

Basingstoke and Deane Borough Council

Strategic Housing Market Assessment

UPDATE - May 2015

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EXECUTIVE SUMMARY

- i. This report provides an update to the Basingstoke and Deane Strategic Housing Market Assessment published in March 2014 in support of the Submission Local Plan. It has been prepared in response to comments made by the Planning Inspector at the Exploratory Meeting in December and the Inspector's subsequent letter to the Council. It includes updated work by Edge Analytics based on the latest ONS population and CLG household projections (the latter published in February 2015).

Defining the Housing Market Area

- ii. This update has reviewed the evidence base for the Housing Market Area provided in the March 2014 SHMA, including analysis of 2011 Census data for migration, travel to work statistics, and property price data as well as considering the SHMAs produced by neighbouring authorities since the publication of the 2014 SHMA. The review concludes that, as previously shown, Basingstoke and Deane can be considered as a self-contained housing market area. Although there are relationships with neighbouring areas, particularly in relation to migration and travel to work patterns, with West Berkshire, Hart and Test Valley, taken with other contextual information and based on neighbouring authorities SHMAs, there is no new evidence to suggest that the Housing Market Area extends beyond the borough boundary.

The socio-economic context

- iii. The population of Basingstoke and Deane Borough is 168,000 and has increased by 10% between 2001 and 2011. There are approximately 70,000 households, with an average household size of 2.4. 60% of the population live in Basingstoke town and surrounding built-up areas. The borough currently has a higher proportion of under 16s and middle age adults (30-64) than the national average, and lower proportion of older people. However, the population is ageing and the proportion of older people has increased. About 12% of the population are from an ethnic minority group.
- iv. There are around 81,900 employee jobs in the borough and relatively high rates of economic activity. Unemployment rates are below the national and regional average. Earnings are higher than national and regional levels, although lower quartile levels have not increased as rapidly as median earnings.

Current Housing Stock

- v. There are 72,700 houses in Basingstoke and Deane. More than 13,000 of these are affordable dwellings either socially rented or shared ownership.

Within the borough, 70% of the dwellings have been built since 1965 compared with 43% nationally. Over the previous plan period (1996-2011) approximately 820 new houses were built each year.

- vi. Basingstoke has a relatively high proportion of social housing with 18% of the housing stock social rented accommodation. The size of the private rental sector has almost doubled since 2001, and now almost 11% of all homes are private rented. Over the same period, there has also been a rise in the number of people owning their home outright and reduction in those owning with mortgages.

Current Housing Market

- vii. The housing market has recovered to pre-recession levels and has stabilised in the last 12 months. House prices are lower than elsewhere in the south east, and lower than many neighbouring authorities. Rental levels are relatively high in relation to elsewhere in Hampshire whilst social sector rents are similar to neighbouring authorities. Overall, the housing market characteristics of Basingstoke are broadly unchanged since the publication of the March 2014 SHMA.

Future housing needs

- viii. In order to identify what might be the future need for housing in Basingstoke and Deane, a number of different scenarios for levels of population, housing and economic growth have been tested. These scenarios adopt a range of alternative assumptions about how the future may be different from the present. These scenarios have been updated with the latest population and household formation projections. In addition, a number of sensitivity tests have been run to test the impact of assumptions regarding economic activity and commuting patterns.
- ix. The demographic modelling indicates a housing requirement in the range of 813-936 dwellings per annum. Taking the jobs-led modelling scenarios into account (which gives a range of 650-1,004 dwellings per annum), it suggests that a figure of 850 is a reasonable basis for the objectively assessed housing need of the borough and will support an annual job growth figure of between 450-700.
- x. The evidence on projected future household size and the aging population suggests that a higher proportion of smaller units should be provided in the future. A flexible approach to housing mix is recommended with a continuation in the provision of 2 and 3 bedroom properties. A lower proportion of 4+ beds are likely to be required in the future.

Affordability

- xi. Although house prices in Basingstoke and Deane are lower than many neighbouring areas, there are still issues of affordability. The ratio of lower quartile house prices to lower quartile earnings is 7.7, and affordability has generally worsened over the last decade nationally and locally. The minimum household income required to access lower quartile priced owner occupied property would be £32,000. This is not accessible to 41.1% of the borough's population.
- xii. However, Basingstoke and Deane has not experienced any worsening of affordability when compared to neighbouring authorities therefore justifying no requirement to increase the objectively assessed need range to respond to market signals.

Affordable Housing Need

- xiii. A revised housing needs assessment has been undertaken based on updated affordability testing. This has taken into account current earnings and property price data and is based on bands 1-3 of the Housing Register and using 850 new dwelling per annum.
- xiv. This shows a net overall affordable housing need of 318 dwellings per annum (37% of the overall annual housing requirement). An alternative scenario has been modelled to illustrate the impact of using a broader range of households on the housing register, and this results in a significantly greater need for social rented housing.
- xv. The update confirms the approach taken in the March 2014 SHMA and the Submission Local Plan in relation to affordable housing need, and supports the requirement for 40% affordable housing.

1.0 INTRODUCTION

1A INTRODUCING THE STUDY

- 1.1 The Basingstoke and Deane Strategic Housing Market Assessment (SHMA) was published in March 2014 as the housing evidence base for the Local Plan submitted in October 2014. This update has been prepared to respond to issues raised by the Planning Inspector at the Exploratory Meeting in December 2014, and included new information to bring the document up to date.
- 1.2 The assessment rolls forward the analysis in the 2014 SHMA (the base date for which was 2012/13) with information from 2013/14 and 2014/15 where there is data available.
- 1.3 In particular, the assessment takes account of the 2012-based CLG Household Projections (2012-2037), which have been used to inform an updated assessment of housing need. A new affordable housing needs assessment has been included, based upon the Council's updated housing figure of 850dpa and the most recent affordability data.
- 1.4 The purpose of the SHMA is to provide a robust understanding of housing market dynamics, and to provide an assessment of future needs for both market and affordable housing, and the housing needs of different groups within the population.
- 1.5 The SHMA does not seek to set policies, but instead forms part of a wider evidence base required to develop and support a sound policy framework. Its findings should be considered alongside other factors such as the viability of delivering affordable housing, land availability and local policy priorities including the creation of mixed and balanced communities.

1B STRUCTURE OF THE REPORT

- 1.6 The approach followed in this SHMA adheres to national guidance. Chapter 2 considers house prices, household migration and travel to work patterns in order to define the housing market area, and the study area for subsequent stages of the SHMA.
- 1.7 Chapter 3 describes the socio-economic context of the housing market area, with information about the local population and the labour market. Chapter 4 provides details of the characteristics of the existing housing stock in Basingstoke and Deane.
- 1.8 Chapters 5 then assesses the current housing market, with an overview of market conditions, house prices and rents, providing information on recent housing market signals.

- 1.9 Chapter 6 considers the drivers for housing growth and provides an explanation of the Council's objectively assessed housing need to give the overall quantum of housing development which is likely to be required. The chapter also considers the types of housing that might be needed in the future.
- 1.10 Chapter 7 then pulls together information about incomes and prices to inform affordability. This information is then used in the housing need assessment in Chapter 8.

1C POLICY CONTEXT

- 1.11 The **National Planning Policy Framework** (NPPF, March 2012) sets a presumption in favour of sustainable development whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits, or policies within the Framework indicated that development should be restricted.

- 1.12 Paragraph 47 requires Local Planning Authorities to 'ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing in the housing market area', and paragraph 159 states that this should be informed by a proportionate evidence base and a clear understanding of housing needs derived from a SHMA. It states that:

'Local planning authorities should have a clear understanding of housing needs in their area. They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- meets household and population projections, taking account of migration and demographic change;*
- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
- caters for housing demand and the scale of housing supply necessary to meet this demand;'*

- 1.13 The framework cites the importance of working cooperatively with neighbouring Local Authorities to ensure needs are met in full where housing market areas cross administrative boundaries. The NPPF also states that local authorities need to ensure that strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals.

- 1.14 Detailed guidance on how key elements of the Framework should be interpreted is included in the **National Planning Practice Guidance** (NPPG). Of particular relevance is the section on 'Housing and Economic Development Needs Assessments' (March 2014 and subsequent updates). The guidance addresses the definition of need and the definition of housing market areas and sets out recommended data sources. The emphasis of the guidance is that analysis needs to be 'thorough but proportionate'.
- 1.15 The guidance recognises that future need is not an exact science and that there is no one methodological approach that will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (DCLG). However, it is recognised that these projections may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. The guidance advocates the use of sensitivity testing specific to local circumstances based on alternative assumptions in relation to the underlying demographic projections and household formation rates.
- 1.16 The NPPG also reinforces the requirements of the framework to think holistically about housing and job numbers, and requires that plan makers should consider the relationship between the likely change in job numbers and the growth of the working age population in the housing market area. It identifies that where the labour supply is less than the projected job growth, this could result in unsustainable commuting patterns and potentially have a harmful impact upon local businesses.
- 1.17 The NPPG also sets out how affordable need should be evidenced and calculated. It highlights the sources of information required to determine affordable housing need, and indicates that plan makers should consider whether the overall housing figure would be capable of meeting affordable housing needs, given the probable percentage of affordable housing to be delivered by market-led developments.
- 1.18 The SHMA has also had regard to the following documents and strategies:
- BDBC Council Plan 2013 – 2017
 - BDBC Housing and Homelessness Strategy 2013 – 2018
 - BDBC Tenancy Strategy
 - BDBC Neighbourhood Renewal Strategy
 - BDBC Community Strategy 2011 – 2026
 - Enterprise M3 Strategic Economic Plan

2.0 DEFINING THE HOUSING MARKET AREA FOR BASINGSTOKE AND DEANE

Summary

The National Planning Policy Guidance indicates that housing market areas can be defined by:

- Household migration and search patterns;
- Travel to work and other contextual information; and
- House prices and rate of change of house prices.

Household migration and search patterns

- The greatest proportion of household movements are movements within the borough.
- The overall numbers of people moving to/from any one of the neighbouring authorities is relatively small. The greatest number of moves are to/from West Berkshire, Hart, Reading and Test Valley.
- Significant levels of in-migration come from elsewhere in the South East, the Blackwater Valley and London;

Travel to work

- Basingstoke and Deane Borough's employment self-containment is 66%, which is higher than most neighbouring authorities;
- Travel to work patterns show the greatest commuting flows to and from West Berkshire and Hart, but the net effect to any local authority area is light.

House prices and rate of change of house prices

- Basingstoke has a relatively localised property marketing catchment and has significantly lower property prices than Hart, Winchester or East Hants.

Other contextual information

- Neighbouring local authorities agree that Basingstoke and Deane is not part of their Housing Market Area. They have undertaken their own SHMAs that do not include Basingstoke and Deane.

This chapter identifies that although there is some overlap across administrative boundaries, Basingstoke and Deane Borough is not closely related to any one surrounding area and can be considered as a standalone Housing Market Area.

2A PLANNING POLICY GUIDANCE AND CONTEXT

- 2.1 Planning policy guidance points out that there is no single source of information, or one single definition of a housing market area. A housing

market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap. The extent of the housing market area will vary and many in practice will cut across various local planning authority boundaries. Local authorities should work with all the other constituent authorities under the Duty to Cooperate. The guidance indicates the following sources for analysis:

Household migration and search patterns

Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70%) are contained. This excludes long distance moves (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools. Guidance suggests analysis of Census, Office for National Statistics Internal Migration Statistics and NHS registration data, data from estate agents and local newspapers that show the geographical coverage of houses advertised for sale and rent.

Travel to work areas

Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use). Guidance suggests Office for National Statistics travel to work areas, retailers or other service providers may be able to provide information about the origins and service users, school catchment areas.

House prices and rates of change in house prices

Housing market areas can be identified by assessing patterns in the relationship between housing demand and supply across different locations. This analysis uses house prices to provide a 'market-based' reflection of housing market area boundaries. It enables the identification of areas which have clearly different price levels compared to surrounding areas. The findings provide information about differences across the area in terms of the price people pay for similar housing, market 'hotspots', low demand areas and volatility. Guidance suggests analysis of data from Office for National Statistics, Land Registry Index and Price Paid data, Department for Communities and Local Government Live Tables and neighbourhood data from the Census.

- 2.2 The council has also reviewed **other contextual information** such as the findings of neighbouring local authorities' SHMAs. The report also details the relevant duty to cooperate discussions that have taken place.

- 2.3 This chapter sets out the evidence on the geography of the housing market area that relates to Basingstoke and Deane Borough and the implication for identifying objectively assessed housing need.

2B HOUSEHOLD MIGRATION

- 2.4 The 2011 Census asks people the address at which they lived 12 months prior to Census day. This allows councils to quantify the number of people who had moved within the 12 months from April 2010 to April 2011 and if they did move, whether they moved from within the borough or from elsewhere in the UK. Anyone who did move to a different address in this period is classed as a migrant by the Census. The data relates to the number of people moving, not the number of households.
- 2.5 In all, 18,785 out of 167,800 residents in the borough on Census day (11.19%) had a different address one year earlier (slightly lower than 11.62% at 2001 Census). Of these 18,785 people who moved to a different address, **the majority (10,220 – 6.09% of residents) moved from another address within the borough** (likewise, slightly lower than 6.34% at 2001 Census). Of these 18,785 residents, 17,425 (10.38% of residents) moved from within the UK (slightly lower than 10.97% at 2001 Census). The remaining 1,360 people (0.81% of residents) moved to the borough from outside the UK (slightly higher than 0.65% at 2001 Census).
- 2.6 The graph below shows the total regional migration flows recorded by the Census. Net in-commuting is greatest from the South East and there is a marginal net loss of migrants to the South West.

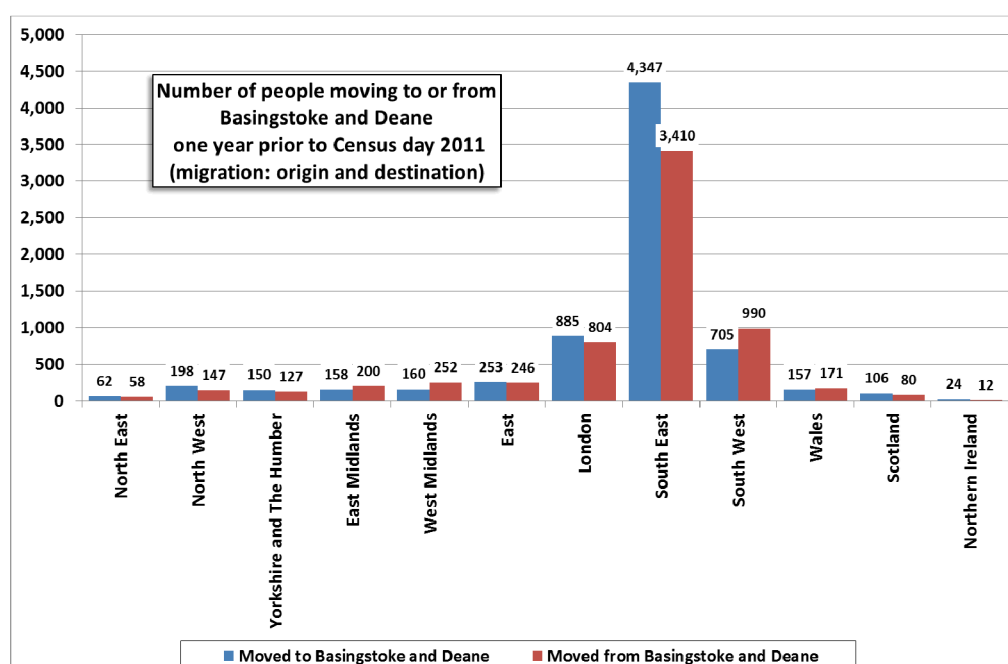


Figure 2.1 Number of people moving to or from Basingstoke and Deane by region.

- 2.7 There are more migrant moves between Basingstoke and Deane and West Berkshire and Hart than with any other district. Stronger links to Hart have already been noted in the Hart, Rushmoor and Surrey Heath SHMA (2014) which also references the net in-migration to Basingstoke and Deane from Hart (524 people), Rushmoor (232 people) and Surrey Heath (84 people). Nevertheless that SHMA still reports much stronger housing market and economic ties within its core Hart/Rushmoor/Surrey Heath area focused on the Blackwater Valley. The West Surrey SHMA uses the same evidence and has also taken account of the 780 (gross) moves between Hart and Basingstoke.
- 2.8 While the gross flows to West Berkshire and Hart are substantially higher than with the other districts, the net effect does not appear substantive based on any particular authority. There is net in-migration from the eastern and northern districts – Reading, Hart, Rushmoor and Wokingham and some net out-migration to the south and west – Bournemouth, Wiltshire and Test Valley.

Number of people who moved to or from Basingstoke and Deane in the 12 months prior to the 2011 Census	moved to Basingstoke and Deane from	moved from Basingstoke and Deane to	gross migration flows	net migration
West Berkshire	609	612	1221	-3
Hart	524	256	780	268
Reading	298	169	467	129
Test Valley	288	308	596	-20
Wokingham	270	137	407	133
Winchester	242	261	503	-19
Rushmoor	232	117	349	115
Southampton	186	162	348	24
East Hampshire	175	144	319	31
Wiltshire	149	186	335	-37
Bracknell Forest	121	66	187	55
Portsmouth	102	74	176	28
Eastleigh	99	62	161	37
Guildford	86	94	180	-8
Surrey Heath	84	60	144	24
Waverley	77	38	115	39
Woking	57	23	80	34

Table 2.1 Number of people who moved to or from Basingstoke and Deane in the 12 months prior to the 2011 Census.

- 2.9 Basingstoke and Deane features in the top ten destinations for internal migrants from 11 local authorities in the year before 2011 Census day. The strongest links were with Hart and West Berkshire, where Basingstoke and Deane was the third most popular destination for those that moved. The borough can be identified as a destination for other neighbouring local authorities, but not as the prime destination.

- 2.10 The Office for National Statistics Internal Migration by local authority in England and Wales 2013 provides detail on local authority to local authority moves and this source is used by many local authorities to identify migration trends in the years before or after a Census. The data below (Table 2.2) shows net in-migration to the borough from neighbouring districts: of around 580 people year ending June 2012 and 80 year ending June 2013. The full dataset includes moves from the whole of the UK, not just England and as migration (and all components of population growth) fluctuates year on year, neither year should be interpreted as typical but rather as part of a trend.
- 2.11 The data shows that in this year, 70% of the total net migration came from neighbouring districts, broadly the pattern shown by other sources of migration data. Overall, in the last two years, 2012 and 2013, nearly 7,000 people have moved from Basingstoke and Deane and over 7,000 people moved in with varying levels of net in-migration.
- 2.12 In addition to the neighbouring districts, which are shown in Table 2.2, there was net in migration from the London boroughs, Southampton, Surrey and but not in the same number as from the borough's immediate neighbours. There tends to be net gain from Surrey and Berkshire (on the whole) and net loss to other parts of Hampshire and Wiltshire. These patterns have been identified in other SHMAs but are not of sufficient magnitude to demonstrate a robust or coherent market with the whole of another local authority area. Rather a feature of the natural but narrow overlaps in markets mainly between Basingstoke and Deane and Newbury/Thatcham, Reading and Andover.

ONS migration from LA to LA: number of people commuting from and to Basingstoke and Deane	year ending June 2012			year ending June 2013		
	out migration from B&D total number of people	in migration to B&D total number of people	net migration to B&D total number of people	out migration from B&D total number of people	in migration to B&D total number of people	net migration to B&D total number of people
East Hampshire	150	180	30	180	130	-50
Hart	370	460	90	360	450	90
Reading	160	270	110	180	270	90
Rushmoor	90	200	110	120	180	60
Test Valley	330	320	-10	360	240	-120
West Berkshire	640	830	190	640	680	40
Winchester	250	220	-30	270	200	-70
Wokingham	130	220	90	170	210	40
	2120	2700	580	2,280	2,360	80

Table 2.2 Migration to and from Basingstoke and Deane in 2012 and 2013.

- 2.13 Basingstoke and Deane tends to lose more people to Bournemouth, Cornwall, Wiltshire, Test Valley and Winchester than it gains from them. Moves to Wiltshire, Bournemouth and Cornwall may be linked to retirement to which the Hart, Rushmoor and Surrey Heath SHMA made reference.

- 2.14 However, there is a further pattern which emerges in relation to some of the University towns and cities. The migration estimates data is available by single year of age. Analysis of all in and out internal migrants in 2013 shows that Basingstoke and Deane tends to lose more young children, teenagers and adults than it gains, but then gains more adults in their 20s and early 30s. This could be as a result of young people leaving the borough to go to university and then returning afterwards. Flows for those aged 40 and over are fairly even and far smaller numbers. The graph below shows the age pattern of people moving into the borough and those moving out.

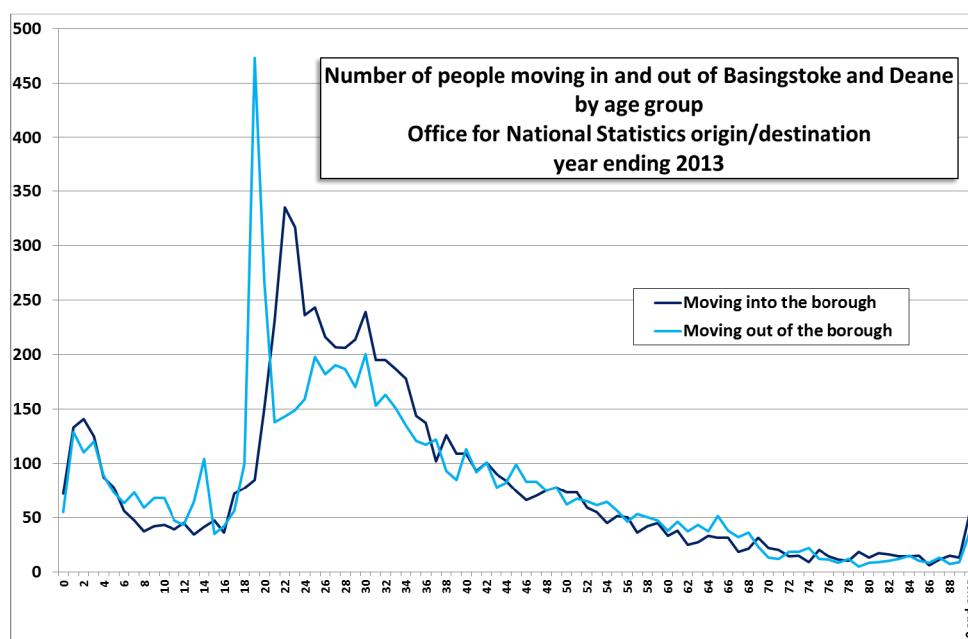


Figure 2.2 Number of people moving in and out of Basingstoke and Deane by age group in year ending 2013 (Source: ONS)

- 2.15 Migration data for Southampton, Portsmouth and Bournemouth shows peaks for university age students leaving the borough, and peaks for those entering the borough in their early 20s, perhaps when their education finishes. There is only a weak relationship between these local authorities and Basingstoke and Deane for the other age groups.
- 2.16 Changes to local authority housing allocations policies as a result of the Localism Act, with a requirement for a local connection to the area to be proven means that the council Housing Registers cannot necessarily give accurate data on cross boundary moves. However, applications for intermediate housing can be used to give a sense of local (i.e. sub-regional) housing market flows.
- 2.17 The pattern of migration appears to be:
- Net in-migration to the borough;
 - A consistent flow of moves to and from Reading, West Berkshire, Test Valley and Wokingham and other neighbours but the overall effect from any one of the neighbours is relatively small. It is appropriate to show the Basingstoke and Deane housing market as having direct, consistent and

- regular housing market interaction with these neighbouring areas albeit with only a limited number of household moves;
 - This net in-migration comes not only from neighbouring districts but at least as much again if not more from elsewhere in the South East, the Blackwater Valley and London;
- 2.18 Household moves from neighbouring districts and counties are mainly enabled through the main road transport networks and housing links are strongest along the M3, A303 and A33 and A31 and to some extent along the M27 to the south.

2C TRAVEL TO WORK PATTERNS

- 2.19 The NHPAU housing market research makes use of travel to work patterns, but the data used in those studies is now dated. Prior to release of the 2011 Census travel to work data, the Labour Force Survey/Annual Population Survey (APS) produced travel to work estimates. The APS asks a sample of households questions on their working patterns. Annual sample sizes are approximately 300,000 which is more than 1% of the working population in England, Wales and Scotland. The sample size in Basingstoke and Deane is between 300 – 400 households.
- 2.20 As the data is based on a sample survey, comparisons with Census commuting patterns should be made with caution and, as with any sample, there will be sampling variability that may give rise to some fluctuations in the results with each new release. In addition, Basingstoke and Deane's labour market is relatively self-contained which means that around 66% of households both live and work in the borough and do not commute in or out. The APS picks up those people who are unemployed and economically inactive, meaning that commuting data will only be collected from a very small number of respondents.
- 2.21 The APS release generally reconfirms the following patterns seen in the 2001 Census data:
- significant commuting flows between Basingstoke and Deane and West Berkshire, the London Boroughs and Reading (showing net out-commuting from the borough);
 - of the other neighbouring districts, a greater number of commutes between the borough and Hart;
 - that over 90% of the borough's commuting links come from self-containment (66% of commuter journeys), commuting to and from neighbouring districts (around 20% of commuter journeys) and commuting to London.
- 2.22 Table 2.3 shows the commuting patterns between the borough and the neighbouring districts. The difference between APS and Census data with regards to Test Valley and Rushmoor is likely to be due to sampling variability (the 2010 APS data showing a more balanced flow of in and out commuting (in commuting from Test Valley 3.9% / out commuting to Test Valley 3.7%).

	2001 Census		2011 APS	
	Percentage (as a % of all in-commuters to the borough)	Percentage (as a percentage of all out-commuters from the borough)	Percentage (as a % of all in-commuters to the borough)	Percentage (as a percentage of all out-commuters from the borough)
West Berkshire	8.5%	27.1%	3.1	10.7
London	6.5%	13.0%	1.8	8.9
Hart	10.3%	9.1%	4.2	3.2
Test Valley	9.2%	4.1%	0.5	2.6
Reading	3.4%	8.9%	2.6	7.3
Winchester	7.3%	3.9%	1.7	0.4
Wokingham	4.0%	4.2%	1.1	0.5
East Hampshire	5.8%	2.0%	1.9	2.6
Rushmoor	3.6%	3.9%	3.6	1.4

Table 2.3: Percentage of in and out commuters - Basingstoke and Deane (Source: 2001 Census and 2011 Annual Population Survey)

2.23 The pattern of commuting to and from Basingstoke and Deane in the 2011 Census was not dissimilar to that in 2001, and with the APS data. The borough retained a relatively high level of self-containment between 2001 and 2011. Of the 90,556 resident workers living in Basingstoke and Deane at 2011, just over 66% (59,831) were working within the borough (or based therein) – very similar to 67% in 2001. Likewise, these same 59,831 resident workers formed over 70% of the 85,268 people working within Basingstoke and Deane (or based therein) at 2011 – again very similar to 69.5% in 2001. With the exception of West Berkshire (also 66%), Basingstoke and Deane is the most self-contained of all north Hampshire and adjoining Berkshire districts. The table below shows the comparison.

All usual residents aged 16 and over in employment the week before the 2011 Census: Place of work	usual residence								
	Basingstoke and Deane	East Hampshire	Hart	Reading	Rushmoor	Test Valley	West Berkshire	Winchester	Wokingham
Within LA of residence	42,909	19,022	11,051	33,960	16,367	23,013	36,364	20,961	21,690
Neighbouring LA	18,497	5,875	10,491	15,955	6,195	8,034	15,648	5,641	18,197
Other LA	12,048	19,633	15,831	16,804	19,892	16,789	12,380	17,771	24,652
Mainly work at or from home	10,185	8,703	7,053	7,080	4,565	7,563	10,864	8,857	10,984
Offshore installation	86	79	61	116	54	72	76	91	107
No fixed place	6,737	5,540	3,732	6,199	4,131	4,473	6,689	4,333	6,034
Outside UK	94	125	94	85	67	98	128	139	122
Total	90,556	58,977	48,313	80,199	51,271	60,042	82,149	57,793	81,786
Within LA of residence, mainly work at or from home and no fixed place	59,831	33,265	21,836	47,239	25,063	35,049	53,917	34,151	38,708
Self-containment	66%	56%	45%	59%	49%	58%	66%	59%	47%

Table 2.4 Travel to work patterns from Basingstoke and Deane and surrounding local authorities (Source: 2011 Census)

- 2.24 The net out-flow of commuters from Basingstoke and Deane has increased to around 5,300 as can be seen in the summary table below.

Basingstoke and Deane Gross and Net Commuting Summary	2001	2011
Live and work in district	55,353	53,094
Total in-commuters	24,259	25,437
Total out-commuters	27,315	30,725
Total employment	79,612	85,268
Total resident workers	82,668	90,556
Total gross commuting flows	51,574	56,162
Total net commuting flows	-3,056	-5,288

Table 2.5 Commuting summary to/from Basingstoke and Deane (Source: 2001 and 2011 Census)

- 2.25 The tables below show where people who work in Basingstoke and Deane live and where people who live in Basingstoke and Deane work. The net effect of this results in net out-commuting to London (2,861 people), net in-commuting from Hampshire as a whole, and net in-commuting from the wider South East, the South West and other regions.

Usual residence: where people who work in Basingstoke and Deane live (2011)		Place of work: where people who live in Basingstoke and Deane work (2011)	
Mainly work at or from home	10,185	Mainly work at or from home	10,185
Basingstoke and Deane	42,909	Basingstoke and Deane	42,909
Other Hampshire Districts	10,434	Other Hampshire Districts	8,407
Other SE Region	10,113	Other SE Region	516
London	1,421	London	4,282
South West Region	1,690	South West Region	735
Other Regions	1,614	Other Regions	714
Elsewhere in UK	165	Elsewhere in UK	112
No fixed place	6,737	No fixed place	6,737
Total workers within borough	85,268		74,597
Offshore installation	0	Offshore installation	86
Outside UK	0	Outside UK	94

Table 2.6 Origin of in-commuters and destination of out-commuters (Source: Census 2011)

- 2.26 Overall, travel to work patterns changed relatively little locally between 2001 and 2011, as can be seen from the two graphs below.

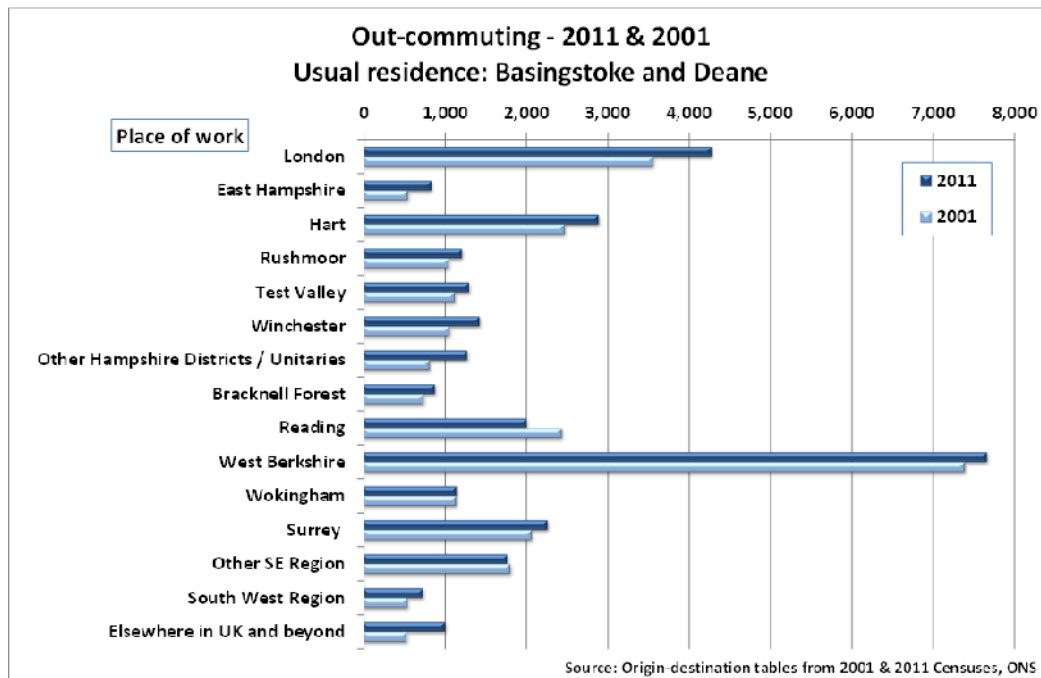


Figure 2.3 Place of work of out-commuters from Basingstoke and Deane (Source: 2001 and 2011 Census)

- 2.27 West Berkshire remained the main out-commuting destination, with 7,670 out-commuters (8.5% of resident workers) compared to 7,395 in 2001 (8.9%). However, examining this at Middle Layer Super Output Area (MSOA) level shows that 2,474 Basingstoke and Deane residents commute to the MSOA containing Aldermaston Atomic Weapons Establishment (AWE) which lies on the Basingstoke and Deane Borough/ Hampshire County/ West Berkshire border. This can be seen as reducing the number of out-commuters from the borough, given that the main road from Tadley to AWE just happens to cross an administrative boundary. If this is accepted, then the borough's self-containment increases to 68.8%.
- 2.28 London has increased its share of out-commuters to 4,282 (4.7%) – up from 3,563 (4.3%) in 2001, representing a 20% increase in the number of workers commuting from the borough to the capital.
- 2.29 Out-commuting to Hart (2,894 – up from 2,475) and the rest of Hampshire collectively (6,063 – up from 4,602) increased by 17% and 32% respectively from 2001 to 2011. Surrey as a whole maintained its share of out-commuting from the borough (2,266 – up from 2,071), but Reading's share actually decreased by 18% (2,006 – down from 2,442).
- 2.30 The graph below shows patterns of in-commuting to Basingstoke and Deane. With regard to in-commuting into Basingstoke and Deane, an increase of 33% saw West Berkshire (2,744 – up from 2,066 in 2001) overtake Hart (2,457 – down slightly from 2,495) as the principal residential location for commuters, just ahead of Test Valley (2,359 – up from 2,233) and Surrey as a whole (1,969 – down from 2,155).

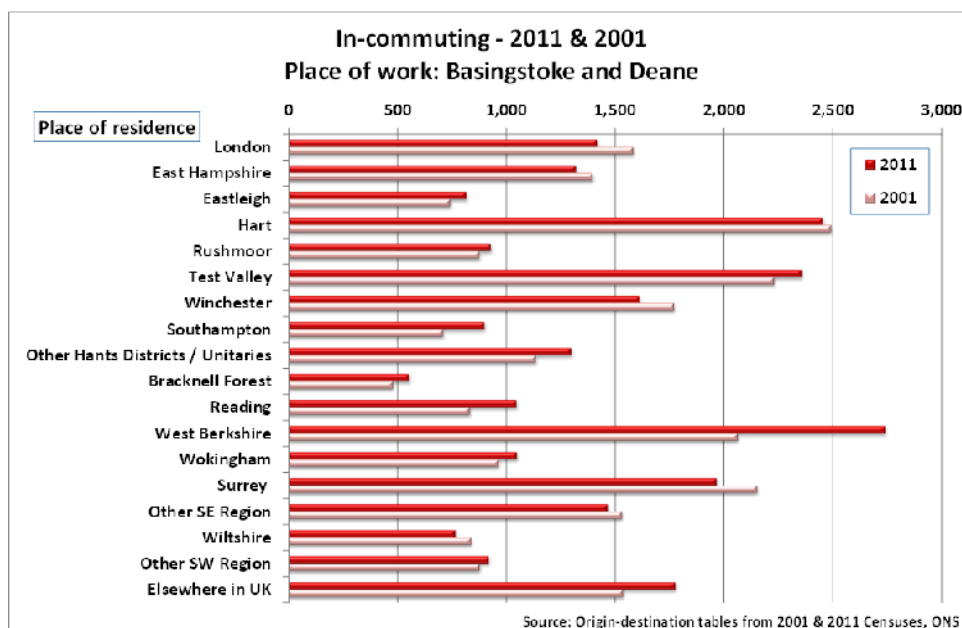


Figure 2.4 Origin of in-commuting into Basingstoke and Deane (Source: 2001 and 2011 Census)

- 2.31 The table below shows gross and net commuting flows to show the extent of movement between authorities. While gross commuting flows can be substantial, with the exception of West Berkshire and Test Valley, the net effect between Basingstoke and Deane and any one of the Hampshire, Berkshire or Surrey districts is limited.

2011 Census: commuting to/ from Basingstoke and to/ from the SE region	number of people who commute in to B&D from	number of people who commute from B&D to	gross commuting flows	net commuting
Hart	2,457	2,894	5,351	-437
Test Valley	2,359	1,302	3,661	1,057
Winchester	1,616	1,429	3,045	187
East Hampshire	1,323	838	2,161	485
Rushmoor	931	1,213	2,144	-282
Southampton	902	422	1,324	480
Eastleigh	820	405	1,225	415
Portsmouth	373	128	501	245
Fareham	333	115	448	218
New Forest	290	123	413	167
Havant	206	65	271	141
Gosport	99	23	122	76
all Hampshire	11,709	8,957	20,666	2,752
West Berkshire	2,744	7,670	10,414	-4,926
Wokingham	1,051	1,145	2,196	-94
Reading	1,049	2,006	3,055	-957
Bracknell Forest	557	882	1,439	-325
Windsor and Maidenhead	241	386	627	-145

Slough	119	347	466	-228
all Berkshire	5,761	12,436	18,197	-6,675
Surrey Heath	494	652	1,146	-158
Waverley	475	303	778	172
Guildford	353	396	749	-43
Woking	206	246	452	-40
Runnymede	110	245	355	-135
Elmbridge	109	123	232	-14
Spelthorne	104	144	248	-40
Reigate and Banstead	38	71	109	-33
Mole Valley	36	61	97	-25
Epsom and Ewell	27	19	46	8
Tandridge	17	6	23	11
all Surrey	1,969	2,266	4,235	-297

Table 2.7 Commuting flows to and from Basingstoke (Source: 2011 Census)

- 2.32 Further information on Basingstoke's Travel to Work Area is set out in the Employment Land Review.

2D MARKETING AND PROPERTY PRICES

- 2.33 Property marketing coverage is one indication of the extent to which households will tend to consider moving geographically in and around an area.
- 2.34 Property marketing in and around Basingstoke and Deane tends to be focused and specific to the main town in the area. Unsurprisingly, there is some overlap on and around local authority boundaries but Reading, Andover, Newbury, Alton and Basingstoke town, while linked through commuting and road links, still tend to have their own relatively localized property marketing catchments. Marketing for large brand new housing developments are typically marketed across a much wider geography, even nationally, but the main core market for Basingstoke and Deane remains focused on Basingstoke town and the towns and villages within the borough.
- 2.35 The CLG research "The Geography of Housing Market Areas 2010" concluded that there may be some general similarity between prices where housing markets are related and therefore it may in theory be possible to determine the existence of a housing market through property price analysis. However, in order to establish the existence of a housing market in this respect it would require disaggregation of all the various factors that are incorporated within the value of a property such as facilities, services and nearby amenities. The research did not attempt to do this but instead correlated property price data (relating to 2008 by MSOA) with framework housing market areas, making the point that monitoring of housing market conditions, property prices and affordability must take place at more local level.
- 2.36 The analysis presented a number of different potential definitions of a housing market area based on varying commuting and migration self-containment

rates. Prices in Thatcham, Newbury, and Alton tend to be broadly similar to Basingstoke town, and Andover around the same or lower. Neighbouring settlements of Burghfield and Three Mile Cross/Swallowfield to the north, and Micheldever and Sutton Scotney to the south tend to be higher than Basingstoke town as does Reading which has its own distinct housing market within which are neighbourhood variations. Property prices to the south and east, such as Hook, North Warnborough, Hartley Witney and Odiham are considerably higher than in Basingstoke town. Mortimer and Aldermaston village also generally command higher property prices than in Tadley even though they lie close to the borough boundary.

- 2.37 House price analysis in Chapter 5 shows that Basingstoke and Deane does not share a pricing or housing affordability profile with Hart or Winchester, both of which are priced significantly and consistently higher than Basingstoke and Deane. House prices in East Hampshire, although not as expensive as Hart or Winchester, are also much higher than in Basingstoke and Deane. Prices in Test Valley, West Berkshire, Reading and Rushmoor are more comparable. However, the house price evidence, while acknowledging some housing market, commuting and migration links, is not sufficient to conclude that these areas alone, or collectively, or part of these areas, form a single housing market area with Basingstoke and Deane. It points to connectivity but not a strong enough self-containment to designate a HMA. Rather it provides evidence to maintain the approach of an SHMA based on Basingstoke and Deane borough boundaries.
- 2.38 The general similarity in prices between Andover, Newbury and Thatcham given their proximity to the borough boundary, the employment opportunities in Basingstoke town (and the higher level of house building in Basingstoke and Deane over the last few years relative to other districts) probably contribute to the high number of household moves between the borough and these areas with some net in-migration to the borough. A combination of lower property prices, higher levels of house building and employment opportunities is also likely to contribute towards in-migration to the borough from the Blackwater Valley. The table below shows how housing completions in the borough have significantly exceeded those in neighbouring districts since 2007/8 including during the years of economic downturn.

Housing completions from 2006/7 (net)	Hart	West Berks	Rushmoor	Test Valley	Winchester	Wokingham	Reading	Basingstoke and Deane
2006/2007	396	1064	825	288	496	1018	637	728
2007/2008	229	683	295	339	562	488	837	1418
2008/2009	52	528	299	147	359	368	782	1302
2009/2010	-17	246	549	438	286	226	693	1226
2010/2011	70	199	251	388	503	220	321	805
2011/2012	326	162	171	523	317	273	312	693

2012/2013	197	552	255	664	204	n/a	474	303
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Table 2.8 Housing completions by local authority from 2006-2012/13

2E RELATED STUDIES AND CONTEXTUAL INFORMATION

OTHER LOCAL AUTHORITIES' SHMAS

- 2.39 In determining Basingstoke and Deane's HMA it is helpful to analyse neighbouring authority SHMA's and their conclusions.
- 2.40 The following SHMAs have been reviewed:
- Berkshire Strategic Housing Market Assessment 2007
 - Winchester DTZ Housing Market and Housing Need Assessment Update 2011
 - East Hampshire Strategic Housing Market Assessment and Local Housing Requirements Study 2013
 - Hart, Rushmoor and Surrey Heath Strategic Housing Market Assessment 2014
 - Test Valley Borough Council 2013 Strategic Housing Market Assessment
 - West Surrey Strategic Housing Market Assessment (Guildford, Waverley and Woking) 2014

BERKSHIRE STRATEGIC HOUSING MARKET ASSESSMENT 2007

- 2.41 According to the 2001 Census household movement data, Basingstoke town has the strongest links to Reading of all the Berkshire authorities (with 81 households moving from Reading to Basingstoke and 95 households moving from Basingstoke to Reading). However, the housing market dynamics between Reading and Bracknell, Maidenhead, Newbury and Thatcham, Slough and Wokingham are significantly stronger. Compared to Basingstoke - Reading household moves, there are more than twice as many between Reading and Oxford, and the Blackwater Valley. The report made specific reference to the relationship between Reading and Basingstoke town and the north Hampshire housing market, concluded that:

'there seemed to be quite distinct housing markets covering the two areas - and this was confirmed by the existence of distinct and separate travel to work areas for both towns. Road and rail connections between Reading and Basingstoke are less good than between Reading and areas to the west, which acts as a barrier to labour and housing market integration. The spatial extent of the sub-regional overlap with the North Hampshire sub-region, which has Basingstoke at its nucleus, was therefore found to lie along the northern district boundary of Basingstoke and Hart, and did not extend further into Basingstoke and the north Hampshire sub-region'.

- 2.42** The Berkshire authorities are in the process of preparing a new SHMA to look at their needs up to 2036.

WINCHESTER DTZ HOUSING MARKET AND HNA UPDATE 2011

- 2.43** This report identified that there was a net in-migration from Basingstoke and Deane to Winchester but in scale far less than from those authority areas in the South Hampshire. The report concluded that Winchester district has close functional alignment with the South Hampshire housing market and the southern wards of Winchester district integrate with Southampton and the South Hampshire sub-region. This housing market is described as highly integrated. Winchester also relates to a Central Hampshire housing market: "Central Hampshire functions as an area with a number of localised housing markets with Winchester, Basingstoke and Andover forming the sub-region's nuclei.

EAST HAMPSHIRE STRATEGIC HOUSING MARKET ASSESSMENT AND LOCAL HOUSING REQUIREMENTS STUDY (AUGUST 2013): EAST HAMPSHIRE DISTRICT COUNCIL AND SOUTH DOWNS NATIONAL PARK AUTHORITY

- 2.44** This report notes that East Hampshire has been identified as being located in two housing market areas in two different SHMAs: the Central, and South Hampshire housing market areas. The South Hampshire Housing Market Assessment (April 2005) includes an area to the south of East Hampshire (excluding the National Park), particularly Horndean. It includes this part of East Hampshire in the Eastern Pole of the housing market area based on commuting patterns between Portsmouth, Havant, Fareham, East Hampshire and Gosport. The Central Hampshire housing market area includes Basingstoke and Deane, Test Valley, Winchester and the majority of East Hampshire.
- 2.45** The report concludes that given that East Hampshire is predominantly a rural district and can demonstrate very close to 70% self-containment in migratory patterns which implies that East Hampshire as a district can be considered as a single HMA. As such, according to the NPPF, an assessment of full housing needs within the confines of the district is appropriate, whilst recognizing the importance of considering cross boundary relationships.

HART, RUSHMOOR AND SURREY HEATH STRATEGIC HOUSING MARKET ASSESSMENT (DECEMBER 2014)

- 2.46** In December 2014 Wessex Economics produced the Hart, Rushmoor and Surrey Heath Strategic Housing Market Assessment. This updated the North West Surrey and North East Hampshire Strategic Housing Market Assessment 2008 (published April 2009). Analysis set out in the December 2014 report supports the particular importance of Hart, Rushmoor and Surrey Heath working together. The conclusions include:

- 2.47 The report concludes that in terms of migration, the three authorities are closely linked to one another. Rushmoor's most significant relationship is with Hart. Hart and Surrey Heath's most significant relationships are with Rushmoor. Hart and Surrey Heath are also connected to one another through migration flows but these are less significant than those with Rushmoor and Basingstoke (for Hart) and Woking (for Surrey Heath).
- 2.48 It also found significant travel to work flows between the three authorities. Each authority experiences low levels of self-containment (the proportion of residents who work in the same authority). The majority of residents in work commute to work outside of the local authority in which they live. There are also significant flows of workers into each authority from neighbouring authority areas. Of those who do not live and work in the same authority area:
- The largest proportion of Rushmoor's residents commute to Surrey Heath, Waverley, Guildford and Hart for work. There are significant in-flows of workers into Rushmoor from Surrey Heath and Guildford.
 - The largest proportion of Hart's residents commute to Rushmoor and Surrey Heath for work. There are in flows of workers into Hart from Basingstoke and Deane, Rushmoor, Guildford and Surrey Heath.
 - The largest proportion of Surrey Heath's residents commute to Rushmoor and Guildford.
- 2.49 Hart, Rushmoor and Surrey Heath are identified as sharing a housing market area, principally through the Primary Urban Area that includes Fleet, Farnborough, Aldershot, Camberley and Frimley, all within the Blackwater Valley. The three authorities collectively represent an area of convergence where a number of housing market areas overlap. However, there is sufficient self-containment and labour market/housing market coherence for a housing market to be defined and its distinct characteristics and the fact that it could not be easily incorporated into a SHMA undertaken in any one of the surrounding areas (whose markets are better defined) means that it is appropriate to undertake a SHMA for this area in its own right.
- 2.50 The SHMA points out a continued need to work together with neighbouring authorities in adjacent housing market areas, through the Duty to Cooperate.

TEST VALLEY BOROUGH COUNCIL 2013 STRATEGIC HOUSING MARKET ASSESSMENT (JG CONSULTING)

- 2.51 The Test Valley SHMA has been carried out for the Test Valley Borough Council area only, although it is recognised that the borough operates within a wider housing market extending across the local authority boundary. The 2010 CLG research suggested that at a strategic level Test Valley can be considered as part of a Southampton housing market area which covers the borough along with Winchester, Southampton, Eastleigh and New Forest. A second set of single tier housing market areas was also defined by CLG

through this research which broadly confirms the strategic housing market but with the addition of Fareham and Gosport.

- 2.52 A lower level analysis based on ward data splits the borough into two local HMAs (Winchester/Eastleigh, and Salisbury). Bourne Valley ward in the north of the borough is included in the Newbury HMA. It recommends that Duty to Cooperate discussions should be focussed on PUSH (Partnership for Urban South Hampshire), and Wiltshire with regard to the northern part of the borough and Andover.
- 2.53 Sub-markets have been identified based on a cluster of wards that comprise the following parts of the borough: Andover, North Rural, Central Rural, Romsey, and South Rural. The new owner-occupied developments in and around Andover are attracting interest from buyers in Basingstoke and Deane, Winchester, Reading, Newbury, Salisbury, Southampton, from across Wiltshire and even West London as prices are lower than all these areas. The cost of private rented accommodation is also less expensive. Lower prices in Andover seem to act as a draw to households from many localities.

WEST SURREY STRATEGIC HOUSING MARKET ASSESSMENT (GUILDFORD, WAVERLEY AND WOKING, GL HEARN, DRAFT REPORT DECEMBER 2014)

- 2.54 The West Surrey SHMA acknowledges that housing market areas may overlap and examines relationships between the three local authorities (Guildford, Waverley and Woking) with London to the east, and a Guildford housing market area which takes in parts of Rushmoor, Surrey Heath, East Hampshire, Elmbridge and Runnymede as well as Waverley and Woking. Both of these options are based on the CLG research in 2010. There was a further “silver standard” HMA offered as an option by CLG based on whole local authority boundaries and this included the whole of Basingstoke and Deane and Hart. This covered an area from the western boundary of Basingstoke and Deane to the southern-most boundary of East Hampshire to the eastern boundary of Guildford and the northern boundary of Runnymede. The SHMA found however, that common ground amongst all the possible definitions of a housing market area in Surrey was a Guildford focused market that operates across West Surrey and into some parts of Hampshire.

- 2.55 Analysis of price trends, commuting flows and migration patterns demonstrated significant interaction between Guildford, Waverley and Woking and the evidence strongly supports defining these three local authorities as one single Guildford-centric housing market area. The strongest relationships beyond this core HMA are with Rushmoor, Runnymede and East Hampshire. The SHMA also makes reference to the need to work closely with the adjacent Hart, Rushmoor and Surrey Heath HMA given the links to Farnborough/Aldershot. It also acknowledges the complexity of housing market interactions across Hampshire and Surrey and the need to work more widely across the sub-region.

DUTY TO COOPERATE – NEIGHBOURING AUTHORITIES

- 2.56 The NPPF outlines at paragraph 47 that LPAs should:
“Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework...”
- 2.57 The NPPF (paragraph 159) outlines the evidence required to underpin a local housing target identifying that LPAs should:
“Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period...”
- 2.58 The statutory duty to cooperate in respect of plan making is set out in Section 33A of the Localism Act (2011). Para 178 of the NPPF sets out how public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly highlighting the strategic priorities of Local Plans which includes delivering the homes and jobs need in the area.
- 2.59 Basingstoke and Deane Council has undertaken meetings with neighbouring authorities to discuss housing requirements and in particular the appropriateness of the Housing Market Area just focused on Basingstoke and Deane borough.
- 2.60 Rushmoor, Hart and West Berkshire all confirmed that they form part of different Housing Market Areas to that of Basingstoke and Deane. All these authorities agreed with the HMA of the borough boundary. The authorities also stated that the Basingstoke and Deane housing requirement should suitably address the housing needs arising from internal migration to Basingstoke and Deane from their areas.
- 2.61 Although the objective assessment of housing need is focused on the needs of the borough as a single HMA, this assessment still takes into account the inter-migratory relationships of the borough with adjoining authorities. The analysis of this SHMA and the migration scenarios used in the demographic

modelling explore these relationships, with the modelling taking full account of inter district migration patterns through use of past trends in gross and net migration flows (both domestic and international) to inform the assessment of future housing needs.

OTHER EVIDENCE-BASED STUDIES

- 2.62 The Council has also considered a number of other national and local evidence-based studies to determine the Housing Market Area. Although some of this data is now somewhat dated, it provides contextual information for the SHMA.

THE FORMER SOUTH EAST PLAN

- 2.63 In 2004 the South East Regional Assembly commissioned DTZ Pida Consulting to prepare a report on identifying the Local Housing Markets of South East England (DTZ Pida Consulting, 2004).
- 2.64 The DTZ study undertook detailed analysis of household migration and travel to work data from the 2001 Census. The patterns that emerged from mapping these data clearly identified the foci of migration movements and employment hubs. These were used to identify housing markets which were then subject to a process of consultation with local authorities and other interested parties.
- 2.65 Having identified housing markets, the report then identified which local authorities should work together on SHMAs. It is important to note that there was a degree of pragmatism in the recommendation made regarding which authorities should work together. Map 2.1 illustrates the pattern of housing markets identified in the study. The pattern of identified housing markets played an important part in the development of strategic planning policy across the South East of England and was subsequently incorporated into the South East Plan.
- 2.66 Map shows that Basingstoke and Deane lay within the North Hampshire HMA and Basingstoke is defined as a 'Distinctive Local Area'.
- 2.67 The South East Plan was based on Census 2001 data, however, as is illustrated elsewhere in the SHMA, the patterns that emerge are similar to the 2011 Census. It is therefore considered to remain relevant.

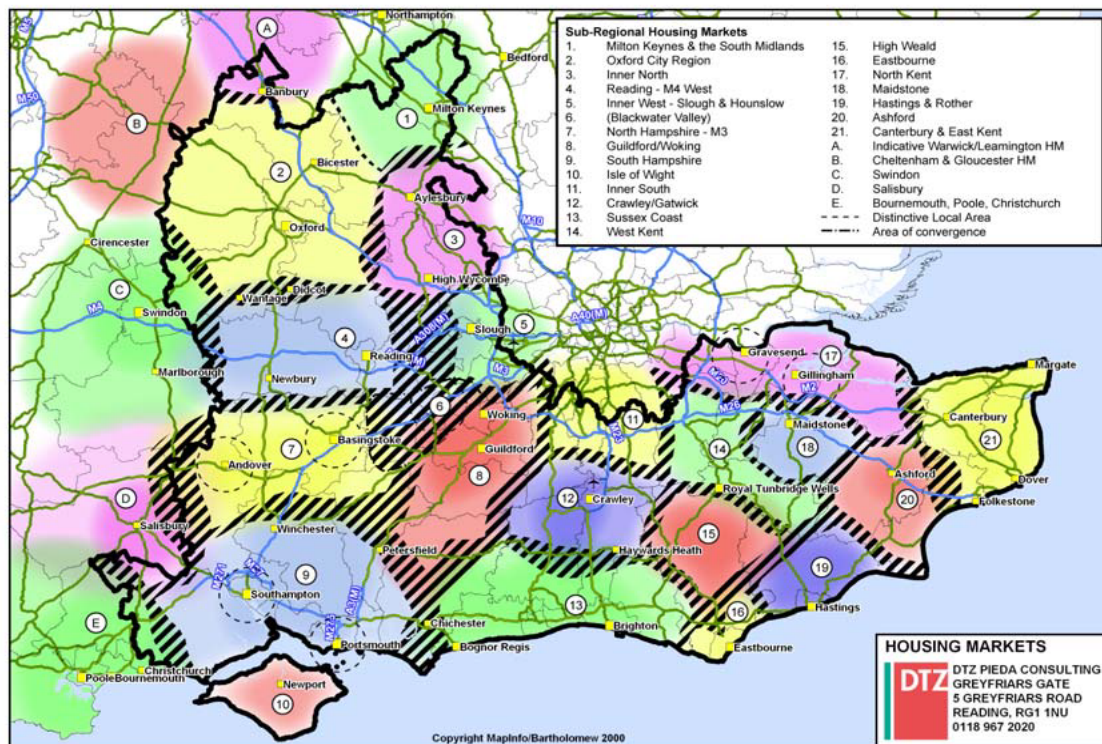


Figure 2.5 Housing market areas (Source: South East Plan 2006)

- 2.68 Since the 2004 report was produced, ONS have published Travel to Work Area maps based on analysis of 2001 Census data. To some degree the boundaries of the TTWA and Strategic Market Areas can be expected to be similar, in that TTWAs are defined as being the smallest areas within which two thirds of the working population both live and work (66.7% self-containment). Further information about Basingstoke's Travel to Work Area is set out in the updated Employment Land Review (2015).

THE NATIONAL HOUSING AND PLANNING ADVICE UNIT STUDIES

- 2.69 In November 2010, the Department for Communities and Local Government published a set of research papers to identify the optimal areas within which planning for housing should be carried out. These were commissioned by the former National Housing and Planning Advisory Unit (NHPAU). The report 'The Geography of Housing Markets', looked at different ways of dividing the country into "housing market areas", based on the function of the market rather than administrative boundaries.
- 2.70 In defining market areas the research states that housing demand (and need) is determined primarily by household incomes, and incomes are largely a function of employment patterns and the labour market. Housing market areas are therefore likely to be closely related to Travel to Work Areas (TTWA). However the research team regarded TTWAs as too tight a definition of self-containment to properly provide the basis of areas to be used for strategic planning and to reflect the dynamics of housing markets.

- 2.71 The report concludes ‘there are no easy answers to the definition of housing market areas given both theoretical and practical challenges. Indeed it is not possible to have a uniquely ‘right’ answer – rather it is important to go for the most appropriate self-contained set of areas. The key task is to generate a widely acceptable geography in a transparent way, using consistent criteria’.
- 2.72 The report suggests that the best way to think about housing markets is a geography comprising three tiers, as follows:
1. Framework housing market areas, defined by a high level of commuting (77.5% self-containment);
 2. Local housing market areas, defined by migration patterns (50% self-containment);
 3. Sub-markets defined by neighbourhood of house type.
- 2.73 Maps 2.2 and 2.3 show the strategic HMA maps where Basingstoke and Deane is included within a HMA referred to as Reading which is made up of the following local authority areas: Bracknell Forest, West Berkshire, Reading, Slough, Windsor and Maidenhead, Wokingham, South Buckinghamshire, Wycombe, Hart and Surrey Heath as well as Basingstoke and Deane. The Reading HMA adjoins a London HMA in the East, a Portsmouth HMA and a Southampton HMA in the south, a Salisbury HMA in the South West, and a Swindon HMA in the North-West. There is an Oxford HMA on the northern boundary and a small part of the north-eastern boundary adjoining the Luton-Milton Keynes HMA.

Figure 2.6 Gold standard upper and lower tier housing market area geography (lower tier based on migration (50%) within commuting based upper tier (77.5%))

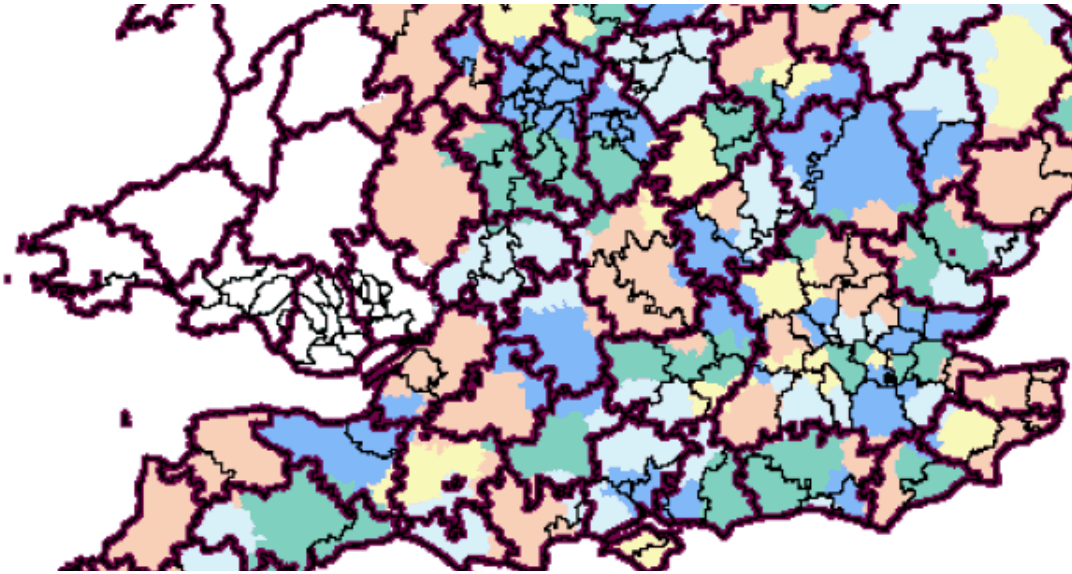


Figure 2.7 Gold standard upper and lower tier housing market area geography (lower tier based on migration (50%) within commuting based upper tier (77.5%) overlaid on previously identified SHMA study areas

- 2.74 In the Reading HMA, distinctive markets based on migration were identified as being centred on Basingstoke, Newbury, Reading, Bracknell and Camberley, and High Wycombe and Slough. Basingstoke and Deane adjoins Newbury, Reading, and Bracknell and Camberley.
- 2.75 The sub-regional boundaries showed that Basingstoke sits within a HMA referred to as Basingstoke and Guildford which stretches from Basingstoke town in the north east of the area to Guildford, Godalming, Dorking and Woking. This HMA includes northern parts of East Hampshire with Alton and Bordon and Waverley and Surrey Heath but does not extend as far south as Winchester. It does not include Andover, reflecting more the combined quantum of links towards the Blackwater Valley and the M3.

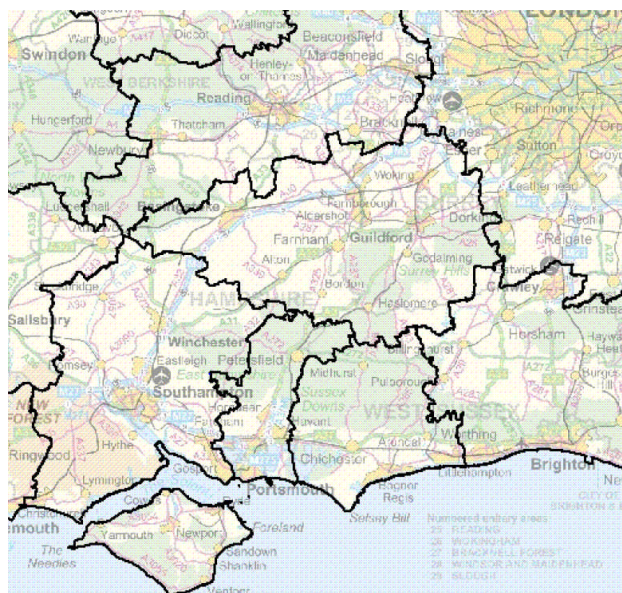


Figure 2.8 Sub-regional boundaries

- 2.76 In commenting on the NHPAU reports it is worth noting that the analysis undertaken is based on 2001 Census data.
- 2.77 The Strategic, Local and Sub-regional HMAs give different conclusions – which is itself evidence of the degree to which housing markets overlap and merge into each other. Basingstoke and Deane lies within the Strategic Reading HMA, but is included in the Sub-regional North Hampshire – West Surrey HMA.
- 2.78 A SHMA undertaken for those authorities in West Surrey and North Hampshire would involve nine authorities, too many for effective project management. It is therefore the Local HMA that provides the best basis for what might be a sensible geography in terms of the options provided by the NHPAU for the production of a SHMA.
- 2.79 The NHPAU does not provide an answer to which authorities should work together on a joint SHMA. However, further analysis, set out in the remainder of this chapter support the conclusion that Basingstoke and Deane is highly self-contained. This analysis examines the linkages with neighbouring authorities with a focus on more recent data than that used by the NHPAU team or by the 2004 DTZ study.

THE BROAD RENTAL MARKET AREA (BRMA)

- 2.80 For the specific purpose of assessing benchmark rents for Housing Benefit eligibility, the Valuation Office has designated a number of “Broad Rental Market Areas” (BRMA). When councils determine the correct rent level to use to assess a Housing Benefit claim, rents in the local BRMA will be used as a guide to give a “typical” rent level for a particular property type/size.
- 2.81 The BRMA for Basingstoke and Deane includes the whole borough and the north of Test Valley around Andover. A BRMA must contain ‘residential premises of a variety of types, including such premises held on a variety of tenures’, plus ‘sufficient privately rented residential premises, to ensure that, in the rent officer’s opinion, the LHA for the area is representative of the rents that a landlord might reasonably be expected to obtain in that area’.
- 2.82 There should be a “critical mass” of private rented accommodation to ensure any sample rents are representative of the whole area. The BRMA would be characterised by links between residents and services: some cohesion in terms of where people live and work, access to health, education, retail, banking and recreation. This cohesion would be evidenced in terms of access – transport links that connect residents to services and facilities by private and public transport – and is serviced by a number of trunk routes and the strong M3 / A303 connection between Basingstoke and Andover.
- 2.83 This in itself does not provide evidence of a cohesive housing market area between Basingstoke and Andover, or between Basingstoke and Deane and Test Valley. Nor can it be assumed that a significantly higher number of

home moves take place within the BRMA than with any other area with which the borough is adjoined. It does, however, give an indication of some consistency in the nature and general conditions of the private rented sector in the borough and north Test Valley area, such that rent levels, benefit levels, supply and demand will be broadly similar across it. The existence of the BHMA across Basingstoke and Deane and Andover acts as context to the discussion on housing markets.

THE CENTRAL HAMPSHIRE AND NEW FOREST 2007 DTZ STRATEGIC HOUSING MARKET ASSESSMENT

- 2.84 In 2007, DTZ published a Strategic Housing Market Assessment (SHMA) for Central Hampshire and New Forest. This covered the districts of Basingstoke and Deane, East Hampshire, Test Valley, Winchester and New Forest. DTZ concluded that there was a “North Hampshire” housing market associated with the M3/A303 and related rail corridors to London and the South West. Identification of the housing market area at that time was based on data from the 2001 Census. However, as has been noted, there is little difference in overall pattern between the 2001 and 2011 Census years and the overall findings in 2007 remain valid in 2015. The 2007 study also showed the links between Basingstoke town and the main urban centres in the Blackwater Valley, Newbury/Thatcham, Reading and Winchester. The correlation between this and the most up to date commuting and migration data together presents a picture where the pattern of travel to work and household moves in and around the borough is regular, consistent, maintained and steady across a much longer historical time frame.
- 2.85 DTZ found that Basingstoke town had a concentrated pattern of travel to work movements focused upon its urban centre which draws labour from the west and east of the town confirming economic links with:
- Newbury: jobs exert a strong influence on settlements in the north-west of the borough;
 - Andover: the A303 facilitates labour market connections;
 - Tadley: Aldermaston provides an important source of employment for people living in Tadley, and there are strong commuting flows between Tadley and Basingstoke town.
- 2.86 With regard to the housing market generally, the DTZ study showed that levels of self-containment in the urban areas of Central and North Hampshire, urban areas in the rest of Hampshire, and in neighbouring Berkshire authorities are high, shown in the table below.

The urban areas	
Andover	83.3%
Basingstoke	86.6%
Blackwater Valley	90.3%
Newbury/Thatcham	87.8%
Reading	94.3%

Tadley	61.4%
Winchester	80.8%

Table 2.9 Self-containment rates for household movements 2000 - 2001 within the SHMA study area and adjoining urban centres¹ (Source: DTZ, 2007 based upon Census 2001)

- 2.87 A high percentage of self-containment in each of these urban centres indicates that any movement between them could be light, but this can only be determined by the number of moves involved. It should be noted that, although there was considerable movement (around 7,500 moves in total), the net effect is relatively small. Even if there is a high level of self-containment in each urban area, it is expected that there will be some housing market interaction between these areas.
- 2.88 If the internal moves within Basingstoke town are discounted then overall there were only 1,822 moves (2001) in and out of the town resulting in overall net in-migration to Basingstoke town of 64 households within and across the SHMA study area (or 3.5% of all moves).
- 2.89 Of these 1,822 moves, 52% (952) were to and from adjoining areas (Andover, Blackwater Valley, Newbury/Thatcham and Reading). these areas contributed 414 households migrating into Basingstoke town and 538 migrating out from the town, resulting in net in-migration of 124 households to Basingstoke town (or 13% of all moves to and from these areas), principally from Blackwater Valley.
- 2.90 There were also notable levels of moves to and from Bournemouth, Eastleigh, Fareham, Winchester, Portsmouth and Southampton: and net out-migration to Eastleigh and Fareham (Table 2.4).

	number / % of households moving from Basingstoke to:		number / % of households moving to Basingstoke from:		net in-migration
Andover	51	0.8%	66	1.0%	15
Basingstoke	5,677	86.6%	5,677	85.8%	0
Blackwater Valley	127	1.9%	204	3.1%	77
Newbury/Thatcham	36	0.5%	54	0.8%	18
Reading	140	2.1%	166	2.5%	26
Tadley	131	2.0%	132	2.0%	1
Bournemouth	45	0.7%	36	0.5%	-9
Eastleigh	57	0.9%	33	0.5%	-24
Fareham	36	0.5%	9	0.1%	-27
Portsmouth	51	0.8%	51	0.8%	0
Southampton	82	1.3%	90	1.4%	8
Winchester	60	0.9%	48	0.7%	-12

¹ Household movement was considered for the urban areas of: Andover, Basingstoke, Blackwater Valley, Bournemouth, Eastleigh, Fareham, Fawley, Gosport, Havant, Hazelmere, Lymington, New Milton, Newbury, Thatcham, Petersfield, Portsmouth, Reading, Southampton, Tadley, Tidworth/Ludgershall, Totton and Winchester.

Other areas	63	1.0%	54	0.8%	-9
Total	6,556	100.0%	6,620	100.0%	64

Table 2.10 Household movement within the SHMA study area, adjoining urban centres, and principal origins/destinations of movers (Source: DTZ 2007, based upon Census 2001)

2.91 Overall, the 2007 SHMA concluded that:

- Andover and Basingstoke each have localised housing markets, both with self-contained concentrations of household movement centred upon each town and a low level of household movement between them. To set this in context, 6,556 Basingstoke and Deane households moved to the destinations covered by the SHMA study and adjoining urban areas, of which 5,677 moved within the borough, a self-containment rate of 86.6% (note that self-containment is assessed as a percentage of all households moving in or around the study area, and so does not include households who moved from the borough to other areas outside the study area).
- There are a high number of household movements taking place within and across the urban area of Basingstoke town.

2.92 In summary, the 2007 DTZ SHMA established the principle that Basingstoke town (referred to as Basingstoke urban area) had a localised, self-contained, concentrated housing market and ‘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’.

THE RURAL HOUSING STUDY 2009 (BASINGSTOKE AND DEANE)

2.93 In 2009, consultants DCA published the borough’s Rural Housing Study. Housing need, and in/out migration patterns were established through a household survey, the fieldwork for which was conducted in the summer of 2009. The total sample was 12,154, 45% of resident households across the rural parishes from which there were 4,004 responses. The survey asked respondents if they had moved within the last 3 years, the area or local authority district from which they had moved; furthermore, if intending to move within the next 3 years, the area or local authority district to which they intended to move.

2.94 The Rural Housing Study covered the area outside Basingstoke town, that is, the parished area of the borough. The value of the study in respect of housing markets is that it gives an indication of internal household movement within the borough, the relationship between Basingstoke town and the area around it, and how the area around it interacts with neighbouring districts. The study therefore complements and updates the 2001 Census data examined in the 2007 DTZ Central Hampshire and New Forest SHMA and provided an interim position, based on survey responses, before the APS and 2011 Census data was published.

- 2.95 Headline results from the 2009 Rural Housing Study show two issues relating to self-containment:
- just over half (51.1%) of moves to the rural area in the previous three years had come from either Basingstoke town (8.9%) or from elsewhere in the borough (42.2%);
 - overall, 83% of households in the rural area, intending to move in the next three years and stay within the rural area wanted to stay in their existing location or parish.
- 2.96 This second point was evident across all parts of the rural area. The level of self-containment varies, as can be seen in the table below, but with a range of over 60% to 100%, this demonstrates a significant degree of self-containment in the rural area. Overall there was 83% self-containment, that is, potentially, 83% of supply and demand will be internally generated (Table 2.5).

	percentage of households intending to move and remain in their current area	number of households intending to move and including within their choice their current area ²	total number of households intending to move within the rural area
South East	90.4%	103	114
East	69.4%	236	340
North East	70.9%	141	199
North and Tadley	87.0%	440	506
North and Kingsclere	93.1%	135	145
North West	100.0%	136	136
South West	96.3%	261	271
South and Overton	94.1%	128	136
Oakley and Deane	70.5%	134	190
North of Basingstoke town	64.9%	72	111
Overall total	83.2%	1,786	2,148

Table 2.11 Internal household movement between rural areas: parish clusters within Basingstoke and Deane (Source: DCA Rural Housing Study 2009³).

- 2.97 The Rural Housing Study survey found that 19.9% of respondents had moved in the last three years. If taken as representative of the whole rural area this would indicate 5,405 household moves into the rural area. Respondents were then asked where they had moved from; 97.7% of households who had moved in the last three years (5,280 implied) answered this question as seen in the table below.

² Households made an average of 1.7 choices each.

³ The headings in this table refer to a geography used in the RHS, grouping certain parishes in the rural area together. The parish groupings can be found in the References section at the back of this report.

Moved from	in-migrants: households who moved in the last 3 years	
	number	%
Basingstoke town	468	8.9%
Elsewhere in Basingstoke and Deane Borough	2,230	42.2%
Elsewhere in the South East	663	12.6%
Elsewhere in the UK	662	12.4%
Newbury	350	6.6%
Greater London	276	5.2%
Reading	220	4.2%
Fleet / Farnborough	93	1.8%
Abroad	88	1.7%
Winchester	73	1.4%
Andover	61	1.2%
Wokingham	43	0.8%
Camberley	36	0.7%
Swindon	17	0.3%
Total	5,280	100.0%

Table 2.12 Percentage of in-migrants (Source: DCA Rural Housing Study 2009)

- 2.98 The findings of this study support the conclusion that Basingstoke and Deane has a high level of self-containment. This therefore also supports the decision to undertake a SHMA based on the borough boundary, whilst taking into full account migration and travel to work patterns.

3.0 THE SOCIO-ECONOMIC CONTEXT

Summary

Local Population

- The 2011 census recorded that the borough had 168,000 residents. 60% of the population live in Basingstoke town and the surrounding areas.
- Over the preceding ten years, the population had increased by 10% - faster than any surrounding local authority.
- Basingstoke and Deane has a greater proportion of children (up to 15 yrs) and late-middle aged adults than the rest of the UK, but a lower proportion of young adults and older people. However, the population is ageing, and in the 10 years to 2011, the proportion of older people in the borough increased.

Local Economy and Labour Market

- The borough has a strong local economy. It has a lower unemployment rate than the south east region and a relatively high economic activity rate compared to neighbouring authorities. People who live in the borough and work in the borough earn more than the regional average.

Tenure by age, ethnicity and economic activity

- Levels of owner occupation (with/without a mortgage) are highest in the older age groups and white/british households. There is a higher proportion of younger households in the private rented sector, and a higher proportion of unemployed residents in social housing.

Social welfare

- The number of claimants of job seekers allowance, working age benefits and housing benefit have all decreased over recent years.
- The proportion of residents claiming working age benefits are below the South East average.

3.1 This chapter considers key features of the local population and the local economy and how this may be changing. Recent years have seen various, often rapid, changes, as population movements, demographic change and economic volatility work their way into local housing market transactions.

3.2 It helps to provide an understanding of the drivers that are underpinning the housing market. In particular longer term trends have been considered to form the basis for what could occur in the future housing market.

3A THE LOCAL POPULATION

- 3.3 This section of the report considers the main characteristics of the local population and how these are changing.
- 3.4 Table 3.1 below summarises the total population for the borough based on results from the 2001 and 2011 UK Census of Population. Basingstoke and Deane's population has increased more compared to surrounding authorities.

Local Authority	Persons			% population change
	Population 2001	Population 2011	Population change	
Basingstoke & Deane	152,573	167,999	15,426	10
East Hampshire	109,274	115,608	6,334	6
Hart	83,505	91,033	7,528	9
Rushmoor	90,987	93,807	2,820	3
Test Valley	109,801	116,398	6,597	6
Winchester	107,222	116,595	9,373	9
West Berks	144,483	153,822	9,339	6
Wokingham	150,229	154,380	4,151	3
Reading	143,096	155,698	12,602	9

Table 3.1 Population change by Local Authority (Source: 2001 and 2011 Censuses)

- 3.5 Basingstoke and Deane's population increased by 15,426 over the 10 year period 2001-11 to a total of 167,999 people, representing an increase of 10%. The total number of households in Basingstoke and Deane increased by 7,593 over the 10-year period, representing a 12% increase (Table 3.2).
- 3.6 Household size has remained constant over the period 2001-11 at 2.4 and this is similar to neighbouring authorities.

Local Authority	Households			% change	Average household size 2011
	2001	2011	change		
Basingstoke & Deane	61,722	69,315	7,593	12	2.4
East Hampshire	43,625	47,258	3,633	8	2.4
Hart	32,470	35,510	3,040	9	2.5
Rushmoor	35,263	36,344	1,081	3	2.5
Test Valley	44,134	47,626	3,492	8	2.4
Winchester	43,132	46,865	3,733	9	2.4
West Berks	57,360	62,340	4,980	9	2.4
Wokingham	57,272	60,332	3,060	5	2.5
Reading	57,877	62,869	4,992	9	2.4

Table 3.2 Households by Local Authority (Source: 2001 and 2011 Censuses)

HOUSEHOLD SIZE

- 3.7 Average household size has fallen in the borough between the two Census years of 2001 and 2011 from 2.45 to 2.40. There has been a similar decline at county level. The Census does not identify at what point over the period this change occurred but the on-going effect of a reduction, or otherwise, is accounted for through the demographic forecasting undertaken by Edge Analytics (Section 6.2).

Average household size Basingstoke and Deane with county, regional and national averages	2001 Census	2011 Census
Basingstoke and Deane	2.45	2.40
Hampshire	2.42	2.38
South East	2.38	2.38
England	2.36	2.36
England and Wales	2.36	2.36

Table 3.3 Average household size (Source 2001 and 2011 Censuses)

AGE PROFILE

- 3.8 Figure 3.1 shows a comparison of the age structure for the population in Basingstoke and Deane against England while Figure 3.2 compares the change for Basingstoke and Deane between 2001 and 2011 Census.

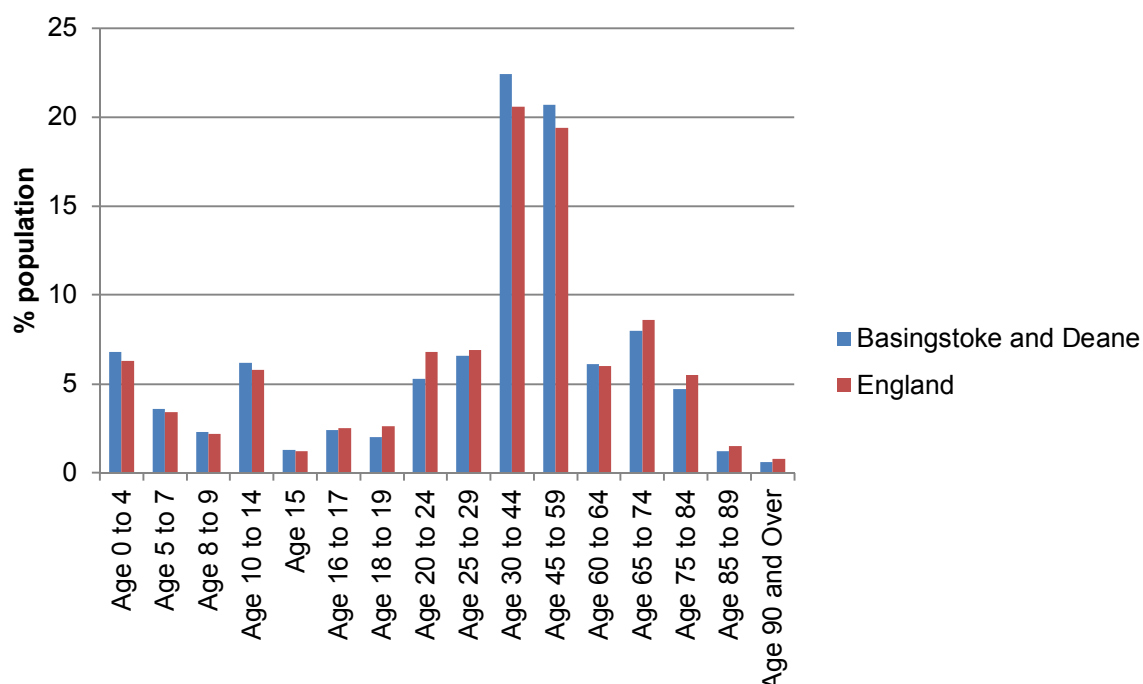


Figure 3.1 Age Profiles for Basingstoke and Deane compared with England (Source: Census 2011)

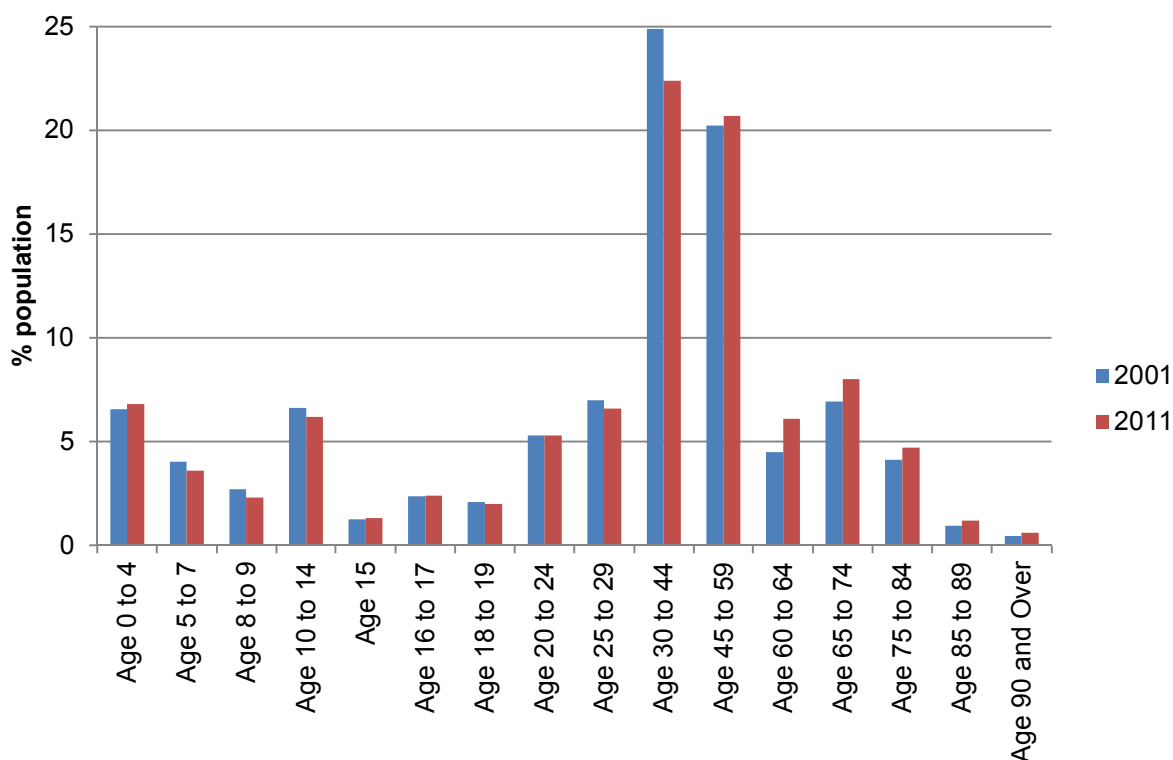


Figure 3.2 Age Profiles for Basingstoke and Deane 2001 and 2011 comparison
(Source: 2001 and 2011 Censuses)

3.9 In summary, the age profile of the population has changed as follows:

Children

- The borough has a higher number of children relative to England in all cohorts below 14 years
- Pre-school and pre-teen children have reduced in Basingstoke and Deane between 2001-11

Young Adults

- The borough has a lower number relative to England both for 16-17 year olds, 18-19 year olds and 20-24 year olds
- There has been limited change in the 16-17 and 20-24 year cohort and a slight decline in the 18-19 year cohort between 2001 and 2011

Adults

- Basingstoke and Deane has lower numbers of adults aged 20-29 but higher numbers of adults aged 30-44 and 45-59, relative to England. Between 2001 and 2011 the same cohorts, relative size has fallen in Basingstoke and Deane.
- Basingstoke and Deane has slightly higher numbers of adults aged 60-64 relative to England

Older People

- From the 65-74 cohort, Basingstoke and Deane has lower numbers of Older People relative to England in every cohort

- Basingstoke and Deane has seen an increase in younger old people (those aged 60-74) between 2001 and 2011. Those aged over 80 have increased in the same period

MINORITY ETHNIC GROUPS

- 3.10 The number of people from a minority ethnic group has increased between 2001 and 2011 to approximately 12%, although this is still lower when compared with the average for England. The Asian population has increased from 1% to 4% and White Other from 3.5% to 4.7%.

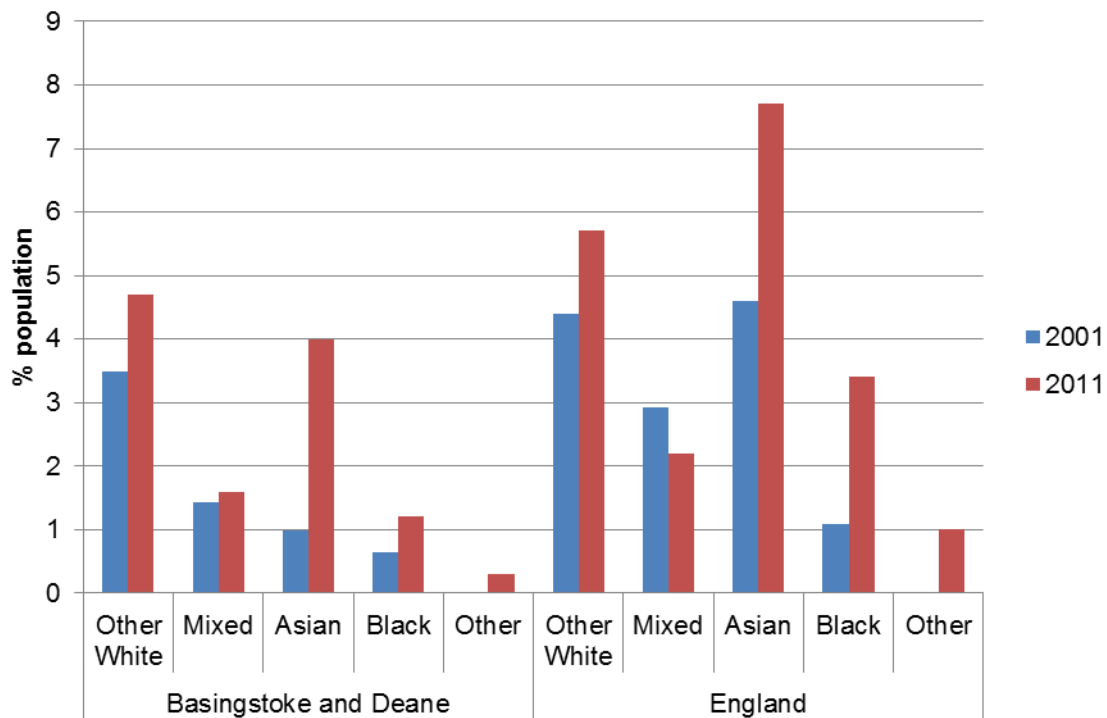


Figure 3.3 Proportion of Population by Minority Ethnic Group (Source: 2001 and 2011 Census)

INTERNATIONAL MIGRANT WORKERS

- 3.11 At the time of the 2001 Census, the population of Basingstoke and Deane was predominately born in the UK. However, since then, data shows increases in migrant workers moving to the area and this appears to be reflected in the overall growth in the population.

- 3.12 New national insurance registration numbers issued to workers provides data showing the location of migrant workers. Table 3.3 shows the number of new National Insurance numbers to non-UK nationals issued between 2002 and 2014 for Basingstoke and Deane. These highlight a growth in the number of migrants to the borough after 2004 when migration rules from Eastern Europe were relaxed (these are gross numbers based upon the point of first arrival in the UK rather than the final settled location).

NINO Allocations by Financial Year	Basingstoke and Deane
2002/3	582
2003/4	672
2004/5	698
2005/6	1,237
2006/7	1,588
2007/8	1,586
2008/9	1,302
2009/10	781
2010/11	1,241
2011/12	1,035
2012/13	956
2013/14	1,097
2014/15 (April-December only)	1,003

Table 3.4 New national insurance registrations of non UK nationals in by local authority (Source: DWP)

- 3.13 Figure 3.4 shows that in Basingstoke and Deane borough, between 2002 and 2011, the vast majority of all new National Insurance registrations were issued to Europeans (particularly Poland). Other non-UK migrants came from China and India.

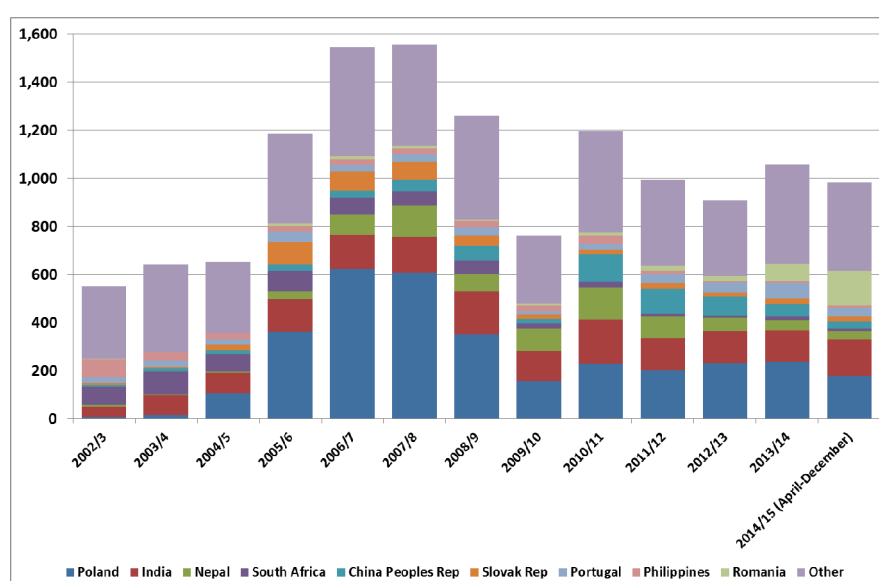


Figure 3.4 New National Insurance Registrations of Non UK Nationals in Basingstoke and Deane 2002-2011 by Country of Origin (Source: DWP)

Note: Figures relate only to employees who have received new National Insurance numbers and do not include any of their dependents. New NI numbers are issued to individuals, not jobs, so they will be issued to address of residence, not workplace. Figures exclude those leaving the UK.

3B THE LOCAL ECONOMY AND THE LABOUR MARKET

LOCAL EMPLOYMENT

- 3.14 There are around 81,900 employee jobs in Basingstoke and Deane in 2013. The profile of jobs, industry sectors, sectoral change and economic growth is covered fully in the Employment Land Review 2015. In recent years and during a time of economic stagnation the borough has seen more of a plateauing of the number of jobs.
- 3.15 Table 3.4 shows the change in those economically active over the last 10 years. The economically active population has increased overall (+17,490; +20.6%); although this has been driven by a rise in part time and self-employed working.
- 3.15 There has been a slight increase in the economically inactive population in Basingstoke and Deane (+1,599; +6%). The key group witnessing a change are those who are retired: the number of retired people has increased by +3,009 (24%). There has been a reduction in those looking after home or family (-1,789).

Population aged 16-74		Year		Change
		2001	2011	
Economically active	Part-Time	13555	16506	2951
	Full-Time	57017	59049	2032
	Self-Employed	9532	19481	9949
	Unemployed	2199	3999	1800
	Full-Time Student	2696	3454	758
	Total Economically Active	84999	94800	17490
Economically inactive	Retired	12452	15461	3009
	Student (including Full-Time Students)	2457	3345	888
	Looking After Home or Family	6709	4920	-1789
	Long-Term Sick or Disabled	3080	2998	-82
	Other	2146	1719	-427
	Total Economically Inactive	26844	28443	1599

Table 3.5 Economic Activity/Inactivity in Basingstoke and Deane (Source: UK Census of Population 2001 and 2011)

- 3.16 The most up to date data identifies that 83.2% of the working age population is economically active and 79.9% employed. This is consistently higher than the South East average and around the Hampshire average. The economic activity rate remained high even during the economic downturn. Both rates are higher than in Reading, Rushmoor, Test Valley and Winchester. Note that the Annual Population Survey on which the data is based expresses the number of people aged 16-64 who are economically active or employed. The Census, and the rates on which the Edge Analytics forecasts are based, use economic activity rates across the 16-74 population (and so can take account of increases in retirement age in the future).

Economic activity rate % aged 16-64	Jan 2005-Dec 2005	Jan 2006-Dec 2006	Jan 2007-Dec 2007	Jan 2008-Dec 2008	Jan 2009-Dec 2009	Jan 2010-Dec 2010	Jan 2011-Dec 2011	Jan 2012-Dec 2012	Jan 2013-Dec 2013	Jan 2014-Dec 2014
Basingstoke and Deane	84.6	86.9	83.0	83.5	80.9	81.1	82.7	84.9	84.6	83.2
East Hampshire	82.7	81.5	76.5	77.9	76.8	78.8	81.6	85.4	84.6	77.6
Hart	82.1	88.6	85.6	87.4	87.5	79.0	81.6	82.5	81.5	80.1
Reading	79.7	81.9	79.7	80.5	81.0	76.3	78.7	76.8	78.0	77.5
Rushmoor	84.2	87.7	83.8	82.1	89.8	81.5	84.6	78.4	74.1	85.8
Test Valley	82.2	84.7	88.1	84.4	80.0	85.6	78.1	77.1	80.2	82.8
West Berkshire	83.6	84.4	84.5	85.4	84.2	84.9	81.1	82.3	84.3	84.7
Winchester	81.7	83.4	83.9	82.7	78.5	80.9	79.8	80.8	80.0	85.4
Wokingham	82.4	82.4	83.9	81.3	81.5	82.3	80.1	83.2	82.4	80.8
Hampshire	81.9	82.8	82.0	81.4	82.5	81.4	80.0	80.9	81.0	82.0
South East	80.4	80.4	80.1	80.2	79.9	79.4	79.1	79.6	80.0	79.7

Table 3.6 Economic activity rate 16-64 (Source: Nomis)

Employment rate % aged 16-64	Jan 2005-Dec 2005	Jan 2006-Dec 2006	Jan 2007-Dec 2007	Jan 2008-Dec 2008	Jan 2009-Dec 2009	Jan 2010-Dec 2010	Jan 2011-Dec 2011	Jan 2012-Dec 2012	Jan 2013-Dec 2013	Jan 2014-Dec 2014
Basingstoke and Deane	81.9	83.8	79.7	79.6	75.5	76.6	78.0	80.4	80.7	79.9
East Hampshire	81.4	78.4	74.6	76.0	76.8	75.5	76.1	82.0	80.4	75.3
Hart	79.5	86.8	83.0	86.0	82.7	74.4	78.5	78.2	78.8	78.1
Reading	76.0	78.4	76.4	76.2	75.2	71.9	74.1	73.3	73.9	73.8
Rushmoor	80.9	83.6	80.0	77.8	86.0	77.5	77.3	71.9	71.4	81.0
Test Valley	80.6	82.4	85.8	83.2	77.5	82.5	74.9	74.8	77.6	78.3
West Berkshire	80.8	81.4	82.5	82.4	79.7	81.8	77.8	78.3	80.9	82.2
Winchester	79.9	81.1	81.1	80.3	74.2	75.0	75.3	77.0	76.0	85.4
Wokingham	80.0	79.2	82.0	78.4	76.7	79.0	76.3	80.1	79.5	77.9
Hampshire	79.5	80.0	79.4	78.5	78.5	76.5	75.4	76.8	76.9	79.5
South East	77.4	76.8	76.7	76.6	75.1	74.6	74.2	74.7	75.4	75.8

Table 3.7 Employment rate 16-64 (Source: Nomis)

- 3.17 The following figure shows a long-term rise in the unemployment rate in Basingstoke and Deane and across the whole of England. However data from recent years (2009 onwards) reflects the wider national economy: employment has improving and unemployment reducing from 2012/13.

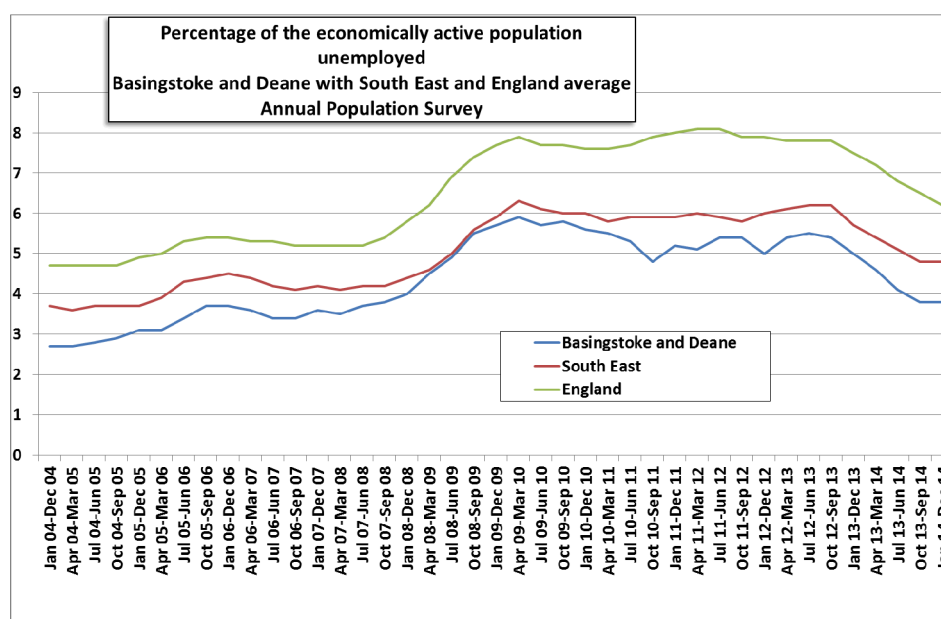


Figure 3.5 Unemployment Rate for Working Age Population for Basingstoke and Deane: 2004-2013 (Source: DWP)

- 3.18 Employment Support Allowance (ESA) offers financial support for people who are ill or disabled and personalized help into work if they are able to. Figure 3.8 shows that Basingstoke and Deane has lower numbers on ESA and Incapacity Benefit (IB) than England.
- 3.19 Since 2006 the number of ESA and IB claimants has been rising at a steady rate, although claimant levels are still lower than England.

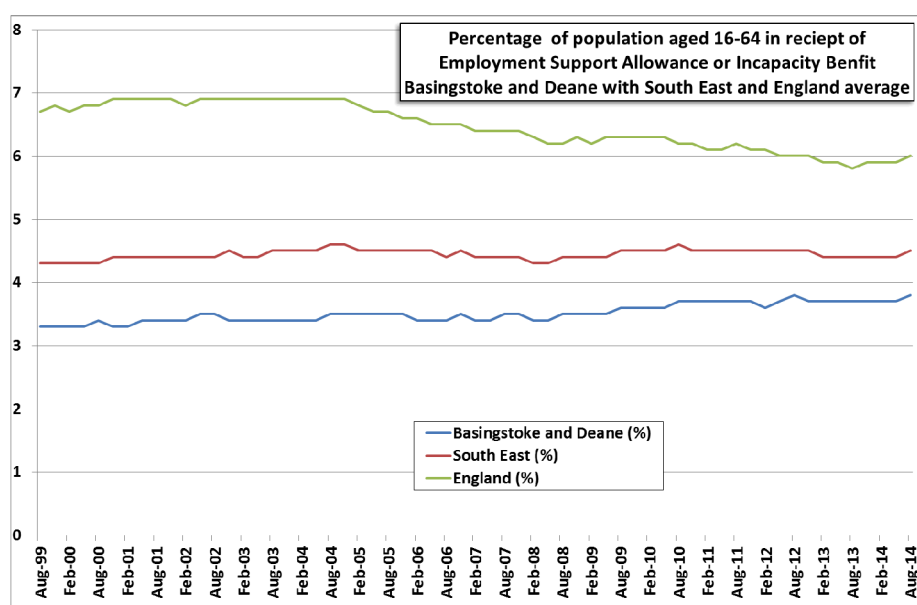


Figure 3.6 Incapacity Benefit Claims by Working Age persons in Basingstoke and Deane 1999-2012 (Source: DWP. Note: Data relates to August of each year)

OCCUPATION

- 3.20 The Basingstoke and Deane's occupation profile shows how the area has seen growth in professional occupations (up 7.07%). There has been a decrease in those in Managerial positions (down 6.05%). This may reflect the increasing numbers in self-employment (shown previously in Table 3.5) and wider national trends in how people work.

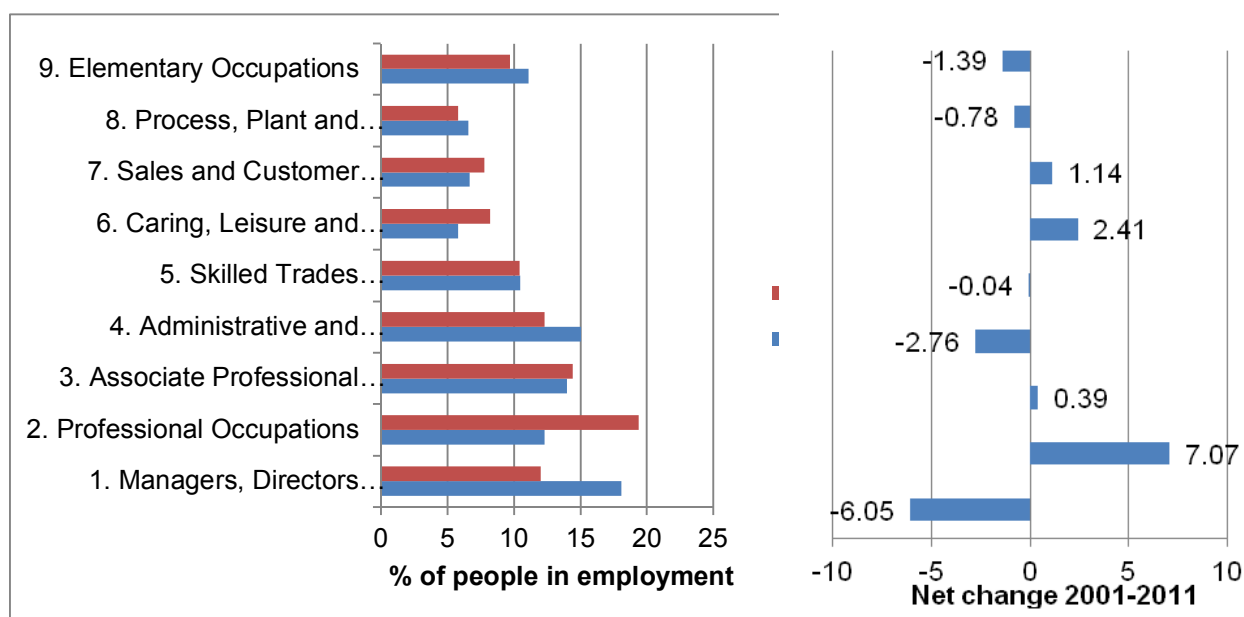


Figure 3.7 Occupation profile of Basingstoke and Deane Borough (2001 in blue and 2011 in red) (Source: 2001 and 2011 Censuses)

- 3.21 The following figure shows the proportion of employees resident in the borough by industry compared to the wider South East and England. Overall, Basingstoke and Deane has a relatively diverse local economy with a particular strength in the information and communication sector.

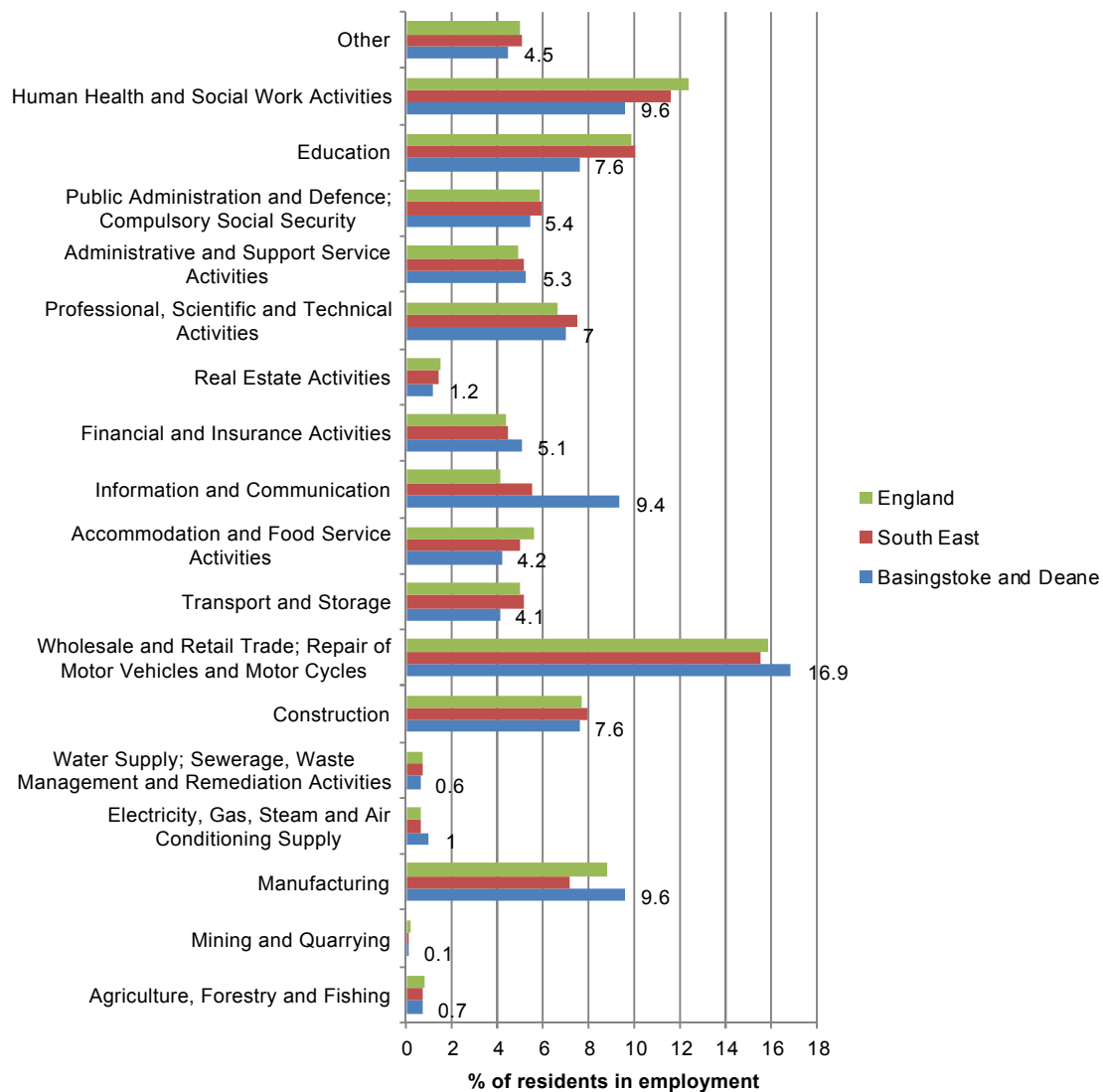


Figure 3.8 Proportion of Employees by Industry 2011 (Source: UK Census of Population 2011)

EARNINGS AND INCOME

3.22 To understand the level of income in the borough the earnings levels of people who live in the borough (residence based earnings) and those people who work in the borough (workplace based earnings) can be used. Given that some residents commute out of the borough to work and some of the borough's workers commute in, these earnings levels are not necessarily the same.

- 3.23 The Annual Survey of Hours and Earnings (ASHE) record both measures for all local authorities and although the data is survey based and can fluctuate year on year, particularly at local level, the data can indicate how earnings change over time. Table 3.7 shows the comparisons for median and lower quartile gross weekly and annual earnings for 2014.

2014 Weekly / annual full time employee earnings (ASHE)	weekly		annual	
	Median	Lower quartile	Median	Lower quartile
Basingstoke and Deane				
by residence	£627.1	£433.4	£32,609	£22,537
by workplace	£588.6	£421.9	£30,607	£21,939
South East				
by residence	£567.0	£400.0	£29,484	£20,800
by workplace	£541.4	£386.2	£28,153	£20,082
England				
by residence	£523.6	£373.0	£27,227	£19,396
by workplace	£523.3	£372.4	£27,212	£19,365

Table 3.8 Median Gross Annual Earnings for Employees and Residents Basingstoke and Deane, by All Employees and Full-time Employees (Source: ASHE 2014)

- 3.24 The average (median) full time weekly salary for individuals living in Basingstoke and Deane is around £627 a week (about £32,600 per annum). This is higher than the South East and England average. Earnings of those who work in the borough are also higher than regionally and nationally.
- 3.25 Compared to the surrounding authorities, the borough is placed mid-way, with average earnings levels similar to those in West Berkshire.

2014	median				lower quartile			
	Residence based		workplace based		Residence based		workplace based	
	weekly	annual	weekly	annual	weekly	annual	weekly	annual
Basingstoke and Deane	£627	£32,609	£589	£30,607	£433	£22,537	£422	£21,939
East Hampshire	£556	£28,902	£469	£24,378	£423	£22,012	£375	£19,484
Hart	£658	£34,200	£561	£29,188	£471	£24,466	£410	£21,336
Reading	£575	£29,874	£565	£29,354	£409	£21,289	£415	£21,554
Rushmoor	£542	£28,174	£649	£33,764	£402	£20,904	£438	£22,776
Test Valley	£529	£27,482	£515	£26,785	£379	£19,703	£373	£19,417
West Berkshire	£595	£30,961	£625	£32,516	£417	£21,663	£423	£22,017
Winchester	£614	£31,912	£583	£30,300	£479	£24,913	£392	£20,368
Wokingham	£657	£34,143	£656	£34,128	£425	£22,090	£422	£21,934
Hampshire	£565	£29,401	£537	£27,945	£400	£20,790	£386	£20,088
England	£524	£27,227	£523	£27,212	£373	£19,396	£372	£19,365
Great Britain	£521	£27,082	£520	£27,050	£371	£19,313	£371	£19,276

2014	median				lower quartile			
	Residence based		workplace based		Residence based		workplace based	
	weekly	annual	weekly	annual	weekly	annual	weekly	annual
South East	£567	£29,484	£541	£28,153	£400	£20,800	£386	£20,082

Table 3.9 Residence-based and workplace-based earnings

3.26 From 2002 to 2014 lower quartile earnings have not increased as rapidly as median earnings, either in percentage or absolute terms. This means there is a widening gap between average earnings and lower levels of pay: both are increasing but at different rates. The graph below shows how the gap is widening, although this is also occurring at a regional level as the comparison with the South East average and lower quartile earnings shows.

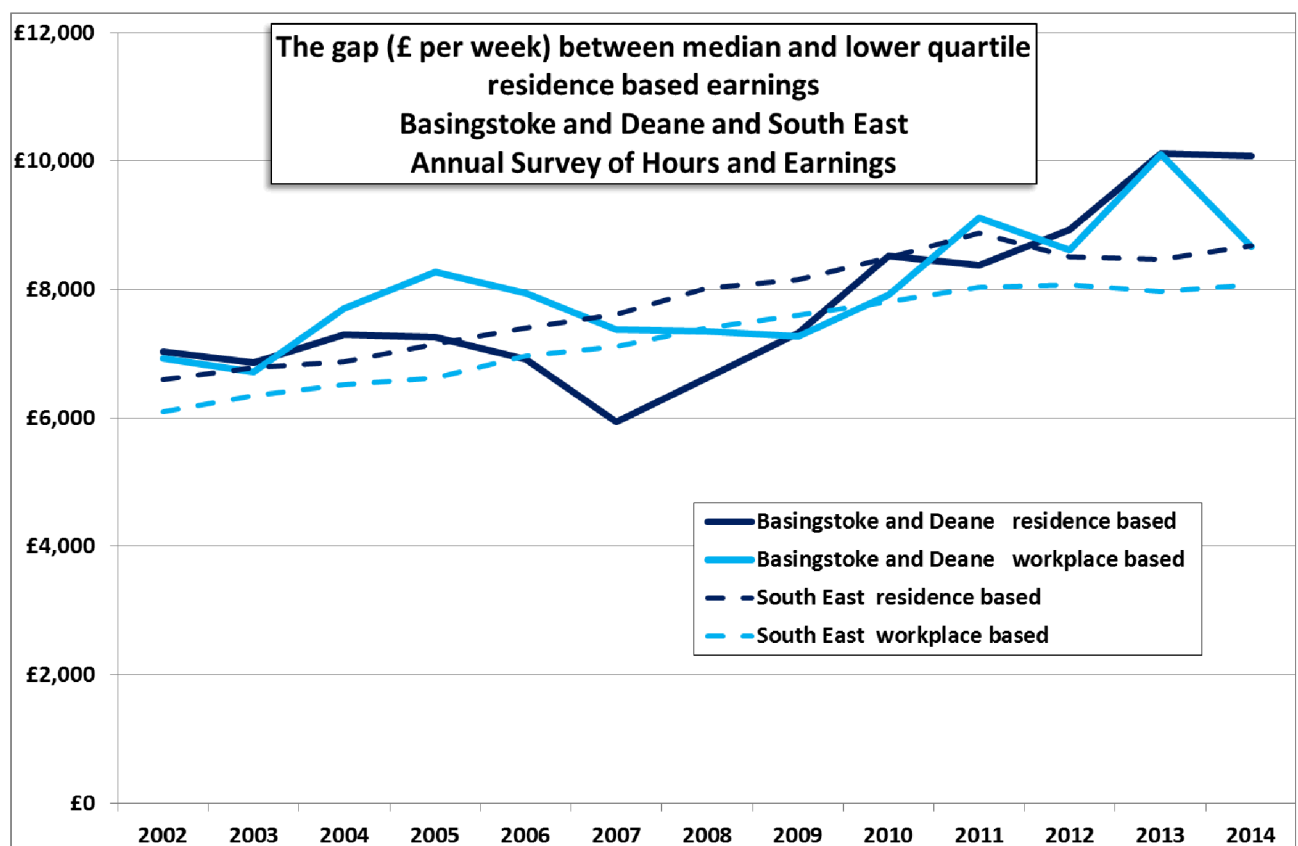


Figure 3.9 The gap between median and lower quartile residence based earnings
(Source: ASHE)

3.27 ASHE can be used as a guide to assessing housing affordability through the CLG house price to income ratio (lower quartile and median), and more detailed affordability modelling, all of which is considered in Chapter 6. However, ASHE relates to individual earnings rather than full household incomes.

3.28 At local authority level, lower quartile and average annual household incomes are available from CACI Paycheck data. This shows that incomes for the general population are similar when comparing the borough to neighbouring districts.

Household incomes (CACI) Basingstoke and Deane and neighbouring districts 2014	Lower quartile	Median
	2014	2014
Wokingham	£26,048	£46,080
Hart	£26,230	£46,026
West Berkshire	£21,657	£39,728
Winchester	£20,359	£38,407
Basingstoke and Deane	£20,768	£38,406
East Hampshire	£20,368	£37,644
Test Valley	£19,114	£35,619
Rushmoor	£18,616	£34,294
Reading	£17,762	£33,141
Great Britain	£15,111	£28,465

Table 3.10 Annual household incomes, Basingstoke and Deane and immediate neighbouring authorities (Source: CACI "Paycheck" 2014)

- 3.29 A comparison between the household income profiles from ASHE (earnings data), of the general Basingstoke and Deane population (from CACI) and the households on Basingstoke and Deane Borough Council's Housing Register, shows very marked differences. Household incomes of the overall population are far more evenly distributed than for households on the Housing Register.

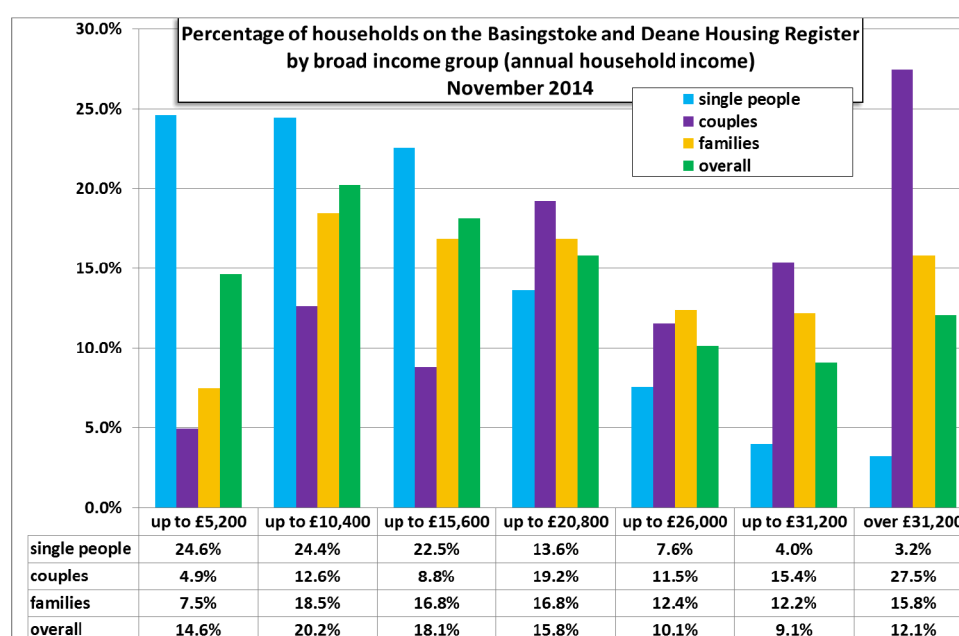


Figure 3.10 Percentage of households on the housing register by income band

- 3.30 The table below shows how all these different earnings and income levels compare, including as a comparison with the overall population, analysis of average and lower quartile income of applicants for intermediate housing such as intermediate rent and shared ownership. These benchmarks will be carried forward to the affordability modelling in Chapter 6.

Annual earnings / income of Basingstoke and Deane residents / households 2014	Source / date	lower quartile	median
All Basingstoke and Deane			
Individual earnings	ASHE 2014	£22,537	£32,609
household income	CACI Paycheck 2014	£20,768	£38,406
intermediate housing applicants			
intermediate rent	Help to Buy South 2014	£21,000	£24,000
shared ownership		£23,000	£29,500
Housing Register applicants			
single people	Basingstoke and Deane Borough Council 2014	£5,000	£10,000
couples		£15,000	£20,000
families		£10,000	£15,000
Housing Register overall		£10,000	£15,000

Table 3.11 Annual incomes of Basingstoke and Deane residents/households

3C TENURE BY AGE, ETHNICITY AND ECONOMIC ACTIVITY

TENURE BY AGE

- 3.31 There is some difference in the number of households by tenure when considering the age of the “household reference person”, or main householder. Owner occupation is the tenure for nearly 48,000 households, but the number owning with a mortgage on their property peaks at around the age 35 – 49 and, of this age group, over 61% are owner occupiers. Households aged 24 and under are more likely to be in either social housing or in the private rented sector. Of the older age groups from 75 and over, there are fewer than 2,000 in the social sector and just over 5,100 who own their homes outright. In the private rented sector (letting agency), 72% of households are in the 25 – 49 age groups.

Basingstoke and Deane 2011 Census - number of households by age by tenure	Age 24 and under	Age 25 to 34	Age 35 to 49	Age 50 to 64	Age 65 to 74	Age 75 to 84	Age 85 and over	All households by tenure
Owned outright	54	277	1,802	6,687	5,594	3,830	1,273	19,517
Owned with a mortgage or	331	4,684	13,900	8,252	793	324	93	28,377

loan or shared ownership								
RSL/Housing Association rented	757	2,094	3,895	2,604	1,256	1,117	623	12,346
Private rented: Private landlord or letting agency	637	2,750	2,625	1,056	244	113	48	7,473
Other private rented or living rent free	91	339	433	321	136	168	114	1,602
All households by age	1,870	10,144	22,655	18,920	8,023	5,552	2,151	69,315

Table 3.12 Number of households by tenure by age (Source: Census 2011)

3.32 The following two graphs show the percentage of households in each age group. This shows that the greatest percentage of younger households (aged 24 and under) tend to be in social housing but from aged 25 onwards owner occupation is the predominant tenure. The private rented sector houses nearly 30% of households aged 25 – 34. For households in older age, following outright owner occupation, the social sector provides for 16% of households aged 65 – 74, 20% of households 75 – 84 and 30% of households aged 85 and over.

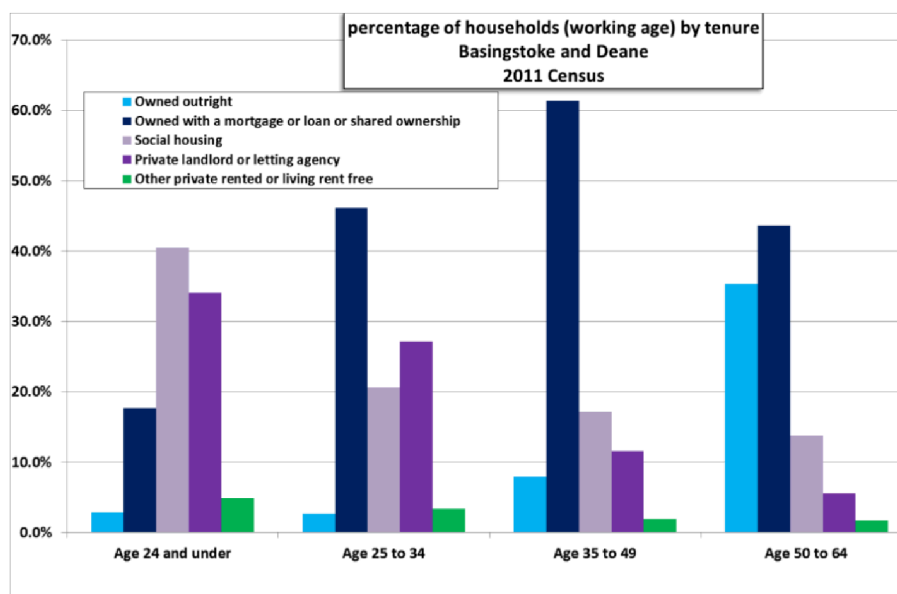


Figure 3.11 Number of households by tenure (working age) (Source: Census 2011)

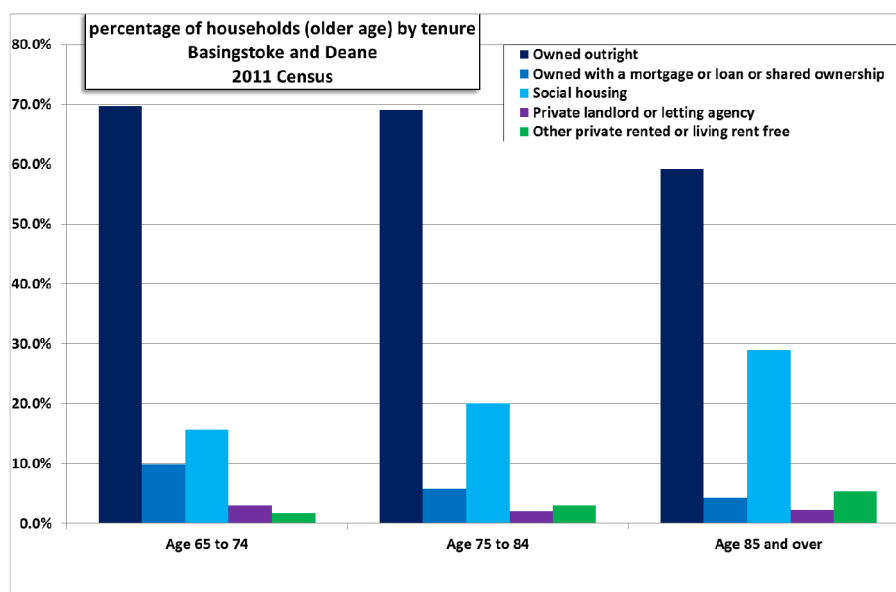


Figure 3.12 Number of households by tenure (older age) (Source: Census 2011)

- 3.33 The majority of Basingstoke and Deane's household reference persons own their home (69.1%). This is a much greater percentage than Reading (56.6%) but much lower than Wokingham (80.9%). There is wide variation by age, with only 20.6% of those aged 24 and under owning their home, compared to 79.6% for those aged 65 to 74 years. This is because the chances to become a home owner usually increase with age, as people become more financially stable. The figure of 20.6% is higher than the majority of comparator areas, (excluding Hart (21.4%) and Wokingham (22.6%)), particularly Winchester (8.4%) and Reading (9.6%), where a large percentage of the young population will be students and not yet interested in home ownership. Of all the household reference persons that own their own home, the majority (64.0%) are aged 35 to 64 years; the same trend is seen across all areas. At the other end of the scale, 0.8% of all household reference persons that own their own home are aged 24 and under, and again the same trend is seen across all areas.
- 3.34 The percentage of all household reference persons living in social rented accommodation is 17.8%, which is the highest percentage amongst the comparator areas (the lowest figure is 7.0% in Wokingham and the next highest is 16.3% in both Reading and Rushmoor). The percentage of household reference persons living in social rented housing is highest at the youngest and oldest age groups, with peaks of 40.5% for those aged 24 and under and 29.0% for those aged 85 and over. The percentages for these age groups are higher than those seen in any other area. The majority of household reference persons that socially rent are aged 35 to 64 years (52.6%), the same trend is seen across all areas except Winchester, where the figure is 47.9%. Only 5.0% of all socially renting household reference persons are aged 85 and over, which is lower than most other areas (excluding Reading at 4.0% and Rushmoor also at 5.0%).

- 3.35 In Basingstoke and Deane, 13.1% of all household reference persons private rent. This is similar to the percentage seen in most other comparator areas, except Reading which is higher at 27.1%. Those aged 24 and under are the most likely to private rent, and 38.9% of household reference persons aged 24 and under do so. In contrast, only 4.7% of those aged 65 to 74 private rents. Private renting is concentrated in the younger age groups and 75.8% of all household reference persons that are private renting are aged under 50 years. This is a much greater percentage than East Hampshire (65.9%) and much lower than Reading (86.6%). There is also variation in private tenure between the areas that do and do not have universities, 38.9% of household reference persons aged 20-24 in Basingstoke and Deane are private renting, compared to 74.8% in Reading and 71.0% in Winchester.

TENURE BY ETHNICITY

- 3.36 The following tables show the number and percentage of households by broad ethnic group by tenure.

Basingstoke and Deane Census 2011 - ethnicity by tenure (numbers)	White: English / Welsh / Scottish / Northern Irish / British	White: Other White	Mixed / multiple ethnic group	Asian / Asian British	Black / African / Caribbean / Black British	Other ethnic group	All Ethnic groups
Owned outright	18,419	633	74	294	70	27	19,517
Owned with a mortgage or loan or shared ownership	25,702	1,031	279	985	296	84	28,377
Social housing	11,343	355	185	211	235	17	12,346
Private landlord or letting agency	5,462	1,024	109	622	209	47	7,473
Other private rented or living rent free	1,382	87	15	102	11	5	1,602
All categories: Tenure	62,308	3,130	662	2,214	821	180	69,315

Table 3.13 Number of households by ethnicity by tenure (Source: Census 2011)

Basingstoke and Deane Census 2011 – ethnicity by tenure (percentages)	White: English / Welsh / Scottish / Northern Irish / British	White: Other White	Mixed / multiple ethnic group	Asian/Asian British	Black / African / Caribbean / Black British	Other ethnic group	All Ethnic groups
Owned outright	29.6	20.2	11.2	13.3	8.5	15.0	28.2
Owned with a mortgage or loan or shared ownership	41.2	32.9	42.1	44.5	36.1	46.7	40.9
Social housing	18.2	11.3	27.9	9.5	28.6	9.4	17.8
Private landlord or letting agency	8.8	32.7	16.5	28.1	25.5	26.1	10.8
Other private rented or living rent free	2.2	2.8	2.3	4.6	1.3	2.8	2.3
All categories: Tenure	100	100	100	100	100	100	100

Table 3.14 Percentage of household by ethnicity by tenure (Source: Census 2011)

- 3.37 Compared to the population of Basingstoke and Deane as a whole, a slightly larger percentage of White British household reference persons own their own home (70.8% compared to 69.1%). Household reference persons of Asian ethnicity are the next most likely to own their home at 57.8%, whilst those with Black ethnicity are the least likely (44.6%) and the only ethnicity where home ownership is less than 50 % of household reference persons. Outright home ownership is much more common amongst White British household reference persons than it is amongst other ethnic groups. This most likely reflects the older age structure of the White British ethnic group, compared to other ethnic group age structures. The vast majority of all household reference persons that own their own home are White British (92.1%).
- 3.38 A larger percentage of White British (18.2%), Mixed (27.9%) and Black (28.6%) household reference persons live in social rented accommodation than the average of 17.8%. White - Other (11.3%), Asian (9.5%) and Other (9.4%) hold the lowest percentages. White - Other includes Gypsy and Irish Travellers, of which there are 60 household reference persons, across all tenures. Out of all household reference persons that socially rent, 91.9% are White British.
- 3.39 In Basingstoke and Deane, White British household reference persons have the lowest percentages private renting (11.0%), whilst all other ethnic groups are higher (White - Other 35.5%, Mixed 18.7%, Asian 32.7%, Black 26.8%, and Other 28.9%). This most likely reflects the younger age structure of these ethnic groups. The same trend is seen across the comparator areas. Over 75.4% of all private renting household reference persons are White British.

TENURE BY ECONOMIC ACTIVITY

- 3.40 The table below shows economic activity by tenure for Basingstoke and Deane. It is not surprising that the highest proportion of full time employment is amongst those households in owner occupation. Social housing and the private rented sector are far less likely to have the main householder in full time work but social housing more likely to have a householder unemployed – although it should also be noted that in this table the unemployed households are actively seeking work. There is a higher proportion of part time workers in owner occupation that is owned outright than in social housing or in owner occupation with mortgage. The number of economically active full time students is relatively few and fairly equal proportions are in owner occupation, social housing or private rented.
- 3.41 While the percentage of full time workers in social housing is relatively small, there are nearly 4,400 households where the householder is working full time, a further 1,500 householders working part time and 700 self-employed. Similarly, there are over 5,100 householders in the private rented sector that are working full time, a further 500 part time, and 900 self-employed. Both for social housing and private rented, these numbers represent a significant proportion of stock in these sectors.

- 3.42 There are some very strong differences by tenure when profiling households that are economically inactive – that is, not actively in work or seeking work. Unsurprisingly, there is a far higher percentage of retired households in outright owner occupation than in any other tenure and there is a very low number of percentage of retired households in private rented accommodation. There is a similarly high percentage of householders long term sick or disabled in social housing than in any other tenure and a very low number and percentage in private rented tenure. Reading, Rushmoor and Winchester have a considerably higher proportion of economically active and inactive students, but in all other respects similar proportions of economic activity by tenure to Basingstoke and Deane. The table showing economic inactivity for the borough is shown in the following table.

Basingstoke and Deane 2011 Census all households aged 16 or over	Economically active										all	
	In employment: Part-time		In employment: Full-time		In employment: Self-employed		In employment: Full-time students		Unemployed			
	no	%	no	%	no	%	no	%	no	%	no	%
Owned outright	1,774	35.0%	5,196	14.0%	1,969	25.7%	21	10.3%	179	11.9%	9,140	17.7%
Owned with a mortgage or loan or shared ownership	1,250	24.6%	21,617	58.1%	3,947	51.4%	60	29.4%	270	17.9%	27,146	52.5%
Social housing	1,473	29.0%	4,374	11.8%	713	9.3%	60	29.4%	839	55.7%	7,460	14.4%
Private rented: Private landlord or letting agency	496	9.8%	5,126	13.8%	896	11.7%	57	27.9%	199	13.2%	6,775	13.1%
Private rented: Other private rented or living rent free	81	1.6%	896	2.4%	151	2.0%	6	2.9%	18	1.2%	1,152	2.2%
All categories: Tenure	5,074	100.0%	37,209	100.0%	7,676	100.0%	204	100.0%	1,505	100.0%	51,672	100.0%

Table 3.15 Economic activity by tenure (Source: Census 2011)

Basingstoke and Deane 2011 Census all households aged 16 or over	Economically inactive										all	
	Retired		Student (including full-time students)		Looking after home or family		Long-term sick or disabled		Economically inactive: Other			
	no	%	no	%	no	%	no	%	no	%	no	%
Owned outright	10,046	68.5%	23	13.8%	72	8.4%	100	7.4%	137	23.7%	10,379	58.8%
Owned with a mortgage or loan or shared ownership	958	6.5%	18	10.8%	82	9.5%	102	7.5%	67	11.6%	1,227	7.0%
Social housing	2,954	20.1%	84	50.3%	552	64.1%	1,022	75.1%	274	47.3%	4,888	27.7%
Private rented: Private landlord or letting agency	353	2.4%	33	19.8%	139	16.1%	99	7.3%	75	13.0%	699	4.0%
Private rented: Other private rented or living rent free	359	2.4%	9	5.4%	16	1.9%	37	2.7%	26	4.5%	447	2.5%
All categories: Tenure	14,670	100.0%	167	100.0%	861	100.0%	1,360	100.0%	579	100.0%	17,641	100.0%

Table 3.16 Economic inactivity by tenure (Source: Census 2011)

3D SOCIAL WELFARE

- 3.43 While the Housing Benefit and Council Tax Support caseload increased from 2006/7 to 2010/11, by March 2015 it has reduced to around 10,500 households. Most of these are Registered Social Landlord tenants (70%) and around 1,800 (17%) are tenants in the private rented sector. The increase in working age people and people in work and employment nationally is also reflected in the local caseload

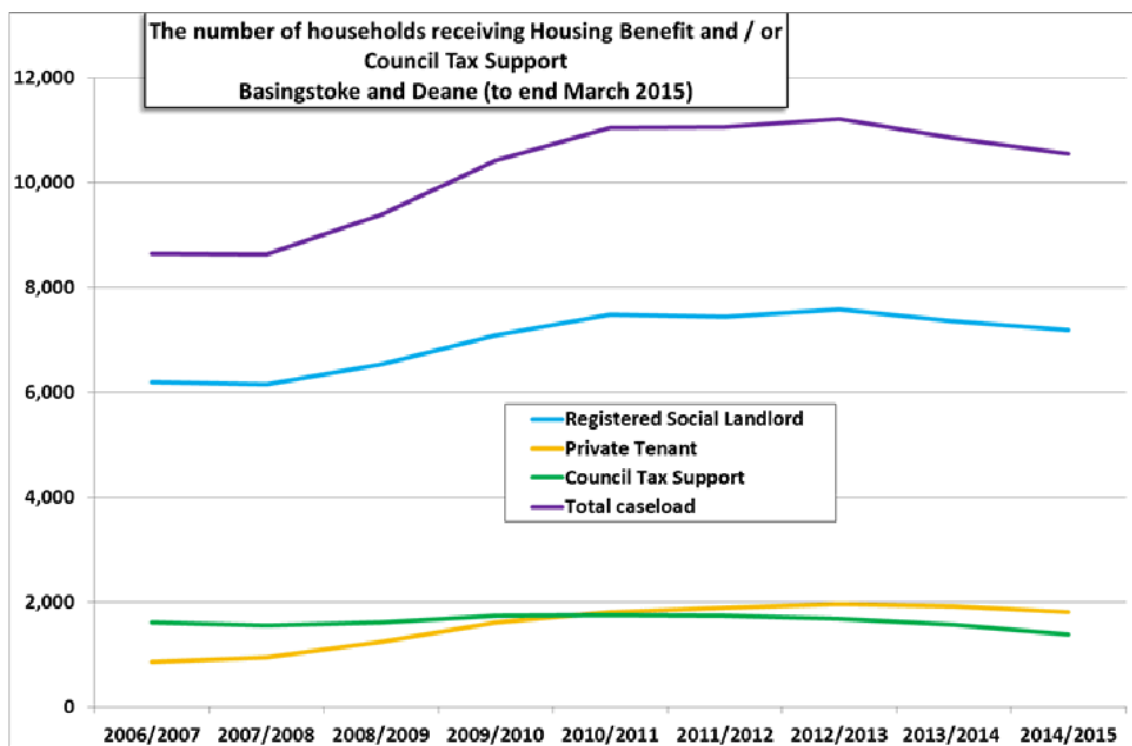


Figure 3.13 Housing and council tax benefit caseload, Basingstoke and Deane

WORKING AGE BENEFITS

- 3.44 The 2014 SHMA showed that there had been a significant increase in the number and percentage of people claiming out of work benefits between 2008 and 2009. Since then, the number and percentage of people has fallen considerably across the South East and in the borough and neighbouring districts.
- 3.45 As at August 2014, in Basingstoke and Deane, 6,350 people (5.8% of people aged 16-64) were claiming out of work benefits which includes Job Seekers Allowance (people actively seeking work), Employment Support Allowance and Incapacity Benefit, lone parents and others on income related benefits. The decrease in JSA claimants from 2009/10 and from 2012/13 is also reflected in the figures below.

- 3.46 The percentage of working age receiving benefits in Basingstoke and Deane is consistently below that of the South East (6.9%) and below that for Reading (7.9%) and Rushmoor (6.4%).

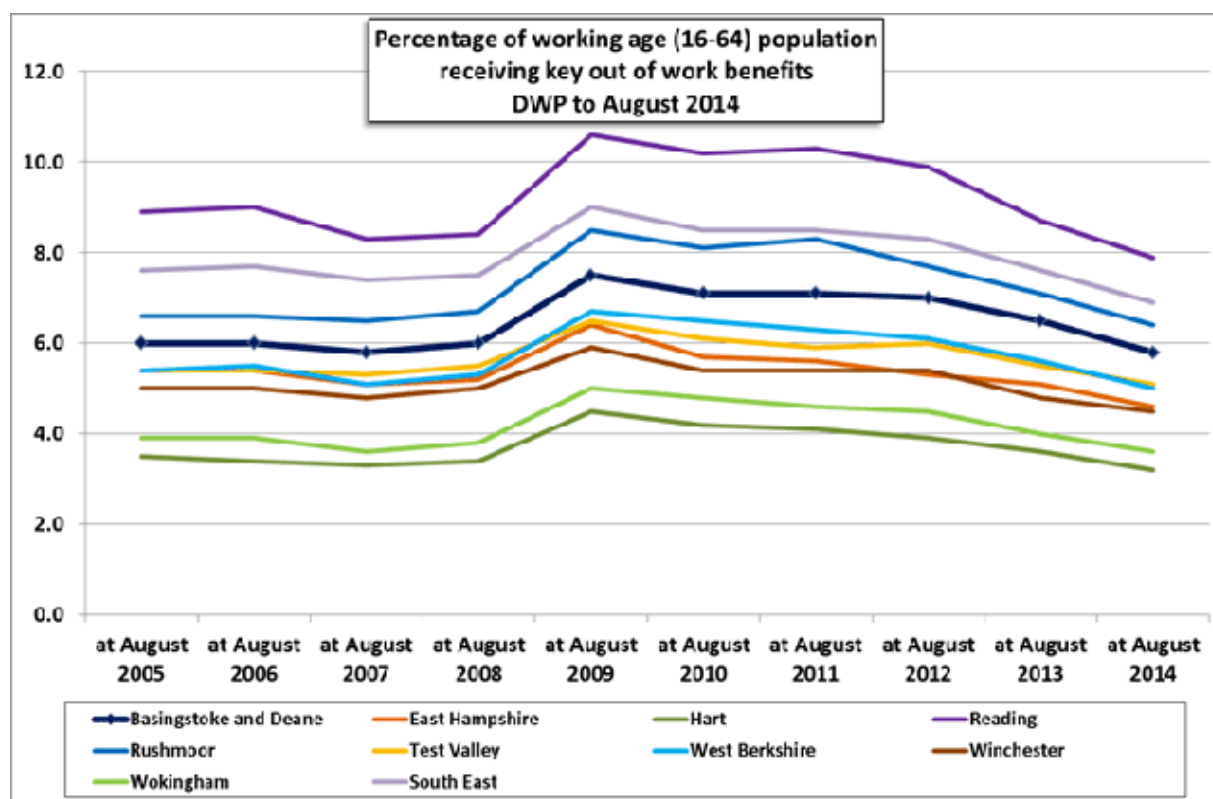


Figure 3.14: Percentage of working age population claiming key out of work benefits

MORTGAGE AND LANDLORD REPOSSESSION ACTION

- 3.47 Mortgage and landlord possession action data from the Ministry of Justice shows the number of possession claims made in the courts, possession orders and those that are suspended (where the tenant/owner occupier has made an agreement with the landlord/mortgage lender), warrants for eviction or possession, and actual possessions. At a strategic level this can reveal aspects of the housing market where householders and their landlords or mortgage lenders may be affected by, or responding to, changes in the economic climate. The pattern of possession action in Basingstoke and Deane tends to follow closely what is happening more widely at regional or national level.

- 3.48 The graph below shows overall possession action across three sectors – social housing, owner occupation and the private rented sector. This shows that following an increase in mortgage possession action up to 2009, there has been a steady decrease to 2014: in this last year there have been 89 claims in the courts, 30 orders made, 19 suspended) 53 warrants issued and 20 possessions. There has been a small decline in possession action in the private rented sector from 2011. In 2014, private landlord action of all possession types under the accelerated procedure has decreased slightly, and, overall, there were 98 claims made in the courts overall with 31 possessions.

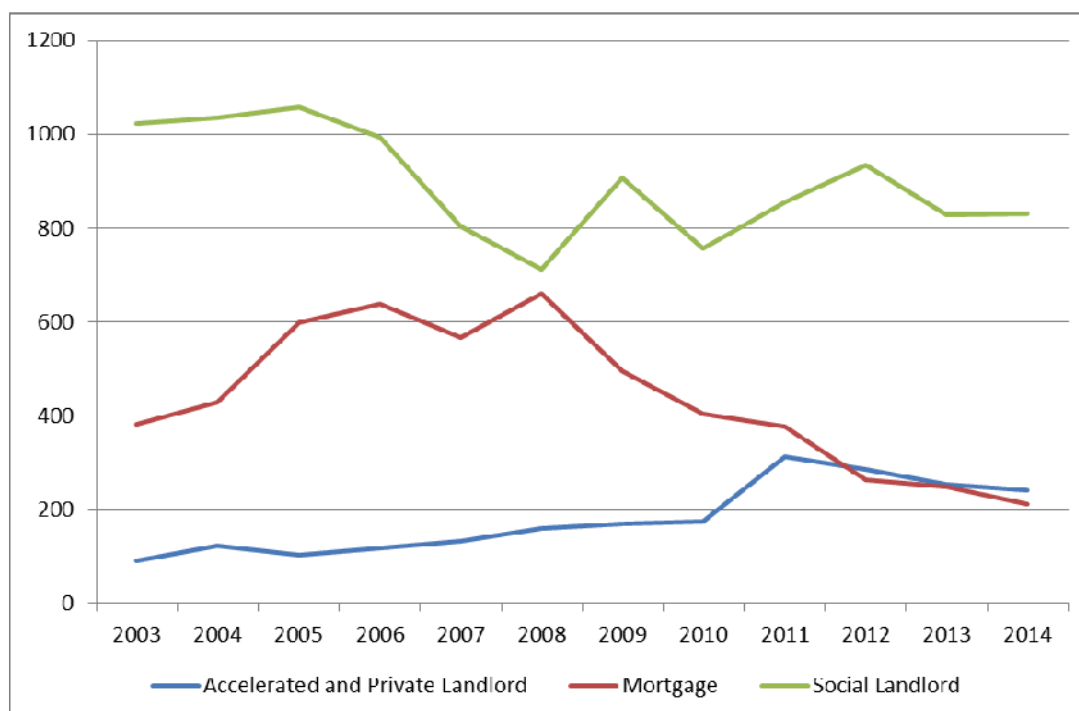


Figure 3.15 Number of possessions from social housing, owner occupation and the private rented sector in Basingstoke and Deane (Source: Ministry of Justice)

- 3.49 Action in the social rented sector remains high but it is reported to be so nationally as well as locally. In the social sector there had been a significant increase in the number of initial possession claims and orders (including suspended orders): this has contributed to an increase in the overall number of landlord cases in the courts when looking at all activity types. Basingstoke and Deane has a relatively high rate of claims and orders per 1,000 households in the social sector when compared with neighbouring districts as can be seen from the graph below.

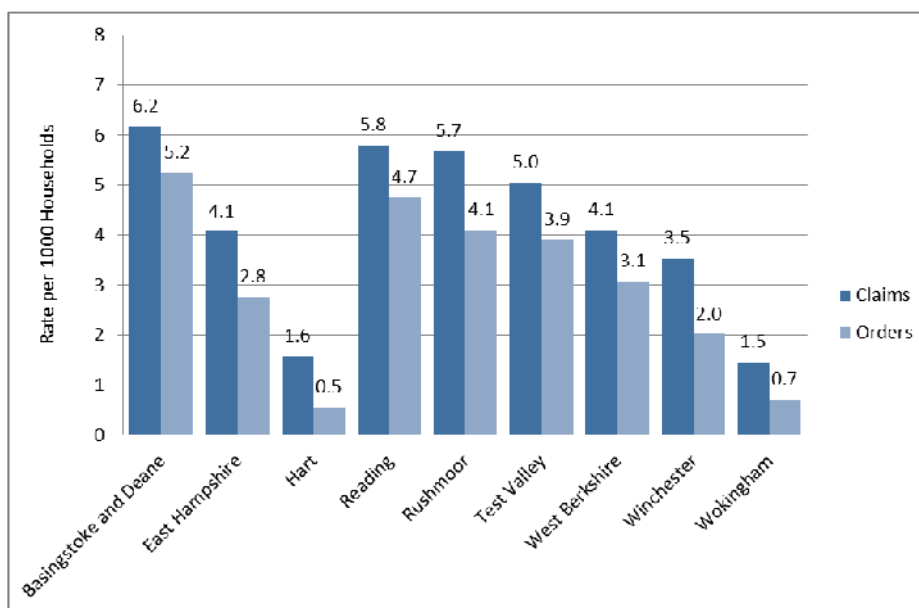


Figure 3.16 Possession claims and orders in the social sector (Source: Ministry of Justice)

- 3.50 However, this does not appear to be translating into an increasing trend in actual possessions. Not all claims will lead to possession but can be made to safeguard a landlord's interests while agreement with the tenant is reached through a suspended order. Social landlords also report that it is beneficial in the long run to take action early while the level of rent arrears is sufficiently low that a reasonable arrangement for repayment can be made. The data also shows over 230 suspended orders in 2014, conditional upon agreements being kept. Nationally, social landlords are working more closely with tenants and engaging with them through the impacts of welfare reform, liaising with tenants at an earlier stage to maximise their benefit entitlement, and preparing for Universal Credit where the housing element of the Credit will be paid directly to the tenant.

3.51 The borough's rate of mortgage possession action compared to neighbouring districts is similar to Hart, Reading and Test Valley and lower than Rushmoor.

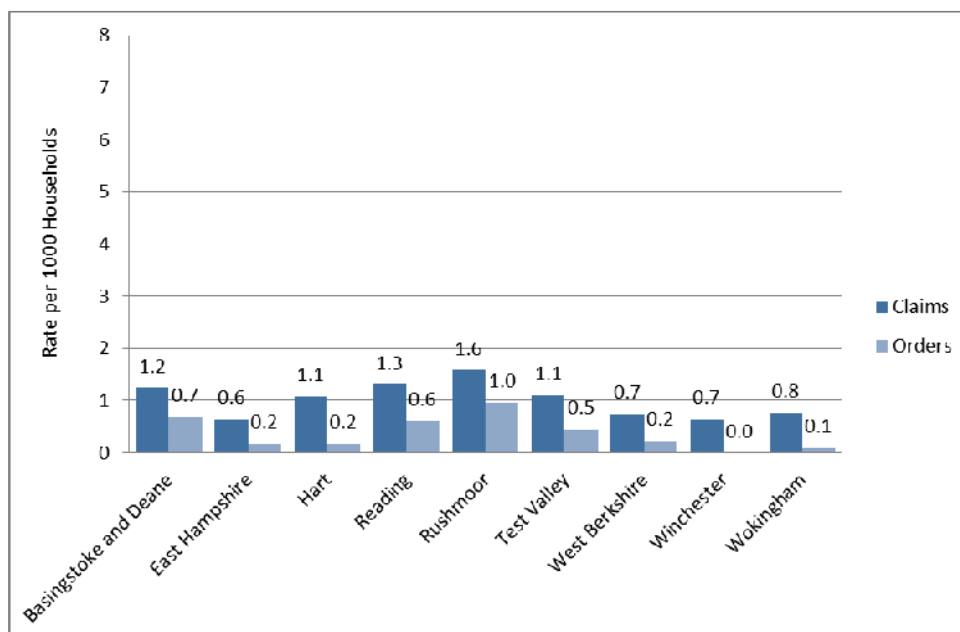


Figure 3.17 Mortgage possession action compared to neighbouring districts (Source: Ministry of Justice)

3.52 The decrease in mortgage orders could be attributed to:

- The introduction of the Mortgage Pre-Action Protocol (MPAP)⁴ in November 2008;
- Increased forbearance on the part of the banks and building societies;
- Lenders willingness to agree flexible mortgage options, for example, to switch to an interest only mortgage with lower repayment rates, to agree “mortgage holidays”, or to change or lengthen the term of the mortgage;
- Some homes bought at the height of the housing market still in negative equity meaning less likelihood of the mortgage lender recouping the full value of the mortgage even if they did gain possession.

3.53 In the future, the introduction of the Mortgage Market Review could result in less likelihood of possession action against mortgagees as the lending criteria and affordability tests are more stringent. However, job availability, the level of unsecured, or secured, debt, and welfare benefit changes will continue to be factors that can influence the level of possession action taken by landlords and mortgage lenders. At the same time, endowment mortgages taken out in the 1980s are reaching maturity.

⁴ The Protocol gives clear guidance on what the courts expect lenders and borrowers to have done prior to a claim being issued to ensure that the parties act fairly and reasonably and to encourage more pre-action contact between lender and borrower. The introduction of the MPAP coincided with a fall of around 50% in the numbers of new mortgage possession claims being issued by the courts.

4.0 HOUSING STOCK

Summary

Existing Housing Stock

- There are more than 72,000 dwellings in Basingstoke and Deane. Approximately 2/3rds of these are family homes with 3 or more bedrooms.
- Reflecting the major expansion of Basingstoke as a London overspill town, the borough's housing stock is relatively young, with a high proportion of the dwellings built since the 1960s.
- Over the previous plan period (1996-2011), approximately 820 dwellings were built in the borough each year.

Housing Tenure

- Almost 2/3rds of the borough's residents either own their home outright or own it with a mortgage.
- Between 2001-2011 the proportion of residents in private rented accommodation almost doubled. This now accounts for more than 10% of the borough's housing needs. Of these, the majority that come up for supply are smaller dwellings.

Affordable Housing Stock

- Compared to most authorities, Basingstoke has a relatively large affordable housing stock, with c. 13,000 socially rented properties (18% of the stock).
- Although still a relatively small component of the tenure mix, the number of shared ownership properties tripled from approximately 300 dwellings to approximately 1000 dwellings between 2001 and 2011.

- 4.1 This chapter considers the existing housing stock and the supply/demand dynamics of the borough to provide an understanding of the drivers that influence the housing market.

4A EXISTING HOUSING STOCK

- 4.2 A key SHMA task is to understand the current housing offer to residents, including by type, character, age, and location. The stock on offer affects choices for renters, purchasers and investors. As at 2014, there are around 72,470 dwellings in Basingstoke and Deane.

Total dwelling stock	2009	2010	2011	2012	2013	2014
Basingstoke and Deane	69,150	70,250	70,940	71,630	71,940	72,470

Table 4.1 Total dwelling stock (Source: CLG Live tables 100/122)

- 4.3 At the time of the 2011 Census, Basingstoke and Deane has a higher proportion of detached stock than the South East (28%) and the England (23%) average and a lower proportion of flats than the county (16%), region (21%) and nationally (22%). There is a considerable range of property types at ward level with the rural wards in the borough and areas such as Chineham, Kempshott and Hatch Warren and Beggarwood showing high levels of detached stock. Eastrop and other parts of Basingstoke town have higher levels of flatted stock.
- 4.4 Compared to neighbouring districts, Basingstoke and Deane has a relatively high stock of terraced properties, a lower percentage of flats than Reading and Rushmoor, and a lower percentage of detached properties than Hart, East Hampshire, Wokingham and Test Valley whose stock reflects their rural nature and higher house prices. The level of the borough's terraced stock is related older town centre dwellings, the estates on the edge of the town that built up over the years of the town centre development and in the 1980s.
- 4.5 The graph below shows that terraced housing remains the largest of the stock types in Basingstoke and Deane, followed by detached housing. In fact, semi-detached and detached housing make up over 40% of the borough's stock while flats form only 16% of overall stock.

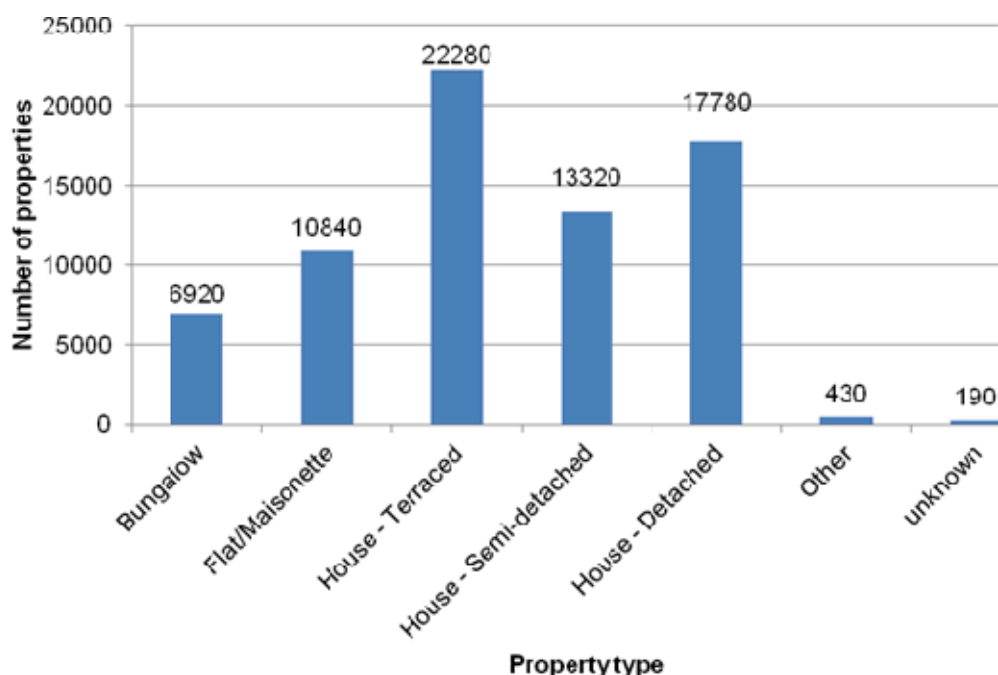


Figure 4.1 Dwelling stock by type (Source: Valuation Office Agency, September 2012)

- 4.6 The type of property available varies by ward. The pie-charts below show the percentage of properties within each property type in each ward. This rolls forward the analysis undertaken in the Neighbourhood Stock Analysis to bring it up to date with the 2011 Census.

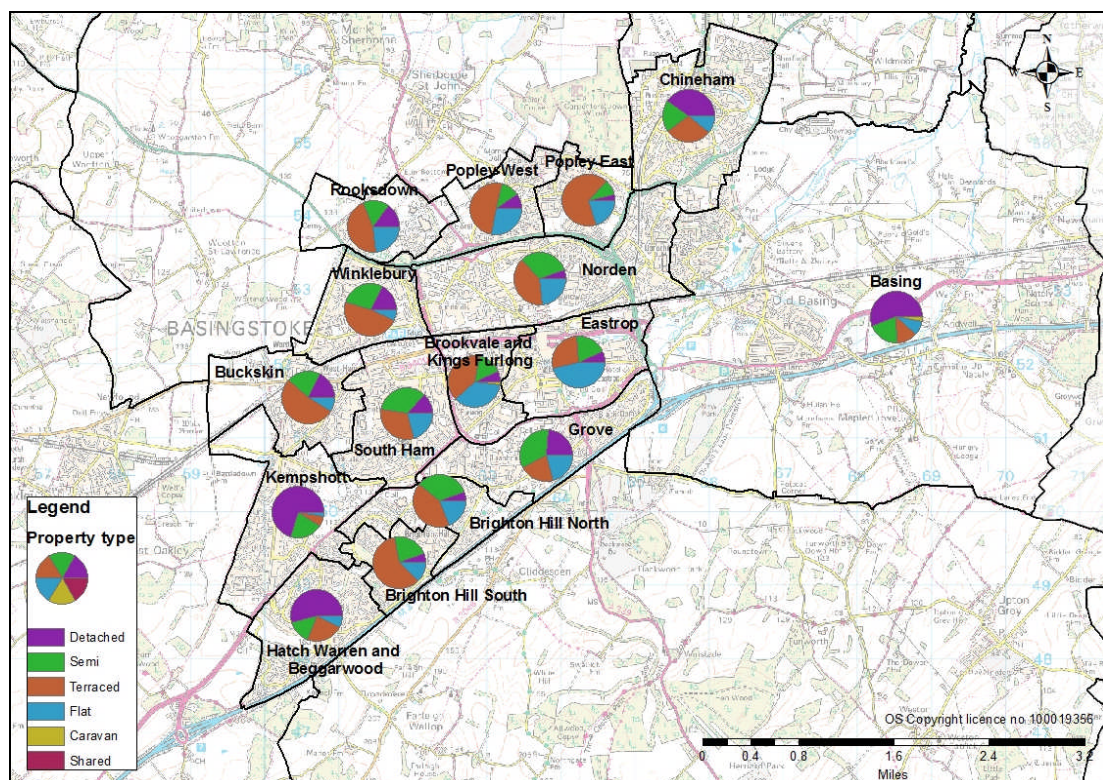
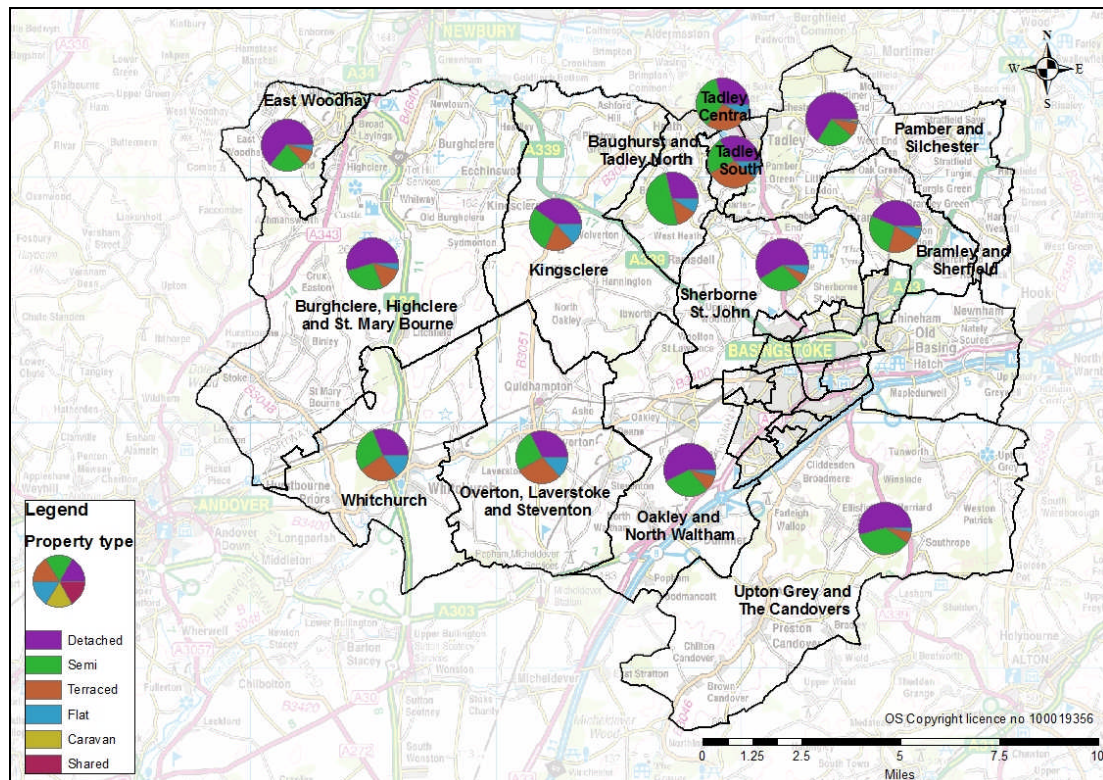


Figure 4.2 Property type by ward (Source: 2011 Census)

- 4.7 Dwelling characteristics show that bedroom sizes as a proportion of the overall stock vary. There is a spread of bedroom sizes with 3 bedrooms occurring the most frequently. Just over 2% of all dwellings is vacant and nearly 0.5% are second homes.

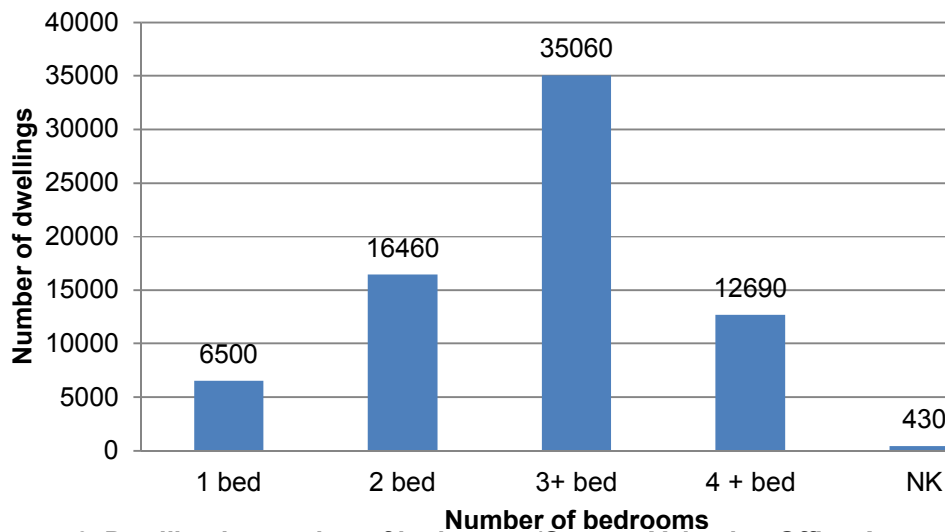


Figure 4.3 Dwelling by number of bedrooms (Source: Valuation Office Agency September 2012)

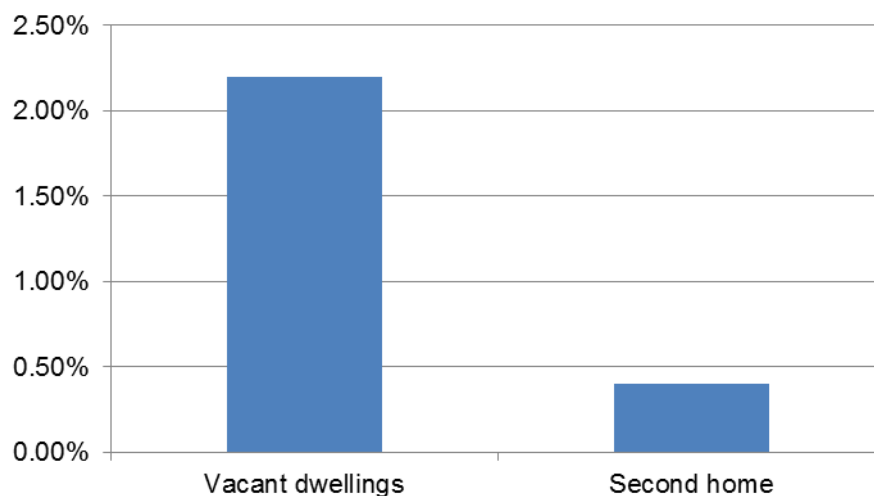


Figure 4.4 Vacant dwelling and second homes in Basingstoke and Deane (Source: Valuation Office Agency September 2012)

- 4.8 Figure 4.5 below shows the age of housing stock in Basingstoke and Deane. The age of housing stock is a usually strong factor in determining stock condition. The chart below shows that of the 72,460 properties in the borough as at March 2014, 18% of Basingstoke and Deane's dwelling stock was built before 1954. The impact of Basingstoke town expansion during the period of 1961 to 1979 under the Town Development Act 1952 is clearly shown on the chart with almost half (46%) of the borough's stock built between 1955 and 1982.

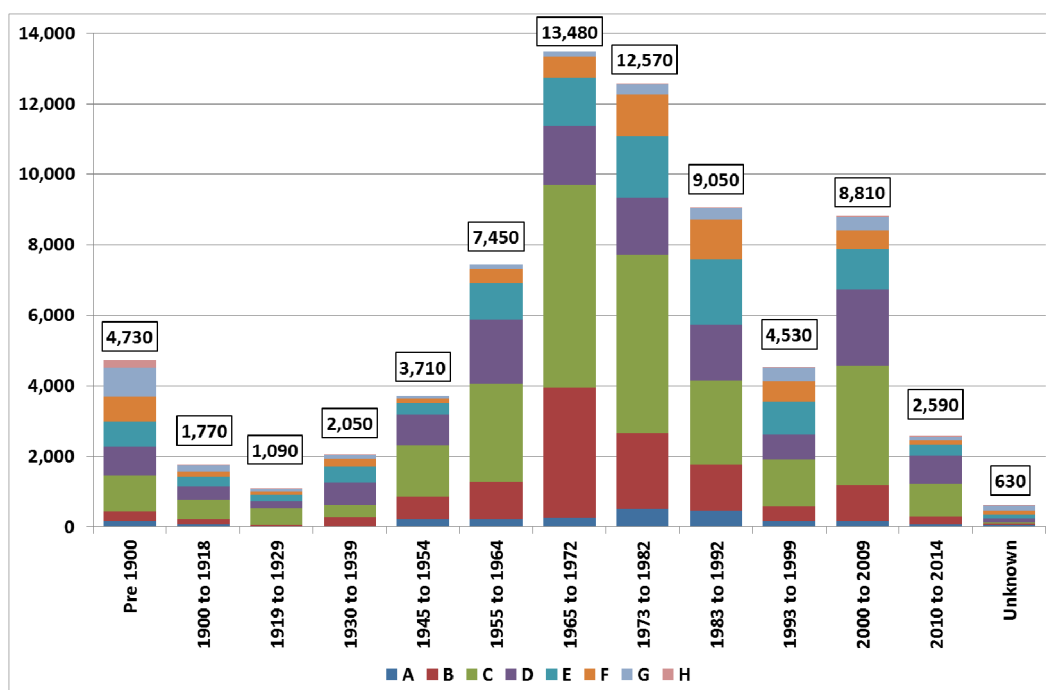


Figure 4.5 Dwelling Age by Council tax band (Source: Valuation Office Agency, March 2014)

- 4.9 Compared to neighbouring districts, the borough has the highest percentage of stock dating from 1964 – 1999, closely followed by Hart and Test Valley. From 2000 to 2014 the borough has the highest proportion of stock built compared to all neighbouring districts and the county, regional and national average. Basingstoke and Deane has the lowest proportion of stock built prior to 1964 of all districts in north Hampshire and adjoining Berkshire districts, showing how Basingstoke and Deane's housing stock is still relatively new. All the borough's neighbouring districts have seen growth since the 1960s but across England as a whole, 43% of stock was built after 1965 compared to 70% in Basingstoke and Deane.

4B HOUSING TENURE

- 4.10 The tenure breakdown⁵, as at the 2011 Census, showing the number and proportions of households in different sectors can be found in Figure 4.5.

⁵ The Census asked respondents to identify who their landlord is and the results reflect the responses they gave. The results do not necessarily reflect the profile of the overall dwelling stock.

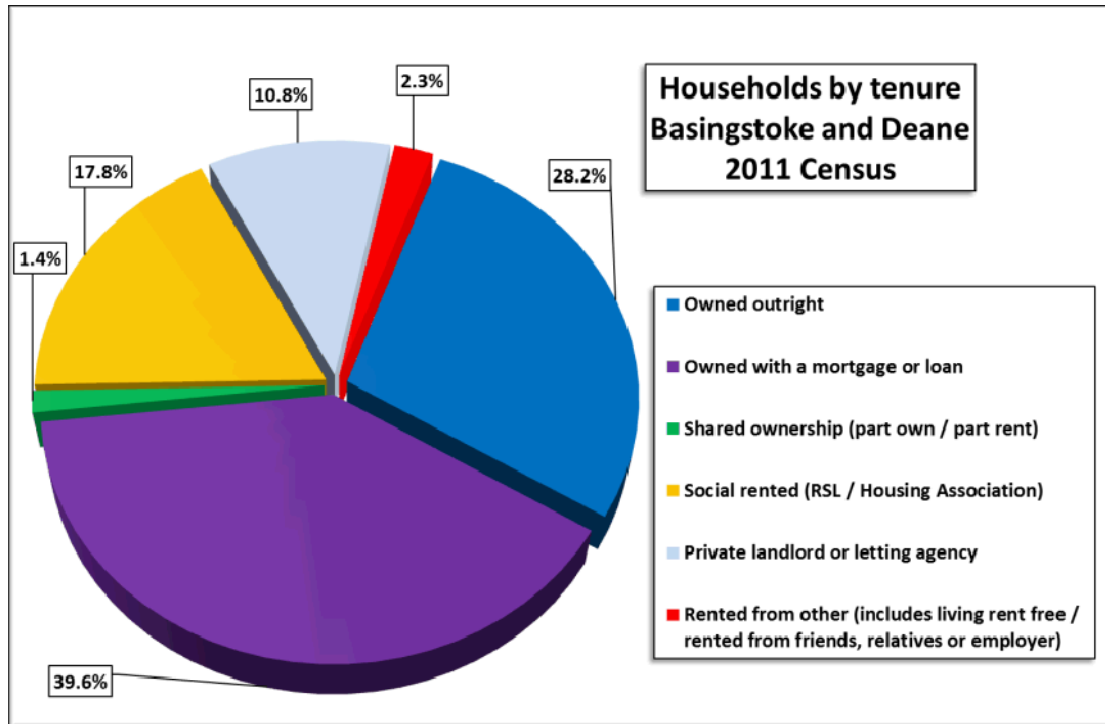


Figure 4.6 Households by tenure (Source: Census 2011)

- 4.11 Since the 2001 Census, there has been an increase in the number and percentage of households who own their homes outright without outstanding mortgage or loan – an increase of 4,500 households. There has also been a significant increase in the number of households in private rented accommodation, the sector now accounting for 10.8% of households compared to 6% in 2001. While still small in percentage terms, the number of households in shared ownership is nearly 3 times that of 2001 (Table 4.1).

	2001		2011		change 2001 - 2011	
	number	%	number	%	number	percentage point
owned outright	14,940	24.2%	19,517	28.2%	4,577	4.0%
owned with mortgage or loan	30,077	48.7%	27,419	39.6%	-2,658	-9.1%
shared ownership	338	0.6%	958	1.4%	620	0.9%
social housing	10,749	17.4%	12,346	17.8%	1,597	0.4%
private landlord / letting agency	3,620	5.9%	7,473	10.8%	3,853	4.9%
other	1,998	3.2%	1,602	2.3%	-396	-0.9%
Total	61,722		69,315		7,593	

Table 4.2 Number / percentage of households in Basingstoke and Deane by housing tenure

- 4.12 The extent of the change from 2001 can be seen in the following two graphs below: one showing the 2001 and 2011 profiles together; and the other showing the actual change between the Census years.

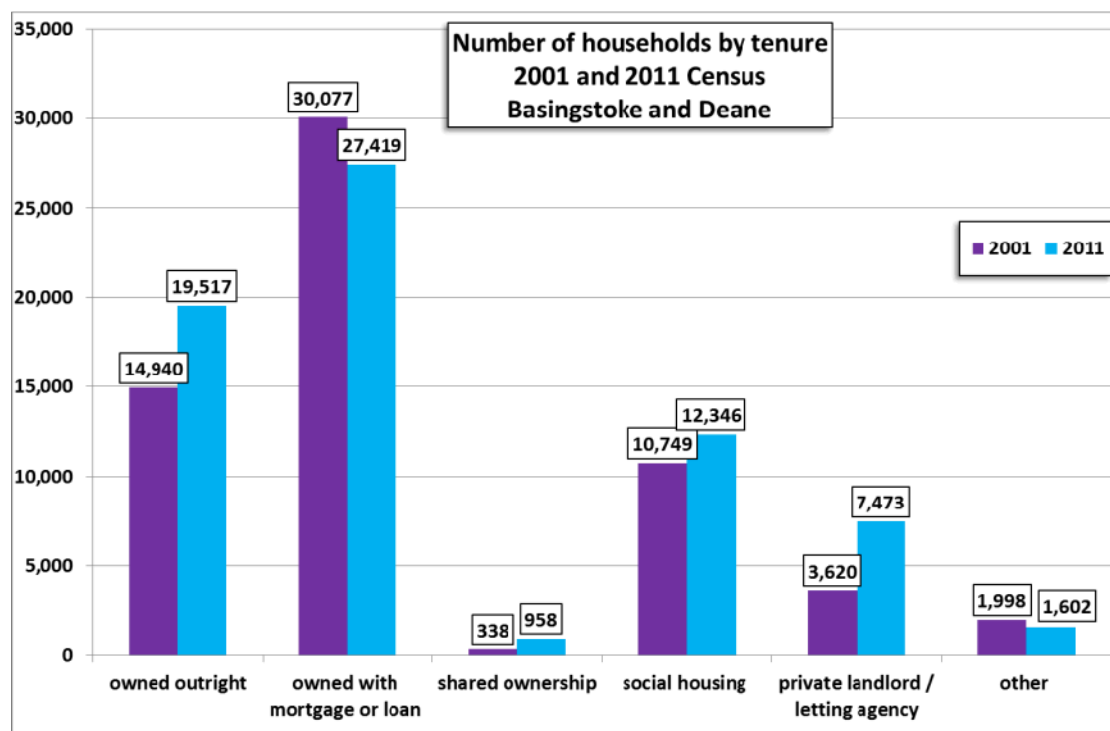


Figure 4.7 Number of households by tenure in 2001 and 2011 (Source: Census 2001 and 2011)

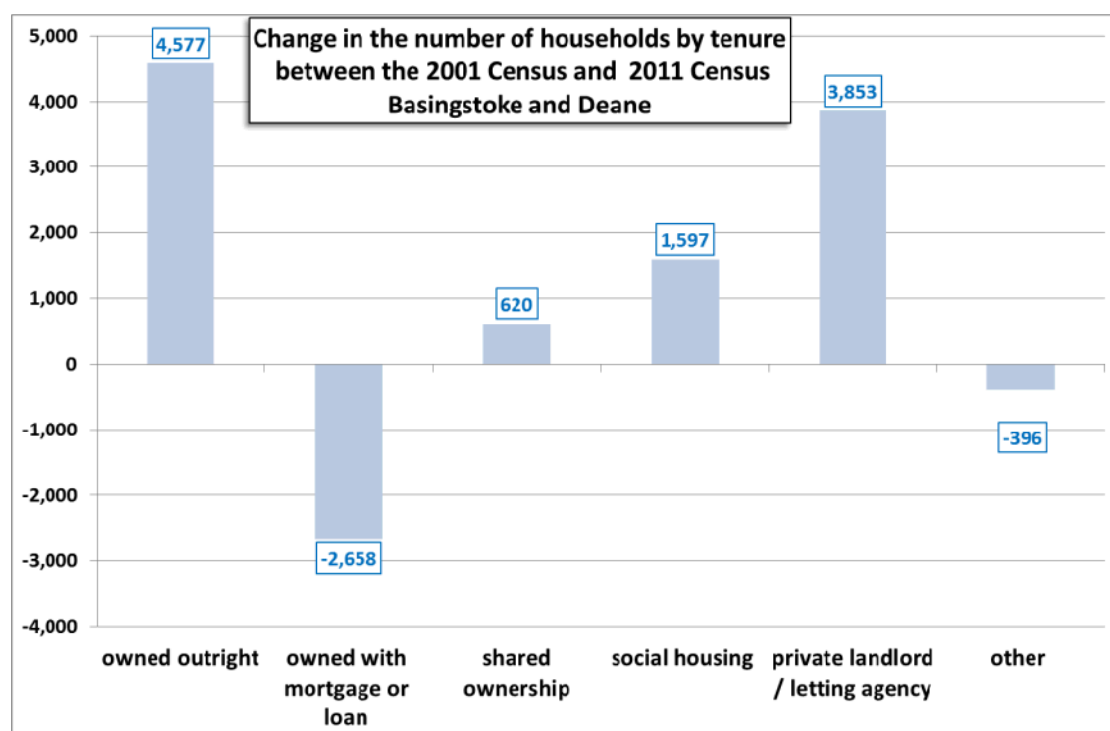


Figure 4.8 Change in the number of households by tenure between 2001 and 2011 (Source: Census 2001 and 2011)

- 4.13 The following graph looks at the stock profiles of neighbouring districts. A number of households in the borough have declared they are tenants of the local authority's housing. Each district also has between 1,200 and 2,100 households living in tied accommodation, rent free or living with friends, or other non-social rented accommodation (Figure 4.8).

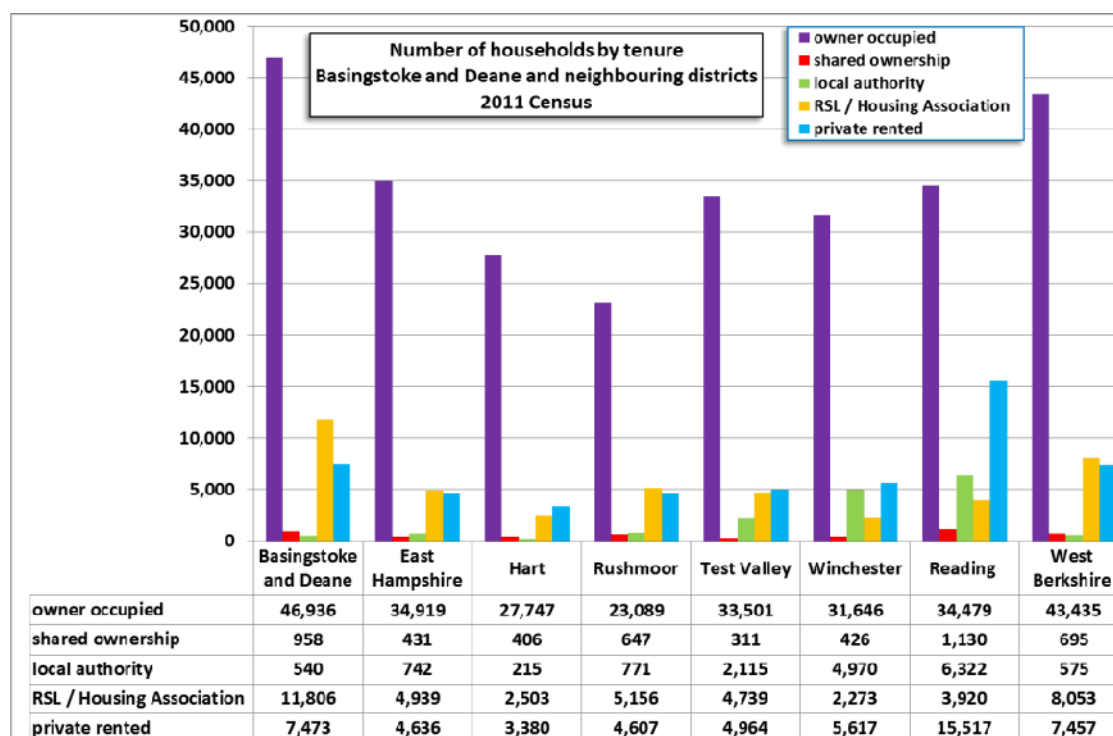


Figure 4.9 Number of households by tenure, compared with neighbouring districts (Source: Census 2011)

4C AFFORDABLE HOUSING STOCK

SUPPLY OF AFFORDABLE HOMES

- 4.14 The 2011 Census data above shows that Basingstoke and Deane has the highest percentage of social housing of all its neighbouring districts. Furthermore, and with specific reference re-let element of the housing needs assessment, Basingstoke and Deane has the highest number of households in social housing of any district council in the South East or South West – in fact a higher number than many unitary authorities.
- 4.15 The Homes and Communities Agency (HCA) Statistical Data Return (SDR) for 2014 records the borough's general needs housing stock as around 11,600. The breakdown by Private Registered Provider (PRP) can be seen in Table 4.7 below. The largest PRPs operating in the borough are Sentinel Housing, Sovereign Housing and Affinity Sutton. Overall, there are around 30 RSLs with stock in Basingstoke and Deane.

PRP accommodation owned /managed by local authority area by Private Registered Providers	Low cost rental total units / bed spaces in Basingstoke and Deane owned by PRPs	
A2Dominion South Limited	38	0.3%
Ability Housing Association	2	0.0%
Advance Housing and Support Limited	13	0.1%
Affinity Sutton Homes Limited	969	7.4%
Aster Communities	17	0.1%
Catalyst Housing Limited	0	0.0%
Chapter 1 Charity Limited	51	0.4%
English Rural Housing Association Limited	16	0.1%
Hanover Housing Association	143	1.1%
Hastoe Housing Association Limited	6	0.0%
Home Group Limited	252	1.9%
Housing & Care 21	41	0.3%
Housing Solutions Limited	57	0.4%
Hyde Housing Association Limited	29	0.2%
Jephson Homes Housing Association Limited	245	1.9%
Kingsclere Almshouses Charity	12	0.1%
London & Quadrant Housing Trust	302	2.3%
Moat Homes Limited	0	0.0%
National Council of YMCAs (Incorporated)	80	0.6%
Places for People Homes Limited	0	0.0%
Portal Housing Association Limited	31	0.2%
Raglan Housing Association Limited	153	1.2%
Sanctuary Housing Association	145	1.1%
Saxon Weald Homes Limited	34	0.3%
Sentinel Housing Association Ltd	4,657	35.4%
Sir Robert Geffery's Almshouse Trust	49	0.4%
Southern Housing Group Limited	135	1.0%
Sovereign Housing Association Limited	5,123	39.0%
Thames Valley Charitable Housing Association Ltd	19	0.1%
The Abbeyfield Society	10	0.1%
The Guinness Partnership Limited	380	2.9%
The Swaythling Housing Society Limited	134	1.0%
total PRP owned / managed units / bed spaces	13,143	100.0%

Table 4.3 Total self-contained general needs homes by Private Registered Provider March 2014 (Source: HCA)

- 4.16 The detailed breakdown by type of affordable stock is given below. In addition to the general needs units there are over 1,075 units for older people and a number of supported units.

Basingstoke and Deane affordable housing stock HCA Statistical Data Return 2014: PRP accommodation owned /managed by local authority area by Private Registered Providers	total units / bed spaces in Basingstoke and Deane owned by PRPs
General needs – Self-contained - low cost rental accommodation	11,644
General needs – Bed space (non-self-contained) - low cost rental accommodation	53
Supported housing - low cost rental accommodation (units / bed spaces)	371
Housing for older people - low cost rental accommodation (units / bed spaces)	1,075
Total number of units / bed spaces	13,143
Low cost home ownership units owned / managed where purchaser has <100% equity	953

Table 4.4 Social housing stock Basingstoke and Deane 2014

PAST DELIVERY OF AFFORDABLE HOUSING

4.17 Over the last decade⁶, the borough has delivered a varying number of new homes annually, resulting in affordable delivery of around 30% across the borough. In 2004/5 the Housing Corporation moved from Local Authority Social Housing Grant (LASHG) to allocating funding themselves. From 2005/6, the Housing Corporation was operating continuous market engagement and allocating funding annually. From 2008/9 to 2010/11, the National Affordable Housing Programme (NAHP) period matched the Comprehensive Spending Review period but funding was still site based. From 2011/12 to 2014/15, the Affordable Homes Programme (AHP) operated an investment based approach with an average grant set against a *contract delivery total* for the whole period and tenure mix with individual registered providers.

Basingstoke and Deane housing completions	All housing completions (gross)	All housing completions (net)	Affordable Housing completions (gross)	Affordable Housing completions (net)	Affordable Housing % gross	Affordable Housing % net
2001/02	853	719	216	129	25.3%	17.9%
2002/03	657	600	184	179	28.0%	29.8%
2003/04	843	791	173	155	20.5%	19.6%
2004/05	1041	888	150	47	14.4%	5.3%
2005/06	990	924	237	227	23.9%	24.6%
2006/07	840	728	299	288	35.6%	39.6%
2007/08	1491	1418	462	447	31.0%	31.5%

⁶ Completions from HCC / CLG live tables 122

2008/09	1389	1302	540	495	38.9%	38.0%
2009/10	1348	1226	518	425	38.4%	34.7%
2010/11	961	805	212	104	22.1%	12.9%
2011/12	726	693	309	309	42.6%	44.6%
2012/13	324	303	27	27	8.3%	8.9%
2013/14	618	531	91	38	14.7%	7.2%

Table 4.5 Affordable housing delivery (Source: Hampshire County Council)

SOCIAL LETTINGS

4.18 The number of lettings, and re-lets, to social housing is provided from two main sources:

- Social Housing Lettings and Sales in England Continuous Recording (CORE) – this records all lettings to social housing as reported by each RSL annually. CORE includes lettings to supported housing, to new build, to temporary accommodation, internal RSL transfers and mutual exchanges, self-referrals, and any other lettings that have resulted from nominations from councils or from other sources; and
- The council's own Choice Based Lettings system (CBL); which advertises all social housing properties which are advertised by RSLs. CBL data below refers to "offers made" – that is, where a property has been advertised through CBL and a firm offer has been made to a particular household. At any one time, there could be 100 records being processed so there may be a difference in the number of adverts placed and offers accepted. CBL data is a sub-set of the total number of lettings in each year recorded by CORE.

4.19 In 2012/13 there were 664 properties advertised through the Basingstoke and Deane Borough Council Choice Based Lettings system. The profile of these properties by size and type is below. The profile corresponds with that in the previous SHMA, in that a significantly higher number and proportion of properties are sheltered or one and two bedrooms and less than 20% of properties is three bed or more. The analysis is shown below.

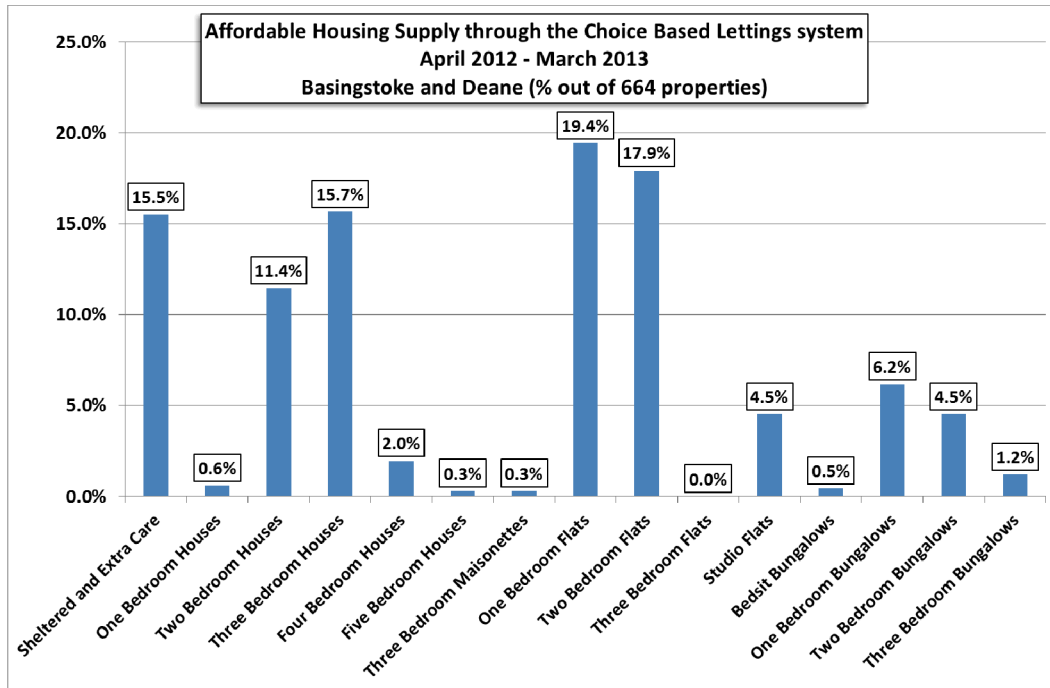


Figure 4.10 Affordable housing letting supply 2012/13

- 4.20 There were 103 sheltered / extra care properties in this year. According to the CBL system therefore, there were 561 General Needs properties in overall supply for 2012/13, a particularly low level of supply, probably, in part, related to the low level of affordable completions in that year.
- 4.21 In 2013/14 the number of relets has increased to 800. This includes 90 sheltered/extra care properties which gives a total General Needs supply as 710. This is not simply a direct reflection of the new build stock coming through CBL but corresponds with data on re-lets below, which shows that the majority of re-lets (from existing properties) from the three main social housing providers, Sentinel, Sovereign Affinity Sutton, were smaller properties.

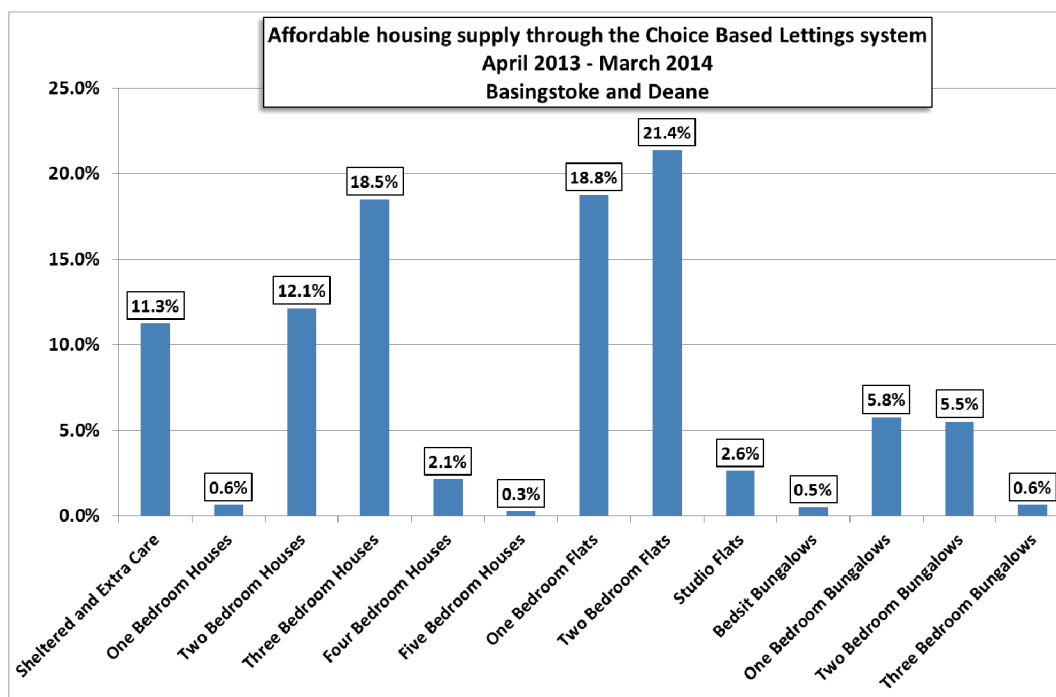


Figure 4.11 Affordable housing letting supply 2013/14

- 4.22 The profile of homes coming through the CBL system will have a direct effect on which household groups can be allocated a home. The analysis below of CLB lettings from 2011/12 shows that 85% of property was let to households in Bands 1-3, the majority (66%) from Band 3, and 15% from Band 4.

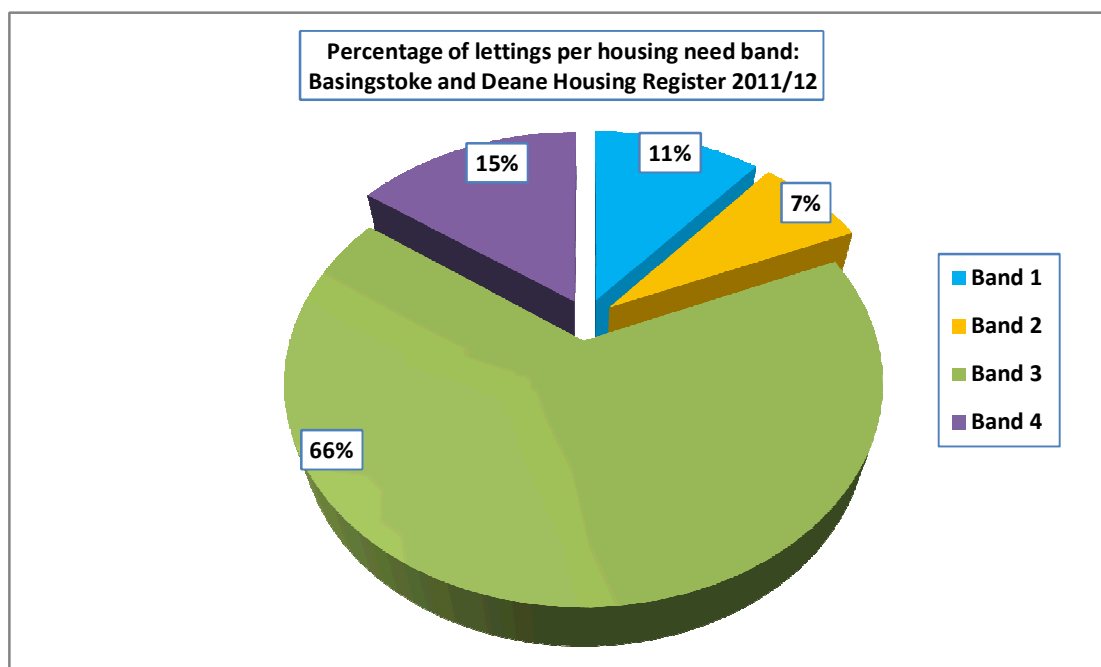


Figure 4.12 Proportions of lettings per housing need band 2011/12

- 4.23 These proportions have remained fairly similar for some years, although recent trends are showing an increase in the proportion housed from Band 3 and a decrease in Band 4.

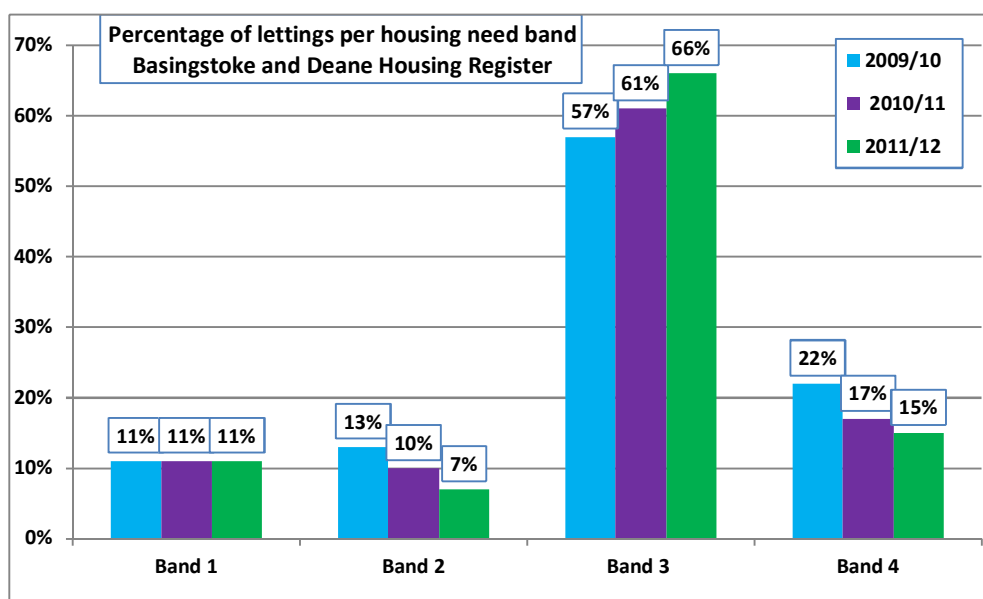


Figure 4.13 Percentage of lettings per housing need band (time series)

- 4.24 This shows that the majority of lettings are being made to households in the highest needs bands. However, most lettings, 73%, go to general needs applicants and 27% to transfers; 2011/12 and the previous year showing exactly the same proportions. The number of lettings, not just the proportion, is important. In 2011/12 there were 814 adverts placed by RSLs and, by the end of the year, a total of 696 offers accepted (118 records progressing through the system). Of the 696, 73%, that is 510 properties, were let to general needs households and the remaining 27%, 186 properties, to transfer applicants.
- 4.25 The annual lettings figure for 2011/12, 696 lettings, equates to:
- 12.3% of households in need (Bands 1-4) on the Housing Register as at the end of the year (March 2012)⁷;
 - 13.9% of households in need (Bands 1-4) on the Housing Register at the beginning of that year (March 2011)⁸.
- 4.26 The annual general needs lettings figure for 2011/12, 510 lettings, equates to:
- 11.4% of general needs households in housing need (Bands 1-4) as at the end of the year (March 2012)⁹;
 - 12.9% of general needs households in housing need (Bands 1-4) as at the beginning of that year (March 2011)¹⁰.
- 4.27 The annual transfer letting figure for 2011/12, 186 lettings, equates to:-
- 15.6% of transfer households in housing need (Bands 1-4) as at the end of the year (March 2012)¹¹;
 - 17.7% of transfer households in housing need (Bands 1-4) as at the beginning of that year (March 2011)¹².

⁷ March 2012: total on Register 6,178 less 500 in Band 5 = 5,678 households in need

⁸ March 2011: total on Register 5,454 less 464 in Band 5 = 4,990 households in need

⁹ March 2012: total general needs on Register 4,986 less 500 in Band 5 = 4,486 households in need

¹⁰ March 2011: total general needs on Register 4,403 less 464 in Band 5 = 3,939 households in need

¹¹ March 2012: total transfers on Register = 1,192

4.28 The mix of lettings by property type and size and by housing need Band can be found below:

flats and houses 2011 - 2012	Studio flats	One bed flat	Two bed flat	Three bed flat or ms`nette	One bed house	Two bed house	Three bed house	Four bed house
Band 1	2	38	6	5	3	6	14	6
Band 2		3	0			9	27	
Band 3	20	73	106			69	75	6
Band 4	9	19	38			7	3	0
Total	31	133	150	5	3	91	119	12

sheltered, extra care and bungalows 2011 - 2012	Sheltered/ extra care	Bedsit bungalow	One bed bungalow	Two bed bungalow	Three bed bungalow
Band 1	4	3	2	8	1
Band 2			5	2	
Band 3	62		20	13	
Band 4	16		10	6	
Total	82	3	37	29	1

Table 4.6 Lettings by property type and size

4D THE PRIVATE RENTED SECTOR STOCK

4.29 The private rented sector is a key component of the housing market. At the time of the 2001 Census, there were 3,620 households living in private rented accommodation (that is, renting from a private landlord or letting agency) in Basingstoke and Deane (around 6% of all households). A further 3% (1,198 households) lived in other forms of private rented accommodation such as rent free or renting from employer/tied property. Compared to other Hampshire districts and local authority areas in Berkshire, the borough has a relatively low proportion of households in the private rented sector.

4.30 In the 2011 Census, the number of households living in the private rented market in Basingstoke and Deane has increased to over 7,400, accounting for 10.8% of households. A further 699 households are renting from an employer, friend or relative and 903 living rent free. The table below shows how the extent of the borough's private rented sector compares to other neighbouring districts in the two Census years, the number of households in Basingstoke and Deane has doubled since 2001.

¹² March 2011: total transfers on Register = 1,051

	2001		2011	
	Private landlord or letting agency	% PT landlord / letting agency	Private landlord or letting agency	% PT landlord / letting agency
Basingstoke and Deane	3,620	5.87%	7,473	10.8%
East Hampshire	2,884	6.61%	4,636	9.8%
Hart	2,050	6.31%	3,380	9.5%
Rushmoor	2,347	6.66%	4,607	12.7%
Test Valley	3,108	7.04%	4,964	10.4%
Winchester	3,692	8.56%	5,617	12.0%
Reading	8,206	14.18%	15,517	24.7%
West Berkshire	4,054	7.07%	7,457	12.0%

Table 4.7 The number and percentage of households living in the private rented sector (Source: 2001 and 2011 Census)

- 4.31 The analysis below relates to new supply or re-lets advertised during 2014/15. It does not profile the stock that has not changed hands, nor does it profile properties not advertised publicly.
- 4.32 Around 34% of new or re-let supply comes from Basingstoke town centre and Basingstoke town overall including the surrounding estates provides around 67% of all rented property in the borough. This is probably due to a combination of the volume of small to medium sized housing stock in and around the town, easier accessibility to services and facilities, transport and employment, and because of the cost of housing for landlords to purchase and tenants to rent. It is therefore important that a good supply of private rented stock is available in Basingstoke. There was an increase in private rented supply late autumn but the volume has now reduced slightly, the reduction occurring mainly in the town and surrounding estates.
- 4.33 The type of supply coming from Basingstoke town appears to be in line with reported demand. The graph below shows three different geographies: the percentage of private sector supply by bed size advertised in Basingstoke town and the surrounding estates, those postcode areas that wholly fall within Basingstoke and Deane and those that cross over the borough boundary. Basingstoke town supplies the highest percentage of one bed and a very high percentage of two bed property such that 73% of all properties in the town meet the expressed demand for smaller (1 or 2 bed) units. The town also provides for nearly 60% of smaller family units (2 or 3 bed).

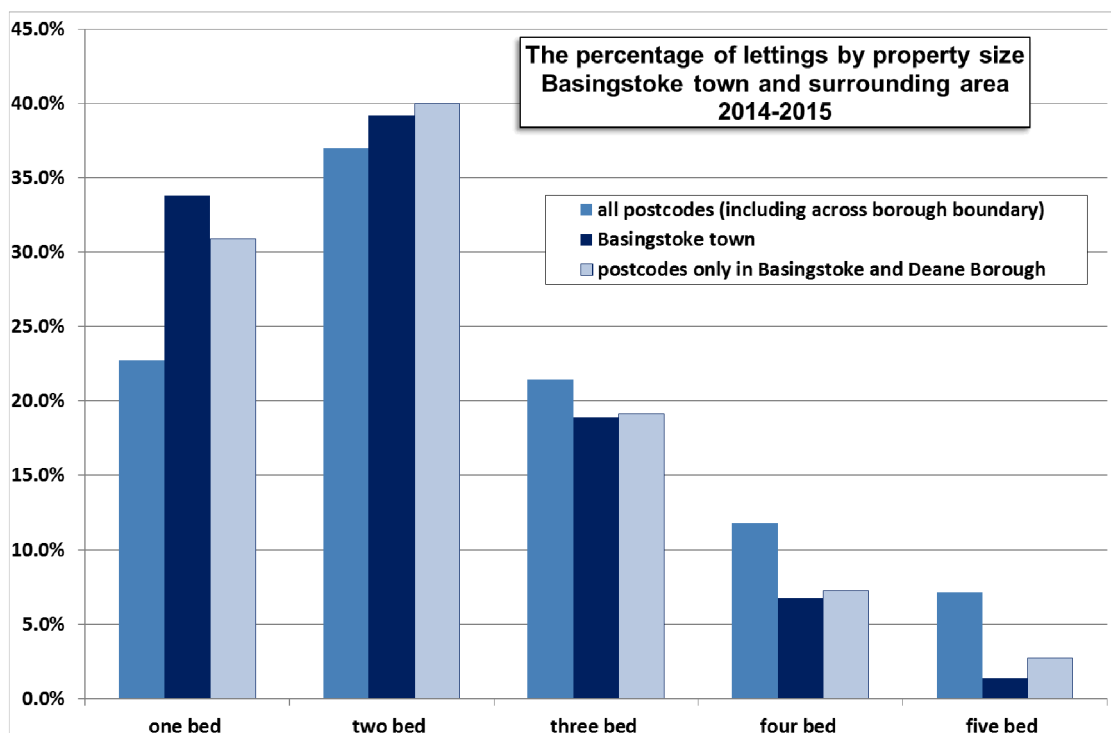


Figure 4.14 Percentage of lettings by property size in Basingstoke town and the surrounding area

- 4.34 As Basingstoke town provides a significant volume of private rented supply, the rent levels across the town have been analysed to identify trends and variations within the housing market area.

HOUSES IN MULTIPLE OCCUPATION

- 4.35 Not all private rented stock consists of self-contained dwellings occupied by a single household. Many households occupy houses in multiple occupation (HMOs). An HMO is currently defined by the Housing Act 2004;
- an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
 - a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
 - a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
 - a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

- 4.36 The accommodation must be used as the tenants' only or main residence and it should be used solely or mainly to house people. Properties let to students and migrant workers are treated as their only or main residence.
- 4.37 HMOs make an important contribution to the private rented sector by providing housing to meet the needs of specific groups/households. This classification of housing must be considered alongside accommodation for people who share housing and housing costs in order to afford self-contained market housing.

COMMUNAL ESTABLISHMENTS

- 4.38 Many people also live in non-traditional household units. In Basingstoke and Deane borough 1331 people live in communal establishments. This is 0.8% of the borough's total population (Census 2011). In comparison 1.8% of total population of England and 2.35% of the population of the South East, live in communal establishments.
- 4.39 The following figure shows that at the time of the 2011 Census, the majority of these people in Basingstoke and Deane borough were living in medical or care establishments.

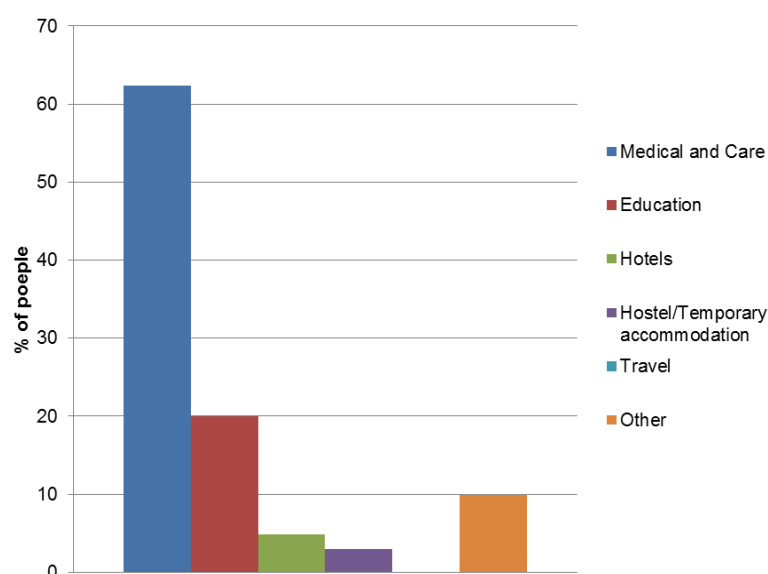


Figure 4.15 Proportion of people in communal housing by type in the borough
(Source: Census 2011)

5.0 THE CURRENT HOUSING MARKET

Summary

Housing Market Conditions

- The housing market has improved since the economic downturn in 2008. Sales and prices increased up to 2013/14, but have stabilised over the last 12 months.

House Prices

- House prices in Basingstoke and Deane are lower than those elsewhere in the South East, and lower than those in many neighbouring authorities.

Private Rents

- Rents tend to be relatively high in relation to those elsewhere in Hampshire, and the south-east of England.
- The entry point for private rents is the lower quartile mid-point for a 1 or 2 bed property which is £156 per week.

Social Sector Rents

- Social rents have been increasing at a similar rate to other surrounding Local Authorities.

5A HOUSING MARKET CONDITIONS

- 5.1 Activity in the housing market, nationally and locally, has increased considerably since the economic downturn in 2008. In the last year, both RICS and the Homes and Communities Agency report that sales activity and house prices have slowed and, in some areas, stabilised. Demand in the South East remains high and in Basingstoke and Deane house prices have returned to pre-recession levels although the number of sales has not.
- 5.2 The Mortgage Market Review has meant more stringent lending conditions to potential buyers. At the same time, Government initiatives such as the Help to Buy scheme, low introductory interest rates on fixed term mortgages, reducing interest rates on on-going mortgages, and changes in stamp duty in December 2014, have all been available to support potential and existing home owners. The Royal Institute of Chartered Surveyors reports that supply can be limited, giving buyers less choice but that the lower end of the market is strongest. In Basingstoke and Deane, changes in stamp duty will be beneficial to those purchasing lower quartile to median priced property: the introduction of pro rata banding of duty payable above £125,000 and the removal of the step change increase in stamp duty rate at the £250,000 mark.

- 5.3 In Basingstoke and Deane, the private rental market remains pressured. Demand is high for smaller homes – one/two bed and small family homes. Private rented demand in Basingstoke and Deane is driven by young people and families wanting their own home but not able to buy, those not able to obtain social housing, and relocating businesses looking to the private rented sector for their employees which is creating a professional demand for high quality town centre property. Given local rental data and affordability trends in Basingstoke and Deane, and the trends reported more widely at national and regional level of high demand and limited supply, it is likely that demand for this sector will continue in the borough, not just from unemployed households but from working households, professional renters/businesses and new household formation.

5B HOUSE PRICES

- 5.4 The graph below shows the increase in house prices (simple average house prices at regional level with the overall median Basingstoke and Deane house price for the last decade. This shows that the overall average (median) house price for Basingstoke and Deane is well below the South East overall average and has been throughout the years of increase prior to 2008, and following the recovery from 2010 onwards.

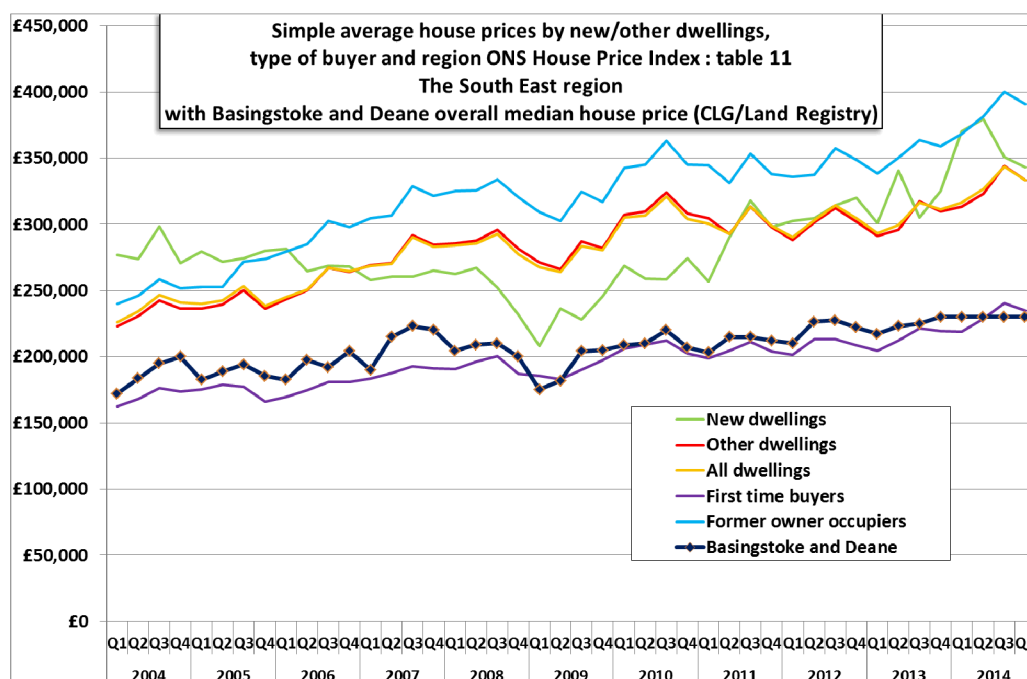


Figure 5.1 Comparison of median house prices in Basingstoke and Deane Borough with the South East region (Source: CLG/Land Registry)

- 5.5 The following graph shows the borough median more clearly together with the lower quartile. Since the mid-1990s to around 2007, lower quartile property prices in Basingstoke and Deane increased by 244% to reach a £175,000 by the end of 2007. This was followed by a sharp decrease such that by early 2009 lower quartile prices had fallen back to £140,000. Since the end of 2009 lower quartile prices appear to have plateaued at between £160,000 and

£170,000. This stabilizing at the lower end of the market is a positive factor for housing affordability in the borough.

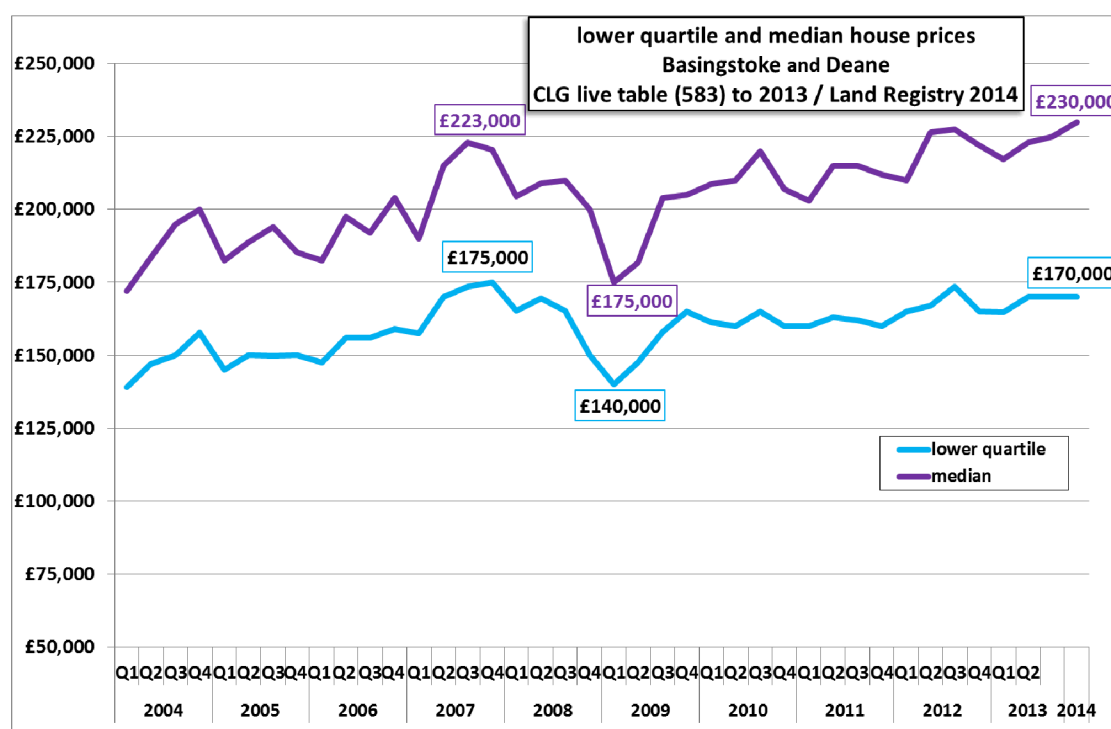


Figure 5.2 Lower quartile and median house prices in Basingstoke and Deane (Source CLG/Land Registry)

- 5.6 Median property prices in the borough show the same pattern, rising from £63,000 in 1996 to £223,000 in 2007, falling back in 2009, and since 2010 fluctuating between £200,000 and £220,000 with a small uplift to £230,000 by 2014.
- 5.7 The 2014 values of £170,000 for a lower quartile property and £230,000 for a median priced property are carried forward to Chapter 7 for affordability testing.
- 5.8 At borough level property prices for market sales are consistently lower than those for many neighbouring authorities. Compared to the borough's neighbouring authorities, Basingstoke and Deane house prices are among the least expensive and in line with Reading, Rushmoor, and the Hampshire and South East averages. Hart and Winchester are consistently the most expensive in Hampshire. The following graph shows how the borough sits compared to surrounding local authority areas in Berkshire and North Hampshire. When compared to areas closer to London such as Surrey and the other Berkshire districts the cost of market housing in the borough is considerably more affordable for local residents.

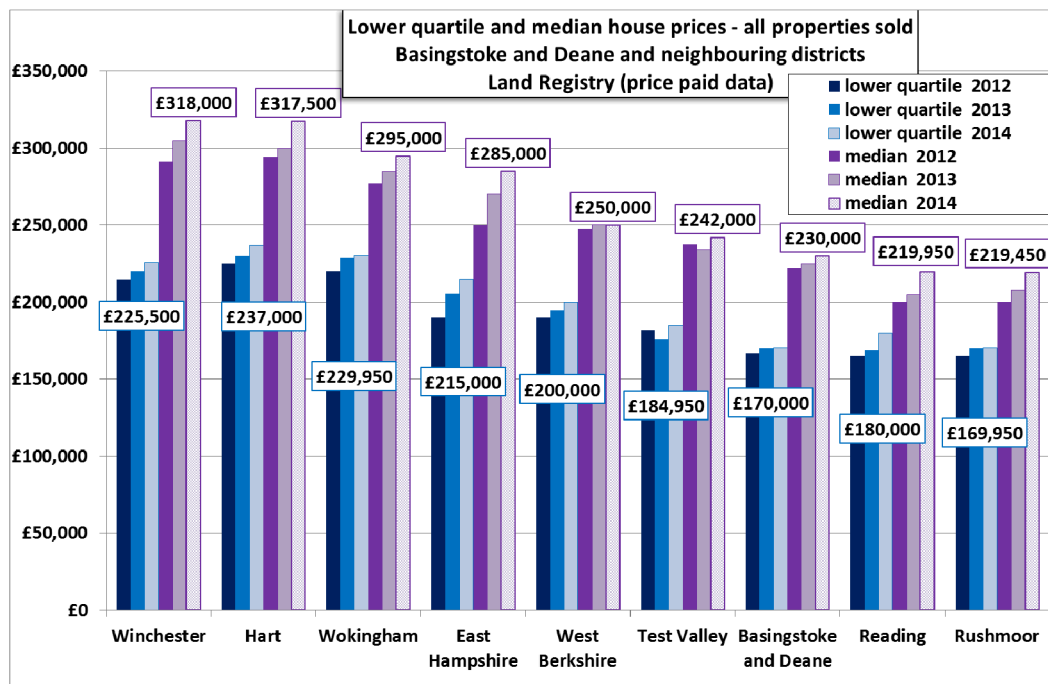


Figure 5.3 Property prices Basingstoke and Deane and neighbouring authorities 2014
(Source: Land Registry)

- 5.9 In Basingstoke and Deane the volume of property sales declined sharply from 2008, mainly due to a fall in the number of existing properties coming onto the market. New build sales remained high until 2010 when these too began to decline. In 2013 and 2014 the number of existing property sales has once again increased: there were 3,251 sales in 2014 which represents an increase for the fourth successive year.

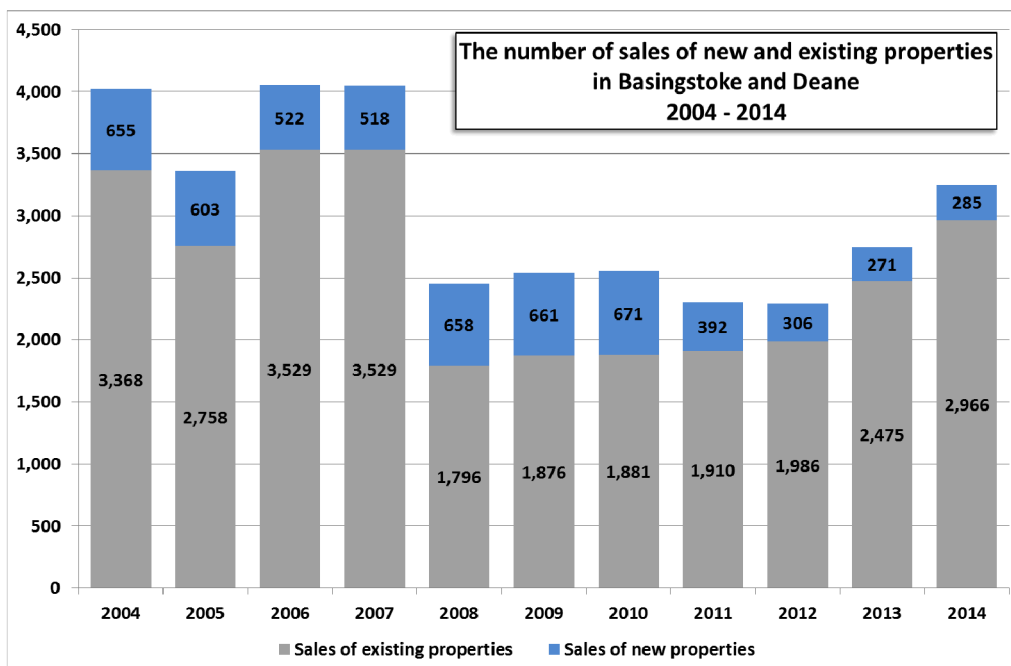


Figure 5.4 The number of sales in the private housing market (Source: Land registry 2004-2014)

conditions and that prices can rise even in the years of higher numbers of housing completions if economic conditions are right.

5C PRIVATE RENTS

- 5.15 Since June 2011, the Valuation Office has published a sample of private sector rents for each local authority district. The data gives a very clear picture of the relative rental levels for a shared room, studio, 1 bed, 2 bed, 3 bed and 4+ bed property. Both the lower quartile and median rent levels are of interest, the former representing an “entry level” into the private market and the latter a general average of rent levels across the board.

Basingstoke and Deane monthly rental values Valuation Office Year ending September 2014	Lower quartile	Median average	Mean average	Upper quartile	Count of rents
Room	£340	£378	£380	£415	76
Studio	£500	£550	£543	£575	62
1 bed	£600	£650	£660	£700	359
2 beds	£750	£795	£798	£850	762
3 beds	£840	£895	£934	£995	461
4+ beds	£1,200	£1,350	£1,519	£1,700	182

Table 5.1 Private sector rents, lower quartile and median process (Source: Valuation Office year ending September 2014)

- 5.16 Entry price into the private rented sector is considered to be the lower quartile value for a one or two bed property. In Basingstoke and Deane, entry level rents therefore stand at £600 for a one bed property, equating to £138 a week; and £750 for a two bed property, £173 per week. **The housing needs assessment uses a mid-point between the two to allow for different household groups. The lower quartile for the mid-point for a 1 or 2 bed is £156 per week and the median £167 per week.**
- 5.17 The price of four bed properties is considerably higher than for three bed, however, the value of the mean average above the median indicates that this is likely to be due to the relatively small sample size and a number of properties clustered at the higher end of the range.
- 5.18 Basingstoke and Deane private sector rents tend to exceed Hampshire, South East and England averages, both for lower quartile and median rents and particularly for the smaller property types at the lower end of the market (studios, and one and two bed). These property types are more likely to be sought by younger households forming for the first time.
- 5.19 However, the graph below shows how Basingstoke and Deane is placed within north Hampshire and adjoining Berkshire authorities where Wokingham, Reading, Hart and Winchester have consistently higher rental values. As with house prices, there is some evidence of rental growth slowing in 2013-14.

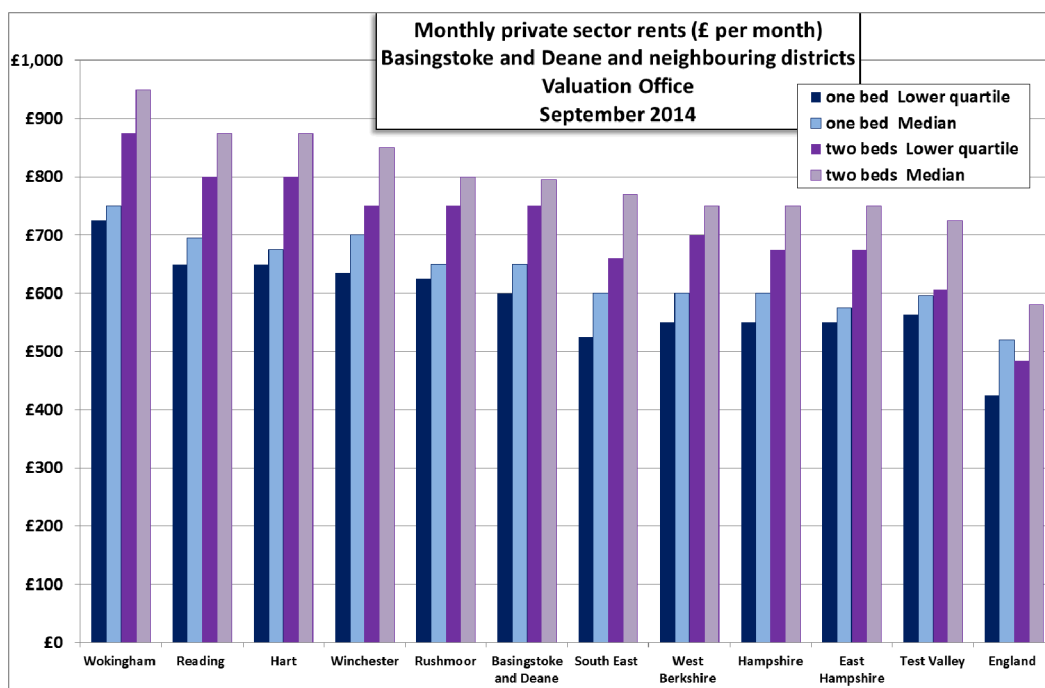


Figure 5.6 Private sector rents (Source: VOA)

- 5.20 Broadly speaking, private rents for smaller units (such as studios and one and two bed flats) are higher in Basingstoke's immediate town centre area than in the estates surrounding Basingstoke town where the stock may be slightly older. Smaller properties in the area outside Basingstoke town are significantly cheaper still than in Basingstoke's surrounding estates; however, houses with 3 bedrooms or more can tend to be significantly more expensive in the rural area of the borough than in Basingstoke town or the surrounding estates. Rental values of larger (4 bed +) properties tends to be more variable than other property types as there are fewer of them on the market and the property size (not just the number of bedrooms), style and location are more varied.

5D SOCIAL SECTOR RENTS

- 5.21 Weekly RSL rent levels¹³ in the borough have been increasing in line with neighbouring districts and stand at £110 in 2014, most similar to West Berkshire, East Hampshire and Rushmoor. The graph below shows how rents charged by RSLs (registered providers) have increased over the last decade.

¹³ Data from Private Registered Providers owning/managing over 1,000 units / bed spaces. Data is for General Needs self-contained units only.

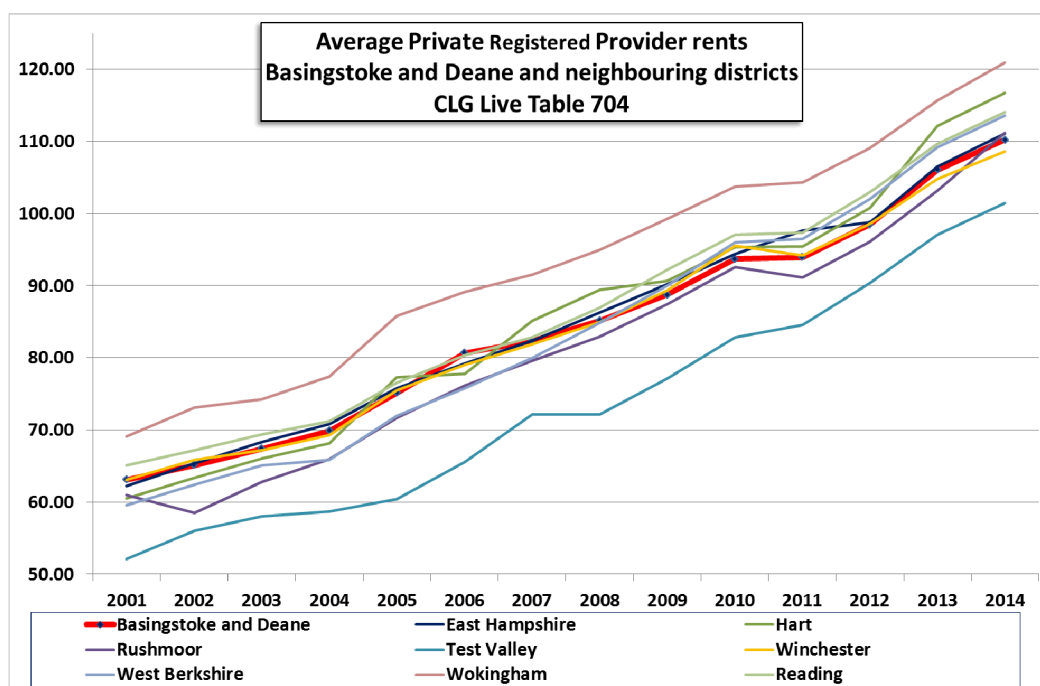


Figure 5.7 Average registered provider rents, Basingstoke and Deane and neighbouring authorities (Source: CLG)

- 5.22 Average RSL rents in the borough are higher than the England average (£92.30 a week. Time-series analysis shows that Basingstoke and Deane has seen a slightly lower rate of increase than many neighbouring districts. In 2001 average RSL rents in these authorities clustered around the £60 - £65 a week mark and have risen steadily to the current range of £101 (Test Valley) - £120 (Wokingham).
- 5.23 Analysis of district level RSL rent data by property type and size relies on analysis of administrative datasets, particularly from lettings through the council's Choice Based Lettings System (CBL).
- 5.24 The table below shows the average weekly rent level for all lettings through the Choice Based Lettings System (CBL) from March 2014 to January 2015. A comparison of social rents and affordable rents shows that social rents will tend to be lower than affordable rents, although there is an apparent overlap in the sample. The total social rent level given includes service charges so they are comparable with Affordable Rent levels.

Property type	Average weekly rent ¹⁴	
	Social rent	Affordable rent
Studio	£85.00	none
Studio Sheltered Housing	£144.35	none
1 Bed Bungalow	£101.09	£125.17
1 Bed Flat	£102.96	£121.00
1 Bed House	£104.03	none
1 Bed Sheltered Housing	£145.62	none

¹⁴ Median weekly rent including service charges

2 Bed Bungalow	£122.50	£169.00
2 Bed Flat	£121.94	£149.30
2 Bed House	£121.28	£165.50
2 Bed Sheltered Housing	£129.17	none
3 Bed Bungalow	£132.92	none
3 Bed House	£131.09	£206.96
4 Bed House	£149.44	£211.45

Table 5.2 Social housing weekly rents, Basingstoke and Deane

- 5.25 Affordable Rents are based on the specific locality of the particular property and its immediate housing market - it therefore follows that AR rent levels can and will vary. The Homes and Communities Capital Funding Guide¹⁵ states with regard to AR that:

“The maximum rental level for AR should be no more than 80% of gross market rent (inclusive of service charges). In assessing whether the rent is no more than 80% the individual characteristics of the property must be taken into account, such as its location and size.

For both new supply and conversions RPs will be required to assess the market rent (using the definition of the International Valuations Standard Committee as adopted by the Royal Institute of Chartered Surveyors) that the individual property would achieve and set the initial rent at up to 80% of that level (inclusive of service charges).”

- 5.26 The table below shows a summary of the lower and upper thresholds for SR and AR and where there is some commonality between them. It should be remembered that service charges are included within these figures. Studio apartments typically are around £80 - £95 a week: the price of one bed flat including service charge varies from £91 to generally in the region of £120 a week. Despite rent increases, general needs one, two and four bed properties tend to be within the Local Housing Allowance.

Property type	Social rent Typical range		Affordable rent		overlap
	lower	upper	lower	upper	
Studio	£80.29	£95.59	none	none	n/a
Studio Sheltered Housing	£110.69	£144.35	none	none	n/a
1 Bed Bungalow	£92.02	£120.00	£125.17		£120.00-£125.00
1 Bed Flat	£90.77	£135.00	£98.38	£135.00	£98.38-£135.00
1 Bed House	£105.14	£102.92	none	none	n/a
1 Bed Sheltered Housing	£102.13	£177.28	none	none	n/a
2 Bed Bungalow	£112.71	£147.61	£169.00	£169.00	none
2 Bed Flat	£104.99	£158.50	£132.57	£158.00	£132.57-£158.00
2 Bed House	£102.51	£171.00	£116.39	£174.35	£116.39-£171.00
2 Bed Sheltered Housing	£125.93	£146.42	none	none	n/a

¹⁵ Paragraphs 2.2.1 and 2.2.3

3 Bed Bungalow	£132.92	£132.92	none	none	n/a
3 Bed House	£112.27	£160.00	£148.70	£224.14	£148.70-£160.00
4 Bed House	£134.17	£178.36	£175.38	£230.00	£175.38-£178.36

Table 5.3 RSL rents March 2014 to January 2015 (Choice Based Lettings)

LOCAL HOUSING ALLOWANCES

- 5.27 Local Housing Allowances (LHAs) are set by the Valuation Office and form part of the Housing Benefit entitlement calculation for tenants in private rented housing. LHA rates are set for different types of accommodation in each area. The rates range from a single room in a shared house up to properties with 4 bedrooms. Simply put, the LHA is the maximum rent on which the Housing Benefit calculation will be based for each property type. The LHA is assessed as one rate for that property type across the entire Broad Rental Market Area; for Basingstoke and Deane this also includes the northern part of Test Valley including Andover.
- 5.28 LHA rates are based on the private rented market – a sample of private rented property is taken and the LHA is set at the 30th percentile or the rental level for the lowest third of all the rents sampled. Current weekly rates (2014 and 2015) are set out in the table below. A single Housing Benefit applicant in the private sector would have their rent restricted to a shared room rate if under the age of 35.

Basingstoke Broad Rental Market Area Local Housing Allowance (weekly)	2014/15	2015/16
Shared accommodation	£65.55	£68.17
One bed	£132.69	£134.02
Two bed	£160.38	£161.98
Three bed	£190.38	£192.29
Four bed	£256.39	£266.65

Table 5.4 Local Housing Allowance rates

6.0 FUTURE HOUSING NEEDS

Summary

Drivers of housing need

- Population change is a driver for housing need and this is related to natural change (births and deaths), internal migration and international migration. Natural change accounts for more than half of the population growth.
- There are a wide range of social and economic factors that drive housing need in the borough.

Demographic forecasts

- The assessment of objectively assessed housing need is informed by ONS's latest (2012) population projections and CLG's 2012-based household formation projections, published in 2015.
- The demographic modelling indicates a housing requirement in the range of 813-936 dwellings per annum giving a mid-point of 874. The range based on all the jobs-led scenarios is 1,004-650 giving a mid-point of 827. It is therefore suggested that a figure of 850 is a reasonable basis for the objectively assessed housing need for the borough.
- The proposed housing number of 850 dwellings per annum is in the middle of the range identified by the demographic modelling.

Housing to meet economic growth

- The proposed housing number would support economic growth and deliver a likely job growth of between 450-700 net new jobs per annum.

Housing Mix and the Housing Needs of Specific Households

- There is a need to provide a good mix of homes, recognising the needs of smaller households and the housing need of older people.

6A DRIVERS OF HOUSING NEED

- 6.1 Population change is related to natural change, internal migration and international migration. The table below shows the relative influence of these component parts over the last 5 and 10 years. This is based upon 2012 sub-national population projections.

Component of Change	Historical	
	5-year average (2007/08–2011/12)	10-year average (2002/03–2011/12)
Natural Change	1,033	914
Net Internal Migration	863	493
Net International Migration	196	323
Unattributable Population Change*	-26	-42
Annual Population Change	2,067	1,687
Annual Population Change (%)	1.29%	1.10%

* UPC is only applicable to the years 2001/02 - 2010/11

Table 6.1 Components of population change (Source: Edge Report 2015, based upon SNPP 2012)

- 6.2 Local evidence from sources such as the Hampshire Home Movers Survey, Rural Housing Study and administrative records of housing need show that demand and need for housing in the borough comes from a range of different household groups and for a range of different reasons. Moves into and between owner occupation and private rented tenures relate to employment and job opportunities in the borough, household upsizing into larger accommodation as their families grow and as they can afford to, households downsizing or relocating to the borough in retirement, and people moving here or within the borough to be nearer to relatives already living here.
- 6.3 Family and individual circumstances, such as relationship breakdown, the requirement for supported accommodation and move on from it to live independently, affordability, ill health, overcrowding and the need for settled accommodation and security of tenure all drive housing need in the social sector and in market housing. Concealed households, homeless households and those people who live with family or friends or in temporary accommodation also drive housing need in all sectors including households forming as a result of natural population change and growth.
- 6.4 The Census counts concealed families - a concealed family is one living in a multi-family household in addition to the primary family, such as a young couple living with parents. Statistics on concealed families are often used as an indicator of housing demand. The data for Basingstoke and Deane shows that there were 744 concealed households at the time of the 2011 Census. Around 60% of these were under the age of 34, showing greater housing need in the younger age groups wanting to form households. This is recognised through the assessment of current housing need, and arising housing need through new household formation in the HNA which identifies not only existing households needing affordable housing but those newly forming.

Concealed family status by family type by dependent children Basingstoke and Deane	Age of Family Reference Person							
	All concealed households	24 and under	25 to 34	35 to 49	50 to 64	65 to 74	75 to 84	85 and over
Concealed family: Total	744	184	260	98	75	78	40	9
Concealed family: Lone parent family: Total	217	79	62	38	16	14	6	2
Concealed family: Lone parent family: Dependent children	180	79	61	31	3	4	2	0
Concealed family: Lone parent family: All children non-dependent	37	0	1	7	13	10	4	2
Concealed family: Couple family: Total	527	105	198	60	59	64	34	7
Concealed family: Couple family: No children	422	97	157	25	47	58	31	7
Concealed family: Couple family: Dependent children	88	8	40	32	5	3	0	0
Concealed family: Couple family: All children non-dependent	17	0	1	3	7	3	3	0

Table 6.2 Concealed households in Basingstoke and Deane borough

6B DEMOGRAPHIC FORECASTS

- 6.5 This section reviews independent demographic work undertaken by Edge Analytics, and identifies options for demographic change in the borough over the Plan period. This work has been undertaken to inform the council's assessment of its objectively assessed housing need.
- 6.6 Two reports have been undertaken by Edge Analytics. The first report was first published in 2013, and updated in March 2014 to take account of the publication of further 2011 Census data, and to include an assessment of the interrelationship between homes and jobs. This report informed the council's 2014 Strategic Housing Market Assessment (SHMA) and the submission Local Plan. Although the numbers in the 2014 Edge report are no longer based upon the most up-to-date information, the report provides context about the work that has been undertaken thus far, and a detailed explanation of the demographic scenarios used.
- 6.7 Following the publication of new population and household formation data in February/March 2015, the council commissioned Edge Analytics to update their demographic projections (Appendix A). The report also provides further assessment of the relationship between homes and jobs, and sensitivity tests issues around job creation and the demand for housing.
- 6.8 The 2015 Edge report takes into account the Government's most recent 2012-based sub-national population projections and 2012-based household projections (as advocated by the NPPG) and tests a number of scenarios to identify the likely outcomes in terms of population, households, dwellings and jobs growth. This is a 'policy off' assessment of future housing requirements,

to assess future housing requirements if it was not constrained by any policy restrictions.

- 6.9 To align with the plan period, all scenarios were run from a 2011 base year with a 2029 horizon. The scenarios were modelled through a demographic model (POPGROUP) which is widely used by Government and local authorities across the country.
- 6.10 The Edge report identifies a housing requirement based on demographic modelling in a range between 813-936 dwellings per annum (with a mid-point of 874dpa). The variations between the projections are particularly influenced by assumptions on future levels of migration to and from the borough. This compares with the previous narrowed range, based on the earlier Edge report and considered by Council in January-March 2015 of 807-915.
- 6.11 Of the scenarios developed in the report, it is considered that the migration-led scenario continuing 10 years past trends of internal migration, and the last 5 years evidence of international migration is likely to be a robust basis for future projections (PG-10yrs-5yrs). Given the prevailing economic conditions over the last five years, it is considered that the longer timeframe is appropriate for considering internal migration levels. However, given how the changes to international migration following EU expansion in 2004 (and the fact that data is from 2012), the five year horizon is most appropriate for considering immigration. This scenario results in an annual dwelling requirement at the lower end of the range. Further explanation about the different scenarios is set out in Sections 6 and 7 of the March 2014 Edge report.
- 6.12 The report also compares the outcome of the new assessment with the housing requirements that would have been generated using the headship rates (propensity to form households from which dwelling growth is estimated) from CLG's 2008-based and 2011-based assumptions (and the average of the two), that were used to inform the 2014 SHMA. Although guidance is clear that Councils should use the most recent data, review of the outputs with these earlier assumptions act as a sense check. The new 2012 based household projections produce household and dwelling growth outcomes that are generally slightly lower than the average of the previous 2008 and 2011 household growth outcomes.
- 6.13 The proposed housing number of 850 dwellings per annum is in the middle of the range identified by the Council's most up-to-date demographic evidence. Although it could be argued that the scenario which generated the previous 850 figure now gives a figure of 813, a robust housing figure must be seen in the light of economic conditions. This issue is discussed below.

6C HOUSING TO MEET ECONOMIC GROWTH

- 6.14 To understand the potential interaction between the housing market and economy it is important to examine whether, in broad terms, the anticipated

change in the workforce over time, assuming delivery of the level of housing required based on the demographic projections, is consistent with anticipated levels of employment growth. Following a request from the Inspector to include a jobs target or range in the Local Plan, further work has been undertaken on job growth forecasts and their relationship with housing levels. The full evidence supporting the jobs target is provided in the updated Employment Land Review and informed by the Council Plan and the Local Enterprise Partnership's Economic Strategy.

- 6.15 Revised Local Plan Policy EP1 now sets a target of providing between 450-700 jobs per annum. The 2015 Edge update report therefore tests the housing requirements of providing 700 jobs and 450 jobs per annum (at either end of the range), and 600 jobs (as an approximate midpoint). These scenarios generate an annual housing requirement of between 1,004-840 dwellings per annum. These projections are based upon 2011 Census economic activity rates with changes to account for changes to the State Pension Age, and to accommodate potential changes that might result from an ageing but healthier population, with the commuting rates remaining constant and unemployment rates incrementally reduced throughout 2014-29.
- 6.16 Three sensitivity scenarios have also been modelled to examine the impact of alternative economic activity rate and commuting ratio assumptions.
 - SENS1 – Assumes economic activity rate remains fixed at its 2011 level (with commuting ratio remaining constant)
 - SENS2 – Assumes economic activity rate continues to grow increase in line with the trend from 2001-11 (and commuting ratio remains constant).
 - SENS3 – Assumes commuting ratio incrementally reduced by 5% over the forecast period to account for a greater proportion of jobs being taken up by local residents.
- 6.17 These scenarios reduce the dwelling requirement, in some cases quite considerably, showing the sensitivity of these projections to changed inputs. The range based on all the jobs-led scenarios is 1,004-650 giving a mid-point of 827. It is therefore suggested that a figure of 850 is a reasonable basis for the objectively assessed housing need for the borough.
- 6.18 There are also other ways in which the labour market can adjust to an increase in demand for labour that does not require an increase in the resident workforce, such as through a reduction in unemployment, a shift away from part time working to full time working and increasing double jobbing. None of these changes require an increase in resident population and all of them will be stimulated if wage and salary levels increase.
- 6.19 The relationship between the council's proposed housing figure and the employment scenarios is illustrated in Figure 1.

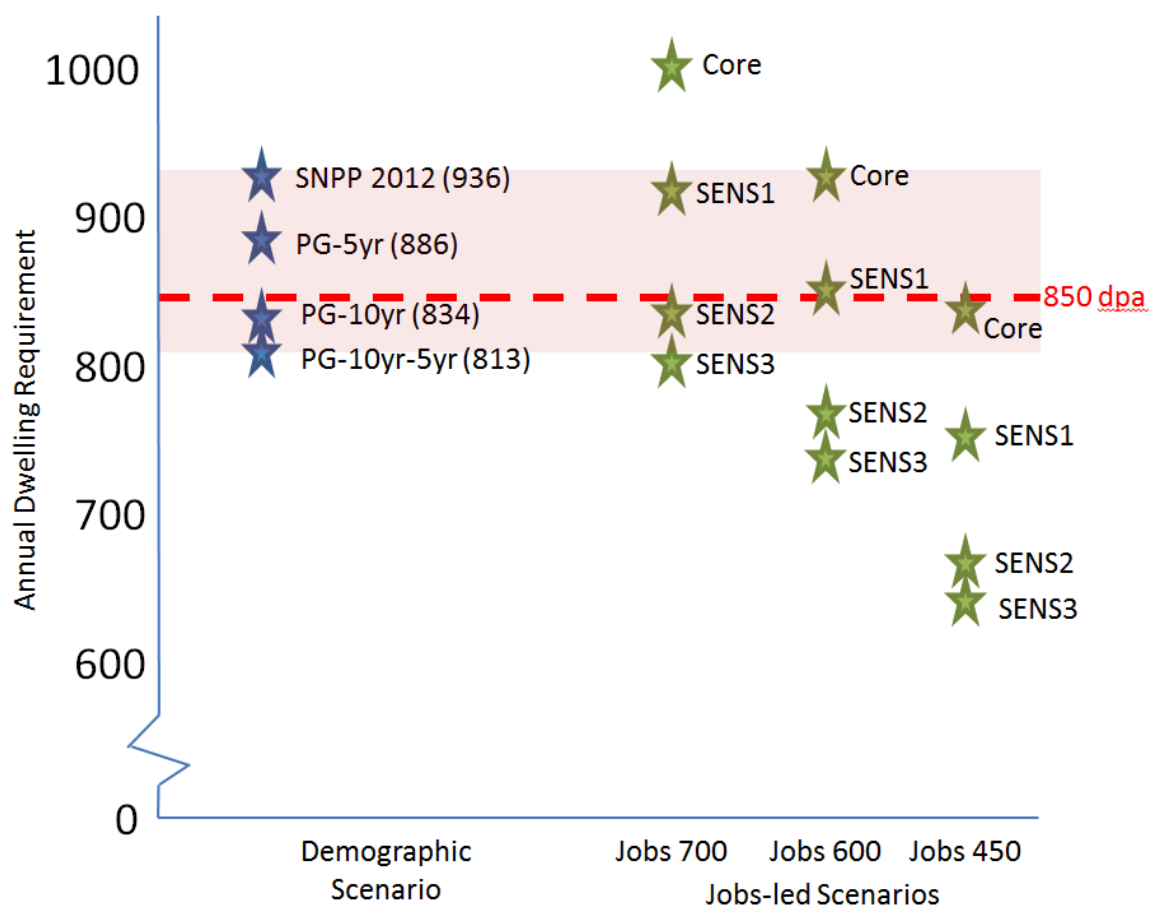


Figure 6.1 Housing requirement scenario testing (Source Edge, 2015)

- 6.20 The Council has reviewed and revised the scenarios to identify the objectively assessed need for the borough. This has taken account of the NPPF and the NPPG. The figure of 850 dpa takes account of the latest population and household projections and the resultant labour supply would support economic growth and deliver a likely job growth of between 450-700 net new jobs per annum.

6D HOUSING MIX

- 6.21 Overall housing requirements set out the scale of need. However, the composition of that need is a further important consideration. In particular, different household groups have different needs and demands from their housing and therefore influence the housing market in different ways.
- 6.22 This analysis is based on the 2011 based interim CLG Household Projections (until Stage 2 of the 2012 projections are published) which provide the most reliable and robust breakdown of household composition to 2021.
- 6.23 The graph below shows household composition proportions from the 2011 based CLG Household Projections applied to the household, starting at 2011,

the base year. This set of CLG Household Projections does not look beyond 2021. In keeping with the approach used in the Edge Analytics, the household trend up to 2021 has been continued beyond 2021 to 2029 (see Appendix A).

- 6.24 Within the overall household growth for the period (13,153 additional households from 2011 – 2029 based on the 2011 CLG Household Projections), single person and couple households form over 56% of all households. Single people comprise nearly 30% of all households, couples with no children a further 30%. Together these two groups will increase in number by nearly 8,000 between 2011 and 2029 which is around 60% of the overall household increase within this period.

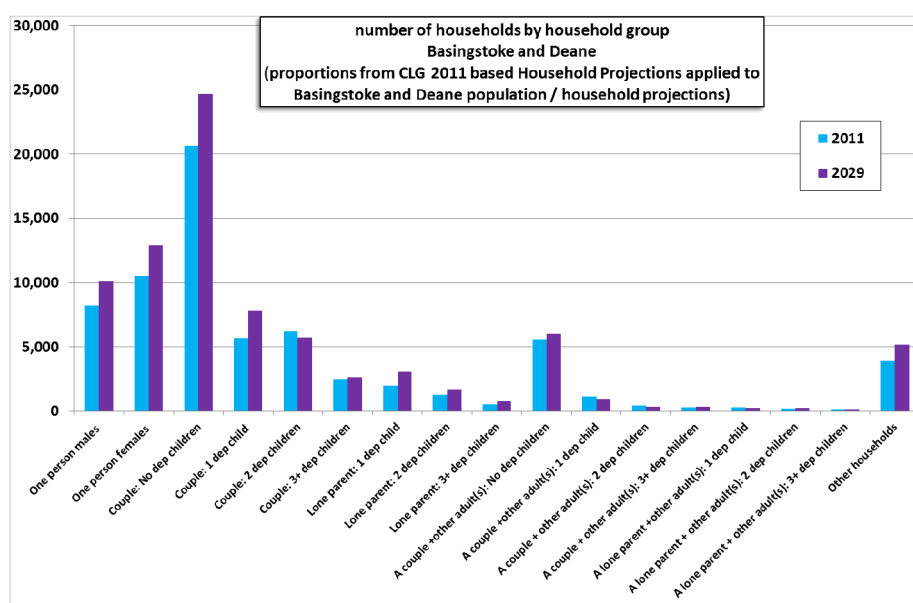


Figure 6.2 Projected change in number of households by household group, 2011-29
(Source: CLG household projections 2011)

- 6.25 The CLG Household Projections also provide detailed data of household type by the age of the household representative. Over the next decade there are increases predicted in the number of households of all age groups with the exception of those under 24. The propensity of households under the age of 35 to form will be dependent on mortgage availability and access to the private rented sector and “intermediate” housing products such as shared ownership being available.

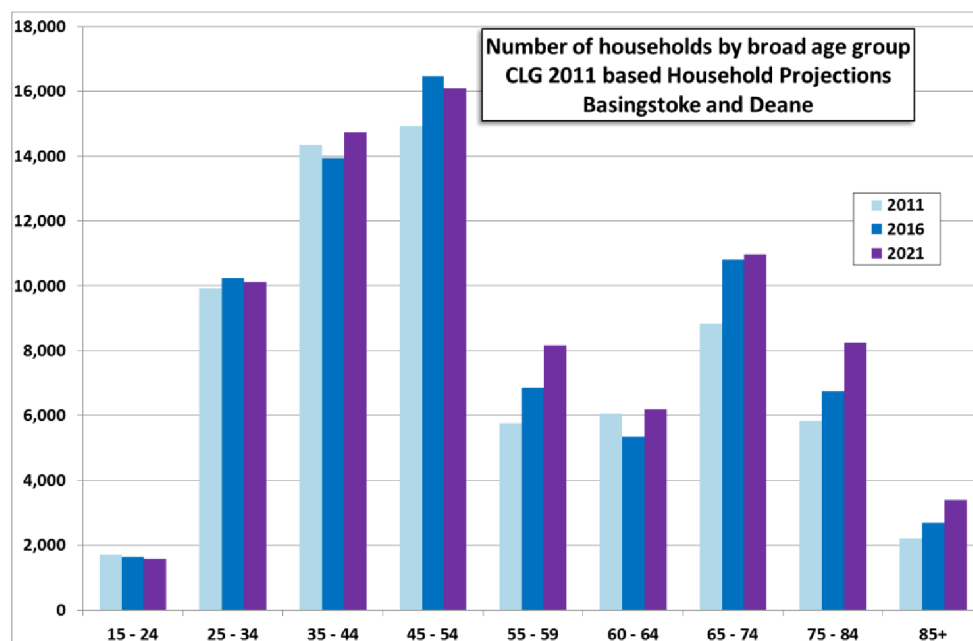


Figure 6.3 Projected number of households by broad age group (Source: CLG Household projections 2011)

- 6.26 The CLG 2011 based Household Projections also show how household composition may vary by broad age group and cross references the two. The growth in the number of one person older persons households can clearly be seen when comparing the base year with that for 2021, which partly explains the decrease in average household size within the Edge Analytics analysis. The higher numbers of single person households and couples can mask the number of families with children, particularly in the 35 – 44 age group. The tables are highlighted to indicate, for each household group which age range has the highest number of households, showing how the number in each household group grows and reduces over different life stages.
- 6.27 This analysis may have implications for housing mix in relation to the extent to which the borough's housing stock may need to be balanced in the future.
- 6.28 The question then arises of how to translate household mix into an appropriate mix of dwelling size and types. The housing requirements of those households in need will vary depending on the size and composition of the households. In terms of the backlog of need, the existing waiting list provides a breakdown of current size requirements for applicants. In respect of future need from newly forming households, this will be dependent on the composition of the households that are on the waiting list. The size and type requirements for affordable housing and intermediate housing have been profiled within the evidence base within the sections on housing need.
- 6.29 The introduction of welfare reforms in April 2013 has imposed a 'bedroom tax' on affordable rented housing, meaning that tenants with a spare bedroom who are 'under-occupying' a property could have their housing benefit reduced. The intention of the reform is that it will better match the allocation of affordable housing stock to the bedroom requirements of the types of families in need of social housing.

- 6.30 The propensity of households to occupy stock of a certain size and type will be dependent on a number of factors including availability of certain types and size of stock, affordability (both rental and market sales) and the prevailing economic conditions that allow households to form in the first place and to move up through the stock as and when their household grows. Some data from the 2011 Census has been released showing current occupancy levels of local stock. The table below shows a simple cross reference between the number of people in the household and the number of bedrooms occupied.

Basingstoke and Deane 2011 Census: Number of people in household	Number of bedrooms occupied					
	1 bed	2 bed	3 bed	4 bed	5+ bed	All bed-rooms
1 person in household	4,609	6,023	5,977	1,408	281	18,298
	25.2%	32.9%	32.7%	7.7%	1.5%	
2 people in household	1,565	6,315	10,992	5,088	1,247	25,207
	6.2%	25.1%	43.6%	20.2%	4.9%	
3 people in household	190	2,120	5,711	2,638	748	11,407
	1.7%	18.6%	50.1%	23.1%	6.6%	
4 people in household	38	819	5,006	3,274	912	10,049
	0.4%	8.2%	49.8%	32.6%	9.1%	
5 people in household	17	113	1,426	1,123	494	3,173
	0.5%	3.6%	44.9%	35.4%	15.6%	
6 or more people in household	4	22	438	441	276	1,181
	0.3%	1.9%	37.1%	37.3%	23.4%	
All categories: Household size	6,423	15,412	29,550	13,972	3,958	69,315
	9.3%	22.2%	42.6%	20.2%	5.7%	

Table 6.3 Household size by number of bedrooms occupied (Source: Census 2011)

- 6.31 The demographic projections from the earlier chapter provide an indicator of the scale of change in household composition.
- 6.32 CLG 2011 household projections can be used as a proxy for the likely types of households forming within the borough over the plan period. Table 10.8 demonstrates the types of new housing that might be required to support household change. This applies a theoretical assumption that household types occupy dwellings suited to their composition and takes no account of the suitability of the existing dwelling stock in meeting current household needs or the fact that, for example, many elderly households in the private market will continue to 'under-occupy' their existing family dwellings as they get older. This analysis looks at the types of households projected to form between 2011 and 2029 and what type of dwellings would satisfy (i.e. adequately meet but without exceeding) their need for housing across the whole market.

Household Type	Example Likely Dwelling Size Types within the Market	Estimated proportion of growth (2011-2029)
One person households and under 65	Small dwellings and apartments/flats (1-2 bed)	19%
Elderly one person household or couple over 65	Accessible dwellings built to lifetime home standards (or other such standard), small bungalows, retirement villages, sheltered accommodation, care homes (1-2 bed).	43%
Family unit (couple or lone parent) with 1 dependent child	Smaller family dwelling houses or in some cases larger apartments (2-3 bed).	21%
Family unit (couple or lone parent) with 2+ dependent children	Family dwelling houses (3+ bed)	5%
A couple with one or more other adults	Shared dwelling houses (3+ bed depending on number of other adults)	5%
Lone Parent or couple with one or more other adults and 1 dependent child	Family/Shared dwelling houses (3+ bed depending on number of other adults)	-1%
Lone Parent or couple with one or more other adults and 2+ dependent children	Larger family/shared dwelling houses (4+ bed depending on number of other adults)	1%
Other households (e.g. houses in multiple occupation)	Various depending on composition of household	9%

Table 6.4 Household composition and dwelling size and type across whole market (Source: CLG household projections 2011)

- 6.33 The above analysis highlights that the vast majority of need arising from the population and household estimates would be for smaller dwelling types, with the majority of households being 1 or 2 person households. Furthermore, much of this need is arising from elderly households, whose housing requirements may range from standard dwellings, to housing options more typically associated with the elderly, such as bungalows, retirement villages, sheltered housing schemes or care homes. There is a slight increase also in larger family households, with such households likely to require family homes.
- 6.34 Whilst an approach of matching closely household size to dwelling size may be applicable for affordable rented tenures (e.g. through the April 2013

welfare reforms), applying these metrics more widely to the whole market is too simplistic a way of estimating future dwelling size and type requirements: the operation of the housing market will not be perfectly efficient to match household size to dwelling size.

- 6.35 From the following Table it can be seen that as at the 2011 Census over 75.4% of dwellings in the borough are under-occupied i.e. households are occupying more space than needed based on the bedroom standard.

	number of households	% of households
All categories: Occupancy rating bedrooms	69,315	
Occupancy rating (bedrooms) of +2 or more	29,082	42.0%
Occupancy rating (bedrooms) of +1	23,166	33.4%
Occupancy rating (bedrooms) of 0	15,378	22.2%
Occupancy rating (bedrooms) of -1	1,485	2.1%
Occupancy rating (bedrooms) of -2 or less	204	0.3%

Table 6.5 Occupancy rating: households in Basingstoke and Deane (Source: Census 2011) (an occupancy rating of -1 indicates there is one room too few and there may be overcrowding)

- 6.36 Particularly given that elderly people often have a tendency to continue to reside in family homes once children have grown up and moved away, so called 'empty nesting', this may have implications for the size and types of dwellings that need to be provided. Growth in these types of smaller households living within larger properties, particularly in areas facing affordability pressures where older people can afford to purchase and retain such houses, may place further housing need pressures upon other households who require such larger dwelling sizes. It has been evidenced elsewhere in this report that it is the older population that predominantly owns their own homes.
- 6.37 On this basis, it is difficult to translate projections of household sizes and types into projections of the market demand for property types. Households have different expectations and aspirations in respect of their home, which means that household composition does not necessarily correlate neatly with the demand for sizes and types of housing.
- 6.38 This is further evidenced by research that was undertaken by NLP on the relationship between dwelling size and household size for the Nottingham City Region¹⁶, the findings of which are considered relevant on a nationwide basis. It concluded that:
- The relationship between household size and housing is a complex one, and in the context of the overall dynamics of the housing market, the impact of policy levers is inevitably marginal – although this does not mean that it is not legitimate;

¹⁶ The Relationship between Household Size and Dwelling Size in New Housing Provision, NLP, 2010
<http://www.nottinghamcity.gov.uk/CHttpHandler.ashx?id=17772&p=0>

- Aspirations and changing lifestyles mean there is a demand for larger, more flexible housing;
- Rising number of households, low/falling new build rates, limited access to housing finance means there is suppressed demand and concealed households;
- Average household size may be falling, but overcrowding is still a factor for many households, and this coincides with a number of other important socioeconomic factors, including lower incomes;
- So-called 'under-occupation' of existing family stock is an important feature of the market, but one where there is limited scope to intervene, even where it is considered desirable to do so;
- New build is important component of the market, but still relatively limited compared to the existing stock in meeting overall need. Conversion and
- adaptation of existing stock will also be an important policy tool.

6.39 The report went on to identify that:

'Evidence on housing need and mix produces empirical data on future needs which are expressed quantitatively. The temptation is often to attach a great deal of weight to these estimates of housing need (whether it relates to affordable housing or the type and mix). Ultimately, however, there needs to be caution in applying detailed modelled outputs of housing need at a local level and especially to individual developments, without factoring in other relevant considerations in a way that is structured and systematic. Recent appeal decisions have identified that factors such as dwelling mix, size and type have in a number of recent cases been identified as less important factors in cases where the overall supply will see an increase in additional housing that will be delivered to the market'.

- 6.40 The inference of this is that in planning for future housing should not necessarily be prescriptive in terms of the mix, size and type of dwellings which Council's consider should be provided as part of any new development, particularly in the context of market housing. The 'bedroom tax' does, however, mean that Councils will need to carefully plan and negotiate with developers the appropriate size of affordable properties to match needs.
- 6.41 Taking all of the above into account, although it is clear that the majority of market household need will be for smaller dwellings (and in particular an acute need for housing solutions for older people), it is important to provide a range of dwellings, given the challenges in matching households to dwellings. It is also important to note that the majority of single person households in the market sector occupy homes with 2 or more bedrooms. This is particularly the case amongst older households.
- 6.42 The Council has two key pieces of evidence that assist in determining the potential housing mix. These are summarised below along with their key findings and recommendations.

OTHER EVIDENCE ON HOUSING MIX

Neighbourhood Stock Analysis (2009)

- 6.43 The objective of the Neighbourhood Stock Analysis was to conduct a review of the size and types of dwelling in the borough, how the profile of dwelling types relates to the current and likely future pattern of household types and what action is open to the council to address any mismatches between the stock and demographic profile. The study focused on Basingstoke town and the surrounding settlements but the evidence and projections for balancing housing stock were based on population and household projections for the borough as a whole.
- 6.44 The projections were developed for the former South East Plan (from 2006-2026), and showed :
- A significant increase in single person households, such that by 2026, single person households will comprise 36% of all households in the borough.
 - The forecast growth in single person households is across all age ranges but half are forecast to be over 60 years of age;
- 6.45 This translates into a possible housing stock requirement for the year 2026 as follows:

1 bed flats	4%	32%
2 bed up sizing flats	8%	
2 bed houses	20%	
3 bed houses & larger	35%	
3 bed flats / cluster	2%	
2 bed downsizing houses, flats bungalows	21%	21%
½ bed elderly / care	10%	
Total	100%	

Table 6.6 Housing mix requirement indicated by the South East Plan

- 6.46 It can be seen that using the HPCMP approach to estimate future requirements in the borough, there remains a substantial requirement for 'family housing' (3 bed and more) but also a significant requirement for smaller flats and houses (30-35% at 2026 using the assumptions). The report also highlights the significant theoretical requirement for downsizing types of housing around 20%.

Rural Housing Study

- 6.47 In 2009, consultants DCA published the borough's Rural Housing Study. Housing need, and in/out migrations were established through a household survey. The study covered the area outside of Basingstoke Town, that is, the parished area of the borough.

- 6.48 Developers are expected to bring forward proposals which reflect market housing demand identified in assessments in order to sustain mixed communities. The study looked at needs for property types in the rural areas of the borough and recommended that as a guideline for future development, proportions should be rounded with a broad 40% target for smaller units mainly 2 bedrooms and 60% family sized three or four bedroom properties.
- 6.49 The rural housing study concluded that there are differing needs in the rural areas from different household groups. The following table indicates the Market Housing need requirements for the rural area by sub area:

Area		1 bed	2 bed	SD total	Small Dwellings (%)	3 bed	4+ bed	3+ bed total	3+ bed %
1	South East of the Borough	0	30	30	16.0	89	68	157	84.0
2	East of the Borough	11	72	83	34.6	56	101	157	65.4
3	North East of the Borough	0	54	54	22.3	63	125	188	77.7
4	North of the Borough and Tadley	3	110	113	28.0	155	135	290	72.0
5	North of the Borough and Kingsclere	0	45	45	25.6	36	95	131	74.4
6	North West of the Borough	3	30	33	22.1	41	75	116	77.9
7	South West of the Borough	5	65	70	34.1	63	72	135	65.9
8	South of the Borough and Overton	0	102	102	42.5	70	68	138	57.5
9	Oakley and Deane	0	73	73	44.8	51	39	90	55.2
10	North of Basingstoke town	4	64	68	42.2	38	55	93	57.8
		26	645	671	31.0			1495	69.0

Table 6.7 Owner Occupation / private rent requirements by sub area

- 6.50 The findings indicate that the need for small dwellings is predominantly for two bedroom units (96%) and that the need for small dwellings varies considerably by rural area, with the North, South and South West of the borough having the greatest requirement for two bedroom units (over 40%).
- 6.51 The report concludes that:
- Although the existing stock has high proportions of three and four bedroom units, the data indicates that there is still a need for more large units with a shortfall of 2, 3 and 4+ bed property sizes in the rural area.

- Although current demand for one bedroom units is very low and may be met from turnover, it is not realistic to deliver no one bedroom units for which there is likely to be more demand in the long term particularly to improve the balance of the stock and address demographic change. Demand for 2 bedroom units is however high.
- It is recommended that as a guideline for future development, proportions should be rounded with a broad 40% : 60% split between smaller units and family sized accommodation.

HOUSING MIX DELIVERY

6.52 It is useful to observe the mix of housing provided over the last several years in order to establish any need for rebalancing. The following table shows the percentage breakdown of housing mix between 2006/07 and 2012/13.

Number of bedrooms	% of total dwelling provided between 2006/07 - 2012/13
1 bed	12
2 bed	35
3 bed	28
4+ bed	25

Table 6.8 Housing mix of dwellings delivered in Basingstoke and Deane 2006/07 – 2012/13

6.53 From the evidence above it would seem appropriate to continue a similar such a mix in the future. However, there is evidence to suggest need for a higher number of 1 bed dwellings than has been provided since 2006/07 and a reduction in the 4+bed provision particularly also given the possibility of downsizers freeing up larger properties which can then be recycled in the market.

6E THE HOUSING NEEDS OF SPECIFIC HOUSEHOLDS

6.54 Different household groups have different needs and demands from their housing and therefore influence the housing market in different ways. Using data from the Census 2011 and the demographic forecasts undertaken earlier in the report an analysis of the housing requirements of specific groups has been undertaken.

FAMILIES

6.55 The number of families in Basingstoke and Deane (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals 21,724 accounting for 31.3% of households. The demographic projections under the CLG household projections 2011 suggest this is set to increase by circa 3,500 households between 2011 and 2029.

- 6.56 The Central Hampshire and New Forest SHMA encourages authorities to *'explore the scope for extending existing dwellings to help create dwellings for larger families'*. However, it does acknowledge that not all types of households lend themselves easily to extensions. Moreover it identifies that larger dwellings that may be suitable for conversion are currently under occupied, which has been highlighted as a factor in the borough. In the absence of these under occupied dwellings becoming available new build family housing will need to be accommodated.

YOUNG PEOPLE

- 6.57 The number of family households with non-dependent children still living at home highlights the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with parents. The Central Hampshire and New Forest SHMA states that this is *'because they cannot afford market housing or to give them time to save'*. This age cohort is likely to have to turn to private rented shared households, often the only alternative means of meeting their housing needs, aside from residing with parents, where they would not form a head of household. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, along with high standards for Houses in Multiple Occupation (HMOs) will help younger households to access housing.

HOUSING FOR OLDER PEOPLE

- 6.58 Like the rest of the country, Basingstoke and Deane has an ageing population. Data from the ONS mid-year estimates / forecasts sets out that at the start of the plan period in 2011, the population over the age of 65 was 29,600, representing 18% of the total population in the borough. By the end of the plan period in 2029, it is forecast that the number of over 65s will have risen to 47,400, making up 24% of the borough's population.
- 6.59 According to the CLG Household projections 2011, the number of households in the borough where the reference household member was aged 65 or over, totaled 16,898 in 2011 (accounting for 24% of all households), and that by 2021 this will increase to 22,623 households (accounting for 28% of all households).
- 6.60 This demographic change is likely to see an increase in the need for specialist accommodation for older people in both the market and affordable housing sectors, as well as a requirement for care and support for some older people. A large proportion of older people will wish to remain in mainstream housing.
- 6.61 Many older households may be under-occupying their homes, but this is difficult to address in the affordable sector and is not a change which can be brought about in the private market through local policy intervention. Although

many older households are likely to choose to stay within larger properties, some households may consider downsizing to release equity.

HOUSING NEED BY ETHNICITY

- 6.62 Black and minority ethnic (BME) may have particular requirements in relation to housing needs, often reflecting different social norms and family structures. In Basingstoke and Deane, 92.9% of the population is self-classified as white. The remaining 7.1% of the population comprises a wide range of ethnicities. Increasing diversity in the borough is recognised, and the response is to allow a wide range of housing types to cater for all sections of the population.

DISABILITY

- 6.63 The Rural Housing Survey concluded that 14.6% (3,845 implied) households in the rural area of the borough include a member with a disability. The report refers to the Department of Social Security report of 1998 (based on a 1996 / 97 survey) which suggested that as many as 8.6 million disabled adults in private households - around 14 - 15% of the population. The study also indicates that the researchers (DCA) own survey results have indicated a consistently higher level in the region of 20%.
- 6.64 The Census 2011 identifies that 5.6% of borough's population identified that they had a long term health problem or disability which limited day-to-day activities a lot, whilst a further 8.0% identified that they had a long term health problem or disability which limited day-to-day activities a little.
- 6.65 The above information justifies a requirement for dwellings to meet higher accessibility standards.

7.0 AFFORDABILITY

Summary

House Price to Earnings Ratio

- The ratio of lower quartile house prices to lower quartile incomes is 7.7. Affordability has generally worsened over the last decade, locally, regionally and nationally.
- Basingstoke has not experienced any worsening of affordability when compared to neighbouring authorities.
- Housing costs in Basingstoke and Deane are generally more affordable than neighbouring authorities.

Affordability Modelling

- The minimum household income required to access lower quartile priced owner occupied property would be £32,000pa. This is not accessible to 41.4% of the population.
- The minimum household income required to access lower quartile priced shared ownership accommodation would be £23,000pa.
- Those whose incomes are between £23,000 and £32,000pa (13%) would be able to afford shared ownership.
- The 28.3% of the population who have an income below £23,000, would require social rented housing.
- The minimum household income required to access lower quartile priced private rented accommodation would be £24,336pa. This is not accessible to 29.8% of the population.

7A HOUSE PRICE TO EARNINGS RATIO

- 7.1 The house price to income ratio shows the relationship between house prices and earnings. In Basingstoke and Deane the lower quartile house price to lower quartile income ratio is 7.71 which means that lower quartile house prices are 7.7 times lower quartile individual earnings. The higher the ratio, the less affordable the district.
- 7.2 The graph below shows that over the last decade, there has been a generally increasing trend in the ratio, indicating worsening affordability. However, there are two notable exceptions: the reduction in 2009 with a subsequent increase to 2011; and the decreases in 2012 and 2013 which return the ratio to a position very similar to that of 10 years previously in 2003/4.

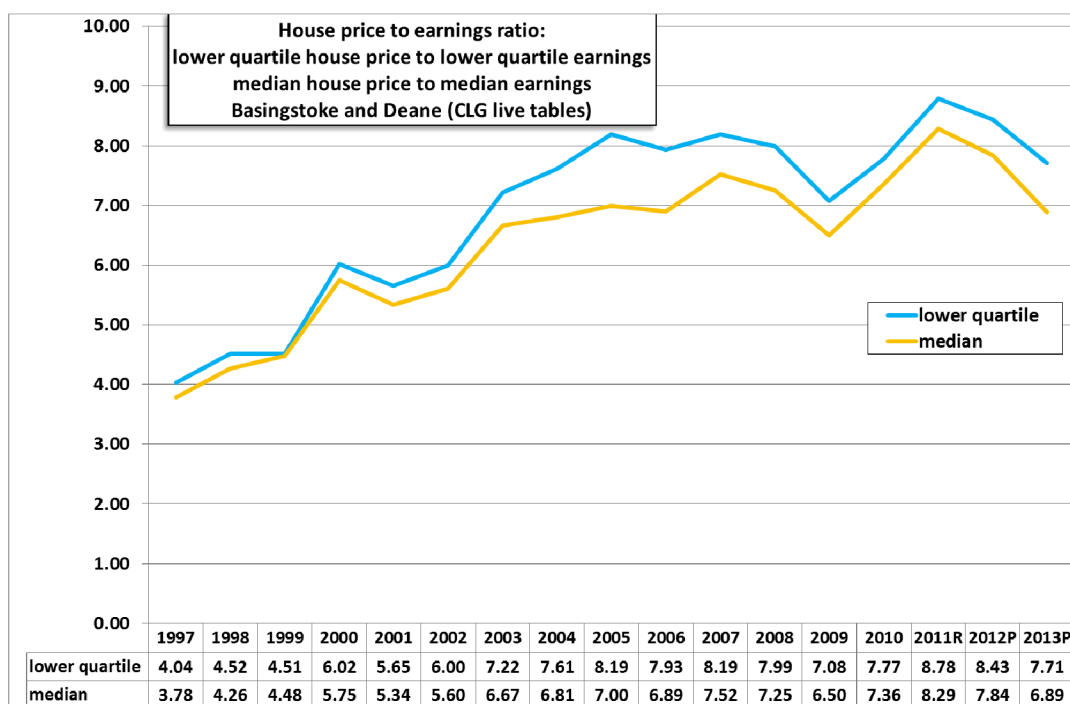


Figure 7.1 House price to earnings ratio tracked over time

- 7.3 The decrease in the ratio (and therefore improvement in affordability) in 2009 was the result of house prices falling at the same time as lower quartile earnings stabilised. In 2010, house prices increased while earnings remained the same and in 2011 house prices remained the same and earnings fell back marginally, both years therefore resulting in worsening affordability ratios.
- 7.4 House prices changed little in 2012 and 2013 at the same time as a significant increase in the Basingstoke and Deane earnings for these years. This has led to an improvement in affordability from 2012.
- 7.5 In 2013, across the south east region, lower quartile house price to lower quartile earnings ratios ranged from Tandridge, where lower quartile house prices were 13.9 times earnings, to Portsmouth, 6.4 times. Basingstoke and Deane has maintained its position relative to its neighbouring Hampshire and Berkshire districts for many years as one of the least expensive districts. East Hampshire and Hart are consistently at the highest end of the range and are the most expensive of the borough's neighbouring districts as the graph shows below.

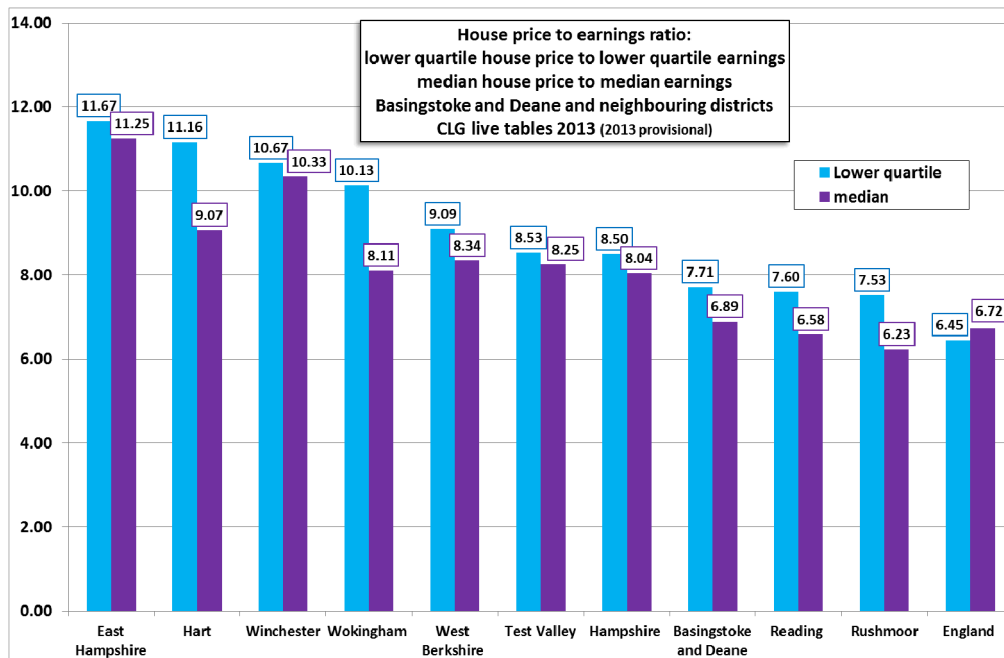


Figure 7.2 House price to earnings ratio compared with neighbouring local authorities

- 7.6 A comparison between lower quartile and median ratios for each district reveals a further issue in that the lower quartile ratio appears higher than the median ratio: in other words, lower quartile house prices are less affordable to those with lower quartile incomes than median priced properties are to those on median incomes. Affordability is worse for those on lower incomes, and they may struggle to afford to buy even at the lower end of the housing market.
- 7.7 In Basingstoke and Deane the difference between these ratios is marginal and the borough remains one of the least expensive districts in north Hampshire. Nevertheless, house prices in the borough can be up to seven or eight times individual earnings.
- 7.8 The graph below shows how changes in lower quartile and median earnings and house prices have occurred over the last decade. The focus is on property that may be considered “entry price”, that is, the overall lower quartile. It is usual for house prices, especially in the recent past to show more change year on year than earnings which tend to change more gradually. Although house prices appear to be climbing at a higher rate, the next section on affordability modelling shows the relative proportion of prices to earnings within the context of a mortgage that could be required to purchase a lower quartile and median priced property.

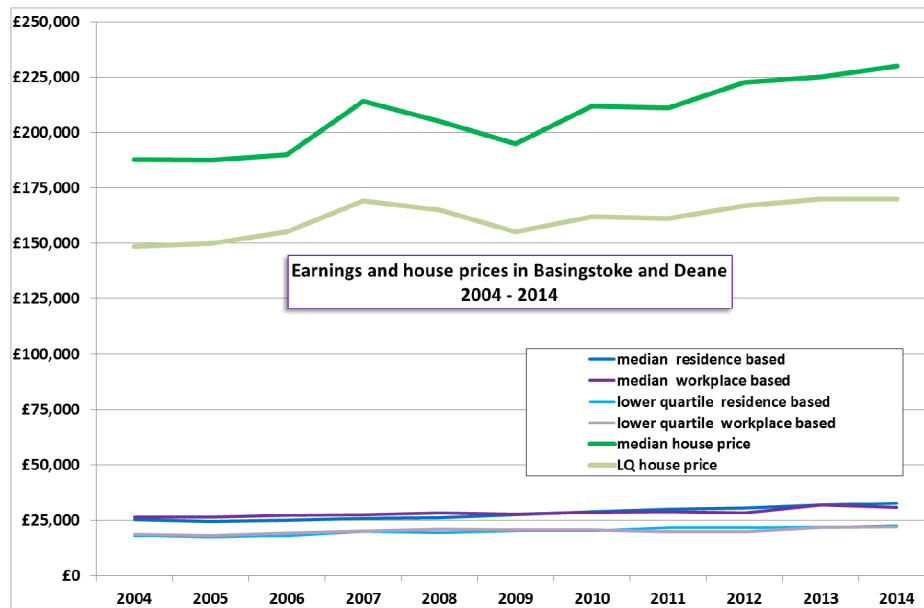


Figure 7.3 Earnings and house prices in Basingstoke and Deane 2004-14

- 7.9 Earnings analysis in Chapter 3 has already shown how lower quartile earnings, while there has been a small increase in the last few years, have not increased at the same rate as median and the gap between lower quartile and median earnings is increasing. The same pattern is also seen in overall household income at lower quartile and median levels.
- 7.10 The data shows this pattern for other local authorities. However, also relevant to the affordability modelling is the distribution of incomes across households in the borough. Over the last 4 years, a higher percentage of households have fallen into the lower income brackets below £20,000, and there is a lower proportion of households in the £20,000-£40,000 bands. This means that even if housing costs did not change, a higher proportion of households may struggle to afford rent or home ownership.
- 7.11 Chapter 5 has presented analysis of house prices to show these have stabilised in the last year to 18 months. Private rents have increased. The affordability modelling which follows tests both rents and house prices, which remain high. This is compared to lower quartile earnings incomes which have seen only a marginal increase, to lower quartile household income which has seen no increase, and to the borough population where a higher percentage of households have an annual income towards the lower end of the distribution scale.

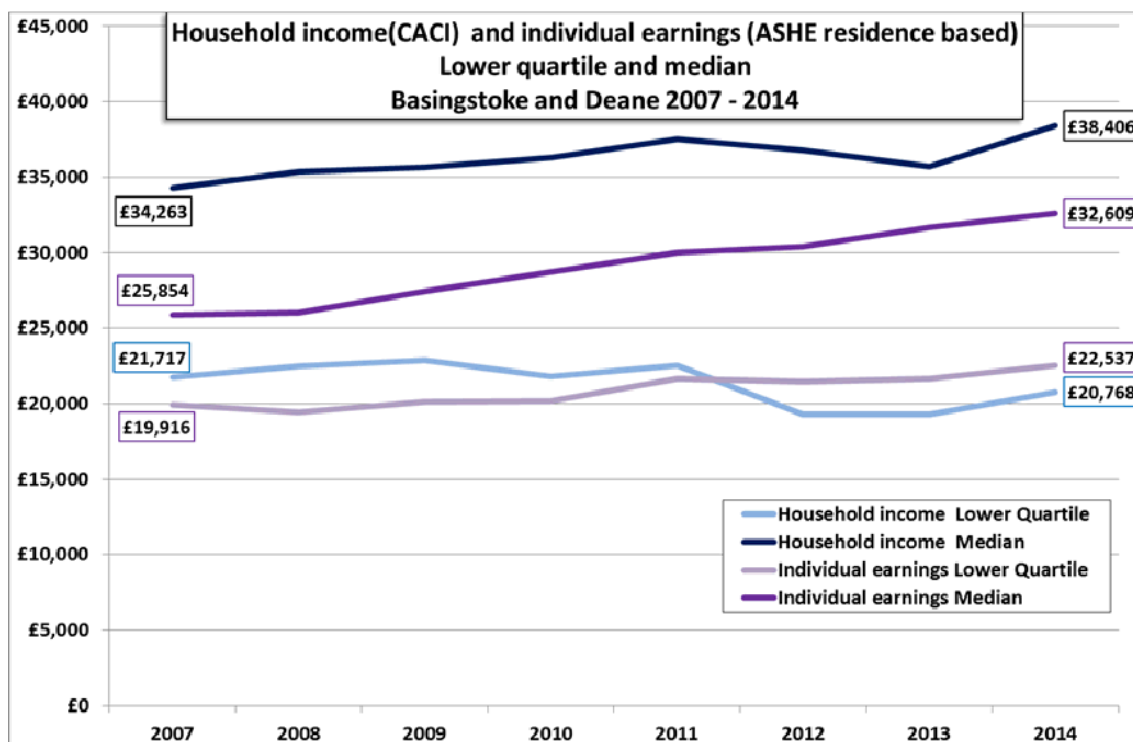


Figure 7.4 Change in lower quartile and median household income and individual earnings over time

7B AFFORDABILITY MODELLING

7.12 The purpose of this section is to:

- update previous modelling using 2014 base data;
- to inform the Housing Needs Assessment. Arising housing need from new household formation is affordability tested to inform the council's affordable housing requirement and establish the percentage of new households requiring intermediate or socially rented housing;
- to establish an overall local affordability context;
- to show what households living in Basingstoke and Deane can afford to buy or rent;
- to produce a series of modelling that is easy to understand and apply within policies; and easy to monitor, track, update and review;
- to sensitivity test using different variables to understand the relationships between varying deposits, mortgage multipliers and interest rates.

7.13 Housing costs (rent or mortgage payments) can be tested for their affordability in a number of different ways. If gross income data is available then a common approach is to measure the ratio of the rent or mortgage payment to that income. A generally accepted affordability principle is used - that housing costs are considered to be affordable if they comprise no more than one third of housing costs. In addition to being widely used as a benchmark, this represents a balanced position which allows some margin for increases in housing costs and salary deductions at the same time as recognizing a residual income that must allow for other commitments and the overall costs of living. Financial support through Housing Benefit will mitigate financial

hardship, but sometimes only partially; some households may not qualify to have all their rent covered by Housing Benefit.

- 7.14 There are certain points to consider when assessing income details from sources such as CACI and the Housing Register: these records relate to all income, which may include earnings or it may not. It is assumed that all the household income would be counted by a mortgage lender as eligible for a mortgage and used in the assessment of how much mortgage was allowed. The modelling does allow for the need for a deposit to purchase a property. Additional costs such as stamp duty, solicitor's fees, search and survey fees would also be necessary.
- 7.15 The results of the test show that as house prices or rents decrease or increase this could change the number and proportion of households able to afford them. Consequently, affordability tests will show indicative relative affordability.

ACCESS TO OWNER OCCUPATION

- 7.16 Access to owner occupation was tested based on the following assumptions:
- Lower quartile house price of £170,000 (2014);
 - Median house price of £230,000 (2014);
 - Deposits are tested at 25%, 10% and 5% (this range reflects current market & Government initiatives).
 - Mortgages are assumed to be no more than 4.5x income – more typically 3.5x income. Lenders are restricting the proportion of mortgage offers of 4.5x income or above.
 - Interest rates are tested at 4%-6%. Typically, fixed term initial offers could be lower but at the end of the fixed period, rates are around 4%. Consequently, the modelling will start at 4% and test a “stretch” to over 6%.
- 7.17 These variables are used combined with the following incomes/sources:
- Lower quartile and median earnings (ASHE 2014);
 - Lower quartile and median household incomes (CACI Paycheck 2014);
 - Lower quartile and median household incomes for single, couple and family households (BDBC Housing Register 2014).
- 7.18 There are five tests applied which answer the following questions:
1. Assuming a mortgage could be obtained and a deposit raised, **what is the gap** between lower quartile / median earnings and incomes and lower quartile / median house prices?
 2. **What earnings level or income is actually required** to afford a lower quartile or median property?
 3. **Based on lower quartile or median earnings or income, what is actually affordable?** By how much would a property need to be

discounted to be affordable based on lower quartile or median earnings or income?

4. **How affordable are mortgage payments assuming a potential owner occupier could obtain a mortgage?** If modelling indicates that a particular loan to value or income multiplier, and a large mortgage, along with a deposit, would “close the gap”, what would be the implications for a household who then had to repay that mortgage on a monthly basis?
5. **What is the effect on different “loan to values”?**

Test 1: Assuming a mortgage could be obtained and a deposit raised, what is the gap between lower quartile / median earnings and incomes, and lower quartile / median house prices?

- 7.19 The table below shows the extent of the gap if an individual with lower quartile earnings (£22,537) or a household with lower quartile household income (£20,768) was to try to purchase a lower quartile property. Even allowing for a number of different deposit rates (25%, 10% or 5%) or mortgage multipliers (3.5x income, 4.0x income or 4.5x income), and assuming the deposit and mortgage are available, there is a considerable gap between the ability of an individual on lower quartile earnings or a household with a lower quartile income to afford a lower quartile property.
- 7.20 The gap is at its lowest when a high deposit (25%) is combined with a high mortgage multiplier (4.5x income), but the gap is still around £26,000 or more.
- 7.21 This test excludes from outright home ownership all household groups whose incomes have been identified for testing and all households on the Housing Register with lower quartile income.

Lower quartile earnings and lower quartile household income 2014	Lower quartile house price 2014 (A)	Deposit	Mortgage	Total price that can be afforded (B)	Gap (A-B)
25% deposit and 3.5x mortgage					
£20,768	£170,000	£42,500	£72,688	£115,188	£54,812
£22,537	£170,000	£42,500	£78,880	£121,380	£48,621
10% deposit and 3.5x mortgage					
£20,768	£170,000	£17,000	£72,688	£89,688	£80,312
£22,537	£170,000	£17,000	£78,880	£95,880	£74,121
5% deposit and 3.5x mortgage					
£20,768	£170,000	£8,500	£72,688	£81,188	£88,812
£22,537	£170,000	£8,500	£78,880	£87,380	£82,621
25% deposit and 4x mortgage					
£20,768	£170,000	£42,500	£83,072	£125,572	£44,428
£22,537	£170,000	£42,500	£90,148	£132,648	£37,352
10% deposit and 4x mortgage					
£20,768	£170,000	£17,000	£83,072	£100,072	£69,928
£22,537	£170,000	£17,000	£90,148	£107,148	£62,852

5% deposit and 4x mortgage					
£20,768	£170,000	£8,500	£83,072	£91,572	£78,428
£22,537	£170,000	£8,500	£90,148	£98,648	£71,352
25% deposit and 4.5x mortgage					
£20,768	£170,000	£42,500	£93,456	£135,956	£34,044
£22,537	£170,000	£42,500	£101,417	£143,917	£26,084
10% deposit and 4.5x mortgage					
£20,768	£170,000	£17,000	£93,456	£110,456	£59,544
£22,537	£170,000	£17,000	£101,417	£118,417	£51,584
5% deposit and 4.5x mortgage					
£20,768	£170,000	£8,500	£93,456	£101,956	£68,044
£22,537	£170,000	£8,500	£101,417	£109,917	£60,084

Table 7.1 Gap between lower quartile earnings/household income and house prices

- 7.22 There is also a considerable gap between the ability of an individual on median earnings (£32,609), or a household with a median income (£38,406), to afford a median priced property. This is even if a deposit can be raised and a mortgage obtained. However, when a large deposit (25%) is available and a mortgage obtained at the upper limit of 4.5x income, it could be possible in theory to buy a property according to the modelling. All other combinations of mortgage multipliers and deposit levels show a significant shortfall and given that mortgages of 4.5x income and above are now restricted (as high risk) by lenders, as advised by the Bank of England, it should not be assumed in policy terms that a property is affordable on this basis.

Median earnings and median household income 2014	Median house price 2014 (A)	Deposit	Mortgage	Total price that can be afforded (B)	Gap (A-B)
25% deposit and 3.5x mortgage					
£32,609	£230,000	£57,500	£114,132	£171,632	£58,369
£38,406	£230,000	£57,500	£134,421	£191,921	£38,079
10% deposit and 3.5x mortgage					
£32,609	£230,000	£23,000	£114,132	£137,132	£92,869
£38,406	£230,000	£23,000	£134,421	£157,421	£72,579
5% deposit and 3.5x mortgage					
£32,609	£230,000	£11,500	£114,132	£125,632	£104,369
£38,406	£230,000	£11,500	£134,421	£145,921	£84,079
25% deposit and 4x mortgage					
£32,609	£230,000	£57,500	£130,436	£187,936	£42,064
£38,406	£230,000	£57,500	£153,624	£211,124	£18,876
10% deposit and 4x mortgage					
£32,609	£230,000	£23,000	£130,436	£153,436	£76,564
£38,406	£230,000	£23,000	£153,624	£176,624	£53,376
5% deposit and 4x mortgage					
£32,609	£230,000	£11,500	£130,436	£141,936	£88,064
£38,406	£230,000	£11,500	£153,624	£165,124	£64,876

25% deposit and 4.5x mortgage					
£32,609	£230,000	£57,500	£146,741	£204,241	£25,760
£38,406	£230,000	£57,500	£172,827	£230,327	-£327
10% deposit and 4.5x mortgage					
£32,609	£230,000	£23,000	£146,741	£169,741	£60,260
£38,406	£230,000	£23,000	£172,827	£195,827	£34,173
5% deposit and 4.5x mortgage					
£32,609	£230,000	£11,500	£146,741	£158,241	£71,760
£38,406	£230,000	£11,500	£172,827	£184,327	£45,673

Table 7.2 Gap between median earnings/household income and house prices

- 7.23 This excludes from outright owner occupation, individuals on median earnings and single parents with median household income. However, it does indicate that an income of £32,609 is not sufficient to buy but around £38,406 may be sufficient to buy on some basis. The next test looks at where that income point may be in more detail, depending on the combination of deposit and mortgage.

Test 2: What income or earnings level is actually required to afford a lower quartile or median priced property? When does the “gap” close?

- 7.24 The tables below show the point at which the “gap” is closed – there is no longer a shortfall between the funds available (deposit and mortgage) and the price of a lower quartile or median property. This test shows what a household would be able to borrow in theory based on 3 different mortgage multipliers. There is no affordability test at this point to determine if the mortgage can be repaid – this comes in Test 4.
- 7.25 When modelled against a lower quartile property price, the lowest incomes required are as follows:
- At 25% deposit / mortgage at 3.5x income: income of £37,500 required;
 - At 25% deposit / mortgage at 4x income: income of £32,500 is required;
 - At 25% deposit / mortgage at 4.5x income: income of £30,000 is required;
 - At 10% deposit / mortgage at 4.5x income: income of £35,000 is required.
- 7.26 This indicates owner occupation at £30,000, provided a £42,500 deposit is available: however, the mortgage would need to be 4 or 4.5x income. The 2014 SHMA also identified the possibility of a £30,000 annual income to buy a property with a mortgage to income multiplier of just over 4.2 but also considered this unrealistic to assume a mortgage would be available for borrowing. Rather than build into modelling and policy development an assumption that relied on high risk borrowing, a mortgage should not be treated as theoretically attainable at more than 4x income, and between 3.5 and 4 would be preferred.
- 7.27 It should finally be noted that the value of the mortgage raised is upwards from around £130,000 when buying a lower quartile property of around £170,000. It is not so much the annual income, therefore, but the income multiplier that permits borrowing of £130,000 that is the important part of this

affordability calculation. A lower deposit than 25%, say, 10% or 5% must be offset by a higher income or a higher income multiplier.

Earnings or income required to close gap 2014	Lower quartile house price 2014	deposit	mortgage	total price that can be afforded	the gap
25% deposit and 3.5x mortgage					
£32,500	£170,000	£42,500	£113,750	£156,250	£13,750
£35,000	£170,000	£42,500	£122,500	£165,000	£5,000
£37,500	£170,000	£42,500	£131,250	£173,750	-£3,750
£40,000	£170,000	£42,500	£140,000	£182,500	-£12,500
10% deposit and 3.5x mortgage					
£40,000	£170,000	£17,000	£140,000	£157,000	£13,000
£42,500	£170,000	£17,000	£148,750	£165,750	£4,250
£45,000	£170,000	£17,000	£157,500	£174,500	-£4,500
£47,500	£170,000	£17,000	£166,250	£183,250	-£13,250
5% deposit and 3.5x mortgage					
£42,500	£170,000	£8,500	£148,750	£157,250	£12,750
£45,000	£170,000	£8,500	£157,500	£166,000	£4,000
£47,500	£170,000	£8,500	£166,250	£174,750	-£4,750
£50,000	£170,000	£8,500	£175,000	£183,500	-£13,500
25% deposit and 4x mortgage					
£27,500	£170,000	£42,500	£110,000	£152,500	£17,500
£30,000	£170,000	£42,500	£120,000	£162,500	£7,500
£32,500	£170,000	£42,500	£130,000	£172,500	-£2,500
£35,000	£170,000	£42,500	£140,000	£182,500	-£12,500
10% deposit and 4x mortgage					
£35,000	£170,000	£17,000	£140,000	£157,000	£13,000
£37,500	£170,000	£17,000	£150,000	£167,000	£3,000
£40,000	£170,000	£17,000	£160,000	£177,000	-£7,000
£42,500	£170,000	£17,000	£170,000	£187,000	-£17,000
5% deposit and 4x mortgage					
£37,500	£170,000	£8,500	£150,000	£158,500	£11,500
£40,000	£170,000	£8,500	£160,000	£168,500	£1,500
£42,500	£170,000	£8,500	£170,000	£178,500	-£8,500
£45,000	£170,000	£8,500	£180,000	£188,500	-£18,500
25% deposit and 4.5x mortgage					
£25,000	£170,000	£42,500	£112,500	£155,000	£15,000
£27,500	£170,000	£42,500	£123,750	£166,250	£3,750
£30,000	£170,000	£42,500	£135,000	£177,500	-£7,500
£32,500	£170,000	£42,500	£146,250	£188,750	-£18,750
10% deposit and 4.5x mortgage					
£30,000	£170,000	£17,000	£135,000	£152,000	£18,000
£32,500	£170,000	£17,000	£146,250	£163,250	£6,750
£35,000	£170,000	£17,000	£157,500	£174,500	-£4,500
£37,500	£170,000	£17,000	£168,750	£185,750	-£15,750

Table 7.3 Income required to close the funding gap (for a lower quartile property)

7.28 To purchase a median priced property would require an income of at least £38,000 but this is with a 25% deposit and a 4.5x income mortgage. Typically, an annual income of £45,000 to £50,000 would be required. The “gap” is closed, with the lowest income possible, with the following combination of deposit and mortgages:

- At 25% deposit / mortgage of 3.5x income: income of £50,000 is required;
- At 25% deposit / mortgage at 4x income: income of £45,000 is required;
- At 25% deposit / mortgage at 4.5x income: income of £38,400 is required;
- At 10% deposit / mortgage at 4.5x income: income of £47,500 is required;
- At 5% deposit / mortgage of 4.5x income: income of £50,000 is required.

7.29 Discounting borrowing 4.5x income as higher risk and mortgage availability at that level restricted, the mortgage to be raised for a median property would be around £175,000 - £180,000 using these deposit / mortgage variables.

Earnings or income required to close the gap 2014	Median house price 2014	deposit	mortgage	total price that can be afforded	the gap
25% deposit and 3.5x mortgage					
£45,000	£230,000	£57,500	£157,500	£215,000	£15,000
£47,500	£230,000	£57,500	£166,250	£223,750	£6,250
£50,000	£230,000	£57,500	£175,000	£232,500	£2,500
£52,500	£230,000	£57,500	£183,750	£241,250	£11,250
10% deposit and 3.5x mortgage					
£55,000	£230,000	£23,000	£192,500	£215,500	£14,500
£57,500	£230,000	£23,000	£201,250	£224,250	£5,750
£60,000	£230,000	£23,000	£210,000	£233,000	£3,000
£62,500	£230,000	£23,000	£218,750	£241,750	£11,750
5% deposit and 3.5x mortgage					
£57,500	£230,000	£11,500	£201,250	£212,750	£17,250
£60,000	£230,000	£11,500	£210,000	£221,500	£8,500
£62,500	£230,000	£11,500	£218,750	£230,250	£250
£65,000	£230,000	£11,500	£227,500	£239,000	£9,000
25% deposit and 4x mortgage					
£40,000	£230,000	£57,500	£160,000	£217,500	£12,500
£42,500	£230,000	£57,500	£170,000	£227,500	£2,500
£45,000	£230,000	£57,500	£180,000	£237,500	£7,500
£47,500	£230,000	£57,500	£190,000	£247,500	£17,500
10% deposit and 4x mortgage					
£47,500	£230,000	£23,000	£190,000	£213,000	£17,000
£50,000	£230,000	£23,000	£200,000	£223,000	£7,000
£52,500	£230,000	£23,000	£210,000	£233,000	£3,000
£55,000	£230,000	£23,000	£220,000	£243,000	£13,000
5% deposit and 4x mortgage					

£50,000	£230,000	£11,500	£200,000	£211,500	£18,500
£52,500	£230,000	£11,500	£210,000	£221,500	£8,500
£55,000	£230,000	£11,500	£220,000	£231,500	£1,500
£57,500	£230,000	£11,500	£230,000	£241,500	£11,500
25% deposit and 4.5x mortgage					
£35,000	£230,000	£57,500	£157,500	£215,000	£15,000
£37,500	£230,000	£57,500	£168,750	£226,250	£3,750
£38,406	£230,000	£57,500	£172,827	£230,327	£327
£40,000	£230,000	£57,500	£180,000	£237,500	£7,500
10% deposit and 4.5x mortgage					
£42,500	£230,000	£23,000	£191,250	£214,250	£15,750
£45,000	£230,000	£23,000	£202,500	£225,500	£4,500
£47,500	£230,000	£23,000	£213,750	£236,750	£6,750
£50,000	£230,000	£23,000	£225,000	£248,000	£18,000
5% deposit and 4.5x mortgage					
£45,000	£230,000	£11,500	£202,500	£214,000	£16,000
£47,500	£230,000	£11,500	£213,750	£225,250	£4,750
£50,000	£230,000	£11,500	£225,000	£236,500	£6,500
£52,500	£230,000	£11,500	£236,250	£247,750	£17,750

Table 7.4 Income required to close the funding gap (for a median priced property)

Test 3: Based on a lower quartile or median earnings or income, what is actually affordable?

- 7.30 This test shows what is actually affordable based on benchmark incomes for household types identified in Chapter 3. The target property price is the overall borough lower quartile and overall borough median, not any particular property type or size.
- 7.31 This analysis also shows the combination of deposit and income multiplier for the mortgage that secures the highest property price; or the property price that could be sought that requires less financial “stretch” on either the deposit or mortgage. Finally, this analysis could also be used to determine the extent of any discount or subsidy that may be required for people on low incomes to afford to buy outright.
- 7.32 The household types used below have been established from various data sources. However, the range of incomes is such that it is possible to get a general picture of what a certain level of income would secure in the market, regardless of how many people were in the household or how old they were.
- 7.33 The test of lower quartile income shows that a lower quartile household income of £20,768 would be able to afford a property of around £136,000 but only with a 4.5x income mortgage and a 25% deposit (although as previously identified, this rate is deemed to be high risk). An individual with lower quartile earnings of £22,537 would be able to afford £144,000 with the same combination of mortgage and deposit. House price analysis has shown that flats and terraced properties towards the mid to lower end of the range may

well cost less than £170,000 but the “entry price” threshold for overall affordability testing should not be restrictive in any way. It is appropriate therefore to continue to test against the overall borough lower quartile as policy is established for all households of all types and size, which, being the case, means the overall lower quartile of all property in the borough must be the benchmark used.

- 7.34 Testing in the same way for median income and median property prices, Housing Register households with median incomes would not be able to afford owner occupation, neither would those individuals with median level earnings. There may be marginally more median income households able to afford a median priced property than lower quartile income households able to afford a median property but the advantage of two incomes in both sets of modelling can clearly be seen. Households with two earners have the greatest purchasing potential.

Test 4: How affordable are mortgage payments assuming a potential owner occupier could obtain a mortgage?

- 7.35 Tests 1, 2 and 3 appear to show some entry into the lower quartile market at around £32,500 - £33,500 with a 25% deposit at a mortgage of 4x income which comes to £130,000 borrowed; or at £37,500 with a mortgage of 3.5x income and £131,000 borrowed.
- 7.36 Test 4 shows how much income is required to pay a mortgage starting at £26,000 a year income, up to the point where either, based on a mortgage of either 3.5x income or 4x income, there is no shortfall in affordability.
- 7.37 Mortgage repayments have been tested at 4% and 6%. Lower fixed rate mortgages are available but once the fixed term has ended a rate of 4% is not unusual. A further test has been applied to establish at what point the mortgage repayments become unaffordable – that is, over one third of gross income – as on-going mortgage costs are also a factor in the cost of owner occupation.
- 7.38 Those mortgage values tested at 3.5x income can tolerate an interest rate up to 8.2% before they exceed one third of the monthly household income. Mortgage values tested at 4x income can tolerate an interest rate of 6.7% before they exceed one third of household income. Mortgage values at 4.5x income are close to the one third gross income threshold at just 5% and exceed one third gross income at 6%. This is another reason for not selecting high mortgage multipliers as a standard for affordability testing as even small interest rate rises can tip the balance to an unsustainable level.
- 7.39 Mortgage repayments at 4% and 6% are below the one third household income threshold. The issues appear to be:
- whether a household can raise sufficient deposit (25%); and

- the income multiplier – the mortgage rate can increase to 6.7% before the repayment becomes unsustainable. There is therefore some capacity for interest rate increases;
- that paying back a mortgage even at a higher percentage rate may be affordable, but the difficulty is more likely to be securing that mortgage in the first place; and
- an annual income of £32,000 appears to be the break-even point.

Test 5: the effect of different loan to value

7.40 Test 5 looks at what difference is made when the deposit is reduced, to, say 5% or 10%, but a higher mortgage is required (90% or 95% of the property value). This shows that the lower the deposit, the higher the mortgage needs to be. The combination of deposit and mortgage affordability and income/mortgage multiplier shows that an income of £32,000 a year would be sufficient to afford a lower quartile property.

Lower quartile property £170,000	The deposit as a percentage of the full value £170,000			
	5%	10%	20%	25%
	£8,500	£17,000	£34,000	£42,500
	The mortgage after deposit has been raised			
	95%	90%	80%	75%
	£161,500	£153,000	£136,000	£127,500
Monthly mortgage repayment at 4%	£861	£816	£725	£680
Income needed to pay monthly mortgage	£30,996	£29,376	£26,100	£24,480
Income multiplier for mortgage	5.21	5.21	5.21	5.21
Monthly mortgage repayment at 6%	£1,052	£997	£886	£831
Income needed to pay monthly mortgage	£37,872	£35,892	£31,896	£29,916
Income multiplier for mortgage	4.26	4.26	4.26	4.26
Income needed to reduce mortgage multiplier to 4 or less	£40,375	£38,250	£34,000	£31,875
Income needed to reduce mortgage multiplier to 3.5 or less	£46,143	£43,714	£38,857	£36,429

Table 7.5 Income required at different loan to value ratios

Conclusion to tests

- 7.41 Higher mortgage income multipliers can reduce the need for such a high deposit but they carry risks - lenders restrict the loans on their books above 4.5 as these are seen as more risky.
- 7.42 The overall conclusion of these tests for **lower quartile properties** is as follows:

- A general position emerges of owner occupation starting at around £32,000. Based on household income data for the borough overall this would exclude around **41.4%** of households in Basingstoke and Deane.
- It can be concluded therefore that **41.4%** of households may find they are priced out of owner occupation as a result even with schemes that aim to vary the deposit or loan to value and are unable to satisfy their housing needs in the open market. These households will find that they have to turn to shared ownership, or other intermediate housing, or social housing, in addition to the private rented sector.
- An income of £32,000 would also qualify households to take advantage of any subsidised developer schemes (shared equity/help to buy) that are on the market.

7.43 The overall conclusion of these tests for **median properties** is as follows:

- a general position emerges of owner occupation starting at around £45,000. Based on household income data for the borough overall this would exclude around **58.4%** of households in Basingstoke and Deane.

AFFORDABILITY: ACCESS TO INTERMEDIATE HOUSING

- 7.44 Over the last 12 months, the lower quartile income for intermediate rent housing applicants has been around £21,000 and the median around £24,000. It should be noted that intermediate rent applicants are expected to use the opportunity of subsidised rent to save to buy a property in the long run. To set affordability thresholds such that the tenant would only be able to afford the subsidised rent would be misleading. The income of these applicants has been increasing over recent years. These applicants tend to have low levels of savings, on average around £2,400. If they were to buy on the open market the deposit requirement would have to be saved, in addition to stamp duty and purchasing costs.
- 7.45 Shared ownership applicants tend to have slightly higher incomes of around £23,000 lower quartile and £29,500 median, most applicants purchasing a 40% or 50% share of the property. The overall borough lower quartile property price is £170,000 and, average, half of this, £85,000, is the average share purchased of all the shared ownership completions in 2014/15. Rent and service charges should also be added into the regular monthly housing costs. Lower quartile savings of households who have bought shared ownership are around £4,000 (lower quartile savings): on average (median), households who have bought shared ownership have around £8,000 savings.
- 7.46 Given these factors, an annual income of £21,000 for lower quartile intermediate rent would exclude **25.3%** of households in the borough and £24,000 annual income for median intermediate rent would exclude **29.8%**.
- 7.47 An annual income of £23,000 is considered to be the minimum need for affordable housing need provision in relation to shared ownership intermediate housing and for the Housing Needs Assessment. This would exclude around **28.3%** of households in Basingstoke and Deane whose

incomes are too low to access intermediate housing. Access to median level shared ownership (requiring £29,500 annual income) would be out of reach for around 37.8% of households.

AFFORDABILITY: ACCESS TO PRIVATE RENTS

- 7.48 The 2014 SHMA ran affordability tests on lower quartile one and two bed properties and a mid-way point between them. This was to allow for, as much as possible, a range of property types given that “entry level” should be more wide ranging than single people and one bed accommodation. As in 2014, a private rent is deemed to be affordable if a household spends no more than one third of their gross income on it. The table below shows the lower quartile values and the median compared to household incomes of the Basingstoke and Deane population overall.

Private rents 2014 Basingstoke and Deane	weekly rent	weekly income needed	annual income needed	Percentage of all households unable to afford the rent
1 bed lower quartile	£138	£415	£21,600	26.8%
2 bed lower quartile	£173	£519	£27,000	34.3%
Mid-point 1-2 bed lower quartile	£156	£468	£24,336	29.8%
1 bed median	£150	£450	£23,400	28.3%
2 bed median	£183	£550	£28,620	37.1%
Mid-point 1-2 bed median	£167	£501	£26,052	32.8%

Table 7.6 Affordability of privately rented property

- 7.49 The testing shows that 27% of borough households would not be able to afford to rent privately in Basingstoke and Deane. If the mid-point of a 1-2 property is taken then the percentage is around 30%. These rental prices, even the lowest, exclude over 85% of single person households on the council's Housing Register. However, 48% of couples, based on their income, may be able to afford to rent in the private sector based on the lower quartile 1-2 bed entry price of £156 a week (52% of couples excluded). Around 66% of families on the Housing Register may not be able to rent privately based on their incomes.
- 7.50 This data shows a worsening of affordability for private rent since 2011 analysis carried out in the 2014 SHMA. A comparison can be seen below.

Basingstoke and Deane Affordability benchmarks for the private rented sector Valuation Office / Household income (CACI) all borough	Based on 2011	Based on 2014 - 2015	Households unable to afford 2011	Households unable to afford 2014 - 2015
Private rents (weekly)				
1 bed lower quartile	£127	£138	21.0%	26.8%
2 bed lower quartile	£160	£173	29.0%	34.3%
Mid-point 1-2 bed lower quartile	£144	£156	24.0%	29.8%
1 bed median	£138	£150	25.0%	28.3%
2 bed median	£173	£183	33.0%	37.1%
Mid-point 1-2 bed Median	£156	£167	27.0%	32.8%

Table 7.7 Changing affordability of private rent

AFFORDABILITY CONCLUSIONS

7.51 Bringing together all the findings of the affordability assessment gives entry level income to intermediate housing, to the private rented sector, and outright owner- occupation for the Housing Needs Assessment.

Affordability benchmarks	Income required	Households unable to afford 2015	Source
House prices			
Lower quartile	£32,000	41.4%	Land Registry
Median	£45,000	58.4%	Land Registry

Affordability benchmarks	Income required	Households unable to afford 2015	Source
Intermediate housing			
Lower quartile intermediate rent	£21,000	25.30%	Help to Buy South
Median intermediate rent	£24,000	29.80%	Help to Buy South
Lower quartile shared ownership	£23,000	28.30%	Help to Buy South
Median shared ownership	£29,500	37.80%	Help to Buy South

Affordability benchmarks	Income required	Households unable to afford 2015	Source
Private rents (weekly)			
1 bed LQ	£21,600	26.8%	VOA
2 bed LQ	£27,000	34.3%	VOA
Mid-point 1-2 bed LQ	£24,336	29.8%	VOA
1 bed median	£23,400	28.3%	VOA
2 bed median	£28,620	37.1%	VOA
Mid-point 1-2 bed Median	£26,052	32.8%	VOA

Table 7.8 Affordability conclusions

As the Housing Needs Assessment should not rely upon the private rented sector, the affordability benchmarking demonstrates that the following percentage of households would require affordable housing:

Required property by tenure		
Social housing	28.3%	41.4%
Intermediate housing including shared ownership and intermediate rent	13.1%	
Owner occupation	58.6%	58.6%

Table 7.9 Percentage of households requiring housing by tenure

8.0 AFFORDABLE HOUSING NEED: THE HOUSING NEEDS ASSESSMENT

Summary

Assessment Methodology

- The methodology follows the best practice in the National Planning Practice Guidance.
- It takes into account current needs, and newly arising needs from the existing households and newly formed households, and deducts supply through relets in the social stock and shared ownership resales.

Housing Needs Assessment

- The Assessment identifies a need for 318 affordable homes per annum.

Housing Needs Sensitivity Test

- Providing additional homes for the households that are currently on Band 4 of the housing register would significantly increase demand for social rented housing.

8A AFFORDABLE HOUSING NEED ASSESSMENT METHODOLOGY

- 8.1 Typically, a Housing Needs Assessment looks at meeting need over the next five year period. Any such longer time period has been discounted because housing market conditions can vary so greatly that delivery and arising need figures cannot be reliably assumed to stay constant over that time.
- 8.2 A HNA attempts to determine how many households are already in housing need (“existing or current need” or “backlog”), or will fall into housing need (“newly arising need”), in the short to medium term. This is then used to give an estimation of how much affordable housing would be required if the needs of these households were to be met in full over the next five years. Housing requirements should take account of supply that will fall vacant through “re-lets”.
- 8.3 The numbers given, relate to variables (such as housing need and re-lets supply) that are fluid and dynamic and will fluctuate regularly. The assessment therefore gives an overall general picture of the order of magnitude of any housing demand/supply shortfall and should be treated as an estimate or indication.
- 8.4 The methodology used in this assessment is in accordance with the requirements of the National Planning Policy Framework and the National Planning Practice Guidance.

THE BASIS OF THE HOUSING NEEDS ASSESSMENT

- 8.5 The HNA is need-led, not led by the number of affordable homes that will be delivered over the five year period. It therefore assesses the extent of current need and likely arising need in the future, taking account of new supply but also showing the position if new supply is not forthcoming. The HNA covers the five year period starting 2014/15.
- 8.6 It does, however, have the following assumptions and caveats:
- That the level of need in the past will be representative of that in the future - currently, the HNA assumes that new arising need per year will be an average of the annual arising need for the last 5 years;
 - Housing need is based solely on the profile of households that already live in Basingstoke and Deane;
 - It is based on the borough as a whole;
 - It is based on administrative records held by the council (Housing Register) and the Zone Agent for Intermediate housing – it is not based on survey data, or based on a “grossed up/factored up” or representative sample;
 - Housing need from the Housing Register is determined by reference to households in Housing Needs Bands 1-3.
- 8.7 The HNA can be re-run at any time based on different scenarios but will be updated as a matter of course with:
- Periodic affordability tests reflecting any changes in household incomes, rents or house prices;
 - Ongoing analysis of Housing Register and Intermediate housing records;
 - Any changes to the council’s Housing Allocations Policy;
 - The number of re-lets coming through Choice Based Lettings compared to CORE;
 - Ongoing assessment of the way in which new housing delivery is impacting on re-lets and impairing mobility through the housing stock and whether the re-let figure should be reduced in the HNA;
 - Ongoing assessment of the way in which new housing delivery is impacting on overall demand for affordable housing.
- 8.8 A typical approach to HNAs is to test projected household growth against affordability thresholds for accessing different housing tenures: owner-occupation; private rent; intermediate housing; and social housing/affordable housing. Current housing need would remain as calculated from Housing Register and intermediate housing application records.
- 8.9 Arising housing need, however, would be based on two distinct elements that together would quantify housing need in the future, newly forming households forming for the first time and falling into need, and existing households hitherto adequately housed but now falling into housing need. These two groups would be identified in the following way:

- Newly forming households: taken from projections of future household growth, the HNA would assess the number/percentage of newly forming households who would be unable to satisfy their needs in the owner occupied sector and whose incomes would be such that they may have need for social or intermediate housing. This group would include households subdividing (for example, because of relationship split/divorce), young people moving away from home and forming a household of their own, and any net in-migration to the borough.
 - Existing households that have already formed, hitherto adequately housed, who fall into housing need due to a change in circumstances. This would be estimated by the number of households who have joined and been housed from the Housing Register each year, and the number of intermediate housing applicants per year.
- 8.10 The council's bespoke affordability testing model, together with the council's work on future housing delivery numbers (dwelling per annum figures), can be used to produce a HNA based on household projections.
- 8.11 To run the HNA in this way requires a new calculation of arising housing need combining household projections, Housing Register data and intermediate housing application data. Care must be taken to avoid double counting because new applicants to the Housing Register and for intermediate housing will be a combination of new households forming and existing households falling into need.

8B BUILDING THE HOUSING NEEDS ASSESSMENT

DEFINITION OF INTERMEDIATE HOUSING AND WHAT IS BEING DEMANDED

- 8.12 Access to intermediate housing, shared ownership and low cost ownership in Hampshire is administered and processed by the Zone Agent, now renamed Help to Buy South but which used to be "Homes in Hants", which records and processes applications for all intermediate products. All such properties, both new build and re-sales are advertised on their website and Help to Buy South staff carry out high level checks to ensure that the general eligibility criteria are met. These are:
- Their household earns £60,000 a year or less;
 - Household income is greater than £18,000 per annum (or, if less than this, has substantial savings/equity then there may be other schemes to help);
 - If purchasing, have savings of at least £2,500 to cover legal and other costs, and have a good credit history.
- 8.13 Where properties are fully or partly rented, Private Registered Providers (PRPs) will draw down household details from the Help to Buy South database and carry out their own specific checks to match applicants to schemes – this will include more detailed checks according to the criteria for specific sites and products on offer – such checks will include more detailed

financial issues (and, if appropriate, local connection tests which could include either living or working in the area).

- 8.14 Most schemes for purchase require sufficient savings for a deposit of 10% towards a mortgage. Applicants must be able to obtain a mortgage with a 'high street' or other reputable lender. They must be employed, self-employed or be able to demonstrate you can afford to maintain the costs of home ownership.
- 8.15 Applicants in mortgage or rent arrears at the time of their application or who have been in arrears within the past year are not eligible for the scheme. If renting, one month's rent and a deposit at the tenancy start date is required and the discount on your rent should be saved towards a deposit to purchase a property later.
- 8.16 Homes are offered only on the basis of a maximum of one bedroom more than is needed which allows flexibility and for families to settle and grow. Applicants must sell their existing property if they own one. Help to Buy South operates a practice of prioritisation to shared ownership and rental schemes: priority is given to existing social tenants of housing association or local authority housing, to serving military personnel, to households with a connection to an area (such as living or working there).

The background to shared ownership

- 8.17 Shared ownership properties are part rent and part buy (i.e.: the property title and equity are split between the owner-occupier and a Registered Provider, using a shared ownership lease. The term "shared ownership" has a distinct legal meaning. A certain proportion or share of the property will be purchased with a mortgage and deposit. Rent will be charged on the remainder of the share (known as the "unsold equity").
- 8.18 The level of the rent depends firstly on the share of the property offered for rent/the share of the unsold equity. This can be any proportion between 25% and 75% of the full value of the property; a typical offer is between 35% to 50%. Residents can increase the purchased share in their home over time so that ultimately they can own 100% of the property. This is known as "stair-casing". Exceptions to this may be in designated protected areas i.e. defined rural parishes where the maximum limit is 80%. A shared ownership resident may want to move in the future: if there is still a level of unsold equity (the rental share) then the property will come back into the supply and be re-advertised as a re-sale through the Zone Agent.
- 8.19 The purchased share will be financed through a mortgage and deposit in the same way as outright owner-occupation. It is recommended that applicants have an annual income of at least £18,000 and as a mortgage is required, this would usually need to be *earned* income. Such a salary level for a part owned property is entirely consistent with the affordability modelling for owner-occupation where full ownership would require an annual salary of £35,000. Given the income profile of those households on the Housing

Register this also confirms that shared ownership may only be an option for a small percentage of households in housing need.

The background to intermediate rent

- 8.20 Intermediate rent properties are managed by PRPs but are not social tenancies but assured shorthold tenancies such as can be found in the private rented sector. However, these are available at a less than market rent (80% of the market¹⁷) - the subsidy specifically designed to support *prospective* home owners who are saving for a deposit to buy their own home.
- 8.21 This scheme was originally designed for key workers but has since widened to include households with an income of less than £60,000, who cannot afford to buy on the open market without assistance, who can demonstrate that the discounted rent will enable them to save for a deposit and who are able to commit to a home ownership scheme (such as First Buy) in the short to medium term future. They must also be able to afford 80% of market rent without assistance – for example, without relying on Housing Benefit.
- 8.22 This is, in effect, a stepping stone into the private sector, ultimately with the goal of home ownership and intending to give the household the financial breathing space to purchase a home in the near future on the open market. Many PRPs that let property through this scheme also offer an option to buy a share in the property at a later date or ask for a commitment to do so after a pre-defined rental period.

Current caseload profile

- 8.23 The graph below shows the local authorities where applicants that live or work in Basingstoke and Deane would like to live, other than Basingstoke and Deane. Test Valley, Hart and West Berkshire are the most common choices and the chart shows some differences between residents and workers, such as Southampton, Rushmoor and Eastleigh.

¹⁷ This product should not be confused with the Affordable Rent tenure which sets rent at up to 80% of market in a social housing tenancy.

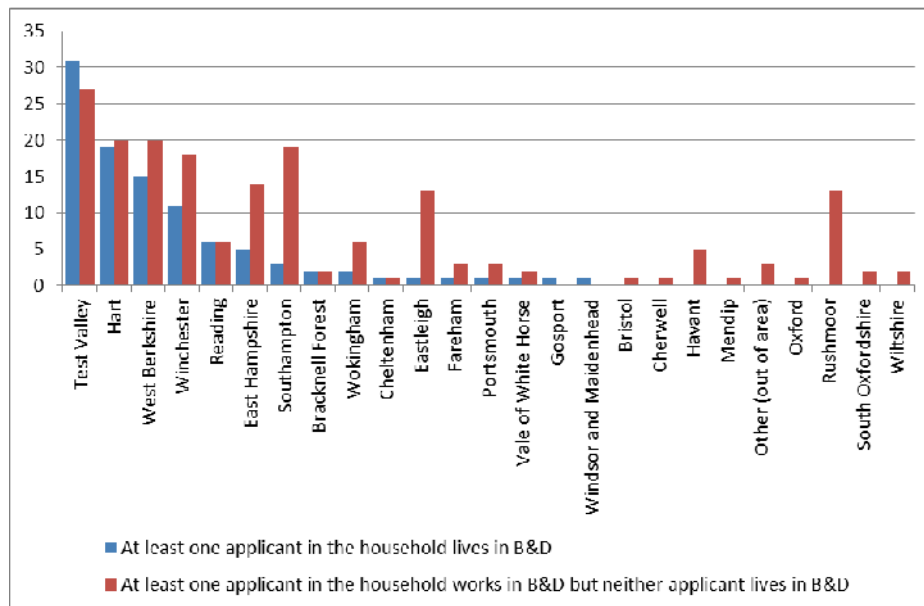


Figure 8.1 Locational preferences of applicants for intermediate housing who live or work in Basingstoke and Deane

- 8.24 Seventy of the 186 applicants that would like to live in Basingstoke and Deane come from neighbouring districts. Although the numbers are relatively small, just over half of these applicants came from Reading, Wokingham and West Berkshire, confirming some housing movement between Berkshire and Basingstoke and Deane. The number of applicants per year can be seen below.

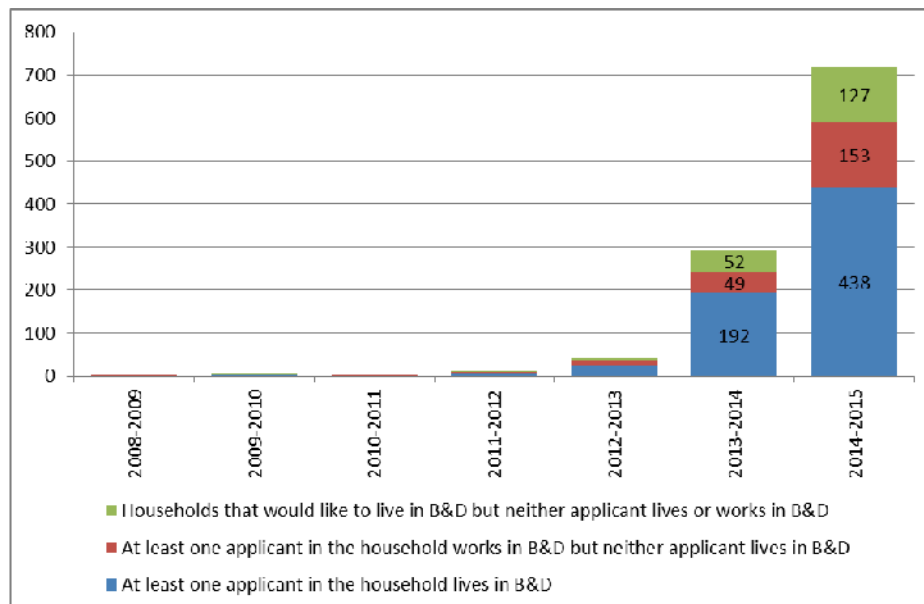


Figure 8.2 Applicants for intermediate housing in Basingstoke and Deane

- 8.25 The graph below shows the total number of applications for each scheme. There is considerably more demand for shared ownership (547 applicants) and re-sales (517) than the other scheme types.

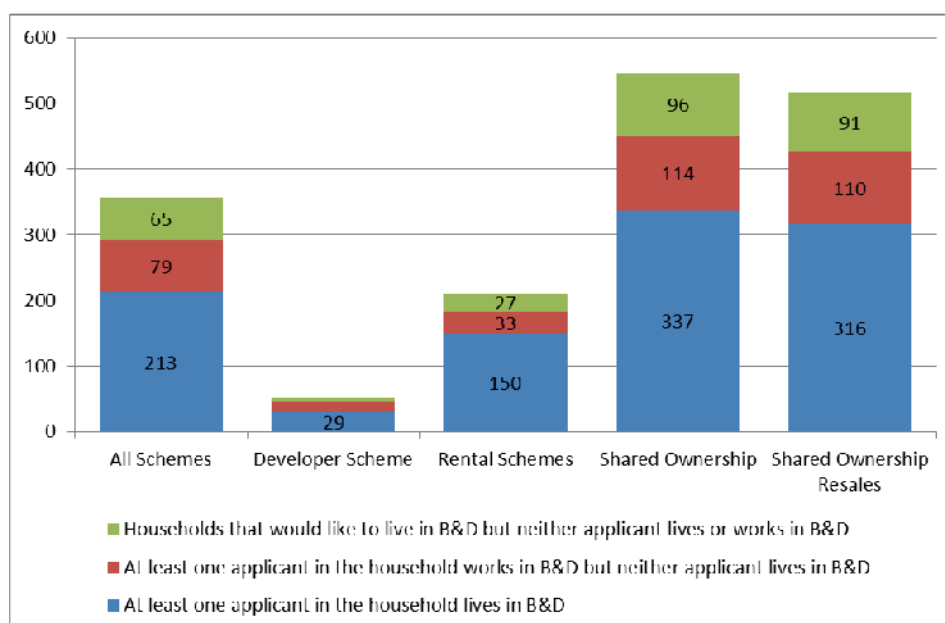


Figure 8.3 Applications for different types of intermediate housing

8.26 Across all schemes, two bedroom houses were the most common type of property wanted. The graph below shows the profile of property required across all scheme types combined. The requirement in a property for a rental scheme is wide-ranging, applicants seeking both flats and houses and one and two beds. This could be because the intermediate rented tenure is a stepping stone to home ownership giving the applicant some short term stability while they save for a deposit to put down on somewhere else that will be more long term.

8.27 The greater stability that may be sought with buying a property, and the expectation of starting a family, together with the allowance of an additional 1 bed more than is required, may be the reason why shared ownership requirements include a higher percentage of 3 bed properties.

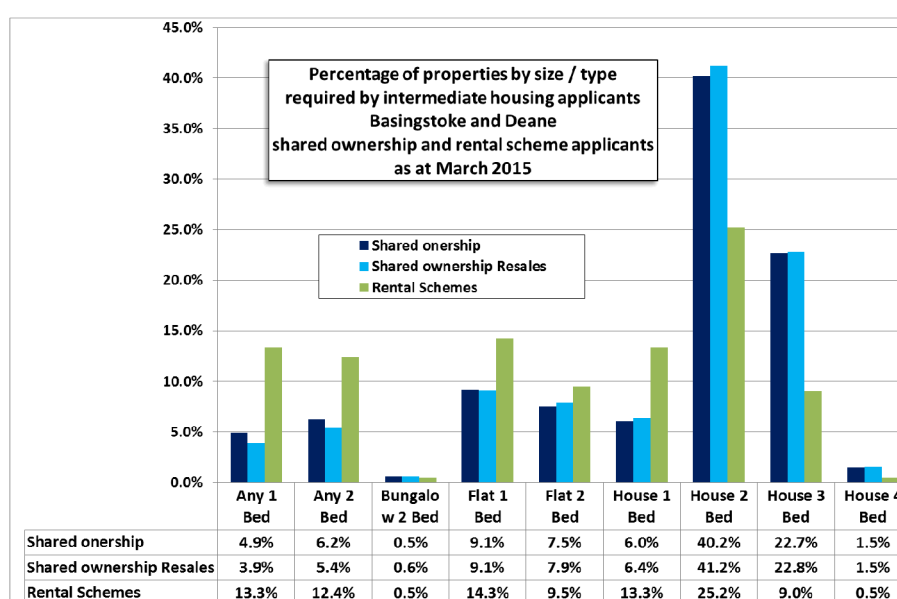


Figure 8.4 Size and type of intermediate housing required

- 8.28 At least a third of the applications for each scheme were for one person households, and this increased to 43% for those applying to rental schemes. Around a third of applicants for each scheme were also two person households, apart from developer schemes where the figure increased to 40%.

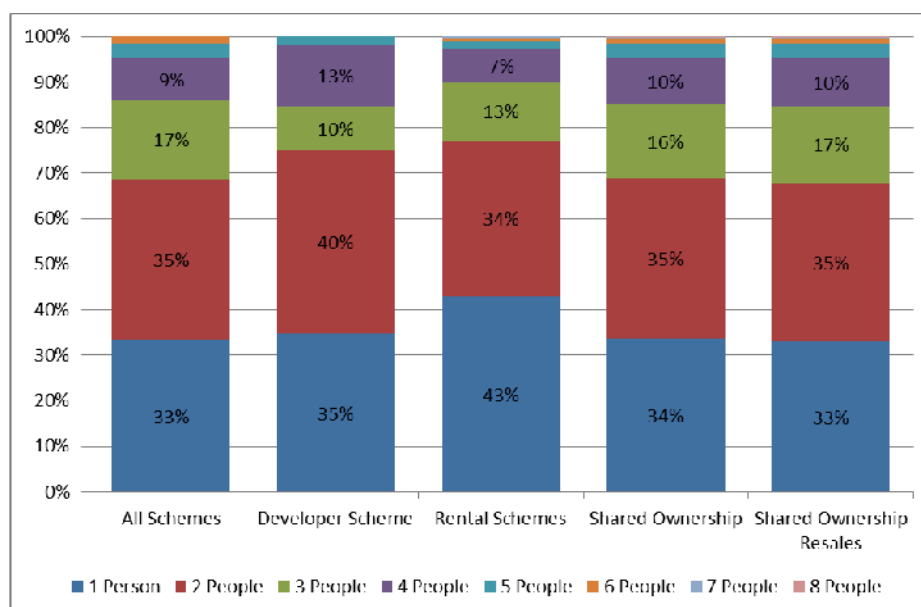


Figure 8.5 Size of households applying for different intermediate schemes

- 8.29 Of those cases where intermediate housing had been secured, 99% of rental scheme completions were flats, compared to 69% of shared ownership and resale schemes. All the rental scheme properties were 2 bedrooms or fewer, whilst 12% of the shared ownership and resale schemes were 3 bedrooms or more. Two bedroom properties were the most common across both schemes, accounting for 55% of rental schemes and 60% of shared ownership schemes.

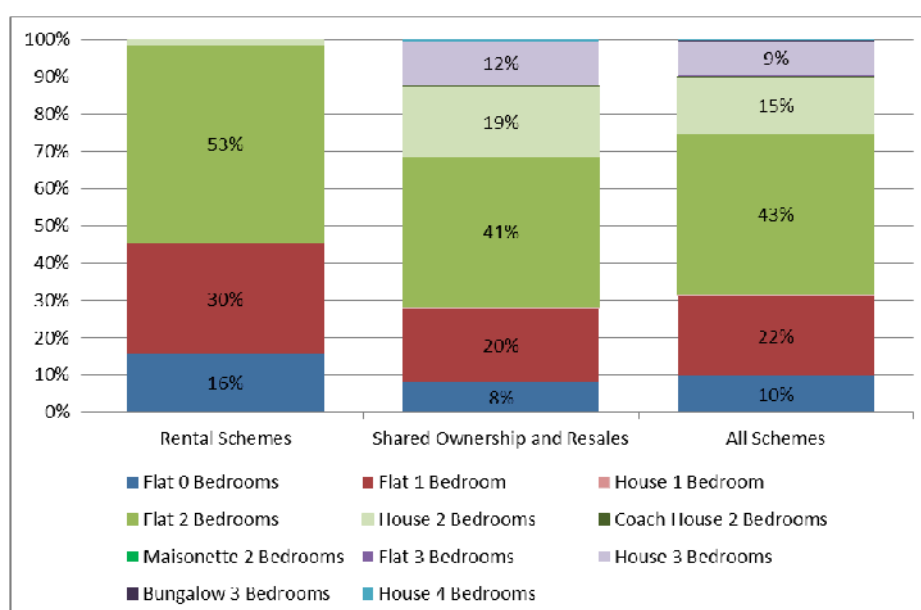


Figure 8.6 Size/type of different intermediate schemes

- 8.30 Just over half the completions for rental schemes were for one person households and the majority of completions for both schemes were for one or two person households. Just 1% of rental scheme completions and 5% of shared ownership and resale completions were for households of four people or more.

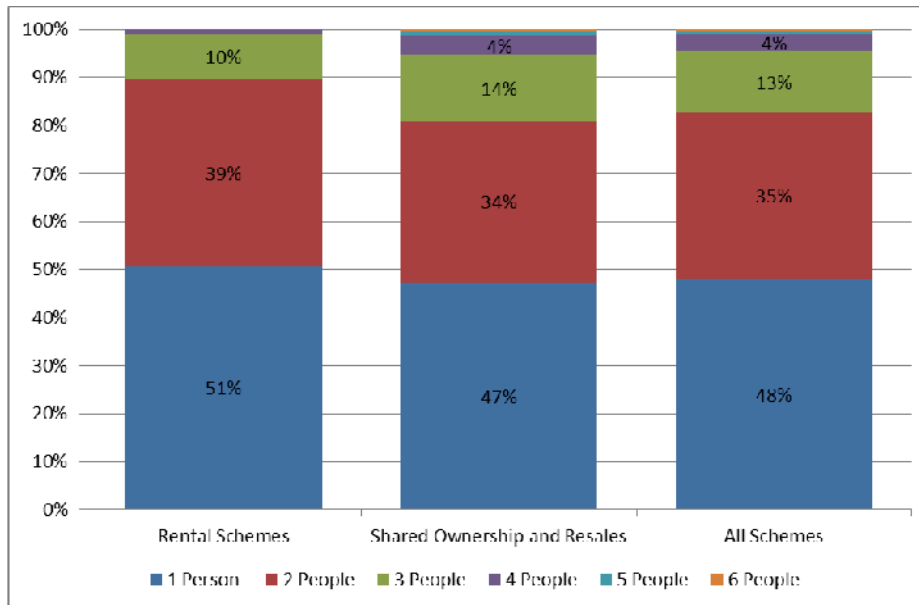


Figure 8.7 Size of intermediate schemes completed

- 8.31 There was a high degree of correlation between the property size sought by applicants and the property size they eventually found. The majority of households that bought 1, 2 and 3 bedroom properties had originally sought that size of property when they applied. As has been noted, applicants are permitted one more bedroom than for their current household size.

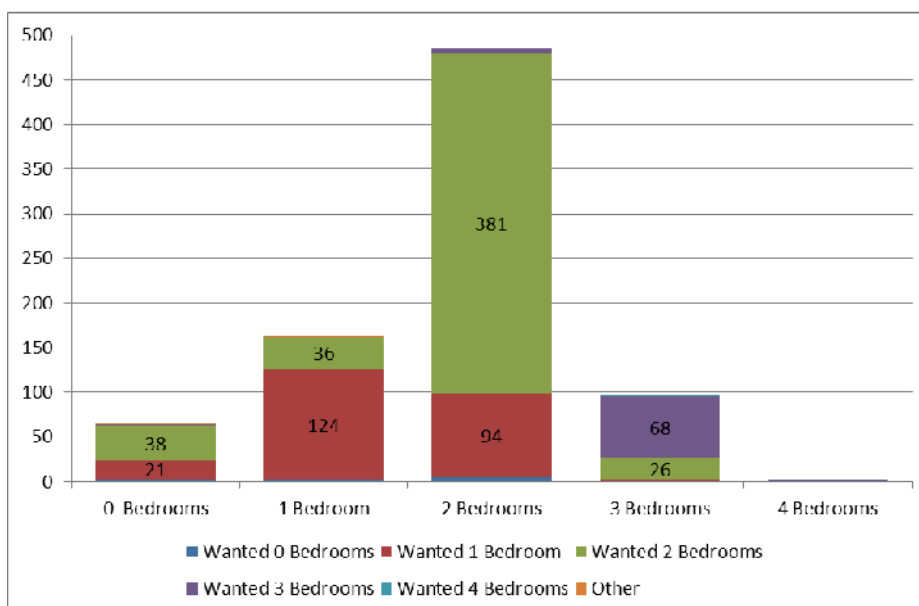


Figure 8.8 Relationship between intermediate housing property sizes sought and provided

STEP1 – CURRENT NEED FOR INTERMEDIATE HOUSING

- 8.32 This section builds the components for current need within the Housing Needs Assessment. Records were obtained for all those that are currently applying for intermediate housing. The records run from 23rd November 2006 to 31st March 2015. Applicants are able to register need and preference for:
- Rental schemes – such as intermediate rent;
 - Shared ownership and shared ownership re-sales;
 - Developer schemes – such as Help to Buy or other schemes run by individual developers;
 - All schemes.
- 8.33 These current applicants were analysed by reference to whether the applicant or partner lived or worked in Basingstoke and Deane, or if they lived and worked elsewhere but wanted to live in the borough. The analysis counted households where:
- The applicant or partner lives in Basingstoke and Deane (residents); or
 - The applicant or partner works in Basingstoke and Deane but neither applicant or partner lives in Basingstoke and Deane (workers); or
 - Neither the applicant nor partner live or work in Basingstoke and Deane but would like to live here (would like to live).
- 8.34 For ease of reporting, reference to an “applicant” means either the primary applicant or their partner in the case of a joint application.
- 8.35 Applicants can apply for any or all of the types of housing schemes. Some applicants made more than one choice of scheme and some indicated interest in all of the above schemes. This creates double counting in the records.
- 8.36 The analysis below takes account of this double counting. “Unique records” refers to the data when double counting is removed. In total there were 1,683 applications related to Basingstoke and Deane applicants (includes double counting) and 1,073 of these were unique (double counting removed).
- 8.37 The table shows that as at March 2015 there were 666 applicants for intermediate housing living in the borough. A further 221 applicants worked in Basingstoke and Deane but did not live here. A further 186 applicants did not live in the borough but expressed that they would like to live in Basingstoke and Deane.

Current applicants for intermediate housing to March 2015 with reference to Basingstoke and Deane	All applications	Unique applications
At least one applicant in the household lives in B&D	1,045	666
At least one applicant in the household works in B&D but neither applicant lives in B&D	352	221
Households that would like to live in B&D but neither applicant lives or works in B&D	286	186
Total	1,683	1,073

Table 8.1 Applications for intermediate housing (March 2015)

8.38 This analysis is the starting point of establishing “current housing need” in the Housing Needs Assessment. However, of the 666 above, 565 (85%) of those who lived in the borough would like to continue to live in the borough and 101 wanted to live elsewhere.

8.39 The connection between employment and desire to live somewhere appears to be weaker, only 17% (38 applications) of those that work in the borough but do not currently live there would like to. This leaves 789 applicants who want to live in the borough of whom 72% already live here. This is a relatively high self-containment ratio expressed through this section of the housing market.

Current applicants for intermediate housing To March 2015 with reference to Basingstoke and Deane	Number of applications	Would like to live in B&D	Would not like to live in B&D
At least one applicant in the household lives in B&D	666	565	101
At least one applicant in the household works in B&D but neither applicant lives in B&D	221	38	183
Households that would like to live in B&D but neither applicant lives or works in B&D	186	186	0
Total	1,073	789	284

Table 8.2 Applications for intermediate housing (related to location of residence/employment)

8.40 From the above table we can also determine, of those applicants who make reference to Basingstoke and Deane in their application, the percentage who express a desire to remain in the borough or to be in the borough. Of the 1,073 applicants, 565 (52.6%) live in the borough and wanted to continue to do so; 694, or 64.6% have expressed a residency or an employment connection; and 789, or 73.5% have a residency or employment connection or expressed interest in Basingstoke and Deane.

8.41 Applicants for intermediate housing may also be registered on the council’s Housing Register. As the Housing Needs Assessment includes current housing need from the Housing Register as well as intermediate applicants, a deduction should be made to ensure applicants are not counted in both.

8.42 The next table below looks at intermediate applicants who declare themselves to be registered with the council as well as with Help to Buy South.

Current applicants for intermediate housing To March 2015 with reference to Basingstoke and Deane	Not on a housing register		On a housing register	
	Would like to live in B&D	Would not like to live in B&D	Would like to live in B&D	Would not like to live in B&D
At least one applicant in the household lives in B&D	476	91	89	10
At least one applicant in the household works in B&D but neither applicant lives in B&D	32	165	6	18
Households that would like to live in B&D but neither applicant lives or works in B&D	166	0	20	0
Total	674	256	115	28

Table 8.3 Applications for intermediate housing (March 2015)

- 8.43 Of those applicants who live in Basingstoke and Deane and want to continue to do so, 19% (89 applications) declare that are on a housing register waiting list. These are most likely to be on the Basingstoke and Deane Borough Council Housing Register.
- 8.44 The percentage for those that work in Basingstoke and Deane is similar (19%) and it is lower for those that do not live or work in Basingstoke and Deane but would like to (12%). The local authority with which these applicants have registered is not known. However, it could be assumed that they have applied to Basingstoke and Deane Borough Council as they have applied for intermediate housing here.
- 8.45 Table 8.3 shows that:
- Of the 565 households who live in the borough and want to stay, 89 are on a council housing register, most likely with Basingstoke and Deane;
 - Of the 38 households who work in Basingstoke and Deane, 6 are on a council housing register, most likely with Basingstoke and Deane;
 - Of the 186 households who want to live in Basingstoke and Deane, 20 are on a council housing register, most likely with Basingstoke and Deane.
- 8.46 In total, of the Basingstoke residents, 89 applicants are on the council's Housing Register. These applicants have been accepted by Help to Buy South as being eligible for intermediate housing in terms of their income and general circumstances. For the purpose of the HNA, therefore, their housing needs should be met by intermediate housing and included as current need for that tenure, not for social housing.
- 8.47 It is usual to consider whether there is any double counting between the applicant caseloads for intermediate housing and social housing. It is necessary to establish to what extent housing register applicants who express an interest in social housing are expressing an aspirational interest and have the financial means to meet their housing needs in the intermediate tenure. The Housing Register income profile shows lower quartile and median

incomes lower than that which would be needed for intermediate housing. This is particularly true for households in Bands 1-3. It would therefore be inappropriate to make a deduction from the housing register element requiring social rented tenure of the Housing Needs Assessment. The income profile of Bands 4 and 5 may show slightly higher incomes where a small percentage of households may be eligible for intermediate housing but the need for a stable and consistent source of income (not mainly derived from benefits), and a substantial deposit must also be demonstrated to qualify for shared ownership particularly and intermediate rent must be accessed without Housing Benefit which is likely to preclude many households in Band 4 from intermediate tenure.

- 8.48 This data provides the current housing need element of the Housing Needs Assessment as follows:

Step 1: Current Housing Need – Intermediate Housing

- 565 applicants live in Basingstoke and Deane (and want to remain here).

The HNA assumes that this need will be met over 5 years, so the annualised requirement for intermediate housing is 113 dwellings per annum.

STEP 2 – ARISING NEED FOR INTERMEDIATE HOUSING

- 8.49 Arising housing need consists of two components: need as a result of new household formation and need from existing households falling into need for the first time.

STEP 2A – ARISING NEED FOR INTERMEDIATE HOUSING FROM NEWLY FORMING HOUSEHOLDS

- 8.50 The Housing Needs Assessment uses the household projections, underlying the population projection, on which the council's 850 dwellings per annum housing figure is based, and applies an affordability threshold to test the ability of these households to meet their needs in the housing market.
- 8.51 The affordability thresholds have been established in Chapter 7. The entry point for owner occupation was established as requiring an income of £32,000 (and 41.4% of borough households would not be able to afford this) but households with an income of over £23,000 would be able to afford intermediate housing. The percentage of households able to afford intermediate housing, but not owner occupation, is around 13.1%.
- 8.52 It is therefore assumed that 13.1% of new households forming each year (850) would be able to afford intermediate housing. This equates to 111

households a year. The figure of 111 households a year is therefore carried forward into the HNA as arising housing need for intermediate housing.

- 8.53 The next step (2B) calculates arising housing need from *existing* households falling into need for the first time.

Step 2a: Arising need for intermediate housing from newly forming households

- 13.1% of 850 new households forming each year.

Annualised requirement of 111 dwellings per annum.

STEP 2B - ARISING NEED FOR INTERMEDIATE HOUSING FROM EXISTING HOUSEHOLDS

- 8.54 Analysis of current applicants above made reference to the number and percentage of households who wanted to live in Basingstoke and Deane and any employment connections. Around 52.6% were resident, 64.6% had a residency or employment connection and 73.5% of applicants had expressed a connection or interest in Basingstoke and Deane.

- 8.55 In order to establish a realistic figure for use in the Housing Needs Assessment going forward, it is helpful to understand this relationship with regard to completed cases or those nearing completion. Analysis dates from 2006/7 to date.

- 8.56 The analysis below shows the profile of the 1,023 households who have taken up the tenancy of a rental property, or bought shared ownership or shared ownership resale property. It includes those whose transaction is complete or who are in the process of negotiating or completing on a particular property.

	Rental Schemes	Shared Ownership & Resales	Rental Schemes	Shared Ownership & Resales	Rental Schemes	Shared Ownership & Resales	
Type of application	Complete		Exchanged		Property Found		Total
At least one applicant in the household lives in B&D	129	473	0	3	0	25	630
At least one applicant in the household works in B&D but neither applicant lives in B&D	N/A	40	N/A	0	N/A	1	41
Households where neither applicant lives or works in B&D	79	263	0	0	1	9	352
Total	208	776	0	3	1	35	1,023

Table 8.4 Analysis of households who have taken up intermediate housing

- 8.57 Of those completed transactions, 62% of applicants already lived in the borough. If neighbouring districts are included, this increases to 76.8% which shows a close relationship between authorities in this area but, over the whole period, a modest degree of movement across boundaries.

Local Authority of Residence	Rental Schemes	Shared Ownership
Basingstoke and Deane	129	501
Neighbouring local authority	16	140
Other local authority	64	173
Total	209	814

Table 8.5 Previous residence of households who have taken up intermediate housing

- 8.58 There is a close connection between applicant's aspirations in terms of where they move to and where they finally found property.
- 8.59 Of the 814 applicants who found shared ownership or resale property in Basingstoke and Deane, 683 applicants (84%) had stated on their application form that they would like to live in Basingstoke and Deane. Of the 209 applicants who found a rental scheme property in Basingstoke and Deane, 155 applicants (74%) had stated on their application form that they would like to live in Basingstoke and Deane.

Type of application	Rental Schemes	Shared Ownership	Rental Schemes	Shared Ownership	Rental Schemes	Shared Ownership
Of 1,023 Applications	Number of properties received		Would like to live in B&D		Did not specify B&D	
At least one applicant in the household lives in B&D	129	501	129	484	0	17
At least one applicant in the household works in B&D but neither applicant lives in B&D	N/A	41	N/A	35	N/A	6
Households where neither applicant lives or works in B&D	80	272	26	164	54	108
Total	209	814	155	683	54	131

Table 8.6 Locational preference of applicants who found intermediate housing

- 8.60 Of those households who bought a shared ownership / resale property in the borough, and already lived in borough, 97% had stated on their application that they wanted to live here. All the households who already lived Basingstoke and Deane and secured a rental scheme property had originally declared that they wanted to live here. There is an extremely high likelihood that households who want intermediate housing here, and already live here, will do so.
- 8.61 The likelihood of households working in Basingstoke and Deane and wanting to buy in Basingstoke and Deane actually doing so is also very high (95% of

households buying shared ownership). It is clear that the residency or employment link with the borough along with a wish to remain in or live in the borough in intermediate tenure is likely to be translated into a household securing property here.

8.62 These proportions are material when considering the extent of arising housing need in the future which is informed by past trends – the number of applicants over the last five years.

8.63 In total, since 2006/7, there have been 1,023 applicants housed in shared ownership or intermediate rent. This is shown in the table below.

All completed applications for intermediate housing in Basingstoke and Deane	Lived in Basingstoke and Deane	Did not live in Basingstoke and Deane	All completions (total)
2006-2007	4	10	14
2007-2008	46	10	56
2008-2009	59	28	87
2009-2010	118	56	174
2010-2011	83	58	141
2011-2012	96	87	183
2012-2013	82	73	155
2013-2014	51	26	77
2014-2015	91	45	136
Total (all years)	630	393	1023
Total over last 5 years 2010/11 - 2014/15	403	289	692

Table 8.7 Occupation of intermediate housing in Basingstoke and Deane

8.64 Of those 1,023 completed applications, 630 applicants already lived in Basingstoke and Deane, 403 over the last five years. It is the figure of 403 that is carried forward to the Housing Needs Assessment. Arising need in this context is taken as the 403 households who lived in Basingstoke and Deane and were successful in securing intermediate accommodation.

8.65 However, some of these may be newly forming households and it is necessary to distinguish these from existing households. This can be established by reference to current tenure of these applicants on the grounds that existing households will have a formal tenure already.

8.66 Many of those that live, work or would like to live in Basingstoke and Deane are currently living in private rented accommodation (417 households or 37.4%) or with friends/family (401 households or 38.9%). These proportions were also identified in the 2014 SHMA which suggests that the flow of applicants into intermediate housing is less likely to come from the social sector and more likely from the private sector or hidden households

embarking on their first step on the housing ladder. Private sector landlords have also reported locally and more widely that demand is increasing from households who are struggling to afford to buy outright.

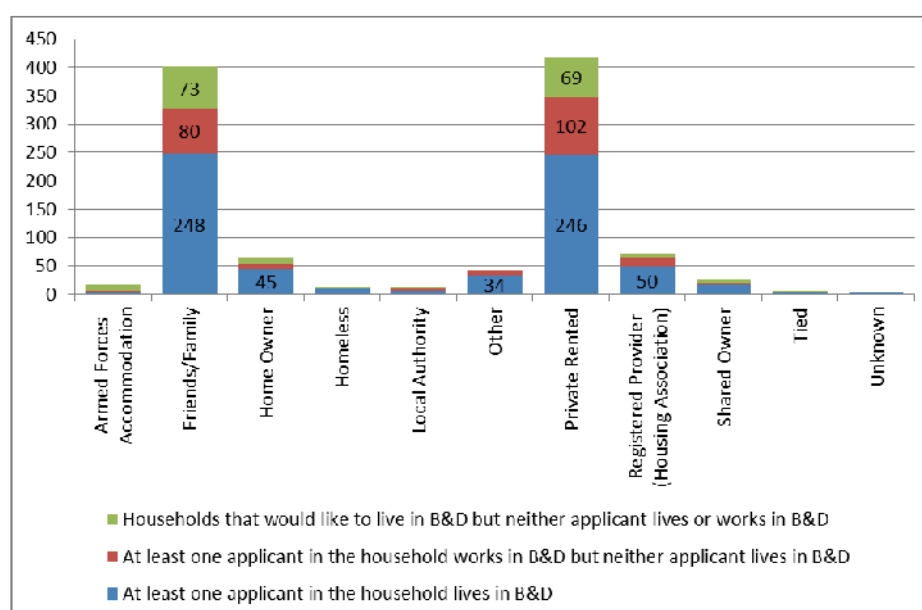


Figure 8.9 Residential status of unique applications by application type

- 8.67 The number and proportion of applicants currently living with friends and family can be used as a proxy for new household formation which is a key component of the Housing Needs Assessment. This takes account of households forming for the first time compared to “existing” households who either fall into, or are already in need.
- 8.68 Existing households will already be in a formal tenure arrangement such as renting from a housing association or local authority, renting privately, in tied accommodation or own their home. This accounts for 55.7% of applicants. Newly forming households are more likely to be with friends and family or in a different housing situation. The relevant percentages are shown below and on this basis, the equivalent of 55.7% of arising need for intermediate housing is considered to be from existing households.

Existing households	Home owner	6.1%	55.7%
	Local Authority	1.3%	
	Private rented	38.9%	
	Registered Provider	6.6%	
	Shared owner	2.3%	
	Tied	0.5%	
New households	Armed forces accommodation	1.6%	44.3%
	Friends/family	37.4%	
	Homeless	1.2%	
	Other	4.0%	
	Unknown	0.2%	

Table 8.8 Intermediate housing applicants. Percentage of households by current tenure (applicants who live and/or work in Basingstoke and Deane and those who want to live there as at March 2015)

Step 2b: Arising need for intermediate housing from existing households

- 403 applicants who live in Basingstoke and Deane and, who have successfully applied for, and obtained, intermediate housing in the last 5 years (2010/11 – 2014/15).
- A proportion of these – 55.7% - are assumed to be a proxy for existing households falling into need.

Arising housing need for existing households is therefore assumed to be 55.7% of 403 which is 225 dwellings per annum.

STEP 3 – CURRENT NEED FOR SOCIAL HOUSING

8.69 The year-end position as at 31st March 2014 is given below. This snapshot shows that there were 7,515 households on the Register, including both general needs and transfers. Transfer tenants are seeking to move from one PRP property to another whereas general needs applicants are seeking to move into PRP accommodation from a different form of tenure.

8.70 Overall, the number and percentage of single people on the register is significantly higher than any other household group, although this is heavily influenced by the number of single general needs applicants. This can mask the number of families: families with children form the largest household group of the transfer applicants.

Basingstoke and Deane Housing Register applicants March 2014	general needs applicants		transfers		all applicants	
	total	%	total	%	total	%
Single Persons	3,046	49.5%	484	35.7%	3,530	47.0%
Couples	802	13.0%	181	13.3%	983	13.1%
Family with younger children	1,713	27.8%	517	38.1%	2,230	29.7%
Family with older children	287	4.7%	83	6.1%	370	4.9%
Family with non-dependent children	311	5.0%	91	6.7%	402	5.3%
Total	6,159		1,356		7,515	

Table 8.9 Applicants on the housing register (March 2014)

8.71 In all there were 663 households in Bands 1-3 and nearly 4,900 in Band 4. Households in Bands 1-3 could be described as having the more acute housing need and are likely to be in housing need for more than one reason. The General Needs profile shows that Bands 1-3 have a higher number and percentage of families (particularly those with young children) than single people. In Band 4, 53% of households are single people, a higher number and percentage than any other household group and this means that almost half

of all Housing Register households are single people. This difference between Band 1-3 households and Band 4 households affects the housing mix that is required but is also relevant to the profile of social stock relets that come through as supply.

Basingstoke and Deane Housing Register applicants General Needs March 2014	Band 1 and 2		Band 3		Band 4		Band 5		Total
	Number	%	Number	%	Number	%	Number	%	Number
Single Persons	19	67.9%	222	35.0%	2,571	52.6%	234	38.4%	3,046
Couples	3	10.7%	53	8.3%	654	13.4%	92	15.1%	802
Family with younger children	5	17.9%	316	49.8%	1,207	24.7%	185	30.3%	1,713
Family with older children	0	0.0%	27	4.3%	218	4.5%	42	6.9%	287
Family with non-dep children	1	3.6%	17	2.7%	236	4.8%	57	9.3%	311
Total	28		635		4,886		610		6,159

Table 8.10 Housing register applicant household types by banding

8.72 There is a similar pattern to the profile of transfer households, although the overall numbers are fewer. There are 555 transfer applicant households in Bands 1-3 and 801 in Band 4. Single people comprise 36% of transfer applicants and families 51%.

Basingstoke and Deane Housing Register applicants Transfers March 2014	Band 1 and 2		Band 3		Band 4		Total
	Number	%	Number	%	Number	%	Number
Single Persons	66	57.4%	107	24.3%	311	38.8%	484
Couples	22	19.1%	29	6.6%	130	16.2%	181
Family with younger children	18	15.7%	256	58.2%	243	30.3%	517
Family with older children	1	0.9%	26	5.9%	56	7.0%	83
Family with non-dep children	8	7.0%	22	5.0%	61	7.6%	91
Total	115		440		801		1,356

Table 8.11 Housing register transfer households by banding

8.73 Previous profiling by area has shown housing need by property size and type is as follows below:

Property type	Basingstoke (with Old Basing, Chineham and Rooksdown)		larger settlements (as defined in ALP Policy D8)		smaller settlements	
	number	%	number	%	number	%
One Bedroom Flat	2,864	39.8%	339	28.5%	80	26.7%
Two Bedroom Flat	669	9.3%	99	8.3%	23	7.7%
One Bedroom Bungalow	347	4.8%	69	5.8%	21	7.0%
Two Bedroom Bungalow	145	2.0%	47	4.0%	39	13.0%
Two Bedroom House	1,873	26.1%	334	28.1%	93	31.0%
Three Bedroom House	768	10.7%	160	13.5%	34	11.3%
Four Bedroom House	193	2.7%	38	3.2%	4	1.3%
Five Bedroom House	38	0.5%	3	0.3%	1	0.3%
Sheltered	292	4.1%	99	8.3%	5	1.7%
Total	7,189		1,188		300	
<i>Numbers on the Housing Register for the area outside Basingstoke town may include some double counting: in this respect, percentages are the best representation of housing need by property type and size. It is estimated that overall applicants made on average 1.355 choices when expressing interest which would bring the Housing Need for Basingstoke town to around 5,300 households.</i>						
<i>Larger settlements refers to those identified in Adopted Local Plan Policy D8: Baughurst, Bramley, Kingsclere, Oakley, Overton, Pamber Heath, Tadley and Whitchurch</i>						

Table 8.12 Number of households by area and property type (November 2012)

- 8.74 An update in December 2014 shows further increase to a total of 7,964 households. This is the last snapshot of the Register before the changes to the Allocations Policy¹⁸ begin to take effect. As such, the graph below shows the Housing Register time-series to the point after which the new policy starts to take effect. Until October 2015, the register will be in transition and the time-series will be re-based at that point.

¹⁸ The new Allocations Policy will be fully introduced by October 2015. The main changes are a local connection requirement of two year residence requirement in the borough, or two years employment, an income ceiling of £50,000 a year and a change to the current Banding system. Households with "Reasonable Preference" will continue to be eligible.

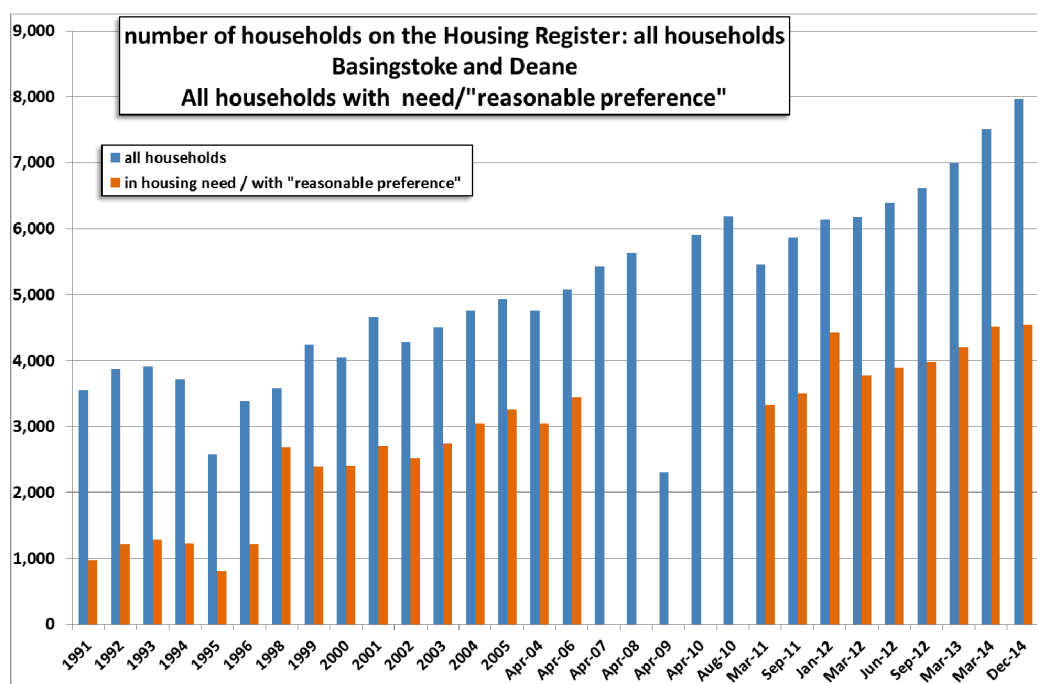


Figure 8.10 Number of households on the housing register

- 8.75 From March 2014 to December 2014, The number of households on the council's Housing Register has increased from 6,393 in June 2012 to 7,964 in December 2014. The increase is mainly due to a higher number of single people and families with younger children in Band 4.

Basingstoke and Deane Housing Register December 2014	Band 1	Band 2	Band 3	Band 4	Band 5	total
General needs	23	7	675	5,150	634	6,489
Transfers	115	12	466	882	0	1,475
total	138	19	1,141	6,032	634	7,964

Table 8.13 Banding of households on the housing register (December 2014)

Existing housing need for social housing for the Housing Needs Assessment

- 8.76 Housing need for an HNA can be defined in many ways. Typically, the number of households on the Housing Register is taken as a proxy measure of those who would not be able to meet their own housing needs in the market place. In addition, households on the Housing Register have presented with, and declared, some form of housing need to the council and so these households are a self-declared group each of whom is awaiting social housing. Any HNA would seek to meet this housing need over a number of years, and each council would deal with this need according to their allocations policies, nominations or both.
- 8.77 However, the council has, as part of the Register application process, assessed the housing need requirements of each household. This permits further drilling down into the Housing Register – so that housing need in the HNA can be more specifically defined and those households identified with the most acute and the most urgent need.

8.78 The HNA takes as a starting point what could be considered to be the most acute housing need on the Housing Register. This housing need and affordability research presents a “best fit” in identifying critical and urgent housing need: the number of households in Bands 1-3 where:

- Households have been assessed as having cumulative needs – where a household meets the statutory “reasonable preference” criteria for not just one but multiple reasons, for example, overcrowding and medical need;
- Analysis of incomes shows these households are unable to access the housing in the market place, not even private rented accommodation.

8.79 As such, the HNA uses this as a starting point and a lowest absolute measure of housing need. When populating the Housing Needs Assessment from the Housing Register or intermediate housing records, a judgement must be made as to the most appropriate indication of housing need given that the assessment should have a five year “life”.

8.80 However, the number of households in Bands 1-3 is lower in March 2014 than in June 2012, the base date for the last Housing Needs Assessment. Given the importance of the HNA in determining the number and scale of affordable homes needed each year, it is important to ensure that short term and longer term trends are identified and isolated. The number of households in Bands 1 to 3 has increased from 2011 but as the table below shows, during March 2013 and 2014 this has fallen back, increasing again to 705 households in December 2014. Beyond this, it is difficult to determine a comparable figure as the register goes into a transitional state with the gradual roll out of the new housing allocations policy.

Basingstoke and Deane Housing Register Number of households in Bands 1-3	General Needs			Total Bands 1-3	Transfers			Total Bands 1-3
	Band 1	Band 2	Band 3		Band 1	Band 2	Band 3	
Mar-11	16	26	603	645	44	37	414	495
Jun-11	23	25	627	675	43	39	413	495
Sep-11	18	22	661	701	47	37	423	507
Dec-11	23	18	694	735	47	32	456	535
Mar-12	21	15	732	768	60	31	487	578
Jun-12	24	14	755	793	53	27	492	572
Mar-13	20	10	710	740	81	17	467	565
Mar-14	23	5	635	663	102	13	440	555
Dec-14	23	7	675	705	115	12	466	593

Table 8.14 Applicants in bands 1-3 on the housing register

8.81 Tenants transferring (decanting) away from a regeneration scheme prior to its demolition are placed within the transfers on the Housing Register. The

increase in General Needs Bands 1-3 up to June 2012 is not a result of tenants decanting from regeneration areas but as a result of a wider increase in housing need and the Housing Register generally. The decrease during 2012 – 2013 and 2013 – 2014 is as a result of lettings to new schemes in Tadley (Titherley Park / Boundary Hall) and Maldive Close / Faroe Close regeneration coming on stream combined with a high proportion of lettings in these years made to households in the lower housing need bands. The number of brand new applicants to the Housing Register remains high and this is unlikely to change.

- 8.82 For the purposes of the Housing Needs Assessment, therefore, the Bands 1-3 Housing Register snapshot taken in March 2014 appears to be towards the lower end of the range and may be atypically low at 663 households, presenting a misleading picture at a strategic level.
- 8.83 The number of households on the Register will fluctuate from December 2014 until October 2015 with the roll out of the new allocations policy, the December 2014 snapshot being the last based on the current qualifying criteria. As at December 2014 there were 705 General Needs households on the Register which is also equivalent to the average of the year end position for the last four years. It appears to represent a balance between increasing demand since 2011 and years when supply increased through new build, in addition to being the last comparable data with the June 2012 data used in the previous SHMA.

Housing need: neighbouring districts

- 8.84 Under the Localism Act 2011, councils are able to create local allocation schemes which may specify local criteria for joining the housing register rather than operating an “open register” that all households may join. As these policies take effect it becomes increasingly difficult to compare housing need across and between authorities using the housing register as there are no common qualifying conditions to make the data comparable. The Reasonable Preference criteria do still apply, however.
- 8.85 Accepting that local authorities may be applying different criteria for joining the register, the latest data on the number of housing register applicants by local authority shows that there are 31,800 households on council waiting lists. However, as set out in Chapter 2, it is not necessary for the borough to take account of this need.

Step 3: Current Housing Need – Social Housing

- Existing need for social housing from council’s Housing Register is taken as Bands 1-3 as at December 2014 which is 705 households.

The HNA assumes that this need will be met over 5 years, so the annualised social housing requirement is 141 dwellings per annum.

STEP 4 - ARISING HOUSING NEED FOR SOCIAL HOUSING

- 8.86 Arising housing need consists of two components: need as a result of new household formation and need from existing households falling into need for the first time.

STEP 4A – ARISING NEED FOR SOCIAL HOUSING FROM NEWLY FORMING HOUSEHOLDS

- 8.87 The Housing Needs Assessment uses the household projections, underlying the population projection, on which the council's 850 dwellings per annum housing figure is based, and applies an affordability threshold to test the ability of these households to meet their needs in the housing market.
- 8.88 The affordability thresholds have been established in Chapter 7. The entry point for intermediate housing was established as requiring an income of £23,000 and 28.3% of borough households would not be able to afford this.
- 8.89 It is therefore assumed that 28.3% of new households forming each year (850) would be able to afford intermediate housing. This equates to 241 households a year. The figure of 241 households a year is therefore carried forward into the HNA as arising housing need for social housing.
- 8.90 The next step, 4b, calculates arising housing need from existing households falling into need for the first time.

Step 4a: Arising need for social housing from newly forming households

28.3% of 850 new households forming each year

Annualised requirement of 241 dwellings per annum

STEP 4B – ARISING NEED FOR SOCIAL HOUSING FROM EXISTING HOUSEHOLDS

- 8.91 Arising housing need consists of two components: need as a result of new household formation and need from existing households falling into need for the first time. In order to establish the extent of arising housing need it is necessary to account for existing households who fall into need, as distinct from households forming due to household growth. New household formation is tested against the affordability thresholds in the Housing Needs Assessment but existing households falling into need must be estimated from the number of households applying for and securing housing (on and off flows). The table below shows the number of lettings to Bands 1-3 applicants

for the years where there is data. It shows that over the last four years there have been 1,334 lettings to Band 1-3 applicants. Together with the number of households currently on the Housing Register (current need) this gives a full picture of housing need for the HNA.

	Caseload year start April	Lettings in year	GN Bands 1-3 lettings	Caseload without lettings	New applications	Lettings and new apps
March / April 2010	287	2010 - 2011	356	-69	714	1070
March / April 2011	645	2011 - 2012	411	234	534	945
March / April 2012	768	2012 - 2013	282	486	254	536
March / April 2013	740	2013 - 2014	285	455	208	493

Table 8.15 Number of lettings to applicants in bands 1-3 (Source: BDBC Housing Register)

- 8.92 Arising housing need is therefore counted as the 1,334 applicants who have applied for and secured social housing over the last four years, which gives an average of 334 applicants per year. However, some of these may be newly forming households and it is necessary to distinguish these from existing households.
- 8.93 The Housing Register breakdown by current tenure of applicant is shown below. This shows that 56.5% of households are existing households in that they already have a formal housing tenure, including tied, private rented, owner occupation, housing association or council. This is similar to the overall tenure profile of those households who have obtained social housing.

Existing tenures	council tenant	1.6%	56.5%
	housing association	27.8%	
	owner occupier	4.7%	
	private tenant	21.3%	
	tied accommodation	1.1%	
New households	armed forces	0.5%	43.5%
	lives in caravan	0.4%	
	lives with relatives	25.3%	
	lodger	3.0%	
	no fixed abode	5.7%	
	other accommodation	3.3%	
	room in shared property	5.5%	

Table 8.16 Split between new and existing tenures on BDBC housing register

- 8.94 This shows that 56.5% of households have an existing tenure – either living as a council tenant, housing association tenant or private tenant, living in tied

accommodation or owning their own home. These are existing households, who have fallen into, or who will be, in housing need.

Step 4b: Arising housing need for social housing from existing households

- 1,334 households over 4 years = 334 households per annum.
- It is assumed from the profile of tenure on the Housing Register that 56.5% of these are a proxy for existing households who have fallen into housing need.

Arising housing need is therefore 56.5% of 334 household per year, equating to 189 dwellings per annum.

STEP 5

- 8.95 The National Planning Practice Guidance states that plan makers should take into account the future supply of social housing re-lets and intermediate re-sales, in calculating their affordable housing requirements.

STEP 5A - RE-LETS

- 8.96 In previous studies, the Rural Housing Study evaluated the re-let supply for 2008 – 2009 in the area outside Basingstoke town as, on average, 4.4% or around 145 affordable units. The 2007 DTZ SHMA estimated re-lets as 6% of overall social rented stock for the whole borough (740 a year) excluding transfers. However, in recent years the number of re-lets has been declining.
- 8.97 Property managed by Sentinel, Sovereign and Affinity Sutton makes up around 82% of all the affordable stock in the borough, contributes around 90% of lettings in the borough and around 90% of the re-lets in the borough. The majority of their stock, and therefore re-let supply, is centred in or around Basingstoke town.
- 8.98 The following paragraphs show the different components of the calculation of a re-let figure for the HNA. This is calculated over a five year period, and a three year period, to show short term to medium term past trends for the HNA which is also calculated over five years.
- 8.99 The total annual lettings figure: The total lettings data comes from CORE, and includes all new build properties, all lettings through the CBL system, any lettings that do not come through council nominations, and internal RSL transfers or referrals from other agencies. Some RSLs also include within the CORE data lettings to temporary accommodation. As a result, CORE provides a gross lettings figure which includes re-lets. It should be seen as an absolute maximum possible lettings figure.

- 8.100 New build: New build properties and re-lets of existing stock are included in the CORE figures. To separate out the two, the new build figure is deducted from the gross as a starting point for the re-let calculation. That is, the new build general need figure is deducted.
- 8.101 General needs re-lets: Existing stock re-lets can provide supply. However, existing social housing tenants who vacate their property leaving behind a re-let, may also create demand within the same area if they move to another social housing property. The re-let figure for the HNA should represent the amount of re-let supply that actually reduces housing need – where as a result of one social housing property falling vacant, one household is housed from the Housing Register without creating demand elsewhere in the borough. It is assumed that existing tenants who require a transfer will be rehoused and will therefore create a vacancy for another housing in need (thus having a nil effect on the overall housing need figures).
- 8.102 In order to identify this, not only should the new build stock be deducted from the total lets, but also the number of lets to transfer tenants who will leave behind a property to be re-let to a general needs tenant but also take up a new property. Around 33% of properties in the CBL system are let to transfer tenants.
- 8.103 General needs stock total: The overall RSL stock figure for each year will not necessarily be the sum of that for the previous year plus the new build general needs rented. RSL stock figures will also be dependent on sales, acquisitions and disposals. The stock figures are for general needs stock only.
- 8.104 Analysis of re-lets in 2012 – 2013 must take account of lettings made as a result of decants from the regeneration scheme at Westray Close, Taverner Close and Faroe Close. There were 91 RSL demolitions on this scheme starting from 2013/14. Decanting tenants are placed in a critical housing needs band and are housed through the council's Choice Based Lettings process as re-let properties come through CBL in the normal way.
- 8.105 At this point in the regeneration scheme (decanting), there is no effect on the number re-lets available coming through as supply, but there is a short term increase in demand and in the number of re-lets allocated to transfer tenants in the higher housing needs bands (those decanting from the regeneration scheme).
- 8.106 In that year, 23% of lettings went to Band 1 tenants, compared to around 11% in previous years. New build as a result of the regeneration starts to come into supply in the CBL records during 2014/15. This will boost the number of re-lets where transfer tenants move from existing properties into new. New build in Tadley (Boundary Hall / Titherley Park) and Popley (Maldiva / Faroe regeneration scheme) also came through in 2012/13 and 2013/14.
- 8.107 The table below shows how these components make up the re-let figure for the HNA. Taking the last five years, on average, 4.2% of general needs stock

becomes available for re-let each year. Over the last three years, 4.1% of socially rented stock became available as re-let.

Year	AH completions	General needs stock total	Lettings No of units	Net relets	Re-lets % of GN stock	Lettings to transfer applicants	Net re-lets	Re-lets % of GN stock
2007 - 2008	252	10,644	809	557	5.23%	162	395	3.7%
2008 - 2009	313	10,717	1019	706	6.58%	205	501	4.7%
2009 - 2010	361	10,896	1081	720	6.60%	209	511	4.7%
2010 - 2011	170	11,374	844	674	5.92%	208	466	4.1%
2011 - 2012*	148	11,639	843	695	5.97%	186	509	4.4%
2012 - 2013**	18	11,723	603	585	4.99%	176	409	3.5%
2013 - 2014***	66	11,644	803	737	6.33%	209	528	4.5%
three year ave	77	11,669	750	672	5.76%	190	482	4.1%
* 2011-2012 GN stock figure amended from 11,389 to 11,639								
**2012-2013: total completions 27, less 4 shared ownership, and less 5 rural exception by private provider.								
***2013-2014: total completions 91 gross/38 net. Of the 91 new build, 66 RSL rented. No deduction made for demolitions as objective is to identify new properties on CBL not to establish net gain in stock.								

Table 8.17 Number of social rented re-lets per annum (Source: CORE)

8.108 The Housing Needs Assessment assumes that this proportion of relets will continue through the next five years. An affordable stock figure for 2014/15 has not yet been released by the HCA (usually due August), but provisional completions data shows that there have been 182 affordable units built in that year. An additional 182 units has been added to the previous year stock figure (11,644) which gives a current stock figure of 11,826 units. The text box below shows the re-let figure based on the three year average, as required by the National Planning Practice Guidance, based on CORE data.

8.109 However, re-lets based on CORE must be treated as an absolute maximum, firstly because of the caveats with CORE data already mentioned and secondly because the CBL figures are indicating a far lower re-let supply as can be seen in the table below based on CBL records. CBL data indicates that the re-let percentage could be as little as 3.3% of RSL general needs stock with as few as 373 units per annum providing supply. Sentinel Housing has reported CORE as being an underestimate of actual lettings in 2013/14. However, CBL data shows an increase in 2013/14 from 2012/13 that is proportionate with CORE.

Year	AH completions	General needs stock total	Lettings No of units	Net relets (less completions)	Re-lets %	Transfer applicants	Net re-lets	Re-lets %
2009 - 2010	361	10,896	905	544	4.99%	209	335	3.26 %
2010 – 2011	170	11,374	749	579	5.09%	208	371	3.26 %
2011 - 2012*	148	11,639	691	543	4.67%	186	357	3.07 %
2012 - 2013**	18	11,723	561	543	4.63%	176	367	3.13 %
2013 - 2014***	66	11,644	710	644	5.53%	209	435	3.74 %
five year average	153	11,455	723	571	4.98%	198	373	3.26 %

Table 8.18 Number of social rented re-lets per annum (Source: CBL)

Step 5a: Social Rented Re-lets

- Data from the last three years (2011/12 – 2013/14) social rented re-let supply indicates around 4.1% of affordable stock coming back into supply every year.
- Of the overall stock of 11,826 units, this comes to 485 units per year. This includes mutual- exchanges, successions, lettings from temporary accommodation, and through referrals from other agencies.

Re-supply from social re-lets is 485 dwellings per annum.

STEP 5B - INTERMEDIATE RE-SALES

8.110 Supply through existing stock comes from intermediate as well as social housing. The following table shows the number of re-sales coming back into shared ownership supply since 2006/7. It is expected that in the earlier years of the scheme there will be fewer re-sales and it can be seen how this increases significantly from 2012/13 onwards. A three year average is taken for the Housing Needs Assessment in line with the social re-let supply. This means 37 units per year can be counted as re-let intermediate supply in Basingstoke and Deane.

Number of shared ownership re-sales by year Basingstoke and Deane	
2006-2007	0
2007-2008	3
2008-2009	2
2009-2010	12
2010-2011	19

2011-2012	26
2012-2013	49
2013-2014	36
2014-2015	27
total	174
3 year average	37
5 year average	31

Table 8.19 Number of shared ownership re-sales per annum

Stage 5b: Intermediate Re-sales

- Data shows average of 37 intermediate re-sales per annum over the last three years.

Re-supply from intermediate re-sales is 37 dwellings per annum.

8C THE HOUSING NEEDS ASSESSMENT

- 8.111 The objective of the HNA is to quantify an annual affordable housing requirement within the council's overall annual housing requirement. This Housing Needs Assessment is based on a housing number of 850 homes per annum for the period of the Local Plan.
- 8.112 The Housing Needs Assessment is formed and calculated through an estimate of current housing need and arising housing need. The objective of the HNA is to quantify an annual affordable housing requirement within the council's overall annual housing requirement. Within the HNA, both current and arising housing need are estimated (current housing need being that need which exists today and arising housing need the need that will present in the future) and calculated as an annual affordable housing requirement for the next five years.
- 8.113 The overall result from this Housing Needs Assessment is an affordable housing requirement of 840 affordable homes per year which reduces to 318 affordable homes per year after deducting relets (485 social sector relets and 37 intermediate re-sales).
- 8.114 The implications of using this base data to support the affordable housing requirement can be found in the Key Points below. All data is taken from sources analysed in the 2015 SHMA. The HNA assumes that current need will be met over the next five years, and bases arising need over the next five years on expectations informed by past trends.
- 8.115 Current annual housing need figures from the Housing Register Bands 1-3 (141 households) and current housing need from the intermediate housing application records (113 households).

8.116 Arising housing need, is calculated using:-

- household projections to assess the number of newly forming households (households that have not formed yet but could form in the next 5 years) – this HNA uses the household projections underlying the population projection on which the council's 850 dwellings per annum housing figure is based, and applies an affordability threshold to test the ability of these households to meet their needs in the housing market; and
- arising housing need from existing households (households that have already formed but who may fall into housing need in the future) – this HNA is based on estimates (from arising need from the Housing Register and intermediate housing records) of how much of the arising need may be attributable to existing households falling into need and not newly forming ones;
- The proportions applied to arising need from the Housing Register and intermediate housing records are:
 - 56.5% of arising need from the Housing Register is from existing households;
 - 55.7% of arising need from the intermediate housing records are from existing households;
- The affordability thresholds applied to 850 households per annum are:
 - 28.3% of households will need social housing;
 - 13.1% will need intermediate housing;
- Taking both current and arising housing need together gives a total affordable housing need of 840 households per annum.
- Accounting for re-lets (485 social sector and 37 intermediate re-sales) the need becomes 318 units;

Housing Needs Assessment			
number of households per annum (over 5 years)	current need	arising need based on the number of households forming under the 850 scenario with affordability test	total current + arising housing need
Housing Register Bands 1-3 (rented)	141	430	571
Homes In Hants (intermediate)	113	156	269
Total annual need: Housing Register and Intermediate	254	586	840

	Basis of the assessment	Data	Need / supply per annum over five years	Methodology
Step 1	Current need for intermediate housing Applicants who live in B&D (565)	565 to be met over 5 years	113 per annum	Households who live in Basingstoke and Deane currently applying for intermediate housing as at March 2015.
Step 2	Newly arising need for intermediate housing 2a: Newly forming households 13.1% of 850 = 111 per year 2b: Existing households 55.7% of 403 = 225 over 5 years = 45 per year	Newly forming = 111 + 45 per year	156 new households per annum	2a: New household formation comes from the objectively assessed housing need of 850 per year and is affordability tested to show those households who would not be able to afford owner occupation but could afford social housing. 2b: Existing households who fall into need for the first time is the equivalent of the number of those households who live in Basingstoke and Deane. Assumed, based on previous tenure profile, that an equivalent of 55.7% of these will be existing households in the future.
Step 3	Current need for social housing Bands 1-3 = 705	Bands 1-3 = 705 to be met over 5 years	141 per annum	Households who live in Basingstoke and Deane currently applying for social housing as at December 2014.
Step 4	Newly arising need for social housing (Bands 1-3 only)	Newly forming = 241 + 189 per year	430 households	4a: New household formation comes from the objectively assessed housing need of 850 per year and is affordability tested to show those households who would not be able to

	4a: Newly forming households 28.3% of 850 = 241 per year 4b: Existing households 1,334 over 4 years = 334 per year of which 56.5% = 189 per year		afford owner occupation or intermediate housing. 4b: Existing households who fall into need for the first time is the equivalent of the number of those households who have secured social housing in Basingstoke and Deane over the last 4 years. Assumed, based on tenure profile, that an equivalent of 56.5% of these will be existing households in the future.
Total housing need per annum over the next five year period:			840
Of which: Intermediate housing			269 (32%)
Of which: Rented housing			571 (68%)
Step 5	5a: Intermediate re-sales 5b: Supply through re-lets (averaged over 3 years)	Intermediate re-sales = 37 Re-lets = 4.1% of social stock (general needs + affordable rented (11,826) = 485	Re-supply per annum = 522
Supply/need shortfall			318 dwellings per annum

8D HOUSING NEEDS ASSESSMENT – ALTERNATIVE SCENARIO

- 8.117 It is recognised that the affordable housing need assessment methodology is based on those in priority need (Bands 1-3 of the Housing Register). To understand the upper limits of the borough's housing need, the SHMA has modeled an alternative scenario to test the impact of using all the households in Band 4 with a "reasonable preference" (in addition to Bands 1-3) as an indication of the overall number of households that will require affordable housing (Appendix B).
- 8.118 This is comparable to test 2 in the March 2014 SHMA and demonstrates an affordable housing need of 1,439 dwellings per year, which, after supply through re-lets and shared ownership is taken into account, gives an overall need of 917 dwellings per year.

9 CONCLUSION

- 9.1 The Strategic Housing Market Assessment (SHMA) provides an update to the 2014 SHMA to respond to the issues raised by the Planning Inspector at the Exploratory Meeting in December 2014, and to take account of the most up-to-date information about the housing market in Basingstoke and Deane.
- 9.2 The SHMA follows best practice in the National Planning Policy Framework and National Planning Practice Guidance to identify the borough's future housing needs.
- 9.3 The report reviews up-to-date information about migration, travel to work statistics, and property price data, as well as considering the SHMAs produced by neighbouring authorities, and concludes that Basingstoke and Deane is still a self-contained housing market area. It provides updated background information about the borough, its population, its housing stock, and the costs of owning or renting property in the borough.
- 9.4 The report considers the borough's **objectively assessed housing need**, based upon demographic modelling by Edge Analytics, that uses the most up-to-date population projections and household formation data available. This tests a number of different scenarios of population, housing and economic growth in order to identify what might be the future need for housing in Basingstoke and Deane.
- 9.5 The demographic scenarios indicate a housing requirement in the range of 813-936 dwellings per annum. Taking into account the different scenarios to meet the borough's job creation targets (which gives a range of 650-1,004 dwellings per annum), this indicates that a figure of 850 dwellings per annum is a reasonable indication of the borough's objectively assessed housing need.
- 9.6 The SHMA also considers the mix of house sizes that is likely to be required, and the housing needs of specific groups. In particular, it identifies a likely need for more smaller units in the future, and the need to make provision for older people.
- 9.7 The SHMA also sets out a revised **housing needs assessment** to take account of the impact of delivering **850 dwellings per annum** and the most up-to-date information about affordability.
- 9.8 The affordability assessment demonstrates that 41% of new households will require some form of affordable housing in the future. 28% of households would require social housing (housing that is owned and managed by Local Authorities or Registered Social Landlords) and a further 13% would require intermediate housing (such as shared ownership).

- 9.9 The overall result from this **Housing Needs Assessment** is an affordable housing requirement of 840 affordable homes per year which reduces to **318** affordable homes per year after deducting relets (485 social sector relets and 37 intermediate re-sales).
- 9.10 This is a slight increase from that identified in the 2014 SHMA (306 dwellings per annum, as explained in Appendix B of 2014 Housing Topic Paper). This change is a result of the additional need arising from the newly forming households and a slight worsening in affordability (resulting in more households falling into need). This is slightly counterbalanced by a reduction in the number of households currently on the housing register.
- 9.11 Consequently, this update confirms the approach taken in the March 2014 SHMA and the Submission Local Plan in relation to affordable housing need, and supports the proposed requirement for 40% affordable housing.

APPENDIX A

EDGE REPORT (APRIL 2015)

APPENDIX B – ALTERNATIVE HOUSING NEED ASSESSMENT INCLUDING BAND 4S WITH REASONABLE PREFERENCE

Background

- B1 This Housing Needs Assessment is based on a housing number of 850 homes per annum for the period of the Local Plan.
- B2 The Housing Needs Assessment is formed and calculated through an estimate of current housing need and arising housing need. The objective of the HNA is to quantify an annual affordable housing requirement within the council's overall annual housing requirement. Within the HNA, both current and arising housing need are estimated (current housing need being that need which exists today and arising housing need the need that will present in the future) and calculated as an annual affordable housing requirement for the next five years.
- B3 The overall result from this Housing Needs Assessment is an affordable housing requirement of 1,439 affordable homes per year which reduces to 917 affordable homes per year after deducting relets (485 social sector relets and 37 intermediate re-sales).
- B4 The implications of using this base data to support the affordable housing requirement can be found in the Key Points below. All data is taken from sources analysed in the 2015 SHMA. The HNA assumes that current need will be met over the next five years, and bases arising need over the next five years on expectations informed by past trends.
- Current annual housing need figures from the Housing Register Bands 1-3 and households in Reasonable Preference in Band 4 (this totals 677 households a year), and current housing need from the intermediate housing application records (113 households a year);
 - Arising housing need, is calculated using:-
 - household projections to assess the number of newly forming households (households that have not formed yet but could form in the next 5 years) – this HNA uses the household projections underlying the population projection on which the council's 850 dwellings per annum housing figure is based, and applies an affordability threshold to test the ability of these households to meet their needs in the housing market; and
 - arising housing need from existing households (households that have already formed but who may fall into housing need in the future) – this HNA is based on estimates (from arising need from the Housing Register and intermediate housing records) of how much of the arising need may be attributable to existing households falling into need and not newly forming ones;

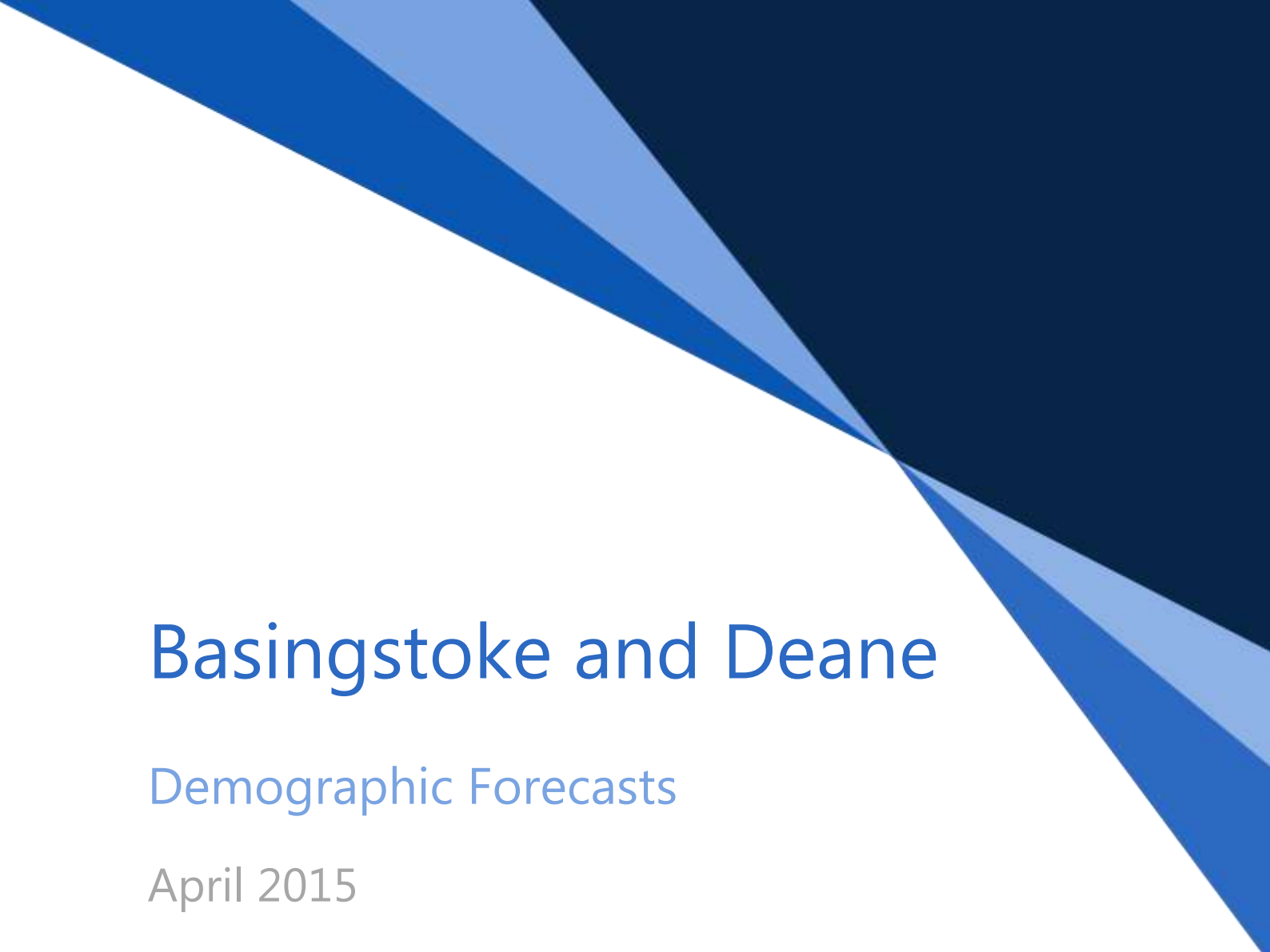
- The proportions applied to arising need from the Housing Register and intermediate housing records are:
 - 56.5% of arising need from the Housing Register is from existing households;
 - 55.7% of arising need from the intermediate housing records are from existing households;
- The affordability thresholds applied to 850 households per annum are:
 - 28.3% of households will need social housing;
 - 13.1% will need intermediate housing;
- Taking both current and arising housing need together gives a total affordable housing need of 1,439 households per annum.
- Accounting for re-lets (485 social sector and 37 intermediate re-sales) the need becomes 917 units;

Housing Needs Assessment			
number of households per annum (over 5 years)	current need	arising need based on the number of households forming under the 850 scenario with affordability test	total current + arising housing need
Housing Register Bands 1-3 (rented)	677	493	1,170
Homes In Hants (intermediate)	113	156	269
Total annual need: Housing Register and Intermediate	790	649	1,439

Appendix B - Alternative housing needs assessment including Band 4s with reasonable preference

	Basis of the assessment	Data	Need / supply per annum over five years	Methodology
Step 1	Current need for intermediate housing Applicants who live in B&D (565)	565 to be met over 5 years	113 per annum	Households who live in Basingstoke and Deane currently applying for intermediate housing as at March 2015.
Step 2	Newly arising need for intermediate housing 2a: Newly forming households 13.1% of 850 = 111 per year 2b: Existing households 55.7% of 403 = 225 over 5 years = 45 per year	Newly forming = 111 + 45 per year	156 new households per annum	2a: New household formation comes from the objectively assessed housing need of 850 per year and is affordability tested to show those households who would not be able to afford owner occupation but could afford social housing. 2b: Existing households who fall into need for the first time is the equivalent of the number of those households who live in Basingstoke and Deane. Assumed, based on previous tenure profile, that an equivalent of 55.7% of these will be existing households in the future.
Step 3	Current need for social housing Bands 1-3 = 705 Band 4 Reasonable Preference = 2,767 less 89 households on the Housing Register applying for intermediate housing	Bands 1-4 reasonable preference = 3,383 to be met over 5 years	677 per annum	Households who live in Basingstoke and Deane currently applying for social housing as at December 2014.

Step 4	Newly arising need for social housing (Bands 1-4 only)			4a: New household formation comes from the objectively assessed housing need of 850 per year and is affordability tested to show those households who would not be able to afford owner occupation or intermediate housing.
	4a: Newly forming households 28.3% of 850 = 241 per year 4b: Existing households 1,781 over 4 years = 445 per year of which 56.5% = 252 per year	Newly forming = 241 + 252 per year	493 households	4b: Existing households who fall into need for the first time is the equivalent of the number of those households who have secured social housing in Basingstoke and Deane over the last 4 years. Assumed, based on tenure profile, that an equivalent of 56.5% of these will be existing households in the future.
Total housing need per annum over the next five year period:			1,439	
Of which: Intermediate housing			269 (19%)	
Of which: Rented housing			1,170 (81%)	
Step 5		Intermediate re-sales = 37	Re-supply per annum = 522	
	5a: Intermediate re-sales 5b: Supply through re-lets (averaged over 3 years)	Re-lets = 4.1% of social stock (general needs + affordable rented (11,826) = 485		
Supply/need shortfall			917 dwellings per annum	



Basingstoke and Deane

Demographic Forecasts

April 2015

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Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.1.0.

The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.

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1 Introduction

Context

- 1.1 In February 2013, Edge Analytics completed an independent review of Basingstoke and Deane Borough Council's work on calculating a locally-derived housing figure¹. This review considered the methodologies employed by the Council and suggested additional datasets, analytical approaches and analysis that might assist the Council in finalising its Local Plan.
- 1.2 In June 2013, Edge Analytics completed a further report for the Council, presenting a suite of population, household and housing forecasts for Basingstoke and Deane, which were developed using POPGROUP (v3.1) demographic modelling technology². An addendum was provided in March 2014, based on new statistics from the 2011 Census, updated economic activity rates and alternative unemployment assumptions³.
- 1.3 The Basingstoke and Deane Local Plan was submitted in October 2014, with a housing provision target of 748 dwellings per annum (dpa), based on Edge Analytics' **Mig-led10yrs-5yrs80%_A** scenario. Following an Exploratory Meeting with the Plan Inspector in December 2014, the Council revised this figure to 850 dpa, aligning more closely with the **Mig-led10yrs-5yrs_C** scenario and representing a 'mid-point' in the range of scenario options⁴.

Requirements

- 1.4 Edge Analytics has been commissioned by Basingstoke and Deane Borough Council to produce an updated suite of population, household and housing forecasts for the borough, based around previous scenarios, but underpinned by the latest demographic inputs and economic

¹ Edge Analytics, Feb 2013, Estimating Local Housing Requirements: A Review and Scrutiny

² Edge Analytics, Jun 2013, Demographic Analysis & Forecasts

³ Edge Analytics, Mar 2014, Demographic Analysis & Forecasts Including an Addendum on Additional Scenario Analysis

⁴ <http://www.basingstoke.gov.uk/rte.aspx?id=1504&MeetingId=2022>

assumptions. These include the latest official population and household projections from the Office for National Statistics (ONS) and the Department for Communities and Local Government (DCLG) respectively.

- 1.5 The Council has also requested that additional jobs growth forecasts should be considered within the demographic analysis, to provide economic context against which the housing requirement might be assessed.

Approach

Official Guidelines

- 1.6 The development and presentation of demographic evidence to support local housing plans is subject to an increasing degree of public scrutiny. The National Planning Policy Framework (NPPF)⁵ and Planning Practice Guidance (PPG)⁶ provide guidance on the appropriate approach to the objective assessment of housing need.
- 1.7 These advocate that official statistics should provide a starting point for the evaluation of growth scenarios and that local circumstances, alternative assumptions and the most recent demographic evidence should be considered (PPG paragraphs 2a-015 and 2a-017). Evidence that links demographic change to forecasts of economic growth should also be assessed (PPG paragraph 2a-018).
- 1.8 The use of demographic models, which enable a range of growth scenarios to be evaluated, is now a key component of the objective assessment process. The POPGROUP suite of demographic models, which is widely used by local authorities and planners across the UK, provides a robust and appropriate forecasting methodology. For further information on POPGROUP, refer to Appendix A.
- 1.9 The choice of assumptions used within POPGROUP has an important bearing on scenario outcomes. This is particularly the case when trend projections are considered alongside population and household forecasts that are linked directly to anticipated jobs growth. The

⁵ <http://planningguidance.planningportal.gov.uk/blog/policy/>

⁶ <http://planningguidance.planningportal.gov.uk/blog/guidance/>

scrutiny of demographic assumptions is now a critical component of the public inspection process, providing much of the debate around the appropriateness of a particular objective assessment of housing need.

Edge Analytics Approach

- 1.10 Edge Analytics has developed a range of scenarios for Basingstoke and Deane using POPGROUP (v.4) technology. For details on the differences between POPGROUP v3.1 and POPGROUP v.4, refer to Appendix B.
- 1.11 As the starting point of this assessment, the most recent, 2012-based, sub-national population projection (SNPP) for the borough is presented, with an analysis of the underlying components of population change. These statistics are compared to previous population estimates and to the historical data on births, deaths and migration.
- 1.12 A number of alternative scenarios have been developed and are compared to the 2012-based SNPP 'benchmark'. These include:
- Three 'migration-led' scenarios, to assess the demographic implications of a continuation of historical migration trends (from the most recent five and ten years).
 - Three 'jobs-led' scenarios, to assess the demographic implications of a range of jobs growth forecasts (450, 600 and 700 net new jobs per year).
 - Three jobs-led 'sensitivity' scenarios, to examine the impact of alternative economic activity rate and commuting ratio assumptions upon the dwelling growth outcomes of the jobs-led scenarios.
- 1.13 All scenarios have been run to a 2029 horizon, with historical data included for the period 2001–2013.
- 1.14 The household growth implications of the scenarios has been assessed using assumptions from the 2012-based household projection model, from DCLG. Sensitivities have also been run to examine the alternative household growth implications suggested by the 2008-based and the 2011-based interim household projection models.

Report Structure

1.15 The report is structured as follows:

- Section 2 provides headline statistics, illustrating the extent to which Basingstoke and Deane has been affected by demographic change since 2001. This section also reviews the demographic evidence that has become available since Edge Analytics' previous reports were completed, including the 2012-based population and household projections.
- Section 3 provides a summary of the scenarios that have been tested for Basingstoke and Deane, whilst Section 4 presents the outcomes of these scenarios in terms of population, household, dwelling and jobs growth.
- Section 5 summarises the report, providing an overview of the analysis and identifying a number of key issues for Basingstoke and Deane Borough Council to consider.
- Appendix A presents an overview of the POPGROUP methodology.
- Appendix B provides detail on the data inputs and assumptions used in the development of the POPGROUP scenarios.

2 Area Profile

Introduction

- 2.1 The development of local housing plans is made considerably more challenging by the dynamic nature of key data inputs. Economic and demographic factors, coupled with the continuous release of new statistics, often undermine the robustness of underpinning evidence. This has been a particular issue since 2012, with the release of 2011 Census statistics, revisions to historical population estimates and updated population and household projections.
- 2.2 This section provides an overview of population change in Basingstoke and Deane since 2001 and the recent revisions to the mid-year population estimates. The latest population projection from ONS, the 2012-based SNPP, is presented, together with its constituent 'components of change'. Commentary is also provided on the most recent household projections, the 2012-based household projection model from DCLG.

Population Change

Mid-Year Population Estimates

- 2.3 Between successive Censuses, population estimation is necessary. These mid-year population estimates (MYEs) are derived by applying the components of change (i.e. counts of births and deaths and estimates of internal and international migration) to the previous year's MYE. Following the 2011 Census, the 2002–2010 MYEs were 'rebased' to align them with the 2011 MYE and to ensure the correct transition of the age profile of the population over the 2001–2011 decade.

- 2.4 At the 2011 Census, the resident population of Basingstoke and Deane was 167,799, a 9.8% increase over the 2001–2011 decade. The 2011 Census population total proved to be reasonably consistent with that suggested by the trajectory of growth from the previous MYEs (Figure 1).

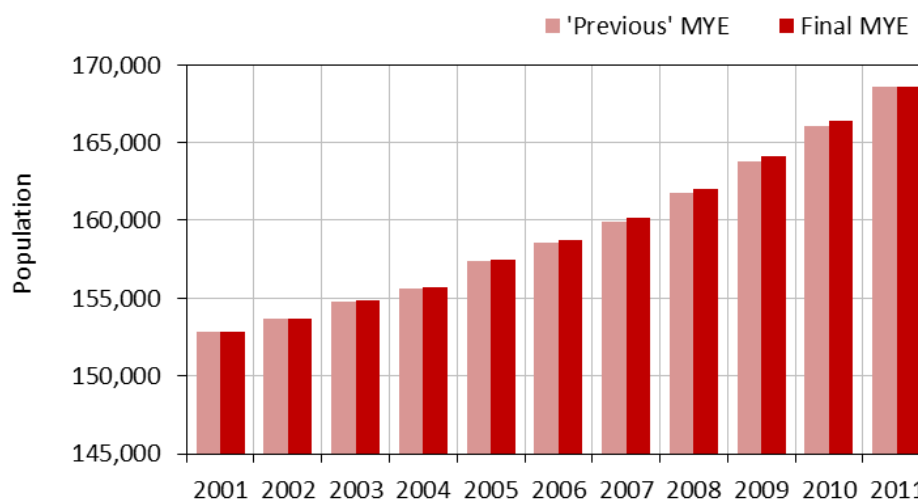


Figure 1: Basingstoke and Deane: mid-year population estimates (Source: ONS)

Components of Change

- 2.5 The rebasing of the MYEs involved the recalibration of the components of population change for 2001/02–2010/11. Between Censuses, births and deaths are accurately recorded in vital statistics registers and provide a robust measure of ‘natural change’ (the difference between births and deaths) in a geographical area. Given that births and deaths are robustly recorded, and assuming that the 2001 Census provided a robust population count, the ‘error’ in the MYEs is due to the difficulties associated with the estimation of migration.
- 2.6 Internal migration (i.e. migration flows to and from other areas in the UK) is adequately measured using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and Higher Education Statistics Agency (HESA), although data robustness may be lower where there is under-registration in certain age-groups (young males in particular). It is therefore most likely that the ‘error’ in the previous MYEs is associated with the mis-estimation of international migration, i.e. the balance between immigration and emigration flows to and from Basingstoke and Deane.

- 2.7 However, ONS has not explicitly assigned the MYE adjustment to international migration. Instead it has identified an additional ‘unattributable population change’ (UPC) component, suggesting it has not been able to accurately identify the source of the 2001–2011 under-count.
- 2.8 For demographic analysis, given the robustness of births, deaths and internal migration statistics compared to international migration estimates, it is assumed that the UPC adjustment is most likely to be associated with the latter. With the assumption that the UPC element is assigned to international migration (for estimates up to 2011), and with the inclusion of statistics from the 2012 and 2013 MYEs from ONS, a twelve-year profile of the ‘components of change’ is presented for Basingstoke and Deane (Figure 3).
- 2.9 Population change over the 2001/02–2012/13 period has been driven predominantly by natural change, with an excess of births over deaths. Net internal migration between Basingstoke and Deane and elsewhere in the UK resulted in a net outflow in 2001/02–2003/04, reverting to a net inflow for the remainder of the period. Net international migration (the difference between immigration and emigration) has had a positive impact upon population growth in most years over the 2001/02–2012/13 period.



Figure 2: Basingstoke and Deane: components of population change 2001/02–2012/13, including the UPC component in the 2001/02–2010/11 international migration component. (Source: ONS).

Official Population Projections

- 2.10 In the development and analysis of population forecasts, it is important to benchmark any growth alternatives against the latest 'official' population projection. Edge Analytics' previous analysis for Basingstoke and Deane used the ONS 2010-based SNPP as the trend benchmark.
- 2.11 SNPPs are released every two years by ONS. These projections are trend-based and provide an indication of population growth over a 25-year period. In 2011, ONS published the 2011-based interim SNPP, in which population growth was projected over a shorter 10-year period (2011–2021). In May 2014, the 2012-based SNPP was released, providing a new 'benchmark' for the analysis of population growth (Figure 3).
- 2.12 For Basingstoke and Deane, the 2012-based SNPP suggests a *higher* rate of population growth than the 2010-based projection. Under the 2012-based SNPP, the population of Basingstoke and Deane is projected to increase by 40,241 over the 2012–2037 projection period, a growth rate of 23.6%. Under the 2010-based SNPP, the population was projected to rise by 19.6% over its 25-year period (2010–2035).

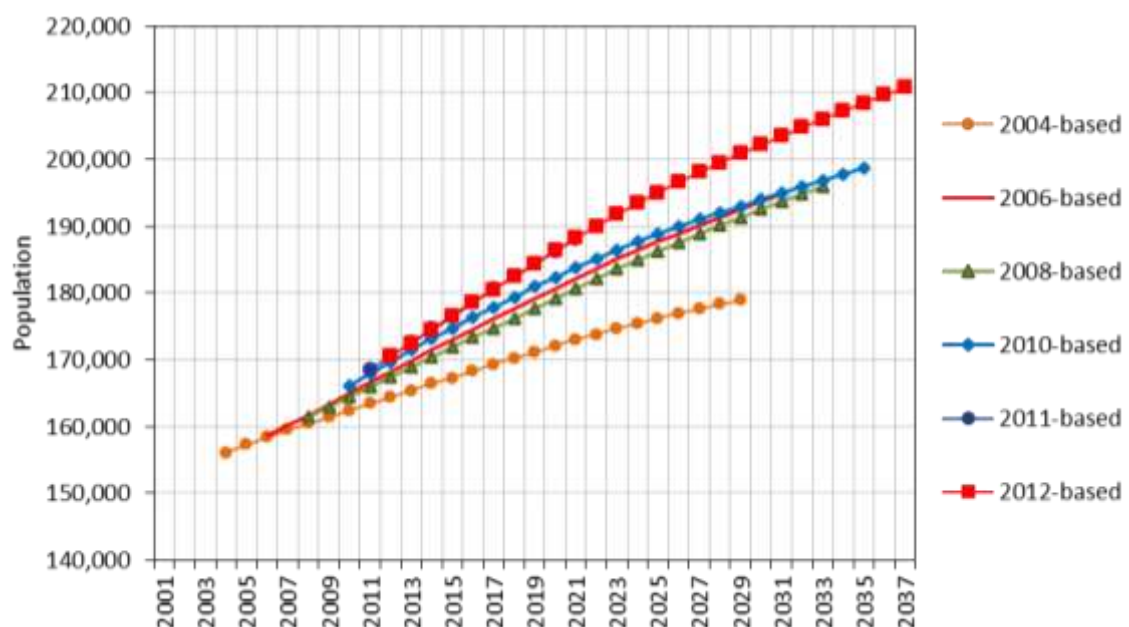


Figure 3: Basingstoke and Deane: official ONS population projections (source: ONS)

2.13 The 2012-based SNPP ‘components of change’ are presented in Figure 4, with the historical data for 2001/02—2011/12 included for comparison. The annual average natural change, net migration (internal and international) and population change for the 2012-based SNPP are compared to the pre-2012 historical 5-year and 10-year averages in Table 1.

Components of Change 2001–2037 (including UPC)

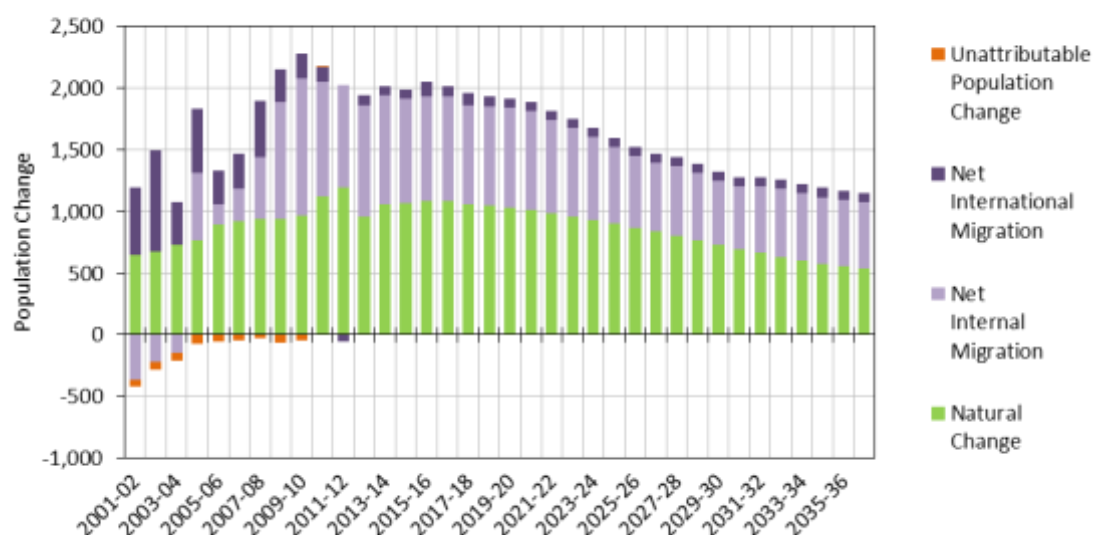


Figure 4: Basingstoke and Deane: historical & 2012-based SNPP components of change (source: ONS)

Table 1: Basingstoke and Deane: 2012-based SNPP components of change (source: ONS)

Component of Change	Historical		Projected
	5-year average (2007/08–2011/12)	10-year average (2002/03–2011/12)	2012-based SNPP average (2012/13–2036/37)
Natural Change	1,033	914	857
Net Internal Migration	863	493	675
Net International Migration	196	323	78
Unattributable Population Change*	-26	-42	-
Annual Population Change	2,067	1,687	1,610
Annual Population Change (%)	1.29%	1.10%	0.94%

* UPC is only applicable to the years 2001/02 - 2010/11

- 2.14 Over the 5-year and 10-year historical period, average natural change, average net internal migration and average net international migration had a positive impact upon population growth. The impact of natural change and net internal migration was more pronounced over the historical 5-year period, whilst the impact of net international migration was greater over the historical 10-year period.
- 2.15 The 2012-based SNPP suggests that natural change, net internal migration and net international migration will all continue to have a positive impact upon population growth. Natural change and net international migration are projected to have a smaller impact on growth, compared to the historical 5-year and 10-year averages. Net internal migration is projected to have a smaller impact compared to the historical 5-year average, but a greater impact compared to the historical 10-year average.

Official Household Projections

- 2.16 In the assessment of housing need, the PPG states that the DCLG household projections should provide the starting point estimate (PPG paragraph 2a-015).
- 2.17 The 2012-based household projection model, which is underpinned by the 2012-based SNPP, was released by DCLG in February/March 2015, superseding the 2011-based interim household projection model.
- 2.18 The methodological basis of the new 2012-based model is consistent with that employed in the previous 2011-based interim and 2008-based household projections. A 'two-stage' methodology has been used by DCLG. 'Stage One' produces the national and local projections for the total number of households by age-group and relationship status group over the projection period. 'Stage Two' provides the detailed household type breakdown by age. Currently, only Stage One output is available for the 2012-based household projection model.
- 2.19 Whilst methodologically similar to previous releases, the 2012-based household projections provide an important update on the 2011-based interim household projections with the inclusion of the following information:
- 2012-based SNPP by sex and age that extend to 2037 (rather than to 2021 as was the case in the 2011-based interim projections).

- Household population by sex, age and relationship-status consistent with the 2011 Census (rather than estimates for 2011, which were derived from 2001 Census data, projections and national trends, as used in the 2011-interim projections).
- Communal population statistics by age and sex consistent with the 2011 Census (rather than the previous estimate, which were calibrated to the total communal population from the 2011 Census).
- Further information on household representatives from the 2011 Census relating to aggregate household representative rates by relationship status and age.
- Aggregate household representative rates at local authority level, controlled to the national rate, based on the total number of households divided by the total adult household population (rather than the total number of households divided to the total household population).
- Adjustments to the projections of the household representative rates in 2012 based on the Labour Force Survey (LFS).

(Source: DCLG Methodology⁷)

Scenario Development

2.20 The 2012-based household projections are underpinned by the accompanying 2012-based sub-national population projection. Whilst this provides a benchmark outcome from ONS, it is only one perspective on likely population growth; the local authority planning process necessitates the evaluation of a range of alternative population growth outcomes, driven by a combination of demographic and economic considerations.

2.21 Using the key assumptions from the 2012-based household projection, it is possible to evaluate the household growth implications of any population forecast. For a particular local authority area, these key assumptions are:

- Household representative rates by age-group, sex and relationship status
- Communal population by age-group and sex

⁷ Household Projections 2012-based: Methodological Report. Department for Communities and Local Government (February 2015). <https://www.gov.uk/government/statistics/2012-based-household-projections-methodology>

- 2.22 The analysis presented in this report evaluates the household growth outcomes associated with a range of scenarios using assumptions from the 2012-based household model. For comparison, the household growth implications suggested by the 2008-based and the 2011-based household assumptions are also presented for each scenario.

3 Scenario Development

Introduction

- 3.1 There is no single definitive view on the likely level of population growth expected in Basingstoke and Deane; a combination of economic, demographic and national/local policy issues will ultimately determine the speed and scale of change. For local planning purposes, it is necessary to evaluate a range of growth alternatives to establish the most 'appropriate' basis for determining future housing provision.
- 3.2 Edge Analytics has used POPGROUP (v.4) technology to develop a range of growth scenarios for Basingstoke and Deane. For detail on the POPGROUP methodology, refer to Appendix A.
- 3.3 A total of seven 'core' scenarios have been developed for Basingstoke and Deane and these are accompanied by additional 'sensitivity' scenarios, which test the impact of alternative economic assumptions upon dwelling growth outcomes.
- 3.4 In the following sections, the scenarios are described and the broad assumptions specified. For further detail on the data inputs and assumptions, refer to Appendix B.

Core scenarios

Official Projections

- 3.5 In accordance with the PPG, the alternative scenarios are benchmarked against the most recent, 2012-based, 'official' population projection from ONS. The **SNPP-2012** scenario replicates this official population projection.

Alternative Trend Scenarios

3.6 Three alternative ‘trend’ scenarios have been developed to evaluate the impact of migration upon population and household growth:

- **PG-10yr:** internal and international migration assumptions are based on the last 10 years of historical evidence (2003/04 to 2012/13).
- **PG-5yr:** internal and international migration assumptions are based on the last five years of historical evidence (2008/09 to 2012/13).
- **PG-10yr-5yr:** internal and international migration assumptions are based on the last 10 years and 5 years of historical evidence respectively.

Jobs-led Scenarios

3.7 In a ‘jobs-led’ scenario, population growth is linked directly to growth in the number of jobs available within an area. POPGROUP evaluates the impact of a jobs growth trajectory by measuring the relationship between the number of jobs in an area, the size of the labour force and the size of the resident population. Migration is used to balance the relationship between the size of the labour force and the forecast number of jobs. A higher level of net in-migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. A higher level of net out-migration will occur if the population is too high relative to the number of jobs.

3.8 The following jobs-led scenarios have been produced to evaluate the impact of three alternative employment growth trajectories, which have been specified by Basingstoke and Deane Borough Council:

- **Jobs-led 450:** population growth is linked to an annual jobs growth target of 450. This jobs growth trajectory is based on results from Edge Analytics’ previous analysis, which suggested that housing provision of 853 dwellings per year could support annual jobs growth of 450 per year.
- **Jobs-led 600:** population growth is linked to a jobs growth trajectory of 600 per year. This scenario (included in Edge Analytics’ previous analysis) is based on a jobs-growth

target from Basingstoke and Deane Borough Council⁸ and reflects past jobs growth trends for the borough.

- **Jobs-led 700:** population growth is linked to an annual jobs growth target of 700, based on the Strategic Economic Plan (SEP) of the Enterprise M3 Local Enterprise Partnership (LEP), of which Basingstoke and Deane is a member.

3.9 Three key data inputs are required to evaluate a jobs-led scenario, linking jobs growth to likely population change; economic activity rates for each year of the forecast period; a corresponding unemployment rate to estimate the portion of the labour force that remains out of work; and a commuting ratio, which estimates the balance between the number of jobs available and the size of the resident labour force.

3.10 In each of the core scenarios, the following economic assumptions have been applied:

- The 2011 Census economic activity rates for Basingstoke and Deane, by sex and five year age-group (ages 16-74), have been applied in 2011, with uplifts applied (to 2020) to account for changes to the State Pension Age (SPA).
- The 2011 Census commuting ratio for the borough has been applied throughout the 2014—2029 forecast period.
- The unemployment rate for the borough has been incrementally reduced throughout the 2014—2029 forecast period to account for economic recovery.

3.11 Further detail on these data items is provided in Appendix B.

Economic Sensitivity Scenarios

3.12 Additional jobs-led (450, 600 and 700) 'sensitivity' scenarios have been tested to examine the impact of alternative economic activity rate and commuting ratio assumptions on population and household growth:

- **SENS1:** the 2011 Census economic activity rates for Basingstoke and Deane (for the aggregate 16-74 age-group) have been applied in 2011, and remain fixed at their base

⁸ Basingstoke and Deane Borough Council (2012). Report to Cabinet - Local Plan Housing Number.

level. The 'core' commuting ratio and unemployment rate assumptions have been applied.

- **SENS2:** the 2011 Census economic activity rates for the borough (for the aggregate 16-74 age-group) have been applied, with the 2001—2011 trend continued after 2011. The aggregate economic activity rate increases from 76.9% to 78.7% by 2029. The 'core' commuting ratio and unemployment rate assumptions have been applied.
- **SENS3:** the 2011 Census commuting ratio for Basingstoke and Deane has been applied, and has been incrementally reduced by 5% over the 2014—2029 forecast period to account for a greater proportion of jobs being taken up by local residents. The 'core' economic activity rate and unemployment rate assumptions have been applied.

3.13 A summary of the economic assumptions underpinning the core and economic sensitivity scenarios is presented in Table 2. Further details are provided in Appendix B.

Table 2: Basingstoke and Deane: economic assumptions applied in the scenarios

	Core	SENS1	SENS2	SENS3
Economic Activity Assumptions				
The 2011 Census economic activity rates, by sex and five year age-group (ages 16-74), have been applied in 2011, with uplifts applied to account for State Pension Age changes.	✓			✓
The 2011 Census economic activity rates (for the aggregate 16-74 age-group) have been applied in 2011, and remain fixed at their base level.		✓		
The 2011 Census economic activity rates (for the aggregate 16-74 age-group) have been applied, with the 2001—2011 trend continued after 2011.			✓	
Commuting Assumptions				
The 2011 Census commuting ratio has been applied throughout the 2014—2029 forecast period.	✓	✓	✓	
The 2011 Census commuting ratio has been applied, and has been incrementally reduced by 5% over the 2014—2029 forecast period to account for a greater proportion of jobs being taken up by local residents.				✓
Unemployment Assumptions				
The unemployment rate has been incrementally reduced throughout the 2014—2029 forecast period to account for recovery.	✓	✓	✓	✓

Household Growth

- 3.14 The household growth implications of the core and economic sensitivity scenarios have been assessed using assumptions from the 2012-based DCLG household projection model. Sensitivities have also been run to examine the alternative household growth implications suggested by the previous 2008-based and 2011-based interim DCLG models.
- 3.15 In Edge Analytics' previous analysis, the household-growth implications of each scenario were assessed using assumptions from both the 2011-based and 2008-based household projection models. In this analysis, the alternative headship rates have been applied to each scenario, producing **HH-12**, **HH-08** and **HH-11** outcomes:
- In the **HH-12** scenarios, the DCLG 2012-based headship rates have been applied.
 - In the **HH-08** scenarios, the DCLG 2008-based headship rates have been applied, scaled to be consistent with the 2011 household total from the 2012-based DCLG projections, but following the original trend thereafter.
 - In the **HH-11** scenarios, the DCLG 2011-based headship rates have been applied, scaled to be consistent with the 2011 household total from the 2012-based DCLG projections, but following the original trend thereafter and trended after 2021.
- 3.16 The dwelling growth implications of these different household growth trajectories are then assessed through the application of a vacancy rate for Basingstoke and Deane (refer to Appendix B for further information).
- 3.17 The alternative **HH-08** and **HH-11** dwelling requirements are averaged (to provide an annual dwelling requirement for each scenario) and compared to the equivalent **HH-12** dwelling requirement.

4 Scenario Outcomes

Introduction

- 4.1 A detailed summary of the results of each scenario is provided in the form of a chart and an accompanying table of statistics (Figure 5). The chart illustrates the trajectory of population change resulting from each of the core scenarios, for the time-period 2001—2029. The table summarise the change in population and household numbers that result from each of the core and economic sensitivity scenarios, for the 2011—2029 Local Plan period. All scenarios have been run to a 2029 horizon, with historical data included for the period 2001—2013.
- 4.2 Within the table, the scenarios are ranked according to the estimated level of population change over the Plan period. The table illustrates the average annual net migration associated with the population change, plus the expected average annual dwelling and jobs growth based on the assumptions used in each scenario.
- 4.3 In Edge Analytics' previous analysis, the household and dwelling growth implications of each scenario were assessed using assumptions from the 2008-based and 2011-based household projection models⁹. In this analysis, the dwelling growth outcomes for each of the core and economic sensitivity scenarios are presented, comparing the alternative dwelling requirements suggested by headship rate assumptions from the 2012-based household model (**HH-12**), the 2008-based household model (**HH-08**) and the 2011-based household model (**HH-11**) (Table 3—Table 6).
- 4.4 A comparison of the dwelling requirements suggested by the previous (March 2014) scenarios and the current scenarios is provided in Appendix C.

⁹ Edge Analytics, Mar 2014, Demographic Analysis & Forecasts Including an Addendum on Additional Scenario Analysis

Scenario Growth Summary

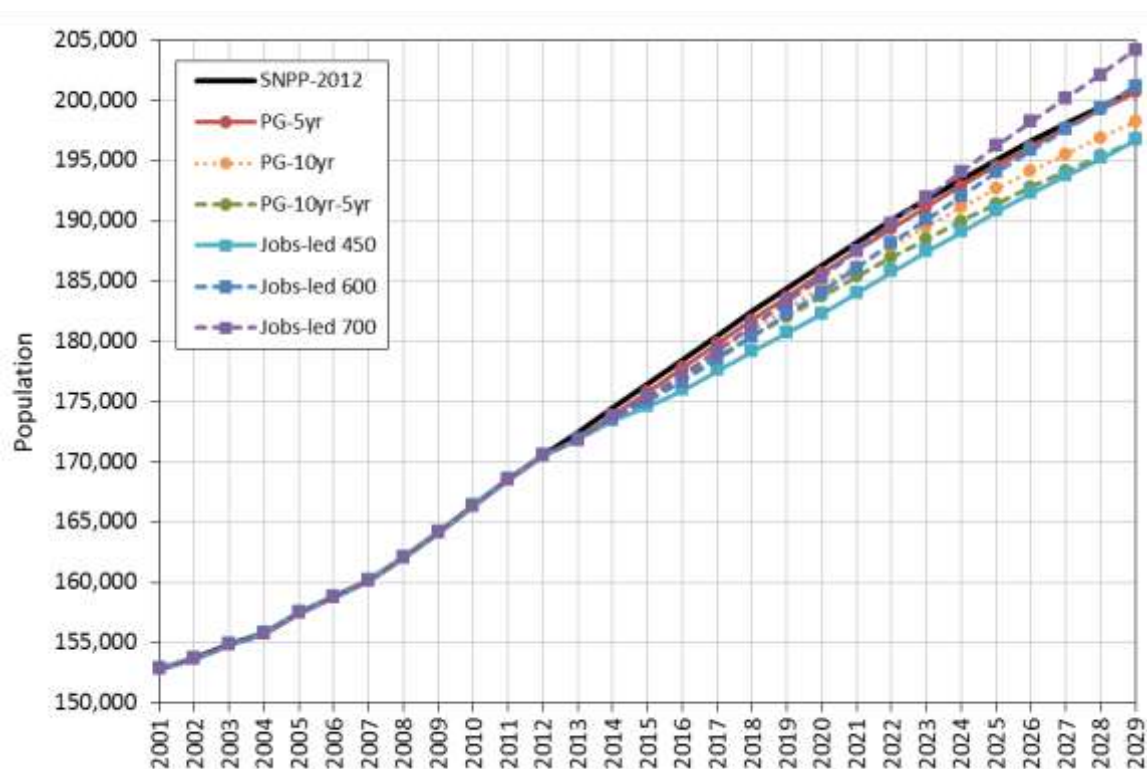
Demographic Scenarios

- 4.5 The **SNPP-2012** scenario records total population growth of +19.2% for Basingstoke and Deane (2011–2029), with total household growth of +23.6%, an anticipated net migration impact of +816 per year, and an annual dwelling requirement of +936 dpa.
- 4.6 Compared to the **SNPP-2012** benchmark, the **PG-10yr-5yr** and **PG-10yr** trend scenarios suggest a lower rate of population growth (+16.7% and +17.6% respectively) in combination with lower net migration (+579 and +621 per year).
- 4.7 The **PG-5yr** trend scenario suggests a rate of population growth (+19.1%) that is more consistent with the SNPP-2012, with annual net migration of +773.
- 4.8 All three **PG** scenarios suggest lower household and dwelling growth than the **SNPP-2012** scenario. In the case of the **PG-5yr** scenario, the similarity in population growth but difference in dwelling growth is a reflection of the different migration and population age profiles that result from the **PG**-calibration of the historical data.

Employment Scenarios

- 4.9 Three employment scenarios have been considered, to evaluate the demographic implications of a range of jobs growth forecasts (450, 600 and 700 net new jobs per year). These scenarios provide economic context against which the housing requirement might be assessed.
- 4.10 The highest rate of population growth is suggested by the **Jobs-led 700** scenario (+21.1%), with higher annual net in-migration (+991) necessary to achieve the annual jobs growth target of 700. This scenario assumes that the underpinning economic activity rates (by sex and five year age-group) are increased to account for SPA changes, the commuting ratio remains unchanged from the 2011 Census position and the unemployment rate declines to a pre-recession average of 3.3%. The **Jobs-led 700** scenario suggests household growth of +25.4% and an annual dwelling requirement of +1,004. The **Jobs-led 450** and **Jobs-led 600** scenarios, with their lower annual jobs growth targets, record lower population, household and dwelling growth estimates.

Basingstoke and Deane



	Scenario	Change 2011 - 2029				Average per year		
		Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Jobs
Demographic	SNPP-2012	32,318	19.2%	16,461	23.6%	816	936	563
	PG-5yr	32,124	19.1%	15,585	22.4%	773	886	543
	PG-10yr	29,697	17.6%	14,661	21.1%	621	834	522
	PG-10yr-5yr	28,108	16.7%	14,293	20.5%	579	813	453
Employment	Jobs-led 700	35,631	21.1%	17,667	25.4%	991	1,004	666
	Jobs-led 600	32,632	19.4%	16,513	23.7%	844	939	577
	Jobs-led 450	28,132	16.7%	14,779	21.2%	623	840	444

Note: household and dwelling estimates are based on **HH-12** assumptions

Note: scenarios have been run with historical data included for the period 2001–2013.

Figure 5: Basingstoke and Deane: core demographic and employment scenario outcomes (**HH-12**)

SENS1: Maintain Economic Activity Rates

- 4.11 The economic activity rate assumptions applied in the 'core' scenarios account for SPA changes. However, even with these adjustments, the aggregate rate of economic activity for the 16-74 age-group declines over the 2011–2029 Plan period due to the changing age profile of the population. The aggregate economic activity rate reduces from 76.9% to 75.0% by 2029 (Table 8).
- 4.12 For each of the **Jobs-led** scenarios, the application of alternative economic activity rate assumptions, which maintain the overall rate of economic activity at its 2011 level (**SENS1**), results in a larger proportion of jobs being taken up by local residents, reducing the need for in-migration and reducing the annual dwelling requirement.
- 4.13 With the application of headship rate assumptions from the 2012-based DCLG household model, the **SENS1** scenarios suggest an average annual dwelling requirement of between 753–926 dpa (Table 3).

Table 3: Basingstoke and Deane: SENS1 dwelling growth requirements comparison

	Scenario	Average Annual Dwelling Requirement (2011–2029)			
		HH-08	HH-11	Average HH-08 & HH-11	HH-12
Demographic	SNPP-2012	1,021	934	977	936
	PG-5yr	990	902	946	886
	PG-10yr	921	830	876	834
	PG-10yr-5yr	896	812	854	813
Employment	Jobs-led 700	1,092	1,000	1,046	1,004
	Jobs-led 600	1,026	936	981	939
	<i>Jobs-led 700 SENS1</i>	<i>1,013</i>	<i>925</i>	<i>969</i>	<i>926</i>
	<i>Jobs-led 600 SENS1</i>	<i>943</i>	<i>858</i>	<i>900</i>	<i>857</i>
	Jobs-led 450	926	840	883	840
	<i>Jobs-led 450 SENS1</i>	<i>837</i>	<i>757</i>	<i>797</i>	<i>753</i>

Note: scenarios have been run with historical data included for the period 2001–2013.

Note: core scenarios are highlighted in **bold**, economic sensitivity scenarios are highlighted in *italics*.

SENS2: Trend Economic Activity Rates

- 4.14 Since 2001, there has been a trend towards an increasing rate of economic activity within the local population.
- 4.15 The application of alternative economic activity assumptions, which increase the overall rate of economic activity throughout the forecast period in line with the 2001–2011 trend (**SENS2**) results in a greater reduction in population, household and dwelling growth.
- 4.16 With the application of headship rate assumptions from the 2012-based DCLG household model, the **SENS2** scenarios suggest an average annual dwelling requirement of between 669–839 dpa (Table 4).

Table 4: Basingstoke and Deane: SENS2 dwelling growth requirements comparison

	Scenario	Average Annual Dwelling Requirement (2011–2029)			
		HH-08	HH-11	Average HH-08 & HH-11	HH-12
Demographic	SNPP-2012	1,021	934	977	936
	PG-5yr	990	902	946	886
	PG-10yr	921	830	876	834
	PG-10yr-5yr	896	812	854	813
Employment	Jobs-led 700	1,092	1,000	1,046	1,004
	Jobs-led 600	1,026	936	981	939
	Jobs-led 450	926	840	883	840
	<i>Jobs-led 700 SENS2</i>	<i>925</i>	<i>840</i>	<i>883</i>	<i>839</i>
	<i>Jobs-led 600 SENS2</i>	<i>856</i>	<i>774</i>	<i>815</i>	<i>771</i>
	<i>Jobs-led 450 SENS2</i>	<i>752</i>	<i>675</i>	<i>714</i>	<i>669</i>

Note: scenarios have been run with historical data included for the period 2001–2013.

Note: core scenarios are highlighted in **bold**, economic sensitivity scenarios are highlighted in *italics*.

SENS3: Greater Commuting Self-Containment

- 4.17 Basingstoke and Deane's commuting ratio has changed little since 2001 (from 1.04 in 2001 to 1.06 in 2011), suggesting a net outflow of commuters; a smaller number of local jobs relative to the size of the resident labour force.
- 4.18 Jobs growth in the borough could alter the commuting balance through greater retention of the labour force; more residents taking jobs in the borough, reducing the net outflow balance.
- 4.19 To test the sensitivities of population and dwelling growth to potential changes in the commuting balance, the commuting ratio for Basingstoke and Deane has been reduced by a relatively modest 5% over the 2014—2029 forecast period. The commuting ratio reaches a value of 1.01 by 2029, a situation where the number of jobs is more in balance with the size of the local labour force.
- 4.20 The application of alternative commuting assumptions, which apply a gradual 5% reduction to the 2011 Census commuting ratio over the 2014—2029 forecast period (**SENS3**), results in lower population growth, compared to the **SENS1** and **SENS2** scenarios, with a greater proportion of jobs taken up by local residents.
- 4.21 With the application of headship rate assumptions from the 2012-based DCLG household model, the **SENS3** scenarios suggest an average annual dwelling requirement of between 650—807 dpa (Table 5).

Table 5: Basingstoke and Deane: SENS3 dwelling growth requirements comparison

	Scenario	Average Annual Dwelling Requirement (2011–2029)			
		HH-08	HH-11	Average HH-08 & HH-11	HH-12
Demographic	SNPP-2012	1,021	934	977	936
	PG-5yr	990	902	946	886
	PG-10yr	921	830	876	834
	PG-10yr-5yr	896	812	854	813
Employment	Jobs-led 700	1,092	1,000	1,046	1,004
	Jobs-led 600	1,026	936	981	939
	Jobs-led 450	926	840	883	840
	<i>Jobs-led 700 SENS3</i>	<i>892</i>	<i>809</i>	<i>850</i>	<i>807</i>
	<i>Jobs-led 600 SENS3</i>	<i>828</i>	<i>748</i>	<i>788</i>	<i>744</i>
	<i>Jobs-led 450 SENS3</i>	<i>733</i>	<i>657</i>	<i>695</i>	<i>650</i>

Note: scenarios have been run with historical data included for the period 2001–2013.

Note: core scenarios are highlighted in **bold**, economic sensitivity scenarios are highlighted in *italics*.

5 Summary

Approach

- 5.1 The purpose of this analysis has been to produce a robust and up-to-date demographic evidence base for the borough of Basingstoke and Deane, including a review of the latest official population projections from ONS and the latest household projections from DCLG.
- 5.2 A consistent set of demographic growth scenarios has been presented for Basingstoke and Deane Borough Council to consider, to inform spatial policy developments.
- 5.3 The POPGROUP (v.4) suite of demographic forecasting models has been used in the development of all scenarios, ensuring a robustness and consistency of approach. In addition, all data and assumptions have been presented in a transparent manner to enable the most effective interpretation of the issues and output under consideration.
- 5.4 The report has presented new material for Basingstoke and Deane Borough Council to consider, updating the evidence from the previous analysis. The new information includes:
- The latest 2012-based population projections from ONS, with updated assumptions on migration, fertility and mortality.
 - Statistics from the 2012 and 2013 MYEs
 - The evaluation of all growth scenarios using the 2012-based, 2008-based and 2011-based DCLG household models.
 - Alternative jobs-growth trajectories.
- 5.5 With a 2029 horizon, a range of population growth scenarios have been presented for Basingstoke and Deane:
- The ONS 2012-based population projection

- Three migration-led scenarios, to assess the demographic implications of a continuation of historical migration trends, from the last ten years (2003/04—2012/13) and the last five years (2008/09—2012/13).
- Three jobs-led scenarios, to assess the demographic implications of a range of jobs growth forecasts (450, 600 and 700 net new jobs per year).
- Three jobs-led economic sensitivity scenarios, to examine the impact of alternative economic activity rate and commuting ratio assumptions upon dwelling growth.

Scenario Summary

- 5.6 With the application of the 2012-based household formation rates, the demographic scenarios suggest an average annual dwelling requirement of between +813 (**PG-10yr-5yr**) and +936 (**SNPP-2012**) over the 2011—2029 Local Plan period. The core and sensitivity employment scenarios suggest an average annual dwelling requirement of between +650 (**Jobs-led 450 SENS3**) and 1,004 (**Jobs-led 700**) (Table 6).
- 5.7 Compared to the **HH-08** and **HH-11** outcomes, the **HH-12** outcomes suggest a lower rate of dwelling growth (reflecting a lower rate of projected household formation). In all scenarios, the **HH-12** outcomes are lower than the **HH-08/HH-11** average (Table 6).

Table 6: Basingstoke and Deane: dwelling growth requirements comparison

	Scenario	Average Annual Dwelling Requirement (2011–2029)			
		HH-08	HH-11	Average HH-08 & HH-11	HH-12
Demographic	SNPP-2012	1,021	934	977	936
	PG-5yr	990	902	946	886
	PG-10yr	921	830	876	834
	PG-10yr-5yr	896	812	854	813
Employment	Jobs-led 700	1,092	1,000	1,046	1,004
	Jobs-led 600	1,026	936	981	939
	<i>Jobs-led 700 SENS1</i>	<i>1,013</i>	<i>925</i>	<i>969</i>	<i>926</i>
	<i>Jobs-led 600 SENS1</i>	<i>943</i>	<i>858</i>	<i>900</i>	<i>857</i>
	Jobs-led 450	926	840	883	840
	<i>Jobs-led 700 SENS2</i>	<i>925</i>	<i>840</i>	<i>883</i>	<i>839</i>
	<i>Jobs-led 700 SENS3</i>	<i>892</i>	<i>809</i>	<i>850</i>	<i>807</i>
	<i>Jobs-led 600 SENS2</i>	<i>856</i>	<i>774</i>	<i>815</i>	<i>771</i>
	<i>Jobs-led 450 SENS1</i>	<i>837</i>	<i>757</i>	<i>797</i>	<i>753</i>
	<i>Jobs-led 600 SENS3</i>	<i>828</i>	<i>748</i>	<i>788</i>	<i>744</i>
	<i>Jobs-led 450 SENS2</i>	<i>752</i>	<i>675</i>	<i>714</i>	<i>669</i>
	<i>Jobs-led 450 SENS3</i>	<i>733</i>	<i>657</i>	<i>695</i>	<i>650</i>

Note: scenarios have been run with historical data included for the period 2001–2013.

Note: core scenarios are highlighted in **bold**, economic sensitivity scenarios are highlighted in *italics*.

Concluding Comments

- 5.8 This analysis has not sought to provide a definitive view on Basingstoke and Deane's future housing requirement. Its objective has been to use the latest published statistics within a robust forecasting model, to produce a suite of alternative growth forecasts that combine demographic and economic perspectives.
- 5.9 The ONS 2012-based population projection and its accompanying household projection have provided important updates to the demographic evidence, a revised benchmark against which to consider alternative growth outcomes for Basingstoke and Deane. The new **HH-12** assumptions

produce household and dwelling growth outcomes that are generally slightly lower than the 'average' of the previous **HH-08** and **HH-11** household growth outcomes.

- 5.10 The latest POPGROUP (v.4) technology, which ensures a closer alignment with ONS projection methods, has been used in conjunction with historical population evidence to derive alternative trend scenarios. The **PG-5yr** scenario generates similar population growth to the **SNPP-2012**, reflecting higher migration impacts in the borough relative to the longer 10-year historical period.
- 5.11 Assessment of the demographic impact of jobs growth adds a further complicating dimension to the assessment of future dwelling requirements. The pressures of demographic ageing upon the local labour force are significant, but maintenance of the current level of economic activity in the borough would have an influence upon the dwelling requirement that is estimated to match the forecast jobs growth. Raising economic activity rates over the forecast period could further reduce the requirement for higher migration to satisfy jobs growth requirements.
- 5.12 Future modifications to commuting balances are more difficult to determine, with the dynamics of the local housing market and the wider south east set to exert a range of influences upon travel-to-work patterns. The sensitivity analysis presented here has demonstrated that a greater degree of self-containment would enable a larger proportion of new jobs to be taken up by Basingstoke and Deane's local labour force, reducing the requirement for higher migration to satisfy the anticipated jobs growth.

2012-based Household Model Assumptions

- 5.13 The latest DCLG 2012-based household projection data has provided national and local authority projections and assumptions for the total number of households by age-group and relationship status group (i.e. Stage One). DCLG intends to release additional data (Stage Two) which enables disaggregation of these projections by each of seventeen household types, although a date for the future release of this information has not been set. Whilst this new data will provide further detail to the household outputs, it is not expected that they will change the household growth assumptions implied by the Stage One, which will continue to provide the controlling totals for each local authority district.

- 5.14 It is recommended that the scenario outcomes are reconsidered when the Stage Two data is released by DCLG, providing additional detail on the profile of growth by household-type implied by the 2012-based household projection assumptions.

Additional Scenarios

- 5.15 The jobs-led economic sensitivity scenarios presented in this report consider the implications upon future housing growth of alternative economic activity and commuting assumptions. Basingstoke and Deane Borough Council might also consider how further economic sensitivities may impact the outcomes of the jobs-led scenarios.

Appendix A

POPGROUP Methodology

Forecasting Methodology

- A.1 Evidence is often challenged on the basis of the appropriateness of the methodology that has been employed to develop growth forecasts. The use of a recognised forecasting product which incorporates an industry-standard methodology (a cohort component model) removes this obstacle and enables a focus on assumptions and output, rather than methods.
- A.2 Demographic forecasts have been developed using the POPGROUP suite of products. POPGROUP is a family of demographic models that enables forecasts to be derived for population, households and the labour force, for areas and social groups. The main POPGROUP model (Figure 6) is a cohort component model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.
- A.3 The Derived Forecast (DF) model (Figure 7) sits alongside the population model, providing a headship rate model for household projections and an economic activity rate model for labour-force projections.
- A.4 The latest development in the POPGROUP suite of demographic models is POPGROUP v.4, which was released in January 2014. A number of changes have been made to the POPGROUP model to improve its operation and to ensure greater consistency with ONS forecasting methods. The most significant methodological change relates to the handling of internal migration in the POPGROUP forecasting model. The level of internal in-migration to an area is now calculated as a rate of migration relative to a defined 'reference population' (by default the UK population), rather than as a rate of migration relative to the population of the area itself (as in POPGROUP v3.1). This approach ensures a closer alignment with the 'multi-regional' approach to modelling migration that is used by ONS.

A.5 For further information on POPGROUP, please refer to the Edge Analytics website:

<http://edgeanalytics.co.uk/popgroup>.

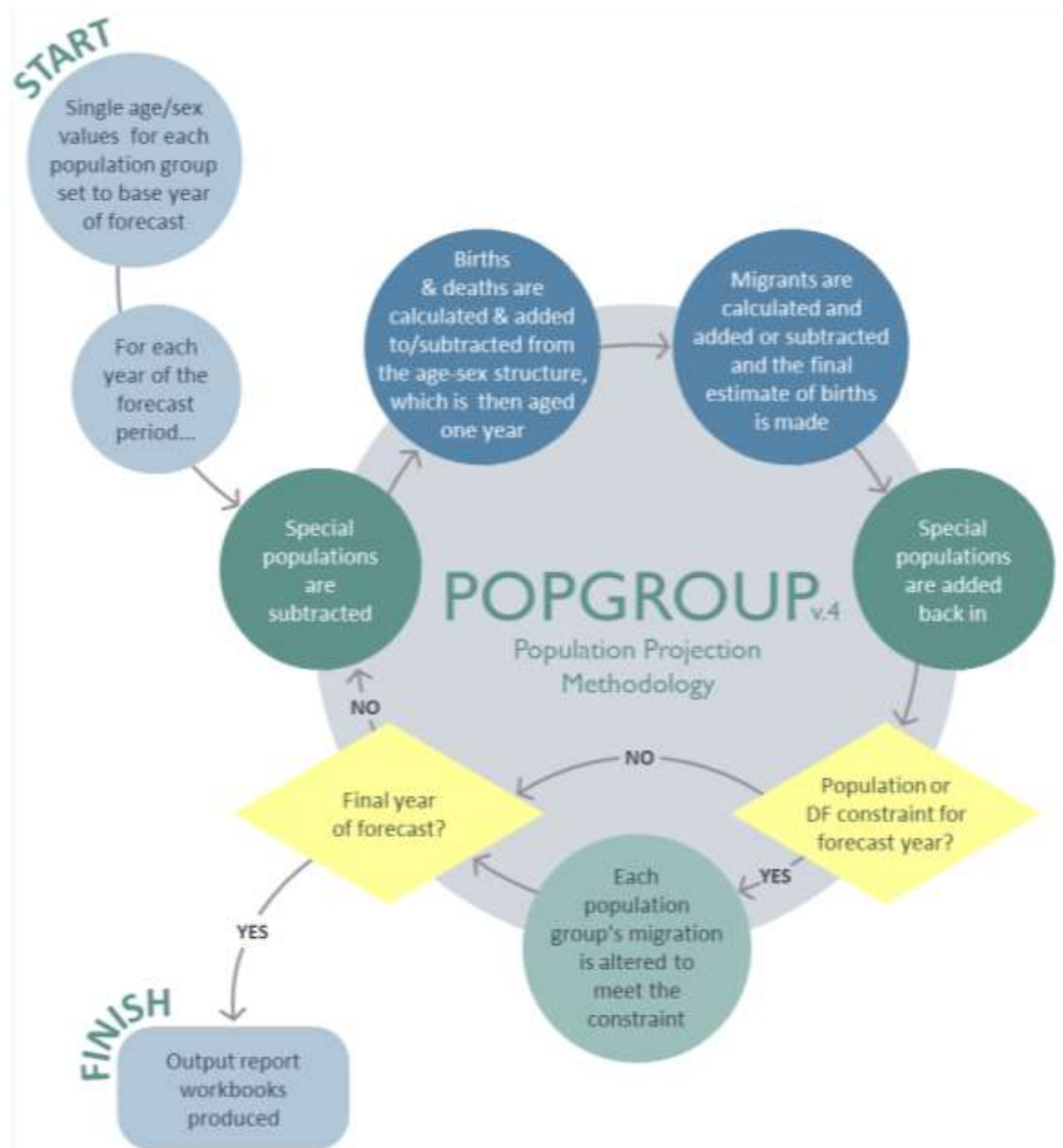
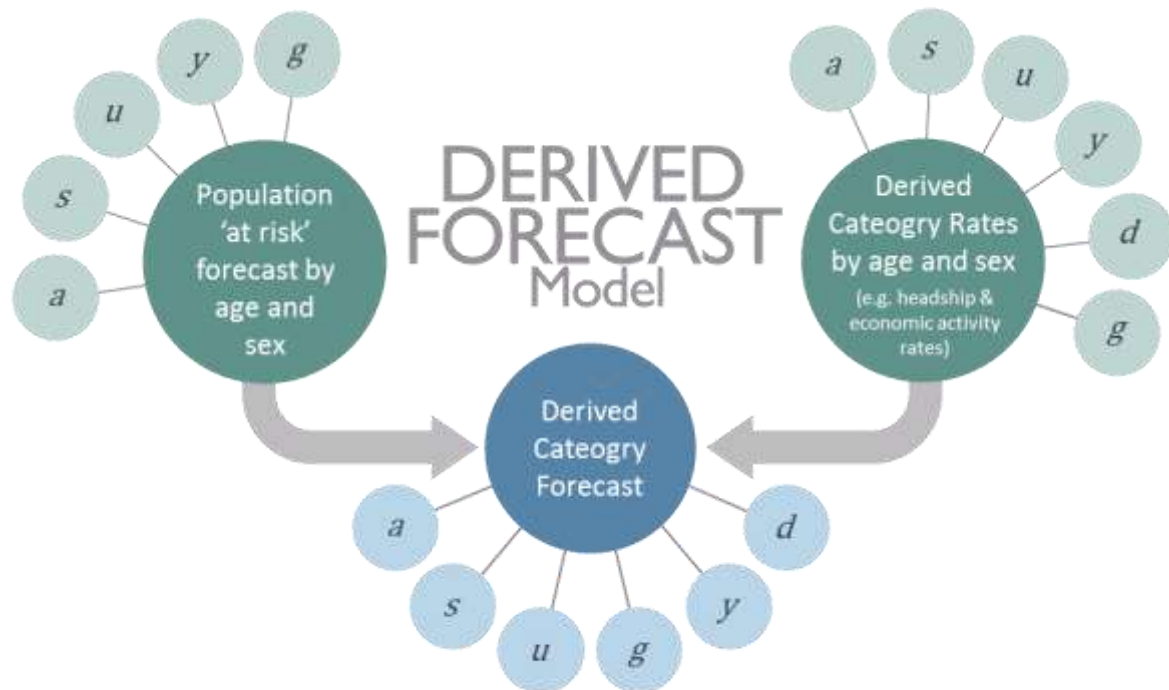


Figure 6: POPGROUP population projection methodology



$$D_{a,s,u,y,d,g} = \frac{P_{a,s,u,y,g} R_{a,s,u,y,d,g}}{100}$$

<i>D</i>	Derived Category Forecast	<i>y</i>	Year
<i>P</i>	Population 'at risk' Forecast	<i>d</i>	Derived category
<i>R</i>	Derived Category Rates	<i>g</i>	Group (usually an area, but can be an ethnic group or social group)
<i>a</i>	Age-group		
<i>s</i>	Sex		
<i>u</i>	Sub-population		

Figure 7: Derived Forecast (DF) methodology

Appendix B

Data Inputs & Assumptions

Introduction

- B.1** Edge Analytics has developed a suite of scenarios for Basingstoke and Deane using POPGROUP v.4 and the Derived Forecast model. The POPGROUP suite of demographic models draw data from a number of sources, building an historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts. Using historical evidence for 2001–2013, in conjunction with information from ONS sub-national population projections (SNPPs) and DCLG household projections, a series of assumptions have been derived which drive the scenario forecasts.
- B.2** The following **core** scenarios have been produced:
- SNPP-2012
 - PG-5yr
 - PG-10yr
 - PG-10yr-5yr
 - Jobs-led 450
 - Jobs-led 600
 - Jobs-led 700
- B.3** Three jobs-led economic sensitivity scenarios have also been produced.
- B.4** In the following sections, a narrative on the data inputs and assumptions underpinning the **core** and economic sensitivity scenarios is presented.

Population, Births & Deaths

Population

- B.5** In each scenario, historical population statistics are provided by the mid-year population estimates (MYEs) for 2001–2013, with all data recorded by single-year of age and sex. These data include the revised MYEs for 2002–2010, which were released by ONS in May 2013. The revised MYEs provide consistency in the measurement of the components of change (i.e. births, deaths, internal migration and international migration) between the 2001 and 2011 Censuses.
- B.6** In the **SNPP-2012** scenario, future population counts are provided by single-year of age and sex to ensure consistency with the trajectory of the ONS 2012-based SNPP.

Births & Fertility

- B.7** In each scenario, historical mid-year to mid-year counts of births by sex from 2001/02–2012/13 have been sourced from ONS Vital Statistics.
- B.8** In the **SNPP-2012** scenario, future counts of births are specified to ensure consistency with the official projection.
- B.9** In the other scenarios, a 'local' (i.e. area-specific) age-specific fertility rate (ASFR) schedule, which measures the expected fertility rates by age in 2013/14, is included in the POPGROUP model assumptions. This is derived from the ONS 2012-based SNPP.
- B.10** Long-term assumptions on changes in age-specific fertility rates are taken from the ONS 2012-based SNPP.
- B.11** In combination with the 'population-at-risk' (i.e. all women between the ages of 15-49), the area-specific ASFR and future fertility rate assumptions provide the basis for the calculation of births in each year of the forecast period.

Deaths & Mortality

- B.12 In each scenario, historical mid-year to mid-year counts of deaths by age and sex from 2001/02 to 2012/13 have been sourced from ONS Vital Statistics.
- B.13 In the **SNPP-2012** scenario, future counts of deaths are specified to ensure consistency with the official projection.
- B.14 In the other scenarios, a 'local' (i.e. area-specific) age-specific mortality rate (ASMR) schedule, which measures the expected mortality rates by age and sex in 2013/14 is included in the POPGROUP model assumptions. This is derived from the ONS 2012-based SNPP.
- B.15 Long-term assumptions on changes in age-specific mortality rates are taken from the ONS 2012-based SNPP.
- B.16 In combination with the 'population-at-risk' (i.e. the total population), the area-specific ASMR and future mortality rate assumptions provide the basis for the calculation of deaths in each year of the forecast period.

Migration

Internal Migration

- B.17 In all scenarios, historical mid-year to mid-year estimates of in- and out-migration by five year age group and sex from 2001/02–2012/13 have been sourced from the 'components of population change' files that underpin the ONS MYEs. These internal migration flows are estimated using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and Higher Education Statistics Agency (HESA).
- B.18 In the **SNPP-2012** scenario, future counts of internal migrants are specified, to ensure consistency with the official projection.
- B.19 In the alternative trend scenarios, future internal migration flows are based on the area-specific historical migration data. In the **PG-5yr** scenario, a five year internal migration history is used

(2008/09 to 2012/13). In the **PG10yr** and **PG-10yr-5yr** scenarios, a ten year history is used (2003/04 to 2012/13).

B.20 In the **PG-5yr**, **PG-10yr** and **PG-10yr-5yr** scenarios, the relevant historical time period is used to derive the age-specific migration rate (ASMigR) schedules, which are then used to determine the future number of in- and out-migrants. In the case of internal in-migration, the ASMigR schedules are applied to an external 'reference' population (i.e. the population 'at-risk' of migrating into the area). This is different to the other components (i.e. births, deaths, internal out-migration), where the schedule of rates is applied to the area-specific population (i.e. the population 'at-risk' of migrating out of the area). The reference population is defined by considering the areas which have historically contributed the majority of migrants into the area. In the case of Basingstoke and Deane, it comprises all districts which cumulatively contributed 70% of migrants into the Enterprise M3 LEP over the 2008/09–2012/13 period.

B.21 The **Jobs-led** scenarios calculate their own internal migration assumptions to ensure an appropriate balance between the population and the targeted increase in the number of jobs that is defined in each year of the forecast period. A higher level of net internal migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. In the **Jobs-led** scenarios, the profile of internal migrants is defined by an ASMigR schedule, derived from the ONS 2012-based SNPP.

International Migration

B.22 Historical mid-year to mid-year counts of immigration and emigration by 5-year age group and sex from 2001/02–2012/13 have been sourced from the 'components of population change' files that underpin the ONS MYEs. Any 'adjustments' made to the MYEs to account for asylum cases are included in the international migration balance.

B.23 Implied within the international migration component of change in all scenarios is an 'unattributable population change' (UPC) figure, which ONS identified within its latest mid-year estimate revisions. The POPGROUP model has assigned the UPC to international migration as it is the component with the greatest uncertainty associated with its estimation.

- B.24** In all scenarios, future international migration assumptions are defined as ‘counts’ of migration. In the **SNPP-2012** scenario, the international in- and out-migration counts are drawn directly from the official projection.
- B.25** In the alternative trend scenarios, the international in- and out-migration counts are derived from the area-specific historical migration data. In the **PG-5yr** and **PG-10yr-5yr** scenarios, a five year international migration history is used (2008/09 to 2012/13). In the **PG-10yr** scenario, a ten year history is used (2003/04 to 2012/13). In all scenarios, an ASMigR schedule of rates is derived from either a five year or ten year migration history and is used to distribute future counts by single year of age.
- B.26** In the **Jobs-led** scenarios, international migration counts are taken from the ONS 2012-based SNPP (i.e. counts are consistent with the **SNPP-2012** scenario). An ASMigR schedule of rates from the ONS 2012-based SNPP is used to distribute future counts by single year of age.

Households & Dwellings

- B.27** The 2011 Census defines a household as:

“one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area.”

- B.28** A dwelling is defined as a unit of accommodation which may comprise one or more household spaces (a household space is the accommodation used or available for use by an individual household).
- B.29** In all scenarios, the household and dwelling implications of the population growth trajectory have been evaluated through the application of headship rate statistics, communal population statistics and a dwelling vacancy rate. These have been sourced from the 2001 and 2011 Censuses and the 2008-based, 2011-based and 2012-based DCLG household projection models.

Household Headship Rates

- B.30 A household headship rate (also known as household representative rate) is the *“probability of anyone in a particular demographic group being classified as being a household representative”*¹⁰.
- B.31 The household headship rates used in the POPGROUP modelling have been taken from the DCLG 2008-based, 2011-based and 2012-based household projection models. The DCLG household projections are derived through the application of projected household representative rates (also referred to as headship rates) to a projection of the private household population.
- B.32 In the scenarios presented here, headship rate assumptions have been sourced from the new 2012-based household projection model, and from the earlier 2011-based and 2008-based models, producing three alternative outcomes for each scenario:
- In the **HH-12** outcome, the 2012-based DCLG headship rates are applied.
 - In the **HH-08** outcome, the 2008-based DCLG headship rates are applied, scaled to be consistent with the 2011 household total from the 2012-based DCLG projections, but following the original trend thereafter.
 - In the **HH-11** outcome, the 2011-based DCLG headship rates are applied, scaled to be consistent with the 2011 household total from the 2012-based DCLG projections, but following the original trend thereafter and trended after 2021.

2012-based Headship Rates

- B.33 The 2012-based headship rates have been sourced from the new 2012-based household projection model from DCLG. The methodology used by DCLG in its household projection models consists of two distinct stages:
- **Stage One** produces the national and local authority projections for the total number of households by sex, age-group and relationship-status group over the projection period. All Stage One output and assumptions for the 2012-based household projection model has been released by DCLG.

¹⁰ Household Projections 2012-based: Methodological Report. Department for Communities and Local Government (February 2015). <https://www.gov.uk/government/statistics/2012-based-household-projections-methodology>

- **Stage Two** provides the detailed 'household-type' projection by age-group, controlled to the previous Stage One totals. Stage Two assumptions and output for the 2012-based model have yet to be released by DCLG.

B.34 In POPGROUP, the 2012-based headship rates are defined by age, sex and relationship status. These rates therefore determine the likelihood of person of a particular age-group, sex and relationship status being head of a household in a particular year, given the age-sex structure of the population.

2008-based & 2011-based Headship Rates

B.35 The 2011-based and 2008-based headship rates are provided by age-group and household type and therefore define the likelihood of a particular household type being formed in a particular year, given the age-sex profile of the population. Household-types are modelled with a 17-fold classification (Table 7).

Table 7: Household type classification

ONS Code	DF Label	Household Type
OPM	OPMAL	One person households: Male
OPF	OPFEM	One person households: Female
OCZZP	FAMC0	One family and no others: Couple: No dependent children
OC1P	FAMC1	One family and no others: Couple: 1 dependent child
OC2P	FAMC2	One family and no others: Couple: 2 dependent children
OC3P	FAMC3	One family and no others: Couple: 3+ dependent children
OL1P	FAML1	One family and no others: Lone parent: 1 dependent child
OL2P	FAML2	One family and no others: Lone parent: 2 dependent children
OL3P	FAML3	One family and no others: Lone parent: 3+ dependent children
MCZDP	MIX C0	A couple and one or more other adults: No dependent children
MC1P	MIX C1	A couple and one or more other adults: 1 dependent child
MC2P	MIX C2	A couple and one or more other adults: 2 dependent children
MC3P	MIX C3	A couple and one or more other adults: 3+ dependent children
ML1P	MIX L1	A lone parent and one or more other adults: 1 dependent child
ML2P	MIX L2	A lone parent and one or more other adults: 2 dependent children
ML3P	MIX L3	A lone parent and one or more other adults: 3+ dependent children
OTAP	OTHHH	Other households
TOT	TOTHH	Total

Communal Population Statistics

- B.36** Household projections in POPGROUP exclude the population 'not-in-households' (i.e. the communal/institutional population). These data are drawn from the DCLG 2012-based household projections, which use statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes and student halls of residence.
- B.37** For ages 0-74, the number of people in each age group 'not-in-households' is fixed throughout the forecast period. For ages 75-85+, the proportion of the population 'not-in-households' is recorded. Therefore, the population not-in-households for ages 75-85+ varies across the forecast period depending on the size of the population.

Vacancy Rate

- B.38** The relationship between households and dwellings is modelled using a 'vacancy rate', sourced from the 2011 Census. The vacancy rate is calculated using statistics on households (occupied, second homes and vacant) and dwellings (shared and unshared).
- B.39** A vacancy rate of 2.3% for Basingstoke and Deane has been applied, fixed throughout the forecast period. Using this vacancy rates, the 'dwelling requirement' of each household growth trajectory has been evaluated.

Labour Force & Jobs

- B.40** Apart from in the **Jobs-led** scenarios, the labour force and jobs implications of the population growth trajectory are evaluated through the application of three key data items: economic activity rates, a commuting ratio and an unemployment rate.

Economic Activity Rates

- B.41** The level of labour force participation is recorded in the economic activity rates. Economic activity rates by five year age group (ages 16-74) and sex have been derived from 2001 and 2011 Census statistics. The 2011 Census statistics include an open-ended 65+ age categorisation, so

economic activity rates for the 65–69 and 70–74 age groups have been estimated using a combination of Census 2011 tables, disaggregated using evidence from the 2001 Census.

- B.42 Rates of economic activity increased for women in all age groups between the 2001 and 2011 Censuses and in the older age groups for men (Figure 8).

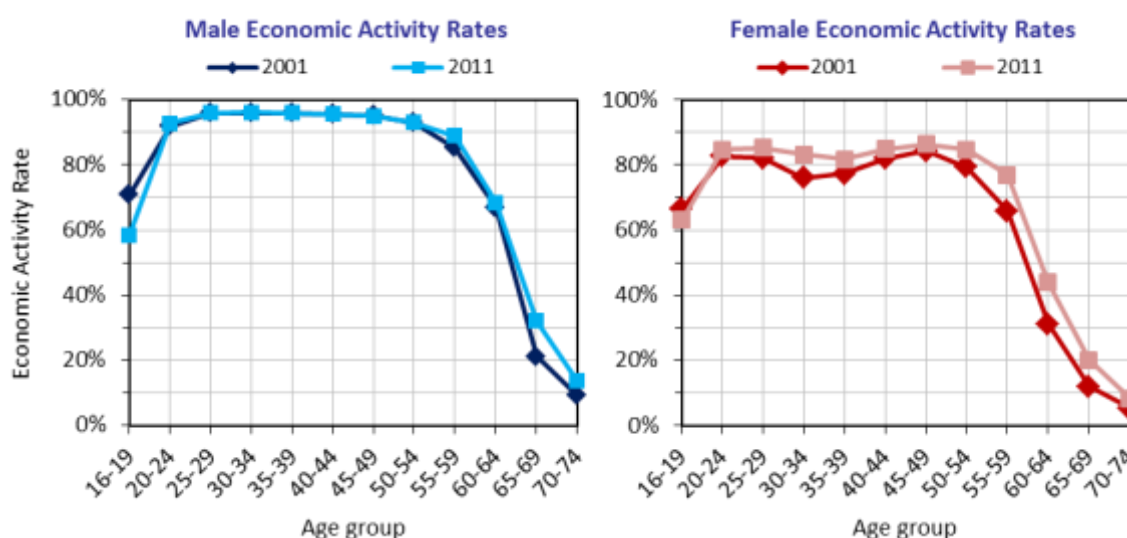


Figure 8: Basingstoke and Deane economic activity rates: 2001 and 2011 Census (source: ONS)

- B.43 In the **core** and **SENS3** scenarios, Edge Analytics has made changes to the age-sex specific economic activity rates to take account of changes to the State Pension Age (SPA) and to accommodate potential changes in economic participation which might result from an ageing but healthier population in the older labour-force age-groups.
- B.44 The SPA for women is increasing from 60 to 65 by 2018, bringing it in line with that for men. Between December 2018 and April 2020, the SPA for both men and women will then rise to 66. Under current legislation, the SPA will be increased to 67 between 2034 and 2036 and 68 between 2044 and 2046. It has been proposed that the rise in the SPA to 67 is brought forward to 2026–2028¹¹.
- B.45 ONS published its last set of economic activity rate forecasts from a 2006 base. These incorporated an increase in SPA for women to 65 by 2020 but this has since been altered to an accelerated transition by 2018 plus a further extension to 66 by 2020. Over the 2011–2020 period, the ONS forecasts suggested that male economic activity rates would rise by 5.6% and

¹¹ <https://www.gov.uk/changes-state-pension>

11.9% in the 60-64 and 65-69 age groups respectively. Corresponding female rates would rise by 33.4% and 16.3% (Figure 9).

B.46 To take account of planned changes to the SPA, the following modifications have been made to the Edge Analytics economic activity rates for the **core** and **SENS3** scenarios:

- Women aged 60–64: 40% increase from 2011 to 2020.
- Women aged 65–69: 20% increase from 2011 to 2020.
- Men aged 60–64: 5% increase from 2011 to 2020.
- Men aged 65–69: 10% increase from 2011 to 2020

B.47 Note that the rates for women in the 60–64 age and 65–69 age-groups are higher than the original ONS figures, accounting for the accelerated pace of change in the SPA. No changes have been applied to other age-groups. In addition, no changes have been applied to economic activity rates beyond 2020. This is an appropriately prudent approach given the uncertainty associated with forecasting future rates of economic participation.

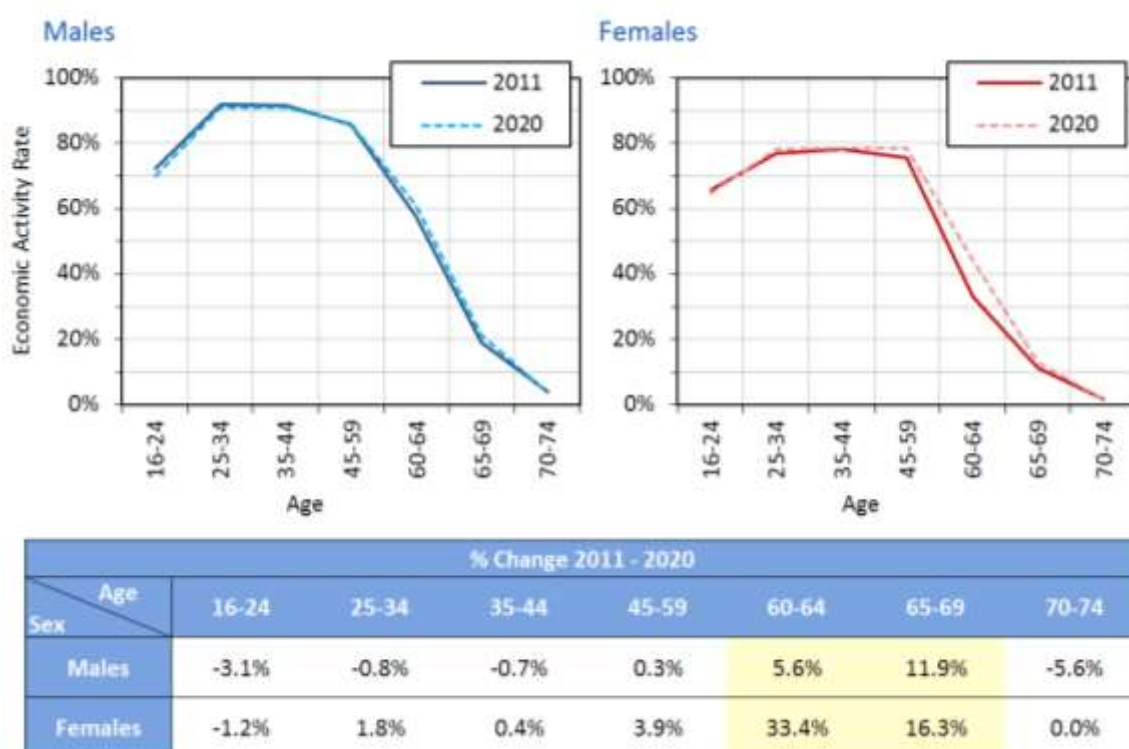


Figure 9: ONS Labour Force Projection 2006 – Economic Activity Rates 2011–2020. Source: ONS

B.48 Given the accelerated pace of change in the female SPA and the clear trends for increased female labour force participation across all age-groups in the last decade, these 2011–2020 rate increases (Figure 10) would appear to be relatively conservative assumptions.

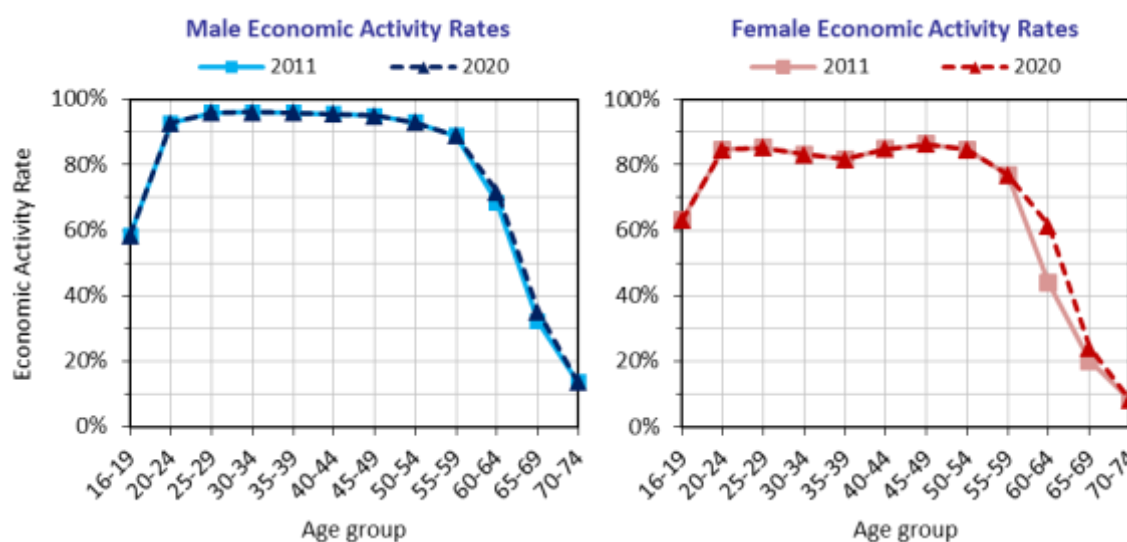


Figure 10: Edge Analytics core economic activity rates for Basingstoke and Deane, 2011 and 2020

B.49 In the **SENS1** scenarios, the 2011 Census economic activity rates for Basingstoke and Deane (for the aggregate 16-74 age-group) have been applied in 2011, and remain fixed at their base level. In the **SENS2** scenarios, the 2011 Census economic activity rates for Basingstoke and Deane (for the aggregate 16-74 age-group) have been applied, with the 2001–2011 trend continued after 2011 (Table 8).

Table 8: Core and sensitivity economic activity assumptions

	Aggregate Economic Activity Rate	
	2011	2029
Core and SENS3	76.9%	75.0%
SENS1	76.9%	76.9%
SENS2	76.9%	78.7%

Commuting Ratio

- B.50** The commuting ratio, together with the unemployment rate, controls the balance between the number of workers living in a district (i.e. the resident labour force) and the number of jobs available in the district.
- B.51** A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds the number of jobs available in the district, resulting in a net out-commute. A commuting ratio less than 1.00 indicates that the number of jobs in the district exceeds the size of the labour force, resulting in a net in-commute.
- B.52** From the 2011 Census 'Travel to Work' statistics, published by ONS in July 2014, a commuting ratio has been derived for Basingstoke and Deane. This is compared to the 2001 Census value in Table 9.

Table 9: Commuting Ratio Comparison

Basingstoke & Deane		2001 Census	2011 Census
Workers	<i>a</i>	82,659	90,122
Jobs	<i>b</i>	79,628	84,857
Commuting Ratio	<i>a/b</i>	1.04	1.06

Note: 2001 data from Census Table *T101 – UK Travel Flows*; 2011 data from Census Table *WU02UK - Location of usual residence and place of work by age*.

- B.53** In the **core**, **SENS1** and **SENS2** scenarios, the 2011 Census commuting ratio for Basingstoke and Deane has been applied throughout the 2014—2029 forecast period.
- B.54** In the **SENS3** scenarios, the 2011 Census commuting ratio for Basingstoke and Deane has been applied, and has been incrementally reduced by 5% over the 2014—2029 forecast period to account for a greater proportion of jobs being taken up by local residents.

Unemployment Rate

- B.55** The unemployment rate, together with the commuting ratio, controls the balance between the size of the labour force and the number of jobs available within an area.

- B.56** In all scenarios, a unemployment rate of 5.0%, representing a 2012–2013 average, has been incrementally reduced throughout the 2014–2029 forecast period to reach a ‘pre-recession’ unemployment rate (average 2004–2007) of 3.3% by 2029 (Table 10). This is to account for economic recovery.

Table 10: Historical unemployment rates 2004–2013 (source: ONS model-based estimates)

Basingstoke and Deane	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average (2012–13)	Average Pre-Recession (2004–07)
Unemployment Rate (%)	2.7	3.1	3.7	3.6	4.0	5.7	5.6	5.2	5.0	5.0	5.0	3.3

Appendix C

Scenario Output Comparison

C.1 This Appendix compares the dwelling requirements suggested by the demographic and employment scenarios (presented in Table 6 of this report) to the outputs from Edge Analytics' previous report¹². The average annual dwelling requirement suggested by each of the 'current' and 'previous' scenarios is presented for the 2011–2029 Local Plan period (Table 11), with outputs for the following corresponding scenarios presented side by side:

- **PG-5yr** and **Mig-led5yr**
- **PG-10yr** and **Mig-led10yr**
- **PG-10yr-5yr** and **Mig-led10yrs-5yrs**
- **Jobs-led 600** and **Employment600 (EA2)**

C.2 The differences between the dwelling requirements suggested by the current and previous scenarios reflect their alternative underpinning assumptions. A comparison of the current and previous headship rate assumptions is presented (Table 12), together with a comparison of the current and previous economic activity rate, commuting ratio and unemployment rate assumptions (Table 13).

C.3 In addition to being underpinned by alternative assumptions, the scenarios were developed using different versions of POPGROUP. The current scenarios were developed using POPGROUP v.4, whilst the previous scenarios were developed using POPGROUP v.3.1. The most significant methodological change in the POPGROUP methodology relates to the handling of internal migration. Details are provided in Appendix A and Appendix B of this report.

C.4 The current and previous scenarios were also developed using historical evidence from alternative time periods. The current scenarios have been developed using historical data for 2001–2013, whilst the previous scenarios were developed using historical data for 2001–2011.

¹² Edge Analytics, Mar 2014, Demographic Analysis & Forecasts Including an Addendum on Additional Scenario Analysis

Table 11: Comparison of 'current' and 'previous' scenario outputs

		Average Annual Dwelling Requirement (2011—2029)					
Scenario		2008-based headship rates		2011-based headship rates		2012-based headship rates	
Current Report	Previous Report	Current (HH-08)	Previous (Option C)	Current (HH-11)	Previous (Option A)	Current (HH-12)	Previous N/A
Demographic	SNPP-2010		882		792		
	SNPP-2012	1,021		934		936	
	NetNil		634		550		
	PG-5yr	Mig-led5yrs	990	1,084	902	983	886
	PG-10yr	Mig-led10yrs	921	915	830	819	834
	PG-10yr-5yr	Mig-led10yrs-5yrs	896	853	812	761	813
		Mig-led10yrs-5yrs80%			748		
		Dwellings735			735		
		Dwellings770			770		
Employment	Jobs-led 450		926		840		840
	<i>Jobs-led 450 SENS1</i>		<i>837</i>		<i>757</i>		<i>753</i>
	<i>Jobs-led 450 SENS2</i>		<i>752</i>		<i>675</i>		<i>669</i>
	<i>Jobs-led 450 SENS3</i>		<i>733</i>		<i>657</i>		<i>650</i>
	Employment600		1,036		936		
	<i>Employment600 (EA1)</i>		<i>1,058</i>		<i>956</i>		
	Jobs-led 600	<i>Employment600 (EA2)</i>	1,026	<i>990</i>	936	<i>890</i>	939
	<i>Jobs-led 600 SENS1</i>		<i>943</i>		<i>858</i>		<i>857</i>
	<i>Jobs-led 600 SENS2</i>		<i>856</i>		<i>774</i>		<i>771</i>
	<i>Jobs-led 600 SENS3</i>		<i>828</i>		<i>748</i>		<i>744</i>
	Jobs-led 700		1,092		1,000		1,004
	<i>Jobs-led 700 SENS1</i>		<i>1,013</i>		<i>925</i>		<i>926</i>
	<i>Jobs-led 700 SENS2</i>		<i>925</i>		<i>840</i>		<i>839</i>
	<i>Jobs-led 700 SENS3</i>		<i>892</i>		<i>809</i>		<i>807</i>

Note: core scenarios are highlighted in **bold**, economic sensitivity scenarios are highlighted in *italics*.

Table 12: Comparison of 'current' and 'previous' headship rate assumptions

	Scenario	Headship Rates
Current Report	HH-08	DCLG 2008-based headship rates, scaled to be consistent with the 2011 household total from the 2012-based DCLG projections, but following the original trend thereafter.
	HH-11	DCLG 2011-based headship rates, scaled to be consistent with the 2011 household total from the 2012-based DCLG projections, but following the original trend thereafter and trended after 2021.
	HH-12	DCLG 2012-based headship rates.
Previous Report	Option C	DCLG 2008-based headship rates, scaled to be consistent with the 2011 census but following the original trend thereafter.
	Option A	DCLG 2011-based headship rates, with the 2011-21 trend continued after 2021.

Table 13: Comparison of 'current' and 'previous' economic assumptions

	Scenario	Economic Activity Rate	Commuting Ratio	Unemployment Rate
Current Report	Core	2011 Census economic activity rates, by sex and five year age-group (ages 16-74) applied in 2011, with uplifts applied (to 60-69 age groups) to 2020.	2011 Census commuting ratio (1.06), fixed between 2011—2029.	Reduced between 2014—2029, from 5.0% (2012—2013 average) to 3.3% (2004—2007 average). Data sourced from ONS model-based estimates.
	SENS1	2011 Census economic activity rates (for aggregate 16-74 age-group), fixed between 2011—2029.		
	SENS2	2011 Census economic activity rates (for aggregate 16-74 age-group), with the 2001—2011 trend continued between 2011—2029.		
	SENS3	2011 Census economic activity rates, by sex and five year age-group (ages 16-74) applied in 2011, with uplifts applied (to 60-69 age groups) to 2020.	2011 Census commuting ratio (1.06), reduced by 5% (to 1.01) between 2014—2029.	
Previous Report	Core	2001 Census economic activity rates, by sex and five year age-group (ages 16-74) applied in 2011, with uplifts applied (to 50-74 age groups) to 2029.	Derived 2001 Census commuting ratio (1.03), fixed to 2029.	Fixed at 5.6% (2007—2012 average) to 2029.
	EA1	2011 Census economic activity rates, by sex and five year age-group (ages 16-74), fixed to 2029.		Reduced from 5.6% (2007—2012 average) to 4.6% (2004—2013 average) between 2013—2019, then fixed to 2029.
	EA2	2011 Census economic activity rates, by sex and five year age-group (ages 16-74) applied in 2011, with uplifts applied (to 60-69 age groups) to 2020.		