



MAY 2022

Housing and Employment Development Needs Assessment

Final Report

Iceni Projects Limited on behalf of
East Hampshire District Council

May 2022

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ICENI PROJECTS LIMITED
ON BEHALF OF EAST
HAMPSHIRE DISTRICT
COUNCIL

Housing and Employment Development
Needs Assessment
FINAL REPORT

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1. INTRODUCTION

- 1.1 East Hampshire District Council has commissioned Icen Projects (“Icen”) and Justin Gardner Consulting (“JGC”) to prepare a Housing and Economic Development Needs Assessment (“HEDNA”) to inform the preparation of a new Local Plan which will cover the plan period 2017-38.
- 1.2 As part of the evidence for the emerging Local Plan, Justin Gardner Consulting (“JGC”), on behalf of the Council, prepared an Interim HEDNA (December 2018) to accompany the draft Regulation 18 Local Plan published for consultation. At the time, it was recognised that the Interim HEDNA would be updated and revised as necessary to reflect up-to-date information.
- 1.3 This updated HEDNA report will inform the new Local Plan and the Council’s housing and economic policies at a local level as well as supporting the Council’s Regulation 19 Local Plan consultation in 2022. The HEDNA has been prepared in the midst of the COVID-19 pandemic which emerged in the UK in March 2019; however, the full implications are not yet known. This should be borne in mind when considering data over the period 2019-21.
- 1.4 The scope of the HEDNA includes the following principal tasks under separate housing and employment workstreams:

Housing Workstream:

- Consider and provide a robust evidence base on overall housing needs, addressing the standard method but also considerations identified in Planning Practice Guidance (“PPG”) around planning for a higher level of housing need and the inter-relationship with the affordable housing need; as well as the relationship with the South Downs National Park (“SDNP”);
- Consider and factor in any additional housing need generated by jobs growth forecasts associated with our assessment of sectoral growth as part of the employment workstream;
- Provide an updated evidence base on housing needs of older and disabled people, including evidence regarding the needs for different forms of specialist accommodation, most likely using the categorisation set out within the housing for older and disabled people PPG;
- Provide an updated evidence base justifying provision of accessible and adaptable, wheelchair accessible and user housing; and how these issues should be addressed through plan policies;
- Provide an evidence base on the housing needs of specific groups which will need to address specific forms of accommodation, including student housing, private rented sector housing,

housing with households for special needs and establish if there is need for such development in East Hampshire;

- Provide an updated assessment of affordable housing need which addresses the widened definition of need in the latest Framework, and advises on the appropriate mix of homes having regard to the evidence and current national policy including with regards to First Homes; and
- Provide an up-to-date evidence base on other market segments such as self and custom-build housing and rural housing.

Employment Workstream

- Identify anticipated business sectors which will see growth in the District to 2038 and the scale of that growth, and then calculate what that sectoral growth means in terms of anticipated job growth;
- Calculate what the job growth means in terms of anticipated employment land needs taking account of different approaches, such as: past take-up, labour demand and labour supply methods;
- Identify and analyse the pipeline supply of employment land and floorspace by market segment and calculate the overall quantum of employment land and floorspace that should be provided for in the new Local Plan; and
- Identify what kind of locations / sites those types of employment / businesses will need going forward.

Housing Market Area

- 1.5 The Council's Interim HEDNA (December 2018) considered in detail the housing and economic geography of East Hampshire.
- 1.6 The study carried out a review of previous studies, including the District's Strategic Housing Market Assessment ("SHMA") prepared in 2013 as well as the Partnership for South Hampshire ("PUSH") SHMA covering the wider South Hampshire area. The former identified that despite significant migration and commuting relationships with adjoining authorities, East Hampshire District should be defined as a single HMA.
- 1.7 The analysis in the Interim HEDNA updated this information and continued to highlight these relationships including with Waverley and East Hampshire District to the east, Havant Borough and Portsmouth to the south, as well as some links with Winchester District to the west. Across the indicators considered, the most significant interrelationships were identified with East Hampshire

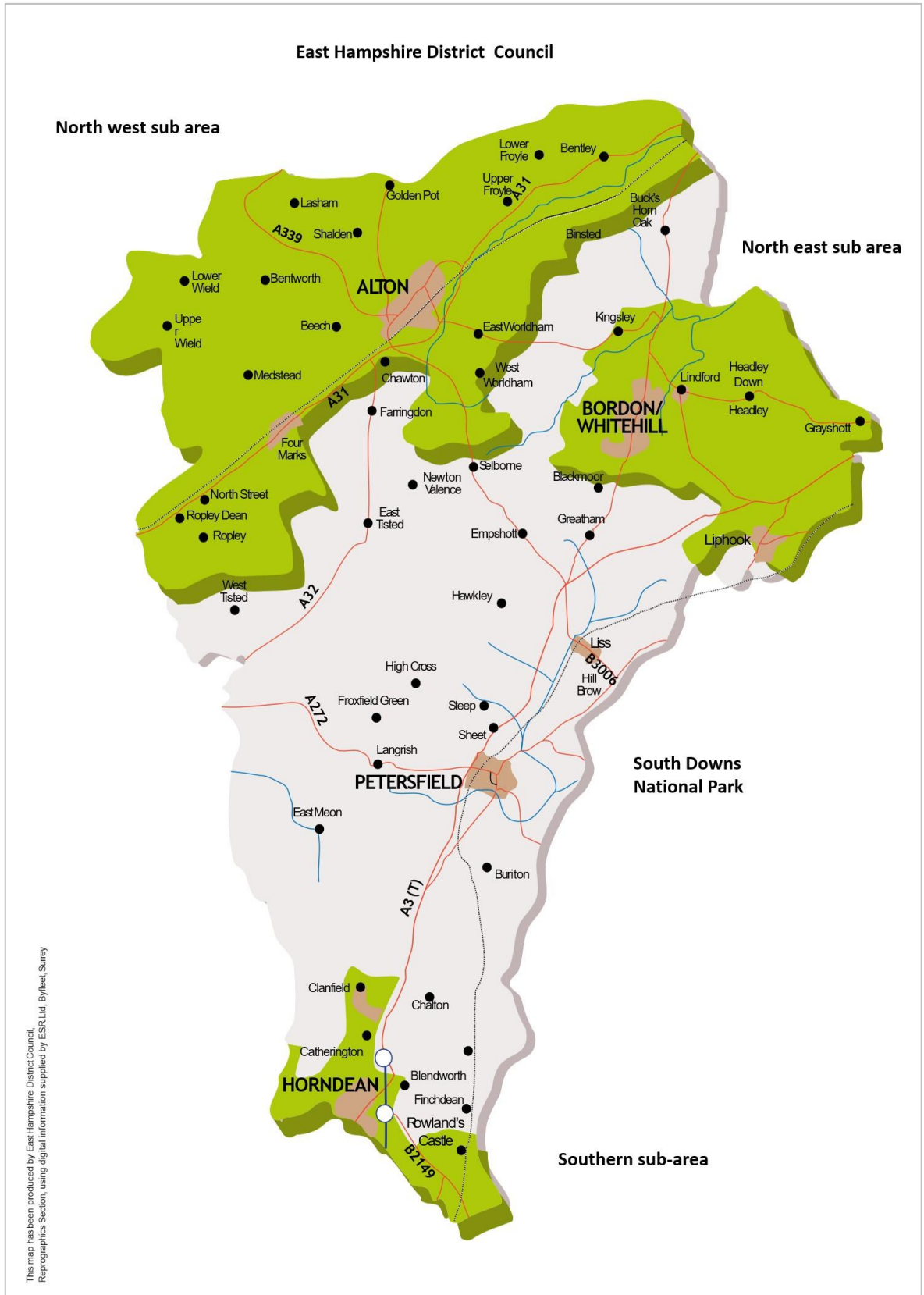
District, Waverley and Havant Boroughs. However, it was also recognised that these Districts have relationships with a number of other areas in terms of migration flows and house prices.

- 1.8 In drawing the evidence together along with consideration of the Framework and the PPG – which both imply a need to assess need on a local authority basis – the study concludes on an East Hampshire District HMA to be used in assessing housing and employment needs. IcenI endorses this analysis and has therefore continued to adopt the District as a single HMA.
- 1.9 It is acknowledged that the COVID-19 pandemic could have potential implications on the HMA and FEMA boundaries relating to shifts in commuting patterns (in the context of increased levels of home working) as well as higher levels of inward migration (i.e. from London) and therefore also house prices. At the time of writing, the full extent of these implications are not yet known. The position should therefore be monitored and reviewed in future updates.

Sub-Areas

- 1.10 A sub-area geography was defined for the Interim HEDNA which IcenI has maintained in the preparation of this HEDNA report. The sub-area boundaries have been identified using Parish areas for the District following a “best-fit” approach and are as follows:
- (1) North East;
 - (2) North West;
 - (3) South Downs National Park; and
 - (4) Southern Parishes.
- 1.11 The four sub-areas which are used to undertake analysis throughout the HEDNA are shown in the Figure overleaf.

Figure 1.1: East Hampshire Sub-Area Geography



Presentation of Data

- 1.12 It should be noted that the data totals set out within the Tables throughout this report may not add exactly when sub-areas are also being considered. This is due to the effect of rounding across sub-area geographies.

Structure of the Report

- 1.13 This draft report responds to the scope in full and is structured as follows:

- Section 2: Housing Offer and Market Dynamics
- Section 3: East Hampshire Economy
- Section 4: Commercial Market Assessment
- Section 5: Overall Housing Need
- Section 6: Demographics
- Section 7: Affordable Housing Need
- Section 8: Older Persons Need and those with Disabilities
- Section 9: Family Households and the Mix of Homes
- Section 10: Housing Market Segments
- Section 11: Housing Needs of Specific Groups
- Section 12: Employment Land Requirements
- Section 13: Conclusions

2. HOUSING OFFER AND MARKET DYNAMICS

2.1 In this section we move on to profile the current housing offer – including the profile of housing and recent housing delivery - as well as housing market dynamics in the District including a review of house prices, sales and private rental trends. This information is then used to inform our analysis throughout the main section of this HEDNA.

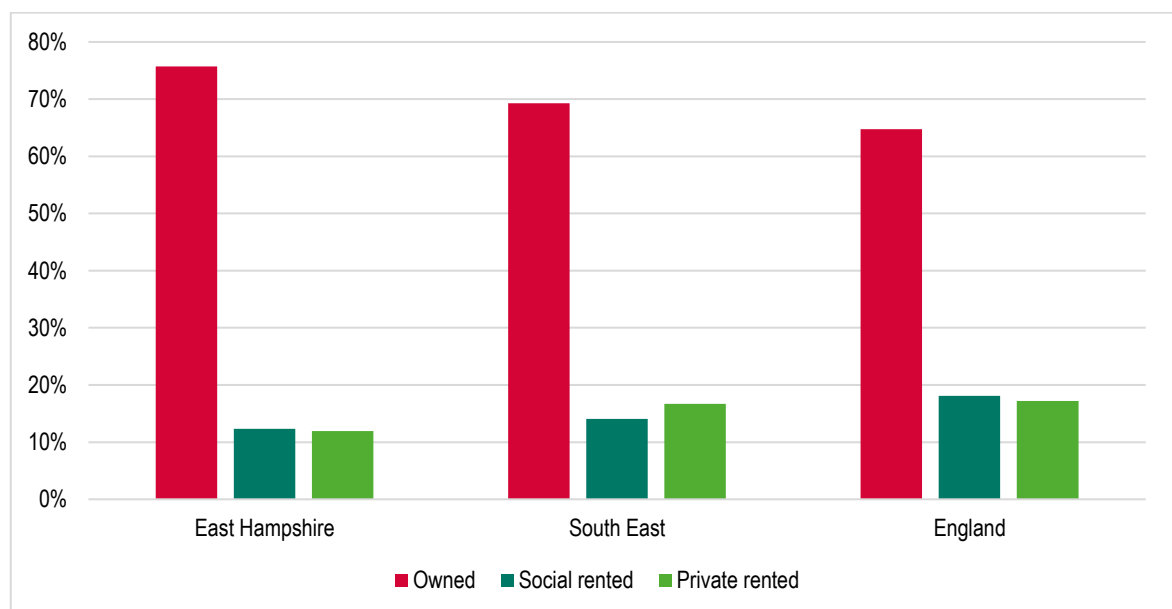
Housing Offer

2.2 Icenii has drawn on a combination of Census data as well as more recent housing delivery trends to provide a brief overview of the housing offer in the District. This information is used to inform analysis around the size of homes required as well as specific analysis of the private rented sector and specific groups.

Tenure Profile

2.3 Drawing on the 2011 Census - recognising that this is now 10 years old - we are able to understand the broad tenure profile in the District. At the point the Census was undertaken, the tenure profile of the District was heavily focussed on home ownership. This is shown in the Figure below.

Figure 2.1: Tenure Profile, 2011



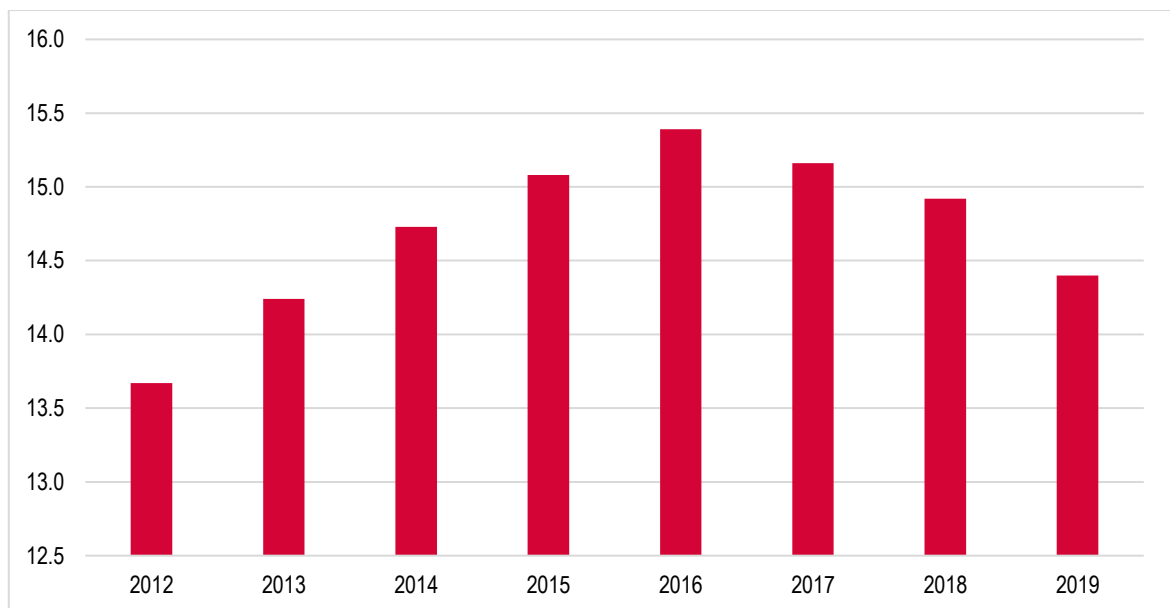
Source: 2011 Census

2.4 As is clear, home ownership accounted for over three quarters (76%) of all households compared with 69% in the South East and 65% across England. As a result, the private rented sector and social rented sector are comparatively small. Despite a private rented sector in the South East and England

equating to 17% of all households, it accounts for only 12% in East Hampshire District. The sector is therefore relatively small in comparative terms.

2.5 ONS publishes tenure estimated for homes at the local authority level over the period 2012 to 2019. The data is subject to error as the dataset combines information from a number of different sources; however, it does provide some indication as to how the tenure makeup of the District may have changed since the last Census. As is clear from the Figure below, the sector is expected to have grown to equate for around 14.5% of all households in 2019.

Figure 2.2: Proportion of Households in the Private Rented Sector (%), 2012-19

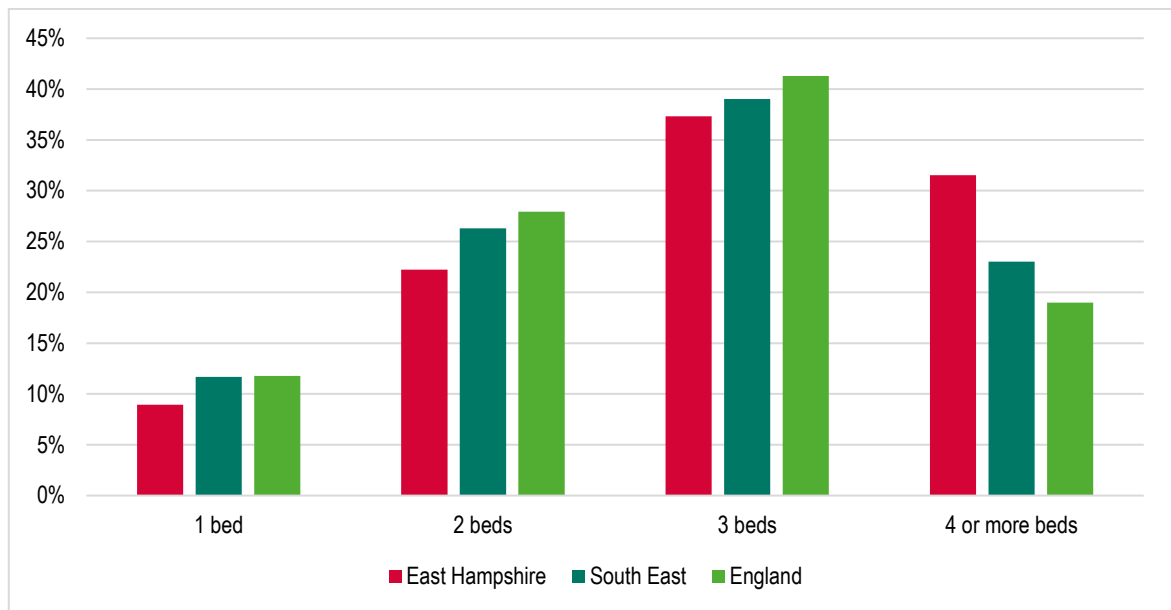


Source: ONS Estimates on Tenure

House Types and Sizes

2.6 To assess the profile of homes of different sizes, we have again drawn on Census data as a baseline. In East Hampshire District, a substantial 69% of the stock consisted of family-sized housing of 3 or more bedrooms with a notably high proportion of 4 or more bedroom housing at 32% of all stock. As is clear from the Figure below, this is significantly higher than the regional and national profile of larger homes.

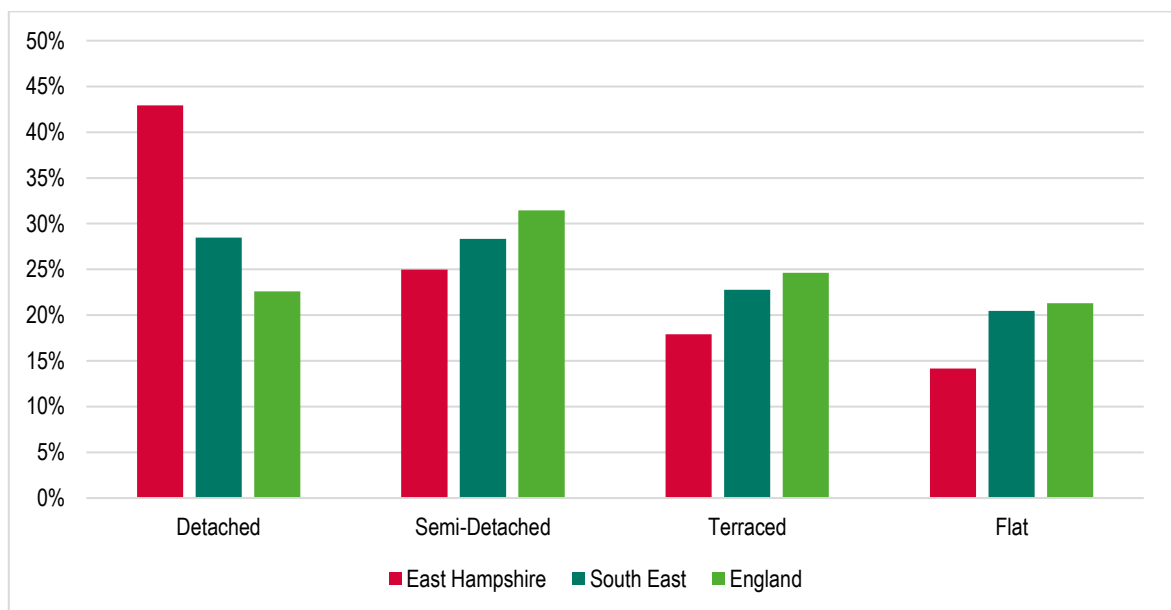
Figure 2.3: Housing Stock by Number of Bedrooms, 2011



Source: 2011 Census

2.7 In terms of the types of properties in East Hampshire, the majority (43%) are detached which is substantially higher than the proportion of detached properties in the South East (28%) and England (23%). Taken together, it is clear that the District is characterised by large, family-sized detached properties. There is therefore a comparatively low proportion of terraced housing and flats in the District.

Figure 2.4 Housing Stock by Type, 2011



Source: Census 2011

Profile of Social Housing Stock

- 2.8 The Regulator of Social Housing provides a summary overview of social rented units by type for local authorities in England. Currently in East Hampshire, there are 29 private registered providers (“PRP”). As a proportion of all social housing stock, 3.9% is owned by small RPs¹ and 96.1% is owned by large PRPs²

Table 2.1 Total PRP Social Units by Provision Type, 2020

	East Hampshire	South East
General Needs Rented	5,807	300,366
LCHO (Shared Ownership / Equity)	697	45,210
Supported Housing	123	15,703
Housing for Older People	785	39,128
Total	7,412	400,407

Source: *The Regulator of Social Housing, 2020*

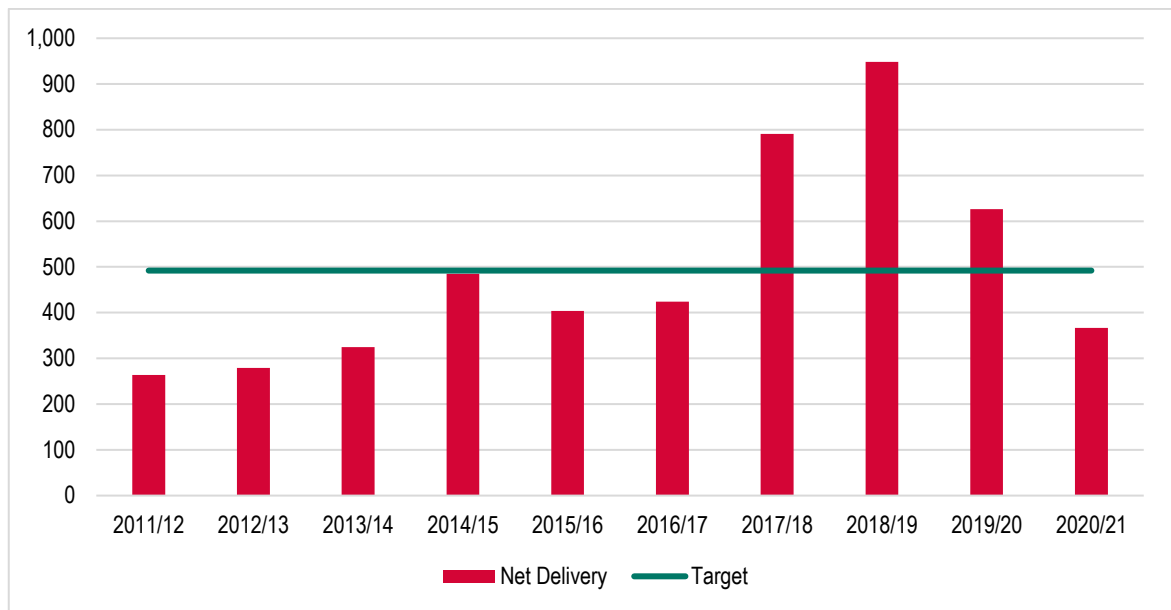
Housing Supply Trends

- 2.9 Iceni has examined housing completions data for East Hampshire District Council dating back to the beginning of the plan period in 2011. In years either side of the period 2017-20 – where housing delivery was notably high – housing completions have been below the housing target in the JCS for East Hampshire District outside of the National Park.
- 2.10 However, over the full extent of the plan period since 2011, the Council has delivered 99.6% of the housing target, equating to a marginal shortfall of 16 homes. Across the 10 years, delivery has averaged out at 491 homes per annum with delivery in the last five years at 631 homes per annum.

¹ <1,000 units owned

² 1,000+ units owned, PRPs refers to providers of social housing in England that are registered with the social housing regulator, but are not LAs (this is the definition of PRP in the 2008 Housing Act)

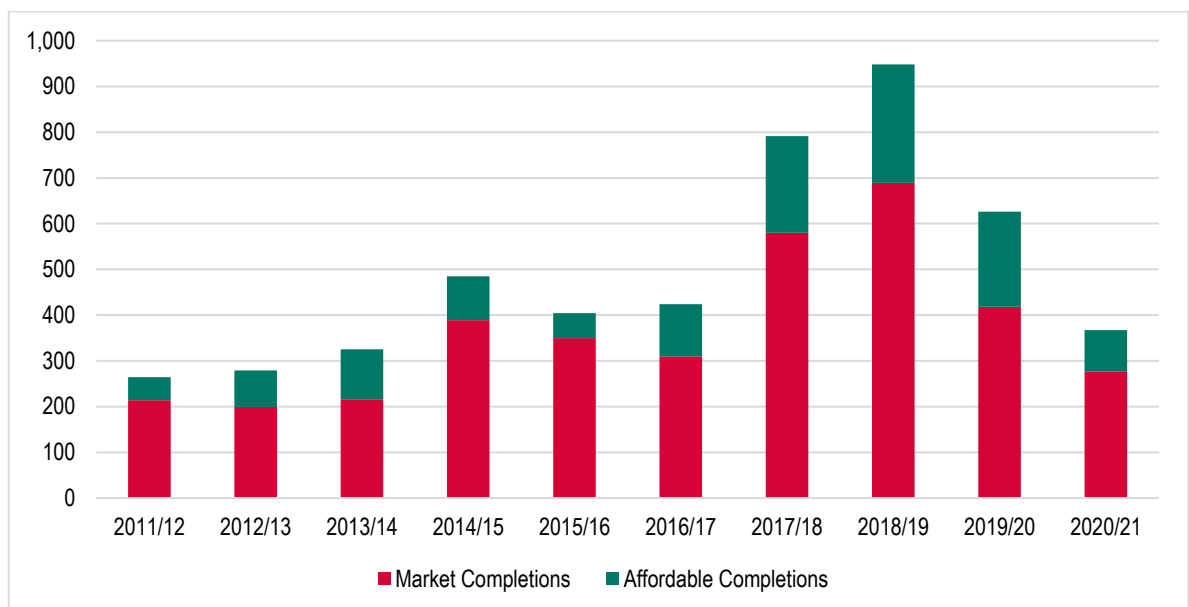
Figure 2.5 Housing Supply vs Target, 2011-21



Source: Council Monitoring Data

2.11 IcenI has also reviewed housing delivery by tenure over the same period to 2021, as is shown in the Figure below. This analysis shows that East Hampshire has delivered a net total of 1,272 affordable homes equal to 25% of all housing completions and an average of 127 affordable homes per annum. In line with housing delivery overall, affordable completions have increased in the last five years to 177 homes per annum exceeding the target level of provision.

Figure 2.6: Housing Completions by Tenure, 2011-21



Source: Council Monitoring Data

Housing Market Dynamics

House Prices

- 2.12 The median value of house sales in East Hampshire in the year ending March 2021 was £412,500. This was a 15% (£52,500) above the regional median and 51% (£138,500) above the national median. In the case of non-terraced housing, median values are substantially higher pointing to stronger relative demand.

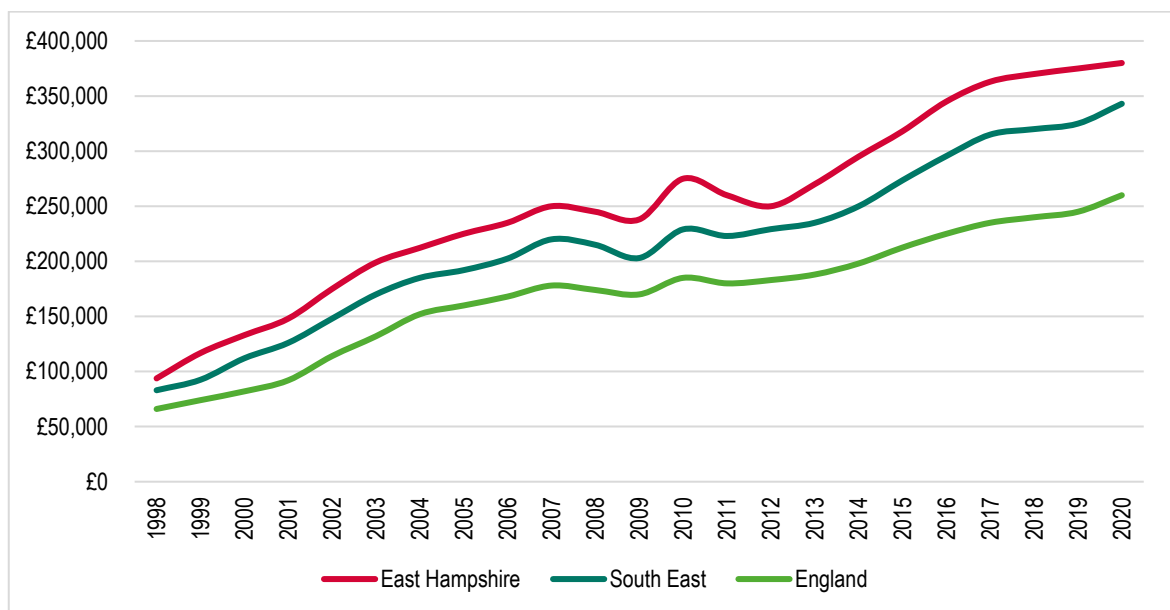
Table 2.2 Median House Prices, 2021

	Detached	Semi	Terraced	Flat	All Sales
East Hampshire	£575,000	£376,750	£295,000	£207,500	£412,500
South East	£539,950	£359,950	£290,000	£210,000	£360,000
Differential	£35,050	£16,800	£5,000	-£2,500	£52,500
England	£385,000	£243,500	£215,000	£230,000	£274,000
Differential	£190,000	£133,250	£80,000	-£22,500	£138,500

Source: Icen Analysis of ONS Small Area House Price Statistics, Year Ending March 2021

- 2.13 The Figure below charts growth in the median house price over the period since 2008. House prices in East Hampshire broadly followed the national trend across England over time albeit with weaker price growth in the pre-recessionary period 2003-08 but comparatively stronger price growth over the period since 2012. Since 2012, house prices have increased by 52% in the District compared with the national trend of 42% growth.

Figure 2.7: Median House Prices 2008-2020

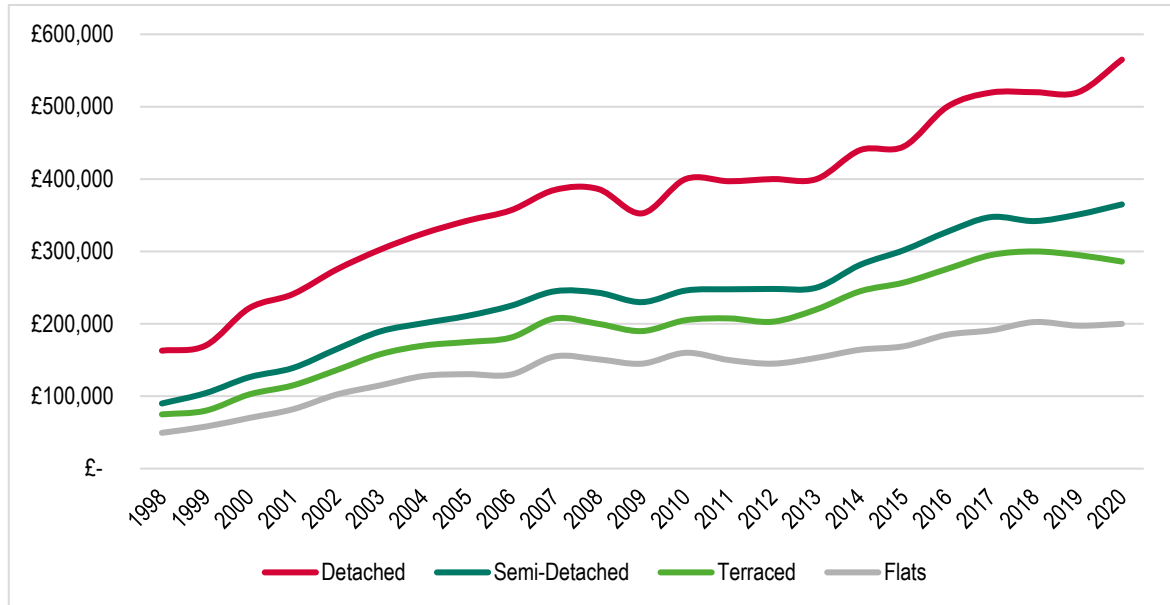


Source: Icen analysis of ONS Small Area House Price Statistics

- 2.14 Trends in the values of different types of properties in East Hampshire District are shown in the Figure. The trend lines show that in the longer-term, the strongest value growth has been for terraced

properties in relative terms (average of 6.6% growth per annum) with detached properties experiencing the highest level of growth in absolute terms (an increase of £402,000).

Figure 2.8: Trends in Median Price by Property Type, East Hampshire



Source: Icen analysis of ONS Small Area House Price Statistics

2.15 An analysis of changes in the median house prices by type over different time periods shows the cyclical nature of the market. Taking detached properties as an example, prices grew by 5% per annum between 2014-19 in line with the growth seen between 2009-14 and notably greater than for 2004-09 at 2% influenced by the recessionary period. The strongest growth in absolute and percentage terms over the last 5 years has been in values of detached and semi-detached properties.

Table 2.3 Annual Growth in House Prices by Type

	2015-20		2009-14		2004-09	
	PA	CAGR	PA	CAGR	PA	CAGR
Detached	£24,010	5%	£17,480	5%	£5,520	2%
Semi-Detached	£12,650	4%	£10,295	4%	£5,800	3%
Terraced	£5,800	2%	£11,000	5%	£4,000	2%
Flat/Maisonette	£6,200	3%	£3,850	3%	£3,400	3%

Source: Icen analysis of ONS Small Area House Price Statistics

Sales

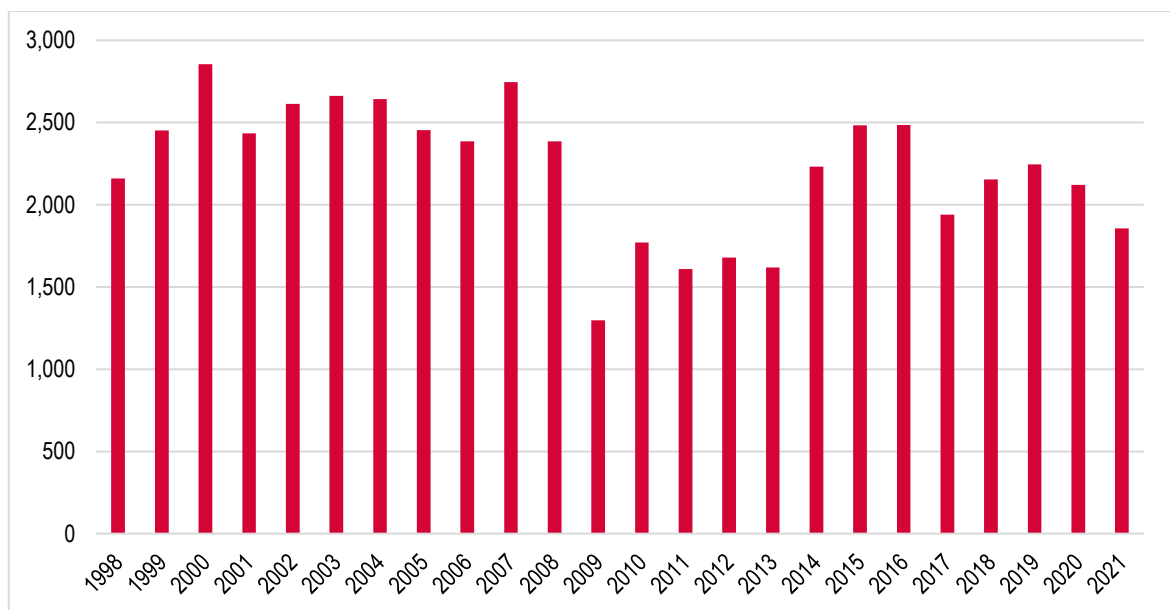
2.16 Turning to transaction or sales, we are able to understand the relative buoyancy of the market as these provide an indication of ‘effective demand’ for market housing. Data is set out in the Figure below over the period 1998-2021.

2.17 As is clear, sales volumes averaged out at around 2,525 over the 10-year period from 1998-2008. They fell dramatically as a result of the economic downturn over the period 2009-13 before picking

up from 2013 onwards as availability of mortgage finance improved and as a result of Government support for the housing market.

- 2.18 Sales of market housing in East Hampshire District dropped in 2016-17 but did recover in the years thereafter; however, it would appear that market issues associated with the UK leaving the European Union and more recently the implications of lockdowns associated with COVID-19 have had an impact on buyer confidence in the last two years.

Figure 2.9: Sales of Market Housing in East Hampshire District, 1998-2020



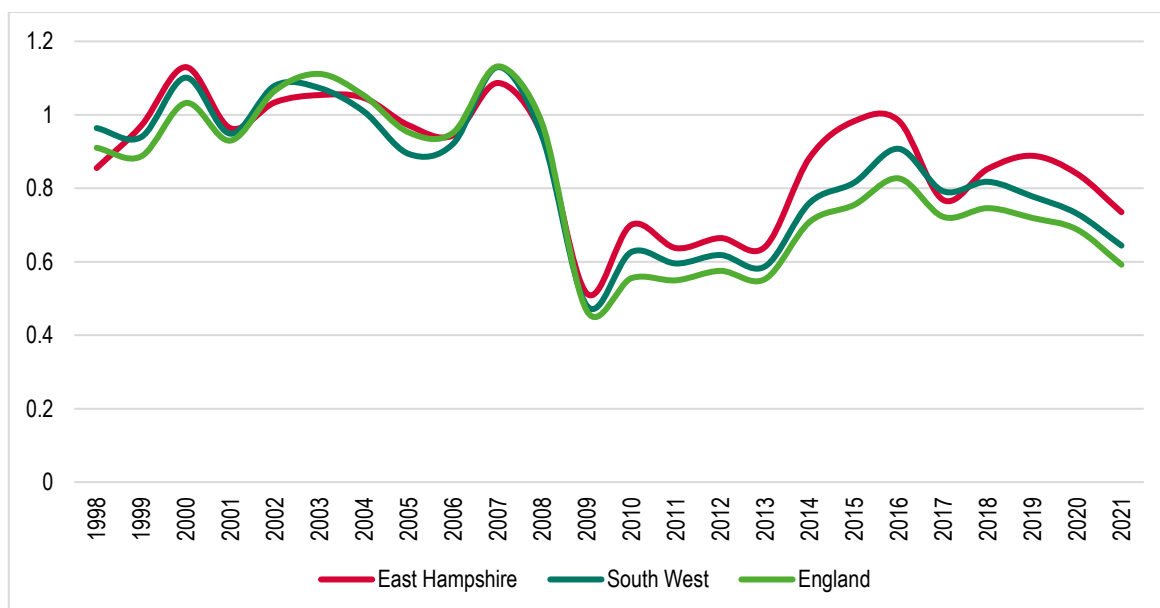
Source: Icen analysis of ONS Small Area House Price Statistics

- 2.19 Structural issues with the housing market have inhibited a recovery in sales volumes to pre-2008 levels at a national level which is also clear in East Hampshire District. Access to mortgage finance is more restricted with lower availability of mortgages on high loan to value ratios and requirements for 'stress testing', which includes assessing the ability of households to pay higher interest rates than the current level.
- 2.20 A growing older population which typically moves less often has also restricted housing market activity and chains, with fewer older households moving in part because of a compression of prices between 2 and 3 bed properties according to analysis from UK Finance. A consistent low inflation environment has less reduction in the real value of debt.
- 2.21 The growth in house prices has created affordability issues which serve both to restrict the ability of non-homeowners to purchase a home and has led to significant rises in Stamp Duty, which means that the 'transactional cost' of moving is now significant, with many households looking to extend homes, rather than move. It is this combination of issues which underlies lower market housing sales and transactional activity over the last decade.

2.22 Reflecting on the low number of sales transactions in the year ending March 2021, it does not appear that the 'Stamp Duty' holiday introduced as part of the COVID-19 response had an immediate impact; however, this could filter through in future datasets.

2.23 The analysis below benchmarks sales trends relative to average over the 1998-2021 period. Compared to the national and regional trend in recent years post-recession, the sales market appears to be more reactionary and 'extreme' with more significant growth between 2012-16 and 2017-19 as well as experiencing sharper declines.

Figure 2.10: Comparative Analysis of Long-Term Trends in Sales of Market Housing

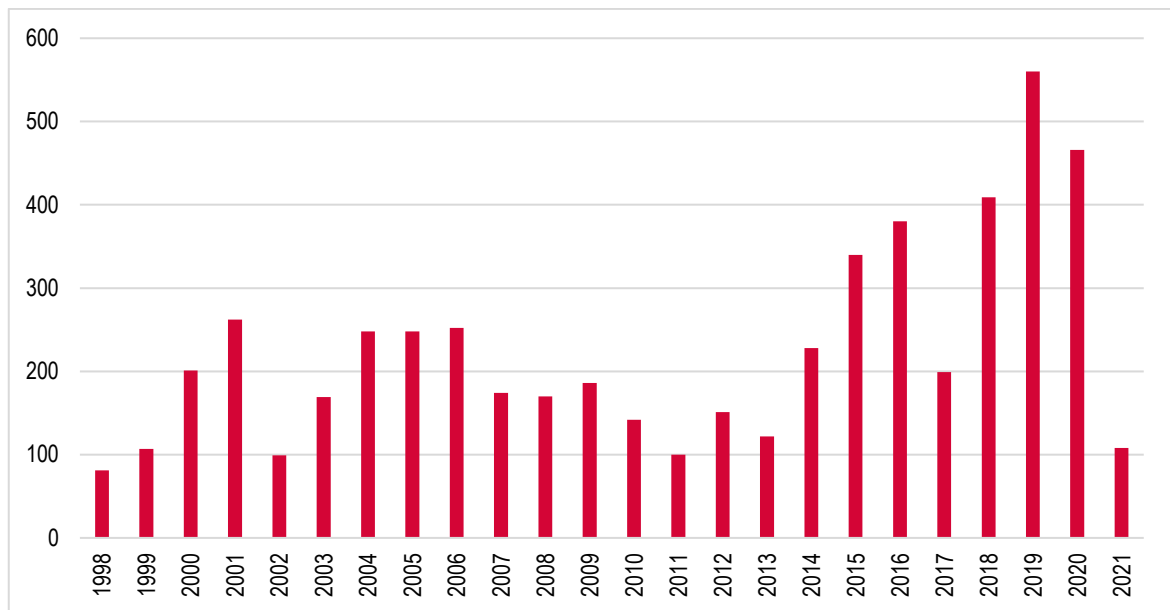


Source: Icenis analysis of ONS Small Area House Price Statistics. Index: Pre-Recession Average (1998-2008)

2.24 The overall drop in sales volumes seen since 2016 is likely to have been influenced by the effects of macro-economic uncertainty on the market - linked to Brexit - coupled with changes to mortgage interest relief which have affected the Buy-to-Let market in addition to COVID-19 implications.

2.25 Influenced by Government support for the housing market, in many areas we have seen growth in the proportion of sales accounted for by new-build properties, including within East Hampshire. New-build sales were at their peak in 2019 where they accounted for 25% of all sales. In 2021, new-build sales fell notably as a result of the lockdowns associated with the COVID-19 pandemic.

Figure 2.11: New-Build Sales Trends in East Hampshire



Source: IcenI analysis of ONS Small Area House Price Statistics

Private Rental Values

- 2.26 IcenI have also reviewed current private rents in East Hampshire District against the regional and national average. The data is drawn from the Valuation Office Agency (“VOA”) Private Rental Market Statistics. As is clear, median monthly rents vary from £495 PCM for a Studio to £1,525 PCM for 4+ bed properties in the District.

Table 2.4 Monthly Rents in East Hampshire, Year to March 2021

	Lower Quartile	Median
Studio	£465	£495
1-bed	£625	£675
2-bed	£790	£850
3-bed	£1,000	£1,150
4+ bed	£1,325	£1,525
All Lettings	£750	£895

Source: IcenI Analysis of ONS Private Rental Market Statistics

- 2.27 The median rent for all properties in the District is 23% above the national median but marginally below the regional median. Rents in East Hampshire are notably above the national equivalents for all property sizes but below the regional medians aside from 3 bedroom properties.

Figure 2.12: Monthly Median Rents vs Wider Comparators, Year to March 2021



Source: IcenI analysis of ONS Private Rental Market Statistics

2.28 IcenI have also sought to consider rental trends over the last 7 years from 2014-2021. The evidence indicates that over this period rents covering all property sizes have grown by a significant 38%. The strongest growth has been for family-sized accommodation with median rents for 3 bedroom properties growing by 53% or £400 PCM in absolute terms which points to a relative supply-demand imbalance.

Table 2.5 Rental Growth in East Hampshire,

	2014	2021	Change	% Change
Studio	£433	£495	£62	14%
1-bed	£500	£675	£175	35%
2-bed	£625	£850	£225	36%
3-bed	£750	£1,150	£400	53%
4+ bed	£1,100	£1,525	£425	39%
All Lettings	£650	£895	£245	38%

Source: IcenI analysis of ONS Private Rental Market Statistics.

Affordability

2.29 The workplace-based median house price-to-earnings ratio in East Hampshire in 2020 at 12.58 is significantly higher than both the South East and England equivalent at 9.92 and 7.84 respectively, pointing to stronger relative affordability pressures. If residents' earnings are taken into account as opposed to workforce earnings, it is clear that the affordability ratio drops notably to 10.51. This would point towards a higher rate of in-commuting to the District.

Table 2.6 Median House Prices to Earnings Ratio in East Hampshire, 2020

	Residence-based	Workplace-based
Median House Price, Yr. to Sept 2020	£370,000	£370,000
Median Annual Earnings, 2020	£35,196	£29,405
Median House Price-to-Income Ratio	10.51	12.58

Source: ONS House Price to Earnings Ratio

2.30 Over the last 15 years the median house price-to-earnings ratio has increased by just over 2.6 points from 9.92 in 2005 to 12.58 in 2020. It has seen significantly greater comparative growth than has been evident nationally and indeed notably higher than the region; pointing to a stronger comparative deterioration in affordability in the District. This increase has largely occurred over the last 5 year period.

Table 2.7 Trend in Workplace-Based House Price-to-Earnings Ratio

	2005	2010	2015	2020	5 Year Change	15 Year Change
East Hampshire	9.92	9.90	11.55	12.58	1.03	2.66
South East	7.84	8.11	9.13	9.92	0.79	2.08
England	6.79	6.85	7.52	7.84	0.32	1.05

Source; ONS House Price to Earnings Ratio

2.31 As affordability is an input into the Government's standard method, this influences future housing needs. It is worth highlighting that affordability is not influenced by housing completions alone but rather a range of macro-economic factors. This is evidenced by the fact that the District experienced record completions in recent years alongside an increase in the affordability ratio.

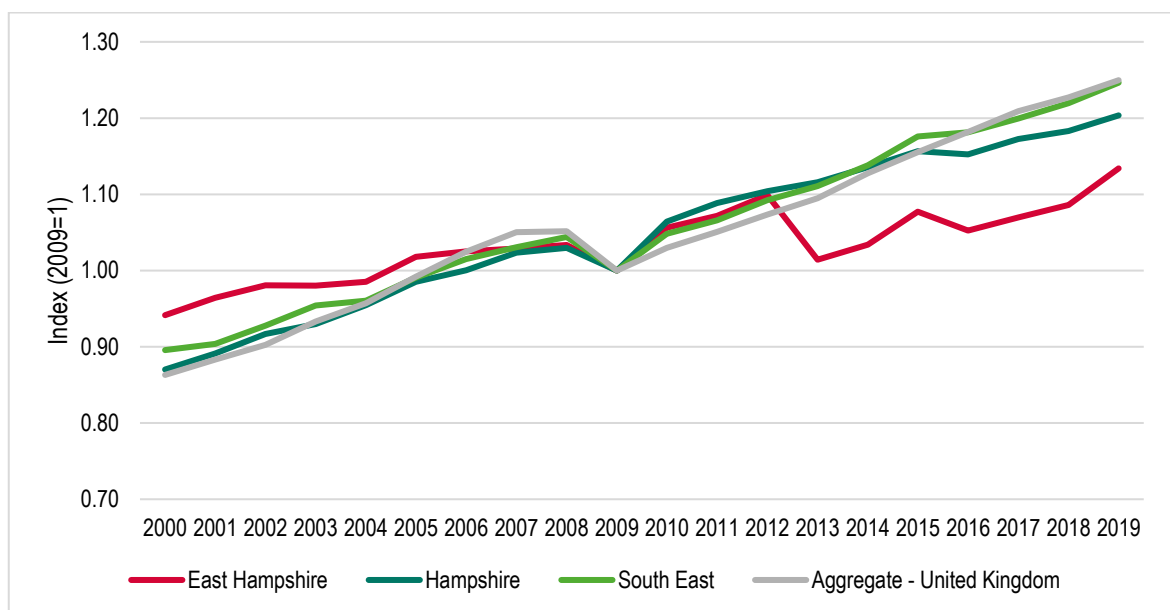
3. EAST HAMPSHIRE ECONOMY

3.1 This section considers the profile of the East Hampshire's £2.7 billion economy which in 2019 employed around 54,000 people.³ The District's economy accounted for around 5.5% and 4.8% of GVA of employment across Hampshire.

East Hampshire's Economy

3.2 The District's economy has historically grown more slowly than other parts of Hampshire. Gross Value Added ("GVA") is a measure of the value of goods and services produced in an economy. Over the 2009-19 period, GVA in East Hampshire grew by 13% (1.3% pa CAGR) compared to growth of 20% across Hampshire (1.9% pa) and 25% across both the South East and UK. The longer-term trend, as the figure below shows, is also of comparatively weaker performance.

Figure 3.1: East Hampshire GVA Growth vs Comparatives



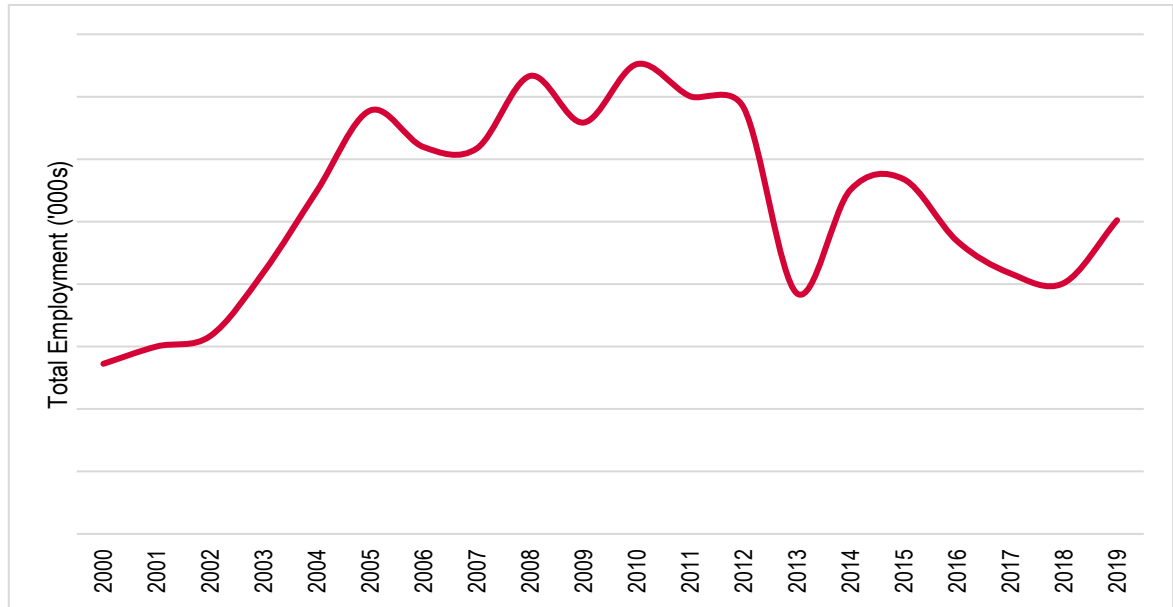
Source: Icen analysis of Oxford Economics (OE) data

3.3 The weaker relative recent performance is borne out in data on total employment. Employment in East Hampshire peaked in 2010 at 59,000. The trend since has been downward, as the Figure below shows, with employment declining by an estimated 6,300 jobs over the last decade in East Hampshire equivalent to -1.1% per annum (2010-20) compared to modest growth across Hampshire

³ Oxford Economics data, 2019

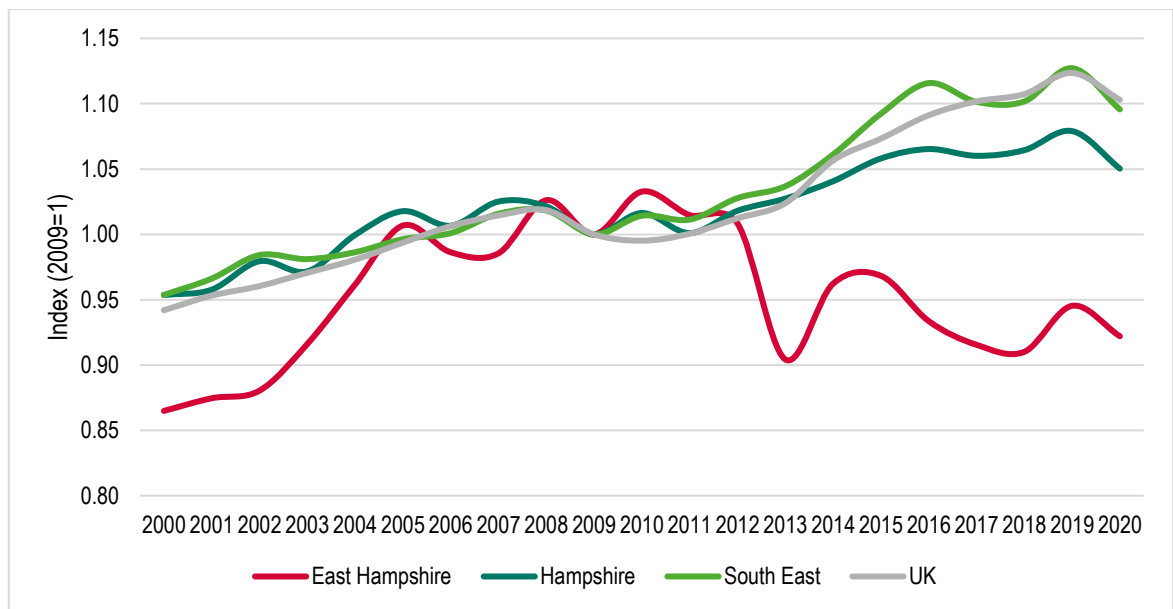
(0.3% pa growth) and relatively strong employment growth at a regional and national level (0.8% and 1.0% pa growth).

Figure 3.2: Total Employment in East Hampshire



Source: IcenI analysis of Oxford Economics (OE) data

Figure 3.3: Employment Trend in East Hampshire in Context

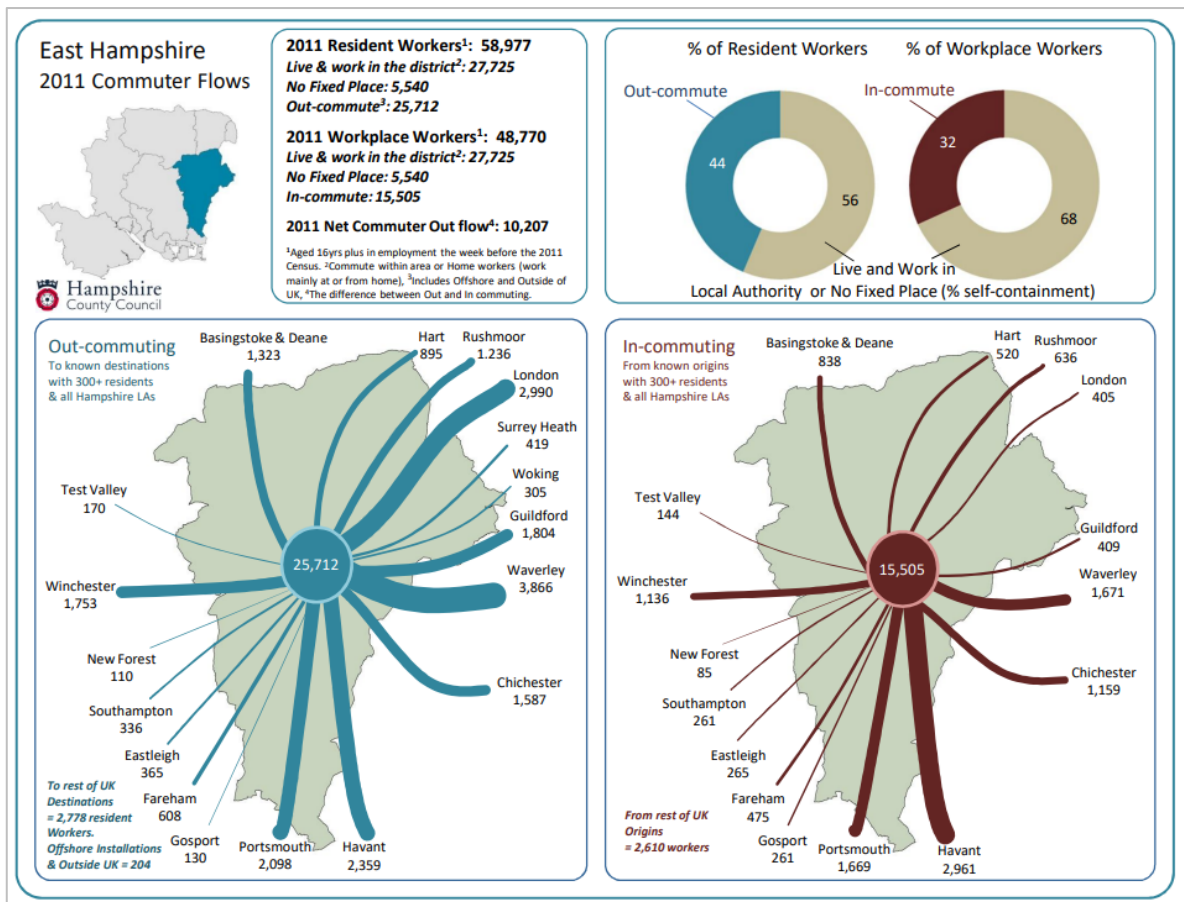


Source: IcenI analysis of Oxford Economics (OE) data

3.4 IcenI has sought to consider the reasons for this relative under-performance. The District has generally high economic activity and low unemployment. Its weaker relative performance appears to relate to a number of areas which we explore below.

- 3.5 Firstly, East Hampshire is a rural district which does not contain large employment centres which benefit from critical mass (in terms of labour and the local market for goods and services). It sees out-commuting to employment centres in surrounding areas and to London. Residents has traditionally commuted out of the District to higher paid employment opportunities in these areas. This is not untypical of areas with similar characteristics.
- 3.6 As the analysis below shows, there are commuting flows in a number of directions including to London, Waverley and Guildford, Winchester, and to Havant and Portsmouth in South Hampshire.

Figure 3.4: Commuting Flows to/from East Hampshire in 2011



- 3.7 Secondly, East Hampshire has seen minimal workforce growth in recent years. As the table below shows, whilst total population growth over the period has exceeded wider benchmarks, because of the District's older relative population structure it has seen minimal growth in the standard working-age population (aged 16-64). Over the period since 2011 the District's working-age population has grown by just 300 persons (0.4%). This is notably weaker than SE or UK workforce growth. Weak growth in this age group limits labour supply and potential growth in self-employment for instance.

Table 3.1 Population and Workforce Growth, 2011-20

	East Hants	Hampshire	South East	UK
Growth in Total Population, 2011-20	6.7%	5.1%	6.5%	6.0%
Growth in Working-Age Population 16-64, 2011-20	0.4%	0.0%	2.1%	2.2%
Actual Growth in WAP 16-64, 2011-20	300	-100	117,200	900,900

Source: Icenii/ ONS Mid-Year Population Estimates

- 3.8 Icenii have next sought to consider the District's sectoral structure and relative past performance of different sectors.
- 3.9 The largest employment sectors in the District in terms of total employment are wholesale and retail (15.0% of employment in 2019), education (10.8%) and health (10.3%). These are large sectors in many areas and relative to economic activities which service the area's population. In East Hampshire manufacturing is large in overall and relative terms, accounting for 10.0% of employment. The Professional, Scientific and Technical Sector accommodates 4,900 jobs, which is the next largest sector, but is slightly under-represented in proportional terms.
- 3.10 Sectors which are most strongly represented in relative terms in the economic structure include agriculture, mining and quarrying, other services and manufacturing. Construction also has a relatively strong representation.

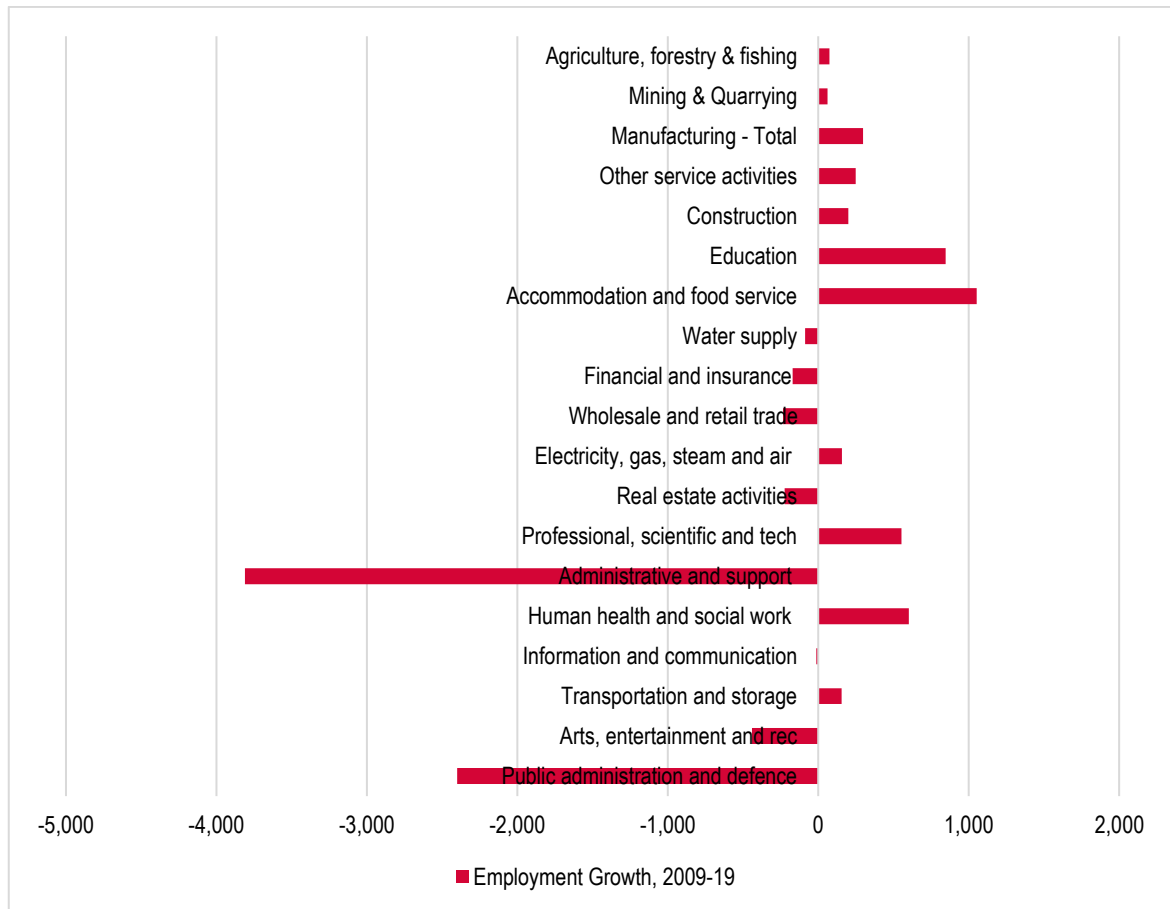
Table 3.2 Employment Structure – East Hampshire, 2019

	Employment ('000s)	LQ vs SE
Public administration and defence	1.16	0.54
Arts, entertainment and rec	0.09	0.55
Transportation and storage	5.40	0.65
Information and communication	0.20	0.75
Human health and social work	0.43	0.87
Administrative and support	4.23	0.89
Professional, scientific and tech	8.09	0.95
Real estate activities	1.60	0.95
Electricity, gas, steam and air	4.00	0.96
Wholesale and retail trade	2.22	1.01
Financial and insurance	1.43	1.03
Water supply	0.76	1.07
Accommodation and food service	4.86	1.08
Education	4.02	1.13
Construction	1.03	1.15
Other service activities	5.82	1.32
Manufacturing - Total	5.59	1.62
Mining & Quarrying	0.85	2.01
Agriculture, forestry & fishing	2.26	2.40
Total	54.05	1.00

Source: Icenis analysis of OE data

- 3.11 However, for each of these sectors in which the District has a strong representation, employment growth has been modest over the 2009-19 decade (in absolute terms), as the chart below shows. Indeed, the strongest economic growth has been in accommodation and food, education, health and professional, scientific and technical employment.
- 3.12 However, growth in these sectors has been offset by a notable reduction in employment in some others over the 2009-19 period – in particular in admin and support (-3800 jobs) and public administration and defence (-2400 jobs). The substantial falls in employment in these sectors have contributed to overall weaker employment growth. Trends in employment in a number of higher value-added sectors such as finance and insurance and real estate has been negative.

Figure 3.5: Employment Growth by Sector, 2009-19



Source: IcenI analysis of Oxford Economics data

- 3.13 Overall, weaker economic growth in the District historically appears to relate a combination of weak workforce growth, out-commuting to higher paid employment opportunities in larger employment centres which have concentrations of higher value jobs, a sectoral structure which is focused towards lower growth sectors, and some notable declines in employment in two sectors in particular which have influenced overall performance.
- 3.14 Looking forwards, the evidence indicates that housing and population growth will be an important influence on future economic performance – both in facilitating workforce growth and supporting employment in consumer-related service sector activities.
- 3.15 The strength of the manufacturing sector in the District is notable, and we would note the recent positive growth in employment within it. This is a sector however in which future employment trends can be expected to be influenced by productivity improvements, such that whilst we may see growth in GVA, employment may well decline.

3.16 Manufacturing employment stood at around 4,500 in the District in 2020.⁴ The main sub-sectors in manufacturing are shown below and illustrate a variety of manufacturing activity taking place in the District rather than a focus on a particular sub-sector. Employment in range of sub-sectors has been stable or growing in recent years including in chemicals, machinery and metals and pre-pandemic in food and beverage manufacturing. The exceptions, where employment has been falling, have been electrical equipment, motor vehicles, transport and other manufacturing.

Table 3.3 Key Manufacturing Sub-Sectors in East Hampshire

	Employment, 2020
Chemicals & Chemical Products	900
Fabricated Metal Products	600
Rubber & Plastic Products	400
Electrical Equipment	400
Other Non-Metallic Metals	350
Computer, Electronic & Optical Products	300
Furniture	250
Installation of Machinery & Other Equipment	200
Other Manufacturing Sub-Sectors	710

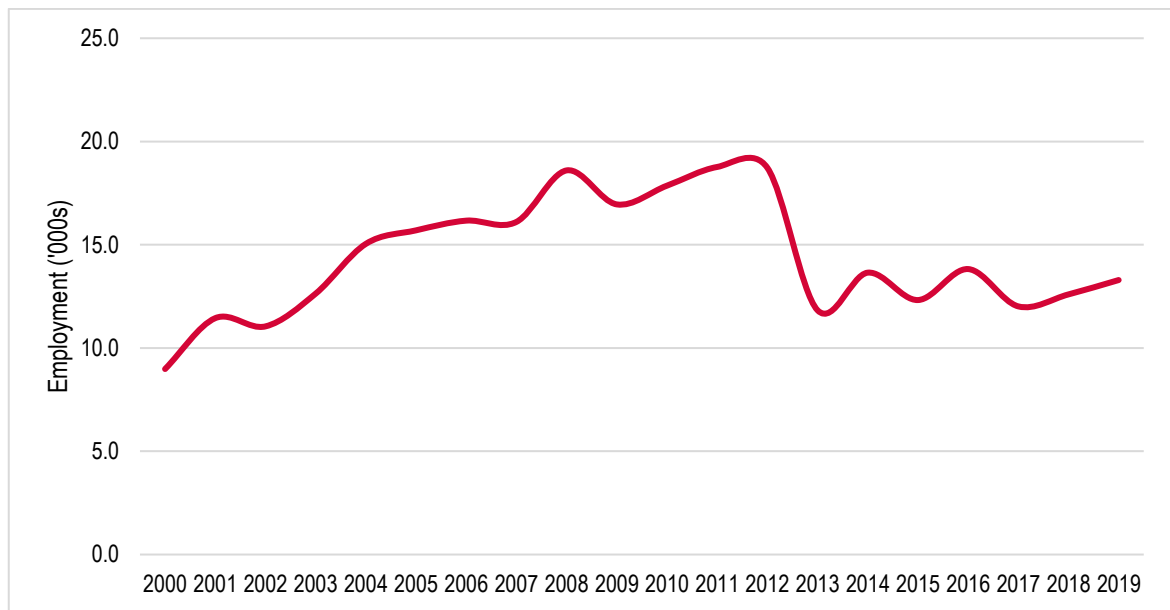
Source: BRES

3.17 Employment can be expected to grow in transport and storage activities, as retailing shifts from bricks and mortar shops towards e-commerce; but we would note that the District does not have a strong representation in transport and storage activities and the A3 is not a major corridor for such activities.

3.18 The trends in aggregate employment in office-related sectors, including ICT is shown below. It is evident that there has relative weak growth in these types of activities over recent years, in contrast to the trend pre-2012.

⁴ BRES, 2020

Figure 3.6: Employment in Office-related Sectors – East Hampshire



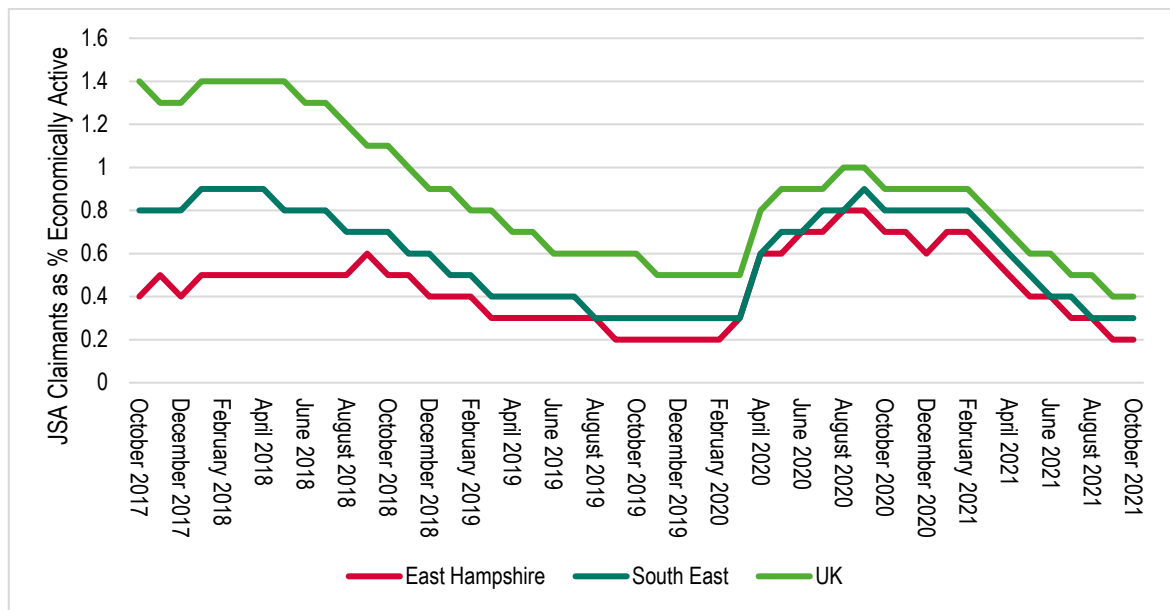
Source: Icenii analysis of Oxford Economics data

Impact of the Pandemic

- 3.19 East Hampshire's economy has not been immune from the impacts of the Covid-19 pandemic over the period since March 2020. The recently released data on employment from the ONS Business Register and Employment Survey indicates that employment (employees + working proprietors) fell from 47,000 in 2019 to 45,000 in 2020⁵ with notable drops in employment in the retail, and accommodation and food sectors. The likelihood is that part of this will be temporary and may now have recovered as the economy has opened up, but there remain some effects from Covid but also from labour supply shortages in these sectors at a wider regional/ national level.
- 3.20 Manufacturing employment is also shown to have reduced between 2019-20 (-500 jobs); but with growth in some other sectors including construction; and business administration and support (each 500 jobs).
- 3.21 Pre-pandemic unemployment in East Hampshire was low and stood for instance at 1,400 persons (2.2%) based on ONS modelled data for the year to March 2020. This compared to 3.1% at the regional level and 3.9% nationally. The chart below shows trends in claimant unemployment (JSA Claimants) and indicates that shows that these have now recovered to pre-pandemic levels with around 140 unemployment claimants (0.2%) in the District as at Sept/Oct 2021.

⁵ This is based on recorded employment in Sept 2020 from BRES

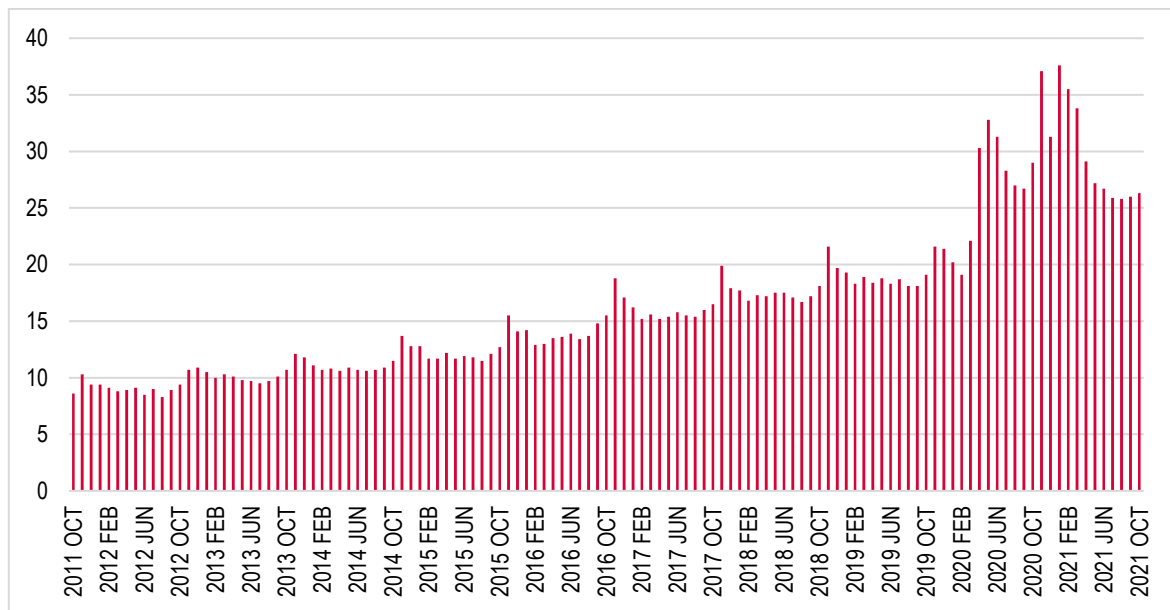
Figure 3.7: Trend in JSA Unemployment Claimants – Last 5 Years



Source: NOMIS

- 3.22 Relatively tight labour market conditions are a potential influence on future employment growth; and may help to drive improvements in productivity.
- 3.23 Other key influences of the pandemic include influencing changing working practices and shopping patterns. National data is available on internet sales as a proportion of total retail spending. This shows a growing trend of internet sales year-on-year prior to the pandemic, but one which has been accelerated by it, with the percentage of retail sales online now settled at around 26%.
- 3.24 The implication is that future floorspace and jobs in bricks and mortar retailing will be unlikely to fully recover, and is likely to decline longer-term – particularly given that East Hampshire does not contain larger / higher-order retail centres.

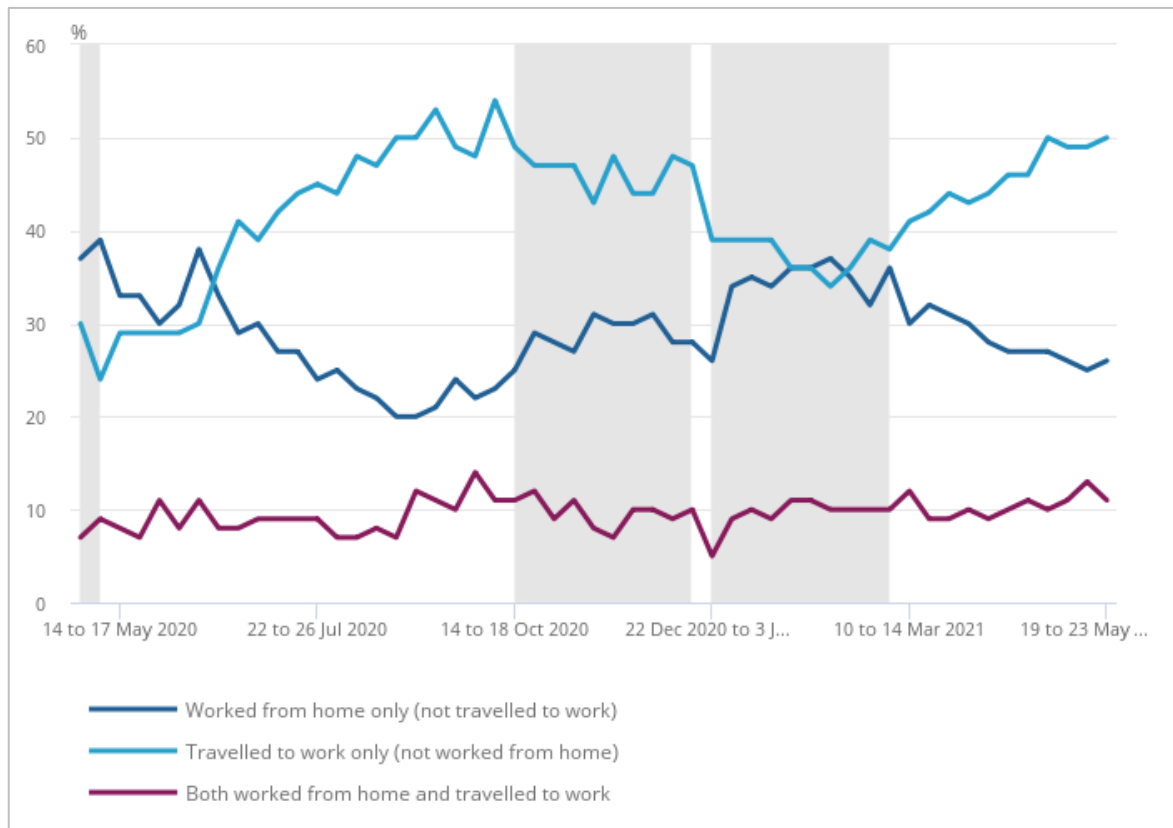
Figure 3.8: Internet Sales as a % Total Retail Sales, UK



Source: ONS Retail Sales Index

- 3.25 Home working has been significantly influenced by Covid-related lockdowns and Government advice. The chart below the ONS Opinions and Lifestyle Survey shows the influence of these factors on home working on a month-by-month basis. It is somewhat early to identify clearly how this will settle down over time, but it is likely that for office-based activities in particular, the level of home working is likely to remain higher than pre-pandemic and hybrid working (part from home, part in an office) will grow, with potential implications for future office floorspace requirements.

Figure 3.9: Proportion of Working Adults working exclusively from Home



Source: ONS Opinions and Lifestyle Survey

Business Base

3.26 The ONS records 7,155 business units in East Hampshire in 2021.⁶ The business base is focused on small businesses with small businesses with < 50 employees making up 98% of businesses units in the District. Of this micro businesses with < 10 employees account for 88% of total businesses. There are in total 120 businesses units (across sectors) employing over 50 persons, of which 10 have 250+ employees.

⁶ Businesses paying VAT or which are PAYE registered. Source ONS Business Workbook 2021

Table 3.4 Business Base by Size, 2021

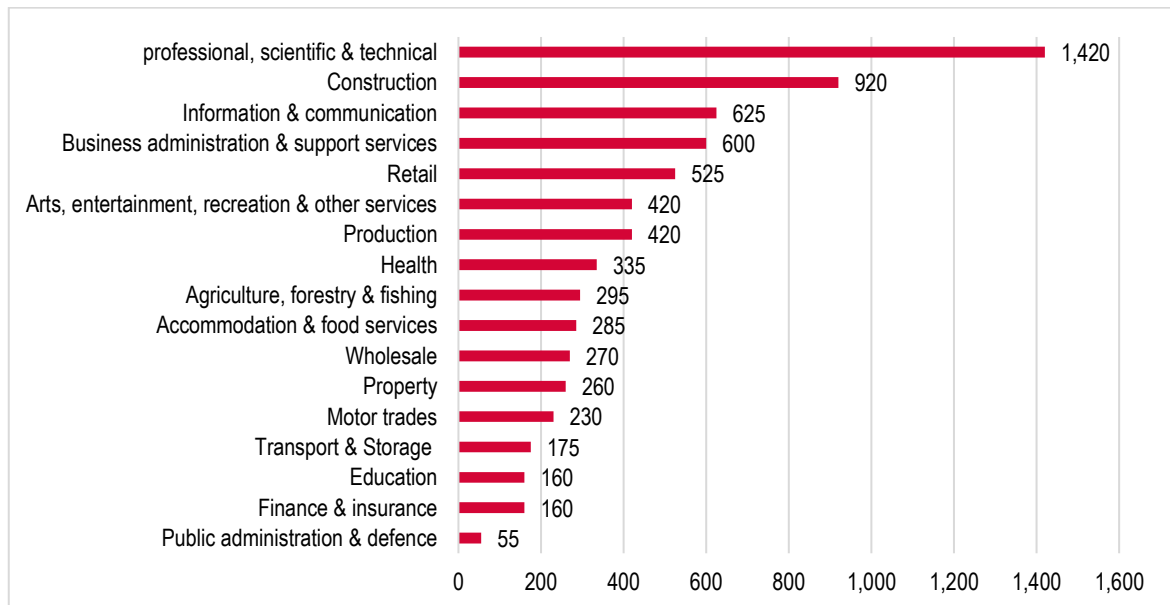
	East Hampshire	% Businesses, E Hampshire	Hampshire	South East
0-4	5,420	75.8%	74.0%	74.0%
5-9	855	11.9%	11.8%	11.8%
10-19	480	6.7%	6.9%	6.9%
20-49	280	3.9%	4.5%	4.5%
50-99	70	1.0%	1.5%	1.5%
100-249	40	0.6%	0.8%	0.8%
250+	10	0.1%	0.3%	0.3%
Total	7,155	70,935	481,775	3,222,115

Source: ONS Inter-departmental Business Register (IDBR)

3.27 The structure of the business base by sector is shown below. The largest absolute number of business units are in Professional, scientific and technical activities. The next largest sectors are construction; information and communications; and business admin and support; and retail.

3.28 However appraising the profile against that for the South East, there is a high concentration of agricultural businesses in particular (with an LQ of 1.8); with above average representation of manufacturing businesses; motor trades; and professional, scientific and technical activities.

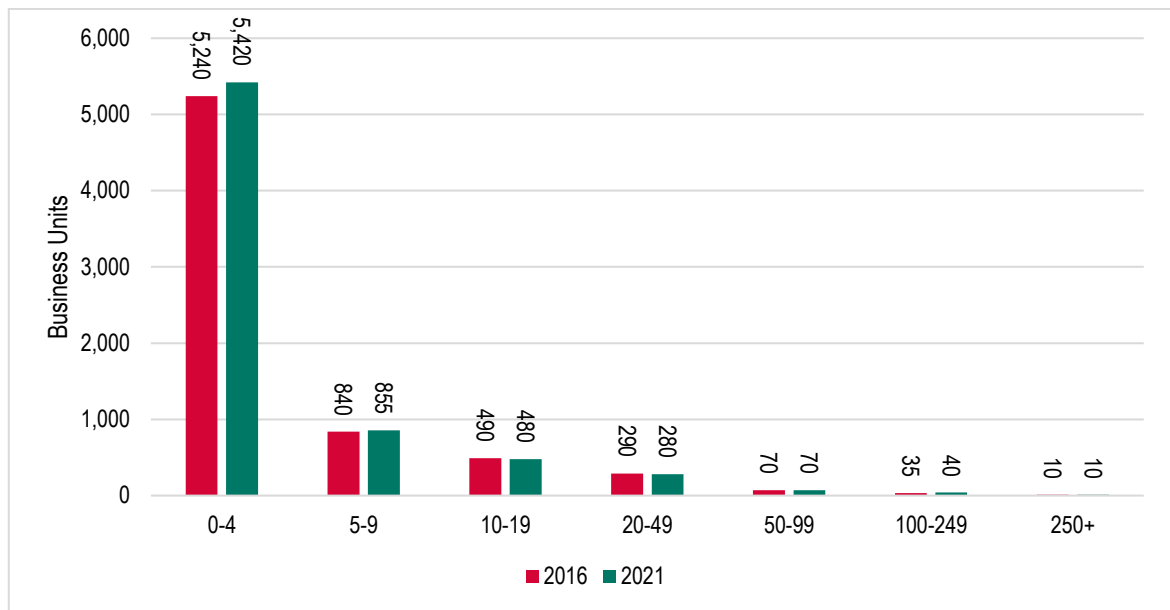
Figure 3.10: Business Units by Sector – East Hampshire, 2021



Source: ONS Inter-departmental Business Register (IDBR)

3.29 As the chart below shows, the last 5 years has seen an increase in micro-businesses, particular of those with < 5 employees; but also growth of 5 business units in the District with 100-249 employees.

Figure 3.11: Growth in Business Units by Size – East Hampshire, 2016-21



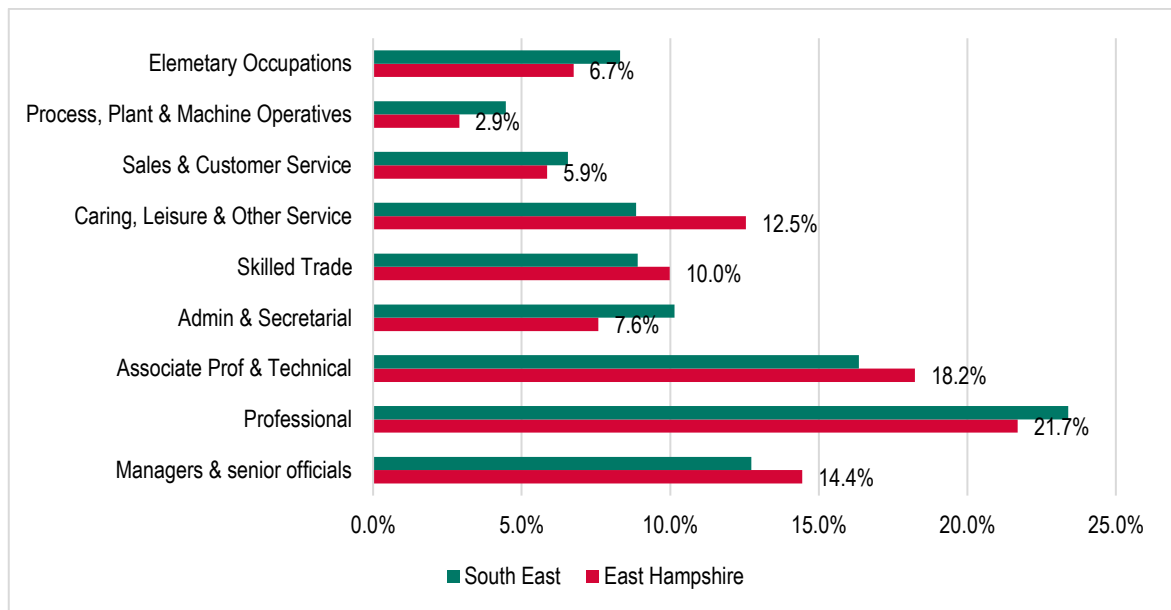
Source: ONS IDBR data

Skills and Earnings

- 3.30 Economic participation rates in East Hampshire are generally strong, with levels of economic participation levels exceeding the South East average (which itself is above that nationally). The latest data points to 81.0% of the working-age population being economically active⁷ but the data showed levels of 83-84% pre-pandemic. As set out, unemployment is relatively low.
- 3.31 The occupational profile of residents, shown below, highlights a strong representation on managers and senior officials; and associate professional occupations – which are typically higher paid and skilled; above average representation in skilled trades; but also in caring, leisure and other service occupations which is lower paid.

⁷ Annual Population Survey, July 2020 – June 2021

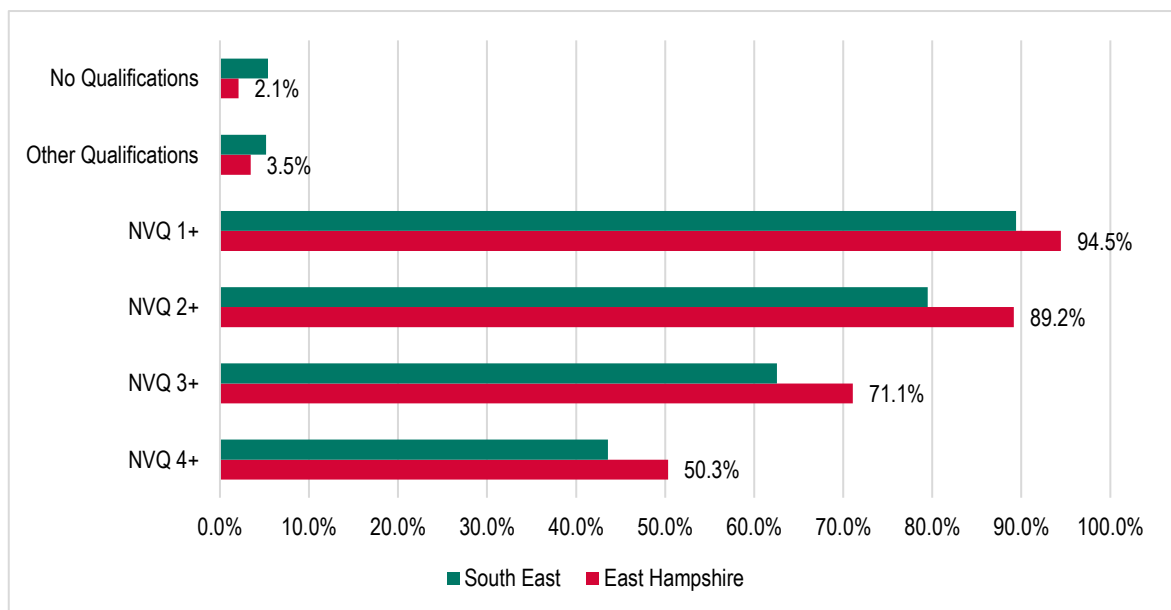
Figure 3.12: Occupational Profile – East Hampshire



Source: Annual Population Survey (3 year Average)

3.32 The District has a relatively strong qualifications profile, with 50% of the working-age population having degree level qualifications, which is above the regional average which itself is relatively strong. The data is shown below.

Figure 3.13: Qualifications Profile – East Hampshire



Source: Annual Population Survey (3 year Average)

4. COMMERCIAL MARKET ASSESSMENT

- 4.1 This section provides an assessment of the commercial property market in East Hampshire. It is split into two sections – one part dealing with the office market and one part dealing with the industrial market (where industrial refers to general industrial, light industrial and warehousing).
- 4.2 The assessment combines quantitative analysis with qualitative analysis to build up of a picture of the level and nature of demand. The quantitative analysis uses CoStar data – one of the UKs largest providers of commercial property data. Valuation Office Agency data has also been used which provides the best indication of the amount of commercial floorspace in the area.

Office Market

- 4.3 This section provides an assessment of East Hampshire office markets. This will be used to inform the scale and type of future need which is identified later in this report.

UK Office Market Overview

- 4.4 The CoStar Office National Report 2021 considers optimism surrounding the vaccine rollout to have resulted in a pick-up in office leasing over the year. In Q3 of 2021 office take-up nationally reached its highest level for over two years with September in particular, being particularly busy. Net absorption however remains negative (resulting in a growing level of vacant space) as does annual rental price growth which currently sits at -0.2% with further reductions expected in the coming years. Despite this office investment has risen this year as restrictions have eased.
- 4.5 The Cushman and Wakefield UK Marketbeat Report (August 2021) reports the Office space take-up in Q1 of 2021 to total 2.0 m sq. ft, a rise of 42% on Q4 2020. However, in the UK regions take-up fell to 670,000 sq. ft, the lowest since Q2 2020 and overall leasing activity remains well below the five-year quarterly average of 3.6 m sq. ft.

Office Stock

- 4.6 The VOA⁸ provide information on the number of rateable office properties⁹ and the amount of floorspace by administrative area. In East Hampshire in 2019/20, there were 750 office properties providing 92,000 sqm of office floorspace in total in the District. This makes up 0.7% of total

⁸ VOA: Non-domestic rating: stock of properties including business floorspace, 2019

⁹ It should be noted that these could be within the same building.

floorspace across the South East and 4.7% of all office space within Hampshire. The District has a modest level of office stock.

4.7 The figure below shows how the amount of floorspace has changed in East Hampshire compared to Hampshire, the South East region and country, with total amount floorspace in 2000-01 in each geography acting as a base index.

Figure 4.1: Indexed Office Floorspace Change, 2000-2020



Source: Icen Analysis of VOA Data

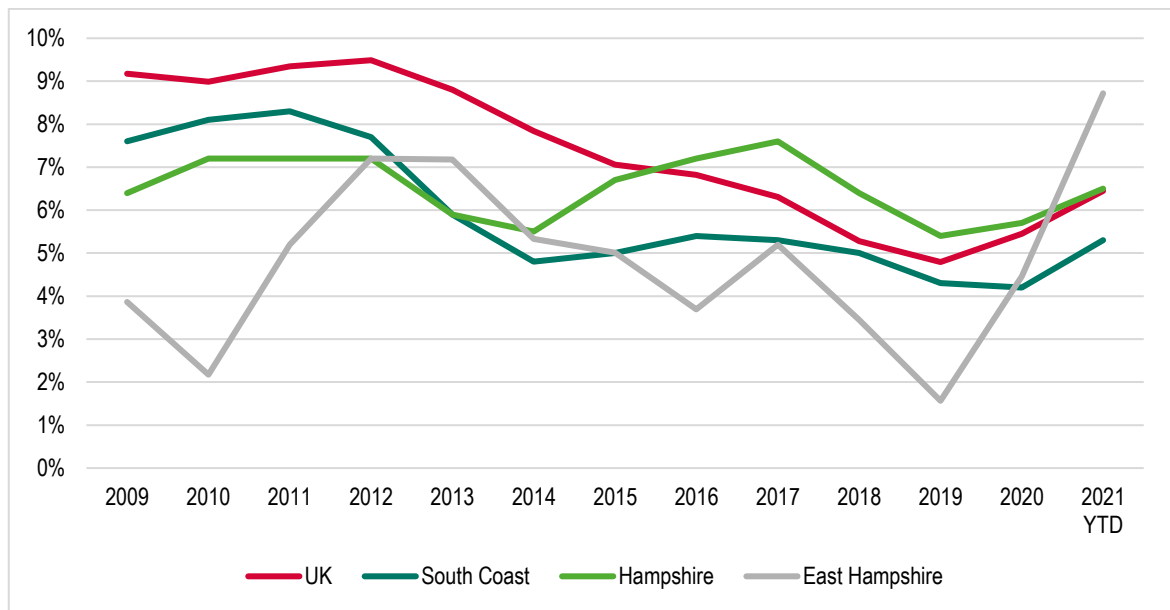
4.8 In all assessed areas, the floorspace has increased overall although this has begun to decrease in Hampshire, the South East and England since approximately 2013-14. East Hampshire has seen an uplift overall since 2000-01 with growth more recently from 2016-17 onwards influenced by the new development including at Louisburg Barracks, Bordon and Ordnance Business Park, Liphook. The District has had an Article 4 Direction in place which has limited losses of office floorspace, in contrast to wider geographies. It has thus seen 15% growth in office stock district-wide since 2000.

Vacancy Rates

4.9 Currently office vacancy rates in East Hampshire sit at 8.7%, higher than both the South Coast and UK average of 5.3% and 6.5% respectively. The East Hampshire vacancy rate has increased notably from a level of 1.6% in 2019.

4.10 Up until 2021 office vacancy rates within East Hampshire have generally matched or were lower than the overall South Coast market, suggesting a constrained market with potential concerns regarding office supply. The 2021 increase in vacancy rates indicates a market that has likely been hit particularly hard by external factors, such as Covid restrictions changing how businesses use office space leading to an increase in businesses choosing to not renew or break leases early.

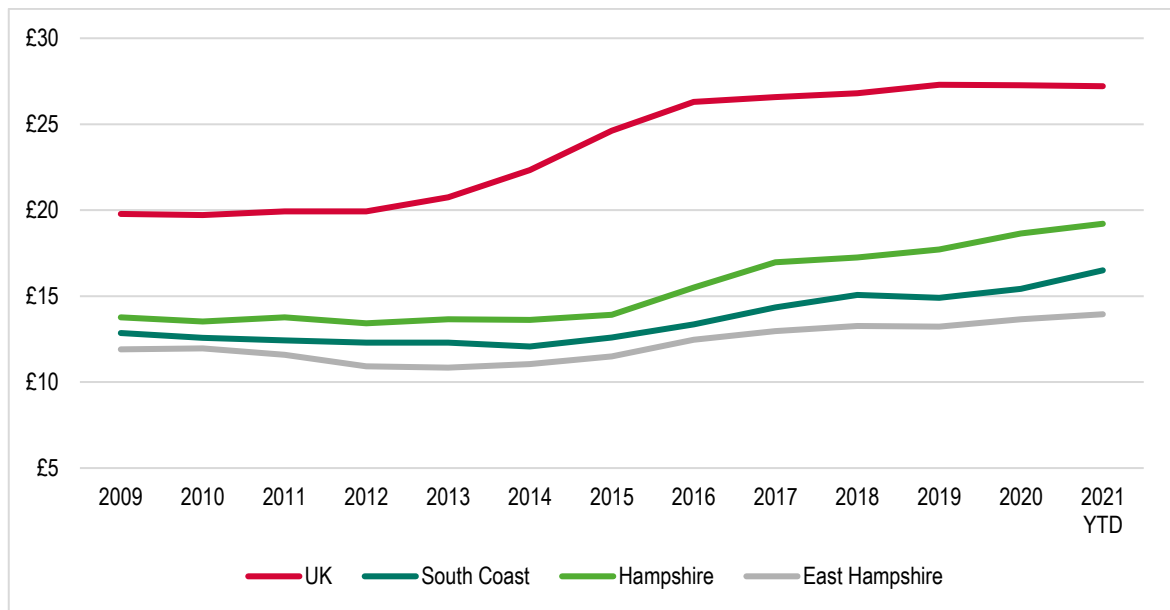
Figure 4.2: Vacancy Rate, East Hampshire, Hampshire, South Coast and the UK



Source: Icenii analysis of CoStar data

- 4.11 The figure below shows how average rental prices per sq. ft for office space in East Hampshire have changed over time compared to Hampshire, the South Coast region and the UK. Average rents East Hampshire currently sit at £13.95, lower than the UK average of £27.22, the South Coast of £16.50 and Hampshire of £19.21. All four assessed areas have increased over time however when comparing East Hampshire and the wider Hampshire area rents in Hampshire are rising at a faster rate than that of East Hampshire, from 2019 and 2020 where average rents in Hampshire rose by 5.3% in East Hampshire this increase was less at 3.2%. This potentially points to a wider supply demand imbalance in the Hampshire office market that is perhaps felt less within the East Hampshire submarket.
- 4.12 Headline rents for Grade A office space are currently £15-16 per sq. ft. This is insufficient to bring forward new-build office development on a leasehold basis unless a tenant is prepared to sign a long lease and pay a premium rent. Rents of c. £25 per sq. ft are necessary to make new-build development viable. However, this does not mean that no new office floorspace can come forwards, and we consider there is potential for it to be brought forward through mixed-use buildings (cross-subsidised by residential), through build-to-suit premises for owner occupation – which is likely to take place particularly at a smaller scale – and potentially through the conversion of buildings from other uses, such as retail premises in Town Centres.

Figure 4.3 Average Office Rents; East Hampshire, Hampshire, South Coast, UK



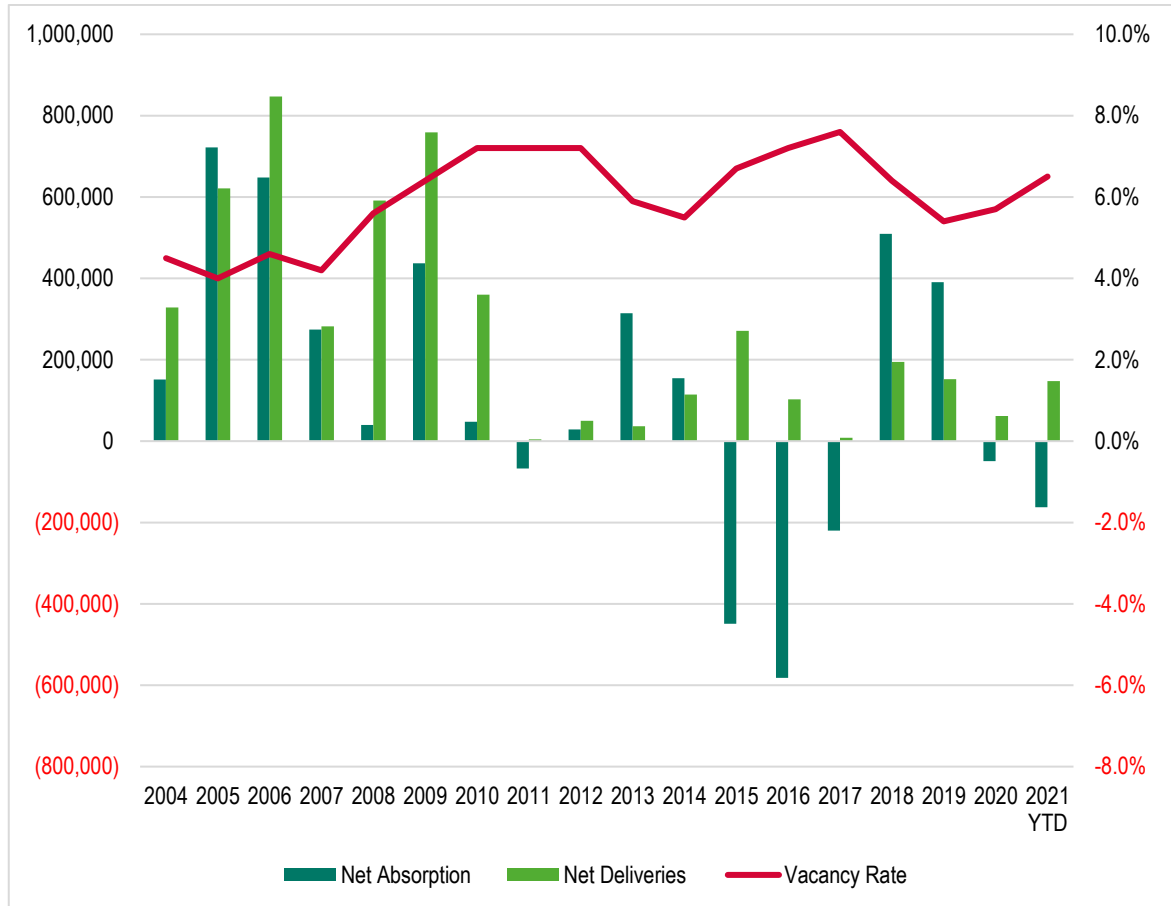
Source: Icenii analysis of CoStar data

Office Take-Up and Net Absorption

- 4.13 CoStar provides data on net absorption. This is the balance between the amount of space moved into and moved out of (i.e., Net absorption = Move ins – Move outs). It provides an indicator of the strength of demand.
- 4.14 Net deliveries are the difference between floorspace delivered (i.e., constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).
- 4.15 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries where demolitions/conversions to other uses outweigh take-up). Since 2013 net absorption has averaged at -10,472 sq. ft per annum.
- 4.16 The figure below shows net absorption, net deliveries, and their resulting impact on vacancy rates in the wider Hampshire market. Since 2010 there have been 6 years in which net absorption has been negative and six years where net absorption has been positive. Vacancy rates have thus varied over time but remained relatively stable. This is a stark difference to net absorption and delivery prior to 2010 in which both net absorption and deliveries were in positive figures.
- 4.17 In terms of net deliveries although all years have seen positive delivery in space, much like within net absorption, net deliveries in Hampshire were significantly higher prior to 2010 which much less office development in the more recent economic cycle. Average net deliveries prior to 2010 is

541,420 sq. ft compared to post 2010 of 104,037 sq. ft. This reduction in delivery again indicates a slowing in demand for office space within Hampshire.

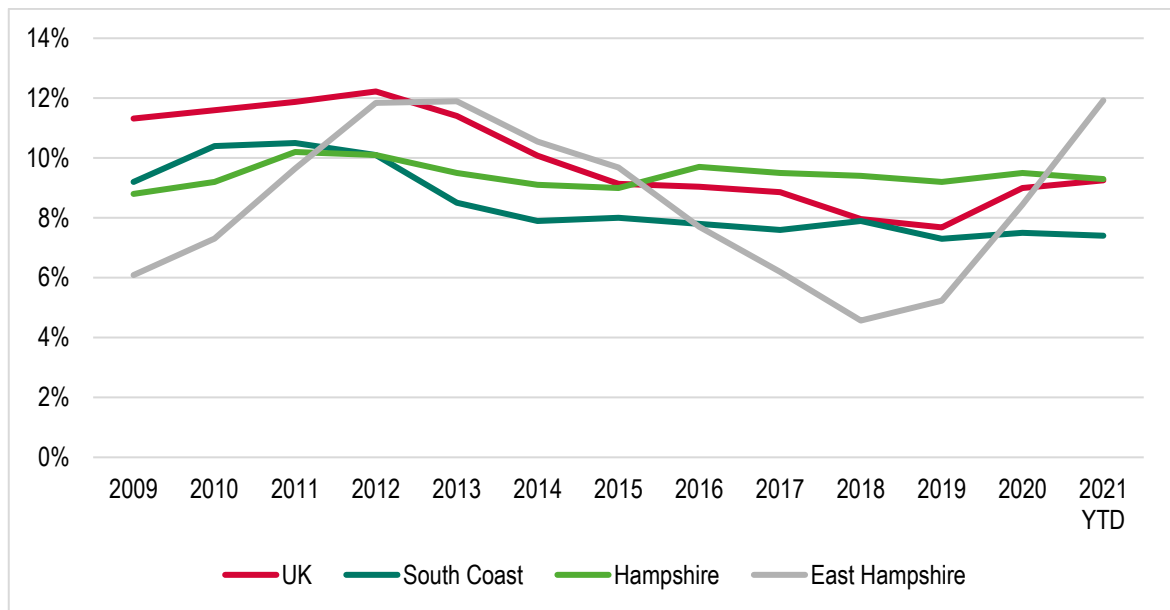
Figure 4.4: Office Net Absorption, Net Deliveries and Vacancy Rates; Hampshire



Source: Icenis analysis of CoStar data

- 4.18 Availability differs to vacancy in that it refers to space that may not yet be physically vacant but is on the market to be leased at some point in the future. It includes new-build space which could be delivered on a 'build to suit' basis. In 2021 availability within East Hampshire sits at 11.9% for office space.
- 4.19 Of the office buildings with available space within East Hampshire, 2 currently have between 2,000 and 5,000 sq. m. of space available, the Penns Place council offices (Petersfield) are 100% available (43,132 sq. ft), similarly 100% of space proposed at Buckmore Park on Winchester Road (also Petersfield) is available (27,000 sq. ft.). Including Buckmore Park there are currently 5 proposed office buildings within East Hampshire, expected to provide a total of 73,844 sq. ft (6,860 sq. m.) of new office floorspace and are currently (as of December 2021) 100% available.

Figure 4.5: Office Availability

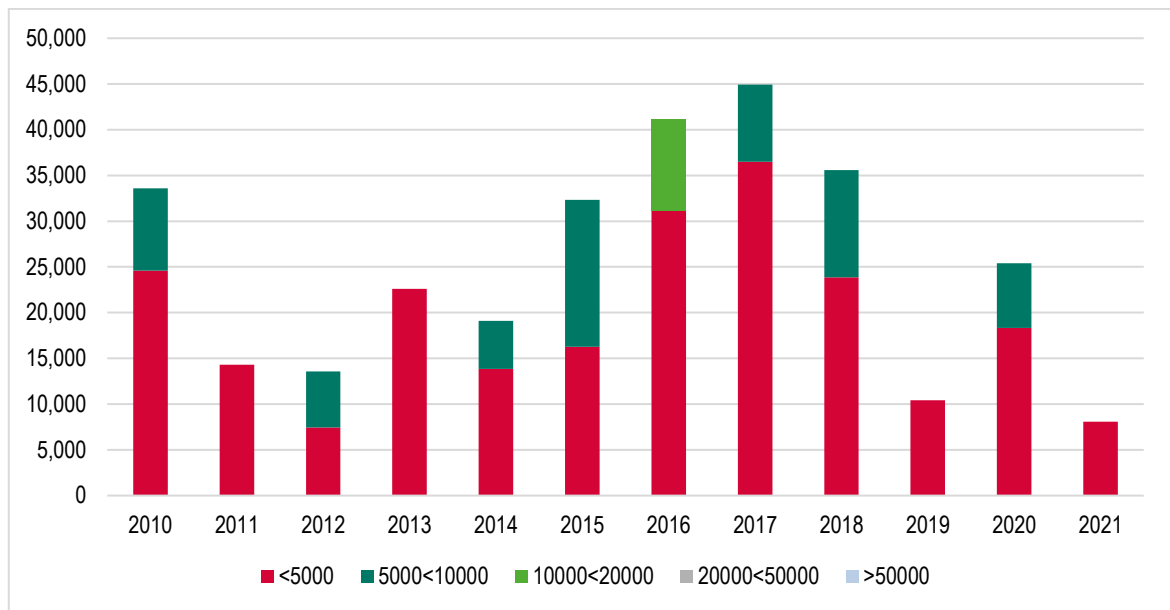


Source: Icenii analysis of CoStar data

Demand by Size

- 4.20 The amount of leasing activity occurring across various size bands has been assessed to provide an indication of demand by size. Leasing activity differs from absorption in that it refers to the amount of space which is leased (i.e., signed for rather than physically moved in to).
- 4.21 Office leasing activity within East Hampshire has generally been concentrated within the less than 5,000 sq. ft. size band with properties in this band being leased most each year. No activity has been seen for the leasing of properties over 20,000 sq. ft, potentially as sign of constrained supply within this size band or alternatively a lack of demand for office space of this size. Since 2010 only one deal has been made for space between 10,000 and 20,000 sq. ft, this deal consisted of 10,030 sq. ft. of space across two floors on Bedford Road of Petersfield Office Park. The occupier is Colt International, suppliers of climate control systems
- 4.22 Leasing activity in 2021 has been markedly low with the lowest amount of floorspace take up in the entire assessed period, although the data for 2021 does not cover an entire year, rather the 11 months to the beginning of December, this 11 month period covers a significant majority of the calendar year and as such can be considered reflective of leasing activity for the whole year. Therefore, this low level of leasing activity coupled with the increasing vacancy rate in this year suggests an office market is weakening.

Figure 4.6: Office Leasing Activity Over Time by Size Band (Sq. ft)



Source: Icenii analysis of CoStar data (December 2021)

Industrial Market

UK Industrial Market Overview

- 4.23 The CoStar Industrial National Report 2021 considers demand conditions to have rarely been stronger. Accelerated shifting towards e-commerce has fuelled the expansion of online retailers and logistics firms. Brexit has resulted in an increase in inventory holdings and therefore additional need for warehousing and storage space. The supply of stock is relatively limited and with demand levels increasing so has the appetite from investors.
- 4.24 The Cushman and Wakefield UK Marketbeat Report (August 2021) reports the Industrial property market keeping momentum through the first 3 months of 2021, with transactions totalling 12.4 million sq. ft. in just Q1. Retail, parcel delivery and general logistics continue to be the driving force behind this. Within London and the South West in particular, requirements for film studio space continue to be seen, with most regions performing very well overall.

Figure 4.7: Indexed Office Floorspace Change (2000/01 – 2019/20)



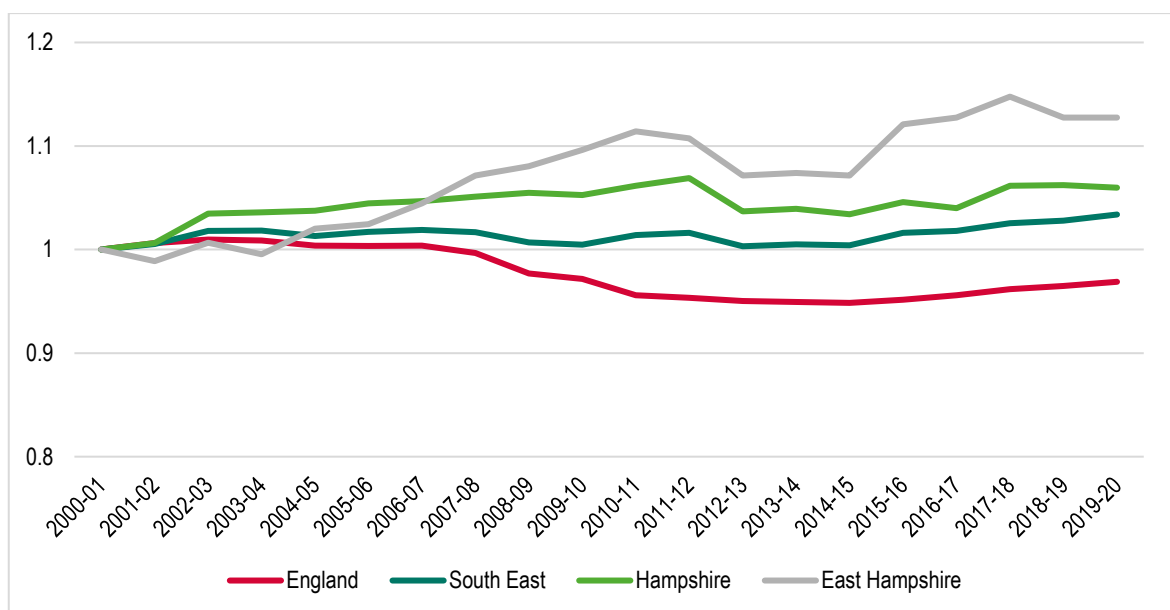
Source: Icen analysis of VOA data

Industrial Stock

4.25 In East Hampshire 2019/20, there were 1,500 industrial properties providing 504,000 sq. m. of floorspace in total. This makes up 8.1% of total floorspace across Hampshire.

4.26 The Figure below shows the change in industrial floorspace between 2000-01 and 2019-20, compared to wider areas. Although seeing some points of decline, overall industrial floorspace within East Hampshire has increased since 2000-01 by 13% (reflecting growth between 2003-8).

Figure 4.8: Indexed Industrial Floorspace Change (2000/01 – 2019/20)

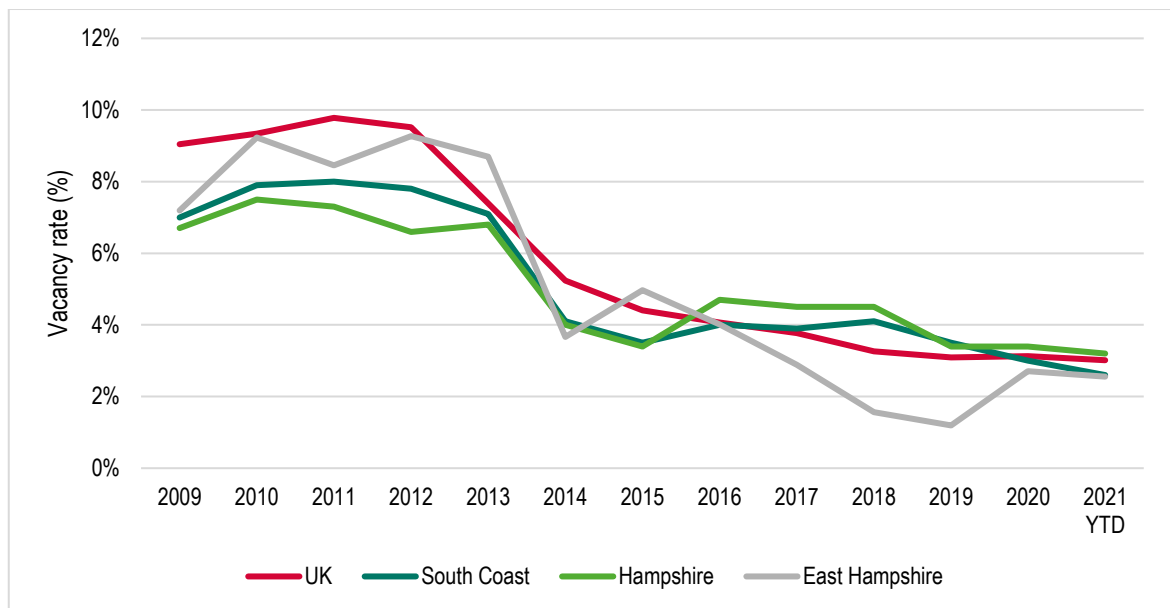


Source: Icen analysis of VOA data

Vacancy Rates

4.27 In contrast to vacancy rates within the office market vacancy rates within the industrial sector have remained low at 2.6% in 2021, this matches the overall South Coast market vacancy rate. Although this rate has increased slightly since 2019, 2.6% is still considered as very low and indicates an ‘tight’ and constrained market, which likely does not have the space to satisfy future occupier demands. Considering that the vacancy rate within East Hampshire has not exceeded 6% since 2013 this suggests that the shortage of industrial space within the area is a key concern.

Figure 4.9: Industrial Vacancy Rate, East Hampshire, Hampshire, South Coast and the UK

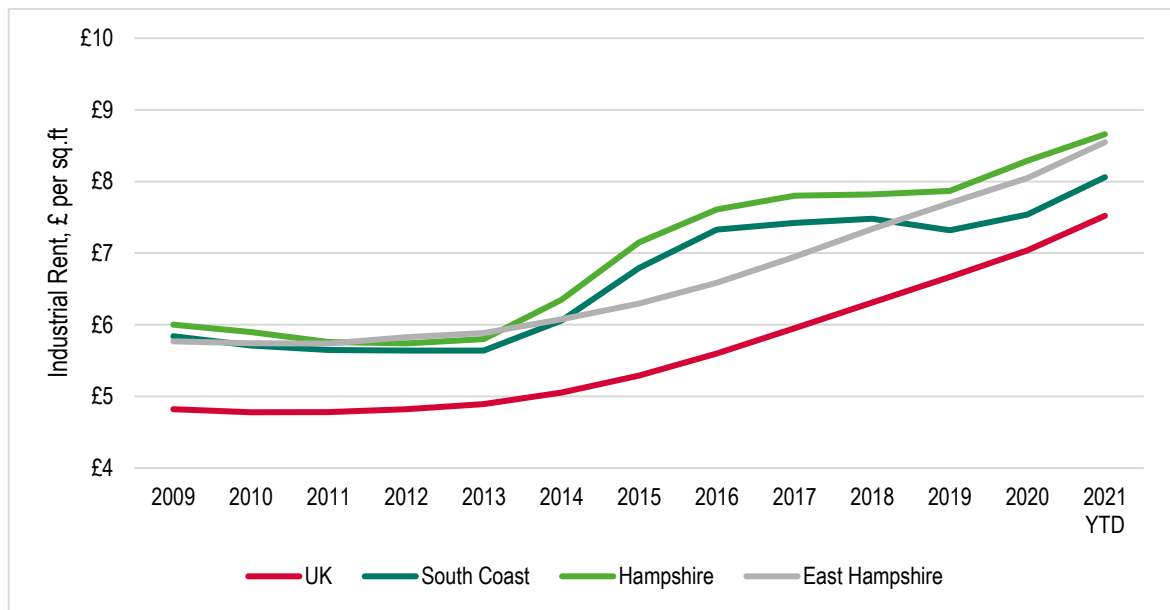


Source: Icen analysis of CoStar data

Industrial Rents

4.28 Industrial rents within the area have also been rising since 2009. In 2021 average industrial rent per sq. ft in East Hampshire was £8.55 per sq. ft, which was similar to the Hampshire average of £8.66 psf. East Hampshire’s rental costs have raised annually since 2009 with no declines at any point. Considering the industrial market outlook, is it likely that further rental growth is possible.

Figure 4.10: Average Industrial Rents; East Hampshire, Hampshire, South Coast, UK



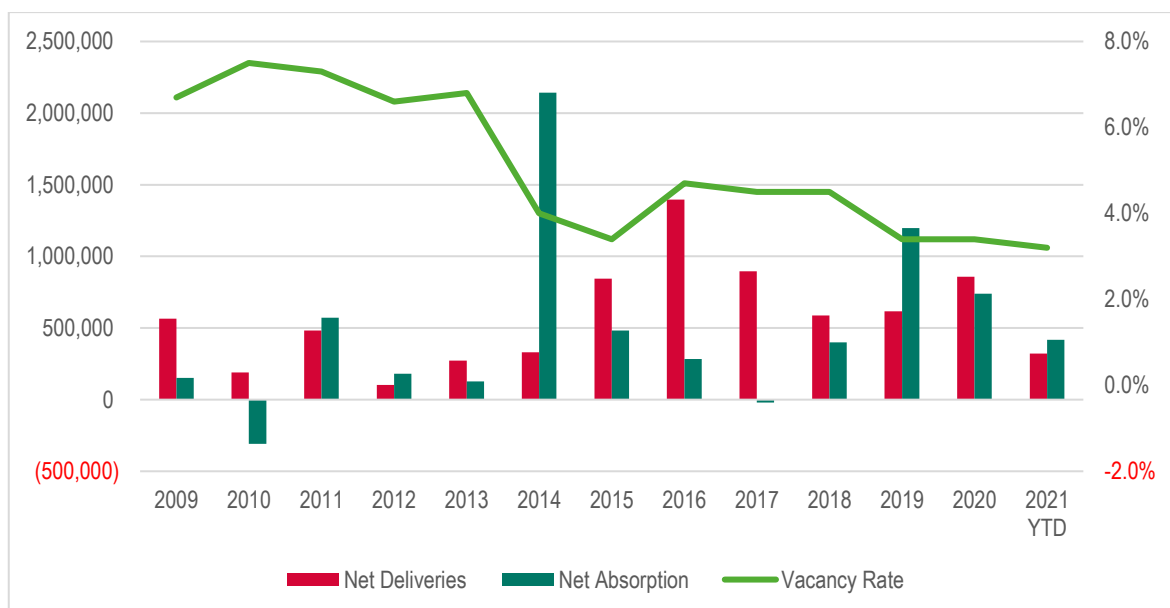
Source: IcenI analysis of CoStar data

Industrial Take-Up and Net Absorption

4.29 Since 2009 only two years, 2010 and 2017, have seen negative net absorption rates for industrial space, with this clear and sustained demand over time for industrial premises coupled with net deliveries that do not fully satisfy the demand it is therefore unsurprising that the market has become increasingly tight and vacancy rates within industrial property in Hampshire are so low.

4.30 Since 2013 net absorption has been high averaging 489,793 sq. ft. per annum, as a result of this high absorption rate vacancy has dropped from 6.8% in 2013 to just 3.2% in 2021.

Figure 4.11: Industrial Net Absorption, Net Deliveries and Vacancy Rates; Hampshire

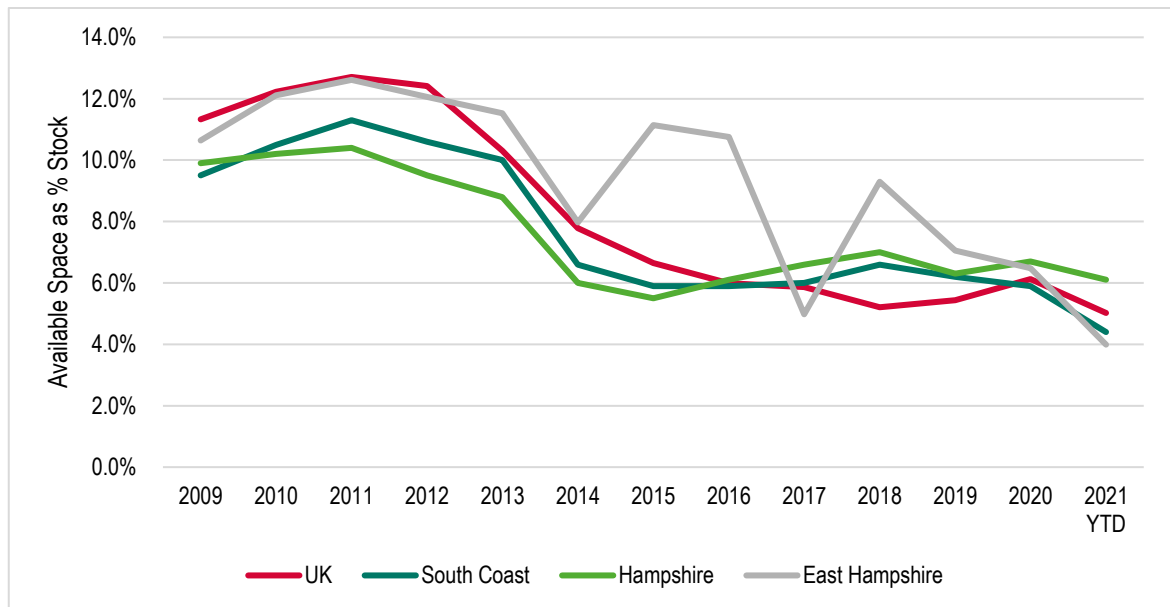


Source: IcenI analysis of CoStar data

Industrial Availability

4.31 Industrial availability within East Hampshire is the lowest of all assessed areas at 4%, this low rate again indicates that there is a dearth of industrial space readily available for tenants within East Hampshire. A continually falling availability rate also signals an increasing shortage of available industrial stock. This should help to spur new-build development activity.

Figure 4.12: Industrial Availability

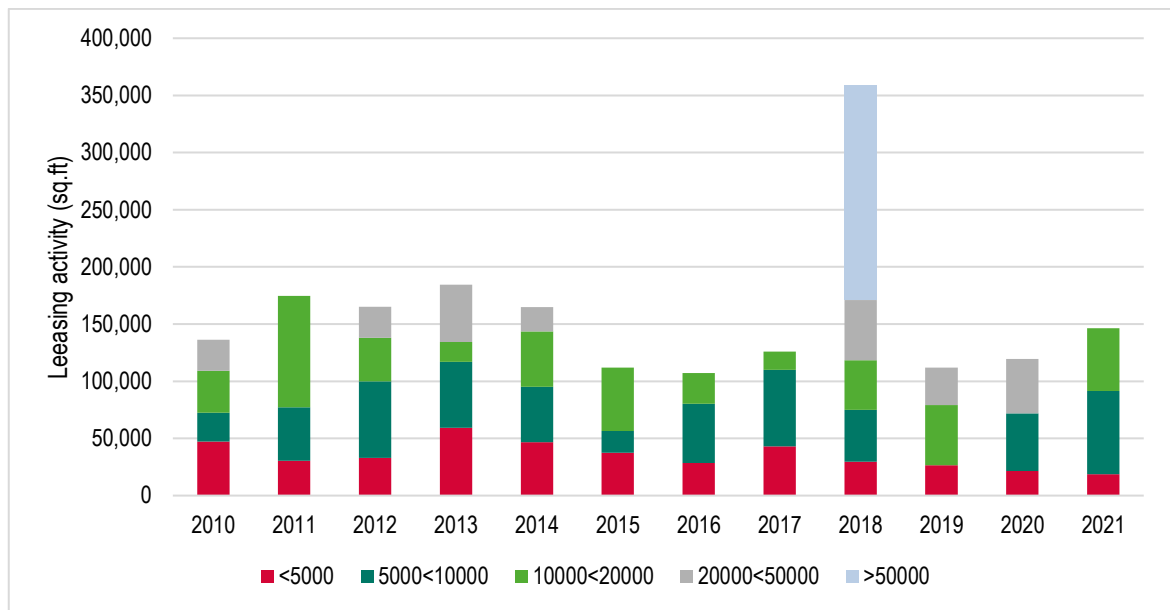


Source: IcenI analysis of CoStar data

4.32 The industrial market sees wide variations with activity across all size bands. Up to the beginning of December of 2021 leasing deals within the 5,000 to 10,000 sq. ft band equalled the highest amount of floorspace let in this band in the whole assessed period at 73,048 sq. ft. Overall leasing activity within the industrial market has remained consistently above 100,000 sq. ft per annum leased annually, with a particularly strong level of activity in 2020 influenced in particular by a number of larger deals.

4.33 Leasing activity within 2018 stands out from other years as the only year seeing activity within the over 50,000 sq. ft size band, this refers to one deal made that year for 187,294 sq. ft of industrial space on Budds Lane, Bordon. The tenant Esdevium Games are a hobby/board game distributor.

Figure 4.13: Industrial Leasing Activity Over Time by Size Band (Sq. ft) – East Hampshire



Source: Icenii analysis of CoStar data (December 2021)

Commercial Market Assessment: Summary

East Hampshire has seen growth in both office and industrial floorspace that is generally higher than wider market areas such as Hampshire. The growth in office floorspace in particular has been influenced by the Article 4 direction which means the District has not lost space to the extent seen in other areas.

Office vacancy rates in East Hampshire have increased dramatically in 2021 indicated a market that has been particularly hard hit by Covid restrictions, market uncertainty and growth in home-based working. Industrial vacancy rates are very low at 2.6% and a symptom of an ‘tight’ constrained market.

Both average office and industrial rents have been rising in East Hampshire; but office rents at £15-16 psf for Grade A space are below what is generally accepted as necessary to deliver new-build office floorspace on a leasehold basis.

The office market has seen a trend of negative net absorption and low net deliveries in recent years. Conversely the industrial market continues to see high net absorption and delivery, with falling vacancy rates indicate that this delivery has not been enough to satisfy growing demand. The market analysis suggests that the focus of commercial development in the District will be for industrial space.

Office leasing activity is concentrated within smaller size bands and varies greatly year on years, 2021 saw the lowest take up of floorspace in the assessed period influenced by Covid. Industrial

leasing activity sees larger variations in size bands with the evidence generally pointing to stronger overall demand.

5. OVERALL HOUSING NEED

- 5.1 This section considers overall housing need in District. It considers the basis of the current housing requirement; and then considers what current national policy means regarding the (unconstrained) local housing need in East Hampshire and the potential for a higher housing requirement.

Local Plan Housing Requirement

- 5.2 The East Hampshire District Local Plan: Joint Core Strategy (“JCS”) was adopted in June 2014. The JCS was developed by East Hampshire District Council and the South Downs National Park Authority (“SDNPA”). The Plan looks over the period 2011-2028 with a spatial strategy focussed on providing for the delivery of 10,060 homes in total or 592 homes per annum across East Hampshire District (including on land within and outside of the National Park).
- 5.3 During the JCS Examination in Public, housing need was established at around 10,370 homes or 610 homes per annum (i.e. around 3% higher). However, on the basis that the Strategic Housing Market Assessment prepared to support the JCS identified a need within the range 520-610 homes per annum, the Inspector concluded that the evidence supported the figure of 10,060 homes over the plan period.
- 5.4 The Framework (paragraph 33) sets out that policies in local plans should be reviewed at least once every five years and should then be updated where necessary.¹⁰ The Framework directs that where strategic policies are more than five years’ old and have not been ‘reviewed and found not to require updating,’ housing need should be considered using the standard method in Planning Practice Guidance and this should form the basis for assessing five- year housing land supply and housing delivery.
- 5.5 As the Local Plan is beyond its five year anniversary, it is necessary to consider the latest evidence on housing need.

¹⁰ This is a legal requirement as set out in Regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012.

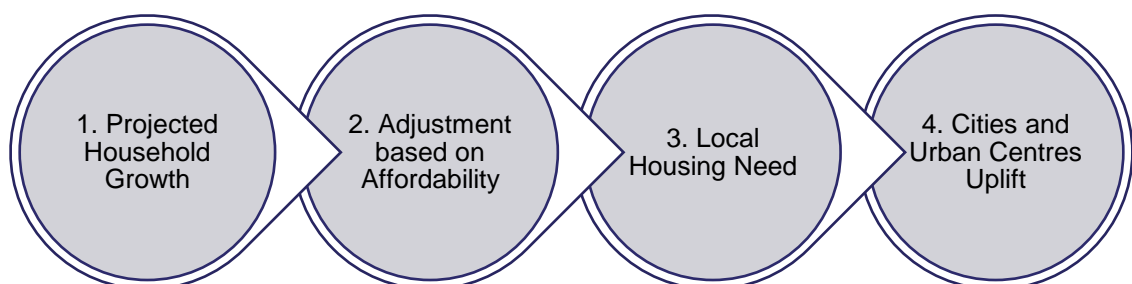
Standard Method for Calculating Local Housing Need

- 5.6 In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the ‘standard method’ for calculating local housing need. This replaced the approach to defining Objectively Assessed Needs (OAN) set out in the 2014 Planning Practice Guidance.
- 5.7 The Government’s intention in doing so was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate housing need. Its ambitions were to make the process of doing so simpler, quicker and more transparent, with the intention of speeding up plan-making.
- 5.8 The 2019 NPPF now sets out in Para 60 that to determine the minimum number of homes needed, *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach¹¹ which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any need that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.”*

The Current Standard Method

- 5.9 The standard method set out at the time of writing in the Planning Practice Guidance adopts a four-stage approach. The four-step process is set out in the Figure 5.1 below.

Figure 5.1: Overview of the Current Standard Method for Calculating Local Housing Need



- 5.10 Step One, in considering housing need against the standard method is to establish a demographic baseline. This baseline is drawn from the 2014-based Household Projections and should be the

¹¹ The glossary definition of local housing need in the NPPF sets out that use of a justified alternative approach can only be taken forwards in the context of preparing strategic policies.

annual average household growth over a ten- year period, with the current year being the first year i.e. 2022 to 2032.

5.11 Step Two, is to consider the application of an affordability uplift to the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published ONS workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest (workplace-based) affordability data is currently for 2021 and was published by ONS in March 2022.

5.12 The PPG states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent, with the calculation being as follows:

$$\text{[Adjustment Factor} = ((\text{local affordability ratio} - 4)/4) \times 0.25\text{]}$$

5.13 Step Three is to consider whether a cap should be applied to the affordability adjustment to ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied; however, it is the first which is relevant in East Hampshire District Council:

- The first is where an authority has reviewed its plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the Local Development Plan.
- The second situation affects plans and evidence that are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.

5.14 A final, step four, was introduced by the Government through an amendment to the standard method as set out in the PPG on 16th December 2020. This additional step applies only to Cities and urban centres which fall within the top 20 largest in England and it is therefore not relevant for the purpose of assessing housing need in East Hampshire. For information only, the fourth step would see an uplift of the figure generated by steps 1 to 3 by 35%.

5.15 The Table below outlines the calculation of the minimum local housing need using the methodology above, as set out currently in the PPG, drawing on the three relevant steps for East Hampshire District.

- 5.16 A minimum LHN of 632 homes per annum is derived based on household growth of 381 per annum, taking from the 2014-based Household Projections, with an affordability uplift of 166% applied to this based on the 2021 median workplace-based affordability ratio.

Table 5.1 Minimum Local Housing Need, Standard Method

Local Authority	East Hampshire
Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2022-32	381
Affordability Adjustment:	
Median workplace-based affordability ratio, 2021	14.51
Adjustment Factor	166%
Step 2 Housing Need Figure	632
Cap:	
Date of plan adoption	8 th May 2014
Plan more than 5 years old	Yes
Housing requirement in last adopted plan	592
Cap @ 40% above Last Adopted Plan	829
Minimum Local Housing Need (p.a.)	632

- 5.17 The minimum local housing need generated by the current LHN methodology is slightly above the District-wide housing requirement figure in the JCS of 592 homes per annum. For the avoidance of doubt, both local housing need figures include part of the District falling within the South Downs National Park.

Wider Considerations in Assessing Housing Need

- 5.18 The PPG sets out that the standard method does not predict the impact that future Government policies, changing economic circumstances or other factors may have. The PPG¹² states that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. It outlines the circumstances where this may be appropriate, which include:

- Where funding is in place to promote and facilitate additional growth (i.e. Housing Deals, City Growth Deals, etc.); or
- Where strategic infrastructure improvements are likely to drive an increase in the homes needed locally; or

¹² Paragraph: 010 Reference ID: 2a-010-20190220

-
- An authority agreeing to take on unmet need from neighbouring authorities, as set out in a Statement of Common Ground.

5.19 The PPG¹³ also requires consideration to be given to the inter-relationship with the assessed need for affordable housing. It sets out that:

“The total affordable housing need [once assessed] can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.”

5.20 Finally, this study has also considered projected economic growth in Section 12 of the report. It is also important therefore to consider whether changing economic circumstances including forecast jobs growth would mean that local housing need should be higher than the standard method. This is considered first.

Economic Growth

5.21 In Section 12 of this report, IcenI has considered future needs for employment land as well as projected economic growth in the District over the period to 2038. This has included an assessment of Oxford Economics forecasts, from 2021¹⁴, as a starting point in constructing a labour demand scenario followed a comparison exercise with historic forecasts and an overlay of the baseline analysis and testing process with local stakeholders, including the Council’s Economic Development Team in drawing conclusions.

5.22 As detailed in Section 12, using baseline forecast from Oxford Economics shows an expected 2,700 jobs over the period from 2021-38. Set against these forecasts – even with a sensitivity adjustment for the manufacturing sector – the analysis shows that subject to the assumptions set out therein, delivering the standard method-derived local housing need in the plan area of the District would generate a labour force supply of between 7,917 – 9,574.

5.23 As a result, there is no basis to increase local housing need in the context of projected economic growth in East Hampshire.

¹³ Paragraph: 024 Reference ID: 2a-024-20190220

¹⁴ The forecasts are dated Nov 2021

Growth Funding

- 5.24 In East Hampshire District, there is currently no funding in place to facilitate additional growth. There are also no discussions ongoing relating to growth funding or housing deals at this time and therefore IcenI has not considered this to be relevant to the potential for higher housing need in the District.

Strategic Infrastructure Improvements:

- 5.25 IcenI is not aware of any strategic infrastructure improvement schemes directly influencing East Hampshire District. IcenI does however acknowledge that within Hampshire, the recent announcement that the Port of Southampton has been awarded 'freeport' status is significant in the context of strategic infrastructure.
- 5.26 Freeport sites benefit from common customs rules, planning policies and business taxes being lifted so businesses can import materials and components and then export them without the normal tariffs or regulations. Solent Local Enterprise Partnership ("LEP") has noted that 26,000 new jobs could be created within the Solent area with an additional 26,000 new jobs in neighbouring areas including East Hampshire.
- 5.27 As set out above, this report has considered economic growth in the District and found that there would be sufficient labour supply from delivering local housing need derived from the standard method to absorb forecast jobs growth in East Hampshire.

Affordable Housing Need

- 5.28 The adopted Joint Core Strategy under Policy CP13 sets out a policy target for 40% of all new homes to be provided as affordable housing. In Whitehill & Bordon, the location of a strategic development site, the target is a reduced level of 35% of all new homes.
- 5.29 Since the beginning of the plan period in 2011 to 2021, the delivery of affordable housing has averaged at 25% of housing completions across all sites. The total number of affordable homes delivered year-on-year over this period has ranged from 50 homes to 259 homes with an average of 127 per annum achieved.
- 5.30 The PPG¹⁵ outlines that an increase in the total housing figures included within a Local Plan should be considered where it could help deliver the required number of affordable homes. The analysis in this report at Section 4 shows a total need for 613 affordable homes per annum. This equates to 97% of the standard method local housing need figure – a level which is unrealistic to achieve and would ultimately constrain the delivery of market housing.

¹⁵ PPG ID: 2a-024-20190220

-
- 5.31 Furthermore, on the basis of the Council's adopted affordable housing policy at 40%, overall housing need would have to be equal to 1,535 homes per annum if the full extent of affordable housing need was to be met. On the basis of historic average affordable housing delivery at 25%, local housing need would have to be equal to 2,452 homes per annum.
- 5.32 Icen considers that neither of these scenarios are realistic and ultimately, it is inappropriate to use a mechanical relationship to consider how affordable housing provision and overall housing need relate to one another. The affordable housing need is a point-in-time assessment based on current housing costs relative to earnings and takes account of current supply. The reality is that many households with an affordable housing need, including those who aspire to own a home, are existing households living in the private rented sector.
- 5.33 It is also the case that the intention behind the affordability uplift in the standard method is to improve the affordability of market housing over time. This envisages reducing the cost of market housing relative to earnings, and in doing so would reduce the affordable housing need.

Unmet Housing Need

- 5.34 East Hampshire District forms part of the Partnership for South Hampshire ("PfSH") which includes a number of local authorities including Portsmouth City Council, Eastleigh Borough Council and Southampton City Council.
- 5.35 In a recent Statement of Common Ground (October 2021), PfSH has set out that the majority of needs for housing development up to 2036 are already planned to be met through existing planning permissions and allocations in Local Plans and Neighbourhood Plans whilst also acknowledging that there remains unmet housing needs which are not currently planned for.
- 5.36 In response, PfSH has set out the intention to address the issue of unmet housing need through the preparation of a new Joint Strategy. A programme of work to review the Spatial Position Statement for the PfSH area has been agreed in the first instance. The position should continue to be monitored as work progresses with PfSH; however, at the time of writing, the Council has been approached directly by Havant Borough Council and by Chichester District Council about unmet housing needs that are specific to their respective planning areas. Duty to Co-operate discussions are being progressed through the Council's SA process, to understand the options for assisting Havant and Chichester Districts in meeting their housing needs, whilst recognising that their planning areas also have housing market relationships with other areas aside from East Hampshire.

The Relationship with the South Downs National Park

- 5.37 East Hampshire District Council has historically collaborated with the SDNPA as evidenced through the adoption of the JCS in 2014. It should however be noted that the SDNPA adopted its own Local

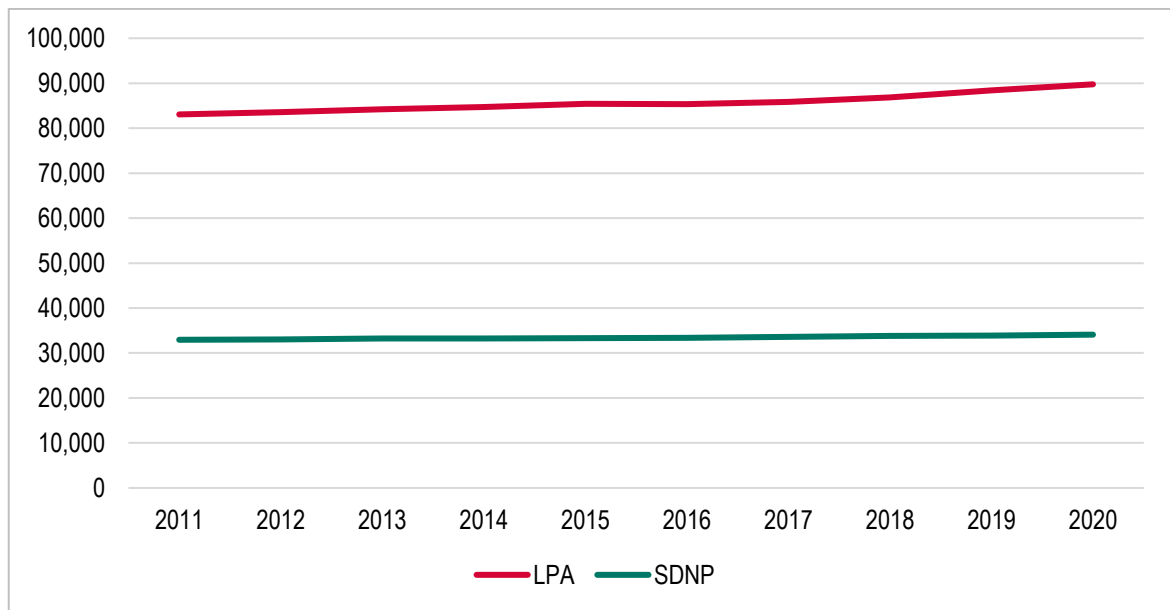
Plan in July 2019 which superseded all JCS policies within the National Park area of East Hampshire District.

- 5.38 In 2015 following the adoption of the JCS, East Hampshire District Council and the SDNPA signed a Memorandum of Understanding (“MOU”) committing both authorities to meeting the housing need identified in the JCS. At the point of the MOU’s preparation, it was agreed that given the environmental and landscape constraints within the National Park, the number of homes to be proportioned to the SDNPA would be based on expected housing delivery. This equated to a minimum of 1,694 homes within the National Park across the plan period (i.e. 100 homes per annum).
- 5.39 In March 2018 and then again in December 2018 whilst both authorities were preparing separate Local Plans, the authorities signed a Statement of Common Ground (“SOCG”) setting out the position and understanding with respect to the strategic cross boundary matter of housing. In both instances, the SOCG endorsed the apportionment of the JCS housing need agreed prior with 100 homes per annum being addressed by the SDNPA and the remaining 492 homes per annum by East Hampshire District Council.
- 5.40 Over the years following, updated SOCGs have been published. The most recent SOCG was published in March 2021. Reflecting on the position, it is not considered appropriate to apportion local housing need to accord with the SOCG at this stage – the process is subject to change on an annual basis as are the inputs to the standard method. As a result, we have sought to approach a split between the SDNP and the LPA area by considering whether a different standard method figure exists for each area.

Demographic Data and Household Growth

- 5.41 First, we have considered demographic information. The SNPP and SNHP are both only published for local authority areas and do not therefore split this between the LPA area and the National Park. Our analysis therefore begins by looking at population trends, with the Figure below showing estimated population from 2011 to 2020 in each of the LPA area and the National Park. Data is only provided back to 2011 as this is the date from which reasonable quality small area estimates can be obtained.
- 5.42 Overall, the analysis shows that the population of the LPA area is somewhat larger than the National Park, the data also points to population growth in this area as having been slightly stronger over the period studied.

Figure 5.2: Estimated Population in the LPA Area and National Park, 2011-20



Source: ONS

- 5.43 This is shown in more detail in the Table below with additional information about the proportion of the population living in the LPA area and also population growth in the LPA area compared with the National Park. Two periods have been studied (both for 5-years), one is 2011-16 which gets us as close to 2014 as this data allows, with the second period being 2015-20, which is the most up-to-date period for which data is available.
- 5.44 The data shows in 2011 that the LPA had 71.6% of the population of the District, and by 2020 this had risen slightly to 72.5% - in 2014, 71.8% of the population of the District lived in the LPA area. Generally, the data suggests around 72% of the population as being in the LPA and 28% within the National Park.
- 5.45 When looking at the population growth in each area it can be seen that the LPA area has seen greater proportional increases than the National Park; and it is also worth noting that figures for the two periods studied are quite different (with the most recent period showing stronger growth in both areas). Overall, the analysis points to proportionate population growth in the LPA area as being roughly double that seen in the National Park.

Table 5.2 Estimated Population in the LPA Area and National Park, 2011-20

	LPA	SDNP	District	% in the LPA
2011	83,062	32,948	116,010	71.6%
2012	83,532	33,042	116,574	71.7%
2013	84,185	33,216	117,401	71.7%
2014	84,719	33,266	117,985	71.8%
2015	85,401	33,293	118,694	72.0%
2016	85,338	33,367	118,705	71.9%
2017	85,810	33,582	119,392	71.9%
2018	86,862	33,819	120,681	72.0%
2019	88,416	33,892	122,308	72.3%
2020	89,752	34,086	123,838	72.5%
Change, 2011-16	2.7%	1.3%	2.3%	-
Change, 2015-20	5.1%	2.4%	4.3%	-

Source: ONS

5.46 Icen and JGC can use the data above to provide an indication of the possible projected level of household growth in each of the two areas. This is based on the earlier observation of a household growth of 381 households each year from the 2014-based SNHP (2022-32).

5.47 In order to do this, we have estimated what the household growth would be if the LPA sees growth that is (in proportionate terms) around double of that seen in the National Park. Based on the data set out in the Table, this analysis would point to household growth of around 319 per annum in the LPA area and 62 in the National Park. Alongside an affordability ratio calculation, these figures have been taken forward into an assessment of the standard method in each area below.

Affordability

5.48 The standard method affordability ratio is based on the median house price divided by the median income, with the most recent data being for 2021 (the house price data is specifically for the year to September 2021). The latest data is a median price of £415,000 and an income of £28,603, giving an affordability ratio of 14.51.

5.49 Analysis of Land Registry data for the same period shows a much higher median price in the National Park (£500,000) than the LPA area (£385,000) which does point to the possibility of a different ratio for the two areas.

5.50 Regarding incomes, data in the HEDNA suggested an annual household income across the whole District of £41,764, with the figure for the LPA being £41,962 and the National Park being £41,280. These are for household incomes rather than earned income as used in the standard method but are the best data we have to look at potential differences in income across the two areas. The latest figure used by ONS in its affordability ratios is £28,603 and therefore on the basis of the household

incomes it is estimated that the equivalent figures are £28,739 for the LPA and £28,272 in the National Park (based on the pro-rata of our household income estimates).

- 5.51 Using the house prices and income estimates we can calculate separate affordability ratios for each of the two areas and the uplift to household growth this would be equivalent to – this is shown in the table below.

Table 5.3 Estimated LHN using Household Growth based on Trends

	LPA	National Park
Household Growth (p.a.)	319	62
Affordability Ratio	13.40	17.69
Uplift	59%	86%
Local Housing Need	506	115

Source: Based on a range of ONS data

- 5.52 As is shown, if we link the figures to relative population growth over time (assuming for this that growth in the National Park is at half the rate seen in the LPA area), this results in a need for 506 homes per annum in the LPA area and 115 homes per annum in the National Park.
- 5.53 As the standard method of the District is equal to 632 homes per annum, our working assumption for modelling in the remainder of the report is that 517 homes per annum are delivered in the LPA area and the remaining 115 homes per annum are delivered in the National Park.

Overall Housing Need: Summary

In line with the standard method for calculating housing need as set out currently in the PPG, a minimum local housing need of 632 homes per annum is identified for East Hampshire District.

This is derived based on household growth of 381 per annum, taking from the 2014-based Household Projections and applying an affordability uplift of 66% applied to this based on the 2021 affordability ratio.

There are no circumstances in East Hampshire District relating to economic growth, growth funding, strategic infrastructure improvements, affordable housing need or unmet housing need which indicate that 'actual' housing need is higher than the standard method indicates.

Beyond the core considerations around local housing need across the District as a whole, it is also acknowledged that a proportion of the Standard Method derived figure will be delivered in the area of the District falling within the South Downs National Park ("SDNP").

Iceni and JGC has considered household growth and affordability in each area to arrive at an appropriate split. This analysis has concluded that delivering 115 homes per annum in the National Park area and the remaining 517 homes per annum in the LPA area is an appropriate modelling assumption for the remainder of the report.

6. DEMOGRAPHIC TRENDS AND PROJECTIONS

- 6.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (“SNPP”) and the 2018-based household projections (“SNHP”) – both ONS data releases. The analysis also looks at the most recent population estimates from ONS which date to mid-2020.
- 6.2 The section also considers the implications of delivering housing in-line with the standard method of 632 homes per annum across the District (i.e. 517 homes in the plan area and 115 homes in SDNP) which we have found to be appropriate for the District.
- 6.3 This includes understanding potential population growth and changes to population/household structures. Projections have been developed for the 2021-38 period. The projections developed are then used for other analysis in this report (such as to consider changes to the older person population and their potential needs).

Demographic Trends

- 6.4 The analysis below looks at some key statistics about demographic trends in East Hampshire; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow. The data presented is mainly for East Hampshire District as a whole, although key demographic data for sub-areas is also provided.

Population

- 6.5 As an initial background analysis, the table below shows the estimated population in each sub-area (as of 2020) and the proportion of the East Hampshire total this amounts to. This analysis shows a total population of around 123,800 and that just over a quarter of the population lives in each of the North East, North West and SDNP sub-areas; the Southern Parishes is the smallest of the sub-areas, with 18% of the population.

Table 6.1 Estimated population by sub-area (2020)

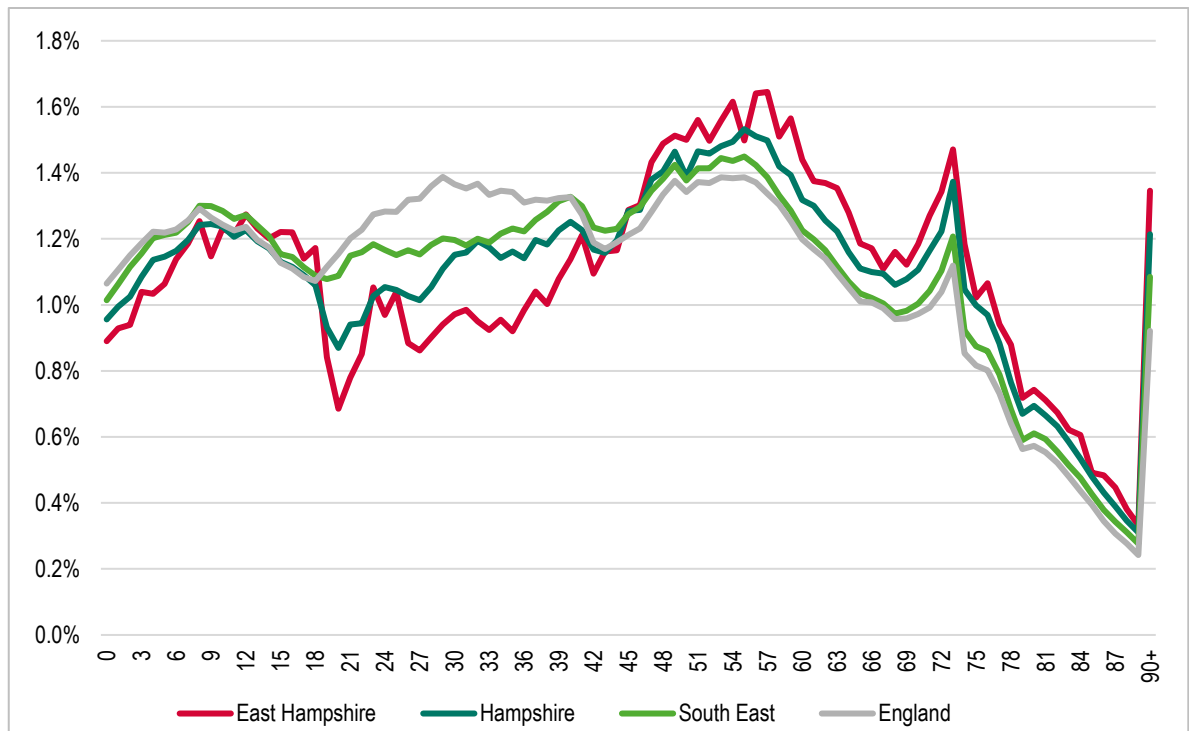
	Estimated population	% of population
North East	34,641	28.0%
North West	32,980	26.6%
Southern parishes	22,131	17.9%
SDNP	34,086	27.5%
TOTAL	123,838	100.0%

Source: ONS

Age Structure

- 6.6 The figure below shows the population profile of East Hampshire compared with a range of other areas. One key difference is the relatively high proportion of the population aged over about 50 in East Hampshire when compared with the South East and England (and also above equivalent data for Hampshire).

Figure 6.1 Population profile (2020)



Source: ONS mid-year population estimates

- 6.7 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with the regional and national position, East Hampshire has a higher proportion of people aged 65+ and slightly fewer children – this is also true (but to a lesser extent) when compared with data for Hampshire.

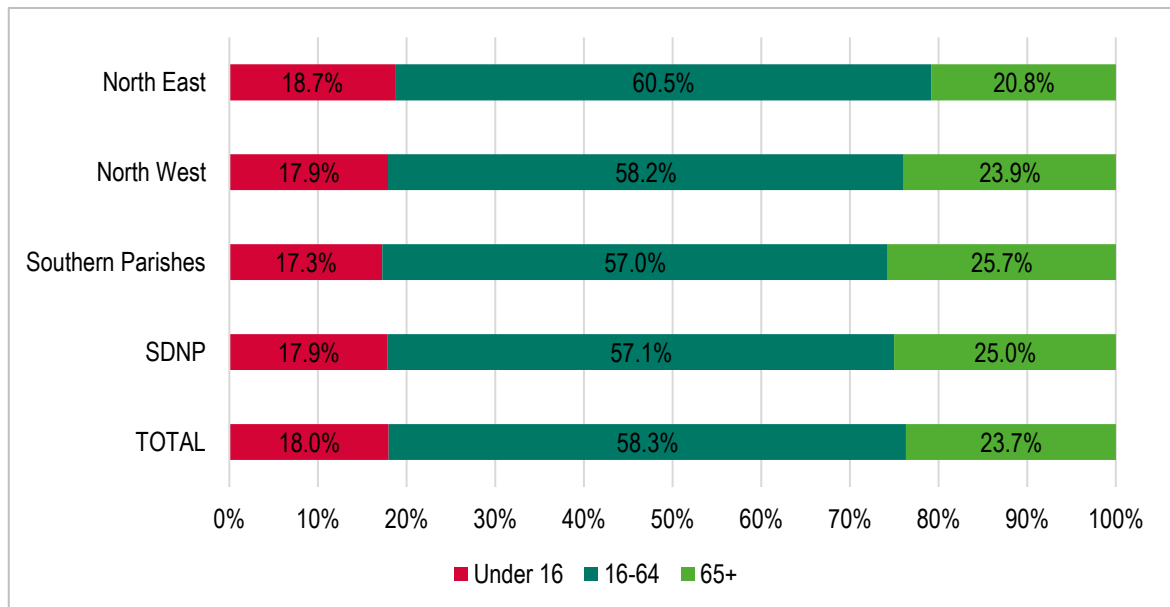
Table 6.2 Population profile (2020) – summary age bands

	East Hampshire		Hampshire	South East	England
	Population	% of population	% of population	% of population	% of population
Under 16	22,280	18.0%	18.4%	19.3%	19.2%
16-64	72,258	58.3%	59.7%	61.1%	62.3%
65+	29,300	23.7%	21.9%	19.7%	18.5%
All Ages	123,838	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

6.8 The figure below takes this data forward to look at some differences by sub-area. The analysis shows an older age structure in the Southern Parishes, where over a quarter of all residents are aged 65 and over. The North East has the highest proportion of children and generally the youngest age structure (although the proportion of people aged 65+ is still well in excess of regional and national averages).

Figure 6.2 Population profile by sub-area (2020)

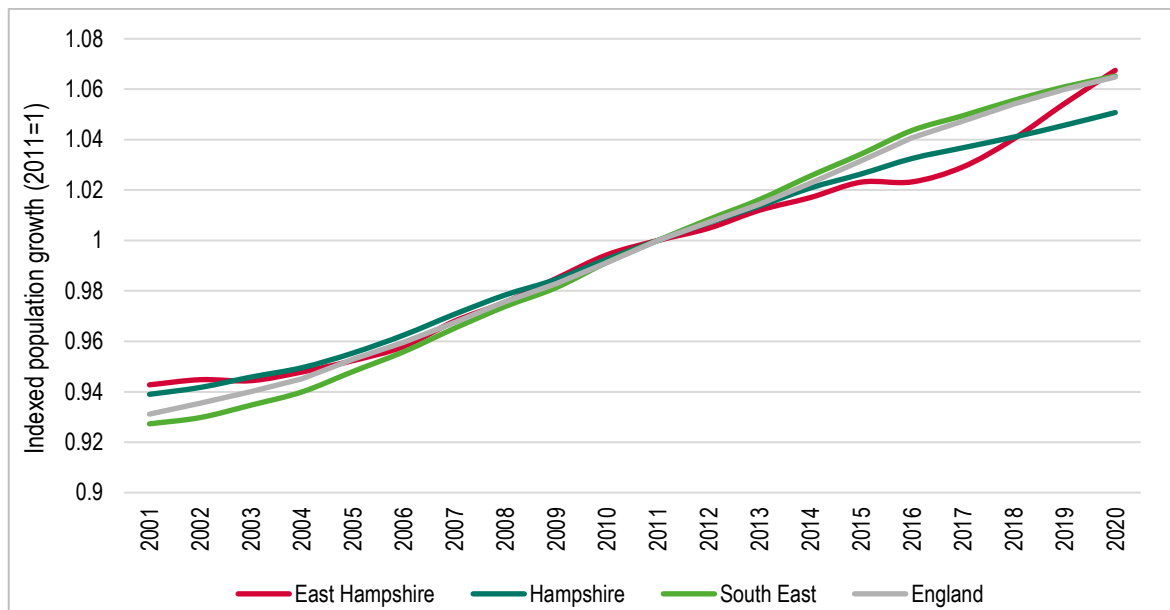


Source: ONS mid-year population estimates

Past Population change

6.9 The figure below considers population growth in the period from 2001 to 2020 (indexed to 2011). The analysis shows over this period that the population of East Hampshire has risen at a similar rate to that observed in other areas. In 2020, it is estimated that the population of the District had risen by 13% from 2001 levels; from 2011 to 2020 the population increased by about 7% (from 2011 levels). Population growth does look at have been particularly strong in the four years from 2016, increasing by 5,100 people – a 4% increase (from 2016 levels) in four years.

Figure 6.3 Indexed population growth (2001-2020)



Source: ONS (mid-year population estimates)

6.10 The table below considers population change over the 9-year period to 2020 (a 9-year period being chosen as the start point of 2011 has data at a smaller area level and is likely to be fairly accurate as it draws on information in the Census). The analysis shows over the period that the population of East Hampshire increased by 6.7%; this is a fairly average level of population change and compares with increases of 6.5% for both the South East and England – population growth has however been slightly above that for Hampshire (at 5.1%).

Table 6.3 Population change (2011-20)

	Population (2011)	Population (2020)	Change	% change
East Hampshire	116,010	123,838	7,828	6.7%
Hampshire	1,322,118	1,389,206	67,088	5.1%
South East	8,652,784	9,217,265	564,481	6.5%
England	53,107,169	56,550,138	3,442,969	6.5%

Source: ONS mid-year population estimates

6.11 The table below shows population change by age (again for the 2011-20 period). This shows an increase in the number of children living in the District (increasing by about 4%) along with a modest increase in the ‘working-age’ population. The key driver of population growth has therefore been in the 65 and over age group, which between 2011 and 2020 saw a population increase of about 6,800 people: this age group increasing in size by 30% over the 9-year period.

Table 6.4 Change in population by broad age group (2011-20) – East Hampshire

	2011	2020	Change	% change
Under 16	21,469	22,280	811	3.8%
16-64	72,007	72,258	251	0.3%
65+	22,534	29,300	6,766	30.0%
TOTAL	116,010	123,838	7,828	6.7%

Source: ONS

- 6.12 Additional analysis is provided below to look at the sub-areas. The analysis shows an increasing population in all areas, with the highest increase being seen in the North West (an increase in population of 3,700 people – 13%). The North East and SDNP saw only modest increases over the period studied.

Table 6.5 Change in population (2011-20) by sub-area

	2011	2020	Change	% change
North East	33,473	34,641	1,168	3.5%
North West	29,263	32,980	3,717	12.7%
Southern Parishes	20,326	22,131	1,805	8.9%
SDNP	32,948	34,086	1,138	3.5%
TOTAL	116,010	123,838	7,828	6.7%

Source: ONS

Components of Population Change

- 6.13 The table and figure below consider the drivers of population change 2001 to 2020. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other changes', which are generally small and often related to armed forces personnel or boarding school pupils.
- 6.14 The data shows a positive level of natural change up until 2014/15 (i.e. more births than deaths) and that since there have been more deaths than births. Over the last 5-years, natural change has averaged a net loss of around 150 per annum. Internal migration has been quite variable –but positive in all years since 2003/4; the last five years for which data is available shows an average of 1,140 people (net) moving to the District from other parts of the United Kingdom. International migration is also variable, although the data does suggest a positive net level for most years (including all years over the past eight years); over the past five years international migration has averaged about 140 people per annum (net).
- 6.15 The data also shows a small positive level of UPC. This suggests that between 2001 and 2011, ONS may have initially under-estimated population growth within population estimates (and this was

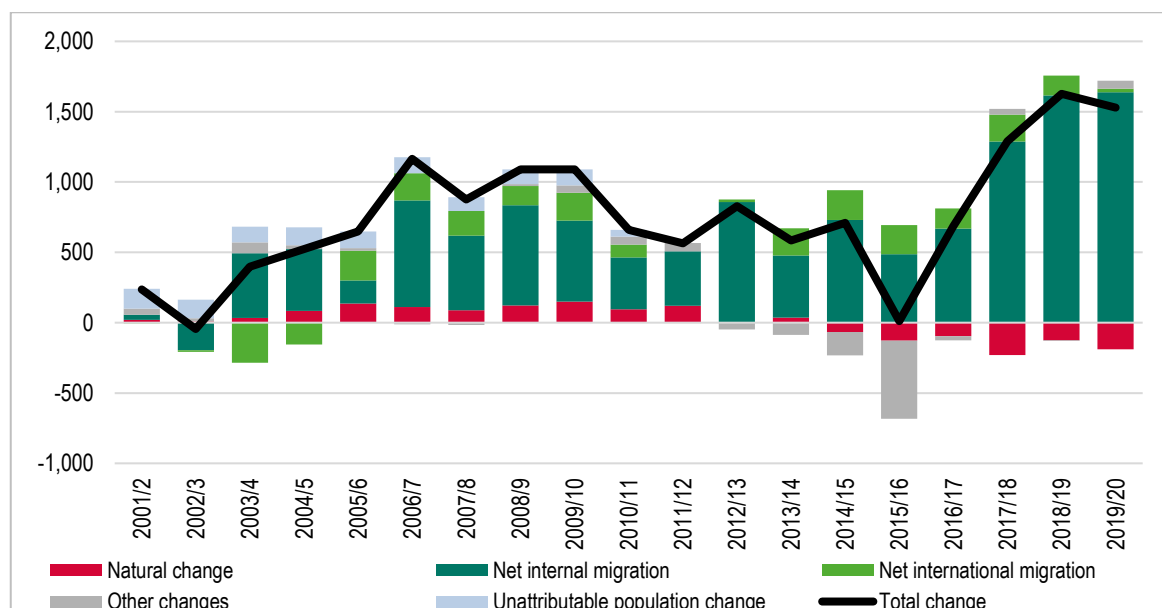
corrected once Census data had been published) – the level of UPC is fairly modest in comparison to that seen in many other locations.

Table 6.6 Components of population change, mid-2001 to mid-2020 – East Hampshire

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	20	36	-4	44	141	237
2002/3	8	-195	-13	24	131	-45
2003/4	34	460	-284	76	113	399
2004/5	83	441	-155	27	126	522
2005/6	137	162	213	18	119	649
2006/7	112	757	194	-11	113	1,165
2007/8	89	530	174	-16	99	876
2008/9	122	714	135	13	105	1,089
2009/10	150	575	198	53	113	1,089
2010/11	96	367	93	56	48	660
2011/12	121	387	-2	58	0	564
2012/13	2	856	18	-49	0	827
2013/14	36	441	193	-86	0	584
2014/15	-67	731	211	-166	0	709
2015/16	-128	486	207	-554	0	11
2016/17	-96	669	144	-30	0	687
2017/18	-230	1,288	191	40	0	1,289
2018/19	-126	1,615	141	-3	0	1,627
2019/20	-190	1,638	26	56	0	1,530

Source: ONS

Figure 6.4 Components of population change, mid-2001 to mid-2020 – East Hampshire



Source: ONS

Other Measures of Past Population Growth

- 6.16 The analysis above has focussed on data from the ONS mid-year population estimates (MYE). It is possible to contrast estimates of population growth in this source with other measures – the main one being the Patient Register (PR). The table below shows estimated population growth in both the MYE and the PR – data is shown for East Hampshire, Hampshire, the South East and England.
- 6.17 In East Hampshire, the MYE shows population change of 6.7% in the 2011-20 period, whereas the PR is higher (at 7.4%). However, it is notable in all the areas studied that the PR shows higher estimated growth and in fact the difference for East Hampshire is slightly less notable than for other locations (for example, for England the MYE shows 6.5% growth, but the PR is at 10%).
- 6.18 Overall, it is difficult to draw any conclusions from this data, as on the one hand the MYE arguably under-estimates population growth, however the relative difference between MYE and PR estimates also means that the opposite may be true (if for example the MYE at a national level are considered to be accurate).
- 6.19 On balance, it is not considered that the analysis of PR data shows anything sufficiently compelling to suggest setting aside the MYE, either in terms of current population estimates, or trend levels of growth. This analysis can therefore be seen as mainly included for reference purposes.

Table 6.7 Comparing ONS mid-year population estimates with estimates of population from the Patient Register

		2011	2020	Change	% change
East Hampshire	MYE	116,000	123,810	7,810	6.7%
	Patient Register	119,700	128,570	8,870	7.4%
Hampshire	MYE	1,322,150	1,389,240	67,090	5.1%
	Patient Register	1,347,710	1,437,500	89,790	6.7%
South East	MYE	8,652,820	9,217,270	564,450	6.5%
	Patient Register	8,937,030	9,813,070	876,040	9.8%
England	MYE	53,107,200	56,550,160	3,442,960	6.5%
	Patient Register	55,312,750	60,870,990	5,558,240	10.0%

Source: ONS

2018-based Subnational Population Projections (SNPP)

- 6.20 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2018-based national population projections.

6.21 The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and
- Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.

6.22 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection;
- An alternative internal migration variant; and
- A 10-year migration variant

6.23 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.

6.24 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.

6.25 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.

6.26 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 7.4%, with the alternative internal migration scenario

being lower than this (5.7%) – the 10-year trend variant shows slightly lower growth again (at 5.6%). Population growth in the 2014-based projection is higher than any of the 2018-based figures – this comparison is particularly important as it underpins the 2014-based SNHP which is used in the standard method).

Table 6.8 Projected population growth (2021-2038) – East Hampshire – range of SNPP releases

	2021	2038	Change in population	% change
2018 (principal)	123,420	132,501	9,080	7.4%
2018 (alternative internal)	122,628	129,624	6,996	5.7%
2018 (10-year trend)	122,497	129,300	6,803	5.6%
2016-based	121,566	129,275	7,709	6.3%
2014-based	121,812	131,966	10,154	8.3%

Source: ONS

6.27 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context. This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes and may include some influence from the economic downturn/credit crunch of 2008 (given that the 10-year period will be 2008-18).

6.28 The table below shows projected population growth from 2021 to 2038 (using alternative internal migration assumptions) in East Hampshire and a range of comparator areas. The data shows that the population of the District is projected to increase at a faster rate than seen across the County, but below equivalent figures regionally or nationally.

Table 6.9 Projected population growth (2021-2038) – 2018-based SNPP (alternative internal migration assumptions)

	2021	2038	Change in population	% change
East Hampshire	122,628	129,624	6,996	5.7%
Hampshire	1,393,508	1,454,994	61,485	4.4%
South East	9,292,052	9,872,597	580,545	6.2%
England	56,989,570	60,766,253	3,776,683	6.6%

Source: ONS

6.29 With the overall change in the population will also come changes to the age profile. The table below summarises findings for the three broad age groups previously used. The largest growth will be in people aged 65 and over. In 2038 it is projected that there will be 40,800 people aged 65 and over. This is an increase of 10,900 from 2021, representing growth of 37%. Looking at the other end of the

age spectrum the data shows that there is projected to be a modest decrease in both the number of children (those aged Under 15) and in the 16-64 age group.

Table 6.10 Population change 2021 to 2038 by broad age bands – East Hampshire (2018-based SNPP – alternative internal migration assumptions)

	2021	2038	Change in population	% change from 2021
Under 16	21,912	20,834	-1,078	-4.9%
16-64	70,880	68,039	-2,840	-4.0%
65 and over	29,836	40,751	10,914	36.6%
Total	122,628	129,624	6,996	5.7%

Source: ONS

Household Representative Rates (Household Formation)

- 6.30 Having studied the population size and age structure changes, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 6.31 The latest HRRs are as contained in the ONS 2018-based subnational household projections (SNHP). It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time.
- 6.32 This suppression can be seen in the figure below, and particularly for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting this forward as far as 2021 (following which the rate is held broadly stable). Given the criticisms of the 2018-SNHP a sensitivity analysis has been developed that applies the HRRs from an earlier (2014-based) release. The rates from this projection are also shown on the figure below and it is notable (again for the 25-34 age group) that this projection also appears to build in a degree of suppression.
- 6.33 The 2014-based data has the advantage of using more data points for analysis (looking at a time series back to 1971) although it should be noted that the 2014-based figures do take a slightly different approach to establishing the households reference person. In the 2014-SNHP a male is taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a HRP which takes account of the economic activity and age of people in a household.

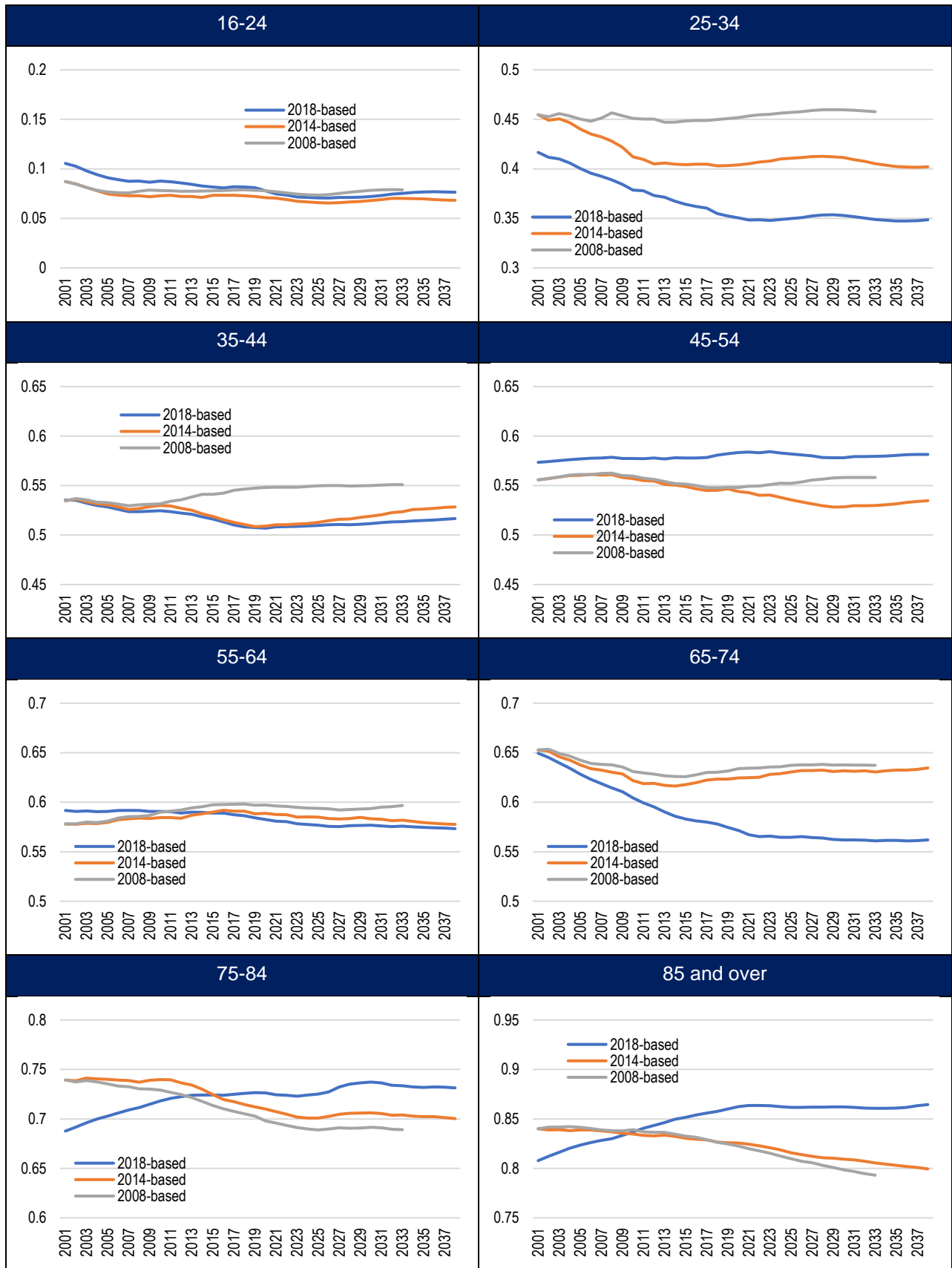
6.34 As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This adjustment has been applied to age groups up to 44. A similar approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG).

6.35 Therefore, three HRR scenarios have been used as described below:

- Linking directly to 2018-based SNHP – 2018-SNHP HRRs;
- Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and
- Linking to the 2014-based SNHP but with a part-return to previous trends for younger age groups (up to age 44) – 2014-PRT

6.36 To be clear, in looking at these three scenarios it is considered that the 2018-SNHP are not a robust set of rates to use – this conclusion is reached mainly on the basis of potential suppressed formation in younger age groups and consideration of the projected rates in older age groups. It is also noted that these figures have been rejected by MHCLG as part of the standard method; they are however the most recent published data. The 2014-SNHP data are considered to be reasonably robust but may include some degree of suppression of household formation in younger age groups.

Figure 6.5 Projected Household Representative Rates by age of head of household – East Hampshire (2008-, 2014- and 2018-based SNHP)



Source: Derived from ONS and CLG data

Household Growth

- 6.37 The table below shows estimates of household growth with the various HRRs and an estimate of the number of additional homes this might equate to. The figures link to population growth in the 2018-based SNPP (alternative internal migration variant).
- 6.38 To convert households into homes the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households), and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.
- 6.39 The analysis shows an overall housing need for 318 homes per annum (dpa) across the District when using the 2018-based SNHP as the underlying household projection. With 2014-HRRs the estimated need figure is slightly higher (321 dpa), and this figure increases again (to 346 dpa) with an adjustment to the formation rates of the younger population.

Table 6.11 Projected housing need – range of household representative rate assumptions – East Hampshire (linked to 2018-based SNPP)

	Households 2021	Households 2038	Change in households	Per annum	Homes (per annum)
2018-HRRs	50,849	56,097	5,248	309	318
2014-HRRs	51,601	56,893	5,292	311	321
2014-PRT	51,601	57,309	5,708	336	346

Source: Demographic projections

Developing a Projection: Linked to the Standard Method

- 6.40 Earlier in this report it has been noted that based on the Standard Method, there is a requirement to provide 10,744 homes in the 2021-38 period at an average rate of 632 homes per annum. It can be seen from the analysis above, that even with the fairly positive HRRs modelled above there would not be the level of household growth required to fill this number of homes.
- 6.41 Therefore, a scenario has been developed which increases migration to the District such that there is sufficient population for 632 additional homes each year. For this scenario the modelling is split between the LPA and the SDNP with an assumption of delivery of 115 homes per annum in the Park area in line with a separate assessment of demographic trends and affordability ratios.
- 6.42 In summary, an approach has therefore been developed that increases migration to project how population and household structures might change with delivery of 632 homes each year (2021-38). This approach is consistent with that set out in the PPG (2a-006).

6.43 Within the modelling, migration assumptions have been changed so that across the District the increase in households matches the housing need (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP (alternative internal migration variant) with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary the method includes the following assumptions:

- Base population in 2020 from the latest mid-year population estimates rolled forward to 2021 using assumptions underpinning the 2018-SNPP;
- Household representative rates from the 2014-based SNHP with an adjustment in younger age groups; and
- The migration profile (by age and sex) in the same proportions as the 2018-based SNPP (alternative internal migration variant)

6.44 In developing this projection, a higher level of population growth is derived (19,600 additional people compared with 7,000 in the SNPP as published). The age structure of the projections is also slightly different, with the higher projection showing stronger growth in what might be considered as ‘working-age’ groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children).

6.45 The table below summarises this information into three broad age bands. This confirms that increases in the older person population are still projected to be the most significant, but does also show that the increase in the population aged 16-64 is higher than is projected by the official projections. The 2018-based SNPP suggest a decrease of around 2,800 people aged 16-64 (2021-38), whereas the alternative projection increases this notably – to a positive figure of around 4,800 people – a difference of around 7,600).

Table 6.12 Population change 2021 to 2038 by broad age bands – East Hampshire (linked to delivery of 632 homes per annum)

	2021	2038	Change in population	% change from 2021
Under 16	22,288	23,990	1,702	7.6%
16-64	72,234	77,059	4,825	6.7%
65 and over	29,956	42,990	13,034	43.5%
Total	124,478	144,038	19,560	15.7%

Source: Demographic Projections

6.46 The table above shows data for the whole of the District (i.e. including areas both within and outside the National Park). It is of interest to see the projected changes for the LPA areas and the Park separately and this is shown in tables below. The analysis points to stronger growth in people aged Under 65 within the LPA, with all population change in the Park being attributable to the older person population.

Table 6.13 Population change 2021 to 2038 by broad age bands – East Hampshire LPA (linked to delivery of 517 homes per annum)

	2021	2038	Change in population	% change from 2021
Under 16	16,192	18,057	1,865	11.5%
16-64	52,759	58,071	5,312	10.1%
65 and over	21,246	30,916	9,671	45.5%
Total	90,197	107,045	16,848	18.7%

Source: Demographic Projections

Table 6.14 Population change 2021 to 2038 by broad age bands – National Park area within East Hampshire (linked to delivery of 115 homes per annum)

	2021	2038	Change in population	% change from 2021
Under 16	6,096	5,932	-163	-2.7%
16-64	19,474	18,987	-487	-2.5%
65 and over	8,710	12,073	3,363	38.6%
Total	34,281	36,993	2,712	7.9%

Source: Demographic Projections

6.47 In the remainder of this report, some of the analysis makes reference to the projection of 632 homes per annum – Standard Method projection (517 in the LPA and 115 in the SDNP).

Demographics: Summary

An analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (“SNPP”) and the 2018-based household projections (“SNHP”). The analysis also looks at the most recent population estimates from ONS which date to mid-2020.

The District has an older age structure than seen regionally or nationally, with 24% of the population estimated to be aged 65 and over in 2020 (compared to a national average of 19%). The Southern Parishes see the highest proportion of people aged 65+.

Past population growth in East Hampshire has been fairly average in a regional and national context, over the past 9-years (since 2011) the population of the District has grown by 6.7% - compared with

a 6.5% increase regionally and nationally over the same period (Hampshire saw higher growth at 5.1%). Population growth is largely driven by net internal migration (moves from one part of the country to another) with the District seeing a negative level of natural change in the recent past (i.e. more deaths than births).

Projecting forward the latest ONS subnational population projections (SNPP) continue to see relatively strong population growth, with the 2018-based SNPP showing higher projected changes in East Hampshire than across the County (slightly below figures regionally and nationally). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for in excess of 100% of all projected population change (i.e. there is projected to be a population decline in people aged Under 65).

Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Data about HRRs is taken from ONS subnational household projections (SNHP).

In analysing data about HRRs, it was considered that the latest (2018-based) version potentially build in some degree of suppression of household formation in younger age groups. Analysis was therefore provided linking to an older (2014-based) SNHP (with a further adjustment to younger age groups) – this was to provide projections reflecting the potential for younger households to access the housing market.

Using the information from the published SNPP and SNHP, a bespoke projection was developed that links to the standard method (517 homes per annum in the LPA and 115 in the SDNP) – the modelling considers the level of population growth and household formation that might be expected if this level of delivery is achieved (in the 2021-38 period). This projection is then used for some further analysis (e.g. in looking at older persons' needs (as the projection contains a detailed age structure)).

This bespoke projection suggests that population growth might be expected to be higher than suggested in the latest official projections and that the age structure changes will proportionally include more people aged under 65. Overall, in the 2021-38 period, delivery of $517+115=632$ dpa is projected to see an increase in population of 15.7% (19,600 more people) compared with a 5.7% increase (7,000) in the 2018-based SNPP. Most of the difference is accounted for by a projected uplift in the number of people aged 16-64 (and children).

7. AFFORDABLE HOUSING NEED

- 7.1 This section provides an assessment of the need for affordable housing in East Hampshire and the four sub-areas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.
- 7.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need for social/affordable rented housing and secondly to consider the need for affordable home ownership products.
- 7.3 The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

- 7.4 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks a need for ‘*affordable housing for rent*’ as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on a range of data modelled from local information – this figure is then annualised so as to meet the current need over a period of time;
 - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
 - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and
 - **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.
- 7.5 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable

-
- housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.
- 7.6 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.
- 7.7 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that “*cannot afford their own homes, either to rent, or to own, where that is their aspiration*” as having an affordable housing need.
- 7.8 This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.
- 7.9 For some of the analysis in this section it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment – see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey).
- 7.10 Additionally, information drawn from local surveys previously undertaken by JGC across the country have been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have a need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector.
- 7.11 This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted through a range of Local Plan Examinations over the past five or more years. Our analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

7.12 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Price and Rents

7.13 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

7.14 The analysis below considers the entry-level costs of housing to both buy and rent across the District. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.

7.15 Data from the Land Registry for the year to March 2021 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £150,000 for a second-hand flat and rising to £440,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £298,000 (existing dwellings).

7.16 The analysis is also split between newly-built and existing dwelling which typically shows higher prices for new homes (within all type categories except detached). For the purposes of analysis in this section, the main focus is on the pricing of existing homes within the area.

Table 7.1 Lower quartile cost of housing to buy – year to March 2021 – East Hampshire

	Existing dwellings	Newly-built dwellings	All dwellings
Flat/maisonette	£155,000	£250,000	£158,000
Terraced	£255,000	£330,000	£255,000
Semi-detached	£315,000	£349,000	£320,000
Detached	£440,000	£416,000	£438,000
All dwellings	£298,000	£368,000	£300,000

Source: Land Registry

7.17 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for

sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £160,000 for a 1-bedroom home, rising to £500,000 for homes with 4-bedrooms.

Table 7.2 Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2021 – East Hampshire

	Lower quartile price
1-bedroom	£160,000
2-bedrooms	£230,000
3-bedrooms	£350,000
4-bedrooms	£500,000
All Dwellings	£298,000

Source: Land Registry and Internet Price Search

- 7.18 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2021. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £750 per month.

Table 7.3 Lower Quartile Market Rents, year to March 2021 - East Hampshire

	Lower Quartile rent, pcm
Room only	-
Studio	£465
1-bedroom	£625
2-bedrooms	£790
3-bedrooms	£1,000
4-bedrooms	£1,325
All properties	£750

Source: ONS

- 7.19 The rental figures above have been taken from ONS data; it is however of interest for this study to see how these vary by location. The table below shows an estimate of the overall lower quartile private rent in each of the sub-areas; this is based on analysis of Rightmove data on available lettings which has then been adjusted to be consistent with the data from ONS. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in the National Park area. The lowest prices and rents were found to be in the North East area.

Table 7.4 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing)	Lower Quartile rent (£ PCM)
North East	£265,000	£705
North West	£312,000	£745
Southern Parishes	£306,000	£765
SDNP	£354,000	£860
All properties	£298,000	£750

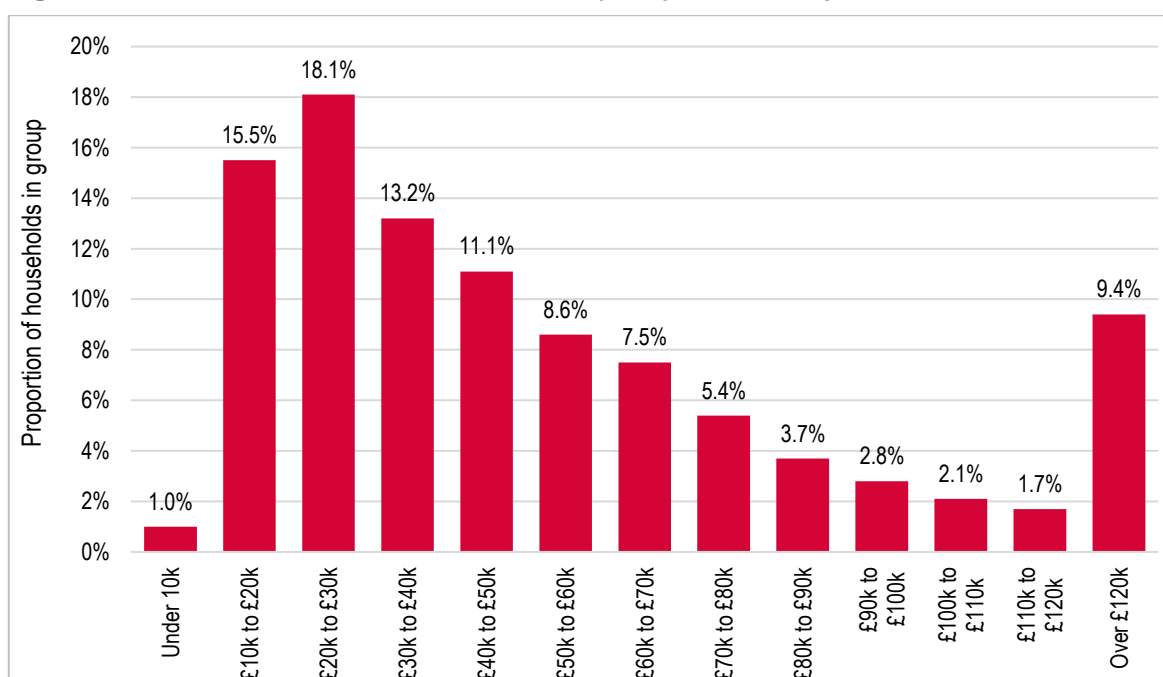
Source: Internet private rental cost search and Land Registry

Household Incomes

7.20 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

7.21 Drawing all of this data together an income distribution for the whole District has been constructed for 2021. The figure below shows that around a sixth of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £55,000, with a median income of £41,900; the lower quartile income of all households is estimated to be £24,200.

Figure 7.1 Distribution of Household Income (2021) – East Hampshire



Source: Derived from a range of data as discussed

7.22 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each area, the table also shows the variance in incomes from the District average. There is some variation in the estimated incomes by area, median figures ranging from £40,200 in the North East, up to £43,400 in the North West – overall however the data does not point to significant differences between locations.

Table 7.5 Estimated average (median) household income by sub-area (mid-2021 estimate)

	Median income	As a % of District average
North East	£40,200	96%
North West	£43,400	104%
Southern Parishes	£42,700	102%
SDNP	£41,300	99%
All households	£41,900	-

Source: Derived from a range of data as discussed

Affordability Thresholds

7.23 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

7.24 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying).

7.25 This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

7.26 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this

issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used depending on local housing costs.

- 7.27 At £750 per calendar month, lower quartile rent levels in East Hampshire are typically above average in comparison to those seen nationally (a lower quartile rent of £565 for England in the year to March 2021). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £750 pcm rent this would imply a gross household income of about £30,000 (and in net terms the rent would likely be around 37% of income).
- 7.28 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- 7.29 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 7.30 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- 7.31 The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable ‘gap’ in all areas across the study area, particularly locations with higher house prices. The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 7.6 Estimated Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
North East	£53,000	£28,200	£24,800
North West	£62,400	£29,800	£32,600
Southern Parishes	£61,200	£30,600	£30,600
SDNP	£70,800	£34,400	£36,400
District-wide	£59,600	£30,000	£29,600

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

7.32 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the District and sub-areas. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

7.33 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Table 7.7 Main sources for assessing the current need for affordable housing

	Source	Notes
Homeless households (those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

7.34 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting (although this is likely to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

7.35 The table below shows the initial estimate of the number of households within each sub-area with a current housing need. These figures are before any ‘affordability test’ has been applied to assess the ability of households to meet their own housing needs; and has been termed ‘the number of

households in unsuitable housing'. Overall, the analysis estimates that there are currently some 3,100 households living in unsuitable housing (or without housing).

Table 7.8 Estimated Number of Households Living in Unsuitable Housing

	Homeless/ concealed households	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
North East	176	438	40	281	936
North West	132	370	37	247	787
Southern Parishes	108	170	14	154	446
SDNP	146	394	37	328	905
TOTAL	562	1,373	129	1,011	3,074

Source: MHCLG Live Tables, Census 2011 and Data Modelling

7.36 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

7.37 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households (not really an issue in East Hampshire) – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

7.38 The tables below show it is estimated that there are around 1,700 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) in East Hampshire.

Table 7.9 Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (East Hampshire)

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	748	75
Affordable housing	688	0
Private rented	1,076	1,075
No housing (homeless/concealed)	562	562
Total	3,074	1,711

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 7.39 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 7.40 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).
- 7.41 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).
- 7.42 Overall, just over half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is around 911 households across the District. The table below shows how this is estimated to vary by sub-area.

Table 7.10 Estimated Current Affordable Housing Need: Social/Affordable Rented

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
North East	511	51.6%	263
North West	431	49.2%	212
Southern Parishes	238	56.3%	134
SDNP	531	56.7%	301
TOTAL	1,711	53.2%	911

Source: CLG Live Tables, Census 2011 and Data Modelling

- 7.43 The estimated figures shown above represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2021 to 2038, the need is annualised by dividing by 17 (to give an annual need for 54 dwellings across all areas). This does not mean that some households would be expected to wait 17-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

- 7.44 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 7.45 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 7.46 The number of newly forming households has been estimated through demographic modelling (linked to the 2018-based SNPP and 2014-based HRRs). This is considered to provide the best view about trend-based household formation in East Hampshire.
- 7.47 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 7.48 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.
- 7.49 The assessment suggests overall that around two-fifths of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 336 newly forming households will have a need per annum on average across the study area – the table below provides a breakdown by sub-area.

Table 7.11 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
North East	229	41.4%	95
North West	208	40.4%	84
Southern Parishes	120	42.3%	51
SDNP	215	49.6%	107
TOTAL	772	43.6%	336

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 7.50 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 7.51 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *‘Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)’*.
- 7.52 The analysis is also mindful of the high level of new provision of affordable housing seen over the past few years, which has seen the number of households on the Housing Register decline; the reduction in the register is considered alongside the number of households housed and following the analysis through suggests a need arising from 56 existing households each year across the District. The table below breaks this down by sub-area.

Table 7.12 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
North East	17	30.7%
North West	16	27.9%
Southern Parishes	6	10.6%
SDNP	17	30.7%
TOTAL	56	100.0%

Source: Derived from a range of sources as described in text

Supply of Social/Affordable Rented Housing Through Relets

- 7.53 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 7.54 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 7.55 On the basis of past trend data it has been estimated that 149 units of social/affordable rented housing are likely to become available each year moving forward for occupation by newly forming households and existing households falling into need from other tenures. In interpreting this data the high level of new delivery over this period should be noted, in particular it is possible that the new delivery helps to see relet rates increase slightly in the future and this is something the Council should monitor.

Table 7.13 Analysis of Past Social/Affordable Rented Housing Supply, 2017/18 – 2019/20 (average per annum) – East Hampshire

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2017/18	333	66.7%	222	58.6%	130
2018/19	423	58.2%	246	60.5%	149
2019/20	434	64.1%	278	59.9%	167
Average	397	62.7%	249	59.7%	149

Source: CoRe/LAHS

- 7.56 The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on the size of the stock in each sub-area as of 2011 (Census data).

Table 7.14 Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
North East	47	31.5%
North West	43	29.0%
Southern Parishes	16	10.7%
SDNP	43	28.9%
TOTAL	149	100.0%

Source: CoRe/LAHS/Census (2011)

7.57 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable rented Housing

7.58 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 297 dwellings per annum across the area – an affordable need is seen in all sub-areas. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need (allowance for)} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 7.15 Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
North East	15	95	17	127	47	80
North West	12	84	16	112	43	69
Southern Parishes	8	51	6	65	16	49
SDNP	18	107	17	142	43	99
TOTAL	54	336	56	446	149	297

Source: Range of sources as discussed

7.59 Whilst the need above is provided down to sub-area level, it should be remembered that affordable need can be met across the District as and when opportunities arise, and so specific sub-area data should not be treated as a local target.

7.60 The last assessment of affordable need was undertaken as part of the 2018/19 HEDNA and followed a similar methodology. At that time the annual need was calculated to be 240 per annum, lower than in this study. However, it should be noted that the previous assessment included the supply of supported housing with the relet figures (and also a need allowance in the existing households falling into need category) and so it is difficult to definitively say if there has been any real change in the situation over time. Indeed the estimates of need from newly forming households (calculated using the same methodology) are virtually identical in these two studies (336 per annum in this study and 335 per annum in 2018/19). Regardless, the levels of need are clear that the Council should seek to maximise the delivery of affordable housing where opportunities arise.

The Relationship Between Affordable Need and Overall Housing Need

7.61 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

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

7.62 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.

7.63 Firstly, the modelling contains a category in the projection of '*existing households falling into need*'; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains '*newly forming households*'; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

7.64 This just leaves the '*current need*'; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's standard method) would be expected to deal with such households.

- 7.65 The analysis estimates an annual need for 297 rented affordable homes, which is notionally 47% of a Local Housing Need of 632 dwellings per annum (as calculated using the standard method (uncapped)). However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 7.66 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 213 homes per annum across the study area – notionally 34% of the standard method. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.
- 7.67 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 25 per annum (current need) is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a demographic start point to an estimate of housing need using the standard method.

Table 7.16 Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – East Hampshire

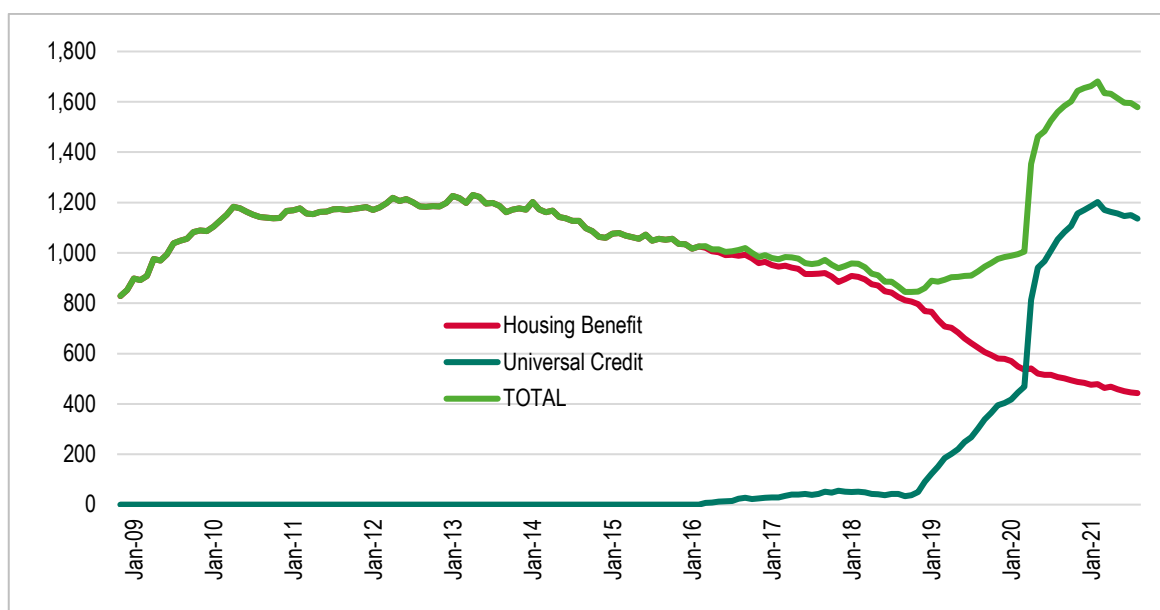
	Excluding existing households	Including existing households
Current need	25	54
Newly forming households	336	336
Existing households falling into need	0	56
Total Gross Need	362	446
Re-let Supply	149	149
Net Need	213	297

Source: Range of sources as discussed

- 7.68 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would ‘fall out of need’ and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household’s income rises they would

-
- potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.
- 7.69 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the increasing role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.
- 7.70 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main ‘full market’ PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their “homelessness duty” through providing an offer of a suitable property in the PRS. It is however recognised that the level of PRS is volatile and there is no regulation of the level of provision with landlords able to opt out of providing housing opportunities to local authorities.
- 7.71 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *‘Affordable housing: housing for sale or rent, for those whose needs are not met by the market’* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Universal Credit with a Housing Element) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.
- 7.72 Data from the Department of Work and Pensions (DWP) has been used to look at the number of people claiming Universal Credit with a Housing element supported by private rented homes. As of August 2021, it is estimated that there were around 1,600 benefit claimants living in the private rented sector in East Hampshire. From this, it is clear that the PRS contributes to the wider delivery of ‘affordable homes’ with the support of benefit claims and further complicates any attempts to find a relationship between affordable need and overall housing need.
- 7.73 The figure below shows the trend in the number of claimants in the District. This shows there has been a notable increase since March 2020, which is likely to be related to the COVID-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically around 1,000 households).

Figure 7.2: Number of Housing Benefit claimants in the Private Rented Sector



Source: Department of Work and Pensions

- 7.74 Housing delivery through the Local Plan is the principal mechanism for facilitating the delivery of affordable housing in East Hampshire. The Council continues to work with housing providers to secure funding to support enhanced affordable housing delivery on some sites in the District.
- 7.75 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.
- 7.76 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue across the District. Although this report sets out a need for affordable housing; it should be noted that the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.
- 7.77 Finally, whilst there is no direct link between the affordable need and overall housing need, it is the case that the levels of affordable need across areas can feed into considerations about the distribution of housing for different areas, along with an understanding of demographic trends and economic growth.

Split Between Social and Affordable Rented Housing

7.78 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.

7.79 An analysis has been undertaken to compare the income distribution of households with the cost of different products. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are less than both lower quartile and median market rents, although typically more than 80% of lower quartile figures.

Table 7.17 Comparison of rent levels for different products – East Hampshire (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£408	£537	£625	£675	86%	80%
2-bedrooms	£486	£693	£790	£850	88%	82%
3-bedrooms	£557	£810	£1,000	£1,150	81%	70%
4-bedrooms	£606	£1,007	£1,325	£1,525	76%	66%
All	£505	£686	£750	£895	91%	77%

Source: RSH and ONS

7.80 For the affordability test, a standardised average rent for each product has been used. The table below suggests that around 19% of households who cannot afford to rent privately could afford an affordable rent, with a further 41% being able to afford a social rent (but not an affordable one). A total of 40% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 7.18 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent without benefit support	19%
Afford social rent without benefit support	41%
Need benefit support	40%
All unable to afford market	100%

Source: Affordability analysis

7.81 The finding that only 19% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households

who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.

- 7.82 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need.
- 7.83 Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.
- 7.84 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.

Establishing a Need for Affordable Home Ownership

- 7.85 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 7.86 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 7.87 The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

- 7.88 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the study area – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.
- 7.89 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 26% already have sufficient income to buy a lower quartile home, with 33% falling in the rent/buy 'gap'. The final 41% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing.
- 7.90 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 7.91 The table below shows an estimate of the proportion of households living in the private rented sector who are able to afford different housing products by sub-area. This shows a higher proportion of households in the rent/buy gap in the North West, although differences between areas are quite slight.

Table 7.19 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
North East	31%	30%	39%
North West	26%	36%	38%
Southern Parishes	26%	34%	40%
SDNP	19%	34%	47%
TOTAL	26%	33%	41%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 7.92 The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some

households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

- 7.93 To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 5,500 households living in the sector across the study area. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to East Hampshire then the number of households in the sector would now be around 6,600.
- 7.94 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (3,900 households if applied to East Hampshire) and of these some 40% (1,600 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 7.95 As noted above, on the basis of income it is estimated that around a third of the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 522 affordable home ownership units (31 per annum if annualised over a 17-year period).
- 7.96 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 304 dwellings (255 from newly forming households and 49 from existing households in the private rented sector).
- 7.97 Bringing together the above analysis suggests that there is a need for around 336 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the study area. This is before any assessment of the potential supply of housing is considered.

Table 7.20 Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
North East	8	70	13	91
North West	8	74	13	95
Southern Parishes	4	40	6	50
SDNP	12	71	18	101
TOTAL	33	255	49	336

Source: Range of sources as discussed

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

- 7.98 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.
- 7.99 The main source is likely to be resales of products such as shared ownership and an analysis of CoRe data about resales of affordable housing shows an average of around 20 resales per annum across the study area (based on data for the 2016-19 period). These properties would be available for these households and can be included as the potential supply.
- 7.100 The table below therefore shows an estimate of the net need for affordable home ownership. This suggests a need for around 316 dwellings per annum, with a need being shown in all areas.

Table 7.21 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	LCHO supply	Net need
North East	91	7	84
North West	95	6	89
Southern Parishes	50	2	49
SDNP	101	6	94
TOTAL	336	20	316

Source: Range of sources as discussed

An Alternative View of the Supply of Affordable Home Ownership Properties

- 7.101 The analysis above has looked at the supply of resales of affordable housing. However, it should be noted that the analysis to consider need looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in East Hampshire there were a total of 1,749 resales (i.e. excluding newly-built homes) in the last year (year to March 2021) and therefore around 437 would be priced below the lower quartile. This is 437 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is in excess of the level of need

calculated. The table below shows the estimated number of sales and the number at or below a lower quartile price for each sub-area.

Table 7.22 Number of sales of existing dwellings (year to March 2021) and number at or below lower quartile

	Number of sales	Sales at or below LQ
North East	501	125
North West	484	121
Southern Parishes	333	83
SDNP	432	108
TOTAL	1,749	437

Source: Land Registry

- 7.102 If a further supply of dwellings below lower quartile were taken from the estimated need then it would be suggested that there is actually a surplus of affordable home ownership properties (of around 121 per annum). This figure should be treated as theoretical, not least because it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone is able to buy a home as long as they can afford it and it is possible that a number of lower quartile homes would be sold to households able to afford more, or potentially to investment buyers). However, it is clear that looking at a wider definition of supply does make it difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

Implications of the Analysis

- 7.103 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only considering supply from resales of affordable housing (notably shared ownership). If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.
- 7.104 Regardless, it does seem that there are many households in East Hampshire who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 47% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 9%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 7.105 On this basis, and as previously noted, it seems likely in East Hampshire that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).

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- 7.106 The NPPF (last updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).
- 7.107 Firstly regarding the 10%, it is not clear that this is the best solution in the study area. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would '*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*'. In East Hampshire, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.
- 7.108 Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other forms of LCHO such as shared ownership, although there will still be a role for this type of housing given typically lower deposit requirements.
- 7.109 Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.
- 7.110 The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 7.111 There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.
- 7.112 In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is

simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

- 7.113 The analysis and discussion above suggest that there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Council is likely to need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).
- 7.114 The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.
- 7.115 The reason for the analysis to follow is that it will be important for the Council to ensure that the range of affordable home ownership products provided are appropriate and genuinely affordable for the intended target group.. Discounted Market Sales Housing (focussing on First Homes)
- 7.116 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

“First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;*
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,*
- d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).*

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations."

7.117 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

7.118 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium.

7.119 The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in East Hampshire is £790 per month;
- On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £2,633 per month to afford (£790/0.30) or £31,600 per annum; and
- With an income of £31,600, it is estimated that a household could afford to buy a home for around £158,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a four and a half times mortgage multiple – calculated as $£31,600 \times 4.5 / 0.9$.

7.120 Therefore, £158,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in East Hampshire. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

- 7.121 On this basis, it is possible to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £230,000, giving a midpoint of £194,000). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).
- 7.122 The table below, by way of example, sets one possible outcome based on a series of assumptions. In terms of a - purchase price for affordable home ownership/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. The OMV is based on taking the estimated lower quartile price by size and adding 15% (which is the typically newbuild premium seen nationally). It should be noted that the discounts are based on an estimated OMV , in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable.
- 7.123 It will be important for the local authority to recognise that any discount above 30% may prejudice the viability of provision of rented forms of affordable housing (for which there is a more acute need).

Table 7.23 Affordable home ownership prices – data for year to March 2021 – East Hampshire

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£125,000-£142,500	£184,000	23%-32%
2-bedrooms	£158,000-£194,000	£264,500	27%-40%
3-bedrooms	£200,000-£275,000	£402,500	32%-50%
4+-bedrooms	£265,000-£382,500	£575,000	33%-54%

Source: Derived from a range of sources as described

- 7.124 It should also be noted that the model does not take account of the variations in the pricing of housing across the District .

Shared Ownership

- 7.125 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a ‘New Model for Shared Ownership’ in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.

7.126 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

7.127 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:

- OMV at LQ price plus 15% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
- 10% deposit on the equity share;
- Rent at 2.75% pa on unsold equity;
- Repayment mortgage over 25-years at 4%;
- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and
- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property;

7.128 The table below shows that to make shared ownership affordable, equity shares in the region of no more than about 25% could work, although figures closer to 10% are likely to be more affordable. It seems likely that it will be very difficult to make shared ownership ‘work’ for homes with 4+-bedrooms (and indeed 3-bedroom homes). The Council could consider additional rented homes of these sizes where it is difficult to make homes genuinely affordable.

7.129 As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 7.24 Estimated Affordable Equity Share by Size – East Hampshire

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£184,000	£264,500	£402,500	£575,000
Share	23%	13%	8%	1%
Equity Bought	£41,952	£34,121	£31,395	£2,875
Mortgage Needed	£37,757	£30,708	£28,256	£2,588
Monthly Cost of Mortgage	£199	£162	£149	£14
Retained Equity	£142,048	£230,380	£371,105	£572,125
Monthly Rent on Retained Equity	£326	£528	£850	£1,311
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£625	£790	£1,000	£1,325

Source: Data based on Housing Market Cost Analysis

- 7.130 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 23% equity share for 1-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 23% share, but a total cost in excess of £625 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

- 7.131 A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.
- 7.132 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 7.133 In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared

ownership), it should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Essential Local Workers

7.134 Annex 2 of the NPPF also includes the needs of essential local workers *‘Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is for essential local workers’ [emphasis added]. Essential local workers are defined as *‘Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers’*.*

7.135 To give an indication of the number of essential workers in East Hampshire analysis has been undertaken looking at Standard Industrial Classification 2007 (SIC) categories – this shows employment sectors based on industry, and for the purposes of this analysis the public administration, education and health industries have been used to represent ‘essential workers’. The analysis shows that around 28% of resident workers are considered ‘essential workers’ in the District – this figure is the same as seen regionally and nationally.

Table 7.25 Number and proportion of essential workers in a range of areas

	East Hampshire		South East	England
	Resident workers	% of workers	% of workers	% of workers
Agriculture, energy and water	1,527	2.6%	2.1%	2.3%
Manufacturing	5,073	8.6%	7.2%	8.9%
Construction	4,850	8.2%	8.0%	7.7%
Distribution, hotels and restaurants	11,196	19.0%	20.6%	21.5%
Transport and communication	5,571	9.4%	10.7%	9.1%
Financial, Real Estate, Professional & Administration	11,080	18.8%	18.6%	17.5%
Public administration, education and health	16,487	28.0%	27.7%	28.2%
Other	3,193	5.4%	5.1%	5.0%
All industries	58,977	100.0%	100.0%	100.0%

Source: 2011 Census

7.136 The table below shows how the number of essential workers varies across sub-areas – there is little difference between locations.

Table 7.26 Number and proportion of essential workers – sub-areas

	Resident essential workers	% of workers in area	% of resident workers
North East	4,910	28.1%	29.8%
North West	4,127	27.7%	25.0%
Southern parishes	3,029	29.0%	18.4%
SDNP	4,421	27.4%	26.8%
TOTAL	16,487	28.0%	100.0%

Source: 2011 Census

7.137 The 2011 Census also enables analysis to be conducted as to the tenure of workers by industry. It can be seen that essential workers see a fairly average profile, with similar levels of owner-occupation, social renting and private renting as is seen across the whole District.

Table 7.27 Housing tenure by industry of employment (2011) – East Hampshire

	Owner-occupied	Social rented	Private rented
Agriculture, energy and water	67%	10%	23%
Manufacturing	76%	10%	14%
Construction	75%	11%	14%
Distribution, hotels and restaurants	68%	14%	18%
Transport and communication	82%	6%	12%
Financial, Real Estate, Professional and Administration	80%	6%	14%
Public administration, education and health	73%	9%	18%
Other	73%	9%	18%
All industries	75%	9%	16%

Source: 2011 Census

7.138 It is also possible to consider the affordability of housing for essential workers by considering local salaries. An online assessment of local jobs (across Hampshire) for nurses, firefighters, teachers, police officers and childcare was undertaken in October 2021. This showed a range of salaries, but typically in the range of about £25,000 to £35,000 per annum. The average salary was around £30,000 although it does need to be noted that there are a variety of roles with a range of salaries in these professions depending on level of expertise and experience.

7.139 With a salary of £30,000, an individual might be able to buy a home for around £150,000 (based on a 10% deposit and 4.5 times mortgage multiple) and with two salaries at this level would be able to afford around £300,000. This latter figure would allow the household to afford to buy a home across much of the study area, but the single income would make home ownership difficult (particularly in higher value locations), and this population could be a potential target for affordable home ownership products.

7.140 Overall, the analysis does not point towards there being a particular and specific need for affordable housing for essential workers. Such workers make up a similar part of the workforce as is the case in many areas they are about as likely to be owner-occupiers as other industry groups. However, on the basis of local incomes (notably for single income essential workers), access to the owner-occupied sector may be restricted by income and it may be appropriate to consider whether or not some affordable properties should be set aside for essential local workers.

Comments on Emerging Local Plan Affordable Housing Policy

7.141 Policy S6 of the emerging Local Plan deals with affordable housing, with the policy being split into seven separate sections. Of particular relevance are the following sub-sections of the emerging policy:

- S6.1 –40% affordable housing will be sought on all residential developments consisting of 11 or more units (the exact percentage will be tested in the Viability Study)
- S6.4 – of the affordable dwellings provided, the exact tenure mix should be informed by and be compatible with the latest government guidance, the Housing and Employment Development Needs Assessment (HEDNA 2019), any other relevant information (such as housing waiting lists) and be informed by discussion with the Local Planning Authority; and
- S6.5 – at least 10% of the affordable housing provision should be available for affordable home ownership

7.142 The supporting text to the policy also notes that *'it is considered that the provision of rented and intermediate housing on a site will allow for a mix of different income groups to reside within affordable housing schemes... [and]... in reaching any decision the planning authority will bear in mind the identified high level of need for rented housing which is genuinely affordable'*.

7.143 The analysis in this section is generally supportive of the policy, including highlighting a potential need for both rented and affordable home ownership (AHO) products but also noting the more acute need for rented housing. The policy also notes the need for 10% of all homes to be some form of AHO (which would include First Homes).

7.144 Were 25% of all affordable housing to be provided as First Homes and the 40% overall target is achieved then this would meet the 10% in the NPPF. However, if the remainder of housing were provided as rented products then it is clear that other forms of affordable home ownership would be squeezed out. This is important to note as Government is clearly still pushing shared ownership as an AHO tenure.

7.145 On this basis the Council may wish to consider including an indicative tenure split, either in policy or supporting text that meets the 10% AHO required by the NPPF, meets the 25% (of affordable housing) required for First Homes and provides for some alternative AHO options (likely to be more affordable options such as shared ownership). The Council may also wish to consider if there is a case for setting a lower figure than the 10% AHO required by the NPPF given the acute need for rented affordable housing in the District.

Affordable Housing Need: Summary

Analysis has been undertaken to estimate the need for affordable housing in the 2021-38 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.

The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership).

When looking at rented needs, the analysis suggests a need for 297 affordable homes per annum across the whole study area, with a need shown for all individual sub-areas; the Council is therefore justified in seeking to secure additional affordable housing.

Table: Estimated Annual Need for Affordable Housing

	Rented AH	AHO	Total	% AHO
North East	80	84	165	51%
North West	69	89	158	56%
Southern Parishes	49	49	97	50%
SDNP	99	94	193	49%
Total	297	316	613	52%

Despite the level of need being high, it is not considered that this would necessarily point to any requirement for the Council to increase the Local Plan housing requirement above that suggested by the standard method. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home).

Additionally, most of the affordable need is already part of the demographic projections which are used to drive the standard method and so any additional provision would arguably be double counting. That said, the level of affordable need across areas can form part of the consideration of the distribution of housing for different location, along with an understanding of demographic trends and economic growth.

The analysis suggests there will be a need for both social and affordable rented housing. The need for social rented housing is increasingly acute whilst affordable rented housing is more suitable for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are required.

When looking at the need for AHO products, the analysis also suggests a need across the study area (for 316 per annum). In interpreting this figure, it should however be noted that there could be a significant additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO.

Analysis does suggest that there are many households in East Hampshire who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the study area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. Although this report sets out a need for affordable housing; it should be noted that the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

8. THE NEEDS OF OLDER PEOPLE & THOSE WITH DISABILITIES

8.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019.

8.2 It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Change

8.3 The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of East Hampshire are presented.

Current Population of Older People

8.4 The table below provides baseline population data about older persons in East Hampshire and compares this with other areas. The population data has been taken from the published 2020 ONS mid-year population estimates (MYE). The table shows that East Hampshire has an older age structure than other areas with 24% of the population being aged 65 and over, this compares with 20% regionally and 19% nationally.

Table 8.1 Older Persons Population, 2020

	East Hampshire	Hampshire	South East	England
Under 65	76.3%	78.1%	80.3%	81.5%
65-74	12.2%	11.4%	10.3%	9.9%
75-84	8.0%	7.4%	6.5%	6.1%
85+	3.5%	3.2%	2.8%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	23.7%	21.9%	19.7%	18.5%
Total 75+	11.5%	10.6%	9.4%	8.6%

Source: ONS Mid-Year Population Estimates

8.5 The table below shows the same information for sub-areas, this shows some variation in the proportion of people aged 65 and over, ranging from 21% in the North East, up to 26% of the population in the Southern Parishes.

Table 8.2 Older Persons Population, 2020 – sub-areas

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
North East	79.2%	10.8%	7.0%	3.0%	100.0%	20.8%	10.0%
North West	76.1%	12.1%	8.1%	3.8%	100.0%	23.9%	11.8%
Southern Parishes	74.3%	13.6%	8.6%	3.5%	100.0%	25.7%	12.1%
SDNP	75.0%	12.8%	8.5%	3.7%	100.0%	25.0%	12.2%
TOTAL	76.3%	12.2%	8.0%	3.5%	100.0%	23.7%	11.5%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

- 8.6 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that East Hampshire is projected to see a notable increase in the older person population. With dwelling provision of 632 dwellings per annum (517 dpa in the plan area) the increase in the population aged 65 and over is around 44% - the population aged Under 65 is in contrast projected to increase by just 7%.
- 8.7 In total population terms, the projections show an increase in the population aged 65 and over of 13,000 people. This is against a backdrop of an overall increase of 19,600 – population growth of people aged 65 and over therefore accounts for 67% of the total projected population change.

Table 8.3 Projected Change in Population of Older Persons, 2021 to 2038

	2021	2038	Change in population	% change
Under 65	94,522	101,049	6,527	6.9%
65-74	15,139	19,342	4,203	27.8%
75-84	10,332	15,262	4,931	47.7%
85+	4,486	8,386	3,900	86.9%
Total	124,478	144,038	19,560	15.7%
Total 65+	29,956	42,990	13,034	43.5%
Total 75+	14,817	23,648	8,831	59.6%

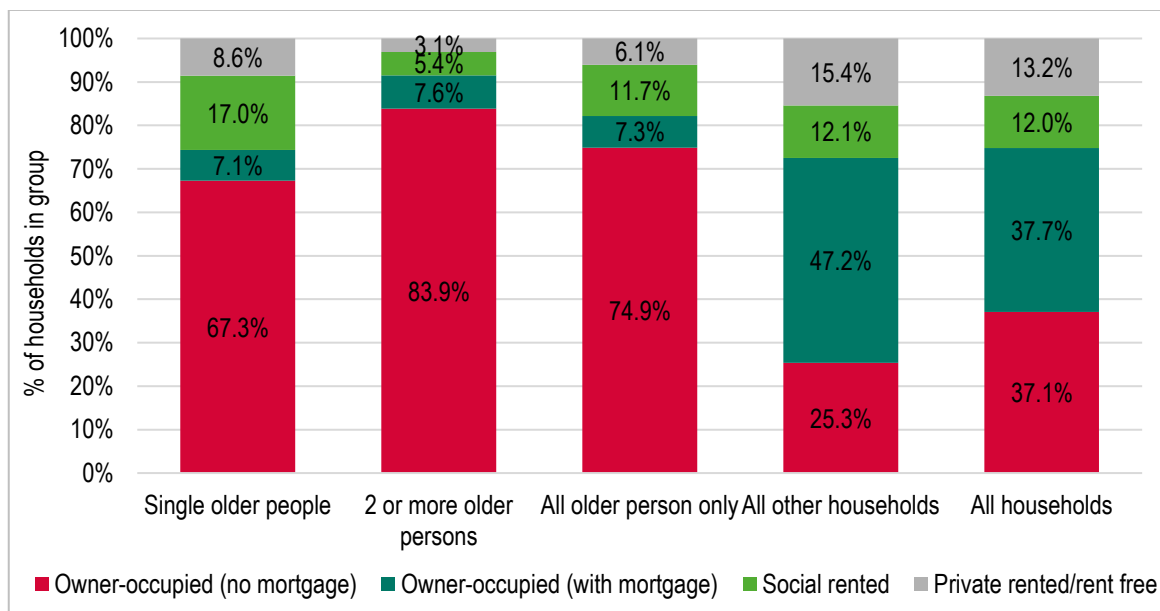
Source: Demographic Projections

Characteristics of Older Person Households

- 8.8 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (82% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home.
- 8.9 Some 12% of older persons households across the District live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 6%).

8.10 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

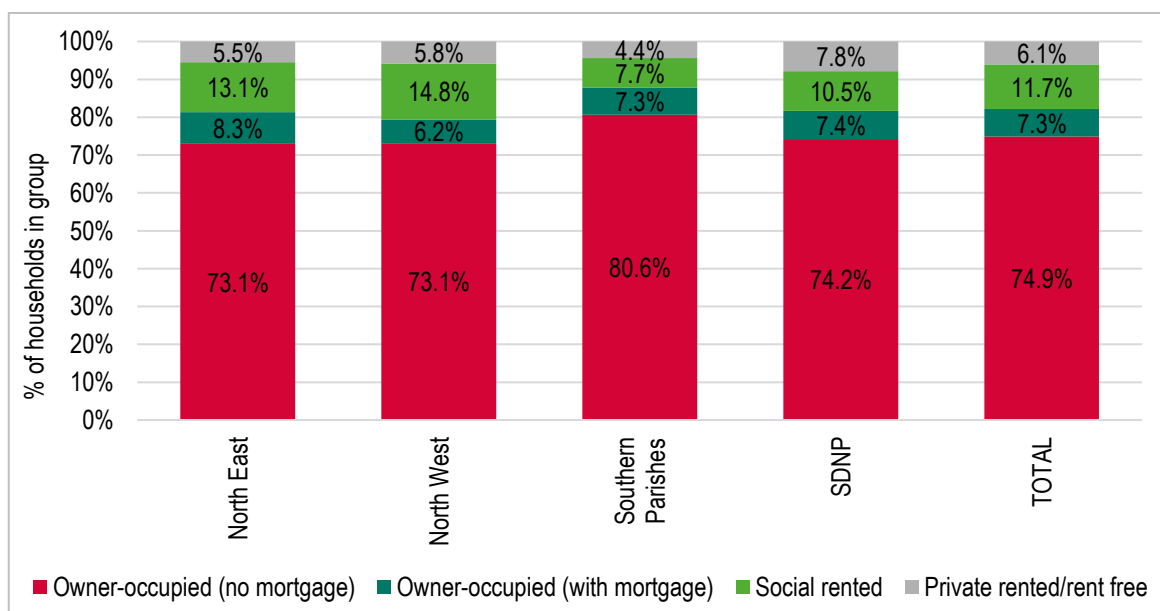
Figure 8.1: Tenure of Older Persons Households in East Hampshire, 2011



Source: 2011 Census

8.11 The figure below shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households varies slightly across the study area; a key observation is the higher level of owner-occupation amongst older people in Southern Parishes – 88% of older person households in this area are owner-occupiers.

Figure 8.2: Tenure of Older Persons Households in East Hampshire, 2011 – sub-areas



Source: 2011 Census

Prevalence of Disabilities

- 8.12 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 27% of households in East Hampshire contain someone with a LTHPD. This figure is slightly lower than seen in other areas. The figures for the population with a LTHPD also show a proportion below other areas – some 15% of the population having a LTHPD.

Table 8.4 Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
East Hampshire	12,967	27.4%	17,243	14.9%
Hampshire	160,310	29.4%	207,325	15.7%
South East	1,048,887	29.5%	1,356,204	15.7%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

- 8.13 The analysis also shows some small differences between different parts of the study area, with the North East seeing a lower proportion of the population with a LTHPD.

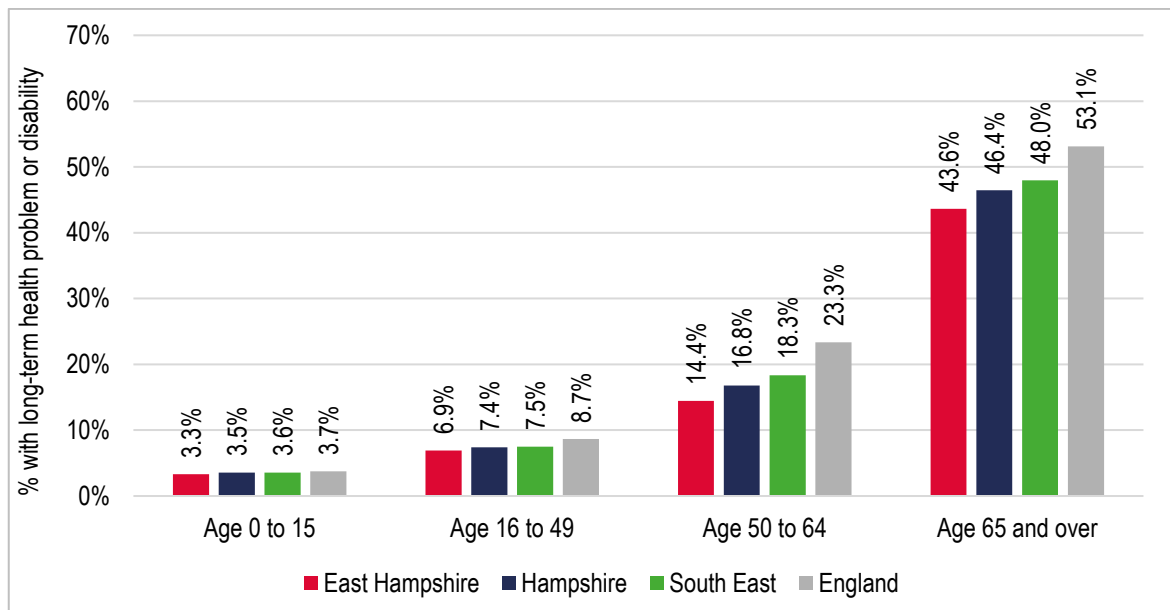
Table 8.5 Households and People with a Long-Term Health Problem or Disability, 2011 – sub-areas – East Hampshire

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
North East	3,606	27.0%	4,600	13.9%
North West	3,324	27.8%	4,561	15.6%
Southern parishes	2,419	28.9%	3,119	15.3%
SDNP	3,618	26.6%	4,963	15.1%
TOTAL	12,967	27.4%	17,243	14.9%

Source: 2011 Census

- 8.14 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows lower levels of LTHPD in each age band within East Hampshire when compared with the regional and national position.

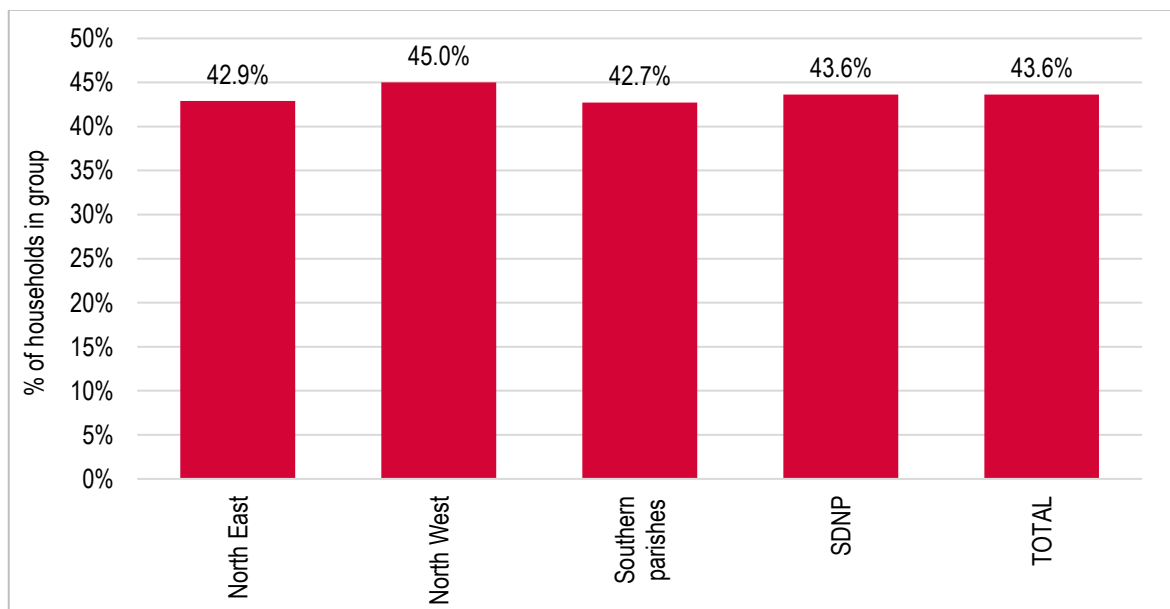
Figure 8.3: Population with Long-Term Health Problem or Disability by Age



Source: 2011 Census

8.15 The figure below shows the proportion of the population aged 65 and over with a LTHPD by sub-area – this shows only minor notable differences between locations.

Figure 8.4: Proportion of population aged 65 and over with a LTHPD – Sub-Areas



Source: 2011 Census

Health Related Population Projections

8.16 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

- 8.17 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 8.18 Of particular note are the large increases in the number of older people with dementia (increasing by 64% from 2021 to 2038 and mobility problems (up 55% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents 13% of total projected population growth.
- 8.19 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 8.6 Projected Changes to Population with a Range of Disabilities – East Hampshire (linked Standard Method)

Disability	Age Range	2021	2038	Change	% Change
Dementia	65+	1,801	2,962	1,161	64.4%
Mobility problems	65+	4,658	7,214	2,555	54.9%
Autistic Spectrum Disorders	18-64	488	520	33	6.7%
	65+	230	332	102	44.3%
Learning Disabilities	15-64	1,300	1,392	92	7.0%
	65+	512	728	216	42.2%
Challenging behaviour	15-64	24	26	2	6.6%
Impaired mobility	16-64	3,179	3,153	-27	-0.8%

Source: POPPI/PANSI and Demographic Projections

- 8.20 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 8.21 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

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- 8.22 The PPG for Housing for Older and Disabled People [63-006] refers only to specialist housing for older people; however, clearly the local authority should support specialist housing schemes for younger adults which come forward across the plan area.
- 8.23 The analysis suggests that there is likely to be some increase in the number of younger people (generally those aged 16/18 to 64) with a disability across the study area. There are a range of disabilities that are likely to require some degree of support, or potentially some form of specialised housing solution.
- 8.24 This report does not seek to be specific about the exact number of units that need to be provided for different groups, nor where such accommodation should be located. Indeed some types of specialist accommodation might have a wide catchment, and would be suitable for clients from outside of the study area; whilst it is also possible that some people in the area would be placed in accommodation elsewhere.

Need for Specialist Accommodation for Older Persons

- 8.25 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: *Planning Practice Guidance [63-010]*

- 8.26 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people.
- 8.27 The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.
- 8.28 There are a number of ‘models’ for considering older persons’ needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 8.29 Whilst there are no definitive rates, the PPG [63-004] notes that *‘the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)’*. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.
- 8.30 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are ‘outdated’ but also noting that the rates from 2011/12 were ‘not substantiated’. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 8.31 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

8.32 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support) with the middle of the range shown for housing with care forming the base position for analysis.

Table 8.7 Range of suggested baseline prevalence rates

Type/Rate	SHOP@ (2008) ¹⁶	Housing in Later Life (2012) ¹⁷	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

8.33 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;
- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and
- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing

¹⁶ Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

¹⁷ https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

with better levels of health likely to mean residents are able to stay in their own homes for longer

- 8.34 Icenl and JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.
- 8.35 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).
- 8.36 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In East Hampshire, the data shows better health in the older person population and so the prevalence rates used have been decreased slightly (by an average of about 18%) – these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in East Hampshire (43.6%) with the equivalent figure for England (53.1%).
- 8.37 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests East Hampshire is the 285th most deprived local authority in England (out of 317) – i.e. a low level of deprivation. This suggests a higher proportion of market housing than for an authority in the middle of the range. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).
- 8.38 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

8.39 Overall, the analysis suggests that there will be a notable need for both housing with support and housing with care (in both market and affordable), as well as some additional nursing and residential care bedspaces.

Table 8.8 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-38 – East Hampshire (linked to Standard Method)

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2038	Shortfall/surplus by 2038
Housing with support	Market	63	901	940	39	560	600
	Affordable	39	693	580	-113	345	232
Total (housing with support)		103	1,594	1,520	-74	906	832
Housing with care	Market	27	108	397	289	237	526
	Affordable	10	0	150	150	89	239
Total (housing with care)		37	108	547	439	326	765
Residential care bedspaces		33	553	486	-67	290	223
Nursing care bedspaces		37	766	547	-219	326	107
Total bedspaces		70	1,319	1,034	-285	616	331

Source: Derived from Demographic Projections and Housing LINEAC

8.40 It can be seen by 2038 there is an estimated need for 1,597 additional dwellings with support or care across the whole study area. In addition, there is a need for 331 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 184 dwellings. In total, the older persons analysis therefore points towards a need for around 1,781 units over the 2021-38 period (105 per annum) – the older person need equates to some 17% of all homes needing to be some form of specialist accommodation for older people.

8.41 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

8.42 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

- 8.43 The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

“This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses”.

- 8.44 There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.
- 8.45 The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

- 8.46 Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *“use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses).”* C3 (dwelling houses) are defined as *“use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents).”*
- 8.47 Care is defined in the Use Class Order as meaning *“personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment.”*

8.48 Personal care has been defined in Regulations¹⁸ as “the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided.”

8.49 Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

“It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided.”

8.50 The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

8.51 A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents’ care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.
- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

¹⁸ Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

NPPF Policies on Affordable Housing

- 8.52 For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.
- 8.53 The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.
- 8.54 Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.
- 8.55 The implication for East Hampshire is that:
- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and
 - If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.
- 8.56 Within the local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

- 8.57 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

-
- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);
 - Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;
 - Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

8.58 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

8.59 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of a new Local Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

8.60 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

8.61 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes will be delivered it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site.

Wheelchair User Housing

- 8.62 The analysis below draws on a range of secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.
- 8.63 The analysis below sets out estimates of the number of wheelchair users in the District; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user (in England) and the oldest person in the household was aged under 60; the 2011 Census showed a household population of around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. The table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

Table 8.9 Baseline prevalence rates by age used to estimate wheelchair user households – England

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	184,000	40,562,000	5
60 - 74 years	205,000	7,668,000	27
75 - 84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

- 8.64 The analysis also considers the relative health of the population of East Hampshire. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. The table below shows this information by age in East Hampshire and England, and also shows the adjustment made to reflect differences in health between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows lower levels of disability for all age groups in East Hampshire, pointing to a slightly lower than average proportion of wheelchair user households.

Table 8.10 Proportion of people with day to day activities limited a lot (by age) – 2011 – East Hampshire

	% of age group with day to day activities limited a lot		East Hampshire as % of England	Prevalence rate (per 1,000 population)
	East Hampshire	England		
Under 60 years	2.5%	4.2%	61.3%	3
60-74 years	7.2%	13.9%	51.3%	14
75-84 years	20.6%	29.1%	70.9%	48
85 years or over	46.9%	52.3%	89.5%	131

Source: 2011 Census

8.65 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 1,514 wheelchair user households in 2021, and that this will rise to 2,237 by 2038 (an increase of 723).

Table 8.11 Estimated number of wheelchair user households (2021-38) – East Hampshire – linked to Standard Method

	Prevalence rate (per 1,000 population)	Household population 2021	Household population 2038	Wheelchair user households (2021)	Wheelchair user households (2038)
Under 60 years	3	84,632	91,448	235	254
60 - 74 years	14	23,777	27,693	326	380
75 - 84 years	48	9,917	14,588	475	698
85 years or over	131	3,646	6,909	477	905
TOTAL		121,973	140,638	1,514	2,237

Source: Derived from a range of sources

8.66 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 1,100 additional wheelchair user homes in the 2021-38 period – this equates to 10% of all housing need (as set out in the table below).

Table 8.12 Estimated need for wheelchair user homes, 2021-38

	Current need	Projected need (2021-38)	Total current and future need	Housing need (2021-38)	% of Housing Need
East Hampshire	372	724	1,096	10,744	10.2%

Source: Derived from a range of sources

8.67 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a need for around 8% of market homes to be M4(3) along with 22% of affordable.

Table 8.13 Estimated need for wheelchair user homes by tenure, 2020-40

	Market	Affordable
East Hampshire	8%	21%

Source: Derived from demographic projections and EHS prevalence rates

8.68 To meet the identified need, the Council could seek a proportion (maybe up to 10%) of all new market homes to be M4(3) compliant and potentially around a quarter in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

8.69 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

8.70 It is worth noting that the Government is currently consulting on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds¹⁹.

8.71 One of the policy options tabled in this document is to remove M4(1) altogether, so that all new homes will have to at least have the accessible and adaptable features of an M4(2) home. M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced. This is consistent with the evidence presented in this report, although the trade-off identified in the consultation paper between viability and the need to deliver sufficient numbers of market homes to meet general housing needs is unavoidable.

¹⁹ Raising accessibility standards for new homes, a consultation paper, page 10

8.72 The viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

Table 8.14 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

8.73 However, local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

8.74 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

The Needs of Older People and those with Disabilities

A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

The data shows that East Hampshire has an older age structure and slightly lower overall levels of disability compared with the national average – age specific rates of disability are notably lower than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2021-38 period include:

- A 44% increase in the population aged 65+ (potentially accounting for two-thirds of total population growth);
- A 64% increase in the number of people aged 65+ with dementia and a 55% increase in those aged 65+ with mobility problems;
- A need for around 830 housing units with support (sheltered/retirement housing) – split about three-quarters market and a quarter affordable housing;
- A need for around 760 additional housing units with care (e.g. extra-care) – split about two-thirds market and a third affordable housing;
- A need for additional nursing care bedspaces; and
- A need for around 1,100 dwellings to be for wheelchair users (meeting technical standard M4(3)).

This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision).

There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

9. FAMILY HOUSEHOLDS AND THE MIX OF HOMES

9.1 This section considers the appropriate mix of housing across East Hampshire, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Family Households

9.2 The number of families in East Hampshire (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 13,900 as of the 2011 Census, accounting for 29% of households; this proportion is the same as the County, regional and national average (all at 29%).

Table 9.1 Households with dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
East Hampshire	No.	9,180	1,500	2,343	849	33,386	47,258	13,872
	%	19.4%	3.2%	5.0%	1.8%	70.6%	100.0%	29.4%
Hampshire	%	17.8%	3.7%	5.8%	2.0%	70.7%	100.0%	29.3%
South East	%	17.1%	3.9%	6.1%	2.3%	70.6%	100.0%	29.4%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: Census (2011)

9.3 The table below shows the same information for each sub-area. The analysis shows broadly similar proportions of family households in different locations, the only small difference being a higher proportion (31%) seen in the North East sub-area.

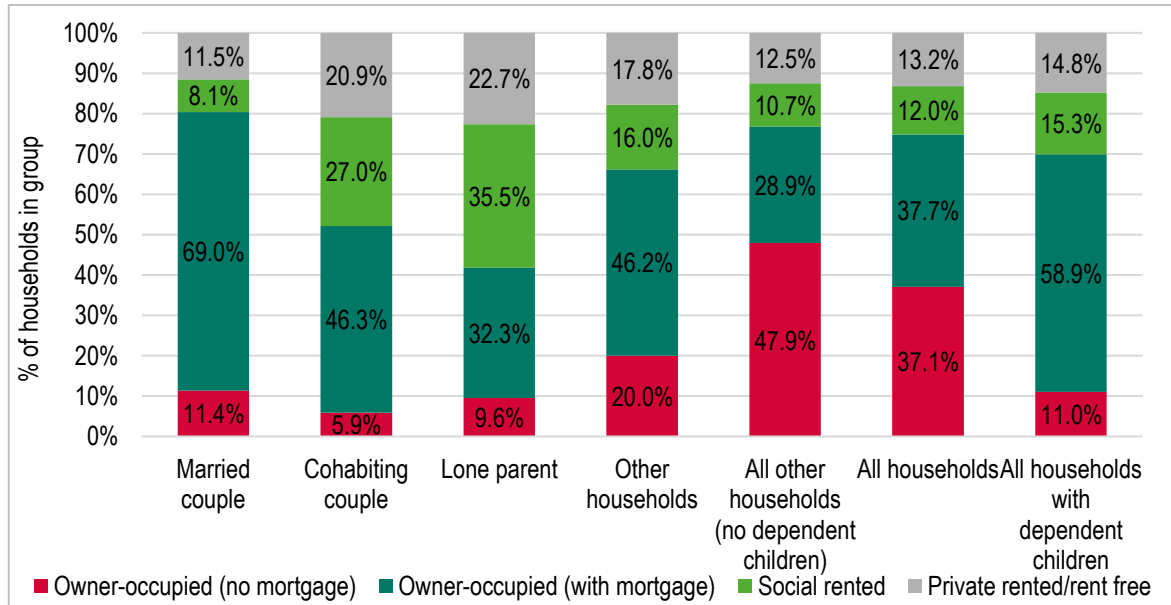
Table 9.2 Households with dependent children (2011) – sub-areas

	Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
North East	20.0%	3.5%	5.5%	2.0%	69.0%	100.0%	31.0%
North West	19.4%	3.1%	5.0%	1.7%	70.8%	100.0%	29.2%
Southern Parishes	19.2%	2.8%	4.4%	1.8%	71.8%	100.0%	28.2%
SDNP	19.0%	3.1%	4.7%	1.7%	71.4%	100.0%	28.6%
TOTAL	19.4%	3.2%	5.0%	1.8%	70.6%	100.0%	29.4%

Source: Census (2011)

9.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In East Hampshire, only 42% of lone parent households are owner-occupiers compared with 80% of married couples with children.

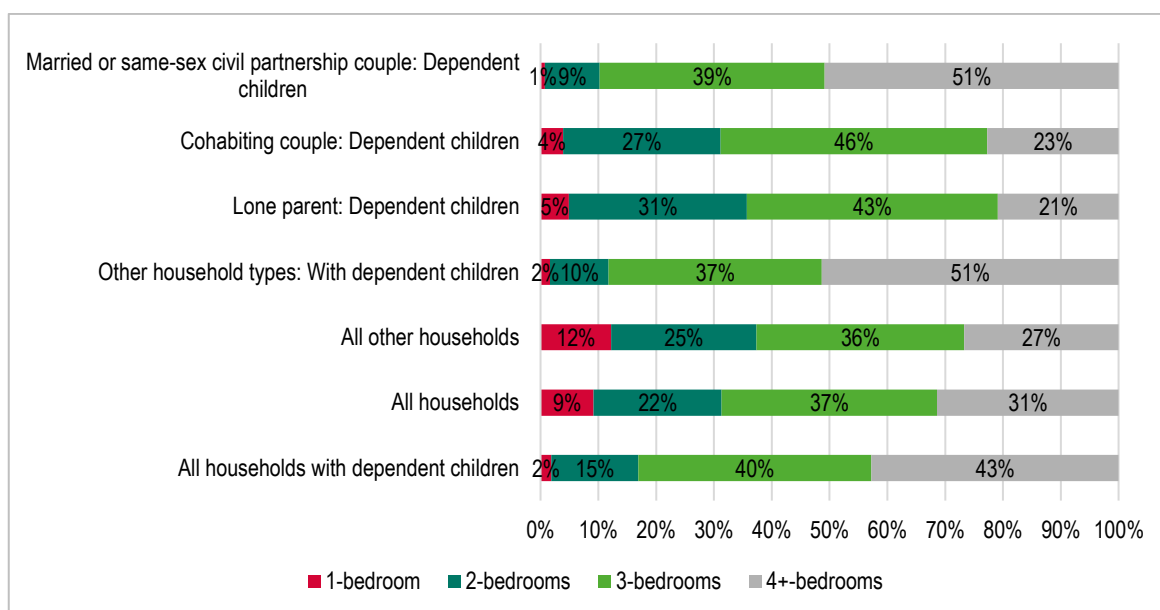
Figure 9.1 Tenure of households with dependent children (2011) – East Hampshire



Source: Census (2011)

9.5 The Figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the study area, the tendency is for family households to occupy 3+-bedroom housing with variation depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.

Figure 9.2 Number of Bedrooms by Family Household Type, 2011 – East Hampshire



Source: Census (2011)

The Mix of Housing

- 9.6 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 9.7 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed over the assessment period to 2038 (from 2021).
- 9.8 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 78% of the total in this tenure group, a higher proportion than seen in other locations). The profile of the social rented sector is broadly similar across areas (slightly fewer 1- and 3-bedroom homes and more with 2-bedrooms) as is the private rented sector. Observations about the current mix feed into conclusions about future mix later in this section.

Table 9.3 Number of Bedrooms by Tenure, 2011

		East Hampshire	Hampshire	South East	England
Owner-occupied	1-bedroom	4%	4%	5%	4%
	2-bedrooms	18%	20%	22%	23%
	3-bedrooms	39%	45%	44%	48%
	4+-bedrooms	39%	32%	30%	25%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	29%	30%	32%	31%
	2-bedrooms	33%	34%	33%	34%
	3-bedrooms	34%	32%	31%	31%
	4+-bedrooms	4%	4%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	20%	18%	24%	23%
	2-bedrooms	37%	38%	37%	39%
	3-bedrooms	30%	33%	27%	28%
	4+-bedrooms	13%	11%	12%	10%
	Total	100%	100%	100%	100%

Source: Census (2011)

Overview of Methodology

9.9 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

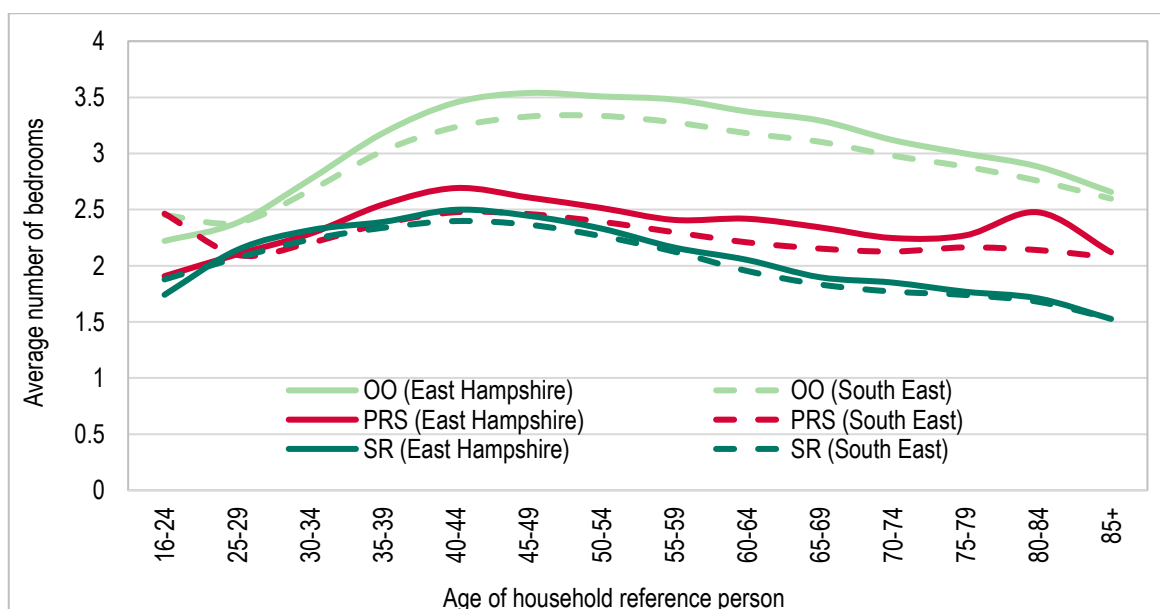
9.10 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

9.11 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

9.12 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

- 9.13 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 9.14 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 9.15 The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for East Hampshire and the South East. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies some differences between East Hampshire and the region, although the pattern of average dwelling sizes by age of HRP are similar in both areas.

Figure 9.3: Average Bedrooms by Age and Tenure in East Hampshire and the South East



Source: Census (2011)

- 9.16 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that

applies regional occupancy assumptions for the South East region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

9.17 The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

9.18 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in particular some older age groups. The number of households headed by someone aged 50-64 is projected to see a modest decline over the period studied.

Table 9.4 Projected Change in Household by Age of HRP in East Hampshire – linking to Standard Method (632 dwellings per annum)

	2021	2038	Change in Households	% Change
16-24	840	969	130	15.5%
25-29	1,853	2,454	601	32.4%
30-34	2,762	3,545	783	28.3%
35-39	3,212	3,766	554	17.2%
40-44	3,666	4,562	896	24.4%
45-49	4,442	4,754	312	7.0%
50-54	5,176	4,712	-465	-9.0%
55-59	5,580	5,040	-540	-9.7%
60-64	5,191	4,846	-345	-6.7%
65-69	4,481	5,921	1,439	32.1%
70-74	4,938	6,299	1,361	27.6%
75-79	4,142	5,685	1,543	37.2%
80-84	2,873	4,555	1,682	58.5%
85 & over	3,002	5,482	2,481	82.6%
Total	52,160	62,591	10,431	20.0%

Source: Demographic Projections

Initial Modelled Outputs

- 9.19 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 9.20 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from the Local Authority Housing Statistics (“LAHS”) and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing nearly a fifth of households as requiring 3+ bedroom homes (including 6% in the 4+-bedroom category).

Table 9.5 Size of Social/Affordable Rented Housing – Housing Register Information

	Number of households	% of households
1-bedroom	754	53%
2-bedrooms	414	29%
3-bedrooms	174	12%
4+-bedrooms	79	6%
Total	1,421	100%

Source: Local Authority Housing Statistics, 2020

- 9.21 The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 9.6 Modelled Mix of Housing by Size and Tenure in East Hampshire (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	7%	28%	41%	25%
Affordable home ownership	21%	38%	29%	11%
Affordable housing (rented)	36%	33%	28%	3%

Source: Housing Market Model

Table 9.7 Modelled Mix of Housing by Size and Tenure in East Hampshire (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	29%	41%	24%
Affordable home ownership	23%	38%	28%	11%
Affordable housing (rented)	39%	31%	27%	3%

Source: Housing Market Model

Table 9.8 Modelled Mix of Housing by Size and Tenure in East Hampshire (combining methodologies)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	28%	41%	24%
Affordable home ownership	22%	38%	29%	11%
Affordable housing (rented)	38%	32%	28%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

- 9.22 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 9.23 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).
- 9.24 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were 30,900 households with some degree of under-occupation and just 320 overcrowded households.

Table 9.9 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – East Hampshire

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	8,398	11,309	19,707
+1	0	5,125	3,950	2,100	11,175
0	1,301	1,094	1,370	381	4,146
-1	78	89	83	33	283
-2	7	17	9	6	39
Total	1,386	6,325	13,810	13,829	35,350

Source: Census (2011)

9.25 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 9.10 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – East Hampshire

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	472	50	522
+1	0	863	616	88	1,567
0	1,504	872	712	75	3,163
-1	148	133	103	7	391
-2	20	5	12	1	38
Total	1,672	1,873	1,916	220	5,681

Source: Census (2011)

Table 9.11 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – East Hampshire

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	931	357	1,288
+1	0	1,359	577	353	2,289
0	1,121	801	317	85	2,324
-1	137	113	30	8	288
-2	14	10	10	4	38
Total	1,272	2,283	1,866	806	6,227

Source: Census (2011)

9.26 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating.

9.27 For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.

9.28 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following tables. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 9.12 Adjusted Modelled Mix of Housing by Size and Tenure – East Hampshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	12%	40%	34%	14%
Affordable home ownership	24%	42%	25%	9%
Affordable housing (rented)	38%	35%	24%	4%

Source: Housing Market Model (with adjustments)

Indicative Targets for Different Sizes of Properties by Tenure

9.29 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs, the survey data and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented Housing

9.30 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people).

9.31 As noted, the conclusions also consider the Housing Register, which did show a higher proportion of households as needing 4+-bedroom homes than the modelled data above. The conclusions also take account of the current profile of housing in this sector (although for East Hampshire the stock profile looks to be fairly average in a regional and national context).

9.32 In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing maybe a starting point. Other factors including the sustainability of the resultant community, management requirements of Housing Providers and site specific issues need to be taken account before finalising the mix on a particular site:

- 1-bedroom: 35-40%
- 2-bedroom: 35-40%
- 3-bedroom: 15-20%
- 4+-bedroom: 5-10%

Affordable Home Ownership

9.33 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

- 1-bedroom: 20-25%
- 2-bedroom: 40-45%
- 3-bedroom: 25-30%
- 4+-bedroom: 5-10%

Market Housing

9.34 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). This sees a slightly larger recommended profile compared with other tenure groups:

- 1-bedroom: 10-15%
- 2-bedroom: 40-45%
- 3-bedroom: 30-35%
- 4+-bedroom: 10-15%

9.35 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the study area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

9.36 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Smaller-Area Housing Mix

9.37 The analysis above has focussed on overall District-wide needs; given differences between locations it is however worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the sub-areas. The analysis shows a few features, including the slightly high proportion of 4+bedroom market homes in the Southern Parishes. There are also small variations shown in the profile of the social rented and private rented sectors although generally sub-area differences are not significant.

Table 9.13 Number of Bedrooms by Tenure, 2011 – sub-areas

		North East	North West	Southern Parishes	SDNP	TOTAL
Owner-occupied	1-bedroom	4%	5%	2%	4%	4%
	2-bedrooms	20%	17%	16%	18%	18%
	3-bedrooms	40%	38%	41%	37%	39%
	4+-bedrooms	36%	40%	41%	41%	39%
	Total	100%	100%	100%	100%	100%
Social rented	1-bedroom	26%	32%	31%	30%	29%
	2-bedrooms	34%	31%	41%	30%	33%
	3-bedrooms	35%	33%	25%	36%	34%
	4+-bedrooms	5%	4%	2%	3%	4%
	Total	100%	100%	100%	100%	100%
Private rented	1-bedroom	20%	22%	20%	20%	20%
	2-bedrooms	35%	41%	34%	36%	37%
	3-bedrooms	31%	27%	29%	32%	30%
	4+-bedrooms	15%	10%	17%	12%	13%
	Total	100%	100%	100%	100%	100%

Source: 2011 Census

9.38 A modelling exercise has then been carried out using the same methodology as for District-wide data (but with some additional assumptions due to data availability) with the tables below showing the estimated mix of housing by tenure in each location.

Market Housing

- 9.39 Focussing on the market sector, and consistent with the analysis of current profiles, the analysis typically shows a very slightly higher need for larger homes in the Southern Parishes although differences between areas are slight. It is not considered that any differences are sufficiently clear-cut to suggest a different mix of housing at a sub-area level. If developments were provided in-line with the suggested mix in this report (District-wide), then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations. That said, any specific developments could take account of the analysis below.

Table 9.14 Modelled size requirement by sub-area – market housing

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
North East	12%	40%	34%	14%
North West	13%	38%	34%	15%
Southern Parishes	10%	38%	36%	16%
SDNP	13%	43%	32%	11%
TOTAL	12%	40%	34%	14%

Source: Housing Market Model

Affordable Home Ownership

- 9.40 The table below shows estimates of mix for affordable home ownership. There are again differences between locations, although all areas show a particular focus on the need for 2-bedroom homes in this sector. Again, it is not clear-cut that the data points to the need for a mix of housing which is substantially different locally than would be suggested by the District-wide analysis.

Table 9.15 Modelled size requirement by sub-area – affordable home ownership

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
North East	24%	41%	26%	9%
North West	25%	44%	23%	7%
Southern Parishes	24%	41%	25%	10%
SDNP	24%	41%	26%	8%
TOTAL	24%	42%	25%	9%

Source: Housing Market Model

Social/Affordable Rented

- 9.41 In the social/affordable rented sector, the differences between areas are arguably fairly slight, and does not point to any different or specific mix as being needed in different locations. It should be noted that the analysis above for sub-areas does not take account of any information from the Housing Register. It is possible at any point in time that the register will be able to provide additional data about a suitable mix of rented housing and this should be considered at the relevant time for any specific applications.

Table 9.16 Modelled Size Requirement by Sub-Area – Social/Affordable Rented

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
North East	34%	36%	25%	5%
North West	39%	34%	23%	4%
Southern Parishes	39%	38%	20%	3%
SDNP	39%	33%	25%	4%
TOTAL	38%	35%	24%	4%

Source: Housing Market Model

Sub-Area conclusions

9.42 Overall, the analysis does not suggest that a substantially different mix should be proposed for smaller areas. There may however be a case on a site-by-site basis, or at a specific point in time for some minor adjustments to the overall conclusions. This is summarised below:

- a) Whilst there are modest differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
- b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;
- c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock;
- d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level;

9.43 Overall, it is suggested that Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided. Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built-Form

- 9.44 A final issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

Bungalows

- 9.45 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the District as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.
- 9.46 The table below shows a notable proportion of homes in East Hampshire are bungalows (15% of all flats and houses) with about 43% of these having 3-bedrooms, and a further 39% 2-bedrooms); a lower proportion (9%) of homes across England are bungalows.

Table 9.17 Number of dwellings by property type and number of bedrooms (March 2020) - East Hampshire

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	360	3,040	3,330	1,020	20	7,760
Flat/Maisonette	3,680	3,840	350	30	20	7,920
Terraced house	330	3,360	6,240	690	10	10,620
Semi-detached house	120	1,730	7,510	1,190	30	10,580
Detached house	20	580	4,530	11,080	50	16,250
All flats/houses	4,510	12,550	21,960	14,010	130	53,130
Annexe	-	-	-	-	-	400
Other	-	-	-	-	-	510
Unknown	-	-	-	-	-	350
All properties	-	-	-	-	-	54,380

Source: Valuation Office Agency

- 9.47 In general, discussions with local estate agents find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).
- 9.48 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).

-
- 9.49 As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 9.50 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 9.51 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive.
- 9.52 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+ bedrooms) and/or provide accommodation for those with mobility issues

Flats vs. Houses

- 9.53 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.
- 9.54 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in both East Hampshire and England. This shows a relatively low proportion of flats in East Hampshire (just 30% of all 2-bedroom homes) and this would point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors (around two-fifths of 2-bedroom homes in both of these sectors are flats).

Table 9.18 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	East Hampshire	England
Owner-occupied	21%	21%
Social rented	42%	48%
Private rented	41%	50%
All (2-bedroom)	30%	35%

Source: 2011 Census

- 9.55 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats. However, any decisions will still have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing, although it is still the case that houses are likely to make up the majority of the need in this sector.

Family Households and the Mix of Homes: Summary

The proportion of households with dependent children in East Hampshire is fairly average with around 29% of all households containing dependent children in 2011 (the same as regionally and nationally). Households in the North East sub-area are particularly likely to contain dependent children although overall differences between areas are slight. There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (17-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in East Hampshire are very high in the market sector).

Potential Mix of Housing by Size and Tenure – East Hampshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10-15%	40-45%	30-35%	10-15%
Affordable home ownership	20-25%	40-45%	25-30%	5-10%
Affordable housing (rented)	35-40%	35-40%	15-20%	5-10%

Source: Derived from a range of sources

The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

The mix identified above could inform strategic policies although a flexible approach needs to be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying any mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

10. HOUSING MARKET SEGMENTS

- 10.1 This section considers other market segments including Build to Rent, self-build and custom housebuilding and rural/entry-level exception sites. These market segments are a separate source of supply to conventional house building – meeting the changing needs of specific groups such as those who wish to build their own home, live in the private rented sector or live rurally together with the wider community.

Build-to-Rent

- 10.2 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.
- 10.3 In the context of the private rented sector’s growth over the last 20 years and a national housing shortage, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development as well “Co-Living” development schemes.

The Policy Context

- 10.4 In respect of Build to Rent, the Housing White Paper (February 2017) was clear in 2017 that the Government wanted to build on earlier initiatives to attract new investment into large-scale scale housing which is purpose-built for market rent (i.e., Build to Rent).
- 10.5 At that time, the Government set out that this would drive up overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.
- 10.6 This was realised through the publication of the revised Framework (February 2019) which recognises the emergence of the strength of the private rented sector. The Framework (paragraph 61) says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need). The Framework’s glossary also introduces a definition for Build to Rent development, thus recognising it as a sector:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development”.

10.7 It represents development which is constructed with the intention that it will be let rather than sold. The benefits of Build to Rent are strong and are best summarised in the Government's A Build to Rent Guide for Local Authorities which was published in March 2015. The Guide notes the benefits are which ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants' choice "as generally speaking tenants only have the option to rent from a small-scale landlord".
- Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and
- Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

10.8 This Build to Rent Guide provides a helpful overview of the role that Build to Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.

10.9 Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Turning to the present and the latest market insight on Build to Rent as it begins to mature and strengthen as a development sector, the Savills UK Build to Rent Market Update²⁰ for Q3 2021 states that the market now had 50,800 completed units, 37,700 under construction and 84,000 in the development pipeline, a total of 172,500 units.

10.10 The report notes that around 88% of the operational stock was located in City Centre flats but there had been a slight shift towards "housing led, family targeted" Build to Rent schemes in suburban locations. This was on the belief that there is a wider PRS market for houses (63%) than for flats.

10.11 The Savills work also noted that the sector had bounced back from a Pandemic related slowdown. They also noted new entrants into the sector seeking longer term investment.

²⁰ https://www.savills.co.uk/research_articles/229130/306754-0

The Profile of Tenants

- 10.12 The British Property Federation (“BPF”), London First and UK Apartment Association (“UKAA”) recently published (February 2021) a report²¹ profiling those who live in Build to Rent accommodation in London - which makes up the bulk of the market. The proportion of Build to Rent in London accounts for 47% of current provision falling to 44% once the pipeline supply is included. This demonstrates a slight movement out of London which goes against the historic trend. There is now more Build to Rent activity outside of London than in the Capital.
- 10.13 Around 62% of residents were aged between 25 and 34 compared with 47% in the wider private rented sector market. The remaining residents included 17% aged between 16 and 24 and 13% aged 35-44 both of which were below the corresponding values for the wider private rented sector market.
- 10.14 The survey based data identified that incomes are similar to those in private rented sector accommodation with 43% earning less than £32,000 and 29% earning between £32,000 and £47,000. Typically, Build to Rent residents spend between 29% and 35% of their income on accommodation. This compares to 29% to 32% in the wider private rented sector demonstrating a willingness to pay slightly more. The lower value would put this group in the lowest 40% of earners in London.
- 10.15 The report noted that Build to Rent has comparable levels of affordability but is notably more affordable for couples and sharers. This is perhaps reflected in the higher incidence of these household types within the Build to Rent sector.
- 10.16 The report also identified a broadly similar balance of people working in the public and private sectors with 90.5% of residents employed in the private sector living in Build to Rent accommodation compared with 80% in the private rented sector. The most common industries included Finance and Insurance (25%), Other Services (20%) and IT and Communications (including marketing) (15%); however, it should be highlighted that this was London focussed as the key area for the product.

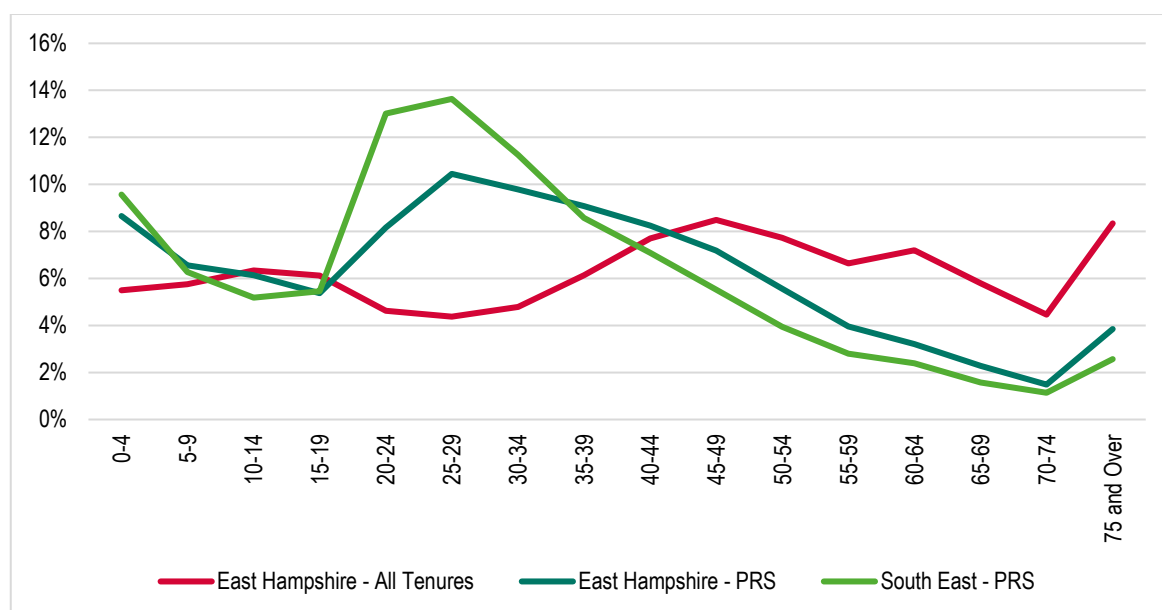
The Size of the Sector in East Hampshire

- 10.17 As set out in Section 2 of this report, in East Hampshire, 12% of the of all housing stock in 2011 was in the private rented sector which compared with 17% in the South East and 17% in England. Drawing on ONS estimates of tenure change over the period 2012-19, it is expected that the sector has grown to account for around 14.5% of all households in 2019. As a result, in relative terms, the sector is not significant in the District but clearly plays a role in the market – which is also growing.

²¹ https://buildtorent.files.wordpress.com/2021/01/who-lives-in-build-to-rent-1.pdf?mc_cid=624df5d223&mc_eid=e05cc2220b

10.18 As is shown in the Figure below, the age of those renting at the point of the 2011 Census in East Hampshire was notably skewed towards those aged 25 to 39; however, in relative terms when compared with the South East, the overall profile was more balanced. This results in a slightly older demographic in the sector compared to the South East average which is more focussed on those aged in their early 20s. Over a third (36%) of the tenants in the District are aged 40 and over compared with just over a quarter (26%) across the South East.

Figure 10.1: Age Profile of Private Rented Sector Tenants, East Hampshire



Source: 2011 Census

10.19 Turning to household composition, the Table below analyses on the best available data how those living in the private rented sector typically occupy homes in East Hampshire set against wider comparators.

Table 10.1 Household Composition of Private Renters in East Hampshire

Composition	East Hampshire		South East	England
	No.	%	%	%
One Person Aged 65 and over	329	6%	4%	12%
One Person Aged under 65	1,330	24%	26%	18%
Couple Aged 65 and over	105	2%	1%	8%
Couple No Children	1,189	22%	19%	18%
Couple Dependent Children	1,275	23%	19%	19%
Couple Non-Dep. Children	129	2%	2%	6%
Lone Parent Dep. Children	510	9%	11%	7%
Lone Parent Non-Dep Children	127	2%	2%	3%
Full-Time Students	8	0%	3%	1%
Other Households	515	9%	12%	7%
Total Households	5,517	100%	100%	100%

Source: Census 2011

10.20 The analysis shows that the largest household group is single person households aged under 65 accounting for around a quarter (24%) of all households – typical of the private rented sector profile.

10.21 However, as is clear, in relative terms there is a high proportion of couples with and without dependent children living in the sector, accounting for 23% and 22% of households respectively which is notably above the regional and national average. There is also 515 “other households” (including unrelated adults sharing) accounting for 9% of private rented households which is higher than the national average but below the South East as a whole.

Rental Market Statistics

10.22 The private rents in East Hampshire for all property sizes except for 3 bedroom homes are below the South East average but above the median in England for all sizes except for studio properties. The most common size of property let is 2 bedroom followed by 3 bedroom properties – with monthly rents 21% and 44% above the national average respectively. In the context of a Build to Rent product, the rental values are modest in the District.

Table 10.2 Monthly Median Rents vs Wider Comparators, Year to March 2021

	E Hants Count	East Hampshire	South East	England
Studio	20	£495	£600	£575
1-bed	210	£675	£725	£650
2-bed	390	£850	£900	£700
3-bed	260	£1,150	£1,100	£800
4+ bed	120	£1,525	£1,625	£1,350
All Lettings	1,000	£895	£900	£730

Source: Icení analysis of ONS Private Rental Market Statistics.

10.23 Turning to trends, the evidence indicates that median rents have increased over the last seven years by 38%. Separating out the size of properties, there has been particularly strong growth across the board but most notably for 3 bedroom properties which increased by 53%. 1 bed properties increased by 35% and rents for 2 bed properties growing by 36% which are typical bedroom sizes of Build to Rent schemes.

Table 10.3 Rental Growth in East Hampshire, 2014 – 2021

	2014	2021	Change	% Change
Studio	£433	£495	£62	14%
1-bed	£500	£675	£175	35%
2-bed	£625	£850	£225	36%
3-bed	£750	£1,150	£400	53%
4+ bed	£1,100	£1,525	£425	39%
All Lettings	£650	£895	£245	38%

Source: Icení analysis of ONS Private Rental Market Statistics. Note no data provided for rooms.

Affordability of the PRS and Local Housing Allowance

- 10.24 Affordable rents as well as securing the initial rental deposit constitute a key barrier to accessing housing for some households, particularly as private rents have grown faster than household incomes and above housing benefit allowances. The relative unaffordability of larger, family sized, homes for rent can often result in distortions and inefficiency in the market limiting the development of larger properties despite evident local needs.
- 10.25 The Local Housing Allowance (“LHA”) sets the amount of housing benefit or Universal Credit housing element that households in the private rented sector can claim. It is intended to reflect the lowest 30th percentile of local private rents to allow welfare claimants access to the market. On 1st April 2020, LHA rates were increased – following a five year freeze – to ensure that the rates covered the 30th percent of market rents in each area. The rates have however since been frozen to 2020 rates.
- 10.26 The latest allowances by bedroom size are set out in the Table below for the BRMA which applies in the District – the East Hampshire BRMA. The rates for 1 bedroom properties up to 4 bedroom properties are shown.

Table 10.4 Monthly LHA Rate²² by Broad Rental Market Area by Size

BRMA	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Basingstoke BRMA	£695	£825	£950	£1,250
Blackwater Valley BRMA	£700	£875	£1,100	£1,450
Guildford BRMA	£850	£1,100	£1,375	£1,800
Portsmouth BRMA	£585	£725	£875	£1,200
Winchester BRMA	£725	£860	£1,100	£1,600

Source: VOA, 2021

- 10.27 If we then set these LHA rates against private rental values and focus on the lower quartile rents (i.e. the lowest 25% or “entry-level rents”), it is clear that there are some areas in the District where LHA has fallen below market rents in East Hampshire for certain property sizes despite the LHA rate being increased on 1st April 2020. The Table below shows the difference between the LHA cap and entry-level rents.

²² LHA Rate correct in October 2021

Table 10.5 Difference between LHA Rates and LQ Rent

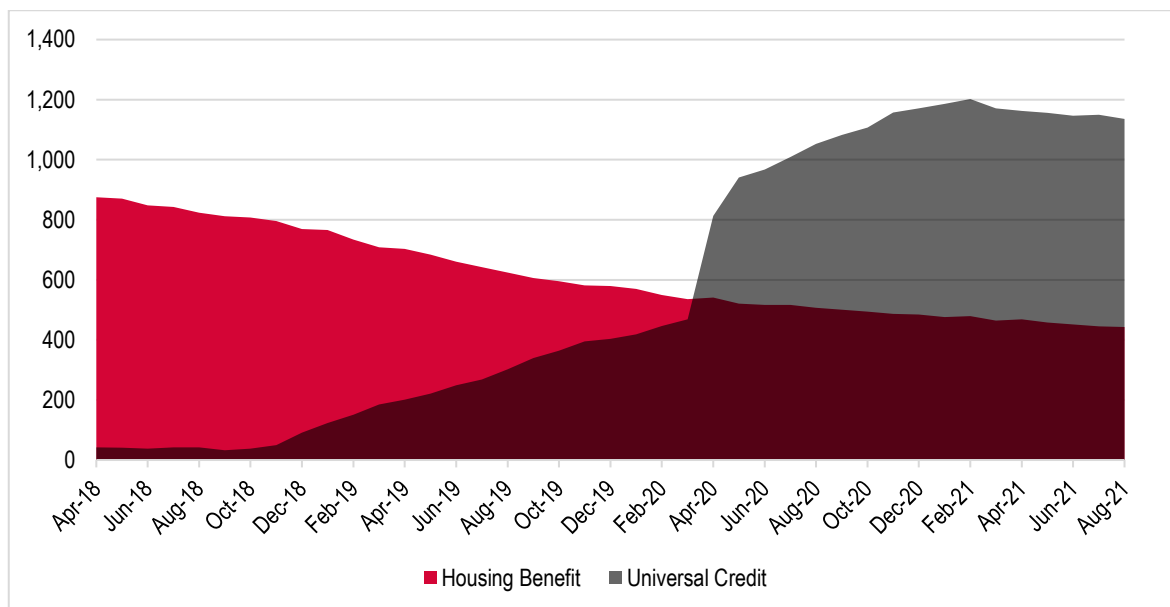
	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
District LQ Rent	£625	£790	£1,000	£1,325
Basingstoke BRMA	£695	£825	£950	£1,250
Difference	£70	£35	-£50	-£75
Blackwater Valley BRMA	£700	£875	£1,100	£1,450
Difference	£75	£85	£100	£125
Guildford BRMA	£850	£1,100	£1,375	£1,800
Difference	£225	£310	£375	£475
Portsmouth BRMA	£585	£725	£875	£1,200
Difference	-£40	-£65	-£125	-£125
Winchester BRMA	£725	£860	£1,100	£1,600
Difference	£100	£70	£100	£275

Source: VOA and ONS, 2021

- 10.28 As the analysis above shows, there are differences between LHA rates in the Portsmouth and Basingstoke BRMAs and entry-level rents – particularly for family-sized properties - which points to particular challenges for both single households and family households who are trying to access the sector on lower incomes in these areas.
- 10.29 The changing nature of welfare benefits payments, particularly housing benefits and the introduction and shift to Universal Credit have direct implications for lower earning and economically inactive households.
- 10.30 The operation of the welfare benefit cap has been in place now for a number of years, restricting the total amount of benefit - including housing benefits - which in turn serves to restrict housing choice and opportunity for those family households affected. This has served to form a potential barrier to accessing family-sized housing.
- 10.31 The maximum amount of welfare and housing benefit is capped currently at £384.62 per week or £1,666.67 per month outside of London for families with children and couples. The benefit cap applies as soon as the household income from benefits would otherwise exceed it.
- 10.32 The welfare cap does not apply to housing benefits if sufficient hours are worked to qualify for working tax credit. For a lone parent this is 16 hours worked per week; for families this is 24 hours per week (with one person working at least 16 hours). There are exemptions for those with disabilities or carer attendance responsibilities.
- 10.33 In addition to restrictions arising from welfare caps, those households that are also Universal Credit claimants are limited after 6th April 2017 in terms of claiming additional amounts for a third or subsequent child which inevitably restricts larger family household incomes for those claiming Universal Credit.

- 10.34 A further difficulty has been widely reported in terms of individuals and family households switching from benefit payments into the Universal Credit system with widely reported delays and significant gaps between the last benefit payment and the first payment by Universal Credit.
- 10.35 This has, in some instances been compounded by Universal Credit payments (including money to cover housing costs) being paid directly to the individual/household rather to the local authority or landlord. Authorities do on occasions use Discretionary Housing Payments to bridge the gap between rents and LHA rates. There are also, anecdotally, significant instances where such individuals/households have been unable to budget appropriately leading to a failure to pay housing rental charges when they are due.
- 10.36 It is possible to drill into the number of private rented sector claimants supported by Universal Credit with a housing element – and we have also looked at this analysis over a long period as part of our assessment of affordable housing need. In August 2021, a total of 7,601 residents in East Hampshire claimed housing benefit or Universal Credit with a housing element. Out of these claimants, around 1,579 lived in private rented accommodation (equal to 21% of all claimants).
- 10.37 The Figure below shows how the number of claimants in the District living in private rented accommodation which claim housing benefits or Universal Credit with a housing element has changed over time. Combined, the total number of claimants increased from 917 in April 2018 to 1,579 in August 2021. As is clear, there was a notable increase following the introduction of lockdown measures in March 2020 in relation to the COVID-19 pandemic.

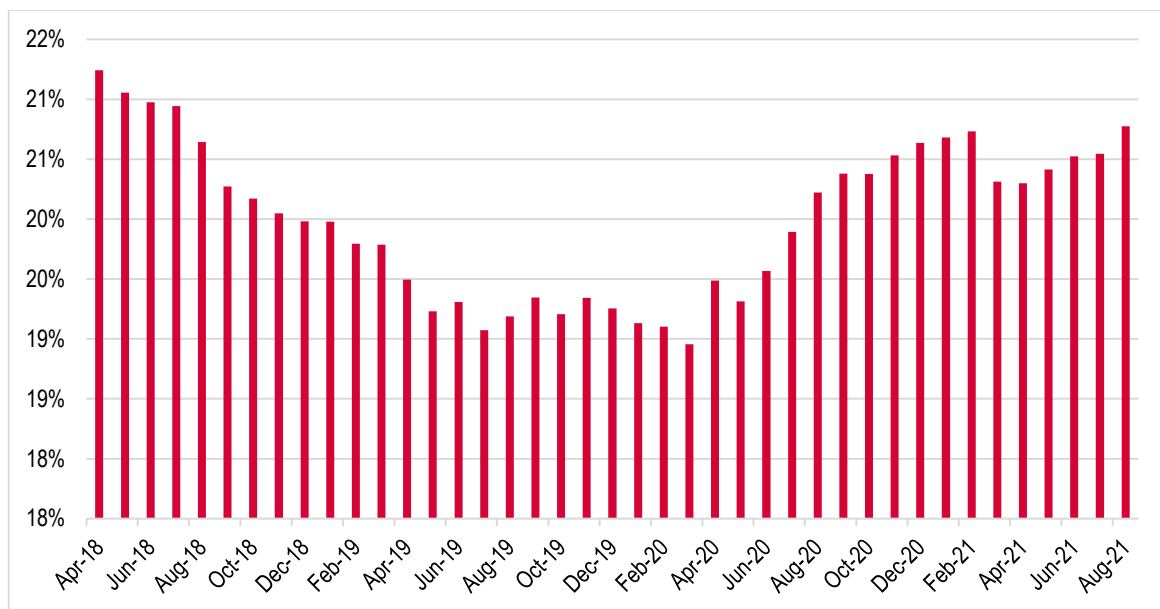
Figure 10.2: Claimants in Private Rented Sector Supported by Housing Benefits or UC



Source: DWP

10.38 Over the same period, the proportion of claimants living in the private rented sector increased from 19% to 21% which is clear from the Figure below. The sector has therefore played a key role in supporting households claiming Universal Credit.

Figure 10.3: Proportion of Housing Benefit Claimants in PRS



Source: DWP

10.39 Looking more broadly at households living in the private rented sector, as is clear from our analysis of affordable housing needs, we have found that a significant proportion (41% of all claimants) are likely to have an income that would allow them to buy a home.

10.40 As a result, for many living in the PRS, barriers to households becoming homeowners are less likely to relate to income and/or the cost of housing and more about other factors such as saving for a deposit or difficulties obtaining a mortgage. However, as we have concluded elsewhere, some individuals/households will choose to rent privately as this can be a more flexible option.

The Existing Provision

10.41 It is our understanding that there has been limited activity in the way of forthcoming Build to Rent development in the District. The Council do handle planning applications for private rented housing which includes applications of scale for flatted development to be rented; however, to date there have been no planning applications for purpose-built Build to Rent accommodation.

The Recommended Policy Response

10.42 The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent. On the basis of our analysis of the size and nature of the private rented sector in the District alongside

the rental values being achieved, there is not clear a basis to conclude that a need currently exists for a purpose-built rental product.

- 10.43 Nevertheless, looking forward it is clear that the sector is growing, and rental values are increasing. There is potential for a Build to Rent product in select areas in the District which are supported by strong public transport connections such as Alton.
- 10.44 In preparing a new Local Plan, the Council could therefore include a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be applied.
- 10.45 Given that the sector is still evolving, we would recommend that the Council is not overly prescriptive on the mix of dwelling sizes within new Build to Rent development. The Framework's definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control.
- 10.46 The Council will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build to Rent development will however differ from that of a typical mixed tenure development in the sense that returns from the Build to Rent development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed.
- 10.47 In general terms, it is expected that a proportion of Build to Rent units will be delivered as 'Affordable Private Rent' housing. Planning Practice Guidance²³ states that:

“The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion, they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on

²³ ID: 60-002-20180913

viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development”

- 10.48 The Council should have regard to the PPG on Build-to-Rent developments. This states that at least 20% of the units within a Build to Rent development should be let as Affordable Private Rented units at a discount of 20% to local market rents.

Private Rented Sector and Build to Rent: Summary

The private rented sector has been the key tenure growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.

In the District, the private rented sector is not of a significant size accounting for around 12% of all stock at the point of the 2011 Census and an estimated 14% of all stock in 2019. However, owing to the high rate of turnover, it does play a role in the market.

Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development. However, at the time of writing, there has been no Build to Rent activity in the District.

On the basis of our analysis of the size and nature of the private rented sector in the District alongside the rental values being achieved, there is not clear a basis to conclude that a need currently exists for a purpose-built rental product.

Nevertheless, looking forward it is clear that the sector is growing, and rental values are increasing. There is potential for a Build to Rent product in select areas in the District which are supported by strong public transport connections such as Alton.

In preparing a new Local Plan, the Council could therefore include a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be applied

Self and Custom Build

- 10.49 As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.
- 10.50 The East Hampshire Self-Build and Custom Housebuilding Register was introduced for 1st April 2016 and there has now been six full base periods up to 30th October 2021. At the time of writing, the Council has chosen not to set a local connection test or require that a fee is paid to join the register. As such, the local authority must have regard to all entries on the register when carrying out their planning, housing, land disposal and regeneration functions and in establishing demand.
- 10.51 It should however be noted that the Council carried out a review of its register in April 2020. A letter was issued to all individuals on the register at that point in time detailing proposed changes to how the register was to be administered. This included a requirement for proof that all individuals met the necessary registration criteria and instructed individuals to re-submit their registration by Thursday 30th April 2020.
- 10.52 The letter also set out potential proposals for introducing a local connection test and fee and invited views on this proposed approach. However, as noted, the Council has not sought to introduce either of the two optional eligibility tests afforded by Planning Practice Guidance. For the avoidance of doubt, the review sought to apply only the required eligibility tests set out in Planning Practice Guidance as follows:
- Be aged 18 and over;
 - Be a British Citizen, a national of an EEA State other than the United Kingdom, or a national of Switzerland; and
 - Be seeking (either alone or with others) to acquire a serviced plot of land in East Hampshire District Council's area (outside the South Downs National Park) to build a house to occupy as your sole or main residence
- 10.53 Turning to the level of demand, if assessed over the six full base periods, there has been a total of 129 registered expressions of interest in a serviced plot of land. Following the review in April 2020, the register has effectively been reset. The Table below provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in East Hampshire.

Table 10.6 Serviced Plot Demand by Base Period in East Hampshire

	Entries
Base Period 1 (16 August 2015 to 30 th October 2016)	n.a.
Base Period 2 (31 st October 2016 to 30 th October 2017)	n.a.
Base Period 3 (31 st October 2017 to 30 th October 2018)	n.a.
Base Period 4 (31 st October 2018 to 30 th October 2019)	n.a.
Base Period 5 (31 st October 2019 to 30 th October 2020)	75
Base Period 5 (31 st October 2020 to 30 th October 2021)	54
Total	129

Source: Council Self and Custom Build Register

10.54 It is worth highlighting that a survey²⁴ undertaken by YouGov on behalf of the National Custom and Self-Build Association (“NaCSBA”) in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority’s self-build register may underestimate demand.

Broader Demand Evidence

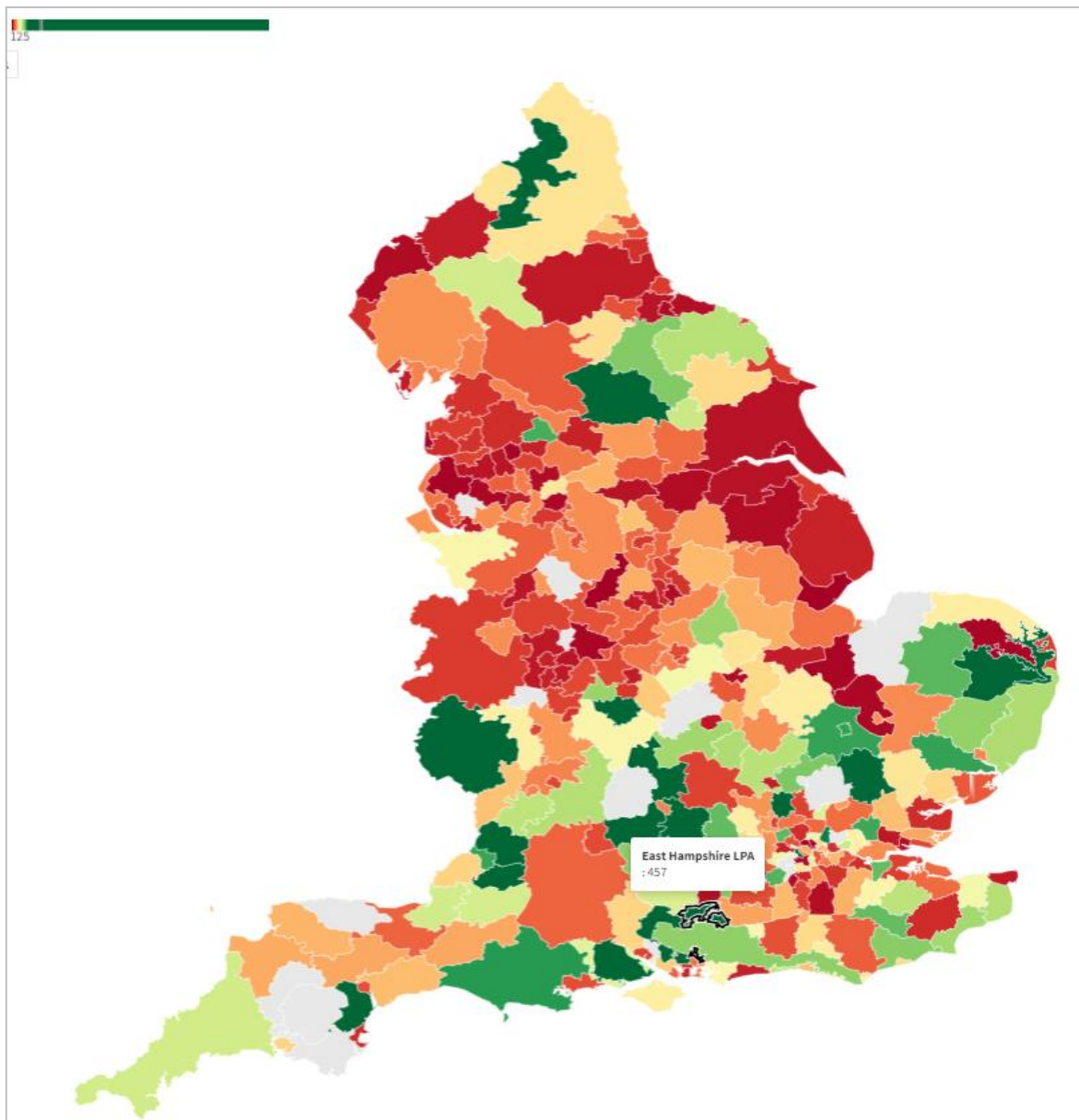
10.55 In order to supplement the data from the Council’s own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.

10.56 First, it is worth highlighting that the recent October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property

10.57 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in East Hampshire in relative terms. The association has recently published analysis with supporting maps and commentary titled “Mapping the Right to Build” in 2019. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England. One of the key maps within the report highlights the areas of strongest demand and this is shown in the Figure below.

²⁴ A survey of 2,017 adults with fieldwork undertaken online between 9th – 11th October 2020. The figures are weighted and are representative of all GB adults aged 18+

Figure 10.4: Overall Demand for Self-Build Plots per 100,000 of Population, 2019 Registers



Source: NaCSBA "Mapping the Right to Build", 2020

- 10.58 The map reflects register data from local authorities across the country with East Hampshire clearly highlighted. The map demonstrates that East Hampshire had significant levels of demand per 100,000 of the population at the time the data was gathered. The data which sits behind the map states that there is demand from 457 persons per 100,000 in East Hampshire which places the District in the top 10 authorities in England. However, following a review in April 2020, relative demand has now fallen to around 107 persons per 100,000.

Supporting the Self-Build and Custom Housebuilding

- 10.59 It is clear that there is demand for self-build and custom housebuilding serviced plots of land in East Hampshire as over the last five base periods, there has been a total of 129 entries. Set in context, data from NaCSBA research indicates that demand was previously very high at 457 persons per

100,000 of the population on the register. However, this has now fallen to 107 persons per 100,000 of the population following the review in April 2020.

10.60 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG²⁵ is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.

10.61 There are a number of measures which can be used to do this, including but not limited to:

- supporting Neighbourhood Planning groups where they choose to include self-build and custom build housing policies in their plans;
- working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom build housing; and
- when engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested;
- working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.

10.62 The East Hampshire Core Strategy adopted in June 2014 is silent on self-build and custom build housing in policy terms – only making reference to the sector in the context of the strategic development area of Whitehill & Bordon (paragraph 9.59) where it is noted that the site provides an opportunity to deliver self and custom build homes.

10.63 Icení would note that an increasing number of local planning authorities have adopted *specific* self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-taking which have found that paragraph 11(d) of the Framework is engaged in the absence of specific policy on self-build housing when this is the focus of a planning application.

²⁵ Paragraph: 025 Reference ID: 57-025-20210508

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- 10.64 The Council has drafted a specific policy under Policy DM8 in the draft Local Plan. This sets out general support for the sector if the proposed development has no significant adverse impact on the local character. It also states that on development sites of 20 homes or more 5% of the total homes shall be available for sale as self-build and custom housebuilding plots whilst there is an identified need. The latter is often known as the “Teignbridge Rule” after the first District Council to adopt the first self-build policy.
- 10.65 Icen considers that this draft policy is suitable and responds to the requirements of Planning Practice Guidance. As a general principle, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

Self and Custom Build Housing: Summary

Self-build and custom housebuilding is a growing sector of the housing market, and one which has potential to contribute to housing delivery. Since the introduction of the Council’s self-build register on 1st April 2016 and following a review of the register in April 2020, there have been a total of 129 individuals entered. Although demand in relative terms has fallen since the review of the register, there is clearly still evidence of strong interest in the District.

The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.

The East Hampshire Core Strategy adopted in June 2014 is silent on self-build and custom build housing in policy terms; however, the Council has drafted a specific policy under Policy DM8 in the draft Local Plan which supports self and custom build development subject to any significant adverse impact on local character. The policy also requires sites of 20 homes or more to provide for 5% of all housing as serviced plots.

Icen considers that this draft policy is suitable and responds to the requirements of Planning Practice Guidance. As a general principle, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

Rural Housing Needs

Entry-Level/First Home Exception Sites

- 10.66 The Framework (paragraph 72) identifies that local planning authorities should support the development of entry-level exception sites, suitable for first time buyers (or those looking to rent their first home), unless such needs are already being met within the authority's area. The concept of entry-level exception sites was first introduced in the July 2018 version of the new Framework as a new means of provision to support the delivery of affordable housing.
- 10.67 The paragraph requires that such sites should not be on land already allocated for residential development and should comprise affordable housing as defined in the Framework's Glossary. It also states that such entry-level exception sites should be adjacent to existing settlements and proportionate in size to them. In this respect, Footnote 33 indicates that entry-level sites should not be larger than 1 ha or exceed 5% of the size of the existing settlement.
- 10.68 The notable difference of entry-level exception sites compared with other "exception sites" is that the former can be comprised of entry-level homes that offer one or more types of affordable housing as defined in Annex 2 of the Framework. In other words, an entry-level exception site can be comprised entirely of discounted market sales housing, for example, which is not the case with rural exception sites.
- 10.69 On 1st April 2021, the Government confirmed its commitment to introduce a First Home Exception Sites Policy encouraging delivery of First Homes at a minimum 30% discount to open market values. The Government has made clear that it intends to amend paragraph 72 of the Framework replacing 'entry-level exception sites' with "First Homes exception sites".
- 10.70 In its response, it was set out that the proposed First Homes policy will remove the 1ha / 5% size threshold. The Government response also suggested that more emphasis will be given to the role of market housing to help deliver First Homes exception sites. On this point, the Government set out that:
- "Our engagement with the industry suggests that these sites are often not viable as they must deliver only affordable housing. Therefore, the government is replacing this policy with a 'First Homes exception sites' policy, in order to encourage First Homes-led developments on land that is not currently allocated for housing".
- 10.71 On 24th May 2021, the Government published new PPG on First Homes including First Home exception sites which defines them as follows:

“A First Homes exception site is an exception site (that is, a housing development that comes forward outside of local or neighbourhood plan allocations to deliver affordable housing) that delivers primarily First Homes”

- 10.72 The PPG sets out that First Homes exception sites can come forward on unallocated land outside of a development plan; however, they cannot come forward on Green Belt or designated rural areas such as the SDNP
- 10.73 For plan making, local authorities are encouraged to set policies which specify their approach to determining the proportionality of First Homes exception site proposals, and the sorts of evidence that they might need in order to properly assess this. In the context of market provision, authorities can specify in detail the proportions of market housing that would be considered acceptable and under what circumstances.
- 10.74 In response, we would recommend that the Council therefore develop a policy which recognises the role of First Home exception sites on suitable land, setting out criteria for which to assess schemes and being clear that these are distinct from rural exception sites. The Written Ministerial Statement (“WMS”) published on 24th May 2021 does set out some further steer on the approach for local authorities, explicitly stating that:

“First Homes exception sites should be on land which is not already allocated for housing and should:

a) comprise First Homes (as defined in this Written Ministerial Statement)

b) be adjacent to existing settlements, proportionate in size to them, not compromise the protection given to areas or assets of particular importance in the National Planning Policy Framework, and comply with any local design policies and standards.”

- 10.75 In terms of the size of scheme, the PPG states that what constitutes a proportionate development will vary depending on local circumstances for the purpose of decision-taking. It is considered that the size of schemes could be determined by the size of an adjacent settlement in line with the Council’s settlement hierarchy.
- 10.76 In addition, applicants should be required to submit a housing needs assessment to demonstrate that the need for such homes is not already being met within the local authority’s area. In the context of providing an element of market housing, applicants should also provide evidence that the site would be unviable without such housing being included, for instance in situations where the development faces significant and unexpected delivery costs. The WMS is also clear that local

connection criteria may be set but only where it can be supported by evidence of necessity and will not compromise site viability.

Rural Exception Sites

- 10.77 The Framework (paragraph 78 and the Glossary) makes clear that rural exceptions sites are different to entry-level exception sites (now First Home exception sites). The Framework at Annex 2 defines rural exception sites as: “small sites used for affordable housing in perpetuity where sites would not normally be used for housing”.
- 10.78 In contrast to entry-level or First Home exception sites, rural exception sites seek to address the needs of the local community by accommodating households who are either current residents of the parish or have an existing family or employment connection to the parish. A proportion of market homes may be allowed on the site at the local planning authority’s discretion, for example where “essential to enable the delivery of affordable units without grant funding” which is similar to the new First Home exception site policy.
- 10.79 The Framework (paragraph 78) confirms that local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs and also to consider whether some market housing on such sites would help facilitate this.
- 10.80 The purpose of rural exception site development is to recognise that more rural communities need new housing to help maintain their vitality and also to assist residents to find accommodation that meets their changing needs.
- 10.81 For younger individuals and households this includes offering genuine opportunities to secure affordable housing in the area where they have grown up. Rural exception housing therefore offers a policy and financial mechanism by which the choice and mix of accommodation available to younger age groups can help support access to appropriate housing. Rural exception sites do also offer opportunities for the ageing population; with the ability for provide for individuals wishing to downsize amongst other avenues.
- 10.82 Rural exception sites have the advantage of giving people with a local connection and where there is an identified *local* housing need a priority in the affordable housing allocation process. Homes are offered first and foremost to households in the parish within which it is located. The development and occupancy of rural exception sites is controlled through a S106 legal agreement. This agreement ensures that the dwellings on the exception site are affordable in perpetuity and have occupancy clauses.
- 10.83 The affordable housing provided on rural exception sites should only be used to meet a clearly identified *local* housing need and a community will need to demonstrate through a local housing

needs survey that there is a localised need. The results of the survey should demonstrate that there are people living in the parish/village who are in housing need and are unable to compete in the general housing market (to rent or buy) due to the low level of their income.

- 10.84 In contrast on First Home exception sites there is no requirement for an applicant to demonstrate a *local* need to the parish. What is required is evidence that there is an unmet need for First Homes at the local authority level.
- 10.85 In terms of delivering exception sites, these can be brought forward by a range of associations but are typically led by Parish Councils or community-led housing groups such as Community Land Trusts (“CLTs”) which provide affordable homes for local people in need, for rent or shared ownership, through the acquisition of land which is held as a community asset in perpetuity.
- 10.86 Over the period 2005-2020, East Hampshire District Council was a member of the Hampshire Alliance for Rural Affordable Housing (“HARAH”) which had a core aim of increasing the supply of affordable housing in rural villages of Hampshire. The partnership ended on 31st March 2020 following its role in supporting the delivery of over 500 homes across rural Hampshire; however, work started by HARAH has since continued as part of the Hampshire Homes Hub, which is funded in part by Government, with a role to help communities bring forward housing schemes.
- 10.87 The Hub offers services such as carrying out Housing Need Surveys on behalf of Parish Councils and community groups; working with Parish Councils to find suitable sites for small affordable housing schemes and also work with landowners who have offered land for rural exception site housing.
- 10.88 In planning policy terms, the East Hampshire Core Strategy under Policy CP14 deals with rural exception sites – badged as ‘affordable housing for rural communities’. This policy supports the delivery of housing outside of settlement boundaries subject to a range of criteria including only when:
- (a) It provides affordable housing for local people who are unable to obtain accommodation on the open market;
 - (b) There is a proven local affordable housing need; and
 - (c) The need cannot be met within the settlement to which that need relates;
- 10.89 The policy also allows for the provision of a small amount of market housing if the settlement has a settlement boundary policy and market provision should not exceed 30% of all housing proposed. The Council had a similar policy in the previous East Hampshire Local Plan Second Review 2006 under Policy H12.

10.90 Icení has reviewed rural exception schemes over the last five years in East Hampshire District in part to understand the effectiveness of the policy in supporting rural exception schemes. The Table below sets out the three relevant housing exception schemes approved and delivered providing for a total of 75 affordable homes for local people.

Table 10.7 Rural Exception Schemes, East Hampshire, 2016-2021

Scheme	Registered Provider	Affordable Rent	Shared Ownership	Market Housing	Completed
Forge Road, Kingsley	Sovereign	8	4	1	Jun-18
Applegarth Vale, Grayshott	Vivid	34	10	36	May-20
Downhouse Road, Horndean	Abri	17	12	0	July-21
Total		59	26	37	

Source: Council Monitoring Data

10.91 The first scheme referenced was brought forward by Martlet Homes and delivered by Hyde Housing Association who are now known as Sovereign. The site was undeveloped grassland and formed part of the Dean Farm Golf Course. The Parish Council had established a local need through a housing needs survey. The scheme provided for a mix of 6 x 1 bedroom flats, 4 x 2 bedroom semi-detached homes and 2 x 3 bedroom homes. An additional 3 bedroom market home was also delivered to support scheme viability.

10.92 The second scheme referenced was brought forward by CALA Homes and delivered by Vivid Housing Association. As is clear, the scheme was not a traditional exception site due to the number of homes developed including the number of general market homes delivered. Owing to the volume of affordable homes delivered – which at the time met the affordable housing need of the local area in full – the market provision was accepted. The scheme provided for a mix of 1 bed maisonettes and 2, 3 and 4 bedroom homes.

10.93 The third and final scheme referenced was brought forward and delivered by Radian who are now known as Abri Housing Association. The scheme is the only one of the three to deliver 100% affordable homes. The scheme provided for a mix of 1, 2 and 3 bedroom homes.

10.94 Although in absolute terms there has not been a *substantial* number of affordable homes delivered through the Council's rural exception site policy, it is important to bear in mind that rural exception-sites come forward on land where housing development would not normally be permitted and are ultimately being driven by housing associations and community groups. The successful delivery of three rural exception schemes in the last five years demonstrates that the approach to local policy has been successful – including the allowance of an element of market housing.

10.95 Looking forward, the Council should continue to highlight and strongly promote the benefits of exception sites to encourage housing opportunity for younger households and family households

connected to rural areas. The Council should maintain its policy position in the new Draft Local Plan. The Council should also explore the opportunity to deliver joint self-build and affordable housing schemes on rural exception sites through its existing links with the Hampshire Homes Hub.

Rural Housing Needs: Summary

The Framework (paragraph 72) identifies that local planning authorities should support the development of entry-level exception sites, suitable for first time buyers (or those looking to rent their first home). The paragraph requires that such sites should not be on land already allocated for residential development and should comprise affordable housing as defined in the Framework's Glossary.

On 1st April 2021, the Government confirmed its commitment to introduce a First Home Exception Sites Policy encouraging delivery of First Homes at a minimum 30% discount to open market values. The Government has made clear that it intends to amend paragraph 72 of the Framework replacing 'entry-level exception sites' with "First Homes exception sites".

In the context of the revised Planning Practice Guidance on First Homes, it is recommended that a standalone planning policy should be developed which supports First Homes Exception Sites subject to the qualifying criteria set out within this report.

Rural exceptions sites are different to First Homes Exception Sites. The Framework (paragraph 78) confirms that local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs and also to consider whether some market housing on such sites would help facilitate this.

In planning policy terms, the East Hampshire Core Strategy under Policy CP14 deals with rural exception sites – badged as 'affordable housing for rural communities'. This policy supports the delivery of housing outside of settlement boundaries subject to a range of criteria. Icení has reviewed schemes approved under this Policy over the last five years and found that it has been successful in delivering affordable homes in the District.

In addition to policy support, the Council also has a history of supporting organisations such as HARA and now the Hampshire Homes Hub which aim to increase the supply of affordable housing in rural villages of Hampshire by offering support and guidance.

Looking forward, the Council should continue to highlight and strongly promote the benefits of exception sites to encourage housing opportunity for younger households and family households connected to rural areas. The Council should maintain its policy position in the new Draft Local Plan.

The Council should also explore the opportunity to deliver joint self-build and affordable housing schemes on rural exception sites through its existing links with the Hampshire Homes Hub.

11. HOUSING NEEDS OF SPECIFIC GROUPS

- 11.1 This section considers the needs of specific groups in the District including homeless households, households with support needs, student households, service families and households living in caravans.

Homeless Households and those with Support Needs

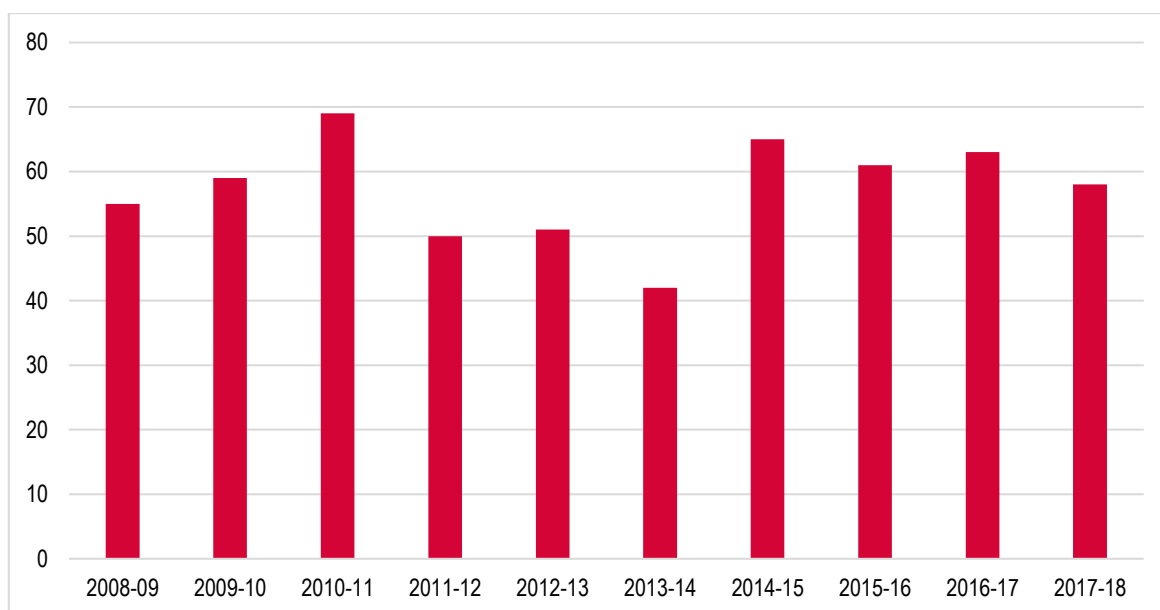
- 11.2 In order to understand the scale and main issues surrounding homelessness in the District, Iceni has drawn on data from the Homelessness Case Level Collection (“H-CLIC”) which is gathered by MHCLG directly from local authorities. Iceni has also considered the District Homelessness and Rough Sleepers Strategy 2019-24 which was adopted in 2019.
- 11.3 The Strategy provides a useful starting point for understanding the main issues around homelessness in the District and the current position with the Housing Service offer. In setting the scene, the Strategy recognises that the District population is ageing, property values are increasing along with land values, housing affordability has continued to decline and there has a decreasing ability to secure accommodation private rented sector due to high rents.
- 11.4 The Strategy goes on to state that the Council is a non-stock holding authority as the housing stock was transferred under LSVT to East Hampshire Housing Association, who later merged to form Radian. As a result, the Council has to work closely with registered social landlords who manage stock within the District. The Council’s Housing Service is responsible for housing options and advice provisions as well as ensuring the adequate provision of housing development within the district through its housing enabling and housing strategy roles.
- 11.5 The Strategy incorporates an Action Plan to tackle the main concerns and challenges in the District which are grouped under four main priority areas with specific targets, as follows:
- (1) To ensure all our customers are provided with appropriate advice, assistance and support to enable them to address their housing needs and to lead independent lives – emphasis to be on early intervention, building on existing services and continually improving service delivery.
 - (2) Consider more sustainable housing solutions for those facing homelessness and on the Housing Register -with the emphasis on reducing the use of B&B, placement outside the area, and taking the opportunity to be more creative and innovative

- (3) Prevent and Relieve homelessness by working in partnership with statutory and voluntary sector agencies to identify the threat of homelessness at the earliest opportunity, and work together to ensure appropriate support services are accessible; and
- (4) To understand the needs and requirements of those rough sleeping and sofa surfing in the district and provide sustainable solutions

11.6 In order to better understand the position of those most in need and also provide a longer-term view, IcenI has analysed H-CLIC data with the data available up to 31st December 2020. The Figure below shows how the number of those accepted as being homeless and in priority need changed in the District over the period from 2008 to 2017 which pre-dated the implementation of the Homelessness Reduction Act (“HRA”) in 2018. In 2017/18, there were 58 homeless households owed a full duty.

11.7 For context, this was equal to 1.2 per 1,000 households compared with 2.0 per 1,000 households across the South East or 2.4 across England therefore pointing to relatively low numbers in the District. In relative terms therefore, the position is not as serve in East Hampshire.

Figure 11.1: Homeless Households in Priority Need, 2008/09 -2017/18

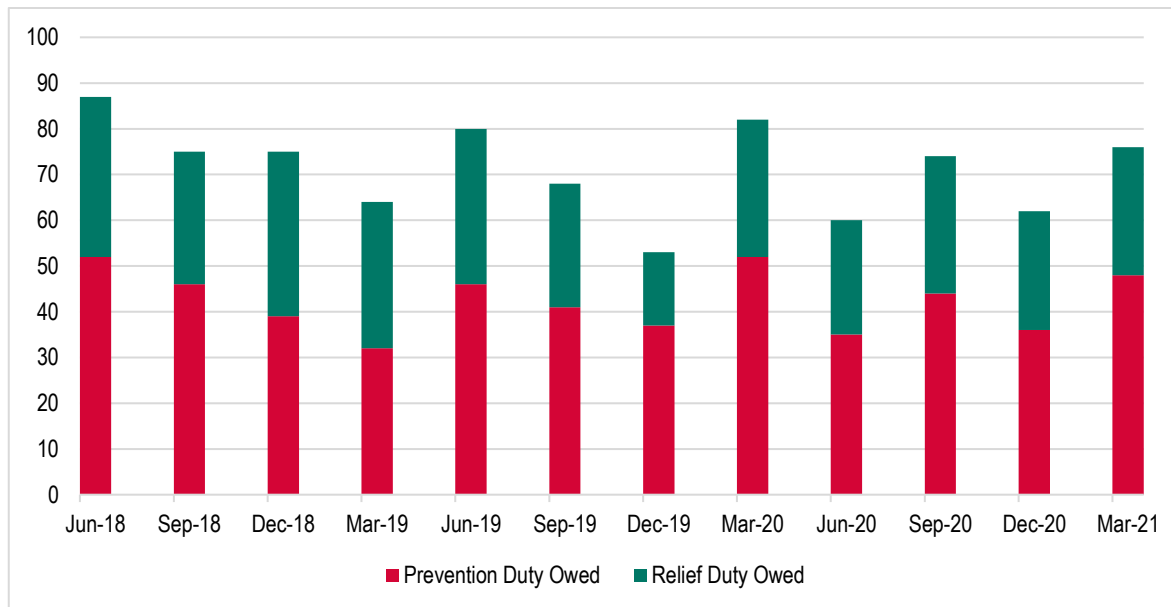


Source: H-CLIC Data

11.8 The introduction of the HRA in 2018 now means that data is reported on a quarterly basis and is split out by those owed a prevention or relief duty. The HRA places new duties on housing authorities to intervene earlier to prevent homelessness and to take reasonable steps to relieve homelessness for all eligible applicants, not just those that have priority need under the Act. This has had an impact on how the data is presented and as a result, it cannot be directly compared.

11.9 Notwithstanding, the Figure below shows that the Council has experienced an average of 72 households owed a full duty each quarter since 1st April 2018. However, to again put this in context, the data is showing that on average there are 1.4 households owed a duty per every 1,000 households in East Hampshire each quarter, compared with 2.5 in the South East and 2.9 across England.

Figure 11.2: Homeless Households Owed a Duty, Post-HRA, 2018/19 -2020/21

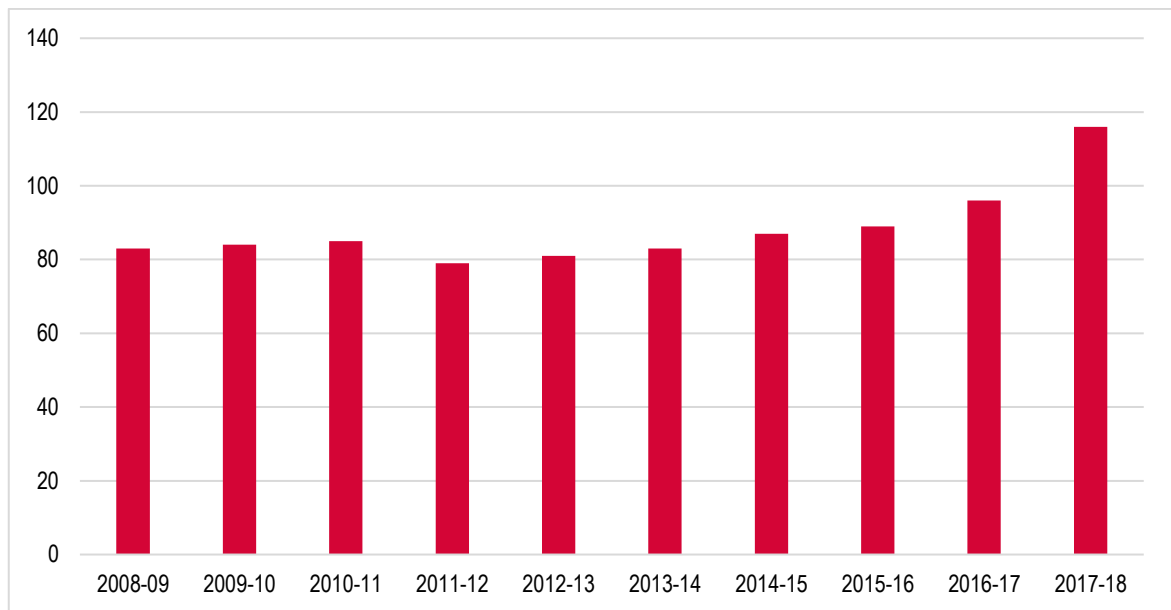


Source: H-CLIC Data

11.10 Although overall numbers are not significant, the Figure below highlights the notable increase in the number of households living in TA in the District over the period from 2008-2018. The Council's Homelessness Strategy recognises this stating that the number of families and single applicants being placed in temporary accommodation and emergency bed & breakfast has increased over the past 5 years.

11.11 At the time of the Strategy's preparation, it was the case that some RPs were allowing the housing options & advice team to nominate these families or individuals to their stock managed by an assured shorthold tenancy.

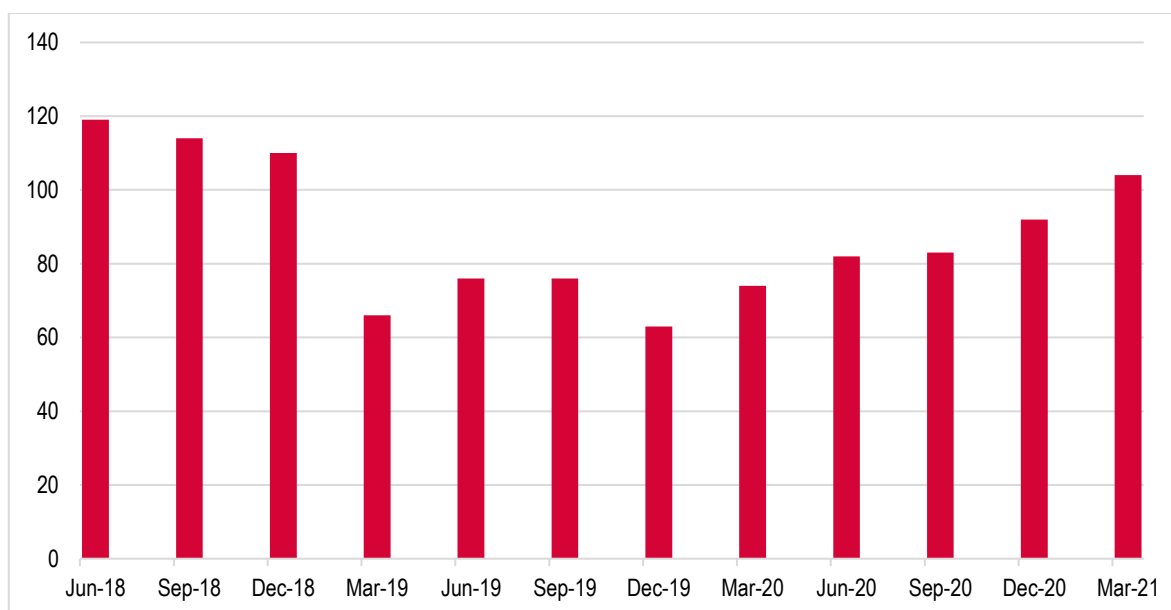
Figure 11.3: Households living in Temporary Accommodation, 2008/09 -2017/18



Source: H-CLIC Data

11.12 The Figure below provides an overview of TA trends since the introduction of the HRA. As is clear, there is a notable difference pre- and post-Covid with a surge in households in TA from March 2020 onwards following a gradual reduction. There was a total of 104 households in TA at the end of March 2021. This aligns with the trend nationally as more households have fallen into homelessness whilst in the context of the limited development of additional social housing stock.

Figure 11.4: Households living in Temporary Accommodation, 2018-2021



Source: H-CLIC Data

11.13 As set out upfront, the Council does not own any housing stock and is therefore not able to provide temporary accommodation for homeless households directly. However, Petersfield Housing

Association, with funding from East Hampshire District Council has converted a building in Alton which provides spacious temporary accommodation alongside other properties that are used for temporary accommodation. In total, there are 56 Studio flats, 26 x 1 bed flats, 68 x 2 bed houses/flats and 49 x 3 bed houses (i.e. a total of 199). These are notably popular and very rarely vacant.

- 11.14 The Council has also been working in partnership with an RP to provide 5 units of accommodation within Alton as an alternative to bed & breakfast. This accommodation does have support, which will aid occupants to secure alternative accommodation and referrals to other organisations and services as required. This new accommodation has been available since September 2019.
- 11.15 It is our understanding that securing TA is becoming increasingly challenging and following the introduction of the Domestic Abuse Act 2021 in April, anyone who presents as homeless and has been subjected to Domestic Abuse will automatically have a priority need and the Council will have to provide TA whilst undertaking a full assessment. This is already the case for households with children, individuals who are pregnant and individuals with a disability.
- 11.16 The Council supports the Hampshire Making Safe Scheme which aims to assist victims of domestic abuse with options and information to remain safe in their homes. It is also noted that the Council works proactively with Stop Domestic Abuse (“SDA”), the service commissioned by Hampshire County Council to provide domestic abuse services in the District.
- 11.17 The Council’s Strategy and Action Plan also includes actions to address rough sleeping in the District, whilst there are not huge numbers recorded, the Council is very aware of many people ‘sofa surfing’, moving on continuously.

Homeless Households with Support Needs

- 11.18 There are a range of households who present themselves as homeless or at risk of homelessness in the District with varying support needs which have a direct relationship with the requirement for suitable supported housing. Household groups with support needs include:
- Households with alcohol and drug dependencies (i.e. those which are maintaining independence)
 - Households subject to Domestic Abuse
 - Households with mental health problems who need support
 - Offenders and people at risk of offending; and
 - Young people leaving care (i.e. young people leaving local authority care who have been looked after for a continuous period of at least 13 weeks)

- 11.19 There is a significant overlap in the group presenting themselves as homeless and those with a drug and alcohol dependencies as well as other support needs. H-CLIC data allows us to drill into the nature of support needs declared when applying for homeless relief or prevention.
- 11.20 Reviewing the latest H-CLIC data as it is recorded following the introduction of the HRA in 2018, we are able to consider the prevalence of particular support needs in the District. The Table below sets out the most prevalent support needs of households owed a duty in the District, taking an average across the last three years' worth of data.
- 11.21 This shows that 16% of households on average have mental health problems with 10% experiencing domestic abuse; however, anecdotally we understand that this figure is likely to be significantly higher due to underreporting. There is also a notable issues relating to ill health and drug and alcohol dependency.

Table 11.1 Households Owed a Duty: Support Needs, Avg 2018-21

Support Need	No of Households (p.a.)	% of Owed Duty (p.a.)
Mental health problems	11	16%
Experienced Domestic Abuse	7	10%
Physical ill health and disability	4	7%
Drug or Alcohol dependency	3	6%

Source: H-CLIC Data

- 11.22 Moving forward, the Council has challenged itself through its Homelessness Strategy and Action Plan to provide a 'front door for everyone', whilst 'improving people's lives', through the delivery of the new Local Plan. The Local Plan will aim to address the issues facing the Council by providing homes and jobs that are needed – including the provision of affordable homes and sheltered accommodation.
- 11.23 If the draft policy in the emerging Local Plan is adopted, all new development sites of at least 10 homes will be required to provide 40% affordable housing. A need is identified in this report which confirms that requiring affordable housing provision is justified. The Council supports Registered Providers operating within the Borough and nomination arrangements exist through Hampshire Home Choice which, taken together, provides a solid foundation for increasing affordable housing development to enable more households to find suitable housing.
- 11.24 In the context of support needs, it is important when assessing housing needs and eligibility to join the register for social housing that Housing Services ensure that they identify the applicants that may have ongoing support needs and ensure that signposting and referrals to organisations and agencies who can support these individuals are made. It is critical that organisations and departments communicate effectively to provide a holistic service – and it is clear that this has been identified through the Council's Strategy and Action Plan.

-
- 11.25 In addition to monitoring the actions set out in the Strategy and Action Plan, the Council should work with the County Council to identify opportunities on public land, where available, for the provision of suitable supported housing.

Homeless Households: Summary

The Council's Homelessness and Rough Sleeper Strategy recognises that the District population is ageing, property values are increasing along with land values, housing affordability has continued to decline and there has a decreasing ability to secure accommodation private rented sector due to high rents. All of these factors have had an impact on the number of homeless households in the District.

Iceni has drawn on data from H-CLIC to understand the scale of the challenge of homelessness in absolute and relative terms. In 2017/18, there were 58 homeless households owed a full duty with the number increasing marginally from 55 households in 2007/08 in the years preceding the implementation of the Homelessness Reduction Act ("HRA") in 2018. In relative terms, this was equal to 1.2 per 1,000 households compared with 2.0 per 1,000 households across the South East or 2.4 across England.

Since the introduction of the HRA, with data now recorded on a quarterly basis, the Council has experienced an average of 72 households owed a full duty each quarter since 1st April 2018. On average there has been 1.4 households owed a duty per every 1,000 households in East Hampshire each quarter, compared with 2.5 in the South East and 2.9 across England. Overall, numbers are therefore not significant in a regional or national context.

Despite reducing the number of households in Temporary Accommodation ("TA"), the Council experienced an increase following the rise of the COVID-19 Pandemic in March 2020. The Council does not own any housing stock and is therefore not able to provide temporary accommodation for homeless households directly.

However, the Council has worked with Petersfield Housing Association to convert a building in Alton which provides spacious temporary accommodation alongside other properties that are used for temporary accommodation. In total, there are 56 Studio flats, 26 x 1 bed flats, 68 x 2 bed houses/flats and 49 x 3 bed houses (i.e. a total of 199 properties). The Council has also been working in partnership with an RP to provide 5 units of accommodation within Alton as an alternative to bed & breakfast.

In terms of notable support needs, the data shows that mental health, domestic abuse, ill health and substance dependency are the main issues for households presenting as homeless. The Council supports the Hampshire Making Safe Scheme which aims to assist victims of domestic abuse with

options and information to remain safe in their homes. It is also noted that the Council works proactively with Stop Domestic Abuse (“SDA”), the service commissioned by Hampshire County Council to provide domestic abuse services in the District.

The Council’s Strategy and Action Plan also includes actions to address rough sleeping in the District, whilst there are not huge numbers recorded, the Council is very aware of many people ‘sofa surfing’, moving on continuously.

Moving forward, the Council has challenged itself through its Homelessness Strategy and Action Plan to provide a ‘front door for everyone’, whilst ‘improving people’s lives’, through the delivery of the new Local Plan. The Local Plan will aim to address the issues facing the Council by providing homes and jobs that are needed – including the provision of affordable homes and sheltered accommodation.

Student Households

- 11.26 According to 2011 Census data, there were 2,409 full-time students aged 18 and over living in East Hampshire at the point the Census was undertaken. The Table below shows the percentage change of full-time students between the last two Census points in 2001 and 2011 in the District with a change of around 39%.

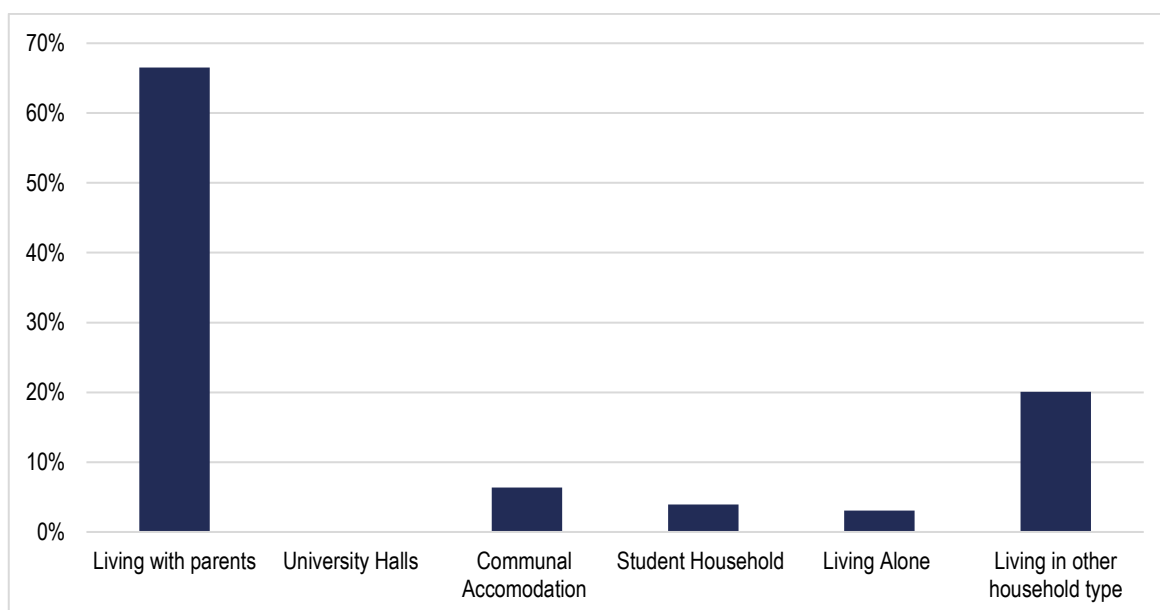
Table 11.2 Change in Full-Time Students Aged 18 and Over, 2001-11

	2001	2011	% Change
East Hampshire	1,735	2,409	38.8%

Source: Census 2001 and 2011

- 11.27 There is no higher education establishment in East Hampshire District and there are only a small number of opportunities within the District boundary for adult study. As a result, overall student numbers of those aged 18 and over are not significant.
- 11.28 The Figure below shows the accommodation status of full-time students aged over 18 living in East Hampshire at the point of the 2011 Census. As is clear, the vast majority were living with parents – therefore living at home and commuting to College or University – with a very small proportion living in all student households or living in another household type (i.e. living with a partner).

Figure 11.5: Accommodation Status of Students, Aged 18 and Over²⁶



Source: 2011 Census

11.29 IcenI has also considered the change in the structure of student accommodation between the 2001 and 2011 Census in East Hampshire District, which is shown in the Table below. As is clear, there was a notable increase in the number of students living with parents and other households; however, elsewhere there has been a modest increase or decrease.

Table 11.3 Changes in Students by Different Accommodation Types, 2001-11

	Net Change, 2001-2011
Living with parents	470
Living in a communal establishment	-13
Living in all student household	17
Student living alone	32
Other household types	168

Source: Census 2001 and 2011

11.30 Overall, the evidence points to modest numbers of students living in East Hampshire and our analysis does not suggest a need for policy intervention or that any purpose built student housing provision is necessary over the plan period.

Student Housing Needs: Summary

There is no higher education establishment in East Hampshire District. According to 2011 Census data, there were 2,409 full-time students aged 18 and over in East Hampshire District. This number

²⁶ "Other" includes living in a one family household with spouse, partner or children

grew over the last two Census points; however, the vast majority of students are either living with parents – and therefore most likely commuting to higher and further education establishments outside of the District – or living with a partner.

As a result of the modest number of students in the District and the accommodation status of these students, our analysis does not suggest a need for a policy intervention or that any purpose built student housing provision is necessary over the plan period.

Service Families

- 11.31 The Framework (paragraph 61) seeks to ensure that the housing needs of different groups are assessed and reflected in planning policies. The paragraph lists various different groups including service families. Military personnel are listed as part of the definition of essential local workers in the Framework under Annex 2.
- 11.32 The Armed Forces Covenant (May 2011) was published by the Ministry of Defence (“MOD”) and describes a moral obligation that the Government and the Nation owe to those who serve or have served in the Armed Forces and to their families. With respect to housing, the Covenant states:
- “In addressing the accommodation requirements of Service personnel, the MOD seeks to promote choice, recognising the benefits of stability and home ownership amongst members of the Armed Forces where this is practicable and compatible with Service requirements, and also that their needs alter as they progress through Service and ultimately return to civilian life. Where Serving personnel are entitled to publicly provided accommodation, it should be of good quality, affordable, and suitably located.”
- 11.33 They should have priority status in applying for Government-sponsored affordable housing schemes, and Service leavers should retain this status for a period after discharge. Personnel may have access to tailored Armed Forces housing schemes or financial arrangements, depending on their circumstances, to help them in purchasing their own property. Those injured in Service should also have preferential access to appropriate housing schemes, as well as assistance with necessary adaptations to private housing or Service accommodation whilst serving.”
- 11.34 Members of the Armed Forces Community should have the same access to social housing and other housing schemes as any other citizen, and not be disadvantaged in that respect by the requirement for mobility whilst in Service. Government has acted to implement various measures aimed at strengthening the position of ex-military personnel when seeking to access housing and support.
- 11.35 From 2012, Government revised national guidance to include measures to: set new “priority need” categories to assist homeless ex-service personnel in accordance with the Housing Act 1996;

change the rules on local connection to ensure that barriers are removed in accessing social housing; and include ex-military personnel as a priority category in terms of eligibility for certain low-cost home ownership initiatives.

11.36 There has therefore been a national emphasis and obligation to support ex-service personnel in terms of their housing and the rehabilitation care needed to honour the implementation of the Armed Forces Covenant. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. In addition, the MOD Referral Scheme aims to provide low-cost, rented accommodation for service personnel on leaving the Services.

11.37 At a local level, East Hampshire District Council has its own Armed Forces Community Covenant for East Hampshire and Bordon Garrison, published in June 2013. The Community Covenant is a voluntary statement of mutual support between the District Council and its local Armed Forces Community. In terms of how the Council intends to uphold the Covenant, the Council has said that it will:

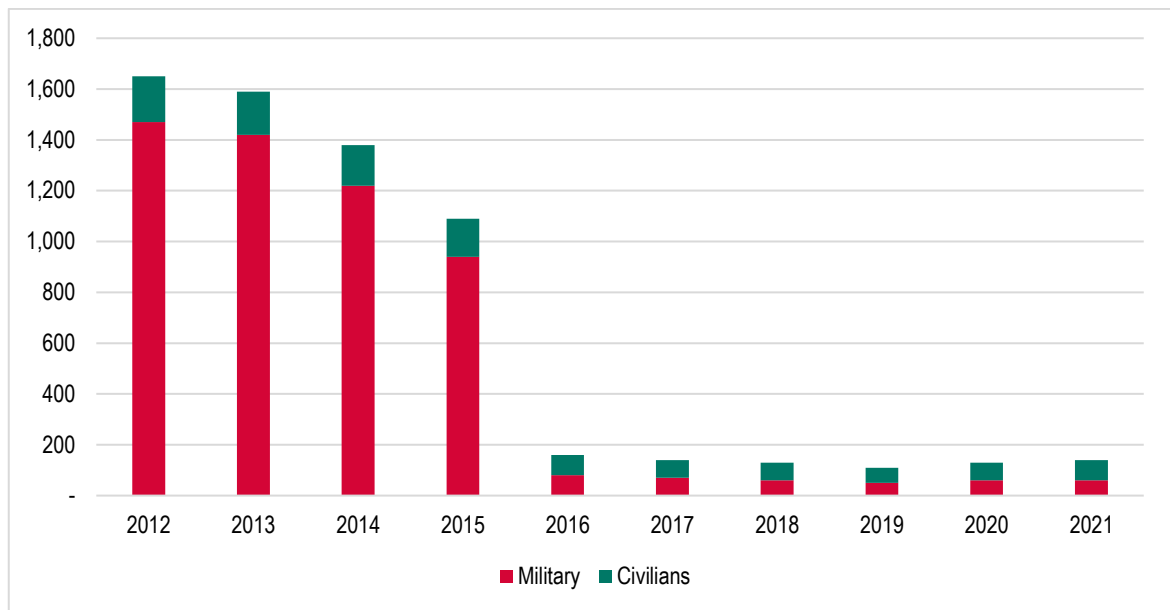
- encourage local communities and the Armed Forces community to support each other;
- nurture public understanding and promote awareness of issues affecting the Armed Forces community;
- recognise and remember the sacrifices made by the Armed Forces community; and
- encourage activities which help to integrate the Armed Forces community into local life.

11.38 Our analysis of Census data in East Hampshire shows that there were 790 armed forces residents living in the District in 2011. Of this total, 28% were living in a household and 72% were living in a communal establishment. This represented 0.8% of the usual resident population aged 16 and over at the time the Census was carried out.

11.39 At the point of the Census, the District was home to a notable number of military personnel due to the location of the former Bordon Garrison Barracks which closed in December 2015. If we bring the numbers up to date, according to the Ministry of Defence (“MoD”)²⁷, there were only 140 military and civilian personnel stationed in East Hampshire on 1st April 2021. The Figure below shows how the number of personnel has changed over the period since the 2011 Census with a notable decline in the years 2012-2015 before the Barracks was closed.

²⁷ MOD, Annual Personnel Location Statistics, 2021

Figure 11.6: Military and Civilian Personnel, East Hampshire, 2012-21



- 11.40 As is clear, the profile of service personnel in the District is now very different whereby there are now more civilian personnel than military personnel with overall numbers relatively low. As a result, beyond the support offered by the Council's Armed Forces Community Covenant, it is not considered that there is a need for further intervention from the Council in respect of service families.

Caravan/Mobile Home Households

- 11.41 The East Hampshire Gypsy and Traveller Accommodation Assessment ("GTAA", July 2020) provides an overview of households in the District that do not meet the planning definition of a Traveller. It is noted that the housing needs of any Gypsy and Traveller households who do not meet the planning definition of a Traveller will need to be assessed as part of the wider housing needs of the area and will form a subset of the wider need arising from households residing in caravans.
- 11.42 However, the GTAA concluded there is no need for additional pitches for households that did not meet the planning definition as no households that were interviewed in East Hampshire or with links to East Hampshire were identified as not meeting the planning definition.
- 11.43 In general terms, it is the Government's intention that the need for those households who do not fall within the *Planning Policy for Traveller Sites* planning definition should be met as part of general housing need, as all Travellers that do not meet the planning definition will have been included as part of the local housing need derived from the standard method.
- 11.44 Notwithstanding the above, the Council holds data on all existing caravan sites in the District which are licensed Caravan and Mobile Home sites. In total, there are 20 sites hosting a total of 646 caravans. The details of these sites are attached at Appendix A1 of this report.

11.45 Looking back to the 2011 Census, this shows there to be 359 homes (recorded as ‘household spaces’) in East Hampshire that comprised ‘caravans or other mobile or temporary structures’. The Table below shows the spatial distribution of these and it is clear that there are concentrations in the National Park.

11.46 Around 86% of these homes are recorded in the Census as being occupied – a 14% vacancy rate; the relatively high vacancy rate is likely to be due to properties where households are not permitted to be resident for 12-months of the year, those that are holiday homes, or due to accommodation for temporary agricultural / horticultural workers. Vacancy rates do not vary substantially across areas. It should be noted that Census data does not separate out houseboats and caravans.

11.47 Generally, households living in caravans/houseboats are smaller than households in bricks and mortar accommodation. The average household size in caravans/houseboats (as of the 2011 Census) is 1.74 people, compared with a District average (for all housing types) of 2.40. This is likely to reflect both the size of homes and the age and household structures of residents which is returned to below.

Table 11.4 Number of Caravans/Mobile or Temporary Structures, 2011

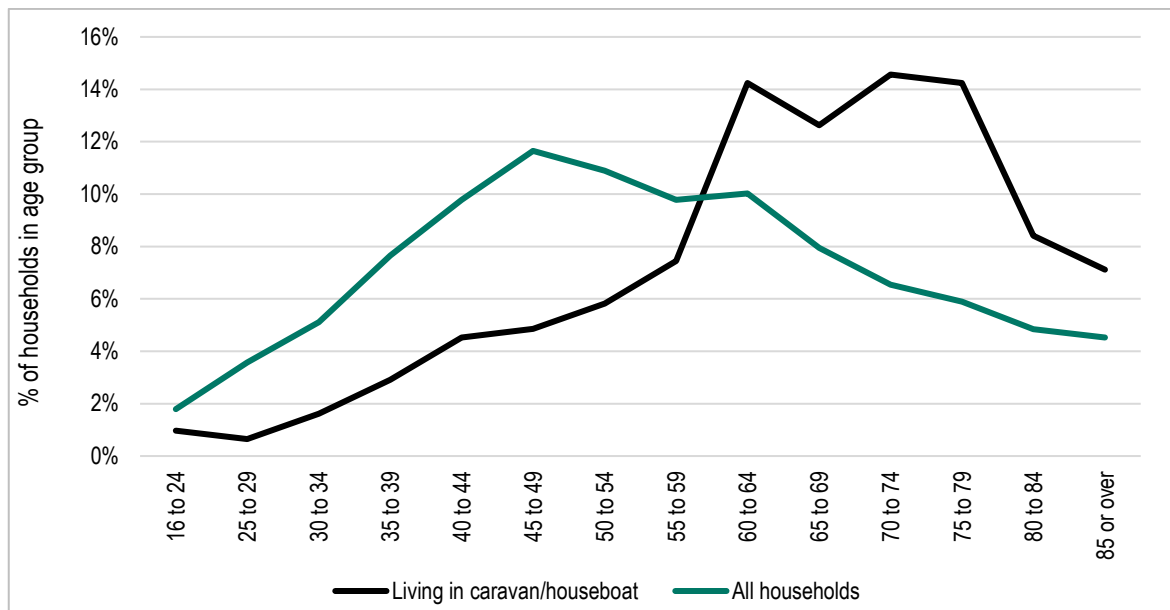
	No of Household Spaces	% of Total	No of Occupied Household Spaces	% Occupied
North East	128	35.7%	103	33.3%
North West	11	3.1%	8	2.6%
Southern	43	12.0%	31	10.0%
SDNP	177	49.3%	167	54.0%
Total	359	100.0%	309	100.0%

Source: Census 2011

11.48 To project the potential need/demand for caravans and houseboats, the analysis has returned to Census data. Census table CT0621 identifies the age profile of households living in caravans and other temporary structures; this can be used along with demographic projections to look at how demand might change moving forward.

11.49 The Figure below shows the age of the household reference person (“HRP”) living in a caravan/houseboat compared with the age profile of all HRPs in East Hampshire. This identifies a clear increase in the number of people in caravans/houseboats starting at age 55, which supports the finding that some homes are ‘age restricted’.

Figure 11.7: Age of HRP Living in Caravan/Houseboat



Source: 2011 Census

- 11.50 Drawing on this and the number of those living in a caravan or mobile home as a proportion of all HRPs by age range, we can then link this data to the demographic projections. In doing so, it is possible to determine how the demand for such accommodation might change in the future. The methodology used is similar to that when looking at the mix of housing.
- 11.51 Firstly, the projected growth by age of household is analysed, and then the propensity for any age group to live in a caravan/temporary structure is applied to the projected change. This then gives the change in the number of households living in such accommodation assuming that occupancy patterns do not change.

Table 11.5 Projected Change in Caravan/Mobile Home Households by Age of HRP, 2121-38

Age Range	Household Change (2021-38)	% of Caravan/Mobile Home HRPs as a % of HRPs by Age Range (2011)	Projected Change in Caravan/Mobile Home Households
16-24	130	0.35%	0
25-29	601	0.12%	1
30-34	783	0.21%	2
35-39	554	0.25%	1
40-44	896	0.30%	3
45-49	312	0.27%	1
50-54	-465	0.35%	-2
55-59	-540	0.50%	-3
60-64	-345	0.93%	-3
65-69	1,439	1.04%	15
70-74	1,361	1.46%	20
75-79	1,543	1.58%	24
80-84	1,682	1.14%	19
85 +	2,481	1.03%	26
Total	10,431	-	104

Source: 2011 Census and Demographic Projections

- 11.52 Through linking the existing demographic profile of caravan and mobile home households by age of HRP in East Hampshire with the demographic projections detailed in this report, it is expected that the demand for such accommodation could increase by 104 households over the period to 2038 which is equal to 6 per annum.

Caravans/Mobile Home Households: Summary

The East Hampshire Gypsy and Traveller Accommodation Assessment (“GTAA”) provides an overview of households in the District that do not meet the planning definition of a Traveller. The GTAA concludes that there is no need for additional pitches for households that did not meet the planning definition as no households that were interviewed in East Hampshire or with links to East Hampshire were identified as not meeting the planning definition.

Notwithstanding this, the Council holds data on all existing caravan sites in the District which are licensed Caravan and Mobile Home sites. In total, there are 20 sites hosting a total of 646 caravans. It is also the case that at the point of the 2011 Census, there were 359 homes (recorded as ‘household spaces’) in East Hampshire that comprised ‘caravans or other mobile or temporary structures’.

To project the potential need/demand for caravans and houseboats, the analysis has returned to Census data and has linked the existing demographic profile of caravan and mobile home

households by age of HRP in East Hampshire with the demographic projections detailed in this report. On this basis of the method set out in this report, it is expected that the demand for such accommodation could increase by 104 households over the period to 2038 which is equal to 6 per annum.

12. EMPLOYMENT LAND REQUIREMENTS

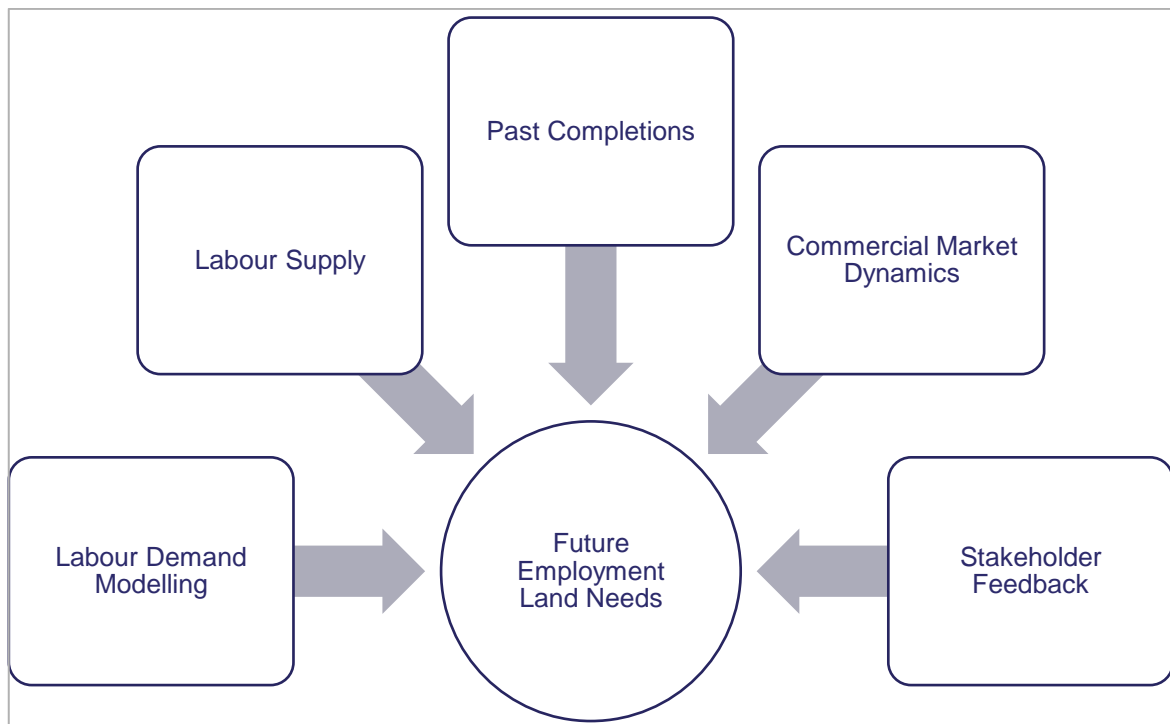
12.1 In this section we consider future needs for employment land and floorspace over the plan period 2020-37. The analysis considers the need for office, industrial and warehouse/distribution uses.

12.2 The PPG on *Housing and economic needs assessment* provides broad guidance on assessing future needs, and outlines in Para 2a-027 a number of different approaches:

- sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand)
- demographically derived assessments of current and future local labour supply (labour supply techniques)
- analysis based on the past take-up of employment land and property and/or future property market requirements
- consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.

12.3 Icenis's approach has been to consider and triangulate different methodologies and evidence in drawing conclusions on future employment floorspace and land needs which is summarised in the Figure below.

Figure 12.1: Triangulating Different Forecasting Approaches



- 12.4 Different forecasting techniques have their advantages and disadvantages. Econometric forecasts take account of differences in expected economic performance moving forward relative to the past. However, a detailed model is required to relate net forecasts to use classes and estimate gross floorspace and land requirements.
- 12.5 For office based sectors consideration needs to be given to the impacts of trends in home working. For industrial sectors however the relationship between floorspace needs and employment trends may be weak – influenced by productivity improvements. In contrast, past take-up is based on actual delivery of employment development; but does not take account of implications of growth in labour supply or housing growth nor any differences in economic performance relative to the past. It is also potentially influenced by past land supply and/or policies.
- 12.6 Ultimately therefore an appropriate approach is therefore to utilise a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. This approach of triangulating different approaches and testing findings, which IcenI adopts, is consistent with the PPG.

Future Economic Performance

- 12.7 IcenI has used Oxford Economics forecasts, from 2021²⁸, as a starting point in constructing a labour demand scenario. We first consider what the forecasts show; before comparing this to the Cambridge Econometrics forecasts which were used in the 2018 East Hampshire HEDNA on a sector-by-sector basis. Whilst the CE forecasts are dated, they are used to inform interrogation of the more recent OE dataset. Thirdly we overlay the baseline analysis and testing process with local stakeholders, including the Council's Economic Development Team in drawing conclusions.
- 12.8 To reflect the impact of the inherent capacity within existing floorspace to support employment growth, we have used 2019 as a baseline. We then consider forecast growth over the 2019-38 period to align with the end date of the plan period. The forecast takes into account the impacts of the COVID-19 pandemic.
- 12.9 The baseline forecast, from Oxford Economics, shows employment growth of 800 in net terms over the 2019-38 period in East Hampshire. This reflects a reduction in employment between 2019-21 followed by subsequent recovery and growth. Employment growth 2021-38 of 2,700 jobs is forecast.

Table 12.1 Employment Growth in East Hampshire – Baseline Forecasts

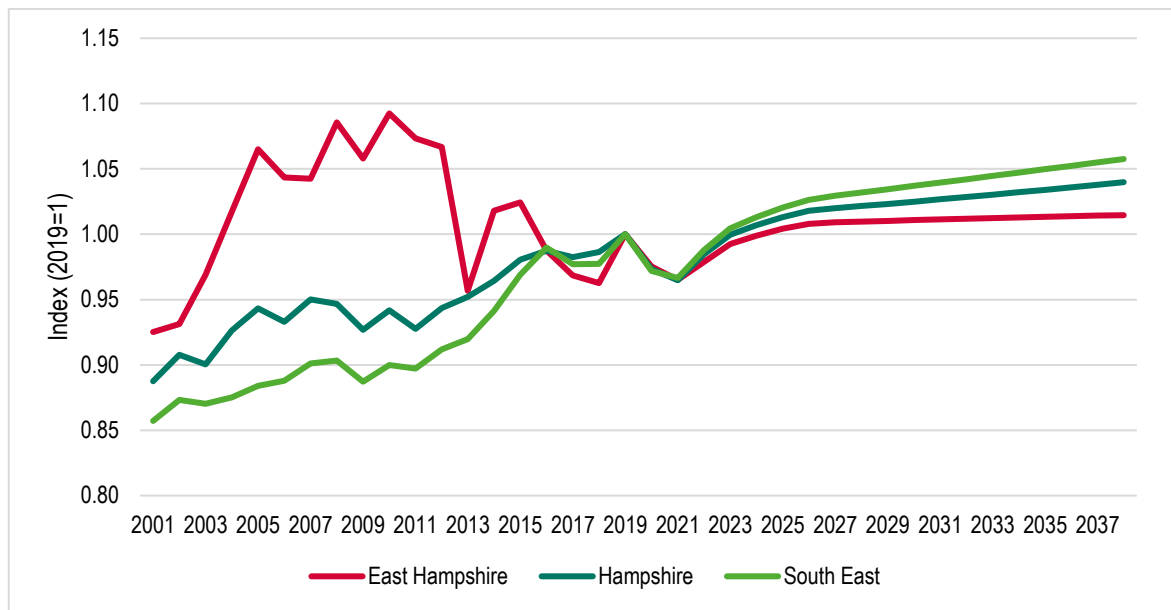
	Employment Change	% CAGR
2019-38	800	0.1%
2021-38	2,700	0.3%

Source: Oxford Economics/IcenI

- 12.10 The forecast of a 0.1% growth rate over the 2019-38 period is below that expected across the South East and Hampshire (0.2% and 0.3% pa respectively). This weaker relative performance is consistent with the analysis of the District's relative historical performance. We would note that positive employment growth in the District is in contrast to the recent history, where employment has fallen since 2011.

²⁸ The forecasts are dated Nov 2021

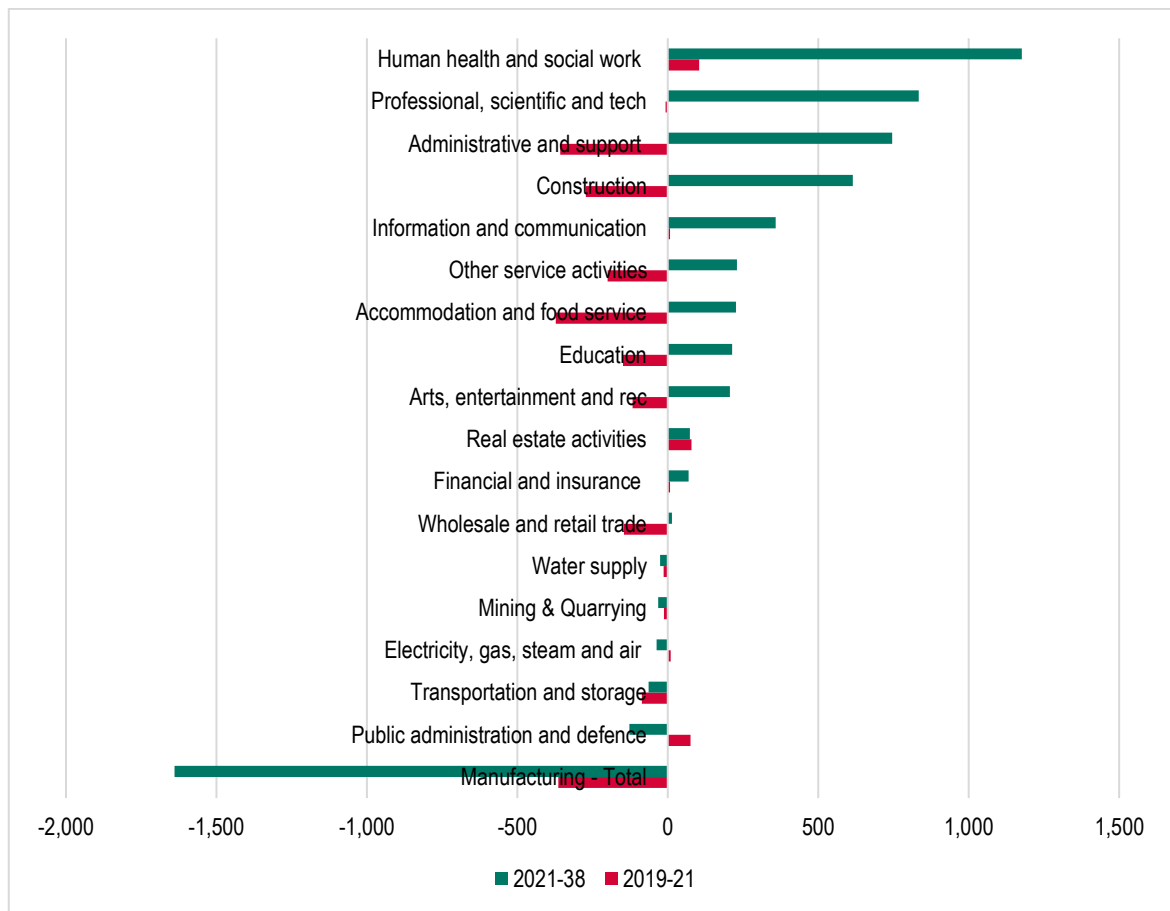
Figure 12.2: Indexed Analysis of Relative Employment Growth Forecast



Source: Oxford Economics/Iceni

12.11 The Figure below shows the expected change in employment by sector over the forecast period. We have split this into the 2019-21 period, and then 2021-38. There are evidently a number of sectors which are expected to see a decline in employment between 2019-21 including manufacturing; service sector activities such as retail and leisure; construction; and also, education, admin support and other services. There are few sectors post-employment growth over this period in net terms.

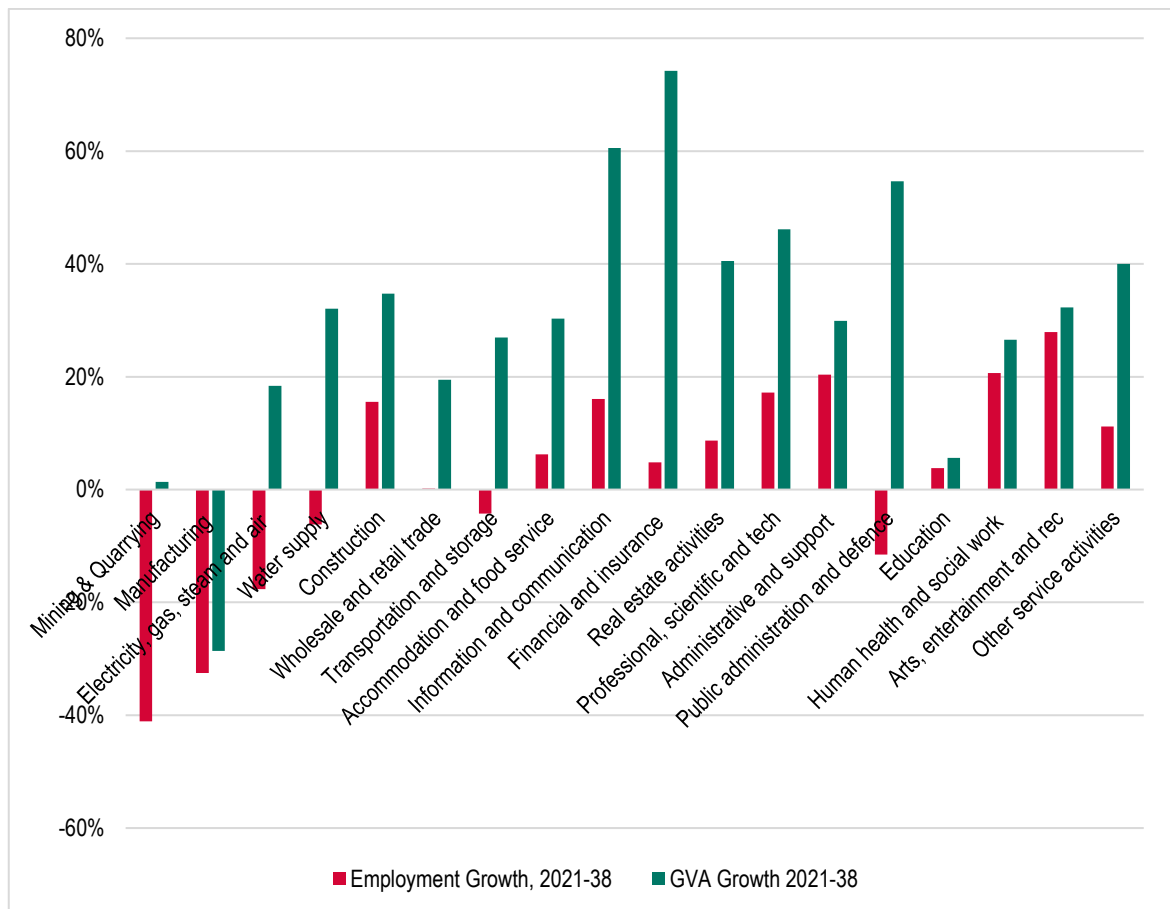
Figure 12.3: Forecast Employment Growth in East Hampshire, 2019-38



Source: Oxford Economics/Iceni

- 12.12 From 2021 onwards, growth in employment is projected across a range of sectors with particular growth in health (+1200 jobs), professional, scientific and technical (800 jobs), admin and support (700 jobs) and construction (600 jobs). But this is offset to some degree by a marked continued decline in manufacturing employment (-1600 jobs).
- 12.13 Iceni can understand the basis of the forecasts better by comparing forecast growth in employment to that for GVA. Across a range of sectors as shown below, stronger relative growth is forecast in GVA than employment, linked to productivity improvements. This is the case in particular for higher value-added service sector activities, and public administration.
- 12.14 However, what is notable is some of the sectors in which there is a relative concentration of employment in the District – such as agriculture and manufacturing – are forecast to see relative weak growth in GVA and employment. Indeed, manufacturing GVA is forecast to fall within the Oxford Economics forecasts. This is likely to reflect the sectoral composition of manufacturing activity. It is however in contrast to the recent trend.

Figure 12.4: Comparing Forecast Growth in GVA and Employment, 2021-38



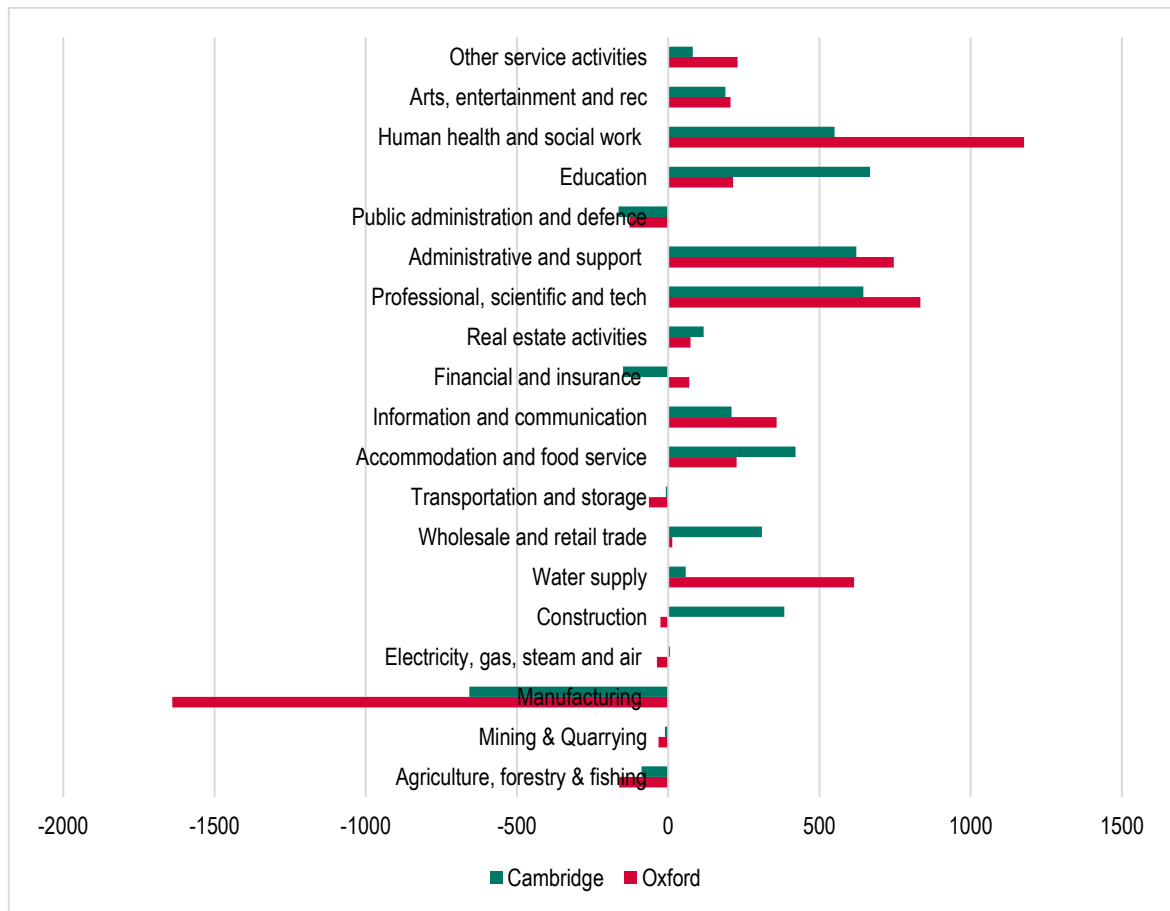
Source: Icenia analysis of Oxford Economics forecasts

12.15 It is interesting to compare the forecast performance of different sectors in the Oxford Economics forecasts with the 2018 Cambridge Econometrics forecasts used in the 2018 Interim East Hampshire HEDNA. The chart below does this. Across many sectors the forecasts are similar, but there are some notable differences:

- The Oxford forecast shows a notably more positive employment outlook for health and the water supply sector. These sectors however do not typically generate a need for substantive commercial floorspace;
- In contrast, its outlook for manufacturing employment is much more negative in the Oxford forecast, with a decline in employment of 1,600 jobs in net terms forecast by Oxford compared to a decline of around 700 jobs – broadly half – forecast by Cambridge. Having regard to the analysis of recent economic performance where manufacturing employment has increased, it is possible that the Oxford Economics 2021 forecast could be considered pessimistic. Whilst employment in manufacturing may well decline, we would see some potential for GVA growth and manufacturing could therefore perform more strong than shown.

- The Cambridge forecast shows growth in wholesale/retail trade. Having regard to pandemic effects and the growth of e-retailing, this could be considered optimistic. East Hampshire is not a particularly strong location for warehousing/distribution.

Figure 12.5: Comparing Oxford 2021 and Cambridge 2018 Forecasts, 2021-38



Source: IcenI analysis of OE and CE datasets

12.16 IcenI considers it is therefore appropriate to run a sensitivity analysis in considering future employment land needs which takes the Oxford forecast as the base, but for the manufacturing sector assumes growth more in line with the Cambridge Econometrics forecasts. We have run this as a sensitivity in the employment land modelling.

Labour Demand Model for Floorspace and Land Needs

12.17 IcenI has a standard model which considers how sectors relate to use classes which is used to estimate the proportion of employment in different broad use classes – offices (E(g)(i) and E(g)(ii)), industrial (E(g)(iii) and B2) and warehousing (B8). We attribute changes in jobs to use classes first, using BRES data to estimate the sector-specific relationship between net changes in total employment and that for Full-Time Equivalent (FTE) jobs.

- 12.18 We use 2019 as the starting point for this modelling as whilst jobs growth 2021-38 is higher, it is likely that the difference can be absorbed without requiring additional floorspace given the impact of the Covid-induced recession.

Table 12.2 Distribution of Jobs Growth by Use Class, 2019-38

	Office	R&D	Industrial	Warehouse Distribution	NON-B
Total FTE Jobs	1,171	26	-1,807	-101	1,077

Source: Icenii/Oxford Economics

- 12.19 The next stage in the modelling is then to apply employment densities to estimate the net change in floorspace. This is shown in Table 12.3 below. The employment density assumptions used are set out. These relate to the Gross External Area ("GEA").

Table 12.3 Forecast Net Changes in Floorspace, East Hampshire 2019-38

	Office	R&D	Industrial	Warehouse Distribution
Total FTE Jobs by Use Class	1,171	26	-1,807	-101
Employment Density (sq.m per FTE job GEA)	14	60	38	74
Net Floorspace Need (sq.m)	16,399	1,532	-68,663	-7,482
Net Floorspace Need (sq.ft)	176,515	16,488	-739,085	-80,533

Source: Icenii

- 12.20 Icenii consider that there is then however a need to provide a margin to support choice and competition in the market for employment land and to allow for and reflect issues and potential delays with the delivery of employment sites whilst ensuring that economic growth is not constrained.
- 12.21 Icenii have assumed a 5 year margin is provided based on past completions trends by use (using the 10 year trend). In addition, an allowance is made for the replacement of losses of employment floorspace, assuming a 50% replacement rate. This again is calculated based on past trend data. Because the land requirement for industrial and warehousing are similar, and often such uses co-locate with one another on the ground, we have grouped these categories.
- 12.22 The resultant estimates of gross need for employment land using the labour demand model are set out below. These adopt a plot ratio of 0.5 for offices, assuming that most office space is delivered at business park rather than town centre densities having regard to the nature of the area, market and viability considerations. A plot ratio of 0.4 is adopted for industrial uses. These assumptions are consistent to the 2018 Interim HEDNA.
- 12.23 The results of this initial exercise show a positive requirement for around 28,000 sq.m of office and R&D floorspace (Use E(g)(i) and (ii)) which would require around 5.6 ha of land. A negative

requirement is however shown for industrial floorspace (48,000 sq.m) with the potential quantitative reduction in land requirements (-11.9ha).

Table 12.4 Gross Employment Land Needs using Labour Demand Model, 2019-38

	Office/ R&D	Industrial	Total
Net Floorspace Need (sq.m)	17,931	-76,145	-58,214
50% replacement of Losses (sq.m)	2,442	11,994	14,435
5 Year Margin on Past Completions - 10 Yr Trend	7,404	16,481	23,885
Gross Floorspace Need (sq.m)	27,776	-47,671	-19,895
Plot Ratio	0.5	0.4	
Land Requirement (ha)	5.6	-11.9	-6.4

Source: Icenl

12.24 The modelled reduction in industrial floorspace / land needs is however not considered reliable because of (a) the pessimism associated with the Oxford Economics forecast for the manufacturing sector and (b) a weak relationship between employment trends and future floorspace needs influenced by productivity changes.

12.25 Firstly, we undertake a sensitivity analysis associated with the forecast trend in manufacturing jobs. This section then moves on to considering other modelling approaches, including past completions trends.

12.26 The sensitivity analysis uses the Cambridge Econometrics model assumptions on forecast manufacturing jobs. The effect of this is to result in an essentially stable position in terms of the need for industrial floorspace and land over the plan period. The gross employment land need shown is for 28,500 sq. m of floorspace or 5.7 ha of land.

Table 12.5 Gross Employment Land Needs using Labour Demand Model – Sensitivity Analysis (2019-38)

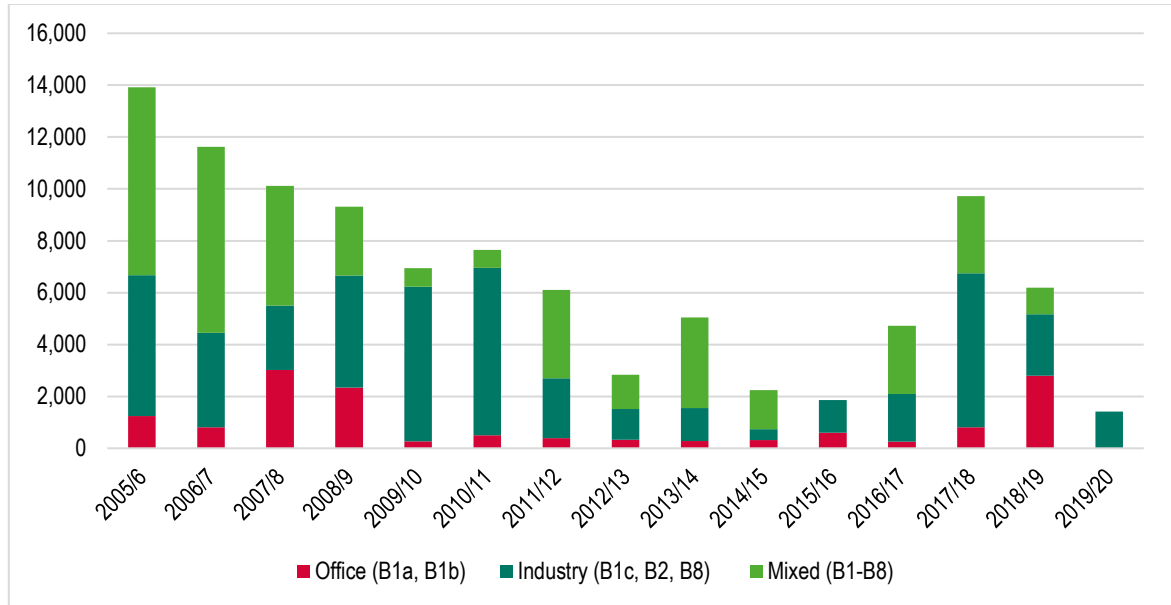
	Office/ R&D	Industrial	Total
Total FTE Jobs by Use Class	1,197	-534	-101
Net Floorspace Need (sq.m)	17,931	-27,791	-9,860
50% replacement of Losses (sq.m)	2,442	11,994	14,435
5 Year Margin on Past Completions - 10 Yr Trend (sqm)	7,404	16,481	23,885
Gross Floorspace Need (sq.m)	27,776	684	28,460
Plot Ratio	0.5	0.4	
Land Requirement (ha)	5.6	0.2	5.7

Past Completions Trend

12.27 Next, we consider evidence of past development trends. The chart below profiles trends in employment floorspace completions by type over the last 15 years in East Hampshire. A downward

trend in development levels is evident, with little modest levels of development taking place between 2011-17 in particular. Both office and industrial take-up appear to be stronger pre-2009 than seen over the last decade.

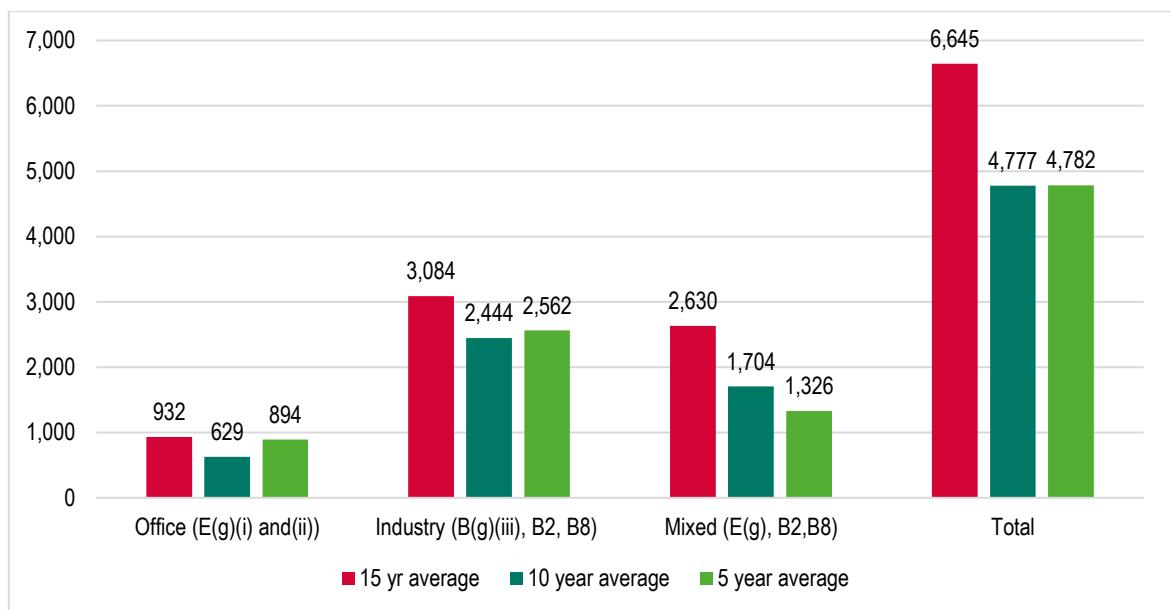
Table 12.6 Gross Employment Floorspace Completions by Use (sq.m)



Source: HCC Monitoring Statistics/Iceni

12.28 The average levels of gross completions seen over different time periods, on a per annum basis, is shown below. There is a particular variance for industrial activities, which drives the overall difference in employment floorspace take-up.

Figure 12.7: Average Annual Gross Floorspace Completions (sq. m)



Source: HCC Monitoring Statistics/Iceni

12.29 Icenis stakeholder engagement with the Business East Hants indicates that there have been some supply-side constraints to development in recent years, with in particular some key employment land allocations not being brought forward as landowners hold out for consent for potentially higher value uses.

12.30 It appears that this has had some constraining effect on employment land development in East Hampshire. Icenis consider that the 15 year trend should therefore be used preferred in assessing need. For completeness we have however shown the 5 and 15 year range.

Table 12.7 Projection of Gross Employment Floorspace Needs, East Hampshire (2021-38)

sq.m	Projection (2021-38) based on 5 Year Trend	Projection (2021-38) based on 15 Year Trend
Office (B1a, B1b)	15,195	15,836
Industry (B1c, B2, B8)	43,547	52,434
Mixed (B1-B8)	22,545	44,703
Total	81,287	112,973

Source: HCC Monitoring Statistics/Icenis

12.31 If plot ratios are applied to these figures (as above), the analysis generates a need for between 20-28 ha of employment land over the 2021-38 period. 2021 is used as a starting point as there will have been little development over the last couple of years reflecting pandemic impacts. For the reasons explained, we consider the higher end of this range to be a more reliable assessment of need.

Table 12.8 Projection of Gross Employment Land Needs, East Hampshire (2021-38)

Hectares	Projection (2021-38) based on 5 Year Trend	Projection (2021-38) based on 15 Year Trend
Office (B1a, B1b)	3.0	3.2
Industry (B1c, B2, B8)	10.9	13.1
Mixed (B1-B8)	5.6	11.2
Total	20.3	28.2

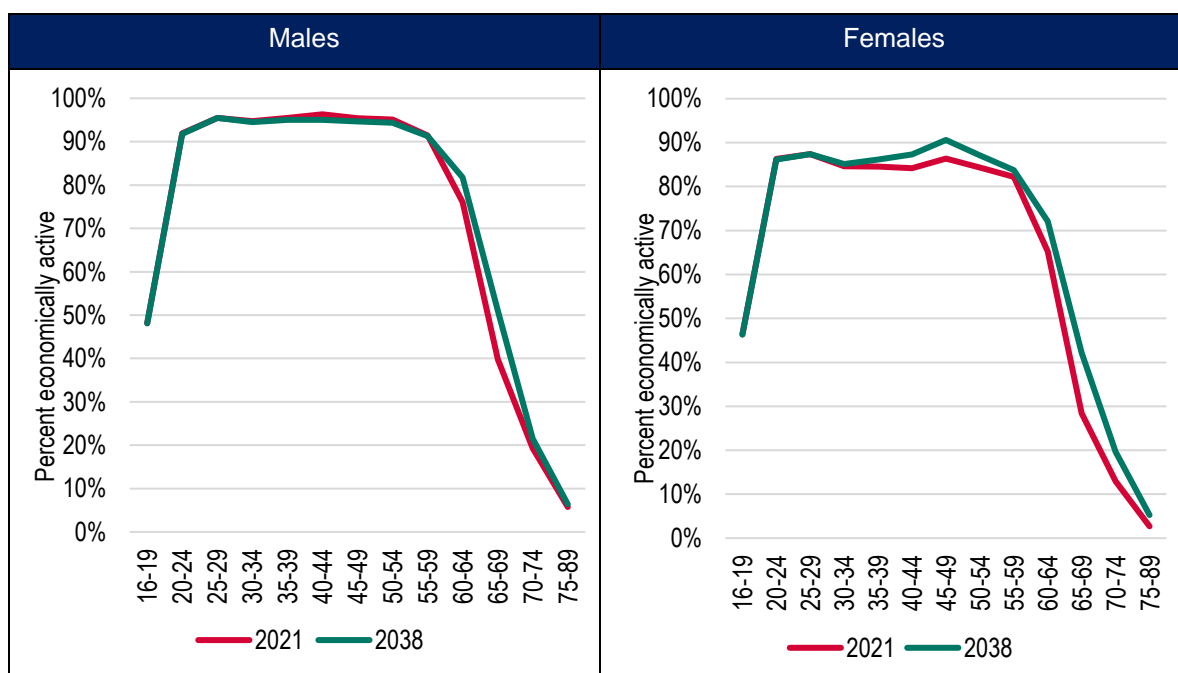
12.32 For industrial uses where the relationship between employment trends and commercial development needs is arguably weaker, we would place greater emphasis on this completions-based modelling in drawing conclusions.

Inter-Relationship to Labour Supply

12.33 Icenis have next used the demographic modelling to consider the changes which can be expected in labour supply. Our approach considers two demographic projections: a) the 2018-based SNPP (Alternative In-Migration Variant) Projection, which is based on past trends; and b) a projection aligned to the Standard Method LHN.

12.34 The growth in the economically active population over the projection period (2021-38) is modelled by applying economic activity rates (“EAR”) to projected changes in the population by age. Our EAR assumptions are drawn from the Office for Budget Responsibility 2018 Fiscal Sustainability Report. This has become an industry-standard approach. It sees some increase in economic participation amongst older persons, linked to pension age changes, and more women in work.

Figure 12.8 Projected Changes to Economic Activity Rates (2021 and 2038) – East Hampshire



Source: Based on OBR and Census (2011) data

12.35 Applying these to projected population changes result in an estimated increase in the economically active population of around 1,500 people (a 2% increase over 17-years) based on the 2018 SNPP. With the higher population growth associated with the Standard Method this number increases notably (an increase of 8,600 economically active people, a 13% increase over 17-years).

Table 12.9 Estimated Change to the Economically Active Population, 2021-38

	Economically active (2021)	Economically active (2038)	Total change in economically active	% change
2018-SNPP (AIM)	63,743	65,203	1,460	2.3%
Standard Method	64,896	73,487	8,590	13.2%

Source: Derived from demographic projections

12.36 For the Standard Method scenario, the data has additionally been split between that part of the District within the South Downs National Park (SDNP) and the rest of the District (the Local Planning Authority (LPA) area). For the SDNP it has been assumed that there will be dwelling delivery of 115 additional homes each year up to 2038, leaving an annual delivery of 517 across the LPA area. The

analysis shows both areas would be expected to see some growth in the number of economically active people, but that the rate of growth will be lower in the SDNP.

Table 12.10 Estimated Change to the Economically Active Population, 2021-38

	Economically active (2021)	Economically active (2038)	Total change in economically active	% change
LPA	47,403	55,243	7,840	16.5%
SDNP	17,493	18,244	751	4.3%
East Hampshire	64,896	73,487	8,590	13.2%

Source: Derived from demographic projections

- 12.37 The scale of jobs growth which could be supported will be influenced by a range of factors, including commuting dynamics; double jobbing and changes to unemployment. The 2011 Census indicated net out-commuting of 10,200 persons (equating to a commuting ratio of 1.209) but the growth in home-based working could reduce out-commuting in the future.
- 12.38 Data from the Annual Population Survey indicates around 5.0% of workers in the District have a second job. In addition, it is assumed that there are potentially 1,420 people not working in 2021 who might be expected to return to employment in the future (taken to be over the period to 2038 for consistency with other analysis in this report).
- 12.39 Adopting these assumptions, trend-based demographic projections could support between 2,500 – 3,000 jobs over the period to 2038. Housing delivery in line with the standard method could deliver significantly more.

Table 12.11 Jobs supported by demographic projections (2021-38) – East Hampshire

		Total change in economically active	Plus 1,420 returning to employment	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
2018-SNPP	Census commuting	1,460	2,880	2,382	2,508
	1:1 commuting	1,460	2,880	2,880	3,033
Standard Method	Census commuting	8,590	10,010	8,278	8,718
	1:1 commuting	8,590	10,010	10,010	10,542

Source: Derived from a range of sources as described

- 12.40 Our focus herein has been on a demand-based assessment. Additional population growth will support employment generation in consumer-related activities such as health, education, retail, recreation and other consumer-services.

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- 12.41 However, it does not particularly influence the scale of demand for manufacturing, other industrial or office space. Nonetheless it indicates the potential to sustainably absorb stronger employment floorspace growth and therefore warrants an optimistic view being taken on employment land supply from the other models.

Pipeline Supply

Plan Area

- 12.42 There is a pipeline supply for employment development on sites with planning consent within the plan area for 21.5 ha. This is expected to deliver upwards of 43,500 sq.m (gross) or 43,000 sq.m (net).²⁹
- 12.43 Almost 80% of the pipeline floorspace is focused at Bordon; however this has been slow to be come forward relative to residential development at Whitehill Bordon. The Council is seeking to drive forward employment development.
- 12.44 In contrast, there is relatively limited employment floorspace with planning consent in Alton (just 736 sq.m) given the settlement size.

²⁹ Noting no floorspace figure is included for Land east of Horndean.

Table 12.12 Employment Commitments – Plan Area, 2021

Site	Application Ref	Use Class	Outstanding Floorspace (sq.m)	Outstanding Losses (sq.m)	Area (ha)
Land at Beaver Industrial Estate, Liphook	22115/039	B1C	360	0	0.06
Warren Signs, Little Eastfield, Chawton	20839/017	B1C	338	170	0.27
Woolmer Trading Estate, Bordon	34144/004	B1-8	7,297	0	1.70
Techforest, Former Lousburg Barracks, Bordon	55369/001	B1-8	13,530	0	2.36
LMC Sleaford Grange, Bordon	20136/054	B1-8	621	0	1.11
Land east of Horndean, Horndean	55562/001	B1-8	0	0	1.70
Northbrook Farm, Bentley	20041/027	B1-8	3,500	0	1.57
Hartley Park Farm Business Park, Alton	57453	B1-8	736	361	0.14
Jubilee Hall, Crouch Lane, Horndean	31194/002	B1-8	274	0	0.62
Lasham Hill Farm, Headley	57928/001	B1-8	753	0	0.15
Broxhead Farm, Headley	20983/015	B1-8	2,626	0	5.83
Norton Farm, Selborne	57946	B8	576	0	0.06
Land adj to Templars Way, Bordon	55587/094	B8	12,901	0	5.94
Total			43,512	531	21.51

Source: HCC Monitoring Data/Iceni

12.45 In addition to the pipeline supply, there are a number of extant allocations for employment development (Policy EMP1) – focused particularly in Alton. These provide 12.9 ha of development land. Iceni however understands that there are technical complexities associated with the delivery of these sites, including issues associated with topography/levels at both sites and a stream which dissects the Wilson Road allocation.

Table 12.13 Extant Employment Land Allocations – Plan Area, 2021

Site	Use Class	Area (ha)
Land at Lynch Hill, Alton	B1-8	9.4
Wilson Road, Alton (extension to Mill Lane Industrial Estate)	B1-8	3.5
Total		12.9

Source: HCC Monitoring Data/Iceni

12.46 There are no pipeline schemes which involve losses of employment floorspace to other uses as at April 2021.

National Park

- 12.47 Within the National Park, the monitoring data indicates extant planning permission exists for 18,000 sq.m of employment development. The majority of this (10,250 sq.m) is focused at Buckmore Farm, Petersfield close to the A272/A3 junction.

Table 12.14 Employment Commitments – National Park, April 2021

Site	Use Class	Outstanding Floorspace (sq.m)	Area (Ha)
Blacknest Works, Blacknest	B1-8	339	0.15
Upper Ashurst Farm, Liss	B1	675	0.07
Buckmore Farm, Petersfield	B1	5,528	2.18
Alice Holt Lodge, Holt Pound	B1B	0	0.00
Merryfield Farm, Ropley	B1A	1,245	0.87
6 Coombes Forestry, Stroud	B1A	0	0.00
1 Parkers Trade Estate, Petersfield	B1-8	1,185	0.33
New Buildings Farm, Stroud	B1-8	0	0.00
Brockbridge Farm, Blacknoor	B8	2,165	0.22
Blackmoor Estate, Blackmoor	B8	2,164	1.25
Land north of Buckmore Farm, Petesfield	B1-8	4,730	1.89
Total		18,031	6.96

Source: HCC Monitoring Data/Iceni

District Total

- 12.48 Bringing together the information relating to the Plan Area and National Park, there are commitments for 61,500 sq.m of employment floorspace on 28.5 ha of land.

Table 12.15 Overview of Employment Commitments, April 2021

	Floorspace (sq.m net)	Ha
Plan Area	43,512	21.51
National Park	18,031	6.96
District Total	61,543	28.47

Supply-Demand Balance

- 12.49 Bringing the needs assessment and pipeline supply together, we can draw draft conclusions on what level of employment land provision to plan.
- 12.50 For office-based activities, the labour demand model indicates a need for 28,000 sq.m floorspace or 5.6 ha of land. This is below the past completions trend which is equivalent to 15,000 – 16,000 sq.m (3.0 – 3.2 ha). Having regard to the potential for growth in home-based working to reduce office floorspace requirements by up to 30% we consider that it would be sensible to plan for around 20,000 sq.m of office floorspace over the plan period. This would equate to around 3.9 ha of land. The

modest office floorspace requirement reflects the modest office market in the District, combined with the challenging viability characteristics.

- 12.51 To deliver office floorspace, the Council would be encouraged to consider opportunities for the repurposing of retail floorspace in Town Centres; and for mixed-use development schemes which include office space at ground floor and residential above, particularly in central locations, where residential values can help to support viable delivery. It should also consider the potential to facilitate delivery through use of its own land assets.
- 12.52 For industrial land, for the reasons explained we would place greater weight on the completions trend analysis. This points to a need for between 66,000 – 97,000 sq.m of industrial floorspace requiring up to 24.3 ha of employment land. We consider that having regard to recent supply constraints and the case for flexibility to support stronger economic performance (having regard to the growth in labour supply), the upper end of the range provides a reasonable assessment of future needs (24.3 ha).
- 12.53 The evidence thus indicates that the Local Plan should make provision for around 28.2 ha of land. This is broadly in line with current commitments and allocations, as shown above. However, we consider that there may be qualitative case to seek to broaden the employment offer in order to maintain a supply of deliverable employment sites across the main towns in the District, including Bordon, Alton and Petersfield. The Interim HEDNA of 2018 includes a survey of local businesses and the results of a qualitative review of employment sites within East Hampshire District Council's planning area³⁰ that supports the conclusion that additional employment land supply for qualitative reasons would be pragmatic. This would also recognise the challenges to delivery of some key existing employment sites and ensure flexibility is built in such that land supply does not constrain economic growth.

³⁰ For details, please see paragraphs 8.8-8.20 of the Interim Housing and Economic Development Needs Assessment, East Hampshire District Council, December 2018

13. CONCLUSIONS

13.1 This section sets out the conclusions arising from the previous sections of this report.

Local Housing Need

13.2 The Government's current standard method for assessing housing need takes 2014-based Household Projections and applies an upward adjustment based on the median house price to earnings ratio. This method remains relevant to East Hampshire following revisions implemented by the Government in December 2020.

13.3 In line with the standard method for calculating housing need as set out currently in the PPG, a minimum local housing need of 632 homes per annum is identified for East Hampshire District. This is derived based on household growth of 381 per annum, taking from the 2014-based Household Projections and applying an affordability uplift of 66% applied to this based on the 2021 affordability ratio.

13.4 On the basis of our review of a range of factors in line with the PPG on Housing and Economic Development Needs Assessments, there are no circumstances in East Hampshire District relating to economic growth – as detailed in this report - growth funding, strategic infrastructure improvements, affordable housing need or unmet housing need which indicate that 'actual' housing need is higher than the standard method indicates.

13.5 Beyond the core considerations around local housing need across the District as a whole, it is also acknowledged that a proportion of the standard method derived figure will be delivered in the area of the District falling within the South Downs National Park ("SDNP").

13.6 Icenis and JGC has considered household growth and affordability in each area to arrive at an appropriate split. This analysis has concluded that delivering 115 homes per annum in the National Park area and the remaining 517 homes per annum in the LPA area is an appropriate modelling assumption for the core analysis in the report.

Employment Land Provision

13.7 East Hampshire has a £2.7 billion economy which in 2019 employed around 54,000 people. The District's economy accounted for around 5.5% and 4.8% of GVA of employment across Hampshire. The District's economy has historically grown more slowly than other parts of Hampshire and this is borne out in total employment.

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- 13.8 The District has generally high economic activity and low unemployment with employment peaking in 2010 at 59,000. Its weaker relative performance appears to relate to a number of areas including (1) the District being a rural District which does not contain large employment centres which benefit from critical mass and (2) the District seeing minimal workforce growth in recent years.
- 13.9 The largest employment sectors in the District in terms of total employment are wholesale and retail, education and health. These are large sectors in many areas and relative to economic activities which service the area's population. In East Hampshire specifically, manufacturing is large in overall and relative terms.
- 13.10 East Hampshire has seen growth in both office and industrial floorspace that is generally higher than wider market areas such as Hampshire. The growth in office floorspace in particular has been influenced by the Article 4 direction which means the District has not lost space to the extent seen in other areas.
- 13.11 Office vacancy rates in East Hampshire have increased dramatically in 2021 indicated a market that has been particularly hard hit by Covid restrictions, market uncertainty and growth in home-based working. Industrial vacancy rates are very low at 2.6% and a symptom of an 'tight' constrained market.
- 13.12 The HEDNA has modelled employment land needs utilising a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. This approach of triangulating different approaches and testing findings, which Iceni adopts, is consistent with the PPG.
- 13.13 Iceni has used Oxford Economics forecasts, from 2021, as a starting point in constructing a labour demand scenario followed by a comparison exercise with historic forecasts on a sector-by-sector basis. Iceni has then overlayed the baseline analysis and testing process with local stakeholders, including the Council's Economic Development Team in drawing conclusions. Iceni has also undertaken sensitivity analysis and other modelling approaches including past completions trends.
- 13.14 Drawing the analysis together for office-based activities, the labour demand model indicates a need for 28,000 sq.m floorspace or 5.6 ha of land. This is below the past completions trend which is equivalent to 15,000 – 16,000 sq.m (3.0 – 3.2 ha). Having regard to the potential for growth in home-based working to reduce office floorspace requirements by up to 30% we consider that it would be sensible to plan for around 20,000 sq.m of office floorspace over the plan period. This would equate to around 3.9 ha of land. The modest office floorspace requirement reflects the modest office market in the District, combined with the challenging viability characteristics.

- 13.15 To deliver office floorspace, the Council would be encouraged to consider opportunities for the repurposing of retail floorspace in Town Centres; and for mixed-use development schemes which include office space at ground floor and residential above, particularly in central locations, where residential values can help to support viable delivery. It should also consider the potential to facilitate delivery through use of its own land assets.
- 13.16 For industrial land, for the reasons explained we would place greater weight on the completions trend analysis. This points to a need for between 66,000 – 97,000 sq.m of industrial floorspace requiring up to 24.3 ha of employment land. We consider that having regard to recent supply constraints and the case for flexibility to support stronger economic performance (having regard to the growth in labour supply), the upper end of the range provides a reasonable assessment of future needs (24.3 ha).
- 13.17 The evidence thus indicates that the Local Plan should make provision for around 28.2 ha of land. This is broadly in line with current commitments and allocations, as shown above. However, we consider that there may be qualitative case to seek to broaden the employment offer in order to maintain a supply of deliverable employment sites across the main towns in the District, including Bordon, Alton and Petersfield; and recognise challenges to delivery of some key existing employment sites and ensure flexibility is built in such that land supply does not constrain economic growth.

Affordable Housing

- 13.18 The report includes an updated assessment of affordable housing need which responds to the widened definition of affordable housing set out in the Framework. This includes households who might be able to rent a home in the private sector without financial support but aspire to own a home and require support to do so.
- 13.19 The assessment shows an annual need for 297 rented affordable homes in East Hampshire and the Council is therefore justified in seeking to secure additional affordable housing. A breakdown is provided below by sub-area with a need shown in each area.

Table 13.1 Affordable and Social Rented Need to 2038

Affordable and Social Rented	Net Need (p.a.)
North East	80
North West	69
Southern Parishes	49
SDNP	99
District	297

Source: Derived from a range of sources

13.20 The analysis suggests that there will be a need for both social and affordable rented housing – the latter will be suitable in particular for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit.

13.21 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required and both have a role to play in supporting households in need of affordable housing.

13.22 The report has also assessed the potential scale of need for affordable home ownership housing, identifying that there is an annual need for 316 affordable home ownership homes in the District. This is shown in the Table below, again with a need in each sub-area.

Table 13.2 Affordable Home Ownership Need to 2038

Affordable and Social Rented	Net Need (p.a.)
North East	84
North West	89
Southern Parishes	49
SDNP	94
District	316

Source: Derived from a range of sources

13.23 Bringing the analysis together, the Table below provides an overview of the total need for affordable housing in the District on annual basis. This shows there is a total need for 613 affordable homes per annum split between social and affordable rented housing (equal to 48%) and affordable home ownership housing (equal to 52%).

Table 13.3 Total Affordable Housing Need – District Total

	Net Need (p.a.)
Social and Affordable Rented	297
% of Total	48%
Affordable Home Ownership	316
% of Total	52%
Total Affordable Housing	613

Source: Derived from a range of sources

13.24 Despite the level of need being high, it is not considered that this would necessarily point to any requirement for the Council to increase the Local Plan housing requirement above that suggested by the standard method. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home).

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- 13.25 Additionally, most of the affordable need is already part of the demographic projections which are used to drive the standard method and so any additional provision would arguably be double counting. That said, the level of affordable need across areas can form part of the consideration of the distribution of housing for different location, along with an understanding of demographic trends and economic growth.
- 13.26 When looking at the need for AHO products, the analysis also suggests a need across the study area (for 316 per annum). In interpreting this figure, it should however be noted that there could be a significant additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO.
- 13.27 Analysis does suggest that there are many households in East Hampshire who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the study area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
- 13.28 The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.
- 13.29 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
- 13.30 Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. Although this report sets out a need for affordable housing; it should be noted that the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Older Persons Housing Needs

- 13.31 The analysis in this report has shown a notable growth in the population of older persons aged 65 and over in East Hampshire over the period to 2038, with the number of people projected to grow by over 13,000 persons equal to 44%.

- 13.32 Within this, the number of people with a limiting long-term health problem or disability is projected to increase in the District. The specific projections undertaken show an expected increase of those with dementia by 1,200 persons and with mobility problems by 2,600 to 2038.
- 13.33 Some older households, particularly those aged over 75, will require specialist housing provision. The analysis in this section points to a need for 832 units of housing with support to 2038 and 765 units of housing with care. In considering extra-care schemes, there is a need to carefully consider the viability and practical feasibility of delivering affordable housing on-site. The provision of this form of specialist housing is not additional to the local housing need derived from the standard method.

Table 13.4 Specialist Housing Needs, East Hampshire, 2021-38

Specialist Housing Need		Shortfall/Surplus
Housing with Support	Market	600
	Affordable	232
	Total	832
Housing with Care	Market	526
	Affordable	239
	Total	765

Source: Derived from a range of sources

- 13.34 The Tables above should be considered as providing a set of parameters for housing need. The ultimate level of provision the Council seeks to support will be influenced by the broader strategy for older persons housing and care.
- 13.35 The analysis in this report also identifies a need for around 220 additional care and 110 nursing home bedspaces to 2038. These will fall within a C2 use class and should be treated as maximum figures – any provision of bedspaces also falls outside of the local housing need derived from the standard method; however, the bedspaces can be included in five year housing land supply (with the appropriate multiplier) and should therefore not be seen as additional.
- 13.36 It is important that the Council's planning policies support the delivery of specialist housing, in particular extra care schemes. A notable by-product of doing so will be the release of existing mainstream housing, including family housing, for other groups within the population.
- 13.37 In particular, for schemes with higher levels of care provision, consideration should also be given to whether it is practical to manage market and affordable provision within a single development. This may be influenced by the nature of the site and scheme.
- 13.38 In addition, a need for 1,100 homes for wheelchair users in East Hampshire, equivalent to 10% of the total housing need. Icen consider that it would be appropriate to seek provision as part of major

new-build schemes, subject to support from viability evidence studies and evaluation on a site-by-site basis.

- 13.39 Taking the evidence together, there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider, as a start point, requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).
- 13.40 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- 13.41 The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
- 13.42 In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as ‘homes for life’ and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- 13.43 In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for).

Needs for Different Sizes of Homes

- 13.44 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households’ ability to save; economic performance and housing affordability.
- 13.45 The analysis linked to long-term (17-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in East Hampshire are very high in the market sector).

Table 13.5 Need for Different Sizes of Homes

	1 Bed	2-Beds	3-Beds	4+ Beds
Market	10-15%	40-45%	30-35%	10-15%
Affordable Ownership	20-25%	40-45%	25-30%	5-10%
Affordable Rented	35-40%	35-40%	15-20%	5-10%

Source: Derived from a range of sources

- 13.46 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- 13.47 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- 13.48 Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.
- 13.49 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

Private Rented Sector and Build to Rent

- 13.50 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.

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- 13.51 In the District, the private rented sector is not of a significant size accounting for around 12% of all stock at the point of the 2011 Census and an estimated 14% of all stock in 2019. However, owing to the high rate of turnover, it does play a role in the market.
- 13.52 Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development. However, at the time of writing, there has been no Build to Rent activity in the District.
- 13.53 On the basis of our analysis of the size and nature of the private rented sector in the District alongside the rental values being achieved, there is not clear a basis to conclude that a need currently exists for a purpose-built rental product.
- 13.54 Nevertheless, looking forward it is clear that the sector is growing, and rental values are increasing. There is potential for a Build to Rent product in select areas in the District which are supported by strong public transport connections such as Alton.
- 13.55 In preparing a new Local Plan, the Council could therefore include a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be applied.

Self and Custom Build Homes

- 13.56 Self-build and custom housebuilding is a growing sector of the housing market, and one which has potential to contribute to housing delivery. Since the introduction of the Council’s self-build register on 1st April 2016 and following a review of the register in April 2020, there have been a total of 129 individuals entered. Although demand in relative terms has fallen since the review of the register, there is clearly still evidence of strong interest in the District.
- 13.57 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.
- 13.58 The East Hampshire Core Strategy adopted in June 2014 is silent on self-build and custom build housing in policy terms; however, the Council has drafted a specific policy under Policy DM8 in the draft Local Plan which supports self and custom build development subject to any significant adverse

impact on local character. The policy also requires sites of 20 homes or more to provide for 5% of all housing as serviced plots.

- 13.59 Iceni considers that this draft policy is suitable and responds to the requirements of Planning Practice Guidance. As a general principle, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

Rural Housing Needs

- 13.60 The Framework (paragraph 72) identifies that local planning authorities should support the development of entry-level exception sites, suitable for first time buyers (or those looking to rent their first home). The paragraph requires that such sites should not be on land already allocated for residential development and should comprise affordable housing as defined in the Framework's Glossary.
- 13.61 On 1st April 2021, the Government confirmed its commitment to introduce a First Home Exception Sites Policy encouraging delivery of First Homes at a minimum 30% discount to open market values. The Government has made clear that it intends to amend paragraph 72 of the Framework replacing 'entry-level exception sites' with "First Homes exception sites".
- 13.62 In the context of the revised Planning Practice Guidance on First Homes, it is recommended that a standalone planning policy should be developed which supports First Homes Exception Sites subject to the qualifying criteria set out within this report.
- 13.63 Rural exceptions sites are different to First Homes Exception Sites. The Framework (paragraph 78) confirms that local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs and also to consider whether some market housing on such sites would help facilitate this.
- 13.64 In planning policy terms, the East Hampshire Core Strategy under Policy CP14 deals with rural exception sites – badged as 'affordable housing for rural communities'. This policy supports the delivery of housing outside of settlement boundaries subject to a range of criteria. Iceni has reviewed schemes approved under this Policy over the last five years and found that it has been successful in delivering affordable homes in the District.
- 13.65 In addition to policy support, the Council also has a history of supporting organisations such as HARA and now the Hampshire Homes Hub which aim to increase the supply of affordable housing in rural villages of Hampshire by offering support and guidance.

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- 13.66 Looking forward, the Council should continue to highlight and strongly promote the benefits of exception sites to encourage housing opportunity for younger households and family households connected to rural areas. The Council should maintain its policy position in the new Draft Local Plan. The Council should also explore the opportunity to deliver joint self-build and affordable housing schemes on rural exception sites through its existing links with the Hampshire Homes Hub.

Homeless Households and those with Support Needs

- 13.67 The Council's Homelessness and Rough Sleeper Strategy recognises that the District population is ageing, property values are increasing along with land values, housing affordability has continued to decline and there has a decreasing ability to secure accommodation private rented sector due to high rents. All of these factors have had an impact on the number of homeless households in the District.
- 13.68 Icenis has drawn on data from H-CLIC to understand the scale of the challenge of homelessness in absolute and relative terms. In 2017/18, there were 58 homeless households owed a full duty with the number increasing marginally from 55 households in 2007/08 in the years preceding the implementation of the Homelessness Reduction Act ("HRA") in 2018. In relative terms, this was equal to 1.2 per 1,000 households compared with 2.0 per 1,000 households across the South East or 2.4 across England.
- 13.69 Since the introduction of the HRA, with data now recorded on a quarterly basis, the Council has experienced an average of 72 households owed a full duty each quarter since 1st April 2018. On average there has been 1.4 households owed a duty per every 1,000 households in East Hampshire each quarter, compared with 2.5 in the South East and 2.9 across England. Overall, numbers are therefore not significant in a regional or national context.
- 13.70 Despite reducing the number of households in Temporary Accommodation ("TA"), the Council experienced an increase following the rise of the COVID-19 Pandemic in March 2020. The Council does not own any housing stock and is therefore not able to provide temporary accommodation for homeless households directly.
- 13.71 However, the Council has worked with Petersfield Housing Association to convert a building in Alton which provides spacious temporary accommodation alongside other properties that are used for temporary accommodation. In total, there are 56 Studio flats, 26 x 1 bed flats, 68 x 2 bed houses/flats and 49 x 3 bed houses (i.e. a total of 199 properties). The Council has also been working in partnership with an RP to provide 5 units of accommodation within Alton as an alternative to bed & breakfast.

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- 13.72 In terms of notable support needs, the data shows that mental health, domestic abuse, ill health and substance dependency are the main issues for households presenting as homeless. The Council supports the Hampshire Making Safe Scheme which aims to assist victims of domestic abuse with options and information to remain safe in their homes. It is also noted that the Council works proactively with Stop Domestic Abuse (“SDA”), the service commissioned by Hampshire County Council to provide domestic abuse services in the District.
- 13.73 The Council’s Strategy and Action Plan also includes actions to address rough sleeping in the District, whilst there are not huge numbers recorded, the Council is very aware of many people ‘sofa surfing’, moving on continuously.
- 13.74 Moving forward, the Council has challenged itself through its Homelessness Strategy and Action Plan to provide a ‘front door for everyone’, whilst ‘improving people’s lives’, through the delivery of the new Local Plan. The Local Plan will aim to address the issues facing the Council by providing homes and jobs that are needed – including the provision of affordable homes and sheltered accommodation.

Student Housing Needs

- 13.75 There is no higher education establishment in East Hampshire District. According to 2011 Census data, there were 2,409 full-time students aged 18 and over in East Hampshire District. This number grew over the last two Census points; however, the vast majority of students are either living with parents – and therefore most likely commuting to higher and further education establishments outside of the District – or living with a partner.
- 13.76 As a result of the modest number of students in the District and the accommodation status of these students, our analysis does not suggest a need for a policy intervention or that any purpose built student housing provision is necessary over the plan period.

Caravan/Mobile Home Households

- 13.77 The East Hampshire Gypsy and Traveller Accommodation Assessment (“GTAA”) provides an overview of households in the District that do not meet the planning definition of a Traveller. The GTAA concludes that there is no need for additional pitches for households that did not meet the planning definition as no households that were interviewed in East Hampshire or with links to East Hampshire were identified as not meeting the planning definition.
- 13.78 Notwithstanding this, the Council holds data on all existing caravan sites in the District which are licensed Caravan and Mobile Home sites. In total, there are 20 sites hosting a total of 646 caravans. It is also the case that at the point of the 2011 Census, there were 359 homes (recorded as

'household spaces) in East Hampshire that comprised 'caravans or other mobile or temporary structures'.

13.79 To project the potential need/demand for caravans and houseboats, the analysis has returned to Census data and has linked the existing demographic profile of caravan and mobile home households by age of HRP in East Hampshire with the demographic projections detailed in this report. On this basis of the method set out in this report, it is expected that the demand for such accommodation could increase by 104 households over the period to 2038 which is equal to 6 per annum.