Interim Housing and Economic Development Needs Assessment (HEDNA)

For the East Hampshire District Local Plan Regulation 18 consultation

East Hampshire DISTRICT COUNCIL

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Chapter 1: Introduction

1.1 East Hampshire District Council (EHDC) is in the process of developing a Local Plan, which will cover the area of East Hampshire outside the South Downs National Park (SDNP) for the period of 2017-2036. As part of the evidence for this emerging Local Plan, EHDC has undertaken a study examining housing and employment needs within East Hampshire, referred to as a Housing and Economic Development Needs Assessment (HEDNA). The results and conclusions of the HEDNA are presented in this report.

1.2 Although the South Downs National Park Authority (SDNPA) is the planning authority for the national park area of East Hampshire, the need for housing and employment development extends across boundaries, so both areas have been considered. Wherever possible, there has naturally been a focus on areas of East Hampshire outside of the SDNP as these are the areas that will be subject to EHDC's emerging Local Plan.

1.3 This is an interim report, to accompany the draft (Regulation 18) Local Plan. It combines and updates the information contained in the previous East Hampshire Strategic Housing Market Assessment and Local Housing Requirement Study[1] (SHMA) and the East Hampshire District Council Employment Land Review Update[2] (ELR). The interim report utilises and expands on information produced by Justin Gardner Consulting, Hampshire County Council, and Experian and Cambridge Econometrics to form a comprehensive Housing and Economic Development Needs Assessment (HEDNA). The report will be updated and revised as necessary to reflect the most recent available information to support the draft Local Plan.

1.4 The core component of this work is to provide an integrated assessment of future housing needs, the scale of future economic growth and the quantity of land and floorspace required for B-class employment development3 across East Hampshire (outside the SDNP).

1.5 The HEDNA provides analyses of housing and economic development needs from 2017 to 2036, to reflect the plan period for the emerging East Hampshire Local Plan.

Overview of Methodology

1.6 The HEDNA interim report has been prepared by East Hampshire District Council in accordance with national planning practice guidance and using demographic, housing and economic information from professional consultancies and the Office for National Statistics. Housing need is an unconstrained assessment of the number of homes needed in an area and the first step in the process of deciding how many homes should be planned for in the Local Plan. Similarly, and in planning terms, economic development need is an unconstrained assessment of the amount of floorspace and land that should be allocated to meet the future space requirements of businesses operating from offices, industrial units and/or warehouses, taking account of their potential for expansion or contraction. It should

[1] Available at: https://www.easthants.gov.uk/sites/default/files/documents/12701%2B-%2BEast%2BHampshire%2BStrategic%2BHousing%2BMarket%2BAssessment%2B-%2BUpdate%2BVersion%2B-%2BAugust%2B2013%2BFinal%2B-%2B06-09-13.pdf (published: August, 2013)
[2] Available at: https://www.easthants.gov.uk/sites/default/files/documents/East%2BHampshire%2BELR%2BFinal%2BReport%2B23-05-13.pdf (published: May, 2013)
[3] This includes office, industrial and warehouse/distribution space

be noted that this study only considers the needs of industrial and office-based business – i.e. those operating in the 'B Use Classes'. Other studies address the requirements for other sectors of the economy (e.g. retail).

National Planning Guidance

1.7 National policies for plan-making are set out within the National Planning Policy Framework (NPPF)[4]. This sets out key policies against which development plans will be assessed at examination and to which they must comply.

1.8 The NPPF was revised in July 2018 and sets a presumption in favour of sustainable development whereby local plans should positively seek opportunities to meet development needs of their area, and be sufficiently flexible to adapt to rapid change. Strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas.

1.9 Previous guidance[5] supported local planning authorities in objectively assessing and evidencing development needs for housing (both market and affordable) and economic development (which includes main town centre uses). The primary objective of identifying need in the previous guidance was to:

- identify the future quantity of housing needed, including a breakdown by type, tenure and size;
- identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development; and
- provide a breakdown of that analysis in terms of quality and location, and to provide an indication of gaps in current land supply.

1.10 The revised NPPF states development plans should continue to set out an overall strategy for the pattern, scale and quality of development, and make sufficient provision for housing (including affordable housing), employment, retail, leisure and other commercial development. However, the supporting Planning Practice Guidance (PPG)[6] is now solely focused on guiding local planning authorities on how to assess their housing needs. For the purposes of this HEDNA, previous guidance will be relied upon for assessing economic development needs within East Hampshire.

Housing Need

1.11 To determine the minimum number of homes needed, the NPPF expects strategic policies to be informed by a local housing need assessment, conducted using the standard method prescribed by the Government. The PPG sets out a three-step process.

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[4] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740441/National_Planning_Policy_Framework_web_accessible_version.pdf (July, 2018)

[5] https://webarchive.nationalarchives.gov.uk/20180607114246/https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments (March, 2015)

[6] https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments (September, 2018)

1.12 The first step of the standard method is to establish a demographic baseline of household growth; this is to be taken directly from published household projections and should be the annual average household growth over a 10-year period. Whilst this 10-year period is not specified, it is the case that the examples provided in the PPG look at a 10-year period.

1.13 The second step seeks to adjust the demographic baseline on the basis of market signals. The adjustment increases the housing need where house prices are high relative to workplace incomes. This uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available (2017 at the time of writing).

1.14 Specifically, the PPG says 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'*. The equation to work out the adjustment factor is as follows:

$$\textbf{Adjustment factor} = \left(\frac{\textbf{Local affordability ratio} - 4}{4}\right) \times 0.25$$

1.15 As an example, if the workplace affordability ratio in an area was 8.00; i.e. median house prices were eight times the median earnings of those working in the area, then the adjustment would be 0.25 or 25%. This is calculated as follows: (8 - 4) / 4 × 0.25).

1.16 The final step in the standard method is to possibly cap the market signals uplift. There are two situations where a cap is applied. The first is where an authority has reviewed their 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 plan. The second situation is where plans and evidence 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).

1.17 In October 2018, MHCLG published a technical consultation on updates to national planning policy and guidance – the main part of this document was around the Standard Method for assessing housing need. Essentially, whilst the PPG had previously recommended using the latest evidence where possible, the consultation document suggested setting aside the latest (2016-based) household projections in preference for the previous (2014-based) set.

1.18 The reason for this is that (at least at a national level) the 2016-based projections show a much lower level of household growth (and hence housing need). The Government has decided *'it is not right to change its aspirations'* for housing supply to take account of the lower figures and has therefore proposed to continue using data from the older projections to inform housing need. Chapter 4 will explore in greater detail how the standard method applies to East Hampshire district.

1.19 The HEDNA ultimately assesses housing need, both for the entire district (which is deemed the relevant Housing Market Area - HMA) and for the individual authorities within it – East Hampshire Local Planning Authority and the South Downs National Park Authority. However, the HEDNA itself does not set policy targets for housing or employment land provision. Other matters, including local policy aspirations and the existence of environmental constraints, need to be taken into account.

1.20 The housing needs evidence set out in the HEDNA will also need to be brought together with evidence on land availability and infrastructure, through the plan-making process, in identifying where new housing can be delivered and in setting housing targets. This is intended to be taken forward through (e.g.) joint working to prepare a Statement of Common Ground between EHDC and the SDNPA, on the distribution of housing between the two authorities.

Economic Development Needs

1.21 Paragraphs 80 to 84 of the NPPF sets out that planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking account of both local business needs and wider opportunities for development. Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.

1.22 The HEDNA's conclusions on future economic performance and employment growth have been informed by a detailed review of Experian and Cambridge Econometrics trend-based employment (job growth) forecasts; and of local drivers and investment strategies which can be expected to influence future performance. This has informed both the analysis of housing need as well as future employment land requirements.

1.23 In respect of future employment land requirements, the HEDNA initially focuses on assessing development needs before considering the likely available supply from planning permissions and current allocations (i.e. without considering the land that could be allocated by the emerging Local Plan). Qualitative issues, including the views of local businesses about premises in East Hampshire, are also taken into account. This information will need to be brought together with information on land availability and infrastructure, to identify where any additional employment land can be delivered and in setting development targets.

Geographies

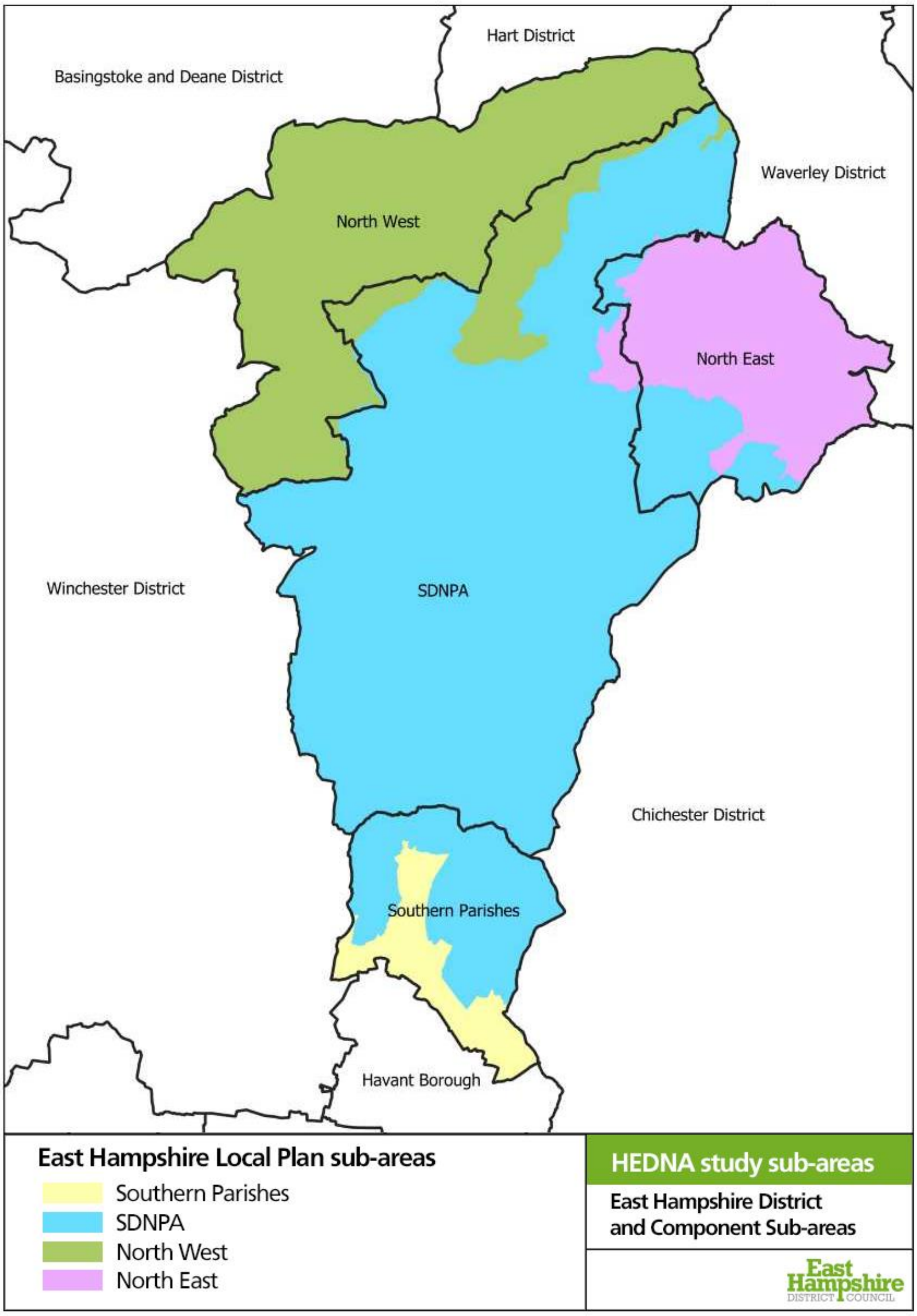
1.24 The HEDNA interim report deals specifically with development needs in East Hampshire district (including the national park area). Following on from previous work in the SHMA (2013) and the ELR (2013), plus further analysis in Chapter 3, the district area is deemed to be a suitable proxy for the relevant Housing Market Area (HMA) and Functional Economic Market Area (FEMA) affecting East Hampshire.

1.25 HMAs and FEMAs are the geographical areas over which housing and commercial property markets typically operate. However, it should be noted that the most recent guidance for needs assessments from the Government does not focus on HMAs or FEMAs; in particular, the standard method to assessing housing needs is typically applied to local authority areas. The HEDNA has therefore been undertaken to focus on East Hampshire; but wider geographies have also been considered at appropriate points.

1.26 In places, this interim report has also included analysis on a sub-area level, particularly on areas of East Hampshire outside of the SDNP. This is to help inform local policies within the draft local plan and to reflect the presence of the SDNP as a separate Local Planning Authority area. The four sub-areas have been identified by using Parish areas for East

Hampshire to better inform data collection and analysis. These are outlined below in Figure 1.1. The map also shows the boundary of the SDNP – whilst the sub-areas do not exactly match the park boundaries, it is the case that those areas are either in the SDNP but assigned to a different sub-area, or outside the SDNP but assigned to the National Park are locations with very low population levels. Hence the best-fit of parishes will broadly separate the SDNP from the local planning authority area of the district. Table 1.1 below shows the parishes assigned to each sub-area.

Figure 1.1: Map of sub-areas in East Hampshire



Source: EHDC

Table 1.1: Parishes within sub-areas – East Hampshire

Sub-area	Parishes
North West	Alton, Beech, Bentley, Bentworth, Four Marks, Froyle, Lasham, Medstead, Ropley, Shalden, Wield
North East	Bramshott and Liphook, Grayshott, Headley, Kingsley, Lindford, Whitehill
SDNP	Binsted, Buriton, Chawton, Colemore and Priors Dean, East Meon, East Tisted, Farringdon, Froxfield, Greatham, Hawkley, Langrish, Liss, Newton Valence, Petersfield, Selborne, Steep, Stroud, West Tisted, Worldham
Southern Parishes	Clanfield, Horndean, Rowlands Castle

Source: EHDC

1.27 Other geographies that are mentioned or considered in this interim report include the South East Region (for statistical purposes), the Partnership for Urban South Hampshire sub-region and the Enterprise M3 and Solent Local Enterprise Partnership areas. These are wider geographies that include East Hampshire or parts of it.

Source: EHDC

Report Structure

1.28 Following this introductory section, the HEDNA report is set out as follows:

- Chapter 2: Demographic and Labour Supply Trends
- Chapter 3: Housing and Employment Needs Assessment Areas
- Chapter 4: Housing Needs and The Standard Method
- Chapter 5: Housing Market Signals
- Chapter 6: Affordable Housing
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- Chapter 13: Needs of other Specific Groups
- Chapter 14: Conclusions

1.29 Please note that this interim report does not contain an Executive Summary, but for those seeking a summary and overview of the results, the 'Conclusions' (Chapter 14) provides all of the key information in this form, together with implications for EHDC's emerging Local Plan.

Chapter 2: Demographic and Labour Supply Trends

Introduction

2.1 This chapter provides some background analysis about key socio-economic indicators, address demographic trends and key labour market indicators. The analysis uses local authority level data for East Hampshire (along with summary information for each of four sub-areas). Data is compared with local, regional and national data as appropriate. Much of the analysis draws on 2011 Census information and can be summarised as covering four main topic headings:

- Population (age/ethnic group)
- Household characteristics (type/tenure)
- Housing profile (size/accommodation type)
- Economic profile

2.2 Chapter 4 will build upon this data to review future projections for population and household growth, and the associated housing need, which is a key output of the HEDNA.

Population

2.3 Table 2.1 below shows the population profile of East Hampshire in five-year age bands compared with a range of other areas. The data shows a relatively old age structure with particularly notable differences from ages 45 onwards.

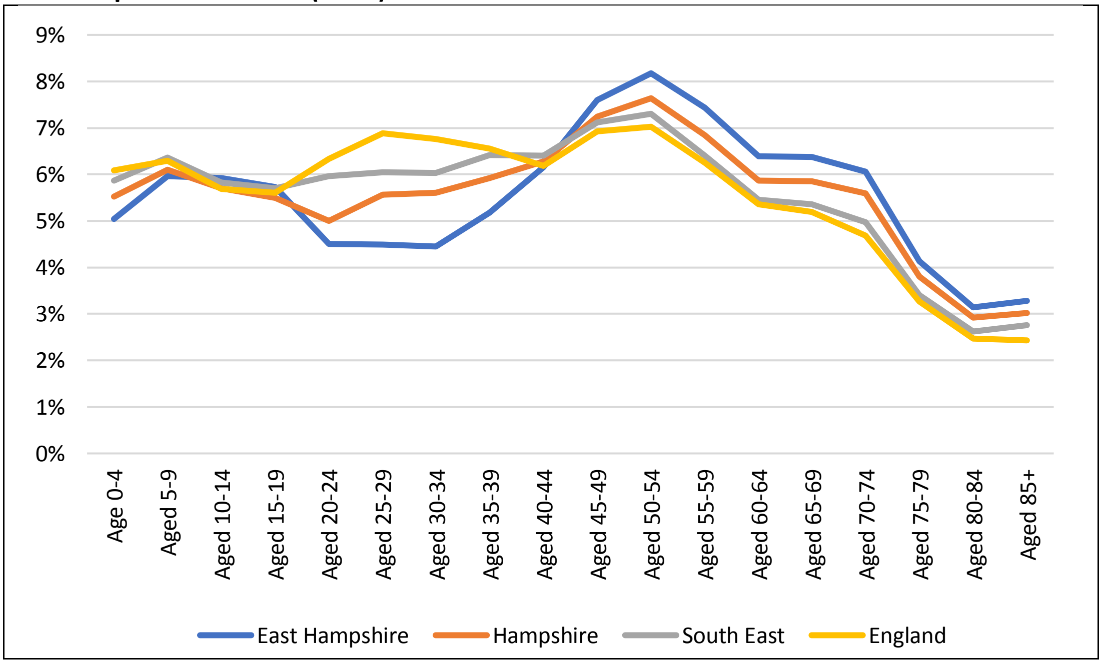
Table 2.1: Population profile (2017)

	East Hampshire		Hampshire	South East	England
	Population	% of population	% of population	% of population	% of population
0-4	6,012	5.0%	5.5%	5.9%	6.1%
5-9	7,113	6.0%	6.1%	6.4%	6.3%
10-14	7,068	5.9%	5.7%	5.8%	5.7%
15-19	6,839	5.7%	5.5%	5.7%	5.6%
20-24	5,379	4.5%	5.0%	6.0%	6.3%
25-29	5,365	4.5%	5.6%	6.1%	6.9%
30-34	5,307	4.4%	5.6%	6.0%	6.8%
35-39	6,180	5.2%	5.9%	6.4%	6.5%
40-44	7,356	6.2%	6.3%	6.4%	6.2%
45-49	9,066	7.6%	7.2%	7.1%	6.9%
50-54	9,760	8.2%	7.6%	7.3%	7.0%
55-59	8,884	7.4%	6.8%	6.4%	6.3%
60-64	7,622	6.4%	5.9%	5.5%	5.4%
65-69	7,610	6.4%	5.9%	5.4%	5.2%
70-74	7,234	6.1%	5.6%	5.0%	4.7%
75-79	4,938	4.1%	3.8%	3.4%	3.3%
80-84	3,750	3.1%	2.9%	2.6%	2.5%
85+	3,909	3.3%	3.0%	2.8%	2.4%
All Ages	119,392	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

2.4 The differences between East Hampshire and other areas can more clearly be seen in Figure 2.1 below. This identifies a relatively low proportion of the population aged up to 50 (in all age bands) and higher proportions for all age bands from about 50 upward.

Figure 2.1: Population Profile (2017)



Source: ONS mid-year population estimates

2.5 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 region and national position, East Hampshire has a relatively high proportion of people aged 65 and over (23%) and consequently lower proportions of both children and people of working-age.

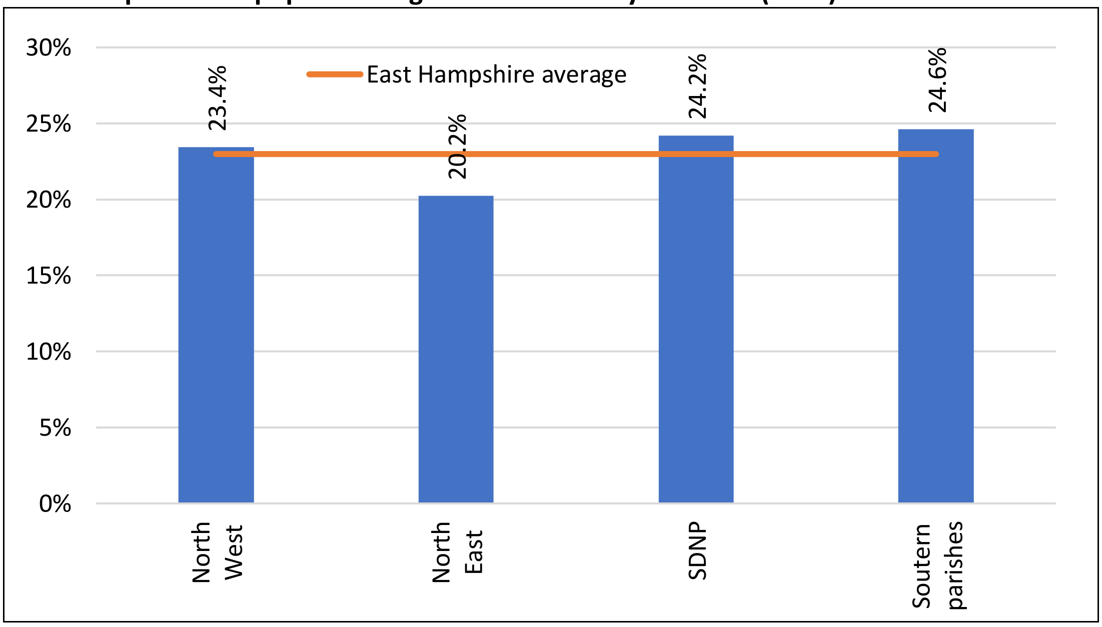
Table 2.2: Population profile (2017) – summary age bands

	East Hampshire		Hampshire	South East	England
	Population	% of population	% of population	% of population	% of population
Under 16	21,650	18.1%	18.4%	19.1%	19.1%
16-64	70,301	58.9%	60.4%	61.8%	62.8%
65+	27,441	23.0%	21.2%	19.1%	18.0%
All Ages	119,392	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

2.6 Figure 2.2 below takes this data forward to look at some differences by sub-area. This focusses on the population aged 65 and over. The analysis identifies relatively little variation in the proportion of people in this age group in different locations. The proportion aged 65+ varies from 20% in the North East up to 25% in the Southern parishes.

Figure 2.2: Proportion of population aged 65 and over by sub-area (2017)



Source: ONS mid-year population estimates

2.7 As well as looking at the population profile, analysis has been carried out (below) to look at overall population change over the 10-year period to 2017 (a 10-year period being chosen as this is a fairly standard period over which to look at population change). The analysis shows over the period that the population of East Hampshire increased by 6.3%; this is a relatively low level of population change and compares with increases of 6.8% across Hampshire, 8.7% in the South East and 8.2% in England.

Table 2.3: Population change (2007-17)

	Population (2007)	Population (2017)	Change	% change
East Hampshire	112,296	119,392	7,096	6.3%
Hampshire	1,283,441	1,370,728	87,287	6.8%
South East	8,351,391	9,080,825	729,434	8.7%
England	51,381,093	55,619,430	4,238,337	8.2%

Source: ONS mid-year population estimates

2.8 Table 2.4 below shows population change by age (again for the 2007-17 period). This generally identifies the greatest increases to be in older age groups (aged 65 and over) along with some notable population declines (particularly in the 35-44 age group).

Table 2.4: Population change by age (2007-17) – 5-year age bands (East Hampshire)

	Population (2007)	Population (2017)	Change	% change
0-4	6,046	6,012	-34	-0.6%
5-9	6,727	7,113	386	5.7%
10-14	7,662	7,068	-594	-7.8%
15-19	7,614	6,839	-775	-10.2%
20-24	4,743	5,379	636	13.4%
25-29	5,010	5,365	355	7.1%
30-34	5,658	5,307	-351	-6.2%
35-39	7,788	6,180	-1,608	-20.6%
40-44	9,246	7,356	-1,890	-20.4%
45-49	8,957	9,066	109	1.2%
50-54	7,858	9,760	1,902	24.2%
55-59	7,849	8,884	1,035	13.2%
60-64	7,596	7,622	26	0.3%
65-69	5,422	7,610	2,188	40.4%
70-74	4,600	7,234	2,634	57.3%
75-79	3,848	4,938	1,090	28.3%
80-84	2,863	3,750	887	31.0%
85+	2,809	3,909	1,100	39.2%
All Ages	112,296	119,392	7,096	6.3%

Source: ONS mid-year population estimates

2.9 This information has been summarised into three broad age bands to ease comparison. Table 2.5 below shows a decrease in the number of children living in the District (reducing by about 1%) along with a small decrease in the 'working-age' population. The key driver of population growth has therefore been in the 65 and over age group, which between 2007 and 2017 saw a population increase of about 7,900 people; this age group increasing in size by 40% over the decade.

Table 2.5: Change in population by broad age group (2007-17) – East Hampshire

	2007	2017	Change	% change
Under 16	21,939	21,650	-289	-1.3%
16-64	70,815	70,301	-514	-0.7%
65+	19,542	27,441	7,899	40.4%
TOTAL	112,296	119,392	7,096	6.3%

Source: ONS mid-year population estimates

2.10 Additional analysis is provided below to look at the sub-areas. The analysis shows an increasing population in all of the sub-areas although there is some variation from a 1.5% increase in the North East, up to 11.6% in the North West. Levels of population growth may to some degree to be driven by the locations of new housing development over this period.

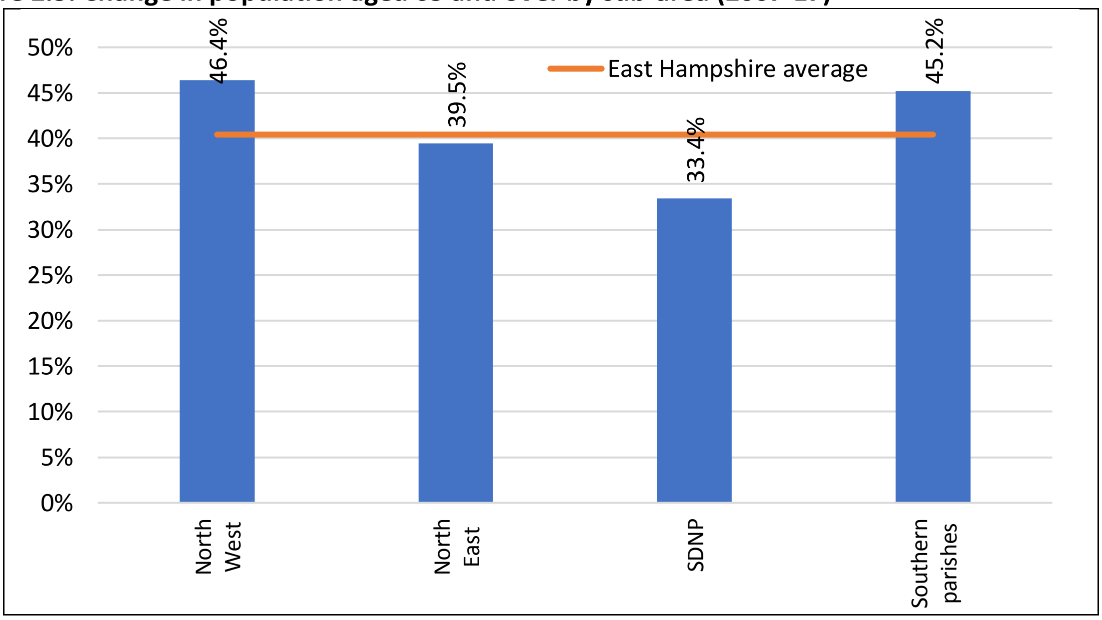
Table 2.6: Change in population (2007-17) by sub-area

	2007	2017	Change	% change
North West	28,027	31,269	3,242	11.6%
North East	32,673	33,158	485	1.5%
SDNP	31,635	33,582	1,947	6.2%
Southern parishes	19,961	21,383	1,422	7.1%
Total	112,296	119,392	7,096	6.3%

Source: ONS mid-year population estimates

2.11 Figure 2.3 below shows the change in the proportion of the population aged 65 and over in each sub-area. All areas have seen an increase in the proportion of older people, with the increase in the population in this age group ranging from 33% in the National Park up to 46% in the North West area.

Figure 2.3: Change in population aged 65 and over by sub-area (2007-17)



Source: ONS mid-year population estimates

2.12 Table 2.7 below shows the ethnic group of the population (as of 2011) and compares this with a range of other areas. It can be seen that the Black and Minority Ethnic (BME) population of East Hampshire is low when compared with other areas; only 6.4% of people are from a BME group, compared with 7.7% across Hampshire, 14% in the South East and 19% nationally. The main BME group in East Hampshire is White (Other) which makes up 3% of all people – this group is likely to contain a number of Eastern European migrants.

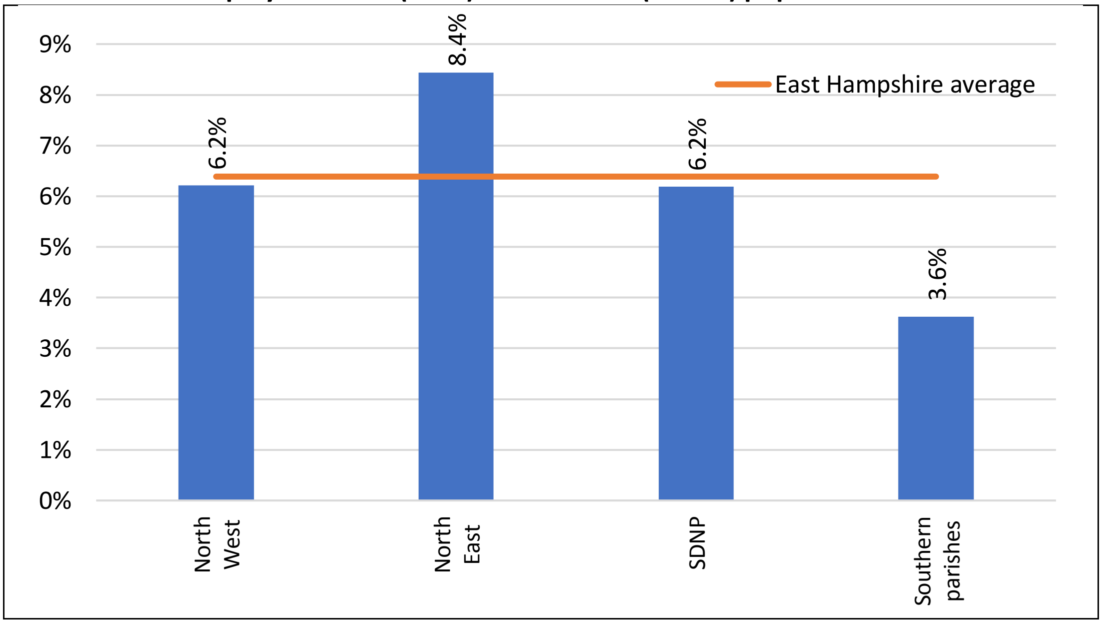
Table 2.7: Ethnic Group (2011)

	East Hampshire		Hampshire	South East	England
	Population	% of population	% of population	% of population	% of population
White (British/Irish)	108,224	93.6%	92.3%	86.1%	80.7%
White (Other)	3,411	3.0%	2.7%	4.6%	4.7%
Mixed	1,305	1.1%	1.4%	1.9%	2.3%
Asian	1,859	1.6%	2.7%	5.2%	7.8%
Black	517	0.4%	0.6%	1.6%	3.5%
Other	292	0.3%	0.3%	0.6%	1.0%
TOTAL	115,608	100.0%	100.0%	100.0%	100.0%
Non-White (British/Irish)	7,384	6.4%	7.7%	13.9%	19.3%

Source: 2011 Census

2.13 Figure 2.4 below shows the proportion of the population who are from a non-White (British) ethnic group by sub-area. This identifies that all areas have relatively low BME populations, with the range of figures being from 4% in the Southern parishes, up to 8% in the North East.

Figure 2.4: Ethnic Group by sub-area (2011) – non-White (British) population



Source: 2011 Census

Household Characteristics

2.14 Table 2.8 below shows household types (in 2011) in East Hampshire and compared with other areas. Compared with the County, regional and national position, this analysis shows a broadly similar pattern of households – the main differences to be seen include a higher proportion of older person couple households, a lower proportion of single persons (aged under 65) and relatively few lone parent households (8% in East Hampshire compared with 11% nationally).

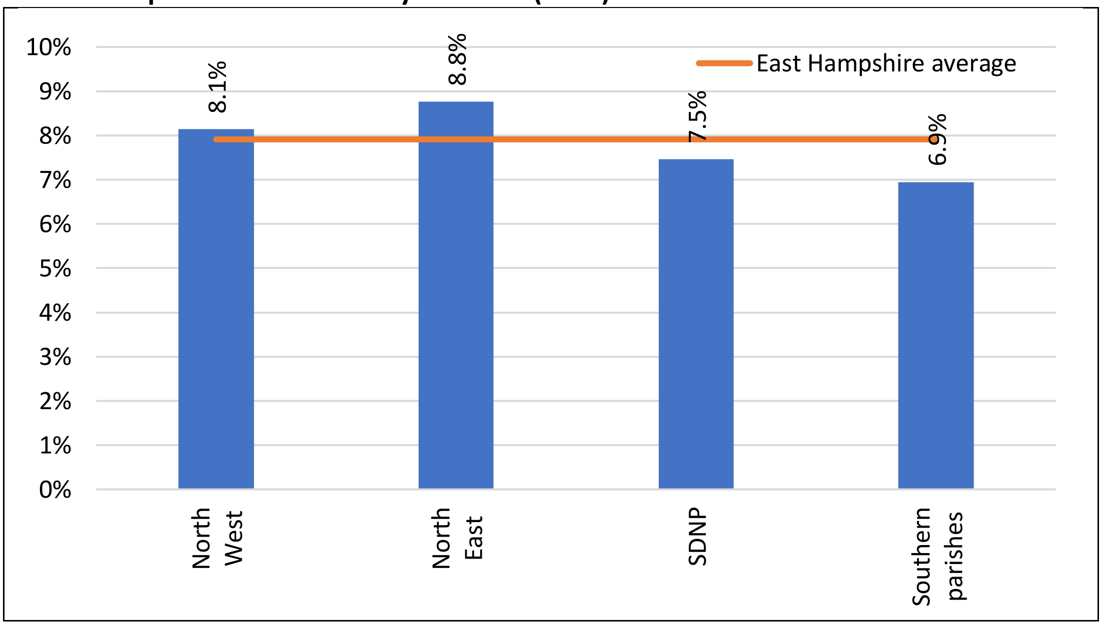
Table 2.8: Household Types (2011)

	East Hampshire		Hamp-shire	South East	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
One person 65 and over	6,087	12.9%	12.6%	12.7%	12.4%
Couple 65 and over	5,113	10.8%	10.3%	9.0%	8.1%
One person (under 65)	6,095	12.9%	14.1%	16.1%	17.9%
Couple (no children)	9,909	21.0%	20.4%	18.7%	17.6%
Couple (dependent children)	10,680	22.6%	21.5%	21.0%	19.3%
Couple (non-dependent children only)	3,048	6.4%	6.4%	6.0%	6.1%
Lone parent (dependent children)	2,343	5.0%	5.8%	6.1%	7.1%
Lone parent (non-dependent children only)	1,396	3.0%	2.9%	3.1%	3.5%
Other households	2,587	5.5%	6.1%	7.4%	8.0%
TOTAL	47,258	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.15 Figure 2.5 below focuses on the proportion of lone parent households by sub-area (the figures are for lone parent households with both dependent and non-dependent children combined). This shows a small range with the proportion of lone parent households going from 7% in the Southern parishes, up to 9% in the South East.

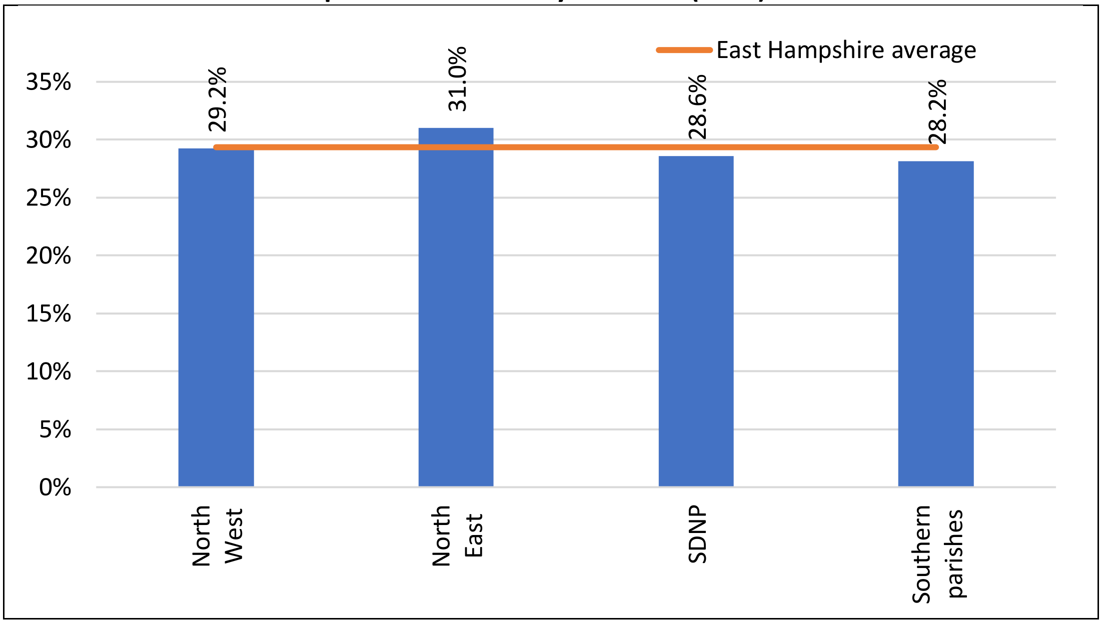
Figure 2.5: Lone parent households by sub-area (2011)



Source: 2011 Census

2.16 A similar analysis has been undertaken below focussing on all households with dependent children. This again shows a small variation across areas, with the range of proportions of such households going from about 28% in the Southern parishes up to 31% in the North East.

Figure 2.6: Households with dependent children by sub-area (2011)



Source: 2011 Census

2.17 Table 2.9 below shows household tenure compared with a number of other locations. The analysis identifies a relatively high proportion of owner-occupiers and particularly outright owners. The proportion of households living in both the social rented sector and private rented accommodation is lower than is observed in other areas.

Table 2.9: Tenure (2011)

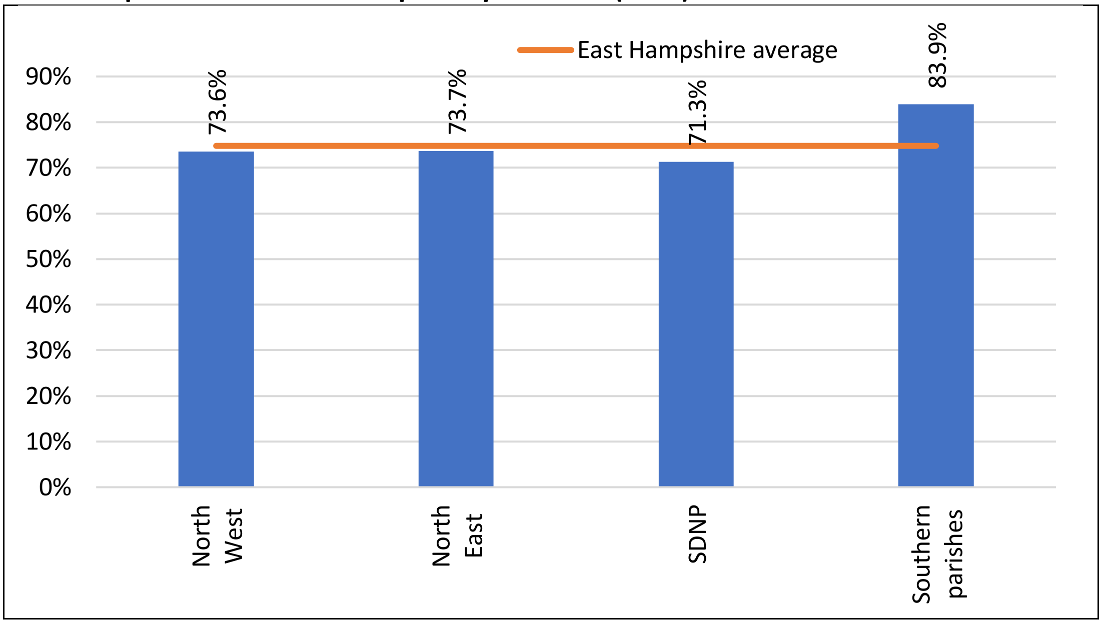
	East Hampshire		Hamp-shire	South East	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
Owns outright	17,520	37.1%	34.6%	32.5%	30.6%
Owns with mortgage/loan	17,830	37.7%	37.9%	36.2%	33.6%
Social rented	5,681	12.0%	13.8%	13.7%	17.7%
Private rented	5,517	11.7%	12.5%	16.3%	16.8%
Living rent free	710	1.5%	1.2%	1.3%	1.3%
TOTAL	47,258	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.18 The three figures (2.7 – 2.9) below show sub-area level data for three key tenure groups: a) owner-occupied (combining those with and without a mortgage/loan), b) social rent and c) private rent. Data for the 'other' tenure group is not shown below; the proportion of households in the other category is relatively small (1.5% of all households in the District).

2.19 When looking at owner-occupation the analysis shows a range from about 71% of households in the National Park up to 84% in the Southern parishes. Whilst the SDNP area shows the lowest overall proportion of owner-occupiers, this area does have a relatively high proportion of outright owners -54% of all owner-occupiers own outright, compared with just under half of owners across the District.

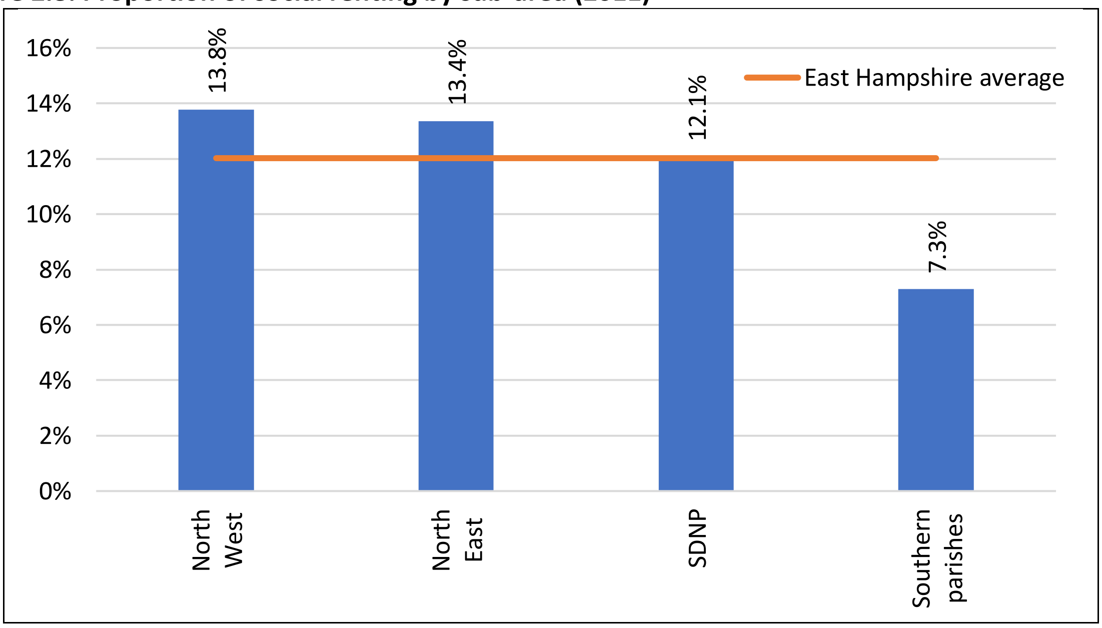
Figure 2.7: Proportion of owner-occupiers by sub-area (2011)



Source: 2011 Census

2.20 The proportion of households living in social rented housing (figure below) shows some notable variation by area with proportions varying from around 7% in the Southern parishes up to 14% in the North West.

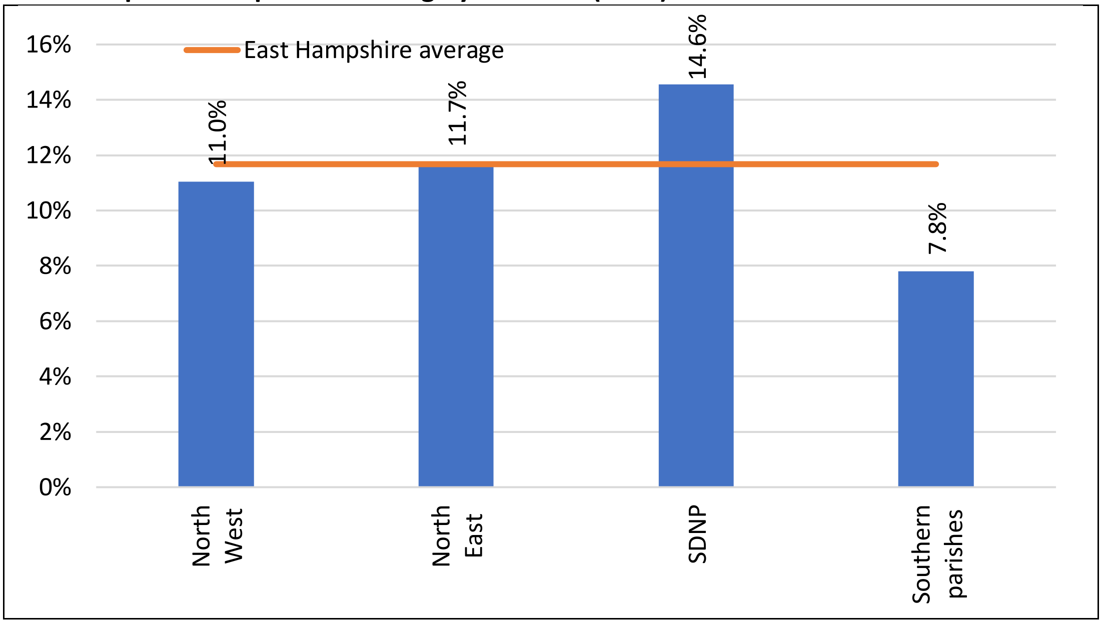
Figure 2.8: Proportion of social renting by sub-area (2011)



Source: 2011 Census

2.21 The final tenure analysis below focusses on the private rented sector; as with other tenures there is some variation between areas with the proportion of households living in this sector varying from 8% in the Southern parishes up to 15% in SDNP.

Figure 2.9: Proportion of private renting by sub-area (2011)



Source: 2011 Census

2.22 As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; Table 2.10 below shows (for the whole of East Hampshire) data from the 2001 and 2011 Census. From this it is clear that there has been growth in the number of households living in privately rented accommodation as well as a notable increase in outright owners. There has been a substantial decline in the number of owners with a mortgage and a notable increase in the numbers in the social rented sector.

Table 2.10: Change in tenure (2001-11) – East Hampshire

	2001 households	2011 households	Change	% change
Owns outright	14,575	17,520	2,945	20.2%
Owns with mortgage/loan	19,371	17,830	-1,541	-8.0%
Social rented	5,014	5,681	667	13.3%
Private rented	3,758	5,517	1,759	46.8%
Living rent free	907	710	-197	-21.7%
TOTAL	43,625	47,258	3,633	8.3%

Source: 2001 and 2011 Census

Housing Profile

2.23 The analysis below shows the number of bedrooms available to households as of the 2011 Census. Generally, the size profile in East Hampshire is one of larger homes with an average of 2.99 bedrooms compared with 2.88 across Hampshire, 2.79 in the South East and 2.72 nationally. The analysis shows that the dwelling stock of East Hampshire is fairly balanced, with a particular focus on 3-bedroom homes, albeit at 37% of the stock, this proportion is lower than seen in other areas.

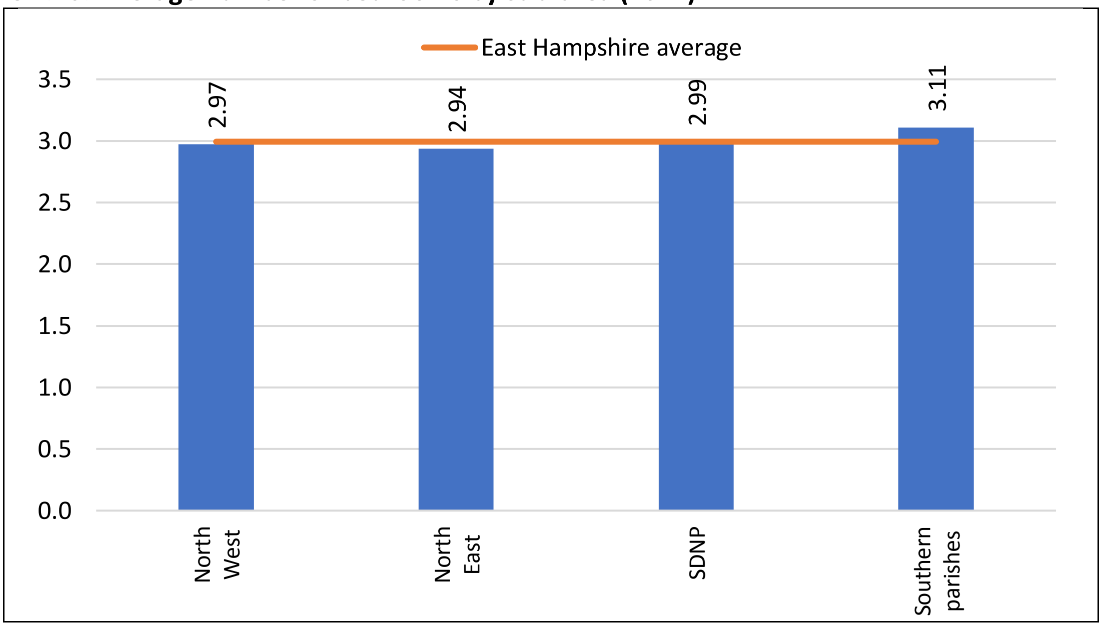
Table 2.11: Number of bedrooms (2011)

	East Hampshire		Hampshire	South East	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
1-bedroom	4,330	9.2%	9.5%	11.9%	12.0%
2-bedrooms	10,481	22.2%	24.1%	26.2%	27.9%
3-bedrooms	17,591	37.2%	41.3%	38.9%	41.2%
4-bedrooms	10,880	23.0%	19.6%	17.0%	14.4%
5+-bedrooms	3,976	8.4%	5.6%	6.0%	4.6%
TOTAL	47,258	100.0%	100.0%	100.0%	100.0%
Average bedrooms	2.99		2.88	2.79	2.72

Source: 2011 Census

2.24 There is some limited variation in the average number of bedrooms across different locations (as shown in the figure below) – the average number of bedrooms varies from 2.94 in the North East, up to 3.11 in the Southern parishes.

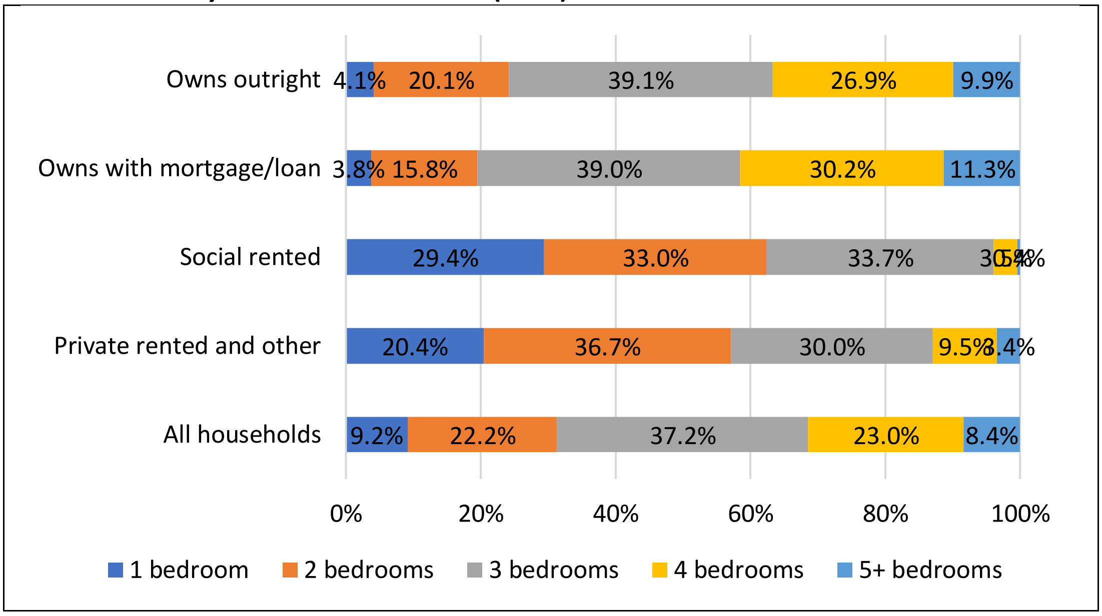
Figure 2.10: Average number of bedrooms by sub-area (2011)



Source: 2011 Census

2.25 Figure 2.11 below shows how the size of homes varies by tenure (for the whole of East Hampshire). From this it is clear that homes in the owner-occupied sector are significantly larger than either the private or social rented sectors. Over 80% of all owner-occupied homes have at least three bedrooms with around 40% having four or more bedrooms. In the social rented sector, only 4% of homes have four or more bedrooms, along with 13% of private rented accommodation.

Figure 2.11: Tenure by number of bedrooms (2011)



Source: 2011 Census

2.26 Leading on from the analysis of dwelling sizes, the analysis below looks at accommodation types. This identifies that East Hampshire has a particularly high proportion of detached homes and relatively few terraced properties – some 43% of homes are detached, compared with 28% across the South East and 22% nationally; only 18% of homes are terraced, compared with 25% nationally.

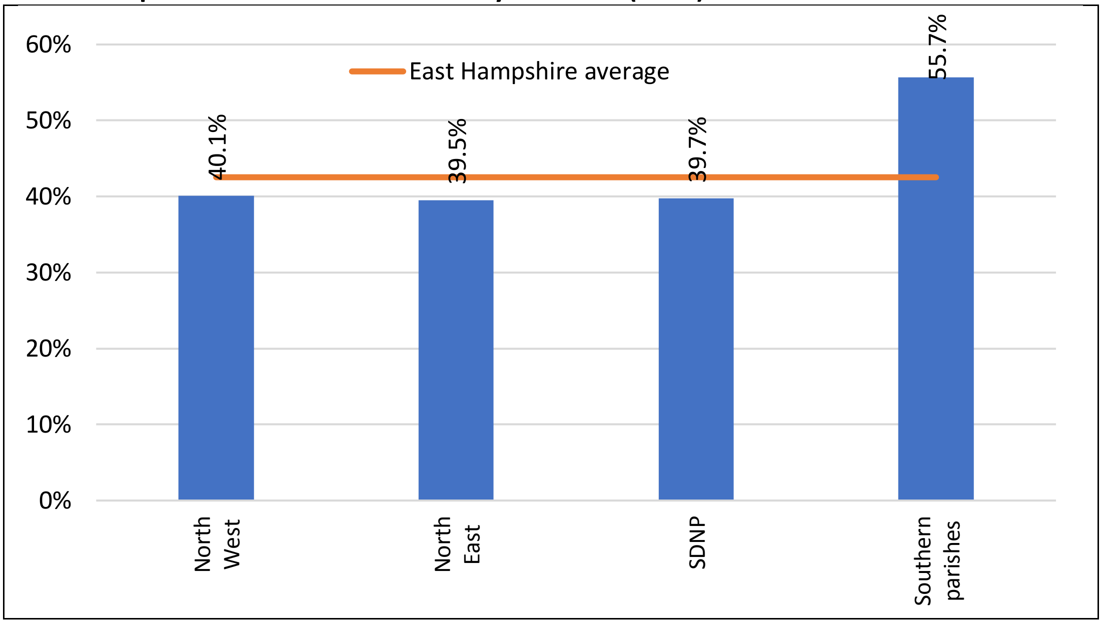
Table 2.12: Accommodation type (2011)

	East Hampshire		Hampshire	South East	England
	Dwellings	% of dwellings	% of dwellings	% of dwellings	% of dwellings
Detached	20,883	42.5%	34.4%	28.1%	22.3%
Semi-detached	12,046	24.5%	26.4%	27.7%	30.8%
Terraced	8,757	17.8%	22.4%	22.5%	24.6%
Flat/other	7,428	15.1%	16.8%	21.8%	22.3%
TOTAL	49,114	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.27 Figure 2.12 below shows the proportion of detached homes in each sub-area. There is a notable variation with figures ranging from 40% in each of the North West, North East and SDNP, up to 56% in the Southern parishes.

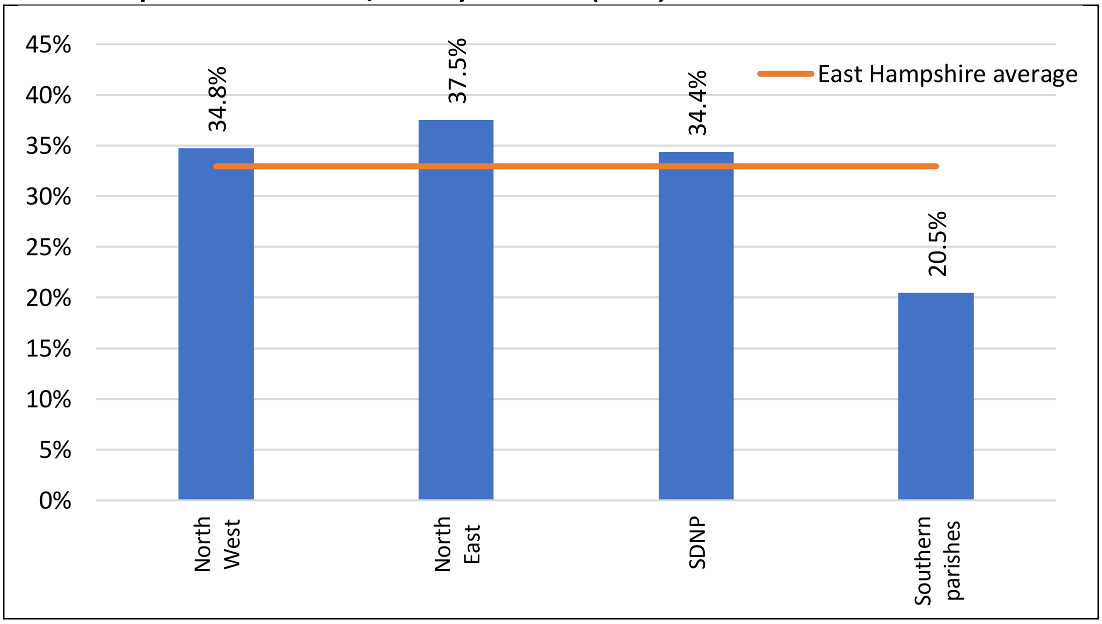
Figure 2.12: Proportion of detached homes by sub-area (2011)



Source: 2011 Census

2.28 A similar analysis (below) focuses on the proportion of terraced homes and flats. This typically shows the opposite pattern to that for detached homes with the proportion of households living in terraces/flats ranging from 20% in the Southern parishes, up to 38% in the North East.

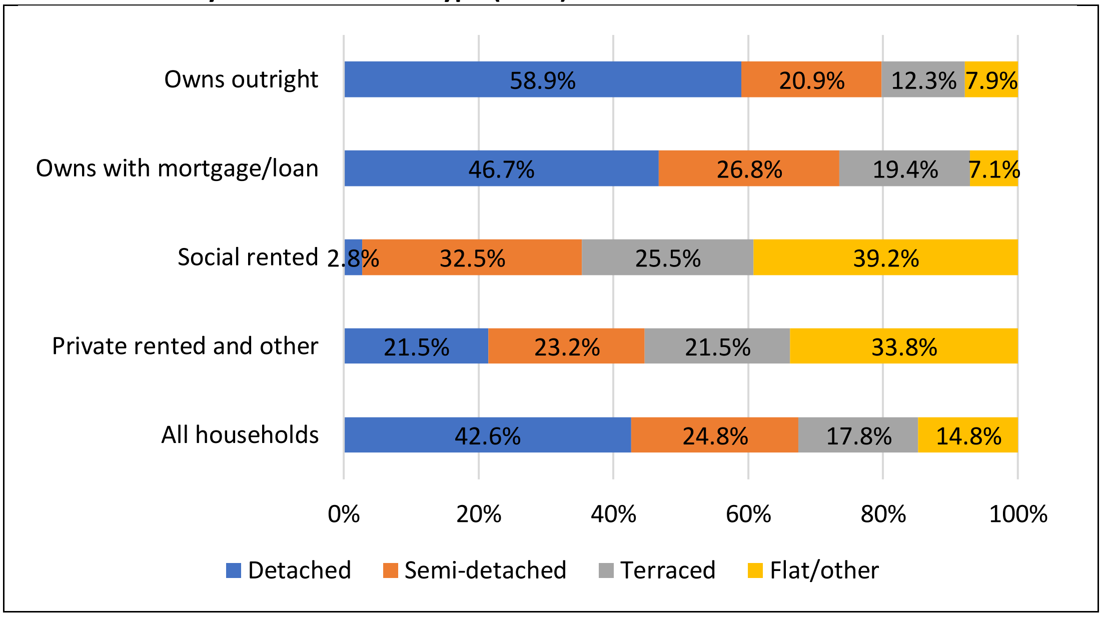
Figure 2.13: Proportion of terraces/flats by sub-area (2011)



Source: 2011 Census

2.29 Figure 2.14 below shows how accommodation type varies by tenure (for the whole of East Hampshire District). From this it is clear that homes in the owner-occupied sector are more likely to be detached with relatively few terraced homes or flats. The social rented sector has the highest proportions of both flats and terraced accommodation (making up about two-thirds of all households living in this sector). The private rented sector sees a reasonably balanced split between different dwelling types, although the proportion of flats (at 34%) is notable. It should be noted that the data below is for households and not dwellings (i.e. it includes only occupied homes).

Figure 2.14: Tenure by accommodation type (2011)



Source: 2011 Census

2.30 The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The box below shows how the standard is calculated, and this is then compared with the number of bedrooms available to the household (with a negative number representing overcrowding and a positive number being under-occupation). Households with an occupancy rating of +2 or more have at least two spare bedrooms.

For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons –

(a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
(b) A person aged 21 years or more
(c) Two persons of the same sex aged 10 years to 20 years
(d) Two persons (whether of the same sex or not) aged less than 10 years
(e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
(f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

2.31 The analysis shows that levels of overcrowding in East Hampshire are low with only 2.3% of households being overcrowded in 2011 (compared with 3.6% in the South East and 4.6% nationally). Levels of under-occupation are however high with around 46% of households having a rating of +2 or more – this is notably higher than seen in any of the comparator areas.

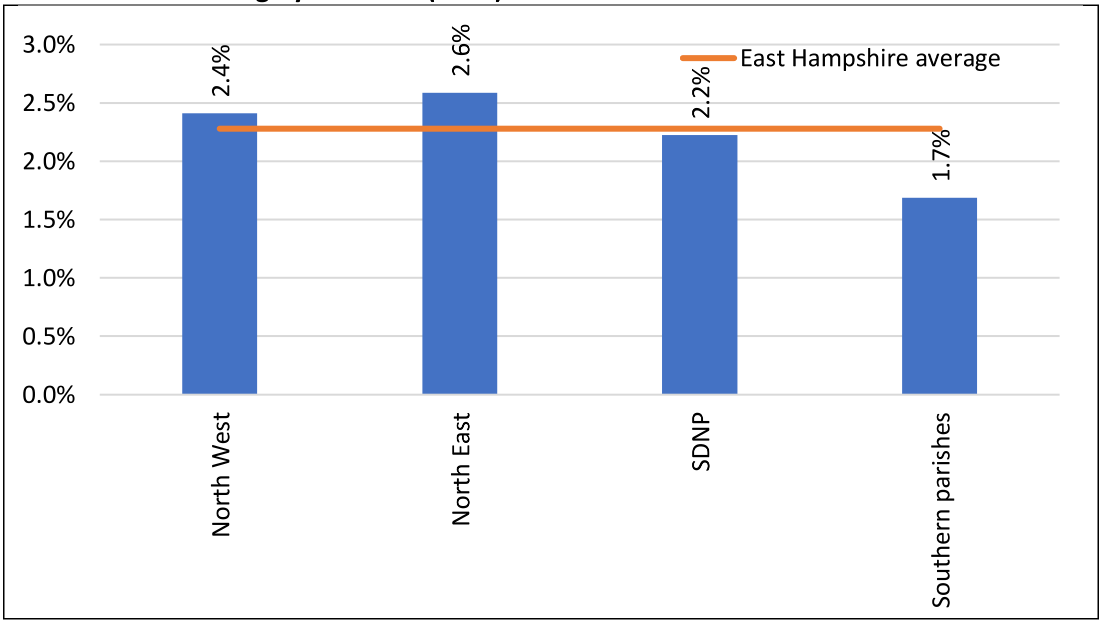
Table 2.13: Overcrowding and under-occupation (2011) – bedroom standard

	East Hampshire		Hampshire	South East	England
	Number of households	% of households	% of households	% of households	% of households
+2 or more	21,517	45.5%	41.4%	37.1%	34.3%
+1 or more	15,031	31.8%	33.6%	33.6%	34.4%
0	9,633	20.4%	22.3%	25.7%	26.7%
-1 or less	1,077	2.3%	2.7%	3.6%	4.6%
TOTAL	47,258	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.32 Figure 2.15 below shows levels of overcrowding by sub-area. This identifies a range of overcrowding from 1.7% in the Southern parishes, up to 2.6% in the North East.

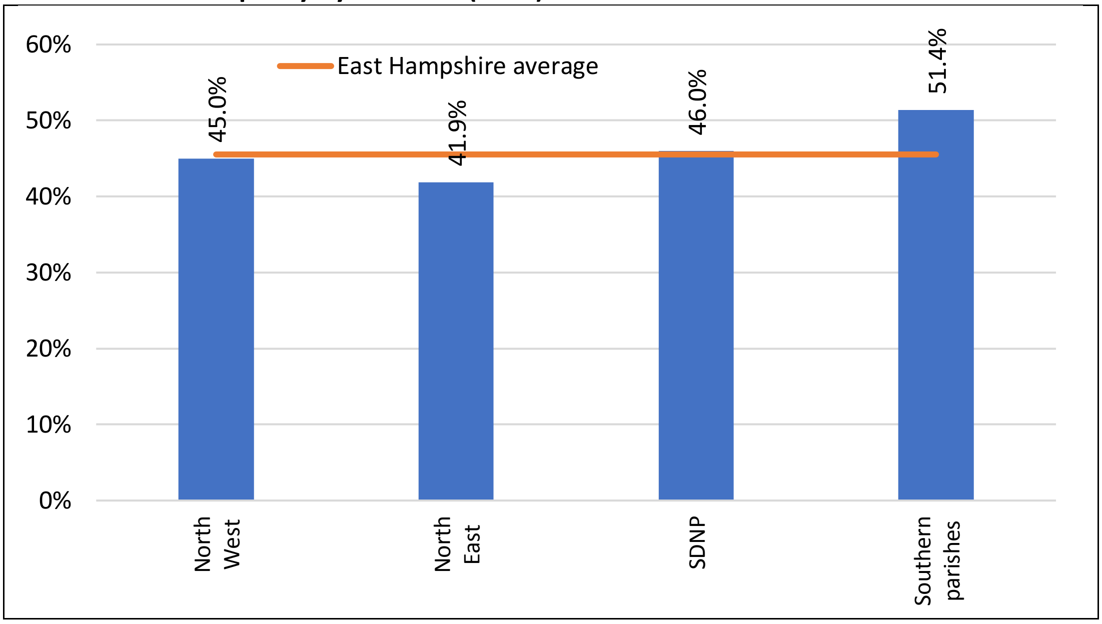
Figure 2.15: Overcrowding by sub-area (2011)



Source: 2011 Census

2.33 A similar analysis (below) focuses on under-occupancy (using figures for the proportion of households with an occupancy rate of +2 or more). This shows the highest level of under-occupancy to be in the Southern parishes area and the lowest in the North East – in the Southern parishes, some 51% of households have at least two spare bedrooms.

Figure 2.16: Under-occupancy by sub-area (2011)



Source: 2011 Census

Economic Profile

2.34 The series of analysis below looks at a range of economic issues (economic activity, qualifications and occupation profiles). The table below shows in comparison with other areas that East Hampshire has a similar economic profile. Small differences can be seen, and this includes a lower proportion of people who are unemployed and a higher proportion of people who area retired.

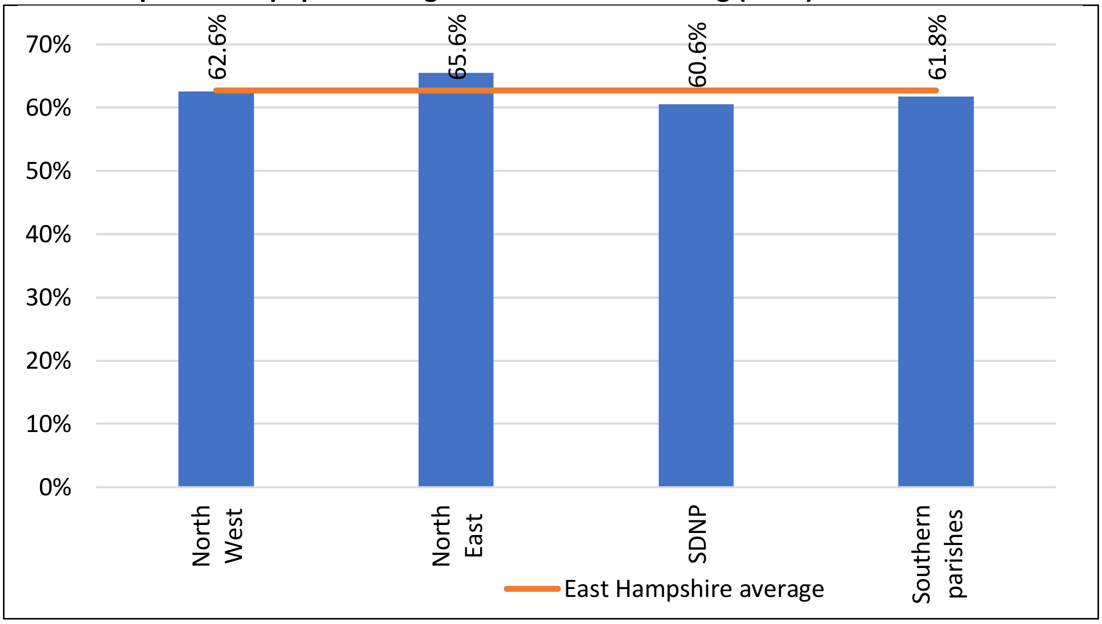
Table 2.14: Economic Activity (2011) – population aged 16 and over

	East Hampshire		Hamp-shire	South East	England
	Popul-ation	% of popul-ation	% of popul-ation	% of popul-ation	% of popul-ation
In employment (part-time)	13,704	14.6%	15.0%	14.5%	14.4%
In employment (full-time)	33,866	36.0%	38.0%	36.7%	35.4%
Self-employed	11,407	12.1%	9.5%	10.1%	9.1%
Unemployed	2,499	2.7%	3.2%	3.7%	4.7%
Retired	22,410	23.8%	23.6%	21.8%	21.2%
Other	10,133	10.8%	10.7%	13.2%	15.2%
TOTAL	94,019	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.35 Figure 2.17 below shows the proportion of people (aged 16+) who are working by sub-area. Although there are some variations, it is the case that all areas see between 61% (SDNP) and 66% (North East) of people with a job (including self-employed).

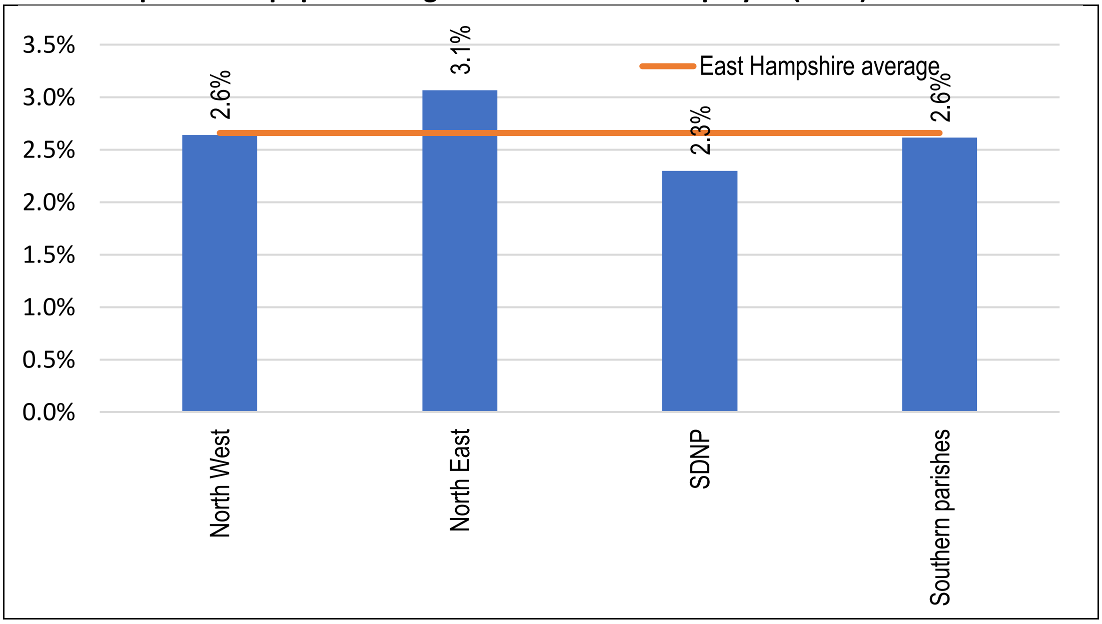
Figure 2.17: Proportion of population aged 16+ who are working (2011)



Source: 2011 Census

2.36 A similar analysis (below) focuses on the proportion of the population who are unemployed. In this case, the range of unemployment is from 2.3% in SDNP, up to 3.1% in the North East.

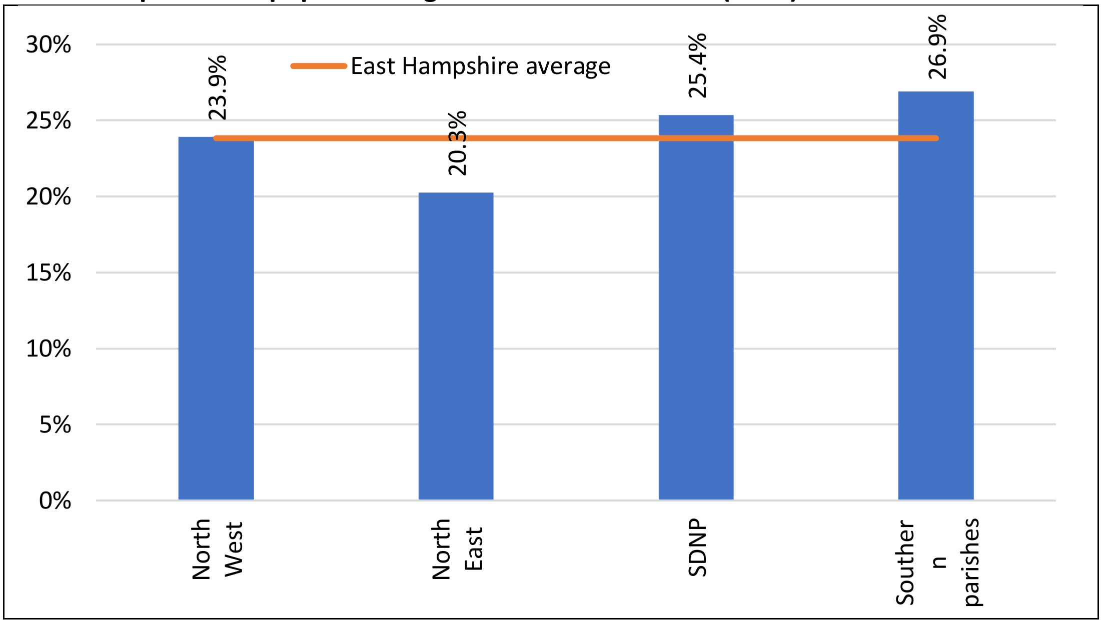
Figure 2.18: Proportion of population aged 16+ who are unemployed (2011)



Source: 2011 Census

2.37 A similar analysis (below) focuses on the proportion of the population who are retired. The analysis shows that 27% of people aged 16 and over in the Southern parishes are retired, with the lowest proportion being in the North East (at 20%).

Figure 2.19: Proportion of population aged 16+ who are retired (2011)



Source: 2011 Census

2.38 The table below shows how economic activity has changed between 2001 and 2011. The analysis is based on slightly different categories to that above (manly in being restricted to the population aged 16-74 and with a slightly different treatment of students). However, the categories used in each of 2001 and 2011 are the same, and comparison can therefore be made.

2.39 The analysis shows a notable increase in the number of people who were economically active, increasing by around 4,300 people over the 10-year period. This increase was driven by increases in part-time employees, as well as an increase in self-employment. The number of people who were economically inactive increased by around 600 over the 10-years, this is despite an increase of 2,300 people who were retired. The small increase in those economically inactive was driven by notable reductions in people who were Looking after family or home or Long-term sick or disabled.

Table 2.15: Economic Activity (2001 and 2011) – population aged 16-74 – East Hampshire

	2001	2011	Change
Employee: Part-time	10,263	11,975	1,712
Employee: Full-time	33,930	33,561	-369
Self-employed	9,214	11,074	1,860
Unemployed	1,433	2,133	700
Economically active students	1,830	2,210	380
Total economically active	*56,670*	*60,953*	*4,283*
Retired	10,460	12,787	2,327
Economically inactive students	2,390	3,261	871
Looking after family or home	5,392	3,551	-1,841
Long-term sick or disabled	2,227	1,911	-316
Other	1,515	1,059	-456
Total economically inactive	*21,984*	*22,569*	*585*
Total	78,654	83,522	4,868

Source: 2001 and 2011 Census

2.40 Table 2.16 below shows the level of qualifications in the population aged 16 and over. Generally, this suggests that East Hampshire has a well-qualified population. Compared with England as a whole, there is a low proportion with no qualifications and a relatively high proportion at Level 4 and above (degree level).

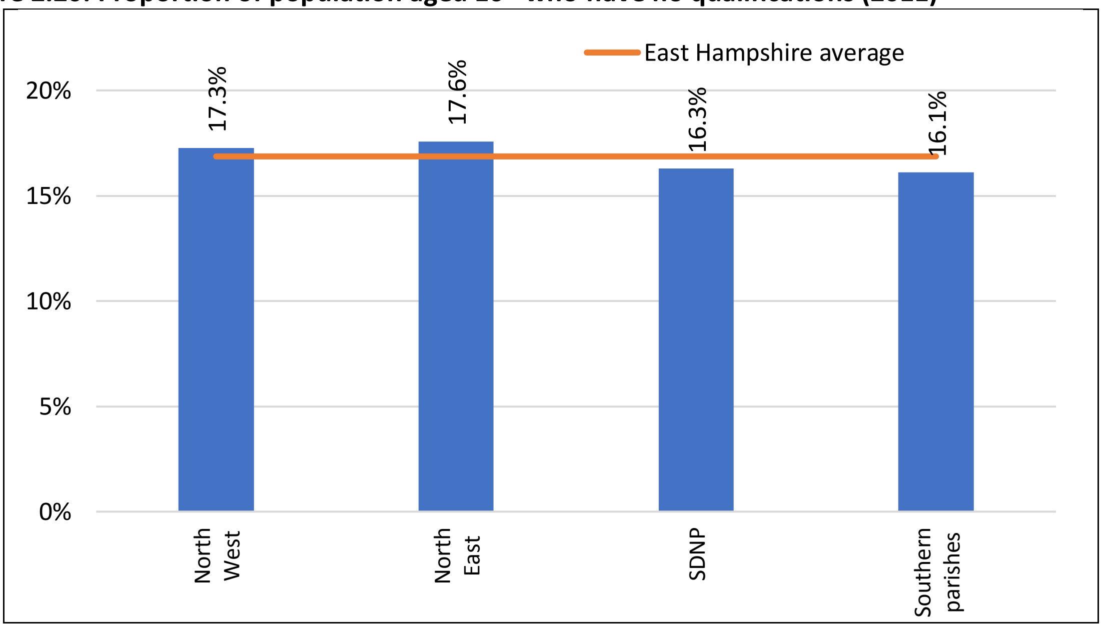
Table 2.16: Qualifications (2011) – population aged 16 and over

	East Hampshire		Hamp-shire	South East	England
	Popul-ation	% of popul-ation	% of popul-ation	% of popul-ation	% of popul-ation
No qualifications	15,857	16.9%	18.5%	19.1%	22.5%
Level 1 qualifications	11,719	12.5%	13.6%	13.5%	13.3%
Level 2 qualifications	15,640	16.6%	16.7%	15.9%	15.2%
Apprenticeship	3,338	3.6%	4.5%	3.6%	3.6%
Level 3 qualifications	11,986	12.7%	12.8%	12.8%	12.4%
Level 4 qualifications and above	31,844	33.9%	29.7%	29.9%	27.4%
Other qualifications	3,635	3.9%	4.2%	5.2%	5.7%
TOTAL	94,019	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.41 The figure below shows the proportion of people (aged 16+) who have no qualifications by sub-area. The highest proportions with no qualifications are seen in the North East (and the lowest in the Southern parishes) – differences between areas are however slight.

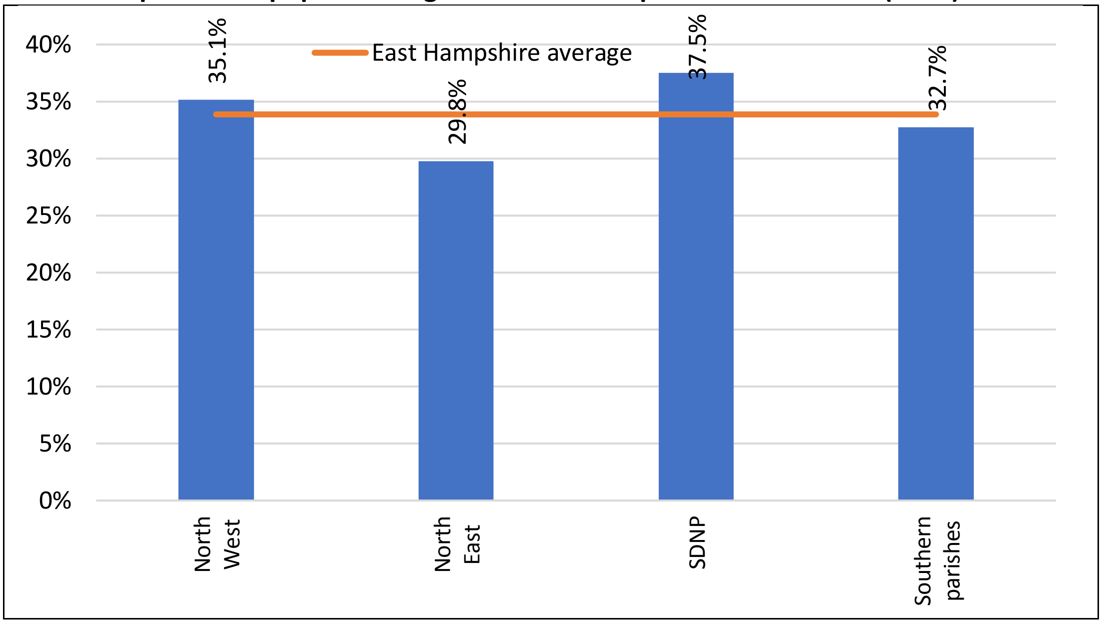
Figure 2.20: Proportion of population aged 16+ who have no qualifications (2011)



Source: 2011 Census

2.42 A similar analysis (below) focuses on the proportion of the population who are qualified to Level 4 and above (degree level). This shows some difference between areas, with a high proportion of people living in the SDNP being qualified to degree level (38%) compared with the North East area (30%).

Figure 2.21: Proportion of population aged 16+ who are qualified to Level 4+ (2011)



Source: 2011 Census

2.43 The final analysis under the economic activity heading looks at the types of occupations undertaken by people who are working – this analysis uses a slightly different base to those above in that it only uses data from people in employment (including self-employed). This analysis suggests that the occupation profile in the District does not vary notably from other comparator areas – although generally slightly higher proportions are seen in 'higher grade' jobs.

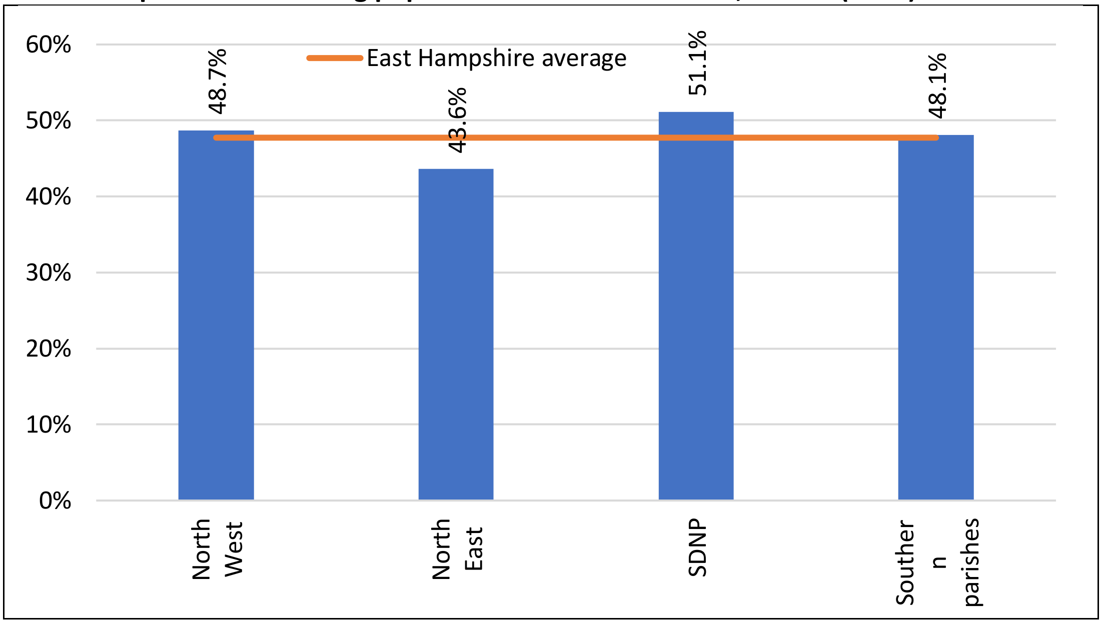
Table 2.17: Occupation group (2011) – working population aged 16 and over

	East Hampshire		Hamp-shire	South East	England
	Population	% of population	% of population	% of population	% of population
1: Managers, directors and senior officials	8,451	14.3%	12.3%	10.9%	12.3%
2: Professional occupations	11,407	19.3%	18.1%	17.5%	18.7%
3: Associate professional and technical occupations	8,297	14.1%	14.0%	12.8%	13.8%
4: Administrative and secretarial occupations	6,554	11.1%	11.9%	11.5%	11.5%
5: Skilled trades occupations	7,205	12.2%	11.6%	11.4%	11.1%
6: Caring, leisure and other service occupations	5,669	9.6%	9.1%	9.3%	9.3%
7: Sales and customer service occupations	3,675	6.2%	7.8%	8.4%	7.9%
8: Process, plant and machine operatives	2,834	4.8%	5.8%	7.2%	5.7%
9: Elementary occupations	4,885	8.3%	9.5%	11.1%	9.7%
TOTAL	58,977	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.44 The figure below shows the proportion of workers (aged 16+) who are in the three highest classification bands by sub-area. The analysis shows that 51% of people who live in SDNP are classified as working in bands 1 to 3, compared with 44% in the North East.

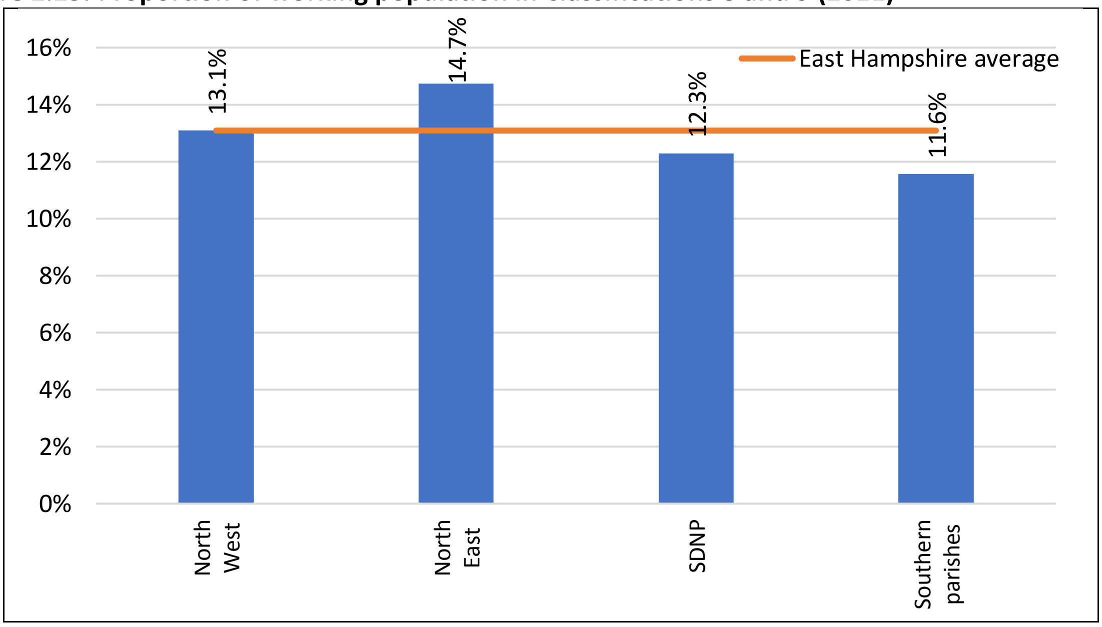
Figure 2.22: Proportion of working population in Classifications 1,2 and 3 (2011)



Source: 2011 Census

2.45 A similar analysis (below) focuses on the proportion of the working population who are in the two lowest classifications (8 and 9). This typically shows the opposite pattern to that found above with higher proportions being seen in the North East area. The proportion of working people in classifications 8 and 9 varies from 12% (SDNP and Southern parishes), up to 15% in the North East.

Figure 2.23: Proportion of working population in Classifications 8 and 9 (2011)



Source: 2011 Census

Conclusion

2.46 A range of variables have been considered to look at the profile of the population and housing in the District (and for the four sub-areas (including the National Park)). Key variables have looked at population, household characteristics, housing profile and the economic profile of residents.

2.47 The analysis identifies a relatively old population age structure across all areas of the District and a modest population increase over the 2007-17 period. There has however been a slight fall in the number of people aged under 65 and a notable growth in the population aged 65 and over – increasing by 40% in the decade to 2017. Due to the population profile, household types are to some extent concentrated in older age groups; as of 2011, 24% of all households in the District were entirely composed of people aged 65 and over. The District sees a relatively low proportion of single, younger person households and also lone parents.

2.48 The tenure profile of the District sees a relatively large proportion of outright owners (which will to some extent be linked to the age structure) and a small private rented sector. Between 2001 and 2011, the number of owners with a mortgage declined by 8%, whilst the private rented sector increased by 47%; this may reflect the difficulties faced by younger households in accessing market housing to buy.

2.49 The dwelling stock in the District is predominantly of larger homes, with a greater average number of bedrooms and a high proportion of detached homes.

2.50 Overcrowding in the District (and across sub-areas) is low, and there is a significant level of under-occupation (46% of all households have at least two spare bedrooms). The economic profile of the District is unexceptional; although unemployment is low and there is a relatively high proportion of people who are retired. The data also suggests that the population is fairly well qualified (in academic terms) and are more likely than other areas to be working in more senior positions.

2.51 Looking across the four sub-areas of the District, it is notable that differences are not generally substantial. Key findings from the data can however be summarised as: a slightly younger age profile in the North-East area, this area also saw the most modest population growth in the 2007-17 period, and a higher proportion of detached homes in the Southern parishes; this area also sees the lowest proportions of households living in both social and private rented accommodation.

2.52 Overall, the analysis identifies East Hampshire as having more 'prosperous' characteristics in terms of the variables studied (when compared with other local, regional and national areas). This conclusion also holds true when looking at the different sub-areas, although it is likely that there will be pockets of relative deprivation within the sub-areas. The analysis does not imply that there are any strong reasons to suggest different policy responses in different locations, although the particularly low proportion of affordable (social rented) housing in the Southern parishes is a notable finding.

Chapter 3: Housing and Employment Needs Assessment Areas

Introduction

3.1 This chapter summarises the evidence on the geography of the housing and economic market that relates to East Hampshire. It identifies the study area for the HEDNA, which is used throughout the analysis in all other chapters of the report. Further detail is provided in Appendix A, which analysed in depth the functional economic and housing market areas associated with East Hampshire.

3.2 Guidance on objectively assessed needs for housing and employment has evolved since the adoption of the Local Plan: Joint Core Strategy in 2014 and the SHMA and ELR, which underpinned that Local Plan. In relation to housing, the NPPF (2018) is clear that when determining the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in the PPG. More detail on the standard method is explored in chapter 4. Although the exact method has not yet been fully clarified, it is clear that calculations regarding the minimum number of homes needed will be based on local authority areas.

3.3 It is important to note that due to the South Downs National Park, the strategic policy-making authorities within East Hampshire do not align with the local authority boundary. However, available data for housing need to be calculated using the standard method is district-wide. Therefore, housing data analysis should include the whole of East Hampshire (including the SDNP).

3.4 The Government's previous guidance suggested that needs should be assessed in relation to the relevant functional area. In regard to housing needs, this is the housing market area; and for employment floorspace, this is the functional economic area. Although planning guidance now requires housing numbers to be assessed based on local authority areas, it is still important to consider the wider area and the relationship with other neighbouring authorities, especially where unmet need may be a potential consideration. Therefore, the starting point for the HEDNA was not an assumption that East Hampshire as a district should be the sole focus for housing or employment analysis. Initial analysis (Appendix A) considered the relationships between all neighbouring local authorities in Hampshire and Surrey.

3.5 Although guidance no longer focuses on housing market areas and functional economic market areas, analysis of these areas still offers a good context for the remainder of the HEDNA, highlighting the drivers for change across East Hampshire. Housing markets and employment property markets often operate at strategic scale across boundaries and it is incumbent to understand the relationships between them to assist strategic planning decisions on land-use. The understanding of these areas also assists with duty to cooperate (DtC) matters on strategic matters that cross administrative boundaries, which remains a key consideration within the NPPF.

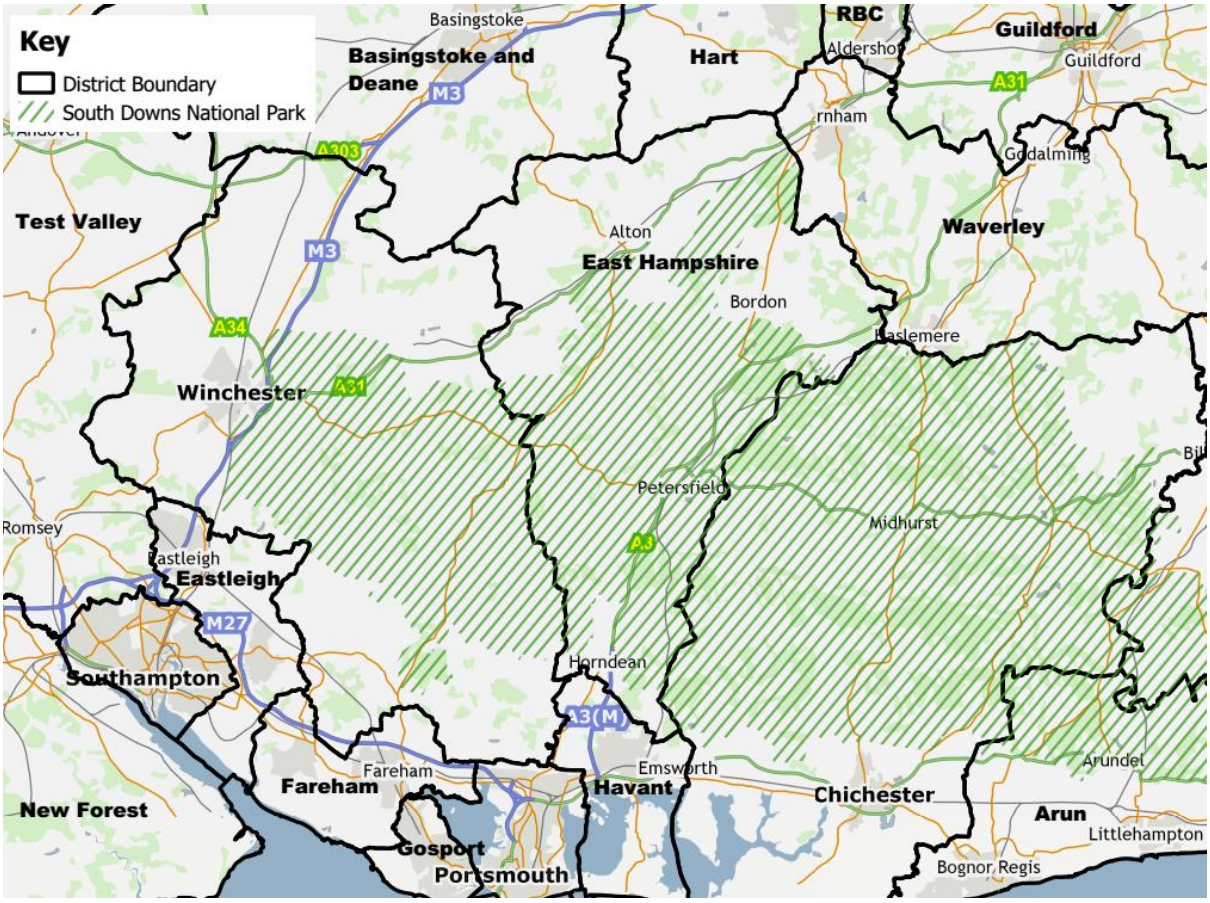
3.6 The remainder of this chapter summarises a range of contextual factors (such as the findings of previous studies and the extent of Local Enterprise Partnerships areas in East Hampshire), as well as the analysis of house prices, migration flows and travel to work patterns, in order to explore the relevant housing market and functional economic areas for the assessment of need in East Hampshire.

The Geography of East Hampshire

3.7 East Hampshire district is primarily a rural district covering over 51,000 hectares and is located with most of the population concentrated in the main towns of Alton, Petersfield, Whitehill & Bordon. The district's population in 2017 was 119,392[7]. Over half the district (57%) lies within the South Downs National Park, which itself extends from the edges of Winchester in the west to Eastbourne in the east.

3.8 East Hampshire district is surrounded by six other local authorities; with Basingstoke & Deane borough and Hart district situated to the north, Chichester district and Waverley borough to the east, Winchester City to the west, and Havant borough to the south.

Figure 3.1: East Hampshire and surrounding authorities



Source: EHDC

[7] ONS mid-year population estimates

3.9 The geography of East Hampshire and its adjoining authorities needs to be borne in mind when exploring housing market areas and functional economic market areas, particularly in the interpretation of migration and travel-to-work statistics which are presented at local authority levels.

Previous Research

3.10 A number of studies have been produced that provide information relevant to the definition of HMAs and FEMAs which affect East Hampshire district.

Housing Market Areas (HMAs)

3.11 In 2013, East Hampshire District Council's Strategic Housing Market Assessment (SHMA) sought to clarify the extent of the HMA covering East Hampshire in 2013. Although significant migration and commuting relationships were identified with adjoining authorities (such as with Chichester, Havant, Waverley and Winchester), East Hampshire District was defined as a single HMA, corresponding to the local authority administrative area boundaries8.

3.12 The Partnership for Urban South Hampshire (PUSH) is a partnership of local authorities, working together to support the sustainable economic growth of the south Hampshire sub-region and to facilitate the strategic planning functions necessary to support that growth. A PUSH SHMA9 was established to inform the overall need and distribution of development in south Hampshire, which identified three HMAs, focused on Southampton, Portsmouth and the Isle of Wight. The Portsmouth HMA included the southern parishes of Clanfield, Horndean and Rowlands Castle within East Hampshire.

3.13 The SDNPA has prepared (currently at Examination) a new local plan for the entirety of the South Downs National Park, which will cover the period 2014-2033. The emerging local plan is informed by a SHMA undertaken in 2015, and a Housing and Economic Development Needs Assessment (HEDNA)[10] which brings together the SHMA and the National Park Authority's Employment Land Review (ELR) into a combined evidence base. The National Park Authority's SHMA identifies East Hampshire as part of a central Hampshire HMA, including Winchester, Basingstoke and Test Valley.

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[8] See East Hampshire Strategic Market Assessment and Local Housing Requirements Study, NLP, August 2013, paragraphs 2.20-2.22

[9] See South Hampshire Strategic Housing Market Assessment: Final Report, GL Hearn for PUSH, January 2014, Section 3

[10] See South Downs National Park HEDNA: Final Report, GL Hearn for the South Downs National Park Authority, September 2017

Functional Economic Market Areas (FEMAs)

3.14 The Council's ELR (May 2013) notes that East Hampshire had a relatively localised and self-contained commercial property market, focused on meeting the demand for the district's business base of small and medium enterprises. The 2013 ELR suggested that due to the location of East Hampshire and its more limited access to strategic routes, the market is viewed as relatively insular and localised11. Limited relationships were identified with other sub-regional markets in the M3 and A3/M27 corridors, such as Guildford, Basingstoke, Farnham and the Blackwater Valley, and Portsmouth. It was suggested that the South Downs National Park effectively subdivides the district into distinct market areas associated with the Solent Local Economic Partnership (LEP) in the south and the Enterprise M3 LEP in the north.

3.15 East Hampshire district forms part of two distinct LEP areas: the Solent LEP area, which includes Southampton and Portsmouth, and the Enterprise M3 LEP area which follows the M3 corridor and includes Guildford, the Blackwater Valley, Basingstoke, Winchester and the New Forest. In 2013, the Land & Property Action Group of the Enterprise M3 LEP identified distinct sub-markets within the M3 corridor, including a Central Hampshire market area that covered most of East Hampshire district12. In 2016 however, recognising the differences between the Winchester and East Hampshire economies, the LEP's consultants Regeneris Consulting divided the Central Hampshire market into distinct Winchester and East Hampshire areas

3.16 The Solent LEP area includes those parts of East Hampshire's southern parishes (Clanfield, Horndean and Rowlands Castle) which lie outside of the South Downs National Park. These parts of East Hampshire are recognised to form part of an economic area anchored by the two cities of Portsmouth and Southampton, as well as by the M27 corridor, the Solent waterway and the Isle of Wight.

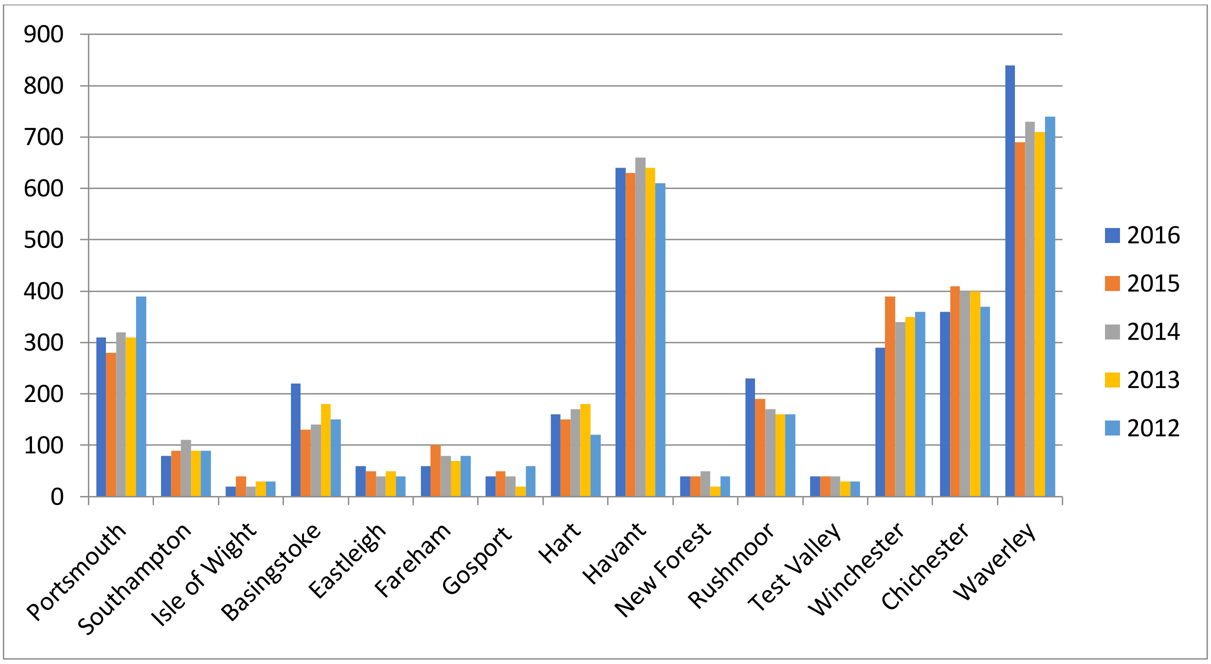
Migration Patterns

3.17 Figure 3.2 below confirms that the administrative areas of Portsmouth, Havant, Winchester, Chichester and Waverley are the most well-connected localities in terms of where people move from, when they move into East Hampshire from beyond the district. The strongest connections tend to be to the south and east, with many people moving to East Hampshire from places in Havant and Waverley each year.

[11] East Hampshire District Council, Employment Land Review Update: Final Report, NLP, May 2013, paragraph 4.6

[12] See Enterprise M3 Commercial Property Market Study, Enterprise M3 Land & Property Action Group, April 2013

Figure 3.2: Annual migration inflows to East Hampshire from other Hampshire/adjoining local authority areas (2012-2016)

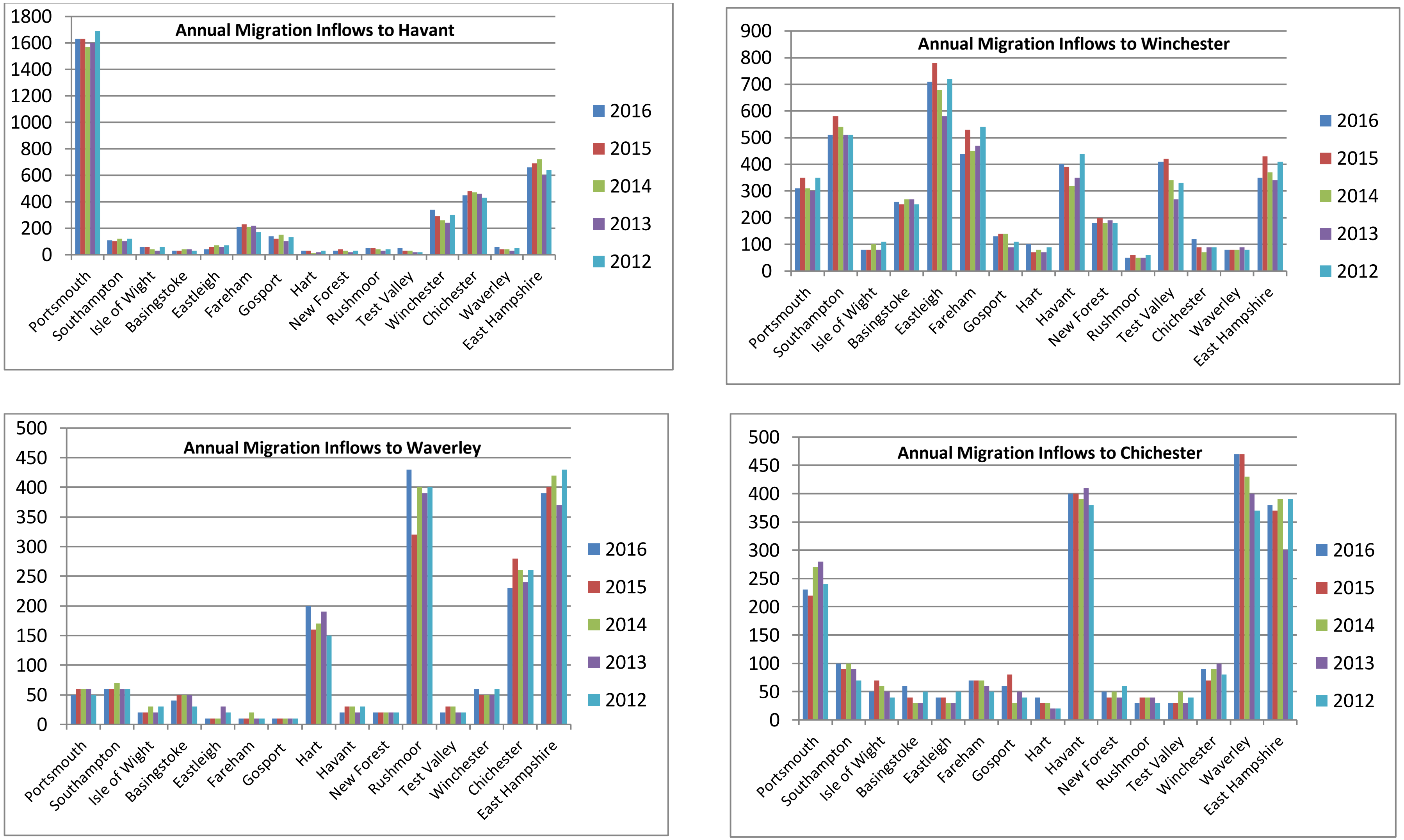


Source: ONS

3.18 Figure 3.3 shows that the different districts that strongly affect in-migration to East Hampshire also have a variety of different relationships with other areas due to their proximity to these locations. As may be expected based on its proximity, Havant borough has a stronger connection to Portsmouth than East Hampshire, whilst Winchester district experiences more significant in-migration from other parts of south Hampshire (Eastleigh, Fareham and Southampton). Waverley and Chichester districts are significantly affected by in-migration from East Hampshire, with Waverley also experiencing in-migration from Rushmoor and Hart districts.

3.19 Although Chichester has the most likenesses to East Hampshire in terms of the coincidence of in-migration flows, there is still a considerable amount of disparity between the two local authorities. The rate of population growth in East Hampshire has been lower than the districts of Chichester, Winchester and Havant, and slightly less than, although comparable to that witnessed in Waverley. These differences suggest there are demographic differences between East Hampshire and the areas that are most strongly connected to the district in terms of the origin and destination of in-migrants. Therefore, although there are interrelationships between East Hampshire and other areas, there is no “perfect match” when looking at the origins of people moving between local authority areas.

Figure 3.3: Annual migration inflows for selected adjoining areas (2012-2016)



Source: ONS

3.20 Appendix A provides further information on migration patterns to and from surrounding areas. It also compares population changes between the different administrative areas, which highlights demographic differences between East Hampshire and the areas that are most strongly connected to the district in terms of origin and destination of in-migrants.

Travel to Work Patterns

3.21 A self-contained labour market area is one in which all commuting occurs within the boundary of that area. In practice, it is not possible to divide the UK into entirely separate labour market areas as commuting patterns are too diffuse. Travel to work areas (TTWAs) have been developed so that relatively few commuters cross a TTWA boundary on their way to work. As such, TTWAs are based on statistical analysis rather than administrative boundaries. This is an official dataset from ONS, which reflect areas where most of the resident population also work within the same area[13].

3.22 Figure 3.4 shows that the majority of East Hampshire is covered by three TTWAs (Basingstoke, Guildford & Aldershot, Portsmouth). However, Figure 3.5 shows the main destinations for resident workers who out-commute from the district are Waverley, London, Portsmouth and Havant borough. Similarly, most people who in-commute are from Waverley, Havant borough and Portsmouth, suggesting two main directions of travel to and from work: east towards Waverley, as well as south towards Havant borough and Portsmouth. The areas of Waverley, Havant borough and Portsmouth appear to be the most well-connected with East Hampshire, from a labour market perspective.

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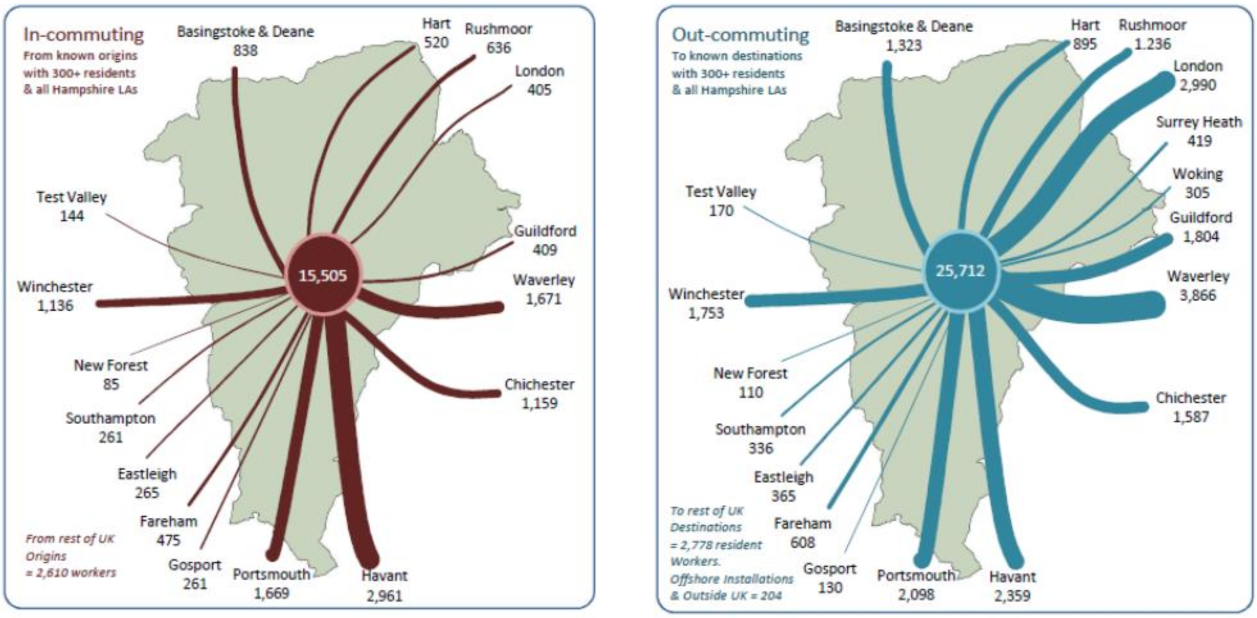
[13] Based on data from the 2011 census, TTWAs were defined in August 2015 and further analysed in September 2016. The approach taken may be outlined as follows: "The current criteria for defining TTWAs are that at least 75% of the area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area. The area must also have an economically active population of at least 3,500. However, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted as part of a limited "trade-off" between workforce size and level of self-containment." (Travel to work analysis in Great Britain, ONS, 2016).

Figure 3.4: Travel to work areas affecting East Hampshire and its surroundings

Source: ONS

Figure 3.5: Origin of in-commuters and destination of out-commuters for East Hampshire



Source: 2011 Census and Hampshire County Council (2016)

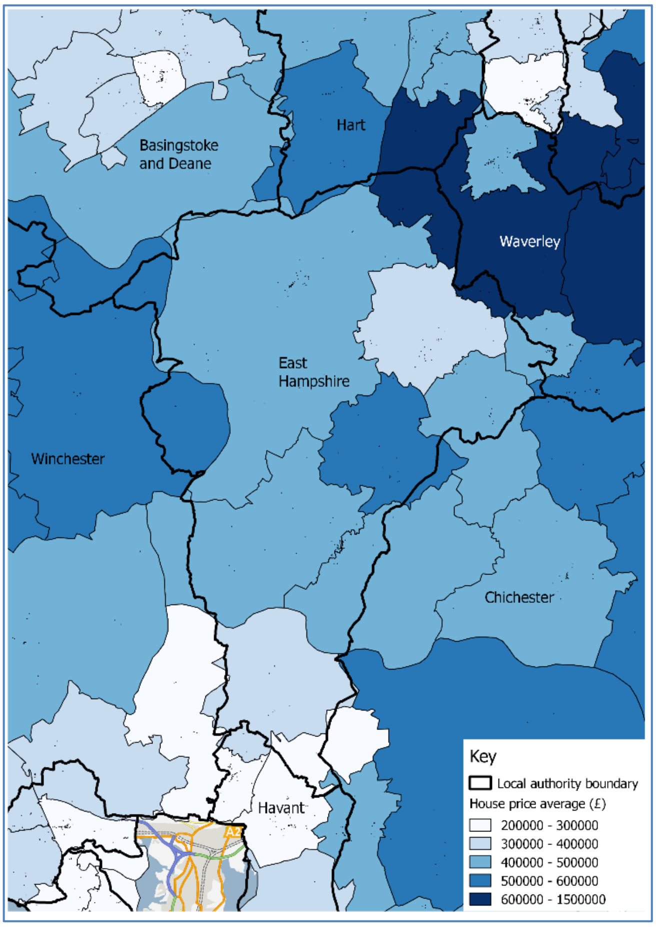
3.23 Appendix A provides further information on commuting patterns, focusing on those living and working in East Hampshire, which identifies key functional linkages with other areas.

House Prices

3.24 House prices reflect the outcomes of supply and demand in the market; thus, helping to identify patterns in the relationship between housing demand and supply across different locations. House price analysis provides a market based reflection of housing market area geographies, which allows the identification of areas with clearly different price levels to surrounding areas.

3.25 The Land Registry records house sales at postcode level, which allows detailed assessment of house variation at a sub-authority level. Figure 3.6 shows average house prices in East Hampshire and the surrounding areas, based on sales during the calendar year of 2017, broken down by postcode sector averages. Based on house prices, most of the district (SDNP and areas to the north) can be seen to relate more to the other authorities with the higher values, namely Hart, Waverley, Chichester and Winchester (all of which adjoin East Hampshire). The southern parishes on the other hand have seen lower average sales, with values in Horndean, for example, being more akin to Havant. There are a number of anomalies to these trends, with Whitehill & Bordon in the north also having lower average sales compared to the surrounding areas. Rowlands Castle also has higher average sales compared to the other southern parishes and is more similar to the neighbouring parishes to the north (in the SDNP) and Chichester District to the east.

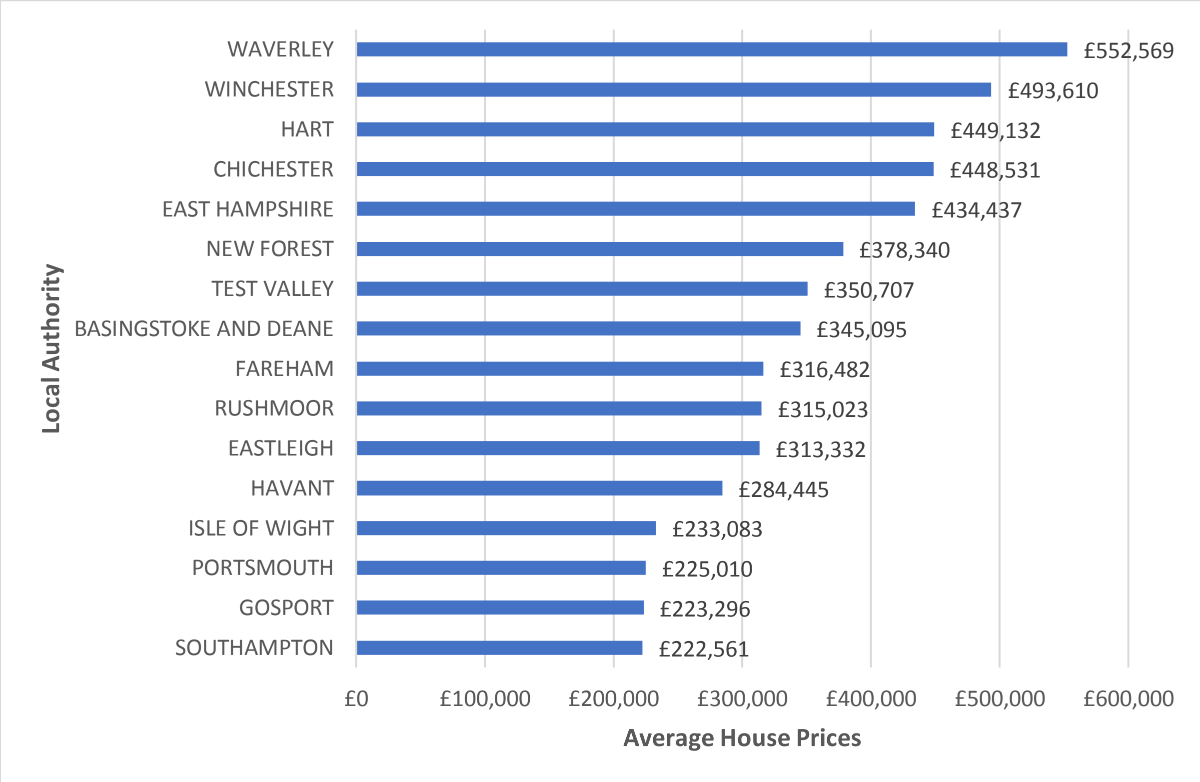
Figure 3.6: Average House Price by Postcode Sector 2017



Source: Land Registry 2017

3.26 House Prices in East Hampshire are some of the highest in Hampshire. The average house price in East Hampshire throughout 2017 was £434,437, compared with the Hampshire average of £355,146 for the same year. Figure 3.7 shows that those authorities with higher house prices than East Hampshire all adjoin the district. All of the higher priced authorities are situated to the east/north-east of the district, except for Winchester, which is to the west.

Figure 3.7: Average House Price by Local Authority in 2017



Source: Land Registry 2017

3.27 Overall, house price data shows there are links with neighbouring authorities, with local level commonality with adjoining areas of neighbouring authorities. There are strategic relationships with Winchester district, Hart, Waverley, and Chichester district, albeit, slightly lower average house prices for most of East Hampshire. However, the southern parishes (except Rowlands Castle) are more akin in terms of house prices to Havant borough. Although there are similarities with neighbouring authorities, the large area covered does not show a clear-cut functional market area based on house prices.

Feedback from other Authorities

3.28 EHDC has consulted on the geography of needs assessment areas with the planning policy teams from adjoining local planning authorities (details within Appendix A). Feedback from this informal consultation included the following points from Basingstoke & Deane Borough Council; Chichester District Council; Havant Borough Council; the SDNPA; Waverley Borough Council and Winchester City Council:

- Agreement that there are no strong connections, in terms of economic or housing market indicators, between East Hampshire and Basingstoke & Deane council areas;
- Advice that the differing role of the SDNPA (as a planning authority but without some of the wider responsibilities of upper and lower-tier councils) is taken into account;
- Acknowledgement that there are clear links between southern parts of East Hampshire and the Solent sub-region;
- Suggestion that it is unclear from national planning practice guidance whether EHDC should calculate a district-wide housing need figure (per the Government's 'standard method') to include the SDNP area, or for the SDNPA to calculate its own figure separately (for the part of East Hampshire falling inside the SDNP);
- Advice that previous analyses indicate that Waverley and Chichester have far stronger housing and economic links to elsewhere (Guildford, and Arun & Horsham, respectively); whilst there appear to be strong commuting and housing market links between East Hampshire and Winchester;
- Acknowledgement that national planning policy has moved away from the concept of planning for housing and economic market areas to an approach that involves liaison between neighbouring authorities on a case-by-case basis and the preparation of statements of common ground;
- Agreement that all relevant factors for deciding on an assessment area for housing and employment development needs have been considered;
- Some interest in the future preparation of joint studies where timing allows; but also some interest in continuing with more informal discussions and liaison meetings instead, at appropriate times in the plan-making process.

3.29 The above points have been taken into consideration in the concluding section of this chapter and in preparing the remainder of this interim HEDNA report.

Conclusion

3.30 Planning guidance now uses local authority areas as the default geography for the assessment of housing needs, yet there is no current guidance on economic needs. However, it is still important to understand the Housing Market Area (HMA) and Functional Economic Market Area (FEMA) relationships with neighbouring authorities. This is particularly relevant for issues surrounding unmet need and the preparation and maintenance of statements of common ground.

3.31 Analysis throughout this chapter highlights that East Hampshire has HMA and FEMA relationships with Waverley and Chichester 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, the most significant interrelationships appear to be with Chichester district, Waverley and Havant boroughs. All of these areas have close relationships with a variety of other districts, in terms of migration flows and house prices. Indeed, there is no single coherent geography for purposes of defining a HMA or FEMA, for the assessment of housing and employment development needs for East Hampshire. The SDNPA's most recent SHMA identifies East Hampshire as part of a central Hampshire HMA, including Winchester, Basingstoke and Test Valley.

3.32 The updated NPPF and supporting PPG now strongly advises the assessment of local housing needs on a local authority area basis. Taking this and the evidence into account, East Hampshire District Council should prepare a local needs assessment for housing and employment development for the local authority area of East Hampshire. In view of the connections to other areas, East Hampshire will need to continue to work with other local authorities and the two Local Enterprise Partnerships – Enterprise M3 and Solent LEPs – in accordance with the "duty to co-operate". (NB: The boundaries of these LEPs are due to be realigned such that East Hampshire falls within the Enterprise M3 LEP area only). Cross-boundary working and consideration is particularly important with the SDNPA, which covers approximately 57% of East Hampshire district in terms of area. Most of the housing and employment data analysed throughout the HEDNA will be district-wide covering both local planning authorities, but consideration is given to reviewing demographic, household and economic data for sub-areas within East Hampshire.

3.33 When progressing through the local plan-making process, EHDC will need to liaise with the SDNPA and adjoining authorities, and prepare statements of common ground, where the evidence suggests it is important to do so, for purposes of addressing housing and economic development needs. This interim HEDNA report will help to facilitate discussions concerning the evidence of housing and economic development needs.

Chapter 4: Housing Needs and The Standard Method

Introduction

4.1 This chapter builds upon the background analysis presented in Chapter 2 and considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2016-based subnational population projections (SNPP) and the 2016-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2017.

4.2 Consideration is also given to the 2014-based SNHP, as these projections are proposed by the Ministry of Housing, Communities and Local Government (MHCLG) to form part of a revised Standard Method for assessing housing need. This chapter initially sets out the housing need using the emerging Standard Method and then develops projections that can be used for subsequent analysis in the HEDNA. In looking at projections this report covers a 19-year period from 2017 to 2036 to align with the emerging Local Plan.

4.3 As stated in the NPPF, housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure, and preparing policies to address this such as site allocations.

Context for Applying the Standard Method

4.4 Significantly boosting the supply of homes is a key government objective. In order to achieve this, it is important that a sufficient amount and variety of land can come forward where it is needed, the needs of groups with specific housing requirements are addressed and, that land with planning permission is developed without necessary delay.

4.5 The National Planning Policy Framework (NPPF) expects strategic policy-making authorities to follow a standard method for assessing local housing need. The standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply. The formulae behind the standard method is set out within Planning Policy Guidance (PPG)14, and identifies a minimum annual housing need figure, which relies on publicly available and robust data. However, it is important to note it does not produce a housing requirement.

4.6 The NPPF states that in determining the minimum number of homes needed, local plans should be based upon a local housing need assessment conducted using the standard method, unless there are exceptional circumstances that justify an alternative approach which also reflects current and future demographic trends and market signals. Although the standard method for determining local housing need is not mandatory, where it is considered circumstances warrant an alternative approach, councils can expect this to be scrutinised more closely at examination.

[14] PPG (Paragraph: 004 Reference ID: 2a-004-20180913)

4.7 The publicly available data that supports the standard method is presented for East Hampshire district as a whole and does not make a distinction between the South Downs National Park area and the remainder of East Hampshire. This is important as EHDC is not the planning authority for the National Park. The impact the split has on housing need within East Hampshire district (outside the National Park) is explored in more detail throughout this chapter.

Changes to the Standard Method

4.8 The most recent ONS household projections (2016-based) were published in September 2018.These projections reduced the projected rate of household formation compared to the previous projections by 53,000 a year nationally between 2018 and 2028. These lower projections of household growth result in the national minimum annual housing falling significantly; from approximately 269,000 homes prior to the publication of the updated household projections, to approximately 213,000 based on the updated data.

4.9 The Government has considered whether it needs to change its aspirations for housing supply in light of the new household projections, and in particular whether these imply that 53,000 fewer homes are needed each year than previously thought. It has decided it is not right to change its aspirations.

4.10 First, the annual change in household projections comprises two aspects: a reduction of 29,000 arising from the lower population projections, and a reduction of 23,000 arising from changes in the method for converting population change into estimates of household formation – (reducing the historic period of household formation on which the projections are based from five census points to two, which focuses it more acutely on a period of low household formation where the English housing market was not supplying enough additional homes). Methodological changes are not a reason why the Government should change its aspirations.

4.11 Furthermore, population changes are only one aspect of the driver for housing supply. Rising incomes, changing social preferences and factors such as real interest rates and credit availability contribute to demand for housing. In summary, the Government’s judgment is that these factors combine to indicate that there is no need to change its aspirations for increasing housing supply.

4.12 The NPPF (2018) included a clear commitment from Government that the standard method would be kept under review, and as a result of the new household projections, the Government consulted on a proposed approach (from Friday 26th October 2018 to Friday 7th December 2018), which entails:

- For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.
- To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology.

4.13 In the longer term, there is intention to review the standard method formula with a view to establishing a new method that adheres to the following principles:

- providing stability and certainty for local planning authorities and communities;
- ensuring that planning responds not only to movements in projected households but also to price signals; and
- ensuring planning policy supports a housing market that works for everyone.

4.14 It is clear from the current consultation that the Government intend to use the 2014-based household projections as the basis for applying the standard method for assessing local housing need instead of the more recent 2016-based household projections. Whilst analysis will draw upon the 2016-based subnational population projections (SNPP) and the 2016-based household projections (SNHP), consideration will focus on the results obtained using the 2014-based-SNHP. The latter is particularly applicable when assessing the local housing needs for East Hampshire based on the standard method.

Assessment Inputs

Step 1 – Setting the Baseline

4.15 The starting point for all calculations related to the standard method for assessing local housing need is provided by national household projections for the area of the local authority. As mentioned previously, this data is presented across the whole of East Hampshire district, which includes the National Park.

4.16 Household projections are produced by applying projected household representative rates to the population projections published by the Office of National Statistics (ONS). The projected household representative rates are based on trends observed in Census and Labour Force Survey data. This means household projections are trend based, which means they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and household formation rates came to pass. It should be noted that household projections do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic data for the local authority area.

4.17 In order to calculate the average annual household growth, the most recent official projections should normally be used over a 10-year period (this should be 10 consecutive years, with the current year being the first). However, as noted previously, the recent consultation document suggested setting aside the latest (2016-based) household projections in preference for the previous (2014-based) set.

4.18 Table 4.1 below shows the household projections (both 2014-based and 2016-based) for the period 2018 to 2028. The number of households within East Hampshire district is projected to increase from 49,990 in 2018 to 53,991 in 2028 (2014-based) or from 49,580 to 53,115 (2016-based). This is an either an increase of 4,001 households, equivalent to 400.1 new households per annum (2014-based) or 3,535 households, equivalent to 353.5 new households per annum (2016-based). Over the duration of the plan period (2017 to 2036) this would total 7,602 dwellings (2014-based) or 6,717 dwellings (2016-based).

Table 4.1: Household Projections

Year	2014-based SHNP	2016-based SHNP
2018	49,990	49,580
2019	50,404	49,928
2020	50,817	50,270
2021	51,219	50,576
2022	52,628	50,974
2023	52,029	51,349
2024	52,433	51,716
2025	52,825	52,075
2026	53,222	52,420
2027	53,611	52,775
2028	53,991	53,115

Source: ONS Data

Average per annum (2014-based) $= \dfrac{53{,}991 - 49{,}990}{10} = 400.1$

Average per annum (2016-based) $= \dfrac{53{,}115 - 49{,}580}{10} = 353.5$

Step 2 – An Adjustment to take account of Market Signals

4.19 An important consideration in assessing an appropriate level of housing is the affordability of homes, which means that projected household growth needs to be adjusted to take account of market signals. The most recent median affordability ratios, published by the Office for National Statistics (ONS) at a local authority level, should be used for adjusting household projections. The affordability ratios essentially compare median house prices to median workplace earnings. The most recent data on affordability ratios is for 2017 (April, 2018).

4.20 Affordability provides an important context on the operation of the housing market within an area. It can provide a measure for standardising house prices, given that it can show the price that people have to pay for housing relative to earnings. Table 4.2 shows the ratio between median house prices and median earnings from 2013 to 2017. Although only the median affordability ratios should be used within the standard method when making market signal adjustments, other information on how market signals affect housing in East Hampshire can be found in Chapter 5.

4.21 Table 4.2 suggests East Hampshire district is considerably less affordable than the rest of Hampshire and the South East. Affordability ratios have continued to increase nationally year on year and with particular regard to East Hampshire, households are required to spend over 12 years’ earnings on the cost of purchasing a home.

Table 4.2: Median Affordability Ratios

	2013	2014	2015	2016	2017
East Hampshire	11.41	11.80	11.55	12.84	12.38
Hampshire	8.06	8.46	9.01	9.69	10.06
South East	8.26	8.56	9.13	9.76	10.26
England	6.74	6.95	7.37	7.60	7.78

4.22 As noted by the PPG, the precise formula that should be used to calculate the adjustment that should be made to account for market signals is as follows:

$$\text{Adjustment factor} = \frac{(\text{local affordability ratio} - 4)}{4} \times 0.25$$

4.23 Therefore, 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. No adjustment should be applied where the ratio is 4 or below. When the formula is applied to East Hampshire district the adjustment factor is 0.52.

$$\text{Adjustment factor} = \frac{(12.38 - 4)}{4} \times 0.25 = 0.52$$

4.24 Using this adjustment factor, local authorities should calculate their local housing need using the standard method as follows:

Local housing need = (1 + adjustment factor) x projected household growth

4.25 Table 4.3 below sets out a calculation of the need under the proposed Standard Method and also for context an indication of the figure if the 2016-based SNHP were used. The analysis shows a need for 608.2 dwellings per annum using the 2014-based SNHP (i.e. the proposed revised method). The latest projections would have shown a lower need (537.3 dpa).

Table 4.3: MHCLG Standard Method Housing Need Calculations

	2014-based SNHP	2016-based SNHP
Households 2018	49,990	49,580
Households 2028	53,991	53,115
Change in households	4,001	3,535
Per annum change	400.1	353.5
Affordability ratio (2017)	12.38	12.38
Uplift to household growth	52%	52%
Total need (per annum)	608.2	537.3

Source: Derived from ONS data

4.26 On the basis of this analysis it is concluded that an Objectively Assessed Housing Need (OAN) of 608.2 dwellings per annum is appropriate and should be used in the analysis to follow. Over the duration of the plan period (2017 to 2036) this would total 11,556 dwellings. However, it should be noted that this figure is for the whole of the District area (including the South Downs National Park). Later in this chapter a view is provided about differing levels of need in different parts of the District.

Step 3 – Capping the level of any increase

4.27 Guidance within the PPG highlights that the market adjustment could lead to a significant increase in the local housing need in some areas, which may not be deliverable. Therefore, a cap on the local housing need may be applied. The appropriate cap will depend on the current status of relevant strategic policies for housing. Where these policies were adopted within the last five years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.

4.28 This also applies where the relevant strategic policies have been reviewed by the authority within the five-year period and found to not require updating. Where the relevant strategic policies for housing were adopted more than five years ago (at the point of making the calculation), the local housing need figure is capped at 40% above whichever is the higher of:

a. the projected household growth for the area over the 10-year period identified in step 1; or
b. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).

4.29 East Hampshire's current local plan, the Joint Core Strategy was adopted in June 2014 and therefore a cap may be applied to the new annual housing figure at 40% above the average annual requirement figure currently set out in the JCS. The figure identified in the JCS is 592 dwellings per annum (dpa), which also includes the South Downs National Park (SDNP). The figure derived from the standard method is 608 dwellings per annum, which means no cap is to be applied.

4.30 Although the standard method for calculating housing need can be applied to the whole of the plan period, in line with national guidance, local planning authorities are required to review their plans every five years. This will ensure that plans are based on the most up-to-date and accurate available projections

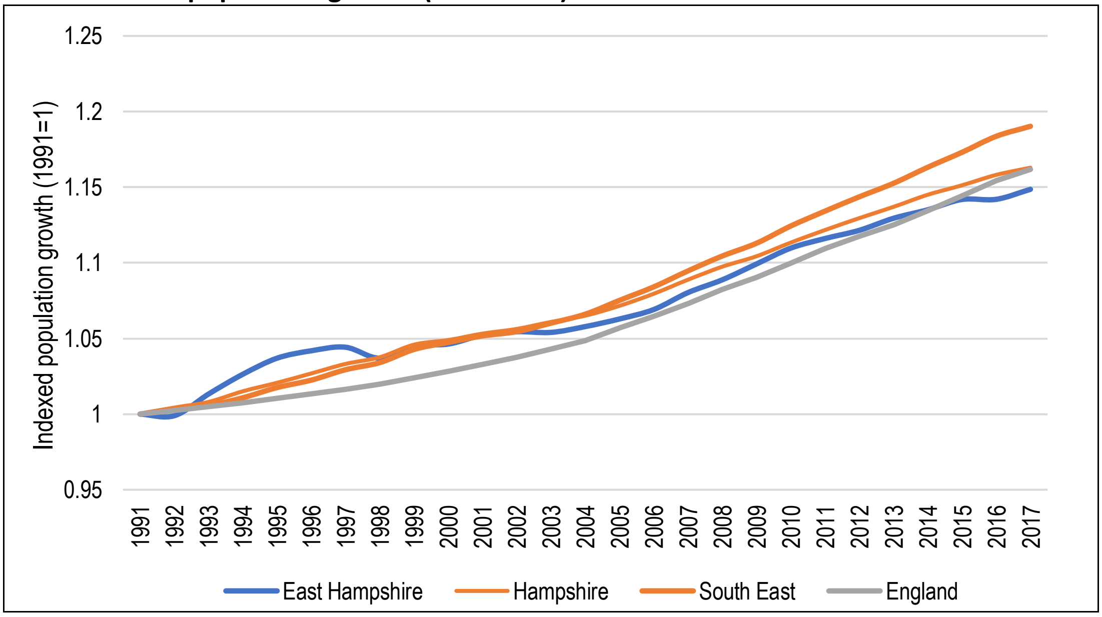
Housing Need Projections

4.31 The sections to follow look in more detail at the background to the estimated housing need of 608.2 dwellings per annum, and to provide a general discussion of demographic trends, including trends in household formation (which was one of the criticisms made by MHCLG of the 2016-based projections).

Past Population Growth

4.32 The figure below considers population growth in the period from 1991 to 2017. The analysis shows that generally over this period the population of East Hampshire has been rising, with particularly strong growth since about 2005, which is consistent with trends seen in other areas. In 2017, it is estimated that the population of the District had risen by 15% from 1991 levels, this is in contrast with a 19% rise across the region and a 16% increase nationally and across the County.

Figure 4.1: Indexed population growth (1991-2017)



Source: ONS (mid-year population estimates)

Components of Population Change

4.33 The table below considers the drivers of population change from 2001 to 2017. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Un-attributable Population Change (UPC) which is a correction made by ONS upon publication of Census data, where population has been under- or over-estimated within the projections.

4.34 The data shows a small level of natural change throughout the period (negative over the past 3-years), reflecting a relatively old age structure, whilst internal migration has been quite variable – but positive in virtually all years; the last decade years for which data is available does show relatively strong net movement from other parts of the Country. International migration is also variable, although the data does suggest a positive net level for each year over the past decade apart from 2011/12 with a negligible negative figure. The data also shows a positive level of UPC, suggesting that between 2001 and 2011, ONS may have underestimated population growth within population estimates (and this was corrected once Census data had been published).

Table 4.4: Components of population change, mid-2001 to mid-2017 – East Hampshire

	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	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

Source: ONS

2016-based Subnational Population Projections (SNPP)

4.35 The latest (2016-based) set of subnational population projections (SNPP) were published by ONS in May 2018 (replacing a 2014-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 2016-based national population projections.

4.36 The 2016-based SNPP contain a number of assumptions that have been changed from the 2014-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 downwards to 165,000 per annum (beyond mid-2022) compared to 185,000 in the 2014-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 1.84 compared to 1.89 in the 2014-based projections; and
- ONS is no longer assuming a faster rate of increase in life expectancy of those born between 1923 and 1938, based essentially on more recent evidence. Life expectancy still increases, just not as fast as previously projected.

4.37 Table 4.5 below shows projected population growth from 2017 to 2036 in East Hampshire and a range of comparator areas. The data shows that the population of the District is projected to increase by around 8%; this is the same rate of growth as projected across Hampshire, but a slightly lower level than the South East and England.

Table 4.5: Projected population growth (2017-2036) – 2016-based SNPP

	Population 2017	Population 2036	Change in population	% change
East Hampshire	119,189	128,559	9,370	7.9%
Hampshire	1,371,491	1,480,378	108,887	7.9%
South East	9,090,083	10,043,712	953,629	10.5%
England	55,628,538	60,905,483	5,276,945	9.5%

Source: ONS

4.38 Table 4.6 below compares the 2016-based SNPP with the previous release (2014-based). This shows that there is a slight difference in the projected level of growth in the 2017-36 period, the previous projections showing a figure of 11,900, compared with 9,400 in the more recent release.

Table 4.6: Projected population growth (2017-2036) – East Hampshire

	Population 2017	Population 2036	Change in population	% change
2014-based	119,131	130,983	11,852	9.9%
2016-based	119,189	128,559	9,370	7.9%

Source: ONS

4.39 With the overall change in the population will also come changes to the age profile. The table below summarises findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2036 it is projected that there will be 40,800 people aged 65 and over. This is an increase of 13,500 from 2017, representing growth of 49%. The population aged 85 and over is projected to increase by an even greater proportion, 120%. Looking at the other end of the age spectrum the data shows that there is projected to be little change in the number of children (those aged Under 15), with increases or (mainly) decreases shown for other age groups.

Table 4.7: Population change 2017 to 2036 by five-year age bands – East Hampshire (2016-based SNPP)

	Population 2017	Population 2036	Change in population	% change from 2016
Under 5	6,004	5,834	-170	-2.8%
5-9	7,096	6,599	-497	-7.0%
10-14	7,060	7,170	110	1.6%
15-19	6,754	7,013	258	3.8%
20-24	5,284	5,106	-179	-3.4%
25-29	5,435	5,673	238	4.4%
30-34	5,238	5,129	-110	-2.1%
35-39	6,187	5,932	-255	-4.1%
40-44	7,356	7,132	-224	-3.0%
45-49	9,074	7,832	-1,242	-13.7%
50-54	9,757	7,885	-1,872	-19.2%
55-59	8,983	8,028	-955	-10.6%
60-64	7,626	8,430	804	10.5%
65-69	7,608	9,223	1,615	21.2%
70-74	7,210	9,268	2,059	28.6%
75-79	4,917	7,806	2,889	58.7%

80-84	3,737	6,015	2,277	60.9%
85+	3,861	8,484	4,624	119.8%
Total	119,189	128,559	9,370	7.9%

Source: ONS

4.40 As noted previously, the Government is proposing to amend the Standard Method so that the 2016-based SNHP are disregarded in favour of using the 2014-based version as a start point. There is some good logic for this as the 2016-based household projections do seem to potentially be building in additional suppression of household formation (discussed below), however, it is considered that the 2016-based SNPP (i.e. the population data informing the household projections) should not be disregarded – this is particularly because of the changes made to fertility and mortality rates which reflect observed recent trends.

Alternative Demographic Scenarios

4.41 The SNPP is the latest official projection and is based on looking at migration trends over the past 5 to 6 years. However, given that levels of migration and population growth have been variable over time it is reasonable to consider alternative (sensitivity) scenarios – these scenarios have been developed independently of matching population and household growth to the Standard Method level of housing need.

4.42 The sensitivity scenarios take account of longer-term migration trends and also data from the ONS 2017 mid-year population estimates (MYE). The analysis below considers three potential sensitivities to the SNPP figures. These can be described as:

- Including 2017 mid-year population data and retaining other assumptions in the SNPP – 2016-SNPP (+MYE);
- Implications of 10-year migration trends – 10-year migration; and
- Updating the 2016-based SNPP to take account of 2017 mid-year population data (i.e. updating migration estimtes based on a different time serioes) – 2017-SNPP

2016-SNPP (+MYE)

4.43 This projection takes assumptions from the 2016-based SNPP, but overwrites the population projection figures for 2017 by those in the ONS MYE (by age and sex). Moving forward from 2017, this sensitivity uses the same birth and death rates as contained in the 2016-based SNPP and the actual projected migration figures (by age and sex).

10-year migration

4.44 This projection uses information about migration levels in the 10-year period (2007-17); the scenario therefore includes the most up-to-date MYE figures (for 2017). The projection does not just look at the migration figures and roll these forward but recognises that migration can be variable over time as the age structure changes. With international migration, this projection also takes account of the fact that ONS are projecting for international net migration to decrease in the longer-term.

4.45 To overcome the issue of variable migration, the methodology employed looks at the share of migration in the District compared to the share in the period feeding into the 2016-based

SNPP (which is 2011-16 for internal migration and 2010-16 for international migration). Where the share of migration is higher in the 10-year period, the projection applies an upward adjustment to migration, and vice versa.

2017-SNPP

4.46 This projection uses the data from the 2017 MYE to develop a 2017-based projection. The 2016-based SNPP uses migration data for the 2011-16 period for internal migration and 2010-16 for international migration. For this scenario the data is rolled forward by one year so that the periods studied are 2012-17 and 2011-17 respectively.

4.47 It should be noted that this projection is only indicative as it only looks at overall migration trends and does not apply any adjustments to take account of potential changes to the age structure of migration. As with the 10-year migration projection, a migration share approach is taken so as to ensure consistency with both local and national projections.

Outputs from different demographic projections

4.48 Table 4.8 below show the estimated level of population growth in the SNPP and the alternative projections developed. The analysis shows that using longer-term (10-year) trends sees the projected growth increase slightly, whereas developing an indicative (2017-based) SNPP shows higher population growth again. Overall, however, there is little difference in the figures for the scenarios when compared with the latest official projections.

Table 4.8: Projected population growth (2017-2036) – alternative scenarios – East Hampshire

	Population 2017	Population 2036	Change in population	% change
2016-based SNPP	119,189	128,559	9,370	7.9%
2016-SNPP (+MYE)	119,392	128,865	9,473	7.9%
10-year migration	119,392	129,400	10,008	8.4%
2017-SNPP	119,392	130,041	10,649	8.9%

Source: Demographic projections (Justin Gardner Consulting)

Household Representative Rates (Household Formation)

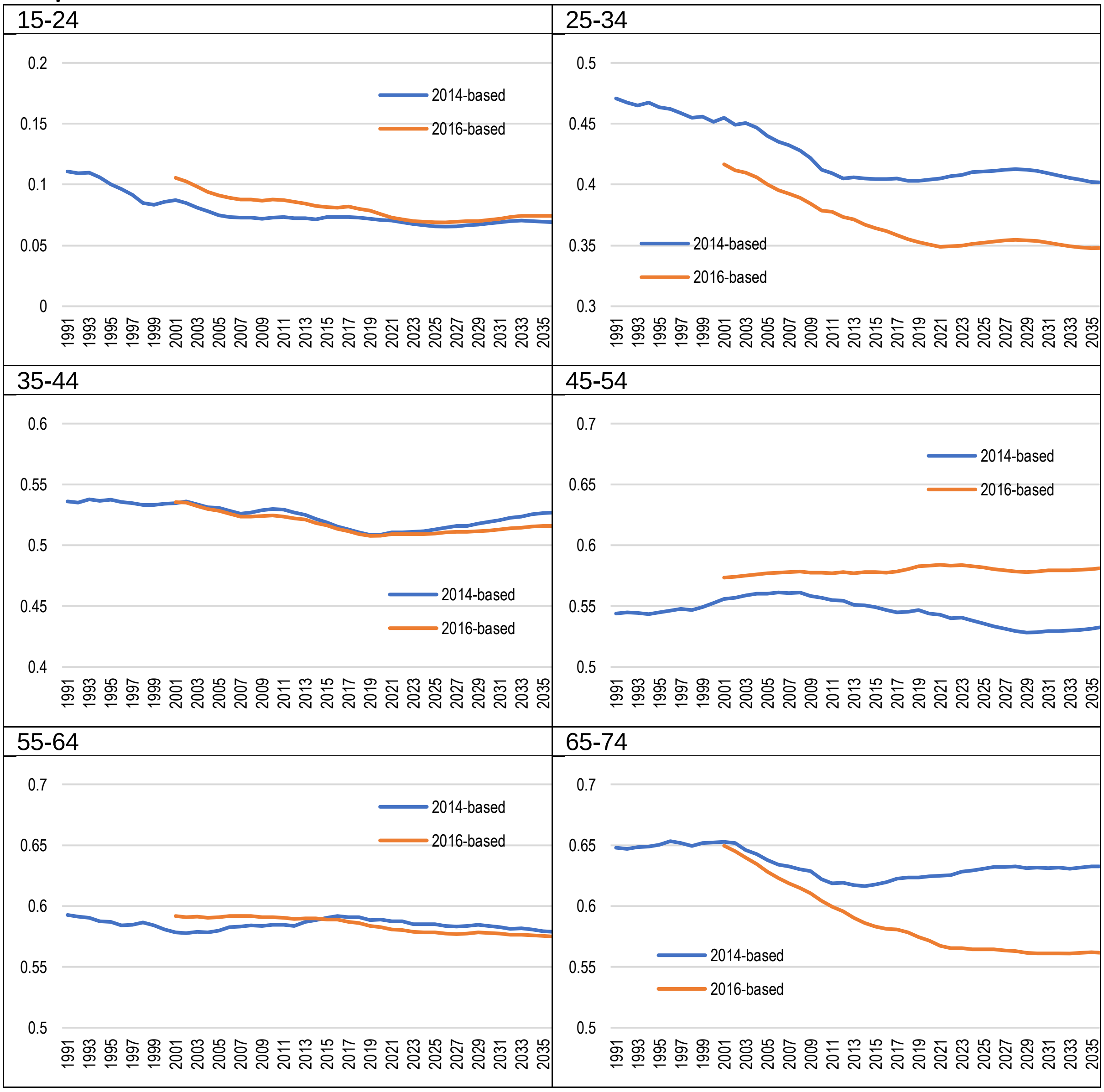
4.49 Having studied the population size, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the proportion of people in a particular demographic group (based on geography, age group and sex) who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

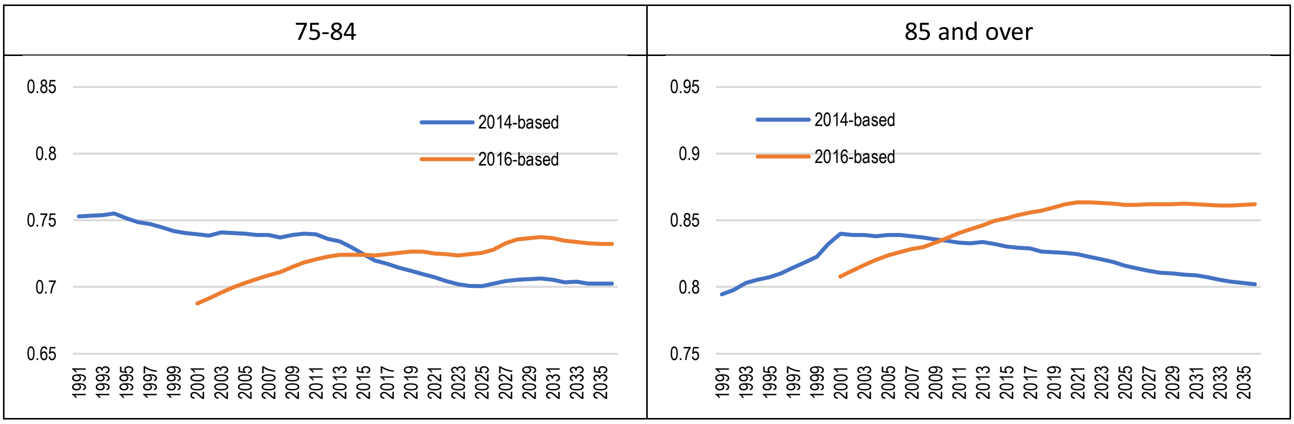
4.50 The latest HRRs are as contained in the ONS 2016-based subnational household projections (SNHP) – these were published in September 2018. It would be fair to say that the 2016-based SNHP have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period and arguably build in the suppression of household formation experienced in that time. The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle.

4.51 Because of the criticisms of the 2016-based SNHP, and the fact that these have driven the Government to consult on reviewing the Standard Method (which is directly linked to official household projections) it is considered prudent in this report to look at both the 2016- and 2014-based figures for HRRs.

4.52 Figure 4.2 below compares HRRs in the 2014- and 2016-based SNHP The analysis shows that for many age groups the two projections are really quite different. When looking at some of the younger age groups (particularly 25-34) it is notable that the HRRs in the 2014-based projections are somewhat higher (certainly in moving through to 2036) – this does suggest in East Hampshire (as nationally) that there may be some degree of suppression being built into the 2016-based projections, or certainly not a positive improvement in the formation rates of younger people. This does suggest that a more positive approach to household formation could take account of the 2014-based projections.

Figure 4.2: Projected Household Representative Rates by age of head of household – East Hampshire





Source: Derived from ONS and MHCLG data (Justin Gardner Consulting)

4.53 A sensitivity test for future household growth in East Hampshire has been developed based on alternative rates of household formation 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 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; a panel of experts that looked into the issue of how to estimate housing needs). Therefore, three scenarios have been considered as described below:

1. Household formation in accordance with the 2016-SNHPs;
2. Household formation in accordance with the 2014-SNHPs; and
3. Household formation linked to the 2014-based SNHPs but with a part-return to previous trends for the 25-34 and 35-44 age groups

Household Growth and Housing Need

4.54 Table 4.9 below shows estimates of household growth with each of the three scenarios, the table also shows an estimate of the number of additional dwellings expected to be needed. All of the figures link to population growth in the 2016-based SNPP.

4.55 To convert households into dwellings 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.

4.56 The analysis below shows the housing need outputs when linked to the 2016-based SNPP (for illustrative purposes). This shows an overall housing need for 343 dwellings per annum (dpa) across the District when using the 2016-based SNHP as the underlying household projection. This figure increases to 361 dpa with the previous HRR figures and up slightly further (to 380 dpa) using a part-return to trend methodology.

Table 4.9: Projected housing need under different scenarios of household formation – East Hampshire

	Households 2017	Households 2036	Change in households	Per annum	Dwellings (per annum)
1) 2016-SNHP	49,219	55,543	6,324	333	343
2) 2014-SNHP	49,703	56,357	6,654	350	361
3) Part-return to trend	49,716	56,722	7,006	369	380

Source: Demographic projections (Justin Gardner Consulting)

4.57 Given the criticisms that have been made of the 2016-based SNHP, it is considered that drawing conclusions about the level of housing need linked to official population projections are more robustly based on looking at the previous set of SNHP. This is in accordance with the Government's proposed changes to the standard method, as reflected in the estimated need of 608.2 dwellings per annum for East Hampshire. The earlier projections looked at longer term trends in household formation and are therefore less likely to build in any of the suppression/constraints faced by households since the early 1990s.

Developing a Standard Method Projection

4.58 Earlier in this chapter it has been calculated that the Standard Method would lead to a housing need of 608.2 dwellings per annum. It can be seen from the analysis above that household growth would need to rise far more rapidly than past trends in order to fill this number of homes. To model this outcome, a final scenario has been developed which increases migration to the District such that there is sufficient population for 608.2 additional homes each year.

4.59 It should be noted that the proposed level of growth could in fact be achieved in many different ways; e.g. through a combination of increased migration and improved affordability leading to higher local household formation. Indeed, it has been noted in previous national research that "for decades we have failed to build enough homes to meet demand"15 therefore even a part return to longer term trends is unlikely to adequately model an end to the housing crisis in aggregate terms. For this reason, it is reasonable to develop a Standard Method projection using more up-to-date demographic assumptions than the 2014-based SNHPs, but consistent with the previously calculated outcomes of 608.2 additional homes each year.

4.60 Within the modelling, migration assumptions have been changed so that across the District the increase in households matches the Standard Method 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 2016-based SNPP 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 2017 from the latest mid-year population estimates;

[15] See the Lyons Housing Review, October 2014, available at: https://www.policyforum.labour.org.uk/uploads/editor/files/The_Lyons_Housing_Review_2.pdf

- Household representative rates from the 2014-based SNHP with an adjustment for a part-return to 2008-based trends; and
- The migration profile (by age and sex) in the same proportions as the 2016-based SNPP

4.61 The table below shows the age structure of the population projected to be consistent with delivery of 608.2 dwellings per annum over the 19-years to 2036.

Table 4.10: Population change 2017 to 2036 by five-year age bands – East Hampshire (linked to delivery of 608.2 dwellings per annum)

	Population 2017	Population 2036	Change in population	% change from 2016
Under 5	6,012	6,856	844	14.0%
5-9	7,113	7,543	430	6.0%
10-14	7,068	7,910	842	11.9%
15-19	6,839	7,583	744	10.9%
20-24	5,379	5,880	501	9.3%
25-29	5,365	6,619	1,254	23.4%
30-34	5,307	6,130	823	15.5%
35-39	6,180	7,106	926	15.0%
40-44	7,356	7,996	640	8.7%
45-49	9,066	8,489	-577	-6.4%
50-54	9,760	8,488	-1,272	-13.0%
55-59	8,884	8,512	-372	-4.2%
60-64	7,622	8,894	1,272	16.7%
65-69	7,610	9,631	2,021	26.6%
70-74	7,234	9,672	2,438	33.7%
75-79	4,938	8,035	3,097	62.7%
80-84	3,750	6,230	2,480	66.1%
85+	3,909	8,816	4,907	125.5%
Total	119,392	140,388	20,996	17.6%

Source: ONS

4.62 In much of the analysis to follow in this HEDNA, reference is made to both the 2016-based SNPP (i.e. the latest official population projection) and also this projection linking to 608.2 dwellings per annum.

The South Downs National Park

4.63 The projections associated with local housing need presented throughout this chapter have looked at housing needs for the whole of the District. However, East Hampshire is a district area of which approximately 57% falls within the South Downs National Park. This means that the statutory planning responsibilities within the district are geographically split along the National Park boundary. Therefore, it is important to understand the relationship with needs in the National Park area.

Assessing Housing Needs within the National Park

4.64 The PPG[16] is clear that where strategic policy-making authorities do not align with local authority boundaries, such as National Parks, available data does not allow local housing need to be calculated using the standard method set out previously within this chapter. Therefore, the PPG allows such authorities as the SDNPA to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels. As a result, no attempt has been made to develop smaller-area projections for the District with the SDNP separated out, instead evidence supporting the emerging South Downs Local Plan (SDLP) has been utilised.

4.65 A HEDNA was produced in 2017 to support the SDLP, covering the wider extent of the National Park. The local housing need figures determined in the South Downs HEDNA do not use the standard method and cannot be compared, however, they provide a useful indication of the needs associated with the parts of East Hampshire district that fall within the National Park. The demographic projections highlight that the majority of local housing need is unlikely to be within the National Park area of East Hampshire. Using demographic trends over a 10-year period, which reduces the impact of any short-term peaks or troughs in population growth and is considered more representative of longer term trends, the projected housing need in the East Hampshire part of the National Park is considered to be 112 dwellings per annum.

4.66 Although the SDLP is currently at Examination and local housing need figures have not yet been approved by an Inspector, the South Downs HEDNA (2017) remains the most current evidence to support housing needs across the National Park. For East Hampshire, the two estimates of housing need – i.e. 608.2 dwellings per annum for the district, as presented in this interim report, and 112 dwellings per annum for the National Park area of the district – are not directly comparable as they are based on slightly different methodologies, using different data inputs. However, both are considered as recent and reasonable estimates of housing need for their respective areas. On a purely indicative basis, it therefore appears that the housing need for the area outside the National Park – i.e. EHDC's planning area for its emerging Local Plan – can be thought of as c.496.2 (608.2 – 112) dwellings per annum, which would result in a minimum of 9,428 dwellings over the plan period (2017-2036).

Conclusion on Housing Need in the National Park

4.67 The projections of need (112 dpa) within National Park (based on the South Downs HEDNA, 2017) should be seen as indicative as in reality due to environmental constraints it would not be expected that the National Park would meet its Objectively Assessed Need (OAN). In using the housing need assessment to determine the housing requirement for East Hampshire (Planning Authority area) the figure of 608.2 dwellings per annum should be used and then the expected/committed level of delivery in the National Park then subtracted.

4.68 Additionally, it should be noted that the 608.2 dwellings per annum figure is based on the Standard Method and builds in a substantial uplift to the housing numbers to take account of 'market signals'. Given that market signals are designed to be a supply response in

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[16] Paragraph: 013 Reference ID: 2a-013-20180913

reaction to affordability pressures, it is arguably not relevant to the National Park (where a supply response would not reasonably be expected).

4.69 Therefore, it is suggested that the 608.2 dwellings per annum figure for the whole District is used as the OAN, with the East Hampshire Planning Authority area providing all of the housing that will not be built within the National Park.

Meeting the needs of the National Park

4.70 As the estimates on housing need between the two areas of East Hampshire can only be taken as indicative, it is important to consider how needs will be met in the National Park.

4.71 There is a close functional relationship between EHDC and the SDNPA that has long been recognised in planning terms. In accordance with the duty to co-operate, the two planning authorities previously worked together to prepare the Joint Core Strategy (JCS) that set a clear development strategy for East Hampshire both inside and outside the National Park. The JCS sets both authorities' overall approach towards the local application of sustainable development through its objectives and core policies over the period 2011 to 2028.

4.72 The emerging South Downs Local Plan (SDLP) and emerging East Hampshire District Local Plan will supersede the JCS in the areas of East Hampshire in which they cover. However, it remains appropriate to consider housing needs on a district-wide basis as the National Park has been designated for landscape considerations, not because of the extents of housing markets. Indeed, there is no evidence to suggest that areas of East Hampshire within the SDNP are distinct in terms of housing provision to other parts of the district; and evidence to show that there are overlapping influences on the demand for housing (e.g. travel to work geographies) between the SDNP area and the rest of the district.

4.73 To support the emerging SDLP (that is currently at Examination), a Statement of Common Ground (March 2018) between EHDC and the SDNPA was produced to demonstrate clearly and concisely how the strategic cross-boundary matter of meeting objectively assessed housing needs has been and will continue to be jointly addressed and how points of disagreement between the parties are being positively resolved.

4.74 The JCS confirmed an objectively assessed housing need for the whole of East Hampshire district of a minimum 592 dwellings per annum for the period 2011 to 2028. In 2015, a Memorandum of Understanding (MoU) was signed by both planning authorities which committed to meeting the housing need for East Hampshire which equated to a minimum of 10,060 dwellings over the plan period. It was recognised and agreed at the time that based on environmental constraints within the National park an appropriate apportionment for doing so would be as follows:

- 1,694 dwellings within the National Park (100 dpa)
- 8,366 dwellings outside the National Park (492 dpa – which included 71 dpa unmet need from the SDNP)

4.75 Although the commitments set out in the MOU were based upon historic assessments of housing need (with no influence from the standard method for calculating housing need), the SDNPA produced a housing trajectory within the SoCG (March 2018), which is specific to the part of East Hampshire falling within the National Park.

4.76 The SoCG highlights that over the plan period 2011-2028 it is expected that 1,678 homes will have been delivered in the National Park with East Hampshire, equivalent to 99 dwellings per annum on average. This is just 16 dwellings short of the MoU commitment, equivalent to one dwelling per annum. Therefore, it is agreed by both EHDC and the SDNPA that the JCS commitments and the commitments made in the MoU relating to housing need and supply are being met up to 2028.

4.77 Beyond 2028, the provision of new housing in the SDNP area of East Hampshire is unclear. Although no agreement in terms of numbers has been made for the period post 2028, it can be assumed some housing will need to be provided within the National Park area that falls within East Hampshire to meet local needs. The location of this housing is unlikely to be determined until a review of the SDLP or reviews to the various Neighbourhood Plans within the National Park.

4.78 Taking into account the currently agreed position between the SDNPA and EHDC on the committed delivery of new housing and the indicative assumption that need in the South Downs part of East Hampshire is 112 dpa (HEDNA,2017), then there is an unmet requirement of 13 dwellings per annum in the National Park. It should be noted that the agreed commitment on housing delivery is only until 2028 and the HEDNA findings only represent need until 2033. However, in the interest of plan making, a need figure of 112 dpa should be rolled forward to align with East Hampshire's emerging Local Plan.

4.79 Based on the most recent SoCG and the housing need figures derived from the South Downs HEDNA (2017), East Hampshire (as the Local Planning Authority) have agreed to provide 13 dwellings per annum between 2017 and 2028 to meet the needs of the National Park. The implications that arise from this are that East Hampshire (Local Planning Authority) would need to meet an indicative minimum housing need of 509 dpa until 2028, when the committed delivery of the National Park is known. The indicative figure consists of 496 dpa within East Hampshire (outside the SDNP) and 13 dpa unmet need associated with National Park. Delivery expectations within the National Park will be closely monitored to support the Regulation 19 (pre-submission) version of the Local Plan.

Conclusion

4.80 Over the past five or more years, assessing the level of housing need has been for individual local authorities (or groups of local authorities) to prepare by following advice in Planning Practice Guidance (PPG). However, the new National Planning Policy Framework (NPPF) of July 2018 has introduced a Standard Method, based on looking at projected household growth and adjustments based on the level of affordability in an area. In October 2018, MHCLG published a technical consultation on the Standard Method.

4.81 Whilst at the time of writing the Standard Method was only at consultation stage, it is expected that this will in time become the method to use. Hence calculations for East Hampshire are based on the emerging methodology. This suggests household growth of about 400 per annum, plus an uplift of around 52% for market signals (affordability). Therefore, at present the objectively assessed housing need (OAN) for the District as a whole is for 608.2 dwellings per annum – this includes that part of the District within the South Downs National Park (SDNP). It is suggested that the 608.2 dwellings per annum figure for the whole District is used as the starting point for OAN, with the East Hampshire Planning Authority area providing all of the housing that will not be built within the National Park.

4.82 Although a figure for OAN is essentially given to the Council, it is of use to understand some of the demographic trends underpinning future population and household growth and a range of analysis has been undertaken.

4.83 ONS population data shows that the population of the District has been increasing over time, increasing by 15% from 1991 to 2017; this level of growth is very slightly lower than seen across the County and nationally (16%) and also below the regional average of 19%. Population growth is mainly driven by net in-migration, particularly from other parts of the United Kingdom.

4.84 The latest (2016-based) subnational population projections (SNPP) projects that the population of the District will increase by about 9,400 people in the period from 2017 to 2036 – population growth is expected to be focused in older age groups (the population aged 65 and over). This level of population growth is slightly lower than projected in the previous (2014-based SNPP). Alternative scenarios for population growth (e.g. looking at longer-term trends or factoring in more recent population estimates (MYE)) suggest that population growth could be expected to be slightly stronger than suggested by the SNPP, although overall, there are not substantial differences within the scenarios developed.

4.85 In converting population growth into household growth (and hence housing need) data from both the 2014- and 2016-based SNHP has been utilised. The older (2014-based) data has been accessed as there are some doubts about the robustness of 2016-based figures (i.e. that they reflect suppressed household growth, particularly from younger people).

4.86 Focussing only on the 2016-based SNHP, it is estimated that the housing need in East Hampshire would be for around 343 dpa. However, applying the (arguably) less constrained 2014-based data increases this to 361 dpa. A further scenario where formation rates are partly returned to longer-term trends (an approach previously widely used) increases the need figure further (to 380 dpa).

4.87 On this basis, it is clear that if 608.2 dwellings per annum are provided moving forward from 2017, then some increase in net in-migration could be expected, alongside increased levels of local household formation.

4.88 The South Downs HEDNA (2017) looks at the potential need in the National Park area of the District. A baseline need for 112 dwellings per annum has been derived although caution should be exercised in using this figure (and alternatives) as in reality the number of homes provided in the park will be limited by environmental constraints. Overall, it is suggested that the 608.2 dwellings per annum figure for the whole District is used as the OAN, with the East Hampshire Planning Authority area providing all of the housing that will not be built within the National Park.

Chapter 5: Housing Market Signals

Introduction

5.1 As set out in Chapter 4, the standard method makes an adjustment to take account of market signals, with particular regard to median affordability ratios. Projected household growth is then adjusted accordingly based on a specific formula that is specified in the PPG. The median affordability ratios across East Hampshire emphasised the gap that exists with house prices and salaries. Purchasing a home within the local authority is becoming increasingly unattainable for a large proportion of people, with over twelve times the average salary needed to make owning your own home a reality.

5.2 The NPPF is clear that the minimum number of homes needed should be informed by a local housing need assessment, conducted using the standard method – unless exceptional circumstances justify an alternative approach. This alternative approach should also reflect current and future demographic trends and market signals. Therefore, although it is only median affordability ratios that are applied to the standard method for calculating local housing need, it is important to further investigate market signals and other market indicators of the balance between the demand for and supply of dwellings across East Hampshire.

5.3 It is pertinent to note that there is a clear correlation between affordability of market housing and the need for affordable housing (as this is influenced by housing costs), and therefore in considering adjustments, where appropriate, to improve affordability there is a strong logic to considering both the market signals and affordable housing needs evidence.

5.4 The findings of analysis of market signals in this section are brought together with the affordable housing needs evidence (presented in Chapter 6) in drawing conclusions on East Hampshire's housing requirement in Chapter 9: Bringing the Evidence Together.

Land Values

5.5 Comparable data on residential land values is published by MHCLG, with the latest data relating to April 201717. This provides data on post-permission residential land values per hectare (based on a residual valuation methodology)[18].

5.6 The average residential land value per hectare for East Hampshire (£6,080,000) is significantly higher than the average values across Hampshire (£4,953,400). When excluding London, the residential land values in East Hampshire are also considerably higher than average for the South East (£4,240,400) and the national values (£2,773,000).

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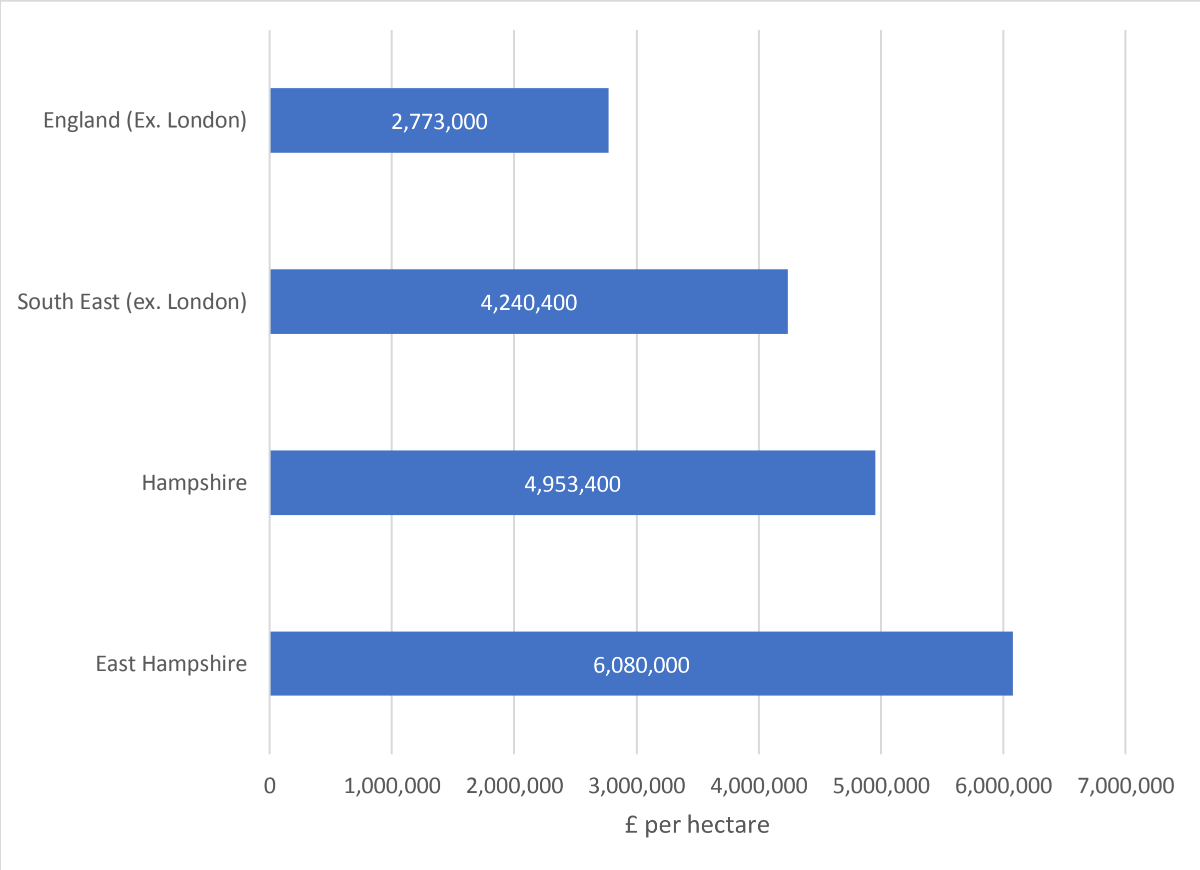
[17] MHCLG (April 2017) *Land value estimates for policy appraisals*

[18] These estimates are based on valuing the proposed development and deducting the development costs, including allowances for base build cost, developer's profit, marketing costs, fees, and finance to leave a "residual" site value. These values also assume nil affordable housing provision.

Figure 5.1: Land Prices (£ per hectare)



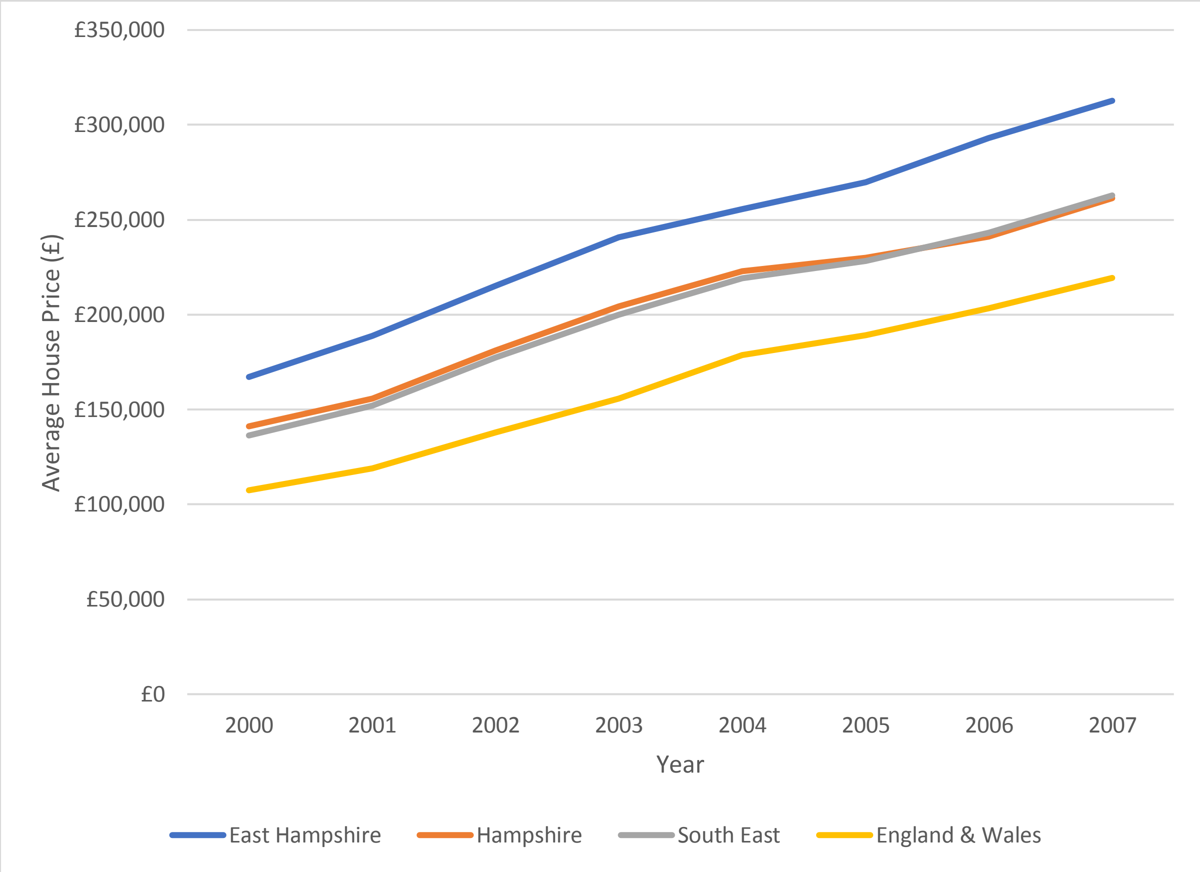
Source: MHCLG (April 2017)

House Prices

5.7 The analysis on house prices presented below shows trends over different market cycles. Figure 5.2 shows growth in average house prices over the pre-recession period (2000-2007). Over that period, East Hampshire saw a significant increase in average house prices, which rose from £167,164 to £312,730 (+87%). This compared with an increase of £120,206 (85%) in Hampshire, £126, 489 (93%) in the South East (excluding London), and £111,904 (104%) in England and Wales, although all from a lower base.

5.8 As of 2007, house prices were significantly higher in East Hampshire than the remainder of the South East (excluding London). House Prices in East Hampshire were 19.7% higher than the rest of Hampshire, 19.0% more than the South East, and some 42.6% higher than the national average.

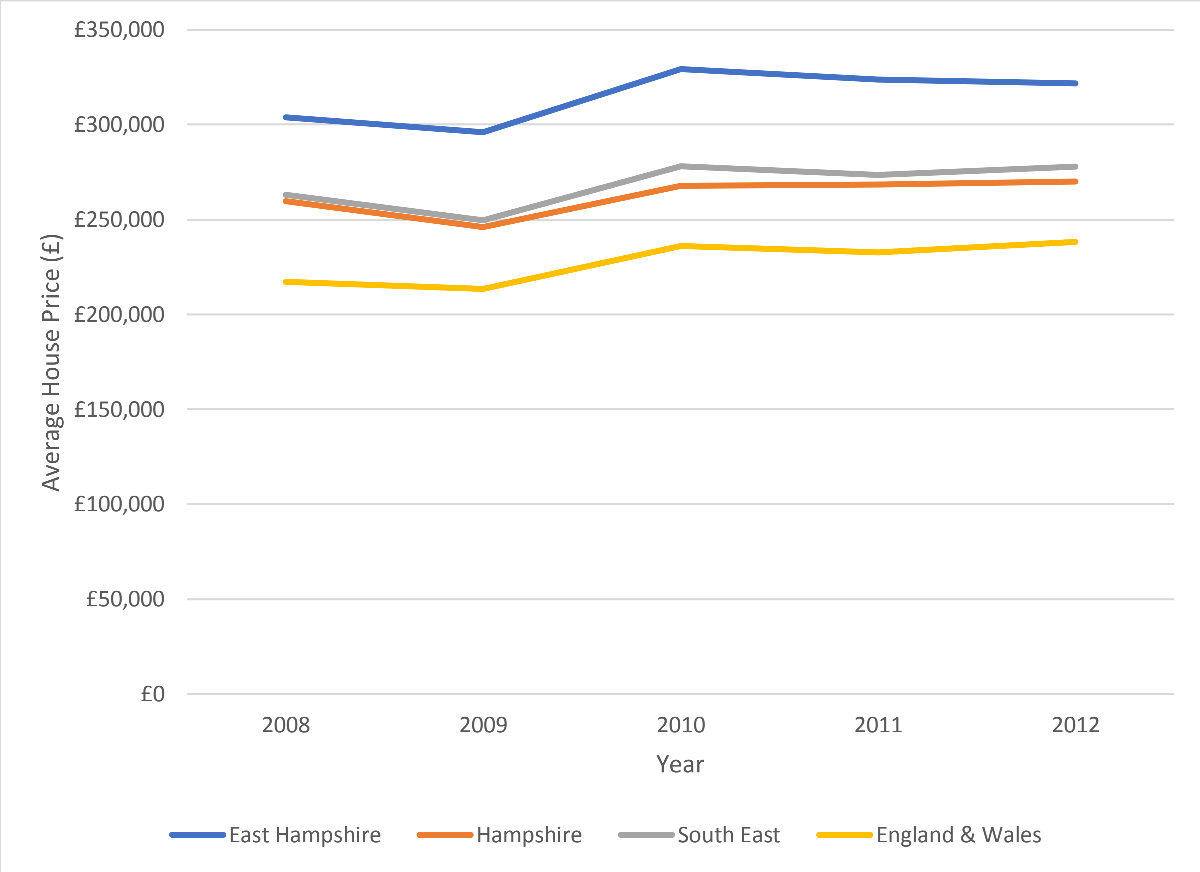
Figure 5.2: Average House Price Change (2000-2007)



Source: Land Registry Data

5.9 Following the credit crunch, house price dynamics were notably different between 2008-12 (see Figure 5.3). Over this period there was a relatively small 5.8% increase in average house prices within East Hampshire. This compared with increases of 4.0% in Hampshire, 5.7% in the South East (excluding London), and 9.8% in England and Wales. In real terms (taking account of inflation), it could be argued that the value of housing actually fell within East Hampshire. Looking in more detail over this period, average house prices decreased by 2.6% from 2008 to 2009, increased by 11.2% between 2009 to 2010, before decreasing by 1.7% between 2010 to 2011, and decreasing again by 0.7% between 2011 and 2012.

Figure 5.3: Average House Price Change (2008-2012)

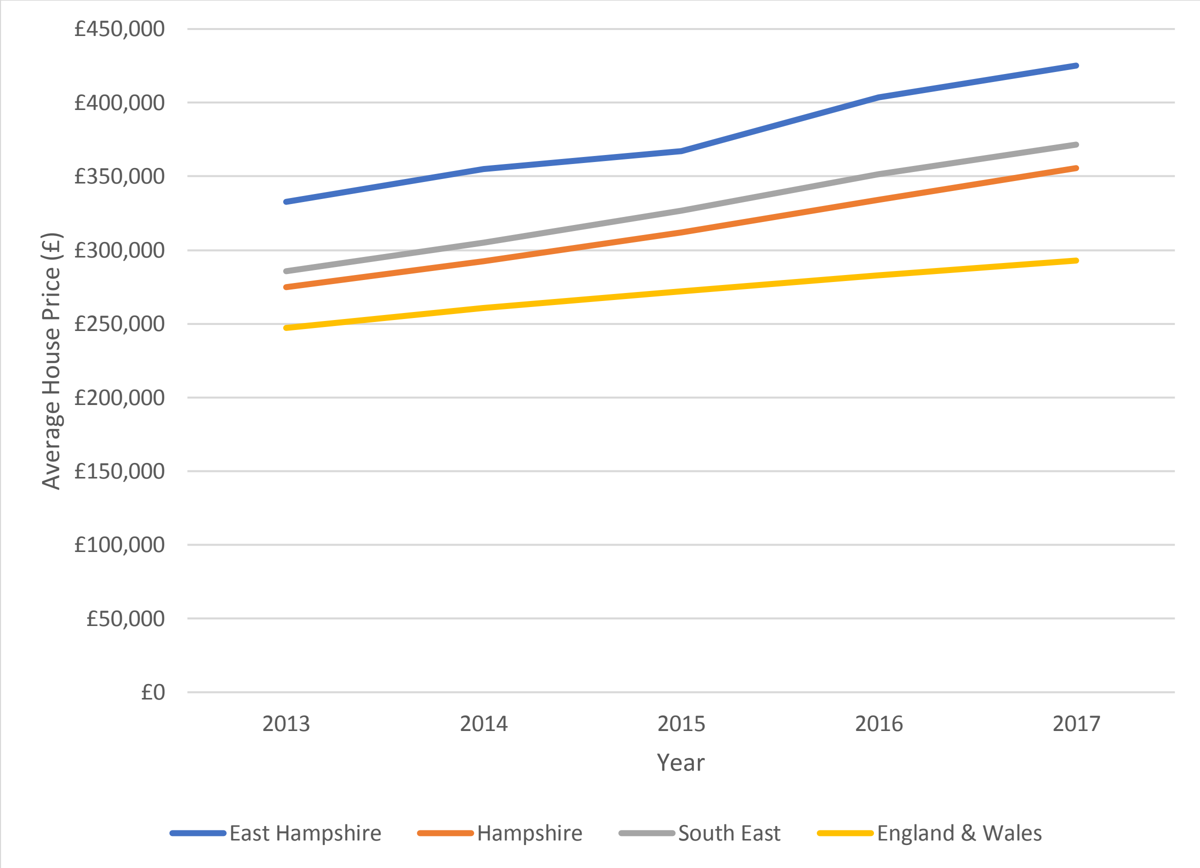


Source: Land Registry Data

5.10 Housing market activity and pricing began to increase from 2013, mainly due to improvements in the labour market and the brighter economic outlook, which helped to boost potential buyers' confidence. Policy measures also played an important supporting role by helping to keep mortgage rates close to all-time lows and improving availability of credit, especially for those with smaller deposits. These increases were also partly influenced by Government measures to support the housing market such as maintaining low interest rates and introducing the Help-to-Buy Scheme.

5.11 Figure 5.4 presents the change in average house prices within East Hampshire and its main comparators between 2013 and 2017. East Hampshire's average saw 28% growth in this period, which is similar to both Hampshire (29%) and the wider South East (30% - excluding London).

Figure 5.4: Average House Price Change (2013-2017)



Source: Land Registry Data

5.12 The average house price for East Hampshire in 2017 was £425,182, an increase of 97.8% on 2002, 36.0% on 2007 and 32.2% since 2012. A considerable amount of growth was seen prior to 2007, before a dip in house prices and various fluctuations to 2012. Since 2013, growth has continued to grow significantly and house prices in East Hampshire have remained above both the regional and national average.

5.13 Table 5.1 compares the percentage change in house prices over the last one, five, ten and fifteen years in East Hampshire and wider comparators. Over the past 15 years, house price increase in East Hampshire (97.8%) was higher than the County (96.2%) but lower than the regional (109.5%) and national (112.4%) rates of growth. Although this is likely due to the lower base levels associated with the regional and national average house prices.

Table 5.1: House Price Growth (2002-2017)

	1 year	5-year change	10-year change	15-year change
	2016-17	2013-2017	2007-2012	2002-2017
East Hampshire	5.3%	32.2%	36.0%	97.8%
Hampshire	6.4%	31.7%	36.1%	96.2%
South East	5.8%	33.7%	41.4%	109.5%
England & Wales	3.6%	23.0%	33.5%	112.4%

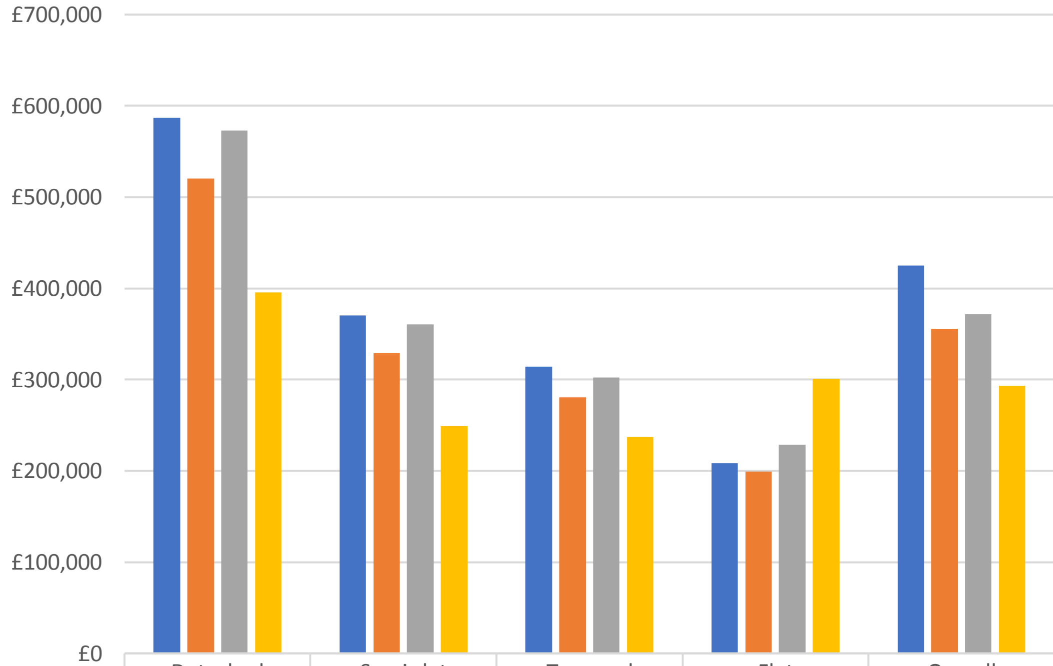
Source: Land Registry Data

House Price Data by Type

5.14 Average house prices in an area will be influenced by the mix of properties sold, with larger-detached homes normally having higher values than smaller terraced or flatted properties. Therefore, when comparing average house prices, it is important to take account of the stock mix. Figure 5.5 analyses average house prices in 2017 by dwelling type in East Hampshire and wider comparators.

5.15 Prices for all types of properties in East Hampshire, apart from flats, are above the national and regional average. It is clear that that once mix is considered, East Hampshire particularly stands out as having a price premium relative to the rest of Hampshire.

Figure 5.5: Average House Price Data by Type (2017)



	Detached	Semi-det	Terraced	Flat	Overall
East Hampshire	£587,236	£370,454	£313,996	£208,176	£425,182
Hampshire	£520,098	£328,613	£280,609	£199,082	£355,612
South East	£573,007	£360,770	£302,516	£228,515	£371,557
England & Wales	£395,689	£249,187	£237,254	£300,871	£292,889

Source: Land Registry Price Data Paid

Sales Volumes and Effective Demand

5.16 Sales are an important indicator of effective demand for the housing market. Table 5.2 presents the annual sales across East Hampshire, the County, the Region (excluding London), and England and Wales (excluding London) between 2002 and 2017.

5.17 Transactions in the market have increased steadily within East Hampshire in recent years but remain 20.2% below the level of 10 years ago and 22.6% below the level of 15 years ago. Similar levels have been experienced within Hampshire (27.8%) and the South East (23.4%) over the last 5 years, but there have been slightly greater improvements in sales nationally (34.8%). As demonstrated by Table 5.2, although the economic recession and subsequent housing market downturn had a negative impact on housing sales, it was less prominent in East Hampshire than other comparative areas. Over the last 10 years sales were decreased a lot more dramatically in Hampshire (25.2%), the South East (27.8%) and nationally (29.2%). Similar numbers apply to the last 15 years, where sales in decreased in Hampshire by 29.1%, the South East by 31.3% and nationally by 33.3%.

Table 5.2: Sales Trends (2002-2017)

	2002	2007	2012	2017	5-year change	10-year change	15-year change
East Hampshire	2685	2603	1657	2077	25.3%	-20.2%	-22.6%
Hampshire	33252	31541	18458	23592	27.8%	-25.2%	-29.1%
South East	305310	290337	169864	209603	23.4%	-27.8%	-31.3%
England & Wales	1350703	1271364	668011	900535	34.8%	-29.2%	-33.3%

Source: Land Registry Data

Affordability

5.18 The standard method for calculating local housing need presented in Chapter 4 makes an adjustment to take account of market signals by using the median affordability ratios for East Hampshire. The affordability ratios essentially compare median house prices to median workplace earnings. As illustrated by Table 5.3, East Hampshire is considerably less affordable than other comparative areas, with households required to spend over 12 years' earnings on the cost of purchasing a home.

Table 5.3: Median Affordability Ratios

	2013	2014	2015	2016	2017
East Hampshire	11.41	11.80	11.55	12.84	12.38
Hampshire	8.06	8.46	9.01	9.69	10.06
South East	8.26	8.56	9.13	9.76	10.26
England	6.74	6.95	7.37	7.60	7.78

Source: ONS

5.19 One issue with solely using median affordability ratios in analysis is that there is a substantial difference in many areas between workplace earnings and resident earnings. There is a case to be made that the relationship between resident earnings (as distinct from workplace earnings) should also be considered in the assessment of market signals. It is residents of the area that are directly affected by the cost of housing in the area, while those who travel into the area to work from other areas may not be directly affected by affordability issues in the district.

5.20 However, though there will be those who work in the area, but cannot afford to do so, which is why they commute into the area from a lower cost location. Moreover, analysis of the relationship of house prices in East Hampshire and resident's earnings could make the area look more affordable, because a significant proportion of the population commute to other locations, for example London, where they may command salaries higher than available in East Hampshire. It is therefore appropriate to examine what the pattern of affordability is in relation to resident earnings as well as in relation to workforce earnings.

5.21 Table 5.4 shows that affordability in East Hampshire and the wider South East (excluding London) is better based on resident earnings than workplace earnings. This will reflect the fact significant numbers of residents work outside of the local authority area in which they work and earn well above the average of those working in the local authority they live. In East Hampshire, resident earnings (£34,880) are significantly higher than workplace earnings (£29,482). Using resident-based earnings, affordability is still a significant issue in East Hampshire, with households required to spend over 10 years' earnings on the cost of purchasing a home.

Table 5.4: Median House Prices and Median Resident Earnings in 2017

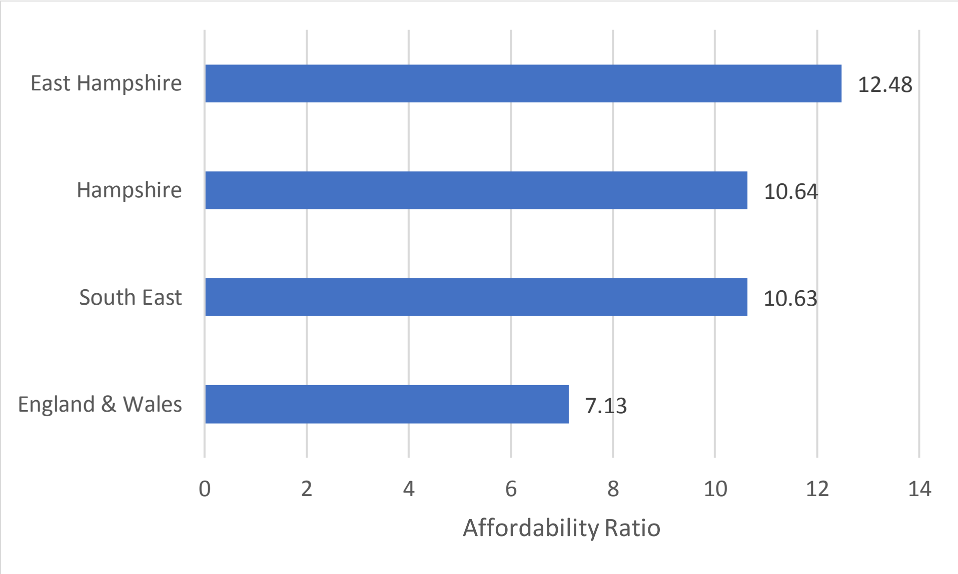
	Median House Prices	Median Gross Earnings pa in £	Earnings to House Price Ratio
East Hampshire	£367,000	£34,880	10.52
Hampshire	£308,000	£31,946	9.64
South East	£315,000	£31,664	9.95
England & Wales	£227,722	£28,952	7.87

Source: ONS

5.22 It is also important to consider the ratio of lower quartile house prices to lower quartile earnings when assessing the affordability of housing. This measure particularly influences the ability of younger households to purchase entry-level properties.

5.23 At a national level, data from MHCLG indicates that in 2017 the lower quartile house price was over seven times earnings across England and Wales. The South East (excluding London) is exceptionally higher than this, with lower quartile house prices 10.63 times earnings, with a similar figure representative of Hampshire (10.64) The ratio is further exacerbated in East Hampshire, with lower quartile house prices in excess of 12 times workplace earnings, indicating potentially greater difficulties for younger households to get on the housing ladder.

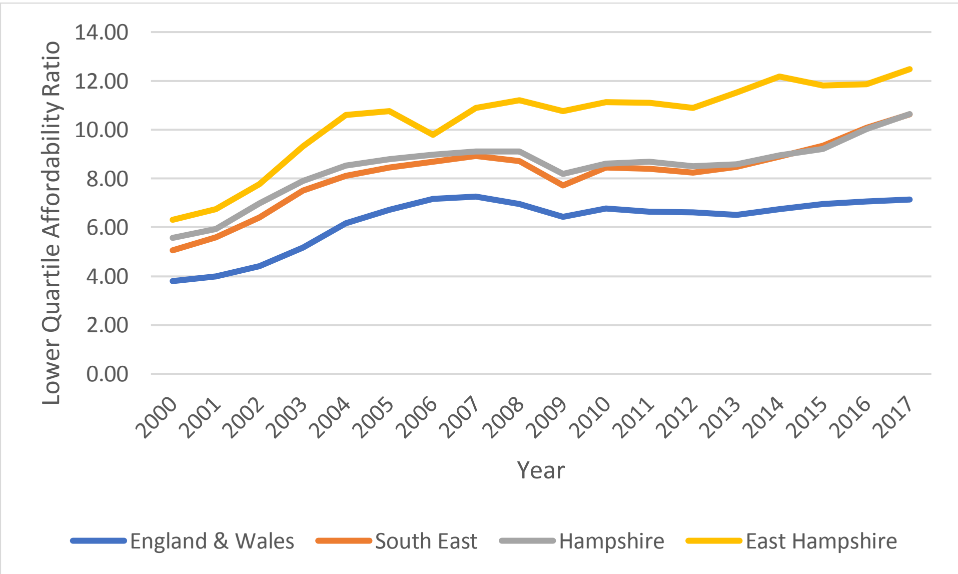
Figure 5.6: Lower Quartile House Price to Income Ratio – Workplace earnings (2017)



Source: MHCLG Housing Statistics

5.24 Figure 5.7 illustrates how the lower quartile affordability ratio has changed since 2000. Since that time, East Hampshire has seen an increase of 97.8% in its lower quartile affordability ratio. This is higher than the County (91.0%) and national (87.6%) ratios, but lower than that of the South East (110.1%).

Figure 5.7: Lower Quartile Affordability Trend (2000-2017)



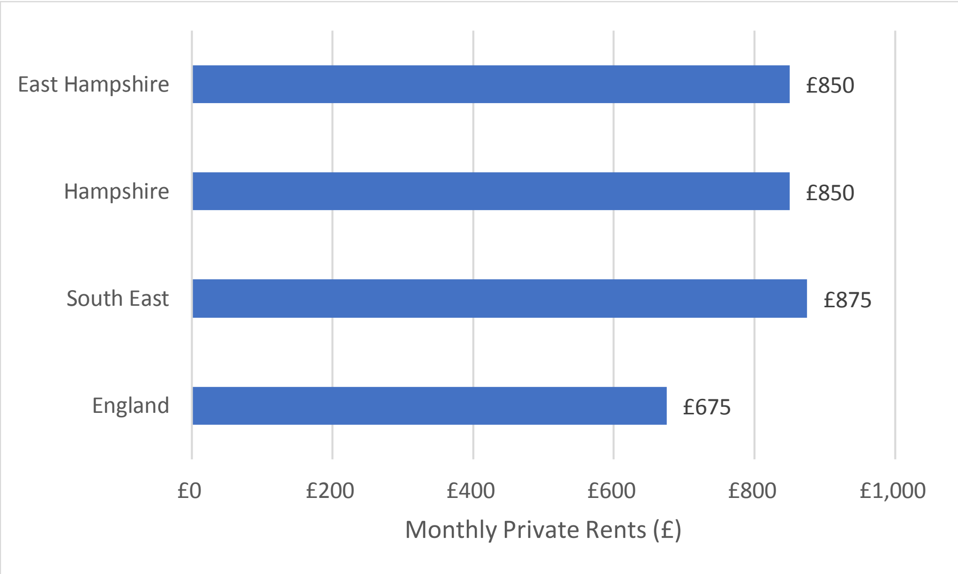
Source: MHCLG and Land Registry Price Paid Data

5.25 When analysing lower quartile affordability ratios, it is important to note that this measure is not a true reflection of the affordability of home ownership, since those on the lowest 25% of incomes are unlikely to be in the market for home ownership. Nevertheless, it is a useful measure of the change in affordability over time and how East Hampshire compares to the wider region and the nation.

Rents

5.26 The most recent Valuation Office Agency (VOA) private rental market data covering the year between 1st April 2017 and 31st March 2018 shows that the median rental price in East Hampshire was £850 per calendar month, which is the same value across Hampshire (£850). This is slightly less than the Regional (£875) value, but significantly higher than the national (£675) value.

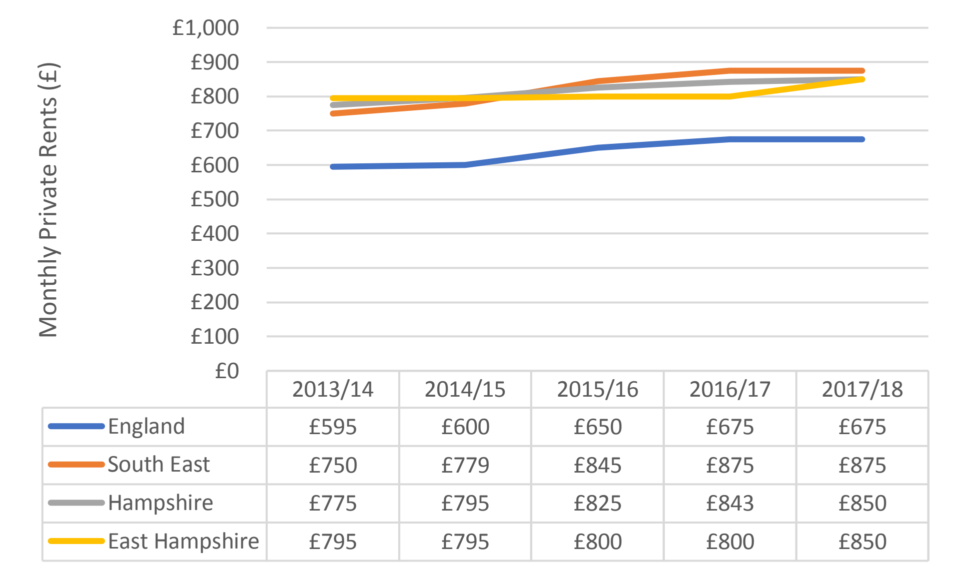
Figure 5.8: Median Monthly Private Rent (2018)



Source: VOA Private Rental Statistics (March, 2018)

5.27 Figure 5.9 outlines the changes in median rental values from 1st April 2013 to 31st March 2018. Relatively large increases of 13.4% has occurred Nationally and regionally (16.7%) since 2013. In contrast, median rental values in East Hampshire have increased a more modest 6.9% during the same period.

Figure 5.9: Median Monthly Private Rents (April 2013 - March 2018)

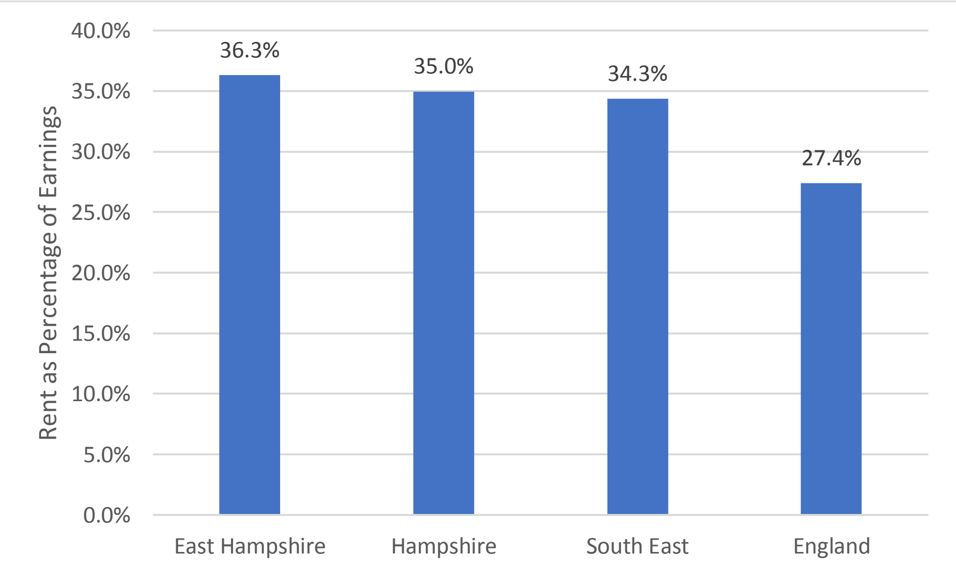


	2013/14	2014/15	2015/16	2016/17	2017/18
England	£595	£600	£650	£675	£675
South East	£750	£779	£845	£875	£875
Hampshire	£775	£795	£825	£843	£850
East Hampshire	£795	£795	£800	£800	£850

Source: VOA Private Rental Statistics (March, 2018)

5.28 The rental affordability ratio (RAR) describes the ratio of average (median) annual rents to the annual earnings. In 2016 the RAR of East Hampshire was 36.3%, significantly higher than the national ratio (27.4%). However, the ratio is similar in wider Hampshire (35.0%) and the South East (34.3%).

Figure 5.10: Rental Affordability Ratio (2016)



Source: Valuation Office Agency (VOA) data

Overcrowding, Concealed Families, Homelessness and Temporary Accommodation

5.29 Overcrowding, concealed households, homelessness and the numbers in temporary accommodation should also be considered as part of the market signals analysis.

Overcrowding and Under-occupancy

5.30 The level of overcrowding and under-occupancy in the housing stock is an important indicator of the supply/demand balance, and is also useful as an indicator of the potential mismatch between households and dwelling sizes. Overcrowding and under occupancy in this context is calculated using the Census occupancy rating. Over-crowding is defined by the number of households who have one or more rooms less than their household need.

5.31 Table 5.5 presents the percentage of under-occupancy and over-crowding in the housing stock within East Hampshire, as well as county-wide, regionally and nationally for 2011. East Hampshire has a high level of under-occupancy compared to the comparative areas, particularly in terms of national and regional benchmarks.

Table 5.5: Overcrowding and Under-occupancy (2011)

	Under Occupied Households		Over-Crowded Households	
	#	%	#	%
East Hampshire	38,331	81.1%	2,362	5.0%
Hampshire	432,426	79.3%	29,128	5.3%
South East	2,660,553	74.8%	265,974	7.5%
England & Wales	17,070912	73.1%	1,995,860	8.5%

Source: 2011 Census

5.32 Overcrowding in East Hampshire has increased since 2001 (Table 5.6). Between 2001 and 2011 there was an increase of 30.8% in the level of over-occupied households in East Hampshire, broadly in line with the South East (36.1%) and England & Wales (32.1%). This national trend reflects the pressure on the housing stock in the country as a whole.

Table 5.6: Overcrowding and Under-occupancy Change (2001-2011)

	Under Occupied Households		Over-Crowded Households	
	#	%	#	%
East Hampshire	2,789	7.8%	556	30.8%
Hampshire	26,041	6.4%	7,522	34.8%
South East	121,206	4.8%	70,582	36.1%
England & Wales	816,092	5.0%	485,438	32.1%

Source: 2001 Census, 2011 Census

5.33 Although overcrowding has increased in East Hampshire between the 2001 and 2011 Census, it does not appear to be a major problem in the stock as a whole – at 5% of all dwellings in the district. This compares to 8.5% nationally and 7.5% in the South East.

Concealed Families

5.34 Concealed households provide a potential indication of un-met housing requirements for an area. It is considered shared households should not be analysed as it can be as a result of a particular a lifestyle choice, reflect cultural factors or reflect student households (not of relevance in East Hampshire). A concealed family is defined as one living in a multi-family household in addition to the primary family, such as a young couple living with parents. A shared household is defined as a household consisting of more than one family, members of which do not include dependent children and are not all full-time students or not all aged 65 and over.

5.35 In 2011, there were 272 concealed households within East Hampshire, with 1.3% of households containing a concealed family. This was a slight increase of the 2001 level of 0.8%. The percentage of concealed families in East Hampshire is less than the wider County (1.4%), the South East (1.6%) and England & Wales (1.8%).

Table 5.7: Concealed Households (2001-2011)

	2001		2011		Change	
	#	%	#	%	#	%
East Hampshire	272	0.8%	459	1.3%	187	68.8%
Hampshire	3316	0.9%	5548	1.4%	2232	67.3%
South East	23063	1.0%	39465	1.6%	16402	71.1%
England & Wales	169765	1.2%	289295	1.8%	119530	70.4%

Source: 2001 Census, 2011 Census

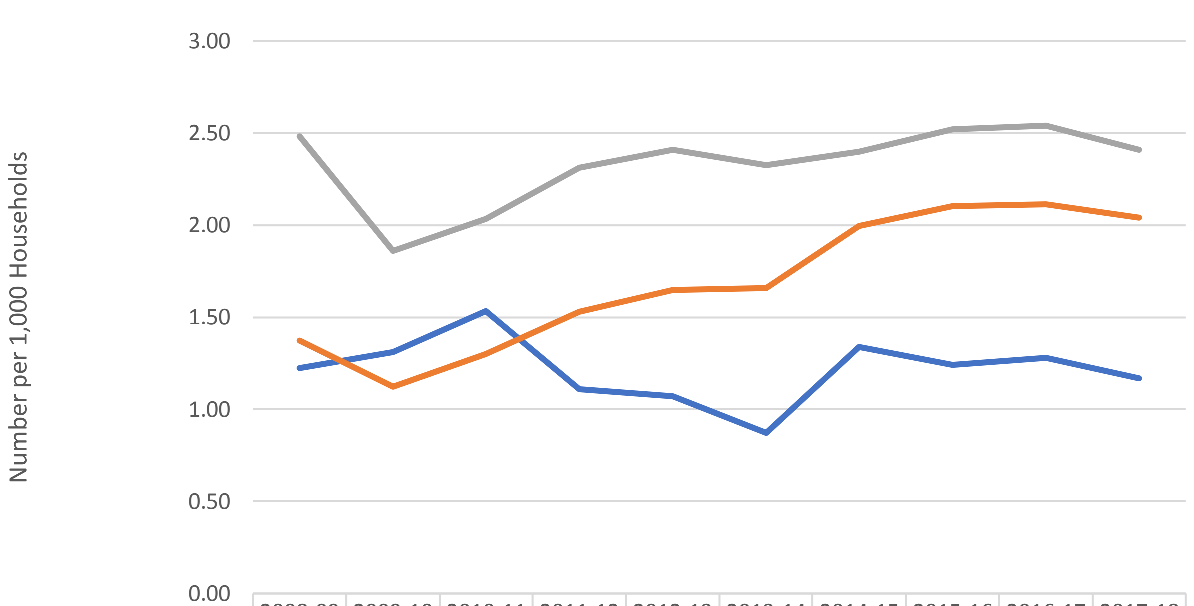
Homelessness

5.36 The number of households who are homeless and living in temporary accommodation has remained fairly consistent over the last decade. The rate of homelessness (Figure 5.11) has reduced year-on-year from 2014/15, but still remains slightly higher than lowest amount (0.87 households per 1,000 households) experienced in 2013/14. The rate of homelessness has increased in the South East and nationally over the last decade; with the rate in England (2.17 households per 1,000 household), over double the rate within East Hampshire (1.17 households per 1,000 household) in 2017/18. East Hampshire District Council have become more focused on homelessness prevention activities, which goes some way to explain the lower rates of homelessness than in the past.

5.37 There are around 58 homeless households in East Hampshire (2017/18) and 116 households living in temporary accommodation in 2017/18. As illustrated by Figure 5.12, the 2017/18 rates of those in temporary accommodation in East Hampshire (2.34 households per 1,000 household) is broadly similar to the wider South East (2.24 households per 1,000 household), but significantly lower than England (3.40 households per 1,000 household) as a whole.

5.38 Although the rates of homelessness have decreased, the use of temporary accommodation has slightly increased in East Hampshire, particularly from 2012/13 onwards, which suggests that pressure in the district is acute, despite the authorities' prevention activities, and it is becoming increasingly difficult to address the needs of the most vulnerable households.

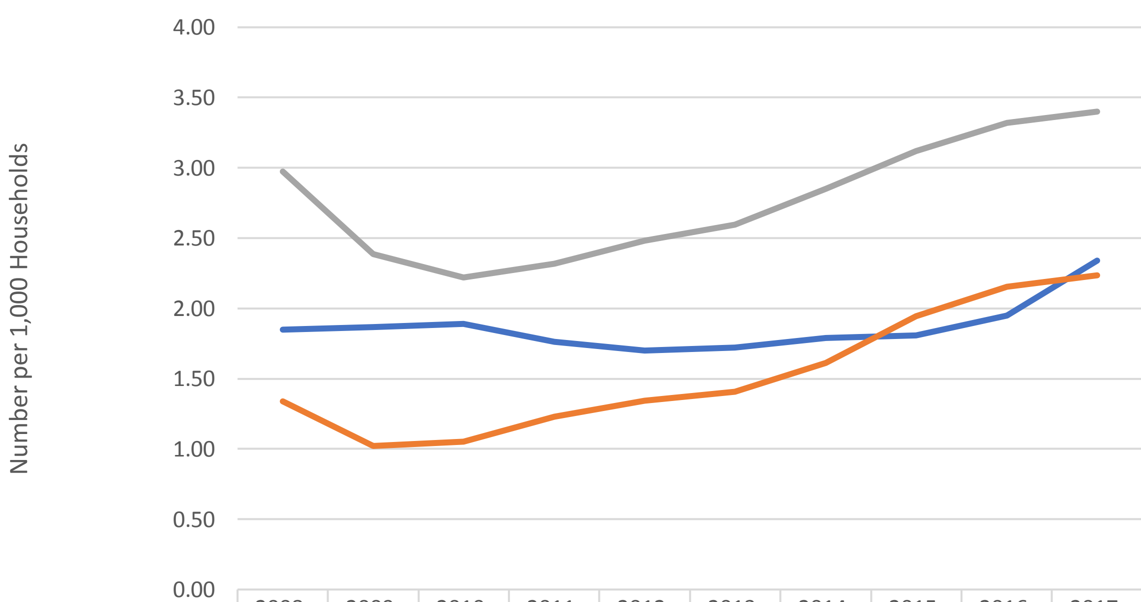
Figure 5.11: Homeless Households per 1,000 Households



	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
East Hampshire	1.23	1.31	1.53	1.11	1.07	0.87	1.34	1.24	1.28	1.17
South East	1.37	1.12	1.30	1.53	1.65	1.66	1.99	2.10	2.11	2.04
England	2.48	1.86	2.03	2.31	2.41	2.32	2.40	2.52	2.54	2.41

Source: ONS

Figure 5.12: Households Living in Temporary Accommodation per 1,000 Households



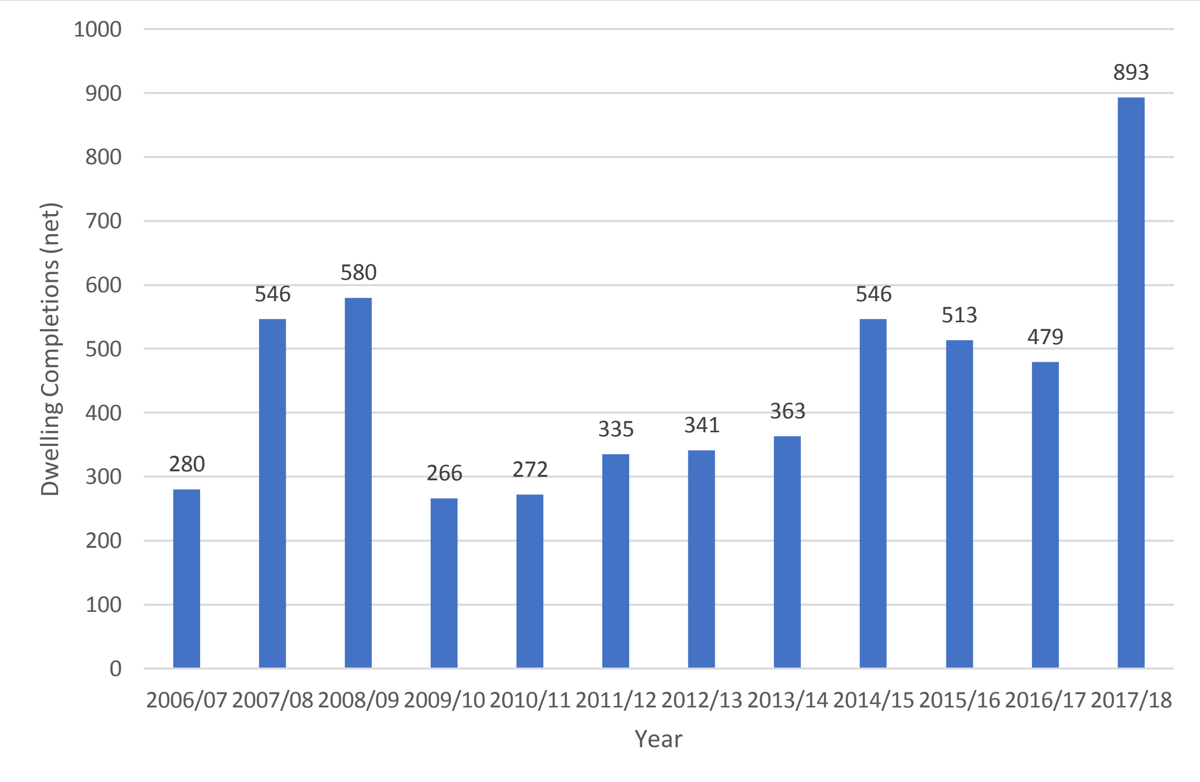
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
East Hampshire	1.85	1.87	1.89	1.76	1.70	1.72	1.79	1.81	1.95	2.34
South East	1.34	1.02	1.05	1.23	1.34	1.41	1.61	1.94	2.16	2.24
England	2.97	2.38	2.22	2.32	2.48	2.60	2.85	3.12	3.32	3.40

Source: ONS

Rates of Development

5.39 Figure 5.13 assesses housing delivery in East Hampshire (including the South Downs National Park) over the period since 2006/7. As with the position seen nationally, housing delivery in East Hampshire fell as a result of the credit crunch. Although this time of economic recession began in 2007/8, East Hampshire maintained high delivery rates the following year (580), before a rapid reduction in 2009/10 (266), some 54%. Housing delivery slowly recovered from this point in time and recently saw the most completions on record, some 893 net dwellings.

Figure 5.13: Housing Completion Trends in East Hampshire



Source: EHDC

Conclusion

5.40 The NPPF and supporting PPG advocate the use of the standard method for calculating local housing need, which makes an allowance for market signals through adjustments to household projections related to median affordability ratios. However, this section of the HEDNA has further assessed market signals to consider where there is evidence of affordability constraints and a comparative worsening of affordability.

5.41 Measures of house and land prices and rental affordability, and, to a lesser degree, measures of homelessness, show that the housing market within East Hampshire is under pressure. Affordability is a significant issue, with affordability ratios considerably higher than the wider South East. Although private rents and rental affordability ratios are comparable to the wider region, they are substantially higher than those experienced nationally. Levels of overcrowded and concealed households have also increased (2001-2011) but are below wider benchmarks.

5.42 It is becoming increasingly difficult for households to be able to afford to rent or buy a home and this indicates that there is an imbalance in the demand for and supply of housing within East Hampshire. There appears to have been an insufficient supply of new homes to keep housing within more affordable limits. The poor affordability of housing is a common problem within the South East, however, house prices in East Hampshire are considerably higher than across the South East as a whole. In addition, affordability is more of an issue, with households requiring 12.38 times their income to purchase a property in East Hampshire, compared with 10.26 times in the wider South East.

5.43 Although the findings in this chapter imply there are a number of market signals that exacerbate the issue of affordability in East Hampshire, the standard method for calculating local housing need already makes an adjustment for market signals based on median affordability ratios. It should also be noted that affordability issues are district-wide (including the SDNP). The housing target for the National Park will eventually be capacity based and landscape led and will not seek to address market signals.

5.44 In summary, market signals indicate there are affordability issues affecting East Hampshire. This would imply that an uplift to address market signals should be applied to demographic projections, which are about 400 dpa (2014-based SNHP) and about 354 (2016-based SNHP). However, based on the standard method (which uses the 2014-based SNHP as the starting point), which points to a need of at least 608 dpa, a substantial uplift has already been applied to the housing numbers to take account of 'market signals'.

Chapter 6: Affordable Housing

Introduction

6.1 An important aspect of the HEDNA is to assess the need for affordable housing. The scale of need for affordable housing identified through this assessment is a key component in determining East Hampshire's policies to provide affordable housing. It will also be considered in developing the figure for need above that calculated by the standard method, if necessary.

6.2 As set out within Annex 2 of the revised NPPF (July 2018), the definition of affordable housing was amended to include housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is essential local workers); and which complies with one or more of the following definitions:

a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

6.3 As can be seen above, the revised NPPF has widened the definition of affordable housing to include a fuller range of products that can support people to access home ownership. This includes products that are analogous to low cost market housing or intermediate rent, such as discount market sales or innovative rent to buy housing.

6.4 A methodology is set out in Planning Practice Guidance (PPG)19 to look at affordable need (within the Housing need assessment guide), this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis within this chapter differentiates between the current definition of affordable need and the additional definition, providing distinct analysis for each.

Affordable Housing Need (established definition)

6.5 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) 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). The analysis below follows the methodology and key data sources in guidance and can be summarised as:

- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
- Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market);
- Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);
- These three bullet points added together provide an indication of the gross need (the current need is divided by 19 so as to meet the need over the 2017-36 period);
- Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe[20] and the Council); and
- Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing

6.6 Each of these stages is described below. In addition, much of the analysis requires a view about affordability to be developed. This includes looking at house prices and private rents along with estimates of local household incomes, as well as current housing waiting lists held

[19] https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#affordable-housing

[20] The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

by East Hampshire District Council. The following sections therefore look at different aspects of the analysis.

Local Prices and Rents

6.7 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'.

6.8 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes). The following section expands on this information in more detail to present a consideration of the types of affordable housing that might meet local needs. This section focuses on establishing, in numerical terms, the overall need for affordable housing.

6.9 Analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) 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.

6.10 Data from the Land Registry for the year to March 2018 (i.e. Q2-Q4 of 2017 and Q1 of 2018) shows estimated lower quartile property prices in the District by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £156,000 for a flat and rising to £409,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile 'average' price of £275,400.

Table 6.1: Lower quartile cost of housing to buy – year to March 2018 – East Hampshire

	Lower quartile price
Flat/maisonette	£155,800
Terraced	£255,000
Semi-detached	£305,100
Detached	£409,300
All dwellings	£275,400

Source: Land Registry

6.11 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2018. 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 £700 per month.

Table 6.2: Lower Quartile Market Rents, year to March 2018 - East Hampshire

	Lower Quartile rent, pcm
Room only	-
Studio	£450
1-bedroom	£595
2-bedrooms	£775
3-bedrooms	£950
4-bedrooms	£1,395
All properties	£700

Source: Valuation Office Agency

6.12 The rental figures above have been taken from VOA 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 four 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 VOA. The overall lower quartile purchase price has also been shown (drawn directly from the Land Registry source). The analysis shows higher rent levels in the Southern parishes and the highest purchase prices to be in the National Park area. To some extent the overall averages are influenced by the mix of housing in each area – the rental sector in the National Park does for example seem to have a higher proportion of smaller homes when compared with other locations.

Table 6.3: Lower Quartile Market Rents, by sub-area

	Lower quartile price	Lower Quartile rent, pcm
North West	£288,900	£690
North East	£260,000	£705
SNDP	£315,600	£690
Southern parishes	£266,100	£750
All properties	£275,400	£700

Source: Internet private rental cost search and Land Registry

6.13 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, MHCLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).

6.14 The threshold of income to be spent on housing should be set by asking the question 'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?' The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold, but are simply being used to assess how many can or can't afford market housing.

6.15 Rent levels in East Hampshire are relatively high in comparison to those seen nationally (a lower quartile rent of £520 per month across England). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range. Taking account of likely residual income and to reflect that the cost of living in East Hampshire is likely to be higher than nationally, it has been estimated that a threshold of 31% would be appropriate.

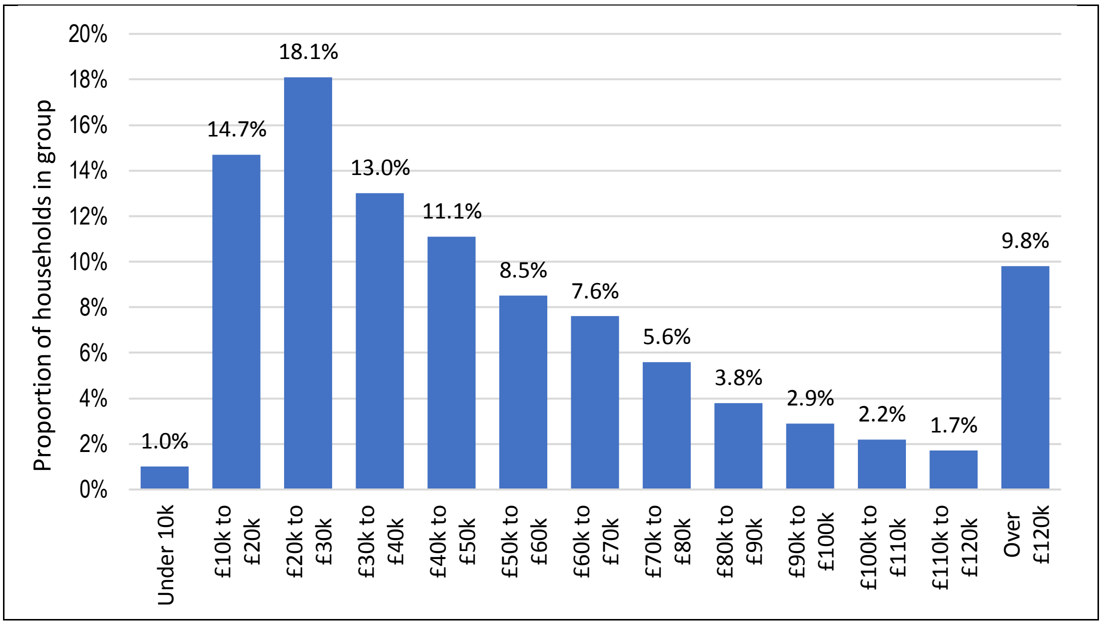
6.16 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis to follow is based solely on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in the revised NPPF and are returned to when looking at this new definition.

Income Levels and Affordability

6.17 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.

6.18 Drawing all of this data together we have therefore been able to construct an income distribution for the whole East Hampshire area for 2017. The figure below shows that around a sixth (16%) 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 £56,200, with a median income of £42,700; the lower quartile income of all households is estimated to be £24,700.

Figure 6.1: Distribution of Household Income in East Hampshire (mid-2017 estimate)



Source: Derived from EHS and ONS data (Justin Gardner Consulting)

6.19 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing mean, median and lower quartile incomes in each area. The analysis shows the highest incomes to be in the North West sub-area and the lowest in the National Park. Overall, however, there is relatively little difference between the areas.

Table 6.4: Estimated average (mean) household income by sub-area (mid-2017 estimate)

	Mean	Median	Lower quartile
North West	£58,104	£44,193	£25,600
North East	£55,079	£41,892	£24,200
SNDP	£54,462	£41,423	£24,000
Southern parishes	£57,630	£43,832	£25,400
All households	£56,154	£42,685	£24,700

Source: Derived from EHS and ONS data

6.20 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

6.21 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 (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.

Housing Waiting Lists

6.22 Although potentially not including all households in need of housing, and conversely including those who do not fall within the definition of being in need of affordable housing, the local housing waiting list provides context for what the need and demand for affordable housing is. At the very least, if all of the households on the waiting list were accommodated, it would be reasonable to assume that all demand for affordable housing would be met, even if there remain households in need which are not reflected in the waiting list.

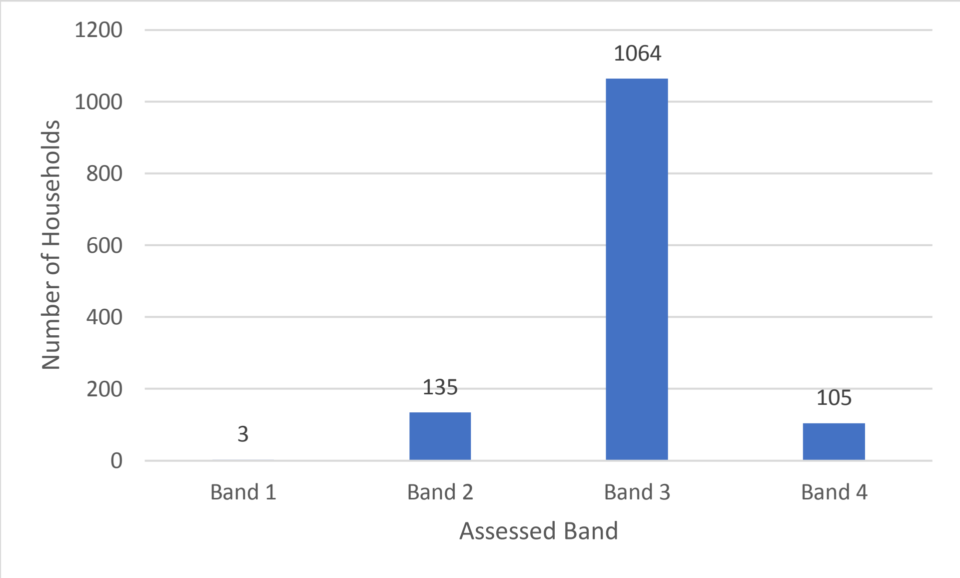
6.23 Hampshire's Home Choice (HHC) was launched in April 2009 and records those in housing need in East Hampshire District, Havant Borough, Winchester City, Test Valley Borough and Eastleigh Borough. Following the introduction of the Localism Act in 2011, Band 5 was removed from HHC, which included households whose circumstances do not fall within the criteria of housing need.

6.24 A person will normally qualify to join the Hampshire Home Choice (HHC) Register and therefore qualify for an allocation under the HHC Scheme, if they are:

- In Housing Need and,
- Have a single or joint household income of less than £60,000 per annum
- Assets and/or savings of less than £16,000, and
- Have a local connection with one of the participating Councils through residency, family connections or employment.

6.25 As of the 1st April 2018 a total of 1,307 households were registered in East Hampshire on HHC. Since 1st April 2017, the number of households registered within East Hampshire has reduced by 77, mainly as a result of annual renewals and housekeeping of the Housing Register. As shown by Figure 6.2 below, only 3 (2.3%) households are in Band 1, 135 (10.3%) households in Band 2, 105 (8%) households in Band 4. The majority of households, some 1,064 (81.4%) on the HHC Register are within Band 3.

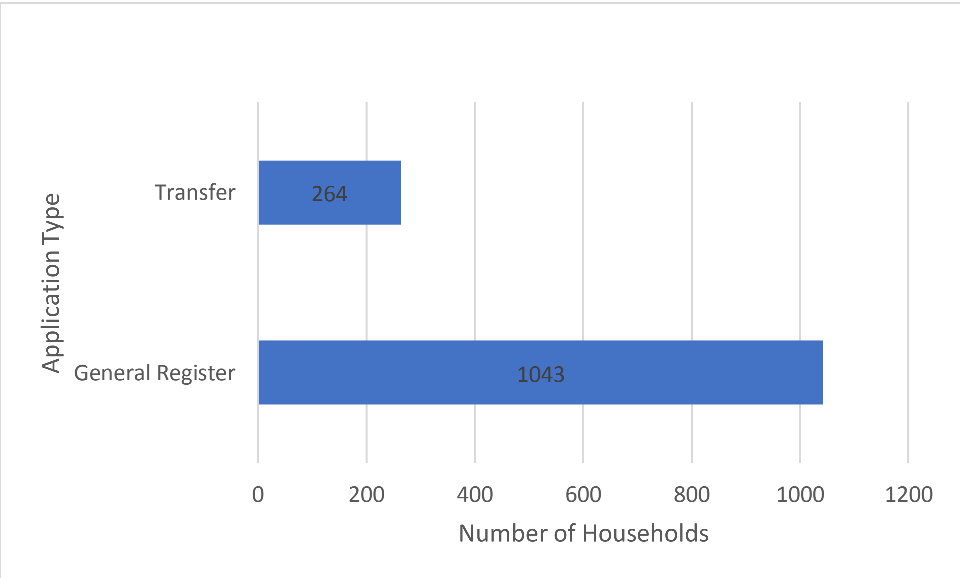
Figure 6.2: Number of Households by Assessed Band



Source: East Hampshire District Council

6.26 As shown by Figure 6.3 below, data from HHC shows that in East Hampshire, 20.2% of households are transfers, meaning of the 1,307 waiting list, 264 were existing social rented or affordable rent tenants seeking a transfer, with the remaining 1,043 being households from other tenures in need.

Figure 6.3: Number of Households by Application Type



Source: East Hampshire District Council

6.27 Although housing waiting lists provide a useful context to those in affordable housing need, without further data, the figures would be a misrepresentation of those who are in actual need of affordable housing. Therefore, the methodology established in the PPG should be used to guide analysis of the current affordable housing needs of East Hampshire, as outlined in the remainder of this chapter.

Current Affordable Housing Need

6.28 In line with PPG[21], 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 bring their aspiration – this category is considered separately in this chapter (under the title of the additional definition of affordable housing need).

Table 6.5: Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households (and those in temporary accommodation	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
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 (with dependent or non-dependent children)
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-023]

6.29 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. 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.

6.30 Table 6.6 below shows the initial estimate of the number of households within the District with a current housing need. These figures are before any consideration of affordability has been made and has been termed 'the number of households in unsuitable housing'. Overall, the analysis suggests that there are currently some 2,800 households living in unsuitable housing (or without housing) – the highest number are estimated to be in the North East sub-area, and the lowest in the Southern parishes (Table 6.7).

[21] Paragraph: 023 Reference ID: 2a-023-20180913

Table 6.6: Estimated number of households living in unsuitable housing

Category of 'need'	Households
Homeless households	116
Households in overcrowded housing	1,121
Concealed households	459
Existing affordable housing tenants in need	121
Households from other tenures in need	972
Total	2,789

Source: CLG Live Tables, Census (2011) and data modelling

Table 6.7: Estimated number of households living in unsuitable housing (by sub-area)

	Home-less	Over-crowded	Con-cealed	AH tenants	Other tenures	Total
North West	30	301	108	35	238	712
North East	32	359	144	38	270	843
SNDP	33	317	119	35	318	821
Southern parishes	21	145	88	13	146	413
Total	116	1,121	459	121	972	2,789

Source: CLG Live Tables, Census (2011) and data modelling

6.31 In taking this estimate forward, the data modelling 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. A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need (student households rarely qualify for affordable housing). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

6.32 Table 6.8 below shows it is estimated that there were 4,200 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

Table 6.8: Unsuitable housing by tenure and numbers to take forward into affordability modelling

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	712	71
Affordable housing	520	0
Private rented	983	981
No housing (homeless/concealed)	575	575
Total	2,789	1,628

Source: CLG Live Tales, Census (2011) and data modelling

6.33 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. For an affordability test 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 level of 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. 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). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.

6.34 Overall, around 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 reduced to 775 households in the District. Table 6.9 below shows how current need is estimated to vary across sub-areas.

Table 6.9: Estimated Current Affordable Housing Need

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
North West	410	44.6%	183
North East	481	48.9%	235
SNDP	507	46.2%	234
Southern parishes	230	53.6%	123
Total	1,628	47.6%	775

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Newly-Forming Households

6.35 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.

6.36 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with MHCLG 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.

6.37 In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys. 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).

6.38 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 without any form of subsidy (such as LHA/HB). The assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing (to rent) and that a total of 335 new households will have a need on average in each year to 2036.

Table 6.10: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – East Hampshire

	No. of new households	% unable to afford	Total in need
North West	238	34.8%	83
North East	269	38.1%	102
SNDP	253	37.7%	95
Southern parishes	141	38.9%	55
Total	901	37.2%	335

Source: Projection Modelling/affordability analysis

Existing Households Falling into Affordable Housing Need

6.39 The second element of newly arising need is existing households falling into need. To assess this, information from CoRe has been used. This looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over this period.

6.40 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.

6.41 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)'.

6.42 Following the analysis through suggests a need arising from 144 existing households each year from 2017 to 2036.

Table 6.11: Estimated Level of Affordable Housing Need from Existing Households falling into need (per annum) – East Hampshire

	Total additional need	% of total
North West	40	27.9%
North East	46	31.9%
SNDP	42	29.1%
Southern parishes	16	11.0%
Total	144	100.0%

Source: CoRe/affordability analysis

Supply of Affordable Housing

6.43 The future supply of affordable housing 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.

6.44 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 the CoRe system has been used to establish past patterns of social housing turnover, along with data from the Council about past lettings (to provide sub-area estimates). The figures include general needs and supported 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.

6.45 On the basis of past trend data is has been estimated that 280 units of social/affordable rented housing are likely to become available each year moving forward.

Table 6.12: Analysis of past social/affordable rented housing supply (per annum – based on data for 2014-17 period)

	General needs	Supported housing	Total
Total lettings	306	190	496
% as non-new build	74.4%	98.9%	83.8%
Lettings in existing stock	228	188	416
% non-transfers	65.0%	70.1%	67.3%
Total lettings to new tenants	148	132	280

Source: CoRe

6.46 Table 6.13 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 6.13: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
North West	81	29.0%
North East	88	31.5%
SNDP	81	28.9%
Southern parishes	30	10.7%
Total	280	100.0%

Source: CoRe/East Hampshire Council/Census (2011)

6.47 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. However, these have not been included within the modelling in this HEDNA. 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) – as of 2017, MHCLG data shows 25 vacant general needs homes in the District. 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 Affordable Housing Need

6.48 Table 6.14 below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows that there is a need for 240 dwellings per annum to be provided – a total of 4,600 over the 19-year period (2017-36). The net need is calculated as follows:

Net Need = Current Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 6.14: Estimated Need for Affordable Housing – East Hampshire

	Per annum	2017-36
Current need	41	775
Newly forming households	335	6,373
Existing households falling into need	144	2,735
Total Gross Need	520	9,884
Re-let Supply	280	5,315
Net Need	240	4,569

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis - figures may not sum due to rounding (Justin Gardner Consulting)

6.49 Table 6.15 below shows the annualised information for individual sub-areas. The analysis shows a need for additional affordable housing in all parts of the District, with the highest figure being seen in North East, closely followed by the National Park area.

Table 6.15: Estimated Need for Affordable Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
North West	10	83	40	133	81	52
North East	12	102	46	161	88	73
SNDP	12	95	42	150	81	69
Southern parishes	6	55	16	77	30	47
Total	41	335	144	520	280	240

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis - figures may not sum due to rounding (Justin Gardner Consulting)

How Much Should Affordable (rented) Housing Cost?

6.50 The analysis above has studied the overall need for affordable housing using a well-established model. This model focusses on households who cannot afford to rent in the market. These households are therefore most likely to have a need for rented housing and below is an analysis that sets out what might be an affordable rent for different sizes of accommodation (in different locations) based on local incomes and housing costs.

6.51 The analysis essentially considers what might be a 'Living Rent'. These calculations are based on research by JRF/Savills22 and use the following methodology:

- Annual Survey of Hours and Earnings (ASHE) lower quartile earnings;
- Adjustment for property size by recognised equivalence model; and
- Starting rent set at 28% of net earnings
- Rent set at Local Housing Allowance (LHA) limits where calculations show a higher figure

6.52 The analysis shows rents starting at about £530 for a 1-bedroom home (in the National Park) and rising to £900 for homes with 3-bedrooms in the North West area (the Living Rent method only goes up to 3-bedrooms). However, it is not considered sensible to be charging a rent in excess of LHA, as this would mean many households having to top up their rent from other income sources – the second table below shows LHA limits in the four Broad Rental Market Areas (BRMAs) covering East Hampshire.

6.53 For all property sizes in some locations there is a case for ensuring that rents are capped at the maximum amount of benefit able to be claimed. This is particularly the case in the Southern parishes and the National Park and is largely due to these areas (including the settlement of Petersfield) being within a Portsmouth Broad Rental Market Area for the purposes of LHA – rents in Portsmouth are notably lower than in the 'Portsmouth' areas of East Hampshire. The issue of LHA limits should be a key consideration when setting rent levels for any new developments.

Table 6.16: Living rents (per month) – 2017/18

	1-bedroom	2-bedroom	3-bedrooms
North West	£562	£731	£900
North East	£533	£693	£853
SNDP	£527	£685	£843
Southern parishes	£558	£725	£892
East Hampshire	£544	£707	£870

Source: ASHE and Living Rents methodology

Table 6.17: Maximum Local Housing Allowance (Housing Benefit) by location and property size (November, 2018)

	1-bedroom	2-bedroom	3-bedrooms
Basingstoke	£598	£702	£833
Blackwater Valley	£612	£765	£913
Guildford	£740	£966	£1,196
Portsmouth	£505	£626	£748
Winchester	£643	£791	£918

Source: Valuation Office Agency

[22] http://pdf.savills.com/documents/Living%20Rents%20Final%20Report%20June%202015%20-%20with%20links%20-%2019%2006%202015.pdf

Affordable Housing – Expanded NPPF Definition

6.54 Using the previously established method to look at affordable need, it was estimated that there is a need for around 240 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.

6.55 The Revised NPPF introduces a new category of household in affordable housing need, and widens the definition of affordable housing (as found in the NPPF – Annex 2 (see glossary)). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.

6.56 This section considers the level of need for these types of dwellings in East Hampshire. The NPPF states "Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups." (NPPF, paragraph 64).

6.57 Planning Policy Guidance (September, 2018) 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.

6.58 The methodology used in the HEDNA therefore draws on the current method, and includes an assessment of current needs, projected need (newly forming and existing households) and an estimate of the supply of housing. 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. For the supply of affordable home ownership, analysis of Land Registry has been undertaken with the supply figure taken to be an estimate of the number of homes sold at a price below the equivalent cost of private renting (see below).

6.59 Just by looking at the relative costs of housing to buy and to rent it is clear that there will be households in East Hampshire who can currently rent but who may be unable to buy. In the year to March 2018, the 'average' lower quartile private rent is shown by VOA to cost around £700 a month, assuming a household spends no more than 31% of income on housing, this would equate to an income requirement of about £27,100. For the same period, Land Registry data records a lower quartile price in the study area of £275,400, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of around £62,000.

6.60 If the rental figure is worked backwards into an equivalent purchase price then this gives an affordable price to buy of about £120,400 (calculated as (27,100×4)÷0.9). Any home sold at a price at or below £120,400 is considered to be able to contribute towards meeting the need for affordable home ownership (it should be noted that this is shown as an example with local data being used for each area).

6.61 Table 6.18 below shows that following the stages of analysis there is an estimated need for around 407 units of affordable home ownership per annum. This figure should be seen as indicating the potential demand for such accommodation, as it should be remembered that all of the households picked up in this analysis will be able to afford market housing in the private rented sector without subsidy.

Table 6.18: Estimated Annual Level of Need for Affordable Home Ownership products (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Supply	Net Need
North West	8	100	16	124	8	116
North East	8	98	14	120	11	109
SNDP	11	113	15	139	6	133
Southern parishes	3	49	5	57	8	49
Total	30	360	50	440	33	407

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis - figures may not sum due to rounding (Justin Gardner Consulting)

6.62 On the basis of this analysis is seems reasonable to suggest that the Local Planning Authority could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the Revised NPPF). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.

6.63 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. As is clear from both the Revised NPPF and PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); therefore, there is no net change in the total number of households or the number of homes required.

6.64 Finally, it is worth discussing what sort of costs the affordable home ownership should be. The Annex 2 definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV). 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 housing is more expensive than that typically available in the open market.

6.65 The preferred approach within the HEDNA is to set out a series of affordable purchase costs for different sizes of accommodation. These are based on equivalising the private rent figures into a house price so that the sale price will meet the needs of all households in the gap between buying and renting. Setting higher prices would mean that such housing would not be available to many households for whom the Government is seeking to provide an 'affordable' option.

6.66 Therefore, Table 6.19 below sets out a suggested purchase price for affordable home ownership across East Hampshire. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one-bedroom home 'affordable' price of about £100,000 rising to over £200,000 for homes with 4 or more bedrooms. These figures can be monitored and updated every six months by reference to VOA data.

Table 6.19: Affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to March 2018

	1-bedroom	2-bedroom	3-bedroom	4+-bedroom
North West	£107,100	£131,300	£157,800	£247,700
North East	£91,300	£131,300	£158,600	£230,600
SNDP	£103,200	£135,400	£174,500	£277,600
Southern parishes	£103,200	£139,500	£157,800	£221,200
East Hampshire	£102,600	£133,700	£163,900	£240,600

Source: derived from VOA data (Justin Gardner Consulting)

6.67 If the Local Planning Authority do seek for some additional housing to be in the affordable home ownership sector, it is additionally recommended that they set up a register of people interested in these products (in a similar way to the current Housing Register). This will enable any properties to be 'allocated' to households whose circumstances best meet the property on offer.

Conclusion

6.68 Analysis has been undertaken to estimate the need for affordable housing in the emerging Local Plan period (2017-36). The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).

6.69 The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.

6.70 Using the traditional method, the analysis suggests a total need for 4,569 affordable homes over the 19-year plan period (2017-2036) across the District, which is equivalent to 240 dwellings per annum, which fully justifies seeking to secure additional affordable housing. It should also be noted that the need exists in all parts of the district, irrespective of whether within or outside the National Park.

6.71 It is also suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing

Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).

6.72 Using the additional definition, a higher level of 'need' is shown (for around 400 dwellings per annum). However, it should be noted that all of these households in need can actually afford market housing (to rent). On this basis the analysis suggests that a 10% target for affordable home ownership options may be appropriate (the 10% figure coming from the NPPF) but a higher figure may not be as this would lead to less provision for those with more acute needs.

6.73 In terms of setting housing costs in the affordable home ownership sector, it is recommended that the Local Planning Authority considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that all households in need under the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value in some instances. The Local Planning Authority should also consider setting up a register for people interested in affordable home ownership products.

6.74 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 across East Hampshire. It does however need to be stressed that this report does not provide an affordable housing target; 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.

Chapter 7: The Local Economy: Indicators, Trends & Forecasts

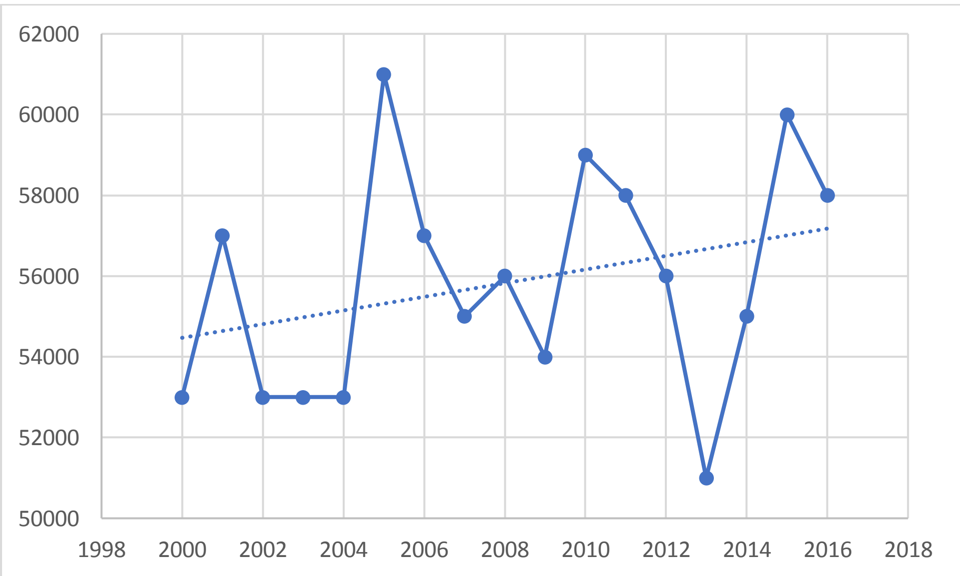
Economic Profile of East Hampshire

7.1 East Hampshire is a largely rural district, split into two planning areas by the South Downs National Park, which runs through its centre. East Hampshire District Council's planning area includes the settlements of Alton, Horndean, Liphook and Whitehill & Bordon which are locations for industrial, office and warehousing activities; the South Downs National Park includes Petersfield, which is also a location for these activities. The national statistics do not readily allow the Council to distinguish between employment in the National Park and elsewhere, so the following information is presented for East Hampshire as a whole.

7.2 Changes in the workforce over time provide an indication of how the local economy has been performing. It is especially useful to look at changes in how the number of jobs has varied in relation to the proportion of the traditional "working age" population (i.e. the proportion that is most likely to be economically active, typically aged between 16 and 64 years old). This indicates the change in local employment opportunities for the population, with a higher ratio suggesting that there is more local choice.

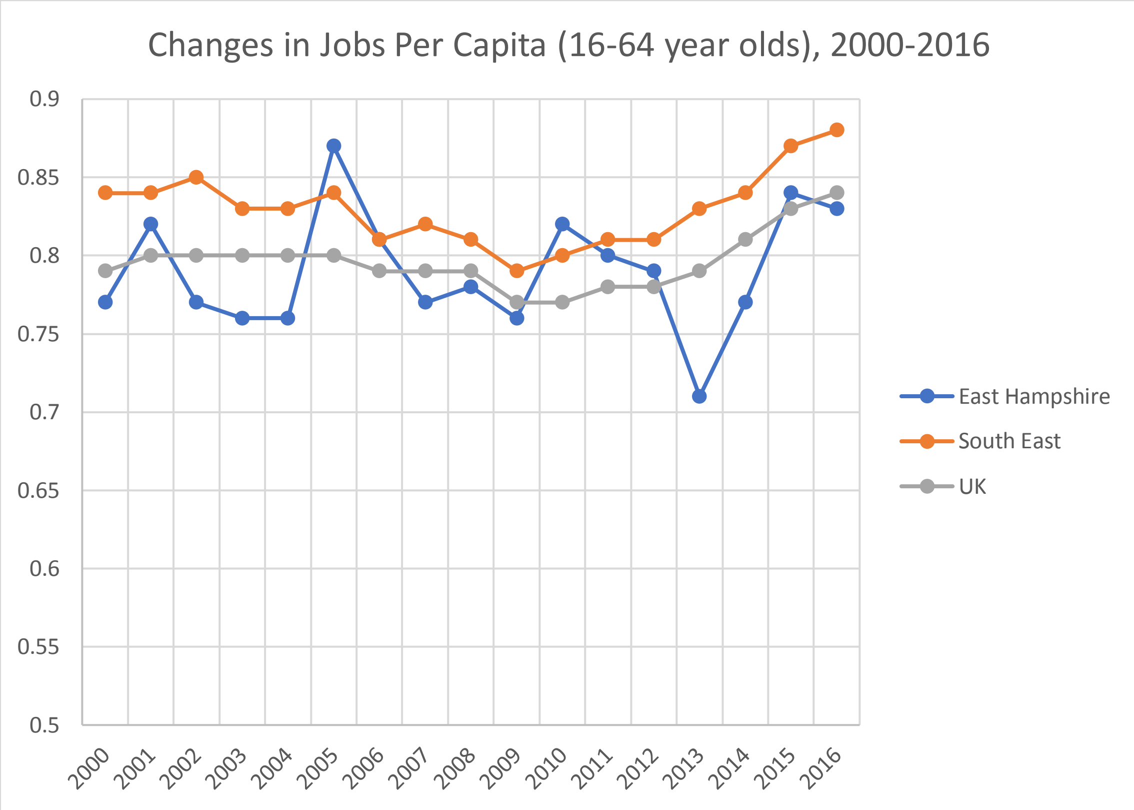
7.3 Figure 7.1 shows the changes in the total number of jobs for East Hampshire (as estimated by the ONS) whilst Figure 7.2 shows how this compares to changes in the 16-64 year old population. Figure 7.2 also shows how changes in East Hampshire compare to changes seen at a regional and national level. Since the turn of the millennium, it appears that the number of jobs in East Hampshire has fluctuated but has generally increased; and that the availability of local job opportunities has also increased.

Figure 7.1: Total Jobs in East Hampshire (2000-2016)



Source: ONS jobs density, obtained from nomisweb.co.uk in July 2018

Figure 7.2: Changes in Jobs Per Capita – 16-64 year olds (2000-2016)



Source: ONS jobs density, obtained from nomisweb.co.uk in July 2018

7.4 Table 7.1 shows the breakdown of employee jobs (i.e. excluding the self-employed and HM Forces personnel) in the district, compared to corresponding national figures and figures for the South East. The largest employment sectors in 2015 were Wholesale and Retail Trade, including Motor trades (18.6%), Education and Health (11.6%) and Accommodation and Food Service Activities (9.3%).

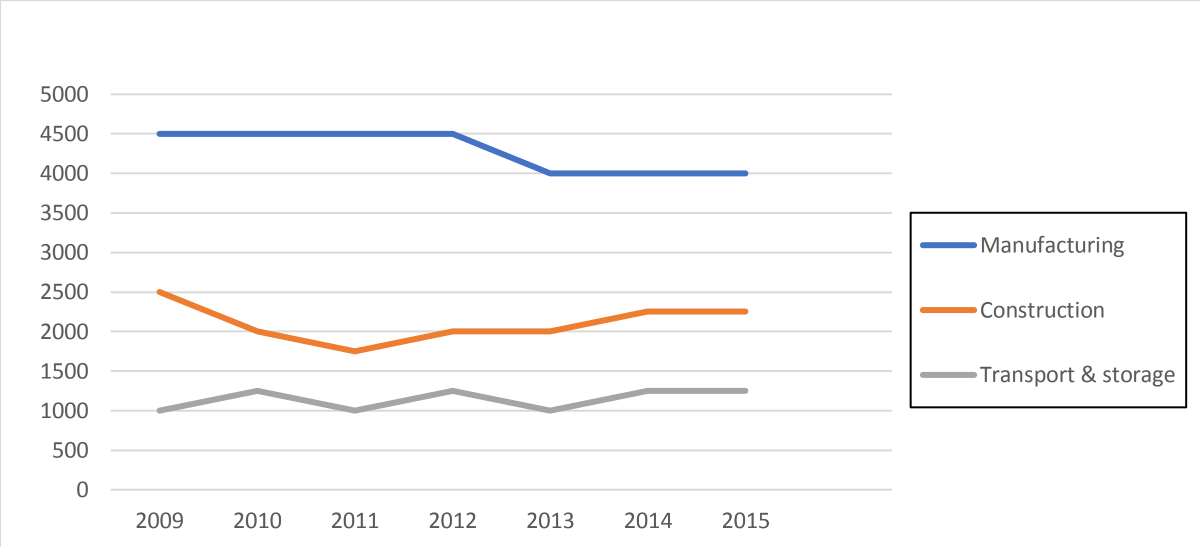
7.5 Not all sectors of the local economy will require industrial- or office-style floorspace. For example, businesses in the retail sector are likely to require shop premises for their commercial purposes. However, many businesses that are involved in manufacturing (C), construction (F), transportation & storage (H) activities may be interested in occupying industrial or warehousing premises; whilst businesses involved in information and communication (J), financial and insurance activities (K), professional, scientific and technical activities (M), and administration activities (N & O) may occupy office, or mixed office and industrial floorspace. It is worth looking at how the number of employees has changed over time within these sectors of the local economy, as this provides an indication of how overall (i.e. latent and effective) demand for B Use Class floorspace is likely to have changed. See Figures 7.3 and 7.4 for details.

Table 7.1: Breakdown of Employee Jobs

	East Hampshire (employee jobs)	East Hampshire (%)	South East (%)	Great Britain (%)
Total employee jobs	443,000	-	-	-
Full-time	228,000	665.1	67.3	67.8
Part-time	115,000	334.9	32.7	332.2
Employee jobs by industry				
B : Mining and quarrying	35	0.1	0.1	0.2
C : Manufacturing	3,500	8.1	6.3	8.1
D : Electricity, gas, steam and air conditioning supply	200	0.5	0.5	0.4
E : Water supply; sewerage, waste management and remediation activities	350	0.8	0.6	0.7
F : Construction	2,500	5.8	5.0	4.6
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	8,000	18.6	16.3	15.3
H : Transportation and storage	1,500	3.5	5.1	4.9
I : Accommodation and food service activities	3,000	7.0	6.8	7.5
J : Information and communication	2,000	4.7	6.2	4.2
K : Financial and insurance activities	1,500	3.5	2.9	3.6
L : Real estate activities	700	1.6	1.9	1.6
M : Professional, scientific and technical activities	4,000	9.3	8.9	8.6
N : Administrative and support service activities	3,000	7.0	9.2	9.0
O : Public administration and defence; compulsory social security	900	2.1	3.1	4.3
P : Education	5,000	11.6	10.2	8.9
Q : Human health and social work activities	5,000	11.6	12.0	13.3
R : Arts, entertainment and recreation	1,000	2.3	2.6	2.5
S : Other service activities	1,250	2.9	2.2	2.1

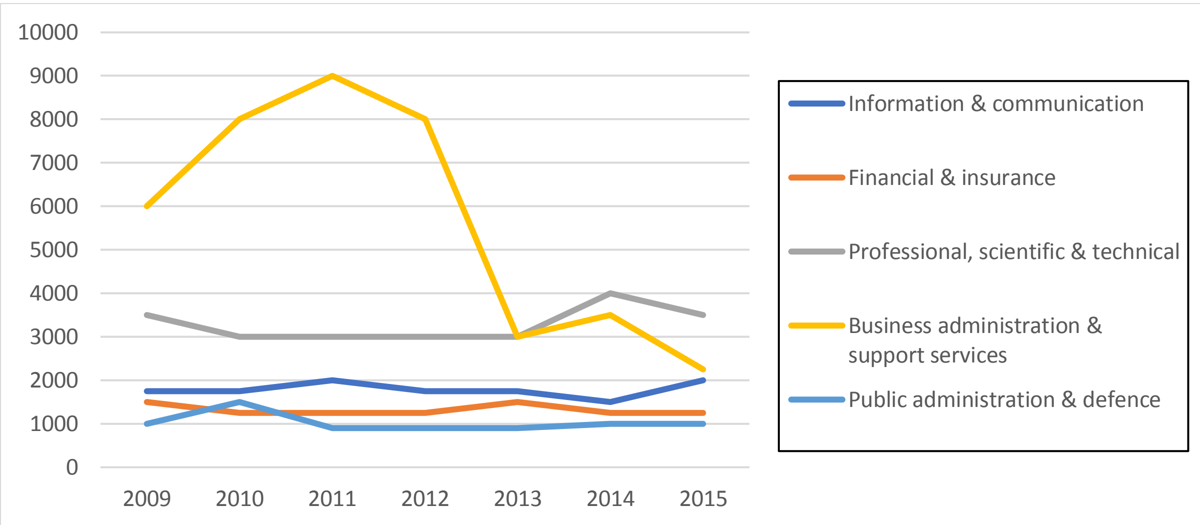
Source: ONS Business Register and Employment Survey, obtained from nomisweb.co.uk in July 2018

Figure 7.3: Number of Employees in East Hampshire (2009-2015)



Source: Business Register and Employment Survey (excl. units registered for PAYE only), obtained from nomisweb.co.uk in July 2018

Figure 7.4 Number of Employees in East Hampshire (2009-2015)



Source: Business Register and Employment Survey (excl. units registered for PAYE only), obtained from nomisweb.co.uk in July 2018

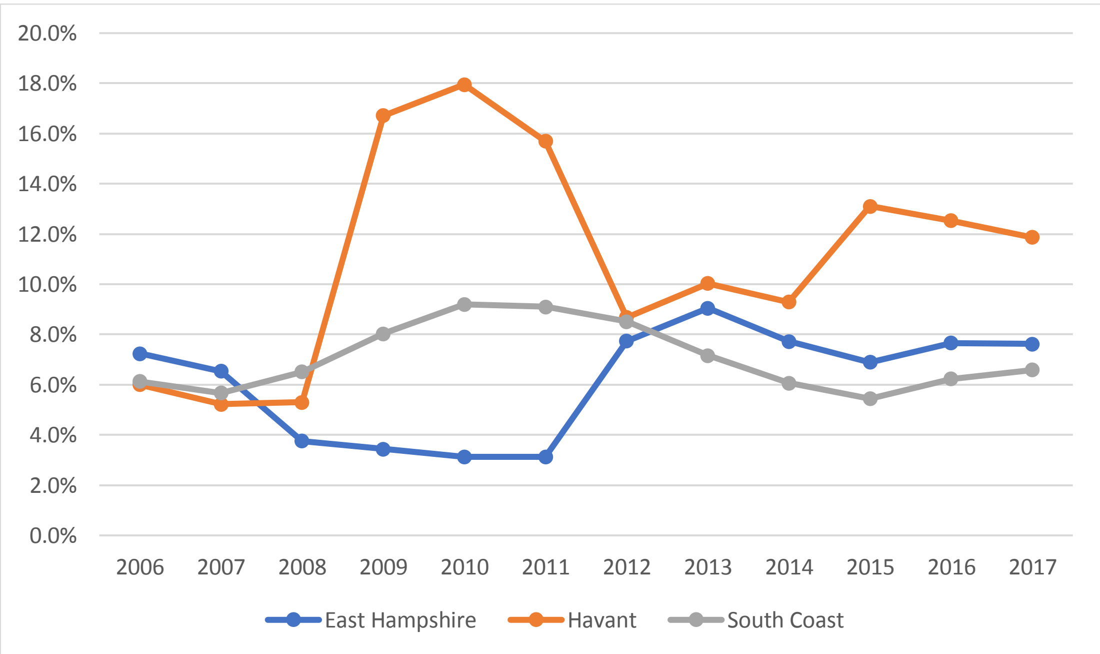
7.6 Since 2009, it appears that there has been a small overall reduction in the number of employees in industrial sectors of the local economy. However, a recent (2012-2013) decrease in manufacturing jobs has been partially offset by increases in jobs in the construction and the transport & storage sectors. For office-based businesses, there have been substantial fluctuations in the number of employees in the business administration and support services sector, with a 50% increase in jobs between 2009 and 2011, followed by a 66% decrease between 2011 and 2013. This sector includes recruitment agencies, companies involved in the renting and leasing of goods, call centres, private security firms and office administration activities. It is not clear why employment levels within this sector have shown such volatility compared to other office-related sectors. Figure 7.4 shows that the number of jobs in other office-related sectors has remained largely constant over the period 2009-2015, with smaller annual fluctuations (increases and decreases). It is interesting to note that this may simply indicate the relocation of a business or businesses from Havant Borough and its/their movement back again: Figure 7.5 shows that this change in job numbers coincided with large changes in vacant office floorspace between East Hampshire and Havant consistent with this suggestion.

7.7 Overall, with the exception of the business administration & support services sector of the local economy, there has been little significant change in the number of employees in industrial and office-related sectors of the local economy since the end of the last recession in 2009.

7.8 The change in the number of jobs within a sector is only one indicator of changes in demand for floorspace. For example, recent improvements in technology have meant that office-based businesses often require less floorspace, as a result of the decreasing space requirements of physical (IT) infrastructure and the growth of "agile working" (i.e. employees no longer having a fixed desk)23. A local business survey has been undertaken to help capture the views of local businesses and their demands for floorspace (see Chapter 8 for details).

7.9 A lack of suitable floorspace can also act as a constraint on local job growth, if businesses are forced to look elsewhere to meet their needs. The Council's Employment Background Paper of January 2018 identified evidence of constraint in the local property markets and so as part of the district's economic profile, it's important to consider changes in rental values and vacancy rates for office and industrial units, which are market signals for the availability and suitability of existing employment floorspace.

Figure 7.5: Change in Vacancy Rates – Office Floorspace



Source: CoStar 2018 (www.costar.co.uk, data downloaded in August 2018)

[23] See p.12 of Employment Density Guide, 3rd Edition, November 2015, Homes & Communities Agency for a discussion of these factors and associated trends.

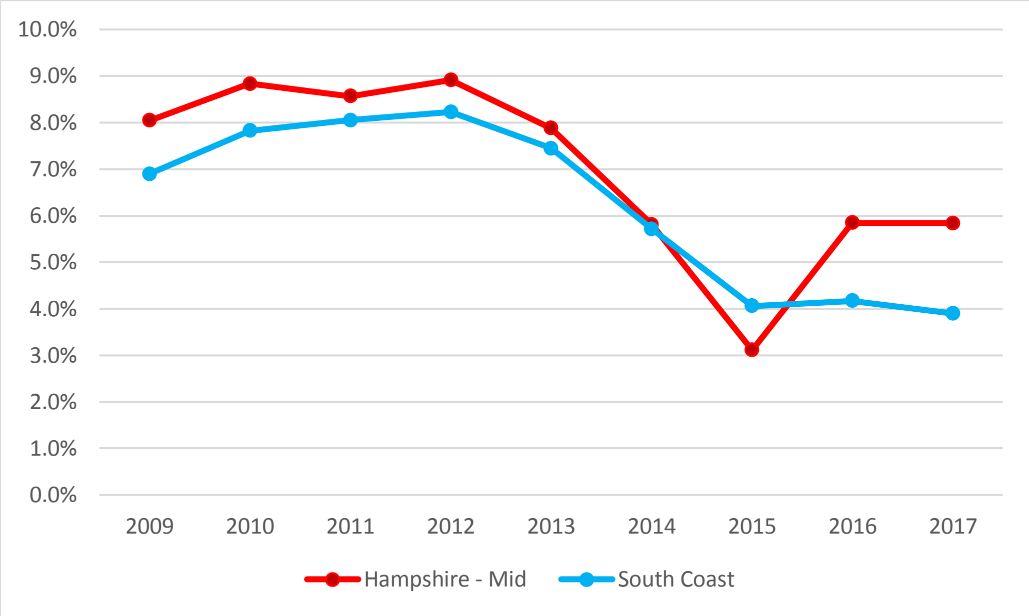
7.10 As can be seen from Figure 7.5, the vacancy rate of office accommodation in East Hampshire has typically been lower than the overall figure for the South Coast market area[24], between 2006 and 2016. This suggests a relatively tight property market with little excess space to allow for the movement of office-based businesses as their needs change. It is interesting to note that the vacancy rate in East Hampshire reduced slightly when permitted development rights were first introduced in other areas in 2013, allowing for a change of use from office to residential use without planning permission (NB: many parishes in East Hampshire received an exemption from the Secretary of State, when the permitted rights were first introduced). This suggests the movement of businesses into the district from elsewhere, due to conversion of their premises to residential use.

7.11 It is however noteworthy that this change in the vacancy rate, although contrary to what happened in neighbouring Havant, is consistent with the overall reduction in vacant property across the South Coast market area, which did not benefit from an exemption to the new permitted development rights. Furthermore, this reduction is not as great as that witnessed in the years immediately following the economic downturn in 2008. This period coincided with a reduction in the development of new floorspace in East Hampshire (see 'Employment Development Trends' section below). The reduction in vacant floorspace from 2008 to 2011 also coincides with a large increase in neighbouring Havant (see Figure 7.5). The fact that reductions in available office floorspace in East Hampshire coincide with increases in Havant suggests a strong linkage in the office markets of these areas, and that businesses move between these two areas.

7.12 East Hampshire is considered as part of a broader "mid-Hampshire" sub-market for purposes of compiling statistics on changes in industrial floorspace provision. Figure 7.6 shows that the vacancy rate for industrial accommodation in this wider area decreased from 2012 to 2015, but suggests that it has increased slightly since 2015. It is notable that the vacancy rate is generally higher in mid-Hampshire than in other parts of the south coast market area (which includes the cities of Portsmouth and Southampton); however, in all cases it has been below 10% since 2009. This is of some concern, given that the Council's 2013 Employment Land Review noted that the effective operation of a property market relies on there being c.10% of vacant floorspace, to allow for "churn" within the market (i.e. the movement of businesses between premises, as their needs change).

[24] The South Coast market area is considered to include East Hampshire as a sub-market, by the property market professionals at CoStar.

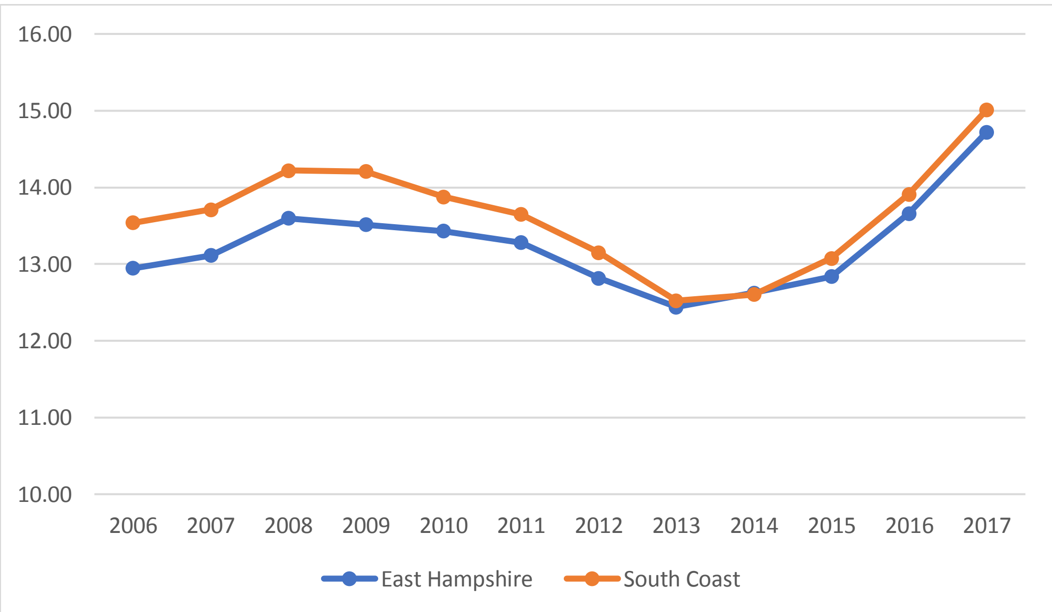
Figure 7.6: Change in Vacancy Rates – Industrial Floorspace



Source: CoStar 2018 (www.costar.co.uk, data downloaded in August 2018)

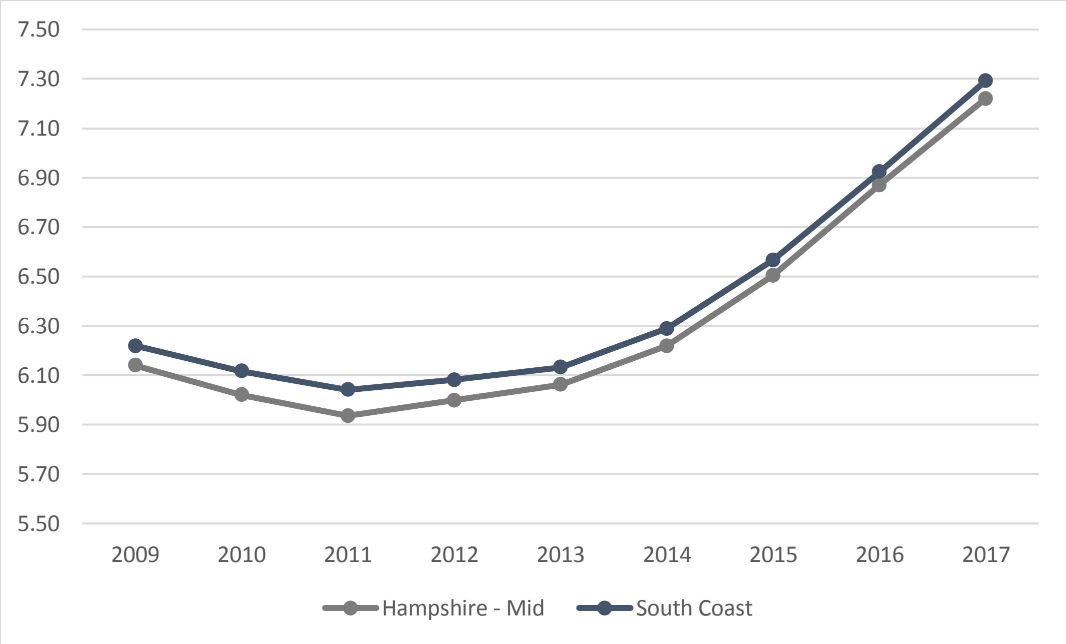
7.13 Overall, the information on vacancies in office and industrial premises across East Hampshire provides evidence of local constraints in the availability of office and industrial premises, during the period since 2006 (for offices) and 2009 (for industrial stock). Less than 10% of the existing floorspace has typically been available for rent/sale (see Figures 7.6), whilst rental values for both office and industrial premises have tended to rise since 2013 (see Figures 7.7 & 7.8). These are indications of a recent and continuing imbalance between supply and demand, whereby the effective demand for floorspace outstrips the available supply. See Figures 7.7 and 7.8 (below) for further details of how office and industrial rents have changed since 2006 (for offices) and 2009 (for industrial premises).

Figure 7.7: Change in Average Rents – Office Space (£/sq.ft)



Source: CoStar 2018 (www.costar.co.uk, data downloaded in August 2018)

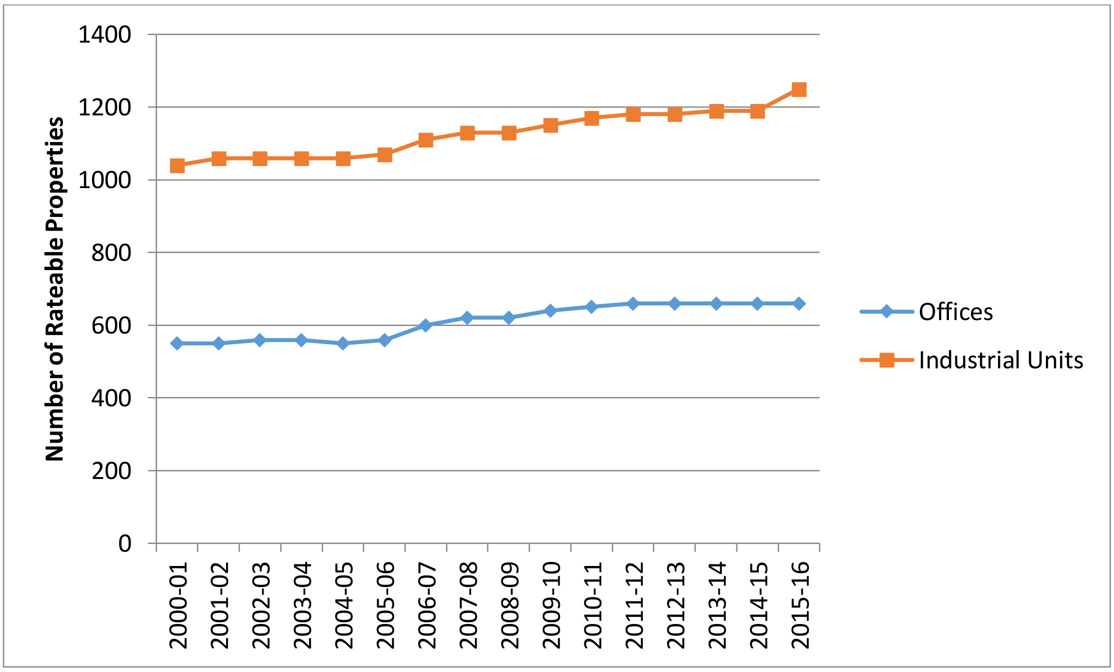
Figure 7.8: Change in Average Rents – Industrial Space (£/sq.ft)



Source: CoStar 2018 (www.costar.co.uk, data downloaded in August 2018)

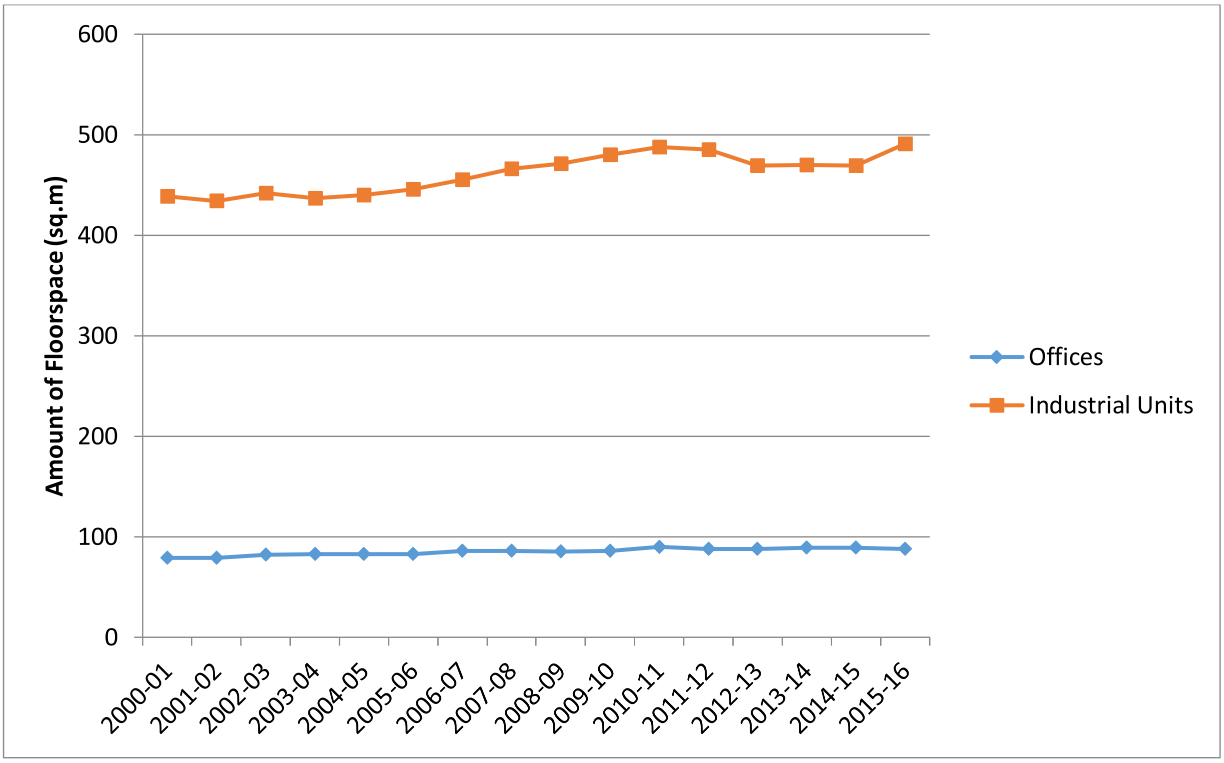
7.14 The Valuation Office Agency produces statistics to show how the number of office and industrial premises, and the total amount of floorspace, has changed over time within a local authority area. Figures 7.9 and 7.10 show how the number of rateable properties, and estimates for the total amount of floorspace has varied in East Hampshire, from 2001 to 2016. Generally speaking, these statistics suggest a positive economic picture, whereby the number of properties and amount of floorspace has increased over time. Nevertheless, as noted above, there are indications that supply has failed to keep pace with demand.

Figure 7.9: Number of Rateable Properties in East Hampshire (2001-2016)



Source: Business Floorspace, VOA as at 31 March 2016

Figure 7.10: Total Amount of Employment Floorspace in East Hampshire (2001-2016)



Source: Business Floorspace, VOA as at 31 March 2016

7.15 In summary, whilst East Hampshire employment levels in office- and industrial-related sectors have often fluctuated around similar levels since 2009 (whilst over the same period, there has been a tendency in the total number of jobs and availability of job opportunities to slightly increase); the demand for office and industrial floorspace has generally increased. There is evidence, in the form of low vacancy rates and rising rental values, of some constraints in the local property markets for office and industrial premises. All of this suggests that there is likely to be a market for new office and industrial floorspace, even if past development trends and future forecasts based on employment growth suggest that little additional floorspace is required. This matter is considered in more detail in Chapter 8. The following sections of this chapter look in more detail at the implications for future office and industrial floorspace provision in East Hampshire, arising from the likely change in job numbers and, firstly, from projections of past trends in the development of floorspace.

Past Employment Development Trends

7.16 The most recent monitoring statistics for the development and redevelopment of employment floorspace show that during the monitoring period 2017/18, a net total of 5,110m2 of additional floorspace was developed in East Hampshire, outside of the South Downs National Park. The majority of this floorspace was provided as part of the on-going regeneration at Whitehill & Bordon (at the former Quebec & Louisburg Barracks), but also included a replacement warehouse at Mill Lane in Alton. The following table (Table 7.2) provides more details on the amount of new floorspace provided over the last monitoring period, by market segment (office, industrial or mixed).

Table 7.2: Amount of floorspace provided (2017/18)

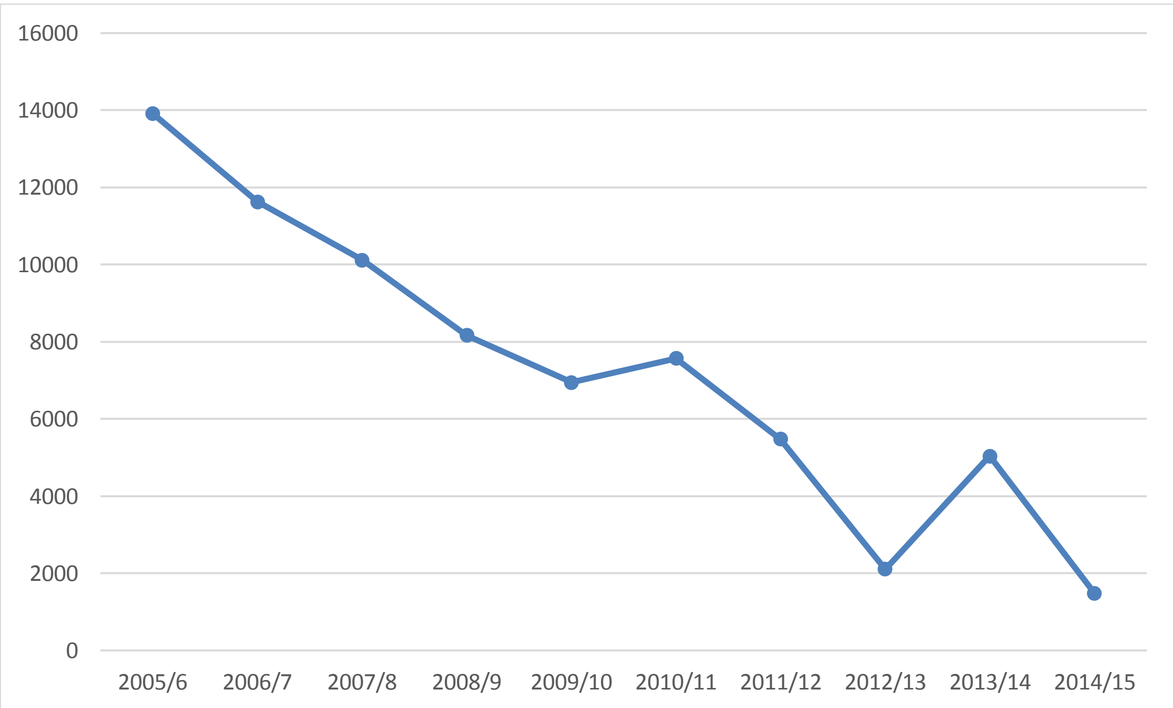
Market Segment	Completions 2017/18 (m^2)	Losses 2017/18 (m^2)	Net Change (m^2)
Office	811	0	811
Industrial	1798	1260	538
Mixed	2984	0	2984
Total	6370	1260	5110

Source: Hampshire County Council Industrial & Office Floorspace Monitoring Data

7.17 New employment floorspace has also been delivered within the South Downs National Park area of East Hampshire. In 2017/18, a net total of 3,357m^2 of new employment floorspace was delivered. This means that for 2017/18, across the district as a whole, a net total of 8,467m^2 of new employment floorspace was developed.

7.18 The overall provision of new floorspace in 2017/18 across East Hampshire offers hope for improvement to the trend in gross new floorspace provision that was previously reported in the Council's 2017 Employment Background Paper[25]. As first reported in that background paper, the district experienced a decline in the annual provision of new employment floorspace between 2005 and 2015, with total new additions reducing from over 10,000m^2 per year, to oscillating around the value of c.4,000m^2 per year. When associated losses are also taken into account, to give the net additions of employment floorspace, gains have been as low as around 2,000m2/year. As can be seen from Figure 7.11, the impact of the financial crisis was particularly noticeable after 2010, when comparatively small amounts of new floorspace were provided.

Figure 7.11: Annual Net Employment Floorspace Development in East Hampshire (m^2/year)

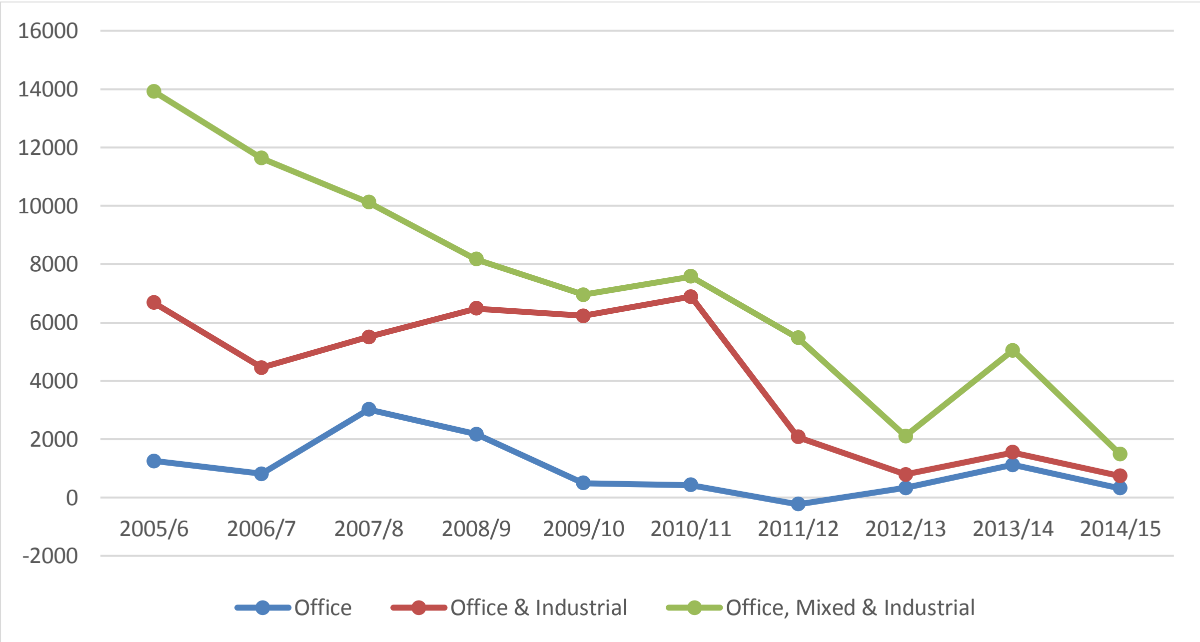


Source: Hampshire County Council Industrial & Office Floorspace Monitoring Data

[25] See Figure 11, p.33 of the Employment Background Paper Final Version, East Hampshire District Council, January 2018

7.19 Figure 7.12 shows how the ten-year trend in new floorspace provision varied by market segment (office, industrial and mixed employment floorspace). The declining trend in new floorspace was primarily due to a decline in the provision of floorspace for “mixed” industrial uses, which includes light and general industrial units, as well as warehousing and office uses on the same site. On the other hand, there has been a decline in the development of industrial premises since 2011, suggesting some interest in consolidating these different uses within the same site. Local businesses might have been looking to operate all of their functions out of a single unit or set of premises. Nevertheless, overall between 2010 and 2015, it appears that the most substantial additions have been for traditional industrial uses.

Figure 7.12: Stacked Chart showing the Contribution of Market Segments to Annual Net Employment Floorspace Development in East Hampshire (m^2/year)



Source: Hampshire County Council Industrial & Office Floorspace Monitoring Data

7.20 A ten-year period is sufficient for projecting forward past trends of new floorspace provision, to provide an estimate of the requirement for new floorspace over the local plan-period. However, it’s also worth including data for the period 2015/16 and 2016/17 which are the last full monitoring periods before the new local plan period (2017-2036).

7.21 Table 7.3 shows the annual net floorspace development from 2005/6 to 2016/17 and also provides information on the mean and median annual provision of new floorspace. These statistical analyses confirm that the market for industrial and mixed (i.e. industrial with an element of office) floorspace has been stronger than the market for office floorspace.

7.22 The mean and median values in Table 7.3 for the development of employment floorspace can be used to project future floorspace requirements during the local plan period (2017-2036). For purposes of projecting forward, it is reasonable to look at the past trends over a full economic cycle, and generally the period from 2005/6-2016/17 would capture this. However, it is worth reflecting on the unusual economic context for development beginning with the financial crisis and continuing to this day.

Table 7.3: Net Annual Completions of Employment Floorspace (2005-2017)

Area	Market Segment	Net Annual Completions of Employment Floorspace												Mean Annual Completions	Median Annual Completions
		2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17		
EHDC Planning Area	Office	1,037	450	3,017	1,232	498	426	0	0	278	0	135	0	589	352
	Industrial	3,107	2,092	1,759	4,011	4,306	5,293	0	475	424	420	1,002	380	1,939	1,381
	Mixed	1,945	2,055	2,971	1,257	120	432	1,168	1,319	920	345	-101	352	1065	1,044
South Downs National Park	Office	209	355	0	936	0	0	-234	331	844	316	472	250	290	283
	Industrial	2,325	1,552	723	298	1,422	1,170	2,302	-20	0	0	44	1,459	940	947
	Mixed	5,291	5,124	1,645	437	600	252	2,239	0	2,574	400	0	1,979	1712	1,123
East Hampshire (Entire Area)	Office	1,246	805	3,017	2,168	498	426	-234	331	1,122	316	607	250	880	553
	Industrial	5,432	3,644	2,482	4,309	5,728	6,463	2,302	455	424	420	1,046	1,839	2,879	2,392
	Mixed	7,236	7,179	4,616	1,694	720	684	3,407	1,319	3,494	745	-101	2,331	2,777	2,013

Source: Hampshire County Council Industrial and Office Floorspace Monitoring Data

7.23 Interest rates, which affect the costs to businesses of financing new investments in buildings and premises, have remained historically low since the financial crisis of 2007/8[26]. In theory, this could provide a positive stimulus for investment in land and premises, by making it more affordable for businesses to invest in the development and redevelopment of new/improved premises. However, the market for new investment has been sluggish due to poor rental growth up until 2014 (see Figures 7.7 and 7.8 above) and so it is only in the last few years that the local property market has been in a good position to recover from the global economic downturn following the financial crisis. Post-2016, uncertainty regarding the effects of Brexit could however have negatively affected recent investment decisions; as the Bank of England have put it in relation to the national (UK) picture: 'business investment growth has continued to be weaker in recent years that in previous recoveries and lower than would be expected given accommodative financial conditions and relatively robust global growth. Some of this recent weakness may reflect the effects of uncertainty around Brexit.'[27]

7.24 In addition to, and within this wider economic context, it is also important to bear in mind the local land-use planning context. The East Hampshire District Local Plan: Joint Core Strategy (JCS) was adopted in June 2014 and prior to this there had not been an up-to-date local plan in place for several years[28]. The JCS did not itself make employment land allocations; new employment land allocations have come forward through the Housing and Employment Allocations (Part 2) Local Plan, which was adopted in April 2016. As such, there has been a period since the global financial crisis where new allocations for employment-related development were only at a draft stage in East Hampshire and were not readily available to meet the needs of local businesses.

7.25 The relatively low-level of recent development of new employment floorspace (Figure 7.11) is therefore to be expected in both financial and local land-use planning terms. With the possible exception of Brexit and its financial implications, there is no reason to expect the future local plan period to resemble the recent past, by experiencing relatively low levels of effective demand for new employment floorspace. Indeed, the Council's Employment Background Paper (January 2018) noted that there was evidence in the local property markets of a lack of supply to meet demand in 2017; it would not be appropriate to exacerbate supply-based constraints within the local plan by relying on a projection of past trends that reflect a weak and constrained market.

7.26 One solution for estimating needs in a more reasonable fashion is to take account of other estimates that are produced in ways that are not as directly affected by the constrained development of employment floorspace in recent years. For this reason, the implications for new floorspace from estimates of future job growth are considered in the next section. It

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[26] See the Bank of England's Official Bank Rate history, available at https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp, for details. Prior to November 2008, the bank interest rate had been between 4.5% and 5% for several years (since 2004) but reduced incrementally to a low of 0.25% in August 2016. At the time of writing (September 2018) it stands at 0.75% making the cost of borrowing money very low in historical terms.

[27] Pages 16-17, Bank of England Inflation Report, August 2018, Bank of England

[28] The East Hampshire District Local Plan: Second Review (adopted March 2006) was prepared to guide and control development in the district until 31st March 2011 (paragraph 1.9, East Hampshire District Local Plan: Second Review).

can also be useful to compare the long-term (and given the above, depressed) trend to a much more optimistic projection of past trends, obtained by projecting forward the average annual net development rates from 2005/6-2008/9, which is a period before negative financial and/or land availability factors had a dramatic and extended impact on the delivery of new employment floorspace (cf. Figure 7.11). Such an optimistic scenario is not realistic in its own right, as it does not reflect a full economic cycle of growth and recession and there is a substantial risk of negative economic impacts arising from Brexit and international trade disputes (e.g. between the U.S.A. and China) from 2019 onwards. However, as a counterpoint to, and to contextualise the long-term trend, it is worth including this assessment of employment floorspace needs. As can be seen from Table 7.4, the more optimistic scenario demonstrates the variability of employment floorspace development rates and indicates that caution should be applied when using projections of past trends to obtain future development requirements.

Table 7.4: Employment Completions in East Hampshire (2005-2009 & 2005-2017)

Area	Market Segment	Median Net Annual Completions (2005/6-2008/9) (m^2)	Median Net Annual Completions (2005/6-2016/17) (m^2)
East Hampshire (entire area)	Office	1,707	553
	Industrial	3,977	2,392
	Mixed	5,898	2,013

Source: Hampshire County Council Industrial and Office Floorspace Monitoring Data

7.27 The variability of past trends is nonetheless apt for an objective consideration of future development needs, for the future will always be, to some extent, uncertain; and it is particularly uncertain in present circumstances, where the UK is negotiating its withdrawal from the European Union. On the basis of the robust, 12-year trend for floorspace development, Table 7.5 (below) provides details of the B Use Class floorspace requirements and, ultimately the land requirements that are estimated for the period 2017-2036. These requirements are expressed for three segments of the property market: for offices; for industrial premises; and for mixed office and industrial premises.

7.28 The land requirements are identified as “basic” because they don’t make provision for a “safety margin” (i.e. to ensure that any delays in the development of new floorspace do not unduly constrain the market); nor do they include accommodation for any future losses through the redevelopment of existing sites for non-employment uses. These matters will be looked at in greater detail to inform the pre-submission (Regulation 19) Local Plan, but for purposes of the draft Local Plan it is sufficient to look at the basic requirements arising from a continuation of past trends. These projected requirements implicitly factor-in the effects of past economic performance and the past replacement/renovation of outmoded floorspace; although it is recognised that there have been constraints in the local property market (see Chapter 8), which are likely to make the basic requirements an under-estimate of the true needs.

7.29 Table 7.5 uses plot ratio assumptions (floorspace: area of land) that are similar to those adopted within the Council’s previous (2013) Employment Land Review, to calculate the basic land requirements. For office developments a plot ratio of 0.5 has been assumed. This reflects that demand for new office accommodation in East Hampshire is predominantly for low-density business park environments. This means that 1 ha of land (10,000m^2) is, on average, required to accommodate every 5,000m^2 of office floorspace in a business park format. This is a higher density of development than industrial developments, since space is typically developed over two or three storeys.

7.30 Industrial developments are more space hungry than offices since they tend to be single storey (sometimes with mezzanine floors) and are more likely to need external areas for storage and freight vehicle movements. A plot ratio of 0.4 has been applied so that a 1 ha site (10,000m^2) would be needed to accommodate 4,000m^2 of employment floorspace. Mixed (office & industrial) premises are assumed to be similar in character to industrial premises, so that a plot ratio of 0.4 has also been applied for mixed floorspace requirements.

Table 7.5: Employment Land Requirements – Based on Plot Ratio Assumptions (2017-2036)

Area	Market Segment	Assumed Annual Completion Rate (m^2)	Floorspace Required (2017-2036) (m^2)	Basic Land Requirement (ha)
EHDC Planning Area	Office	352	6,688	1.3
	Industrial	1,381	26,230	6.6
	Mixed	1,044	19,836	5.0
East Hampshire (entire area)	Office	553	10,498	2.1
	Industrial	2,392	45,448	11.4
	Mixed	2,013	38,238	9.6

Source: EHDC analysis (NB: figures in the table may not sum due to roundings)

7.31 Table 7.5 suggests that, cumulatively speaking, a minimum of around 94,200m^2 of new floorspace, or 12.9 hectares of land would need to be allocated for new industrial and office floorspace, in those parts of East Hampshire outside of the South Downs National Park (NB: the numbers in Table 7.5 have been rounded). This is the basic requirement for employment land, determined from past development trends, for East Hampshire District Council's Local Plan 2017-2036. For East Hampshire district as a whole, a minimum of 23.0 hectares of land would be required.

7.32 These basic requirements reflect the supposition that long-term development trends are a reasonable basis for plan-making in East Hampshire. However, the future may not be like the past, and there are reasons for thinking this "basic requirement" artificially suppresses the likely requirement (see above). It is also reasonable to look at other estimates of employment floorspace requirements, particularly on the basis of reputable forecasts of future employment growth within the district. The next section looks at these other scenarios.

7.33 It is also important to note that the amount of employment land that should be allocated through the Local Plan will need to reflect "supply-side" considerations, such as whether the existing stock of employment premises in the district is in a suitable condition to help meet the needs of the market, and whether there are other qualitative issues relating to the needs of local businesses, which suggest more or less floorspace is needed than would otherwise be anticipated. Please see Chapter 8 for further details of these qualitative considerations.

Employment Growth Forecasts

7.34 This section assesses the B Class employment floorspace requirements that are likely to be required up until 2036 on the basis of future employment growth forecasts. Such "labour demand" projections of employment floorspace are often derived from job growth information obtained from independent forecasting houses, as it applies to the main B Use Class (office and industrial) sectors. Note that job growth forecasts, and therefore the resulting labour demand floorspace projections, are based on the East Hampshire District Council boundary and not the EHDC planning authority boundary.

7.35 In comparison with the preceding projection of floorspace requirements based on past development trends, labour demand projections have other strengths and weaknesses. The strengths and weaknesses of the two methods are highlighted in Table 7.6 below:

Table 7.6: Strengths and Weaknesses of Employment Forecasts Methods

Projection Method	Strengths	Weaknesses
Labour Demand (based on job growth)	Forecasts of job growth are based on professional opinions regarding the economy as a whole. When translating job forecasts into floorspace requirements, there is opportunity to factor in long-term workplace trends and their impacts on floorspace demand (e.g. increased home working). Forecasts are broken down by economic sector (Standard Industrial Classification (SIC) code), which offers a fine-grained approach to matching growth to the different segments of the	Forecasts are less robust over the longer term (10+ years). This is partly because employment forecasts are calculated using a disaggregation approach, by apportioning growth at a regional level to a district's economy. Local forecasts therefore need to be treated with a degree of caution, because not all small areas will mirror the performance of the larger area of which they are a part. It is also true that estimates of future economic performance and therefore job growth are inherently uncertain. Projections of floorspace that are based on forecast job growth do not take account of the impacts of supply constraints; that is, they do not account for land that is needed aside from satisfying economic growth (e.g. for modernising business operations) so they

	commercial property market (e.g. offices and industrial units).	can under-estimate overall floorspace requirements.
Past Development Trends (based on floorspace delivery)	Projections are based on fewer assumptions and so are more transparent. They concern the actual levels of commercial property development that have taken place in East Hampshire over a set time period. Past trends provide a useful reality check on other forecasts.	Past trends do not take account of the likelihood of growth or decline of particular sectors of the economy. Past trends do not take account of the impacts of supply constraints; that is, they can inherently under-estimate land requirements. Policy aspirations, such as regeneration activities, are not taken into account. Past trends do not take account of the impacts on future delivery from emerging workplace trends.

Source: EHDC

7.36 Job growth forecasts for the district have been obtained for the period (2017-2036) from two reputable economic forecasting consultancies: Experian and Cambridge Econometrics. The two sets of forecasts have been compared and assessed.

7.37 The assessment has included consideration of the strengths and weaknesses of each set of forecasts and comparisons with past job growth trends. Based on this assessment, job growth of between 185 and 305 per annum between 2017 and 2036 is considered a robust forecast of anticipated future employment growth in East Hampshire. The labour demand approach to establishing a future requirement for employment floorspace is based on this level of anticipated annual employment growth.

7.38 In order to assess the impact of job growth on the potential demand for employment land, the following assumptions have been made, when using both Experian and Cambridge Econometrics job growth forecasts:

- The job growth forecasts have been used to obtain a 2017 base year for total workforce jobs, broken down by sector.
- The forecasts have been used to provide a sectoral breakdown by employment categories at 2017 and 2036.
- The sectors of employment categories have been allocated to B Use Classes (therefore to office- and industrial-floorspace-using economic sectors) based on the assumptions set out in Appendix B.

7.39 The resulting employment change between 2017 and 2036 for the two labour demand forecasts is displayed in Table 7.7 along with expected job growth in three employment floorspace uses, as follows: office and research and development; manufacturing (including light industrial and industrial); storage and distribution. These three uses are categorised as either "office" or "industrial" market segments, for sake of eventual comparison with the past development trends projections that are shown above. NB: an allowance has been made for jobs in sectors that traditionally do not use B use class floorspace, such as land transport, utilities and specialised construction (see Appendix B for apportionment).

Table 7.7: Forecast Change in Employment in East Hampshire (2017-2036)

Property Market Segment	Sector (Use Class)	Forecast Change in employment (workforce jobs) 2017-3036	
		Experian	Cambridge Econometrics
Office	Office and Research & Development (B1a/b)	4,845	1,991
Industrial	Manufacturing (B1c/B2)	-310	-549
	Distribution (B8)	280	38
Total B-class jobs		4,815	1,479
Jobs in all sectors		5,800	3,519

Source: Experian, Cambridge Econometrics and EHDC Analysis (NB: figures may not sum due to rounding)

7.40 The level of job growth proposed within the B use classes in the District up until 2036 is dominated by a strong growth in office-based sectors with small gains in job growth in jobs in the distribution sector. This is within the context of overall job growth of between 3,500 and 5,800 jobs in East Hampshire, which outside of the B Class Sectors are made up from strong growth in the health, education and retail sectors amongst others.

7.41 The inherent weaknesses of local job growth forecasts should be borne in mind when using this information for land-use planning purposes (see Table 7.6 for details). The disaggregation of economic performance – and so, per the forecasting methodology, anticipated job growth – for the South East region to largely rural districts such as East Hampshire is questionable. East Hampshire does not, for example, include any large towns/economic centres of the size of Basingstoke, Guildford or Winchester; whilst the performance of these centres is included in the South East Region's overall economic performance. This means that the South East's economy is an imperfect model for estimating the future performance of East Hampshire's. Indeed, information on the district's economy (see above), and Table 7.1 in particular, has shown that the local economy shows similarities, but also disparities with the regional economy. Nevertheless, broadly speaking, the similarities are good enough to make the forecasts in Table 7.7 a reasonable basis for generating a scenario for employment floorspace requirements.

7.42 The jobs forecasts set out above can be converted into future employment floorspace requirements by applying typical ratios for jobs-to-floorspace for different B Use Class sectors of the economy. The 2015 HCA Employment Densities Guidance document has been used as a source of information for obtaining jobs-to-floorspace ratios. The "jobs densities" for sectors of the economy that are relevant to this study are set out in Table 7.8 below.

Table 7.8: Job Densities for B Use Class Sectors

Sector (Use Class)	Type	M^2/Job	Area Measurement
Office and Research & Development (B1a, B1b)	Corporate	13	Net Internal; Area (NIA)
	Professional Services	12	NIA
	Public Sector	12	NIA
	Finance and Insurance	10	NIA
Manufacturing (B1c, B2)	Light Industrial	49[29]	Gross Internal Area (GIA)
	Industrial Manufacturing	36	GIA
Distribution (B8)	National Distribution Centre[30]	95	Gross External Area (GEA)
	National Distribution Centre	77	GEA
	Final Mile Distribution Centre	70	GEA

Source: HCA Employment Densities Guidance, 2015

7.43 An average employment density has been calculated[31] for each 'sector (use class)' category, using the data in Table 7.8 above. On this basis, the following average employment densities have been applied for the different sectors, to yield a total quantity of additional floorspace required to meet the forecast job growth:

- Office and Research & Development: 1 job per 12 m^2
- Manufacturing: 1 job per 43 m^2
- Distribution: 1 job per 74 m^2

7.44 To reflect a normal level of market vacancy in employment space, an allowance of 10% is added to all positive floorspace requirements. Where a reduction in jobs is forecast, the associated negative floorspace has been halved, to reflect the fact that not all of this employment space is likely to be lost to non-employment (non-B Class) uses.

7.45 Table 7.9 sets out floorspace requirements in square meters (m^2) for the period 2017-36, based on the job growth forecasts and average jobs to floorspace ratios set out above. These are two 'labour demand' scenarios for employment floorspace requirements for East Hampshire, taken as a whole. It should be noted that these are "basic requirements" once

[29] The NIA figure presented in the Employment Densities Guide has been converted from NIA to GIA using a ratio of 1.05

[30] It is not anticipated that there will be distribution centres of national scale within the District and this figure has therefore been excluded from any further analysis

[31] Offices: 12 sqm is an appropriate mid-point of range of 10-13 sqm in 2015 Guidance. Industrial: 43sqm is rounded up average of B1c and B2; Warehousing: 74sqm is the rounded-up average of Regional Distribution Centre and Final Mile Distribution Centre.

again, omitting any safety margin for delays in the planning process and not accounting for any loss replacements. These matters will be looked at in greater detail to inform the pre-submission (Regulation 19) Local Plan.

Table 7.9: Employment floorspace requirements in East Hampshire (2017-2036) based on job growth forecasts

Property Market Segment	Sector (Use Class)	Floorspace Requirements (m^2) 2017-2036	
		Labour Demand 1: Experian	Labour Demand 2: Cambridge Econometrics
Office	Office and Research & Development (B1a/b)	73,547	30,223
Industrial	Manufacturing (B1c/B2)	-6,665	-11,812
	Distribution (B8)	22,792	3,052
Total		89,674	21,464

Source: Experian, Cambridge Econometrics and EHDC Analysis (NB: figures may not sum due to rounding)

7.46 The floorspace requirements that are set out above are based on the proportion of the forecast job growth in traditional employment floorspace (B1-B8) use class sectors in the period 2017-2036, for the whole of East Hampshire. The two forecasts vary significantly, with Experian forecasting stronger job and associated floorspace growth, particularly in office and storage and distribution sectors, compared to the Cambridge Econometrics forecasts.

7.47 The final step for obtaining labour demand scenarios for East Hampshire's employment land requirements (2017-2036) is to translate the gross floorspace requirements of Table 7.9 into land requirements for both office and industrial uses. This has been calculated by applying the plot ratio assumptions set out above (Paragraph 7.29-7.30) to the floorspace estimates. As shown in Table 7.10, it is estimated that for East Hampshire district as a whole, between 3.8 and 18.7 hectares of land would be required to meet the requirements of estimated future job growth between 2017 and 2036.

Table 7.10: Employment land requirements in East Hampshire to meet labour demand

Property Market Segment	2017-2036 Land Requirements in Hectares (ha)	
	Labour Demand 1: Experian	Labour Demand 2: Cambridge Econometrics
Office	14.7	6
Industrial	4	-2.2
Total	18.7	3.8

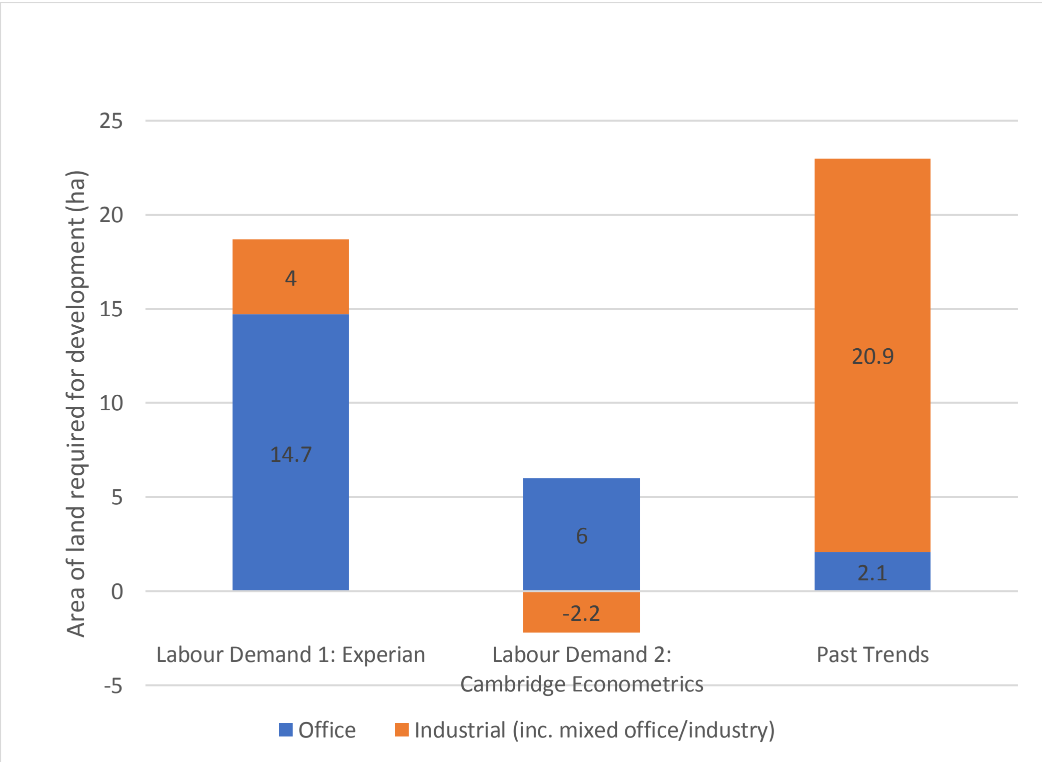
Source: EHDC Analysis

Comparing Past Development Trends and Labour Demand Scenarios

7.48 Figure 7.13 compares the two labour demand scenarios for new employment land (2017-2036) with the past trends scenario for the same time period. As can be seen, there is little consistency between the different scenarios, although none suggests that large quantities of additional employment land would be required to meet future needs. It is noteworthy that both labour demand scenarios suggest that more new office space would be required than additional industrial floorspace; these projections are contrary to the long-term development trend within East Hampshire that is reflected in the past trends scenario.

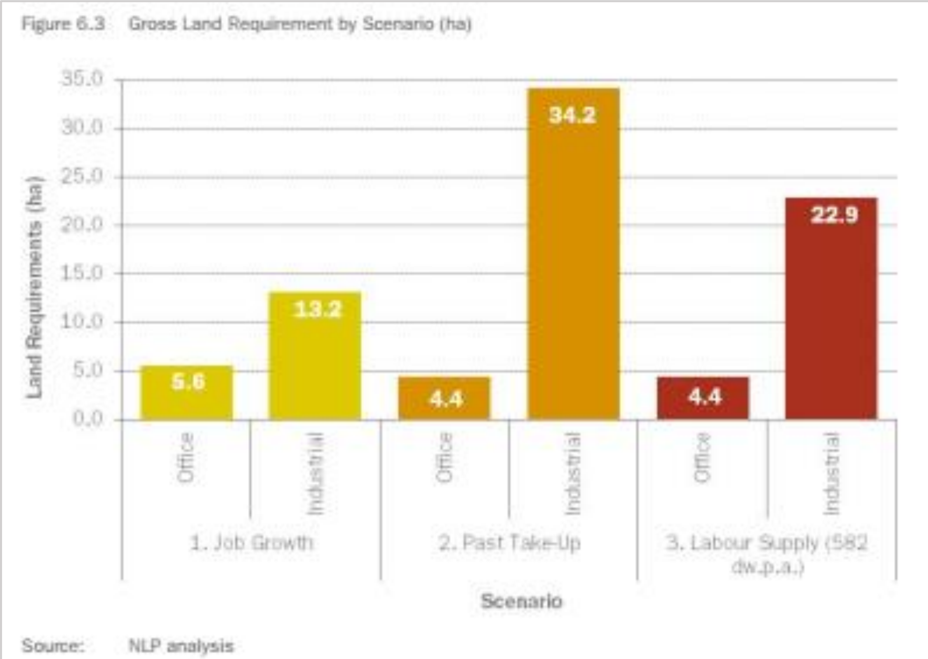
7.49 It is worthwhile considering these results in the context of the Council's 2013 Employment Land Review, which gives details of the previous assessment of employment floorspace and land requirements in East Hampshire. Figure 6.3 of the 2013 Employment Land Review (now Figure 7.14 below) suggested a continued focus on the development of industrial floorspace to 2028; and all scenarios predicted a greater overall requirement for floorspace within the 16-year period of 2012/13-2028/29 compared to the 19-year period of 2017/18 to 2036/37. Care must be taken when making any direct comparisons between Figures 7.13 and 7.14 as the latter includes additional inputs within the land requirement calculation; (e.g.) a "safety margin" for unforeseen delays to development. However, the disparities with the present estimates reflect the disparities in the basic floorspace requirements between 2013 and this study; requirements that have been calculated in a similar manner.

Figure 7.13: Employment Land Requirement Scenarios: Labour Demand vs Past Trends



Source: EHDC Analysis

Figure 7.14: Previous estimates of employment land requirements in East Hampshire for 2012/13-2028/29, for comparison



Source: East Hampshire Employment Land Review, May 2013, p.50

7.50 The projected shift in the Labour Demand scenarios towards the development of office floorspace reflects the predicted future performance of the South East's economy (i.e. as predicted by Experian and Cambridge Econometrics). As noted previously (paragraph 7.41), there are reasons for thinking that this change may not accurately translate into a change in the employment land requirements within East Hampshire, due to the district's different economic structure. However, the agreement between the labour demand scenarios that future growth will largely be associated with office-based businesses – an agreement which is based on two independent economic assessments – suggests that a continuation of past development trends should not be considered robust at this time.

Conclusions

7.51 Economic indicators for East Hampshire suggest that employment levels in office- and industrial-related sectors have often fluctuated around similar levels since 2009, whilst over the same period, there has been a tendency in the total number of jobs and availability of job opportunities to slightly increase. Nevertheless, the demand for office and industrial floorspace has generally increased. There is evidence, in the form of low vacancy rates and rising rental values, of some constraints in the local property markets for office and industrial premises. All of this suggests that there is likely to be a market for new office and industrial floorspace moving forward, despite the relatively low levels of commercial development activity since 2008/9.

7.52 Looking ahead to 2036, there is however uncertainty as to the employment land requirements for the emerging Local Plan, with labour demand scenarios suggesting that more office floorspace would be required than industrial floorspace; whilst past development trends suggest the reverse and project a slightly greater overall land requirement. Nevertheless, there is good reason to think that the past development trends could artificially suppress the level of future demand for employment floorspace (paragraphs 7.23-7.25) and both the Experian and Cambridge Econometrics job growth forecasts suggest a change in the profile of demand that is not evident within the past development trends. It will be important to focus on the range of estimated requirements, rather than any particular scenario, for purposes of establishing a “bare minimum” need for additional employment land. It will also be important to consider the impact of qualitative considerations – the quality of existing employment facilities and perceptions of the local business community – when making decisions on the amount of land to allocate.

Chapter 8: Employment Land Supply and Property Market Intelligence

Committed Supply of Employment Land in East Hampshire

8.1 Some of the future requirements for employment land in East Hampshire will be met through recent completions of new premises (i.e. in the period 2017/18) and existing planning permissions. Taken together, these elements comprise the "committed supply" for new office and industrial premises, which is considered below for purposes of determining the scope for new allocations of employment land for the emerging Local Plan.

8.2 Hampshire County Council monitors the development of proposals for new employment (B Use Class) floorspace on an annual basis across Hampshire. For East Hampshire, information on completions and current planning permissions is available for EHDC's planning authority area and for the South Downs National Park. Table 8.1 shows both completions and planning permission by property market segment (offices, industrial or mixed office and industrial premises) for these areas and for East Hampshire taken as a whole.

Table 8.1: Completions and Commitments by Property Market Sector in East Hampshire (2017/18)

Property Market Segment	Completed Floorspace: EHDC Planning Authority Area (A) (m^2)	Permitted Floorspace: EHDC Planning Authority Area (B) (m^2)	Completed Floorspace: South Downs National Park (C) (m^2)	Permitted Floorspace: South Downs National Park (D) (m^2)	Total Committed Supply: East Hampshire (entire area) (A + B + C + D) (m^2)
Office	811	2,410	0	7,710	10,938
Industrial	2,984	25,827	375	1,149	30,335
Mixed	1,315	4,934,	2,982	1,086	10,317
Total	5,110	33,171	3,357	9,952	51,590

Source: East Hampshire

8.3 Table 8.1 shows that a total of 51,590m^2 of floorspace will, in theory, be available to meet the requirements for new employment floorspace that have been identified for 2017-2036 (see Chapter 7). The majority of this total would be suitable for business requiring industrial floorspace, with relatively little office floorspace having been permitted or developed outside of the South Downs National Park. Figure 8.1 provides a comparison of the committed supply, broken down by floorspace type, against the projected requirements for new floorspace from past development trends and the highest labour demand scenario (i.e. associated with Experian's estimates of job growth). This comparison shows that current planning permissions and recent completions across East Hampshire are insufficient to meet the different scenarios for the estimated needs in East Hampshire. Therefore, there is a continuing need for local plans to allocate land for the development of new employment (B Use Class) premises, over the period to 2036.

Figure 8.1: Comparison of Floorspace Needs (Past Trends Scenario) with Committed Supply

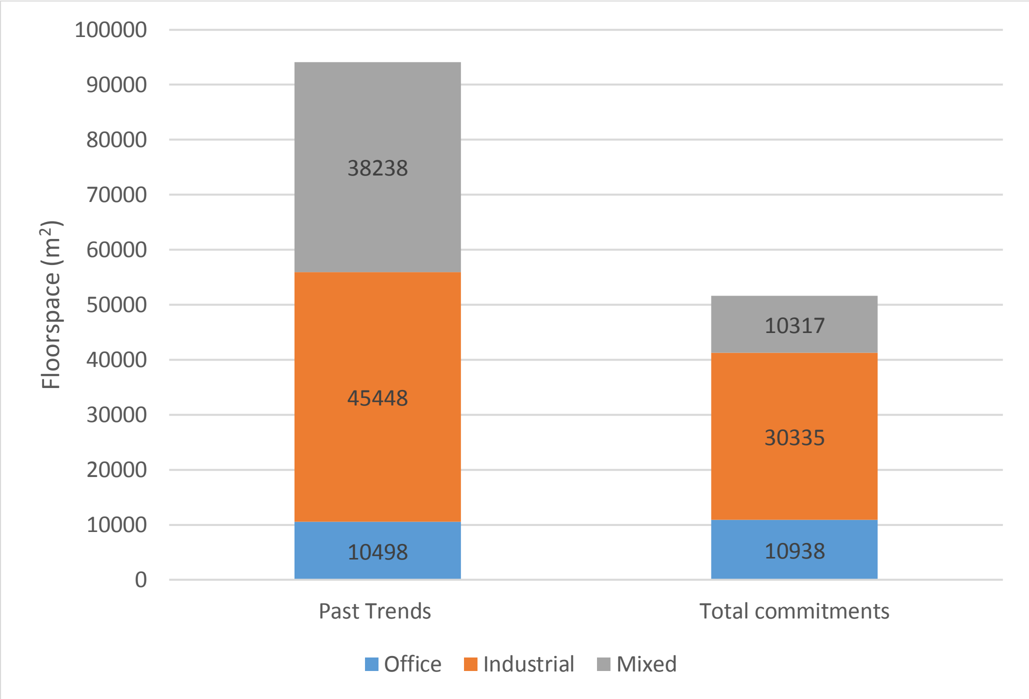
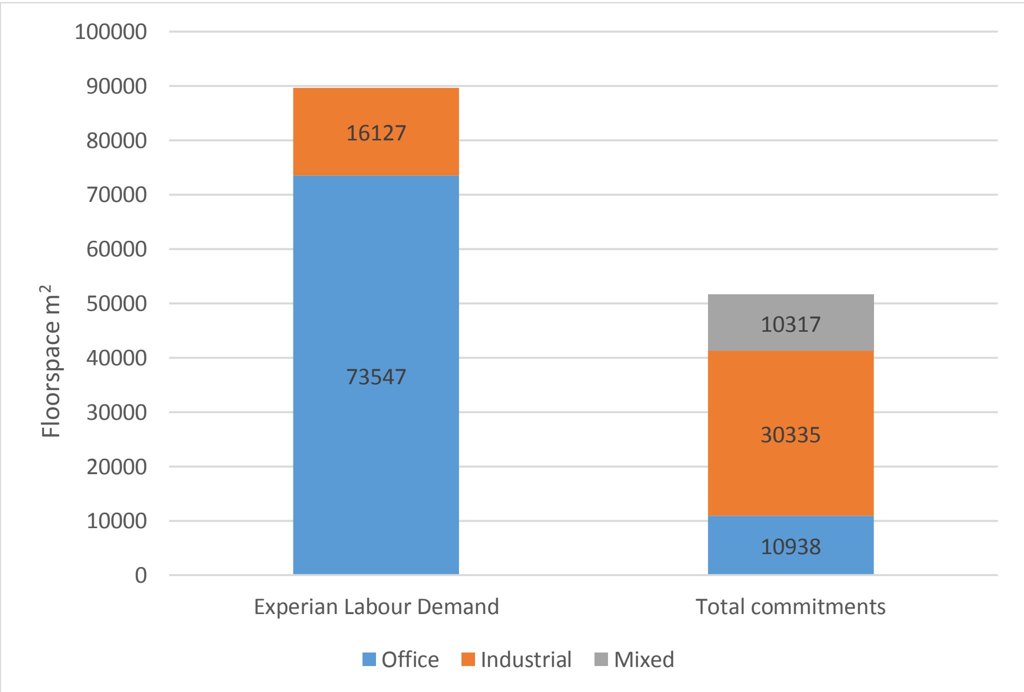


Figure 8.2: Comparison of Floorspace Needs (Experian Labour Demand) with Committed Supply



Sources: Hampshire County Council Industrial and Office Floorspace Monitoring Data, Experian and EHDC Analysis

Other Supply: Employment Land Allocations

8.4 In addition to the "committed" supply (i.e. planning permissions and completions), there are also a number of proposals for additional employment land in East Hampshire that do not currently have planning permission; but have the status of allocations within a development plan. These allocations could come forward in the period to 2028. Table 8.2 summarises the additional sources of supply, which correspond to local plan and neighbourhood plan allocations in Alton and Petersfield respectively. Please note that as part of regeneration of the Bordon Garrison at Whitehill & Bordon, additional employment land is being/has been delivered at the former Quebec and Louisburg Barracks sites in accordance with the East Hampshire Joint Core Strategy (adopted June 2014); and that as part of a mixed use development to the East of Horndean, additional employment land will be delivered; but that these additions are counted in the commitments shown in Figures 8.1 and 8.2 (previous page), so they do not feature below in Table 8.2. Other sites in the Petersfield Neighbourhood Plan do not feature because they are similarly already taken into account as commitments; are part of the active stock of floorspace in the district; or are not of strategic significance (i.e. c.0.1ha in size).

Table 8.2: Additional Sources of Supply (Employment)

Site Name	Details of Allocation	Estimated potential for additional floorspace (m^2)	Source
Land at Lynch Hill, Alton	A site of 9.4ha has been allocated to deliver approximately 7ha of new employment land	c. 28,000	East Hampshire District Local Plan: Housing and Employment Allocations (Site EMP1)
Land at Wilsom Hill, Alton	A site of 3.55ha has been allocated to deliver approximately 3ha of new employment land	c.12,000	East Hampshire District Local Plan: Housing and Employment Allocations (Site EMP2)
Land at The Domes, off Harrier Way, Petersfield	This site is 1.63ha in size, but 0.53ha is currently used for business purposes, leaving a net gain of 1.1ha of additional employment land	c.4,400	Petersfield Neighbourhood Development Plan, 2013-2028 (Site B2)

Sources: East Hampshire District Local Plan: Housing and Employment Allocations, Petersfield Neighbour Development Plan and EHDC Analysis (for estimated floorspace potential)

8.5 In total, it is estimated that an additional 44,400m^2 could be provided on the abovementioned allocated employment sites. This is a conservative estimate that assumes relatively low density industrial floorspace (with a plot ratio, floorspace : site area, of 0.4) would be provided on these sites. Actual provision of new floorspace will depend on the nature of future development proposals.

Total Pipeline Supply in East Hampshire

8.6 The floorspace estimates from employment allocations without planning permission (at 31st March 2018) in Table 8.2 can be added to the committed supply reported in Table 8.1, to give the total supply of employment floorspace that's "in the pipeline" for meeting future development needs. In total, this pipeline supply is estimated to be 51,590m^2 + 44,400m^2 = 95,990m^2 of new employment floorspace (for the period 2017-2036).

8.7 The net requirement for new floorspace in East Hampshire (2017-2036) can be identified by comparing the different estimates for employment floorspace demand against the supply. For this purpose, it will however be important to consider just the committed supply in Table 8.1 as it is presently unclear how the allocated sites without planning permission would ultimately be developed and therefore which types of new floorspace (offices, industrial premises or storage and distribution uses) would be provided and in what quantity. Moreover, the continued allocation of these sites is a policy choice for the development plan. The 'Conclusions' section to this chapter therefore focuses on just the committed supply of employment land in deriving a net requirement for the emerging Local Plan; although the potential from allocated sites is subsequently taken into account.

Review of Employment Sites (outside the South Downs National Park)

8.8 In addition to the basic quantitative issues – i.e. the future balance of needs for and supply of employment land – it is important to understand whether there are other, qualitative issues concerning the current stock of employment sites and premises in East Hampshire, which might affect the approach of the emerging Local Plan towards meeting the needs of businesses over the period to 2036. As part of this qualitative review, planning policy officers visited and assessed a large number of employment sites outside of the South Downs National Park using a range of qualitative criteria, during the summer of 2017. This review helped to determine a list of sites of strategic importance, which have now been subject to an Article 4 Direction to remove permitted development rights for conversion to residential use. However, the review is also useful for forming an impression of the suitability of employment sites for meeting the future needs of businesses.

8.9 A total of 94 existing employment sites were assessed during 2017, amounting to over 95ha. The comprising 26 office sites, 33 industrial sites and 34 mixed (industrial and office) sites32. These sites comprise main employment areas, but do not include every employment site outside of the South Downs National Park. Allocated employment sites were not assessed, as these are currently undeveloped and are already reserved solely for employment use. There are a further 2 employment sites in the district that were identified but not visited: Whitehill & Bordon Enterprise Park and Lasham Airfield. These sites are not sufficiently accessible to the general public and therefore could not be assessed.

8.10 Each of the 94 sites were inspected and their suitability for employment use was visually assessed against the criteria listed below (details of the site assessment criteria can be found in Appendix D):

1. Strategic access
2. Local accessibility

[32] Please note that following the site visits, a number of contiguous sites were subsequently amalgamated (i.e. when the assessment led to the same conclusions for each site). This was for purposes of expediency.

3. Proximity to urban areas and access to labour and services
4. Site layout, characteristics and development constraints
5. Local Character/ proximity to incompatible uses
6. Market attractiveness
7. Quality of buildings

8.11 The results to the site assessments show that there are a number of well-occupied clusters, or concentrations of employment sites, within the settlements of Alton, Whitehill & Bordon, Four Marks, Liphook and Horndean. These clusters generally have good access to, or are otherwise close to the main strategic transport routes of the A3 and the A31. The sites often have low levels of vacancy (i.e. observed to be less than the average of 10% vacant premises, which is typical at any one time within a functioning property market).

8.12 However, a general point applying to many employment sites across the district is that they lie within small settlements or rural locations, sometimes distant from strategic routes or from services. Some also have constrained local access (such as narrow, country roads and infrequent public transport access). While this affects the overall assessment of sites, not all of these factors are necessarily important for some occupiers; for example, strategic road access is more important for larger industrial or distribution firms but less so for office users. Some of the rural sites were observed to have few vacant properties (e.g. less than 10%).

8.13 The assessment process identified that 15 office sites, 12 industrial sites and 23 mixed (industrial and office) sites should be considered for safeguarding for employment use. These were identified as "key employment sites" that are likely to be attractive and sustainable locations for local businesses and may be suitable for employment-related redevelopment. The following characteristics are common to many of these sites:

- Vehicular access is good, often using wide roads that largely avoid residential areas;
- Accessibility to local facilities, services and/or residential areas is good, often by walking modes;
- Business accommodation can suit a range of requirements and the site could be flexibly adapted or remodelled through redevelopment, to meet changing business needs;
- Common areas and buildings are attractive and well-maintained, sometimes to a specification suitable for attracting modern businesses;
- There are amenity constraints for alternative uses that make the current employment use an effective use of land.

8.14 Table 8.3 identifies and provides further details about these key employment sites, which could be identified in future planning policies for purposes of ensuring that, unless alternative redevelopment is demonstrated to be acceptable, they remain available for meeting the needs of businesses in East Hampshire. Please note: "key clusters" were defined as groups of contiguous or nearby employment sites that could be treated as forming part of a single employment area for Article 4 Direction purposes.

Table 8.3: Key Employment Sites in East Hampshire (outside the National Park)

Site Name	Location (town/parish)	Forms Part of a Key Cluster? (Y/N; Name of Cluster)	Reasons for Identifying for Safeguarding
Alton Business Centre (including Delta Park)	Alton	Y, Omega Park	The site forms part of an employment cluster and is well connected to the A31. Although the office uses do not score as highly as some others through the refreshed qualitative assessments, there are amenity and operational benefits for maintaining this area in office use.
Caker Stream	Alton	Y, Mill Lane	The site forms part of an employment cluster. Although this area does not score as highly as some others through the refreshed qualitative assessments, e.g. because some premises are of average quality; it is a relatively good site and there are amenity and operational benefits of maintaining the wider industrial area in its entirety.
Elstead House, lighting shop and units	Alton	Y, Newman Lane	The site performs well through the qualitative assessment and is well connected to the A31.
Grove Park Industrial Estate	Alton	Y, Mill Lane	The site forms part of an employment cluster. Although this site does not score as highly as some others through the refreshed qualitative assessments, e.g. because some premises are of average quality; it is a relatively good site and there are amenity and operational benefits of maintaining the wider industrial area in its entirety.
Kerridge Industrial Estate	Alton	N	This site is located close to the train station and a supermarket, in very close proximity to the railway line. There are amenity benefits of maintaining its current employment use. The site appeared to be fully occupied at the time of the refreshed qualitative survey.
Lumbry Park	Alton	N	This site performs well through the qualitative assessment and is well connected to the A31. Although the site is in use as a veterinary referral centre, it benefits from planning permission for B1 use and could be used for office or light industrial use without planning permission. It can help support the growth of the “knowledge economy” in

			East Hampshire, through the provision of suitable business accommodation.
Mill Lane	Alton	Y, Mill Lane	The site forms part of an employment cluster and is well connected to the A31. Although the sites comprising this area do not score as highly as some others through the refreshed qualitative assessments; it is a relatively good site and there are amenity and operational benefits of maintaining this industrial area in its entirety.
Newman Lane Industrial	Alton	Y, Newman Lane	The site performs well through the qualitative assessment and is well connected to the A31.
Omega Park	Alton	Y, Omega Park	The site performs well through the qualitative assessment and is well connected to the A31. It can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Omni Business Centre	Alton	Y, Omega Park	The site is at the centre of an employment cluster and is well connected to the A31.
Paradigm House	Alton	N	The site performs well through the qualitative assessment and is well connected to the A31. It can help support the growth of the "knowledge economy" in East Hampshire.
Riverside Omega Park	Alton	Y, Omega Park	The site performs well through the qualitative assessment, forms part of an employment cluster and is well connected to the A31. It can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Riverwey Industrial Estate	Alton	Y, Newman Lane	The site performs well through the qualitative assessment and is well connected to the A31. It can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Selborne House	Alton	Y, Newman Lane	The site performs well through the qualitative assessment and is well connected to the A31. It can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.

Sycamore Park (specific buildings)	Alton	Y, Mill Lane	The site forms part of an employment cluster. Although it does not score as highly as some others through the refreshed qualitative assessments; the site is relatively good and there are amenity and operational benefits of maintaining the wider industrial area in its entirety.
Turner House	Alton	Y	The site performs well through the qualitative assessment and is well connected to the A31. It provides flexible accommodation for high value businesses to a modern specification.
Unit 13, Mill Lane	Alton	Y, Newman Lane	The site forms part of an employment cluster. Although vacant at the time of the refreshed qualitative study; it is a relatively good site and there are amenity and operational benefits of maintaining the wider industrial area in its entirety.
Waterbrook Estate	Alton	N	The site performs well through the qualitative assessment and is well connected to the A31. It can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Weyside Park	Alton	Y, Newman Lane	The site forms part of an employment cluster. Although it does not score as highly as some others through the refreshed qualitative assessments, e.g. due to some premises of average quality; it is a relatively good site and there are amenity and operational benefits of maintaining the wider industrial area in its entirety.
Bentley Business Park	Bentley	N	Although the site does not score as well as some others through the qualitative assessment, and is surrounded by residential uses; it is centrally located (close to local services and facilities) and well occupied. The vision for the Bentley Neighbourhood Plan expresses support for local employment and businesses, which counts in favour of maintaining the employment use of this site.

Bentley Industrial Centre	Bentley	N	Although the site does not score as well as some others through the qualitative assessment, it is still relatively good across several measures and is particularly suitable for small businesses operating in the rural area. The vision for the Bentley Neighbourhood Plan expresses support for local employment and businesses, which counts in favour of maintaining the employment use of this site.
Bellhanger Enterprises	Bentworth Parish	N	The site performs well against a number of qualitative criteria. Although it is remote, it is in a very good location for access to the M3 corridor.
High View Business Centre	Bordon	Y, Woolmer & High View	The site forms part of an employment cluster (together with Woolmer Industrial Estate, to the south). It performs well through the qualitative assessment and is well connected to the A3.
Wolfe Lodge, Farnham Road	Bordon	N	The site performs well through the refreshed qualitative assessment and is well connected to the A3.
Woolmer Industrial Estate	Bordon	Y, Woolmer & High View	The site performs well through the qualitative assessment and is well connected to the A3. It can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Dukes Mill	Four Marks	Y, Station Approach (N of Railway)	The site is relatively high quality and provides suitable accommodation for high value businesses to a modern specification.
Lymington Farm Industrial Estate	Four Marks	N	The site is relatively high quality, provides suitable accommodation for a range of small/growing businesses and can help to support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Mansfield Business Park	Four Marks	Y, Station Approach (N of Railway)	The site is relatively high quality and provides suitable accommodation to support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.

Woodlea Park	Four Marks	Y, Station Approach (N of Railway)	The site is relatively high quality, provides suitable accommodation for a range of small/growing businesses and can help to support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Enterprise Industrial Estate	Horndean	Y, West of A3(M)/Enterprise Rd	The site forms part of an employment cluster. It is a relatively good site and there are amenity benefits of maintaining the industrial area in its entirety.
Hazleton Industrial Estate	Horndean	Y, Hazleton & Wessex Gate	The site performs well through the qualitative assessment and is well connected to the A3(M). The site provides suitable accommodation for high value businesses to a modern specification.
Highcroft Industrial Estate	Horndean	Y, West of A3(M)/Enterprise Rd	The site performs well and is well-connected to the A3(M) (northbound in particular). It could help to support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Hillside Industrial Estate	Horndean	Y, West of A3(M)/Enterprise Rd	The site forms part of an employment cluster, well-connected to the A3(M) (northbound in particular). It is a good quality site, suitable for small businesses. There are amenity benefits of maintaining the industrial area in its entirety.
May's Yard	Horndean	Y, West of A3(M)/Enterprise Rd	The site forms part of an employment cluster, well-connected to the A3(M) (northbound in particular). Although it does not score as highly as others through the refreshed qualitative assessments, e.g. due to its sloping nature and average quality; it is a relatively good site and there are amenity benefits of maintaining the industrial area in its entirety.
Wessex Gate	Horndean	Y, Hazleton & Wessex Gate	The site is relatively high quality and provides suitable accommodation to support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.

Westfield Industrial Estate	Horndean	N	Although the site does not score as well as some others through the qualitative assessment, it is still relatively good across several measures and there are amenity benefits for adjoining residential areas (noise attenuation from the A3(M)) of maintaining the current employment use.
Inverallen	Kingsley	N	The site performs quite well through the refreshed qualitative assessment and is in a good location for access to the M3/Solent corridor. Although the site is remote from facilities and services, it is accessible for a rural employment site and does not have any amenity constraints.
Ajax House/Plowden House	Liphook	N	The site performs well through the refreshed qualitative assessment. It is well located relative to local services and facilities and can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
Beaver Industrial Estate	Liphook	Y, Former OSU & Beaver Industrial Estate	Although the site does not score as well as some others through the qualitative assessment, it forms part of an emerging employment cluster and there are amenity benefits from maintaining the current employment use, given the proximity of the railway line. It is well located for local services and public transport connections.
Bleach's Yard Industrial Estate	Liphook	N	Although the site does not score as well as some others through the qualitative assessment, there are amenity benefits from maintaining the current employment use, given the proximity of the railway line. The site is also well located for local services and public transport connections.
Exchange House	Liphook	N	The site performs well through the refreshed qualitative assessment. It is well located relative to local services and facilities and can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.

Former OSU site	Liphook	Y, Former OSU & Beaver Industrial Estate	Although not part of the qualitative assessment, this site is in the process of being developed for employment use. It will be well located relative to facilities and services and will provide good quality accommodation for small and growing businesses.
Index House	Liphook	N	The site performs well through the refreshed qualitative assessment. It is well located relative to local services and facilities and can help support the growth of the "knowledge economy" in East Hampshire through the provision of suitable business accommodation.
The Stone Yard, Alton Lane	Medstead Parish	N	The site performs quite well through the refreshed qualitative assessment. It provides good quality accommodation for small and growing businesses.
Home Farm, Petersfield Road	Ropley Parish	N	The site performs quite well through the refreshed qualitative assessment and is well connected to the A31
Lyeway Farm, Lyeway Lane	Ropley Parish	N	The site performs quite well through the refreshed qualitative assessment. It provides good quality accommodation in the rural area, to a modern specification.
Southlands	Selborne Parish	N	The site performs quite well through the refreshed qualitative assessment. It provides good quality accommodation for small and growing businesses.
Oakhanger Farm Business Park	Selborne Parish	N	Although the site does not score as well as some others through the qualitative assessment, it is still relatively good across several measures and provides accommodation that is suitable for high value businesses operating in the rural area.
West End Farm, Upper Froyle (selected buildings)	Upper Froyle	N	Although the site does not score as well as some others through the qualitative assessment, it is still relatively good across several measures and provides accommodation that is suitable for high value businesses operating in the rural area.
Norton Farm	Worldham Parish	N	The site performs well through the refreshed qualitative assessment. It provides good quality accommodation in the rural area.

Source: EHDC

8.15 Table 8.3 above deals with 50 of the 94 sites that were surveyed and assessed in 2017. Details of the site assessments for all 94 sites are included in Appendix D. The remaining sites that are not identified in Table 8.3 are of varying quality, but premises on these sites were often observed to be well-occupied. It is not possible to understand whether the characteristics of these sites remain suitable for meeting the needs of businesses without obtaining the views of local businesses occupying these and other premises. East Hampshire District Council therefore commissioned a survey of local businesses and their floorspace requirements in late summer 2018. The results of this business survey are described in the next section.

Property Market Intelligence

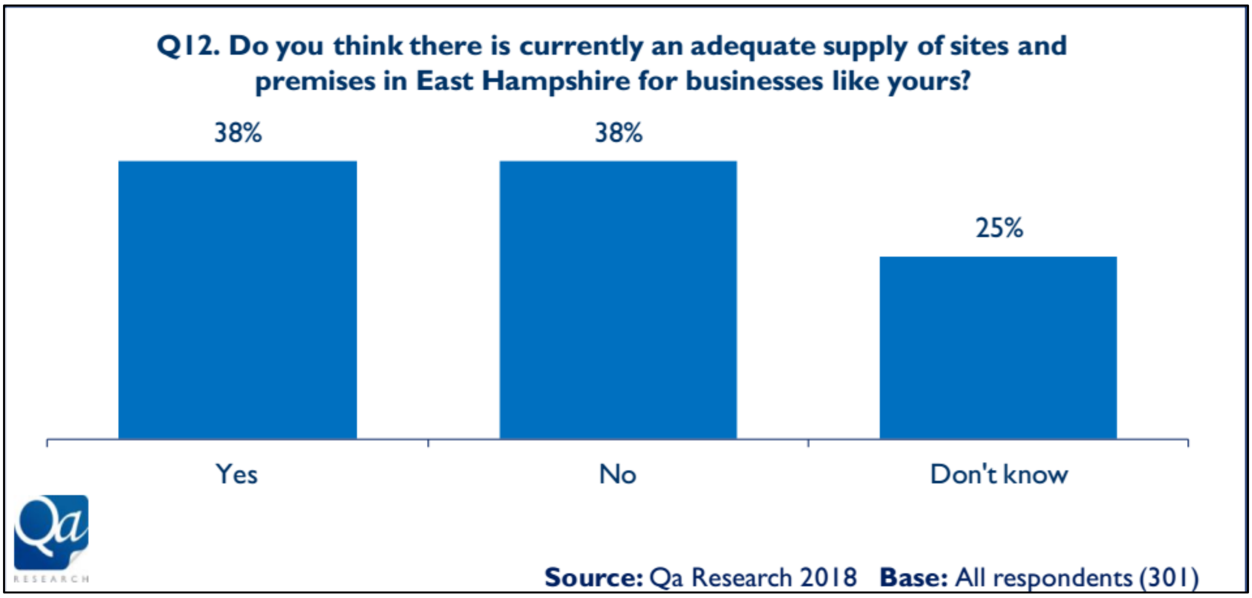
8.16 It is important to understand the views and experiences of businesses operating from local industrial and office premises about their accommodation, for planning to meet their future needs through the emerging Local Plan. To this end, the Council commissioned QaResearch to conduct a telephone survey with local businesses, which was undertaken between late August and early September 2018. A total of 301 businesses were surveyed, with 24 businesses that were likely to expand within the next 5-10 years being interviewed in depth. This survey is comparable, though on a larger scale, to the survey undertaken to inform the Council's 2013 Employment Land Review[33].

8.17 Most (73%) of the 301 businesses that were surveyed operate from either an industrial estate (33%), individual rural site (26%), or offices on a business park (14%). The vast majority (89%) of businesses were satisfied with their premises, which is a very similar outcome to the 2013 survey (91%). More than a third (36%) of businesses identified plans to expand, requiring bigger or different premises; the majority (67%) of this group of businesses that felt this way thought it was likely that they'd find suitable premises in East Hampshire. However, the in-depth interviews almost universally perceived there to be a lack of suitable business accommodation in East Hampshire.

8.18 Overall, there is a clear and even split in opinion as to whether there is an adequate supply of site and premises for meeting the needs of local businesses. Figure 8.3, taken from QaResearch's report, illustrates this difference of opinion. It is noteworthy that many (80%) of the 25% of businesses that didn't know had not tried to look for alternative premises (see Table 8.4).

[33] See p.32-33 of the East Hampshire Employment Land Review Update: Final Report, NLP, May 2013

Figure 8.3: Survey Results on Adequate Supply of Sites (Question 12)



Source: Industrial and Office Business Accommodation Survey 2018, QaResearch, September 2018

8.19 More industrial than office-based businesses (45% vs 32%) thought that the existing supply of premises was inadequate. The following table (Table 8.4) provides the list of reasons why some businesses felt that there is a insufficient supply of adequate business premises.

Table 8.4: Survey Results on Adequate Supply of Sites (Question 13)

Q13. Reasons for thinking East Hampshire doesn't have an adequate supply of sites and premises for businesses like theirs	Q12. Whether adequate supply of premises in EH			
	No		*Don't know*	
	Count	%	Count	%
Have not had to look	2	2%	59	80%
The premises available are the wrong size for my business	27	24%	1	1%
Premises on the market are inadequate	23	20%	-	-
There are not enough premises available to meet demand	18	16%	1	1%
The premises available are unaffordable	15	13%	-	-
Issues with finding a suitable space for the type of business (e.g. motor company)	9	8%	2	3%
Cannot find premises in a specific location	9	8%	-	-
There is a lack of space for expansion or storage	9	8%	-	-
Residential expansion has taken over business locations	7	6%	1	1%
Have had difficulties with red tape (council, business rate, signing contracts etc)	4	4%	-	-
The premises available have inadequate parking	3	3%	-	-
Other	3	3%	1	1%
Don't know	-	-	11	15%
Base: All that feel EH doesn't have an adequate supply of sites/premises	(113)		(74)	

Source: Industrial and Office Business Accommodation Survey 2018, QaResearch, September 2018

8.20 The main issues for those businesses that feel the supply is inadequate centre on the size of available premises; their quality; the number that are available; and their affordability. The fact that opinion is divided over the adequacy of premises to meet the future needs of local businesses is concerning and suggests that the emerging Local Plan should support the renovation and redevelopment of existing premises for employment use; and that the need to augment the existing supply of floorspace, to meet qualitative concerns, should be considered. It is also noteworthy that nearly a third of the businesses that were surveyed (29%) reported that they had experienced problems with finding suitable premises within East Hampshire for their business.

8.21 The full implications are considered in more detail in the following section. Please note that full details of the Industrial and Business Accommodation Survey can be found in Appendix C of this interim HEDNA.

Summary of Qualitative Issues & Implications

8.22 In summary, it is clear that there is a significant supply of committed and allocated additional employment floorspace within East Hampshire, to help meet the needs of industrial and office-based businesses to 2036. In total, this pipeline supply is estimated to be 51,590m^2 (completions and planning permissions) + 44,400m^2 (allocations without planning permission) = 95,990m^2 of new employment floorspace. It is possible that some of this pipeline supply may not be delivered in a timely fashion, or delivered at all over the plan period; much will depend on the future performance of the economy, but also (e.g.) the willingness of individual landowners to develop their sites. The size of the employment land supply does at least imply that there is significant potential – before even considering further options for the emerging Local Plan – to address the future needs of businesses for industrial or office premises.

8.23 Much or all of pipeline supply will likely augment the existing stock of employment premises within East Hampshire. To understand more about the existing stock of premises, a qualitative assessment of employment sites outside of the South Downs National Park has been undertaken by EHDC planning policy staff in 2017; whilst a telephone survey of local businesses in East Hampshire operating from these and other industrial/office-based premises has also been conducted by QaResearch. This has uncovered a mixed picture of existing premises: high rates of occupancy and good levels of business satisfaction with their accommodation are juxtaposed with concerns that it may be inadequate for meeting future needs.

8.24 Opinion appears to be equally divided on the question of the adequacy of existing floorspace for addressing future needs. For a council such as EHDC, which is seeking to be "the most business friendly council in the UK"[34], the implications of the business survey are nonetheless clear: a positive approach is required to promote the renovation and redevelopment of industrial and office premises for these kinds of employment use over the period to 2036. Furthermore, the Council should consider whether additional allocations of employment land – to address qualitative as well as purely quantitative issues – should be pursued through the emerging Local Plan. The assessment of employment sites outside of the South Downs National Park identified a number of sites that did not perform well against qualitative criteria.

[34] See page 5, Corporate Vision, East Hampshire District Council Corporate Strategy 2014-2019

8.25 The next section considers the foregoing implications in the context of the estimates of future needs for employment (industrial and office) floorspace that have been reported in Chapter 7 above, the aim is to provide some conclusions for the emerging Local Plan on the allocation of future sites.

Bringing Quantitative and Qualitative Considerations Together

8.26 The quantitative requirements for additional employment land in East Hampshire which have been reported in Chapter 7 (Tables 7.5 & 7.9) can be set against the committed supply identified in Table 8.1, in order to determine a net requirement for additional floorspace for the emerging Local Plan (2017-2036). It is better to consider the need for and supply of floorspace in the first instance, rather than the equivalent land areas, as the former builds in fewer assumptions in the calculation of net requirements and is therefore likely to result in a more accurate comparison[35]. Net floorspace requirements can be translated into net land requirements – which are approximate – as a final step.

8.27 It should be noted that the net requirement could, in principle and under each scenario, be met by the future development of existing employment allocations (i.e. the other element of “pipeline supply” that is discussed above). The pipeline supply in East Hampshire, including allocations without planning permission, is 95,990m^2 which is slightly more than the maximum estimate for the requirement for employment floorspace of c.94,200m^2 (paragraph 7.31). However, in order to balance the requirements with the supply, the allocated sites without permission would need to be developed for the appropriate type of employment floorspace (office, industrial or a mix of the two) to match the breakdown of needs; and it is unreasonable to assume that this will occur. In order to remain consistent with the facts, it is important to compare estimated demand against the committed supply.

8.28 Table 8.5 and Figure 8.4 show the net requirements for employment floorspace, taking account of the committed supply identified in Table 8.1.

[35] Specifically: calculations of floorspace requirements do not include assumptions concerning the typical plot ratio – floorspace : area – but these are present in the derived land area requirements. Although these assumptions have a basis in fact, the amount of new floorspace that can be accommodated on a given site will depend on site-specific constraints and opportunities, meaning that these assumptions may not prove to be accurate. It is therefore better to avoid making such assumptions, wherever possible.

Table 8.5: Net Requirements for Employment Floorspace (2017-2036)

Scenario & Property Market Segment		Floorspace requirement (A)	Committed Supply (B)	Net requirement (A - B)
Labour Demand 1: Experian	Office	73, 547	10,938	62,609
	Industrial	16,127	40,652*	-24,525**
Labour Demand 2: Cambridge Econometrics	Office	30,223	10,938	19,285
	Industrial	-8,760	40,652*	-49,412**
Past Development Trends	Office	10,498	10,938	-440
	Industrial	45,448	30,335	15,113
	Mixed	38,238	10,317	27,921

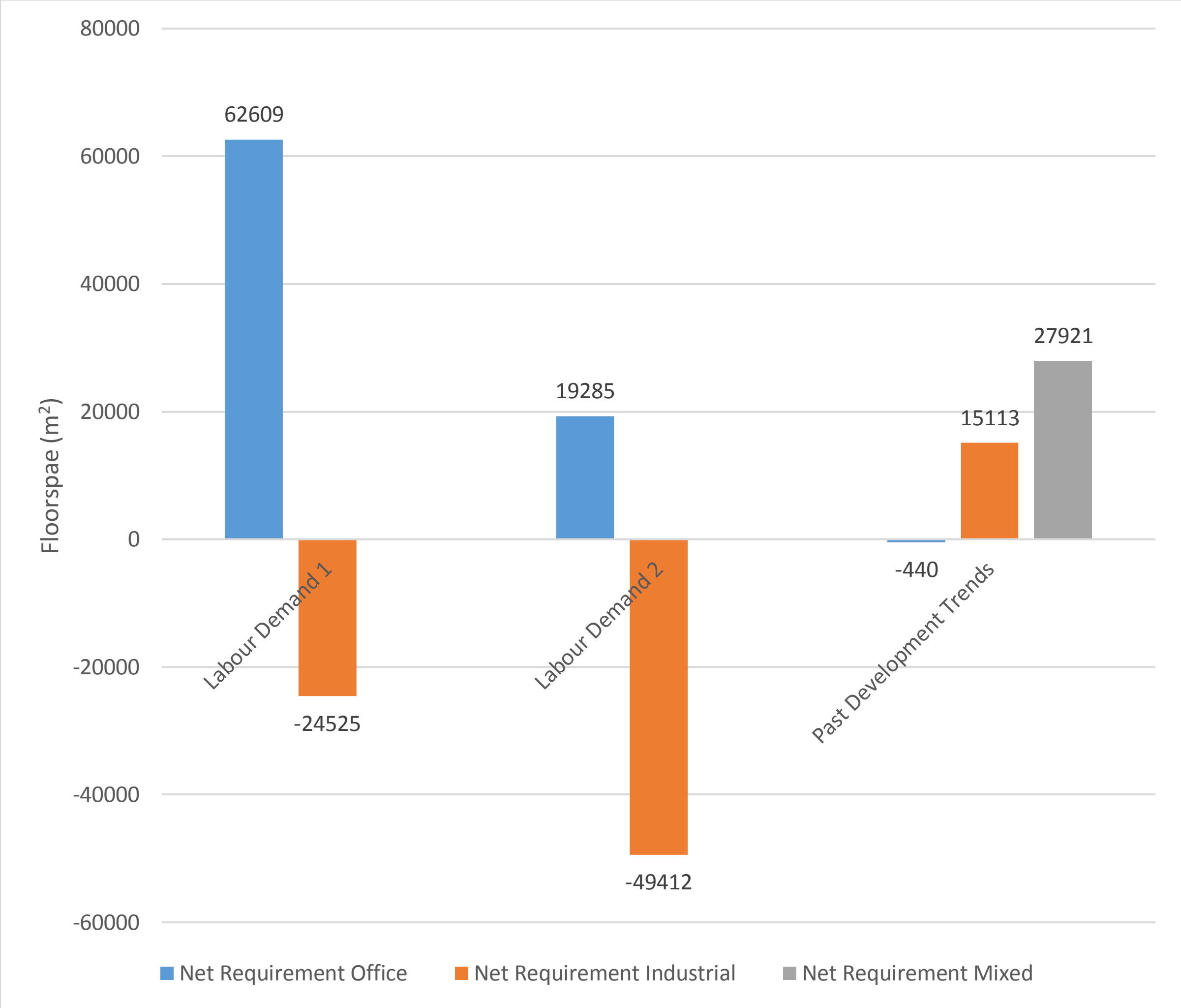
Sources: Experian, Cambridge Econometrics, Hampshire County Council Industrial and Office Floorspace Monitoring Data and EHDC Analysis

Notes to Table 8.5:

* For the labour demand scenarios, where there are no estimates for mixed office-and-industrial floorspace, the mixed supply has been added to the supply of pure industrial floorspace, for ease of comparison with the estimated industrial requirements. This reflects the fact that such "mixed" developments are often built on industrial sites and may serve similar users; and means that the supply figures identified by a '*' in the table include an element of office floorspace. The proportions of office and industrial floorspace in the mixed category cannot be determined from the Hampshire County Council monitoring data.

**the net requirement for the labour demand scenarios is likely to be greater (less negative) than stated, due to the inclusion of mixed floorspace in the committed supply figures (see '*' above), which includes an element of new office floorspace. It follows that the net requirement for office floorspace is likely to be lower than stated, as the supply of office floorspace is greater; although the requirement would still be positive. The proportions of office and industrial floorspace in the mixed category cannot be determined from the Hampshire County Council monitoring data.

Figure 8.4: Estimated Net Requirements for Employment Floorspace in East Hampshire (2017-2036)



Sources: as per Table 8.5

8.29 As can be seen from Table 8.5 and Figure 8.4 above, the different scenarios for the future employment floorspace requirements in East Hampshire do not agree on the scale or type of employment floorspace that should be provided over the period of the emerging local plan.

8.30 The "mismatches" in Table 8.5 between the committed supply and the identified requirements for the labour demand scenarios are remarkable and suggest a large-scale future change in what the market demands; as already noted (paragraph 7.41) this may not fully come to pass because of differences between the structures of the regional and local (East Hampshire) economies. Nevertheless, in contrast to the past development trends, which assume that the future will be like the past, the labour demand scenarios build in independent assessments of future economic performance. Although the scale of any change is always subject to substantial error – because economic forecasts are especially problematic and inaccurate over long timescales – it is important to note that there may be structural changes to the economy, so that less industrial and more office-style accommodation for businesses is required in East Hampshire in the future.

8.31 The net floorspace requirements can be converted into land requirements using the plot ratio assumptions that have been reported in Chapter 7 (paragraphs 7.29-7.30). See Table 8.6 for details. Please note that where net floorspace requirements are negative it has been assumed that there is no net land requirement.

Table 8.6: Estimated Employment Land Requirements (2017-2036)

Scenario & Property Market Segment		Net Floorspace Requirements	Land Requirements
Labour Demand 1: Experian	Office	62,609	12.5
	Industrial	-24,525	-
Labour Demand 2: Cambridge Econometrics	Office	19,285	3.9
	Industrial	-49,412	-
Past Development Trends	Office	-440	-
	Industrial	15,113	3.8
	Mixed	27,921	7.0

Sources: Experian, Cambridge Econometrics, Hampshire County Council Industrial and Office Floorspace Monitoring Data and EHDC Analysis

8.32 Because of the widely varying estimates of need for the different types of floorspace, it would be unreasonable to select one of the scenarios as a basis for land-use planning in EHDC's planning area. The scenarios are not mutually reinforcing but present conflicting messages on the amount of land and floorspace that should be planned for over the period 2017-2036. There is however clear agreement between the scenarios on one matter: that substantial additional quantities of employment land do not need to be allocated for employment growth purposes.

8.33 In addition to these quantitative considerations, there are also qualitative issues that need to be considered, in order to provide a robust basis for informing the emerging local plan. As noted above, not all of the sites that were assessed by planning officers in the summer of 2017 performed well against qualitative criteria. Around 50 of the 94 sites were identified as key employment sites (see Table 8.3) and whilst many of the remainder had merit, some sites scored poorly in terms of (e.g.) access arrangements, quality of buildings and common areas. The recent survey of local businesses has confirmed that from a market perspective, there are some concerns that premises in East Hampshire would be inadequate to suit changes in their future requirements. These factors suggest that in addition to allocating land for economic growth purposes, it would be reasonable to allocate land to address the qualitative constraints that may prevent businesses from relocating within East Hampshire. Additional allocations could also help to address the recent decline in the provision of new floorspace (Figure 7.11) by providing a range of opportunities for investment; although the likelihood and rate of development will also depend on macroeconomic considerations.

8.34 Although many businesses with aspirations to move premises within East Hampshire are optimistic of their chances of doing so; it is important to consider that opinion is equally divided on the adequacy of premises in the district, in the case of those businesses that are seeking to relocate (Figure 8.3). This suggests that there is an under-supply of premises for businesses that are actively seeking to expand or modernise. Further employment land would be required to address any under-supply, on top of what is required for economic growth purposes. Although there is no recommended method for determining the scale of additional supply to address qualitative issues; the evidence presented above can help to establish a guideline for EHDC's emerging Local Plan.

8.35 As can be seen in Figure 7.10, there is approximately 500,000m^2 of industrial floorspace in East Hampshire and approximately 100,000m^2 of office floorspace. Much of this will be occupied, but it's reasonable to consider that around 10% may be vacant at any point in time; so it can be assumed that approximately 450,000m^2 of industrial floorspace will be occupied, and 90,000m^2 of office floorspace.

8.36 The Council's business survey suggests that 36% of businesses occupying industrial and office premises have plans to move during the plan period (paragraph 8.17). Although these businesses will be occupying premises of different sizes; as a simplifying assumption, it could be assumed that up to 36% of the district's floorspace could, given a local supply of premises that are of a suitable quality, change occupants within five years (which approximates to a business cycle). This would translate into 162,000m^2 of industrial floorspace and 32,400m^2 of industrial floorspace. On the basis of the findings of the business survey, it is also reasonable to speculate that 38% of this five-year notional demand may not be satisfied in the local market, due to issues concerning the adequacy of existing premises (Figure 8.3). On the basis of the notional demand and the overall quantity of industrial and office floorspace in East Hampshire, this means that a reasonable working estimate of constraints in the market is c.61,500m^2 of industrial floorspace and c.12,300m^2 of office floorspace.

8.37 Table 8.7 (below) adopts the above working estimates and uses the previous plot ratio assumptions (paragraphs 7.29-7.30) to provide an indication of the additional land that could be allocated to address qualitative issues and redress constraints in the operation of the local property market.

Table 8.7: Estimated Additional Land for Allocation (2017-2036), to Address Qualitative Isssues

Property Market Segment	Estimate of Additional Floorspace for Qualitative Issues in East Hampshire (m^2)	Estimated Additional Land Area for Qualitative Issues in East Hampshire (ha)
Office	12,312	2.5
Industrial	61,560	15.4

Sources: Valuation Office, QaResearch and EHDC Analysis

8.38 Overall, the evidence presented in this chapter and Chapter 7 does not provide a single conclusive answer to the question of how much additional employment land should be provided by the East Hampshire Local Plan (2017-2036). Table 8.7 provides a summary of the range of floorspace and land requirements that should be considered, but in effect it will be important to consider these as minima because both past development trends and economic forecasts have their limitations and it will be important not to add further constraints to a local property market that is evidently not performing in a perfect manner (i.e. so as to meet the aspirations of all local businesses).

Table 8.8: Estimated Total Requirements (Floorspace & Land Area, 2017-2036) for Employment Development in East Hampshire

Property Market Segment	Max. Estimated Net Requirement - Floorspace (m^2)	Max. Estimated Net Requirement – Area (ha)	Estimated Additional Floorspace for Qualitative Issues (m^2)	Estimated Additional Land Area for Qualitative Issues (ha)	Max. Floorspace Required (m^2)	Max. Land Required (ha)
Office	62,609	12.5	12,312	2.5	74,921	15.0
Industrial	45,448*	11.4*	61,560	15.4	107,008	26.8
Total	108,057	23.9	73,872	17.9	181,929	41.8

Sources: Experian, Hampshire County Council Land Monitoring Data, Valuation Office, QaResearch & EHDC Analysis. NB: figures may not sum due to rounding
Note to Table 8.8
The maximum potential requirement for industrial floorspace is derived from the past development trends scenario, Compare these figures with Table 7.5. Please note that this means that the requirements identified by a '' in the table exclude an element of industrial floorspace that is included in the "mixed" category within the past development trends scenario.

Conclusions

8.39 The quality of existing office and industrial floorspace in EHDC's planning area may not always be suitable to meet the current or future requirements of local businesses, even if these businesses are not planning to expand. This means that additional employment floorspace may be required over the plan period, above and beyond that required to meet economic growth needs or past development trends, in order to redress constraints that have arisen due to inadequacies in the quality of the available supply. An attempt has been made to quantify an additional provision of floorspace/land that could ensure that these qualitative constraints could be overcome by the market. It is estimated that the provision of 17.9ha of additional employment land could remove constraints associated with inadequate sites and premises.

8.40 It therefore appears that a total land "requirement" of c.41.8ha of land for industrial and office development (see Table 8.8) would meet future needs based on economic growth or the continuation of past trends, and could remove qualitative constraints. However, this estimate necessarily embeds a range of assumptions that, although reasonable and considered to form part of the "best estimates", could prove to be inaccurate. To avoid exacerbating the constraints in the supply of suitable floorspace, caution has been exercised in deriving the total estimate. Table 8.8 reflects the most optimistic outcomes from the employment growth and past trends scenarios. Nevertheless, further caution is advisable at this stage, to ensure that the future land requirements of businesses are met in accordance with the NPPF – i.e. to meet identified needs and also remain flexible enough to meet needs not anticipated in the Local Plan (see paragraph 81, NPPF).

8.41 It is therefore recommended that a minimum of c.42ha of land that can be developed on a flexible basis, for both office and industrial floorspace, is allocated through the emerging

Local Plan. It would be reasonable to allocate more land than this, but the overall size of the land budget will need to be balanced with any environmental considerations for the available sites that are promoted for future development through the Council's Land Availability Assessment.

8.42 It should be noted that some of the "pipeline supply", i.e. the current employment land allocations without planning permission at 31st March 2018 (Table 8.2), could be developed to meet the total quantitative and qualitative requirements. However, it is evident that additional land allocations would need to be considered, to supply 41ha of employment land. In addition, it will be important to maintain a positive and supportive policy approach to the redevelopment of employment land and premises for employment purposes, to ensure that the good quality sites that have been identified by Council's qualitative site assessments (Table 8.3) remain suitable for meeting the needs of industrial and office-based businesses.

Chapter 9: Bringing the Evidence Together – Housing and Employment Land Needs

Introduction

9.1 This chapter draws together the conclusions of chapters four to eight to provide the overall figure for housing and employment needs within East Hampshire. It is important to recognise that there may be factors, some of which may be mutually reinforcing, that indicate that the number of homes to be built and the amount of employment land to be provided should be increased beyond the minimum estimates. The Government's PPG specifically recognises that there will be circumstances where actual housing need may be higher than the figure identified by the standard method in Chapter 4.

9.2 In regard to housing, and in line with the NPPF, in order 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 approach which also reflects current and future demographic trends and market signals.

9.3 The standard method for assessing local housing need provides the minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Changing demographics can also affect the need for employment land, by changing the local availability of labour – although the relationship is far from simple, as people can choose to commute from places outside of the district for work purposes. The impacts of macro-economic factors, such as Brexit and international trade disputes can be more significant, as these can affect the market's capacity for local investment in commercial property.

9.4 Where additional growth above historic trends is likely to or is planned to occur over the plan period, an appropriate uplift on estimates of housing need may be considered. This chapter explores whether there are circumstances within East Hampshire to consider an uplift above the housing need figure established by the standard method. It subsequently considers whether the housing need figure and the employment land requirements are, broadly speaking, in harmony by virtue of the underlying demographic assumptions: whether these assumptions for job growth might imply greater housing needs, or vice versa.

The Standard Method Starting Point

9.5 Chapter 4 examined the demographic need of the district. In line with the PPG standard method, the starting point was the official demographic projections. However, as explained in Chapter 4, the 2014-based Sub-National Household Projections have been used in advance of the most recent projections (2016-SNHP).

9.6 In line with the standard method, an affordability adjustment is then applied as household growth on its own is insufficient as an indicator of housing demand because:

- household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and
- people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.

9.7 The affordability adjustment, at the level proposed, is applied in order to start to address the affordability of homes, and is intended to slow down the rate at which local affordability ratios are increasing.

9.8 As detailed in Chapter 4, the number of households within East Hampshire district is projected to increase by 400.1 new households per annum (2014-based), equivalent to 7,602 dwellings over the duration of the plan period (2017 to 2036).

9.9 In line with the standard method, an adjustment factor based on median affordability ratios is applied, which results in an uplift to the household projections of 52%. This suggests a minimum housing need of 608.2 dwellings per annum (dpa) for the district. Over the duration of the plan period (2017 to 2036) this would total 11,556 dwellings across East Hampshire (including the SDNP). Taking account of a previous estimate of housing need for the SDNPA area in East Hampshire, a best estimate of the minimum need for the EHDC planning area is 496.2 dpa.

The Response to Market Signals

9.10 As evident in Chapter 5, affordability has significantly worsened in East Hampshire since 2000, as measured by the relationship of both the median earnings to median house prices, and lower quartile earnings to lower quartile house prices, and the income required to purchase a house. The affordability ratios in East Hampshire are significantly higher than the South-East average.

9.11 Although private rents and rental affordability ratios are comparable to the wider region, they are substantially higher than those experienced nationally. Levels of overcrowded and concealed households have also increased (2001-2011) but are below wider benchmarks.

9.12 It is clear that there a number of market signals (see Chapter 5) that exacerbate the issue of affordability in East Hampshire. However, the standard method for calculating local housing need already makes an adjustment for market signals based on median affordability ratios. Applying the affordability ratio in East Hampshire results in an uplift of some 52% to household projections (2014-based).

9.13 The PPG gives no further guidance on additional uplifts due to market signals as it is considered they have already been taken into account through the affordability adjustments. Therefore, it is deemed reasonable not to apply further uplifts to the figure derived from the standard method in the absence of a clear method for doing so; and without clear justification that any method avoids double-counting, when taken together with the standard method.

The Response to Affordable Housing Requirements

9.14 Another dimension of the response to market signals is planning for affordable housing provision. PPG states that "strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market"[36].

9.15 It is estimated that there is a need for 240 affordable homes per annum, equivalent to 4,569 affordable homes over the plan period (2017 to 2036) to meet the needs of households that are unable to afford to rent privately. These households require subsidised rented housing. These households are often regarded by local authorities as those in priority need and, in the past, they have been the focus of affordable housing policy and provision.

9.16 If those who are able to afford market rents but are unable to access market home ownership (sometimes referred to as those that 'can rent – can't buy') are also defined as being in affordable housing need, then in East Hampshire there would be a requirement/demand for a total (unable to rent and unable to buy) of approximately 400 dwellings per annum to be provided in the form of subsidised home-ownership products. This compares to the minimum overall housing requirement – based on demographic and housing affordability factors – of 608.2 dwellings per annum across the district (see above).

9.17 The Government is increasingly prioritising the delivery of new housing for those households that are unable to buy as reflected in the changes to the NPPF definition of affordable housing to include Starter Homes and additional support for shared ownership; and the expectation that 10% of affordable housing contributions from major development should be available for affordable home ownership (paragraph 64, NPPF). The additional need for affordable home ownership options therefore needs to be considered.

9.18 PPG does not set out any explicit mechanisms to relate the levels of affordable housing need to the overall assessment of housing need, besides the adjustment factors for affordability. However, there is overlap between the affordable housing assessment and other elements of the assessed housing need. Adjustments to planned levels of housing over and above demographic projections in the light of market signals (as demonstrated by the standard method) clearly seek to have an impact on housing affordability, which can be expected to assist particularly the 'can rent, can't buy' group; this would, in practice, be reflected in higher rates of household formation. Chapter 4 makes clear that an increased rate of household formation is one way in which the standard method's in-built affordability uplift could be realised. This would include younger persons and other would-be first-time buyers accessing the housing market through the provision of new affordable homes.

9.19 Simply put, an upward adjustment to household projections as a result of the standard method can be expected to contribute to a higher level of affordable housing supply than would otherwise be the case if this was linked solely to demographic projections.

9.20 In light of the overlap of the affordability adjustment associated with the standard method, it is concluded that no further adjustments are advisable for the purpose of assessing housing need. This matter will however be kept under review in the context of how the housing requirement that is likely to be delivered through the emerging Local Plan and the

[36] Planning Practice Guidance: Reference ID: 2a-022-20180913

extent to which this would deliver new affordable housing, taking account of viability considerations. More in-depth analysis will be conducted to support the Regulation 19 (pre-submission) version of the Local Plan. In line with the Government's PPG, the Council will need to further consider whether additional new homes – above the number estimated through the standard method – would need to be provided to address affordable housing needs.

Conclusions on housing need

9.21 The objective assessment of housing needs for East Hampshire, obtained using the standard method and following consideration in Chapter 4 of the underlying demographic information, is a robust starting point for the number of homes that are required from 2017 to 2036. The affordability adjustments associated with the standard method increase the demographic starting point (2014-based household projections) by 52%. No further uplift appears to be justified to account for market signals relating to housing affordability; whilst the standard method's uplift can also be expected to help tackle the need for affordable housing, particularly home ownership options. Overall and at this interim stage, no further uplift to the estimated housing needs is advised, although this will need to be kept under review in the context of the likely scale and distribution of new affordable housing in accordance with the emerging Local Plan.

9.22 Taking the above into account, the housing need for East Hampshire is a minimum of 608 dwellings per annum. Based on the standard method within the PPG, the figure is a rounded value that represents an 'on balance' judgement in the context of all the evidence. Given the range of assumptions that to be made, the housing need figure would ideally be treated as an estimate based on the best possible evidence and analysis within a range. However, for planning purposes and the introduction of a standard method, an actual figure is required.

Employment Land and Housing Need

9.23 Chapter 7 includes information on the forecast change in employment in East Hampshire between 2017-2036, based on estimates of future economic performance by Experian and Cambridge Econometrics (CE). Overall, the CE forecast shows growth of about 3,500 jobs (6.3%) with Experian being somewhat higher (5,800 jobs – 10.7%). These estimates have informed the labour demand scenarios for the provision of employment land (e.g. see Table 7.10). Information on the estimated change in the number of jobs in the CE and Experian forecasts is provided below:

Table 9.1: Summary forecast change in Employment in East Hampshire (all jobs, 2017-2036)

	Jobs (2017)	Jobs (2036)	Change in jobs	% change
CE	55,469	58,988	3,519	6.3%
Experian	54,300	60,100	5,800	10.7%

Source: Experian and Cambridge Econometrics

9.24 The wide range of possible levels of employment growth highlights the considerable uncertainty associated with employment forecasts in the long term. Nevertheless, it is important consider what level of housing might be required for forecasts to be met; and in particular whether the minimum housing requirement would address employment growth by providing a sufficient supply of local labour. The Council has engaged Justin Gardner Consulting to consider and model the local labour supply implications of the demographic projections associated with the standard method outcomes; and to compare these with the forecast job growth from CE and Experian, as shown above.

9.25 Table 7.2 shows how many additional jobs might be supported by population growth under the demographic scenarios of Chapter 4. For many of the demographic scenarios, the number of jobs supported would be quite low – lower than the number of jobs in either of the two economic forecasts. However, when looking at the projection linking to the Standard Method estimate and its uplift for affordability reasons, the number of jobs potentially supported is notably higher than in the forecasts.

Table 9.2: Jobs supported in East Hampshire by demographic projections (2017-2036)

	Total change in economically active	Number of Jobs Supported (taking account of net out-commuting and with an allowance for double jobbing)
2016-based SNPP	1,252	1,088
2016-based SNPP (+MYE)	1,409	1,224
10-year migration	1,716	1,491
2017-SNPP	2,119	1,841
Linked to Standard Method	7,927	6,887

Source: Justin Gardener Consulting Analysis

9.26 Table 9.2 implies that the number of new homes that would be built in accordance with the Standard Method would provide a local labour supply that more than meets the anticipated job growth in East Hampshire. This is confirmed through considering estimates of housing need set against the job growth scenarios. The analysis shows that to support the higher of the economic forecasts there would need to be provision of around 565 homes each year in East Hampshire. This figure is lower than the 608 dwellings per annum derived from the Standard Method and suggests that delivering the estimated minimum housing need for East Hampshire would provide a sufficient labour-supply for additional jobs to be filled. See Table 9.3 for details of the housing need that has been associated with the employment growth scenarios, in accordance with analysis from Justin Gardener Consulting.

Table 9.3: Projected housing need for job growth scenarios, using the part-return to trend scenario of household formation (see Table 4.9)

	Households 2017	Households 2036	Change in households	Per annum	Dwellings (per annum)
CE	49,718	58,446	8,728	459	473
Experian	49,718	60,141	10,423	549	565

Source: Justin Gardener Consulting Analysis

9.27 In summary, the provision of 608 dwelling per annum would provide a local labour supply for the anticipated additional jobs to be filled.

9.28 The only estimates of job growth that have informed the employment land requirements are the CE and Experian estimates that are considered above, through the labour demand scenarios of Chapter 7. Nevertheless, it is important to note that the employment land requirements that are set out in Chapter 8 address both the requirements associated with job and business growth; and those associated with resolving constraints in the commercial property market, estimated on the basis of qualitative factors (i.e. perceptions of the suitability of the existing stock of premises to meet future business requirements). The additional requirements that are to ensure improvements in the quality of employment premises do not imply further job growth; they are only required to ensure the future suitability of premises, so that local businesses can continue to operate effectively within East Hampshire. Therefore, by providing a sufficient local labour supply to meet the anticipated job growth of the CE and Experian projections, the Standard Method estimate of housing need is considered to be fully consistent with the estimated employment land requirements.

Conclusion

9.29 The housing need for East Hampshire is a minimum of 608 dwellings per annum, with no additional uplifts required at this interim stage in the HEDNA, due to evidence on market signals or affordable housing needs. This conclusion takes account of the information presented in earlier chapters of this interim report. The 608 dpa minimum includes a substantial uplift for reasons of poor housing affordability in East Hampshire, in accordance with the Government's Standard Method. However, this conclusion will need to be kept under review, particularly with respect to the potential future delivery of affordable housing in accordance with the emerging Local Plan.

9.30 A housing requirement of 608 dwellings per annum would provide a local labour supply that would fill the additional jobs created through anticipated levels of job growth in East Hampshire, as estimated by Cambridge Econometrics and Experian. The employment land requirements of this HEDNA have been estimated using the same job growth estimates, so the labour demand scenarios for future employment development are considered to be fully consistent with the labour supply implications of building 608 dwelling per annum in East Hampshire.

Chapter 10: Family Households and Housing Mix

Introduction

10.1 As discussed in previous chapters, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

10.2 Therefore, a further area of analysis is around the mix of housing required in different tenures. The revised NPPF says 'the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies'; this includes families with children. The revised PPG does not provide any guidance about this topic although the previous PPG did say (paragraph 2a-021) that 'plan makers can identify current numbers of families, including those with children, by using the local household projections'.

10.3 This chapter initially considers a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the numbers are projected to change moving forward. The analysis finishes by looking at the mix of housing required (covering all household groups and tenures); this analysis takes account of the way different groups occupy housing and links to projections of change to household types and ages. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes

Background Data

10.4 The number of families in the District (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 virtually identical to that seen across the County, region and nationally. Compared with other areas, East Hampshire does appear to have a relatively high proportion of married couples with dependent children and relatively few lone parents. Analysis for sub-areas does not show any notably different profile across locations.

Table 10.1: Households with dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
North West	No.	2,317	375	594	205	8,453	11,944	3,491
	%	19.4%	3.1%	5.0%	1.7%	70.8%	100.0%	29.2%
North East	No.	2,670	470	742	264	9,228	13,374	4,146
	%	20.0%	3.5%	5.5%	2.0%	69.0%	100.0%	31.0%
SDNP	No.	2,585	422	643	231	9,698	13,579	3,881
	%	19.0%	3.1%	4.7%	1.7%	71.4%	100.0%	28.6%
Southern parishes	No.	1,608	233	364	149	6,007	8,361	2,354
	%	19.2%	2.8%	4.4%	1.8%	71.8%	100.0%	28.2%
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)

10.5 Table 10.2 below shows how the number of households with dependent children changed from 2001 to 2011. Overall there was only a modest increase in the number of households with dependent children, increasing by around 400 (an increase of 3%). Within this, there was an increase in the number of cohabiting couples, which was largely offset by a decrease in married couples; the number of lone parents increased by 19% whilst 'other' households also saw an increase in numbers.

Table 10.2: Change in households with dependent children (2001-11) – East Hampshire

	2001	2011	Change	% change
Married couple	9,696	9,180	-516	-5.3%
Cohabiting couple	1,074	1,500	426	39.7%
Lone parent	1,968	2,343	375	19.1%
Other households	727	849	122	16.8%
All other households	30,160	33,386	3,226	10.7%
Total	43,625	47,258	3,633	8.3%
Total with dependent children	13,465	13,872	407	3.0%

Source: Census (2001 and 2011)

10.6 Table 10.3 below shows the projected change to the number of children (aged Under 15) from 2017 to 2036. This shows that the official projections would expect a small decline in the number of children (falling by 3% over the 19-year period), whereas the higher potential population growth linked to delivery of 608 dwellings per annum would see a notable increase in the number of children (increasing by 10%).

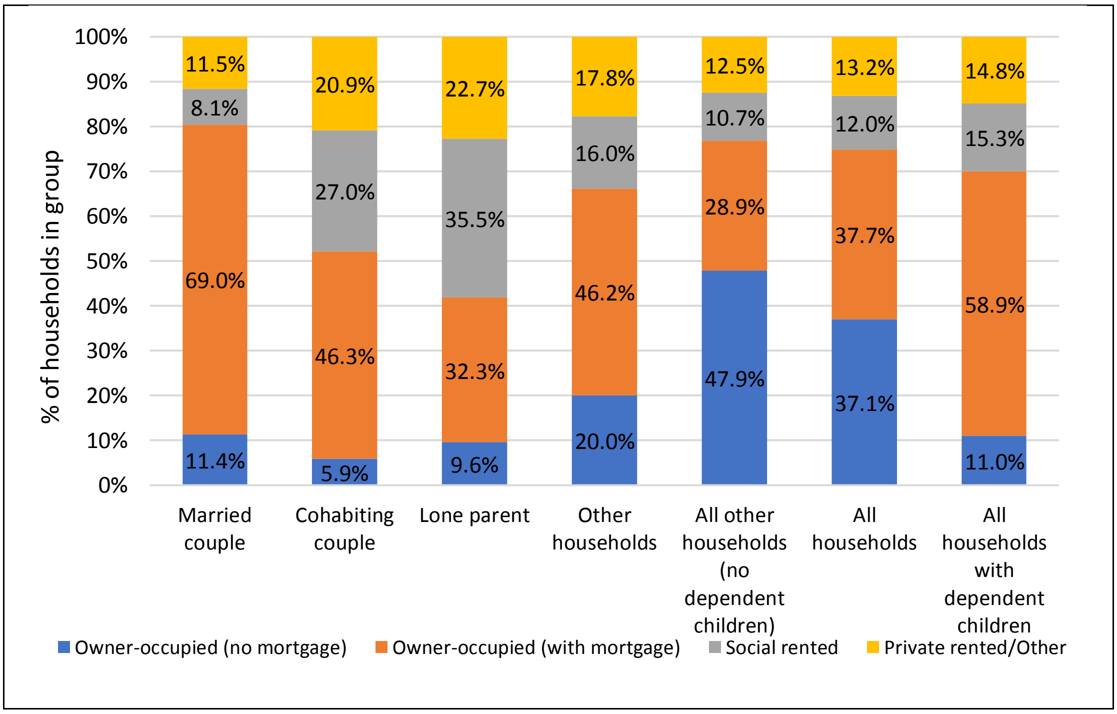
Table 10.3: Estimated change in population aged 15 and under (2017-36) – East Hampshire

	Population aged 15 and under		Change (2017-36)	% change from 2017
	2017	2036		
2016-based SNPP	20,160	19,603	-557	-2.8%
Linked to 608 dpa	20,193	22,309	2,116	10.5%

Source: Derived from demographic modelling (Justin Gardner Consulting)

10.7 Figure 10.1 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. Only 42% of lone parent households are owner-occupiers compared with over 80% of married couples with children.

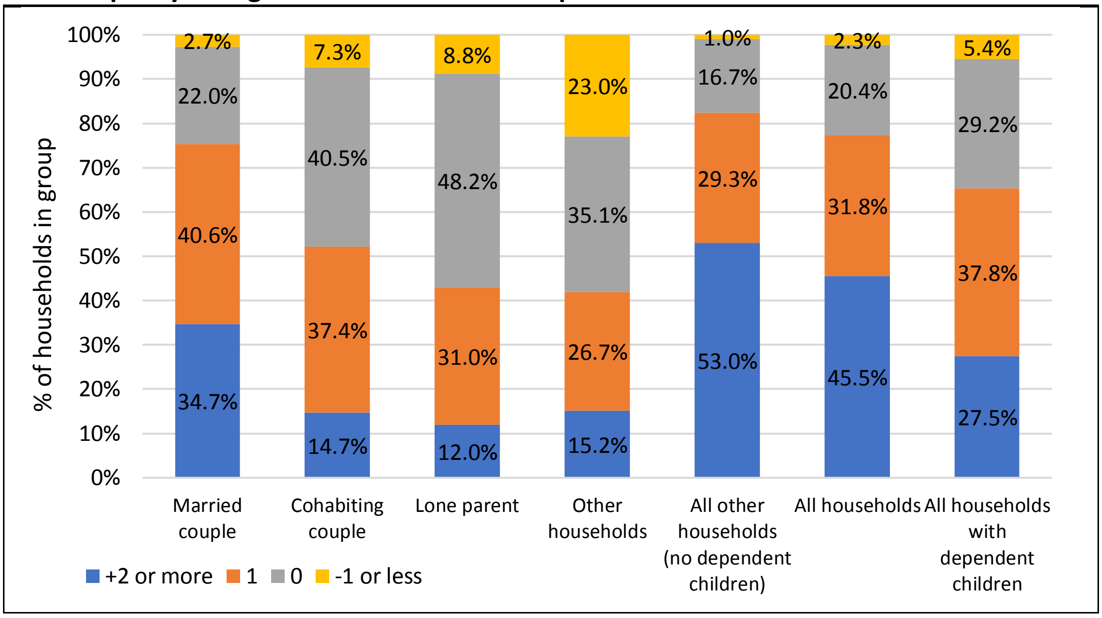
Figure 10.1: Tenure of households with dependent children – East Hampshire



Source: Census (2011)

10.8 Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about five times more likely than other households to be overcrowded. In total, some 5% of all households with dependent children are overcrowded and included within this the data shows 9% of lone parent households are overcrowded along with 23% of 'other' households with dependent children. Levels of under-occupancy amongst households with dependent children are low when compared with other households.

Figure 10.2: Occupancy rating and households with dependent children



Source: Census (2011)

10.9 As well as households containing dependent children there will be other (non-dependent) children living as part of another household (typically with parents/grandparents). Table 10.4 below shows the number of households in the District with non-dependent children. In total, some 9% of households (4,400) contained non-dependent children as of 2011. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents. The proportion of households with non-dependent children in the District is similar to that seen in other areas.

Table 10.4: Households with non-dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	All other households	Total	Total with non-dependent children
East Hampshire	No.	2,847	201	1,396	42,814	47,258	4,444
	%	6.0%	0.4%	3.0%	90.6%	100.0%	9.4%
Hampshire	%	5.9%	0.5%	2.9%	90.7%	100.0%	9.3%
South East	%	5.5%	0.5%	3.1%	90.9%	100.0%	9.1%
England	%	5.6%	0.5%	3.5%	90.4%	100.0%	9.6%

Source: Census (2011)

10.10 Table 10.5 below shows that the number of households with non-dependent children has increased notably from 2001 to 2011. In total, the number of households with non-dependent children increased by around 600 (a 16% increase) with around half of this being in lone parent households.

Table 10.5: Change in households with non-dependent children (2001-11) – East Hampshire

	2001	2011	Change	% change
Married couple	2,630	2,847	217	8.3%
Cohabiting couple	125	201	76	60.8%
Lone parent	1,080	1,396	316	29.3%
All other households	39,790	42,814	3,024	7.6%
Total	43,625	47,258	3,633	8.3%
Total with dependent children	3,835	4,444	609	15.9%

Source: Census (2001 and 2011)

Projected Changes to Family Households

10.11 As well as looking at the number of households with dependent children, the characteristics of these households and how numbers have changed over time, it is possible to use household projections to see how the number of households is likely to change moving forward. The official household projections use a range of household typologies with three categories for dependent children depending on the number of children. Unfortunately, the projections no longer look at projecting lone parent households separately from other households with children. Additionally, it should be noted that the categories used differ between the 2016-based projections (ONS) and the 2014-based version (MHCLG). This is important as in deriving projections linked to 608 dwellings per annum, use has been made of the older projections.

10.12 Table 10.6 below looks at change to the number of households based on the ONS (2016-based) household projections. This shows that the number of households with dependent children is projected to decrease by about 740 (a 5% fall) – this includes decreases in all dependent children categories.

Table 10.6: Change in household types 2017-36 (2016-based ONS household projections) – East Hampshire

	2017	2036	Change	% change
One-person household (aged 65 and over)	7,100	10,901	3,801	53.5%
One-person household (aged under 65)	6,172	5,861	-311	-5.0%
Households with 1 dependent child	5,718	5,495	-223	-3.9%
Households with 2 dependent children	5,652	5,286	-366	-6.5%
Households with 3 or more dependent children	2,068	1,920	-148	-7.2%
Other households with 2 or more adults	22,509	26,080	3,571	15.9%
TOTAL	49,219	55,543	6,324	12.8%
Total households with dependent children	13,263	14,658	1,396	10.5%

Source: 2016-based ONS household projections (Justin Gardner Consulting)

10.13 As well as looking at the latest official projections, analysis has been undertaken to consider what the profile of households might be with dwelling delivery of 608 homes each year – this is shown in Table 10.7. This shows a positive change in the number of households with dependent children, increasing by 2,800 households (20%) over the 19-year period – the most notable increase is in households with one dependent child.

Table 10.7: Change in household types 2017-36 (linked to provision of 608 dwellings per annum) – East Hampshire

	2017	2036	Change	% change
One-person household (aged 65 and over)	7,022	9,433	2,410	34.3%
One-person household (aged under 65)	6,024	6,765	742	12.3%
Couple (aged 65 and over)	8,407	13,847	5,440	64.7%
Couple (aged under 65)	7,620	5,975	-1,646	-21.6%
A couple and one or more other adults: No dependent children	3,963	4,538	575	14.5%
Households with one dependent child	5,946	7,508	1,563	26.3%
Households with two dependent children	5,913	6,803	890	15.1%
Households with three dependent children	2,192	2,511	319	14.6%
Other households	2,631	3,590	959	36.4%
TOTAL	49,718	60,970	11,252	22.6%
Total households with dependent children	14,050	16,822	2,772	19.7%

Source: Demographic projections (Justin Gardner Consulting)

The Mix of Housing - Introduction

10.14 The analysis above has looked at households with children and also projected changes to the number of households in different categories. The analysis now moves on to consider what mix of housing (by size) would be most appropriate for the changing demographic in East Hampshire. Two different methods are used to provide an overall view about needs, the first uses the data presented above about household types and links this to current occupancy patterns, whilst the second uses similar information, but is more closely linked to the age of the head of household; the second methodology also separates out different tenures of housing.

10.15 Essentially, both models start with the current profile of housing (as of 2017 to align with the Local Plan start date) in terms of size (bedrooms) and tenure (for the second method). Within the data, information is available about the household type or age of households and the typical sizes of homes they occupy. By using demographic projections, it is possible to see which age groups are expected to change in number, and by how much. On the assumption that occupancy patterns for each age group (within each tenure where relevant) remain the same, it is therefore possible to work out what the profile of housing should be at a point in time in the future (2036 in terms of this assessment).

10.16 By subtracting the current profile of housing from the projected profile, it is possible to calculate the net change in housing needed (by size). Many of the tables to follow therefore have a '2017' heading and a '2036' one; the difference between the figures in these two columns is the net change in households over the 19-year period (if the assumptions used play out). Conventionally, the main outputs are presented as a percentage need for each size of home within each tenure category.

Current Stock of Housing by Size and Tenure

10.17 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling and Table 8.8 below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. This shows that East Hampshire has a fairly typical stock profile when compared with other locations and does not indicate any strong reason to adjust modelled outputs to compensate for any apparent stock imbalances.

Table 10.8: Number of bedrooms by tenure and a range of areas (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

10.18 Table 10.9 below shows the same information for the four sub-areas. This shows that there are some differences across locations, although generally these are not particularly significant. Of note is the relatively high proportion of 1- and 2-bedroom homes in the social stock in the Southern parishes (72% of the stock compared with 62% across the District – this area also has a slightly higher proportion of larger owner-occupied homes, albeit differences from the District position are less notable.

Table 10.9: Number of bedrooms by tenure and sub-areas (2011) – East Hampshire

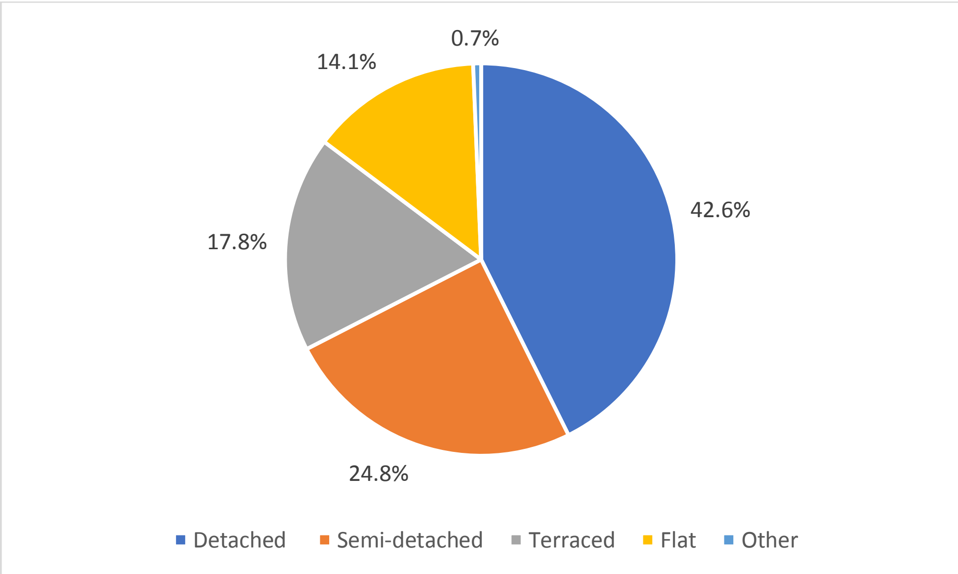
		North West	North East	SDNP	Southern parishes	East Hamp-shire
Owner-occupied	1-bedroom	5%	4%	4%	2%	4%
	2-bedrooms	17%	20%	18%	16%	18%
	3-bedrooms	38%	40%	37%	41%	39%
	4+-bedrooms	40%	36%	41%	41%	39%
	TOTAL	100%	100%	100%	100%	100%
Social rented	1-bedroom	32%	26%	30%	31%	29%
	2-bedrooms	31%	34%	30%	41%	33%
	3-bedrooms	33%	35%	36%	25%	34%
	4+-bedrooms	4%	5%	3%	2%	4%

	TOTAL	100%	100%	100%	100%	100%
Private rented	1-bedroom	22%	20%	20%	20%	20%
	2-bedrooms	41%	35%	36%	34%	37%
	3-bedrooms	27%	31%	32%	29%	30%
	4+-bedrooms	10%	15%	12%	17%	13%
	TOTAL	100%	100%	100%	100%	100%

Source: Census 2011

10.19 The majority (85.2%) of the housing stock in East Hampshire is made up of houses. The housing mix is dominated by detached (42.6%) homes, followed by semi-detached (24.8%) and terraced (17.8%) homes.

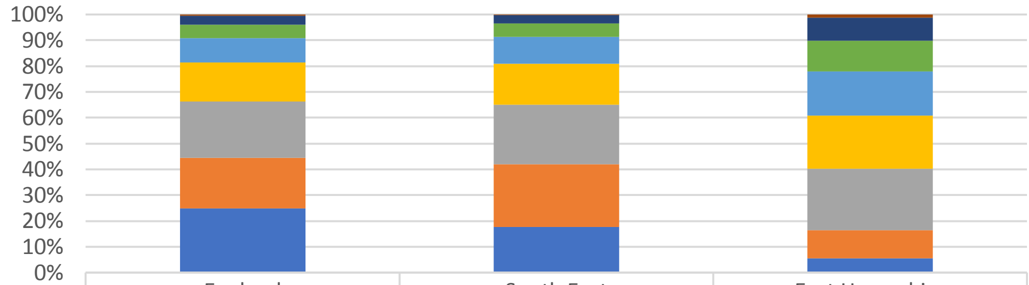
Figure 10.3: Housing Types in East Hampshire (2011)



Source: Census 2011

10.20 As evident from Figure 10.4, East Hampshire generally has a higher proportion of properties within Council Tax Bands D and above compared to the wider South East and England as a whole. Almost 60% of East Hampshire's dwellings fall within Council Bands D to H, suggesting larger properties. This compares with only 35% in the wider South East and 24.7% nationally.

Figure 10.4: Dwelling by Council Tax Band (2011)



	England	South East	East Hampshire
Band H	0.6%	0.3%	1.3%
Band G	3.5%	3.1%	9.0%
Band F	5.0%	5.3%	11.9%
Band E	9.4%	10.5%	17.0%
Band D	15.3%	15.8%	20.5%
Band C	21.8%	23.0%	24.0%
Band B	19.6%	24.5%	10.8%
Band A	24.8%	17.6%	5.6%

Source: Census 2011

Method 1 – Household Types

10.21 In Method 1, a combination of the District's households and current occupancy patterns is used. By estimating future household growth by type and applying local occupancy patterns it is possible to determine what mix of new housing might be appropriate. By using current occupancy patterns, account can be taken of the relationship between different groups and the housing they occupy (for example, older households who live in accommodation larger than they technically need). The method has been used as it has been observed as the preferred method of the development industry when providing their own evidence about future mix.

10.22 Table 10.10 below shows the relationship between different household groups and the size of homes they occupy. The data is for all tenures due to availability of data on this topic and is therefore used just to provide an initial overview (further tenure specific analysis is considered under Method 2). The choice of household typologies also differs from other analysis, and has been chosen to represent the largest set of groups that can be consistently assessed from both Census data and household projections.

Table 10.10: Occupancy Patterns by Household Type (2011) – East Hampshire

		1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	No.	1,269	1,982	2,020	816	6,087
	%	20.8%	32.6%	33.2%	13.4%	100.0%
One person <65	No.	1,753	2,042	1,587	713	6,095
	%	28.8%	33.5%	26.0%	11.7%	100.0%
Couple 65+	No.	197	1,136	2,042	1,738	5,113
	%	3.9%	22.2%	39.9%	34.0%	100.0%
Couple <65	No.	700	2,179	3,708	3,322	9,909
	%	7.1%	22.0%	37.4%	33.5%	100.0%
Households with dependent children	No.	257	2,087	5,594	5,934	13,872
	%	1.9%	15.0%	40.3%	42.8%	100.0%
Other	No.	154	1,055	2,640	2,333	6,182
	%	2.5%	17.1%	42.7%	37.7%	100.0%
Total	No.	4,330	10,481	17,591	14,856	47,258
	%	9.2%	22.2%	37.2%	31.4%	100.0%

Source: Census (2011)

10.23 Table 10.11 and Table 10.12 below show the size mix needed from applying the occupancy patterns shown above with projected changes to the number of households in each household type group (the figures are for all tenures). When linked to official projections, the main need is shown to be for 3-bedroom homes (36% of the total) followed by 2-bedroom accommodation (28%).

Table 10.11: Estimated Housing Mix Requirements – East Hampshire (based on ONS household projections)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	792	1,238	1,261	510	3,801
One person <65	-89	-104	-81	-36	-311
Households with dependent children	-14	-111	-297	-315	-737
Other households	177	736	1,413	1,245	3,571
Total	866	1,758	2,296	1,403	6,324
	14%	28%	36%	22%	100%

Source: Derived from Census (2011) and demographic projections (Justin Gardner Consulting)

10.24 With an increase level of household growth (linked to an OAN of 608 dwellings per annum) there is a shift towards larger homes being needed. This is because the higher projections would expect to see a greater number of households with dependent children.

Table 10.12: Estimated Housing Mix Requirements – East Hampshire (linked to an OAN of 608 dwellings per annum)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	502	785	800	323	2,410
One person <65	213	248	193	87	742
Couple 65+	210	1,209	2,173	1,849	5,440
Couple <65	-116	-362	-616	-552	-1,646
Households with dependent children	51	417	1,118	1,186	2,772
Other	38	262	655	579	1,534
Total	899	2,559	4,323	3,472	11,252
	8%	23%	38%	31%	100%

Source: Derived from Census (2011) and demographic projections (Justin Gardner Consulting)

Method 2 – Age of Household Reference Person

10.25 The second method looks at the ages of the Household Reference Person (HRP – often more normally called the head of household) and how these are projected to change over time. One difference in this method is that the analysis can be segmented by tenure. The sub-sections to follow describe some of the key analysis.

Understanding how Households Occupy Homes

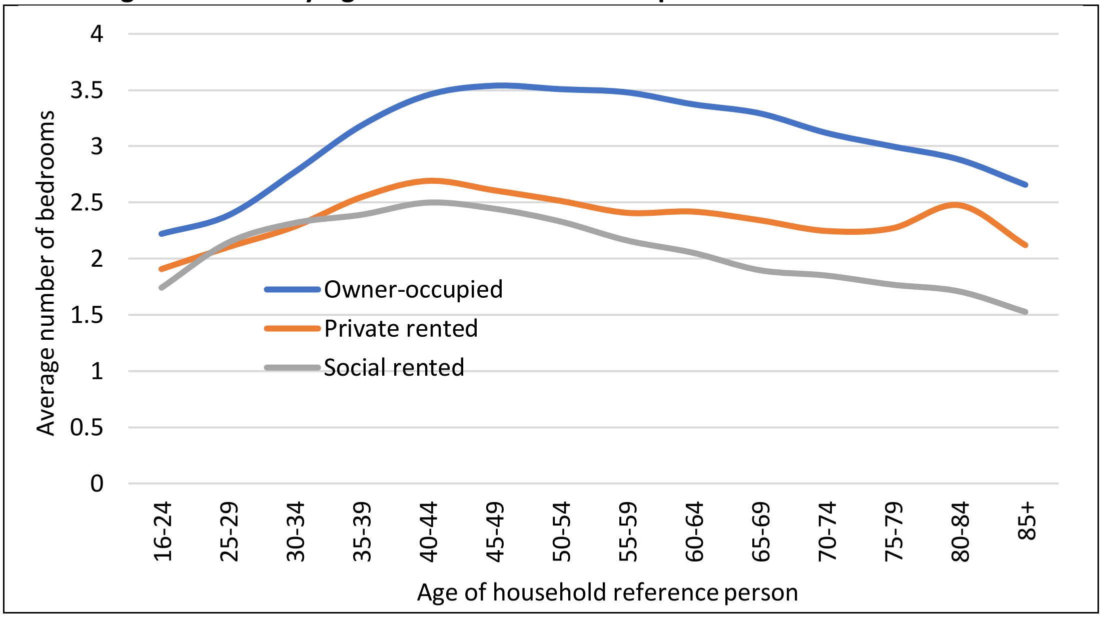
10.26 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that 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.

10.27 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. 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. The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) 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 'bedroom tax').

10.28 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).

10.29 Figure 10.5 below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes) 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 apparent 'blip' in the private rented data for the 80-84 age group is likely to be due to relatively few older households being private tenants.

Figure 10.5: Average Bedrooms by Age and Tenure – East Hampshire



Source: Derived from ONS Commissioned Table CT0621

10.30 In terms of the analysis to follow, the outputs have been segmented into 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 affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

Tenure Assumptions

10.31 The housing market model has been used to estimate the future need for different sizes of property over the 19-year period from 2017 to 2036. The model works by looking at the types and sizes of accommodation occupied by different ages of residents and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier).

10.32 It is therefore necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 40% of net completions are either affordable housing (rented) or affordable home ownership and therefore that 60% are market housing (designed to be sold for owner-occupation). There is no assumption about private rented housing, although it is possible that some of the market (owner-occupied) housing will end up in this sector.

10.33 Within the 40% affordable/affordable home ownership a split of 75:25 has been used; this means an estimated total of 30% of completions as affordable housing (rented) and 10% as affordable home ownership. It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. The figures used are not a policy position and have been applied simply for the purposes of providing outputs from the modelling process.

10.34 To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:

- Market housing – 60%
- Affordable home ownership – 10%
- Social/affordable rent – 30%

Projected changes by age of HRP

10.35 Table 10.13 below shows projected changes by age of HRP under each of the two projections used in this report. In both cases it can be seen that the vast majority of changes are projected to occur in older age groups; it is also notable that some age groups are projected to see a decline in numbers (the 50-64 age groups being most notable in this). These findings are important as this will influence the sizes of homes needed in the future; notably the losses in HRPs are typically in groups who occupy larger homes and vice versa.

Table 10.13: Projected change in households by age of household reference person – East Hampshire

	2016-based ONS projections				Linked to OAN of 608 dpa			
	Hhs 2017	Hhs 2036	Change in hhs	% change	Hhs 2017	Hhs 2036	Change in hhs	% change
16-24	827	750	-77	-9.3%	861	928	66	7.7%
25-29	1,561	1,574	13	0.9%	1,764	2,197	432	24.5%
30-34	2,187	2,104	-83	-3.8%	2,515	3,077	563	22.4%
35-39	2,941	2,850	-91	-3.1%	3,023	3,657	634	21.0%
40-44	3,931	3,835	-96	-2.4%	3,853	4,337	484	12.6%
45-49	5,101	4,412	-689	-13.5%	4,870	4,487	-382	-7.9%
50-54	5,754	4,686	-1,068	-18.6%	5,338	4,624	-714	-13.4%
55-59	5,330	4,681	-649	-12.2%	5,216	4,888	-328	-6.3%
60-64	4,381	4,743	362	8.3%	4,480	5,151	671	15.0%
65-69	4,134	4,773	640	15.5%	4,593	5,880	1,286	28.0%
70-74	4,426	5,568	1,142	25.8%	4,604	6,276	1,672	36.3%
75-79	3,274	5,239	1,965	60.0%	3,289	5,291	2,001	60.8%
80-84	2,735	4,457	1,721	62.9%	2,698	4,329	1,631	60.5%
85 & over	2,637	5,871	3,234	122.6%	2,613	5,848	3,236	123.8%
Total	49,219	55,543	6,324	12.8%	49,718	60,970	11,252	22.6%

Source: Demographic projections (Justin Gardner Consulting)

Key Findings: Market Housing

10.36 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 19-year period from 2017 to 2036.

10.37 Looking first at projecting on the basis of the 2016-based ONS projections, an increase of 3,800 additional households is modelled over the period. The majority of these need to be 2- and 3-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of an ageing population living in smaller households.

Table 10.14: Estimated Size of Dwellings Needed 2017 to 2036 – Market Housing – 2016-based ONS projections – East Hampshire

	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	1,477	1,733	256	7%
2-bedrooms	6,834	7,911	1,077	28%
3-bedrooms	14,601	16,153	1,552	41%
4+-bedrooms	14,425	15,334	909	24%
Total	37,337	41,131	3,794	100%

Source: Housing Market Model (Justin Gardner Consulting)

10.38 When looking at a demographic projection based on housing delivery of 608 dwellings per annum, it can be seen that the number of households in the market sector would be projected to increase by 6,800. The estimated size profile required is still focused on 2- and 3-bedroom homes but there is a higher need shown for larger (4+ bedroom) accommodation. This difference will be due to this projection having a higher level of in-migration; migrants tending to be younger people and more likely to be part of family households (who tend to live in larger homes).

Table 10.15: Estimated Size of Dwellings Needed 2017 to 2036 – Market Housing – 608 dwellings per annum – East Hampshire

	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	1,507	1,882	375	6%
2-bedrooms	6,955	8,563	1,608	24%
3-bedrooms	14,718	17,432	2,714	40%
4+-bedrooms	14,391	16,445	2,054	30%
Total	37,572	44,323	6,751	100%

Source: Housing Market Model (Justin Gardner Consulting)

10.39 The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant – this might for example include a desire to increase the supply of larger (higher value) homes to attract higher earning households to live in the area.

10.40 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Home Ownership

10.41 Table 10.16 and Table 10.17 below show estimates of the need for different sizes of affordable home ownership based on the analysis of demographic trends (firstly linked to the 2016-based ONS projections and then to the 608 dwellings per annum scenario). The data suggests in the period between 2017 and 2036 that the main need is again for homes with 2- or 3-bedrooms, although the proportions in the 1-bedroom category are significantly higher than for market housing. As with the market analysis, the outputs linked to the 608 dwellings per annum projection show a greater need for larger homes, although the percentage difference is less marked for affordable home ownership.

Table 10.16: Estimated Size of Dwellings Needed 2017 to 2036 – affordable home ownership – 2016-based ONS projections – East Hampshire

	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	1,257	1,394	137	22%
2-bedrooms	2,228	2,478	250	40%
3-bedrooms	1,808	1,990	182	29%
4+-bedrooms	775	838	63	10%
Total	6,068	6,700	632	100%

Source: Housing Market Model (Justin Gardner Consulting)

Table 10.17: Estimated Size of Dwellings Needed 2017 to 2036 – affordable home ownership – 376 dwellings per annum – East Hampshire

	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	1,297	1,537	240	21%
2-bedrooms	2,307	2,745	438	39%
3-bedrooms	1,848	2,175	328	29%
4+-bedrooms	777	897	120	11%
Total	6,229	7,355	1,125	100%

Source: Housing Market Model (Justin Gardner Consulting)

Key Findings: Affordable Housing (Rented)

10.42 The tables below show estimates of the need for different sizes of affordable homes based on the analysis of demographic trends (firstly linked to the 2016-based ONS projections and then to the 608 dwellings per annum scenario). The data suggests in the period between 2017 and 2036 that the main need is for homes with 1- or 2-bedrooms. The outputs linked to 608 dwellings per annum projection show a greater need for larger homes (although both sets of data very much focus on smaller dwellings).

10.43 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific local priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. 1-bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties.

10.44 As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

Table 10.18: Estimated Size of Dwellings Needed 2017 to 2036 – affordable housing (rented) – 2016-based ONS projections – East Hampshire

	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	1,814	2,549	735	39%
2-bedrooms	1,903	2,497	594	31%
3-bedrooms	1,887	2,399	512	27%
4+-bedrooms	211	267	55	3%
Total	5,815	7,712	1,897	100%

Source: Housing Market Model (Justin Gardner Consulting)

Table 10.19: Estimated Size of Dwellings Needed 2017 to 2036 – affordable housing (rented) – 376 dwellings per annum – East Hampshire

	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	1,846	3,015	1,169	35%
2-bedrooms	1,953	3,046	1,093	32%
3-bedrooms	1,904	2,905	1,001	30%
4+-bedrooms	214	326	112	3%
Total	5,916	9,292	3,376	100%

Source: Housing Market Model (Justin Gardner Consulting)

Comparing Outputs – Method 1 and 2

10.45 Before moving on to draw conclusions from the analysis above, it is worth quickly comparing the headline outputs from the two Methods developed. This can be done for the overall need only (i.e. adding the three tenures together in the case of Method 2) and for both projection scenarios. The table below shows that Method 1 tends to show a slightly larger profile of dwellings as being needed.

10.46 However, Method 1 would be considered as slightly less sophisticated, particularly as it relies on grouping together many household groups who may have different characteristics (in terms of occupancy). In addition, because Method 2 is based on a tenure split that has more homes in the affordable sector than the current stock provides, it would be expected that a smaller profile of homes would be shown. Therefore, it is considered that Method 2 (which has a tenure distinction) can reasonably be taken forward into conclusions.

Table 10.20: Comparing overall need outputs from Methods 1 and 2

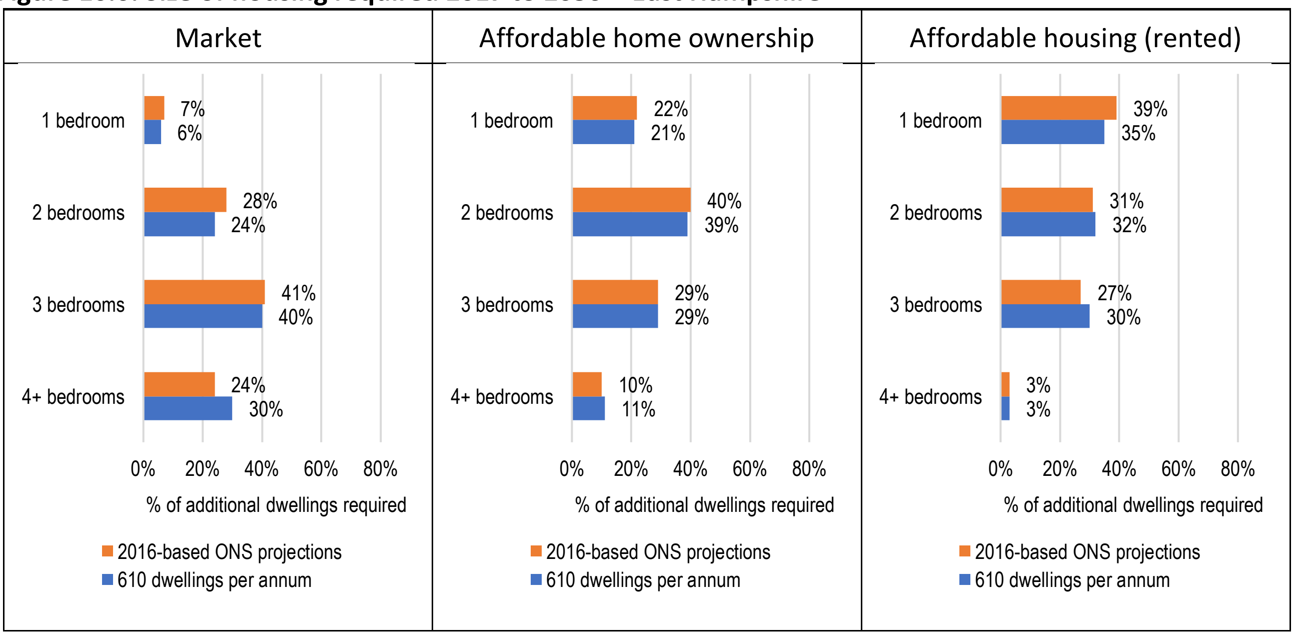
		1-bedroom	2-bedrooms	3-bedroom	4+-bedrooms
Method 1	ONS projections	14%	28%	36%	22%
	Linked to OAN of 608 dpa	8%	23%	38%	31%
Method 2	ONS projections	18%	30%	36%	16%
	Linked to OAN of 608 dpa	16%	28%	36%	20%

Source: Derived from Census (2011) and demographic projections (Justin Gardner Consulting)

Indicative Targets by Tenure

10.47 Figure 10.6 below summarises the above data in both the market and affordable sectors under the modelling exercise. The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Figure 10.6: Size of housing required 2017 to 2036 – East Hampshire



Source: Housing Market Model (Justin Gardner Consulting)

10.48 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of 1-bedroom homes (as well as allocations to older person households) – e.g. 1-bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much 1-bedroom stock as is suggested by the modelling exercise. At the other end of the scale, conclusions also need to consider that the stock of 4-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for 4+-bedroom homes is typically quite small, the ability for these needs to be met is even more limited.

10.49 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of 1-bedroom homes required is reduced slightly from these outputs with a commensurate increase in 4+-bedroom homes also being appropriate. There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a District-wide level, the analysis would support policies for the mix of affordable housing (rented) of:

- 1-bed properties: 30-35%
- 2-bed properties: 30-35%
- 3-bed properties: 25-30%
- 4+-bed properties: 5-10%

10.50 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households; together with the limited flexibility which 1-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

10.51 The need for affordable housing of different sizes may vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties. The evidence showing a broadly balanced stock across areas does not suggest any strong need to have a different mix by location, although there may be a case to include slightly higher proportions of larger homes in the Southern parishes where such stock is lacking relative to the rest of the District.

10.52 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested. On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership is suggested:

- 1-bed properties: 20%
- 2-bed properties: 40%
- 3-bed properties: 30%
- 4+-bed properties: 10%

10.53 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, this sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 5-10%
- 2-bed properties: 25-30%
- 3-bed properties: 35-40%
- 4+-bed properties: 25-30%

10.54 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. The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

10.55 Whilst this report does not suggest that prescriptive figures necessarily need to be included within the Local Plan, it is the case that the 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.

Need/Demand for Bungalows

10.56 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. However, it is typical (where discussion are undertaken with local estate agents) to find that there is a demand for this type of accommodation.

10.57 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. As a new build option, it is, however, the case that bungalow accommodation is 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.

10.58 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.

10.59 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 for the amount of floorspace created.

Conclusion

10.60 The proportion of households with dependent children is about average in East Hampshire, although there are a relatively high proportion of married couples and relatively few lone parents. There has been limited past growth in the number of 'family' households although there has been notable growth in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be a fall in the number of households with dependent children (when looking at the 2016-based SNPP); although higher dwelling provision (i.e. 608 per annum) would be expected to see some increases.

10.61 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 (19-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:

Figure 10.7: Suggested Mix of Housing by Size and Tenure

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

Source: Derived from Housing Market Modelling (Justin Gardner Consulting)

10.62 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 in the District (by tenure).

10.63 The mix identified above could inform strategic policies although a flexible approach should be adopted. 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.

10.64 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed 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.

Chapter 11: Older Persons and those with Disabilities

Introduction

11.1 Planning Practice Guidance (PPG) paragraph 2a-020 sets out that local authorities should consider the needs of older people and those with disabilities – this in turn is linked to paragraph 61 of the NPPF. These two groups are considered together as there is a strong link between people's ages and levels of disability. This chapter therefore considers these needs, and in addition looks at potential requirements for housing built to M4(2) and M4(3) technical standards (accessibility and wheelchair standards); in looking at the technical standards the analysis is also mindful of the associated PPG (Section 56).

11.2 Regarding housing specifically for older people, the PPG (2a-020) states the following (which is reflected in this section):

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

Older Persons

11.3 A key driver of change in East Hampshire over the plan period is expected to be the growth in the population of older persons. Indeed, as population projections show, the number of older people is expected to increase significantly over the next few years. Many older households are equity rich and able to exercise housing choice. However, with people living longer, there is expected to be an increasing need for specialist housing. There is an increasing diversity of products available; whilst in many areas policy is seeking to move away from care home provision to provide care and support which are tailored to individual's needs including through adaptations of property, visiting support and housing models where care can be tailored to individual's needs.

Current Population of Older People

11.4 Table 11.1 below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2017 to reflect the latest published data for local authority areas and above. The data shows, when compared with data for other areas that the District has a slightly higher proportion of older persons. In 2017, it was estimated that 23% of the population of the District was aged 65 or over, this compares with a figure of just 18% nationally.

Table 11.1: Older Person Population (2017)

	East Hampshire		Hampshire	South East	England
	Popn	% of popn	% of popn	% of popn	% of popn
Under 65	91,951	77.0%	78.8%	80.9%	82.0%
65-74	14,844	12.4%	11.4%	10.3%	9.9%
75-84	8,688	7.3%	6.7%	6.0%	5.7%
85+	3,909	3.3%	3.0%	2.8%	2.4%
Total	119,392	100.0%	100.0%	100.0%	100.0%
Total 65+	27,441	23.0%	21.2%	19.1%	18.0%

Source: ONS 2017 mid-year population estimates

11.5 Table 11.2 below shows how the proportion of older people varies across the four sub-areas of the District. This analysis shows some difference between locations with the highest proportion of older people being seen in the Southern parishes and the lowest in the North East – differences are however fairly modest.

Table 11.2: Older Person Population (2017) – East Hampshire sub-areas

	North West	North East	SDNP	Southern parishes	East Hampshire
Under 65	23,939	26,445	25,450	16,117	91,951
65-74	3,873	3,691	4,320	2,960	14,844
75-84	2,278	2,137	2,592	1,681	8,688
85+	1,179	885	1,220	625	3,909
Total	31,269	33,158	33,582	21,383	119,392
Total 65+	7,330	6,713	8,132	5,266	27,441
% 65+	23.4%	20.2%	24.2%	24.6%	23.0%

Source: ONS 2017 mid-year population estimates

Future Change in the Population of Older Persons

11.6 As well as providing a baseline position for the proportion of older persons in the Borough, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2016-based SNPP for consistency across areas and runs from 2017 to 2036 to be consistent with other analysis developed in this report.

11.7 The data shows that the District is projected to see a notable increase in the older person population, with the total number of people aged 65 and over projected to increase by 49% over the 19-years from 2017; this compares with overall population growth of 8% and a decrease in the Under 65 population of 4%. The proportionate increase in the number of older people in the District is also slightly higher than that projected for other areas.

Table 11.3: Projected Change in Population of Older Persons (2017 to 2036) – 2016-based SNPP

	East Hampshire	Hampshire	South East	England
Under 65	-4.5%	-2.0%	2.0%	2.1%
65-74	24.8%	24.4%	29.6%	27.9%
75-84	59.7%	54.2%	54.4%	50.4%
85+	119.7%	102.1%	91.6%	86.7%
Total	7.9%	7.9%	10.5%	9.5%
Total 65+	49.2%	44.9%	46.3%	43.0%

Source: ONS subnational population projections (2016-based)

11.8 In total population terms, the projections show an increase in the population aged 65 and over of 13,500 people, this is against a backdrop of an overall increase of 9,400 – population growth of people aged 65 and over therefore accounts for more than the total projected population change.

Table 11.4: Projected Change in Population of Older Persons (2017 to 2036) – East Hampshire (2016-based SNPP)

	2017	2036	Change in population	% change
Under 65	91,857	87,764	-4,093	-4.5%
65-74	14,819	18,491	3,672	24.8%
75-84	8,655	13,821	5,166	59.7%
85+	3,861	8,484	4,623	119.7%
Total	119,192	128,560	9,368	7.9%
Total 65+	27,335	40,796	13,461	49.2%

Source: ONS subnational population projections (2016-based)

11.9 The figures above are all based on the latest (2016-based) SNPP. It is possible to also show how the outputs would be expected to change under different scenarios. The table below shows a similar analysis when linked to the delivery of 608 homes per annum in the 2017-36 period. In this case there is still a significant ageing of the population but the increase in the population aged under 65 is more notable, moving from population decline of 4%, up to population growth of 7%. The change in the under 65 age group relative to older groups reflects the migration assumptions, migration being largely concentrated in typical working-age groups (and their associated children).

Table 11.5: Projected Change in Population of Older Persons (2017 to 2036) – East Hampshire (linked to delivery of 608 dwellings per annum)

	2017	2036	Change in population	% change
Under 65	91,951	98,004	6,053	6.6%
65-74	14,844	19,304	4,460	30.0%
75-84	8,688	14,264	5,576	64.2%
85+	3,909	8,816	4,907	125.5%
Total	119,392	140,388	20,996	17.6%
Total 65+	27,441	42,384	14,943	54.5%

Source: Demographic Projections (Justin Gardner Consulting)

Health-related Population Projections

11.10 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis can look at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) website has been used. The website provides prevalence rates for different disabilities by age and sex. For the purposes of this study, analysis has focussed on estimates of the number of people with dementia and mobility problems.

11.11 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

11.12 Table 11.6 below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 83-88%) along with a 68-73% increase in the number with mobility problems.

11.13 When related back to the total projected change to the population, the increase of 3,400 people with a mobility problem represents 36% of the total population growth projected by the 2016-based SNPP, although a lower proportion would be expected if planning for a higher need/requirement (and hence a higher level of population growth). Linked to the 608 dwellings per annum, the increase is estimated to represent about 18% of population growth. The difference in these percentages is that higher population growth means more younger people in the District. At lower levels of growth, the existing ageing population forms a larger percentage of the future population.

11.14 It should be noted that there will be an overlap between dementia and mobility problems (i.e. some people will have both types of illness/disability). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 11.6: Estimated Population Change for range of Health Issues (2017 to 2036) – East Hampshire

	Type of illness/ disability	2017	2036	Change	% increase
2016-based SNPP	Dementia	1,941	3,549	1,608	82.8%
	Mobility problems	5,039	8,443	3,404	67.6%
Linked to 608 dpa	Dementia	1,957	3,682	1,725	88.1%
	Mobility problems	5,073	8,766	3,693	72.8%

Source: Data from POPPI and demographic projections (Justin Gardener Consulting)

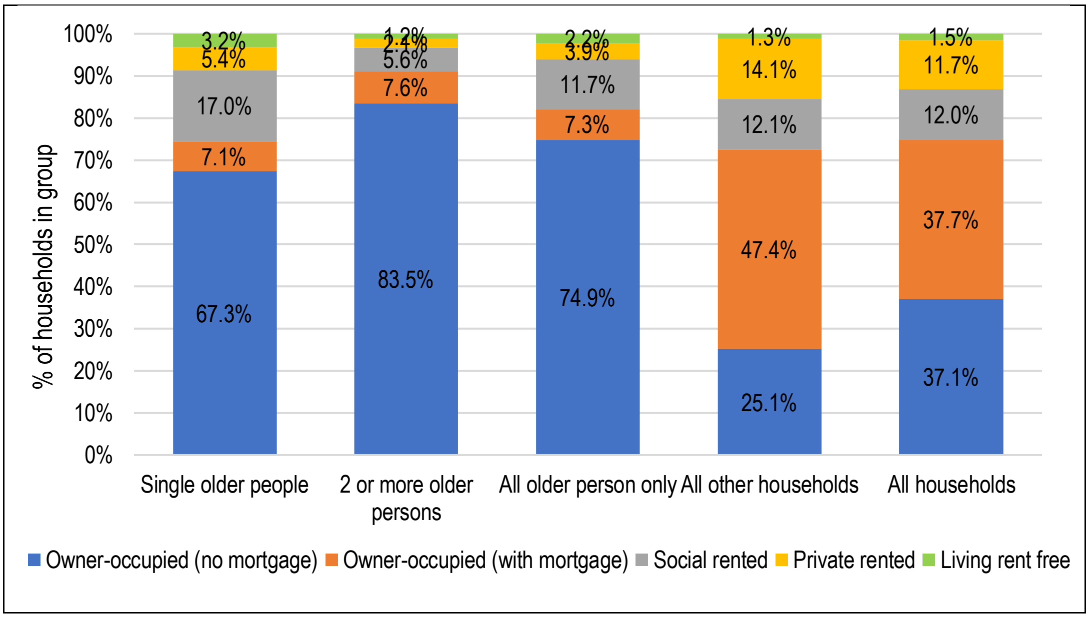
Characteristics of Older Person Households

11.15 Figure 11.1 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 older person households are relatively likely to live in outright owned accommodation (75%) and are also similarly likely than other households to be in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (4% compared with 12% of all households in the study area).

11.16 There are however 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.

11.17 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs. This is considered later in this section.

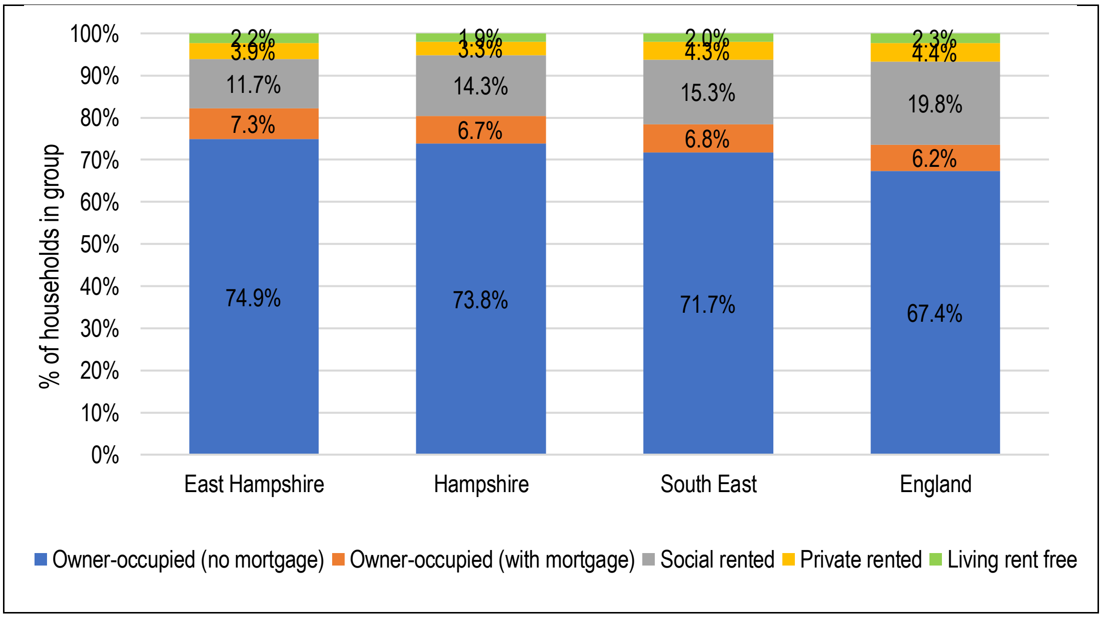
Figure 11.1: Tenure of older person households – East Hampshire



Source: 2011 Census

11.18 When compared with other areas, the analysis shows that the proportion of older person owner-occupiers in East Hampshire is slightly higher than other locations (particularly in a national context). However, the general pattern of tenures does not vary across locations.

Figure 11.2: Tenure of older person households – selected areas



Source: 2011 Census

People with Disabilities

11.19 The MHCLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. This is given at a national level and does not provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).

11.20 Table 11.7 below shows the proportion of people with LTHPD, and the proportion of households where at least one person has a LTHPD. The data suggests that across the District, some 27% of households contain someone with a LTHPD. This figure is slightly lower to that seen in other areas. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 15% of the population of the District have a LTHPD). When looking at smaller sub-areas, the analysis shows a higher proportion of households in the Southern parishes as having a LTHPD, although the highest proportion of population is seen in the North West – overall, there is relatively little difference between sub-areas.

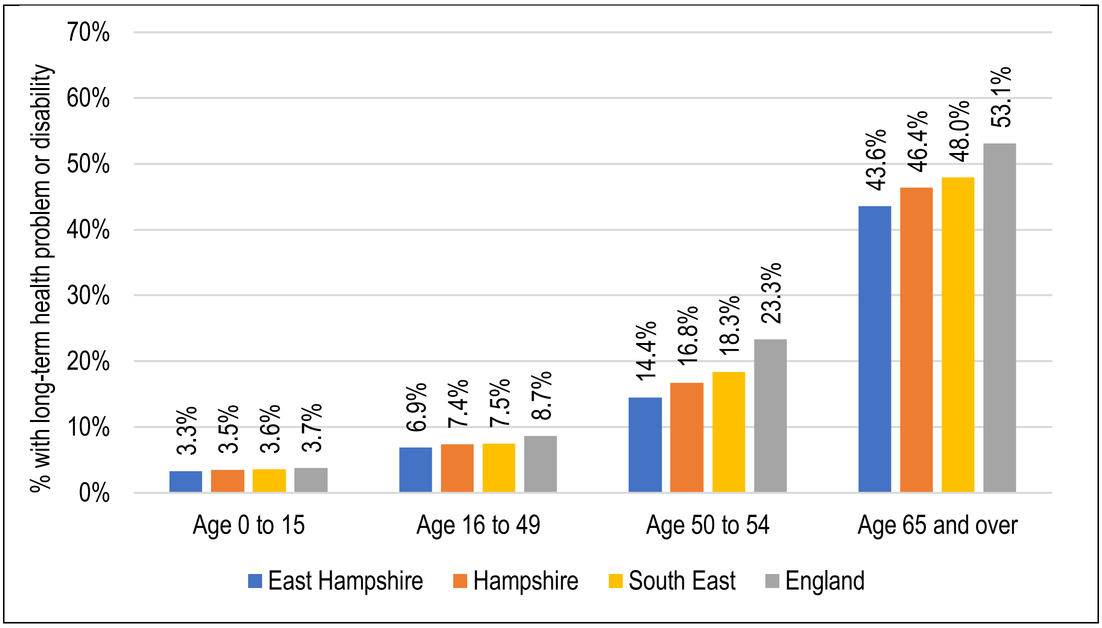
Table 11.7: Households and people with a Long-Term Health Problem or Disability (2011)

	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
North West	3,324	27.8%	4,561	15.6%
North East	3,606	27.0%	4,600	13.9%
SDNP	3,618	26.6%	4,963	15.1%
Southern parishes	2,419	28.9%	3,119	15.3%
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

11.21 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. Therefore, 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 shows lower than average levels of LTHPD in each age band within East Hampshire.

Figure 11.3: Population with Long-Term Health Problem or Disability by age



Source: 2011 Census

11.22 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the demographic projections, it is estimated that the number of people with a LTHPD will increase by around 5,500-6,800 (a 28-35% increase) between 2017 and 2036.

11.23 Across the District, virtually all of this increase is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents at least 32% of the total increase in the population estimated by the projections.

Table 11.8: Estimated change in population with LTHPD (2017-2036) – East Hampshire

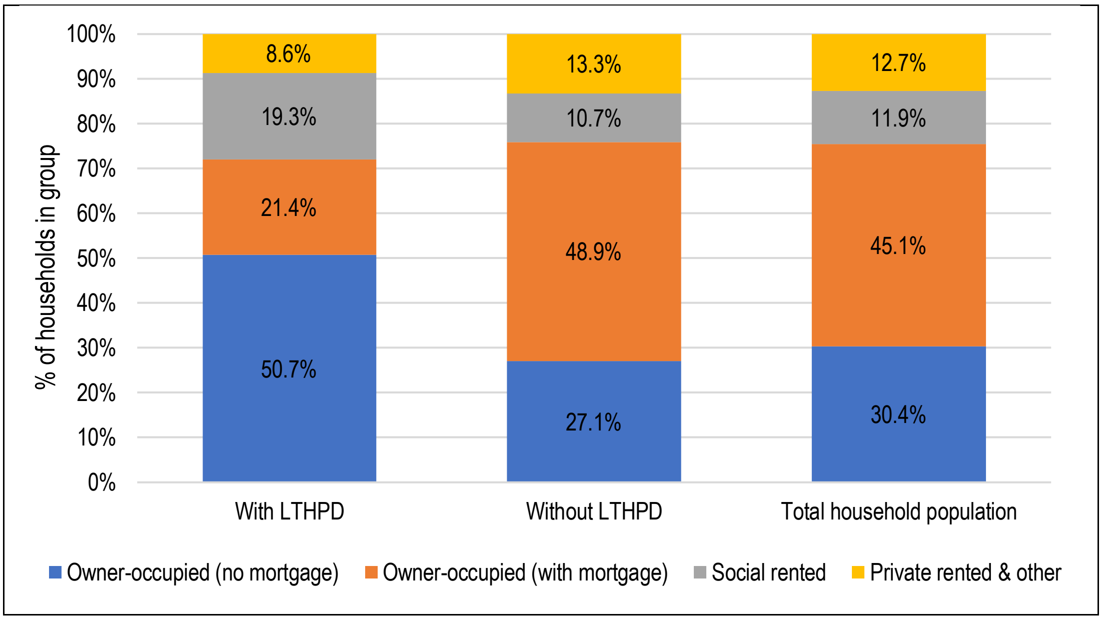
	Population with LTHPD		Change	% change
	2017	2036	(2017-36)	from 2017
2016-based SNPP	19,455	24,909	5,454	28.0%
Linked to 608 dpa	19,499	26,322	6,823	35.0%

Source: Derived from demographic modelling (Justin Gardner Consulting) and Census (2011)

11.24 Figure 11.4 below shows the tenures of people with a LTHPD – it should be noted that the data is for 'population living in households' rather than 'households'. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing or are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector, and to a lesser extent for outright owners, the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

11.25 This analysis does not in itself identify a split between market and affordable housing suitable for the population with a LTHPD. It does however identify that there is likely to be a need in both the market and affordable sectors.

Figure 11.4: Tenure of people with LTHPD – East Hampshire



Source: Census (2011)

11.26 Table 11.9 below shows further information about the tenure split of the household population with a LTHPD. This shows that people living in the social rented sector are nearly twice as likely to have a LTHPD than those in other tenures.

Table 11.9: Tenure of people with a LTHPD

	% of social rent with LTHPD	% of other tenures with LTHPD
East Hampshire	22.5%	12.7%

Source: Census (2011)

Older Persons' Housing Needs within a C3 use class

11.27 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 analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) Shop@ online toolkit along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

11.28 The analysis initially focusses on needs within a C3 use class (dwelling houses) before separately looking at the C2 use class (residential care bedspaces). This distinction is important as the C3 figures are included within the housing need (e.g. the 608 dwellings per annum) whereas C2 figures would be in addition to that. There is sometimes a lack of clarity about which use class dwellings fall into and a brief discussion is provided later in this section; the uncertainty mainly surrounds Extra-care housing with this report considering that such housing would normally fall into a C3 class.

11.29 The data for need is calculated by applying prevalence rates to the population aged 75+ and as projected forward. The prevalence rates have been taken from a toolkit developed by

Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health. This includes the following categories (discussed in more detail below): sheltered housing, enhanced sheltered housing and extra care. This source also provides prevalence rates for C2 uses (residential care and nursing care) which are discussed separately below. Additionally, the analysis draws on current supply estimates from HOPSR (Housing for Older People Supply Recommendations) – a database developed by Sheffield Hallam University along with data from the Elderly Accommodation Counsel (EAC) which provides an indication of the current tenure mix of such accommodation.

Definitions of Different Types of Older Persons' Accommodation

Retirement/sheltered housing:
A group of self-contained flats or bungalows typically reserved for people over the age of 55 or 60; some shared facilities lounge, garden, guest suite, laundry; plus on-site supportive management. A regularly visiting scheme manager as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to retirement/sheltered housing. Developments usually built for either owner occupation or renting on secure tenancies.

Enhanced sheltered housing:
Sheltered housing with additional services to enable older people to retain their independence in their own home possible. Typically there may be 24/7 (non-registered) staffing cover, at least one daily meal will be provided additional shared facilities. Also called assisted living and very sheltered housing.

Extra care housing:
Schemes where a service registered to provide personal or nursing care is available on site 24/7. Typically at will be provided and there will be additional shared facilities. Some schemes specialise in dementia care, or may dementia unit.

Source: HOPSR

11.30 As well as setting out overall prevalence rates for different types of housing, the Housing LIN provides some suggestions for the tenure split between rented and leasehold accommodation, this varies depending on an area's level of depravation. In East Hampshire, data from the 2015 Index of Multiple Depravation suggests that the District is the 308 most deprived of 326 local authorities (i.e. a low level of deprivation) – this points to a higher proportion of specialist accommodation as needing to be in the market (leasehold accommodation) rather than rented. This conclusion is also consistent with earlier findings about the current tenure of older person households in the area.

11.31 Consideration has also been given to overall levels of disability in the older person population; given that these are slightly lower than the national average a small downwards adjustment to national prevalence rates has been made.

11.32 The main source of prevalence rate data is the Housing LIN. However, the rates used (on the online toolkit) are still the same as originally developed in 2008. A review of the rates was undertaken in 2016, and whilst these have not yet been adopted on the Housing LIN website, they are also worthwhile reflecting in the conclusions. A further Housing LIN report (Housing in Later Life) was published in 2012, and contained a further set of suggested prevalence rates; however, these figures were rejected as not being 'substantiated' and have not therefore been considered in the analysis below.

11.33 On the basis of this discussion, two sets of estimates of the need for specialist older persons accommodation have been developed; firstly linking to the Housing LIN website, and secondly to take account of the 2016 review.

Housing LIN prevalence rates and tenure split

11.34 Table 11.10 below shows the prevalence rates used by Housing LIN for different types of housing – these figures are expressed as a need per 1,000 population aged 75 and over. The table also shows the range of proportions of housing suggested as being for rent (rather than market/leasehold) – the range runs from most least deprived (lower rented) to most deprived. The table also shows the assumptions being used for East Hampshire, these have been amended from the base position to take account of the relatively good health of the older person population in the District, and also the relatively low level of deprivation.

Table 11.10: Prevalence rate and tenure assumptions used to estimate older person housing needs – linked to Housing LIN Shop@ tool

	Housing LIN base prevalence (per 1,000 popn 75+)	Housing LIN base % rented	EHDC adjusted prevalence (per 1,000 popn 75+)	EHDC adjusted % rented
Sheltered	125	33%-50%	103	34%
Enhanced sheltered	20	50%-67%	16	51%
Extra-Care	25	33%-50%	21	34%

Source: Derived from Housing LIN website (Justin Gardner Consulting)

11.35 Table 11.11 below uses the above data to estimate the need for older persons' housing. In the table two categories of accommodation are used. These are a) Housing with Support (which covers retirement/sheltered housing) and b) Housing with Care (which includes the enhanced sheltered and extra-care housing). The latter two are combined as this aligns with the supply data available from the EAC – combining these two categories is consistent with the Shop@ review (discussed later) which notes that 'most leasehold extra-care is enhanced sheltered according to EAC specifications'.

11.36 The analysis suggests that there may currently be an oversupply of rented sheltered/retirement housing but a notable shortfall in the leasehold sector. The analysis also suggests a potential need for all tenures of enhanced sheltered and extra-care housing. It should be noted that the supply data for housing with support and housing with care dates from 2015 and may need to be updated with knowledge of any schemes developed since then.

Table 11.11: Older Persons' Dwelling Requirements 2017 to 2036 linked to Housing LIN data and the 2016-based SNPP – East Hampshire

		Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	35	609	436	-173	341	168
	Leasehold	68	596	848	252	664	916
Housing with care	Rented	15	0	192	192	150	342
	Leasehold	22	46	271	225	212	436

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC (Justin Gardner Consulting)

11.37 The analysis above was based on linking the derived prevalence rates to the latest official population projections (2016-based SNPP). It is possible to rerun this analysis using a projection linked to potential dwelling delivery of 608 homes per annum (2017-36). The table below shows that this does drive a slightly higher potential need for specialist accommodation, although differences are not substantial – this is because the higher projection does not include and significant increase in the older person population when compared with the official projections.

Table 11.12: Older Persons' Dwelling Requirements 2017 to 2036 linked to Housing LIN data and provision of 608 dwellings per annum – East Hampshire

		Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	35	609	439	-170	365	195
	Leasehold	68	596	854	258	711	969
Housing with care	Rented	15	0	193	193	161	354
	Leasehold	22	46	272	226	227	453

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC (Justin Gardner Consulting)

Shop@ review prevalence rates and tenure split

11.38 Table 11.13 below shows a similar analysis linked to suggestions in the 2016 Shop@ Analysis Tool Review. The review suggests the same prevalence rates for housing with support and a slightly lower prevalence rate for housing with care; there is however, a larger range in the proportion that should be of different tenures. As with the previous analysis, specific adjustments have been made for East Hampshire to take account of the health of the older person population and the relative level of deprivation.

Table 11.13: Prevalence rate and tenure assumptions used to estimate older person housing needs – linked to Shop@ Analysis Tool Review

	Shop@ review base prevalence (per 1,000 popn 75+)	Shop@ review base % rented	EHDC adjusted prevalence (per 1,000 popn 75+)	EHDC adjusted % rented
Housing with support	125	33%-80%	103	36%
Housing with care	20	25%-75%	16	28%

Source: Derived from Shop@ Analysis Tool Review (Justin Gardner Consulting)

11.39 Table 11.14 below uses the above assumptions linked to the 2016-based SNPP. This shows many of the same outcomes as when looking at the analysis linked to Hosing LIN rates (i.e. a current surplus of rented sheltered/retirement housing and a shortfall of housing with care in both broad tenures). However, it is notable that the revised prevalence rates do suggest a lower need for housing with care (i.e. Extra-care and enhanced sheltered accommodation).

Table 11.14: Older Persons' Dwelling Requirements 2017 to 2036 linked to Shop@ Review and the 2016-based SNPP – East Hampshire

		Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	37	609	457	-152	358	206
	Leasehold	66	596	827	231	647	878
Housing with care	Rented	5	0	57	57	45	102
	Leasehold	12	46	148	102	116	219

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC (Justin Gardner Consulting)

11.40 Finally, Table 11.15 below repeats the analysis by linking to a projection of dwelling provision of 608 homes per annum. This again shows a slightly higher need although figures to not vary substantially.

Table 11.15: Older Persons' Dwelling Requirements 2017 to 2036 linked to Shop@ Review and provision of 608 dwellings per annum – East Hampshire

		Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	37	609	460	-149	383	234
	Leasehold	66	596	833	237	693	929
Housing with care	Rented	5	0	57	57	48	105
	Leasehold	12	46	149	103	124	228

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC (Justin Gardner Consulting)

11.41 The analysis above has provided estimates of a current need and the need to 2036 (including and current shortfall/surplus). To be consistent with the demographic projections developed as part of the analysis it is also useful to consider these figures on a per annum basis (for the 19-year period). Table 11.16 below summarises annual figures for each of the scenarios developed. This shows an annual need for around 50 leasehold homes with support and between 12 and 24 leasehold homes with care; figures for rented accommodation are notably lower.

Table 11.16: Per annum Older Persons' Dwelling Requirements 2017 to 2036 – summary of all scenarios developed – East Hampshire

		Housing LIN Shop@		Shop@ Review	
		2016-based SNPP	Linked to 608 dpa	2016-based SNPP	Linked to 608 dpa
Housing with support	Rented	9	10	11	12
	Leasehold	48	51	46	49
Housing with care	Rented	18	19	5	6
	Leasehold	23	24	12	12

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC (Justin Gardner Consulting)

11.42 The figures provided above should be treated as indicative as there is no nationally agreed set of prevalence rates (or how these might be adjusted for local factors). Further analysis could for example have been carried out using the rates suggested by HOPSR, these typically suggest lower needs for leasehold accommodation than the two Housing LIN sources accessed. The Council should consider reviewing this evidence if a specific application comes in for older persons housing, where this is supported by its own needs assessment.

Older Persons' Housing Needs within a C2 use class

11.43 The analysis below provides the same style of outputs (drawing on the same sources) for the estimated need for care home bedspaces. The analysis draws on that above, including making adjustments for the relative health of the population of East Hampshire. It should be noted that the rows in tables are for bedspaces and do not have an associated tenure. The box below shows the definition of care beds assumed for this assessment.

Definitions of Different Types of Older Persons' Accommodation (C2 use class)

Care beds:
Care homes: Residential settings where a number of older people live, usually in single rooms, and have access personal care services (such as help with washing and eating).
Care homes with nursing: These homes are similar to those without nursing care but they also have registered provide care for more complex health needs.

Source: HOPSR

11.44 Table 11.17 below shows the base prevalence rates for the number of bedspaces required and how these have been adjusted for local data. The analysis shows a slightly higher prevalence rate from the Housing LIN Shop@ when compared with the Shop@ review (figures of 90 and 70 bedspaces per 1,000 population aged 75 and over respectively).

Table 11.17: Prevalence rate assumptions used to estimate the need for care home bedspaces

	Housing LIN base prevalence (per 1,000 popn 75+)	EHDC adjusted prevalence (per 1,000 popn 75+)
Housing LIN Shop@	110	90
Shop@ review	85	70

Source: Derived from Housing LIN Shop@ and Shop@ review (Justin Gardner Consulting)

11.45 Table 11.18 below shows the need associated with these prevalence rates when applied to two different population projections (the 2016-based SNPP and a projection linked to 608 dwellings per annum). The analysis shows for all scenarios that there is currently a surplus of bedspaces, but that by 2036 there would be expected to be a shortfall. The shortfall varies from 255 to 782 bedspaces (13 to 41 per annum).

Table 11.18: Older Persons' care bed requirements 2017 to 2036 – range of different scenarios – East Hampshire

Projection	Source of prevalence rates	Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036	Per annum
2016-based SNPP	Housing LIN Shop@	90	1,302	1,130	-172	884	712	37
Linked to 608 dpa	Housing LIN Shop@	90	1,302	1,138	-164	947	782	41
2016-based SNPP	Shop@ review	70	1,302	873	-429	683	255	13
Linked to 608 dpa	Shop@ review	70	1,302	879	-423	732	309	16

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC (Justin Gardner Consulting)

Older Persons' Housing and Planning Use Classes

11.46 It is worth briefly discussing the Use Classes that Older Persons housing would fall into as there is some lack of clarity (particularly when it comes to Extra-care housing). The Use Classes Order sets out different categories of residential use and makes a distinction between residential institutions (Class C2) and dwelling-houses (Class C3) – the C2/C3 distinction is important as it can impact on the ability of a local authority to seek an affordable housing contribution from a development.

11.47 There is no government guidance on which use class 'extra care housing' falls into. It is for the decision maker to decide, depending on the individual circumstances of each case. In deciding which is the appropriate use class, much will depend on the extent to which the accommodation is self-contained; the discussion below sets out in more detail the definitions used in this report.

11.48 Planning Practice Guidance does not appear to give a definitive definition of C2 and C3. However, there are a number of places where C2 housing is referenced. This includes:

[on housing needs assessment] *'The assessment can also set out the level of need for residential institutions (Use Class C2)'* [paragraph 2a-020]

[on Housing and economic land availability assessment] *'Local planning authorities will need to count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. For residential institutions, to establish the amount of accommodation released in the housing market, authorities should base calculations on the* *average number of adults living in households, using the published census data'* [paragraph 3-043].

11.49 This latter quote would suggest that it is necessary to understand the Census definition if we are to separate out institutional (i.e. C2) accommodation from dwellings (i.e. C3). The 2011 Census definitions include:

'… units in an establishment where 50 per cent or more have their own kitchens should be defined as households (irrespective of whether there are other communal facilities)'

11.50 Hence, any development, should be included as C3 (not institutional) where at least half of all units have their own kitchens. In developments where fewer than half of units have their own kitchen, a C2 use class is relevant.

11.51 To be clear, the PPG defines C2 use class by reference to 'residential institutions' and draws from the 2011 Census to define this. The Census definition is related to self-containment (based on kitchen facilities). On this basis it would be expected that most Extra-care schemes would fall into a C3 use class.

Wheelchair User Housing

11.52 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - Mind the Step: An estimation of housing need among wheelchair users in England. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.

11.53 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey)) puts the proportion of 'visitable' properties at a slightly higher 5.3%.

11.54 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the number of wheelchair user households with unmet housing need). In East Hampshire, as of 2017, this would represent a current need for about 170 wheelchair user dwellings. Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2017-36) then there would be an additional need for around 200-340 adapted homes. If these figures are brought together with the estimated current need then the total wheelchair user need would be for around 370-510 homes (over 19-years).

Table 11.19: Estimated need for wheelchair user homes (2017-2036) – East Hampshire

	Current need	Projected need (2018-28)	Total
2016-based SNPP	174	200	374
Linked to 608 dpa	174	338	512

Source: Derived from demographic projections and Habinteg prevalence rates

11.55 Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair uses, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that 'Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling').

Conclusion

11.56 Planning Practice Guidance (PPG) section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards). The PPG (on housing needs assessment) suggests looking at the specific needs of older people and those with disabilities. A range of data sources are considered, as suggested by MHCLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN and HOPSR). This is to consider the need for specialist accommodation for older people and also Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings).

11.57 The data shows that in general, East Hampshire has lower levels of disability compared with other areas, however an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:

- 50% increase in the population aged 65+ over 2017-2036 (potentially accounting for at least two-thirds of total population growth);
- A need for enhanced sheltered and extra-care housing in both the rented and leasehold sectors (and leasehold sheltered/retirement housing);
- A need for additional care bedspaces; and
- a need for up to 500 dwellings to be for wheelchair users (meeting technical standard M4(3))

11.58 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.

11.59 The analysis is not definitive about the quantities of different types of specialist housing (or its tenure) due to a range of views about prevalence rates; the need for leasehold (market) housing with care (Extra-care/Enhanced sheltered) is estimated to be in the range of 219 to 453 dwellings in the period to 2036 (12-24 per annum) – it is considered that these will be in a C3 use class.

11.60 The exact proportion of homes in categories M4(2) and M4(3) is for the Council to consider based on this evidence and also any other relevant information (e.g. about viability). 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.

11.61 The Local Planning Authority 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.

11.62 In seeking M4(2) compliant homes, the Local Planning Authority 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.

Chapter 12: Private Rented Sector

Introduction

12.1 Planning Practice Guidance on housing need assessment highlights the Private Rented Sector (PRS) as one of the specific groups that should be analysed, although there is little advice on the analysis expected and the outputs. Specifically, the PPG says: *‘tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing’* and *‘market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents’*.

12.2 This chapter therefore looks at a range of statistics in relation to the PRS in East Hampshire. Where reasonable, comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to understand the role played by the sector, and to consider if there is any need to provide additional housing in this tenure.

Size of the Private Rented Sector

12.3 Table 12.1 below shows the tenure split of housing in 2011 in East Hampshire and a range of other areas. This shows a total of 5,500 households living in private rented housing in the District – 11.7% of all households. This proportion is slightly lower than the County average, and notably below regional and national equivalent figures. The vast majority of households in the PRS are living in housing rented from a landlord or through a letting agency, although 880 (1.9% of all households) are recorded as living in ‘other’ PRS accommodation, this is mainly households living in housing owned by a relative or friend or tied/linked to a job.

Table 12.1: Tenure (2011)

	East Hampshire	Hampshire	South East	England
Owns outright	17,520	188,397	1,156,081	6,745,584
Owns with mortgage/loan	17,830	206,522	1,287,716	7,403,200
Social rented	5,681	75,257	487,473	3,903,550
Private rented	5,517	68,326	578,592	3,715,924
Living rent free	710	6,752	45,601	295,110
Total	47,258	545,254	3,555,463	22,063,368
% private rented	11.7%	12.5%	16.3%	16.8%

Source: Census (2011)

12.4 As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; table 12.2 below shows (for the whole of the study area) data from the 2001 and 2011 Census. From this it is clear that there has been significant growth in the number of households living in privately rented accommodation as well as an increase in outright owners (this will be due to mortgages being paid off, which may have been assisted by a period of low interest rates). There has been a decline in the number of owners with a mortgage – reducing by a similar amount (in terms of the number of households) as the PRS has increased.

Table 12.2: Change in tenure (2001-11) – East Hampshire

	2001 households	2011 households	Change	% change
Owns outright	14,575	17,520	2,945	20.2%
Owns with mortgage/loan	19,371	17,830	-1,541	-8.0%
Social rented	5,014	5,681	667	13.3%
Private rented	3,758	5,517	1,759	46.8%
Other	907	710	-197	-21.7%
Total	43,625	47,258	3,633	8.3%

Source: 2001 and 2011 Census

12.5 The general pattern of tenure changes in East Hampshire is broadly similar to that seen in other areas – i.e. and increase in the PRS and outright owners and a reduction in owners with a mortgage. However, the proportionate increase in the number of households in the PRS is less notable in the District than other locations; nationally, over the 10-year period the PRS grew by 82%, but by only 47% in East Hampshire.

Table 12.3: Change in tenure (2001-11)

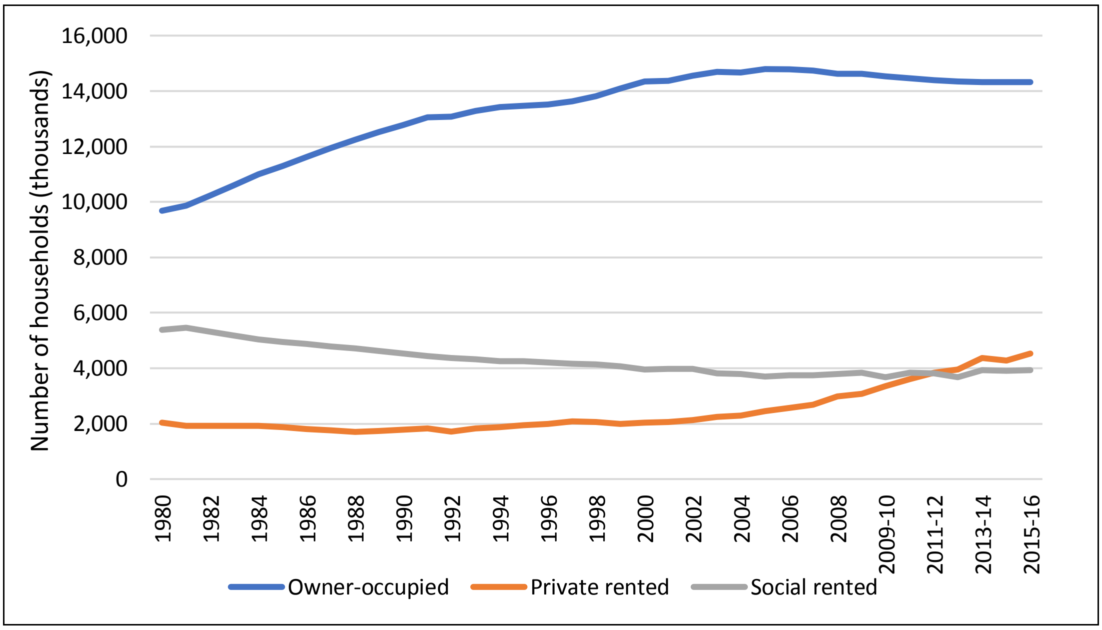
	East Hampshire	Hampshire	South East	England
Owns outright	20.2%	18.6%	12.4%	13.0%
Owns with mortgage/loan	-8.0%	-9.5%	-8.2%	-8.4%
Social rented	13.3%	10.6%	6.2%	-0.9%
Private rented	46.8%	78.1%	73.0%	82.4%
Other	-21.7%	-27.3%	-27.2%	-29.6%
TOTAL	8.3%	8.5%	8.2%	7.9%

Source: 2001 and 2011 Census

12.6 The PRS has clearly been growing rapidly over time, in East Hampshire and other locations; it is also worth considering what further changes may have occurred since 2011.

Unfortunately, robust local data on this topic is not available, however a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2016. Figure 12.1 below shows changes in three main tenures back to 1980. This clearly shows the increase in the number of households living in private rented accommodation from about 2001 and also a slight decrease in the number of owners. Since 2011, the EHS data shows that that PRS has risen by a further 25% and if East Hampshire has seen a similar level of increase then this would imply about 1,400 additional households in the sector.

Figure 12.1: Trends in tenure, 1980 to 2015-16 – England



Source: English Housing Survey

12.7 The data above shows information for all households and it is of interest to study this information for younger households. Interrogating changes for a full range of age groups is difficult as the two Census (2001 and 2011) use different age bandings. It is however possible to provide an indication of the change in tenure by looking at households aged under 35 and this is shown in the table below.

12.8 For the Under 35 age group the analysis again shows an increase in the number of households living in private rented accommodation; although at just 18% is some way below the change for all households. However, it should be noted that overall there was a substantial decline in the number of households aged under 35 (decreasing by 23%). The analysis also highlights a significant decrease in the number of owner occupiers (decreasing by approaching half in just 10-years) and a modest reduction in the number of young people in social rented accommodation. In 2001, some 24% of younger households lived in the PRS; by 2011, this had increased to 37%.

Table 12.4: Change in tenure 2001-11 (all households aged Under 35) – East Hampshire

	2001	2011	Change	% change
Owned	3,727	2,040	-1,687	-45.3%
Social rented	1,148	1,069	-79	-6.9%
Private rented	1,564	1,839	275	17.6%
TOTAL	6,439	4,948	-1,491	-23.2%

Source: 2001 and 2011 Census

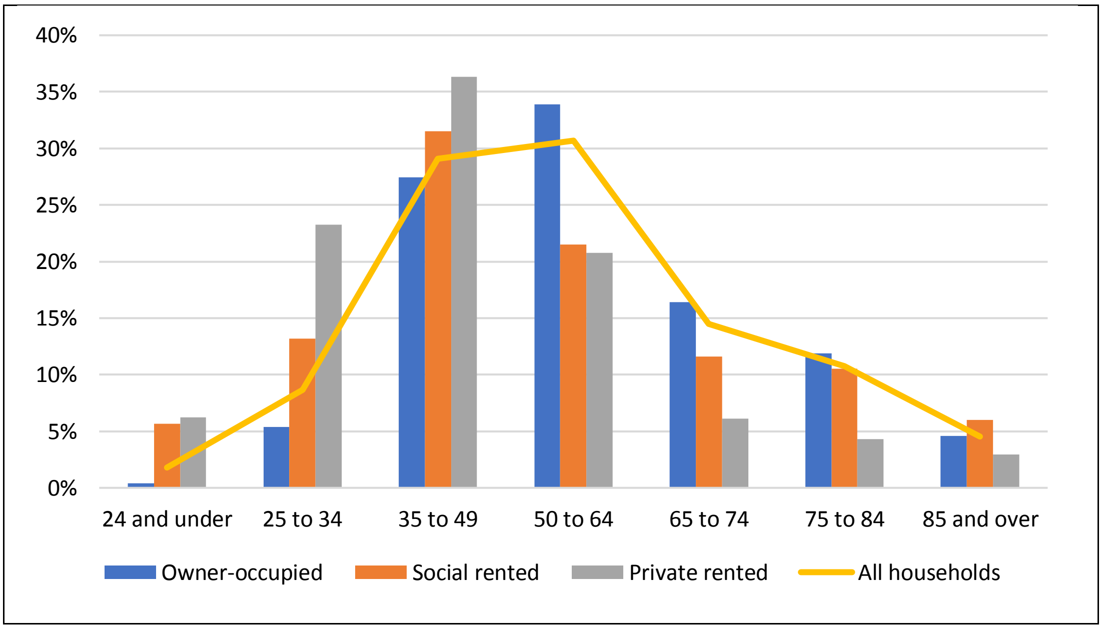
Profile of Private Renters

12.9 This section presents a profile of people/households living in the private rented sector. Whenever possible comparisons are made with those living in other tenures.

Age

12.10 Private renters are younger than social renters and owner occupiers. In 2011, the average age of household reference persons (HRPs) in the private rented sector was 46 years (compared with 53 years for social renters and 58 years for owner occupiers). About two-thirds (66%) of private rented sector HRPs were aged under 50 compared with 50% of social renters and 33% of owner occupiers.

Figure 12.2: Age of household reference person by tenure (2011) – East Hampshire



Source: Census (2011)

12.11 At a national level, the EHS notes that the proportion of younger people in the PRS has increased over time. It notes that the proportion of those aged 25 to 34 who lived in the private rented sector increased from 24% in 2005-6 to 46% in 2015-16. Over the same period, there was a corresponding decrease in the proportion of people in this age group in both the owner occupied (from 56% in 2005-6 to 38% in 2015-16) and social rented (from 20% in 2005-6 to 16% in 2015-16) sectors.

Household type

12.12 Table 12.5 below shows the composition of households living in the private rented sector (and compared with other tenures). This shows a particularly high proportion of households with dependent children, making up 33% of the PRS and younger single person households (24% of the sector). The sector also sees a relatively high proportion of households in the 'other' category. Many of these households are likely to be multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).

12.13 Between 2001 and 2011, Census data shows that the number of households with dependent children in the PRS rose from 1,350 to 2,050 – a 52% increase. The proportion of the PRS made up of households with dependent children has increased from 29% to 33% over the same period. The EHS also shows a similar pattern nationally.

Table 12.5: Household composition by tenure (2011) – East Hampshire

	Owner-occupied	Social rented	Private rented	Total
Single person aged 65+	12.8%	18.3%	8.4%	12.9%
Single person aged <65	10.2%	17.7%	23.7%	12.9%
Couple aged 65+	13.2%	4.9%	2.5%	10.8%
Couple, no children	22.9%	8.9%	20.9%	21.0%
Couple, dependent children	23.1%	20.2%	22.0%	22.6%
Couple, all children non-dependent	7.4%	4.8%	2.5%	6.4%
Lone parent, dependent children	2.8%	14.6%	8.5%	5.0%
Lone parent, all children non-dependent	2.7%	5.4%	2.2%	3.0%
Other households with dependent children	1.6%	2.4%	2.4%	1.8%
Other households	3.3%	2.8%	6.8%	3.7%
Total	100.0%	100.0%	100.0%	100.0%
Total households	35,350	5,681	6,227	47,258
Total dependent children	27.4%	37.2%	33.0%	29.4%

Source: Census (2011)

Size and type of accommodation

12.14 Table 12.6 and Table 12.7 below show the size and type of accommodation in the PRS compared with other sectors. From this it can be seen that the profile PRS generally sits somewhere between that of owner-occupation and social renting. For example, the PRS has a higher proportion of detached homes than the social rented sector, but fewer than owner-occupiers; the opposite is seen when looking at flatted accommodation.

12.15 When looking at the size of accommodation, it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 67% of all households in this tenure). The owner-occupied sector in contrast is dominated by 3+-bedroom homes (78% of the total in this tenure) whilst social renting is focussed on 1- and 2-bedroom accommodation (62% of the total).

Table 12.6: Accommodation type by tenure (households) – East Hampshire

	Owner-occupied	Social rented	Private rented	Total
Detached	52.8%	2.8%	21.5%	42.6%
Semi-detached	23.9%	32.5%	23.2%	24.8%
Terraced	15.9%	25.5%	21.5%	17.8%
Flat/other	7.5%	39.2%	33.8%	14.8%
Total	100.0%	100.0%	100.0%	100.0%
	35,350	5,681	6,227	47,258

Source: Census (2011)

Table 12.7: Accommodation size by tenure (households) – East Hampshire

	Owner-occupied	Social rented	Private rented	Total
1-bedroom	3.9%	29.4%	20.4%	9.2%
2-bedrooms	17.9%	33.0%	36.7%	22.2%
3-bedrooms	39.1%	33.7%	30.0%	37.2%
4+-bedrooms	39.1%	3.9%	12.9%	31.4%
Total	100.0%	100.0%	100.0%	100.0%
	35,350	5,681	6,227	47,258

Source: Census (2011)

Overcrowding and under-occupation

12.16 The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The box below shows how the standard is calculated, and this is then compared with the number of bedrooms available to the household (with a negative number representing overcrowding and a positive number being under-occupation). Households with an occupancy rating of +2 or more have at least two spare bedrooms.

For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons –

(a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
(b) A person aged 21 years or more
(c) Two persons of the same sex aged 10 years to 20 years
(d) Two persons (whether of the same sex or not) aged less than 10 years
(e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
(f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

12.17 The analysis shows that levels of overcrowding in the PRS are higher than for households generally, with 5.2% of households being overcrowded in 2011 (slightly lower than the 7.6% figure in social rented accommodation, but notably above the owner-occupied figure of less than 1%). Levels of under-occupation are slightly higher than in the social rented sector, with around 57% of households having at least one spare bedroom (87% in the owner-occupied sector).

Table 12.8: Overcrowding and under-occupation by tenure (households) – East Hampshire

	Owner-occupied	Social rented	Private rented	Total
+2 or more	55.7%	9.2%	20.7%	45.5%
+1 or more	31.6%	27.6%	36.8%	31.8%
0	11.7%	55.7%	37.3%	20.4%
-1 or less	0.9%	7.6%	5.2%	2.3%
Total	100.0%	100.0%	100.0%	100.0%
	35,350	5,681	6,227	47,258

Source: Census (2011)

Economic activity

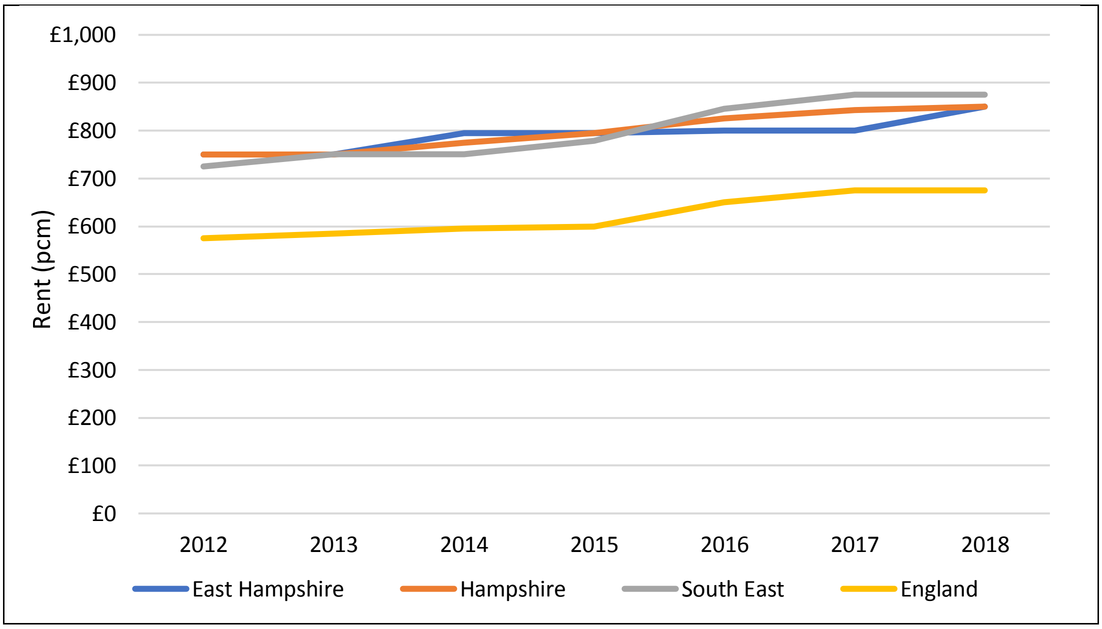
12.18 Data from the 2011 Census shows that 82% of private renters in East Hampshire were working, this is higher than the proportion of owner occupiers (69%) and somewhat higher than the proportion of social renters in work (52%). Smaller proportions of private renters were retired (11%) compared with over 25% in each of the owner-occupied and social rented sectors.

Housing Costs

12.19 The analysis of affordable housing need describes the current cost of housing in the PRS in East Hampshire. Below, analysis is carried out to look at how costs have changed over time. This draws on data from the Valuation Office Agency (VOA) using a time series back to 2011 – the data provided in this section looks at the year to the end of March (for any given year).

12.20 Figure 12.3 below shows a time-series of average (median) rents from 2012 to 2018; this shows across the District area that there has been a modest increase in rent levels, although rents are somewhat higher than seen nationally. Table 12.9 below shows that the overall average rent in East Hampshire increased by £100 per month (a 13% increase). In comparison, rents increased by 21% across the South East and 17% nationally.

Figure 12.3: Average (median) private sector rent (per month) 2012-18



Source: Valuation Office Agency

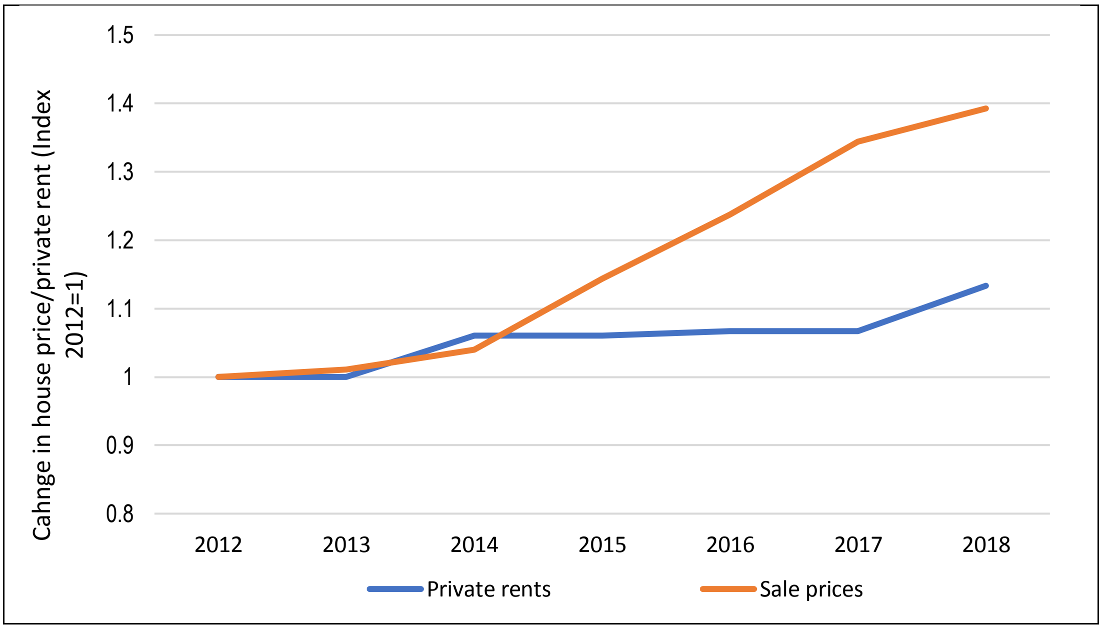
Table 12.9: Average (median) private sector rent (per month) 2012 and 2018 – East Hampshire

	2012	2018	Change	% change
1-bedroom	£575	£650	£75	13%
2-bedrooms	£735	£850	£115	16%
3-bedrooms	£875	£1,095	£220	25%
4+-bedrooms	£1,400	£1,550	£150	11%
All dwellings	£750	£850	£100	13%

Source: Valuation Office Agency

12.21 Figure 12.4 below shows a comparison between changes to private sector rents and changes to the average house price in the 2012-18 period. This shows that house prices have increased by around 39% in East Hampshire, compared with a 13% change in rents respectively. For context, the equivalent change in prices across England and Wales was 36%. This analysis does not really suggest any particular pressures in PRS when taken in the context of the whole market, and therefore does not indicate any particular shortage of supply of private rented homes.

Figure 12.4: Change in house prices and private rents (2012-18) – East Hampshire



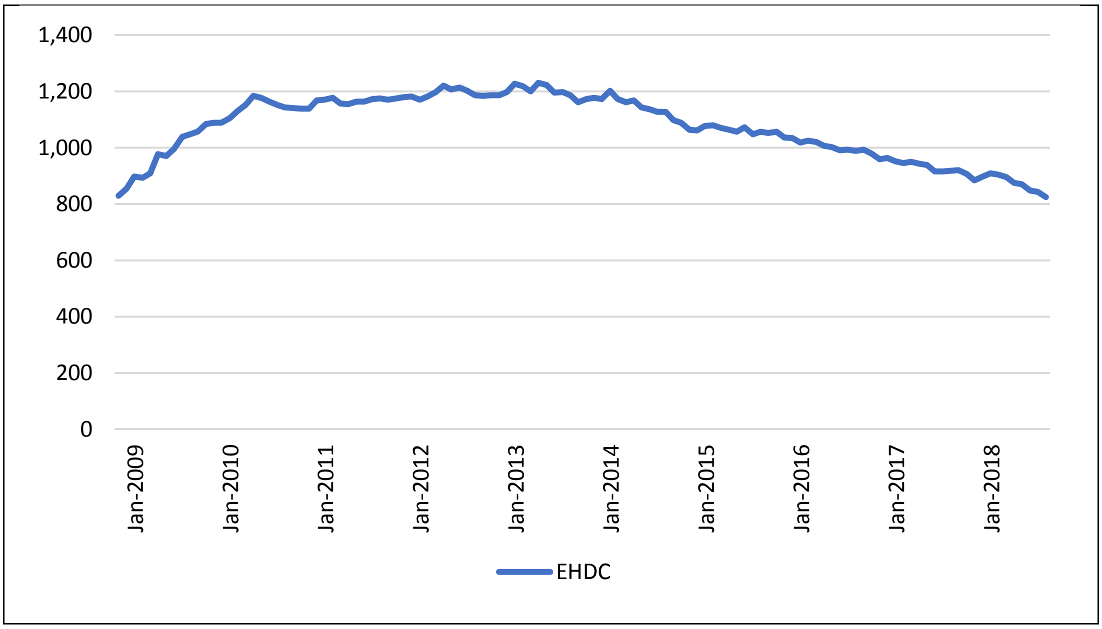
Source: Valuation Office Agency and Land Registry

Housing Benefit Claimants

12.22 A further analysis has been carried out to look at the number of housing benefit claimants in the sector. This provides an indication of the number of people who are using the sector as a form of affordable housing, and in many cases will be living in private rented accommodation due to a lack to affordable housing (e.g. in the social rented sector). It should however be noted that some of these households may also be in the sector through choice.

12.23 The analysis shows that from 2008, the number of claimants in the PRS rose steadily to peak at around 1,200 in 2010, and through to 2014. Since then the number of claimants has fallen, with the number currently standing at about 800. It is clear that the PRS still has a significant role in proving accommodation for those who cannot afford the market, but that this is reducing over time. The change is likely to be mainly due to economic improvements (e.g. reducing unemployment), although the relative unaffordability of the sector may also be playing a role – with some households seeking to move into the social rented sector.

Figure 12.5: Number of Housing Benefit claimants in the private rented sector – East Hampshire



Source: Department of Work and Pensions

Build-to-Rent

12.24 As noted, the size of the PRS has grown substantially in East Hampshire since 2011 and this has been the main growth sector in the market. Nationally and regionally there has also been a substantial increase in the size of the PRS.

12.25 Linked in part to this, there is an increased (national) interest from developers in "Build to Rent" housing, which is specifically built not for open market sale but for the Private Rented Sector. Arguably, the sector provides the opportunity for good quality, well-managed rental accommodation which is purpose-built. Additionally, the sector provides the opportunity to boost overall housing delivery, as it does not compete directly with traditional housing development schemes which are built for sale.

12.26 The Government has been promoting Build-to-Rent housing. It has set up a Private Rented Sector Taskforce; and supported delivery though other measures – including a Build to Rent Fund which provides Government-backed loans to support new development. The sector is currently relatively small, but is one with growth potential.

12.27 The Housing White Paper (HWP) notes that local authorities 'should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing'. Following this, the revised NPPF now includes Build to Rent housing in the Glossary and specific advice about affordable housing on Build to Rent schemes. Build to Rent guidance was published by MHCLG on the 13th September 2018.

12.28 In East Hampshire, there is currently no evidence of a need for Build to Rent or any significant activity in the sector. Indeed nationally, Build to Rent schemes are mainly coming forward in major urban areas (notably London) and are focussed on young professionals in locations close to transport hubs. That said, with parts of East Hampshire having good transport links to London and given relatively high private rent levels, it seems possible that there could be some investment in this sector moving forward. If schemes are proposed, the Local Planning Authority should consider them on merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).

12.29 If the Local Planning Authority were to seek or promote Build-to-Rent housing, the draft London Plan (Policy H13[37]) provides some indication of the sort of criteria that could be used. In particular Policy H13 would require housing to be provided at a 'genuinely affordable rent' and preferably at a Living Rent; the housing should also be secured in perpetuity.

12.30 Policy H13 also contains a number of other suggested clauses which it is considered would be relevant to East Hampshire. This includes a covenant (to ensure that homes remain as Build-to-Rent for a set period of time), longer tenancies (suggested at least 3-years), a clear basis for rent increases and no upfront fees for prospective tenants.

Conclusion

12.31 The private rented sector (PRS) accounts for around 12% of all households in East Hampshire (as of 2011) – a smaller proportion to that seen across Hampshire and the South East, and notably below the national average (17%). The number of households in this sector has however grown substantially (increasing by 47% in the 2001-11 period).

12.32 The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relativity high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller, flatted accommodation when compared with the owner-occupied sector. That said, around 43% of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.

12.33 Additional analysis suggests that rent levels have increased over time (when looking at the

[37] https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/draft-new-london-plan/chapter-4-housing/policy-h13-build-rent

2012-18 period) but that increases in rents fall well behind the increase in house prices over the same period – the increase in rents is lower than seen regionally and nationally and does not suggest any particular lack of supply of private rented homes. The lack of homes to buy does appear to be a more pressing issue.

12.34 There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent) although there are good reasons why such schemes could work in parts of East Hampshire (due to good transport links and relatively high rent levels). Given the current Government's push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).

12.35 This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

Chapter 13: Housing for other Specific Groups

Introduction

13.1 Overall housing requirements are useful for considering the scale of need; however, the composition of that need is a further important consideration. In particular different household groups have different needs and demands from their housing and therefore influence the housing market in different ways.

13.2 Depending on local circumstances, the need for housing for particular groups of people may well exceed, or be proportionally high in relation to the overall housing need figure calculated using the standard method (Chapter 4). The needs of particular groups will often be calculated having consideration to the population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. Chapter 8 looks in more detail at the housing needs for families, whilst Chapter 9 focuses on the housing needs for older people and people with disabilities.

13.3 The PPG notes that when producing policies to address the needs of specific groups, local planning authorities will need to consider how the needs of individual groups can be addressed within the constraint of the overall need established. The standard method for assessing housing need does not breakdown the overall figure into different types of housing. Therefore, the housing needs of particular groups should be considered separately.

13.4 Using data from the 2011 Census and the demographic forecasts undertaken earlier in the report an analysis of the housing requirements of other specific groups has been undertaken.

13.5 The groups examined in this chapter of the report are as follows:

- Black and Minority Ethnic Households
- Self/Custom-Build
- Gypsies, Travellers and Travelling Showpeople
- Caravans, Mobile Homes and Houseboats

Housing Need by Ethnicity

13.6 Black and Minority Ethnic (BME) households may have particular requirements in relation to housing needs, often reflecting different social norms and family structures. It is important to consider whether particular groups face issues or have needs that are different to the population as a whole.

13.7 Based on the 2011 Census, a total of 93.6% of the population are self-classified as white (British/Irish) within East Hampshire. The remaining 6.4% of the population comprises a wide range of ethnicities, with no particular concentration in East Hampshire evident from the 2011 Census data. The number of people grouped as white (British/Irish) in East Hampshire is significantly higher than both regional figure (86.1%) and the figure for England (80.8%).

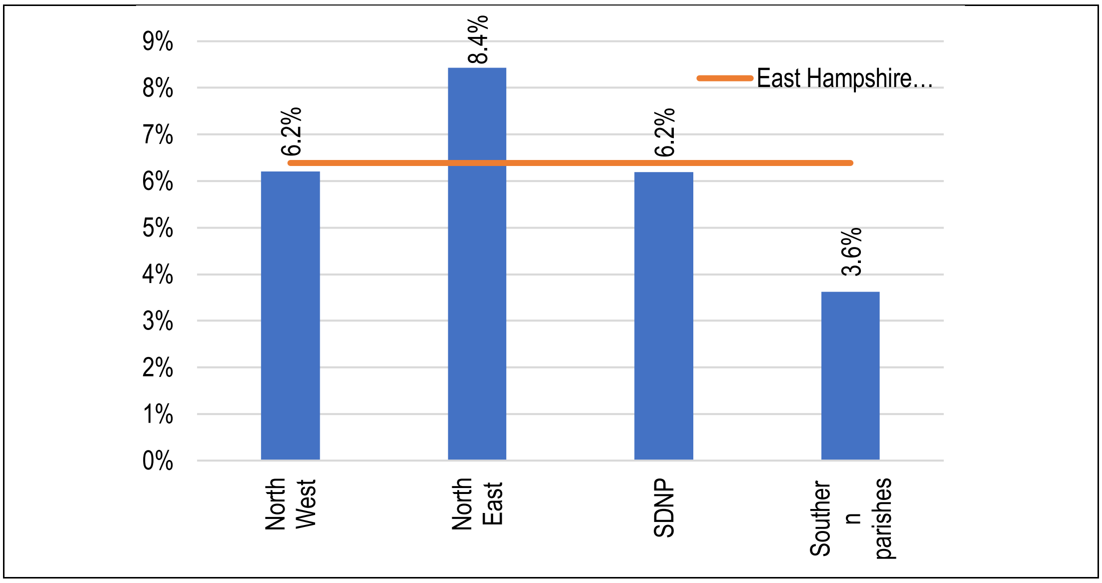
Table 13.1: Population by Ethnicity in East Hampshire

Ethnic Group		Population (Census 2011)		South East	England
White	British	107,568	93.0%	85.2%	79.8%
	Irish	656	0.6%	0.9%	1.0%
	Gypsy or Irish Traveller	267	0.2%	0.2%	0.1%
	Other White	3,144	2.7%	4.4%	4.6%
Mixed / Multiple Ethnic Group	White & Black Caribbean	312	0.3%	0.5%	0.8%
	White & Black African	153	0.1%	0.3%	0.3%
	White & Asian	513	0.4%	0.7%	0.6%
	Other Mixed	327	0.3%	0.5%	0.5%
Asian / Asian British	Indian	481	0.4%	1.8%	2.6%
	Pakistani	31	0.03%	1.1%	2.1%
	Bangladeshi	165	0.1%	0.3%	0.8%
	Chinese	316	0.3%	0.6%	0.7%
	Other Asian	866	0.7%	1.4%	1.5%
Black	African	396	0.3%	1.0%	1.8%
	Caribbean	81	0.1%	0.4%	1.1%
	Other Black	40	0.03%	0.2%	0.5%
Other Ethnic Groups	Arab	141	0.1%	0.2%	0.4%
	Any other ethnic group	151	0.1%	0.4%	0.6%
	Total	115,608		100%	100%

Source: 2011 Census

13.8 Figure 13.1 below shows the proportion of the population who are from a non-White (British) ethnic group by sub-area. This identifies that all areas have relatively low BME populations, with the range of figures being from 4% in the Southern parishes, up to 8% in the North East.

Figure 13.1: Ethnic Group by sub-area (2011) – non-White (British) population



Source: 2011 Census

13.9 The BME population in the East Hampshire has increased significantly since 2001. Table 13.2 shows that whilst the overall population of East Hampshire has risen by 5,022 over the 10-year period (2001-2011), the increase in BME groups (all groups other than other than White (British/Irish)) has been 3,333. This represents some 66% of the total increase in population.

13.10 The White (British/Irish) population has therefore only increase by a minimal 1.6% compared to an increase of 82.3% in the BME population. The BME group that has grown most is the Asian/Asian British population which has increased by over 1,170 over the ten-year period 2001 to 2011. This group has also increased the most in percentage terms. The population growth in the Asian/Asian British has been largely driven by an increase in the Asian-Other category which has risen from 82 people in 2001 to over 800 by 2011. It is unknown which particular nationalities this increase is associated with.

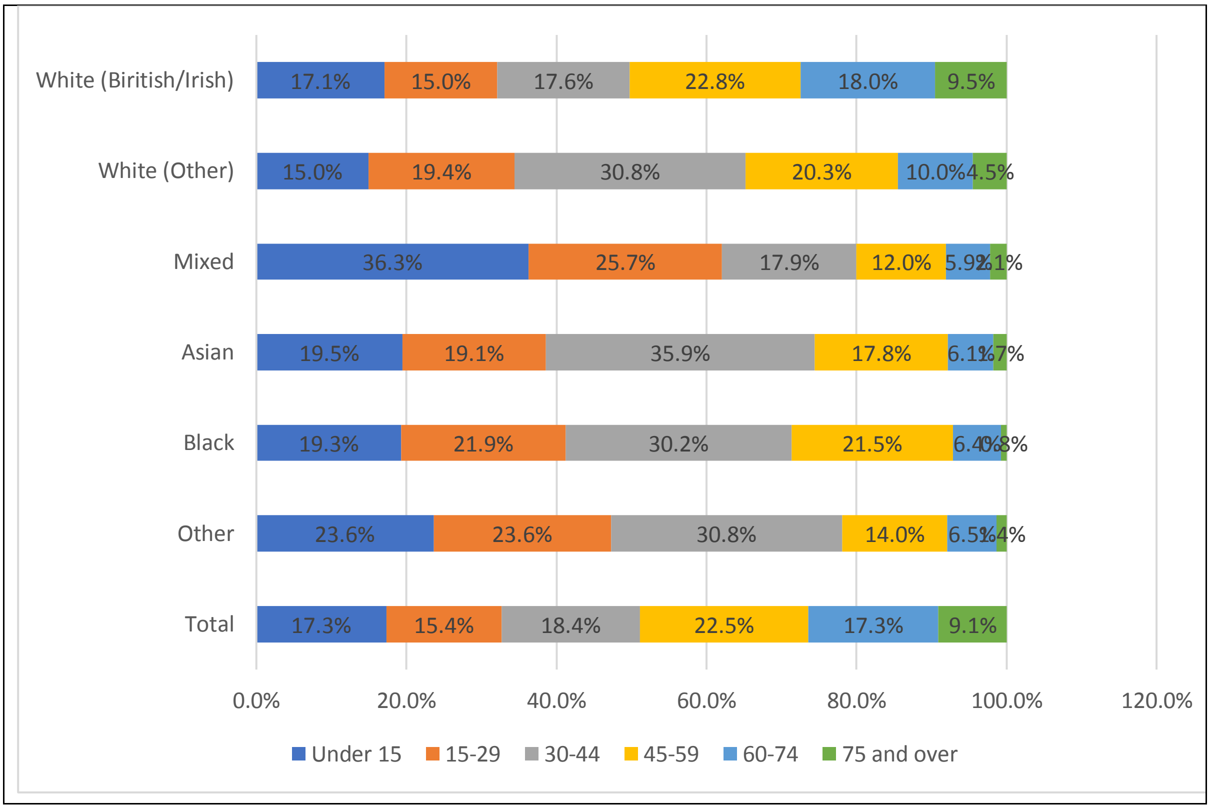
Table 13.2 Change in Population of BME groups 2001 to 2011 – East Hampshire

Ethnic Group	2001	2011	Change	% Change
White (British/Irish)	105223	106912	1689	1.6%
White Other	2245	3411	1166	51.9%
Mixed	706	1305	599	84.8%
Asian or Asian British	689	1859	1170	169.8%
Black or Black British	209	517	308	147.4%
Other	202	292	90	44.6%
Total	109274	114296	5022	4.6%
Non-White (British/Irish)	4051	7384	3333	82.3%

Source: Census 2001 and 2011

13.11 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in East Hampshire. The age profile of the BME population varies significantly when compared with White (British/Irish) people. Most BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 27.5% of White (British/Irish) people being 60 or over compared with all BME groups showing proportions of no more 14.5%.

Figure 13.2: Population Age profile by Ethnic Group in East Hampshire (2011)

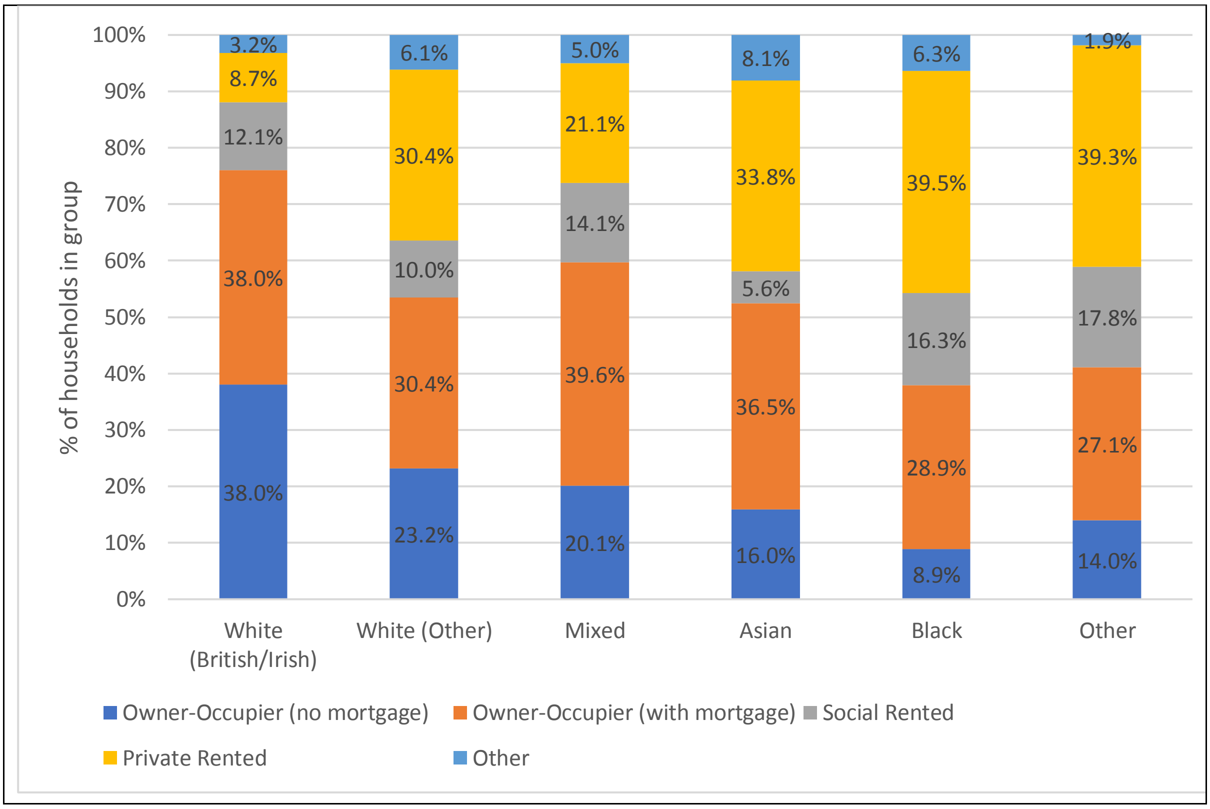


Source: Census 2011

13.12 There are notable differences between household characteristics of BME households as against White (British/Irish) population. Figure 13.3 below indicates that all BME groups are significantly less likely to be owner-occupiers (particularly outright owners) and far more likely to live in private rented accommodation. The group most likely to live in the private rented sector is Black group followed by Other and Asian groups. Over a third of these households live in the private rented sector, more than the other ethnic groups.

13.13 As the BME communities mature over time, the level of owner occupation may increase. The pace at which this happens will be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

Figure 13.3: Tenure by Ethnic Group in East Hampshire (2011)



Source: Census 2011

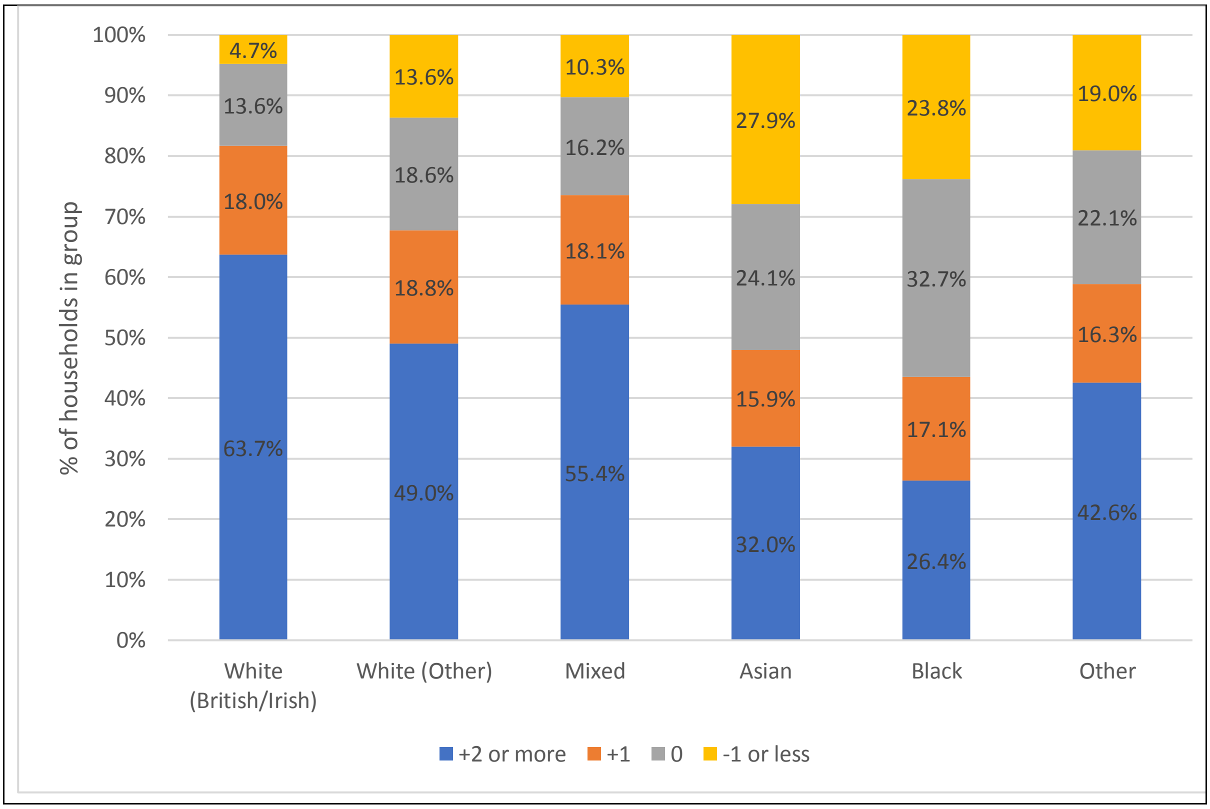
13.14 Overcrowding is a feature of the housing conditions of many ethnic groups in East Hampshire. Occupancy ratings provide a measure of whether a household's accommodation is overcrowded or under occupied. An occupancy rating of -1 implies that a household is overcrowded, whereas a rating of +1 implies under occupation.

13.15 Figure 13.4 shows the occupancy ratios across different ethnic groups according to the 2011 Census. Key points to note are as follows:

- Under occupancy is generally most common amongst the White (British/Irish) population.
- Incidents of overcrowding vary across the ethnic groups, with over crowding most common amongst the Asian population followed by the Black population.

13.16 BME groups are more likely to be overcrowded than White (British/Irish) households. In particular, the Census data suggests that around 28% of Asian households live in overcrowded conditions; this compares with less than 5% of the White (British/Irish) group. Levels of under-occupancy amongst BME communities are generally low.

Figure 13.4: Occupancy Rating by Ethnic Group in the East Hampshire (2011)



Source: Census 2011

Self and Custom Build

13.17 The HEDNA next considers the potential contribution that self-build and custom build development could make towards housing supply. As defined by the NPPF, self-build and custom-build housing is defined as housing built by an individual, a group of individuals, or persons working for them, to be occupied by that individual. Self and custom-build properties could provide both market or affordable housing.

13.18 In line with the Self Build and Custom Housebuilding Act 2015, local authorities are required to keep a register of those seeking to acquire serviced plots in the area for their own self-build and custom house building. They are also subject to duties under the Act to have regard to this and to give enough suitable development permissions to meet the identified demand.

13.19 As of 1st August 2018, a total of 436 people had registered an expression of interest on East Hampshire's Self/Custom-Build Register (five of which are associations as opposed to individuals). It should be noted that this register only covers the area of East Hampshire outside the South Downs National Park. Table 13.3 shows the preferred settlements that those on the register would prefer to live, however, more than one settlement can be chosen by each person on the register. From the figures below, it is evident that there are not any stand-out settlements that people on the register would prefer to live.

Table 13.3: Location preferred by those on the Self/Custom-Build Register

Settlement	Number selected
Alton	314
Clanfield	292
Four Marks	285
Grayshott	293
Horndean	295
Liphook	309
Medstead	295
Rowlands Castle	294
Whitehill & Bordon	277
Other Villages north of the SDNP	197

Source: East Hampshire District Council

13.20 In terms of the size of custom/self-build properties, there is a preference for dwellings of 3 or 4 bedrooms (77.5%). Only 3 people (0.7%) would prefer a one-bedroomed dwelling and only 11 people (2.5%) would prefer five or more bedrooms.

Table 13.4: Number of bedrooms preferred by those on the Self/Custom-Build Register

Number of Bedrooms	1 bed	2 bed	3 bed	4 bed	Over 5 beds	Not Stated
Number on Register	3	62	152	186	11	22

Source: East Hampshire District Council

13.21 From the high numbers of people that have expressed an interest in wanting a self/custom-build plot, it is clear there is demand for self-building within East Hampshire.

Gypsies and Travellers

13.22 A Gypsy, Traveller and Travelling Showpeople Accommodation Assessment (GTAA) was commissioned in 2017 to gain an up-to-date understanding of the accommodation needs of Gypsy and Traveller families in East Hampshire, including a breakdown for the area covered by the South Downs National Park. This updated study replaced the previous 2015 study, taking into account the changes to the planning definition of 'Traveller' contained within Planning Policy for Traveller Sites (2015).

Gypsies and Travellers

13.23 The GTAA identified a need for 25 additional pitches for households that meet the planning definition for the period 2017 to 2036. This is made up of five pitches from concealed or doubled up households, one pitch from a household that wants to move from bricks and mortar, five pitches for teenage children in need of a pitch of their own in the next 5 years, five pitches from in-migration, and nine from new household formation using a rate of 1.85%.

13.24 The GTAA identifies a need of up to seven additional pitches for unknown households and this is made up of new household formation of four from a maximum of twelve households, and three from in-migration. If the national average of 10% were applied this could result in a need for one additional pitch. Whilst no longer a requirement to include in a GTAA there is a need for six additional pitches for households that do not meet the planning definition.

Table 13.5: Additional need for Gypsy and Traveller Households (2017 to 2036)

Status	Total
Travelling	25
Unknown	7 (10% = 1)
Non-Travelling	6

Source: GTAA (2017)

Travelling Showpeople

13.25 The GTAA identifies a need for 31 additional plots for households that meet the planning definition and this is made up of 15 concealed families or adults, five older teenage children in need of a pitch of their own in the next five years and new household formation of 14 (using a formation rate of 1.25%) based on a maximum of 52 households (existing households plus concealed/over-crowded households and 5 year need from teenage children). There is also supply from three plots that are vacant.

13.26 The GTAA identifies a need of up to 1 additional plot for unknown households and this is made up new household formation of 1 from a maximum of 4 households (using a formation rate of 1.00%). If the national average of 70% were applied this could result in a need for one additional plot. Whilst no longer a requirement to include in a GTAA there is a need for no additional plots for households that do not meet the planning definition.

Table 13.6: Additional need for Travelling Showpeople Households (2017 to 2036)

Status	Total
Travelling	31
Unknown	1 (70% = 1)
Non-Travelling	0

Source: GTAA (2017)

Caravans, Mobile Homes and Houseboats

13.27 An understanding of the need for caravan/mobile home sites and moorings for houseboats is essential to make properly planned provision and avoid the problems associated with ad-hoc or unauthorised provision. A comprehensive consideration of needs and strategy to meet the need identified will greatly strengthen the ability of local authorities to respond swiftly and firmly to inappropriate unauthorised developments and encampments.

13.28 MHCLG produced draft guidance in March 2016 to help local housing authorities consider caravans and houseboats as part of housing needs. Existing data sources should be utilised along with a specialist survey to understand caravan and houseboat accommodation needs.

13.29 As of January 2017, there are approximately 650 caravan/mobile home pitches for residential use across the District (including the SDNP). Local circumstances mean that the provision of houseboats does not require further consideration.

13.30 East Hampshire District Council actively wrote to all existing park homes across the district (including the SDNP) in January 2017 to ascertain the future uses of such sites and the demand for this form of accommodation. Further correspondence was also sent in April 2017 notifying of a 'call for sites' to learn whether any further land was to be submitted for mobile home use. No responses were received.

13.31 Due to the lack of correspondence, it is difficult to identify the intentions of those existing households planning to move, which may free up spare pitches or brick-and-mortar capacity. The likely household formation and annual population increases of these specific groups of people is also difficult to ascertain without any responses to the survey. However, these specific groups of people would form part of existing demographic projections and it is unlikely there would be extra needs above and beyond existing projections derived by the standard method for assessing housing needs.

13.32 Although future need for caravan/mobile homes is unknown, the quantum of existing pitches shows that this form of accommodation is utilised across the district. Therefore, existing sites should be safeguarded and protected from future changes to other uses/types of housing.

Conclusion

13.33 This chapter has considered the characteristics of other specific groups (that have not been analysed elsewhere in the Interim HEDNA) in East Hampshire and the extent to which they have different needs to the population as a whole. The majority of these households are included in the demographic projections and OAHN derived through the standard method, with the exception of Gypsies, Travellers and Travelling Showpeople.

13.34 The BME population in East Hampshire has increased significantly since 2001, particularly within the Asian/Asian British population. Most BME groups are considerably younger than the White (British/Irish) group, with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group.

13.35 It is worth highlighting that BME groups are significantly less likely to be owner occupiers, particularly outright owners, and far more likely to live in private rented accommodation. Issues around occupancy also appear to be a common theme across a number ethnic groups, particularly within Asian households whereby overcrowding is more likely.

13.36 The interest in self/custom-build properties is extremely high in East Hampshire, with some 436 people registered on East Hampshire's Self/Custom-Build Register. There are no specific locations preferred by those on the register, but an overwhelming preference for 3 and 4 bedroom properties.

13.37 The HEDNA briefly looks at the conclusions of the Gypsy, Traveller and Travelling Showpeople Accommodation Assessment (GTAA) which identifies a need for 25 Gypsy and Traveller pitches, and 31 Travelling Showpeople pitches from 2017 to 2036.

13.38 Future need for caravan/mobile homes is unknown, but the quantum of existing pitches shows that this form of accommodation is utilised across East Hampshire. Therefore, existing sites should be safeguarded and protected from future changes to other uses/types of housing.

Chapter 14 Conclusion

Introduction

14.1 The purpose of this Housing and Economic Development Needs Assessment (HEDNA) interim report has been to assess future housing needs and the quantity of land and floorspace required for employment uses (falling within the B Use Classes[38]) between 2017 and 2036. This final chapter of this report provides a summary and overview of the results to these assessments and analyses, as set out in the previous chapters.

14.2 The HEDNA deals specifically with development needs in East Hampshire District (including the South Downs National Park (SDNP) area), but also includes analysis on a sub-area level, particularly on areas of the District outside of the SDNP. This is because the HEDNA has been undertaken to inform the emerging East Hampshire Local Plan 2017-2036, which will provide a policy framework for planning and development – including housing and employment – only in areas of East Hampshire outside of the SDNP.

14.3 This is an interim report, to accompany the draft (Regulation 18) Local Plan. It is a targeted and combined update of the previous East Hampshire Strategic Housing Market Assessment and Local Housing Requirement Study[39] (SHMA) and the East Hampshire District Council Employment Land Review Update40 (ELR). It has been prepared by East Hampshire District Council in accordance with national planning practice guidance (PPG) and using demographic, housing and economic information from professional consultancies and the Office for National Statistics.

Demographic & Labour Supply Trends

14.4 A range of variables have been considered to look at the profile of the population and housing in the District (and for the four sub-areas (including the National Park)). This information sets a context for the assessments of housing and economic development needs. Key variables have looked at population, household characteristics, housing profile and the economic profile of residents.

14.5 The analysis identifies a relatively old population age structure across all areas of the District and a modest population increase over the 2007-17 period. Due to the population profile, household types are to some extent concentrated in older age groups; as of 2011, 24% of all households in the District were entirely composed of people aged 65 and over. The District sees a relatively low proportion of single, younger person households and also lone parents.

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[38] These comprise employment uses requiring office, industrial and warehouse/distribution space

[39] Available at: https://www.easthants.gov.uk/sites/default/files/documents/12701%2B-%2BEast%2BHampshire%2BStrategic%2BHousing%2BMarket%2BAssessment%2B-%2BUpdate%2BVersion%2B-%2BAugust%2B2013%2BFinal%2B-%2B06-09-13.pdf (published: August, 2013)

[40]Available at: https://www.easthants.gov.uk/sites/default/files/documents/East%2BHampshire%2BELR%2BFinal%2BReport%2B23-05-13.pdf (published: May, 2013)

14.6 The tenure profile of the District sees a relatively large proportion of outright owners (which will to some extent be linked to the age structure) and a small private rented sector. The dwelling stock in the District is predominantly of larger homes, with a greater average number of bedrooms and a high proportion of detached homes. Overcrowding in the District (and across sub-areas) is low, and there is a significant level of under-occupation (46% of all households have at least two spare bedrooms).

14.7 In economic terms, unemployment in the District is low and there is a relatively high proportion of people who are retired. The data also suggests that the population is fairly well qualified (in academic terms) and are more likely than other areas to be working in more senior positions.

14.8 Overall, the analysis identifies East Hampshire as having more 'prosperous' characteristics in terms of the variables studied (when compared with other local, regional and national areas). The analysis does not imply that there are any strong reasons to suggest different policy responses in different locations, although the particularly low proportion of affordable (social rented) housing in the Southern parishes is a notable finding.

Housing & Employment Needs Assessment Areas

14.9 Planning guidance now uses local authority areas as the default geography for the assessment of housing needs, yet there is no current guidance on economic needs. However, it is still important to understand the Housing Market Area (HMA) and Functional Economic Area (FEA) relationships with neighbouring authorities.

14.10 East Hampshire has HMA and FEA relationships with Waverley and Chichester districts to the east, Havant borough and Portsmouth to the south, as well as some links with Winchester district to the west. Across the indicators, the most significant interrelationships appear to be with Chichester district, Waverley and Havant boroughs. All of these areas have close relationships with a variety of other districts, in terms of migration flows and house prices. Indeed, there is no single coherent geography for purposes of defining a HMA or FEA, for the assessment of housing and employment development needs for East Hampshire. The South Downs National Park Authority (SDNPA) has identified that East Hampshire forms part of a central Hampshire HMA, including Winchester, Basingstoke and Test Valley.

14.11 Taking the evidence into account, EHDC should prepare a local needs assessment for housing and employment development for the local authority area of East Hampshire. However, cross-boundary working and consideration is particularly important with the SDNPA, which covers approximately 57% of East Hampshire district in terms of area.

14.12 When progressing through the local plan-making process, EHDC will need to liaise with the SDNPA and adjoining authorities, and prepare statements of common ground, where the evidence suggests it is important to do so, for purposes of addressing housing and economic development needs. This interim HEDNA report will help to facilitate discussions concerning the evidence of housing and economic development needs.

Housing Need and the Standard Method

14.13 The approach to defining housing need follows the Standard Method set out in the PPG (September, 2018). It starts by considering trend-based demographic projections based on the 2014 Sub-National Household Projections and then applies an uplift, using a specified formula, to take into account median affordability ratios. At the time of writing, the Government's Standard Method for calculating the need for new homes in a local authority area was only at consultation stage. Nevertheless, it is expected that the method applied in this interim report will be confirmed as the method to use.

14.14 Calculations for East Hampshire using the emerging Standard Method (for the period 2017-2036) suggest future household growth of about 400 households per annum, and that an uplift of around 52% for market signals (affordability) should be applied on top of this growth. Therefore, at present the objectively assessed housing need (OAN) for the District as a whole is for 608.2 dwellings per annum – this includes that part of the District within the SDNP. An indicative figure of 112 dwellings per annum has been derived through the South Downs HEDNA (2017) for need within the National Park, however, caution should be exercised in using this figure (and alternatives) as in reality the number of homes provided in the park will be limited by environmental constraints. Overall, it is suggested that the 608.2 dwellings per annum figure for the whole District is used as the OAN, with the East Hampshire Planning Authority area providing all of the housing that will not be built within the National Park.

14.15 On the basis of analysing some of the demographic trends underpinning future population and household growth, it is clear that if 608.2 dwellings per annum are provided moving forward from 2017, then some increase in net in-migration could be expected, alongside increased levels of local household formation.

Housing Market Signals

14.16 It is important to investigate market signals and other market indicators of the balance between the demand for and supply of dwellings across East Hampshire, for purposes of determining the minimum number of homes needed in the period 2017-2036.The Government's Standard Method (see above) already makes an allowance for the implications of housing market signals through adjustments to household projections related to median affordability ratios; however further assessment of market signals is warranted, if only to identify the evidence of affordability constraints and any comparative worsening of affordability. In exceptional circumstances, deviation from the Standard Method results, to address these issues, could be reasonable.

14.17 Measures of house and land prices and rental affordability, and, to a lesser degree, measures of homelessness, show that the housing market within East Hampshire is under pressure. Affordability is a significant issue, with affordability ratios considerably higher than the wider South East. Although private rents and rental affordability ratios are comparable to the wider region, they are substantially higher than those experienced nationally. Levels of overcrowded and concealed households have also increased (2001-2011) but are below wider benchmark. There appears to have been an insufficient supply of new homes to keep housing within more affordable limits than elsewhere in the South East as a whole.

14.18 In summary, market signals indicate there are affordability issues affecting East Hampshire. This would imply that an uplift to address market signals should be applied to demographic projections, which are about 400 dpa (2014-based SNHP) and about 354 (2016-based SNHP). However, based on the standard method (which uses the 2014-based SNHP as the starting point), which points to a need of at least 608 dpa, a substantial uplift has already been applied to the housing numbers to account for the implications of market signals.

Affordable Housing

14.19 The analysis of affordable housing needs in this interim HEDNA report has focused on both 'traditional' affordable housing needs (i.e. for social/affordable rented accommodation, based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).

14.20 Using the traditional method, the analysis suggests a total need for 4,569 affordable homes over the 19-year plan period (2017-2036) across the District, which is equivalent to 240 dwellings per annum, which fully justifies seeking to secure additional affordable housing. It should also be noted that the need exists in all parts of the district, irrespective of whether within or outside the National Park.

14.21 Using the additional definition, a higher level of 'need' is shown (for around 400 dwellings per annum). However, it should be noted that all of these households in need can actually afford market housing (to rent). On this basis the analysis suggests that a 10% target for affordable home ownership options may be appropriate (the 10% figure coming from the NPPF), but a higher figure may not be as this would lead to less provision for those with more acute needs.

14.22 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 across East Hampshire. It does however need to be stressed that this report does not provide an affordable housing target; 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.

The Local Economy: Indicators, Trends and Forecasts

14.23 Economic indicators for East Hampshire suggest that there is likely to be a market for new office and industrial floorspace in the future, despite the relatively low levels of commercial development activity since 2008/9. Nevertheless, there is uncertainty as to how much land would be required for employment-related development in the emerging Local Plan. Scenarios that are based on forecasts of economic growth suggest that more office floorspace would be required than industrial floorspace; whilst past development trends suggest the reverse and project a slightly greater overall land requirement.

14.24 It will be important to focus on the range of estimated requirements for different scenarios, rather than any particular estimate, for purposes of establishing a “bare minimum” need for additional employment land. There could be changes to the nature of demand (whether it is focused on office or industrial floorspace) and it will also be important to consider the impact of qualitative considerations – the quality of existing employment facilities and perceptions of the local business community – when making decisions on the amount of land to allocate.

Employment Land Supply and Property Market Intelligence

14.25 Evidence suggests that the quality of existing office and industrial floorspace in EHDC’s planning area may not always be suitable to meet the current or future requirements of local businesses, even if these businesses are not planning to expand. This means that additional employment floorspace may be required over the plan period, above and beyond that required to meet economic growth needs or past development trends, in order to redress constraints that have arisen due to inadequacies in the quality of the available supply.

14.26 It is recommended that a minimum of c.42ha of land that can be developed on a flexible basis, for both office and industrial floorspace, is allocated through the emerging Local Plan. This could meet future needs based on economic growth or the continuation of past trends, and could remove qualitative constraints. To avoid exacerbating the constraints in the supply of suitable floorspace, caution has been exercised in deriving the total estimate. Nevertheless, further caution is advisable at this stage, to ensure that the future land requirements of businesses are met in accordance with the NPPF – i.e. to meet identified needs and also remain flexible enough to meet needs not anticipated in the Local Plan (paragraph 81, NPPF). It would be reasonable to allocate more land than this, but the overall size of the land budget will need to be balanced with any environmental considerations for the available sites that have been promoted for development through the emerging Local Plan.

14.27 It should be noted that some of the current employment land allocations without planning permission (at 31st March 2018), could be developed to meet the total quantitative and qualitative requirements. However, it is evident that additional land allocations would need to be considered, to supply 42ha of employment land. In addition, it will be important to maintain a positive and supportive policy approach to the redevelopment of employment land and premises for employment purposes, to ensure that the good quality sites that have been identified by Council’s qualitative site assessments remain suitable for meeting the needs of industrial and office-based businesses.

Bringing the Evidence Together – Housing and Employment Land Needs

14.28 It is important to recognise that there may be factors that indicate that the number of new homes and the amount of employment land to be provided should be increased beyond the minimum estimates of this interim HEDNA. The Government's PPG specifically recognises that there will be circumstances where actual housing need may be higher than the figure identified by the standard method in Chapter 4.

14.29 The objective assessment of housing needs for East Hampshire, obtained using the standard method and following consideration of the underlying demographic information, is a robust starting point for the number of homes that are required from 2017 to 2036. The affordability adjustments associated with the standard method increase the demographic starting point (2014-based household projections) by 52%. No further uplift appears to be justified to account for market signals relating to housing affordability; whilst the standard method's uplift can also be expected to help tackle the need for affordable housing, particularly home ownership options. Overall and at this interim stage, no further uplift to the estimated housing needs is advised, although this will need to be kept under review in the context of the likely scale and distribution of new affordable housing in accordance with the emerging Local Plan.

14.30 Taking the above into account, the housing need for East Hampshire is a minimum of 608 dwellings per annum. Based on the standard method within the PPG, the figure is a rounded value that represents an 'on balance' judgement in the context of all the evidence.

14.31 A housing requirement of 608 dwellings per annum would provide a local labour supply that would fill the additional jobs created through anticipated levels of job growth in East Hampshire, as estimated by Cambridge Econometrics and Experian. The employment land requirements of this HEDNA have been estimated using the same job growth estimates, so the labour demand scenarios for future employment development are considered to be fully consistent with the labour supply implications of building 608 dwelling per annum in East Hampshire.

Family Households and Housing Mix

14.32 The proportion of households with dependent children is about average in East Hampshire, although there are a relatively high proportion of married couples and relatively few lone parents. There has been limited past growth in the number of 'family' households although there has been notable growth in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be a fall in the number of households with dependent children.

14.33 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed 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. Figure X on page Y ["Suggested Mix of Housing by Size and Tenure"] gives full details.

Older Persons and those with Disabilities

14.34 The data shows that there could be a 50% increase in the population aged 65+ years over 2017-2036, potentially accounting for at least two-thirds of total population growth. There is likely to be a need for enhanced sheltered and extra-care housing in both the rented and leasehold sectors (and leasehold sheltered/retirement housing); a need for additional care bedspaces; and a need for up to 500 dwellings to be for wheelchair users (meeting technical standard M4(3)). In general, East Hampshire has lower levels of disability compared with other areas, however an ageing population means that the number of people with disabilities is likely to increase substantially in the future.

14.35 This information suggests 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.

14.36 The analysis is not definitive about the quantities of different types of specialist housing (or its tenure) due to a range of views about prevalence rates; the need for leasehold (market) housing with care (Extra-care/Enhanced sheltered) is estimated to be in the range of 219 to 453 dwellings in the period to 2036 (12-24 per annum) – it is considered that these will be in a C3 use class.

14.37 In determining the exact proportion of accessible and adaptable dwellings (meeting technical standard M4(2)) and wheelchair user dwellings (meeting technical standard M4(3)) that are required from new housing developments, it will be important to be mindful that homes built to the 'homes for life' standard would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

Private Rented Sector

14.38 The private rented sector (PRS) accounts for around 12% of all households in East Hampshire (as of 2011) – a smaller proportion to that seen across Hampshire and the South East, and notably below the national average (17%). The number of households in this sector has however grown substantially (increasing by 47% in the 2001-11 period).

14.39 The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relativity high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller, flatted accommodation when compared with the owner-occupied sector; although around 43% of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups.

14.40 Additional analysis suggests that rent levels have increased over time (when looking at the 2012-18 period) but that increases in rents fall well behind the increase in house prices over the same period – the increase in rents is lower than seen regionally and nationally and does not suggest any particular lack of supply of private rented homes. The lack of homes to buy appears to be a more pressing issue. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

14.41 There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent) although there are good reasons why such schemes could work in parts of East Hampshire due to good transport links and relatively high rent levels.

Housing of Other Specific Groups

14.42 The housing needs of other specific groups have also been considered in this interim HEDNA and through other evidence base studies that EHDC has been involved in. The majority of these households are included in the demographic projections and the estimated housing needs derived through the standard method, with the exception of Gypsies, Travellers and Travelling Showpeople.

14.43 The Black and Minority Ethnic (BME) population in East Hampshire has increased significantly since 2001, particularly within the Asian/Asian British population. Most BME groups are considerably younger than the White (British/Irish) group, with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group.

14.44 BME groups are significantly less likely to be owner occupiers, particularly outright owners, and far more likely to live in private rented accommodation. Issues around occupancy also appear to be a common theme across a number ethnic groups, particularly within Asian households whereby overcrowding is more likely.

14.45 The interest in self/custom-build properties is extremely high in East Hampshire, with some 436 people registered on East Hampshire's Self/Custom-Build Register. There are no specific locations preferred by those on the register, but an overwhelming preference for 3- and 4-bedroom properties.

14.46 Future need for caravan/mobile homes is unknown, but the quantum of existing pitches shows that this form of accommodation is utilised across East Hampshire.

Overall Summary of Land Requirements

14.47 Although this interim HEDNA contains a lot of information on housing needs and employment land and floorspace requirements; there is naturally a focus on the overall scale of housing and employment land requirements. This is because the overall quantity of future development strongly influences whether people and businesses are able to meet their housing and employment-related needs.

14.48 The estimates of local housing and employment land requirements derived in this interim HENDA are not policy targets of the emerging East Hampshire Local Plan (2017-2036); but they are inputs for determining the strategic requirements for housing and employment land in the Local Plan alongside wider evidence. The targets themselves will be informed by the standard method but will also take into account wider factors such as sustainability, infrastructure constraints and land availability. Following consultation on the draft Local Plan, it may also be necessary to take account of any unmet needs of neighbouring housing market areas.

14.49 As an interim estimate, the objective assessments of need for housing and employment land

Table 14.1: Total Housing and Employment Land Requirements (2017 to 2036)

	Housing	Employment (land)
Total Need – 2017 to 2036 (including the SDNP)	11,556 dwellings	41.8ha

Source: EHDC Analysis

Appendix A: Functional Economic and Housing Market Areas in East Hampshire – Analysis Paper

Appendix B: Apportioning Job Growth Forecasts to B Class Uses

Appendix C: Business Accommodation Survey

Appendix D: Qualitative Assessment of Employment Sites