1
Test Valley	15,000	17,600	2,600	17.3
Winchester	15,100	16,900	1,800	11.9
South East	877,900	968,100	90,200	10.3
England	3,976,800	4,648,500	671,700	16.9

Source: Census 1991 & 2001

² Further discussion in Section 9 and see DTZ (2007) Housing Type and Size in the South East, published on the South East Regional Assembly's website

Figure 6.10 Growth in Semi-Detached Houses 1991 – 2001

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	34,400	40,400	6,000	17.4
New Forest West & Central	8,300	9,600	1,300	15.7
New Forest	15,200	16,900	1,700	11.2
Basingstoke & Deane	12,900	15,500	2,600	20.2
East Hampshire	9,700	10,900	1,200	12.4
Test Valley	9,900	11,400	1,500	15.2
Winchester	9,600	11,100	1,500	15.6
South East	852,900	948,200	95,300	11.2
England	5,927,300	6,562,500	635,200	10.7

Source: Census 1991 & 2001

Figure 6.11 Growth in Terraced Houses 1991 – 2001³

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	40,400	38,500	-1,900	-4.7
New Forest West & Central	5,800	5,400	-400	-6.9
New Forest	11,900	11,200	-700	-5.9
Basingstoke & Deane	19,100	18,500	-600	-3.1
East Hampshire	8,200	7,600	-600	-7.3
Test Valley	10,500	10,100	-400	-3.8
Winchester	8,700	8,800	100	1.1
South East	795,900	762,400	-33,500	-4.2
England	5,817,700	5,250,700	-566,000	-9.7

Source: Census 1991 & 2001

Figure 6.12 Growth in Flat/Maisonette/Apartments 1991 – 2001

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	18,100	19,800	1,700	9.4
New Forest West & Central	5,900	5,600	-300	-5.1
New Forest	8,500	8,000	-500	-5.9
Basingstoke & Deane	6,300	6,800	500	7.9
East Hampshire	5,000	5,500	500	10.0
Test Valley	4,400	4,700	300	6.8
Winchester	5,400	5,700	300	5.6
South East	564,000	576,200	12,200	2.2
England	3,894,000	3,843,300	-50,700	-1.3

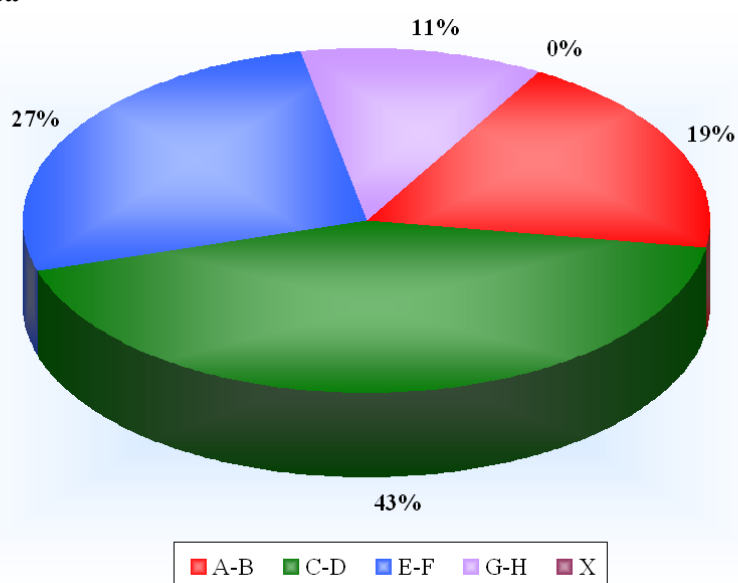
Source: Census 1991 & 2001

³ Almost all of the areas show a fall in the number of terrace properties between the 1991 and 2001 Census. DTZ would highlight that this decline is likely to be due to conversion of these properties into flats rather than demolitions.

Housing Stock by Council Tax Band

- 6.13 A broad indication of the quality and price of the housing stock in a given area is the proportion of premises classified under each Council Tax band. Figures 6.13 and 6.14 shows that all the study areas have much lower proportions of stock in bands A-B than both the South East (25%) and the national average (45%). All study areas also have greater proportions of higher priced stock than the England figures but which align fairly closely with the proportions seen across the South East. This has clear implications for affordability in the area. Comparing the study areas themselves shows that the authority areas of New Forest and Basingstoke & Deane have slightly higher levels of bands C-D and lower levels of bands G-H than the other areas.

Figure 6.13: Housing Stock by Council Tax Band 2003 - Central Hampshire Market Area



Source: ONS, 2004

Figure 6.14: Housing Stock by Council Tax Band 2003

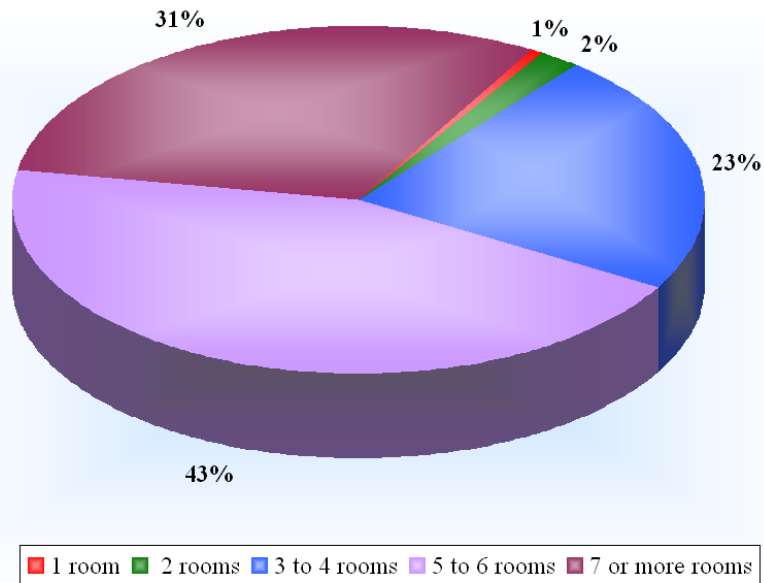
	Total	Bands A-B	Bands C-D	Bands E-F	Bands G-H	Band X
Central Hampshire Market Area	98,679	19%	43%	27%	11%	0%
New Forest West & Central	49,211	16%	44%	31%	9%	0%
New Forest	76,690	22%	46%	25%	6%	0%
Basingstoke & Deane	63,546	20%	52%	24%	5%	0%
East Hampshire	45,949	16%	45%	29%	11%	0%
Test Valley	46,692	21%	46%	25%	8%	0%
Winchester	45,157	16%	41%	31%	12%	0%
South East	3,466,887	25%	46%	22%	8%	0%
England	21,743,013	45%	37%	14%	4%	0%

Source: ONS, 2004

Size of Housing

- 6.14 Figures 6.15 and 6.16 show the size of stock by number of habitable rooms according to the 2001 Census. The number of rooms listed does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms are counted, though if two rooms have been converted into one they are counted as one room. Rooms shared between a number of households (for example a shared kitchen) are not counted.
- 6.15 As a guide DTZ work with the following rule of thumb, regarding the relationship between habitable rooms and the number of bedrooms in a property, which is the more generally understood yardstick (albeit fairly crude) of dwelling size:
- 1-4 room dwellings equate to a 1-2 bed property - if we assume this includes a kitchen, and could include 1 or 2 reception rooms
 - 5-6 room dwellings equate to a 2-3 bed property - if we assume a kitchen and one or two reception rooms
 - 7 plus room dwellings equate to 4 bed plus properties
- 6.16 All the study areas have slightly lower proportions of 1-4 room dwellings (1-2 bedroom properties) than the England or South East averages of 33% and 30% respectively. In terms of 5-6 room dwellings (2-3 bed properties), the study areas better reflect the South East average of 45% than the higher England figure. The exceptions are New Forest and Basingstoke & Deane Districts, which have slightly higher figures.
- 6.17 In terms of the largest 7+ room properties (4 bedrooms or more), all the study areas have a higher proportion of large houses than either England or the South East. Within this, New Forest authority area (25%) and the New Forest West and Central Market Area (28%) have relatively low proportions. In contrast, Winchester (35%) and East Hampshire (34%) have much higher proportions, which is consistent with the Council Tax Band data examined above.

Figure 6.15: Size of Stock - Central Hampshire Market Area



Source: Census, 2001

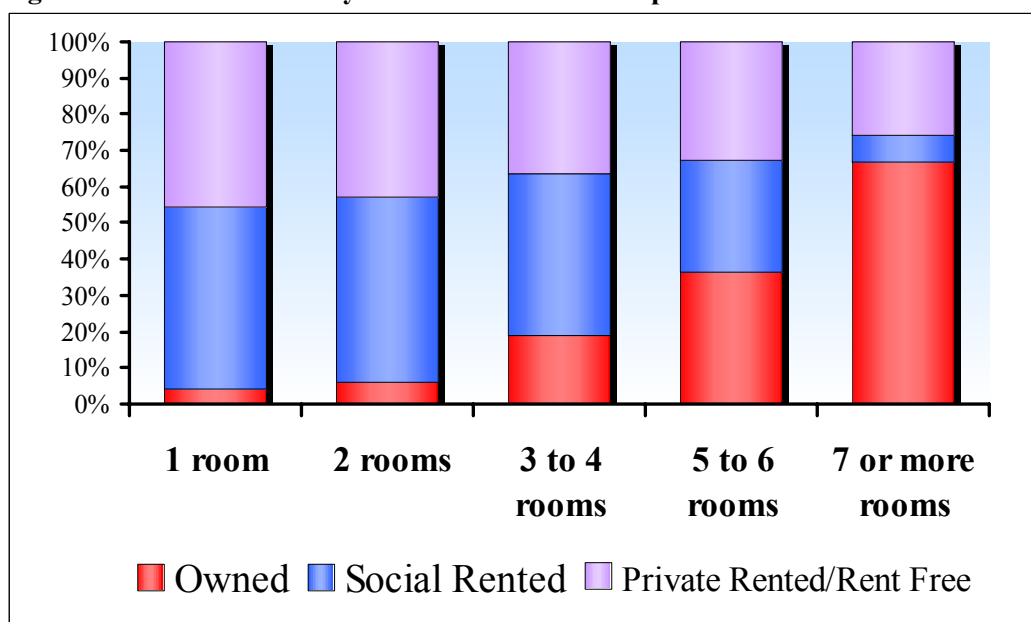
Figure 6.16: Housing Size

	1 room	2 rooms	3-4 rooms	5-6 rooms	7+ rooms
Central Hampshire Market Area	1%	2%	23%	44%	31%
New Forest West & Central	0%	2%	25%	45%	28%
New Forest	0%	2%	25%	48%	25%
Basingstoke & Deane	1%	2%	22%	47%	29%
East Hampshire	1%	2%	23%	41%	34%
Test Valley	0%	1%	21%	46%	31%
Winchester	1%	2%	23%	40%	35%
South East	1%	2%	27%	45%	25%
England	1%	3%	29%	48%	20%

Source: Census 2001

6.18 The size of housing stock by tenure for the Central Hampshire Market Area is shown in Figures 6.17 and 6.18. The data indicates that there is a direct relationship between the number of rooms in a dwelling and tenure. Larger dwellings are found in the private sector – both the owner occupied sector and the private rented sector. Social rented dwellings are much more prevalent among the smaller dwellings. Medium sized housing (5 to 6 rooms) shows a more even split between tenures. Patterns of under-occupancy and overcrowding are likely to vary between tenures given difference in the average size of dwellings in different tenures.

Figure 6.17: Size of Stock by Tenure – Central Hampshire Market Area



Source: Census, 2001

Figure 6.18: Size of Stock by Tenure – Central Hampshire Market Area

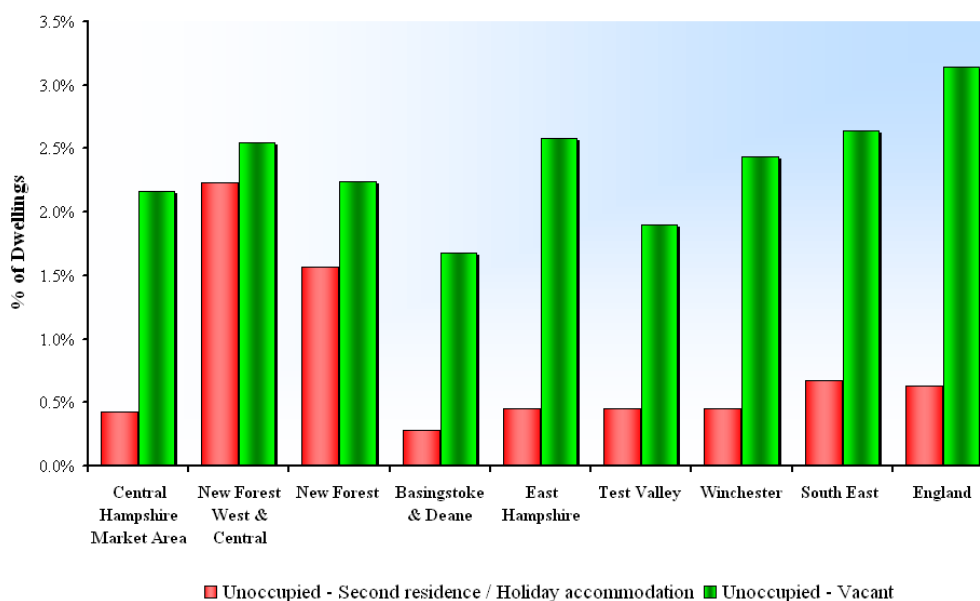
	1 room	2 rooms	3-4 rooms	5-6 rooms	7+ rooms
Owned	0%	1%	15%	45%	39%
Social Rented	1%	5%	47%	42%	5%
Private Rented/Rent Free	3%	4%	35%	43%	16%

Source: Census 2001

Vacancy, Occupancy and Overcrowding

- 6.19 Figure 6.19 indicates that the levels of vacant property in the study areas are all below the national average of 3.1% and equal to or less than the South East figure of 2.6%. This indicates a high level of efficiency in the use of housing stock. Within the study areas, there is a degree of variation of vacancy levels, with Basingstoke & Deane District having only 1.7% of its stock vacant. East Hampshire and the New Forest West and Central Market Area have a vacancy rate of 2.6%.
- 6.20 With the exception of New Forest, all study areas have levels of second homes below the England and South East averages. However, both New Forest District and New Forest West and Central have much greater levels – 1.6% and 2.2% respectively, compared to the England figure of 0.6% (this is further discussed in Section 10). This is not unexpected, as the recognised natural beauty of New Forest (reflected in its recent designation as a National Park) has made it a popular holiday destination. The two housing market areas therefore differ considerably in terms of the levels of second homes and holiday accommodation.

Figure 6.19: Vacancy Rates and Second Home Ownership 2001



Source: Census, 2001

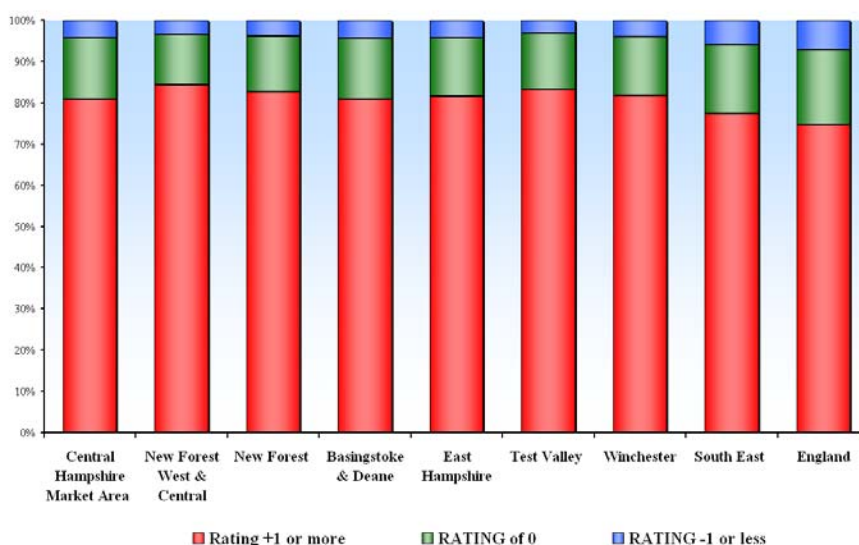
- 6.21 Occupancy Ratings provide an indication of under-occupancy and over-crowding. Data on occupancy levels are presented in Figure 6.20. A value of -1 implies that there is one less room than reasonably needed and that therefore the household is living in overcrowded conditions⁴. The data shows that over 80% of dwellings in all the study areas are ‘under-

⁴ This is measured by the Bedroom Standard which measures the number of bedrooms required by a household and can be compared to the number of rooms (rather than bedrooms) in the dwelling (though this is generally regarded as out dated since reception rooms and kitchens are included in the definition of rooms)

occupied' i.e. households are occupying more space than needed based on the bedroom standard. All the areas have very similar figures and all above the regional and national averages. Correspondingly there are very low proportions of overcrowding – 4% for the majority of the study areas, compared to a national figure of 7%.

- 6.22 Clearly one of the things people want as their income increases is more personal space in the home, so high levels of under-occupancy is a measure in most cases of prosperity and is associated with a high quality of life. People want extra space for many different reasons – in order to allow them to work from home, or to have friends and family to stay frequently or for relatively long periods of time.
- 6.23 In the owner occupied sector it is only an issue if people struggle to maintain property, though if people can be persuaded to move to smaller homes, this could have benefits in terms of freeing up more homes suited to families. In the social housing sector, encouraging households that are under-occupying to move to smaller accommodation could play a part in addressing problems of overcrowding experienced by other social housing tenants. However, local authority allocation policies (which indicate the amount of space that households are entitled to) are far from generous (as a result of the shortage of accommodation overall). Encouraging or incentivising tenants that are under occupying social rented dwellings to down size, often elderly households, is often ineffective.

Figure 6.20: Occupancy and Overcrowding



Source: Census, 2001

- 6.24 An examination of the occupancy ratings for each tenure type in the Central Hampshire Market Area (presented in Figure 6.21) reveals that owner-occupied houses have very low occupancy ratings – 90% have at least one room more than needed. Only 2% of these properties can be described as over-occupied. A smaller proportion of private rented houses can be described as under-occupied (68%) and 10% have at least one room fewer than needed. However, social rented houses show the most overcrowding by tenure, with only 51% that can be considered under-occupied. While 38% is of the same size as is reasonably needed, 11% of houses are over-occupied.

- 6.25 The Survey of English Housing undertaken at various points since 2001 indicates that, at the level of the South East region at least, there has been a slight increase in the overall level of overcrowding. This is likely to be partly explained by the recent and continued immigration of East European migrant workers to the region.

Figure 6.21 Occupancy by Tenure – Central Hampshire Market Area

	+2 or more	+1	0	-1 or less
Owned	79,200	22,000	9,700	2,100
	70%	20%	9%	2%
Social Rented	5,500	7,700	9,800	2,700
	21%	30%	38%	11%
Private Rented	7,500	4,800	4,000	1,800
	41%	27%	22%	10%

Source: Census, 2001

Housing Requirements and Completions

- 6.26 The Hampshire Structure Plan 1996-2011 (revised in 2000) remains in place in terms of the Statutory Plan for Hampshire, until the South East Plan, currently in draft form, is formally approved by the Secretary of State. The Structure Plan (2001-2016) sets out housing delivery requirements over the plan period. The housing targets set for each of the relevant authorities are presented in Figure 6.22. Basingstoke and Deane is identified for growth, with twice the requirement for net additional housing provision of New Forest or East Hampshire Districts (the latter with significant environmental designations which would limit their ability to deliver housing).

Figure 6.22: Current and Proposed Housing Allocations for Hampshire Local Authorities

Authority	Structure Plan 1996-2011		Draft SE Plan 2006-2026		Panel Recommendation (2006-2026)	
	Additional Allocation	Annual Average	Additional Allocation	Annual Average	Additional Allocation	Annual Average
New Forest	5,480	365	4,138	207	0	207
Basingstoke & Deane	12,060	804	16,500	825	+70	895
East Hampshire	5,500	367	5,200	260	+125	385
Test Valley	8,890	593	8,910	446	+30	476
Winchester	7,295	486	10,439	522	+90	612

Source: Hampshire County Structure Plan 1996-2011 and Draft South East Plan 2006-2026; Draft South East Plan Panel Report August 2007

- 6.27 The Draft South East Plan has proposed net additional housing allocations for the relevant Hampshire authorities up to 2026. For Basingstoke & Deane and Winchester the proposed annualised figures are slightly higher than the outgoing Structure Plan. Basingstoke & Deane's figures take into account the backlog from the Structure Plan period and the Borough also plans to deliver at a higher rate, around 960 per annum, to 2016 supported by funding from Government as part of its Growth Point status. However, for the other relevant authorities shown in Figure 6.22, the plan requirements are slightly lower than the Structure Plan requirements. Overall the combined targets for the five authorities are 355 houses per year less in the proposed South East Plan than in the Hampshire County

Structure Plan. However, the Draft South East Plan Panel Report, published in August 2007 recommends that housing targets in all of the authorities are increased, with the exception of New Forest. For Winchester, Basingstoke and Deane and East Hampshire, the Panel's recommended targets are higher than previous Structure Plan targets. For Test Valley they remain lower than previous Structure Plan targets.

- 6.28 Figure 6.23 shows the level of net housing completions for the past 10 years in each of the relevant authority areas. The Structure Plan targets are also shown in order to compare the extent to which the areas are achieving their additional housing requirements. Compared to the other areas, Basingstoke and Deane has delivered by far the most housing. Overall, however, Basingstoke and Deane has not delivered its Structure Plan targets over the past decade, and though completion levels have risen over the past 4 years, it is only in the years 2004/05 and 2005/06 that the Structure Plan annual requirement has been exceeded – and that means there remains a shortfall of provision over the Plan period.

Figure 6.23: Housing Completions for Hampshire Local Authorities (Whole Districts)

	New Forest	Basingstoke & Deane	East Hampshire	Test Valley	Winchester
Annualised Target	365	804	367	593	486
1996/97	458	520	411	886	430
1997/98	367	516	369	927	850
1998/99	469	570	213	734	503
1999/00	431	779	367	706	366
2000/01	392	474	362	375	241
2001/02	720	719	188	314	366
2002/03	401	600	210	592	506
2003/04	577	791	523	484	603
2004/05	496	888	479	315	694
2005/06	403	924	362	374	490

Source: Hampshire County Structure Plan (1996-2011) and Local Authority Annual Monitoring Reports (2006)

- 6.29 A slightly different pattern is seen in East Hampshire. Although the volume of completions have picked up considerably in recent years, this has not been in a consistent manner as seen in Basingstoke and Deane. Instead, very low levels of completions were experienced in 2001/02 and 2002/03 followed by levels in the following two years that significantly exceeded the annualised target. Part of the constrained output of new housing in East Hampshire over the last decade stems from its dependency on allocated Greenfield housing sites that have not come forward. Although figures for the final year show that it narrowly missed the annualised target, significant completions have been achieved in the last three years. On average over the last decade however, completions have been lower than target levels. In contrast to this, New Forest (see Figure 6.24) has met or exceeded its (almost identical) annualised target every year since 1996/97 without exception.
- 6.30 Prior to 2000 Test Valley was exceeding its annualised targets considerably. In 2000 however, there was a sudden drop in completions and this lower rate has continued since – with the authority missing its target each year (though in 2002/2003 this miss was negligible). The fluctuation in completions is a consequence of the delay in the major development areas in Andover coming forward. Once these sites commence the rate of completions will rise significantly. By contrast Winchester has met its target for the last 4 years, with an increasing completion rate year on year from 2000/01 to 2004/05. Although this has dipped considerably in 2005/06, the latest figure is still just above target.

7 HOUSE PRICES, HOUSEHOLD INCOMES AND AFFORDABILITY

- 7.01 This section analyses the evidence on house prices, household income and affordability within the Central Hampshire Housing Market Area and New Forest.
- 7.02 House prices, affordability and housing need in the Central Hampshire Market Area and New Forest are a product of the demand and supply analysis presented in Sections 4, 5 and 6. The conceptual framework provided in Section 3 of this report demonstrates that in order to understand housing need it is important to examine the way in which the whole housing system operates.

Key Points

- Overall, the average house price in New Forest (£273,000) is higher than the average for the Central Hampshire Housing Market Area (£266,000), the South East (£244,000) and England (£208,000) (Q2 and Q3 house price data for 2006)
- House prices in the New Forest West and Central area are significantly higher than in parts of New Forest within the PUSH area
- In all areas, the price of flats and maisonettes has increased more rapidly (+210%) than overall house prices over the period 1995-2006
- In all areas, housing sales declined sharply in 2005, but recovered during 2006
- Average RSL rents tend to be at a similar level in the Central Hampshire Market Area (£77) as in New Forest (£77), however private sector rents are higher in New Forest with 51% of households unable to afford to rent
- In all areas the ratio between lower quartile house prices and lower quartile earnings has been increasing since 2002 - housing has become less affordable
- The lower quartile house price in New Forest is 11 times the lower quartile earnings. Likewise the ratio between house prices and earnings has been increasing at the national and regional level
- Both the Central Hampshire Market Area and New Forest are less affordable than the South East as a whole. New Forest has relatively low wages and higher house prices when compared with the Central Hampshire Housing Market Area, the South East and England
- Analysis of CACI (household) income distribution data indicates that overall around 98,000 households in the Central Hampshire Market Area would be unable to afford to purchase property at entry-level (lower quartile) market prices on the basis of their current income (though it is important to note that most of these households are already adequately housed)
- In New Forest the absolute number is lower (53,000), but this represents 69% of all households – this means that on the basis of their incomes, 69% of households in New Forest would be unable to afford to buy if they were looking at first time entry to the housing market. This is a higher proportion than in the Central Hampshire Housing Market Area, 60%. On the same basis 74% of households in Winchester are currently unable to afford to purchase

House Prices

- 7.03 The latest data on house prices are summarized in Figures 7.1 and 7.2. The data used is a weighted average of Q2 (April-June) and Q3 (July-September) for each study district within the Central Hampshire Housing Market Area and for New Forest, the South East and England. This gives a more representative picture of house prices than is possible from one quarter's data. Q2 and Q3 are used because they are traditionally the quarters when there is most activity in the housing market.

- 7.04 Of all the districts included in this study, the highest overall average prices are found in Winchester (£308,000). Winchester, along with East Hampshire (£291,000) and New Forest (£273,000), has average prices above that of the Central Hampshire Market Area (£266,000) as a whole.

- 7.05 By comparison, the Test Valley (£263,000) has average overall prices below that of the Central Hampshire Market Area, but above those for the South East (£244,000) as a whole. Basingstoke & Deane has the lowest average house prices of all the Study Districts, £233,000, a figure which is lower than the Central Hampshire Market Area and the South East, but above those at the national level, £208,000.

- 7.06 Prices are relatively low in the Central Hampshire Market Area reflecting the fact that all of Basingstoke & Deane is incorporated within it, whilst significant parts of Winchester and East Hampshire, the more expensive districts, fall outside of the market area. The character and age of properties in Basingstoke and the large volume of completions in recent years in Basingstoke & Deane (see Section 6) have helped to keep prices comparatively lower than the surrounding districts.

- 7.07 The pattern of house prices by type follows the same pattern in almost all of the benchmark areas, with detached houses the most expensive, followed by semi-detached houses, then terraced houses and then flats (only England differs from this pattern, and is probably influenced by the high proportion of flats in London, the most expensive housing market in the country).

- 7.08 In terms of flats, East Hampshire has the second lowest prices, only £5,000 higher than in Basingstoke & Deane, which has the cheapest flats/maisonettes. In contrast East Hampshire is the second most expensive District in the market area and has prices £60,000 higher than in Basingstoke & Deane.

Figure 7.1 – Current House Prices by Type, October-December 2006

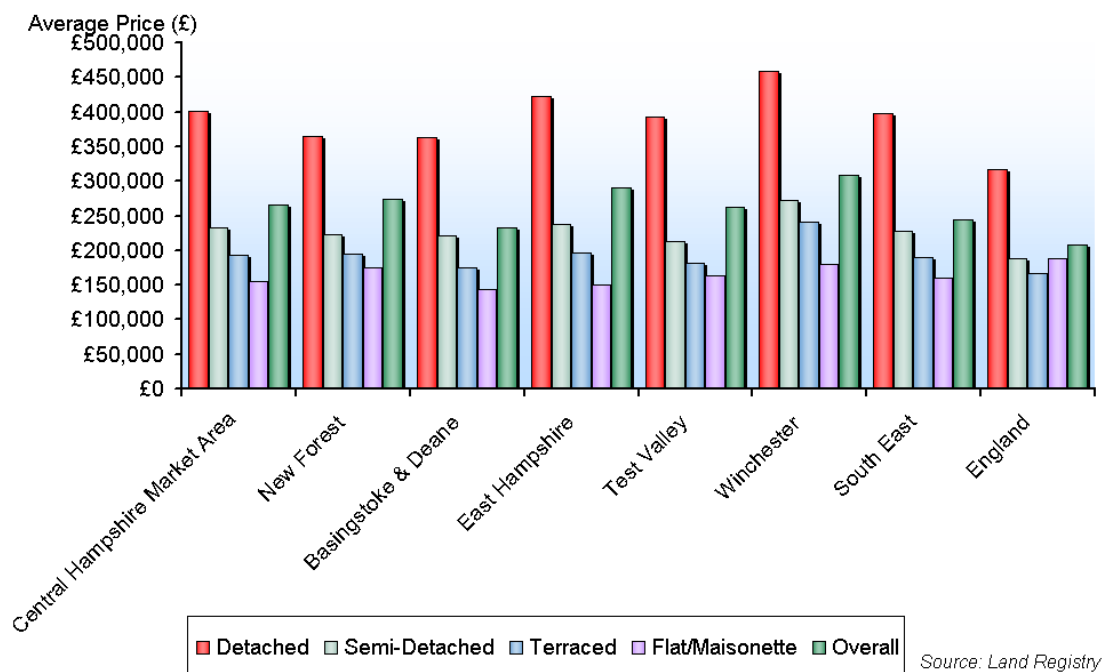


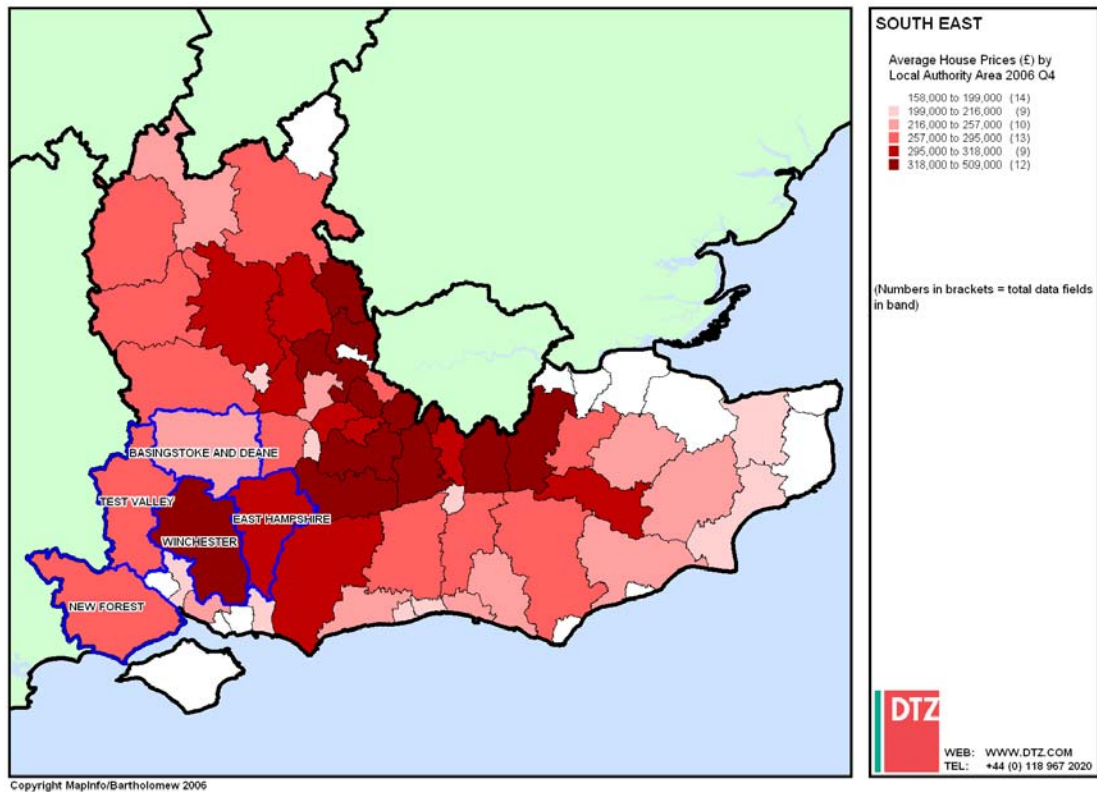
Figure 7.2 – Current House Prices by Type October-December 2006

	Detached	Semi-Detached	Terraced	Flat/Maisonette	Overall
Central Hampshire Market Area	£400,000	£233,000	£193,000	£155,000	£266,000
Basingstoke & Deane	£363,000	£221,000	£174,000	£144,000	£233,000
East Hampshire	£423,000	£238,000	£196,000	£150,000	£291,000
Test Valley	£393,000	£214,000	£181,000	£163,000	£263,000
Winchester	£459,000	£272,000	£240,000	£179,000	£308,000
New Forest	£365,000	£224,000	£194,000	£174,000	£273,000
South East	£397,000	£227,000	£190,000	£160,000	£244,000
England	£317,000	£188,000	£167,000	£188,000	£208,000

Source: Land Registry

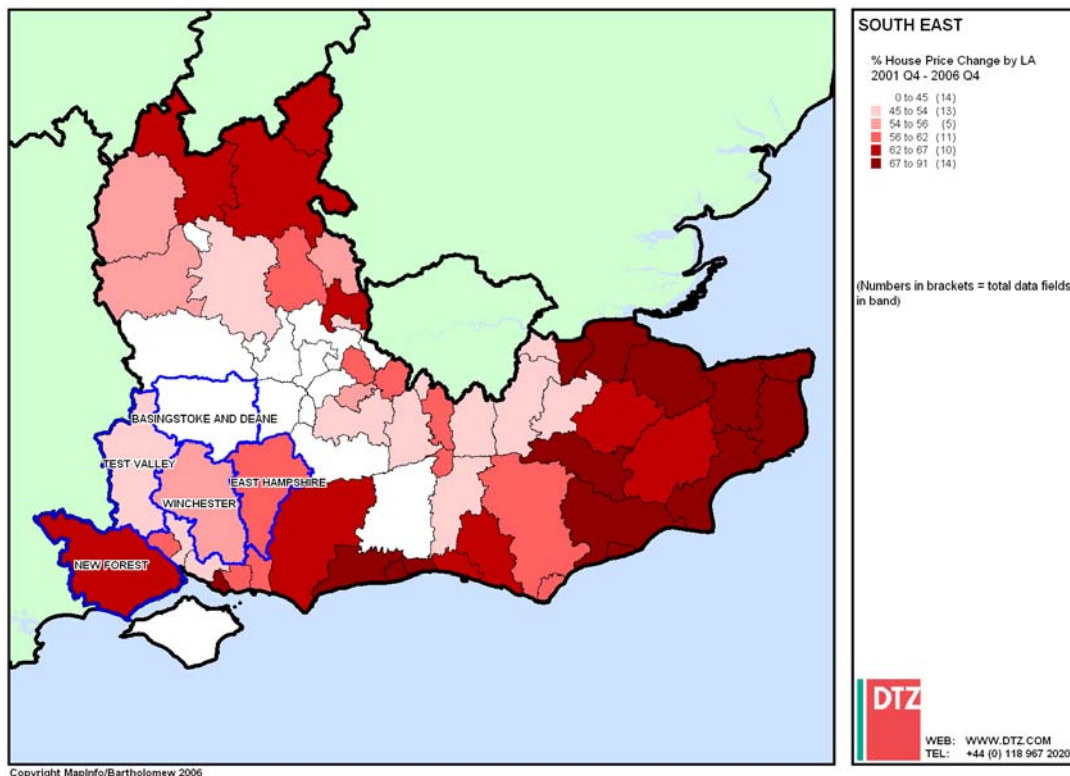
- 7.09 Figure 7.3 shows the very high average house prices of the local authority areas within the study area and shows that Winchester is one of the most expensive areas in the South East in terms of house prices. The house price profile tends to be higher in the central and eastern part of the study area as one moves towards London with East Hampshire also having overall prices above the regional level.
- 7.10 The effect of London is apparent within Figure 7.3, with the highest house prices in the region located in the areas encircling the capital. The spread of relatively high house price locations extends out into Winchester and East Hampshire, and to the north west of London into Wycombe and South Oxfordshire Districts.

Figure 7.3 – Overall Average House Prices in the South East, by District (Source: Land Registry)



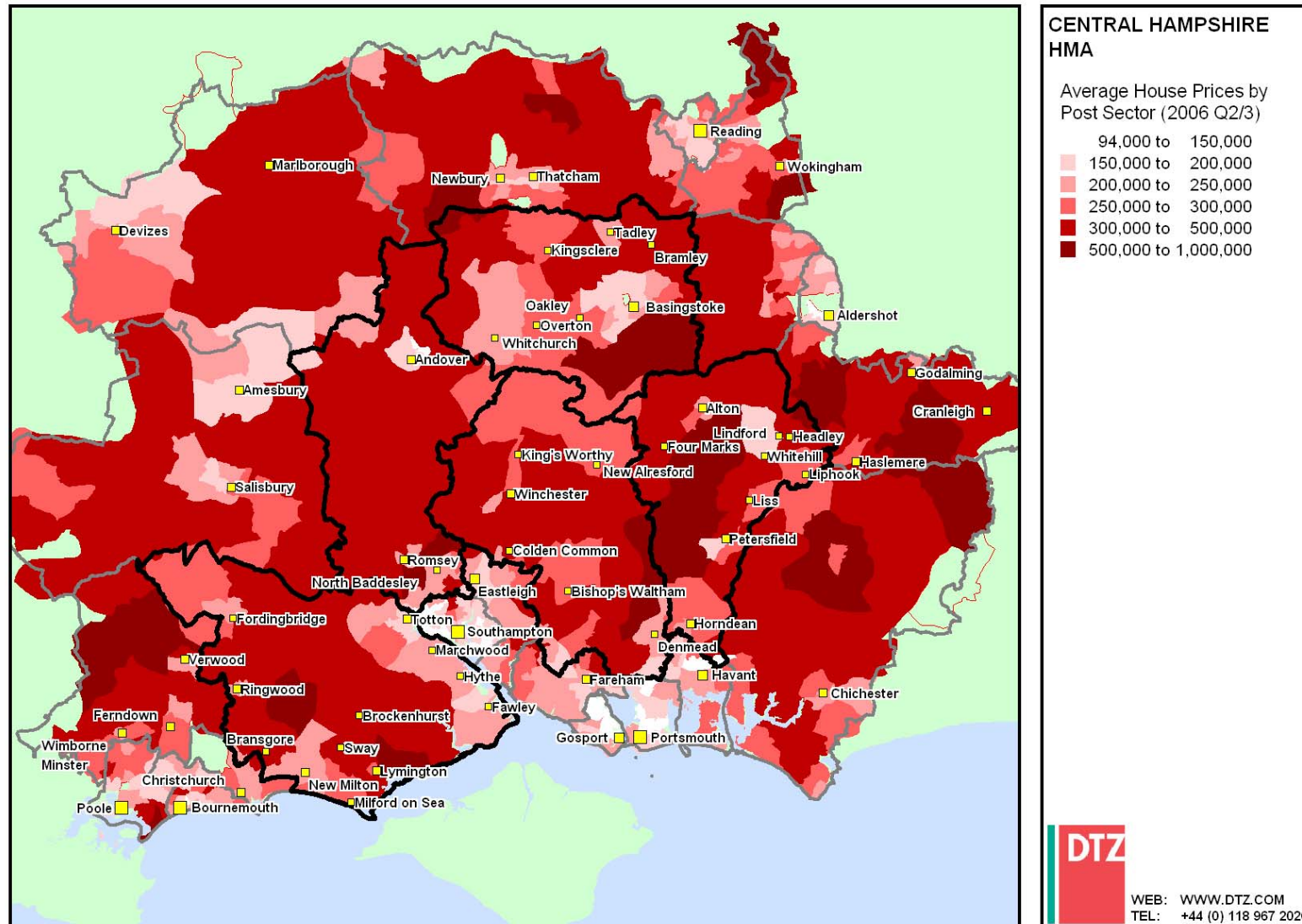
- 7.11 Figure 7.4 shows the change in district level house prices between 2001 and 2006. It shows that the three most expensive districts within the market area (Winchester, East Hampshire and New Forest) have all experienced higher house price increases than the other districts. As wages are unlikely to have kept up with increases in house prices it is likely that these districts have experienced the greatest decline in affordability.

Figure 7.4 – Change in Average House Prices at Local Authority Level, 2001-2006



- 7.12 The lowest spatial level at which house price data is available is postcode-sector level. This enables analysis and mapping of data to be undertaken at a very local level, as illustrated in Figure 7.5. The data used is a weighted average of Q2 2006 (April-June) and Q3 2006 (July-September) for each postcode sector within Central Hampshire and New Forest. This gives a more representative sample than is possible from one quarter's data. Q2 and Q3 are traditionally the quarters when there is most activity within the housing market.
- 7.13 The least expensive postcodes in the Central Hampshire Housing Market Area are those located in Basingstoke & Deane. There are also pockets of low price postcodes centred in and around the major urban settlements in the market area. Basingstoke, Bordon and Andover all have pockets with an overall average price of £94,000 to £177,000. This may be partly explained by the concentration of smaller dwelling types that are generally found in urban areas compared to the generally larger dwelling types in rural areas, but will also reflect market assessment of the perceived attractiveness and quality of life in different locations.
- 7.14 Figure 7.5 reflects the fact that people are willing to pay a premium to live in rural areas. This is clearly illustrated in New Forest District where the New Forest West and Central area, which incorporates the heart of the New Forest National Park itself, has expensive postcode sectors throughout. Average house prices are lower in the eastern part of New Forest District, comprising the settlements of Totton, Hythe and Fawley, which are regarded as part of the PUSH area.

Figure 7.5: Overall Average House Prices in 2006 at Post Sector Level



Copyright MapInfo/Bartholomew 2007

- 7.15 Figures 7.6 and 7.7 illustrate the extent to which average overall house prices have increased between 1995 and 2006 compared to the South East and England. In terms of absolute increases those authorities with the highest prices have experienced the largest absolute increases in house prices. Winchester (£201,000), East Hampshire (£190,000) and New Forest (£188,000) have seen the largest absolute increases with Basingstoke & Deane (£148,000) the lowest.
- 7.16 In terms of percentage increases the pattern is somewhat different. Whilst house prices are generally higher in the Central Hampshire Housing Market Area and New Forest than the rest of the South East and England, the percentage rate of house price increases over the period 1995-2006 has been lower with the exception of New Forest. Only New Forest (219%) has experienced increases above the regional average of 200% and the national average of 199%. Affordability is likely to be particularly extreme as a consequence in New Forest District.
- 7.17 Winchester, which has the highest overall prices has also experienced the largest absolute increase, experienced a percentage increase of 187%. It is also worth noting that the Test Valley, which has the second lowest overall prices of any of the study districts, has experienced the second highest percentage increase. This pattern of house price increases, whereby the highest proportional house price increases occur in the lowest priced areas, reflects a general pattern that lower priced areas catch up with high priced areas in the later stages of a housing market boom.

Figure 7.6 – Average Overall House Price, 1995-2006

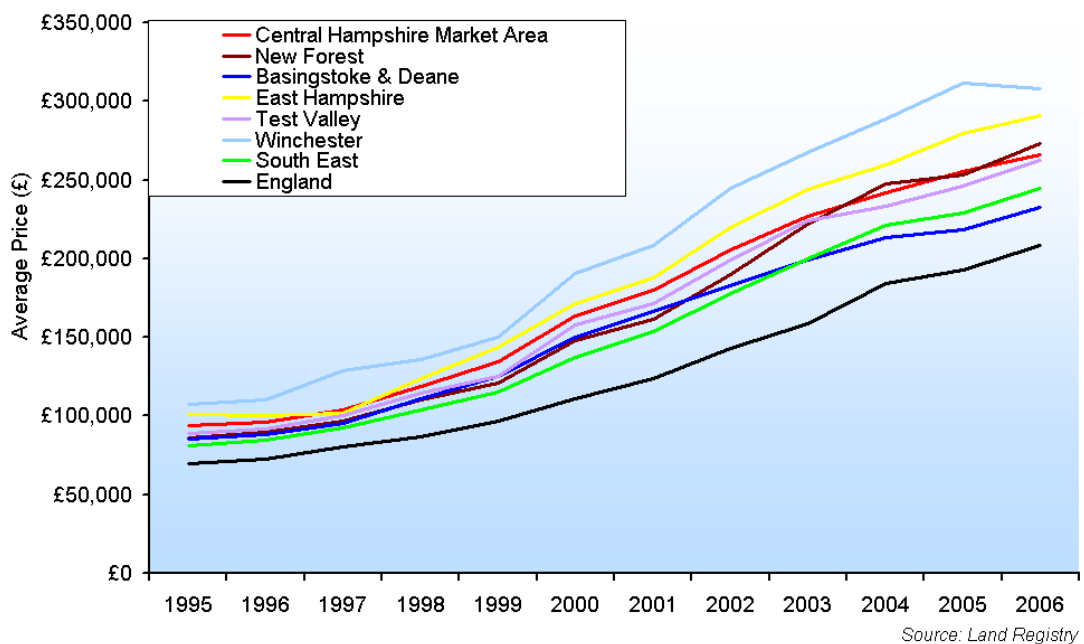


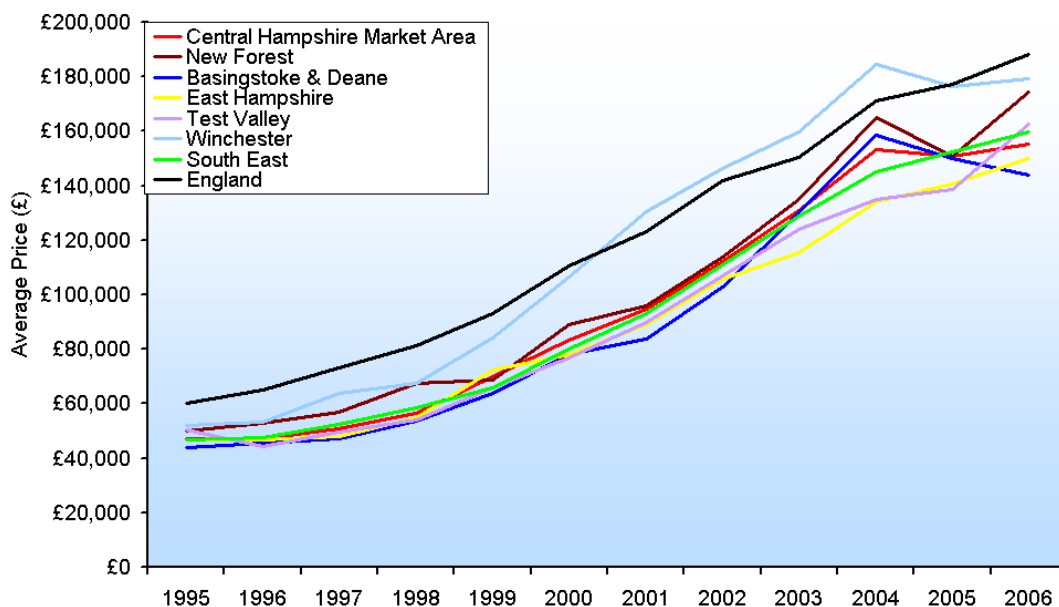
Figure 7.7 – Average Overall House Price, 1995 – 2006

	1995	2006	Absolute Increase	% Increase
Central Hampshire Market Area	£94,000	£266,000	£172,000	183%
Basingstoke & Deane	£85,000	£233,000	£148,000	174%
East Hampshire	£101,000	£291,000	£190,000	188%
Test Valley	£89,000	£263,000	£174,000	196%
Winchester	£107,000	£308,000	£201,000	188%
New Forest	£86,000	£273,000	£187,000	217%
South East	£81,000	£244,000	£163,000	201%
England	£70,000	£208,000	£138,000	197%

Source: Land Registry

7.18 Whilst the analysis above provides a synopsis of overall trends in prices, it does not reflect differences in the distribution of price increases across different types of housing (eg, detached, semi-detached, terraced, flats), or indeed the mix of types of housing within each area. Figures 7.8 and 7.9 present the growth of average flat/maisonette house prices for the same period as above (1995 to 2006).

Figure 7.8 – Average Flat/Maisonette House Prices, 1995-2006



Source: Land Registry

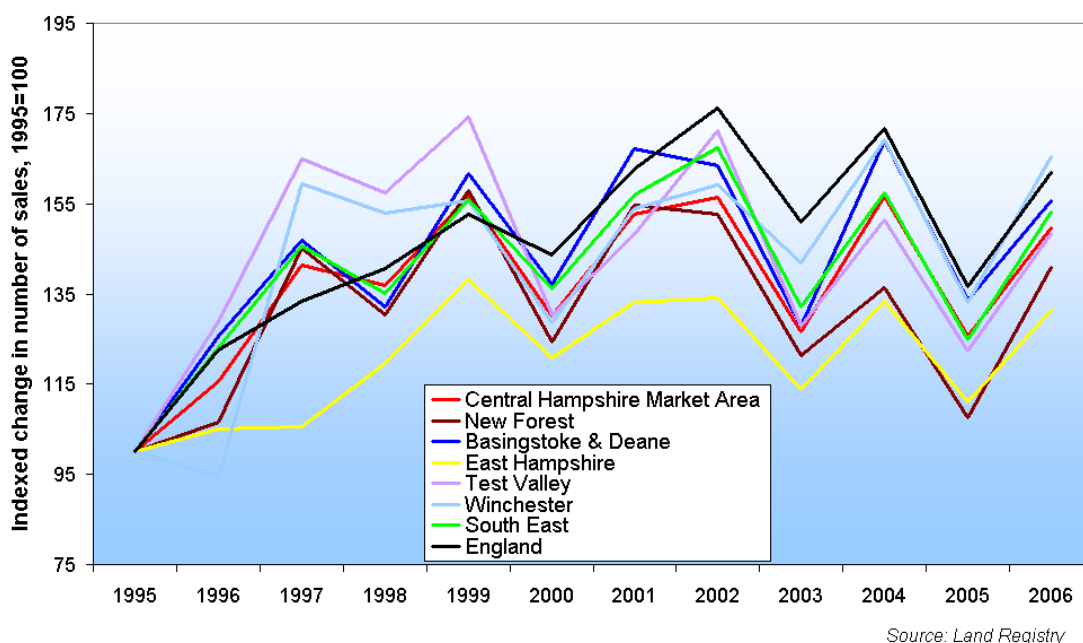
Figure 7.9 – Average Flat/Maisonette House Prices, 1995-2006

	1995	2006	Absolute Increase	% Increase
Central Hampshire Market Area	£47,000	£155,000	£108,000	230%
Basingstoke & Deane	£44,000	£144,000	£100,000	227%
East Hampshire	£47,000	£150,000	£103,000	219%
Test Valley	£50,000	£163,000	£113,000	226%
Winchester	£52,000	£179,000	£127,000	244%
New Forest	£50,000	£174,000	£124,000	248%
South East	£47,000	£160,000	£113,000	240%
England	£60,000	£188,000	£128,000	213%

Source: Land Registry

- 7.19 It is possible to present analysis of price changes of all the different housing types across all study areas. However, focus is given to the flats because prices have increased at a higher rate than any other type and prices overall for the period 1995-2006. This is in contrast to other housing types whose prices have more closely followed overall price changes.
- 7.20 In the Central Hampshire Market Area flat/maisonette prices have increased by 230% since 1995, compared with an increase in overall prices of 184%. In Winchester percentage price increases for flats/maisonettes are almost 60% higher than the percentage increase of overall prices over the same period. This trend is likely to indicate the impact of the development and sale of significant volumes of new flats in recent years (with sales of new flats having a significant price premium on the sale of the second hand stock).
- 7.21 Figure 7.10 shows the trend in the number of sales of dwellings since 1995. In the period from 1995 to 1999, the level of sales increased dramatically in all areas, as significant house price increases maintained a high level of interest in the property market. Sales waned in 2000, peaking again in 2002 at a time of significant house price inflation, low interest rates, and generally high level of interest in the housing market. By 2005, confidence in the housing market had waned considerably, and sales clearly suffered as a result, falling by at least 25% in all areas.
- 7.22 Since 2005, the level of sales has rebounded in the Central Hampshire Housing Market Area and New Forest, despite interest rate rises. The strongest rebound was experienced by New Forest where sales increased by 31% from 2005-2006. At the regional and national level, sales have also shown robust signs of recovery over the last year.

Figure 7.10 – Trend of Total Sales, 1995-2006



- 7.23 Figure 7.11 shows the sales of dwellings during the period 1995-2006 expressed as a percentage of total housing stock. The table shows that in each year dwelling stock turnover in each of the study areas was lower than in the South East as a whole.
- 7.24 In 2006, turnover in Central Hampshire and New Forest was 3.4% and 3.5% respectively. This is significantly lower than the 5% experienced in the South East, but above the national level of 3.2%. Average turnover for the 11 year period is very similar in each study area, ranging between 3 - 3.2%. This is below the regional average of 4.5%, but above the national average of 2.9%.

Figure 7.11 – Total Sales as a Percentage of Housing Stock, 1995-2006

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Ave
Central Hampshire Market Area	2.3%	2.6%	3.2%	3.1%	3.6%	3.0%	3.5%	3.6%	2.9%	3.6%	2.9%	3.4%	3.1%
New Forest	2.5%	2.6%	3.6%	3.2%	3.9%	3.1%	3.8%	3.7%	3.0%	3.3%	2.6%	3.5%	3.2%
Basingstoke & Deane	2.3%	2.8%	3.3%	3.0%	3.7%	3.1%	3.8%	3.7%	2.9%	3.8%	3.0%	3.5%	3.2%
East Hampshire	2.6%	2.7%	2.8%	3.1%	3.6%	3.2%	3.5%	3.5%	3.0%	3.5%	2.9%	3.4%	3.1%
Test Valley	2.2%	2.9%	3.7%	3.5%	3.9%	2.9%	3.3%	3.8%	2.9%	3.4%	2.7%	3.3%	3.2%
Winchester	2.1%	2.0%	3.4%	3.3%	3.3%	2.7%	3.3%	3.4%	3.0%	3.6%	2.8%	3.5%	3.0%
South East	3.2%	4.0%	4.7%	4.4%	5.0%	4.4%	5.1%	5.4%	4.3%	5.1%	4.0%	5.0%	4.5%
England	2.0%	2.4%	2.6%	2.8%	3.0%	2.8%	3.2%	3.5%	3.0%	3.4%	2.7%	3.2%	2.9%

Source: Land Registry / Census / DTZ

Rents

- 7.25 Average RSL rents in the Central Hampshire Market Area are higher than the averages for the South East and England, at £77 per week. CLG data shows that the highest RSL rents in any single district are £81 per week in Basingstoke & Deane. Conversely, the lowest RSL rents are in Test Valley at £66 per week.
- 7.26 RSL rents have increased by 45% in the South East since 1997. Increases in New Forest have been 12% lower, whereas, in Basingstoke & Deane and East Hampshire RSL rents have increased by 7% and 11% higher than at the regional level.

Figure 7.12 – Average Weekly RSL Rents, 1997-2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Central Hampshire Market Area	52	56	58	59	61	64	66	68	73	77
Basingstoke & Deane	53	55	59	61	63	65	67	70	75	81
East Hampshire	51	56	58	60	62	65	68	71	76	79
Test Valley	50	56	57	50	52	56	58	59	60	66
Winchester	55	57	60	62	63	66	67	69	75	79
New Forest	58	59	61	63	64	66	68	70	74	77
South East	52	55	58	60	61	64	65	67	71	75
England	47	50	52	53	54	56	57	58	61	64

Source: CLG

- 7.27 Increases in rents from 2002 onwards are probably a reflection of the Government's rent restructuring policy, whereby all social rents are based on a formula that uses property size, value and local earnings to calculate rent levels. This system has been implemented to iron out differentials in rents between social landlords and to keep social rents at affordable levels, including caps on rent increases.
- 7.28 A comparison between Figures 7.12 and 7.13 shows that private rents are around twice as high as RSL rents in each of the study areas.
- 7.29 Figure 7.13 shows a "rent threshold" for each study area. This is derived by using the lowest available rental cost (annualised) of two-bedroom properties in each of the study areas and multiplying by four. This is making the assumption that households can only reasonably afford to spend 25%¹ of their gross income on rent costs. The result is an annual income level that is needed by a household in order to afford to rent in that area.
- 7.30 Winchester, Basingstoke & Deane and the Test Valley are the most affordable districts in which to rent property on this measure. However in Winchester a third of all households would be unable to afford to rent privately based on their current incomes. However, as with analysis on the affordability of owner occupation on the basis of incomes, it is important to note that the majority of existing households are adequately housed, though this provides us with a proxy measure for the affordability of renting to *new* households which can be used to assess housing need (see Section 8).
- 7.31 In general the pattern of rental affordability reflects the pattern of purchase affordability, with the areas that are least affordable in terms of purchase also being the least affordable

¹ Strategic Housing Market Assessments, Practice Guidance, CLG, March 2007. In practice some households spend more than 25% of their annual income on rent (or a mortgage) and therefore more are able to afford to access market housing than implied by their incomes. This is taken into account in the housing need assessment and analysis of the incomes of intermediate households in Section 8.

in terms of market renting. The exception to this is Winchester District, which is the second least affordable district in terms of purchase affordability (see Figure 7.14), but is the most affordable in terms of market renting. One explanation for this pattern might be that Winchester has attracted high levels of Buy-to-Let investment because of perceived opportunities for capital growth, but that the supply has meant that rental values have become more affordable. Winchester already had the largest proportion of private renting compared to the other authorities (and the South East and England) in 2001 – the sector having grown between 1991 and 2001.

Figure 7.13 – Private Rental Costs ² (Whole Districts)

	Entry level rental cost for 2 bed property (weekly)	Entry level rental cost (annual)	Annual household income required to rent (assuming households spend up to 25% of gross income)
Central Hampshire Market Area	£149	£7,800	£31,000
Basingstoke & Deane	£159	£8,000	£33,000
East Hampshire	£150	£7,800	£31,000
Test Valley	£132	£6,900	£27,000
Winchester	£144	£7,500	£30,000
New Forest	£148	£7,700	£30,000

Source: Dataspring/CACI

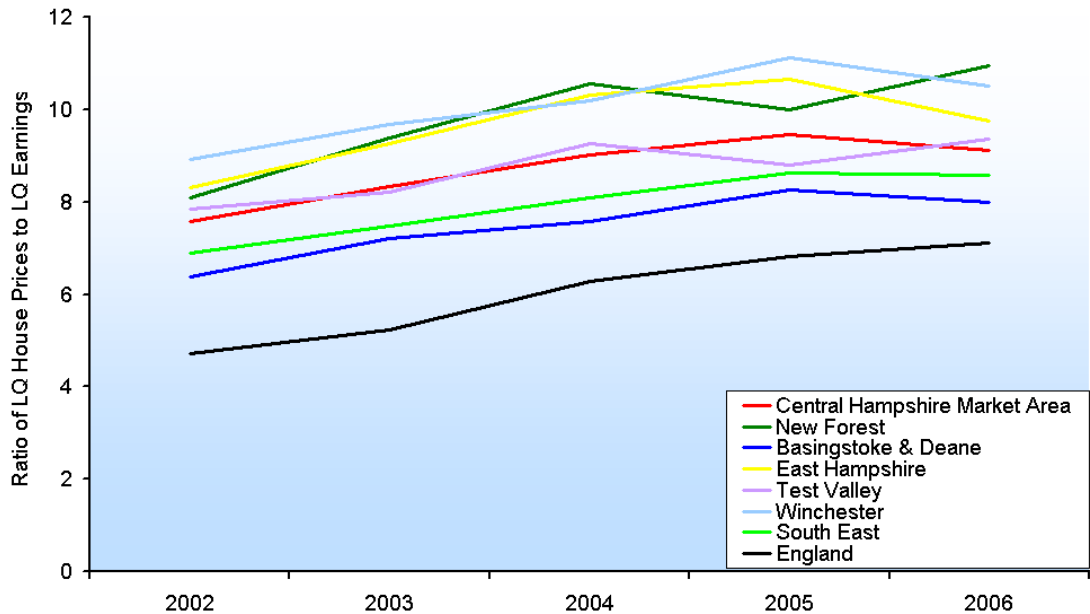
Affordability

- 7.32 The housing affordability indicator used by CLG under its PSA5 Target (SR 2004) ‘Housing Demand and Supply’ is the “*long term trend in the ratio of lower quartile house prices to lower quartile (individual) earnings*” which reflects entry-level affordability ratios. The Government has indicated in its response to the recommendations of the Barker Review of Housing Supply in the UK that this continues to be its headline measure of housing market affordability.
- 7.33 Figures 7.14 and 7.15 show how affordability ratios for the Central Hampshire Housing Market Area, New Forest and benchmark areas have changed over time. Currently, New Forest District is the least affordable of the study districts, with a LQ house price to LQ earnings ratio of almost 11:1. The next least affordable areas are Winchester (10.5:1) and East Hampshire (10:1).³
- 7.34 The Central Hampshire Market Area overall has the same level of affordability as the South East as a whole (9:1). But this is achieved by virtue of Basingstoke & Deane, which has a ratio of 8:1, with all the other areas having a ratio higher than the regional average. For England as a whole the ratio of LQ house prices to LQ earnings is now 7:1.
- 7.35 In the period 2002 to 2006⁴, affordability has clearly worsened in all areas. For example, the ratio between LQ house prices and LQ earnings in New Forest has increased from 8:1 in 2002 to 11:1 in 2006. Over the past year affordability pressures have eased somewhat in some districts (most notably in Winchester), which has been due to a reduction in LQ house prices. Test Valley and New Forest have experienced further declines in affordability however.

³ In comparison average mortgage multipliers (the ratio of salary to purchase price) tends to be between 3 to 4 times average salary.

⁴ This is the longest time series for which Earnings data is currently available through the Annual Survey of Hours and Earnings

Figure 7.14 - Lower Quartile House Prices to Lower Quartile Earnings Ratios (Whole Districts)



Source: Land Registry/ASHE/CLG

Figure 7.15- Lower Quartile House Prices to Lower Quartile Earnings Ratios (Whole Districts)

	2002	2003	2004	2005	2006
Central Hampshire Market Area (Whole Districts)	7.6	8.3	9.0	9.5	9.1
Basingstoke & Deane	6.4	7.2	7.6	8.3	8.0
East Hampshire	8.3	9.3	10.3	10.7	9.8
Test Valley	7.9	8.2	9.3	8.8	9.4
Winchester	8.9	9.7	10.2	11.1	10.5
New Forest	8.1	9.4	10.6	10.0	11.0
South East	6.9	7.5	8.1	8.6	8.6
England	4.7	5.2	6.3	6.8	7.1

Source: CLG

7.36

Affordability is a serious issue in many housing markets, but it is particularly pronounced in high growth areas such as the South East. Companies in areas with high affordability ratios may struggle to recruit workers due to the high house prices. One particular concern is the extent to which key workers are able to afford to live within an area.

7.37 A study by the Joseph Rowntree Foundation, ‘Can Work, Can’t Buy’⁵, contains analysis of the extent to which key workers are able to purchase a home. The (individual) income of key workers is expressed as the proportion of the income required to purchase a home. This is based on the following information:

- The salaries of four key workers (a nurse, police officer, social worker and teacher) have been used. In each case a point on the salary scale has been selected to correspond with a key worker that has been in post for some three to four years, and may be sufficiently settled to consider a house purchase. The basic salaries have been supplemented as appropriate with London and South East weightings, allowances or other equivalent supplements for these localities where they apply. Figures are for October 2002
- House prices are based on lower quartile prices for 2 bedroom dwellings⁶. The local house price data used is Halifax plc. Data for the period 1996-98 updated by regional indexes to Q4 2002 levels

Figure 7.16 - Key Worker Affordability (Individual Incomes) (Whole Districts)

	Entry Level House Price	Income Required to purchase	Key Worker Income as % of Income Required
Central Hampshire Market Area	£133,800	£42,400	51%
Basingstoke & Deane	£132,100	£41,800	52%
East Hampshire	£136,200	£43,100	51%
Test Valley	£121,300	£38,400	57%
Winchester	£146,600	£46,400	47%
New Forest	£124,400	£39,400	55%
South East	£124,100	£39,300	56%
England	£91,200	£28,900	75%

Source: JRF, ‘Can’t Work - Can’t Buy’

7.38 As shown in Figure 7.16, average key worker earnings are less than the income required to purchase a home in all of the benchmark areas examined. In the Central Hampshire Housing Market Area, an average key worker salary is only 51% of the income needed to purchase a home. Key workers in Winchester live in the least affordable area compared with their colleagues elsewhere in the Central Hampshire Housing Market area and in New Forest, the average key worker salary equates to just 47% of the income required to purchase a home. However, it is also important to bear in mind that many key workers will not be looking to buy homes on their own and on that basis lower quartile house prices are likely to be affordable.

Household Incomes and Affordability

7.39 The previous analysis is based on the relationship between personal (individual) incomes and house prices. An alternative method of measuring affordability is the relationship

⁵ ‘Can Work – Can’t Buy, Local Measures of the ability of working households to become home owners’ (Steve Wilcox), Published by the Joseph Rowntree Foundation May 2003. This data was not updated in the latest version of the Joseph Rowntree Foundation report published in 2006.

⁶ The study used data on the number of rooms rather than bedrooms - where a kitchen is counted as a room together with other living rooms and bedrooms. Using DTZ’s rule of thumb, a 4/5 room dwelling broadly equates to a 2 bedroom dwelling

between household incomes and house prices, since this takes account of the relationship between personal and household incomes.

- 7.40 The Joseph Rowntree Foundation (JRF) study ‘The Geography of Affordable and Unaffordable Housing’⁷ provides a useful measure of affordability, relating the average price of 2/3 bedroom dwelling to the average household income of those aged 20-39 (those most likely to be purchasing a first home). This is different to the ratios presented above due to the difference in methodology and definition of affordability ratios. In many ways this method of affordability is preferable to the official CLG measure, since it allows the affordability ratios to be compared with standard mortgage income multipliers.
- 7.41 The results show once again that New Forest is less affordable than the Central Hampshire Housing Market Area and the individual districts within it. These results are also similar to the CLG measure above, in that Basingstoke & Deane is relatively more affordable than the rest of the Central Hampshire Housing Market Area, New Forest and the South East.

Figure 7.17: Affordability Ratios Based Upon Household Incomes (Whole Districts)

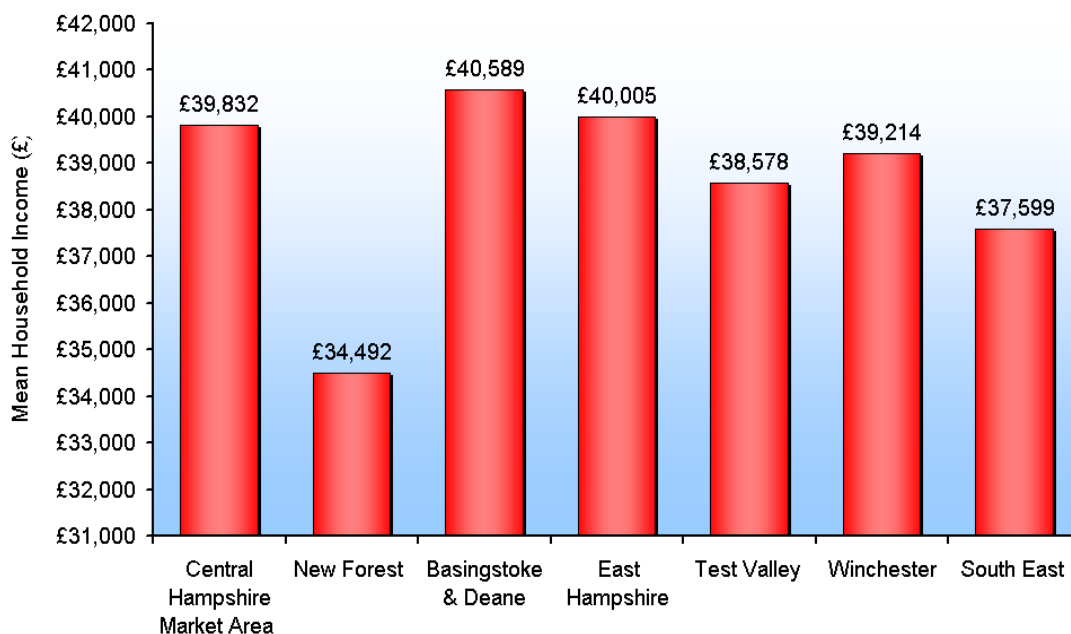
House Price to Income Ratio, 2005	
Central Hampshire Market Area	4.74
Basingstoke & Deane	4.31
East Hampshire	4.94
Test Valley	5.26
Winchester	4.92
New Forest	5.57
South East	4.76
England	4.43

Source: JRF

- 7.42 Whilst the results from the JRF study are illuminating, the main shortcoming of the report is that it uses regional results for the relationship between personal and household incomes to compute household incomes at a local level. A more robust method would be to use household incomes based on data collected at a local level. The most sophisticated dataset of this kind is the data available from CACI, giving reliable estimates of household incomes down to ward level.
- 7.43 Using CACI data it has been possible to compute the mean households income and income distribution within the Central Hampshire Housing Market Area and New Forest. Figure 7.18 shows the mean average income for the Central Hampshire Housing Market Area, its component districts, New Forest and the South East. The highest mean household income of any district is Basingstoke & Deane (£40,589). Both Basingstoke & Deane and East Hampshire (£40,005) have a higher average income than the Central Hampshire Market Area as a whole (£39,832).
- 7.44 New Forest (£34,492) is the only district with income below the regional level of £37,599. There is a clear disparity between incomes in this District and the Central Hampshire Housing Market Area.

⁷ ‘The Geography of Affordable and Unaffordable Housing’ (Steve Wilcox), published by the Joseph Rowntree Foundation. This report was published in 2006 and contains results relating to 2005. This is the update to the original reports – ‘Affordability and the Intermediate Housing Market’ and ‘Can Work – Can’t Buy, Local Measures of the Ability of Working Households to Become Home Owners’ (Steve Wilcox), published by the Joseph Rowntree Foundation in 2005 and 2003 respectively.

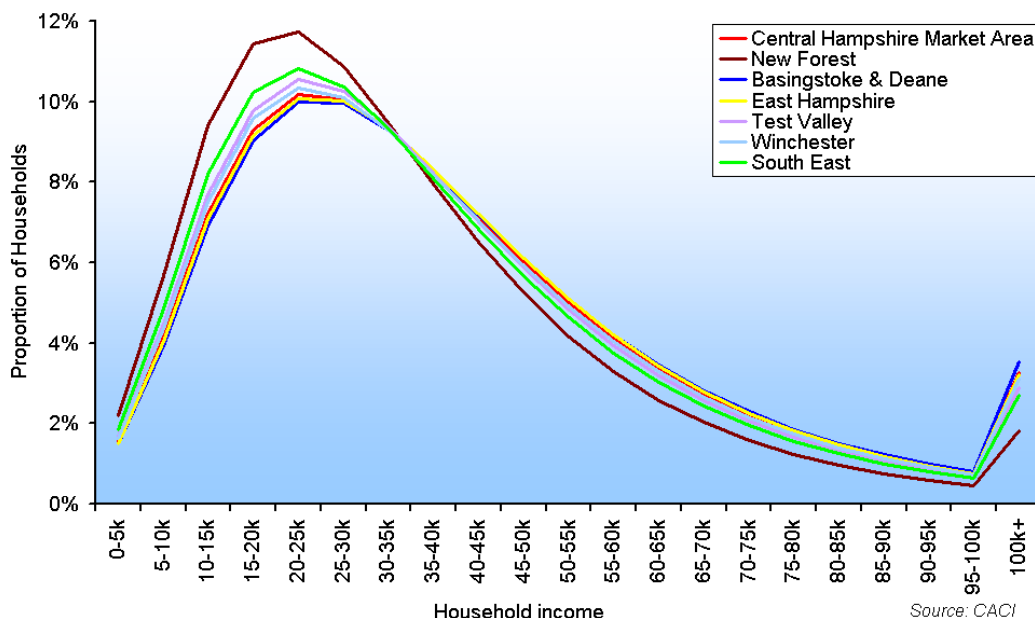
Figure 7.18: Mean Household Income (Whole Districts)



Source: CACI

- 7.45 As well as providing data on mean household incomes, CACI data shows the distribution of household incomes in £5,000 pay brackets (CACI provides income data for all households and not just those households that are economically active or in work). Figure 7.19 presents the proportion of households falling into each pay bracket for the Central Hampshire Housing Market Area, its component districts, New Forest and the South East. As shown in Figure 7.19, there is little difference between the areas in terms of income distribution and structure. The only evident difference in the analysis is the higher proportion of households in New Forest in the brackets between 0-£30k and a lower proportion in the £35k-£100k+ brackets compared with the rest of the geographies covered. This distribution helps to explain the relatively low mean household income in the district illustrated in figure 7.18 and in part is likely to reflect lower economic activity rates within the District.

Figure 7.19: Household Income Distribution (Whole Districts)



- 7.46 An alternative way of plotting the data in Figure 7.19 is to show the cumulative distribution of household income, as presented in Figures 7.20 and 7.21. In addition, these charts show the threshold of income necessary to access owner-occupation (the income needed to purchase at the Lower Quartile house price).⁸
- 7.47 The charts show that the income threshold required to purchase houses at the lower quartile level in the Central Hampshire Market Area is just over £42,000. As shown by the chart, 60% of households in this area have an income below this threshold, and are therefore unable to afford to purchase a dwelling at current price.
- 7.48 Winchester, again, is shown to be the least affordable area, with 74% of households being unable to afford to buy at the Lower Quartile price. The relatively low incomes in New Forest combined with house prices above the regional average mean that 69% of its households are below the income threshold required to purchase. By comparison, relatively high household incomes and low house prices in Basingstoke & Deane mean that a comparatively lower proportion of households (51%) are unable to access owner-occupation.

⁸ Assuming that purchasers can afford a 20% deposit, and 3.05 times mortgage multiplier (Council of Mortgage Lenders, 2006), using 2006 data for Lower Quartile house prices (CLG, 2006). This measure produces similar results to 3.5 times income, the multiplier suggested in the CLG guidance (though the CLG measure suggests that properties are slightly less affordable and more households priced out).

Figure 7.20: Cumulative Household Income Distribution and Purchase Income Thresholds (Whole Districts)

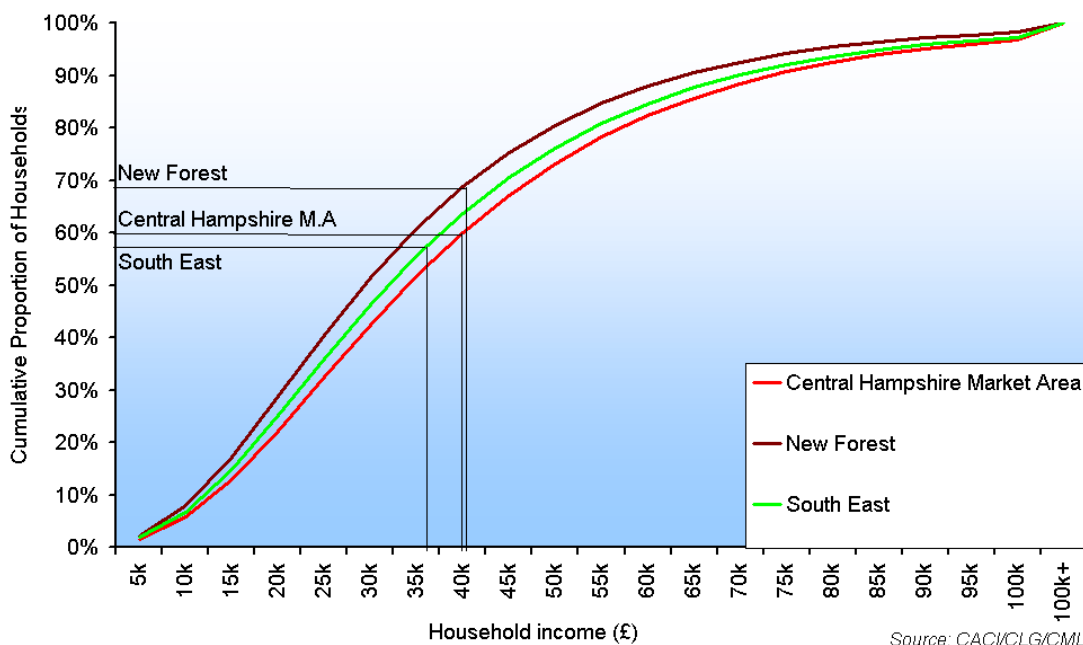
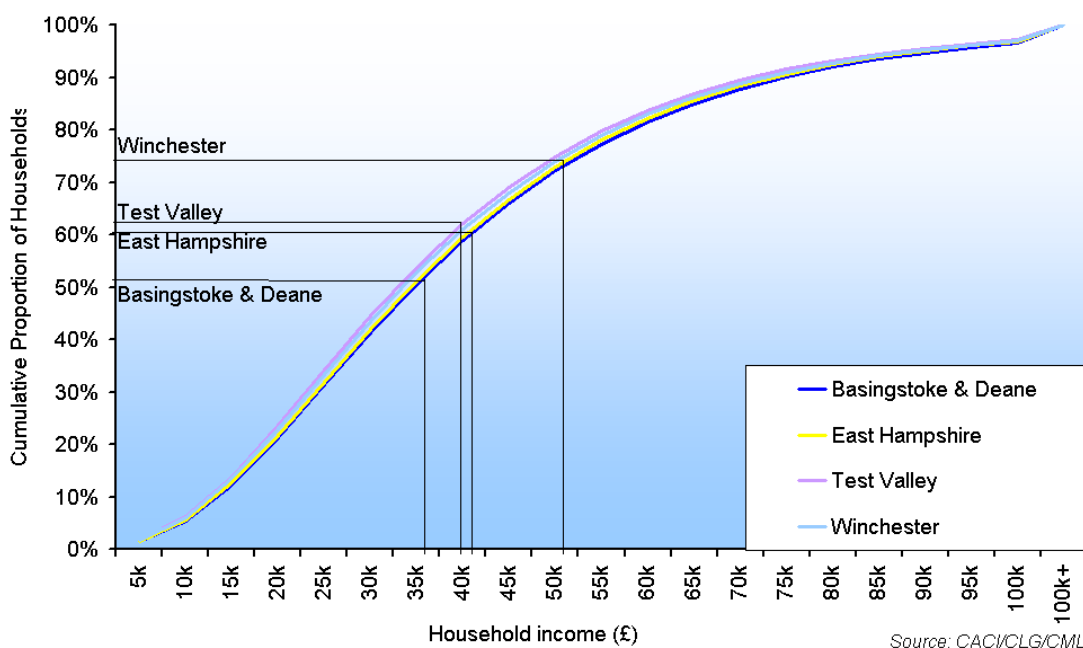


Figure 7.21: Cumulative Household Income Distribution and Purchase Income Thresholds (Whole Districts)



- 7.49 Figure 7.22 relates these proportions to the absolute number of households in each of the areas. In the Central Hampshire Market Area just over 98,000 households would be unable to purchase at Lower Quartile prices on the basis of their current incomes. It is worth noting at the district level that although Basingstoke & Deane has the lowest proportion of its households unable to purchase, this would translate into a higher absolute number of households (33,000) than East Hampshire (27,000) and the Test Valley (29,000).

Figure 7.22: Number and Proportion of Households Unable to Purchase on Basis of Current Incomes (Whole Districts)

	Lower Quartile House Price (2006)	Household income needed to purchase	% of households unable to purchase	Number of households unable to purchase
Central Hampshire Market Area	£162,000	£42,000	60%	98,000
Basingstoke & Deane	£148,000	£39,000	51%	33,000
East Hampshire	£170,000	£45,000	60%	27,000
Test Valley	£153,000	£40,000	62%	29,000
Winchester	£192,000	£50,000	74%	34,000
New Forest	£165,000	£43,000	69%	53,000
South East	£148,000	£39,000	56%	1,841,000

Source: CACI, CML, CLG

- 7.50 It is important to note that many of the 98,000 households in Figure 7.22 will be home owners as many are likely to be older households who purchased their homes either when they were on higher incomes or when house prices were more affordable. However, as the above analysis shows a large number of residents would be unable to purchase a home now and provides a proxy for the affordability of housing to new households.
- 7.51 It is also worth considering that the incomes of *newly forming* households are generally lower than the population as a whole and so the proportion of *new* households unable to purchase is likely to be at least as high as the figures presented in Figure 7.22. Recent research by the Analytical Services Directorate in the CLG found that in England, 30% of new households were home owners, around 20% required social rented accommodation and around 50% required private rented accommodation (of which some were able to afford home ownership and a proportion would be able to access low cost home ownership with some assistance). This pattern is taken into account in the housing need assessment in Section 8.

8 HOUSING NEED ASSESSMENT

8.01 This section analyses the evidence on housing need within Central Hampshire and New Forest. The conceptual framework in Section 3 of this report demonstrates that in order to understand housing need it is important to examine the way in which the whole housing system operates. In the context of house prices and affordability within Central Hampshire and the New Forest it is inevitable that a proportion of households find themselves unable to access housing in the open market. Estimating the number of households in housing need is therefore a key element in understanding the housing market. Local authorities also require an assessment of housing need to underpin their planning and housing policies in relation to the provision of affordable housing. Housing need in each authority area has been assessed through a housing need assessment, in line with the CLG's SHMA guidance.

Key Points

- Almost 15,000 households have current housing applications registered with a local authority within the four Central Hampshire authorities, a further 4,800 in the New Forest, of which around 9,700 in Central Hampshire and 3,320 in the New Forest fall within the definition of housing need set out in the CLG guidance and their needs are unlikely to be met within the market¹
- Further need for affordable housing will arise in the future as new households form and some existing households fall into need. Around 2,050 households will fall into need each year in Central Hampshire, a further 470 in New Forest, based on household projections, the incomes of new households and the net number of households joining waiting lists each year
- The annual supply of affordable housing across the authorities through re-lets is equivalent to around 6% of total stock in the social rented sector. Along with new supply, this provides 2,440 dwellings in Central Hampshire and 530 in New Forest which can be offset against the level of housing need
- The level of housing need exceeds what will be delivered by way of new affordable housing each year. In Central Hampshire the minimum estimate of housing need suggests that there is a need for around 1,450 affordable (social rented) homes each year, on top of what is planned, with a further 600 required in New Forest
- Around 3,000 households in Central Hampshire and a further 500 in New Forest have expressed an interest in intermediate housing options. The majority of households would prefer two bedrooms, with around one third preferring a 3 bedroom home.
- There is limited overlap between those interested in intermediate housing and those on local authority housing registers (10% of households interested in intermediate housing are registered on waiting lists). However a number of households interested in intermediate housing do not have sufficient incomes to access intermediate options and are not on waiting lists in the 5 authorities, indicating a level of hidden need.
- In terms of social rented homes, the majority of households *registered* require a one bedroom home. However, the requirement of those in *need* differs. The pattern of re-lets in the social rented stock in each authority shows that 1 and 2 bedroom properties are re-let most frequently – highlighting pressures on larger stock in some authorities.

¹ The figures for the number of households in need exclude applicant households who are not resident within the local authority (or without a strong local connection) to avoid double counting of households across the 5 authorities.

Introduction

- 8.02 The objective of the CLG guidance is to undertake housing need assessments using secondary data. The inputs in these assessments are based on a variety of data sources which, in most cases, represent **actual** numbers and the real circumstances of individual households who have approached local authorities for assistance regarding their housing situation. DTZ has also used CACI modelled income data and Hampshire County Council households projections to estimate the level of newly arising need.
- 8.03 The figures arising from this housing need assessment are not directly comparable to those produced using the more traditional household survey approach and so the figures in this section should not be used to demonstrate a decline or increase in housing need over time by comparing them to previous surveys. There are at least 2 key differences in the methodology:
- Current need: housing need surveys record the situations and aspirations of a sample of households and these are then grossed up to provide estimates of the level of housing need among the population as a whole. The approach used here analyses the circumstances of only those on local housing waiting lists and does not look for current need elsewhere e.g. among households who have not registered their need for housing with the local authority. Our approach therefore underestimates the actual level of housing need – particularly in more rural areas where households who may be in need may not register because they consider there to be limited prospect of being housed. However, if households have not registered their need for housing then they will not be allocated a house by the authority or RSL.
 - Newly arising need: our approach uses household projections (Hampshire County Council) as a basis for determining housing need. This approach effectively constrains the estimate of newly arising need since the household projections take account of future dwelling provision. Housing need surveys tend to give an unconstrained estimate of newly arising need by using the results of household surveys to estimate household formation.
- 8.04 Furthermore, each local authority across the country has a different system for managing applications for housing and for the allocation of homes to households in need. The approach to assessing housing need therefore needs to be tailored to the particular processes and systems in operation in each authority. We set out in this section any particular approaches or assumptions applied to the data in order to achieve this.
- 8.05 The methodology for the housing needs assessment in the CLG guidance is largely based on the Basic Needs Assessment table developed for the 'Local Housing Needs Assessment; A Guide to Good Practice' (DETR 2000) as outlined in Figure 8.1.

Figure 8.1 Outline of Housing Need Assessment Model

Stage 1: Current Need
<i>Plus</i>
Stage 2: Newly Arising Need
<i>Minus</i>
Stage 3: Supply of Affordable Homes
<i>Equals</i>
NET SHORTFALL (OR SURPLUS) OF AFFORDABLE HOMES

8.06 The remainder of this section sets out the key inputs in relation to each of the stages of the housing needs assessment model set out in Figure 8.1 and presents the housing need estimates for each local authority and the market area of Central Hampshire².

8.07 Key assumptions applied to the data for each authority are highlighted in this section. Summary calculations of the estimates for each authority are provided in Appendix D.

Stage 1: Current Need

8.08 Stage 1 of the assessment considers the number of existing households who are currently in housing need. Current need comprises three main groups of households who have registered their need with a local authority (or RSL in some cases):

- Current occupiers of affordable housing in need i.e. existing tenants in need and on the transfer list
- Households from other tenures in need and on the waiting list for housing
- Households without self-contained accommodation i.e. homeless households and households living with family/friends or multi-adult households sharing facilities

8.09 Figure 8.2 sets out the numbers of households with current housing applications in each authority. These figures represent the total number of applicants and include those who may not be resident within the authority and those who may not have an identifiable element of housing need.

Figure 8.2: Households with Current Housing Applications (31/03/07)

	Basingstoke & Deane	East Hampshire	Test Valley	Winchester	Central Hampshire (whole districts)	New Forest
Transfer Applicants	1,110	600	580	730	3,020	390
Waiting List Applicants	4,180	2,760	2,940	1,810	11,690	4,180
Homeless Households in Temporary Accommodation	130	*	80	60	270	260
Total	5,430	3,360	3,600	2,590	14,970	4,830
As % of All Households in Authority Area	8%	7%	8%	6%	7%	7%

Source: Local Authority Housing Management Systems (Note: Figures may not sum due to rounding)

*Included in Number of Waiting List Applicants

8.10 As highlighted in Figure 8.2, around 15,000 households have current housing applications registered with a local authority within the five authorities, with a further 4,800 in the New Forest.

8.11 It is also worth noting that there is a wider population of households who receive housing assistance because they are unable to meet their own needs within the market. The number of households receiving housing benefit in each of the authority areas³ is as follows:

² Given the different housing management systems in operation in each authority some caution must be applied in comparing the results between authorities

- 6,800 households in Basingstoke and Deane (10.8% of the household population)
 - 3,800 households in East Hampshire (8.4% of the household population)
 - 4,400 households in Test Valley (9.7% of the household population)
 - 4,400 households in Winchester (9.9% of the household population)
 - 6,800 households in New Forest (9.2% of the household population)
- 8.12 We have not assessed whether these households are currently *in need* as part of this housing need assessment unless they are registered on one of the authority's waiting lists. However, it is worth noting that Winchester's housing register does not appear to be reflective of the scale of households receiving housing assistance to the same extent as the other authorities. There are relatively fewer households on Winchester's waiting list when compared to the other authorities although the authority has one of the highest proportions of its population on housing benefit.⁴
- 8.13 In order to produce a robust and fair assessment of housing need using information from waiting lists it is necessary to exclude those applicants who may have applied for 'aspirational' reasons (they would like to be housed or re-housed) but are not in need as such. It is also necessary to exclude, as far as possible, households who are not resident within the authority area, to avoid double counting of any applicants who may be registered in more than one of the authorities. Although in practice, the provision of affordable housing must take account of the need to house workers who may currently be commuting long distances to work in the authority from adjacent authorities.
- 8.14 Of the 15,000 households in Central Hampshire with current housing applications around 65% (9,700 households) fall within the definition of housing need as set out in the CLG guidance (represented in Figure 5.1 in the CLG guidance). The figure in the New Forest is 3,320 households - 62% of all applicants have been identified as in housing need.
- 8.15 These households have one or more of the following element of housing need:
- They are living in overcrowded conditions
 - They are lacking or sharing facilities
 - They are homeless or living in insecure tenure
 - They have medical or social needs (e.g. suffering harassment or violence that means they need to move)
- 8.16 Because of the different systems in operation in each authority the identification of households in need on the waiting lists varies. Figure 8.3 sets out the approach applied in each case to identify those households in need and to eliminate households who may have applied for aspirational reasons.

³ DWP Housing Benefit Statistics 2006

⁴ This may change when the authority moves to a Choice Based Letting system and it would be a valuable exercise to review the need assessment once this is up and running. Experience from other authorities suggests that the number of applicants may increase significantly

Figure 8.3: Systems for Identifying Those in Housing Need

	Identifying Applicants in Need
Basingstoke & Deane	Systems able to identify applicants with different elements of need e.g. over crowding etc. Those without an element of need have been excluded from the minimum estimate
East Hampshire	System unable to identify households falling into specific need categories. However points awarded to applicants reflect the level of need. Therefore a threshold of 17 points was used to identify those in need. Households with 17 points or more are highly likely to be lacking bedrooms and therefore in need. Households with less than 17 points were excluded from the minimum estimate. Points are awarded for length of stay on the waiting list (3 points per year). Therefore a proportion of those identified as in need could theoretically have no need but have been waiting for 5 years or more. A manual review of the waiting list however suggests this applies in very few cases. Furthermore, many older applicants who are registered for sheltered housing will have very few points (5 or 10 points) unless they have a medical priority.
Test Valley	Systems able to identify applicants with different elements of need e.g. over crowding etc. Those without an element of need have been excluded from the minimum estimate. It is worth noting that, from the point of view of the housing need assessment, Test Valley's system was ideal to work with. Other authorities considering upgrading their systems might consider whether this would also suit their circumstances.
Winchester	Systems able to identify applicants with different elements of need e.g. over crowding etc. Those without an element of need have been excluded from the minimum estimate.
New Forest	System unable to identify households falling into specific need categories. However bandings awarded to applicants reflect the level of need (High Priority, Priority and No Priority). Applicants in the No Priority band were excluded from the minimum estimate because they do not have an element of priority need.

- 8.17 It was also important to eliminate any potential double counting of applicants who may have more than one element of housing need. This was not necessary in the case of New Forest and East Hampshire since applicants were identified by the numbers of points rather than category of need. In Basingstoke and Deane, Test Valley and Winchester, applicants were identified by their main need category to avoid double counting. That is not to say that many of the applicants would also be entitled to receive points or priority for other recognised indicators of need.
- 8.18 Figure 8.4 provides a summary of the *minimum* level of current housing need as defined by the CLG guidance, within each of the authorities in 2007. These figures exclude those that could not be identified as in housing need and those resident outside the authority area. It is these households who form the basis of our 'minimum estimates' of current housing need. This minimum figure establishes the number of households known to be in some form housing need at the time of writing.

Figure 8.4: Current Need

	Minimum Number of Households in Current Need	Per Annum (assuming current need met over 5 years)	% of All Applicants Identified as in Need	% of All Households in Housing Need
Basingstoke & Deane	3,610	720	66%	7%
East Hampshire	1,650	330	57%	4%
Test Valley	2,290	460	64%	5%
Winchester	2,150	430	80%	5%
Central Hampshire (whole authorities)	9,700	1,940	65%	5%
New Forest	3,320	660	69%	4%

Source: LA Housing Management Systems

- 8.19 DTZ expect that very few of the households on the authority waiting lists and in housing need would be able to meet their own needs within the market, although comprehensive data on the incomes of households on the waiting lists is unavailable. This assumption is supported by data from CORE letting reports for each authority in 2005/06. CORE reports provide information on the characteristics of those who are housed by authorities and RSLs, including the income of these households. This data suggests that the majority of households that are housed by the local authorities and RSLs in each of the authority areas are on income related benefits and either do or may qualify for housing benefit. Average incomes range from £200-260 per week (£10,400-13,500 per annum) with around 50% having incomes below £200 per week (less than £10,400 per annum) – below the level required to rent in the market or access most intermediate products.
- 8.20 We have also produced an ‘upper’ estimate of housing need which seeks to illustrate the likely scale of current housing need assuming that all of the 14,970 households registered for re-housing in Central Hampshire and 4,830 in New Forest are in some form of housing need (figures presented in Figure 8.2). This ‘upper’ definition of housing need assumes that the households on the local authority waiting lists are likely to be in housing need, even though we have not been able to allocate them to one of the categories of housing need as set out in our minimum estimate.

Stage 2: Newly Arising Need

- 8.21 Stage 2 of the housing need assessment considers the number of new and existing households who are likely to fall into housing need in the future. This stage of the assessment is based upon:
- New household formation and the proportion of newly forming households unable to buy or rent in the market
 - Existing households falling into need
- 8.22 Section 4 presented the latest household projections prepared by Hampshire County Council, which estimate household growth across each authority to 2026. The housing needs assessment considers this projected level of household growth over the 5 year period of the assessment between 2007 – 2012, adjusted to give an annualised level of household growth for each authority (see Figure 8.5).

Figure 8.5: Annualised Households Growth Projections 2007-2012

	Household growth 2007-2012 (Annual Average)					
	2007/08	2008/09	2009/10	2011/12	2012/13	Average 2007-2012
Basingstoke & Deane	1,310	1,310	1,310	1,310	640	1,170
East Hampshire	420	420	420	420	240	380
Test Valley	480	480	480	480	480	480
Winchester	440	440	440	440	920	540
New Forest	340	340	340	340	190	310

Source: Hampshire County Council Household Projections (Anglia University Chelmer Population Model)

- 8.23 It should be noted that these household projections represent a net level of household growth. It is important to note therefore that DTZ's assessment of housing need uses these net household projections and therefore differs markedly from housing needs assessment methodologies that use household projections based on survey results.
- 8.24 Having identified the estimated level of household growth over the period of the assessment, the assessment then estimates the number of those new households unable to afford to buy or rent in the market place (examined in detail in Section 7 and summarised in Figure 8.6).

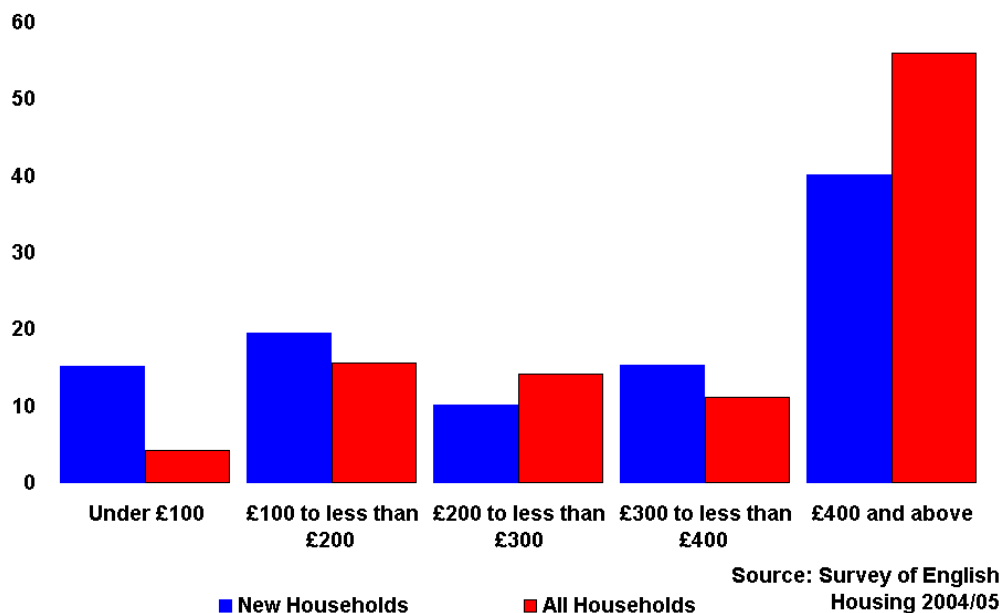
Figure 8.6: Proportion of New Households Unable to Rent Market Housing

Proportion Unable to Rent or Buy	A	B	C
	All Households	New Households	Mid Point
Basingstoke & Deane	41%	77%	59%
East Hampshire	42%	75%	58%
Test Valley	34%	69%	52%
Winchester	33%	74%	54%
Central Hampshire	42%	75%	59%
New Forest	51%	81%	66%

Source: Section 7: CACI; Dataspring; Survey of English Housing 2004/05

- 8.25 The guidance recommends that the approach taken here is based on a comparison of minimum incomes required to access market housing against the distribution of incomes for newly forming households, however, this is not available at the local authority level. Section 7 used CACI income data for households *as a whole* to generate estimates of the proportion of households in each authority unable to buy or rent in the market (see Figure 8.6 column A). However, the Survey of English Housing (2004/05) demonstrates that, on average, the income of new households is 60% of the income of all households. Figure 8.7 illustrates the difference between the incomes of new and all households at the national level.

Figure 8.7: Comparison of Income Distribution of New Household and All Households



- 8.26 It is possible to estimate the proportion of *new* households unable to access market housing if it is assumed that the difference between all household incomes and new household incomes at the national level is replicated in each of the authorities i.e. that incomes of new households are 60% of the incomes of all households (see Figure 8.6 column B). However, in practice, many new households are able to access the private rented sector without public assistance by stretching themselves further financially than other households or perhaps even receiving assistance from friends and family. Therefore, we have assumed that, in practice, the proportion of new households able to access the market is better than affordability measures suggest and have taken a ‘mid point’ between the affordability of all households and new households (Figure 8.6 column C). The proportion of households unable to access market housing to buy or rent (mid point) in Figure 8.6 has been applied to estimate the proportion of newly forming households unable to access market housing and therefore likely to require affordable housing.
- 8.27 Depending on what is assumed about the incomes of new households produces a different level of newly arising need. It is important to note that this assessment of the ability of new households to afford market housing does not take into account access to equity (e.g. inheritance or family support) or indeed the level of household debt, which would affect affordability. Unlike the calculation of current need, earlier in this section, newly arising need is therefore an estimate and largely dependent on the relationship between future house prices and incomes and assumptions about affordability.
- 8.28 It is also likely that a number of existing households will fall into need each year as their circumstances change. The second component of the estimate of newly arising need is the number of *existing* households falling into need. The CLG guidance considers that this should be estimated by the net average number of households joining housing registers each year, i.e. the gross number of new applicants adjusted to reflect those applicants who have been housed, moved away or cancelled their applications.

- 8.29 In terms of the minimum estimates produced as part of this assessment, DTZ has assumed that not everyone applying for housing in the future will actually be in housing need. Therefore, the annual average number of households joining the list has been reduced by the overall proportion of households expected to be in need. It is assumed that new applicants will reflect the characteristics of those already on the waiting and transfer lists in terms of the proportions that are in housing need (as defined under our minimum estimate in Figure 8.4).
- 8.30 Figure 8.8 provides a summary of the estimate of newly arising households in need each year for the five authorities.

Figure 8.8: Summary of Newly Arising Need Per Annum (Stage 2)

	Net Household Formation per annum	Proportion unable to access market housing	Number of new households requiring affordable housing	Existing households falling into need*	Total minimum newly arising need per annum*
Basingstoke & Deane	1,310	59%	770	150	920
East Hampshire	380	58%	220	120	340
Test Valley	480	52%	250	150	400
Winchester	540	54%	290	100	390
Central Hampshire	2,710	59%	1,600	520	2,050
New Forest	340	66%	220	250	470

Source: Hampshire County Council Households Projections; Dataspring; CACI; LA Housing Management Systems; HSSA Returns for last 3 years. *Appendix D provides figures for the Upper Estimate, which assumes that all households joining the waiting lists each year are in housing need

Stage 3: Supply of Affordable Homes

- 8.31 Stage 3 in the assessment establishes the level of supply available to offset identified need and takes into account:
- The number of homes that will become available when existing tenants are re-housed
 - The annual supply of social rented re-lets
 - Any surplus social rented units e.g. long term vacant property
 - Any units that will be taken out of management e.g. demolitions, disposals
 - Anticipated supply of new social rented homes
- 8.32 The rate at which transfer applicants are re-housed varies across each of the local authority areas depending on turnover rates, individual allocation policies and the priority afforded to different categories of applicants and needs groups.
- 8.33 To maintain a consistent approach to the assessment in each of the local authority areas, the assumption set out in the CLG guidance has been adopted. This assumes that those existing tenants (transfer applicants) in housing need identified in Stage 1 of the assessment **will** be re-housed and will therefore create a vacancy for another household in need (thus having a nil effect on the overall housing need figures). The number of existing tenants registered on transfer lists and in housing need and therefore the number of units available when these tenants are re-housed is set out in Figure 8.9.

Figure 8.9: Number of Homes Available for Re-let When Transfer Tenants Housed

	Total Number of Homes	Number Available Each Year as Transfer Tenants Re- Housed
Basingstoke & Deane	630	130
East Hampshire	340	70
Test Valley	310	60
Winchester	600	120
Central Hampshire	1,880	380
New Forest	320	60

Source: LA Housing Management Systems

- 8.34 Figure 8.10 sets out the annual supply of affordable housing across the authorities and in most cases is equivalent to around 6% of stock in the social rented sector. This figure is offset against the annual levels of housing need identified in Stages 1 and 2. It is interesting to note that the turnover of social rented homes (6% of the stock each year) is double the turnover of owner occupied homes in each of the authorities (see Section 7).
- 8.35 The annual supply of social re-lets is based on past trends and excludes lettings to transfer tenants, mutual exchanges, successions and assignments. This provides a net annual supply figure for social rented stock. It was not possible to identify exact numbers of transfers, mutual exchanges for RSL stock in Winchester and Test Valley so a net figure has been derived by adjusting the gross number of re-lets.⁵

Figure 8.10: Supply of Affordable Housing Through Re-Lets

	Social Re-lets (excluding transfers etc)	Social Rented Stock	Supply as % of social rented stock	Intermediate Housing (sales average for 3 years)
Basingstoke & Deane ⁶	740	11,700	6%	90
East Hampshire ⁷	260	5,730	5%	30
Test Valley	420	7,120	6%	70
Winchester	350	7,240	5%	40
Central Hampshire	1,770	31,790	6%	210
New Forest⁸	400	8,550	5%	40

Source: HSSA 2005/06 (for stock); LA Housing Management Systems (for LA re-lets), Housing Corporation (for RSL re-lets and Intermediate Sales)

- 8.36 Figure 8.10 also sets out the number of intermediate homes becoming available each year, excluding those shared ownership units where the purchaser has stair-cased to 100% equity.
- 8.37 The void rate (vacancies) within the local authority and RSL stock in each authority is presented in Figure 8.11. The CLG guidance states that a certain level of voids is normal

⁵ For Winchester, we assumed that RSL net re-lets reflected the net re-lets in the local authority's stock i.e. that net re-lets (excluding transfers, mutual exchanges etc) are 54% of the gross re-let figure. For Test Valley, we assumed that RSL net re-lets were 70% of the gross figure which is an assumption based on DTZ's experience with other authorities though it is likely to over estimate the actual supply of re-lets

⁶ Basingstoke & Deane Borough Council provided re-let figures for the RSLs within the Borough. These differ from the Housing Corporation's figures but are understood to be more accurate because RSLs often count temporary lettings as re-lets. Although it has not been possible to verify, this may mean that re-let data for the RSL stock in other authorities (Test Valley and Winchester) is an over-estimate which would have the effect of increasing the level of need in the other authorities.

⁷ As above

⁸ As above

and allows for transfers and works on properties. If the rate is in excess of 3% these should be counted as surplus stock – this is not the case in any of the authorities considered in this assessment.

Figure 8.11 Social Rented Stock, Void Properties and Void rates

	No. of LA Units	No. of RSL Units	Total Social Rented Stock	Void LA Stock	Void RSL Stock	Total social rented voids	LA Void rate	RSL Void Rate	Combined Void Rate
Basingstoke & Deane	-	11,580	11,700*	-	60	60	-	0.5%	0.5%
East Hampshire	-	5,730	5,730	-	50	100	-	0.9%	1.5%
Test Valley	-	6,490	7,120*	-	50	120*	-	0.7%	1.7%
Winchester	5,160	2,080	7,240	110	50	160	2.0%	2.4%	2.2%
Central Hampshire	5,160	25,880	32,290	110	210	540	2.0%	0.8%	1.7%
New Forest	5,050	3,180	8,550*	100	40	140	2.0%	1.3%	1.6%

Source: HSSA Returns 05/06

*Includes 'other' public sector stock on HSSA return

- 8.38 The CLG guidance requires SHMAs to take into account the anticipated supply of new rented and intermediate homes over the time period of the assessment, in this instance 5 years. Each of the local authorities have estimated future supply taking into account RSL development programmes, future allocations and past outturn. However, the supply of intermediate homes has been excluded from the available supply because we have excluded (as far as possible) households who may be able to afford intermediate housing from the calculation of current and newly arising need.
- 8.39 Figure 8.12 highlights the estimated future supply of social rented homes compared to proposed housing allocations in the Draft South East Plan. It indicates that the estimates of future supply of affordable homes provided for the housing need assessment equate to around 25-30% of total housing proposed by the Draft South East Plan.

Figure 8.12: Estimated Annual Supply of New Affordable Housing

	Estimated Annual Supply of Social Rented Homes 2007-2012		Proposed Housing Targets (Source Draft RSS 2006-2026)	
	Estimated Supply 2007-2012	Estimated Annual Average	Annual Average 2006-2026	% of Social Rented
Basingstoke & Deane	1,000	200	825*	25%
East Hampshire	350	70	260	27%
Test Valley	500**	100**	440	23%
Winchester	350***	70***	520	20%
Central Hampshire	2,350	470	2,050	23%
New Forest	330	65	210	31%

Source: Local Authorities for estimate of affordable supply; Draft South East RSS

*Growth point status would imply 960 per annum to 2016

**Both Test Valley and Winchester area dependent on delivery of affordable homes at Andover MDA and West Waterlooville MDA in the latter years of the period

***Winchester figures include delivery at West Waterlooville from 2009. This site will accommodate households from Havant and East Hampshire as well under a new choice based lettings system so we have assumed that one third of social rented units will be available to house Winchester households on the waiting list (particularly given the position of the site in the South Hampshire (eastern pole) housing market area)

8.40

It is questionable as to whether anticipated future supply should be included in the assessment to offset identified need, particularly where authorities are dependent on one or two major strategic development sites and in the case of Winchester, one major source of supply is likely to serve a different housing market area, associated with Havant and the south of East Hampshire. We have therefore presented housing need figures with and without anticipated new supply to illustrate the impact on housing need if new supply is not forthcoming. Figure 8.13 provides a summary of the available supply to offset need – the output for Stage 3 of the housing need assessment.

Figure 8.13: Available Supply to Offset Need (Stage 3)

	Supply Available When Transfer Tenants in Need Re-Housed Per Annum	Net Re-Lets Per Annum (average for last 3 years)	Anticipated New Supply of Social Rented Homes Per Annum	Total Available Supply Per Annum
Basingstoke & Deane	130	740	200	1,060
East Hampshire	70	260	70	400
Test Valley	60	420	100	580
Winchester	120	350	70	510*
Central Hampshire	380	1,770	440	2,440
New Forest	60	400	60	530

Source: LA Housing Management Systems; Housing Corporation

*Winchester figure takes account of an additional 30 dwellings to be taken out of management

The Level of Housing Need

- 8.41 The level of housing need when current and newly arising are added together and offset with the available supply of social rented homes is set out in Figure 8.14. DTZ consider that it is useful to produce a range for the level of housing need given that any assessment of housing need is an estimate and based on a number of assumptions. Figure 8.14 summarises the level of need for affordable (primarily social rented housing) assuming anticipated supply over the next 5 years is delivered. It also sets out the level of need if this supply was not forthcoming. It is important to note that Figure 8.14 represents a minimum position since efforts have been taken to ensure that the households included in this estimate are either currently in housing need or likely to require it in the future on the basis of their income.
- 8.42 Figure 8.14 shows that in all of the authorities, the level of housing need exceeds what will be delivered by way of new affordable housing (for social rent) each year. In Central Hampshire as a whole the minimum estimate of housing need suggests that there is a need for around 1,440 additional affordable (social rented) homes each year, on top of what is planned to be delivered from 2007-2012, with a further 560 required in New Forest.

Figure 8.14: Minimum Estimate of Housing Need (Social Rented Homes) by Authority, Per Annum

Minimum estimate	Without New Supply	With New Supply
Basingstoke & Deane	780	580
East Hampshire	350	280
Test Valley	380	280
Winchester	380	310
Central Hampshire	1,890	1,450
New Forest	660	600

Note: see Appendix D for summary calculations for each authority

- 8.43 The minimum estimates in Figure 8.14 will underestimate the level of housing need within each authority because we have excluded from the calculation of current need any households that could not be identified as having an element of housing need. In reality, some of these households may need to move for other reasons but be unable to afford to meet their needs within the market. Furthermore, there are likely to be a number of households who are in housing need and unable to meet their needs within the market but who do not register with the local authority e.g. because they think there is little prospect of being housed. However, against this there may be households in need on the local authority waiting lists who manage to resolve their own situations without the need for assistance. It is possible to illustrate the existence of housing need, beyond those households registered with each local authority by considering the circumstances of households who have expressed an interest in intermediate housing options.
- 8.44 Figure 8.15 demonstrates that a significant number of households who are interested in intermediate housing within each of the authorities do not have sufficient income to access the private rented sector (and therefore most intermediate options) but are not registered on any of the local authority waiting lists. These households may need to access social rented accommodation but are not included in our estimates of housing need.

Figure 8.15: Households Interested in Intermediate Housing but Likely to Need Social Rented Accommodation

	East Hampshire	Basingstoke & Deane	Test Valley	Winchester	New Forest
Total on Zone Agent's list interested in intermediate housing (excludes cancellations)	610	1,050	1,110	760	640
<i>Households on list with insufficient income for market rent but <u>not</u> on an authority's housing waiting list*</i>	<i>250</i>	<i>500</i>	<i>440</i>	<i>340</i>	<i>320</i>

Source: Swaythling (Zone Agent)

*Assuming households spend 33% of their gross income on rental costs (25-33% recommended in Guidance)

- 8.45 Figure 8.16 provides an upper estimate, which includes all households who have applied for housing in the five authorities, not just those applicants with identified need. Figure 8.16 illustrates that the need for affordable housing could be as high as over 2,000 dwellings in Central Hampshire and 1,000 dwellings in New Forest (even with new supply over the next 5 years). Figure 8.15 provides evidence that the true upper estimate might actually be higher than the figures presented in Figure 8.16 since there are a number of households without sufficient incomes to access market housing who are not registered with the local authorities. However, conversely, the circumstances of some households on waiting lists will change over time and they may then be able to meet their own needs. In addition, if new supply is not forthcoming households may decide not to apply given the limited prospect of being housed and this would moderate the numbers of the waiting lists.
- 8.46 It is also relevant to note that the upper estimates largely reflect the total number of applicants on local authority waiting lists. Consultation with housing need managers in some authorities suggested that the move to Choice Based Letting schemes (in operation in New Forest and Test Valley) often led to an increase in applications and total numbers of households on waiting lists. To some extent this needs to be considered when comparing the upper estimates of housing need in each authority.

Figure 8.16: Upper Estimate of Housing Need by Authority, Per Annum

Upper Estimate	Without New Supply (Per Annum)	With New Supply (Per Annum)
Basingstoke & Deane	1,130	930
East Hampshire	730	660
Test Valley	670	570
Winchester	440	370
Central Hampshire	2,970	2,530
New Forest	1,060	1,000

- 8.47 The estimates of housing need, particularly the level of newly arising need, are dependent on affordability within the market. We have estimated the proportion of new households who may be unable to afford to rent within the market on the basis of the distribution of incomes for all households and the lower incomes of new households. This is an assumption and it is also a component of the assessment that is likely to change as house prices and incomes change over time. It is therefore useful to consider what the impact would be on the level of housing need if affordability changed in each of the authorities.

8.48 Figure 8.17 shows how the minimum estimate of housing need is affected by changes in the affordability of market housing for new households. Figure 8.17 illustrates that a 10% improvement in affordability (of market rented accommodation) within Central Hampshire could reduce the level of housing need by around 280 households. Similarly, a 10% decline in affordability could increase the level of need by the same quantum.

Figure 8.17: Minimum Estimate of Housing Need With Different Affordability Scenarios, By Authority, Per Annum

	Minimum estimate (Per Annum)	Affordability Changes (Proportion Unable to Afford Market Rent)	
	With New Supply	10% Improvement	10% Decline
Basingstoke & Deane	580	450	710
East Hampshire	280	240	310
Test Valley	280	230	330
Winchester	310	260	370
Central Hampshire	1,450	1,180	1,720
New Forest	600	570	630

Tenure, Type and Size of Affordable Homes

- 8.49 The guidance also requires the housing need assessment to provide an estimate of the demand for *intermediate* affordable housing. There are at least 2,000 affordable (social rented) homes per annum required to meet need in the five authorities even when new supply is considered. These households have been identified as being in housing need (e.g. living in overcrowded conditions etc) and eligible for social rented accommodation and are estimated to be unable to meet their needs within the market – either to rent or to buy.
- 8.50 Whilst a small proportion of these households may be able and willing to access intermediate housing options, limited data is available on their incomes and based on what is known about the purchasers of intermediate housing this is likely to be very limited.⁹ Therefore, we assume that the vast majority of these households will require social rented accommodation.
- 8.51 Furthermore, analysis of Swaythling Housing Society's (the Zone Agent for Hampshire) list of households interested in intermediate housing suggests that there is only a very limited overlap between Swaythling's list and local authority housing registers. Figure 8.18 shows that around 10% of households interested in intermediate housing are also registered on local authority waiting lists. The absolute numbers are relatively small – with only Basingstoke and Test Valley having more than 100 households registered on both – accounting for 2% of Basingstoke's housing register and 3% of Test Valley's housing register.
- 8.52 Figure 8.18 shows that there are, however, relatively significant numbers of households who have expressed an interest in intermediate housing options – with around 3,000 households in Central Hampshire and a further 500 in New Forest. Although this does not take into account the *willingness* of households to access intermediate products even though they may have expressed an interest, Figure 8.19 also shows that relatively significant numbers of households have recently bought or rented or are in the process of

⁹ CLG Analytical Services Directorate (2006) Who are Low Cost Home Ownership Purchasers and what is the demand for LCHO?

buying or renting intermediate homes, which demonstrates a level of demand for these options.

Figure 8.17: Households Registered for Intermediate Housing By Local Authority

Location of Choice	Households Interested in Intermediate Housing			Registered on LA Waiting List	% Registered on Waiting List
	Currently Interested	Of which Completed/ In Process of Buying/ Actively Looking	Interested but not in process of buying		
Basingstoke & Deane	1,050	160	890	110	10%
East Hampshire	610	90	520	50	7%
Test Valley	1110	210	900	120	11%
Winchester	760	150	610	80	10%
Central Hampshire	3,530	610	2,920	350	10%
New Forest	640	120	520	90	14%

Source: Swaythling Housing Society

- 8.53 Figure 8.18 sets out the current tenure of households listed as interested in intermediate housing options. The vast majority of households are either living in private rented accommodation or with family and friends (which is generally considered as part of the private rented sector). Around 10% are social rented tenants (17% in the New Forest) and a further 8-9% are owner occupiers.
- 8.54 These figures suggest that, although limited compared to other tenures, there is some interest amongst social rented tenants to access intermediate housing options. Whilst intermediate products may have a limited role in meeting the needs of those households *in need* on authority waiting lists they may help to move other households out of social rented accommodation and free up a dwelling that can be re-let to someone in need.

Figure 8.18: Current Tenure of Households on Intermediate Housing List

	Private Rented	Friends/ Family	Social Rented	Owner Occupation	Shared Ownership	Other
Basingstoke & Deane	36%	39%	11%	7%	2%	5%
East Hampshire	41%	33%	10%	10%	3%	5%
Test Valley	43%	34%	11%	8%	1%	2%
Winchester	42%	35%	8%	7%	1%	7%
Central Hampshire	40%	36%	10%	8%	2%	4%
New Forest	39%	29%	17%	9%	3%	3%

Source: Swaythling Housing Society

- Analysis of the household incomes of those interested in intermediate housing reveals that not all of those interested in these options would be able to afford them (see Figure 8.19). A small proportion would also be able to by in the open market based on their income and lower quartile house prices

Figure 8.19: Household Income of Households Interested in Intermediate Options

	East Hampshire	Basingstoke & Deane	Test Valley	Winchester	New Forest
Could afford to buy in open market in District*	7%	14%	9%	3%	8%
Could afford to buy in open market in Central Hampshire area**	3%	-	-	6%	-
Could afford to rent in open market in District***	45%	32%	46%	40%	35%
Unable to afford market rent	46%	55%	45%	51%	57%
Total (%)	100%	100%	100%	100%	100%
Total on List (excludes cancellations)	610	1050	1110	760	640

Source: Swaythling (Zone Agent)

*Open market prices to buy or rent based on Section 7 purchase/rental income thresholds

**Income required to purchase in Central Hampshire is £42,000

***Assuming households spend 33% of their gross income on rental costs (25-33% recommended in Guidance)

8.55 This evidence raises an number of points and implications for policy:

- To what extent should affordable housing policies meet the aspirations of those who are able to afford home ownership (but may perhaps prefer a better location or a home that better meets their requirements)?¹⁰
- Given the overlap between households who could afford open market rents or intermediate options, how should local authorities balance their efforts between the provision of intermediate housing and the development of a high quality private rented sector?
- Given the number of households interested in intermediate options but on low incomes how far can products be developed to meet their needs and aspirations (bearing in mind 'cheaper' intermediate products will impact on the viability of housing developments)?

8.56 The majority of households registered as interested in intermediate options would prefer a two bedroom property with around one third preferring a 3 bedroom property. Despite the majority of households on the register being either single people or couples relatively small proportions would prefer a 1 bedroom property. This does not mean that they are able to afford the size of dwelling that they prefer but it illustrates that given the choice most households would opt for more space than they might be judged to need.

¹⁰ Local authorities have a role in promoting a choice of housing within their areas (PPS3); Government also sets a limit of incomes up to £60,000 as eligible for intermediate housing so all households on Swaythling's list would be eligible on this basis

Figure 8.20: Size of Home Preferred by Households on Intermediate Housing List

	Size of Home Preferred			
	1 bedroom	2 bedroom	3 bedroom	4 bedroom
Basingstoke & Deane	11%	61%	26%	2%
East Hampshire	11%	56%	31%	1%
Test Valley	14%	58%	27%	1%
Winchester	18%	62%	19%	1%
Central Hampshire	14%	60%	26%	1%
New Forest	13%	59%	27%	1%

Source: Swaythling Housing Society

The Type and Size of Affordable (Social Rented) Housing

- 8.57 Whilst PPS3 does not encourage local planning authorities to specify the type and size of market dwellings, it does expect them to set out the requirements for affordable housing. This is because there are fundamentally different drivers operating in the affordable housing sector. In the social rented sector the type and size of dwellings available to particular households are determined through the allocation policies of local authorities¹¹, in contrast to the open market (and intermediate market) where household income rather than household size determines the type and size of dwelling that households can afford to occupy.
- 8.58 In considering the likely requirements of those households in housing need and those likely to fall into housing need in the future, it is useful to consider the profile of households identified through the housing needs assessment. Although the housing needs assessment methodology is not designed to give a definitive view on the types and sizes of property needed to meet housing need, analysis of housing register data can provide useful indicators of the relative pressures on different property types and sizes and therefore the broad requirement for different dwellings.
- 8.59 However, it is important to note that the preferences expressed by applicants are often influenced by local policy and circumstances, in particular:
- Size criteria set out in local allocations policy which can restrict the size and type of property for which households can apply. For example, it is often the case that single and two person households may only apply for bed sit and 1 bedroom flatted accommodation while given a 'free choice' they may prefer 2 bedroom accommodation
 - Priorities and point systems set out in allocation policies will determine which category of applicants are most likely to access the available stock and often applicants will tailor their expressed choices to maximise their chances of being re-housed. For example, a household with one child may prefer 3 bedroom property but know that the allocation policy prioritises households who would fully occupy the available 3 bed accommodation before smaller households would be considered. Therefore although the allocation policy may not overtly restrict applicant choice, it will indirectly impact on household preferences

¹¹ Choice Based Lettings Systems (in operation in New Forest and Test Valley) mean that the authorities/ RSL themselves do not allocate housing in the same way. Applicants have a choice, which is reflected in their bids for different properties that become available. However, in the context of a shortage of affordable housing overall households are only likely to be able to meet their basic needs

- The supply of particular property sizes and types will affect applicants' choices according to their own circumstances and their ability to wait

Requirement for Size of Properties of Households on Waiting Lists

- 8.60 Figures 8.21 and 8.22 show the size of dwellings needed by those on the authority waiting and transfer lists. In all cases, the majority of households registered need a one bedroom property. However, the size requirement of those in need is likely to differ from the requirements of households as a whole. It has not yet been possible to analyse the size requirements of households in *need* on a comparable basis across the five authorities, however, the difference can be illustrated by East Hampshire data.
- 8.61 When all applicant households in East Hampshire are considered the need for one bedroom properties is around 67%. However, amongst households identified as in need the proportion needing one bedroom properties is 55%, with 37% needing two bedrooms and a further 8% needing 3 bedrooms. Amongst those with the most acute need (who have 50+ points on the waiting list) the *majority* need 2 bedroom or larger properties. There appears to be the need for larger properties to meet housing need than implied by the profile of households on the whole waiting list.

Figure 8.21: Size Requirement of All Households on Waiting Lists

	1 bed	2 bed	3 bed	4 + bed	TOTAL
Basingstoke and Deane	3,430	970	880	140	5,430
East Hampshire	1,820	620	250	40	2,730
Test Valley	2,090	870	570	60	3,590
Winchester	1,700	540	330	20	2,590
Central Hampshire	9,040	3,000	2,030	270	14,330
New Forest	2,780	1,470	700	120	5,070

Source: LA Housing Management Systems

Figure 8.22: Size Requirement (%) of All Households on Waiting Lists

	1 bed	2 bed	3 bed	4 + bed
Basingstoke and Deane	63%	18%	16%	3%
East Hampshire	67%	23%	9%	1%
Test Valley	58%	24%	16%	2%
Winchester	66%	21%	13%	1%
Central Hampshire	63%	21%	14%	2%
New Forest	55%	29%	14%	2%

Source: LA Housing Management Systems

Pattern of Re-lets by Size of Property

- 8.62 It is important to consider the pattern of re-lets within the stock of social rented homes in each authority in order to assess the prospect of meeting the need for different sized affordable homes.

Figure 8.23: Size of Re-Lets (averaged over last 3 years)

	1 bed	2 bed	3 bed	4 + bed	TOTAL
Basingstoke and Deane	300	290	160	60	820
East Hampshire ¹²	130	90	30	1	260
Test Valley	190	140	100	40	460
Winchester	290	190	70	10	550
Central Hampshire	910	710	360	110	2,090
New Forest	310	190	100	30	630

Source: LA Housing Management Systems & Housing Corporation (for RSL Re-lets)
Note: With the exception of East Hampshire we have used Housing Corporation data for the RSL re-lets

Figure 8.24: Size of Re-Lets % (averaged over last 3 years)

	1 bed	2 bed	3 bed	4 + bed	TOTAL
Basingstoke and Deane	37%	35%	20%	8%	100%
East Hampshire	52%	35%	13%	1%	100%
Test Valley	41%	29%	21%	9%	100%
Winchester	52%	35%	12%	1%	100%
Central Hampshire	44%	34%	17%	5%	100%
New Forest	50%	30%	16%	4%	100%

Source: LA Housing Management Systems & Housing Corporation (for RSL Re-lets except East Hampshire)

- 8.63 Figures 8.23 and 8.24 set out the pattern of re-lets for the local authority and RSL stock in each authority, averaged for the last three years, and shows that 1 and 2 bedroom properties become available for re-let most frequently in all authorities. This may mean that there are relatively significant pressures on larger social rented properties than implied by the size requirement of those on the waiting lists.
- 8.64 Figure 8.25 presents analysis of the relative pressure on different property sizes based on a comparison of the number households registered to the number of allocations by property size. In all authorities the greatest pressure appears to be on one bedroom properties with up to 11 households for every property re-let in Basingstoke and Test Valley and 14 in East Hampshire. To some extent this reflects the entitlement of different households to different sized properties in local authority allocation policies, with the pressure on one bedroom properties coming from couples as well as single person households. It is also likely that the pressure on different sized properties would shift if only the requirements of those in housing need were considered.
- 8.65 However, this type of analysis is useful since it can give the authorities and RSLs an indication of the sizes of properties they might prioritise through new development. For example, although relatively fewer 3 bedroom dwellings are required in absolute terms, in both Basingstoke, East Hampshire and Winchester, the analysis in Figure 8.25 suggests that there may be a case for prioritising their provision over 2 bedroom dwellings. There may also be a case for reviewing allocation policies to relieve the pressure on the smallest stock (by allowing households entitled to 1 bedroom to access 2 bedroom properties).

¹² Data provided by the authority for RSL re-lets rather than the Housing Corporation

However whilst this may help to even out the pressure on different sized dwellings it may not reduce the overall level of need.

Figure 8.25: Pressure on Different Sized Social Rented Dwellings – Ratio of Applicants to Re-Lets by Size of Dwelling

	1 bed	2 bed	3 bed	4 + bed
Basingstoke and Deane	11	3	5	2
East Hampshire	14	7	8	40*
Test Valley	11	6	6	2
Winchester	6	3	5	3
Central Hampshire	10	4	6	3
New Forest	9	8	7	5

Source: LA Housing Management Systems & Housing Corporation (for RSL Re-lets)

*Reflects the fact that only 1 4-bedroom property has been re-let each year

9 FUTURE HOUSING PROVISION IN CENTRAL HAMPSHIRE & NEW FOREST

9.01 This section draws together a range of evidence to inform the mix of dwellings in the future. The evidence considered in this section is as follows:

- The profile of current and future households (drawing on Section 4 and further evidence on future households) and what this implies for the mix of dwellings
- The nature of the existing stock of dwellings (drawing on Section 6) and whether there are any particular imbalances in different areas
- The type and size of completions and the impact this may have on the stock
- The drivers in the development industry and how these affect the mix of dwellings that developers deliver
- Occupancy and overcrowding (drawing on Section 6) and whether the current stock of dwellings is meeting the needs and demands of residents

Key Points

- Growth in one-person households is expected in all authorities but does not imply the need for the majority of market dwellings to be small homes. The demand for market homes will reflect a complex set of factors relating to household income and life stage rather than simply household size
- There is a relatively wide choice of types and sizes of dwellings within the housing market area although in the last three years there has been a high proportion of two bedroom dwellings completed in most authorities, particularly in Basingstoke and Deane and Winchester. Recent completions in Central Hampshire have included increasing proportions of flats, in common with the South East region as a whole
- However, a continued trend in provision of a high volume of flats could potentially add inflexibility to the stock over time and the future of the Buy-to-Let market is uncertain. BTL has emerged in a period of rising property prices, low interest rates and poorly performing alternative investments. Were this context to change, new investment within BTL and therefore demand for flats could be turned off, with consequences for delivery
- Nevertheless, larger dwellings continue to account for a significant proportion of the overall dwelling stock. In Central Hampshire in 2001, 75% of dwellings consisted of 5 rooms (2/3 bedrooms) or above and the same applied to 73% of dwellings in the New Forest
- There are relatively high levels of under occupancy evident in Central Hampshire and the New Forest in the owner occupied and private rented sectors. There is an element of overcrowding in the social rented sector however, with 11% of houses over occupied.
- It is also important to remember the role that new development plays in the housing market. In the same way that first time buyers are essential to the functioning of the market by allowing other households to trade up, new housing provides the space for other households to move into so that those below them on the housing ladder can move up. On average property in the second hand market in the South East is nearly 30% cheaper than equivalent newly built property¹. This means that new build property primarily appeals to those trading up who can afford to pay more and, as they are trading up, will often want more space.

¹ Chapter 4, Barker Review (December 2003) Interim Report: Analysis

- 9.02 One of the key policies in the new PPS3 is concerned with achieving a mix of housing to support mixed communities. PPS3 describes the characteristics of a mixed community as a *‘variety of housing, particularly in terms of tenure and price and a mix of different households such as families with children, single person households and older people.’* PPS3 requires local planning authorities to plan for a mix of households on the basis of different types of households that are likely to require housing over the plan period, having regard to demographic profiles and the requirements of specific groups.
- 9.03 Specifically, local planning authorities should set out in their local development documents the proportion of households requiring market and affordable housing (considered in Sections 7 and 8), the profile of different household types to inform the provision of market housing and the size and type of affordable housing required. Developers are expected to bring forward proposals for market housing which reflect demand and the profile of households requiring market housing, in order to support mixed communities.
- 9.04 This raises a number of questions. How can local planning authorities plan for a mix of households without seeking to control the type and size of market housing? When should a local planning authority turn down an application on the basis of the dwelling mix? These questions are in many respects no different to those that planners have faced in the past. Planning falls into the difficult territory between influence and control where planners are expected to influence outcomes without seeking to control the market.
- 9.05 For the avoidance of doubt, DTZ do not recommend that local authorities seek to control the size and type of dwellings provided by the private sector. However, there is clearly a role for local planning authorities in influencing the mix of dwellings and, at the very least, understanding where there are gaps in the choice of dwellings available to local residents. DTZ recommend that the principles of an approach to this issue are as follows:
- Recognise that planning for a mix of housing is not a precise science and therefore setting targets for particular types and sizes of market dwellings is likely to present difficulties in practice
 - The objective should be to identify and address bias and broad imbalances in the housing market and the existing stock of dwellings through new development
 - A range of evidence needs to be considered in addition to projections of future household types, and appropriate weight needs to be given to these factors depending on the circumstances of the site and the characteristics of the existing neighbourhood
- 9.06 The local planning authorities within Central Hampshire and New Forest can use the evidence in this report alongside considerations about specific sites and neighbourhoods in planning for a mix of housing in their areas and in determining development applications.

The Profile of Current and Future Households

- 9.07 Section 4 of this report provides detailed evidence and analysis of demographics in each of the housing markets within Central Hampshire and New Forest and the individual local authorities. Figure 9.1 provides a detailed breakdown of the households within each of the authority areas within the Central Hampshire and the New Forest. The table demonstrates that, at present, couple households with or without children account for the most significant household groups in all of the authority areas and the Central Hampshire market area.

Figure 9.1: Household Composition 2001 (Source: Census 2001)

	Size	Central Hampshire Market Area	New Forest West & Central	New Forest	Basingstoke and Deane	East Hampshire	Test Valley	Winchester	South East	England
Total Households 2001		154,500	44,500	72,000	61,700	43,600	44,100	43,100	3,287,500	20,451,400
One person - pensioner	1	19,800	9,000	12,400	6,600	5,700	5,700	6,700	473,200	2,939,500
One person - other	1	20,500	4,300	7,500	9,000	5,100	5,100	5,400	464,300	3,210,800
Pensioner Couples	2	14,100	7,600	10,500	4,800	4,500	4,200	4,600	320,100	1,826,500
Couple Households Without Children	2	33,200	8,600	14,100	13,300	9,500	9,900	9,000	634,900	3,633,300
Couple Households - With dependent children	3+	36,500	7,800	14,600	15,100	10,800	10,900	9,600	725,100	4,252,400
Couple Households - All Children Non Dependent	2	10,000	2,500	4,500	4,300	2,800	3,000	2,500	201,400	1,284,500
Lone Parent Households - with dependent children	2+	7,400	1,600	3,100	3,200	2,000	2,100	1,600	171,500	1,312,000
Lone Parent Households - all children non dependent	1	4,000	1,100	1,900	1,700	1,100	1,100	1,000	88,500	622,900
Other households - with dependent children	2+	2,600	600	1,000	1,100	700	700	600	62,600	458,400
Other households - all student	2+	300	0	0	0	0	0	300	11,700	79,100
Other households - all pensioner	2+	600	300	400	200	200	200	200	14,200	82,400
Other households - other	2+	5,500	1,200	1,900	2,200	1,300	1,300	1,600	120,100	749,700

- 9.08 Hampshire County Council has produced forecasts by broad household type for the districts in Central Hampshire and the New Forest over the next 20 years to 2026. However, the Hampshire County Council projections are only available for the broad groups – single person households, couple households, lone parent households and other (multi person) households. It is possible to produce a more detailed estimate of the profile of households in 2026 by applying the same proportional breakdown of household types evident in the 2001 Census to the broad groups expected in 2026 based on Hampshire County Council's household projections. This estimate of the profile of households in 2026 is provided in Figure 9.2. It is important to keep in mind that these projections are based on past trends continued forward and the further into the future they are extended the less certain we can be about the eventual outcome.

Figure 9.2: Household Projections by Household Type, 2001-2026 (Whole Districts)

	New Forest		Basingstoke		East Hampshire Test Valley		Winchester	
	2001	2026	2001	2026	2001	2026	2001	2026
Total	72,000	78,400	61,600	81,600	43,700	50,300	44,200	54,900
One person - pensioner	12,500	19,100	6,600	12,200	5,700	9,300	5,700	10,200
One person - other	7,600	11,500	9,000	16,700	5,100	8,300	5,100	9,200
Pensioner Couples	10,600	9,600	4,900	5,400	4,600	4,400	4,200	4,400
Couple Households Without Children	14,200	12,900	13,600	15,000	9,600	9,300	10,000	10,300
Couple Households - With Dependent Children	14,700	13,300	15,400	17,100	11,000	10,600	11,000	11,400
Couple Households - All Children Non Dependent	4,500	4,100	4,400	4,900	2,800	2,800	3,000	3,100
Lone Parent Households - with dependent children	2,100	1,800	2,300	2,700	1,400	1,500	1,500	1,600
Lone Parent Households - all children non dependent	1,300	1,100	1,200	1,400	800	800	800	900
Other households - with dependent children	1,400	1,500	1,300	2,000	800	1,100	900	1,200
Other households - all student	0	0	0	0	0	0	0	300
Other households - all pensioner	500	600	200	400	200	300	300	200
Other households - other	2,600	2,800	2,600	3,900	1,600	2,000	1,700	2,200

Source: Hampshire County Council *Figures may not sum due to rounding Note: 'Other' households refers to multi-person households of unrelated individuals

- 9.09 Figures 9.2 and 9.3 show that the growth in numbers of households across the districts in Central Hampshire and New Forest will be driven by large increases in the numbers of single person households and moderate growth in the numbers of multi-person households (households of unrelated individuals sharing a dwelling). There is also a projection of smaller increases in absolute numbers of family type households (lone parents with children and couples with children) in Basingstoke and Deane, Test Valley and Winchester, though small declines in the numbers of family type households are expected in New Forest and East Hampshire.
- 9.10 Proportionately, in 2026, family type households are expected to comprise a smaller proportion of the overall household population in all of the authority areas – although they will remain a significant group.

**Figure 9.3: Household Projections by Household Types By Local Authority (%)
(Whole Districts)**

	New Forest		Basingstoke		East Hampshire		Test Valley		Winchester	
	2001	2026	2001	2026	2001	2026	2001	2026	2001	2026
Total	72,000	78,400	61,600	81,600	43,700	50,300	44,200	54,900	43,100	57,900
One person - pensioner	17%	24%	11%	15%	13%	18%	13%	19%	16%	21%
One person - other	11%	15%	15%	20%	12%	17%	12%	17%	13%	17%
Pensioner Couples	15%	12%	8%	7%	11%	9%	10%	8%	11%	9%
Couple Households Without Children	20%	16%	22%	18%	22%	18%	23%	19%	22%	18%
Couple Households - With dependent children	20%	17%	25%	21%	25%	21%	25%	21%	23%	19%
Couple Households - All Children Non Dependent	6%	5%	7%	6%	6%	6%	7%	6%	6%	5%
Lone Parent Households - with dependent children	3%	2%	4%	3%	3%	3%	3%	3%	3%	2%
Lone Parent Households - all children non dependent	2%	1%	2%	2%	2%	2%	2%	2%	2%	2%
Other households - with dependent children	2%	2%	2%	2%	2%	2%	2%	2%	1%	2%
Other households - all student	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%
Other households - all pensioner	1%	1%	0%	0%	0%	1%	1%	1%	0%	1%
Other households - other	4%	4%	4%	5%	4%	4%	4%	4%	4%	4%

Source: Hampshire County Council *Figures may not sum due to rounding

- 9.11 To summarise, the districts in Central Hampshire will experience strong growth in household numbers between 2001 and 2026; much of this growth will be driven by increases in smaller and non-traditional household units; but couple households (including families) will still be the largest household group in 2026, representing at least half of all household types in all the districts of Central Hampshire and New Forest.
- 9.12 However, while the growth in single person households will be significant, DTZ suspect that these projections may overstate the level of growth of single person households. If affordability problems remain as severe as they have over the last few years, one might expect to see more households comprising unrelated individuals (multi-person households) rather than single person households. This trend is very evident in areas with severe affordability problems, such as inner London.
- 9.13 It is also worth bearing in mind that a significant proportion of the single person households will be elderly. Around half of the growth in single person households is accounted for by elderly households and is the result of an ageing population. This is true for all of the authority areas and is consistent with trends at the national and regional level. However, there are additional dynamics in operation, particularly in the New Forest, where increases in the numbers of older households in the past have exceeded the growth in other authorities due to in-migration of these households and hence future projections expect some continuation of this trend.
- 9.14 There can be no formal definition of when people are deemed old. In terms of individual circumstances and public policy, significant changes arise when people retire from work, become incapacitated in some way, and linked to this lose the ability to live independently.

Entitlement to benefits kicks in at particular ages, but in reality there are different stages of old age.

- 9.15 Consider the difference in personal circumstances of those who may be of the same age but:
- remain in good health and have a high level of independence
 - experience acute health problems and whose health may suddenly decline
 - have chronic health problems and poor quality of life
 - are able to draw on their savings to fund later life
 - are reliant on public funding to support them
- 9.16 What is certain is that the number of older people in Central Hampshire's and New Forest's population is increasing and that the numbers surviving to old age (75+) is also increasing. In future housing – and planning policy to a lesser extent – needs to address the needs and demands of older people.
- 9.17 Older households have high levels of owner occupation and so there will be increasing numbers of older home owners in the future. Some research suggests that older people tend to own lower value homes (with obvious implications for their choices and their ability to draw on housing assets).²
- 9.18 The overwhelming majority of older households will prefer to remain in their present home but this may, in some cases, be because of the lack of attractive alternatives. Sometimes the only alternatives available to older people are sheltered housing or care homes.³ At present, many do not consider moving home.
- 9.19 Many older people will wish to retain their independence in their existing home by arranging adaptations for example. Some may emigrate, though this is limited at present. Those who do decide to move home tend to do so in earlier old age (e.g. following retirement) or in later old age when they need extra care and independent living is a struggle.
- 9.20 However, whether they move early or late in old age, moving will involve much more than the choice of a house. The issues involved extend beyond physical design and include social relationships, access to shopping and services and awareness of future needs. Some older people may move because their house is in disrepair or is unmanageable.
- 9.21 Moving home is major 'life' decision, entailing important financial and personal decisions. On the financial side key issues include consideration of whether to use the value in the property to support an existing lifestyle, provide for care costs, or to assist the next generation to study or to enter the housing market. On the personal side, moving home raises issues about proximity to family and friends, formal and informal caring networks etc. Attitudes to these issues are in part culturally determined so people from differing backgrounds may be inclined to place different priorities on different aspects of their decisions.
- 9.22 Most of those in the 45-65 age group are likely to be adequately housed in the immediate term in the sub-region. However, growth in the 75+ age group presents policy challenges. Policy makers will need to consider the housing, health and care needs of elderly people in the round, recognising that the majority of elderly people are owner occupiers. Decision makers need to consider the implications for policy of increasing reliance on equity release

² Appleton, N (2002) Planning for the Majority: The Needs and Aspirations of Older People in General Housing *Joseph Rowntree Foundation*

³ *ibid*

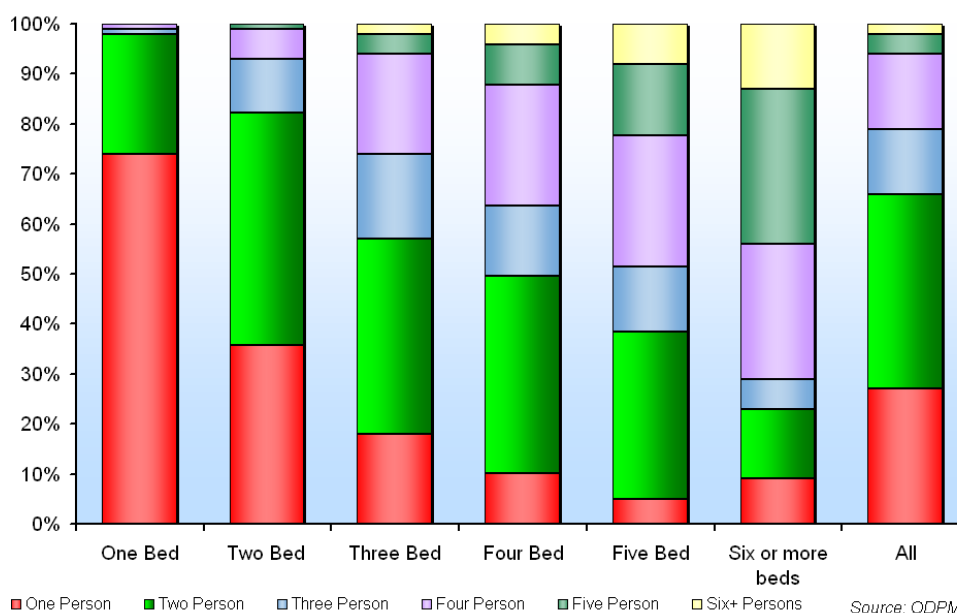
to pay for care, planning for efficient delivery of services, and considering the requirements of older people in the design of new neighbourhoods.

- 9.23 These issues are almost certain to grow over time as people live longer and as pension provision becomes less certain. Governments are increasingly likely to look to encourage people to use housing equity to pay for their various needs.

The Relationship Between Household Size and Dwelling Size

- 9.24 The relationship between household size and type and dwelling size and type is not straightforward. The conventional logic that household size and dwelling size have a direct correlation is misleading. Research by Professor David King at Anglia University⁴ for example, highlights that dwellings with more than seven rooms are commonly bought and occupied by single or two-person households, and that these households comprise many of those living in such properties. Section 6 also demonstrates that across Central Hampshire and New Forest most households 'under occupy' their dwellings. According to this research, policy orientated towards building smaller properties for smaller households fails to understand the aspirations and needs of households today and in the future.
- 9.25 The complexity of the relationship between household size and dwelling size is illustrated in Figures 9.4, 9.5 and 9.6. These show the relationship of household size and dwelling size in the South East of England. It is possible to undertake the same analysis using household type instead of household size (see Figures 9.7 to 9.9).
- 9.26 Figure 9.4 shows that while 1 and 2 bed dwellings are lived in almost exclusively by small households, significant numbers of larger properties accommodate one or two person households. Thus two person households account for a greater proportion of dwellings with 6 or more bedrooms (14%) than six person households (13%). Two person households also occupy the largest proportion of four bed houses (39%).

Figure 9.4: Household Size by Size of Property in the South East (2004)



⁴ Dave King (2005) Room to Move? Household Formation, Tenure and Housing Consumption

Figure 9.5: Size of Household by Size of Property in South East England 2004

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

Source: Survey of English Housing/ODPM

Figure 9.6: Size of Property by Size of Household in South East England 2004

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

Source: Survey of English Housing/ODPM

9.27 Within the wider South East, Figure 9.7 shows very significant numbers of couples without children living in 4/5/6 bed dwellings.⁵ Figure 9.7 shows that many single person households live in three bed properties. The implications are that it is very hard to translate projections of particular household types into forecasts of what the market demand will be for particular types of property.

⁵ Comparable data is not available at a Local Authority Level although it is possible to cross tabulate the number of people in the household with the number of rooms (not bedrooms).

Figure 9.7: Household Type by Size of Property in the South East

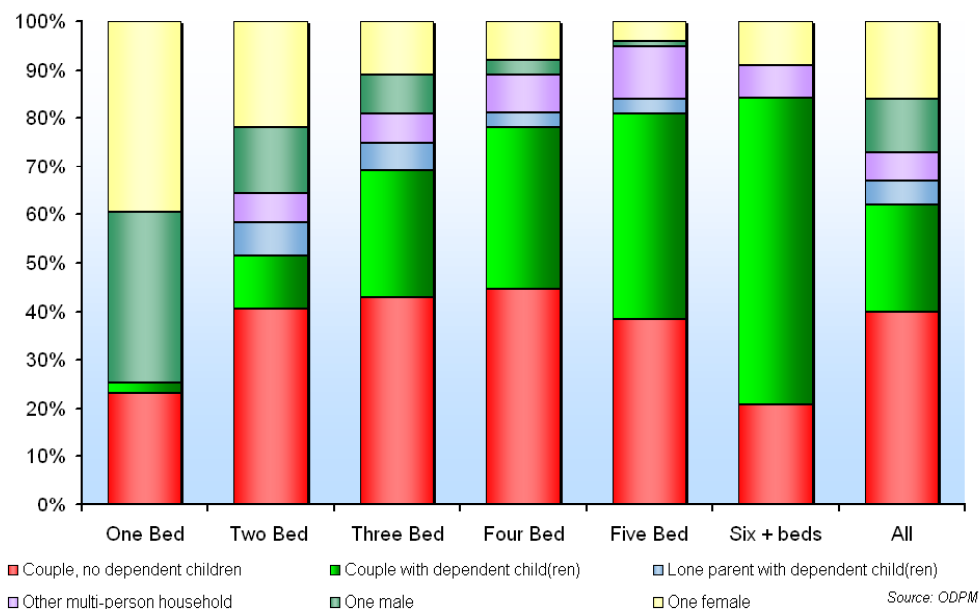


Figure 9.8: Household Type by Size of Property in South East England 2004

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

Source: Survey of English Housing/ODPM

Figure 9.9: Size of Property by Type of Household in South East England 2004

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

Source: Survey of English Housing/ODPM

- 9.28 Clearly the relationship between household size, type and property size reflects a complex mix of socio-economic variables. The relatively high proportion of couples without children occupying larger properties may reflect the existence of many ‘empty nesters’ – those who have had children who have now left the family home, but have not downsized. Equally it may reflect the growing number of dual income households with no children, who have substantial purchasing power.
- 9.29 Bearing in mind the lack of a linear relationship between household size and type and dwelling size, which means all projections must be treated with caution, DTZ has produced **indicative** estimates of the types of dwellings that might be required, based on projected household growth within Central Hampshire and New Forest. These are set out in Figure 9.11 and 9.12. The basis for these estimates is explained below.
- 9.30 The previous charts and tables based on data from the Survey of English Housing show how different types of households are *currently* housed (Figure 9.10 provides a summary). Applying these proportions to the forecast change in the numbers of different households in Central Hampshire and New Forest produces Figure 9.11 and 9.13 respectively. This shows the size of property that new households are likely to occupy, by type of household, if growth in these types of households is achieved as expected.

Figure 9.10: How Households are Currently Housed in the South East

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

- 9.31 The caveat with this analysis is that it assumes that the size of dwelling that certain types of households currently live in will continue in the future. In reality, many households will aspire to more and evidence suggests that as incomes rise they will aspire to and consume more space.⁶ This is further illustrated by the preferences expressed by households registered on Swaythling Housing Society’s intermediate housing register. Relatively small proportions of households have expressed a preference of 1 bedroom homes despite the fact that larger proportions are single person or couple households – who might be expected to occupy the smallest properties (see Section 8).
- 9.32 Figures 9.11 and 9.12 show the increase in households by the size of dwelling they may demand over the next 20 years based on household growth in Central Hampshire, which is projected to be driven by single person households. Dwelling requirements are unlikely to correspond neatly to the size of the household. If current living arrangements continue, over 46% of the dwellings required for new households over the next 20 years will be for 3, 4 and 5 bedrooms or more. Around 29% will be for 2 bed dwellings and 25% will be for one bed properties.

⁶ CLG (2007) Strategic Housing Market Assessments – Practice Guidance

Figure 9.11: Indicative Dwelling Sizes Required by Future Households, Central Hampshire Market Area (Whole Districts)

Household Type	Growth in Households 2006-26	Number of Bedrooms					
		One	Two	Three	Four	Five	Six+
Couple	5,650	280	1,100	2,690	1,240	280	60
Lone Parent	510	10	160	280	50	20	0
One Person	31,630	10,190	9,940	9,100	2,060	230	110
Other	4,190	40	960	1,790	1,040	320	40
Total	41,970	10,490	12,170	13,850	4,200	840	420

Source: Developed from Hampshire County Council Household Projections & Survey of English Housing & DTZ Note: Figures may not sum due to rounding

Figure 9.12: Indicative Dwellings Required by Future Households (%), Central Hampshire Market Area (Whole Districts)

Household Type	Growth in Households 2006-26	Number of Bedrooms					
		One	Two	Three	Four	Five	Six+
Couple	5,650	5%	19%	47%	22%	5%	1%
Lone Parent	510	1%	32%	54%	10%	3%	0%
One Person	31,630	32%	31%	29%	7%	1%	0%
Other	4,160	1%	23%	43%	25%	8%	1%
Total	41,970	25%	29%	33%	10%	2%	1%

Source: Developed from Hampshire County Council Household Projections & Survey of English Housing & DTZ Note: Figures may not sum due to rounding

9.33 By comparison, the projections in Figures 9.13 and 9.14 below suggest that dwelling requirements in the New Forest will be driven principally by smaller dwellings. In contrast to Central Hampshire, it is projected that there will be a decline in the requirement for larger accommodation (4,5 and 6+ bedroom properties). It is likely that this pattern, to some extent, reflects relatively poor affordability within the New Forest, which means that households can afford to purchase less space.

Figure 9.13: Indicative Dwelling Sizes Required by Future Households, New Forest

Household Type	Growth in Households 2006-26	Number of Bedrooms					
		One	Two	Three	Four	Five	Six+
Couple	-3,630	-180	-700	-1,730	-800	-180	-40
Lone Parent	-610	10	-200	-340	-60	-20	0
One Person	8,000	2,560	2,480	2,320	560	80	0
Other	290	0	70	130	70	20	0
Total	3,980	2,390	1,650	380	-230	-100	-40

Source: Developed from Hampshire County Council Household Projections & Survey of English Housing & DTZ Note: Figures may not sum due to rounding

Figure 9.14: Indicative Dwellings Required by Future Households (%), New Forest

Household Type	Growth in Households 2006-26	Number of Bedrooms					
		One	Two	Three	Four	Five	Six+
Couple	-3,630	5%	19%	47%	22%	5%	1%
Lone Parent	-630	1%	32%	54%	10%	3%	0%
One Person	8,000	32%	31%	29%	7%	1%	0%
Other	290	1%	23%	43%	25%	8%	0%
Total	3,980	60%	42%	9%	-7%	-3%	-1%

Source: Developed from Hampshire County Council Household Projections & Survey of English Housing & DTZ Note: Figures may not sum due to rounding

9.34 In terms of policy implications for Central Hampshire, DTZ would counsel considerable caution in interpreting the anticipated growth in single person households (projected in Figures 9.2 and 9.3) as implying a requirement for the bulk of new private sector housing provision to take the form of small homes:

- As evidenced by the analysis above, there can be no presumption that growth in small households implies that these households can only afford to purchase small dwellings. This may be true of new market entrants, but some of the growth in single households will be the result of the ageing population which are likely to under-occupy larger properties for a long period of time
- In any event it may be that any increase in demand for smaller properties is better met by adaptation within the existing stock – smaller properties are also often traded more frequently

9.35 The policy implications for New Forest may be different. Household projections for the New Forest and the size of homes that households currently occupy suggest that there may be demand for relatively significant proportions of smaller dwellings. However, this indicative analysis does not take into account that a significant proportion of the growth in single person households in the New Forest will be elderly households – many of which will occupy larger homes than the norm for other single households. Thus, Figure 9.14 may overstate the requirement for small dwellings.

The Nature of the Existing Stock of Dwellings

- 9.36 The second factor in considering the mix of dwellings within Central Hampshire is the stock of existing dwellings within each of the authorities. Dwellings that have already been built will house 80-90% of the population of households in 2026 including the majority of new households. New completions will add up to 1% to the stock of dwellings each year and whilst this is significant over long periods of time it is important to consider future housing demand within the context of the existing stock.

Figure 9.15: Percentage of Dwellings by Number of Rooms (Census 2001)

	1 room	2 rooms	3-4 rooms	5-6 rooms	7+ rooms
Central Hampshire Market Area	1%	2%	23%	44%	31%
New Forest West & Central	0%	2%	25%	45%	28%
New Forest	0%	2%	25%	48%	25%
Basingstoke & Deane	1%	2%	22%	47%	29%
East Hampshire	1%	2%	23%	41%	34%
Test Valley	0%	1%	21%	46%	31%
Winchester	1%	2%	23%	40%	35%
South East	1%	2%	27%	45%	25%
England	1%	3%	29%	48%	20%

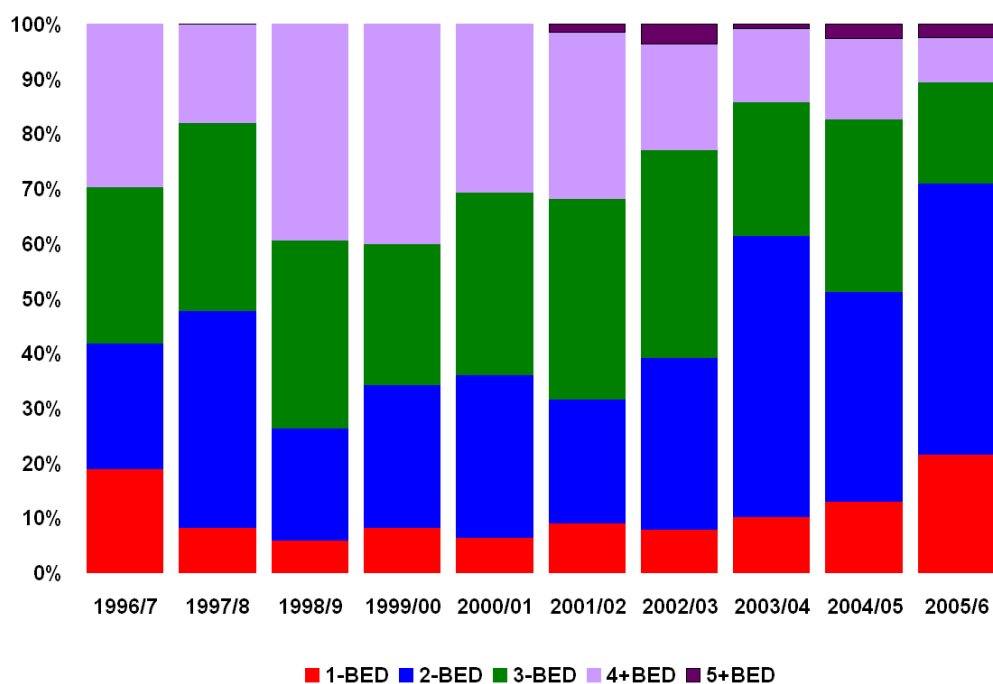
- 9.37 Figure 9.15 provides percentages for the size of dwellings in terms of numbers of rooms for each of the local authorities in order to draw out some of the differences between areas within each of the housing markets.
- 9.38 Section 6 of this report considers the stock of dwellings within Central Hampshire in detail. According to Section 6, all the study areas have slightly lower proportions of 1-4 room dwellings (1-2 bedroom properties) than the England or South East averages of 33% and 30% respectively. In terms of 5-6 room dwellings (2-3 bed properties), the study areas better reflect the South East average of 45% than the higher England figure. The exceptions are the New Forest and Basingstoke & Deane authority areas, which have slightly higher figures.
- 9.39 In terms of the largest 7+ room properties (4 bedrooms or more), all the study areas have a higher proportion of large houses than either England or the South East. Within this, the New Forest authority area (25%) and the New Forest West and Central Market Area (28%) have relatively low proportions. In contrast, Winchester (35%) and East Hampshire (34%) have much higher proportions.

The Type and Size of Recent Completions

- 9.40 The third factor in considering the mix of dwellings is what is being delivered at present. What would this mean for the overall stock of dwellings if this pattern of completions continued into the future? To what extent should local planning authorities intervene in order to influence a change in the mix of completions?
- 9.41 Figures 9.16 to 9.20 below demonstrate the size of completions over the last decade to 2005/06 in each of the districts within Central Hampshire and the New Forest. In Basingstoke and Deane the recent trend has seen increasing proportions of 1 and 2 bedroom dwellings being completed with a decline in the proportions of 4+ bedroom

dwellings. It should be noted though that the last 5 years has seen a greater proportion of 5+ bedroom dwellings being completed compared to the late 1990s.

Figure 9.16: Size of Completions in Basingstoke, 1996-2006



Source: Hampshire County Council

- 9.42 Compared to the other districts in Central Hampshire, Test Valley and East Hampshire have witnessed larger proportions of completions comprising 4+ and 5+ dwellings in the last 3 years.

Figure 9.17: Size of Completions in Test Valley, 1996-2006

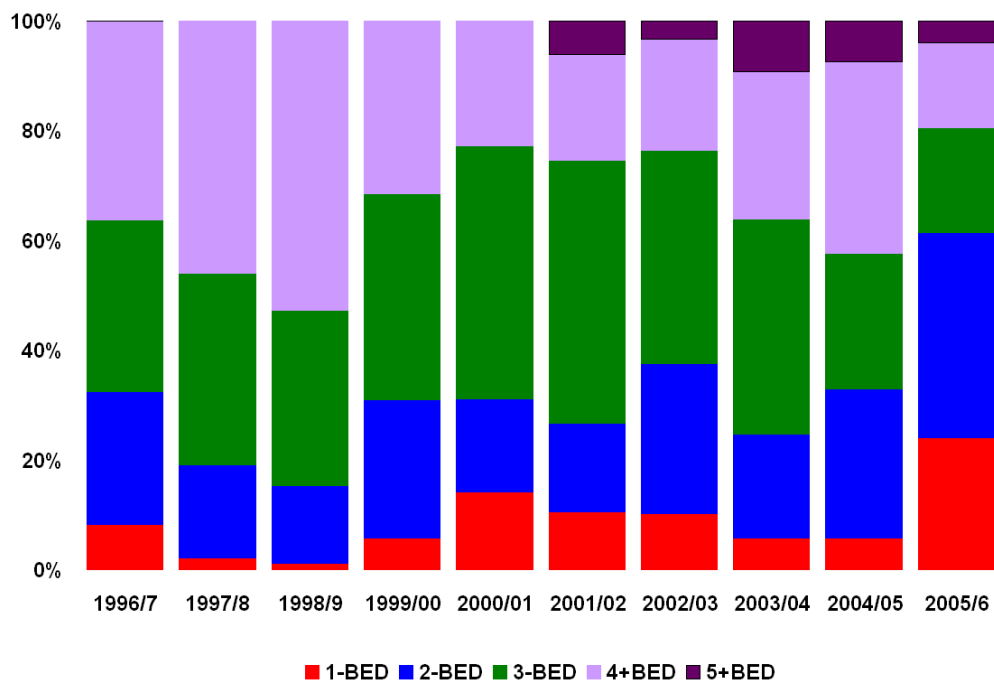
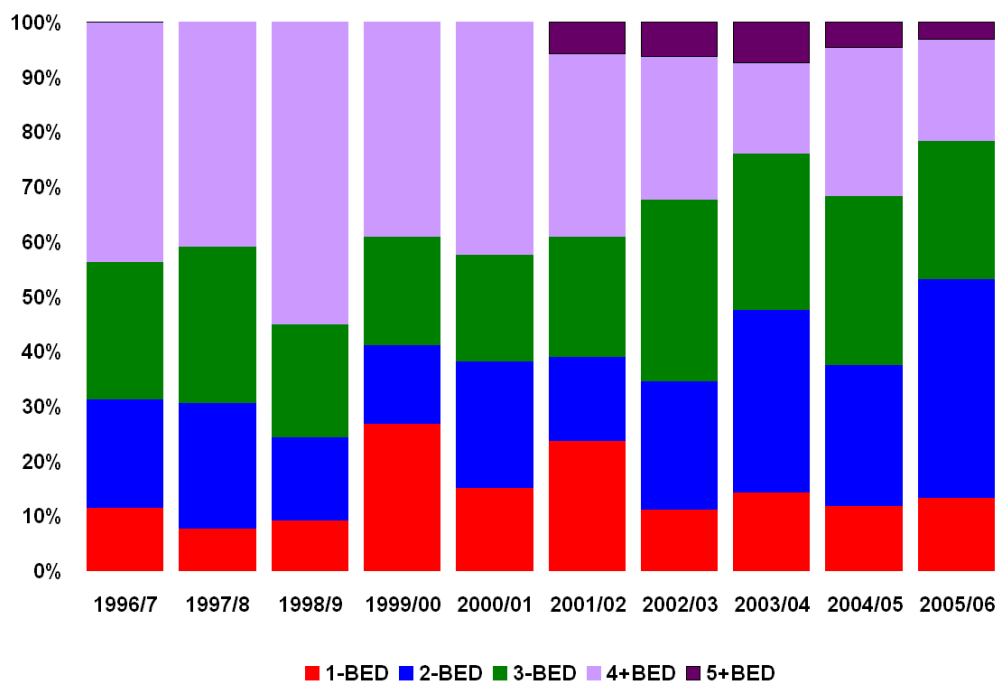
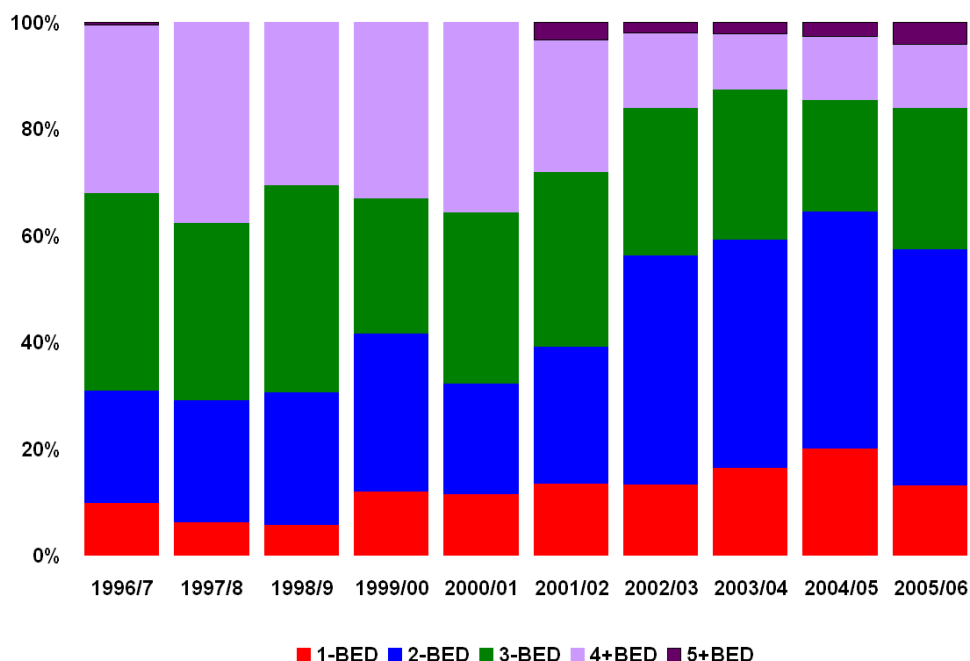


Figure 9.18: Size of Completions in East Hampshire, 1996-2006



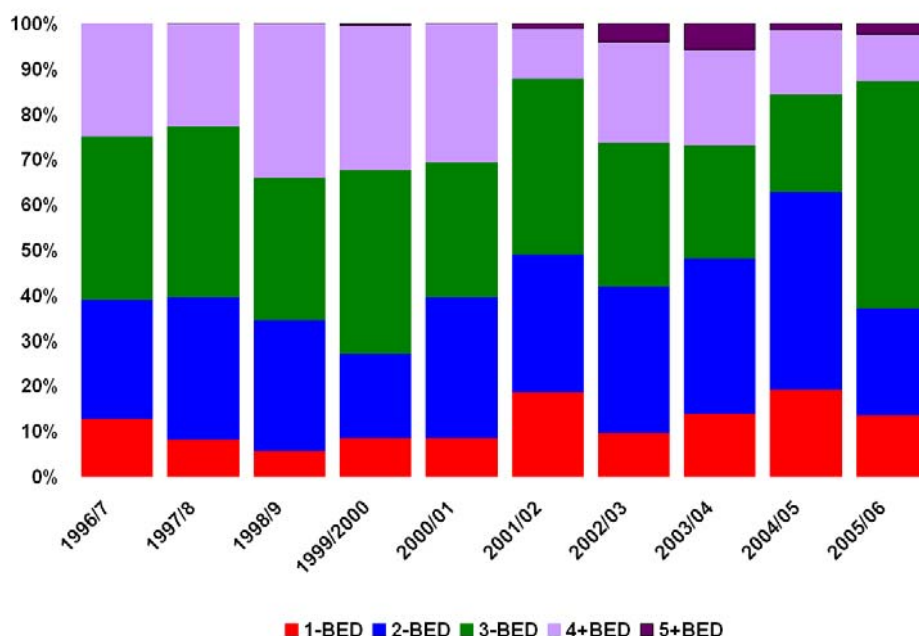
- 9.43 In Winchester, there has been steady growth over the last 10 years in the completions of 1-bedroom and 2-bedroom dwellings, matched by a decline in 3 and 4 bedroom dwellings.

Figure 9.19: Size of Completions in Winchester, 1996-2006



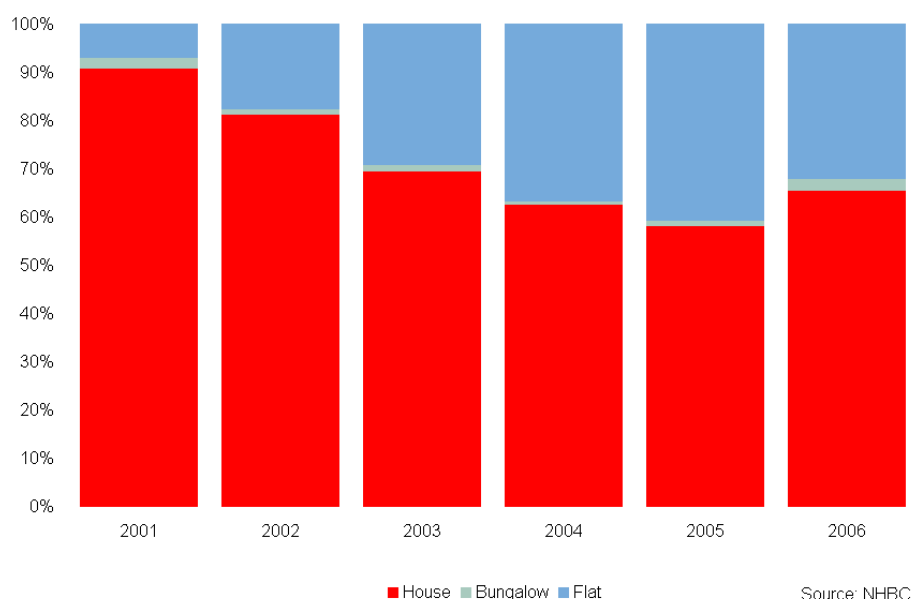
- 9.44 The size of completions in the New Forest has fluctuated over the last decade, but in general there has been a trend of decline in 4 bedroom dwellings and overall a greater proportion of 1 and 2 bedroom dwellings in the last 5 years compared to the late 1990s.

Figure 9.20: Size of Completions in New Forest, 1996-2006



9.45 DTZ has obtained housing completion data from the NHBC on the type and size of dwellings completed within the districts comprising Central Hampshire since 2001⁷. This data allows us to distinguish between the pattern of completions for the open market (private sector) and for the public sector (RSLs). Figure 9.21 shows that completions of market housing over the last 6 years have been dominated by a high proportion of houses across the districts of Central Hampshire and New Forest. However, since 2003, flats have accounted for at least a third of completions.

Figure 9.21: Type of Completions in Central Hampshire & New Forest, 2001-2006 (Private sector) (Whole Districts)

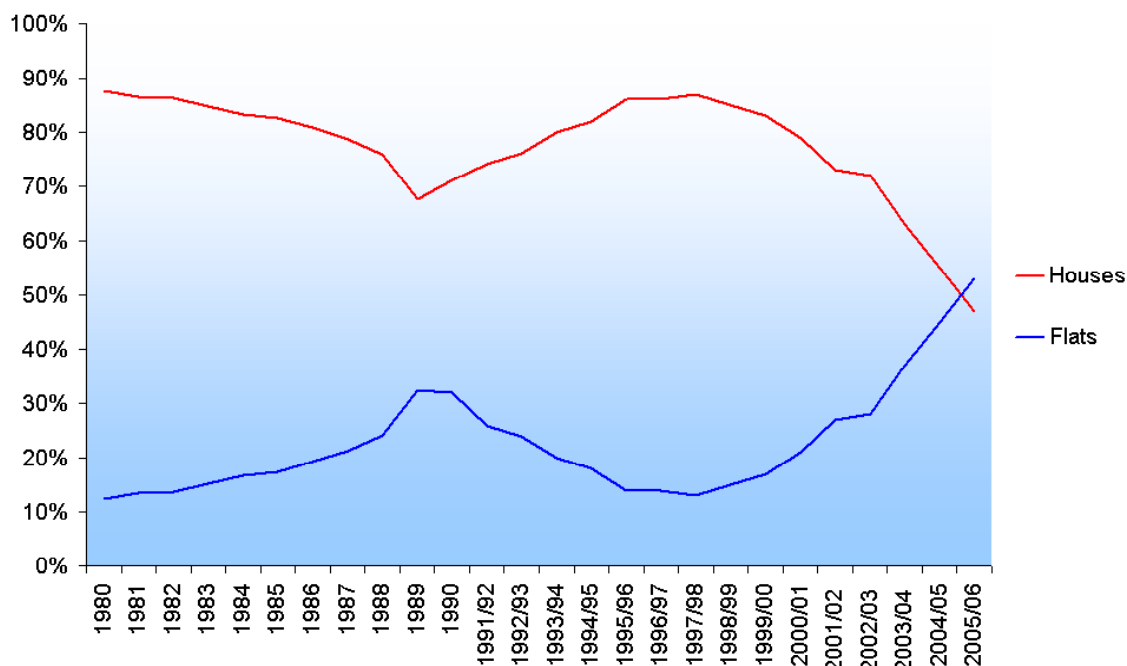


Source: National Housing Building Council. Note: data for all five authorities has been combined. Although there are some slight differences between the authorities e.g. New Forest delivered a higher proportion of 3 bedroom homes in 2005/06, the pattern is broadly the same across the Districts.

9.46 When compared to the pattern of completions at the regional level it is apparent that Central Hampshire is currently broadly in line with the South East: following a recent decline in the completion of houses in favour of flatted developments. In Central Hampshire however, 2006 saw resurgence in the proportion of completions of houses, accounting for 65% of total completions in that year compared to 35% flats. (See Figure 9.22).

⁷ National Housing Building Council data on completions covers 80% of all completions. Coverage may vary at the local authority level so we have limited this analysis to Central Hampshire as a whole.

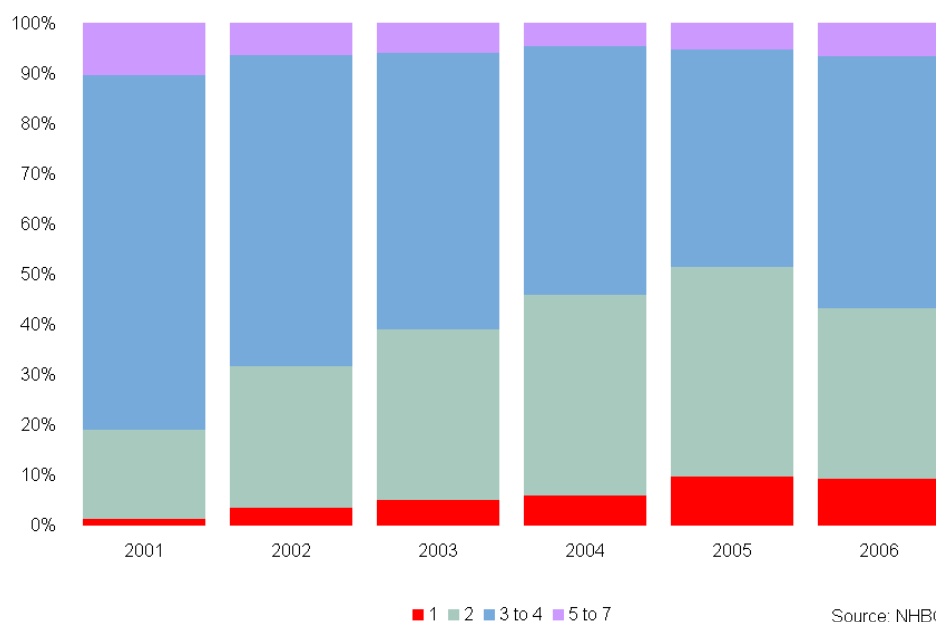
Figure 9.22: Type of Completions by Private Enterprise, South East



Source: DCLG & NHBC & DTZ

9.47 Over the last 6 years there has been continued growth in new dwellings completed for private sale in Central Hampshire of 1 and 2 bedroom units (see Figure 9.23).

Figure 9.23: Size of Completions, Number of Bedrooms, 2001-2006, Central Hampshire & New Forest (Private sector) (Whole Districts)



Source: NHBC

Source: National Housing Building Council. Note: data for all five authorities has been combined. Although there are some slight differences between the authorities e.g. New Forest delivered a higher proportion of 3 bedroom homes in 2005/06, the pattern is broadly the same across the Districts.

9.48 It is worth considering some of the drivers behind this pattern of development. To some extent the pattern of recent completions is likely to have been driven by declining affordability, which means that households (as a whole) can afford less space. Declining affordability has also meant that households have delayed purchasing properties, which, in turn, has created additional demand for private rented dwellings and, in turn, facilitated the growth of the Buy-to-Let market. The emphasis in planning policies on delivering development within town centres on brownfield and at higher densities has supported and reinforced this pattern.

9.49 A further factor that has led to the growing emphasis on provision of flats and smaller units is competition for land. Potential purchasers of land bid up the price of land by assuming ever more dense levels of development, knowing that in general some local authorities are not averse to approving high-density developments.

Buy To Let and The Private Rented Sector

9.50 It is worth considering in more detail the Buy-to-Let market, the impact that this has had on recent completions and implications for the future, particularly within the town centres of Central Hampshire and New Forest – particularly within the town centres of the main settlements - Basingstoke, Winchester and Andover.

9.51 The Buy-to-Let investment market is highly suited to the development of flats. BTL investors are quite different in their purchasing behaviour to owner occupiers. In brief BTL investors are:

- willing to buy off-plan, but often expecting a discount off market value
- often interested in buying multiple units
- generally seeking low maintenance
- wanting to buy in places likely to deliver capital growth and a strong rental stream

9.52 These criteria lead BTL investors to favour investment in flats rather than houses, especially within town centre markets. The development model for flats requires more development finance (developers have to build all the flats at once) so there is an incentive for developers to finance the scheme by discounted, off plan sales. Town centres are also seen to be good rental markets where graduates, young professionals and corporate lets currently provide a strong market.

9.53 The influence of the buy to let investment market on the type and size mix of new completions is a source of concern given that the long term implications are uncertain. The BTL phenomenon has enabled the growth of the private rented market and at present rents remain robust (in part this may be supported by recent Eastern European in-migration). Private renters express different preferences to buyers since renting is almost always viewed as a temporary housing solution.

9.54 Discussions with developers operating within the South East and estate agents suggest that over 75% of flat development within town centres is purchased by investors for private renting and, to a more limited extent, corporate lettings and serviced apartments.

9.55 A JRF study made the following statement on this issue: *Most of these [Buy-to-Let] landlords have only been investing over a period of time that has been characterised by low interest rates, growing capital values and rising rent levels, poorly performing stocks and shares and pension schemes, and an increasing demand for private rented accommodation... It is therefore unclear how buy-to-let landlords may respond to different*

economic conditions, such as a rise in interest rates, nor how the more recent entrants are faring due to the tighter margins that are currently available as a result of the rises in property prices.⁸

- 9.56 Perhaps the key conclusion is that the BTL is an important part of current market demand for new properties, but it is a potentially unstable, unpredictable and poorly understood market. BTL investors have fundamentally different drivers to other sectors. If new investment in BTL were to dry up demand for many town centre and other developments might fall significantly, threatening targets for the delivery of new housing within Central Hampshire and in particular within its major towns.
- 9.57 Finally, given the evidence set out in Figure 9.21 and 9.22 it is a useful exercise to consider the scenario of continued growth in the completion of flats in the future and what this would mean for the authorities within Central Hampshire.
- If higher proportions of flats continue to be built in the future this is likely to reduce the bias in the existing stock towards detached housing (there are relatively low proportions of flats in the stock of dwellings in the market area). However, the overall effect of completions is likely to be moderated to some extent by households extending and converting their homes, which gradually adds to the stock of larger dwellings over time, even though completions of new larger dwellings may have declined.
 - However, building flats will gradually introduce greater inflexibility into the dwelling stock in certain locations (flats are less conducive to extension and conversion than small houses)

The Drivers in the Development Industry

- 9.58 It is also useful to understand the type and size of dwellings that developers might propose on sites and what is driving these decisions. DTZ understand that this is likely to relate to the following:
- The type and size of dwelling they have succeeded in selling in either the local area or in other similar locations (and therefore for which there is a known market)
 - The scale of demand or pressure on particular dwellings in the existing stock – through discussion with local estate agents
 - Related to the above, the return on capital invested i.e. the mix of dwellings that will provide a quick sale once completed
 - The value of the land once contributions for affordable housing and other obligations have been factored in
- 9.59 The latter two points deserve further explanation. First, developers are likely to propose a mix of dwellings that will provide the most rapid return on the capital they have invested in the development. DTZ understand that, on large sites (particularly urban extensions and major development areas) this is likely to encourage the provision of a broad mix of dwelling type and sizes in order to appeal to different segments of the market and maximize sales. Developers will also be attracted to developing products that appeal to investors (e.g. small apartments) as this could provide another source of buyers – many of whom are often willing to buy multiple units off plan.

⁸ University of York (2006) Private Landlords and buy-to-let, by David Rhodes and Mark Bevan

9.60 Secondly, decisions about what is delivered in the market sector will relate to the proportion and type of affordable housing that is required or negotiated by the Central Hampshire authorities. Affordable housing and other contributions will impact upon the land value and so developers will seek to maximise the residual value of the land from the mix of market dwellings on site.

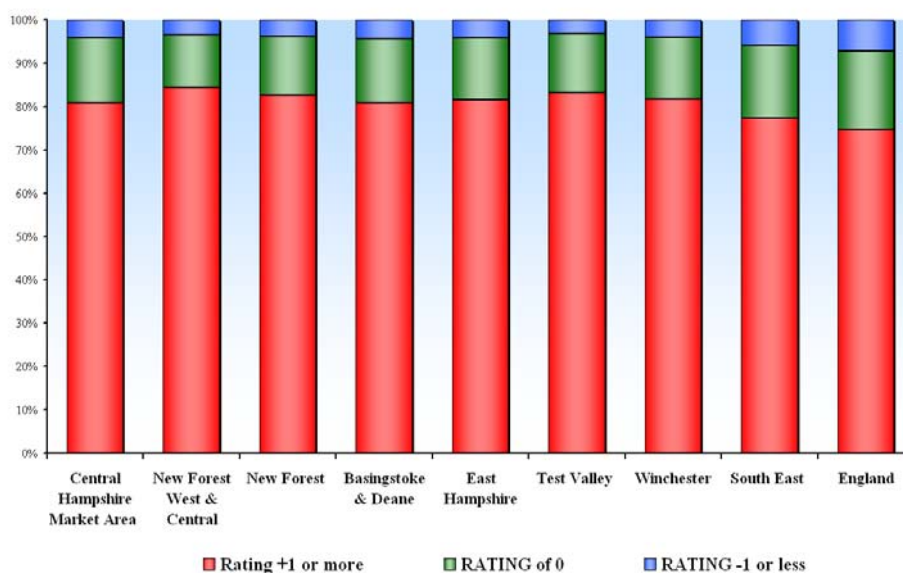
9.61 It is important to note that in most cases the mix of dwellings proposed by developers will not be driven by an analysis of population and households in the local area. As evidence presented earlier in this section demonstrates, focusing on the demographic characteristics of households is unhelpful if those households cannot afford to purchase a new home on the open market or, conversely, they are able to afford more living space than their household size might indicate.

Occupancy and Over Crowding

9.62 The fifth factor to consider is overcrowding. Occupancy levels can provide an indication of the interaction between households and dwelling sizes and whether the needs and demands of households within Central Hampshire and New Forest are being met. If there is evidence of significant overcrowding then this may point to the need for increased provision of larger dwellings. However, it is important to note that it is largely income that determines how much space households are able to occupy and therefore provision of larger dwellings per se would not necessarily ensure the needs of particular households are met.

9.63 The data in Figure 9.24 below shows that over 80% of dwellings in all the study areas are under-occupied i.e. households are occupying more space than needed based on the occupancy standard. All the areas have very similar figures and all above the regional and national averages.

Figure 9.24: Occupancy and Overcrowding



Source: Census, 2001

9.64 Occupancy and overcrowding is considered in Section 6 of this report. Recent national and regional studies have identified the growing level of overcrowding in the social housing sector. Central Hampshire has a lower level of overcrowding than the South East as a

whole (4% and 6% respectively). Similarly in the New Forest over crowding is 4%, somewhat lower than the South East (6%) and England (7%).

- 9.65 Occupancy is measured by the bedroom standard where a value of –1 implies that there is one room too few for the household that occupies the dwelling and that by this measure the dwelling is over crowded.
- 9.66 An examination of the occupancy ratings for each tenure type in the Central Hampshire market area (presented in Figure 9.25) reveals that owner-occupied houses have very low occupancy ratings – 90% have at least one room more than they are judged to need under this measure. Only 2% of these properties can be described as over-occupied. A smaller proportion of private rented houses can be described as under-occupied (68%) and 10% have at least one room fewer than needed. However, social rented houses show the highest levels of overcrowding, with only 51% considered under-occupied. While 11% of houses are over-occupied. A significant proportion of those identified as in housing need in Section 8 are households living in over crowded conditions.
- 9.67 The Survey of English Housing undertaken at various points since 2001 indicates that, at the level of the South East region at least, there has been a slight increase in the overall level of overcrowding. This is likely to be partly explained by the recent and continued immigration of East European workers to the region. Anecdotal evidence suggests that many are prepared to share intensively in the private rented sector often in order to save money.

Figure 9.25 Occupancy by Tenure – Central Hampshire Market Area

	+2 or more	+1	0	-1 or less
Owned	79,200	22,000	9,700	2,100
	70%	20%	9%	2%
Private Rented	7,500	4,800	4,000	1,800
	41%	27%	22%	10%
Social Rented	5,500	7,700	9,800	2,700
	21%	30%	38%	11%

Source: Census, 2001

10 SPECIFIC GROUPS WITHIN THE HOUSING MARKET

10.01 This section examines the housing implications of specific groups within the housing market. Certain groups may have specific housing requirements that differ from households as a whole, and these need to be examined and taken into consideration when formulating policy.

10.02 We have considered first those groups that have a relatively high incidence within the population as a whole, within the five authority areas. These are:

- Older people
- Disabled people
- Rural communities

10.03 This section also considers other specific groups that are relatively small in number or concentrated in specific areas but they merit consideration since they may have very different requirements to the population as a whole, or may also have a significant impact on the rest of the housing market or in specific locations. These are:

- Students
- Black and Minority Ethnic households and migrant workers

10.04 The requirements of households within specific groups can be broadly divided into two categories:

- Households who require specially adapted housing e.g. elderly people, disabled people and to some extent students.
- Households who are limited by their ability to *access* the housing market or require accommodation that is beyond their means, e.g. BME households on low incomes, migrant workers and households in rural communities on low incomes.

Older people

10.05 Research has shown that by 2051, people over 65 are likely to represent over 25% of the population in England. Figure 10.1 demonstrates that in East Hampshire, Winchester and New Forest in particular, the proportion of the population over the age of 65 is higher than the average for the South East and England as a whole. In absolute terms, New Forest has over double the number of over 65s compared to the other authorities and the authority is home to 3% of the South East's population aged over 65 years but is home to only 2% of the South East's population in total. In all of the authorities, around half of those aged over 65 are in advanced old age (75+). Section 4 also demonstrated that it is this group of the population (aged 75+) that has grown most rapidly over the last decade.

10.06 The growing population of older people is also evident by the numbers of older people on the local authority housing waiting lists (some of whom are owner occupiers) and increasing numbers of private development schemes in some of the authorities for the elderly market.

Figure 10.1 Proportion of people over the age of 65 as a percentage of population

	Number (aged 65+)	% (aged 65+)
Basingstoke & Deane	20,500	13%
East Hampshire	18,500	17%
Test Valley	17,800	15%
Winchester	19,200	17%
New Forest	40,200	23%
South East	1,353,200	16%
England	8,058,100	16%

Source: ONS Mid-Year Population estimates (2005)

- 10.07 The ageing population is a national phenomenon and so the trends evident in Central Hampshire and the New Forest are not dissimilar to trends across the country. However, some of the locations within individual authorities are popular places to retire to and there is evidence of net in-migration of older people to all of the authorities except Basingstoke and Deane, particularly amongst single elderly households.
- 10.08 Although this analysis focuses on people in the population over the age of 65 it is important to note that there can be no formal definition of when people are deemed old. In terms of individual circumstances and public policy, significant changes arise when people retire from work, become incapacitated in some way, and linked to this lose the ability to live independently. Entitlement to benefits ‘kicks in’ at particular ages, but in reality there are different stages of old age. Consider the difference in personal circumstances of those who may be of the same age but:
- Remain in good health and have a high level of independence
 - Are able to draw on their savings to fund later life
 - Experience acute health problems and whose health may suddenly decline
 - Have chronic health problems and poor quality of life
- 10.09 In terms of their impact within the housing market, much depends on whether older people decide to move and if so, where they move to and what they move in to. Many people will wish to retain their independence in their existing home by arranging adaptations. Some may emigrate, though this is limited at present. Those who decide to move home tend to do so in earlier old age.
- 10.10 However, the Survey of English Housing (2005/06) demonstrates that those in the 65-74 age group and those aged 75 or older are the least likely of all age groups to move home. In England as a whole these age groups accounted for 2% of all household moves each. 51% of moves were 16-24 year olds, 23% were 25-34 year olds, 9% were 35-44 year olds and 4% were 45-64 year olds. Older households are less likely to move house than younger ones.
- 10.11 Figures 10.2 to 10.5 demonstrate that the majority of older people in the 65-85 age group live within owner occupied accommodation. Levels of owner occupation are at or above that for the population as a whole in each authority area. However, levels of social renting are slightly above the level in the population as a whole with limited levels of private renting.

- 10.12 In the 85+ age group, very advanced old age, levels of owner occupation are around 10% lower in each authority. This may reflect the fact that older people are often forced to move home in advanced old age in order to secure appropriate care – reflected in higher levels of private renting and social renting, the sectors in which much of the provision of sheltered and extra care accommodation is found. Lower levels of owner occupation are also likely to reflect the fact that social rented accommodation was a much more significant tenure (and one of choice) for the older generation and some may have stayed in their family home (a social rented dwelling) all of their lives.

Figure 10.2: Numbers of Older People (Aged 65-85) in Different Tenures

	Number (65-85 age group)			Total
	Owner occupied	Private rented	Social rented	
Basingstoke & Deane	11,910	980	3,690	16,570
East Hampshire	12,030	850	1,700	14,580
Test Valley	10,500	1,000	2,550	14,050
Winchester	11,250	1,050	3,080	15,380
New Forest	27,850	1,780	2,830	32,460
South East	865,680	64,080	176,460	1,106,220

Source: Census 2001

Figure 10.3: Proportion of Older People (Aged 65-85) in Different Tenures

	Number (65-85 age group)			Total
	Owner occupied	Private rented	Social rented	
Basingstoke & Deane	72%	6%	22%	100%
East Hampshire	83%	6%	12%	100%
Test Valley	75%	7%	18%	100%
Winchester	73%	7%	20%	100%
New Forest	86%	5%	9%	100%
South East	78%	6%	16%	100%

Source: Census 2001

Figure 10.4: Numbers of Older People (Aged 85+) in Different Tenures

	Number in 85+ age group			Total
	Owner occupied	Private rented	Social rented	
Basingstoke & Deane	1,010	200	540	1,750
East Hampshire	1,290	150	330	1,760
Test Valley	990	220	460	1,680
Winchester	1,240	300	550	2,090
New Forest	3,200	410	490	4,110
South East	95,340	14,450	29,840	139,630

Source: Census 2001

Figure 10.5: Proportion of Older People (Aged 85+) in Different Tenures

	Owner occupied	Private rented	Social rented	Total
Basingstoke & Deane	58%	11%	31%	100%
East Hampshire	73%	8%	19%	100%
Test Valley	59%	13%	28%	100%
Winchester	59%	14%	26%	100%
New Forest	78%	10%	12%	100%
South East	68%	10%	21%	100%

Source: Census 2001

10.13 There are a number of implications arising from the ageing population in each of the authority areas:

- The housing requirements of older people are often wider than their basic need for accommodation. Demand or need for housing amongst older people is often strongly influenced by health issues (and disability is strongly linked to age). There is likely to be a growing need for wider care, integrated with housing provision, which has implications for the cost to those households and the public sector. There are questions around who will provide care alongside housing - the public sector or private developers? There are also issues for mixed communities related to the location and nature of specialised provision for older people
- The vast majority of older households will be owner occupiers which raises implications about how far they will wish to (or be forced to) draw upon their housing equity as an asset to fund their wider care needs. Disposable incomes are also lower amongst older households, even those in owner occupation, with implications for care and repair needs. Previous research and surveys suggest that by far the highest average basic repair costs are found in dwellings occupied by lone older households (often in excess of £1,000)
- Older people are often unaware of the full range and potential housing and support options available to them and owner occupiers may be particularly disadvantaged, as they are less aware of the availability of services i.e. those provided by the public sector, including the availability of social housing and support services. Some research has suggested that older people often receive the 'wrong advice' from non-independent or emotionally attached people, e.g. family members and others. Older people can also be reluctant to complain about issues, which may prevent them from improving their circumstances
- Increased numbers of older households will also impact upon the rest of the housing market. Older households are less likely to move house, even though they may appear to have far more space than they 'need'. The implication is that, in the future, many of the larger homes in the housing stock in each authority area may be occupied by older people who choose not to downsize, which may create pressure on (and rising demand for) larger homes amongst more mobile households, including younger families. However, there are also notable benefits with the tendency for older households to remain in their homes in terms of community stability and cohesion. These issues are discussed further on in this section

- 10.14 These issues apply across all the authority areas because of the UK's ageing population, although to differing extents because of the varying housing market dynamics across Central Hampshire. There is the added dimension of in-migration of older households, particularly to the New Forest. The propensity for older households to retire to the New Forest is likely to reinforce social and economic polarisation over time as areas become less mixed, with implications for housing pressures, rising prices and declining economic activity rates.
- 10.15 Discussions with housing officers in the New Forest and in other rural parts of the South East also suggest that new schemes designed specifically for older people have not proved popular with local people but have been taken up by older households moving into the area. Such schemes have often not achieved the objective sought by local authorities of encouraging elderly households, including those in the social rented sector, to down size. Though anecdotal, this suggests that the primary appeal of these areas is the location – with in-migrants willing to accept a smaller property as the trade off for a better location but local households largely unwilling to move home.
- 10.16 PPS3 recognises the need to provide accommodation for the older people as part of achieving a good mix of housing. But there is limited advice on what this accommodation should look like which makes the effective development of planning and housing policies more difficult. The Housing and Older People Development Group (HOPDEV) Conference (2006) identified three key criteria – choice, community and quality – that they concluded are the essential ingredients for successful housing options for the older people:
- Older people need **choice** and a framework for 'active ageing' to maximise independence and well being.
 - Independence at home should be maintained as long as possible with supporting services so that the **community** (including older people) can enjoy greater stability.
 - As needs change and vulnerability increases, elderly people need to live in a safe, warm and **quality** home that is right for them – either private accommodation or a community home
- 10.17 The housing options for older people within Central Hampshire and New Forest now and in the future can be divided into those within the mainstream housing stock and those within specialist accommodation. It is also useful to distinguish between owner occupiers and those in social rented accommodation since the options available to them and the impact of their choices on other households will be different.
- 10.18 Moving home is a major 'life' decision, entailing important financial and personal decisions. On the financial side key issues include consideration of whether to use the value in the property to support an existing lifestyle, provide for care costs, or to assist the next generation to study or to enter the housing market. On the personal side, moving home raises issues about proximity to family and friends, formal and informal caring networks etc. Attitudes to these issues are in part culturally determined so people from differing backgrounds may be inclined to place different priorities on different aspects of their decisions.
- 10.19 Most older people currently live in mainstream housing. Some will remain in the home they have lived in for some time, some will choose to move house when they retire which may mean long distance migration and not necessarily with the purpose of down sizing.

Others will move locally and perhaps down size in order to release equity from their property and/or to move into a more manageable property.

10.20 There are a range of options within the mainstream housing market for older people, each presenting different issues:

- Research confirms that the majority of older people wish to remain in their homes as long as possible. There are a number of issues raised by this preference:
 - Growing maintenance and adaptations required by older people living in their own homes in both the owner occupied and social rented sectors
 - Wider support and service requirements of older people which have implications for how older people will access such services or whether there will be a growing expectation that their wider needs will be delivered to them (eg, home care at the one extreme or demand for improved local services at the other)
 - There are likely to be growing impacts on the wider housing market if older households are reluctant to move – the housing market overall may become less fluid, particularly in locations with the highest proportions of older households. This is likely to push up demand (and prices) for certain types and location of dwellings which will impact on the accessibility of the housing market for those less able to compete. It is likely to have more serious implications for the social rented sector where older households occupy large social rented dwellings, which need to be freed for other priority households on local housing registers
 - However, there are also significant positive implications associated with older households remaining in their own homes. Research suggests that this can help to develop and maintain community stability and cohesion.¹ It is also positive in terms of mixed communities to have a range of households of different ages living within a neighbourhood²
- Those older households that do move home are most likely to do so on retirement or when they develop extra care needs. Although most household moves are local, those moving on retirement may migrate longer distances and there is a well established pattern of retirement migration to parts of Central Hampshire. There are a number of issues associated with these moves:
 - Retirement migration tends to be concentrated in particular locations because of the attractiveness of those places for their character, the services on offer and the social networks they provide, particularly in parts of the New Forest
 - On the one hand, this allows service providers to secure efficiencies and offers the opportunity to provide for the wider needs of older households within particular locations
 - On the other hand, this pattern works against mixed communities by pushing out younger households who may not be able to compete in the market and it is unlikely to do much to improve economic development since most in-migrants

¹ Joseph Rowntree Foundation & Chartered Institute of Housing (2006) More than Tenure Mix: Developer and Purchaser Attitudes to New Housing Estates

² Joseph Rowntree Foundation, English Partnerships & Housing Corporation (2006) In the Mix: A Review of Mixed Income, Mixed Tenure and Mixed Communities

are retired (although there is a growing trend to work in some form beyond retirement age) with impacts on the local economy and therefore the availability of jobs for other (younger) households: although the counter balance is that there may be growing demands for certain services from the retired population and the knock on demand for labour to serve the 'grey economy'

- There is also an impact on those communities that older households choose to leave – the loss of the older generation from some areas – with older households often providing stability and social capital to a neighbourhood. This was highlighted as an issue in some parts of Basingstoke and Deane where there is a perception that the turnover of the housing stock in more rural areas has increased over time with implications for the loss of people who had been involved in community activities
- Some older households may choose to down size, moving either locally or to a different location, though this is not a significant trend at present. There are a wide range of issues raised by this choice:
 - Down sizing households in the owner occupied sector may be able to release equity from their homes either to fund their wider needs and activities or even to provide financial support for other younger family members, including helping them onto the housing ladder – with issues around the division of housing wealth and opportunities between younger households – some of whom have considerable family support and others who have none
 - Downsizing also releases a larger home onto the market or into the letting pool in the social rented sector – providing the opportunity for other households to trade up or access the space that they might need
 - The implication of increased down sizing amongst older households in an ageing society is that there ought to be increased demand for smaller homes that are more manageable and/or cheaper to down size into. There is little evidence that this is happening on any scale yet. Anecdotal evidence suggests that those that do move will still demand (including in the social rented sector) additional space. There is little desire or incentive for older households to move into small flats. Furthermore, some research predicts that the 'baby boom' generation (currently the 45-64 age group) will demand more spacious homes and shun sheltered housing in favour of 'mainstream' properties. For many older people, their activities and social patterns require as much space as earlier in their lives
 - Given that the majority of older households that do downsize will wish to remain in their local community, there is an issue around whether there are suitable alternative options locally so that people can move within their local neighbourhood as their life stage and needs change without the need to move away

10.21 At present, the majority of elderly people do not live in specialised housing and do not necessarily desire to, most wishing to remain in their current homes or within the mainstream housing market if possible. However, there is growing demand for specialist housing provision for older people – evident from the increasing numbers of specialised schemes for elderly people being brought forward by the private sector in most of the authority areas – though perhaps not at the scale and rate that might be expected given the scale and rate of the ageing population.

- 10.22 More recently, there has been downward pressure on the provision of institutional care with emphasis on keeping older people in their own homes, although from a housing market flexibility perspective it may be more desirable for older people to move, freeing up accommodation for other households.
- 10.23 There is a range of specialised accommodation available to older households, each presenting different issues for the households who live there, policy makers and the wider community.
- There was significant emphasis on the provision of sheltered housing in the 1970s and 1980s which was regarded as providing safe and secure care for elderly people so that they would not have to move to retirement homes for wider care, which was seen as an expensive option.
 - The advantages cited for sheltered accommodation for older households are the benefits in terms of security, maintenance and the ability of older people to maintain their independence whilst being able to access a level of support (eg, warden or other neighbours) if required
 - However, sheltered accommodation can be costly, particularly in terms of the service charges and is beyond the means of some older households, particularly the most popular developments, even though they may be owner occupiers. Evidence from the housing registers of each of the local authorities suggests that there are significant numbers of elderly households registered for accommodation with the local authority. Many of these are owner occupiers and as a result are afforded limited priority for re-housing
 - Sheltered housing is not necessarily a long term solution for all older households. Most sheltered housing schemes provide only limited support for elderly people – the intention being to support independence but not to provide extra care, which would invariably require a move to a residential or nursing home
 - There is a growing issue around the implications for wider communities associated with provision of sheltered housing. Within private sheltered housing schemes developers have been reluctant to provide affordable housing and the service charges may also make this challenging to manage for local authorities and RSLs and tenants. Sheltered housing schemes are also often accused of taking older households out of the wider community and preventing them from remaining active within their neighbourhood – though this is likely to vary hugely since much depends on location and access to local facilities
 - Residential care homes provide extra care for older people who require it. It is health rather than age that determines whether older people need extra care though research suggests that, other than retirement moves, which are taken earlier, most people, wait until their care needs are such that they are forced to move, often in advanced old age. The demand for homes that provide extra care (up to nursing care) for older people is likely to increase over time in all of the authorities. This raises a number of challenges:
 - Who will meet the cost of rising care needs? There is an expectation that owner occupiers will fund their own care through the sale of their homes although increasing numbers are likely to take financial decisions earlier in their lives eg,

equity release which may impact on their ability to do this. The public purse will need to support those without the financial means, at a growing cost

- There is the added implication that within Central Hampshire the current need for extra care is likely to be in locations where it is more expensive to provide it; development costs may be higher and it is likely to become increasingly difficult to source labour in the care sector because of house prices and affordability problems (though migrant labour including from the EU has supported this sector and may do so even more in the future)

- 10.24 Retirement communities are a relatively new option for accommodation in the UK. As a result, little is known what it is actually like to live in such communities and whether they adequately cater for the needs of the older age groups. The conclusion of recent research into retirement villages concluded that the viability of providing accommodation and care for a mix of 'fit' and 'frail' residents in retirement villages needs to be examined further before the model becomes more widely used. The research also highlighted that people want to live differently in their old age, which needs to be recognised in policy and by developers of retirement accommodation.³

Black and Minority Ethnic Households

- 10.25 Central Hampshire does not have a high proportion of ethnic minorities - the five authorities have a white population of more than 95%. BME households tend to be concentrated in the inner areas of larger towns and cities. As would be expected therefore, Basingstoke has a slightly higher proportion of BME people than the other authority areas, predominately people of Asian (Indian) origin who make up just over 1% of the population (around 1,200 people).

Figure 10.6: BME Population within each authority area (Whole Districts)

	%White	%Mixed	%Asian	%Black	%Chinese	%Other
Basingstoke & Deane	96.6	1.0	1.2	0.6	0.4	0.3
Winchester	97.8	0.7	0.7	0.3	0.3	0.3
New Forest	98.9	0.5	0.2	0.1	0.2	0.1
East Hampshire	98.4	0.7	0.4	0.2	0.2	0.2
Test Valley	97.9	0.7	0.8	0.2	0.3	0.1

Source: Census 2001 (data available at ward level but numbers too small to present)

- 10.26 In order to inform the Borough Housing Strategy (2007-2011) Basingstoke and Deane Borough Council carried out a small scale survey of ethnic minority housing needs to understand whether the needs of these households differ from the community as a whole.⁴ The survey identified a number of issues:

- Most respondents lived in larger households than the population as a whole – the average household size of the respondents being three people. One quarter of households comprised two or more generation

³ 'Housing and care for older people: life in an English purpose-built retirement village' Bernard M., Bernadette B., Sim J., Biggs S.

⁴ Around 60 responses were received, from a sample size of 250. The responses were not representative of the population of ethnic minorities as a whole but the research remains valuable in highlighting some of the different issues that BME households face.

- Around half of respondents lived in owner occupied accommodation with a further 39% in the private rented sector and 8% in the social rented sector (5% did not specify). The Census also confirms that there are lower levels of owner occupation amongst ethnic minority households and higher levels of private renting. The Survey suggested that there was relatively significant interest in shared ownership – particularly from those in the private rented sector, who wished to have the opportunity to build up equity and greater security of tenure
 - Respondents therefore identified the key barriers to accessing their preferred housing as their ‘lack of confidence to talk about their housing needs’ and a range of income and cost related barriers which prevented access to housing. Respondents also identified the need for improved information for ethnic minorities on housing options and suggested also that the Council works with private landlords to improve access to the private rented sector for those on Housing Benefit
- 10.27 DTZ would suggest that, apart from perhaps the barriers associated with communicating information and options to ethnic minority households, the key issues faced by these households are not dissimilar to households as a whole. The barriers to their preferred housing and the issues they appear to face are more related to income, house prices and affordability rather than the fact that they belong to a certain ethnic group or hold a particular national or religious identity. Whilst levels of owner occupation amongst households are above 70% in each authority area this varies considerably between ethnic groups:
- Only one third to a half of Black Caribbean and Black African households are owner occupiers across the five authorities (detailed figures are provided in Appendix F). The private and social rented sector are more significant tenures to these households than to the population as a whole (reflecting generally lower incomes) with implications for the limited choices available to these households.
 - Indian households generally have levels of owner occupation above that of the population as a whole and very limited numbers of households live in the social rented sector, though evidence at the national level suggests many of these households occupy their homes relatively intensively, sometimes with more than one generation under one roof.
 - In contrast, Pakistani and Bangladeshi households in the five authorities have low levels of owner occupation (around one third) though it is difficult to make generalisations given the low numbers within the population of the Districts outside of Basingstoke.
- 10.28 A further implication that merits consideration is that ethnic minority households are often larger than the average for households as a whole – with implications for the provision of new market homes and affordable homes. Although small in number, these larger households will often need and demand large dwellings.
- 10.29 Minority groups may have localised but significant impacts on the housing market where they cluster in particular locations. In Basingstoke there are a number of clusters of ethnic minority households, predominately within the town centre.
- 10.30 The other key dimension that will influence the pace of housing growth and potentially the type of housing in demand, including the scale of need, is the pattern of migration.

Migration at the regional and sub-regional level is particularly influenced primarily by changing patterns of employment, house price differentials between areas, and the lifestyle offer of different areas, particularly those within the same broad regional labour catchment area. But migration is inherently difficult to predict. Patterns of movement can change quite significantly at different stages of the economic and housing market cycles.

- 10.31 Moreover, international migration can be particularly hard to predict. Since the expansion of the European Union in 2004 the number of EU citizens migrating to the UK has increased five-fold. In 2003 the inflow of EU citizens was around 14,000. In 2004 this rose to around 74,000 – 80% of this increase is attributed to migrants from the 10 accession states.⁵ ⁶ The latest Government figures state that around 447,000 migrants from these states registered for work in the UK between May 2004 and the end of June 2006, of which 265,000 were Polish migrants⁷. A recent survey by the Centre for Research on Nationalism, Ethnicity and Multiculturalism indicates that these figures may understate the true level of migration.⁸
- 10.32 International migration is now the main driver of population growth within the UK as a whole. Prior to 2004, more UK residents left the UK for Europe than entered the UK from Europe – the main destination of UK migrants to Europe was Spain.
- 10.33 The Audit Commission's Report 'Crossing Borders' identifies the key reasons for relatively significant levels of international migration to the UK. The UK is a prime location for study and UK institutions are now dependent on international migration. International migration figures include those who come to the UK to study.
- 10.34 However the recent increase in migration between countries within the expanded EU is not counted within the Government's population figures. The free labour market within the EU means that it is now difficult to keep track of movements. The available statistics on in-migration since 2004 are also not net – they record the number of arrivals but not those who leave.
- 10.35 Hampshire County Council are undertaking work to understand better the level and nature of migration from the recent EU accession countries.
- 10.36 In Hampshire and the Isle of Wight there is a labour force of around 1 million workers of which 34,000 are registered from outside of the UK and therefore account for 3.4% of the workforce (compared to 5.8% nationally) although the Audit Commission suggested that this was an underestimate and the figure was likely to be around 60,000. The proportion of migrant workers within the labour force also varies between places with Basingstoke's workforce estimated to have 4% migrant workers. One IT company in Basingstoke employs 20% of its workforce from overseas and one of the key reasons for this is because of their willingness to 'live cheaply' and the unwillingness of UK workers to relocate to Hampshire because of the cost (and their expectations about the type of house for example that they would be able to afford).

⁵ ONS 2004

⁶ The 2004 accession states were Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

⁷ Home Office (2006) Accession Monitoring Report – Note that this records the **cumulative** number of people who have register to work. It does not represent net migration.

⁸ The survey of 500 Poles in the UK found that 64% had signed the workers register

- 10.37 Current figures (2007) for the number of non-UK nationals with National Insurance registrations⁹ in each of the authority areas are as follows:
- Basingstoke & Deane: 1,620 people (the majority are from the EU Accession countries and other European countries but also significant numbers of people from Indian (150 people) and Nepal (90 people))
 - East Hampshire: 600 people (the majority from the EU Accession countries and other European countries but also significant representation the Philippines (50 people))
 - Test Valley: 610 people (the majority from the EU Accession countries and other European countries)
 - Winchester: 580 people (the majority from the EU Accession countries and other European countries)
 - New Forest: 810 people (the majority from the EU Accession countries and other European countries, particularly France (40 people) and also from the Philippines (40 people))
- 10.38 The Hampshire economy is creating jobs (and people are retiring) at a faster rate than people leave university and enter the labour market, which means that there is a need for economic in-migration. This is not likely to be a short term issue as the Hampshire economy has been experiencing ‘full employment’ for a number of years and if economic and employment growth proceeds as expected there will continue to be a gap to fill in the labour force. This essentially means that it is inevitable that EU migrant workers have entered the labour market in Central Hampshire and the New Forest and are likely to continue to do so in the future. The Audit Commission suggests that the key drivers of this migration are the number and type of hard to fill jobs and the availability of cheap housing. These workers are also prepared to travel long distances for work – whilst they may work within Winchester or the rural areas of Central Hampshire and New Forest, they are likely to live within Portsmouth, Southampton and Basingstoke unless their job provides tied accommodation.
- 10.39 Workers from the EU accession countries have been prepared to move faster than any other migrant workers in the past and the geographical spread of these workers was not as expected – with relatively large numbers ending up in rural locations.
- 10.40 The main sectors of the economy for migrant workers to enter have been agriculture, construction and hospitality and hence the locations with significant employment in these sectors (particularly New Forest and Test Valley which have higher proportions employed in these sectors than the South East as a whole, evidenced in Section 5) may have experienced disproportionate in-migration – if not to live in the area but to fill local jobs.
- 10.41 In Hampshire, the majority of migrant workers are male and aged between 25-35 and many are also supporting a family in their home country. Most are also ‘overqualified’ for the job that they are employed in within the UK.
- 10.42 The Hampshire Economic Partnership suggests that economic migration had been very positive and estimates that it contributes £500 million per day to the UK economy

⁹ Department for Work and Pensions – National Insurance Registrations Data – People are registered in the authority of their latest known address

(although some of the wealth generated goes overseas). Both the Audit Commission and Hampshire Economic Partnership conclude there is significant value in the attraction of young migrants and they are necessary for the future prosperity of Hampshire.

- 10.43 There are also believed to be a significant number of migrant workers within rural Hampshire, many of whom travel to rural parts of Winchester by bus from Southampton. There is a need for migrant workers within rural Hampshire because of lack of local labour. They are often bought in by a contractor and may then become permanent after a few months. Workers often then recommend others so that employers can avoid agency costs.

- 10.44 There are a number of issues associated with recent migration into Central Hampshire. There are some concerns about the exploitation of migrant workers both in local labour and housing markets. Competition for jobs with local workers is not considered an issue because of practically full employment levels in most of the authority areas. However, the Hampshire Economic Partnership suggests that there is likely to be some competition for jobs at the lower end of the labour market.

- 10.45 Competition for housing, particularly in the private rented sector may be more of an issue and there is a concern that migrant workers may displace poorer households from the private rented sector. There are also concerns about the turnover of residents within some of the HMOs in the area, with consequent impacts on local neighbourhoods and also the impact of the rapid increase in migrant workers on the impact on local services and schools. The Audit Commission suggests that the impact on healthcare is limited since most of the migrant workers are young and fit and unlikely to place demands on care services.

- 10.46 There is a key role for local authorities in dealing with these issues and 'heading off tensions' by ensuring that local employers and landlords are complying with the law and other services may need to be modified to ensure that recent migrants are both aware of available services and can access them. The Audit Commission raised the question as to whether private sector housing teams were adequately resourced since much of the impact would be on HMOs, the private rented sector and even caravan sites.

- 10.47 Stakeholders suggest that initiatives towards recent migrants needed to build on the experience with the BME community and existing voluntary sector interventions – mirroring a community development approach to reflect the need for community cohesion. The CAB said that this meant bilingual advice workers, outreach workers and the need to work with Job Centres. The CAB also cited that they had been involved in 240 cases involving migrant workers within Southampton, Rushmoor, New Forest, Basingstoke and Winchester which suggests that there are significant local issues though often the issues raised are to do with employment rights rather than housing.

Disabled People

- 10.48 Disabled people are also a significant group within the population of the five authorities and some may have specific housing requirements that differ to the population as a whole, including the need for specific adaptations to dwellings in some cases. There are various indicators of the level of disability within the population, though none specifically state the extent to which people this affects people's housing requirements.

- 10.49 The definition of disability included in the Disability Discrimination Act is 'a physical or mental impairment which has a substantial and long-term adverse effect on his/her ability to carry out normal day-to-day activities.'

- 10.50 New Forest and Basingstoke have the highest numbers of people receiving disability living allowance (in 2006), consistent with the larger population in the two authority areas.

Figure 10.7: Number of People Receiving Disability Living Allowance

	Number Receiving Disability Living Allowance (November 2006)	Total Population (2005 Mid Year Estimate)	Receiving Disability Living Allowance in 2006 as % of Total Population (2005)
Basingstoke & Deane	4,360	156,900	2.8%
Winchester	2,560	111,300	2.3%
New Forest	5,500	171,700	3.2%
East Hampshire	2,900	111,300	2.6%
Test Valley	3,180	112,300	2.8%

Source: Department for Work & Pensions

- 10.51 In the 2001 Census, New Forest recorded the highest number of people with a limiting long term illness (28,000 people) and not in good health (10,000). New Forest has a higher proportion of its total population with a long term limiting illness (17%) than the South East as a whole (15%) although on a par with England (17%). However, limiting life long illness is strongly linked to age and over 15,000 people with a limiting life long illness in the New Forest are over 65 years old (41% of all over 65s in the population). Levels are therefore likely to increase over time in all authorities as the population ages, but more so in New Forest which also experiences in migration of older households.

Figure 10.8: Number of People with a Long Term Limiting Illness

	People with LLI	<i>Of Which, not in good health</i>	Total Not in Good Health	Total People
Basingstoke and Deane	19,108	6,962	8,789	151,272
East Hampshire	13,967	4,825	6,022	106,324
Test Valley	14,505	5,101	6,352	108,193
Winchester	13,846	4,631	5,721	101,417
New Forest	28,225	10,205	12,190	166,487
South East	1,157,619	437,305	537,681	7,809,823
England	8,369,174	3,583,348	4,249,859	48,248,150

Source: Census 2001

Figure 10.9: Percentage of People with a Long Term Limiting Illness

	People with LLI	<i>Of Which, not in good health</i>	Total Not in Good Health	Total Population
Basingstoke and Deane	13%	5%	6%	151,272
East Hampshire	13%	5%	6%	106,324
Test Valley	13%	5%	6%	108,193
Winchester	14%	5%	6%	101,417
New Forest	17%	6%	7%	166,487
South East	15%	6%	7%	7,809,823
England	17%	7%	9%	48,248,150

Source: Census 2001

Figure 10.10: Number and Percentage of People with a Long Term Limiting Illness Aged 65 and Over

	Aged 65+ with LLI	% of those Aged 65+ with LLI	Total 65+
Basingstoke and Deane	7,913	43%	18,322
East Hampshire	6,624	41%	16,343
Test Valley	6,631	42%	15,733
Winchester	7,061	40%	17,468
New Forest	15,168	41%	36,570
South East	547,727	44%	1,245,853
England	3,660,493	49%	7,456,706

Source: Census 2001

10.52 Research by the Disabled Persons Accommodation Agency (DPAA) claims that there is currently a lack of information on the specific housing requirements of disabled people. However, the research highlights a number of common housing ‘barriers’ that disabled people may face:

- Market barriers – the private housing market does not adequately provide for disabled people, significantly reducing the options available. Comparatively lower incomes also restrict disabled people from accessing the market to the same extent as the population as a whole and are also likely to restrict their ability to ensure that their additional needs in relation to their homes are met.
- Financial barriers – disabled people are less likely than the population as a whole to be in full time employment where they can access higher incomes
- Practical and attitudinal barriers – research showed that people seeking special accommodation preferred to do so themselves and did not register their housing need with a local authority. They were not always aware of the options available to them. 2/3 of survey respondents were unlikely to be accepted onto special needs waiting lists despite having a physical disability, because they were not permanent wheelchair users. Furthermore, 36% of wheelchair users live in houses (not bungalows) and the majority do not want to move but would rather have adaptations carried out to the property

10.53 Previous Housing Need Surveys within the authorities concluded that there was a need to:

- Continue to promote adaptations in order to improve the ratio of suitably adapted properties for disabled people
- Create a register of adapted property and disabled people needing adapted accommodation in order to facilitate better matching (Choice Based Lettings systems appear better able to do this)

- Consider adopting Lifetime Homes standards¹⁰ for new housing
- 10.54 In addition, the Survey of English Housing (2004/05 and 2005/06) estimates that nationally there are around 500,000 disabled people using wheelchairs who require specially adapted accommodation (around 1% of the population of England or 2% of households). The figures are higher in the social rented sector where 230,000 disabled people are using wheelchairs and require specially adapted properties – equivalent to around 6% of social rented households. However, around 25% of these households are living in properties that are unsuitable for their needs. This suggests there is a case for securing a proportion of specifically adapted social rented properties through new development in order to boost the availability of these properties and meet the needs of the social rented population going forward.
- 10.55 Since most of the previous surveys were carried out, the Government has introduced Part M to the Building Regulations, requiring new buildings to be accessible and usable by disabled people, although this by no means facilitates full independent living for all people with disabilities. There are additional plans to incorporate the Lifetime Homes standards for accessibility into Building Regulations in the future. The Disabled Facilities Grant is also available for carrying out adaptations to the home of a disabled person and is allocated to those who can least afford the cost of adapting their property.
- 10.56 The housing registers of the five authorities reveal limited information about the scale of housing need or the specific requirements of households with disabilities or extra support needs although a significant proportion of those included in the housing need assessment have a medical need to move or are living in properties that are unsuitable eg, in terms of accessibility or facilities.
- 10.57 In addition to ‘bricks and mortar’ support provided by the authorities and RSLs for households in need, Hampshire County Council runs the Supporting People Programme within the County, directly funded by Central Government. Supporting People provides housing-related care and support to enable vulnerable people to live independently and avoid the use of institutional care (eg, hospitals, care homes and, in extreme cases, prison). Hampshire County as a whole receives £31.1 million in funding for Supporting People in 2006/07 and the same amount in 2007/08, which represents a reduction in funding of around 15% (£5 million) since 2003/04.¹¹
- 10.58 The majority of the Hampshire Supporting People budget (79%) is spent on accommodation based services – funding around 13,420 units. Within this type of support, 31% is spent on accommodation based support for people with learning difficulties – partly reflecting the higher costs associated with supporting these people to live independently. A further 10% is spent on accommodation based support for older people.

¹⁰ A Lifetime Home is the incorporation of 16 design features that together create a flexible blueprint for accessible and adaptable housing in any setting. The Lifetime Homes concept increases choice, independence and longevity of tenure, vital to individual and community well being

¹¹ Audit Commission Supporting People Inspection Report – Hampshire (February 2007)

Rural Communities within Central Hampshire and New Forest

- 10.59 Each of the authorities have a significant rural area and large numbers of villages which present a number of issues and challenges in terms of planning for future housing provision and addressing housing demands and needs. Figure 10.11 shows that there are between 70 and 108 rural villages (settlements with a population of less than 3,000 people) in *each* of the five authority areas.
- 10.60 Test Valley has the highest number of small settlements, a reflection of having only one significant sized town – Andover (population of around 38,000) and a smaller market town – Romsey with a population of around 17,000.
- 10.61 Around 40% of the population of Winchester District live in settlements with populations less than 3,000 with only one major town - Winchester City (population 41,000), and below this, only five settlements with a population over 3,000 (Bishops Waltham, Denmead, Alresford, Kingsworthy and Colden Common). Thus the settlement structure in Winchester is fairly polarised – residents either live within Winchester City or one of the larger villages or they live in a settlement of less than 3,000 people.
- 10.62 New Forest has a relatively small proportion of its population living in settlements of less than 3,000 which reflects the fact that about 60% of the population live in the five medium sized settlements (of around 15,000-30,000 people) within the District. 68,800 people live in the Totton and the Waterside, which is functionally part of the South Hampshire (Southampton) housing market area. New Forest District has a further 6 settlements with a population of 3,000 to 5,500 people.
- 10.63 Although East Hampshire has relatively fewer settlements of less than 3,000 people than the other Districts, they account for almost 40% of the population of the District and, taken together, are home to over 40,000 people. Furthermore, East Hampshire has no large towns although it has 3 settlements – Petersfield, Whitehill/Bordon and Alton with populations of around 13-16,000 people each. This can be explained by the proximity of the south of the District to Havant and Portsmouth and the north of the District to Basingstoke and the Blackwater Valley – both significant centres of employment and services.
- 10.64 Similarly, Basingstoke and Deane has a relatively small proportion of its population living in settlements of less than 3,000. The majority of the population in the Borough (over 60%) live within Basingstoke town, although with almost 100 small settlements, there remain issues for future planning and housing activities.

Figure 10.11: Rural Settlements in Central Hampshire and New Forest

	Number of Settlements with < 3,000 People	Number of People Living in Settlements < 3,000	Share of population Living in Settlements < 3,000 (%)
Basingstoke & Deane	94	23,700	16
Winchester	88	41,300	39
New Forest	86	51,600	30
East Hampshire	70	43,000	39
Test Valley	108	48,200	44

Source: Defra Rural Geographies from HARAH website

- 10.65 This is particularly important given that the draft Regional Housing Strategy comments on the link between small villages and market towns and the possibility of funding going into settlements of between 3,000 -10,000 population in the longer term.
- 10.66 The housing issues facing those living within rural areas within Central Hampshire and New Forest are similar to those faced in rural areas across the South of England although the severity of the problems will vary between different places:
- There is an increasing trend towards people buying second homes within rural areas. The highest incidence of second homes is, unsurprisingly, found in New Forest District, accounting for around 2% of the dwelling stock in 2001 (four times the national average) and DTZ would speculate that these proportions have increased over the last 5 years and may continue to do so in the future, particularly with the establishment of the South Downs National Park
 - For the majority of wards across Central Hampshire and New Forest, the proportion of dwellings, which are second homes, was less than 2% in 2001. However, there were concentrations of second homes in the following areas (wards):
 - Milford (New Forest) – 9% of dwellings were second homes in 2001
 - Lymington Town (New Forest) – 6% of dwellings were second homes in 2001
 - Boldre & Sway (New Forest) – 5% of dwellings were second homes in 2001
 - Brockenhurst and Forest South East – 4% of dwellings were second homes in 2001
 - Rooksdown (Basingstoke & Deane) and Bourne Valley (New Forest) –3% of dwellings were second homes in 2001
 - Interestingly, the second homes in these areas account for a disproportionate amount of the terraced stock (rather than detached, semi detached or flatted accommodation). In Brockenhurst and Forest South East (New Forest), 12% of terraced houses were second homes in 2001 (compared to just 4% of the stock of dwellings as a whole). 8% of terraced homes in Lymington were second homes (compared to 6% of the stock of dwellings as a whole). Although Dibden and Hythe East (New Forest) has 2% of its stock as second homes overall, 7% of the terraced stock are second homes, which is perhaps a reflection of the attractiveness of this type of housing and the localities in which it is found or may be linked to marina developments
 - Purpose built apartments/maisonettes are also an important source of second homes in these locations – including in Boldre and Sway (78% of apartments in 2001 were second homes), Milford (22% of Milford’s apartments in 2001 were second homes) and Lymington (10% of Lymington’s apartments in 2001 were second homes)
 - There is also in-migration to rural areas, particularly New Forest but also Winchester District, East Hampshire and Test Valley, from people retiring and migrating, often from higher-priced areas including London and the rest of the South East.

- Furthermore, a significant number of people commute from rural areas to well paid jobs elsewhere (whilst local incomes remain relatively low, reflecting the type of work available in rural areas)
 - Rural areas also typically have high levels of owner-occupation and low levels of social rented stock – reflecting the trends above and also the tendency for social rented homes in rural areas to be sold through Right to Buy. The Commission for Rural Communities found that in 2004, social housing only represented 7-8% of all new completions in rural areas (a lower proportion than seen in urban areas in the same period)
- 10.67 It has been estimated by the Commission for Rural Communities that a higher proportion of rural residents (57%) than urban residents (37%) in England have to commit over half their income buying a house. Although incomes in the countryside around urban areas are higher, they are not sufficiently high to counteract the higher house prices so housing around the urban areas is less affordable than within them. There is also a net annual movement of people from urban to rural Britain. The Commission estimated that nationally, up to 22,000 new affordable homes would be needed per year in rural areas.
- 10.68 People living in rural areas do not necessarily have specific needs. Rather the decision to live in a rural area is often part of a lifestyle choice, as rural areas are perceived to offer a better quality of life. The key criteria people value in living in a rural area are low levels of crime, good neighbours, access to nature/the countryside, shopping facilities and public transport.¹² Having access to nature/the countryside is a strong aspiration amongst retired and elderly people. This raises two fundamental questions – to what extent should the authorities prioritise the issues of housing need found within rural areas and to what extent should people living in rural areas expect to have their needs met there?
- 10.69 There is no easy answer to these policy dilemmas, for the following reasons:
- Land based industries require local workers and typically provide low paid jobs eg, farming, forestry and increasingly, jobs in hospitality and tourism. It does not make sense from a sustainability point of view to have people commuting long distances to work, although there is added implication that jobs are increasingly likely to be filled by those who are willing to do this, including migrants workers from the EU, who may be willing to travel longer distances to work (or work through agencies that provide transport)
 - Many villages and rural areas have strong community networks and, even though people may not work locally, there is an argument for providing affordable housing to maintain existing social support networks and informal arrangements for care etc
 - It would not be a good outcome if in the future, villages and rural areas were *only* occupied by wealthy households, and able to choose where they live whilst people on lower incomes are forced into towns and cities. There is an argument therefore for supporting a mix of households within rural areas through the provision of social rented and intermediate housing. Though it must be recognised that the pattern of younger people moving away from rural areas to access a wider labour market, higher paid jobs and, potentially, provide them with the resources to return home in later life, has been a feature of rural life for many years

¹² State of the Countryside Report (2006)

- Households that are accommodated in affordable homes in rural areas are not necessarily those same local people (or the children of existing residents) with local ties identified by surveys. The development pipeline from planning to completion of new homes is lengthy and not set up for quickly meeting a need that has arisen, although local needs are often a key part of winning the argument for provision of affordable housing in rural areas – sometimes against initial local opposition
- The policy levers available to the authorities to deal with issues identified in rural areas are relatively limited (and by and large already known). For example, authorities have the ability to allocate sites for affordable housing in villages and use exception site policies to deliver affordable housing in rural areas. But it is often more expensive to deliver affordable housing (expensive sites, small sites, limited infrastructure) and this challenge is sometimes exacerbated by planning policies and the Housing Corporation emphasising delivery in key settlements.
- The characteristics of rural areas *will* determine what can be done by way of policy intervention. For example, whether the economics of development will support a particular affordable housing quota or whether local house prices would make intermediate housing viable for those in need of affordable housing.
- There have also been some successful housing schemes built in Hampshire's rural villages. However, some have taken a long time to come about because of the difficulty in finding sites, lengthy negotiation processes, obtaining planning permission and funding. To combat this, the Hampshire Alliance for Rural Affordable Housing (HARAH) was created and is concerned with the long-term sustainability of villages:
 - To make the provision of rural affordable housing more efficient
 - To consistently provide high quality housing
 - Increase the availability of funding to provide more affordable homes in shorter timescales
 - To invest in the long-term with local communities

10.70 There is little doubt that, where housing can be provided sustainably within rural villages in Central Hampshire and New Forest, these developments should do as much as possible to deliver affordable housing. This would ensure that need for housing locally can be addressed to some extent (though DTZ would suggest that there is a danger in stressing too far that local needs that arise should or could be met) and so that rural communities also retain a mix of households over time, since processes in the market would work against this.

Students

10.71 At present, the only University in the study area is the University of Winchester. There are 5,600 students at the university. Figure 10.12 shows how students at the University are currently accommodated and this is compared to Universities in Southampton and all UK institutions. There are two additional institutions within Winchester – Winchester School of Art (in the City) and Sparsholt College (outside of the City) which has 1,400 full time students and a further 6,000 part time. The School of Art is affiliated to Southampton University.

Figure 10.12: Accommodation of Students at Winchester University

Term-Time Residence of Students, 2005/06						
	Institution maintained property.	Parental/ Guardian home.	Own home (includes PRS or Private student residences).	Other	Unknown	Total
The University of Winchester	1,230	660	1,530	30	10	3,450
Southampton Solent University	4,730	1,270	1,290	960	640	8,890
University of Southampton	4,610	1,280	2,750	5,930	2,910	17,480
All UK Institutions	296,450	224,910	561,080	113,990	100,000	1,296,440
The University of Winchester	35.6%	19.1%	44.2%	0.8%	0.2%	100.0%
Southampton Solent University	53.2%	14.3%	14.5%	10.8%	7.2%	100.0%
University of Southampton	26.4%	7.3%	15.7%	33.9%	16.7%	100.0%
All UK Institutions	22.9%	17.3%	43.3%	8.8%	7.7%	100.0%
Note: Data for all campuses						
Source: HESA July 2006 Student Record (Copyright Reserved); adapted for use in DTZ Student Residential Model						

- 10.72 At present levels of demand for Higher Education nationally continue to rise at a per annum rate of 3.2%. Applications in January 2006 were 3.4% lower than in January 2005. Part of this fall is attributed to fee effects – i.e. the increase in fees to £3,000 per academic year from £1,200 per academic year. However, in the long run student numbers are not likely to be significantly affected. Student numbers in the UK have increased by 19% in the last five years and are forecast to increase by 3% per annum up to 2010.
- 10.73 However, generally, student accommodation provided by Higher Education Institutions (HEIs) has not grown at the same pace as student numbers. This has led to an increasing reliance on privately rented property. There has therefore been an emergence of ‘niche’ student housing markets, usually geographically concentrated. Students wish to live near their university in order to minimise their transport costs and this will therefore have localised impacts on areas adjacent/near to university campuses and in the extreme, the influx of students can cause the ‘ghettoisation’ of local amenities. In higher demand areas there is evidence that students are willing to live in poorer quality accommodation in order to save money, or to be located in what was considered to be the right area, which is likely to have the effect of pushing out those on lowest incomes from the private rented sector if landlords favour student tenants.
- 10.74 Figure 10.12 shows that the largest proportion of students at Winchester University (44%) are accommodated in their ‘own home’ which is predominately the private rented sector. 36% live in accommodation maintained by the University itself and 19% live with their parents. The proportion living in the private rented sector is slightly higher than the average for all UK institutions and significantly higher than that for students at University in Southampton. Figure 10.12 shows that over 1,500 students at Winchester University live within the private rented sector.¹³ This accounts for around 25% of all private rented

¹³ Note that the Census 2001 recorded the figure at around 250

dwellings within Winchester District based on the number of private rented dwellings recorded in 2001 (this supply has no doubt increased in recent years which will mean that students account for a smaller share than suggested here). However, if we assume that they all live within Winchester City urban area, this means that students could account for 50% of Winchester's private rented dwellings¹⁴.

- 10.75 As confirmed by discussions with stakeholders in Winchester, the presence of the University has a localised impact on the housing market in parts of the city through the concentration of students in the private rented sector and this could increase over time as the University expands its students numbers (or conversely if it loses any of its own accommodation). The University of Winchester expects to grow full time student numbers by around 3-400 by 2010/11. However, the University plans to provide an extra 375 University hall of residence beds in time for the 2009/10 academic year and will increase the number of beds in University managed private houses by around 100 over the same period which suggests there may be no net effect on the private rented sector in the City.
- 10.76 It is worth noting however that in 2004 the government also introduced HMO (House in Multiple Occupation) licensing to raise the standards of multiple tenancy accommodation. The impact on the private rented sector (and for student accommodation) of this recent change is not yet known but it is likely to have impacted upon the supply and quality of private rented accommodation.

¹⁴ The number of private rented dwellings within Winchester City (comprising 7 wards) in 2001 was around 2,500. Although this is likely to have increased since, it suggests that students occupy a significant proportion of private rented homes

11 POLICY IMPLICATIONS AND RECOMMENDATIONS

Introduction

11.01 This section summarises key points from this Strategic Housing Market Assessment and draws out conclusions and recommendations for policy. The section is structured as follows:

- Requirements of the SHMA process
- Summary of key points from Sections 1-10
- The Geographies
- Affordable Housing
- Mix of Housing
- Delivery

11.02 The requirements of the Strategic Housing Market Assessment and how they have been met are summarised in Figure 11.1.

Figure 11.1: Requirements of the SHMA

Requirement of SHMA Guidance	How these are met in this document
Definition of housing market areas	Provided in Section 2 and concludes that the Central Hampshire market is not a particularly cohesive housing market and New Forest District has links to the east and west of the District.
Setting out objectives and context	Provided in Section 1 and 11 of this SHMA
Providing the evidence base for the drivers of demand within the housing market including demographics, economics and current dwellings	Provided in Sections 3 (conceptual framework), Section 4 (demographic drivers), Section 5 (economic drivers), Section 6 (supply)
Setting out the overall level of demand for market housing from current and future households	Provisional allocations are set out in the draft SE RSS. Section 9 provides evidence on future household types and the implications for dwelling requirements
Undertaking an assessment of housing need using secondary data	Set out in Section 8. Calculations for individual authorities provided in Appendix D
Setting out the overall level of housing need from current and future households	Section 8 and calculations for individual authorities in Appendix D
Setting out the level of need or demand for intermediate housing	Estimates provided in Section 8 and analysis on affordability set out in Section 7
Setting out the type and size of affordable housing required	Section 8 provides data on the pressures on different sized dwellings and the wider considerations
Evidence of specific groups within the housing market	Section 10 provides analysis on the issues facing older people, disabled people, rural communities, BMEs, migrant workers and students

11.03 A summary of the evidence presented in previous sections of this report is provided in Figure 11.2.

Figure 11.2: Summary of Central Hampshire and New Forest SHMA Evidence Base

- In the northern part of Central Hampshire there are a number of localised, but interconnected, housing markets operating, with Basingstoke, Winchester and Andover forming the sub-region's key nuclei. The labour market is more integrated than the housing market, which suggests that people make decisions about which settlement they wish to live in, and a high proportion will continue to live there, but there is much more flexibility in where they chose to work.
- The settlements in the south of Test Valley, Winchester and East Hampshire, together with the east of New Forest District relate to the urban parts of South Hampshire in both labour market and housing markets terms. The central and western area of New Forest District (including the National Park) show limited connectivity to the Central Hampshire or to urban South Hampshire.
- In absolute terms, overall population growth is being driven primarily by the 45-64 age cohort. This is a national phenomenon. The next most important age bracket, contributing to absolute growth in population, is the over 75 age group. In New Forest and East Hampshire Districts the number of people aged 24-44 has fallen as have the number of children (0-14 years).
- Over the period 1995-2005, a 33% growth in the number of jobs within the Central Hampshire exceeded 17% national growth and 23% regional growth. This growth has resulted in an absolute growth of 51,000 jobs within the area. Over the same period, employment growth within the New Forest West and Central area was lower at 25%, equating to an absolute growth of 8,500 jobs.
- In both Central Hampshire and the New Forest a large proportions of the workforce is employed in high earning occupations such as Managers & Senior Officials and, Professional and Associate Professional Occupations. As such, much of the demand for market housing within the study areas will have been driven by those employed in high paid jobs who tend to be able to exercise greater choice within the market.
- The unemployment rate in the Central Hampshire Market area (2.4%) and the New Forest (3.6%) is lower than the South East rate of 4.4% and the England rate of 5.3%. East Hampshire (1.6%), Test Valley (1.9%) and Winchester (2%) have unemployment rates considered as indicating full employment. This confirms that there is a market for in-migration from both within the UK (including London) and overseas, including workers from the new Accession States.
- Further employment growth is likely to increase demand for housing. However, continued growth in the higher value-added sectors could mean that there is increased demand for higher quality housing in the sub-region as further high paid jobs are created in the area.
- Overall, the average house price in the New Forest (£273,000) is higher than the average for the Central Hampshire Market Area (£266,000), the South East (£244,000) and England (£208,000). House prices in the New Forest West and Central area are significantly higher than the parts of the New Forest within South Hampshire
- Central Hampshire and New Forest are less affordable than the South East as a whole. New Forest has relatively low wages and higher house prices when compared with the Central Hampshire, the South East and England. Levels of owner occupation in Central Hampshire are above the UK average but below the South East average. Levels of owner occupation in New Forest West and Central are above both the UK and South East average (reflecting the older age of the population)
- The level of housing need exceeds what will be delivered by way of new affordable housing each year. In Central Hampshire as a whole the minimum estimate of housing need suggests that there is a need for around 1,500 affordable homes each year, on top of what is planned to be delivered, with a further 600 required in New Forest
- Growth in one-person households is expected in all authorities but does not imply the need for the majority of market dwellings to be small homes. Demand for market homes reflects a complex set of factors relating to household income and life stage rather than simply household size
- Central Hampshire and the New Forest have lower proportions of 1-2 bed houses and higher proportions of dwellings with 4 bedrooms or more than England or the South East. New Forest has 4 times the number of second homes as the South East average

Geographies

- 11.04 Section 2 of this report, and confirmed through discussions with stakeholders, highlighted that the Central Hampshire area is not a cohesive housing market, although there are relatively stronger links in terms of the labour market. Furthermore, there are significant adjacent housing markets with an influence on parts of the area:
- The Blackwater Valley on Basingstoke and East Hampshire – both of which have links to key settlements including Aldershot
 - Basingstoke is also linked to the West Central Berkshire market area which includes Reading, West Berkshire (Newbury and Thatcham) which are both linked through household and travel to work movements to Basingstoke town and to the north of Basingstoke and Deane Borough. Both Reading and Basingstoke have been designated as Growth Points with the aim to deliver additional housing over the next 10 years, as part of the Government’s objective to increase housing supply
 - To the South of the Central Hampshire area there is the PUSH sub-region, also identified as a Growth Point. The PUSH area includes two main sub-regional housing markets centred around Southampton (Western Pole) and Portsmouth (Eastern Pole). The influence of these markets extends into New Forest, Test Valley, Winchester and East Hampshire Districts
 - The western settlements in New Forest District also have links to the adjacent housing and labour market associated with Christchurch and Bournemouth
- 11.05 There are a number of common issues across the five authorities under consideration in this SHMA and many are issues common to other authorities in the South East facing similar pressures. However, given the nature of the area, the existence of adjacent housing market areas with significant growth plans and, with the exception of Basingstoke town in the north of Central Hampshire, the rural settlement structure, it is necessary to consider the different geographical implications to the conclusions of this SHMA.
- 11.06 Figure 11.3 provides an overview of the different geographical levels within the area and the considerations that need to be taken into account within policy. Although not represented in Figure 11.3 it is also relevant to note that New Forest National Park (New Forest District) and the proposed South Downs National Park could cover significant parts of the land area of some of the authorities (Winchester and East Hampshire).

Figure 11.3: Geographical Considerations for Policy

Geography	Indicative Areas	Key issues & Considerations
Housing markets	Central Hampshire market area (Basingstoke, parts of Winchester District, East Hampshire and Test Valley) New Forest West & Central (excluding the Waterside area which relates to South Hampshire)	Common issues include: • Full employment, in-migration and development pressures • Growing older population • Affordability problems and housing need • Significant number of rural villages and high proportion of population living in rural areas Need to take into consideration adjacent and over lapping housing markets and sub-regions: • PUSH area for Winchester, Test Valley, New Forest and East Hants • Blackwater Valley for Basingstoke and East Hants • West Central Berkshire market area for Basingstoke. • Bournemouth and Christchurch markets for West of New Forest
Main towns & cities	Basingstoke (population 90,000), Winchester (population 45,000) and Andover (41,000)	Each of the main towns has its own self contained housing market (where around 80% of household moves are within each town and around 80% of people live and work in the urban area – see Appendix A). The influence of these towns also extends into a wider catchment area. These settlements have a significant role in accommodating overall housing development and therefore addressing housing need within the area
Medium sized settlements (10-30,000 people)	Tadley, Petersfield, Whitehill/Bordon, Alton, Romsey, Lymington, Fawley/Blackfield/Holbury, Hythe, Ringwood, New Milton, Totton (in South Hampshire market area)	Medium sized towns also have an important role, particularly in East Hampshire and New Forest where the settlement structure is not dominated by one major town. These settlements are also likely to have a role in accommodating overall housing development and indications in the draft RHS are that funding for rural affordable housing will be targeted at market towns and settlements above 3,000 in population
Small towns/ large villages (3-10,000)	E.g. Bishops Waltham, Denmead, Kingsworthy, Fordingbridge, Alresford, Liss, Liphook, Oakley, Whitchurch, North Baddesley, Kingsclere, Overton, Bramley, Whitely.	These settlements are largely functionally part of wider housing/ labour market associated with the larger urban areas. These settlements are important in Winchester (which has no substantial towns below the City) and likely to be considered for sustainable development and to offer wider choice in the market. Indications in the draft RHS are that funding for rural affordable housing will be targeted at market towns and settlements above 3,000 in population
Villages & rural areas (less than 3,000)	Between 70- 100 small settlements in each of authority areas	Functionally part of a wider housing/ labour market but some have land based industry (including activities associated with the New Forest National Park) and need for housing locally. Most are likely to be limited by the availability of sites, funding for affordable housing and often significant opposition to development in villages and rural areas

11.07 Although Central Hampshire is not a cohesive housing market area and indeed the New Forest is not part of a functional Central Hampshire market, there are a number of common conclusions for the five authorities around the following themes. The following themes are relevant at almost all of the above geographical levels and also relate to the key requirements of PPS3 and Government's housing policy:

- The need for affordable housing
- Influencing the housing mix (type and size of market and affordable homes)
- Ensuring the delivery of housing provision

11.08 There are also a common set of principles that DTZ suggest should inform the development of policy across the sub-region and within the individual authorities:

- The need to be flexible to changes in the housing market, changes in the nature of demand and need and, in some authorities, the need to meet challenging delivery targets
- The need to make the most of scarce resources, particularly in relation to affordable housing in both areas that are seeking to increase delivery and grow and in areas with constrained housing supply
- The need to consider site specific circumstances, including patterns of tenure, type and size of dwelling stock and local characteristics

Affordable Housing

11.09 The assessment of housing need in Section 8 demonstrates that in all five authorities there is a need to maximise the delivery of affordable housing. In all of the authorities, the level of affordable housing needed each year in order to address the backlog on local authority waiting lists and meet need that is likely to arise over the next five years is far in excess of what is likely to be delivered by way of new affordable housing and what has been delivered in recent years. This raises two questions:

- How far can the authorities maximise the provision of affordable housing through new development?
- How can the authorities make the best use of affordable housing as a scarce resource (in terms of both the use of the existing stock and new supply)?

11.10 How far each authority can secure new affordable housing through new development will vary according to the following factors, which are likely to vary between the geographical levels outlined above:

- Development economics and the health of the housing market: DTZ's assessment of viability of typical sites within Basingstoke, Winchester and East Hampshire suggest that development economics are relatively robust across the three authority areas. Similar studies undertaken by The Three Dragons Consultancy in New Forest and Adams Integra in Test Valley come to the same conclusion. Discussions with some developers during the development of the SHMA confirmed that, on greenfield sites in the Central Hampshire area, the delivery of 40% affordable housing was generally achievable at the present time.

- Availability of grant: Investment in affordable housing is increasing but there is an expectation that resources will have to be stretched further in the future. Housing Corporation grant will only be available where affordable housing provided is *additional* to what could have been secured without grant. There is therefore uncertainty for the Central Hampshire authorities as to the availability of grant so the starting point for the authorities and local developers is likely to be the assumption that grant is not available. There are also indications in the draft Regional Housing Strategy that grant for affordable housing will be focused on development in settlements with populations of more than 3,000 – with the expectation that affordable housing for rural areas will be provided in settlements with populations of 3-10,000.
 - The level of housing growth proposed: There is considerable variation between the five authorities in terms of the scale of new housing development proposed in the future. Although housing targets are likely to be increased, if not immediately then following a review of plans, the level of development proposed in New Forest District and East Hampshire is lower than previous targets and in Winchester and Test Valley targets are similar to the past. This means that these authorities have considerable leverage over new development, particularly whilst demand and prices are as robust as they have been in recent years. However, the level of housing development in some areas place a limit on the absolute amount of affordable housing that can be secured. In contrast, in Basingstoke and Deane the level of development planned is significant. This raises issues about the robustness of the market over time to support delivery and suggests the need for greater flexibility than in areas like the New Forest, which are operating under constraint. However, this does present a significant opportunity to secure additional affordable housing and to influence the nature of a significant proportion of the future housing stock.
 - The site specific and neighbourhood context: The tenure pattern and nature of the existing housing stock varies within and between the authority areas. For example, in some areas it is likely to be appropriate to increase the stock of social rented accommodation, particularly in rural towns and villages, where the stock has been depleted. However, it may not be appropriate in all circumstances to maximise the level of social rented provision in new developments. In large scale developments DTZ would suggest that no more than 25% of homes are developed for social renting or in developments where there are existing concentrations of renting (social or private) where it would make sense to diversify tenure.
- 11.11 Figure 11.3 sets out the current and, where relevant, emerging policies of the five authorities in relation to affordable housing and provides a summary of the evidence relevant to these from the previous sections.
- 11.12 It is also relevant to consider that a 40% affordable housing quota has been proposed and is likely to be adopted across the PUSH sub-region. To the north of Central Hampshire Reading and West Berkshire are pursuing policies of around 40% affordable housing (with Reading seeking higher levels where possible), which is relevant to considerations in Basingstoke and Deane in particular.
- 11.13 It is also important to note that a quota of 40% affordable housing does not mean that 40% of all new housing will be affordable since the quota may not be applied or achievable on all sites. It is therefore important in the case of the five authorities to consider the site size thresholds at which the policy will be applied and Figure 11.3 outlines that this has been an issue in a number of the authorities.

Local Authority	Current / Emerging Policy	Implications of SHMA Evidence for Current/ Proposed Policy
Basingstoke & Deane	40% across the Borough Threshold of 15 dwellings in the towns Threshold of 7 dwellings in settlements less than 3,000 (emerging policy proposes to reduce this to 5 dwellings) Within the quota, 25% social rented, 15% intermediate (including IM rent)	Significant level of need for social rented accommodation, evidenced by the housing need assessment High level of interest in intermediate options in the Borough (and significant potential market for these products) Plans to deliver significant levels of new housing overall (maintaining current completion levels for the next 10 years) Relatively high proportions of social renting in parts of the Borough The Borough Council have had some difficulty negotiating this level and mix of social rented and intermediate housing on recent developments
East Hampshire	35% across the District Threshold of 15 dwellings (or 0.5 hectares) across the District or 5 dwellings (0.15 hectares) in settlements less than 3,000	2nd highest average house prices in the Central Hampshire area Significant level of need for social rented accommodation, evidenced by the housing need assessment Limited new housing development planned which will limit total amount of affordable housing that could be secured Reliance on medium sized and smaller towns/ villages to deliver (and where development economics is generally more robust) Low levels of social renting Authorities to South of District (PUSH area) aiming for 40% affordable housing Threshold has affected delivery and propose to adopt a sliding scale to capture smaller sites.

Local Authority	Current / Emerging Policy	Implications of SHMA Evidence for Current/ Proposed Policy
Test Valley	40% across the District Threshold of 15 units or 5 dwellings in settlements less than 3,000 Current thresholds are being reviewed as part of the Core Strategy Within the quota, 25% social rented, 5% shared ownership, 10% discounted market value (but in perpetuity) designed so local people can access the MDA	Significant level of need for social rented accommodation, evidenced by the housing need assessment High level of interest expressed in intermediate options in the Borough (and significant potential market for these products) Outside Andover (and the Major Development Area) and Romsey development is likely to be small in scale which will limit the amount of affordable housing that can be delivered in rural areas Relatively high proportions of social renting in parts of Andover Threshold limits the delivery of affordable housing
Winchester	40% in Winchester City, West of Waterlooville and the reserve MDAs 30% in larger settlements (greater than 3,000) 30% in small settlements 35%+ in local reserve sites although none have been released yet Threshold of 15 dwellings in City and larger settlements Threshold of 5 dwellings in small settlements	Highest average house prices in Central Hampshire – development economics generally robust Significant level of need for social rented accommodation, evidenced by the housing need assessment Largely reliant on development in Winchester City – development outside will be in a few relatively smaller settlements (Denmead, Bishops Waltham, Kingsworthy, Alresford) below which there are only settlements of 3,000 or less (but where almost half the population live). West Waterlooville MDA relates most closely to South Hampshire market area Relatively high proportions of social renting in parts of Winchester Have been delivering quota but the threshold has limited delivery

Local Authority	Current / Emerging Policy	Implications of SHMA Evidence for Current/ Proposed Policy
New Forest	Currently 35% Threshold of 15 dwellings or no thresholds on sites less than 3,000 Preferred option 40% in Totton and Waterside 50% everywhere else No threshold proposed but in urban areas will accept a tariff on developments of 4 dwellings or less and similarly in rural areas on developments of 2 dwellings or less Within the quota, expect 35% social rented, 15% intermediate but will flex according to viability. 18 month adjustment period proposed in policy	High average house prices – development economics generally robust Significant level of need for social rented accommodation, evidenced by the housing need assessment Limited new housing development proposed and outside of Waterside area (which relates to South Hampshire market) development will be reliant on market towns and smaller settlements. Development highly constrained, particularly in the National Park Area although the area has a significant population and is likely to require development to meet local needs eg associated with land based employment in the Park Low levels of social renting (half of social rented stock sold through Right to Buy)

Conclusions and Recommendations for Affordable Housing

Affordable Housing Quotas

- 11.14 The key conclusion in relation to affordable housing is that the authorities need to maximise the delivery of affordable housing. DTZ recommend that the authorities aim to secure 40% affordable housing from new development, across the area. For some authorities this would mean increasing the affordable housing quota set out in current plans (Figure 11.3 provides a summary of the justification for this). It would be appropriate, and is likely to be possible, to achieve a higher level (up to 50%) in settlements of less than 3,000 people and in rural areas where development economics are often robust.¹ Given the scale of development likely in these locations the authorities may be less reliant on new housing to deliver their overall numbers and therefore have relatively more leverage over the nature of development.
- 11.15 Given the level of need in relation to the amount of affordable housing that is available and is likely to be delivered in the future, the authorities are likely to want to *prioritise* in terms of the type of affordable housing secured and this is likely to mean securing social rented accommodation first. The vast majority of households who have been identified as in housing need in Section 8 of this report require social rented accommodation because they are unable to meet their own needs within the market.
- 11.16 There is some merit in the authorities adopting a consistent framework on affordable housing quotas, particularly in supporting negotiations with developers and in providing clarity to developers operating across the area. Development economics do, however, vary between the local authorities and within their areas depending on land values, the type and location of sites and site specific factors. DTZ suggest that the authorities use the balance between social rented and intermediate housing within the affordable housing quota to provide flexibility in negotiations with developers and over the plan period when the market changes. Policies included in new local development documents are likely to be set for at least the next 5 years and it is highly likely that in this period there will be a downturn in the housing market so it is important that policies on affordable housing have the flexibility to cope with changing development economics and that they do not just reflect what is achievable in a robust market.
- 11.17 Within the quota of affordable housing, DTZ suggest that not more than 25% of all new housing is delivered as social rented accommodation on large developments (where new communities are effectively being created) or in neighbourhoods with existing concentrations of social and private renting. There is no evidence or research to suggest that 25% is the optimum level – indeed there are very successful communities such as Bournville where social renting is much higher. However, there are a number of reasons why we suggest 25% social renting:
- Social rented accommodation tends to be fully occupied. Social rented accommodation is effectively rationed and so a family with two young children of the same age will typically be allocated a 2 bedroom house or flat. This is in stark contrast to how most owner occupiers live – often ‘under occupying’ their properties. So although social rented dwellings may account for 25% of homes on a new development it is likely that the people household within them will be living at higher people

¹ Exception sites in rural areas capable of delivering 100% affordable housing is also a tool that should be used, where achievable

densities.² Evidence suggests that children will need to use the space within the neighbourhood, outside of their homes, to play and find space. Therefore, consideration needs to be given to the different amounts of space that households within the same development will have to occupy. This will also impact on wider neighbourhood considerations e.g. the need for green space and play space for children.

- Social rented dwellings tend to house households who have lower economic activity rates and significantly lower incomes and earnings than other households (evidenced in Section 5). Often one of the justifications for encouraging the development of mixed income communities is to reduce the ‘area effect’ of deprivation. It is therefore considered important to limit concentrations of lower income and less economically active households in order to ensure that communities are connected to the local economy and that local services are supported and remain viable.
- Social and private renting is generally associated with a higher turnover of residents, which can make for less stable and cohesive communities. However, high turnover is more to do with the life stage or circumstances of the households who are housed in rented accommodation rather than the tenure itself. It is therefore something for the authorities to consider in relation to specific developments. If high turnover of residents and community stability is perceived to be a problem then it would be worth considering the level of social rented accommodation appropriate to the site and the type of new homes provided (eg whether larger homes would allow greater stability of households and reduce turnover) and equally whether the type of development proposed is more likely to attract private renting.

11.18 The level of social rented accommodation secured as part of the affordable housing quota may appropriately be higher in areas where the level of social renting is low – for instance in some of the market towns and in the smaller settlements and rural areas. Typically, social rented stock in rural areas has been eroded by the Right to Buy and rural areas have experienced proportionately lower levels of development of social rented housing in recent years.³

11.19 Equally, on small scale developments where the development is integrated into a wider neighbourhood the tenure of the development needs to be seen in this overall context rather than on its own terms. The level of social rented accommodation delivered on these sites could therefore be higher than 25%.

Basis of Affordable Housing Quotas

11.20 There is also a need to consider the *basis* of the affordable housing quotas in order to maximise the amount of affordable housing secured through new development. There are a number of options available to the authorities. The local authorities could consider setting affordable housing targets in terms of either (or a combination) of the following:

- Number of affordable units. This has the benefit of being widely understood by authorities and developers but focusing solely on this sometimes means that the aim becomes maximising the number of units rather than securing the best mix of dwellings to meet priority needs (discussed further in this section). The Housing Corporation’s Programme has long emphasised maximising value for money measured

² Joseph Rowntree Foundation (2006) More than Tenure Mix – Developer and Purchaser Attitudes to New Housing Estates

³ Report of the Affordable Rural Housing Commission (2006)

by the number of units delivered for a given sum of public sector funding. Grant per unit has therefore been a key consideration in funding. Not surprisingly a focus on grant per unit encourages RSLs to bring forward smaller developments that they might otherwise do, because they require lower levels of grant funding, and are more likely to secure grant funding.⁴

- The number of habitable rooms or bedrooms provided. This would have the benefit of focusing on the number of people housed through the affordable housing provision which might be a better outcome in terms of meeting housing need, even though the overall number of affordable dwellings provided might not be maximised. The Housing Corporation has now recognised the potential way in which a performance target based on grant per unit may result in a bias in the programme to fund small units. It has therefore started to monitor the grant per person awarded. However, if this is to have an impact it will be important for grant per person to be an important part in the decision to award grant to schemes. It is, however, harder to think in terms of habitable rooms or bedrooms which might make negotiations or policies more complex and confusing for authorities and developers
- The floorspace provision of affordable housing. As outlined above this might have the benefit of focusing the debate on the amount of affordable ‘space’ provided rather than the number of units. In an extreme case, whilst affordable homes may make up 40% of the homes on a site if they are all delivered as 1 and 2 bed flats they are likely to take up much less than 40% of the floorspace of the overall development. Whilst we are not advocating that they should, given the points made about occupancy levels in social rented homes and the likely impact on scheme viability, this could become a useful consideration alongside the number of units and bedrooms provided.

11.21 In practice it is likely that the level of affordable housing negotiated on individual sites will take into account more than one of the above considerations. However, it is likely that emerging affordable housing policies will set out a clear affordable housing quota based on the number of units so it would be worth considering whether the authorities also need to explain in their policies that this quota will be considered, and possibly varied, alongside the type and size of dwellings provided (in terms of bedrooms, habitable rooms and floorspace).

Affordable Housing Thresholds

11.22 Figure 11.3 outlines that, for most of the authorities, securing the quota of affordable housing set out in plans has by and large been achieved, but the key constraint in the delivery of additional affordable housing is that many development sites have fallen below affordable housing thresholds and have therefore not provided affordable housing. This means that, overall, the proportion of affordable housing secured through new development has been less than optimal. In 2005/06 the percentage of affordable housing delivered as a proportion of all new housing in each authority was:

- 25% in Basingstoke and Deane. 924 new homes were delivered, of which 233 were affordable homes. This excludes Open Market Home Buy (an additional 43 homes) which does not provide a net addition to the affordable housing stock

⁴ See also DTZ’s Report to the South East Regional Assembly and SEEDA (February 2007) ‘Housing Type and Size in the South East’ which provides further detail and recommendations on measuring affordable housing delivery and securing a better mix of affordable homes

- 19% in East Hampshire. 362 new homes were delivered, of which 69 were affordable (Open Market Home Buy accounted for a further 56 affordable homes)
 - 31% in New Forest. 403 new homes were delivered, of which 125 were affordable
 - 28% in Test Valley. 374 new homes were delivered, of which 103 were affordable
 - 23% in Winchester. 490 new homes were delivered, of which 113 were affordable
- 11.23 Although 2005/06 only provides a snap shot of delivery, and there are also likely to be other issues bundled up in these figures, the fact that small sites make up a significant proportion of new housing development means that the opportunity to secure affordable housing is sometimes missed.
- 11.24 The main advantage of affordable housing thresholds for local authorities is that it focuses limited resources – it would be costly to process and negotiate on every small development and to some extent the administrative costs of this might outweigh the benefits of any contributions secured through small sites. It is also sometimes assumed that small scale developments may be less likely to be able to support the delivery of affordable housing because there are limited opportunities to secure economies of scale. Although on the other hand, small sites may not be burdened by the requirement to support strategic infrastructure requirements and very small developments are typically delivered by small developers who may not have significant overhead to cover. However, as for the local authorities, the costs to the developer of getting involved in negotiations over affordable housing on small sites may be too costly for a small development. This may mean that the effort involved in securing affordable housing from small sites is likely to be disproportionate to their size.
- 11.25 The disadvantage of affordable housing thresholds is that a ‘threshold effect’ develops. Stakeholders cited the tendency of developers to propose a ‘planner’s dozen’ - 14 dwellings on development sites - to avoid affordable housing contributions. This is clearly undesirable for both affordable housing delivery and housing delivery overall.
- 11.26 Ideally, the authorities could adopt a principle of securing affordable housing on all sites, regardless of the size of the development. Theoretically, affordable housing contributions could also be sought from development of commercial sites, where development economics permit, since these are associated with the provision of employment, which, if additional, is likely to generate further demand and need for housing.
- 11.27 However, how far the authorities are able to remove affordable housing thresholds depends on whether the benefits to them (and to the delivery of affordable housing) of being involved in negotiations on small sites outweighs the cost.
- 11.28 There are a number of alternative options to the full scale removal of thresholds, which could help to reduce the ‘threshold effect’. One means of achieving this would be to develop a sliding scale of affordable housing quotas according to site size. East Hampshire District Council are proposing to introduce this approach. This would have the benefit of reducing the threshold effect. Although viability on small sites is not always less robust which means that some opportunities to secure affordable housing may be missed and such an approach may still entail negotiations between the authorities and developers. An alternative option would be to employ a threshold but to set a standard charge as a contribution to affordable housing on sites that fall below the threshold (as being considered by New Forest District on developments of 4 or less in urban areas or 2 or less in rural areas). This would have the benefit to the authority and developer of avoiding

negotiations on smaller sites (although both parties would still entail costs if the development is deemed unable to meet the charge and negotiations were required). Alternatively, if the charge was non-negotiable this would mean that some developments would not come forward. The authority would need to judge whether this was an acceptable cost against the benefit of reducing the resources tied up in negotiations on small sites.

- 11.29 Finally, the authorities need to consider the type and size of sites that they allocate or identify for development in the future. Whilst the effect of thresholds may be difficult to avoid on windfall sites, it should be possible to ensure that future allocations are of sufficient size to ensure that they deliver affordable housing. Indeed, it would be a good objective to ensure that there are a sufficient number of larger sites allocated for development to deliver affordable housing targets without the need to rely on the smallest sites. This is likely to be more challenging in authorities that will be reliant on development in market towns and villages (e.g. East Hampshire and New Forest) where development sites may be smaller in scale. However, if this can be achieved it may reduce the ‘effort’ required to secure affordable housing by making the task more manageable through focusing resources on fewer sites and reducing the number of site specific negotiations.⁵

Location of Affordable Housing

- 11.30 A further consideration in the provision of new affordable housing through new development is location.
- 11.31 In an ideal world, it would be possible to meet housing need and demand where it arises. A situation where households had free choice on where they wanted to live ought to deliver better social outcomes for them and their communities. But in the context of a shortfall of housing (market and affordable), constrained supply as a result of limited resources and environmental and infrastructure limitations, the location of new development is always likely to be a compromise. This is part of the justification for thinking in terms of housing market areas rather than administrative boundaries. Housing market areas broadly represent the area that households are prepared to move within to access housing. By implication, housing provided within a market area should serve the demands and needs of households within that area.
- 11.32 However, evidence demonstrates that mobility and choices in relation to housing are more limited amongst social rented tenants⁶ and those on lower incomes so this needs to be borne in mind in the location of new affordable homes.
- 11.33 The housing registers of the five authorities provide some indication of the preferences that applicant households have in terms of where they want to live. In all of the authorities there is housing need in all of parishes or localities⁷ as indicated by the preferences expressed by applicant households. However, the highest preferences are for the main settlements and in Winchester and Basingstoke the city and town themselves. However, the ‘preferences’ or ‘choices’ that applicants have indicated in their applications can be

⁵ DTZ is undertaking an assessment of viability for Basingstoke & Deane, East Hampshire and Winchester which is considering these factors

⁶ Survey of English Housing (2005/06) demonstrates that, nationally, 72% of social rented tenants move less than 5 miles when moving home, compared to 54% of owner occupiers and 50% of private renters. Only 15% of social rented tenants move more than 10 miles compared to 29% of owner occupiers and 28% of private renters.

⁷ Locational preferences of households on Winchester’s and Basingstoke’s waiting and transfer lists are in zones rather than parishes

misleading because they are likely to reflect the households' assessment of the likelihood of being housed which in turn reflects the availability of re-lets and stock of existing social rented accommodation. This means that housing need in rural parishes is likely to be under-represented by the preferences expressed by applicant households on housing registers.

- 11.34 However, since almost all new affordable housing is provided through the development of new market housing in practice, *where* new affordable housing is provided is likely to be affected by a wider set of considerations including the availability and sustainability of sites and whether affordable housing can be delivered viably. In the rural areas of the five authorities these constraints are likely to be even more extreme and so the question for consideration in the development of rural affordable housing is likely to be 'what can be achieved?' rather than 'what is needed?'.
- 11.35 What is needed by way of affordable housing in rural areas is likely to be more than could be realistically delivered. Furthermore, anecdotal evidence from some recent rural developments in Central Hampshire suggests that, although highly successful, the lead in times for the development of affordable housing in rural areas can be very long (5-10 years). It is therefore unrealistic to aim to identify a specific need (e.g. a particular household) and then meet it in a particular location – that very need may have changed by the time the homes are built – although housing need in the rural area is likely to remain.

Maximise Resources from Existing and Future Affordable Housing Stock

- 11.36 Given the scale of need for social rented accommodation identified in Section 8 of this report and, even under a higher house building scenario with more investment in affordable housing, the level of need is unlikely to be addressed. In any one year more households will be housed or re-housed within the existing stock of social rented homes rather than in new social rented homes. In the five authorities new social rented accommodation accounts for around 25% of the available supply in any one year.
- 11.37 It is worth asking the question therefore - can households in social rented homes be encouraged and supported to move out of social renting in the longer term and in a sustainable way to increase the availability of social rented housing through re-lets? This is likely to be particularly relevant in New Forest and East Hampshire where the stock of affordable homes is limited and development of new housing in the future will be constrained. There are a number of ways that this objective could be achieved.
- 11.38 Ideally, social rents would be means tested so that if circumstances change and income and earnings increases, the household would be expected to pay more, up to the full market value of the rent – which would also put them in a good position to assess and make proper choices about alternative options in the open market. The gap between RSL rents and private sector rents in all five authorities is significant (weekly rents in the private rented sector are practically double the weekly rents of RSL) and this is likely to discourage households who have a social rented tenancy from giving it up even when they might be able to afford market housing. Tenancies could be reviewed on a regular basis so that if the circumstances of households change and they are able to afford to access housing in the market they would be expected to find alternative accommodation and free up the home for a household in higher priority need. Realistically, this is not within the power of the five authorities since existing tenants have rights to the properties that they occupy. It may be an approach that could be gradually implemented as new tenancies are awarded, though it would take time for this to have an impact on the level of re-lets and it would require the

authorities (and RSLs) to get a better understanding of the incomes of those in social rented accommodation and on waiting lists.

- 11.39 The five authorities might be able to do more through the targeted provision of specific types of new affordable homes to encourage certain households to move in to better suited accommodation, and free up a social rented property for another household in need.
- Many of those that under-occupy social rented housing are elderly tenants, who are both reluctant to leave their home of many years, and are concerned about the stress involved in moving. However, authorities could free up a larger dwellings by offering smaller units to older people living in large dwellings. Experience suggests that authorities would need to offer a very attractive product – say a new two bedroom flat in a good location and help with moving and associated expenses – if they are to be successful in persuading people to leave their home of many years.
 - Evidence from Swaythling’s list of households interested in intermediate housing options suggests that around 10% of those *interested* are registered on local authority waiting lists in the five authorities (the % is higher in Test Valley and New Forest). This suggests that there is scope for some social rented tenants and some of those on waiting lists (though unlikely to be in priority need) to access intermediate housing options. There is limited information available on the incomes of those households living in social rented accommodation within the authority areas to properly assess the extent to which households might be able to access intermediate options. However, targeting suitable intermediate options towards those in social rented accommodation and/or on waiting lists and able to afford to pay more than a social rent would be an efficient use of affordable housing resources and would promote greater mobility within tenures.

Intermediate Affordable Housing

- 11.40 Section 7 and 8 demonstrate that there are a number of different ways of measuring the ‘intermediate’ housing market. Section 7 demonstrates that there is a significant sized theoretical market in Central Hampshire based on the incomes of households in each of the authority areas. Section 8 demonstrates that there are over 3,000 households in Central Hampshire and New Forest who have actively expressed an interested in intermediate housing options, with particular interest in Basingstoke and Test Valley.
- 11.41 It is important to remember that those households that may be able to access intermediate housing will have considerably more choice than those requiring social rented housing, for example they may be able to access suitable accommodation in the private rented sector (indeed the largest proportion of households interested in intermediate housing on Swaythling’s list are private rented sector tenants). Moreover, although these households may be able to access intermediate housing products this does not mean that they will. Some may prefer to delay purchasing a house with the expectation that they will be able to buy in the open market in the future. Others may prefer the flexibility offered by renting privately.
- 11.42 However, there are a number of reasons for including intermediate housing affordable housing policies. Flexibility in how the achievement of the affordable housing quota can be met will be helpful in negotiations and is likely to be appropriate in the light of people’s housing aspirations and the desire to build mixed income communities. Key considerations are as follows.

- In recent years there has been growing recognition of the undesirability of creating large concentrations of social rented dwellings, and the desirability of creating mixed income communities at the neighbourhood level. On larger developments or developments in areas which already have a high level of social rented housing (in Basingstoke, Winchester and Andover) it may be deemed desirable in terms of building balanced communities to encourage an element of shared ownership or other forms of intermediate housing.
 - Home ownership is the tenure of choice of virtually all households in England regardless of tenure. Government policy has reflected this in the past through encouragement of the Right to Buy, and the current government has developed new intermediate housing products such as Home Buy to meet people's aspiration for home ownership. Provision of intermediate housing could also go some way to meeting the needs of some households on local authority waiting lists. Around 10% of those who expressed an interest in intermediate housing with Swaythling are on waiting lists in one of the five authorities – the figure is highest in New Forest. It therefore makes sense in terms of an overall housing strategy to plan for a certain level of intermediate housing provision.
 - Funds may be allocated for low cost home ownership through separate processes to those allocated for social rented housing – although the draft RHS prioritises funding for social rented accommodation there is an additional pot for intermediate housing. Policies that acknowledge the scope for intermediate housing keep open the possibility of drawing in additional resources for affordable housing that would not be otherwise available and also provides flexibility in negotiation with developers.
 - Lastly, recognition needs to be given to the introduction by a number of house builders of new products targeted at first time buyers, at prices below those of typical entry level homes. Typically these are very small units that make efficient use of space by clever design. These products include both flats and houses, many of them developed as part of the design competition for a £60,000 home run by English Partnerships. The market demand for such products needs to be fully tested, but it is possible that such products may be more attractive than shared ownership or other intermediate housing products to first time buyers. However, such products, if offered for open market sale, would not meet the definition of affordable housing as set out in PPS3.
- 11.43 All of the above indicates that the provision of shared ownership and other intermediate housing products should form part of five authorities affordable housing policies. It is hard to say how significant an element it should play since the affordability of intermediate products varies with market conditions and interest rates; funding opportunities come and go; and there remains a generally poor understanding of intermediate housing products among consumers – which is not helped by the variety of initiatives and different products launched, each with different eligibility criteria and characteristics.
- 11.44 However, there appears to be significant interest building up in the five authorities and given evidence on house prices and incomes in the five authorities there is a significant potential market. Whilst this is a useful indication of the scale of the market, it would also be useful to inform the level of intermediate housing by the rate of take up of different types of products locally. DTZ suggest that intermediate housing makes up around 15% of new housing provision (or that is makes up the balance of affordable housing provision depending on the level of social rented accommodation secured). The proportion of intermediate housing might be higher on developments that deliver less social rented

accommodation for reasons of site viability or local circumstances and could be informed by take up rates.

Size of Affordable Housing

11.45 The size of new affordable homes secured through new development needs to be based on an understanding of housing need and affordable housing strategy that goes beyond a simple assessment of the size requirements of households on local authority housing waiting and transfer lists. There are a number of pieces of evidence that need to inform affordable housing size requirements.

11.46 DTZ suggest that, as far as possible, the five authorities avoid enshrining a prescriptive size mix within local development documents. Rather, they set out a process or set of criteria, in a Local Development Document, for informing the appropriate mix on sites or at a particular point in time. This could be linked to aspirations in the Local Housing Strategy or regular monitoring included in Annual Monitoring Reports – both of which can be updated more regularly than LDF documents. The reasoning behind this is set out below.

- Housing lists suggest the main need is for small dwellings. But this reflects all those applying, not those who are likely to be housed. The apparent bias towards smaller dwellings also reflects allocation policies – the rationing of affordable housing resources means couples are only entitled to one bedroom and families are entitled to much less space than they would have available in the owner occupied sector (with young children often required to share bedrooms and significant numbers of families living in flats)^{8 9}
- Consideration of those *in need* (rather than all applicants on the housing lists) suggests a significant proportion require larger properties, often because they are young families with children and/or are not considered suitable for flats because of the lack of a garden or play space for children – so there is a need to drill down to the profile of households who are likely to be housed in the future
- Smaller properties become available for re-let most frequently. In part this reflects the fact that the smallest properties are inflexible to changing household circumstances and so as single people form couples or have children there is a need to move. Larger properties are available less frequently, reflecting the fact that households have reached the ‘top of the ladder’ and are therefore less likely to move. Larger houses (rather than flats) are also more likely to have been sold through Right to Buy
- The pressure on different sized dwellings in the social rented stock judged by the ratio of applicant households to available properties varies and in some authorities e.g. Winchester there is significant pressure on larger (3 bed) dwellings. There is therefore a case for securing a mix of different sizes of affordable homes but also attaching a level of priority to the delivery of different sizes at different points in time e.g. need mainly 2 bedroom properties but have a short term priority for a number of 3 bedroom properties
- There is also a case for avoiding over delivery of 1 bedroom properties (even though the numbers on the housing list suggest there is a large need for these). These are the

⁸ As evidenced by the applicants on the waiting lists within the five authorities

⁹ It is also worth considering that if allocation policies entitled households to similar amounts of space as owner occupiers, the main requirement would be for 2 and 3 bedroom properties

least flexible dwellings (reflected in the high turnover of smaller properties). In many cases the additional cost of an extra bedroom is marginal so, for example, delivering 2 bedroom rather than 1 bedroom flats need not necessarily impact on the numbers of affordable homes delivered. Evidence from Swaythling's list of households interested in intermediate housing also shows clearly that, if given a choice, households would prefer more space. Furthermore, the private sector is building very few 1 bedroom dwellings for the market sector, apart from in the most pressurised areas in terms of affordability. Building in extra space in the social rented stock would have benefits in terms of limiting further polarisation developing between sectors.¹⁰ If this can be achieved at limited additional cost it could have additional benefits in terms of the flexibility of the stock and stability of communities

- Where possible, it would also make sense to secure the type and size of new affordable homes that best fit in to a wider lettings strategy. Some authorities have been able to create a chain of lettings and house a number of households through the targeted provision of certain types of dwellings e.g. by delivering one large home authorities may be able to house a number of smaller households or by providing attractive alternatives for older people authorities may be able to re-let a number of larger properties to families in priority need

11.47 A policy in the authorities LDFs might be based broadly on the criteria in Figure 11.4. This policy would not set out fixed quotas for different sizes of affordable homes but would set out a series of criteria which could be considered to inform the mix of affordable dwellings and this might change over time.

¹⁰ See DTZ's research for the South East Regional Assembly and SEEDA (2007) on Housing Type and Size in the South East

Figure 11.4: Criteria for Determining the Type and Size of Affordable Housing

Criteria	Considerations	Current Position Basingstoke & Deane	East Hampshire	Test Valley	Winchester	New Forest
a) Size requirement of household <i>in need</i> (where possible)	Need to identify the requirements of households who fall into need criteria and unable to meet needs in market Note that allocation policies influence what is 'needed' by a particular household.	63% require 1 bedroom 18% require 2 bedrooms 16% require 3 bedrooms 3% require 4 bedrooms	55% require 1 bedroom 37% require 2 bedrooms 8% require 3 bedrooms 1% require 4 bedrooms Of those in highest priority of need (50+ points): 33% require 1 bedroom 52% require 2 bedrooms 16% require 3 bedrooms	58% require 1 bedroom 24% require 2 bedrooms 16% require 3 bedrooms 2% require 4 bedrooms	NB – figures are for all households on waiting list not just those with identified need 66% require 1 bedroom 21% require 2 bedrooms 13% require 3 bedrooms 1% require 4 bedrooms	55% require 1 bedroom 29% require 2 bedrooms 14% require 3 bedrooms 2% require 4 bedrooms
b) Proportion of re-lets by size (also worth considering the pattern of recent completions)	Identify proportion of different sized re-lets (ideally average over last 3 years)	37% 1 beds 35% 2 beds 20% 3 beds 8% 4 beds	42% 1 beds 34% 2 beds 19% 3 beds 5% 4 beds	41% 1 beds 29% 2 beds 21% 3 beds 9% 4 beds	52% 1 beds 35% 2 beds 12% 3 beds 1% 4 beds	50% 1 beds 30% 2 beds 16% 3 beds 4% 4 beds
c) Pressure on different size homes implied by comparison of (a) with (b) (See Section 8 for further commentary)	Indicates pressure within the stock but indicative because size requirement reflects allocation policies and entitlement in the context of an overall shortage	Greatest pressure on 1 beds followed by 3 beds then 2, then 4.	Greatest pressure on 1 beds, followed by 2, then 3 then 4 If those in highest priority are considered, greatest pressure is on 2 beds, then 3 beds, then 1 bed	Greatest pressure on 1 beds, equal pressure on 2 and 3 beds, then 4 beds	Greatest pressure on 1 beds, then 3 beds, then broadly equal pressure on 2 and 4 beds	Slightly higher pressure on 1 beds but relatively even (and high) pressure across 1, 2 and 3 beds

Criteria	Considerations	Current Position Basingstoke & Deane	East Hampshire	Test Valley	Winchester	New Forest
Wider lettings plan/ strategy	Whether provision of a certain type of dwelling, linked to a lettings strategy, could address need (though not necessarily implied by needs identified above)	A strategy towards housing older people (which could free up some larger properties)	A strategy towards housing older people (which could free up some larger properties) Significant losses to the stock from RTB – disproportionate impact on houses	A strategy towards housing older people (which could free up some larger properties)	A strategy towards housing older people (which could free up some larger properties) Losses to the stock from RTB – disproportionate impact on 2/3 bed houses	A strategy towards housing older people (which could free up some larger properties) Significant losses to the stock from RTB – disproportionate impact on 2/3 bed houses
Site specific considerations	Mix of market housing on same site, suitability of site for flats/ houses, viability considerations					
Mix of intermediate dwellings	Aspirations of households on Swaythling's intermediate housing list and take up of different size intermediate homes	1,050 households with current interest of which 61% - 2 bed property 26% - 3 bed property 11% - 1 bed property 2% - 4 bed property BME housing survey undertaken by the Borough Council also suggests there is interest in intermediate options amongst the BME community	610 households with current interest of which: 56% - 2 bed 31% - 3 beds 11% 1 bed 1% 4 beds	1,110 households with current interest, of which: 58% - 2 beds 27% - 3 beds 14% - 1 bed 1% - 4 beds	760 households with current interest, of which: 62% - 2 beds 19% - 3 beds 18% - 1 bed 1% - 4 beds	640 households with current interest, of which: 59% - 2 beds 27% - 3 beds 13% - 1 bed 1% - 4 beds

- 11.48 Analysis in Section 8 indicates the need for a range of different sized homes given the size of dwellings required by households in need and the pattern of re-lets across authorities. There is significant pressure on 1 bedroom properties in all authorities but this must be viewed in the context of a shortage of affordable housing overall and allocation policies which limit households to accessing the minimum amount of space to which they are entitled. Therefore there are a large number of households who are only entitled to 1 bedroom and effectively competing for the same properties.
- 11.49 However, there is also pressure on larger (3 bed) homes in some authorities, including Winchester and Basingstoke. It is beyond the scope of this study but the authorities may wish to consider how targeted provision of certain sizes or types of affordable dwellings could help to create a chain of lettings and thus maximise the number of households rehoused through the provision of new affordable dwellings. In authorities where pressure on 1 bed properties is most significant (Basingstoke, East Hampshire, Test Valley) there may be a case for reviewing the allocations policy to consider whether it makes sense as part of a wider lettings strategy to allow some households to access 2 bed properties instead (though DTZ recognise that in the context of a shortage of affordable housing it may be difficult in practice to make the case for this).¹¹
- 11.50 In summary, the size of affordable housing sought should be informed by a range of considerations and part of a strategy to make the best use of scarce affordable housing resources. There may also be alternative options available to increase the supply of larger properties if this is deemed desirable in some authorities or in particular areas.
- 11.51 If building larger affordable homes is to be done on any scale, within existing Housing Corporation resources, it is likely to mean that the total output of affordable housing will fall, assuming the same quotas and thresholds, since larger dwellings are more expensive to build than small dwellings, and therefore require a higher level of subsidy.
- 11.52 Alternative approaches to addressing the issues include:
- Action to reduce under-occupation by social housing tenants, particularly elderly households occupying dwellings larger than they are judged to need according to the bedroom standard, though the amount of space that households in need are entitled to is far from generous. Authorities could develop strategies to encourage those under-occupying their home to move to a new affordable home. The cost to the public purse of such approaches is likely to be less than building new large unit. Though experience suggests that authorities would need to offer a very attractive product – for example a new two bedroom flat in a good location and help with moving and associated expenses – if they are to be successful in persuading people to leave their home of many years
 - Explore the scope for extending existing dwellings to help create dwellings for larger families. However, this is not helped by the fact that a large proportion of the social housing stock comprises flats, and hence cannot be extended. Even many houses do not lend themselves to extension. Moreover many larger dwellings – those suitable for conversion – are occupied by long standing tenants who under-occupy the dwelling. Thus the issue comes back to whether there are strategies to encourage existing tenants to move to a different dwelling, so that the authority can undertake the work to extend the dwelling and then re-let to a family who needs that size of dwelling

¹¹ Basingstoke & Deane have a flexible lettings policy that allows single or couple households to access 2 bedroom properties in some circumstances, to allow for expansion.

- In authorities with limited land suited to building of new houses, the only way to secure larger units of affordable housing may be to purchase existing houses. This may become a more cost effective way of providing new affordable housing when the housing market slips into the downswing
- 11.53 Notwithstanding the scope to encourage better utilisation of the existing stock of social housing to address the issue of both under-occupation and overcrowding there may well be perceived to be a need to increase the output of larger affordable homes within some authorities. A number of changes would need to be made to policy and practice in some authorities.
- There is a need for local housing authorities to clearly articulate the need for larger dwellings in their local housing strategies and to communicate this to Planning departments (evidenced by the size of dwellings required by those in priority need and the pattern of re-lets)
 - This strategy would also need to be articulated to RSLs and to the Housing Corporation, so that all parties are clear about the size and type of affordable homes that the authority needs to meet its housing objectives
 - There may be a need for flexibility in negotiating Section 106 agreements if authorities wish to secure larger houses rather than lots of flats. Larger homes will be more expensive for a developer to provide (depending on the scale of Housing Corporation grant), and an authority may therefore need to compromise on other aspects, including in some case the overall quota of social rented housing
- 11.54 However even with such flexibility within the planning policy, authorities may find it very difficult to secure provision of larger houses for social rent, if the types of sites coming forward for development are predominantly suited to flats. In these cases authorities may wish to negotiate commuted payments in lieu of on-site provision of affordable housing or off site provision where appropriate.
- 11.55 In order to change the output of the affordable housing sector over time e.g. to reduce the output of flats and increase the output of houses, this needs to be taken into account in the identification of land for new housing development. As discussed later in this section, authorities should consider identifying a mix of sites, some suited to development of flats, others better suited to provision of houses. For authorities operating in very constrained circumstances, greater use could be made of out of Borough development and cross-border allocation policies. The development of larger homes would also have implications for the amount of land required and densities of development.

Mix of Housing

- 11.56 One of the key policies in the new PPS3 is concerned with achieving a mix of housing to support mixed communities. However, local authorities have limited policy levers available to them in order to influence the delivery of mixed communities (assuming such a community could be defined).
- 11.57 Discussions with stakeholders during the SHMA process have revealed that the meaning of a mixed community is difficult to define. What most stakeholders *can* agree on is what a mixed community is not. It is not a neighbourhood that is dominated by one particular tenure or income group. DTZ take the view that it is clearly important to avoid creating concentrations of disadvantage. It is also desirable to avoid neighbourhoods where

everyone is of the same income and socio-economic group, though in practice this is what many homeowners would prefer and is characteristic of many neighbourhoods. It is also important to recognise that neighbourhoods have different characteristics and that this is important to providing a variety of choice in the housing market. Such variety should be valued as part of creating diverse and liveable towns and villages and widening housing choice is also an explicit objective within PPS3.

- 11.58 Housing and planning policy *can* influence the mix of different income households. Planning levers can influence the mix of different income households on a site by seeking a certain proportion of affordable housing and, to some extent, by influencing the overall size and type of housing provided on site. Local authorities can also control the type of households that rent from a social landlord and live in new housing through their allocation policies and through the type of intermediate housing provided.
- 11.59 However, mixed incomes are only a proxy for a mixed community. This view is supported by recent research by English Partnerships, the Joseph Rowntree Foundation and Housing Corporation, which suggests that the real meaning of a mixed community is one where people of different incomes, ages, ethnicities etc *interact* with one another.¹² This can only really be achieved if different people live side by side and are able to interact through shared facilities or services. There are clear benefits to this in terms of reducing the ‘area effect’ of disadvantage as well as encouraging mixing and integration for its own sake.
- 11.60 Delivering genuinely mixed communities (beyond mixed incomes) would require coordinated intervention using a wider set of policy levers beyond the type and size of dwellings provided. These include delivering a range of employment opportunities and delivering public services and community infrastructure that appeal to and meet the needs of a range of different households. DTZ would suggest that policy levers over these areas are weaker and likely to have less immediate impacts, so there is significant pressure to do as much as possible to influence outcomes through planning and housing policies.
- 11.61 However, the conclusions and recommendations in this section are limited to what can be done to plan for the requirements of future households in a way that attempts to reduce the tendency for concentrations of particular tenures and income groups to form, and addresses any major imbalances in the stock of dwellings across Central Hampshire and New Forest.
- 11.62 Section 9 draws together a range of evidence to consider the mix of households and dwellings within the housing markets and individual local authorities. The evidence demonstrates that:
- Growth in one person households is expected in all authorities but does not imply the need for the majority of market dwellings to be small units. The demand for market homes reflects a complex set of factors relating to household income and life stage rather than simply household size and evidence suggests new homes are often bought by those ‘trading up’ who often want more space
 - There is a relatively wide choice of types and sizes of dwellings. However, there is relatively a high proportion of larger dwellings in all authority areas particularly the rural areas when compared to the South East as a whole

¹² Joseph Rowntree Foundation, English Partnerships & Housing Corporation (2006) *In the Mix: A Review of Mixed Income, Mixed Tenure and Mixed Communities*

- Recent completions in Basingstoke and Winchester authorities and in Andover have included a large proportion of flats and over a relatively long time period compared to the South East. These have been concentrated in the urban centres although flatted development has been delivered elsewhere as well (even the New Forest has seen increased numbers of flats)
- Consultation with developers and some local agents suggest that a significant proportion, if not the majority, of flats within town centres are rented out to private tenants. Although the development of the private rented sector is generally regarded as positive in providing flexibility and choice, this has implications for the turnover of residents within these new developments since turnover within the private rented sector can be higher than in other tenures
- Furthermore, continued provision of flats in these areas would have implications for the stock over time and may place pressures on adjacent areas, which have higher proportions of larger dwellings. Although the prices of flats in Winchester and Basingstoke appeared to dip in 2006 (see Section 7) so this trend may not continue indefinitely
- There are also relatively high levels of overcrowding in the social rented sectors within the authorities, particularly in Basingstoke and Deane
- There is evidence of pressure on all sizes of affordable dwellings in the authorities, including on the larger 3 bed dwellings in some areas, partly because of lower turnover of larger homes.
- Data on the type and size of completions by RSLs since 2001 demonstrate that the vast majority of new dwellings developed are flats and around 70-80% are two bedrooms or less. Thus the pattern of new completions is likely to limit what the authorities can do about the pressure on larger dwellings within the social rented stock

11.63 The information contained in this SHMA provides the authorities with the evidence to influence the nature of new development in a broad way. However, different approaches are likely to be required within and between different authority areas. Areas with very robust demand or where limited development is proposed are likely to be able to exert more leverage over the type and size of market development (assuming the appropriate mix could be determined). Determining the appropriate mix of homes in the future is a highly imprecise science. It is therefore only possible (and appropriate) for the authorities to address serious imbalances in the dwelling stock through influencing the provision of new development.

- In the rural areas of all of the authorities, particularly in the rural areas of East Hampshire, Winchester, Test Valley and the New Forest West and Central area it would be appropriate to encourage a proportion of smaller market dwellings as part of a mix to build in a wider choice of homes into the existing stock (which currently has a high proportion of large dwellings)
- Basingstoke and Deane are committed to delivering challenging levels of housing development over the next 10-20 years which implies the need to be more flexible over the mix of market housing, since the more constraints placed on developers the harder they are likely to find it to deliver. However, on large sites (which applies to the MDAs in the other authorities) a broad mix is likely to be appropriate in order to appeal to a range of segments in the market

11.64 There are a numbers of ways that the authorities can influence the nature of new development, without needing to be too prescriptive about the mix of market housing:

- The authorities have relatively strong levers to influence the pattern of completions in the open market through the type and size of *sites* allocated for new development. One means of encouraging a greater range of different types and sizes of homes to be developed is to consider allocating a variety of different types and sizes of housing land (in a similar way to that required in employment land allocations). This would also help to ensure that, were the market to change, there is the opportunity to deliver a different type of development. There would be a strong case for authorities to work together to ensure that a range of different sites are available to facilitate the delivery of a range of different dwellings across the housing market area, and to provide the opportunity to deliver different types of dwellings at different times as market circumstances change. In all of the authorities, a sufficient supply of developable land and choice of sites would also ensure that the authorities have more leverage over the nature of development in the future. This may be more significant in Basingstoke, where the authority is committed to delivering significant levels of development and there are question marks around the robustness of the market over time. Having a number of sites available at any one time would ensure that the authority is not dependent on any one site or any one developer to deliver its targets
- The authorities also have relatively strong influence over the design and density of new development and issues around the appropriate nature of development in terms of local character. National policy has generally encouraged higher densities, which has meant that, where competition for land is intense, developers have bid up the price of land by assuming that they will be permitted to deliver at higher densities in order to recoup the cost of the land. This in turn has favoured the development of lots of small units at higher densities on sites. This implies that authorities should give relatively high priority to developing policies or principles on design, particularly on significant sites or areas expected to accommodate the majority of new development – this may also go some way to managing developers expectations about the densities that could be achieved. In the interim, CABE's Building for Life guide provides a good basis on which to assess new developments and the expectations that the authorities have from developers
- However, it is important to keep in mind that local authorities cannot influence what happens to a development once it is built, in terms of future occupants and in terms of extensions and conversions that households make to their homes. These dynamics will change the type and size of the dwelling stock over time as well as the characteristics of the neighbourhood. In neighbourhoods where there is ongoing concern about the concentration of particular tenures, authorities might focus their efforts on 'zones of change'. This would involve identifying areas where there are concentrations of particular tenures or types and sizes of properties, which are perceived to contribute to concentrations of disadvantage and to seek to alter the balance of the dwelling stock over time through new development. These areas are likely to be best tackled through coordinated regeneration activities, including through changes to the housing stock, supported by new development. Area Action Plans within new Local Development Frameworks provide a mechanism for progressing such activities

11.65 Section 10 provided information on the number of people who fall into specific groups within the housing market and may require either specialised accommodation or additional support in accessing housing.

- The population in all of the authority areas is ageing and the growth in households in the future is expected to be driven to some extent by the ageing population and this is most extreme in the New Forest. The evidence suggests that older households require choice and quality options within the housing market, including options within mainstream housing (where most prefer to live) to take account of a variety of ages and circumstances
- The design of neighbourhoods will be important, particularly with regard to access, mobility, services and activities on offer. This issue is common to all authorities and would merit further investigation by the authorities, perhaps working jointly, in order to investigate different types of provision (market and affordable) and locations that will be attractive to older households in the future. The significant older population in the New Forest presents a challenge for the authority and is the result of in-migration as well as an ageing population. Whilst none of the authorities can control the type of in-migration they receive there would be some merit in working together to ensure that the housing stock and neighbourhoods do not work against certain types of in-migration (e.g. families and young people) and favour others (e.g. older people, the economically inactive) or vice versa
- Each of the authorities also has a significant number of disabled people within the population – some of whom require specific adaptations to their accommodation in order to live independently. The most efficient way to achieve this is likely to be through the provision of grants to individual households and their dwellings since changes to stock of housing through new development take a long time to come into effect
- Most other specific groups within the housing market (including BMEs, recent migrants and people on low incomes living in rural areas) appear to face issues in terms of their *access* to the market, particularly owner occupation rather than their need for specialised accommodation. The conclusions in relation to these groups are therefore related to affordability and the need for delivery of affordable housing. However, there are specific issues that need to be considered by the authorities. BME groups and recent migrants may not be aware of the choices available to them (reluctance to talk about their housing needs was an issue raised by a number of people in Basingstoke and Deane's BME survey). There was also apparently high interest in intermediate tenures amongst BME respondents. Both of these points indicate the need to ensure that choices are communicated to specific groups
- For some BME households, most recent migrants and students as well as households needing more flexible accommodation, the private rented sector is an important tenure and it is also increasingly important in parts of Central Hampshire (Winchester and Basingstoke in particular). DTZ suggest that the authorities, particularly Winchester, Basingstoke and Test Valley (which are home to towns with significant private rented sectors) consider how their interventions could best support a quality private rented sector. There are a range of things to consider:
 - The overlap and competition at the lower cost end of the private rented sector, often housing people on housing benefit, recent migrants and students (all authorities)

- Interventions at the lower cost end of the private rented sector, including HMO licensing and working with landlords to ensure that dwellings meet certain standards (all authorities)
- Working with local universities (Winchester) to ascertain growth plans and the possible impact on the private rented sector and particular neighbourhoods
- The overlap between households in the private rented sector and those that might access intermediate housing options in all authority areas – in some areas, whether the growth of a higher quality and affordable private rented sector might be a better option than intermediate housing (all authorities)
- The high end private rented sector, housing highly mobile workers who may prefer renting (or are renting accommodation for short periods of time or during the working week but live elsewhere), including corporate lets (Winchester and Basingstoke in particular)
- Working with developers and investors/ landlords to understand how new developments will be occupied and the implications this might have for some neighbourhoods (all authorities)

Delivery

11.66 A fundamental requirement in achieving the level of affordable housing and a different mix of development is the delivery of new housing overall. Although the five authorities share some similar challenges in relation to their housing markets, the five authorities have very different development contexts. Figure 11.5 sets out the proposed housing numbers in the South East Plan and, following the Panel Report, the Inspector's recommended housing numbers which would represent an increase for most of the authorities.

Figure 11.5: Proposed Housing Targets for Central Hampshire and New Forest Authorities

District	Total 2006-2026	Annual Average (District)	Annual Average (Part in Central Hampshire)	Annual Average (Part in South Hampshire)	EIP Panel Recommendation
Basingstoke & Deane Borough	16,500	825*	825*	-	895 (+9%)
East Hampshire District	5,200	260	200	60	385 (+48%)
New Forest District	4,140	210	180	80	210 (no change)
Test Valley Borough	8,910	440	240	200	480 (+7%)
Winchester District	10,440	520	180	340	610 (+17%)
Total	45,190	2,260	1,450	680	2,580 (+14%)

Source: Draft South East Plan (Regional Spatial Strategy) 2006-2026 *Growth Point Status proposed delivery of 960 per annum to 2016; Draft South East Plan Panel Report August 2007

- 11.67 Basingstoke is a key focus of future housing growth with a target of 825 completions per year between 2006 and 2026 in the Draft South East Plan but with Growth Point status the plan is to deliver around 960 per annum to 2016. The Borough was identified as one of 29 Growth Points in October 2006 and has received £340k initial funding to support studies and into infrastructure needs, associated with delivering 9,650 homes to 2016. This means effectively re-phasing its proposed development so that around 960 homes are delivered each year over the next 10 years, rather than 825 as proposed in the draft RSS, although the overall level of housing to 2026 has not been changed.
- 11.68 The South Hampshire (PUSH) area has also been awarded Growth Point Status and has been allocated an initial £3.6million to support work to ensure that the planned level of housing provision across the sub-region (around 80,000 new homes by 2026) can be delivered sustainably. The southern parts of Winchester, East Hampshire and Test Valley Districts are included in the PUSH sub-region, along with the Totton and Waterside area of New Forest District. For each of these authorities, with the exception of Winchester, the majority of housing will be provided in the rest of the District rather than the part in the PUSH sub-region. For Winchester, the development of West of Waterlooville in the far south east corner of the District will contribute a significant proportion of future housing development but is unlikely to address housing demand and needs in the part of the authority area in Central Hampshire, including Winchester City.
- 11.69 The level of housing growth proposed in Basingstoke is already high and the general consensus amongst stakeholders is that the level of development achieved will be dependent on the market to some extent. If targets are increased further this situation would not necessarily change. There is a case under the current targets (which would become stronger in the event of these being increased) to consider the arrangements in place for delivery and specifically whether enough resources are in place to deal with new applications, including negotiations of affordable housing contributions.
- 11.70 New housing development within Basingstoke will also need to appeal to a range of segments of the market in order to maximise delivery – particularly on larger sites. Basingstoke may also wish to consider its relationship with Reading, given the links between the town and Borough with the West Central Berkshire market, particularly given that Reading has also been awarded growth point status. Both areas will be striving to deliver challenging housing numbers and to some extent may be competing in terms of development opportunities given the proximity of the urban areas and the evidence of household migration and travel to work between the two. In contrast to Reading which has a fairly tightly defined Borough boundary around the town, Basingstoke may have more diverse development opportunities which would allow it to deliver different products e.g. larger houses as well as flats that may be attractive to potential in-migrants who might consider both locations.
- 11.71 In the other authorities, the housing targets proposed are broadly similar to previous Structure Plan targets, although the Panel Report proposes a significant proportional increase in East Hampshire (specifically 125 dwelling per annum for Bordon) and also in Winchester and Test Valley. Given the robust demand identified in earlier sections of this report these numbers are unlikely to present a challenge in terms of delivery providing there are sufficient sites identified. Although there are likely to be increasing delivery challenges over time, with the designation of New Forest National Park and the proposed South Downs National Park.

- 11.72 In all authorities there is a need to consider the location of available sites and the housing markets that new developments might serve, given the relationship with the South Hampshire housing markets as well as the Central Hampshire market area or the market associated with more self contained settlements. For example, development in the South East corner of Winchester District at West Waterlooville is unlikely to serve the demands and needs of the market associated with Winchester City and the Central Hampshire market area. Similarly, development in Totton and Waterside in New Forest District is unlikely to meet the needs and demands of households in Ringwood or Lymington in the west and central area of New Forest District. There is a need therefore to consider the location of development opportunities in relation to the housing markets in operation across the authorities.
- 11.73 In all of the authorities land supply is important to delivery although the scale of land supply will vary. DTZ suggest that the five authorities aim to allocate, or identify as far as possible, a sufficient supply of land for the plan period, in line with PPS3. This would deliver a number of benefits:
- It would provide the authorities with greater leverage over the timing and nature of development by ensuring that they are not dependent on one site or any one developer to deliver their housing targets or mix of housing and target levels of affordable housing
 - It would provide flexibility for the market to switch to building something else if demand changes by bringing forward development in a different location on a different type of site – it is highly likely that the market will change during the plan period (if it has not done so already)
 - It would provide scope to ensure that the sites allocated are capable of delivering affordable housing i.e. there are enough sites of sufficient size and less reliance on negotiations on very small sites to deliver affordable housing (given the difficulties associated with this as discussed earlier in the section)
- 11.74 Adherence to the new policies on land supply within PPS3 would achieve the benefits above, providing the sites allocated or identified are available and viable for development. A sufficient pipeline of land would allow authorities to bring forward land identified for a later date if required to meet their targets in the event of encountering difficulties with another site.