



HOUSING NEEDS AND REQUIREMENT BACKGROUND PAPER

FOR THE PURPOSES OF LOCAL PLAN REGULATION 18
CONSULTATION, NOVEMBER 2022 - JANUARY 2023



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EAST HAMPSHIRE LOCAL PLAN 2021-2040

EAST
HAMPSHIRE
DISTRICT COUNCIL

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1. Introduction

- 1.1. The purpose of this background paper is to summarise the evidence we have considered in preparing our response to meeting the current and future housing needs of our district and communities. It also sets out, at a high level, our initial suggested policy responses.
- 1.2. It provides background information, including relevant national and local policies and, summarises the key issues, taking account of evidence and consultation feedback already received. It sets out the policy options we have considered that have informed the approach we are now consulting on.
- 1.3. We will continue to update our proposals as we prepare our Local Plan to take account of any subsequent changes to national policy, the key issues and any new relevant evidence which has been produced to inform the development of our draft policies. The evidence we are basing this consultation on is available on the [Council's website](#).
- 1.4. This background paper supports the first statutory stage of preparing the draft Local Plan 2040, known as Regulation 18 (Part 1) - Issues & Priorities. This first stage of our public consultation exercise focusses on strategic matters. We will then take account of the feedback we receive to refine the draft Local Plan, on which we will consult again.

The role of planning in housing provision

- 1.5. Increasing overall housing delivery is one of the Government's long standing key priorities for the planning system in England. The Government has set itself the target to raise housing completions to 300,000 homes per annum each year by the mid-2020s. Meeting future housing needs is therefore a central objective for all Local Plans, including ours.
- 1.6. Our plan must seek to enable the delivery of an appropriate number of homes, of the right size, tenure and type, in the right locations, to meet the housing needs of our current and future communities. We must make sure that the specific needs of different household groups are also met, particularly for affordable housing and for those with specialist needs.
- 1.7. The assessment of housing need we have carried out informs the 'housing requirement' for the district, and our new Local Plan will set out how, through the planning system, we will seek to address that need.
- 1.8. East Hampshire has made a significant contribution already to meeting these identified needs by consistently enabling the local housing delivery target to be exceeded. Over the last five years the Council has enabled the delivery of 3,220 new homes with over 928 being much needed affordable homes.

- 1.9. National planning policy requires that a local housing need assessment is carried out to assess the minimum amount and type of housing needed in the district over the lifetime of the plan – this study is often referred to as a Housing and Economic Development Needs Assessment (HEDNA). The HEDNA study we have recently completed is available to view [here](#).
- 1.10. Using this information, we will identify a sufficient supply and mix of sites to meet the identified housing requirement, whilst also taking account of existing sites that may already have planning permission for housing development, but are not yet built.

This housing background paper:

- explains how the housing requirement has been derived and the implications of part of the South Downs National Park falling within our district.
 - sets out the existing housing supply, across the district (which includes sites that are already committed for new housing), to demonstrate what the residual housing requirement will be for our area.
- 1.11. At the second stage of this Regulation 18 consultation exercise, we will identify a supply of land to meet the housing requirement over the plan period, having regard to the proposed spatial strategy and the settlement hierarchy. This will include proposed new development allocations for housing. The second stage will also set out how we will seek to make appropriate provision for those having specific needs.

This will include

- affordable housing
- accommodation for Gypsies, Travellers and Travelling Showpeople
- accessible and adaptable housing;
- housing to meet the needs of particular groups, including disabled people, older people,
- people who rent their homes,
- those who commission or self build.

2. Policy Context

National Policy Context

- 2.1. Local planning authorities are required to address the requirements set out in national planning policy and guidance in preparing their local plans, namely the National Planning Policy Framework (NPPF, July 2021) and supporting National Planning Practice Guidance (PPG).

National Planning Policy Framework (July 2021)

- 2.2. Central to the NPPF is a presumption in favour of sustainable development, which should be seen as being at the heart of the framework covering both plan making and decision-taking. Paragraph 7 in the NPPF sets out that planning policies and decisions should play an active role in guiding development towards sustainable locations, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.
- 2.3. Any development plan must include strategic policies to address the local planning authority's priorities for development and use of land in its area. Plans should apply a presumption in favour of sustainable development and positively seek opportunities to meet development needs, whilst being sufficiently flexible to adapt to rapid change.
- 2.4. Paragraph 11 covers the presumption in favour of sustainable development. For plan making this means that:
- all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;
 - 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 (as established through statements of common ground), unless
 - the application of policies in the framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution in the plan area, or
 - any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the framework taken as a whole.
- 2.5. Paragraph 20 states that strategic policies should set out an overall strategy for the pattern, scale and design quality of places, and make sufficient provision for among other things housing (including affordable housing).

- 2.6. Paragraph 23 requires that broad locations for development should be indicated on a key diagram, and land-use designations identified on a proposals map. Strategic policies should provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development. This should include planning for and allocating sufficient sites to deliver the strategic priorities of the area (except insofar as these needs can be demonstrated to be met more appropriately through other mechanisms, such as brownfield registers or non-strategic policies).
- 2.7. In order to support the Government's objective of significantly boosting the supply of homes, paragraph 60 in the NPPF states it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
- 2.8. Paragraph 61 sets out that 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).
- 2.9. Paragraph 62 explains that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.
- 2.10. Paragraphs 63 to 65 address affordable housing provision and set out that where a need is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site, unless off-site provision or a financial contribution in lieu can be robustly justified, or the agreed approach contributes to the objectives of creating mixed and balanced communities.
- 2.11. Paragraphs 66 and 67 concern the provision of a housing requirement figure. A housing requirement figure should be established for the whole area, which shows the extent to which identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. Within this overall requirement, strategic policies should also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations. Once the strategic policies have been adopted, these figures

should not need re-testing at the neighbourhood plan examination, unless there has been a significant change in circumstances that affects the requirement. Where such a figure cannot be provided for a neighbourhood area, an indicative figure should be provided if requested, which takes account of factors such as the latest evidence of local housing need, local population and the most recently available planning strategy.

- 2.12. Paragraphs 68 and 69 concern the provision of supply to meet the housing requirement. From a strategic housing land availability assessment (SHELAA) planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability. Planning policies should identify a supply of:
- specific, deliverable sites for years 1-5 of the plan period; and
 - specific, developable sites or broad locations for growth, for years 6-10 and where possible, for years 11-15 of the plan.
- 2.13. Small and medium sized sites can make an important contribution to meeting the housing requirement of an area and are often built out relatively quickly. To promote the development of a good mix of sites local planning authorities should:
- identify through the development plan and brownfield registers, land to accommodate at least 10% of the housing requirement on sites no larger than 1 hectare; unless it can be shown, through the preparation of relevant plan policies, that there are strong reasons why this 10% target cannot be achieved;
 - use tools such as area-wide design assessments and Local Development Orders to help bring small and medium sites forward;
 - support the development of windfall sites through policies and decisions – giving great weight to the benefits of using suitable sites within existing settlements for homes; and
 - work with developers to encourage the sub-division of large sites where this could help to speed up the delivery of homes.
- 2.14. Paragraph 71 states where an allowance is to be made for windfall sites as part of the anticipated supply. In such cases there should be compelling evidence that they will provide a reliable source of supply. Any allowance should be realistic having regard to the strategic housing land availability assessment (LAA), historic windfall delivery rates and expected future trends.

Planning Practice Guidance

- 2.15. The PPG sets out that housing need is “*an unconstrained assessment of the number of homes needed in an area*” and should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

- 2.16. The PPG is clear that the standard method for assessing local housing need is a minimum number and that “*consideration can still be given as to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of the relevant policies.*” It also provides examples of when it might be appropriate for local authority areas to plan for higher levels of housing need than the standard method. Examples include (but are not limited to):
- growth strategies for the area that are likely to be deliverable.
 - strategic infrastructure improvements; or
 - an authority agreeing to take on unmet need from a neighbouring authority.
- 2.17. The PPG does state that the standard method for strategic policy making purposes is not mandatory but notes that authorities can expect any alternatives to be scrutinised more closely at examination. There is an expectation that the standard method will be used, and that any other method will be used only in exceptional circumstances.
- 2.18. Where strategic policy-making authorities do not align with local authority boundaries or the data required for the model are not available such as National Parks, the PPG advocates that an alternative approach will have to be used. Where authorities are affected by this, they may identify a housing need figure using a method determined locally, but it must still consider the best available information on anticipated changes in households as well as local affordability levels.
- 2.19. The PPG makes clear that the housing needs of individual groups may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method, as these will often be calculated having consideration to the whole population as opposed to new households.
- 2.20. Local Planning Authorities will need to take into account these needs including the need for affordable housing - having regard to the overall housing need identified, the extent to which this can be translated into a housing requirement figure over the plan period, and the anticipated deliverability of different forms of provision, having regard to viability.
- 2.21. The PPG section for Housing for older and disabled people sets out that the need to provide housing for older people is critical, as people are living longer, and the older population is increasing. It sets out that the health, lifestyle and housing needs of older people will differ greatly with housing needs ranging from accessible and adaptable general needs housing to specialist housing with high levels of care and support.

2.22. It provides guidance on how the housing needs of older and disabled people can be assessed, and that this should inform clear policies within plans, which may include specific site allocations, to provide greater certainty to developers. Separate guidance is provided on optional technical standards including for accessible and adaptable housing, use of national space standards and wheelchair-accessible housing.

3. Key Issues

Adopted Local plan

- 3.1. East Hampshire's currently adopted Local Plan consists of the Joint Core Strategy (2014); Housing and Employment Allocations (2016) and the saved policies from the Local Plan: Second review (2006).
- 3.2. The Joint Core Strategy (JCS) was adopted by EHDC in May 2014 and by the South Downs National Park Authority (SDNP) in June 2014. It has now been superseded in the South Downs National Park by the South Downs Local Plan, which was adopted in July 2019. The key policies in the JCS with particular significance include:
 - Policy CP2 Spatial Strategy
 - Policy CP10 Spatial Strategy for Housing
- 3.3. Policy CP2 sets out the spatial strategy for meeting housing needs in the period up to 2028 across four distinct areas of the district:
 - South Downs National Park
 - Whitehill & Bordon
 - North of the South Downs National Park
 - Southern Parishes
- 3.4. It sets a requirement for a minimum increase of 10,060 new dwellings in the period 2011 to 2028, which is equivalent to 592 dwellings per annum. The detailed distribution of these housing numbers is set out in Policy CP10, which included existing completions and commitments; the strategic allocation of Whitehill & Bordon of 2,725 new dwellings; as well as a minimum allocation of sites at the most sustainable settlements across East Hampshire.

Main Issues from Consultation on Previous Local Plan Stages

- 3.5. The Emerging Local Plan covers areas in East Hampshire outside of the South Downs National Park. This includes Alton and the surrounding area as well as Whitehill & Bordon, Liphook and the Southern Parishes of Horndean, Clanfield and Rowlands Castle.
- 3.6. Preparatory work on the emerging Local Plan began in 2018, with two early-stage consultations (Regulation 18) conducted throughout 2019.
- 3.7. These initial stages involved extensive evidence gathering, engaging with the local community, businesses and stakeholders on emerging issues and options, consulting with statutory environmental consultees on the scope of the sustainability appraisal, and infrastructure providers with regards to development options. This originally took place in February 2019 and was

followed up with a subsequent Regulation 18 consultation on large development sites took place in September 2019.

- 3.8. Responses to the two previous stages in the preparation of the Local Plan has helped inform our approach.
- 3.9. In terms of responses received to the consultation undertaken in February – March 2019, these are set out in the [Draft local Plan 2017 – 2026 Regulation 18 Summary of Responses document](#) published. Strategic Policy S1 of that version of the local plan articulated both the quantity and location of development. Responses covered the following matters:
- general support for the policy, especially in terms of meeting the identified local housing needs and seeking to direct development to the most sustainable and accessible locations.
 - mixed views in regard to proposed housing numbers. Many people considered increasing allocations above housing requirements was not needed.
 - many comments on the use of the standard method. Whilst many believe it was the correct approach to be taken to assess local housing need, many responded that this is only the starting point and other factors should be factored in, such as the overwhelming need for affordable housing in East Hampshire. Some considered the standard method should not be used as affordability is artificially increased due to the presence of the National Park.
 - Some considered (typically the development industry) the numbers too low and would not ensure choice and competition in the housing market, with emphasis that any targets should be viewed as a minimum.
 - housing targets should be increased in order to meet the unmet needs of the wider PFSH area and some considered the housing supply stated in the policy was unrealistic as lapse rates were not applied and windfall allowance over-estimated.
 - specific targets should be made for affordable homes and specialist housing, whilst others felt the policy should have settlement specific targets for housing. Some respondents also considered Neighbourhood Plans should be given a specific housing target.
 - mixed responses to the proposed locations of future development, should be more consideration of increased growth at existing settlements and the southern parts of the Authority. Mixed views on whether housing development should be located in existing settlement policy boundaries in the first instance.
 - Further comments relating to the location of development referred to disproportionate growth amongst various tiers of settlement hierarchy. Others felt smaller villages needed more growth, particularly in relation to affordable housing. There were numerous comments that there is an over reliance on large sites and more smaller sites should be allocated to conform with NPPF.

3.10. Application of the standard method and the issue of increasing affordability ratios have been assessed further in the HEDNA 2022 and the supporting technical paper and are discussed below. In terms of the distribution of housing growth, the HEDNA provides extensive statistics for the key spatial areas of the district namely North East, North West and Southern Parishes all divided by the South Downs National Park. Consideration of this split of the district and application of the findings of the updated Settlement and Accessibility Hierarchy will enable the Council's growth strategy to reflect existing geographies and spatial relationships. This will also allow for consideration of how we enable a greater mix of settlements to accommodate more proportionate growth so that they remain sustainable communities and continue to thrive and prosper.

Relevant Evidence and Studies

East Hampshire

- 3.11. A key element of the evidence base for the Local Plan was the Interim Housing and Economic Needs Assessment (HEDNA) (2018), as well the updated HEDNA (2022) and supporting Technical Note (2022). The update was commissioned by the Council and completed by Icen Projects and Justin Gardner Consulting. The HEDNA (2022) sets out the overall housing need for East Hampshire, disaggregating the number between the two separate local planning authorities. The study also looks at affordable housing need, as well as the needs from a range of specific groups in the population, including older persons.
- 3.12. The HEDNA (2022) sets out our local housing need assessment, using the standard method as the starting point and disaggregating the needs associated with the SDNP. The local housing need figure for EHDC is currently 517 dwellings per annum (dpa), which over the emerging plan period (2021-2040) equates to 9,823 dwellings
- 3.13. Although the HEDNA (2022) does not further disaggregate the local housing need by sub-area, all the analysis is compiled separately between the following areas:
- North East
 - North West
 - South Downs National Park
 - Southern Parishes

- 3.14. The updated Land Availability Assessment (LAA) (2022) identifies land that has been promoted as being available for future housing (as well as other uses). Sites promoted through the LAA may not be considered appropriate for future development. However, the LAA gives a clear indication of the range, location, geography and nature of sites that may be available for development and is particularly relevant to the Local Plan as part of the Regulation 18 (Part 2) stage, as it will help to inform consideration of sites for allocation.

Planning for South Hampshire

- 3.15. The Southern Parishes within East Hampshire (Clanfield, Horndean & Rowlands Castle) fall within the Planning for South Hampshire (PfSH) sub-area. The South Hampshire Strategic Housing Market Assessment (SHMA) (2014) sets out that the 2011-based Government household projections identify a need for around 4,160 homes per annum across the PfSH area. The SHMA is very clear that the objectively-assessed needs have to be considered on a whole sub-regional basis rather than on a district-by-district basis. However, local assessments of each district were included, identifying a need of 85 dpa in the East Hampshire part of the district that falls within PfSH.
- 3.16. In the light of the Government's Standard Method, the PfSH authorities are working on a joint statement of common ground between the partners. This is updated regularly, with the last update (October 2021) identifying a housing need of 107 dpa in the East Hampshire part of the district that falls within PfSH. This estimate of housing need is derived by applying the proportion of East Hampshire's population that live within the wards of the PfSH area to the district-wide housing need that has been calculated using the standard method.
- 3.17. Emerging work in the PfSH area will continue to assess how housing needs can met across the sub-regional.

South Downs National Park

- 3.18. As part of the evidence for supporting their Local Plan, the South Downs National Park Authority (SDNPA) commission a study examining housing and employment land within the National Park. The South Downs HEDNA (2017) covered the whole extent of the National Park, but the majority of the analysis also separated data between the various districts.
- 3.19. A demographic-led approach was taken when determining housing need within the SDNP. Based on ten-year migration trends, the South Downs HEDNA (2017) determined a total of 447 dwellings would be needed each year from 2014 to 2033. This equated to 112 dwellings per annum in the part

of East Hampshire which falls within the National Park. The distribution of housing need was based on the sum of population projections translated into households and dwellings for each constituent local authority area i.e. the overall number is a summation of these individual calculations rather than a disaggregation of an overarching number.

- 3.20. Due to the policy considerations and the need to ensure that 'great weight' is given to "*conserving landscape and scenic beauty in National Parks*", the expectation is that the SDNPA will not necessarily plan to meet the full objectively assessed need determined in the HEDNA (2017), but it will in effect meet "local needs" focused on meeting affordable need and/or supporting the local economy and local communities within the SDNP.
- 3.21. The South Downs Local Plan (2019) confirms the above by allocating only 250 dwellings per annum, some 197 dwelling shortfall each year. It was through the Duty to Cooperate that further details the processes by which neighbouring authorities are seeking to address their unmet needs. However, in May 2022, the SDNPA agreed to review its Local Plan.

4. Housing Need

- 4.1. Establishing the level of housing need for the plan period is one of the main tasks and contributing factors towards determining a housing delivery target/requirement. A number of different factors need to be taken into account in establishing the level of housing need. Such factors include changes to the demographics of the district, the impact of predicted migration on housing need, and how changes to the local economy could impact upon the need for additional housing. However, the NPPF¹ notes that 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 introduced in national Planning Practice Guidance (PPG). Through the Local Plan making process the authority should consider further the local housing need figure, taking into account any needs that cannot be met within neighbouring areas.

Joint Core Strategy

- 4.2. Within East Hampshire the current housing requirements are identified in the Joint Core Strategy (JCS), adopted in May 2014 by East Hampshire District Council (EHDC) and in June 2014 by the South Downs National Park Authority (SDNPA). The housing requirements were supported by a Strategic Housing Market Assessment (SHMA)² to assess the full housing needs of the district. The SHMA analysed the housing markets that affect the district to determine the need for housing that should be met within East Hampshire, including the National Park.
- 4.3. The SHMA identified that the Objectively Assessed Housing Need (OAHN) for the district lies within the range of 520-610 dwellings per annum. The JCS Inspector's report (paragraph 25) stated that the Inspector considered the OAHN to be around 610 dwellings per annum (dpa), that being 10,370 new dwellings up to 2028. The Inspector noted that the Plan proposed 592 dpa (10,064 dwellings) which is less but not significantly so (about a 4% difference) and that he considered the difference to be well within a reasonable margin for error. The Inspector concluded that the evidence submitted to the examination supports the figure of 10,060 as the minimum number of new homes that should be provided to 2028.
- 4.4. In 2015, a Memorandum of Understanding (MoU) was signed by both EHDC and the SDNPA, which committed to meeting the housing need for East Hampshire noted above. It was recognised and agreed at the time that based on environmental and landscape constraints within the National Park an

¹ NPPF - Paragraph 61

² NLP - East Hampshire Strategic Housing Market Assessment and Local Housing Requirements Study (2013)

appropriate apportionment for doing so would equate to a minimum of 8,366 dwellings outside the National Park and a minimum of 1,694 dwellings within the National Park. Therefore, East Hampshire LPA should monitor its housing land supply against a minimum of 492 dpa (8,366 dwellings over the plan period equates to 492dpa). This approach was supported by the Examiner of the East Hampshire Housing and Employment Allocations Plan which was adopted by the Council in April 2016.

- 4.5. Subsequently (March 2018 & December 2018), Statements of Common Ground (SoCG) were agreed between the two local planning authorities to support both emerging Local Plans at the time, further endorsing the position that the SDNPA will meet the requirement of 100 dwellings per annum (dpa) until 2028.

The Standard Method

- 4.6. As set out in section 2, the Government expects Local Planning authorities to calculate their housing requirements in their Local Plans using the nationally set standard method as a starting point.
- 4.7. The standard method formula uses data that is only available at a district wide level (household projections and housing affordability ratios). The standard method can only therefore be calculated for the whole district of East Hampshire which includes the South Down National Park areas, and not just for the Local Plan area. East Hampshire is therefore permitted by national planning practice guidance to calculate its own housing need figure using an alternative method.
- 4.8. It is possible to calculate a housing need figure for the whole of the district using the government's standard need formula as set out below.

Table 1: Minimum Local Housing Need – Standard Method

Local Authority	East Hampshire
Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2022-32	381
Affordability Adjustment:	
Median workplace-based affordability ratio, 2021	14.51
Adjustment Factor	166%
Step 2 Housing Need Figure	632
Cap:	
Date of plan adoption	8 th May 2014

Plan more than 5 years old	Yes
Housing requirement in last adopted plan	592
Cap @ 40% above Last Adopted Plan	829
Minimum Local Housing Need (p.a.)	632

4.9. Table 1 shows that the minimum Local Housing Need for East Hampshire is 632 homes per annum when based on household growth of 381 per annum, taking from the 2014-based Household Projections, with an affordability uplift of 166% applied to this based on the 2021 median workplace-based affordability ratio. It should be noted that the local housing need figures include part of the district falling within the South Downs National Park.

Wider considerations in Assessing Housing Need

4.10. As noted above, the standard method calculates the minimum starting point for assessing local housing need. The PPG³ is clear that there may be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. The circumstances may include:

- Where funding is in place to promote and facilitate additional growth (i.e. Housing Deals, City Growth Deals, etc.); or
- Where strategic infrastructure improvements are likely to drive an increase in the homes needed locally; or
- An authority agreeing to take on unmet need from neighbouring authorities, as set out in a Statement of Common Ground

4.11. The PPG⁴ also requires consideration to be given to the inter-relationship with the assessed need for affordable housing. The HEDNA (2022) has explored all of these circumstances, as well as whether changing economic circumstances including forecast jobs growth would mean that local housing need should be higher than the standard method.

Growth Funding

4.12. In East Hampshire district, there is currently no funding in place to facilitate additional growth. The HEDNA (2022) also highlights that there are also no

³ Paragraph: 010 Reference ID: 2a-010-20190220

⁴ Paragraph: 024 Reference ID: 2a-024-20190220

current discussions relating to growth funding or housing deals and therefore there is no justification for higher need in the district on this basis.

Strategic Infrastructure Improvements

- 4.13. It is considered there are no strategic infrastructure improvement schemes directly influencing East Hampshire district.

Economic Growth

- 4.14. The HEDNA (2022) has considered at length the future needs for employment land as well as projected economic growth in the district. Utilising a baseline forecast from Oxford Economics shows an expected 2,700 jobs over the period from 2021-38. Set against these forecasts – even with a sensitivity adjustment for the manufacturing sector – the analysis shows that subject to the assumptions set out therein, delivering the standard method-derived local housing need in the plan area of the district would generate a labour force supply of between 7,917 – 9,574. As a result, the HEDNA (2022) concludes there is no basis to increase local housing need in the context of projected economic growth in East Hampshire.

Affordable Housing Need

- 4.15. The PPG⁵ outlines that an increase in the total housing figures included within a Local Plan should be considered where it could help deliver the required number of affordable homes. The analysis within the HEDNA (2022) shows a total need for 613 affordable homes per annum. This equates to 97% of the standard method local housing need figure – a level which is unrealistic to achieve and would ultimately constrain the delivery of market housing.
- 4.16. In addition, taking into account the Council's adopted affordable housing policy at 40%, overall housing need would have to be equal to sum 1,535 homes per annum if the full extent of affordable housing need was to be met. Based on the historic average affordable housing delivery at only 25%, local housing need would have to be in excess of 2,452 homes per annum. The HEDNA (2022) confirms that both of these scenarios are unrealistic and note the inappropriate nature of using a mechanical relationship to consider how affordable housing provision and overall housing need relate to one another.
- 4.17. It is also important to note that the intention of the standard method and its use of an affordability uplift is to improve affordability of market housing over time. Therefore, this envisages reducing the cost of market housing relative to earnings, which as a result would reduce affordable housing need.

⁵ PPG ID: 2a-024-20190220

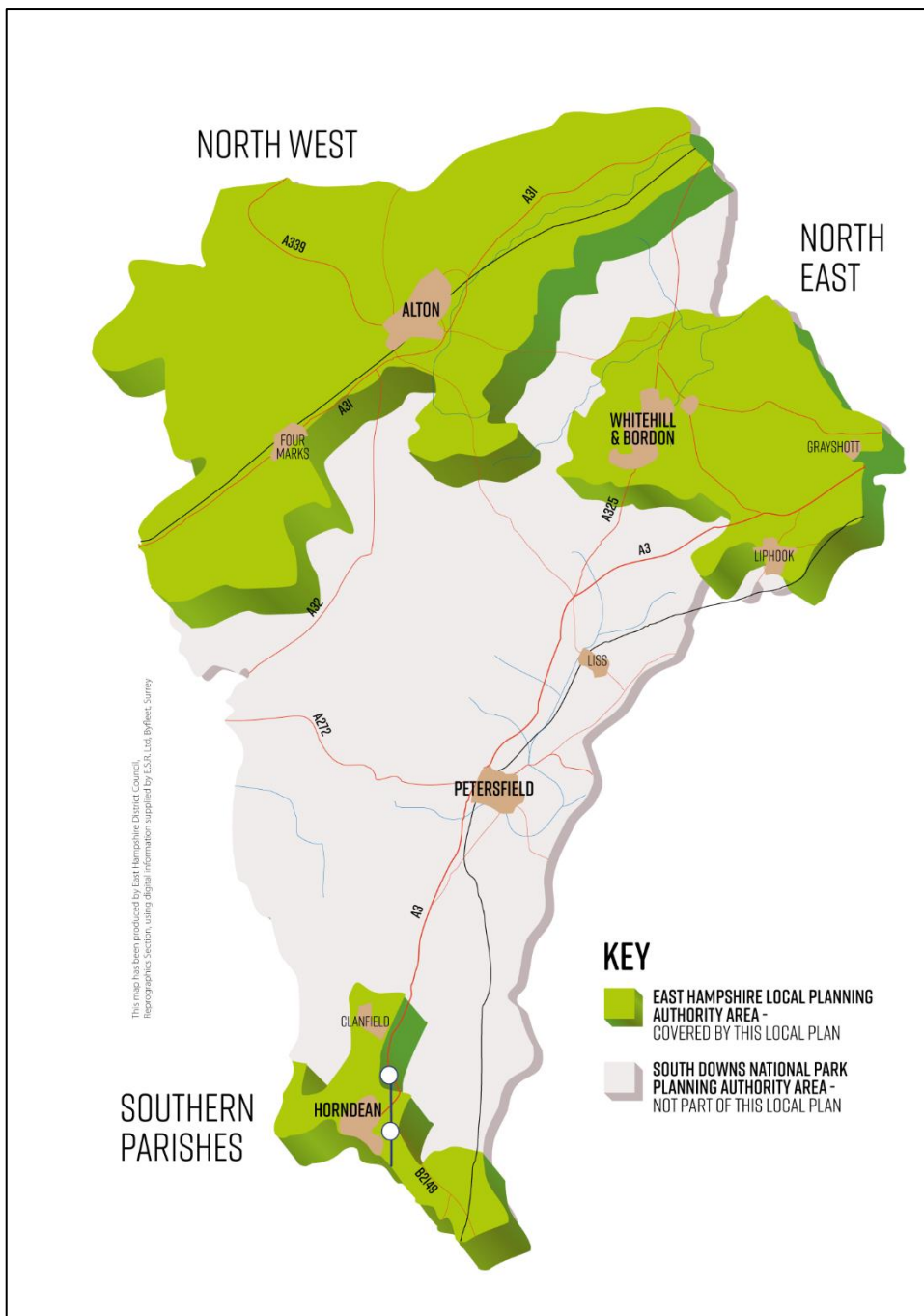
Unmet Housing Need

- 4.18. The final circumstance that may result in a higher local housing need than that derived from the standard method is the agreement to take on unmet need from neighbouring authorities. East Hampshire district forms part of the Partnership for South Hampshire (PfSH) which includes a number of local authorities including Portsmouth City Council, Eastleigh Borough Council and Southampton City Council.
- 4.19. The most recent Statement of Common Ground (October 2021), PfSH has set out that the majority of needs for housing development up to 2036 are already planned to be met through existing planning permissions and allocations in Local Plans and Neighbourhood Plans whilst also acknowledging that there remain unmet housing needs which are not currently planned for. In response, PfSH has set out the intention to address the issue of unmet housing need through the preparation of a new Joint Strategy.
- 4.20. It is acknowledged that the preparation of a new Joint Strategy with PfSH authorities is in its infancy but should be monitored as work progresses. However, there have been approaches to the Council by neighbouring authorities, Havant Borough Council (part of PfSH) and Chichester District Council about unmet needs associated to their respective planning areas. At present, early Duty to Co-operate discussions have been progressed through the Council's SA process with both neighbouring authorities to understand the potential options for assisting with unmet needs.

Relationship with the South Downs National Park

- 4.21. As noted previously, EHDC has historically collaborated with the SDNPA throughout the preparation of the JCS and subsequently to monitor housing land supply. There have been numerous SoCGs since the adoption of the JCS, between the two local planning authorities, outlining how housing needs should be disaggregated and met.
- 4.22. It should be noted that the Strategic Market Housing Assessment (2013) that supported the JCS did not explicitly disaggregate need between the two planning authority areas. It was only when the South Downs HEDNA (2017) was commissioned that a local housing need figure was derived for the part of the National Park that falls within East Hampshire. The need identified at that time was 113 dwellings per annum for the period of the South Downs Local Plan (2017-2033). To aid the decision-making process, it was agreed that any unmet needs beyond established supply within that period would be met by the wider East Hampshire local planning area.

4.23. It is not considered appropriate to continue to apportion local housing need based on a supply response as part of the plan-making process. Housing supply changes on an annual basis as does the inputs to the standard method, resulting in uncertainty around housing numbers. In addition, both EHDC and the SDNPA have both committed to reviewing their adopted Local Plans and it will therefore necessitate increasing supply beyond the 2033 period currently established in the South Downs Local Plan. As a result, the HEDNA (2022) has sought to approach a split between the SDNP and the wider EHDC area by considering whether a different standard method figure exists for each area.



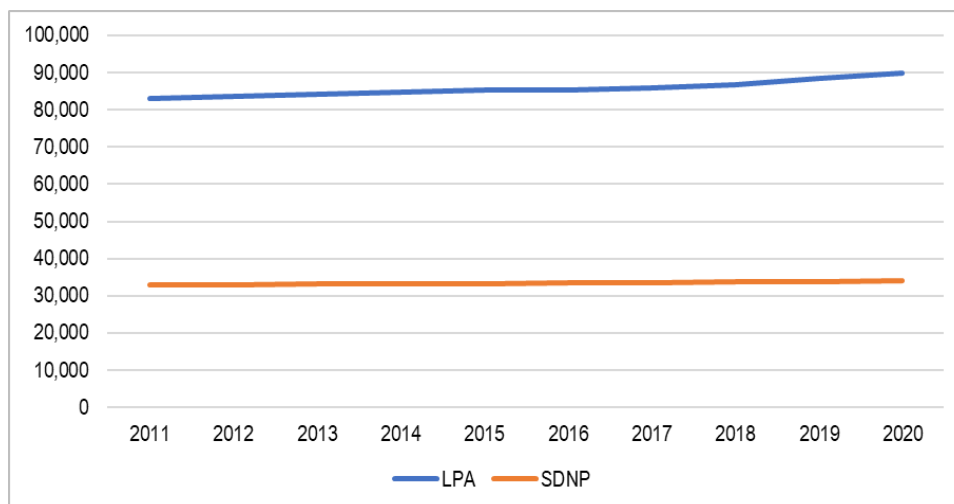
Converting the district wide standard method figure to a Local Plan area figure

4.24. Applying the government's standard method to East Hampshire gives a housing need figure of 632 homes per year for the whole district which includes the national park area. There are a number of ways this district wide figure could be adjusted down to just the Local Plan area removing the need in the national parks.

Demographic Data and Household Growth

4.25. The HEDNA (2022) first considered the demographic information. Sub-National Population Projections (SNPP) and Sub-National Household Projections (SNHP) are only published at local authority areas and do not further disaggregate between the EHDC local planning authority area and the National Park. The analysis of population trends is clear that the population of the LPA is somewhat larger than the National park and population growth in this area has also been slightly stronger over the period studied (2011-2022)

Fig. 1 Estimated Population in the LPA Area and National Park (2011-2020)



Source ONS (HEDNA, 2022)

4.26. The data presented in the HEDNA (2022) shows that in 2011 that the LPA had 71.6% of the population of the district, and by 2020 this had risen slightly to 72.5% - in 2014 (the SNHP that the standard method are based), 71.8% of the population of the district lived in the LPA area. Generally, the data suggests around 72% of the population as being in the LPA and 28% within the National Park. The population growth within each area has also varied, with the proportionate population growth in the LPA area as being roughly double that seen in the National Park

4.27. Based on the above data, the HEDNA (2022) provides an indication of the possible projected level of household growth in each of the two areas. This is based on the observation with the standard method calculations of a household growth of 381 households each year from the 2014-based SNHP

(2022-32). When the estimated household growth within the LPA is around double of that seen in the National Park, the analysis suggests household growth of around 319 per annum in the LPA area and 62 in the National Park

Affordability

- 4.28. The other component of the standard method are affordability ratios, which are based on the median house price divided by the median income, with the most recent data being for 2021 (the house price data is specifically for the year to September 2021). The latest data is a median price of £415,000 and an income of £28,603, giving an affordability ratio of 14.51 in East Hampshire.
- 4.29. Analysis of Land Registry data within the HEDNA (2022) for the same period shows a much higher median price in the National Park (£500,000) than the LPA area (£385,000) which highlights the possibility of a different ratio for the two areas.
- 4.30. Regarding incomes, data in the HEDNA (2022) suggests an annual household income across the whole district of £41,764, with the figure for the LPA being £41,962 and the National Park being £41,280. It is noted these are for household incomes rather than earned income as used in the standard method but are the best data available to look at potential differences in income across the two areas. The latest figure used by ONS in its affordability ratios is £28,603 and therefore on the basis of the household incomes, the HEDNA (2022) estimates that the equivalent figures are £28,739 for the LPA and £28,272 in the National Park (based on the pro-rata of our household income estimates).
- 4.31. Utilising the house prices and income estimates, the HEDNA (2022) calculates separate affordability ratios for each of the two areas and the uplift to household growth this would be equivalent to.

Table 2: Estimated LHN using Household Growth based on Trends

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

Source: Based on a range of ONS data (HEDNA, 2022)

4.32. As is shown, linking the figures to relative population growth over time (assuming for this that growth in the National Park is at half the rate seen in the LPA area), this results in a need for 506 homes per annum in the LPA area and 115 homes per annum in the National Park. As the standard method of the district is equal to 632 homes per annum, the HEDNA (2022) suggests a working assumption is that 517 homes per annum are delivered in the LPA area and the remaining 115 homes per annum are delivered in the National Park.

Proposed Way Forward and Recommended Approach on Housing Need

4.33. In accordance with national policy⁶, which states strategic plan policies will need to look ahead over a minimum of a 15-year period from adoption of the Plan, we need to consider how much further into the future we project our plan period as we progress to the next stages of the Local Plan. Based on our current timetable, a plan period to 2040 is proposed (based upon 2025 as an Adoption date and a minimum 15-year period from Adoption). The associated evidence supporting the emerging Local plan should be consistent where possible with these timescales.

4.34. Table 3 sets out the overall housing requirement for the plan period 2021 to 2040, based on the disaggregated assumptions outlined above being the most logical options for separating the local housing need derived from the standard method.

⁶ NPPF – Paragraph 22

Table 3: Proposed Local Planning Area Housing Requirement

	Per annum	Plan period (2021-2040)
Housing Requirement	517	9,823

- 4.35. This requirement will be used to form the basis of this report and the emerging Local Plan (Regulation 18 – Part 1) consultation. However, it should be noted that there are variables used in calculating the standard method that could change over the course of preparing the Plan which we would need to respond to⁷. Therefore, the current figure of 517 homes per year could change over the course of preparing the Local Plan 2040, for example as updated data sets on future household growth projections and/or the affordability ratio of average earnings to average house prices are published.
- 4.36. The Council is currently seeking to meet the local housing need figure (as calculated using the standard method) in full through the identification of sufficient sites in the next stage of the Local Plan 2040, Regulation 18 (Part 2). We will need to monitor whether future evidence indicates that an alternative housing requirement is needed, or if evidence emerges that the standard method figure cannot be accommodated. However, the level of unmet needs associated with the South Downs National Park and other neighbouring authorities has not been fully realised and will be explored as part of the Regulation 18 (Part 1) consultation, further Duty to Cooperate discussions will be needed throughout the plan-making process.

⁷ Planning Practice Guidance states local housing need calculated using the standard method may be relied upon for a period of 2 years from the time that a plan is submitted to the Planning Inspectorate for examination.

5. Housing Supply

- 5.1. This section of the topic paper looks at the historic supply of housing associated with the JCS as well as provides an update on the supply of housing over the emerging Local Plan period (2021-2040). It summarises the latest monitoring information on past delivery of housing and permissions granted. It also summarises the sources of supply of housing supply expected to contribute to meeting the over emerging Local Plan housing provision.

Joint Core Strategy

- 5.2. As mentioned, the JCS was adopted by East Hampshire District Council in May 2014. The JCS identifies the housing requirement for the district to meet objectively assessed housing needs of the district from 2011 to 2028. It uses data at the 1st April 2013 baseline to identify the completions and commitments established at this point in time to determine the remaining allocations needed to meet the identified housing needs. In particular, Appendix 2 within the JCS identifies the housing land supply position for East Hampshire, disaggregating between those areas within the SDNP and those outside.

Table 4: Summary of Appendix 2 (JCS) Table (without allocations)

Sub-Area	Sub Totals	EHDC %	Overall %
North West (A31 Corridor)	1619	45%	37%
North East	1014	28%	23%
Southern Parishes	932	26%	21%
EHDC Total	3565		82%
SDNP	779		18%
East Hampshire District Total	4344		

- 5.3. Although Appendix 2 within the JCS disaggregated East Hampshire in to three sections, namely 'North of the SDNP', the 'SDNP' and the 'South', Tables 2 and 3 show the housing land supply position (2013) for the four separate parts of East Hampshire.
- 5.4. Table 4 identifies the housing land supply position that the JCS was based on, which shows all known supply at 1st April 2013. Before the JCS allocations were factored into the figures, the majority of the district-wide development (37%) during the JCS period to meet housing needs was based within the area of the North West. Only 18% was accounted for by the

National Park, and similar proportions disaggregated between the 'North East' (23%) and the 'Southern Parishes' (21%).

- 5.5. When solely looking at the East Hampshire local planning authority area, the disaggregation between the three areas represents some 45% of total housing supply within the North West, 28% in the North East and 26% within the Southern Parishes.

Table 5: Summary of Appendix 2 (JCS) Table (with allocations)

Sub-Area	Sub Totals	EHDC %	Overall %
North West (A31 Corridor)	2627	31%	26%
North East	3931	46%	38%
Southern Parishes	1982	23%	19%
	8540		83%
SDNP	1729		17%
	10269		

- 5.6. Table 5 represents the JCS housing land supply position (2013) once allocations were also included. Based on this housing supply position, the Inspector for the JCS agreed with the minimum housing requirement of 592 dwellings per annum for the period 2011 to 2028. The subsequent Housing and Employments Allocation Plan (2016) made provision for land to meet the residual requirement (outside the SDNP).
- 5.7. As is clear from Table 5, the majority of the district-wide development during the JCS plan period was accounted for in the North East, representing some 38% of the district total and 46% within the East Hampshire local planning authority area. This is a shift (28% vs 46%) from the 'pre-allocated' position and can be accounted for by the Strategic allocation of 2,725 dwellings as part of the development of a new Eco-town at Whitehill & Bordon, following the regeneration of MoD and local authority land.
- 5.8. The North West sub-area represented 31% of the total growth within East Hampshire local planning authority area, a significant reduction to the 'pre-allocated' position of 45%. The 'Southern Parishes' sub-area represented 23%, a slight reduction to the 'pre-allocated' position of 26%.

Housing Delivery 2013-2021

- 5.9. Following the 1st April 2013 housing supply position, a total of 4,363 new homes (net) have been built in the LPA area from 2013 to 2021. Over this eight-year period completions have averaged 545 homes per year. Looking

at more recent trends, the four-year period from 2017-2021 saw a total of 2,725 new homes (net), equivalent to 681 home each year.

Table 6: Housing Delivery Performance against JCS requirement⁸

Year	JCS Target	Completions (net)	Shortfall/over-supply
2013/14	492	325	-167
2014/15	492	485	-7
2015/16	492	404	-88
2016/17	492	424	-68
2017/18	492	791	299
2018/19	492	948	456
2019/20	492	626	134
2020/21	492	360*	-132
Total	3,936	4,363	427

*Includes the demolition of 12 C2 units, equivalent to 6.3 dwellings (C3)

- 5.10. Housing delivery has improved considerably from the beginning of the plan period. As identified in the housing trajectory identified in the JCS, the planned delivery of housing was set to increase in the middle and latter parts of the plan period. Despite shortfalls in meeting the target established in the JCS for the first six years of the plan period, the latter years have seen significant increases in housing delivery. Due to the pandemic, the 2020-21 monitoring year involved a period of time (approximately 3 months) where housebuilding ceased operation and social-distancing measures were needed on building sites. However, from 2013 to 2021, there has been an oversupply of some 427 dwellings, when compared with the JCS requirement (592 dpa minus 100 dpa within the SDNP).

Table 7: Completions 2013-21 by sub-area

Sub Area	Sub Totals	EHDC %
North West	1,841	42%
North East	1,470	34%
Southern Parishes	1,052	24%
EHDC Total	4,363	

- 5.11. Table 7 shows that when completions are broken down by the three respective sub-areas, the majority of housing to date has been within the North West sub-area, representing 42% of the total completions between 2013-22. Only 34% of completions during this time have been within the North East sub-area, whereby the most housing supply was attributed in the

⁸ The JCS target for East Hampshire (including the National Park) is 592 dwellings per annum, however, based on the 2013 land supply position and subsequently agreed MoU and SoCG with the SDNPA, 100 dwellings per annum were expected in the National Park (2017-2028).

JCS, once allocations were considered. However, it should be noted that large-scale completions in Whitehill & Bordon did not begin until the 2017/18 monitoring year and are continued to rise in subsequent years as more reserved matters applications are approved within the strategic allocation. The Southern Parishes sub-area have provided 24% of the local authority completions during that period, slightly more than is envisaged over the JCS plan period (to 2028).

Housing Land Supply 2021 onwards

5.12. To meet the proposed housing requirement identified in Section 4, we have assessed how much housing supply is needed to meet this need, over the plan period to 2040. This has been undertaken by assessing how much existing housing supply we have committed already, as of 1st April 2022, against the housing requirement. This will begin to identify the 'residual' amount of housing, or the amount of housing needed once the existing stock of housing land has been taken into account. The residual housing requirement will need to be provided for through policies and site allocations in the Local Plan 2040 (Regulation 18 – Part 2). However, Regulation 18 (Part 1) will explore how these residual figures could be met in the different areas of the district.

Completions

5.13. Table 8 shows the number of net dwellings completed since the beginning of the plan period (2021/22). For that monitoring year there were a total of 495 net completions.

Table 8: Housing Completions in EHDC (2021-22)

Year	Standard method	Completions	Shortfall/over-supply
2021/22	517	495	-22
Total	517	495	-22

Table 9: Completions 2021-22 by sub-area

Sub Area	Sub Totals	EHDC %
North West	131	26%
North East	316	64%
Southern Parishes	48	10%
EHDC Total	495	

5.14. As detailed in Section 4, the local housing need for East Hampshire (outside the National Park) is 517 dwellings per annum. Since the start of the emerging Local Plan period (2021) there have been 495 net completions, a shortfall of 22 dwellings in relation to the housing need. The majority of these completions are associated with the Strategic Allocation in Whitehill & Bordon

and thus reflects in the North East sub-area accounting for 64% of all completions. The North West sub-area represents 26% of all completions and the Southern Parishes sub-area the remaining 10%.

Commitments

- 5.15. All sites that have extant planning permissions are considered developable are included as commitments. As 1st April 2022, there were a total of 4,068 dwellings on large sites and 242 dwellings on small sites that benefitted from planning permission.

Table 10: Commitments (as 1st April 2022) by sub-area

Sub Area	Small	Large	Total	EHDC %
North West	102	845	947	22%
North East	103	2,262	2,365	55%
Southern Parishes	37	961	998	23%
EHDC Total	242	4,068	4,310	

- 5.16. Similarly, to other housing supply, the North East sub-area represents some 55% of all outstanding commitments, with the North West and Southern Parishes sub-areas representing 22% and 23% respectively.
- 5.17. In terms of further identified housing supply that does not yet benefit from planning permission - the strategic allocation at Whitehill & Bordon identified in the JCS, there remains 150 dwellings at Mill Chase Academy, that is currently pending a decision.
- 5.18. There also remains 36 dwellings that have been allocated as part of Neighbourhood Plans (Alton and Ropley), that do not currently benefit from planning permission.

C2 Uses

- 5.19. The PPG⁹ states that local planning authorities should '*count housing provided for older people, including residential institutions in Use Class C2, as part of their housing land supply*'. However, in determining the level of housing contribution that C2 uses make to housing land supply, the Council recognises that an individual bed space may not necessarily replace an individual unit of C3 accommodation. For residential institutions, the PPG notes that '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'.

⁹ PPG Paragraph: 035 Reference ID: 68-035-20190722

- 5.20. At the time of its completion, the 2011 Census estimated that there were 90,480 adults (aged 16 or over) within 47,257 households in East Hampshire. This provides a ratio of 1.9 adults per household. The number of dwellings generated by accommodation in C2 use can therefore be derived by dividing the number of bed spaces by 1.9.
- 5.21. As 1st April 2022, there were outstanding permissions for a total of 159 net bed spaces, equivalent 84 dwellings, which are all expected to be delivered over the next five years. In terms of sub-area, this would equate to 102 bed-spaces (54 dwellings) in the North West; a net loss of 3 bed spaces (2 dwellings) in the North East; and 60 bed spaces (32 dwellings) in the Southern Parishes.

Windfall Allowance

- 5.22. The National Planning Policy Framework (NPPF) glossary defines windfall sites as “*sites not specifically identified in the development plan*”. Paragraph 70 of the NPPF allows local authorities to make an allowance for windfall sites as part of anticipated supply. However, local authorities may only make an allowance for windfall if they have “*compelling evidence that they will provide a reliable source of supply*”.
- 5.23. As part of the Council’s Windfall Allowance: Methodology Paper (2022), a total of 1,343 dwellings (855 on small sites, 488 on large sites) are expected to come forward across the residual emerging plan period (2022-2040).

Housing Delivery Test

- 5.24. The Housing Delivery Test was introduced by the Government in 2018 to measure local planning authorities’ performance in delivering new homes to meet local housing need. It is expressed as a percentage of homes delivered against homes needed.
- 5.25. The result of the Housing Delivery Test affects the buffer that local planning authorities should add to their housing requirement for the purposes of calculating their five-year supply. Where delivery of housing falls below 85% a buffer of 20% is needed on the housing requirement
- 5.26. The ‘HDT: 2021 Measurement Technical Note’¹⁰ identifies that the calculation is based on the total net homes delivered when measured against the number of homes required over the preceding three-year period. For the local planning authorities whose boundaries overlap with a National Park, and where the local housing need derived from the standard method is used, net additional dwellings are used for both authorities.

¹⁰ See:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/953304/2020_HDT_technical_note.pdf

5.27. In East Hampshire, the housing delivery test 2021 measurement is 138%. No sanctions have therefore been placed on the Council, and in calculating our housing land supply we only need to plan for a 5% buffer (i.e. make sure there is an extra 5% more land available than required).

Housing Land Supply Conclusions

5.28. Taking account of the housing completions (495 net dwellings) between 2021-22 and the housing land supply position at 1st April 2022 (5,923 net dwellings), there would be a residual requirement for 3,405 dwellings over the remaining plan period (2022-2040) when using the 517 dwelling per annum requirement over the same period.

Table 11: Housing Land Supply Summary (as 1st April 2022)

Source	Total (net dwellings)
Completions	495
Large Sites with permission	4,068
Small sites with permission	242
Remaining Allocations (Mill Chase Academy)	150
Neighbourhood Plan Allocations (Alton Convent, Hale Close, Petersfield Road)	36
Windfall	1,343
C2 Uses	84
Total	6,418

Table 12: Housing Land Supply between the three sub-areas (not including windfall*)

Source	Total (net dwellings)
North West	
Completions	131
Outstanding	947
Neighbourhood Plan Allocations	36
C2 Uses	54
Total	1,168
% of District	23.01%
North East	
Completions	316
Outstanding	2,365
Local Plan Allocations	150
C2 Uses	-2
Total	2,829
% of District	55.74%
Southern Parishes	
Completions	48
Outstanding	998
Neighbourhood Plan Allocations	0
C2 Uses	32
Total	1,078
% of District	21.25%
Overall Total	5,075

* The windfall allowance has not been disaggregated between the three sub-areas

- 5.29. EHDC should also consider whether we need to allocate for a higher number of homes (than the residual requirement as a minimum) in order to provide for greater resilience in maintaining a sufficient supply of sites to deliver the housing requirement. We will need to make sure that we provide for a sufficient supply of homes to meet our needs (and any potentially identified unmet needs of neighbouring authorities). Otherwise, there is an increased risk that homes could be permitted on sites not preferred by the Council and our residents, potentially, as a result of planning appeals.
- 5.30. The Council will continue to monitor the housing land supply position as the preparation of the Local Plan 2040 progresses, including how this affects the residual requirement to be accommodated.