

**Report to:**

**Test Valley  
Borough Council**

**Strategic Housing  
Market Assessment**

Final Report

January 2022



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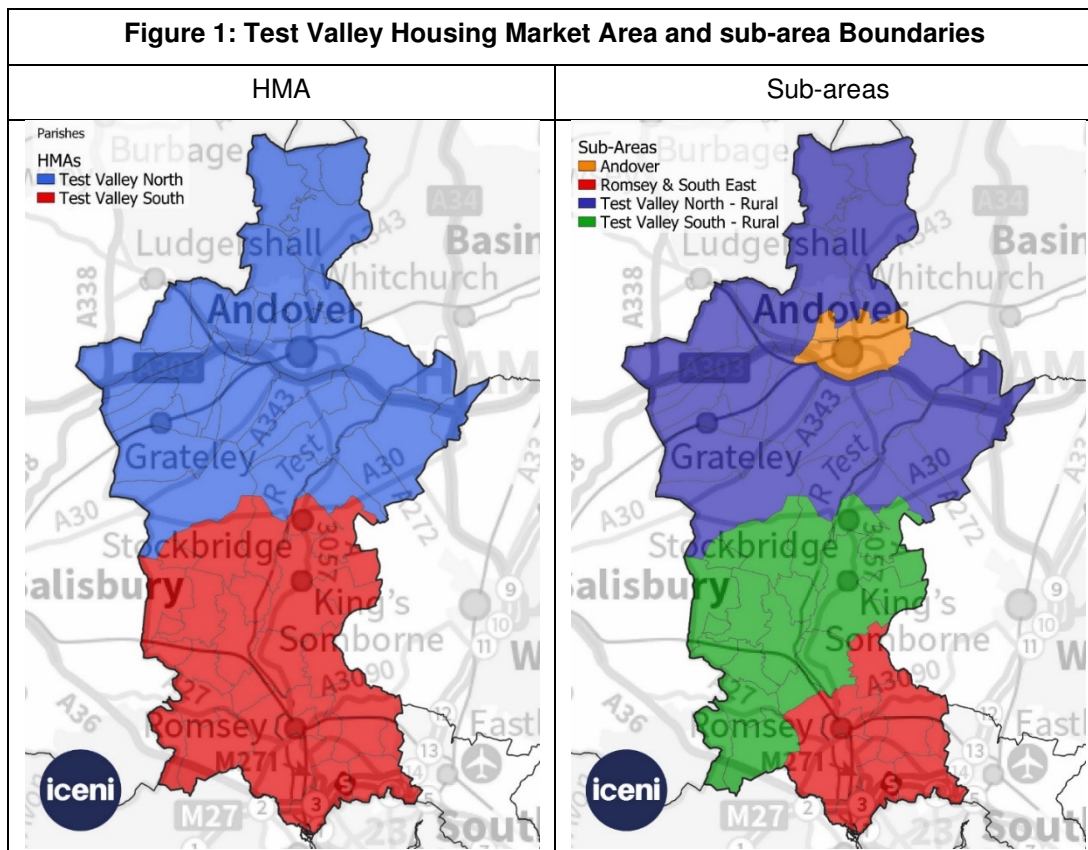
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## Summary

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### Introduction

1. This report provides a new Strategic Housing Market Assessment (SHMA) following on from a SHMA report completed by Justin Gardner Consulting (JGC) in January 2014 (but taking a 2013 base). This report focusses on overall housing need as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes). The study also looks at the needs from a range of specific groups in the population (notably older persons).
2. Whilst both this report and that completed in 2014 have the same title (SHMA) the scope is slightly different. The 2014 SHMA included a significant focus on estimating overall housing need, whereas this report now uses the government's Standard Method. This report has a greater focus on assessing the size, type and tenure of housing needed for different groups – in line with paragraph 62 of the National Planning Policy Framework (NPPF) – latest version from July 2021.
3. The Council adopted its Local Plan in 2016, with policies covering the period from 2011 to 2029. This report will inform the next Local Plan which is likely to extend the plan period through to 2040 (from a 2020 base date). In terms of the SHMA there are a number of policies in the adopted plan which are of interest, including:
  - Policy COM1 – Housing Provision 2011-29; and
  - Policy COM7 – Affordable Housing
4. This is one of two reports provided by JGC as part of this commission, the first considers housing market areas (HMAs) of the Borough. This recommends a North-South split of the Borough (two HMAs) and also identifies smaller sub-areas (both HMAs and sub-areas shown on the maps below). Where relevant, analysis has been provided to look at how needs vary across the different HMAs and sub-areas.



5. The 2014 SHMA study concluded a housing need for 588 dwellings per annum, and this figure was taken forward into the Local Plan. The housing need set out in this report is largely driven by the Government’s Standard Method with focus mainly being on more specific needs such as affordable housing. The analysis takes account of the latest National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) and to provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:

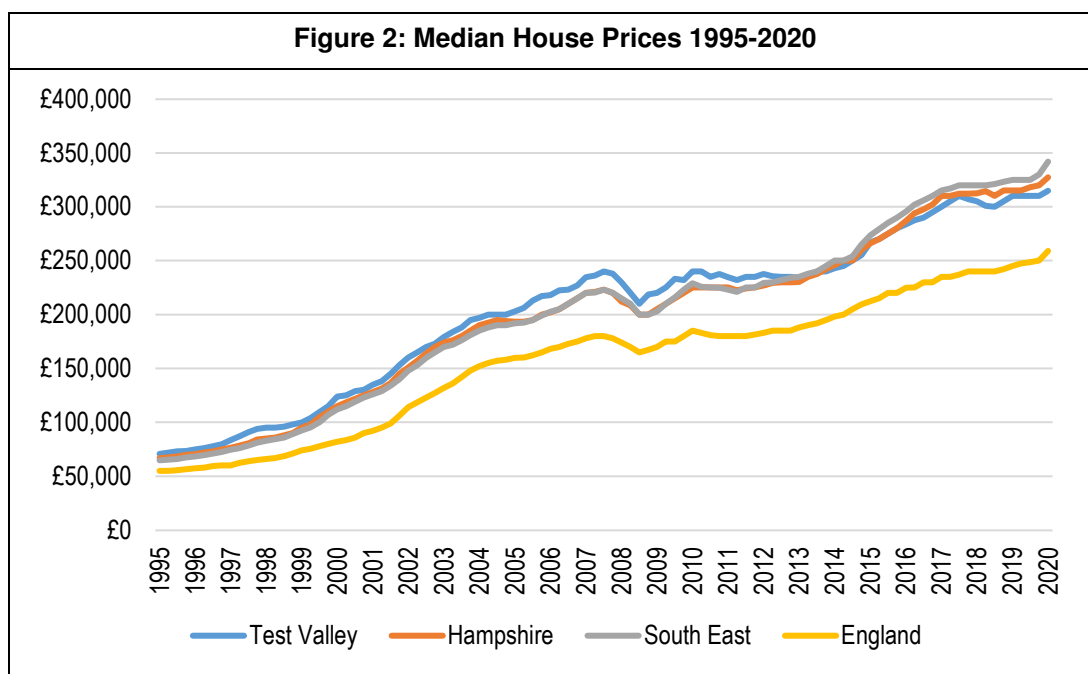
- Section 2 – Housing Stock, Supply Trends and Market Dynamics;
- Section 3 – Overall Housing Need;
- Section 4 – Demographic Trends and Projections;
- Section 5 – Affordable Housing Need;
- Section 6 – Housing Mix;
- Section 7 – The Needs of Older People and People with Disabilities; and
- Section 8 – Other Groups.

6. It should be noted that the numbers included in tables and figures throughout the report may not sum exactly due to rounding

### Housing Stock, Supply Trends and Market Dynamics

7. An important starting point for considering the future mix of homes needed is an understanding of the existing housing offer (by type, tenure, size and cost) and how the mix of properties varies between tenures.

8. There are just over 56,000 dwellings in Test Valley (2020) and completions in the Borough have averaged 786 per annum since 2011.
9. Relative to wider comparator areas (region and nationally), a high percentage of households in the Borough own their own homes and a relatively low percentage were privately renting. Test Valley's housing stock has a high percentage of detached and a low proportion of flats. Consequently, dwellings in the Borough are typically larger. There are however some notable differences between sub-areas of the Borough. The stock also sees more significant levels of under-occupation than across wider comparator areas and lower levels of overcrowding.
10. Median house prices in Test Valley (in 2020) were slightly below the South East and Hampshire median but significantly above the median nationally (£56,000 higher at £315,000). House prices in the South East region and Test Valley have been broadly similar since 1995 and tracked each other closely throughout this period. Private sector rents are however typically higher than seen in other locations (and notably higher than seen nationally).



11. In 2020, the median house price in Test Valley was 9.76 times average earnings (similar to the South East and Hampshire but notably higher than the national average (7.84)). Affordability has deteriorated slightly over the past few years but at a lesser rate than seen regionally.
12. The Help to Buy (HTB) scheme has played a significant role in supporting Test Valley's housing market since 2013 and is an important means of helping a range of households, including younger households, onto the housing ladder – it is estimated that around 40% of newbuild sales have been supported through HTB.
13. Consultation with local estate and letting agents suggests that demand for homes in the Borough has grown, particularly due to people moving from London and other parts of the South East. This may in part be due to Covid-19 although this was not specifically noted through interviews.

14. Overall, the picture is one of a high value area with values that have been rising over time, this points to a relatively high level of market demand at the present time. The use of HTB also suggests that the cost of housing may be a major barrier to home ownership (although it is recognised that housing costs are not the only factor).

## Overall Housing Need

15. In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the 'standard method' for calculating Local Housing Need (LHN). This replaced the approach to defining Objectively Assessed Needs (OAN) previously set out in Planning Practice Guidance. Further changes (minor in the context of Test Valley) were made to the method in December 2020.
16. The four-step standard method in Test Valley is calculated as follows:
- Step 1 – Projected household growth of 398 per annum over the 2021-31 period
  - Step 2 – Increasing the household growth by 36% based on an affordability ratio of 9.76
  - Step 3 – Capping the increase in step 2 to 40% (does not apply in Test Valley)
  - Step 4 – No adjustment as the Borough falls outside of the 20 most populated urban areas in England
17. This results in a housing need of 541 dwellings per annum which can be applied across the Local Plan period from 2020 onwards. This level of housing need forms the basis of much of the analysis in the remainder of this report.
18. There are no circumstances in Test Valley relating to growth funding, strategic infrastructure improvements or affordable housing need which indicate that 'actual' housing need is higher than the standard method indicates.

## Demographic Trends and Projections

19. Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the Office for National Statistics (ONS) 2018-based subnational population projections (SNPP) and the 2018-based subnational household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.
20. The Borough has a slightly older age structure than seen regionally or nationally, with 22% of the population estimated to be aged 65 and over in 2020 (compared to a national average of 19%). The Southern Test Valley Rural sub-area sees a particularly old population (28% aged 65+), with Andover having a much younger population structure (18% aged 65+).
21. Past population growth in Test Valley has been relatively strong, over the past 9-years (since 2011) the population of the Borough has grown by 9% - compared with a 6.5% increase nationally over the same period. Population growth is largely driven by net internal migration (moves from one part of the country to another) with the Borough seeing a declining level of natural change (i.e. births minus deaths).



22. The relatively high level of population growth can also be seen in ONS projections (which are trend based), with the 2018-based version showing higher projected changes in Test Valley than other areas (including the County and region). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for 87% of all projected population change.
23. Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Data about HRRs is taken from ONS household projections.
24. In analysing data about HRRs, it was considered that the latest (2018-based) version potentially build in some degree of suppression of household formation in younger age groups. Analysis was therefore provided linking to an older (2014-based) SNHP (with a further adjustment to younger age groups) – this was to provide projections reflecting the potential for younger households to access the housing market.
25. Using the information from the published SNPP and SNHP a bespoke projection has been developed that links to the standard method dwelling provision of 541 dwellings per annum (dpa) – this considers the level of population growth and household formation that might be expected if this delivery is achieved (in the 2020-40 period). This projection is then used for some further analysis (e.g. in looking at older persons' needs (as the projection contains a detailed age structure)).
26. This bespoke projection suggests that population growth might be expected to be higher than suggested in the latest official projections and that the age structure changes will proportionally include more people aged under 65. Overall, in the 2020-40 period, delivery of 541 dpa is projected to see an increase in population of 15% (19,000 more people) compared with a 10% increase (12,800) in the 2018-based SNPP. Most of the difference is accounted for by a projected uplift in the number of people aged 16-64 (and children).

**Figure 3: Population change 2020 to 2040 by broad age bands – Test Valley (linked to delivery of 541 dwellings per annum)**

	2020	2040	Change in population	% change from 2020
Under 16	23,935	25,865	1,930	8.1%
16-64	75,350	80,373	5,023	6.7%
65 and over	27,878	39,894	12,016	43.1%
Total	127,163	146,132	18,969	14.9%

27. Linking population growth to potential changes to the number of economically active residents it is projected that population growth under the Standard Method could potentially support between 8,600 and 8,900 additional jobs (2020-40) – this is up to 446 jobs per annum.

## Affordable Housing Need

28. Analysis has been undertaken to estimate the need for affordable housing in the 2020-40 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.
29. The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership).
30. When looking at rented needs, the analysis suggests a need for 437 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough.
31. The analysis suggests that there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.
32. When looking at the need for AHO products, the analysis also suggests a need across the Borough, albeit (at 215 dwellings per annum) the need is lower than for rented housing. In interpreting this figure, it should however be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a more limited need for AHO.

<b>Figure 4: Annual Affordable Housing Need by Sub-Area</b>					
	Andover	North– Rural	Romsey & SE	South– Rural	Borough
Rented Affordable Housing	135	105	147	49	437
% Sub-Area Total	67%	71%	63%	73%	67%
Affordable Home Ownership	67	43	86	19	215
% Sub-Area Total	33%	29%	37%	27%	33%
<b>Total Affordable Housing</b>	<b>202</b>	<b>148</b>	<b>233</b>	<b>68</b>	<b>652</b>

33. Analysis does suggest that there are many households in Test Valley who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
34. The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

35. In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
36. PPG states that the Council may consider an uplift in the total housing figure to respond to affordable housing need. However, caution should be exercised in trying to make a direct link between affordable need and planned delivery. Many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else). It is also worth noting the substantial contribution the private rented sector makes towards meeting need for subsidised housing for rent.
37. Overall, however, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. 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.

## Housing Mix

38. The proportion of households with dependent children is similar to the County, regional and national average with around 30% of all households containing dependent children in 2011. The Borough does however have a greater proportion of married couple households, and fewer lone parents. Households in Andover are particularly likely to contain dependent children.
39. 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 (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Test Valley are very high in the market sector):

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

40. The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
41. The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
42. The inclusion of First Homes may also have some influence on the mix delivered, due to the price cap of £250,000 which may limit First Homes to smaller properties in many parts of the Borough.
43. Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market. However, the downside to providing bungalows is that they are relatively land intensive.
44. 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.

## **The Needs of Older Persons & Those with Disabilities**

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

46. The data shows in general that Test Valley has a slightly 'older' age structure and lower levels of disability compared with the national average. The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2020-40 period include:
- A 43% increase in the population aged 65+ (potentially accounting for 63% of total population growth in the Borough);
  - A 72% increase in the number of people aged 65+ with dementia and a 59% increase in those aged 65+ with mobility problems;
  - A need for around 1,500 housing units with support (sheltered/retirement housing) – mainly in the market sector;
  - A need for around 460 additional housing units with care (e.g. extra-care) - again mainly for market accommodation;
  - A need for around 540 additional care bedspaces (residential and nursing care); and
  - A need for around 1,160 dwellings to be for wheelchair users (meeting technical standard M4(3)).

<b>Figure 6: Specialist Housing Need for Older Persons, 2020-40 – Test Valley</b>							
		Housing demand per 1,000 aged 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall/surplus by 2040
Housing with support	Market	62	477	821	344	558	902
	Affordable	44	409	590	181	401	582
Total (housing with support)		106	886	1,411	525	959	1,485
Housing with care	Market	27	307	360	53	245	298
	Affordable	11	90	148	58	101	159
Total (housing with care)		38	397	508	111	345	456
Residential care bedspaces		34	312	452	140	307	447
Nursing care bedspaces		38	758	508	-250	345	95
Total bedspaces		72	1,070	960	-110	652	542

47. It should be noted that all of the figures above are within the total housing need (as assessed by the Standard Method) and not in addition to it.
48. This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).
49. Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

50. 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.
51. In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 versus C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

## **Other groups**

52. Further analysis has been carried out to consider a range of other groups set out in the NPPF and PPG. This includes the need for self- and custom-build development, homelessness, students and service personnel.
53. On average 34 individuals or groups enter the self and custom build register per base period. This gives an indication of the scale of future need. Moving forward, the Council will need to ensure that the actual number of entries on the register at the end of each base period is equivalent to the number of plots of land that are permitted within 3 years.
54. As a first step, the local authority should seek to adopt a general "encourage" policy for all sites but also implement a further policy on strategic sites. The exact level should be determined in reference to the number and capacity of strategic sites and the overall local need as identified on the register. This should also take into account the committed supply, need for other types of housing (including affordable housing need) and viability.
55. The average number of households owed a homelessness duty is 133 per quarter of which 63% required a prevention duty and 37% a relief duty. The majority require smaller homes and the council should consider ensuring a smaller supply of affordable homes to meet this need. A homelessness duty is owed where the authority is satisfied that the applicant is threatened with homelessness in the next 56 days or is actually homeless.
56. Many of those presenting as homeless also have been assessed as having a support need. The Council should continue to work with the relevant bodies to ensure proper support is provided and monitor the situation for any rapid changes (for example, an increase in homelessness once the eviction amnesty is finished).
57. There is unlikely to be any demand from students in the Borough as there are no higher education establishments. The nearest Universities are in Southampton (Southampton and Solent) and Winchester. While all have an ambition for growth very few students at these Universities reside in Test Valley.
58. There is a strong military presence which has grown over recent years. The Council have not noted any increase in the housing register as a result. This may be due to the MOD delivering a large amount of military housing in nearby parts of Wiltshire. The MOD have not identified any accommodation need for their personnel within Test Valley.

59. The latest evidence for Test Valley in relation to Gypsies and Travellers is set out in the “Hampshire Consortium Gypsy, Traveller and Travelling Showpeople Accommodation Assessment 2016-20. The report identified a need for 3 additional pitches between 2016 and 2036.

## Overall Summary

60. This report provides a new SHMA following on from one completed in January 2014. Whilst both this report and that completed in 2014 have the same title (SHMA) the scope is slightly different. The 2014 SHMA included a significant focus on estimating overall housing need, whereas this report now uses the government’s Standard Method. This report has a greater focus on assessing the size, type and tenure of housing needed for different groups.
61. This report is one of two produced as part of this study; the first analysed housing market geographies in relation to the area and has been provided as a separate document. The main conclusions from the housing market work were that the Borough can be seen as split into a Northern and a Southern HMA (broadly along the line of the A30) and within each of these HMAs there are further urban and rural sub-areas that can be defined.
62. Focussing on the SHMA, it was calculated using the Government’s Standard Method that there is a need to provide an average of 541 dwellings each year. Given that this report looks at needs over the 2020-40 period (a period likely to be the same as the next Local Plan); this equates to 10,820 additional dwellings over the 20-year period.
63. The affordable needs assessment continues to show a need for social/affordable rented housing in the Borough, and in all sub-areas. There is also evidence of a need for affordable home ownership products, although this is less clear-cut. However given the clear steer in the NPPF it is recommended that the Council consider whether seeking 10% of housing on larger sites as affordable home ownership is appropriate; the Council will also need to consider the role of First Homes, including the appropriate level of discount, taking account of affordability and viability.
64. The analysis also identifies a need for all sizes of housing within all tenure groups. For market housing there is a focus on smaller (2- and 3-bedroom) family units, but also some larger (4+- bedroom) homes. For affordable home ownership the focus should be on 2-bedroom homes (along with some 3-bedroom accommodation) whilst for social/affordable rented housing the need is particularly for 1- and 2-bedroom homes.
65. Finally, the analysis identifies a large and growing older person population. This is likely to drive the need for additional specialist accommodation in both the rented (affordable) and leasehold (market) sectors, as well as a need for additional care home bedspaces.





# 1. Introduction

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## Background

- 1.1 This report provides a new Strategic Housing Market Assessment (SHMA) following on from a SHMA report completed by Justin Gardner Consulting (JGC) in January 2014 (taking a 2013 base). This report focusses on overall housing need using the Standard Method as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes) and the needs of specific groups such as older people.
- 1.2 Whilst both this report and that completed in 2014 have the same title (SHMA) the scope is slightly different. The 2014 SHMA included a significant focus on estimating overall housing need, whereas this report now uses the government's Standard Method. This report has a greater focus on assessing the size, type and tenure of housing needed for different groups – in line with paragraph 62 of the National Planning Policy Framework (NPPF) – latest version from July 2021.
- 1.3 This is one of two reports provided by JGC as part of this commission, the first considers housing market areas (HMAs) of the Borough. This recommends a North-South split of the Borough (two HMAs) and also identifies smaller sub-areas. A brief summary of the HMA work is provided below.
- 1.4 The Council is in the process of preparing its next Local Plan, to replace the current adopted Local Plan (adopted in 2016). The next Local Plan will review all strategic issues affecting the plan area, as well as providing the development management policies required to deliver the strategy. At present, it is envisaged the plan period will extend to 2040 (from a 2020 base date). The next Local Plan is still in an early stage of development, with a Refined Issues and Options consultation having been undertaken July-August 2020.
- 1.5 In terms of the adopted Local Plan there are a number of policies relevant to the SHMA and its evidence base, in particular:
- COM1: Housing Provision 2011 – 2029; and
  - COM7: Affordable Housing
- 1.6 It should be noted that the Test Valley Local Plan technically relates to the part of the borough outside the New Forest National Park although the assessment of need in this report (as with the previous SHMA) also considers needs within the National Park area (which are within Test Valley). This is due to the population and number of household within the National Park (and within Test Valley) being very small and therefore having only a negligible impact on key statistics.

## National Policy Context

- 1.7 The sub-sections below set out an overview of the key national planning policy and guidance underpinning the preparation of this SHMA update which applies at time of writing. There are potential implications for this assessment arising from the national policy proposals set out in the Government's White Paper: Planning for the Future (August 2020).

National Planning Policy Framework (July 2021)

- 1.8 The latest version of the National Planning Policy Framework (NPPF) was published by Government in July 2021. Paragraph 7 in the NPPF states that the purpose of planning is to contribute to the achievement of sustainable development. It 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.
- 1.9 The development plan must include strategic policies to address each local planning authority's priorities for the development and use of land in its area. Plans should apply a presumption in favour of sustainable development and for plan-making, this means that plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change and 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 authorities, where it is sustainable to do so.
- 1.10 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.
- 1.11 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.
- 1.12 Paragraph 62 goes on to set out that within this context, 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.
- 1.13 Paragraphs 63 – 65 address affordable housing provision. They set out that where an affordable housing 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.
- 1.14 Paragraph 64 states provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas.

- 1.15 Paragraph 65 sets out that 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. In addition, other exemptions to this 10% requirement include instances where a site or proposed development:
- Provides solely for Build to Rent homes;
  - Provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
  - Is proposed to be developed by people who wish to build or commission their own homes; or
  - Is exclusively for affordable housing, an entry-level exception site or a rural exception site.
- 1.16 The NPPF's Glossary (Annex 2) provides an updated definition of affordable housing; as well as definitions of Build to Rent development, local housing need, old people; and self-build and custom housebuilding.

#### Planning Practice Guidance

- 1.17 The Government's Planning Practice Guidance (PPG) includes a number of sections which are relevant to the assessment of housing need.
- 1.18 Guidance on *Housing and economic needs assessments*<sup>1</sup> 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.
- 1.19 Guidance in *Housing needs of different groups*<sup>2</sup> sets out how affordable housing need can be assessed, as well as the needs of students, and how planning policies can support rural communities. It 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.
- 1.20 Councils 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.
- 1.21 The Guidance section for *Housing for older and disabled people*<sup>3</sup> 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.

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<sup>1</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>2</sup> <https://www.gov.uk/guidance/housing-needs-of-different-groups>

<sup>3</sup> <https://www.gov.uk/guidance/housing-for-older-and-disabled-people>

- 1.22 It provides guidance on how the housing needs of older and disabled people can be assessed, which this report has had regard to, and sets out 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.
- 1.23 Separate Guidance sections have also been prepared which address *Build to Rent*<sup>4</sup> and *Self-Build and Custom Housebuilding*<sup>5</sup>. The Build-to-Rent Guidance requires authorities to assess need, and where a need is identified to include a plan policy setting out the circumstances and locations where build-to-rent development will be encouraged.
- 1.24 The Self-Build Guidance section sets the requirements of the Self-Build and Custom Housebuilding Act 2015 (as amended) including the requirements on Councils to maintain a Register of those interested in self-build housing and to grant consents to meet the need shown. It also sets out that needs assessments can consider other secondary data sources.
- 1.25 In May 2021, a new PPG was published relating to First Homes<sup>6</sup>, this sets out that:

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

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

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

- 1.26 The First Homes PPG also provides detail on qualifying criteria (i.e. what makes something a First Home) and also a range of issues such as eligibility criteria. First Homes are discussed in more detail in the affordable housing section of this report.

#### Housing and Social Care Legislation

- 1.27 Wider legislation affecting housing need includes the 1996 Housing Act (as amended), the Housing and Social Care Act 2012, the 2014 Care Act and 2017 Homelessness Reduction Act.

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<sup>4</sup> <https://www.gov.uk/guidance/build-to-rent>

<sup>5</sup> <https://www.gov.uk/guidance/self-build-and-custom-housebuilding>

<sup>6</sup> <https://www.gov.uk/guidance/first-homes>

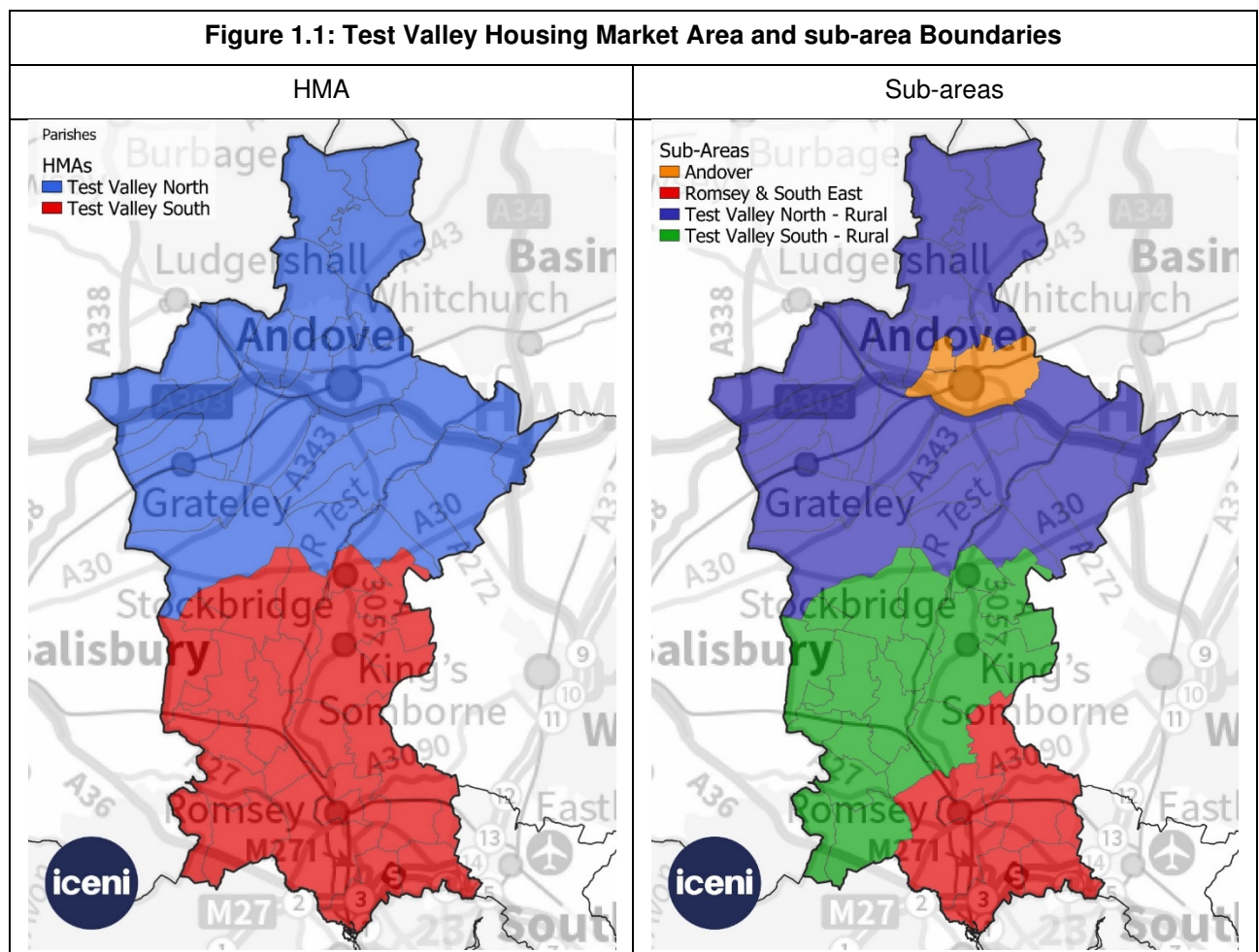
- 1.28 The 2014 Care Act sets out local authorities' duties in relation to assessing people's needs and their eligibility for publicly funded care and support. Under the Act, local authorities must carry out an assessment of anyone who appears to require care and support and focus the assessment on the person's needs and how they impact on their wellbeing, and the outcomes they want to achieve. Local authorities must also consider other things besides care services that can contribute to the desired outcomes (e.g., preventive services, community support and specialised housing needs).
- 1.29 The Homelessness Reduction Act 2017 places new legal duties on English councils so that everyone who is homeless or at risk of homelessness will have access to meaningful help. Local Authorities have a duty to produce homelessness strategies to prevent homelessness in their respective areas.

## Housing Market Areas

- 1.30 The commentary below summarises the findings from the report considering Housing Market Areas in Test Valley. The report was produced by JGC working in collaboration with Iceni Projects.
- 1.31 Overall, the analysis shows the south of the Borough is influenced by Southampton and the north of the borough, particularly around Andover is influenced by Salisbury and other Wiltshire settlements. A distinction of the very northern, rural parts of the borough is the influence of Newbury and more widely Reading.
- 1.32 Migration analysis shows at a local authority level, and once long-distance moves have been excluded from the analysis, the self-containment rate (both origin and destination) exceeds 70% when looking at a combination of Test Valley and Southampton and Test Valley and Wiltshire. At a local level the southern areas relationship with Southampton is reiterated while the north of the Borough relationships with Wiltshire and to a lesser degree Basingstoke and Deane were identified.
- 1.33 Commuting data shows a slightly different pattern to the migration data particularly in the north of the borough which rather than being influenced by Salisbury has a greater level of self-containment centred around Andover. The influence of Southampton is still clear in the south of the Borough including Romsey although the extent of its influence is inconsistent.
- 1.34 House price data again makes a clear north-south distinction with the area south of the A30 having notably higher house prices. This is the case when comparing both the rural and urban areas to allow for differences in the housing mix.
- 1.35 Drawing the analysis together showed a reasonable level of consistency, including the clearly different dynamics in the north and south of the Borough – the analysis suggests (as with self-containment rates) that Test Valley is not a HMA in its own right. The south of the Borough, including Romsey, falls within a Southampton focussed HMA. The northern parts of the Borough including Andover are linked to a number of neighbouring areas but principally Wiltshire and more specifically Salisbury and Ludgershall, particularly in migration terms. However, Andover also acts as an employment centre.

- 1.36 The location of where the one market begins and the other ends is to some degree blurred and, as is the case with any housing market area, the boundaries of which typically overlap. This has been referred to as the zone of transition. In Test Valley:
- Migration data suggests a boundary similar to the Southampton HMA boundary;
  - The gold standard HMA boundary extends to just north of the A30;
  - Commuting data suggests a slightly lower line south of the A30; and
  - House price data suggests a split around the A30.
- 1.37 Bringing together this evidence it would be reasonable to suggest the A30 would be a good physical barrier to delineate between housing market areas. However, for data collection and analysis it is not unreasonable to use a best fit geography using known geographies. For the study, parish boundaries have been used as this will allow the Council to liaise with parish councils and local planning groups producing neighbourhood plans or community led development.
- 1.38 To avoid confusion with wider HMAs (i.e. areas extending beyond the Borough boundary (particularly Southampton)) these areas have been named Test Valley North and Test Valley South. There will still be a requirement for the Council to liaise with neighbouring authorities on strategic planning matters.
- 1.39 Ideally, HMA boundaries would be drawn to follow local authority boundaries, however, this is not always possible. The conclusions of having two separate housing market areas in Test Valley is a pragmatic response to the migration and commuting dynamics. Ultimately, it will be for the Council to decide on the distribution of growth within the borough boundaries taking into account wider considerations such as sustainability, capacity and environmental constraints. The housing need calculations will still be made at a local authority area level within the housing market assessment; however, it will also provide a high level disaggregation of that need to guide the Council decisions.
- 1.40 The analysis has also drawn out sub-areas within the HMAs for analytical and policy making purposes including housing distribution – this has largely drawn on the house price data. The sub-areas have been aligned with the wider HMA for consistency although it should again be noted that there would in reality be an element of overlap even between sub-areas.
- 1.41 The sub-area analysis has identified two urban sub-areas, the first of which is drawn tightly around Andover and Charlton. The second is around Romsey but also includes North Baddesley, Nursling and Rownhams which have broadly similar character and house prices (with the exception of the area around Chilworth).

- 1.42 The Romsey and South East sub-area is largely coterminous with the Southampton HMA parts of Test Valley identified within the Partnership for Urban South Hampshire (PUSH) SHMA (2014). There are inevitably slight differences as one is ward based and this is a parish based definition. Recognising that HMA boundaries will have an element of overlap and are to a degree a matter of judgement, it is not unreasonable for the Southampton HMA boundary, as defined in the Partnership for South Hampshire (PfSH)<sup>7</sup> work, to be retained for strategic plan making while the definition of the Romsey and South East HMA is used for local planning purposes only.
- 1.43 The remainder of Test Valley is largely rural and split along the HMA boundary. Within the 'Test Valley North-Rural' sub-area different areas are influenced by different external towns. The most northern parts of Test Valley including Bourne Valley are influenced by Newbury while Harewood is linked to Basingstoke.



<sup>7</sup> The Partnership for South Hampshire (PfSH) is a partnership of twelve local authorities around the Solent (Eastleigh, East Hampshire, Fareham, Gosport, Hampshire County Council, New Forest, New Forest (National Park), Portsmouth, Southampton, Test Valley and Winchester. PfSH was formerly known as the Partnership for Urban South Hampshire (PUSH).

- 1.44 The HMA work also recognised that a small part of the Borough falls within the New Forest National Park. National Park Authorities are responsible for planning services within their boundaries, thus any Local Plan for local authorities with parts of the National Park in them should only cover the areas outside of the National Park. This would also include the evidence to support these Local Plans.
- 1.45 This is the case for Test Valley Borough where a small area south of the A36 in the south west of the Borough (within the parishes of Wellow and Melchet Park and Plaitford) also falls within the New Forest National Park.
- 1.46 The only settlement of any note within these parishes inside of the National Park is Canada in Wellow ward. However, such is the size of this settlement in relation to even the wider parish it is not considered to be statistically significant enough to merit any consideration separately from the wider borough level analysis.
- 1.47 The New Forest National Park Authority and the New Forest District Council produced a combined SHMA in 2014. The report recognised that small parts of Blackwater Ward in Test Valley fall within the National Park. However, as the majority of the population in the ward resides outside of the National Park Area it has been excluded from the analysis.
- 1.48 Finally, one of the purposes of defining housing market areas is to identify the *“appropriate functional geographical area to gather evidence and develop policies to address these (Strategic) matters, based on demonstrable cross-boundary relationships.”*
- 1.49 Where these areas are identified the relevant local planning authorities are required to cooperate on strategic matters. This cooperation includes, according to Paragraph 11 of the Plan-Making PPG (reference ID: 61-011-20190315), agreeing a statement of common ground which contains:
- *“if applicable, the housing requirements in any adopted and (if known) emerging strategic policies relevant to housing within the area covered by the statement”; or*
  - *“distribution of needs in the area as agreed through the plan-making process, or the process for agreeing the distribution of need (including unmet need) across the area”.*
- 1.50 It will be therefore important for the Council to continue to liaise with surrounding authorities (and the National Park Authority) on strategic planning matters including a discussing any issues associated with unmet housing needs (either from Test Valley or neighbouring areas or National Park).



## Adopted Local Plan Policies

- 1.51 Two key policies from the adopted Local Plan have been identified as being particularly relevant to this research and the previous SHMA. For reference, these are discussed below.

### Policy COM1: Housing Provision 2011 – 2029

- 1.52 This policy sets out the housing requirement for the Borough as a minimum of 10,584 homes (588 dwellings per annum). The policy also sets out housing requirements for the north and south of the Borough (including a figure for rural areas in the north) – it should be noted that the sub-areas used in the Local Plan differ from those derived in the HMA analysis described above.
- 1.53 The supporting text notes that the housing requirement seeks to support economic growth, meet the demographic needs of the Borough, and provide for affordable housing need. It was noted that the provision of 588 dpa would fully meet all household and population projections, taking account of migration and demographic change, and provide for economic growth with an increase in the labour force of 439 jobs per annum.
- 1.54 The housing requirement was expected to deliver 206 affordable units a year, which would achieve the Council's corporate target of 200 affordable dwellings per annum, assuming affordable housing is achieved in line with what is sought under Policy COM7 (discussed below). Over time it is expected to reduce the reliance on the private rented sector to meet the needs of those unable to afford market housing without some form of subsidy.
- 1.55 It is also noted that new homes should provide a mix of sizes and types to meet the demographic changes of the Borough and the results of the SHMA. It is noted that the SHMA identified a need for a variety of house types. It also identified a number of household groups which may have particular housing needs, including: Older people, People with disabilities, Households with children and Young people.

### Policy COM7: Affordable Housing

- 1.56 Policy COM7 seeks to negotiate provision of affordable housing with different proportions of provision depending on site sizes. At the upper end the policy seeks to provide 40% as affordable housing on sites of 15 or more dwellings and down to 20% on sites of 5-9 dwellings. On smaller sites (1-4 dwellings) a financial contribution equivalent to up to 10% of dwellings to be affordable is sought.
- 1.57 In response to the changes in the NPPF published in February 2019, the Council have revised the way in which Policy COM7 is applied regarding site sizes (to include distinguishing between Designated Rural Areas and Undesignated Areas) – this is detailed in a new Affordable Housing Supplementary Planning Document (SPD)<sup>8</sup>. As well as looking at site size thresholds, the SPD provides advice on how the Council's affordable housing policy (COM7) is to be implemented.

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<sup>8</sup> <https://www.testvalley.gov.uk/assets/attach/10347/Affordable%20Housing%20Strategy%202020%20A4L%20v6.pdf>

- 1.58 Supporting text notes that the policy is in part justified by noting that the combination of relatively high house prices and low household incomes means that a high proportion of households are in housing need as they are unable to access the housing market and the private rented sector is also difficult to access.
- 1.59 It is also noted that the scale, type and form of provision will be the subject of negotiation and informed by the market conditions at that time. It is however proposed that the Council will seek to achieve 70% affordable rent/ social rent housing and 30% intermediate housing. It is also noted that the inclusion of an element of specialist residential accommodation and facilities for older people within the affordable housing requirement may be appropriate depending on the proposal.

## Structure of this Report

- 1.60 This report sets out a number of either linked or distinct sections; these are summarised below with a brief description:
- Section 2 – Housing Stock, Supply Trends and Market Dynamics – Provides background analysis including looking at house prices and house price changes;
  - Section 3 – Overall Housing Need – Uses the Standard Method to calculate housing need and also considers circumstances where a higher housing requirement might be justified;
  - Section 4 – Demographic Trends and Projections – Reviews a range of data about population and household growth and sets out how population might change with delivery in-line with the Standard Method;
  - Section 5 – Affordable Housing Need – Updates previous analysis about the need for affordable housing and builds on this by considering changes in the NPPF since the previous assessment and more recent Government announcements;
  - Section 8 – Housing Mix – This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures.
  - Section 7 – The Needs of Older People and People with Disabilities – Considers the need for specialist accommodation for older people (e.g. sheltered/Extra-care) and also the need for homes to be built to Building Regulations M4(2) any M4(3). The section studies a range of data around older persons and people with disabilities; and
  - Section 8 – Other Groups – Provides information about other groups of the population mentioned in the NPPF and PPG.

## Rounding

- 1.61 It should be noted that the numbers included in tables and figures throughout the report may not sum exactly due to rounding.

## Introduction: Key Messages

- This report provides new Strategic Housing Market Assessment (SHMA) following on from a SHMA report completed by Justin Gardner Consulting (JGC) in January 2014 (but taking a 2013 base). This report focusses on overall housing need as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes). The study also looks at the needs from a range of specific groups in the population (notably older persons).
- Whilst both this report and that completed in 2014 have the same title (SHMA) the scope is slightly different. The 2014 SHMA included a significant focus on estimating overall housing need, whereas this report now uses the government's Standard Method. This report has a greater focus on assessing the size, type and tenure of housing needed for different groups – in line with paragraph 62 of the National Planning Policy Framework (NPPF) – latest version from July 2021.
- The Council adopted its Local Plan in 2016, with policies covering the period from 2011 to 2029. This report will inform the next Local Plan which is likely to extend the plan period through to 2040 (from a 2020 base date). In terms of the SHMA there are a number of policies in the adopted plan influenced by this evidence, including:
  - Policy COM1 – Housing Provision 2011-29; and
  - Policy COM7 – Affordable Housing
- This is one of two reports provided by JGC as part of this commission, the first considers housing market areas (HMAs) of the Borough. This recommends a North-South split of the Borough (two HMAs) and also identifies smaller sub-areas. Where relevant, analysis has been provided to look at how needs vary across the different HMAs and sub-areas.
- The 2014 SHMA study concluded a housing need for 588 dwellings per annum, and this figure was taken forward into the Local Plan. The housing need set out in this report is largely driven by the Government's Standard Method with focus mainly being on more specific needs such as affordable housing. The analysis takes account of the latest National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) and to provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
  - Section 2 – Housing Stock, Supply Trends and Market Dynamics;
  - Section 3 – Overall Housing Need;
  - Section 4 – Demographic Trends and Projections;
  - Section 5 – Affordable Housing Need;
  - Section 6 – Housing Mix;
  - Section 7 – The Needs of Older People and People with Disabilities; and
  - Section 8 – Other Groups.



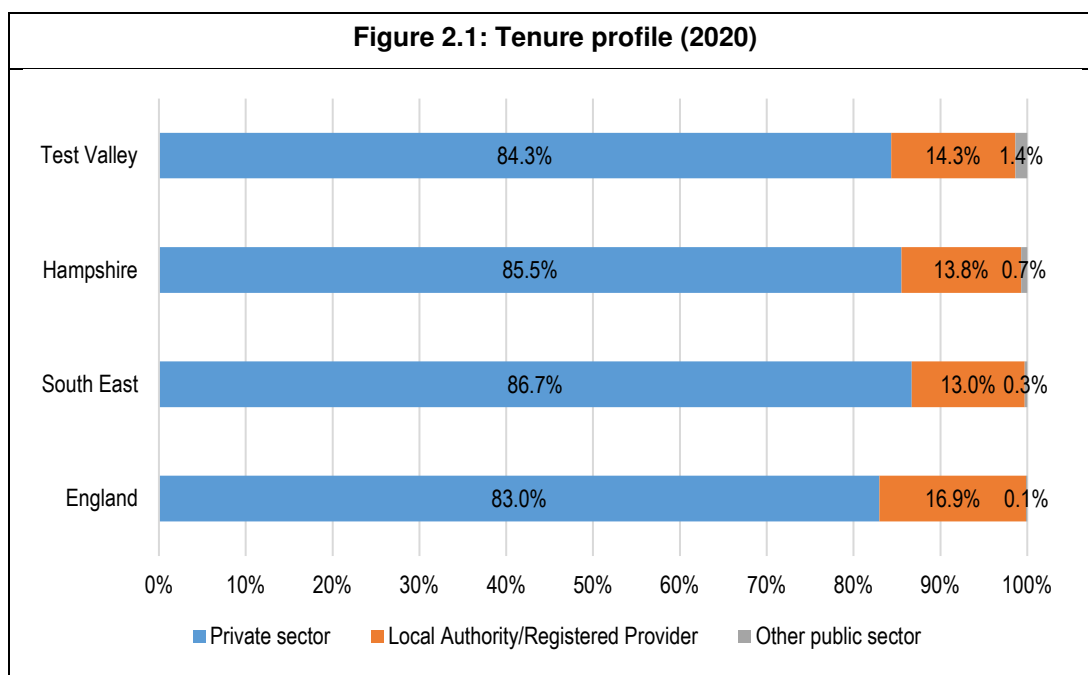
## 2. Housing Stock, Supply Trends and Market Dynamics

### Introduction

2.1 This section profiles the current housing offer. An important starting point for considering the future mix of homes needed is an understanding of the existing housing offer (by type, tenure and size) and how the mix of properties varies between tenures. The section also considers the recent housing market dynamics in Test Valley in respect of house prices, sales, rental values and affordability.

### Housing Stock

2.2 There were 56,200 dwellings in Test Valley in 2020. Of these, 84% are in the private sector (which includes both owner-occupied and private rented properties) and 16% owned by public sector organisations (including a small number of 'other public sector' likely to mainly be military services accommodation). Test Valley has a slightly higher proportion of social housing when compared with the South East and Hampshire, but a slightly lower stock in comparison with England.



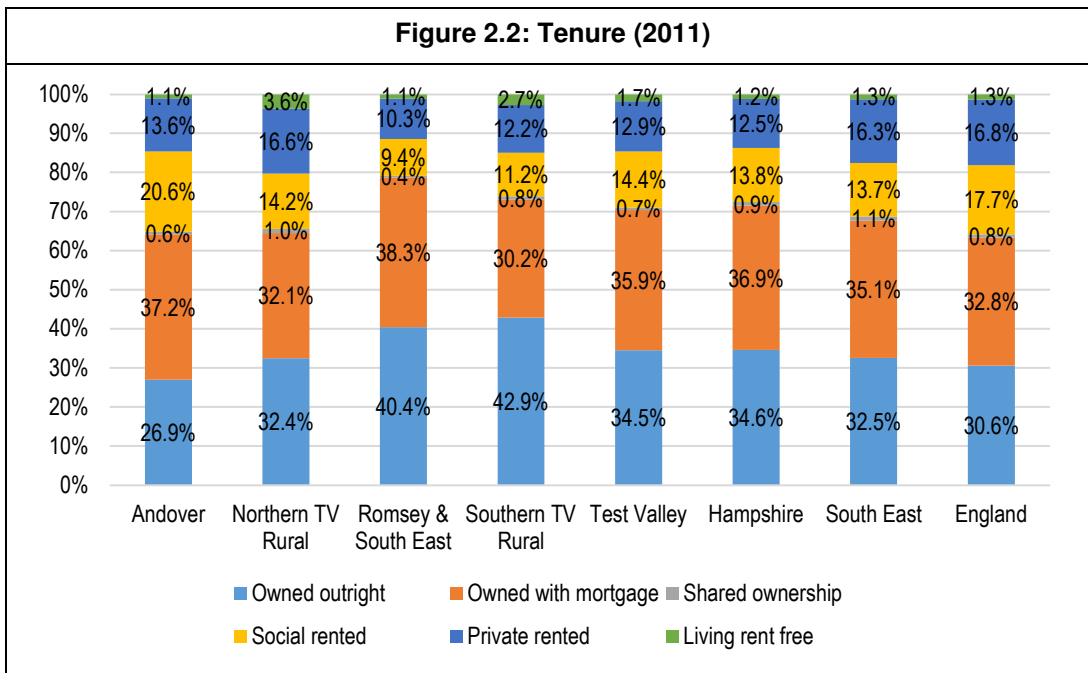
Source: MHCLG Table 100 and Table 109

2.3 More detailed information about tenure can be found in the Census, with the figure below showing the split of tenures across Test Valley and its sub-areas. Around 34% of households owned homes outright in the Borough with a further 37% owning with a mortgage. Both of these percentages are higher than across England and broadly in-line with Hampshire and the South East.

2.4 Correspondingly, there was a lower percentage of households (13%) privately renting than across the wider comparator areas (other than Hampshire). Similarly, only 14% of households were socially renting – a lower percentage than across England, but similar to the levels seen in the County and region. The percentage of shared ownership was 0.7% for the Borough, slightly lower than seen in other areas.

2.5 Levels of private ownership overall were higher than the Borough average in both Romsey & South East and the Southern Test Valley Rural sub-areas, with Andover having the lowest proportion of outright owners. Andover see the highest proportion of social tenants (21% compared with 14% across the Borough), whilst the Northern Test Valley Rural area has the highest proportion of households renting privately.

2.6 Later in this report where analysis is provided by tenure it has been convention to include shared ownership within data for owners with a mortgage, and living rent free is merged with the private rented sector. This is in part due to data availability and recognises the small number of households in each of the shared ownership and living rent free sectors.



Source: 2011 Census

2.7 More recent data from MHCLG provides an update to 2020, although this data is not as detailed as the Census data particularly in relation to the breakdown of the private sector housing. The figure below illustrates that across the Borough there was a notable percentage increase in the dwellings across all broad tenures, the highest increase was for dwellings owned by Registered Providers (increasing by 16% over the 9-year period).

**Figure 2.3: Change in tenure (broad tenure groups) – 2011-20 – Test Valley**

	Public sector (Registered Provider)	Other public sector	Private sector	Total
2011	6,931	662	41,550	49,143
2020	8,046	759	47,409	56,214
Change	1,115	97	5,859	7,071
% Change	16.1%	14.7%	14.1%	14.4%

Source: MHCLG, Table 100

- 2.8 Another dataset provided by ONS is the sub-national dwelling stock by tenure estimates. This data set breaks down the privately held stock between owner-occupied and privately rented and is over a slightly different timeframe. Importantly, these are not official statistics and therefore cannot be relied upon in the same way.
- 2.9 As the table below illustrates, there has been a further increase in the number of households in the private rented sector (increasing by 16%) and an increase in the number of outright owners. The table also suggests little change in the number of owners with a mortgage. Overall, the number of owners over the 2012-19 period is estimated to have increased by 10%, this is in contrast with equivalent data for the South East and England where modest declines are estimated by ONS.

**Figure 2.4: Estimated change in tenure (2012-19) – Test Valley**

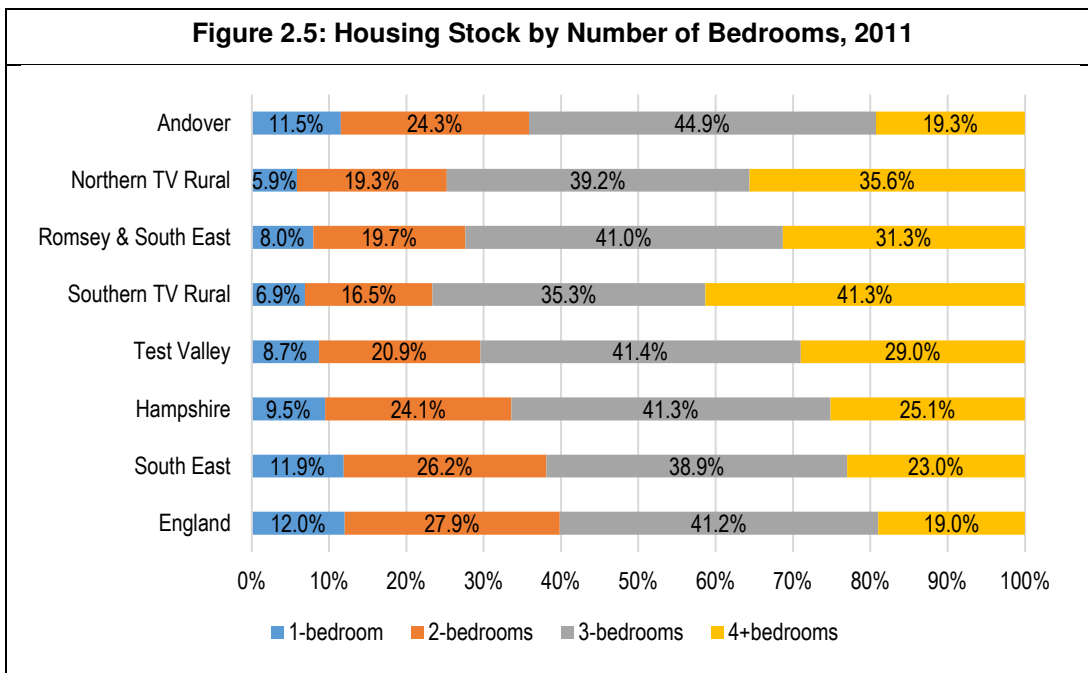
	2012	2019	Change	% change
Owned outright	17,339	20,798	3,459	19.9%
Owned with mortgage	17,157	17,209	52	0.3%
Private rented	7,391	8,572	1,181	16.0%
Social rented	7,781	8,687	906	11.6%
TOTAL	49,668	55,266	5,598	11.3%

Source: ONS, Sub-national dwelling stock by tenure estimates

- 2.10 The English Housing Survey can be used to assess trends at a national level. What this shows is that across England, the private rented sector now accommodates 19% of all households, with this proportion having roughly doubled since 2001. Growth in Private Rented accelerated from about 2007 to 2017, but appears to have slowed in more recent years (declining slightly since 2016/17 according to this source).

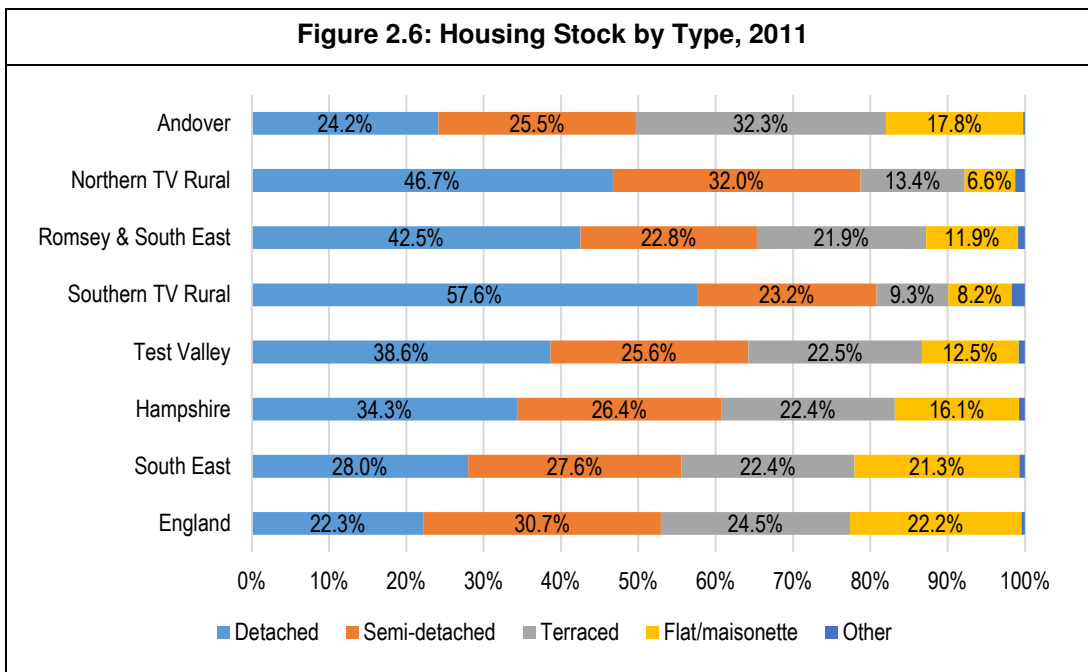
## House Types and Sizes

- 2.11 To assess the profile of homes of different sizes, 2011 Census data has been used as a baseline. In Test Valley, 70% of the stock consisted of 3+-bedrooms, higher than seen in other areas. There are some notable differences across the sub-areas, with the stock in the Southern Test Valley Rural area containing a higher proportion of larger homes (the opposite being the case in Andover).



Source: 2011 Census

2.12 In terms of the types of properties in Test Valley, the highest proportion (39%) are detached, which is significantly higher than the proportion of these types of properties for England (22%). Test Valley has a lower proportion of flats compared to any other area studied (12% compared to 22% nationally). When looking at the sub-areas it is clear that the stock varies considerably; the Southern Test Valley Rural area is dominated by detached homes (58% of all housing) whilst Andover has a more equal split between different built-forms (including the highest proportions of flats and terraced homes).



Source: 2011 Census



- 2.13 The Regulator of Social Housing provides a summary overview of social rented units by type for local authorities in England. Currently in Test Valley, there are 28 private registered providers (RPs) with Aster Communities being the largest stock holder (5,115 units – 57% of the total. Looking at the table below, it can be seen that the majority of the stock in Test Valley is General Needs Rented (82% of the total) although there is also a notable number of low-cost home ownership properties.

**Figure 2.7: Total Social Units by Provision Type, 2020**

	Test Valley	South East	England
General Needs Rented	7,353	300,366	2,182,746
LCHO (Shared Ownership / Equity)	921	45,210	194,670
Supported Housing	277	15,703	140,458
Housing for Older People	416	39,128	260,004
Total	8,967	400,407	2,777,878

Source: The Regulator of Social Housing, 2020

## How Households Occupy Housing

- 2.14 The table below shows the occupancy rates of dwellings across sub-areas. This compares the number of bedrooms in a home against the required number of bedrooms for the household occupying it. The required number of bedrooms is based on the age, sex and relationship of the members of each household. A minus rating means that there are too few bedrooms (overcrowded) and a positive rating means there are more bedrooms than technically required (under-occupancy).
- 2.15 Around 2.3% of households in Test Valley live in overcrowded dwellings. This is slightly lower than across Hampshire (2.7%) and significantly lower than across the South East (3.6%) and England (4.6%). None of the sub-areas have higher levels of overcrowding than the regional average although the higher levels in Andover compared with other areas is noteworthy.
- 2.16 Conversely, under occupancy (classed here as having 2 bedrooms or more as spare bedrooms), are significantly higher in Test Valley (45.5%) than Hampshire (41.4%), the South East (37.1%) and England (34.3%). Levels of under-occupancy are particularly high in the Southern Test Valley Rural area (56.6%), and notably lower in Andover.

	Over-Occupied (-1 & -2 or less)	Under-Occupied (2 or more)	Over-Occupied (-1 & -2 or less)	Under-Occupied (2 or more)
Andover	582	5,871	3.5%	35.5%
Northern TV Rural	138	4,799	1.5%	52.3%
Romsey & South East	301	8,259	1.8%	48.4%
Southern TV Rural	88	2,748	1.8%	56.6%
Test Valley	1,109	21,677	2.3%	45.5%
Hampshire	14,830	225,889	2.7%	41.4%
South East	127,456	1,318,932	3.6%	37.1%
England	1,024,473	7,558,815	4.6%	34.3%

Source: Census 2011

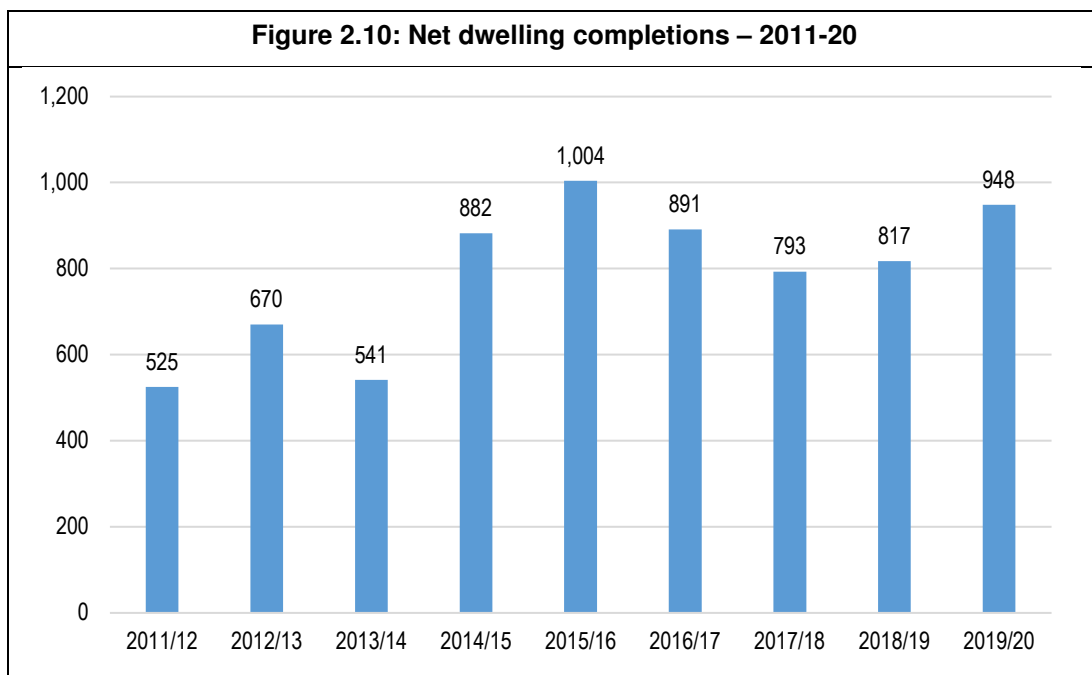
- 2.17 There has been a notable increase in overcrowded households at a national level (including young people living with their parents for longer) and Houses in Multiple Occupation (HMOs). This has been a symptom of affordability pressures, restrictions on access to mortgage finance and housing under-supply.
- 2.18 The English Housing Survey (2019-20) states the rate of overcrowding in England was 3.5%, with approximately 829,000 households living in overcrowded conditions. Overcrowding was more prevalent in the rented sectors than for owner occupiers. Only 1.2% of owner occupiers nationally (183,000 households) were overcrowded in 2019-20 compared with 8.7% of social renters (344,000) and 6.7% of private renters (302,000).
- 2.19 This national trend is also evident in Test Valley where the proportion of residents living in over-occupied properties increased by 39% between 2001 and 2011. It should be noted that this has been measured using the Census occupancy rating based on rooms, which allows comparison of trends over time.

	Under-occupying households			Over-occupying households		
	2001	2011	% Change	2001	2011	% Change
Test Valley	36,656	39,041	7%	1,370	1,908	39%
Hampshire	406,384	432,426	6%	21,605	29,128	35%
South East	2,539,347	2,660,553	5%	195,392	265,974	36%
England	15,274,290	16,027,853	5%	1,457,512	1,928,596	32%

Source: 2001 and 2011 Census

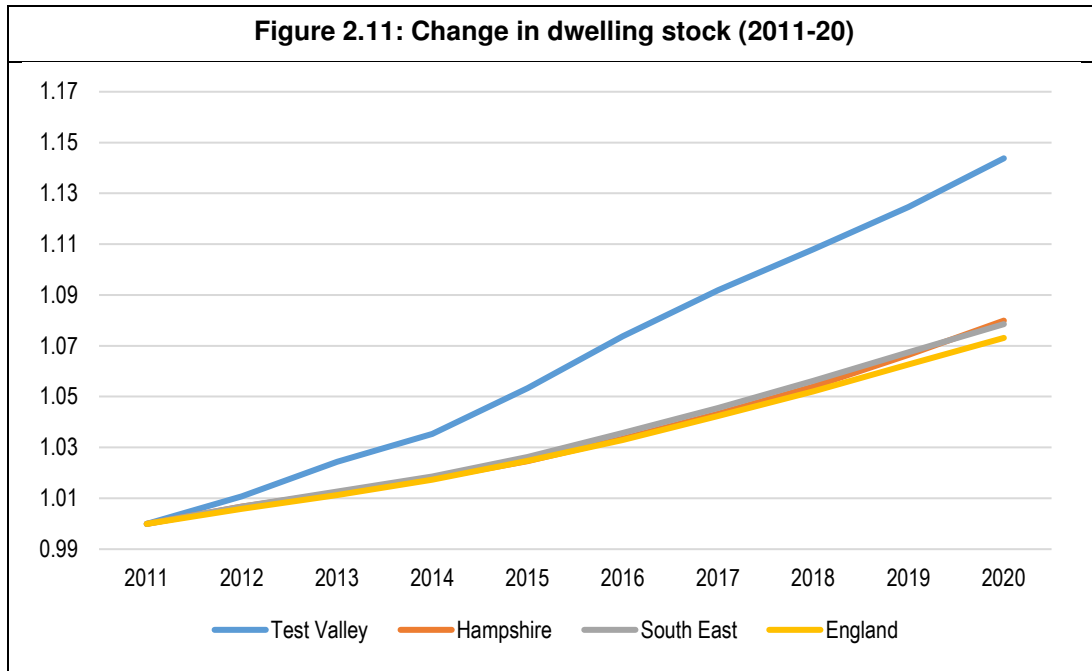
## Housing Completions

- 2.20 Between 2011 and 2020, there were 7,071 net dwelling completions in Test Valley (at an average of 786 per annum). The figure below shows a range from 525 dwellings (2011/12), up to 1,004 (in 2015/16).



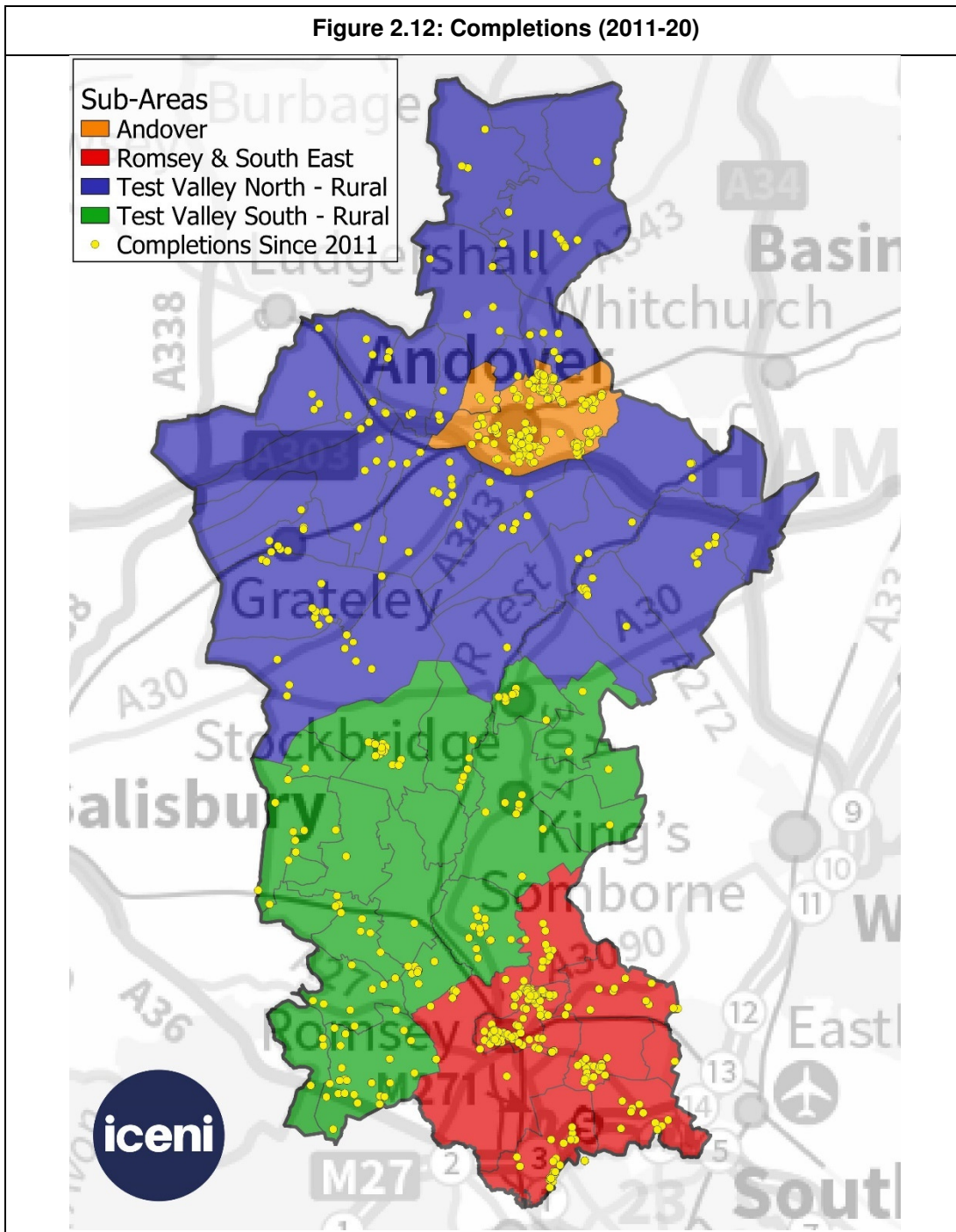
Source: Test Valley Borough Council

2.21 In terms of changes to the housing stock over the period from 2011 it can be seen that the number of dwellings in Test Valley has risen at a faster rate than seen in other locations. In 2020, it was estimated that the dwelling stock of the Borough had risen by 14% from 2011 levels, this compares with 8% across Hampshire and the South East and 7% nationally.



Source: MHCLG Live Table 125

2.22 The map below uses Energy Performance Certificates for New Dwellings as a proxy for completions. As shown, there are major clusters of delivery around Romsey and Andover. However, the majority of completions are in the south of the Borough (68%).



Source: MHCLG, Energy Performance Certificate

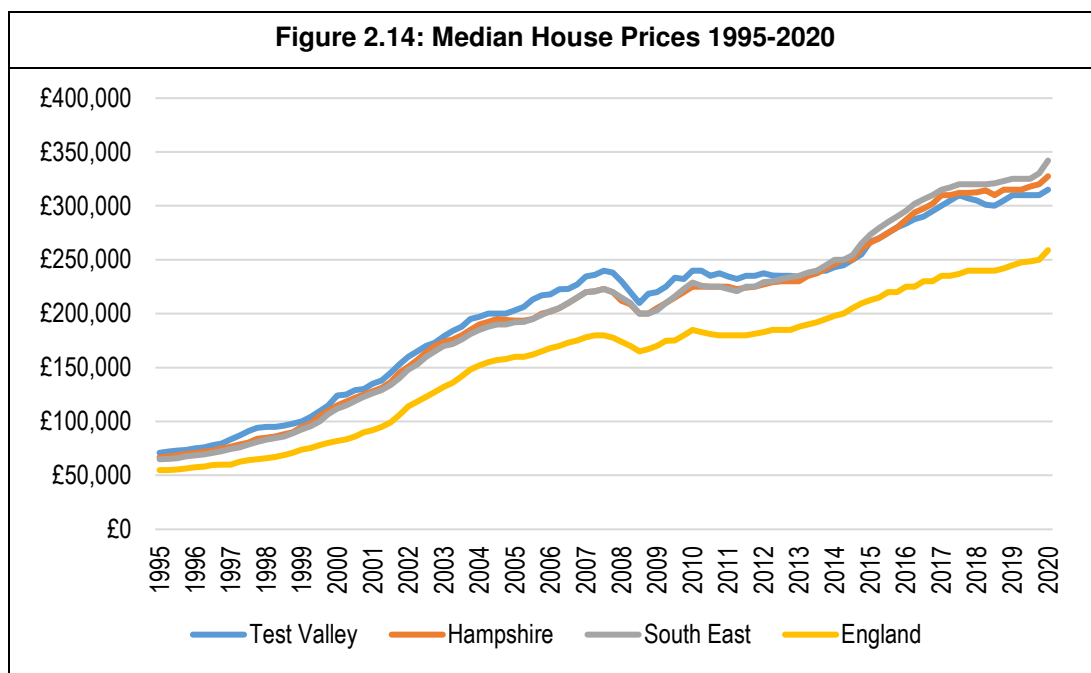
## House Prices

- 2.23 The median value of house sales in Test Valley in 2020 was £315,000. This was 8% (£27,000) below the South East average but 22% (£56,000) above the national average. Relative to the national average, prices for all properties in Test Valley (apart from flats) are substantially higher (pointing to strong relative demand).

	Detached	Semi-Detached	Terraced	Flat/Maisonette	All Sales
Test Valley	£470,000	£295,000	£252,000	£175,000	£315,000
Hampshire	£485,000	£320,000	£265,000	£185,000	£328,000
<i>Differential</i>	<i>-£15,000</i>	<i>-£25,000</i>	<i>-£13,000</i>	<i>-£10,000</i>	<i>-£13,000</i>
South East	£523,000	£350,000	£285,000	£205,000	£342,000
<i>Differential</i>	<i>-£53,000</i>	<i>-£55,000</i>	<i>-£33,000</i>	<i>-£30,000</i>	<i>-£27,000</i>
England	£368,000	£230,000	£201,000	£221,000	£259,000
<i>Differential</i>	<i>£102,000</i>	<i>£65,000</i>	<i>£51,000</i>	<i>-£46,000</i>	<i>£56,000</i>

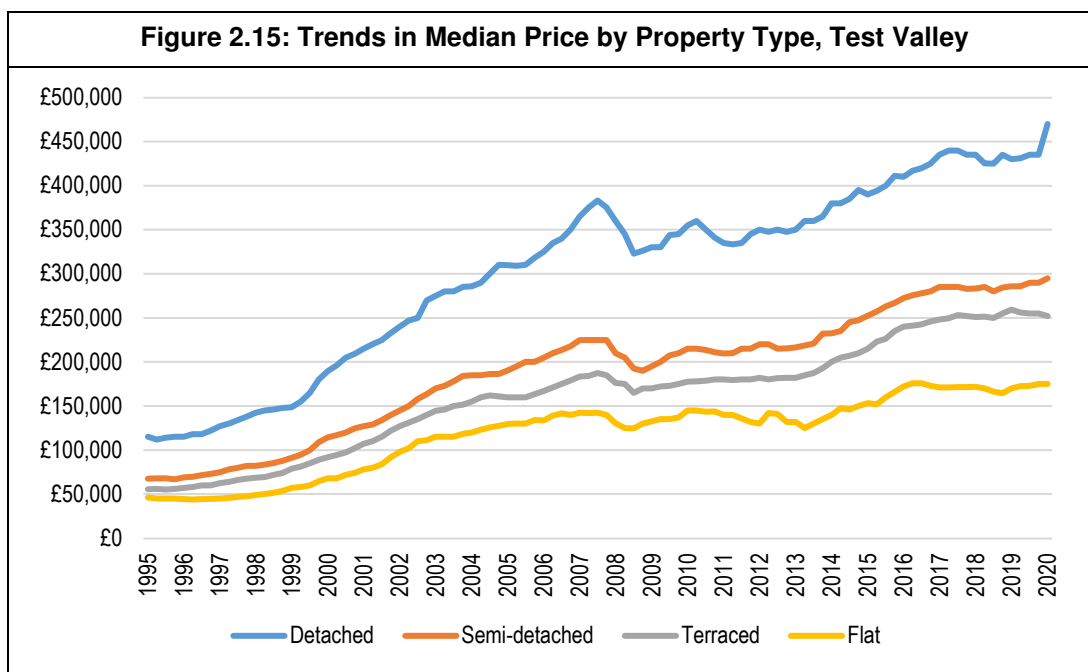
Source: ONS Small Area House Price Statistics

- 2.24 The Figure below charts growth in the median house price over the period since 1995. House prices in Test Valley closely followed the national trend across England over time, with stronger price growth in the pre-recessionary period between 2003 and 2008, a more significant dip during the recession and a strong recent increase from 2015 to 2017 before levelling off. Relative to other areas, percentage house price increases in Test Valley have been lower; over the decade to 2020, prices in Test Valley rose by 31%, this compares with 46% across Hampshire, 49% in the South East and 40% nationally.



Source: ONS Small Area House Price Statistics

2.25 Trends in the values of different types of properties in Test Valley are shown in the figure below. It shows that in the longer-term, the strongest value growth has been for detached properties although all dwelling types have seen increased values. It is also notable that all dwelling types saw a drop in price through the early part of the 2008 recession, but that detached homes look to have been particularly affected by this.



Source: ONS Small Area House Price Statistics

2.26 An analysis of changes in the median house price over time shows the cyclical nature of the market. Prices grew by 18% per annum between 2015-20, which is slightly higher than the growth seen between 2010 and 2015 (11%) but similar to that seen for 2005-10. The strongest growth in absolute terms over the last 10 years has been in values of detached properties (increasing by £115,000 on average). In percentage terms however it is the price of terraced home that have increased the most (increasing by 42%).

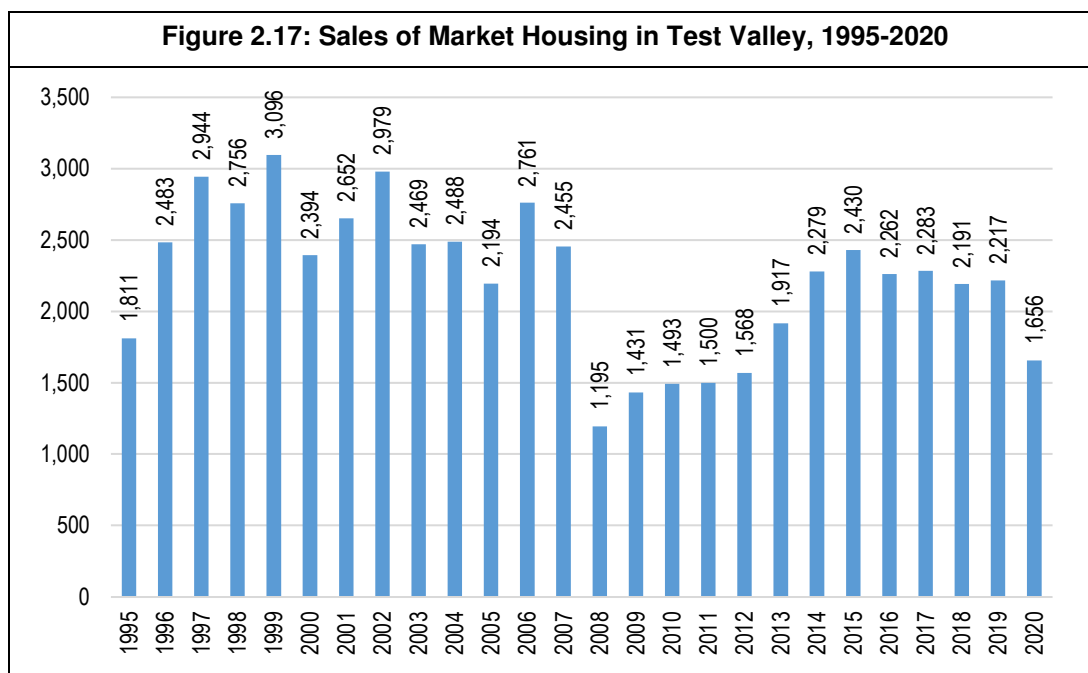
**Figure 2.16: Growth in House Prices in Test Valley over different time periods**

	2005-10		2010-15		2015-20	
	Price change	% change	Price change	% change	Price change	% change
Detached	£45,050	14.5%	£35,000	9.9%	£80,000	20.5%
Semi-Detached	£24,750	13.0%	£37,500	17.4%	£42,500	16.8%
Terraced	£17,625	11.0%	£37,375	21.0%	£37,000	17.2%
Flat/Maisonette	£15,275	11.8%	£8,250	5.7%	£21,750	14.2%
All Sales	£37,000	18.2%	£27,000	11.3%	£48,000	18.0%

Source: ONS Small Area House Price Statistics

## Sales

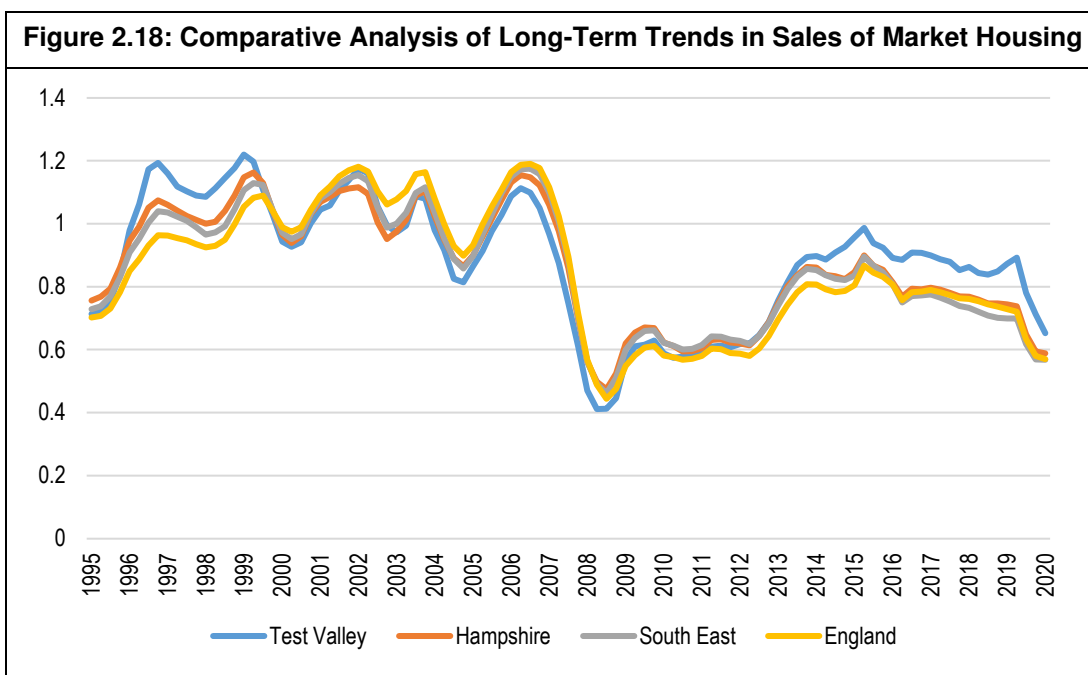
2.27 Transaction levels (sales) reflect the relative buoyancy of the market and provide an indication of 'effective demand' for market housing. Sales volumes averaged 2,600 per annum over the 10-year period to 2008. They fell dramatically as a result of the 'credit crunch', before picking up from 2012 onwards as availability of mortgage finance improved and as a result of Government support for the housing market. Sales of market housing in Test Valley have however been trending down slightly since 2015.



Source: ONS Small Area House Price Statistics

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

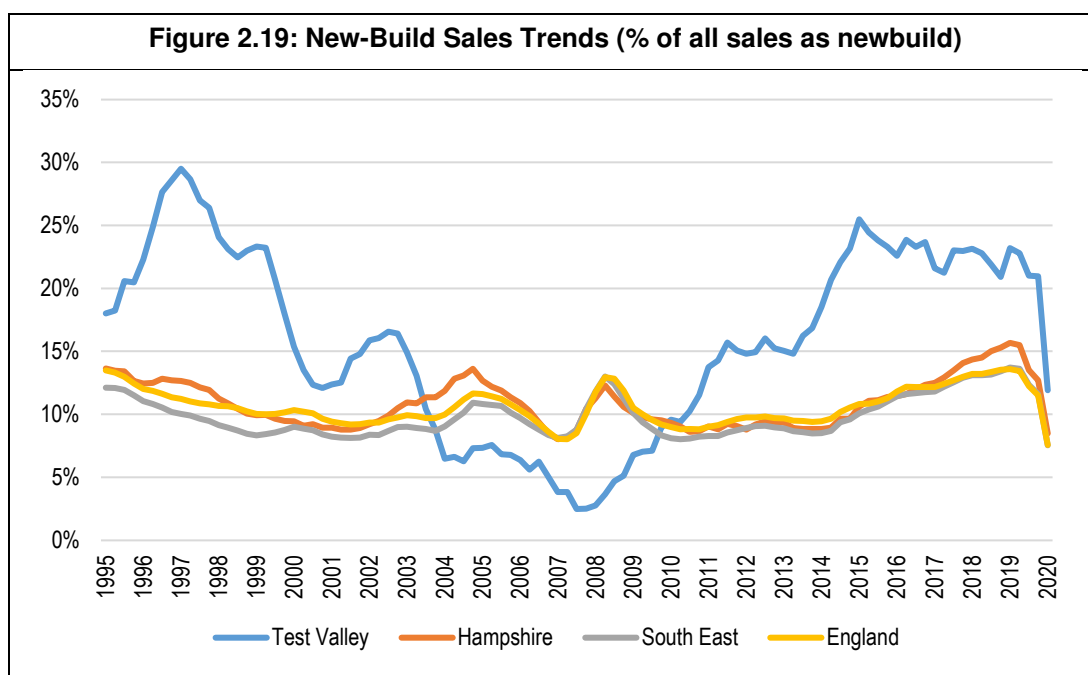
2.31 The analysis below benchmarks sales trends relative to average over the 1995-2008 period. It shows a strong correlation between sales trends in Test Valley and other locations, although sales in Test Valley look to have been fairly strong relative to other areas over the past 7 or so years.



2.32 The drop in sales volumes seen since 2016 is likely to have been influenced by the effects of macro-economic uncertainty on the market - linked to Brexit - coupled with changes to mortgage interest relief which have affected the buy-to-let market.

2.33 Influenced by Government support for the housing market, many areas have seen growth in the proportion of sales accounted for by new-build properties, to some extent this appears to also be the case in Test Valley where newbuild accounts for 22% of sales over the past 5-years (compared with 13% across Hampshire, 12% in the South East and 12% nationally).





Source: ONS Small Area House Price Statistics

## Help-to-Buy

2.34 The Government's Help-to-Buy Programme provides a range of schemes which support younger households to get on the housing market (and in doing so support housing market activity). The scheme is to undergo some changes from early 2021 and the programme will now include:

- **Help to Buy Equity Loan** – This scheme will be open to first time buyers only. In the South East it can be used to buy new homes (from registered housebuilders) up to a value of £437,600. There is no income cap. A 5% deposit is required and the Help to Buy Equity Loan lends up to 20% of the purchase price resulting in a maximum mortgage to be secured of 75% of the total price. The Help to Buy loan is interest free for the first five years. The amount you pay back is worked out as a percentage of the market value at the time you choose to repay.
- **Help to Buy: Shared Ownership** – Supports part ownership of between 25% and 75% of the total home (either new build or resales) and requires ongoing rental payments on the remainder. Those with a household income of £80,000 or less are eligible for this scheme. As of 2021, the Share to Buy programme means that Shared Ownership homes will be offered with a minimum 10% share, which will greatly reduce deposit requirements, thus widening the market. Unlike the current system the costs of any repairs will also be covered by the landlord or housing association for the first 10 years.
- **Help to Buy ISA** – This is a savings product aimed at first time buyers. The ISA boosts the amount saved by 25% with the total Government contribution capped at £3,000. The ISA can be used in combination with the Equity Loan or Shared Ownership schemes. The Help to Buy ISA closed to new accounts at midnight on 30th November 2019; however, if applications have opened prior to this, they will be able to continue saving into the account until November 2029.

- 2.35 The Help to Buy programme allows the purchase (or part purchase) of new build housing and existing stock via a re-sale of Registered Providers stock. It is funded by the Government via Homes England and then administered by regional Help to Buy Agents.
- 2.36 The Help to Buy ISA has now been replaced by the government backed Lifetime ISA. This allows those between 18 and 50 to save for a first home or later life. People can put in up to £4,000 each year, until they are 50. The government will add a 25% bonus to their savings, up to a maximum of £1,000 per year.
- 2.37 The analysis below suggests that new-build sales volumes have been strongly supported by the Government’s Help-to-Buy Equity Loan Scheme, which has supported an average of 42% of new-build sales over the 2013-20 period – the percentage for the 2020 period is shown to be 77%, however it should be noted that the newbuild sales data (although coming from an ONS source) looks to be too low and should therefore be treated with some caution. The total value of equity loans over this period (for Test Valley) has been in excess of £83 million.

**Figure 2.20: Market Support from Help-to-Buy Equity Loan, Test Valley**

	Sales with HTB Loan	Total New-Build Sales	% Supported
2013	72	288	25%
2014	165	422	39%
2015	206	619	33%
2016	211	511	41%
2017	206	493	42%
2018	221	507	44%
2019	215	514	42%
2020	208	270	77%
Total	1,504	3,624	42%

Source: HTB Equity Loan Statistics and New-Build Sales (from ONS Small Area House Price Statistics)

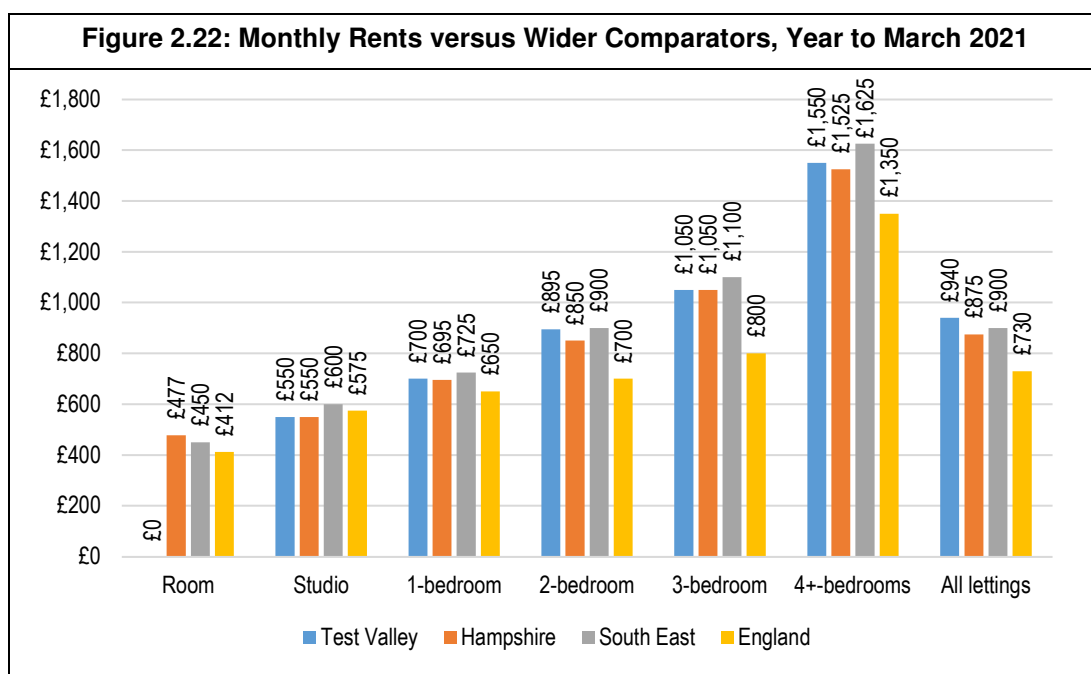
## Private Rental Values

- 2.38 The analysis below reviews current private rents in Test Valley against the County, regional and national average. The data is drawn from the ONS Private Rental Market Statistics. Median monthly rents vary from £550 for a Studio to £1,550 for 4+-bedroom properties in Test Valley.

	Count of Rents	Mean	Lower Quartile	Median
Room	-	-	-	-
Studio	20	£550	£475	£550
1-bed	110	£715	£675	£700
2-bed	240	£886	£825	£895
3-bed	270	£1,084	£973	£1,050
4+ bed	110	£1,666	£1,350	£1,550
All Lettings	750	£1,039	£825	£940

Source: ONS Private Rental Market Statistics

- 2.39 The median rent for all properties is 7% above the Hampshire average, 4% higher than the South East average and 29% above the England average. Rents in Test Valley for all property sizes are all above the national average.



Source: ONS Private Rental Market Statistics

- 2.40 Analysis below has also sought to consider rental trends over the last 5 years to provide a relative indication of where there is a supply/demand imbalance. The evidence indicates that over this period rents have grown by an average of 14%. The strongest growth has been for 2-bedroom properties with an apparent drop in rents for larger (4+-bedroom) homes, although figures for any specific period will be influenced by the types of property let.

	2015/16	2019/20	Change	% Change
Room	£347	-	-	-
Studio	£550	£550	£0	0.0%
1-bed	£625	£700	£75	12.0%
2-bed	£750	£895	£145	19.3%
3-bed	£925	£1,050	£125	13.5%
4+ bed	£1,670	£1,550	-£120	-7.2%
All Lettings	£825	£940	£115	13.9%

Source: ONS Private Rental Market Statistics

## Market Affordability

2.41 The median house price-to-earnings ratio in Test Valley in 2020 at 9.76 is higher than the England average, at 7.84, pointing to stronger affordability pressures. The ratio is however in line with that seen across the County and region. This is based on workplace-based earnings; residents' earnings are higher than workplace-based earnings, by an average of around £3,300 per year. The median house price for residents is therefore a lower figure of 8.84 times earnings.

	Residence-based	Workplace-based
Median House Price, Yr to Sept 2020	£310,000	£310,000
Median Annual Earnings, 2020	£35,083	£31,753
Median House Price-to-Income Ratio	8.84	9.76

Source: ONS House Price to Earnings Ratio

2.42 Over the last 15 years the median house price-to-earnings ratio has increased by just over 1 point, from 8.61 in 2005 to 9.76 in 2020. It has seen less comparative growth than has been evident across Hampshire or the South East pointing to a weaker comparative deterioration in affordability in the Borough. It should however be noted that the change in the ratio is very slightly higher than seen nationally. It is also notable that the increase in the ratio has largely occurred over the last 5-years (2015-20). As affordability is an input into the Government's standard method, this influences future housing needs.

	2005	2010	2015	2020	5 Year Change	15 Year Change
Test Valley	8.61	8.94	9.02	9.76	0.74	1.15
Hampshire	8.08	8.06	9.01	9.73	0.72	1.65
South East	7.84	8.11	9.13	9.92	0.79	2.08
England	6.79	6.85	7.52	7.84	0.32	1.05

Source: ONS House Price to Earnings Ratio

## Agency Consultation

- 2.43 Consultation was undertaken with local sales and lettings agents in order to gain a deeper understanding of the housing market in Test Valley, adding to and corroborating the quantitative data collected and analysed. The consultation took place in Summer 2021 and the agents contacted include:
- Henshaw Fox in Romsey;
  - Connells in Romsey;
  - Morris Dibben in Romsey;
  - Graham and Co in Andover;
  - Taylor Hill in Andover;
  - Bond in Andover; and
  - Karen Sykes lettings in Andover
- 2.44 Romsey was seen as an attractive Market town with character and history. It also benefited from proximity to the New Forest and the Coast and strong economy.
- 2.45 Andover was effectively becoming a commuter town with good links to London (Waterloo in 1 hour). Such commutes are becoming increasingly popular now people are working from home more frequently.
- 2.46 The Romsey market was seen as being focused on families and to a lesser extent retirees while the Andover market was more focused on couples looking for family homes. This includes people looking for additional space to work from home rather than for children.
- 2.47 The agents noted that there have been a higher than normal level of people moving from Kent, Surrey and London to Romsey and around 30% of sales in Andover are to people relocating from London.
- 2.48 Activity from investors in Romsey and Andover had picked up after a lull in the market. In the north of the Borough the investor market is typically larger investors looking to spend over £1 million on property.
- 2.49 The Romsey Market typically sees properties on sale for around 2 weeks. One agent expects 2-6 weeks average whereas in Andover the agents stated that they can be on sale for a matter of days with some properties sold before they are even properly marketed.
- 2.50 This is also reflected in the number of viewings properties receive before they are sold with agents in Romsey suggesting a range with an average of 13 viewings but 8 views is more typical for Andover.
- 2.51 Asking prices are almost always achieved across the Borough with one agent not being able to remember the last time he sold a property for any less than asking price with most achieving asking price. This was generally because those moving to the area were coming from more expensive locations.

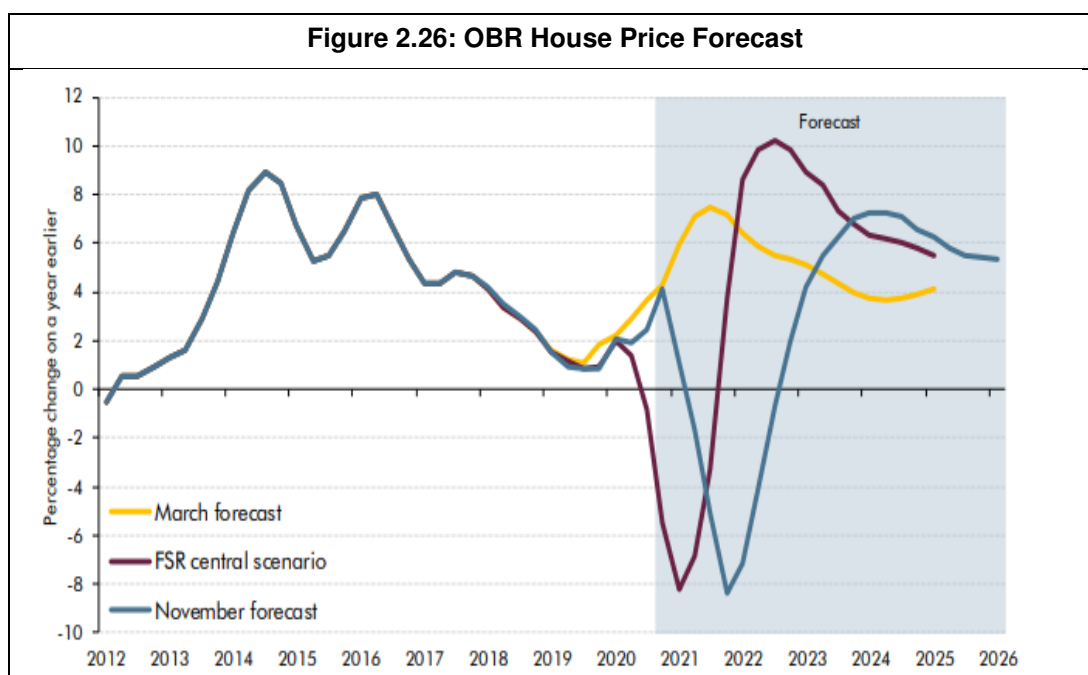
- 2.52 The agents did not provide any consensus of the gaps in the market. In Romsey one agent believes there is a dearth of properties valued specifically between £400k-650k, but a shortage overall. Another suggested a lack of 2- and 4- bed homes suitable for 1<sup>st</sup> time buyers. In Andover, the agents noted a lack of Bungalows and also 4 bed detached dwellings.
- 2.53 The agents did not note a particular impact from Covid-19. They did note that the January lockdown put a slight break on sales but has seemed to have recovered.
- 2.54 The Romsey agents stated that the sales market was very buoyant with more buyers than homes. They did not think that prices would fall and that an increase was more likely. One agent thought there would be a drop off in buyers after the stamp duty holiday but there hasn't been.
- 2.55 The Andover market was also described as very buoyant with the market seeing an overall increase in prices due to the stamp duty holiday and 5% mortgages. They also noted that the regeneration in Andover would attract more people to the area and increase house prices further.
- 2.56 Neither the Romsey nor Andover agents noted a demand from key workers. This includes demand from military personnel stationed in Andover.

#### Lettings Market

- 2.57 Both the north and south of the Borough have recently seen a greater number of people moving out of London as they are able to work from home. The market overall has been very busy with more potential tenants than properties to let. Andover is particularly popular as it has good road and rail links to almost anywhere in the country.
- 2.58 However, the market has been changing in recent years with many landlords selling up due to changes in taxation making leasing less profitable for those who have a smaller portfolio.
- 2.59 This lack of supply has meant prices have gone up. One agent noted that rents in some homes have increased by 10% in a year and are let within a few days. Typical tenancies offered are for 12 months to avoid prolonged vacancies. However, tenants typically stay for much longer.
- 2.60 In general, the agents said that more rental properties are needed and there is a high demand for all types although houses with 2 to 3 bedrooms and outside space are more popular than flats. That said modern flats with amenity space could be let easily particularly in Andover.
- 2.61 The agents did not consider that the large Army presence in Andover had any noticeable impact on the lettings market in the area.

## Looking Forward

2.62 The figure below shows the Office for Budget Responsibility (OBR) House Price Forecast for the UK<sup>9</sup>. It takes into account short-term indicators of house price inflation, medium term factors such as forecast real incomes; demographics; mortgage rates; and credit conditions, and predicted effects of government policies. As illustrated, the OBR central forecast sees house prices falling in 2021. This is driven by the end of the stamp duty holiday and reduced household incomes due to higher unemployment once furlough ends.



Source: OBR (November 2020)

- 2.63 The OBR then forecasts a steady recovery from 2022 onwards. However, the forecast growth in house prices is around 17% lower in 2026 in comparison to the previous OBR forecast which was pre-pandemic (March 2020).
- 2.64 Alternative residential property market forecasts have been produced by Savills (September 2020)<sup>10</sup>. Unlike the OBR forecast they predict no growth in 2021 before returns to annual nominal house price growth of 4.0%, 6.5% and 4.5% in 2022, 2023 and 2024 respectively. Savills' forecasts for the South East are even higher – 2.5%, 5.0%, 3.0% between 2022 and 2024 (after no growth in 2021).
- 2.65 The OBR forecasts for 2021 envisage that the market will weaken in 2021 as the Stamp Duty Holiday ends and unemployment grows as the furlough scheme comes to an end both of which occur at the end of September.

<sup>9</sup> [https://obr.uk/docs/dlm\\_uploads/CCS1020397650-001\\_OBR-November2020-EFO-v2-Web-accessible.pdf](https://obr.uk/docs/dlm_uploads/CCS1020397650-001_OBR-November2020-EFO-v2-Web-accessible.pdf)

<sup>10</sup> <https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-market-forecasts.aspx>

- 2.66 OBR expected transactions to rise in the immediate short-term as buyers seek to complete purchases by the September deadline, but then drop off sharply in Q4. Transactions are then forecast to rise gradually back to a level consistent with longer-term average turnover – recovering to this level by Q4 2021.

### **Housing Stock, Supply Trends and Market Dynamics: Key Messages**

- An important starting point for considering the future mix of homes needed is an understanding of the existing housing offer (by type, tenure, size and cost) and how the mix of properties varies between tenures.
- There are just over 56,000 dwellings in Test Valley (2020) and completions in the Borough have averaged 786 per annum since 2011.
- Relative to wider comparator areas (region and nationally), a high percentage of households in the Borough own their own homes and a relatively low percentage were privately renting. Test Valley's housing stock has a high percentage of detached and a low proportion of flats. Consequently, dwellings in the Borough are typically larger. There are however some notable differences between sub-areas of the Borough. The stock also sees more significant levels of under-occupation than across wider comparator areas and lower levels of overcrowding.
- Median house prices in Test Valley (in 2020) were slightly below the South East and Hampshire median but significantly above the median nationally (£56,000 higher at £315,000). House prices in the South East region and Test Valley have been broadly similar since 1995 and tracked each other closely throughout this period. Private sector rents are however typically higher than seen in other locations (and notably higher than seen nationally).
- In 2020, the median house price in Test Valley was 9.76 times average earnings (similar to the South East and Hampshire but notably higher than the national average (7.84). Affordability has deteriorated slightly over the past few years but at a lesser rate than seen regionally.
- The Help to Buy (HTB) scheme has played a significant role in supporting Test Valley's housing market since 2013 and is an important means of helping a range of households, including younger households, onto the housing ladder – it is estimated that around 40% of newbuild sales have been supported through HTB.
- Consultation with local estate and letting agents suggests that demand for homes in the Borough has grown, particularly due to people moving from London and other parts of the South East. This may in part be due to Covid-19 although this was not specifically noted through interviews.
- Overall, the picture is one of a high value area with values that have been rising over time, this points to a relatively high level of market demand at the present time. The use of HTB also suggests that the cost of housing may be a major barrier to home ownership (although it is recognised that housing costs are not the only factor).



## 3. Overall Housing Need

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### Introduction

- 3.1 This section considers overall housing need in Test Valley. It considers the basis of the current housing requirement; and then considers what current national policy means regarding the (unconstrained) local housing need in the Borough.

### Local Plan Housing Requirement

- 3.2 The Test Valley Local Plan was adopted in January 2016. The Plan looks over a plan period of 2011 to 2029. The Plan's strategy for housing provision under Policy COM1: Housing Provision 2011-2029 sets out that the Council will plan for a minimum housing requirement of 10,584 homes over the plan period at an average rate of 588 per annum.
- 3.3 The Framework (paragraph 33) sets out that policies in local plans should be reviewed at least once every five years and should then be updated where necessary<sup>11</sup>. The Framework directs that where strategic policies are more than five years' old and have not been 'reviewed and found not to require updating,' housing need should be considered using the Standard Method in Planning Practice Guidance and this should form the basis for assessing five-year housing land supply and housing delivery.
- 3.4 The Council undertook a review of the adopted Local Plan on the five-year anniversary of adoption (January 2021). This concluded that its spatial strategy remained up to date<sup>12</sup>. Regarding the housing requirement, Section A2 from the Part 1 Toolkit (from the link) notes that there has not been a significant change in local housing need numbers from that specified in the plan and this is shown by a calculation of the Standard Method housing need (for 550 dwelling per annum as that time) compared with an adopted plan figure of 588 per annum.

### Standard Method for Calculating Local Housing Need

- 3.5 In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the 'standard method' for calculating Local Housing Need. This replaced the approach to defining Objectively Assessed Needs (OAN) set out in the 2014 Planning Practice Guidance.
- 3.6 The Government's intention in doing so was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate housing need. Its ambitions were to make the process of doing so simpler, quicker and more transparent, with the intention of speeding up plan-making.

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<sup>11</sup> This is a legal requirement as set out in Regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012.

<sup>12</sup> <https://www.testvalley.gov.uk/planning-and-building/planningpolicy/local-development-framework/dpd>

- 3.7 The July 2021 NPPF now sets out in paragraph 61 that to determine the minimum number of homes needed, *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach<sup>13</sup> which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any need that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.”*

## The Current Standard Method

- 3.8 The standard method set out at the time of writing in the Planning Practice Guidance adopts a four-stage approach – described below.
- 3.9 Step One, in considering housing need against the standard method is to establish a demographic baseline. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten- year period, with the current year being the first year i.e. 2021 to 2031.
- 3.10 Step Two is to consider the application of an affordability uplift to the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published ONS workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest (workplace-based) affordability data is currently for 2020 and was published by ONS in March 2021.
- 3.11 The PPG states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent, with the calculation being as follows:

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

- 3.12 Step Three is to consider whether a cap should be applied to the affordability adjustment to ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied:
- The first is where an authority has reviewed its plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the Local Development Plan.
  - The second situation affects plans and evidence that are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.

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<sup>13</sup> The glossary definition of Local Housing Need in the NPPF sets out that use of a justified alternative approach can only be taken forwards in the context of preparing strategic policies.

- 3.13 A final, fourth step, was introduced by the Government through an amendment to the standard method as set out in the PPG on 16<sup>th</sup> December 2020. This additional step applies only to Cities and urban centres which fall within the top 20 largest in England and it is therefore not relevant for the purpose of assessing housing need in Test Valley. By way of context, the fourth step would see an uplift of the figure generated by steps 1 to 3 by 35%.
- 3.14 The Table below outlines the calculation of the minimum Local Housing Need (LHN) using the methodology above, as set out currently in the PPG, drawing on the three relevant steps for Test Valley.
- 3.15 A minimum LHN of 541 homes per annum is derived based on household growth of 398 per annum, taking from the 2014-based Household Projections, with an affordability uplift of 136% applied to this based on the 2020 median workplace-based affordability ratio.

<b>Figure 3.1: Minimum Local Housing Need, Standard Method</b>	
	Test Valley
Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2021-31	398
Affordability Adjustment:	
Median workplace-based affordability ratio, 2020	9.76
Adjustment Factor	136%
Step 2 Housing Need Figure	541
Cap:	
Date of plan adoption	January 2016
Plan more than 5 years old	Yes
Housing requirement in last adopted plan	588
Cap @ 40% above Last Adopted Plan	823
<b>Minimum Local Housing Need (p.a.)</b>	<b>541</b>

Source: Derived from ONS and MHCLG sources

### Exceeding the Standard Method

- 3.16 The PPG is clear that the standard method is a minimum number and that “consideration can still be given 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” (Reference ID: 2a-007-20190220).
- 3.17 The PPG also sets out examples of when it might be appropriate for local authority areas to plan for higher levels of housing need than the standard method. The examples in paragraph 10 (Reference ID: 2a-010-20201216) 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 neighbouring authorities.

- 3.18 There is no growth strategy in place for Test Valley and the Council have not identified any strategic infrastructure which might drive higher levels of growth. Work is ongoing on preparing an updated Statement of Common Ground (SOCG) by the Partnership for South Hampshire (PfSH) to provide a framework for the future planning of the sub-region, taking account of development needs. To date, no formal requests have been made to meet any potential identified unmet need. If there are any requests to meet unmet needs in the future these will be considered in due course. As there is no confirmed position on this at present (this is not therefore considered within this report).
- 3.19 The PPG<sup>14</sup> also requires consideration to be given to the inter-relationship with the assessed need for affordable housing. It sets out that:
- “The total affordable housing need [once assessed] can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.”*
- 3.20 The adopted Test Valley Local Plan under Policy COM7 sets out an affordable housing requirement of 40% for all developments providing 15 homes or more, with lower proportions on smaller sites, there is also provision for commuted sums to be paid. The Council has secured a significant level of affordable housing over the past few years, exceeding the annual target (of 200 homes) in each of the six years to 2020.
- 3.21 The levels of delivery are however slightly lower than the need shown in the 2014 SHMA although it is inappropriate to use a mechanical relationship to consider how affordable housing provision and overall housing need relate to one another. The affordable housing need is a point-in-time assessment based on current housing costs relative to earnings and takes account of current supply. The reality is that many households with an affordable housing need, including those who aspire to own a home, are existing households living in the private rented sector.
- 3.22 Furthermore, the intention behind the affordability uplift in the standard method is to improve the affordability of market housing over time. This envisages reducing the cost of market housing relative to earnings, and in doing so would reduce the affordable housing need. The relationship between affordable need and overall housing need is discussed in more detail in the affordable needs section later in this report.
- 3.23 Overall, there is no evidence to suggest that the Council should exceed the Standard Method housing need and at present the figure of 541 dwellings per annum (10,820 homes if looked at over the full 2020-40 plan period) looks to be reasonable. The Council will however need to be mindful that outputs of the Standard Method may change due to inputs changing (e.g. a different affordability ratio) – this could impact on the figure in the Local Plan as it progresses forward.

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<sup>14</sup> Paragraph: 024 Reference ID: 2a-024-20190220

### Overall Housing Need: Key Messages

- In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the 'standard method' for calculating Local Housing Need. This replaced the approach to defining Objectively Assessed Needs (OAN) set out in the 2014 Planning Practice Guidance. Further changes (minor in the context of Test Valley) were made to the method in December 2020.
- The four-step standard method in Test Valley is calculated as follows:
  - Step 1 – Projected household growth of 398 per annum over the 2021-31 period
  - Step 2 – Increasing the household growth by 36% based on an affordability ratio of 9.76
  - Step 3 – Capping the increase in step 2 to 40% (does not apply in Test Valley)
  - Step 4 – No adjustment as the Borough falls outside of the 20 most populated urban areas in England
- This results in a housing need of 541 dwellings per annum which can be applied across the Local Plan period from 2020 onwards. This level of housing need forms the basis of much of the analysis in the remainder of this report.
- There are no circumstances in Test Valley relating to growth funding, strategic infrastructure improvements or affordable housing need which indicate that 'actual' housing need is higher than the standard method indicates.



## 4. Demographic Trends and Projections

### Introduction

- 4.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP) – both ONS data releases and the most recent data at the time of writing. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.
- 4.2 The section also considers the demographic implications of delivering housing in-line with the Standard Method (541 dwellings per annum across the Borough). This includes understanding potential population growth and changes to population/household structures. Projections have been developed for the 2020-40 period. The projections developed are then used for other analysis in this report (such as to consider changes to the older person population and their potential needs).

### Demographic Trends

- 4.3 The analysis below looks at some key statistics about demographic trends in Test Valley; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow. The data presented is mainly for Test Valley Borough as a whole, although key demographic data for sub-areas is also provided (sub-area information dates to 2019).

#### Population

- 4.4 As an initial background analysis, the table below shows the estimated population in each sub-area (as of 2019) and the proportion of the Test Valley total this amounts to. This analysis shows that just over a third of the population lives in each of Andover and Romsey & South East, with the Northern Test Valley Rural area being the larger of the two rural locations. As of 2019, the population of the Borough was estimated to be 126,160 and by 2020 this is estimated to have increased to 127,163.

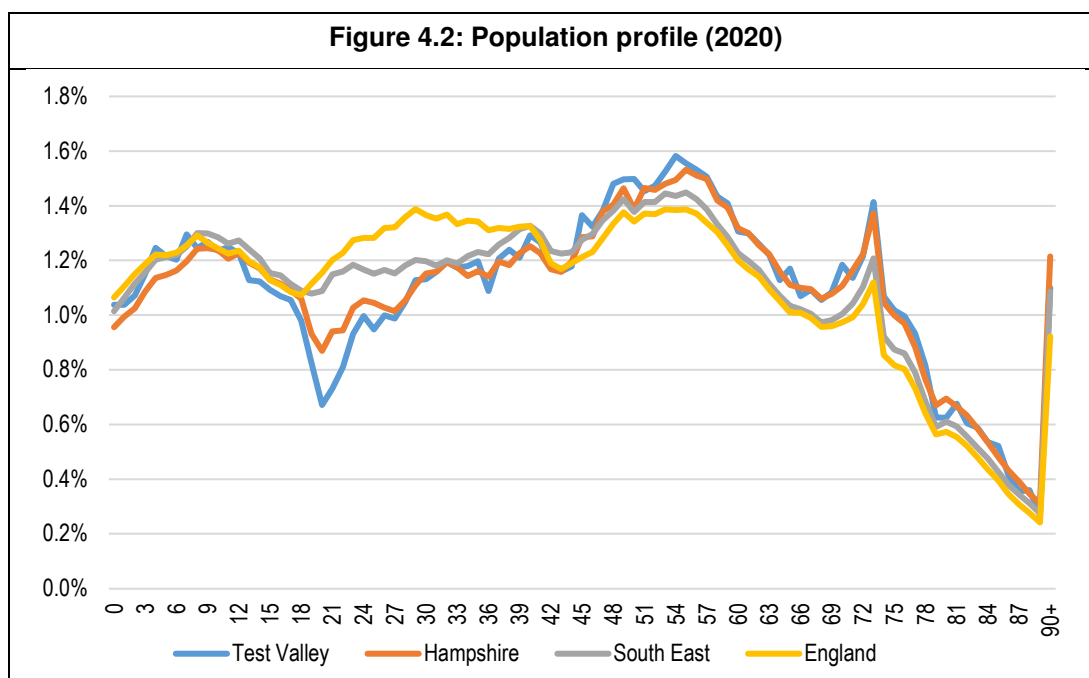
**Figure 4.1: Estimated population by sub-area (2019)**

	Estimated population	% of population
Andover	45,129	35.8%
Northern TV Rural	26,211	20.8%
Romsey & South East	43,025	34.1%
Southern TV Rural	11,795	9.3%
TOTAL	126,160	100.0%

Source: ONS

Age Structure

4.5 The figure below shows the population profile of Test Valley compared with a range of other areas. One key difference is the relatively high proportion of the population aged over about 45 in Test Valley when compared with the South East and England (although a similar profile to Hampshire). The figure also shows a relatively low proportion of people aged in their late teens (probably related to people moving away for further education) although the population size does increase notably up to about age 55.



Source: ONS mid-year population estimates

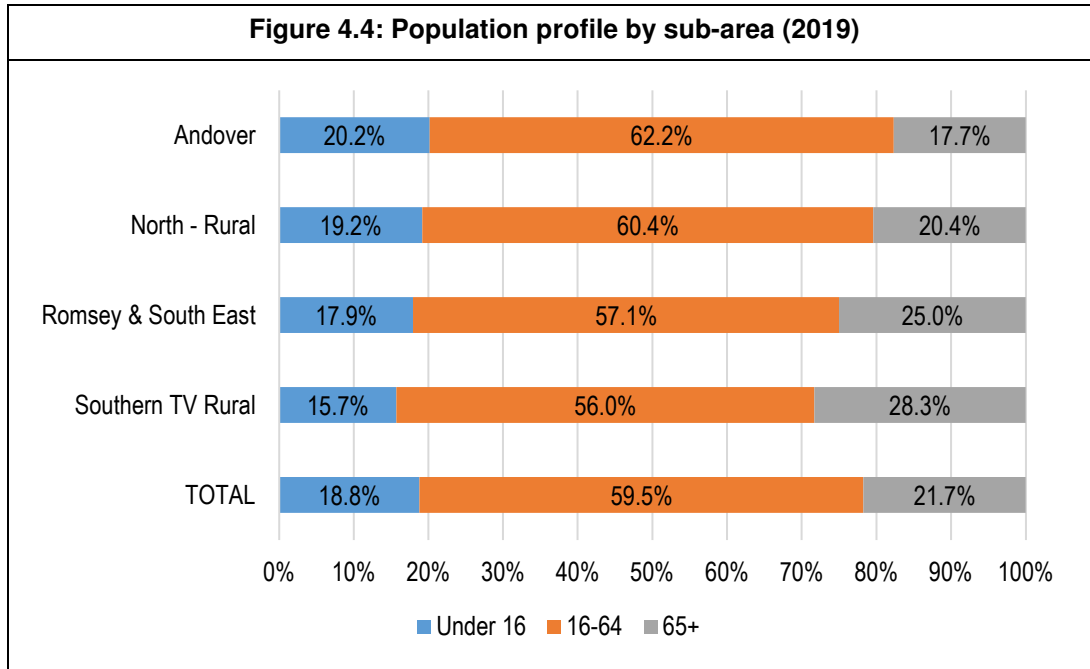
4.6 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with the regional and national position, Test Valley has a higher proportion of people aged 65+ and slightly fewer children. Compared with Hampshire, the Borough has a very similar age structure.

	Test Valley		Hampshire	South East	England
	Population	% of population	% of population	% of population	% of population
Under 16	23,935	18.8%	18.4%	19.3%	19.2%
16-64	75,350	59.3%	59.7%	61.1%	62.3%
65+	27,878	21.9%	21.9%	19.7%	18.5%
All Ages	127,163	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

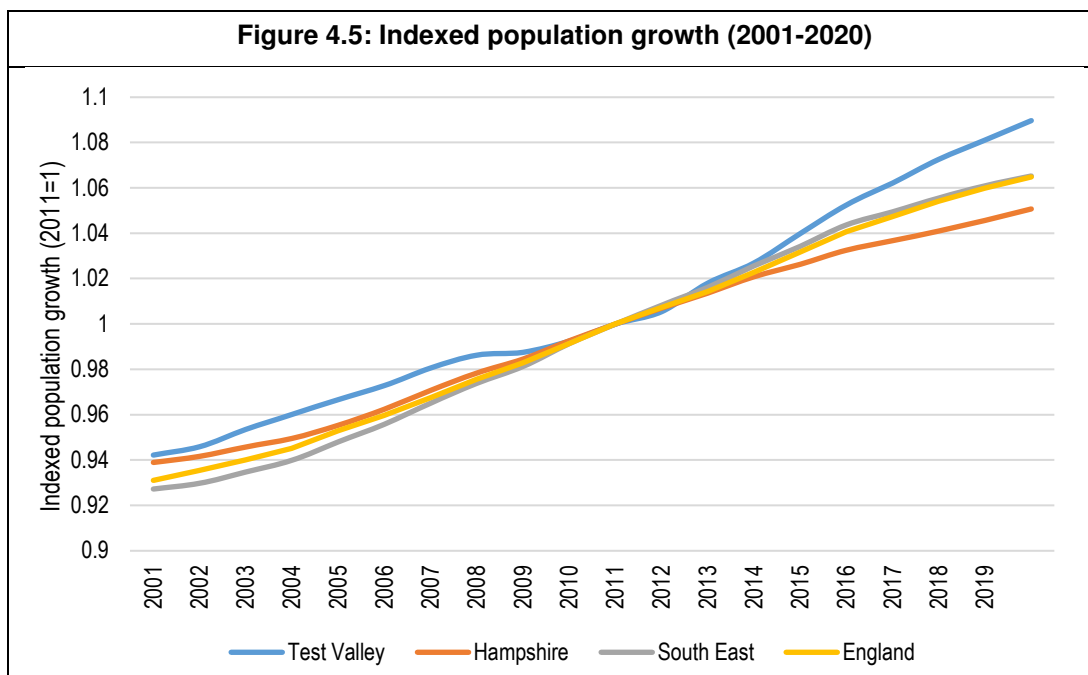


- 4.7 The figure below takes this data forward to look at some differences by sub-area (data for 2019). The analysis shows a notably younger age structure in Andover with the oldest being seen in the Southern Test Valley Rural area; Romsey & South East also sees a relatively old population structure.



#### Past population change

- 4.8 The figure below considers population growth in the period from 2001 to 2020 (indexed to 2011). The analysis shows over this period that the population of Test Valley has risen at a slightly faster rate than observed nationally (particularly since 2011). In 2020, it is estimated that the population of the Borough had risen by 16% from 2001 levels, this is in contrast to a 15% rise across the region and 14% nationally (12% in Hampshire). Higher levels of population growth are likely to some degree to be linked to the relatively high completion rates over the last 4-5 years.



Source: ONS (mid-year population estimates)

4.9 The table below considers population change over the 9-year period to 2020 (a 9-year period being chosen as the start point of 2011 has data at a smaller area level and is likely to be fairly accurate as it draws on information in the Census). The analysis shows over the period that the population of Test Valley increased by 9.0%; this is a relatively high level of population change and compares with increases of 5.1% in Hampshire and 6.5% for both the South East and England.

	Population (2011)	Population (2020)	Change	% change
Test Valley	116,698	127,163	10,465	9.0%
Hampshire	1,322,118	1,389,206	67,088	5.1%
South East	8,652,784	9,217,265	564,481	6.5%
England	53,107,169	56,550,138	3,442,969	6.5%

Source: ONS mid-year population estimates

4.10 The table below shows population change by age (again for the 2011-20 period). This shows an increase in the number of children living in the Borough (increasing by about 9%) along with a modest increase in the ‘working-age’ population. The key driver of population growth has therefore been in the 65 and over age group, which between 2011 and 2020 saw a population increase of about 6,200 people: this age group increasing in size by 29% over the 9-year period.

<b>Figure 4.7: Change in population by broad age group (2011-20) – Test Valley</b>				
	2011	2020	Change	% change
Under 16	21,896	23,935	2,039	9.3%
16-64	73,140	75,350	2,210	3.0%
65+	21,662	27,878	6,216	28.7%
<b>TOTAL</b>	<b>116,698</b>	<b>127,163</b>	<b>10,465</b>	<b>9.0%</b>

Source: ONS

- 4.11 Additional analysis is provided below to look at the sub-areas. The analysis shows an increasing population in most areas, with the highest increase being seen in Andover (an increase in population of 4,700 people). The Northern Test Valley Rural area saw the highest proportional increase, population growing by 13% over 8 years. The Southern Test Valley Rural area saw a modest decline in population over the period studied.

<b>Figure 4.8: Change in population (2011-19) by sub-area</b>				
	2011	2019	Change	% change
Andover	40,382	45,129	4,747	11.8%
Northern TV Rural	23,143	26,211	3,068	13.3%
Romsey & South East	41,221	43,025	1,804	4.4%
Southern TV Rural	11,952	11,795	-157	-1.3%
<b>TOTAL</b>	<b>116,698</b>	<b>126,160</b>	<b>9,462</b>	<b>8.1%</b>

Source: ONS

#### Components of Population Change

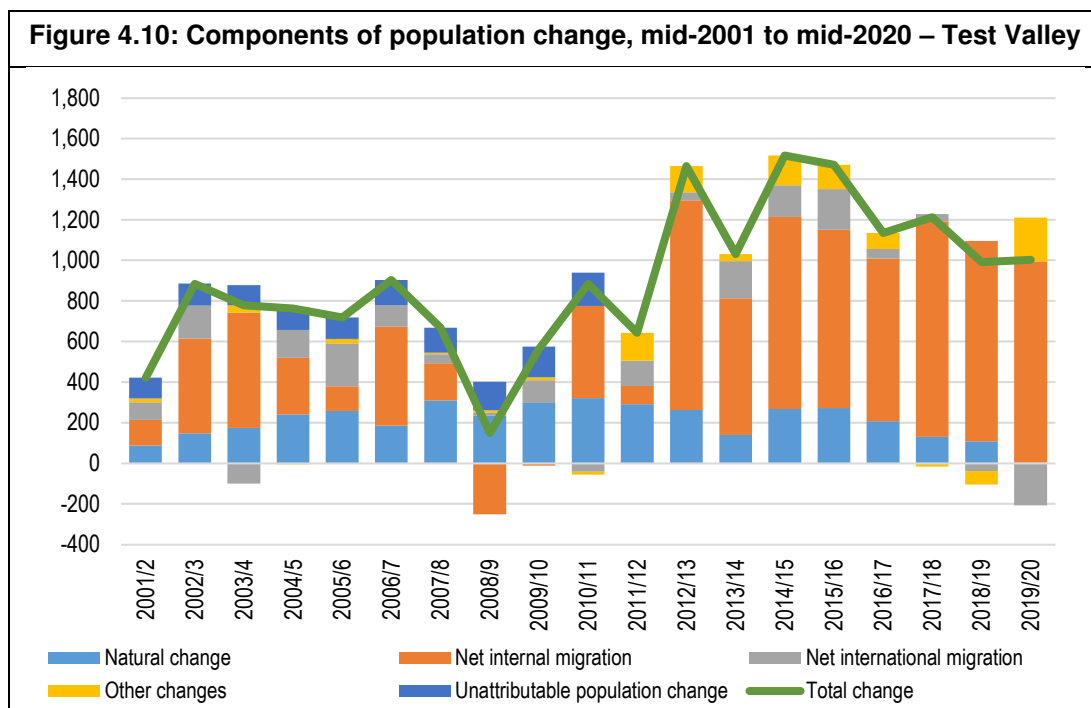
- 4.12 The table and figure below consider the drivers of population change 2001 to 2020. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other changes', which are generally small and often related to armed forces personnel or boarding school pupils.
- 4.13 The data shows a positive level of natural change for all of the period (i.e. more births than deaths) although this does look to have been falling over the past decade or so. Over the last 5-years, natural change has averaged around 140 per annum. Internal migration has been quite variable – positive in most years (but negative in 2008/9 and 2009/10), it is however notable that there has been a positive level of change in each of the last ten years; the last five years for which data is available shows an average of over 940 people (net) moving to the Borough from other parts of the United Kingdom. International migration is also variable, although the data does suggest a positive net level for most years, although the last two years have recorded a negative figure. Over the past five years international migration has averaged about 10 people per annum (net).

4.14 The data also shows a positive level of UPC. This suggests that between 2001 and 2011, ONS may have initially underestimated population growth within population estimates (and this was corrected once Census data had been published) – the level of UPC is fairly modest in comparison to that seen in many other locations.

**Figure 4.9: Components of population change, mid-2001 to mid-2020 – Test Valley**

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	88	126	87	19	102	422
2002/3	147	467	163	-2	109	884
2003/4	174	568	-100	36	100	778
2004/5	240	279	138	-6	111	762
2005/6	258	121	212	22	106	719
2006/7	185	488	105	0	125	903
2007/8	310	183	44	8	123	668
2008/9	236	-251	12	13	140	150
2009/10	297	-12	112	15	151	563
2010/11	321	454	-41	-14	164	884
2011/12	291	90	124	138	0	643
2012/13	262	1,034	39	129	0	1,464
2013/14	139	674	183	34	0	1,030
2014/15	267	947	156	147	0	1,517
2015/16	272	879	200	120	0	1,471
2016/17	208	801	47	78	0	1,134
2017/18	130	1,061	37	-16	0	1,212
2018/19	108	988	-39	-66	0	991
2019/20	2	992	-207	216	0	1,003

Source: ONS



#### Other measures of past population growth

- 4.15 The analysis above has focussed on data from the ONS mid-year population estimates (MYE). It is possible to contrast estimates of population growth in this source with other measures – the main one being the Patient Register (PR). The table below shows estimated population growth in both the MYE and the PR – data is shown for Test Valley, Hampshire, the South East and England.
- 4.16 In Test Valley, the MYE shows population change of 9.0% in the 2011-20 period, whereas the PR is higher (at 11.3%). However, it is notable in all the areas studied that the PR shows higher estimated growth and in fact the difference for Test Valley is slightly less notable than for other locations (for example, for England the MYE shows 6.5% growth, but the PR is at 10%).
- 4.17 Overall, it is difficult to draw any conclusions from this data, as on the one hand the MYE arguably under-estimates population growth, however the relative difference between MYE and PR estimates also means that the opposite may be true (if for example the MYE at a national level are considered to be accurate).
- 4.18 On balance, it is not considered that the analysis of PR data shows anything sufficiently compelling to suggest setting aside the MYE, either in terms of current population estimates, or trend levels of growth. This analysis can therefore be seen as mainly included for reference purposes.

<b>Figure 4.11: Comparing ONS mid-year population estimates with estimates of population from the Patient Register</b>					
		2011	2020	Change	% change
Test Valley	MYE	116,710	127,190	10,480	9.0%
	Patient Register	118,310	131,690	13,380	11.3%
Hampshire	MYE	1,322,150	1,389,240	67,090	5.1%
	Patient Register	1,347,710	1,437,500	89,790	6.7%
South East	MYE	8,652,820	9,217,270	564,450	6.5%
	Patient Register	8,937,030	9,813,070	876,040	9.8%
England	MYE	53,107,200	56,550,160	3,442,960	6.5%
	Patient Register	55,312,750	60,870,990	5,558,240	10.0%

Source: ONS

## 2018-based Subnational Population Projections (SNPP)

- 4.19 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2018-based national population projections.
- 4.20 The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:
- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
  - The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and
  - Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.
- 4.21 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:
- Principal projection
  - an alternative internal migration variant
  - a 10-year migration variant
- 4.22 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.

- 4.23 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.
- 4.24 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.
- 4.25 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 10.5%, with the alternative internal migration scenario being slightly lower than this (10.0%) – the 10-year trend variant shows notably lower growth of 7.0%. Population growth in both the 2014- and 2016-based projections is similar to the 2018-based figures (principal and alternative internal migration). The comparison with the 2014-based SNPP is particularly important as it underpins the 2014-based SNHP (which is used in the Standard Method).

**Figure 4.12: Projected population growth (2020-2040) – Test Valley – range of SNPP releases**

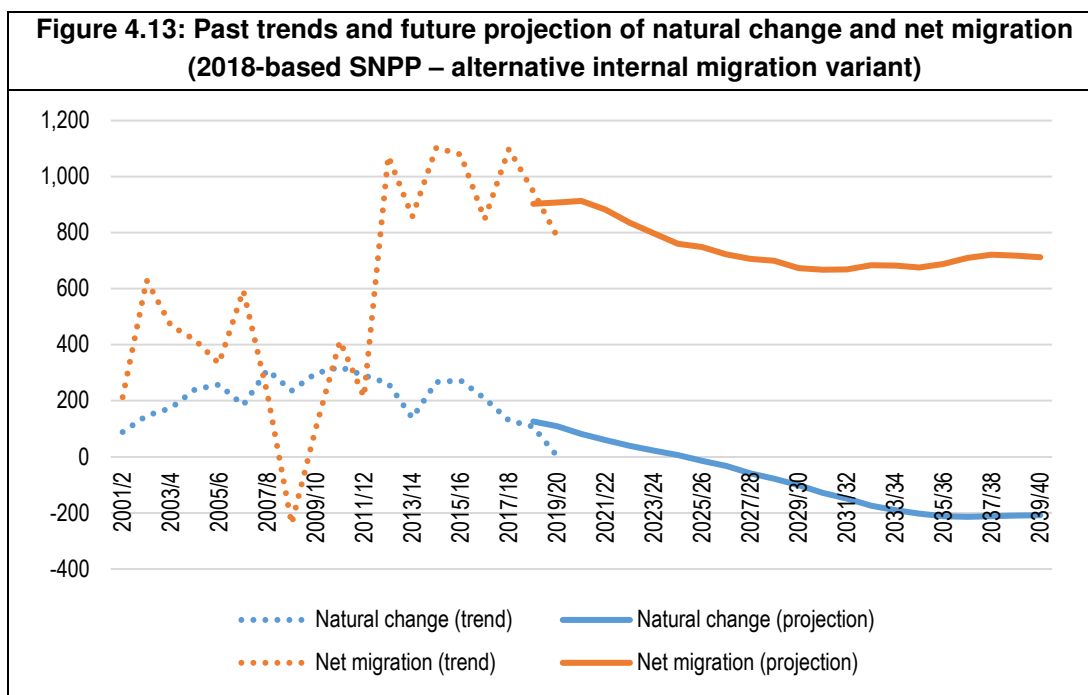
	2020	2040	Change in population	% change
2018 (principal)	127,425	140,867	13,442	10.5%
2018 (alternative internal)	127,239	139,996	12,756	10.0%
2018 (10-year trend)	126,644	135,536	8,893	7.0%
2016-based	126,707	139,819	13,111	10.3%
2014-based <sup>15</sup>	123,907	136,765	12,858	10.4%

Source: ONS

- 4.26 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context. This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes and may include some influence from the economic downturn/credit crunch of 2008 (given that the 10-year period will be 2008-18).
- 4.27 Whilst suggesting the alternative internal migration variant as the most robust projection to take forward, it is noted that projected population growth is somewhat lower than past trends – as the table above shows, this projection sees total growth of 10.0% over a 20-year period (0.5% per annum), compared with 9.0% in the 9-year period to 2020 (1% per annum). Therefore, a further investigation has been undertaken to look at the validity of this projection.

<sup>15</sup> It should be noted that the 2014-SNPP only ran to 2039. For the purposes of this analysis a figure for 2040 has been estimated by adding a further year of data using the change projected between 2038 and 2039.

4.28 The figure below shows past trends and the future projection for the alternative internal migration variant. This shows the reducing level of natural change and that this is projected to continue in the future; given recent change to fertility (generally downwards) and mortality (lower improvements to life expectancy) rates this looks to be entirely reasonable. In terms of migration, it can also be observed that the future projection is initially in-line with past trends with a reducing net level over time. The SNPP shows an average net migration of 890 people per annum in the first five years (2018-23) which compares with recorded net migration of 950 (2015-20) and 1,000 (2013-18). Therefore, it is concluded that the lower than trend projected population growth is reasonable, as this is driven by natural change continuing its past trend along with a projected reduction in net migration over time.



Source: ONS

4.29 The table below shows projected population growth from 2020 to 2040 (using alternative internal migration assumptions) in Test Valley and a range of comparator areas. The data shows that the population of the Borough is projected to increase at a faster rate than seen in any of the comparator areas, with 10.0% population growth in the Borough being compared with 7.9% nationally (and only 5.3% across Hampshire).

**Figure 4.14: Projected population growth (2020-2040) – 2018-based SNPP (alternative internal migration assumptions)**

	2020	2040	Change in population	% change
Test Valley	127,239	139,996	12,756	10.0%
Hampshire	1,388,055	1,462,066	74,011	5.3%
South East	9,242,554	9,932,507	689,953	7.5%
England	56,678,470	61,157,868	4,479,398	7.9%

Source: ONS



- 4.30 With the overall change in the population will also come changes to the age profile. The table below summarises findings for the three broad age groups previously used. The largest growth will be in people aged 65 and over. In 2040 it is projected that there will be 39,100 people aged 65 and over. This is an increase of 11,000 from 2020, representing growth of 39%. Looking at the other end of the age spectrum the data shows that there is projected to be a modest increase in the number of children (those aged Under 15) and also a small increase in the 16-64 age group.

	2020	2040	Change in population	% change from 2020
Under 16	23,966	24,454	489	2.0%
16-64	75,210	76,434	1,224	1.6%
65 and over	28,064	39,107	11,043	39.4%
Total	127,239	139,996	12,756	10.0%

Source: ONS

### Household Representative Rates (Household Formation)

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

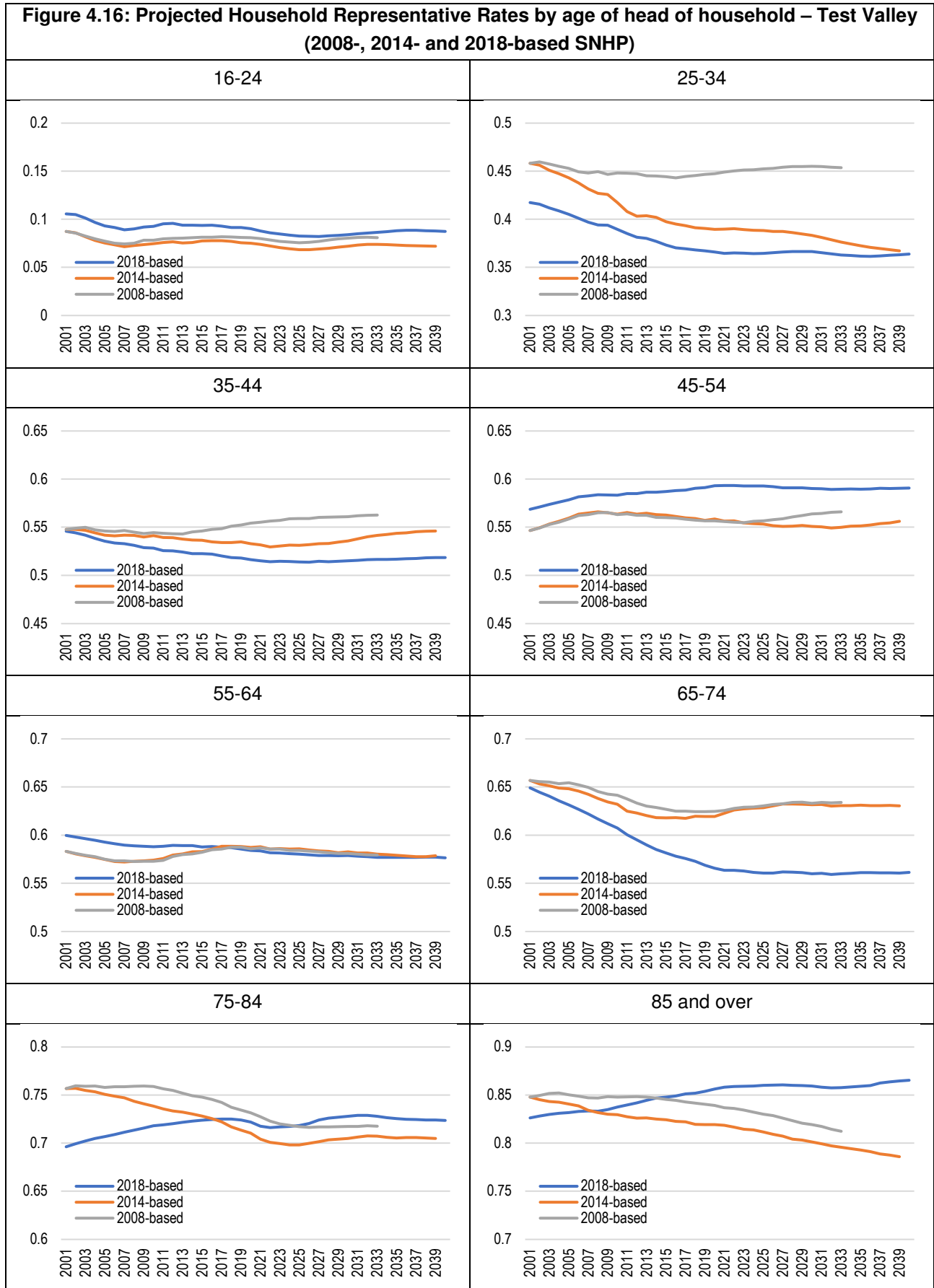
4.35 As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a ‘part-return-to-trend’ analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections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

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

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

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

4.38 The part-return to trend (2014-PRT) is also considered to be a reasonably robust set of figures, taking account of an apparent suppression in the formation of households from the population aged under 45 (and particularly those aged 25-34).



Source: Derived from ONS and MHCLG data

## Household Growth

- 4.39 The table below shows estimates of household growth with the various HRRs and an estimate of the number of additional dwellings this might equate to. The figures link to population growth in the 2018-based SNPP (alternative internal migration variant).
- 4.40 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.
- 4.41 The analysis shows an overall housing need for 371 dwellings per annum (dpa) across the Borough when using the 2018-based SNHP as the underlying household projection. With 2014-HRRs the estimated need figure is very slightly lower (359 dpa) and this figure increases to 405 dpa with an adjustment to the formation rates of the younger population.

**Figure 4.17: Projected housing need – range of household representative rate assumptions – Test Valley (linked to 2018-based SNPP)**

	Households 2020	Households 2040	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	52,324	59,523	7,200	360	371
2014-HRRs	53,042	60,009	6,967	348	359
2014-PRT	53,042	60,902	7,861	393	405

Source: Demographic projections

- 4.42 One observation from the figures above is that the projections suggest around 52,300-53,000 households in 2020 and it is worth investigating if this figure is correct. As of the 2011 Census, there were 47,626 households in the Borough; in the period to 2020, 7,071 net additional dwellings have been provided in the Borough whilst there is no firm evidence of any notable changes in the number of vacant homes. On this basis, it seems likely that the number of households in 2020 is approximately 54,697, a figure slightly higher than projections when linking to the 2014-based HRRs.
- 4.43 This would imply that from 2011 to 2021 the HRRs have typically been above those suggested in the 2014-SNHP and it is possible that further increases might continue in the future (positive increases have been modelled under the 2014-PRT scenario). A model has therefore been developed that adjusts the HRRs so as to produce 54,697 households in 2020 and tracking the 2014-PRT scenario thereafter.

## Developing a Projection linking to 541 dwellings per annum

- 4.44 Earlier in this report it has been noted that based on the Standard Method, there is a requirement to provide 10,820 homes in the 2020-40 period at an average rate of 541 dwellings per annum. It can be seen from the analysis above, that even with the fairly positive HRRs seen in Test Valley there would not be the level of household growth required to fill this number of homes. Therefore, a final scenario has been developed which increases migration to the Borough such that there is sufficient population for 541 additional homes each year.
- 4.45 In summary, an approach has therefore been developed that increases migration to project how population and household structures might change with delivery of 10,820 homes (2020-40). This approach is consistent with that set out in the PPG (2a-006).
- 4.46 Within the modelling, migration assumptions have been changed so that across the Borough the increase in households matches the housing need (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP (alternative internal migration variant) with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary the method includes the following assumptions:
- Base population in 2020 from the latest mid-year population estimates;
  - Household representative rates from the 2014-based SNHP with an adjustment in younger age groups; and
  - The migration profile (by age and sex) in the same proportions as the 2018-based SNPP (alternative internal migration variant)
- 4.47 In developing this projection, a higher level of population growth is derived (19,000 additional people compared with 12,800 in the SNPP as published). The age structure of the two projections is also slightly different, with the projection linked to 541 dpa showing stronger growth in what might be considered as 'working-age' groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children).
- 4.48 The table below summarises this information into three broad age bands. This confirms that increases in the older person population are projected to be the most significant, but does also show that the increase in the population aged 16-64 is higher than is projected by the official projections. The 2018-based SNPP suggest an increase of just over 1,200 people aged 16-64 (2020-40), whereas the projection linking to 541 dpa increases this notably – to a figure of around 5,000 people).

<b>Figure 4.18: Population change 2020 to 2040 by broad age bands – Test Valley (linked to delivery of 541 dwellings per annum)</b>				
	2020	2040	Change in population	% change from 2020
Under 16	23,935	25,865	1,930	8.1%
16-64	75,350	80,373	5,023	6.7%
65 and over	27,878	39,894	12,016	43.1%
Total	127,163	146,132	18,969	14.9%

Source: Demographic Projections

4.49 In the remainder of this report, some of the analysis makes reference to this projection – i.e. linking to 541 dwellings per annum.

### The Link between Housing and Economic Growth

4.50 Before the Standard Method, and under the previous PPG, it was conventional for assessments such as this to consider the link between housing and economic growth. This generally took the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. Whilst this step is not necessary for the purposes of Standard Method, it is of interest to estimate what level of job growth the projections might support.

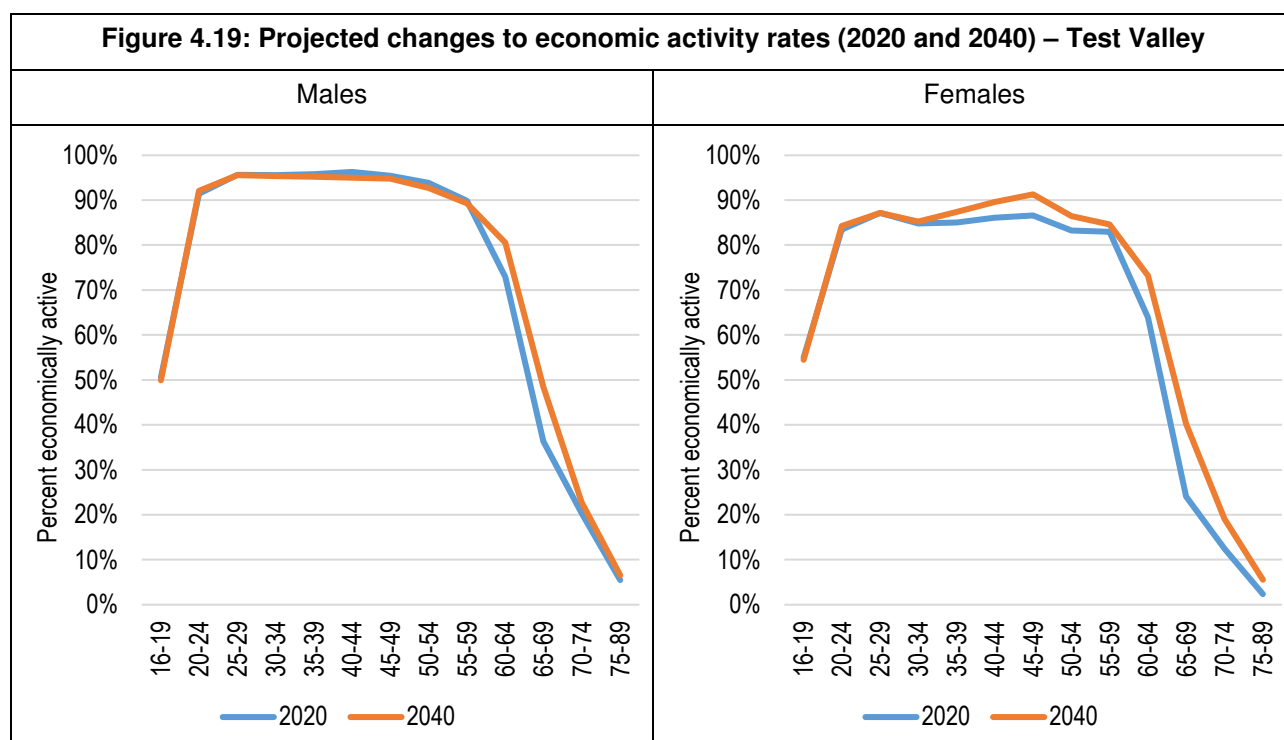
4.51 To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply)
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment.
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

#### Growth in Resident Labour-Supply

4.52 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

4.53 The figure and table below show the assumptions made (for Test Valley). The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).



Source: Based on OBR and Census (2011) data

**Figure 4.20: Projected changes to economic activity rates (2020 and 2040) – Test Valley**

	Males			Females		
	2020	2040	Change	2020	2040	Change
16-19	50.5%	49.9%	-0.6%	55.0%	54.4%	-0.5%
20-24	91.4%	92.1%	0.7%	83.5%	84.3%	0.8%
25-29	95.6%	95.6%	0.0%	87.2%	87.2%	0.0%
30-34	95.6%	95.4%	-0.2%	84.8%	85.3%	0.4%
35-39	95.8%	95.2%	-0.6%	85.0%	87.3%	2.3%
40-44	96.3%	95.0%	-1.3%	86.1%	89.6%	3.4%
45-49	95.4%	94.8%	-0.6%	86.6%	91.3%	4.7%
50-54	93.9%	92.7%	-1.2%	83.2%	86.4%	3.2%
55-59	89.8%	89.3%	-0.5%	83.0%	84.6%	1.6%
60-64	72.9%	80.5%	7.6%	63.9%	73.2%	9.3%
65-69	36.3%	48.4%	12.1%	24.1%	40.2%	16.1%
70-74	20.3%	22.7%	2.4%	12.4%	19.1%	6.6%
75-89	5.5%	6.6%	1.1%	2.4%	5.6%	3.2%

Source: Based on OBR and Census (2011) data

4.54 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the Borough – this is set out in the table below. The analysis shows that with the SNPP there would be an estimated increase in the economically active population of around 5,000 people (a 7% increase over 20-years). With the higher population growth associated with the Standard Method this number increases (an increase of 8,500 economically active people, a 13% increase over 20-years).

<b>Figure 4.21: Estimated change to the economically active population (2020-40) – Test Valley</b>				
	Economically active (2020)	Economically active (2040)	Total change in economically active	% change
2018-SNPP	67,533	72,545	5,013	7.4%
Standard Method	67,642	76,125	8,483	12.5%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

4.55 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

4.56 The table below shows summary data about commuting to and from Test Valley from the 2011 Census. Overall, the data shows that the Borough sees a small level of net out-commuting for work with the number of people resident in the area who are working being about 3.5% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

<b>Figure 4.22: Commuting patterns in Test Valley</b>	
	Number of people
Live and work in Local Authority (LA)	23,013
Home workers	7,563
No fixed workplace	4,473
In-commute	22,985
Out-commute	24,993
Total working in LA	58,034
Total living in LA (and working)	60,042
Commuting ratio	1.035

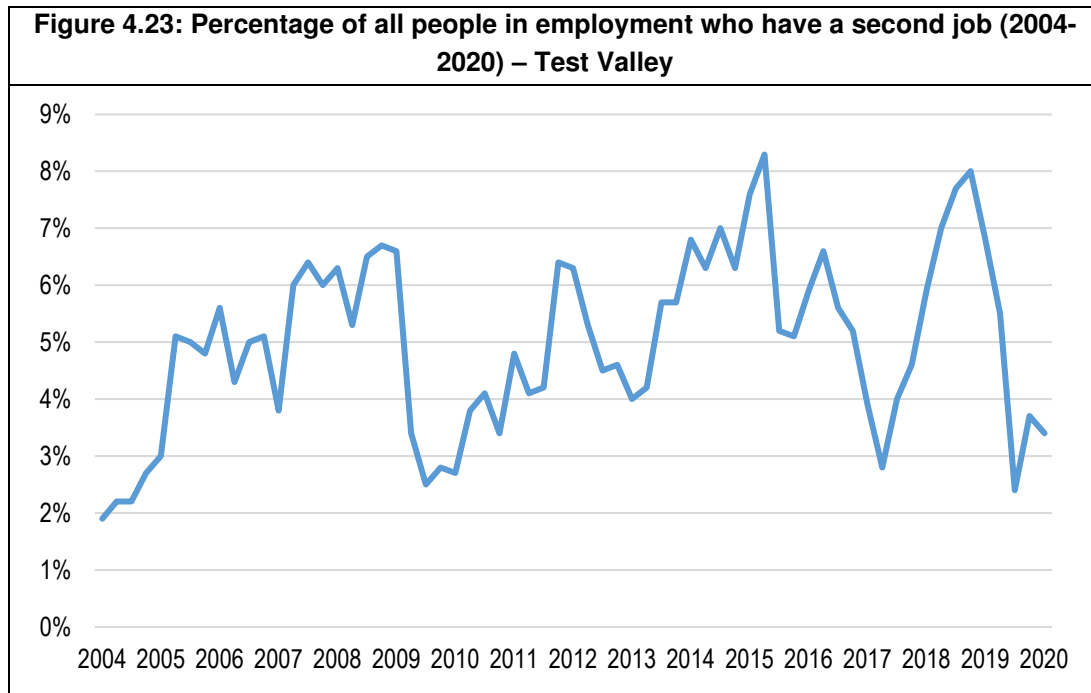
Source: 2011 Census



- 4.57 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the Borough is equal to the number of people living in the Borough who are working). This sensitivity is useful to understand the implications for housing as to continue to assume net out-commuting would arguably mean that other authorities (outside of Test Valley) would be providing jobs but not housing for people taking up those jobs. The 1:1 ratio is also useful in the context of Covid-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future.

#### Double Jobbing

- 4.58 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the Borough that typically between about 5.0% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

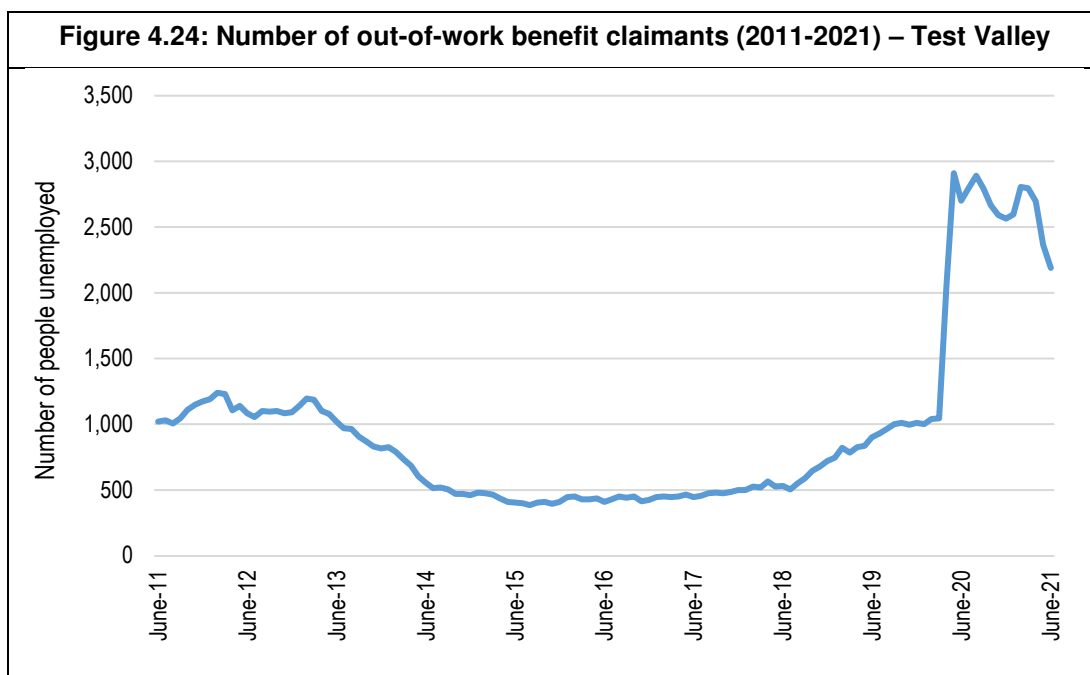


Source: Annual Population Survey (from NOMIS)

- 4.59 For the purposes of this assessment it has been assumed that around 5.0% of people will have more than one job moving forward. A double jobbing figure of 5.0% gives rise to a ratio of 0.95 (i.e. the number of jobs supported by the workforce will be around 5.0% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

Unemployment

- 4.60 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers, particularly as the impact of the ending of the furlough scheme are unknown.
- 4.61 The figure below looks at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment as not all those unemployed will be a claimant, but it will certainly help to provide an indication; claimant count data is available up to June 2021 with the data below showing a trend for the previous decade.
- 4.62 The analysis shows a clear increase in the number of claimants (presumably as a result of the pandemic) – rising from around 1,000 to over 2,500 over the most recent months for which data is available (dropping slightly in the latest period for which data is provided). For the purposes of modelling, no adjustments are made for the increased unemployment. Essentially, the modelling assumes that job losses as a result of the pandemic will be recovered by the end of the projection period in 2040.



Source: NOMIS

Jobs Supported by Growth in the Resident Labour Force

- 4.63 The table below shows how many additional jobs might be supported by population growth under the 2018-SNPP and the Standard Method. Given current commuting patterns and estimates about double jobbing, it is estimated that around 5,100 additional jobs could be supported by the changes to the resident labour supply in the SNPP; a higher number of jobs could be supported if the analysis assumes a 1:1 commuting ratio. Under the Standard Method the number of jobs potentially supported is higher, in the range of 8,600-8,900 depending on the commuting assumptions. These figures exclude any additional jobs resulting from people returning to work following the pandemic.

<b>Figure 4.25: Jobs supported by demographic projections (2020-40) – Test Valley</b>				
		Total change in economically active	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
2018-SNPP	Census commuting	5,013	4,845	5,100
	1:1 commuting	5,013	5,013	5,276
Standard Method	Census commuting	8,483	8,199	8,630
	1:1 commuting	8,483	8,483	8,929

Source: Derived from a range of sources as described

### Demographic Trends and Projections: Key Messages

- Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.
- The Borough has a slightly older age structure than seen regionally or nationally, with 22% of the population estimated to be aged 65 and over in 2020 (compared to a national average of 19%). The Southern Test Valley Rural sub-area sees a particularly old population (28% aged 65+), with Andover having a much younger population structure (18% aged 65+).
- Past population growth in Test Valley has been relatively strong, over the past 9-years (since 2011) the population of the Borough has grown by 9% - compared with a 6.5% increase nationally over the same period. Population growth is largely driven by net internal migration (moves from one part of the country to another) with the Borough seeing a declining level of natural change (i.e. births minus deaths).
- The relatively high level of population growth can also be seen in ONS projections (which are trend based), with the 2018-based version showing higher projected changes in Test Valley than other areas (including the County and region). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for 87% of all projected population change (2020-40).
- Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Data about HRRs is taken from ONS household projections.
- In analysing data about HRRs, it was considered that the latest (2018-based) version potentially build in some degree of suppression of household formation in younger age groups. Analysis was therefore provided linking to an older (2014-based) SNHP (with a further adjustment to younger age groups) – this was to provide projections reflecting the potential for younger households to access the housing market.
- Using the information from the published SNPP and SNHP a bespoke projection has been developed that links to the standard method dwelling provision of 541 dwellings per annum (dpa) – this considers the level of population growth and household formation that might be expected if this delivery is achieved (in the 2020-40 period). This projection is then used for some further analysis (e.g. in looking at older persons' needs (as the projection contains a detailed age structure)).
- This bespoke projection suggests that population growth might be expected to be higher than suggested in the latest official projections and that the age structure changes will proportionally include more people aged under 65. Overall, in the 2020-40 period, delivery of 541 dpa is projected to see an increase in population of 15% (19,000 more people) compared with a 10% increase (12,800) in the 2018-based SNPP. Most of the difference is accounted for by a projected uplift in the number of people aged 16-64 (and children).
- Linking population growth to potential changes to the number of economically active residents it is projected that population growth under the Standard Method could potentially support between 8,600 and 8,900 additional jobs (2020-40) – this is up to 446 jobs per annum.

## 5. Affordable Housing Need

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### Introduction

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

### Methodology Overview

- 5.4 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks a need for *'affordable housing for rent'* as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on a range of data modelled from local information – this figure is then annualised so as to meet the current need over a period of time;
  - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
  - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and
  - **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.
- 5.5 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.
- 5.6 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

- 5.7 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that “*cannot afford their own homes, either to rent, or to own, where that is their aspiration*” as having an affordable housing need.
- 5.8 This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 10-15 years. PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.
- 5.9 For some of the analysis in this section it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment – see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey).
- 5.10 Additionally, information drawn from local surveys previously undertaken by JGC across the country have been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have a need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector.
- 5.11 This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted through a range of Local Plan Examinations over the past five or more years. Our analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).
- 5.12 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

## Local Prices and Rents

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

- 5.14 The 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 ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- 5.15 Data from the Land Registry for the year to March 2021 shows estimated lower quartile property prices in the Borough by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £143,000 for a second-hand flat and rising to nearly £400,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £250,000 (existing dwellings).
- 5.16 The analysis is also split between newly-built and existing dwelling which typically shows higher prices for new homes although the newbuild price for detached homes is lower than existing properties. The lower price for detached newbuild could be in part due to the specific locations and type of development in the year studied and could also reflect a premium on older 'period' homes. However, overall the analysis does point to there generally being a newbuild premium in the Borough (as there is nationally). For the purposes of analysis in this section, the main focus is on the pricing of existing homes within the Borough.

**Figure 5.1: Lower quartile cost of housing to buy – year to March 2021 – Test Valley**

	Existing dwellings	Newly-built dwellings	All dwellings
Flat/maisonette	£143,000	£154,000	£144,000
Terraced	£210,000	£259,000	£211,000
Semi-detached	£266,000	£271,000	£266,000
Detached	£395,000	£318,000	£385,000
All dwellings	£250,000	£284,000	£252,000

Source: Land Registry

- 5.17 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £140,000 for a 1-bedroom home, rising to £500,000 for homes with 4-bedrooms. To some extent the prices should be seen as indicative, in particular the supply of 1-bedroom homes to buy was quite small.

**Figure 5.2: Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2021 – Test Valley**

	Lower quartile price
1-bedroom	£140,000
2-bedrooms	£190,000
3-bedrooms	£300,000
4-bedrooms	£500,000
All Dwellings	£250,000

Source: Land Registry and Internet Price Search

- 5.18 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March. 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 £825 per month.

	Lower Quartile rent, pcm
Room only	-
Studio	£475
1-bedroom	£675
2-bedrooms	£825
3-bedrooms	£973
4-bedrooms	£1,350
All properties	£825

Source: ONS

- 5.19 The rental figures above have been taken from ONS data; it is however of interest for this study to see how these vary by location. The table below shows an estimate of the overall lower quartile private rent in each of the sub-areas; this is based on analysis of Rightmove data on available lettings which has then been adjusted to be consistent with the data from ONS. In some areas there was limited evidence of any significant supply from the Rightmove source and so the estimates have been supplemented by analysis of the relative cost of housing (looking at purchases prices) and also an understanding of the profile of stock in the private rented sector (drawn from Census data). The overall lower quartile purchase price has also been shown (drawn directly from the Land Registry source – but also taking account of data over the last five years to help provide an estimate in smaller areas).
- 5.20 The analysis shows some variation in prices and rents, although it should be confirmed that in smaller areas a best estimate has been provided. Prices (and indeed rents) are estimated to be lowest in Andover, with highest prices being seen in the Southern Test Valley Rural area. To some extent the overall averages are influenced by the mix of housing in each area, and this should be borne in mind when interpreting the figures.

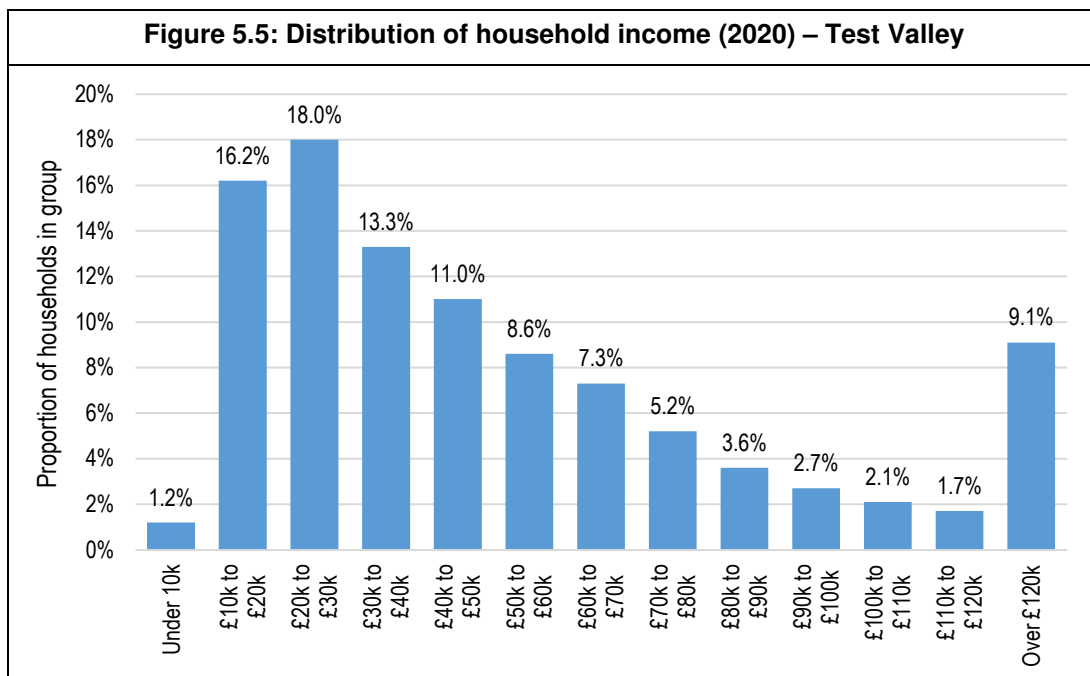
	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Andover	£200,000	£695
Northern TV Rural	£280,000	£945
Romsey & South East	£275,000	£840
Southern TV Rural	£430,000	£1,200
All properties	£250,000	£825

Source: Internet private rental cost search and Land Registry



## Household Incomes

- 5.21 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.
- 5.22 Drawing all of this data together an income distribution for the whole Borough has been constructed for 2020. The figure below shows that around a fifth 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 £54,100, with a median income of £41,000; the lower quartile income of all households is estimated to be £23,700.



Source: Derived from a range of data as discussed

- 5.23 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each area, the table also shows the variance in incomes from the Borough average. There is some variation in the estimated incomes by area, median figures ranging from £37,400 in Andover, up to £43,800 in Northern Test Valley Rural – the three areas outside Andover all showed broadly similar income levels.

<b>Figure 5.6: Estimated average (median) household income by sub-area (mid-2020 estimate)</b>		
	Median income	As a % of the Borough average
Andover	£37,400	91%
Northern TV Rural	£43,800	107%
Romsey & South East	£42,900	105%
Southern TV Rural	£42,200	103%
All households	£41,000	-

Source: Derived from a range of data as discussed

## Affordability Thresholds

- 5.24 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).
- 5.25 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. MHCLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used depending on local housing costs.
- 5.26 At £825 per calendar month, lower quartile rent levels in Test Valley are fairly high in comparison to those seen nationally (a lower quartile rent of £565 for England in the year to March 2021). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £825 pcm rent this would imply a gross household income of about £33,000 (and in net terms the rent would likely be approaching 40% of income).
- 5.27 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- 5.28 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.

- 5.29 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- 5.30 The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable 'gap' in all areas of the Borough (particularly locations with higher house prices and most notably the Southern Test Valley Rural area). The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

<b>Figure 5.7: Estimated Household Income Required to Buy and Privately Rent by sub-area</b>			
	To buy	To rent (privately)	Income gap
Andover	£40,000	£27,800	£12,200
Northern TV Rural	£56,000	£37,800	£18,200
Romsey & South East	£55,000	£33,600	£21,400
Southern TV Rural	£86,000	£48,000	£38,000
Borough-wide	£50,000	£33,000	£17,000

Source: Based on Housing Market Cost Analysis

## Need for Social/Affordable Rented Housing

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

### Current Need

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

<b>Figure 5.8: Main sources for assessing the current unmet need for affordable housing</b>		
	Source	Notes
Homeless households (those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

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

5.34 The table below shows the initial estimate of the number of households within the study area with a current housing need. These figures are before any ‘affordability test’ has been applied to assess the ability of households to meet their own housing needs; and has been termed ‘the number of households in unsuitable housing’. Overall, the analysis estimates that there are currently some 3,200 households living in unsuitable housing (or without housing).

<b>Figure 5.9: Estimated Number of Households Living in Unsuitable Housing</b>					
	Homeless/ concealed households	Households in over- crowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
Andover	194	751	77	355	1,377
Northern TV Rural	100	178	30	246	553
Romsey & South East	178	378	36	347	940
Southern TV Rural	67	107	12	111	298
All households	539	1,413	155	1,060	3,167

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 5.35 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.
- 5.36 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 allocated affordable housing (student needs are essentially assumed to be transient). In Test Valley student numbers do not really have any notable impact on the modelling (reducing the assessed need by just one household in total). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 5.37 The table below shows it is estimated that there are around 1,770 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

<b>Figure 5.10: Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (Test Valley)</b>		
	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	738	74
Affordable housing	734	0
Private rented	1,156	1,155
No housing (homeless/concealed)	539	539
Total	3,167	1,768

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 5.38 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 5.39 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).
- 5.40 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).

5.41 Overall, over half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is around 1,000 households in the Borough. The table below also shows how this is estimated to vary by sub-area.

<b>Figure 5.11: Estimated Current Affordable Housing Need (for social/affordable rented housing)</b>			
	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Andover	735	51.1%	376
Northern TV Rural	344	58.7%	202
Romsey & South East	516	56.4%	291
Southern TV Rural	173	72.9%	126
All households	1,768	56.3%	995

Source: MHCLG Live Tables, Census 2011 and Data Modelling

5.42 The estimated figure shown above (995) represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2020 to 2040, the need is annualised by dividing by 20 (to give an annual need for 50 dwellings across all areas). This does not mean that some households would be expected to wait 20-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

## Newly Forming Households

5.43 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.

5.44 The number of newly-forming households is 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.

5.45 The number of newly forming households has been estimated through demographic modelling (linked to 2018-based SNPP and 2014-based SNHP). This is considered to provide the best view about trend-based household formation.

5.46 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across a range of areas where JGC have undertaken surveys and is also consistent with analysis of English Housing Survey data at a national level.

- 5.47 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.
- 5.48 The assessment suggests overall that around half of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 453 newly forming households will have a need per annum on average – the table below provides a breakdown by sub-area.

<b>Figure 5.12: Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)</b>			
	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Andover	343	44.0%	151
Northern TV Rural	208	51.4%	107
Romsey & South East	319	46.5%	148
Southern TV Rural	73	64.6%	47
All households	942	48.0%	453

Source: Projection Modelling/Affordability Analysis

#### Existing Households Falling into Affordable Housing Need

- 5.49 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 5.50 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)*'.
- 5.51 Following the analysis through suggests a need arising from 116 existing households each year. The table below breaks this down by sub-area.

<b>Figure 5.13: Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)</b>		
	Total additional need	% of total
Andover	56	48.2%
Northern TV Rural	23	19.7%
Romsey & South East	27	23.3%
Southern TV Rural	10	8.9%
All households	116	100.0%

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

#### Supply of Social/Affordable Rented Housing Through Relets

- 5.52 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 5.53 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 5.54 On the basis of past trend data it has been estimated that 182 units of social/affordable rented housing are likely to become available each year moving forward for occupation by newly forming households and existing households falling into need from other tenures.

<b>Figure 5.14: Analysis of Past Social/Affordable Rented Housing Supply, 2017/18 – 2019/20 (per annum) – Test Valley</b>					
	Total lettings	% as non-new build	lettings in existing stock	% non-transfers	Lettings to new tenants
2017/18	373	76.4%	285	59.8%	170
2018/19	403	77.9%	314	54.1%	170
2019/20	556	74.5%	414	49.8%	206
Average	444	76.1%	338	53.9%	182

Source: CoRe/LAHS

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



	Annual supply	% of supply
Andover	90	49.7%
Northern TV Rural	35	19.0%
Romsey & South East	43	23.4%
Southern TV Rural	14	7.9%
All lettings	182	100.0%

Source: CoRe/LAHS/Census (2011)

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

#### Net Need for Social/Affordable Rented Housing

- 5.57 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 437 dwellings per annum to be provided with an affordable need being seen in all sub-areas within the Borough. The net need is calculated as follows:

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

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Andover	19	151	56	225	90	135
Northern TV Rural	10	107	23	140	35	105
Romsey & South East	15	148	27	190	43	147
Southern TV Rural	6	47	10	64	14	49
Borough-wide	50	453	116	619	182	437

Source: Range of sources as discussed

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

## Comparison with previous Assessment of Affordable Need

- 5.59 It is worthwhile to briefly make a comparison between the findings in this report and the last assessment of affordable housing need. The last full assessment was undertaken in the 2013 SHMA (published January 2014) with data being drawn from Figure 7.20 of that report. Whilst this study and the previous SHMA update both followed the same broad methodology (linked to Planning Practice Guidance) there are some differences that need to be noted.
- 5.60 Firstly, the 2013 study looked at meeting the current need over an 18-year period rather than the 20-years assumed in this assessment and secondly, the 2013 study included a small allowance for resales of intermediate housing (e.g. shared ownership) – these are included as part of the assessment of the need for affordable home ownership for the purposes of this report. However, the main difference is that this study has excluded supply of supported housing (this largely being dealt with when looking at the needs for particular groups (e.g. older persons)).
- 5.61 Overall, the analysis shows a higher affordable need in this assessment compared with previous work – a need for 437 dwellings per annum, compared with 292. The difference is driven by a lower level of relet supply in this study although it is notable that this study also estimates a higher level of gross need (i.e. need before account is taken of the supply). Regardless of any changes to the need estimate, both studies show a substantial need for additional affordable housing, and the Council should seek to provide such accommodation where opportunities arise.

	This study	2013 SHMA
Current need	50	30
Newly forming households	453	379
Existing households falling into need	116	178
Total Gross Need	619	586
Relet Supply	182	294
Net Need	437	292

Source: This study and 2013 SHMA (Figure 7.20)

## The Relationship Between Affordable Need and Overall Housing Need

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

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

- 5.63 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.
- 5.64 Firstly, the modelling contains a category in the projection of '*existing households falling into need*'; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains '*newly forming households*'; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.
- 5.65 This just leaves the '*current need*'; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.
- 5.66 The analysis for Test Valley estimates an annual need for 437 rented affordable homes, which is notionally 81% of the minimum Local Housing Need of 541 dwellings per annum. However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 5.67 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 292 homes per annum. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.
- 5.68 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 22 per annum shown below is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a demographic start point to an estimate of housing need using the Standard Method.

<b>Figure 5.18: Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Test Valley</b>		
	Excluding existing households	Including existing households
Current need	22	50
Newly forming households	453	453
Existing households falling into need	0	116
Total Gross Need	474	619
Re-let Supply	182	182
Net Need	292	437

Source: Range of data sources as described

- 5.69 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would ‘fall out of need’ and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household’s income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.
- 5.70 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the increasing role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.
- 5.71 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main ‘full market’ PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their “homelessness duty” through providing an offer of a suitable property in the PRS.
- 5.72 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *‘Affordable housing: housing for sale or rent, for those whose needs are not met by the market’* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.

- 5.73 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of November 2020, it is estimated that there were nearly 2,100 benefit claimants in the private rented sector in the Borough (Housing Benefit and Universal Credit with a housing entitlement). From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.
- 5.74 The Local Plan is likely to support a significant increase in housing delivery compared with that needed to meet household projections; and through the application of its policies this can be expected to result in a similar significant increase in the delivery of affordable housing. This can be expected to reduce pressure on housing those in need in the PRS. Delivery of affordable housing through planning obligations is an important, but not the only means, of delivery affordable housing; for example the Council could also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites or through use of its own land assets.
- 5.75 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.
- 5.76 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. 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. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

### **Split Between Social and Affordable Rented Housing**

- 5.77 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.
- 5.78 An analysis has been undertaken to compare the income distribution of households with the cost of different products. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are less than both lower quartile and median market rents.

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£382	£486	£675	£700	72%	69%
2-bedrooms	£452	£626	£825	£895	76%	70%
3-bedrooms	£498	£705	£973	£1,050	72%	67%
4-bedrooms	£544	£863	£1,350	£1,550	64%	56%
All	£453	£621	£825	£940	75%	66%

Source: RSH and ONS

5.79 For the affordability test, the overall average rent for each product has been used and some caution should be noted as the different profile of tenures clearly has some impact on housing costs. The table below suggests that around 32% of households who cannot afford to rent privately could afford an affordable rent, with a further 35% being able to afford a social rent (but not an affordable one). A total of 33% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

	% of households able to afford
Afford affordable rent	32%
Afford social rent	35%
Need benefit support	33%
All unable to afford market	100%

Source: Affordability analysis

5.80 The finding that only 32% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.

5.81 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

- 5.82 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.

### **Establishing a Need for Affordable Home Ownership**

- 5.83 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 5.84 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

#### Gross Need for Affordable Home Ownership

- 5.85 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the study area – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.
- 5.86 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 33% already have sufficient income to buy a lower quartile home, with 21% falling in the rent/buy 'gap'. The final 46% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 5.87 The table below shows an estimate of the proportion of households living in the private rented sector who are able to afford different housing products by sub-area. This shows a higher proportion of households in the rent/buy gap in Romsey & South East and Southern Test Valley Rural sub-areas, with the lowest figure being seen in Andover.

<b>Figure 5.21: Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing</b>			
	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Andover	40%	18%	42%
Northern TV Rural	32%	19%	49%
Romsey & South East	32%	24%	44%
Southern TV Rural	14%	24%	62%
All households	33%	21%	46%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 5.88 The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 5.89 To study current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 6,100 households living in the sector across the Borough. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to the Borough then the number of households in the sector would now be around 7,300.
- 5.90 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (4,400 households if applied to the study area) and of these some 40% (1,750 households) would expect this to happen in the next 2-years. The figure of 1,750 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 5.91 As noted above, on the basis of income it is estimated that around 21% of the private rented sector sit in the gap between renting and buying (depending on location). Applying this proportion to the 1,750 figure would suggest a current need for around 360 affordable home ownership units (18 per annum if annualised over a 20-year period).
- 5.92 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 220 dwellings (193 from newly forming households and 27 from existing households in the private rented sector).
- 5.93 Bringing together the above analysis suggests that there is a need for around 238 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum. This is before any assessment of the potential supply of housing is considered.



<b>Figure 5.22: Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)</b>				
	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Andover	6	61	9	75
Northern TV Rural	4	40	6	50
Romsey & South East	6	77	9	92
Southern TV Rural	2	16	3	21
All households	18	193	27	238

Source: Range of sources as discussed

#### Potential Supply of Housing to Meet the Affordable Home Ownership Need

- 5.94 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.
- 5.95 The main source is likely to be resales of products such as shared ownership and an analysis of CoRe data about resales of affordable housing shows an average of around 22 resales per annum (based on data for the 2016-19 period). These properties would also potentially be available for these households and can be included as the potential supply.
- 5.96 The table below therefore shows an estimate of the net need for affordable home ownership. This suggests a need for around 215 dwellings per annum, with a need being shown in all areas. As with the need for rented affordable housing, it should be remembered that affordable need can be met across the Borough as and when opportunities arise, and so specific sub-area data should not be treated as a local target.

<b>Figure 5.23: Estimated Need for Affordable Home Ownership by sub-area (per annum)</b>			
	Total Gross Need	LCHO supply	Net need
Andover	75	7	67
Northern TV Rural	50	7	43
Romsey & South East	92	5	86
Southern TV Rural	21	3	19
TOTAL	238	22	215

Source: Range of sources as discussed

An Alternative view of the Supply of Affordable Home Ownership Properties

- 5.97 The analysis above has looked at the supply of resales of affordable housing. However, it should be noted that the analysis to consider need looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, there were a total of 1,363 resales (i.e. excluding newly-built homes) in the last year (year to March 2021) and therefore around 341 would be priced below the lower quartile. This is 341 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is in excess of the level of need calculated.
- 5.98 If a further supply of 341 dwellings per annum were taken from the estimated need (215 per annum) then it would be suggested that there is actually a surplus of affordable home ownership properties (of around 126 per annum). This figure should be treated as theoretical, not least because it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone is able to buy a home as long as they can afford it and it is possible that a number of lower quartile homes would be sold to households able to afford more, or potentially to investment buyers). However, it is clear that looking at a wider definition of supply does make it difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

Implications of the Analysis

- 5.99 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only considering supply from resales of affordable housing (notably shared ownership). If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.
- 5.100 Regardless, it does seem that there are many households in Test Valley who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 56% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 14%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 5.101 On this basis, and as previously noted, it seems likely in Test Valley that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy. This is an important point to note as it could also impact on sales of First Homes – if deposits, stamp duty, legal costs etc. are barriers then this will be an issue for First Homes as well as any other low cost home ownership product.

- 5.102 The NPPF gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with the Council being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).
- 5.103 Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.
- 5.104 The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authority has a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 5.105 There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.
- 5.106 In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

### **How Much Should Affordable Home Ownership Homes Cost?**

- 5.107 The analysis and discussion above suggest that there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Council is likely to need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).
- 5.108 The analysis below focusses on the cost of discounted market sale (which would include) First Homes to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.

- 5.109 The reason for the analysis to follow is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (focussing on First Homes)

- 5.110 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance in relation to this report are set out below:

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

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

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

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

5.112 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in the Borough is £825 per month;
- On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £2,750 per month to afford ( $825/0.3$ ) or £33,000 per annum (rounded);
- With an income of £33,000, it is estimated that a household could afford to buy a home for around £165,000. This is based on assuming a 10% deposit and a four and a half times mortgage multiple – calculated as  $33,000 \times 4.5/0.9$ .

5.113 Therefore, £165,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however setting all homes at a higher price would mean that some households will still be unable to afford.

5.114 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £190,000, giving a midpoint of £177,500). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

5.115 The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes in the Borough. The table also shows an estimated Open Market Value (OMV) and the level of discount likely to be required to achieve affordability. The OMV is based on taking the estimated lower quartile price by size and adding 15% (which is the typically newbuild premium seen nationally). It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £300,000 (rather than the modelled £218,500) then the discount would be in the range of 40% and 45%. Indeed, specifically regarding 2-bedroom homes the Council noted that recent completions have typically been at higher prices than assumed in this analysis.

5.116 On the basis of the specific assumptions used, the analysis points to a discount of around 30% for 2-bedroom homes and a figure of around 40% for larger (3+-bedroom) properties. Given that a single discount figure is likely to be needed for plan making purposes it is suggested that a 30% discount is reasonable, with the expectation that most First Homes will be 2-bedroom. Given there is a cap of £250,000 on the purchase price, it seems unlikely that 4+-bedroom homes could be provided as First Homes.

**Figure 5.24: Affordable home ownership prices – data for year to March 2021**

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£135,000-£137,500	£161,000	15%-16%
2-bedrooms	£165,000-£177,500	£218,500	19%-24%
3-bedrooms	£194,600-£247,300	£345,000	28%-44%
4+-bedrooms	£270,000-£385,000	£575,000	33%-53%

Source: Derived from a range of sources as described

5.117 It should also be noted that the analysis above is for the whole of Test Valley Borough; the pricing of housing does vary across the area and therefore some small adjustments to the figures might be appropriate in some instances. That said, affordable needs can be met anywhere in the Borough (where opportunities arise) and so using an expectation of a Borough-wide affordability calculation should ensure affordable products on sites regardless of location.

#### Shared Ownership

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

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

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

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

5.121 The table below shows that to make shared ownership affordable, equity shares of around 40%-50% could work for 1- and 2-bedroom homes but that lower shares are likely to be required for larger homes. The analysis does suggest that it may be quite difficult to make shared ownership 'work' for larger (4+-bedroom homes) and that low equity shares may be needed for homes with 3-bedrooms.

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

	1-Bedroom	2-Bedrooms	3-Bedrooms	4+-Bedrooms
OMV	£161,000	£218,500	£345,000	£575,000
Share	52%	42%	22%	2%
Equity Bought	£83,720	£91,115	£74,210	£13,225
Mortgage Needed	£75,348	£82,003	£66,789	£11,903
Monthly Cost of Mortgage	£398	£433	£353	£63
Retained Equity	£77,280	£127,386	£270,791	£561,775
Monthly Rent on Retained Equity	£177	£292	£621	£1,287
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£675	£825	£973	£1,350

Source: Data based on Housing Market Cost Analysis

- 5.123 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 42% equity share for 2-bedroom homes, this is based on a specific set of assumptions. Were a scheme to come forward with a 42% share, but a total cost in excess of £825 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.
- 5.124 Again, the figures above are for the whole Borough and it is recognised that there will be variations across locations (and over time and for specific sites).

#### Rent to Buy

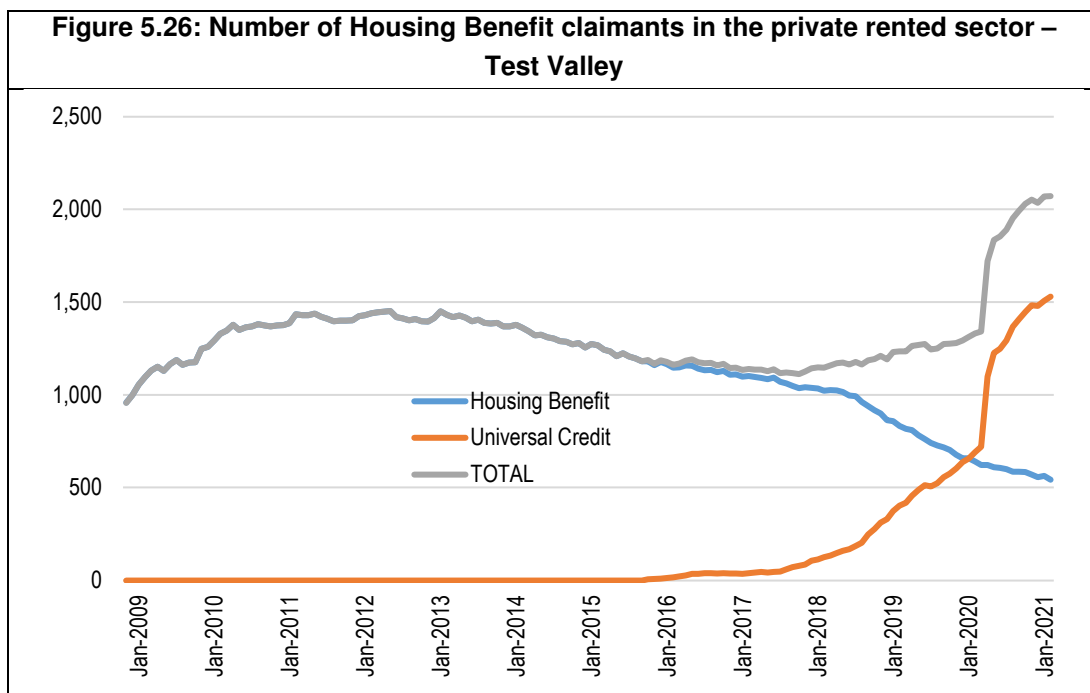
- 5.125 A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate).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

### **Implications of Covid-19**

- 5.128 Much of the data accessed and used in this report pre-dates the Covid-19 pandemic. Whilst it is currently too early to know what the full impact of Covid-19 will be on the housing market, it will be important for outcomes to be monitored and consideration given to any short- or long-term consequences for a range of groups. It does however seem likely that there will be a specific impact on the need for affordable housing particularly in the short-term and below is a short discussion of possible outcomes.



- 5.129 It seems almost inevitable that one impact of Covid-19 will be to see an increased need for affordable housing. Unemployment has been rising, and can be expected to rise further as the furlough scheme is reduced/removed. This will make it difficult for many households to afford their housing and would lead them to need to seek a housing solution through the local authority or Registered Providers.
- 5.130 There is already some evidence of the impact of Covid-19 on housing need, with data from the Department of Work and Pensions showing the number of Housing Benefit (or Universal Credit with a housing element) claimants in the private rented sector in Test Valley increased from about 1,300 at the start of 2020, up to over 2,000 by February 2020 – an increase of over 50%. This points to an impact of Covid-19 being to see increased pressure on affordable housing.



Source: Department of Work and Pensions

### **Affordable Housing Need: Key Messages**

- Analysis has been undertaken to estimate the need for affordable housing in the 2020-40 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership).
- When looking at rented needs, the analysis suggests a need for 437 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough.
- The analysis suggests that there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.
- When looking at the need for AHO products, the analysis also suggests a need across the Borough, albeit (at 215 dwellings per annum) the need is lower than for rented housing. In interpreting this figure, it should however be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a more limited need for AHO.
- Analysis does suggest that there are many households in Test Valley who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
- The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.
- In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
- PPG states that the Council may consider an uplift in the total housing figure to respond to affordable housing need. However, caution should be exercised in trying to make a direct link between affordable need and planned delivery. Many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else). It is also worth noting the substantial contribution the private rented sector makes towards meeting need for subsidised housing for rent.

**Affordable Housing Need: Key Messages (continued...)**

- Overall, however, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. 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.



## 6. Housing Mix

### Introduction

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

### Background data

6.2 The number of families in Test Valley (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 14,100 as of the 2011 Census, accounting for 30% of households; this proportion is similar to the County, regional and national average (all 29%).

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Test Valley	No.	8,875	1,655	2,586	974	33,536	47,626	14,090
	%	18.6%	3.5%	5.4%	2.0%	70.4%	100.0%	29.6%
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%

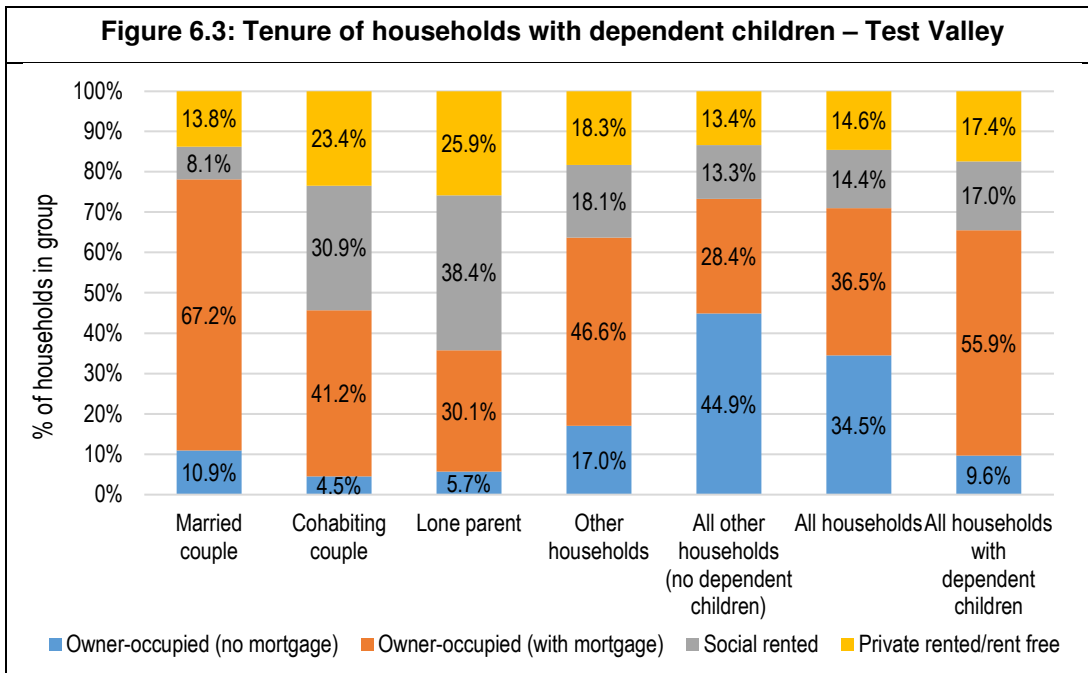
Source: Census (2011)

6.3 The table below shows the same information for sub-areas. The analysis shows relatively few family households in the Southern Test Valley Rural area and approaching a third of households in Andover; Andover also sees a higher proportion of lone parent households than other locations.

	Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Andover	16.9%	4.6%	7.4%	2.3%	68.8%	100.0%	31.2%
Northern TV Rural	21.0%	3.2%	3.6%	1.9%	70.2%	100.0%	29.8%
Romsey & South East	19.3%	2.6%	5.1%	1.8%	71.2%	100.0%	28.8%
Southern TV Rural	18.0%	3.0%	3.4%	2.0%	73.6%	100.0%	26.4%
TOTAL	18.6%	3.5%	5.4%	2.0%	70.4%	100.0%	29.6%

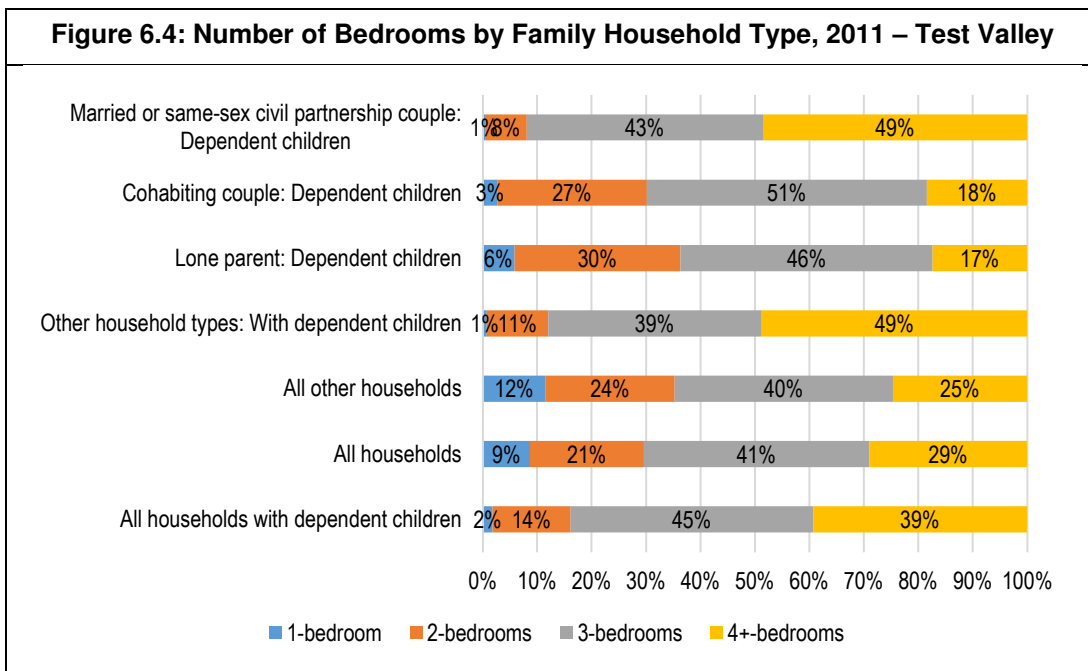
Source: Census (2011)

6.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only 36% of lone parent households are owner-occupiers compared with 78% of married couples with children.



Source: Census (2011)

6.5 The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the Borough, the tendency is for family households to occupy 3-bedroom housing with varying degrees of 2- and 4+-bedroom properties depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.



Source: 2011 Census

## The Mix of Housing

- 6.6 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 6.7 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed over the assessment period to 2040 (from 2020).
- 6.8 An important starting point is to understand the current balance of housing in the area. The table below profiles the sizes of homes in different tenure groups. When compared with regional data the main differences between Test Valley and the South East are a higher proportion of 4+-bedroom market homes (37% of all market accommodation in the Borough compared with 30%) and a low proportion of 1-bedroom homes in the private rented sector (14% of all homes in this tenure). The profile of the social rented sector is similar to that seen across other areas. Observations about the current mix feed into conclusions about future mix later in this section.

**Figure 6.5: Number of Bedrooms by Tenure, 2011**

		Test Valley	Hampshire	South East	England
Owner-occupied	1-bedroom	3%	4%	5%	4%
	2-bedrooms	16%	20%	22%	23%
	3-bedrooms	44%	45%	44%	48%
	4+-bedrooms	37%	32%	30%	25%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	30%	30%	32%	31%
	2-bedrooms	32%	34%	33%	34%
	3-bedrooms	33%	32%	31%	31%
	4+-bedrooms	4%	4%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	14%	18%	24%	23%
	2-bedrooms	33%	38%	37%	39%
	3-bedrooms	39%	33%	27%	28%
	4+-bedrooms	14%	11%	12%	10%
	Total	100%	100%	100%	100%

Source: 2011 Census

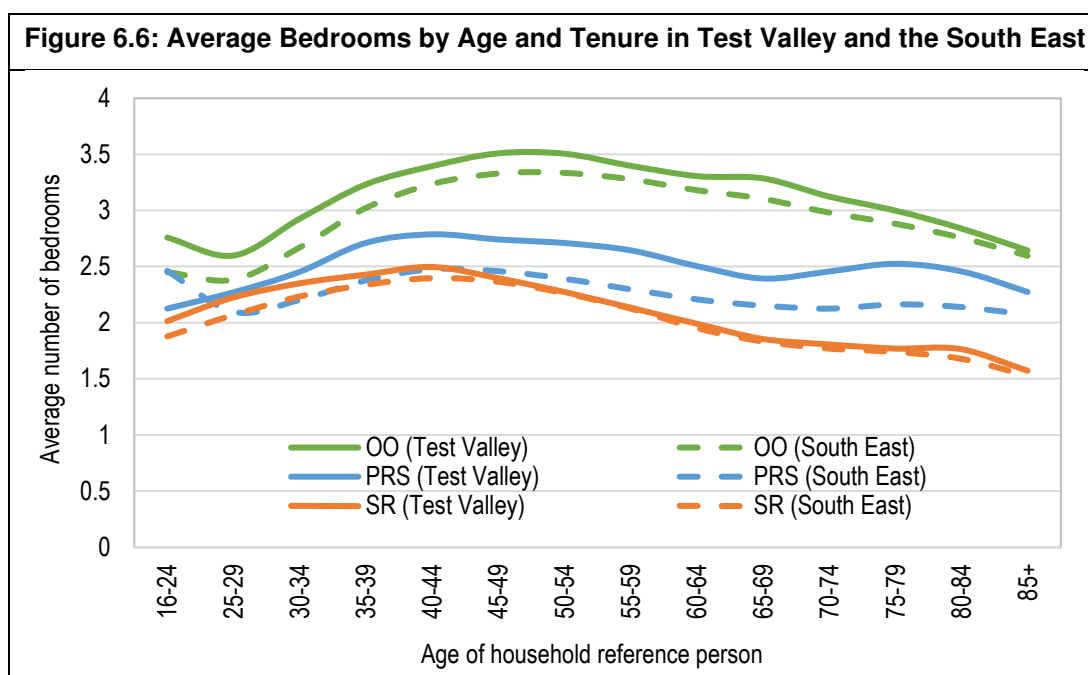
## Overview of Methodology

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

### Understanding how Households Occupy Homes

- 6.10 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 6.11 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.
- 6.12 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.
- 6.13 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 6.14 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 6.15 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Test Valley and the South East. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies some small differences between Test Valley and the region, with Test Valley typically having larger dwelling sizes, particularly in the market and private rented sectors.





Source: Derived from ONS Commissioned Table CT0621

- 6.16 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the South East region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.
- 6.17 The analysis has been used to derive outputs for three broad categories. These are:
- **market housing** – which is taken to follow the occupancy profiles in the owner-occupied sector
  - **affordable home ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
  - **rented affordable housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

## Changes to Households by Age

- 6.18 The tables below present the projected change in households by age of household reference person, this clearly shows particularly strong growth as being expected in older age groups (and to some extent some younger age groups e.g. those aged up to 44). The number of households headed by someone aged 50-59 is projected to drop over the period studied.

<b>Figure 6.7: Projected Change in Household by Age of HRP in Test Valley</b>				
	2020	2040	Change in Households	% Change
16-24	883	1,000	117	13.2%
25-29	2,227	2,719	492	22.1%
30-34	3,362	3,987	625	18.6%
35-39	4,036	4,556	521	12.9%
40-44	4,358	5,171	814	18.7%
45-49	5,080	5,300	221	4.3%
50-54	5,656	5,545	-110	-2.0%
55-59	5,542	5,061	-481	-8.7%
60-64	4,912	5,066	154	3.1%
65-69	4,336	5,455	1,119	25.8%
70-74	4,926	5,962	1,035	21.0%
75-79	3,760	5,510	1,750	46.5%
80-84	2,926	4,648	1,721	58.8%
85 & over	2,693	5,221	2,528	93.9%
Total	54,697	65,202	10,505	19.2%

Source: Demographic Projections

### Initial Modelled Outputs

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

<b>Figure 6.8: Size of Social/Affordable Rented Housing – Housing Register Information – Test Valley</b>		
	Number of households	% of households
1-bedroom	1,101	52.2%
2-bedrooms	601	28.5%
3-bedrooms	315	14.9%
4+-bedrooms	94	4.5%
Total	2,111	100.0%

Source: Local Authority Housing Statistics, 2020

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

<b>Figure 6.9: Modelled Mix of Housing by Size and Tenure in Test Valley (linked to local occupancy patterns)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	25%	44%	25%
Affordable home ownership	16%	34%	38%	12%
Affordable housing (rented)	35%	33%	29%	3%

Sources: Housing Market Model

<b>Figure 6.10: Modelled Mix of Housing by Size and Tenure in Test Valley (linked to regional occupancy patterns)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	30%	43%	20%
Affordable home ownership	25%	38%	27%	10%
Affordable housing (rented)	39%	31%	27%	3%

Sources: Housing Market Model

<b>Figure 6.11: Modelled Mix of Housing by Size and Tenure in Test Valley (combining methodologies)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	28%	44%	23%
Affordable home ownership	20%	36%	33%	11%
Affordable housing (rented)	37%	32%	28%	3%

Sources: Housing Market Model

## Adjustments for Under-Occupation and Overcrowding

- 6.22 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 6.23 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

6.24 The table below shows a cross-tabulation of a household’s occupancy rating and the number of bedrooms in their home (for owner-occupiers), in particular, this shows a higher number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were 29,655 households with some degree of under-occupation and just 331 overcrowded households. For clarity the occupancy rating figures used in the tables below are:

- +2 – household has two or more spare bedrooms;
- +1 – household has one spare bedroom;
- 0 – household has the same number of bedrooms as required for family members;
- -1 – household is overcrowded with one bedroom too few; and
- -2 – household is overcrowded with at least two bedroom too few.

<b>Figure 6.12: Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Test Valley</b>					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	8,961	10,230	19,191
+1	0	4,389	4,146	1,929	10,464
0	1,013	947	1,503	363	3,826
-1	55	111	98	33	297
-2	4	3	17	10	34
TOTAL	1,072	5,450	14,725	12,565	33,812

Source: Census (2011)

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

<b>Figure 6.13: Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Test Valley</b>					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	666	75	741
+1	0	1,094	793	121	2,008
0	1,893	967	720	81	3,661
-1	151	143	108	8	410
-2	14	12	7	1	34
TOTAL	2,058	2,216	2,294	286	6,854

Source: Census (2011)

<b>Figure 6.14: Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Test Valley</b>					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,332	413	1,745
+1	0	1,409	891	428	2,728
0	864	770	424	95	2,153
-1	133	96	53	12	294
-2	11	13	13	3	40
TOTAL	1,008	2,288	2,713	951	6,960

Source: Census (2011)

- 6.26 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.
- 6.27 The adjustment for under-occupation and overcrowding leads to the suggested mix as set out in the following table. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

<b>Figure 6.15: Adjusted Modelled Mix of Housing by Size and Tenure – Test Valley</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	34%	39%	18%
Affordable home ownership	22%	39%	29%	10%
Affordable housing (rented)	37%	33%	26%	3%

Source: Housing Market Model (with adjustments)

## Indicative Targets for Different Sizes of Properties by Tenure

### Social/Affordable Rented Housing

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

6.29 The conclusions also consider the Housing Register, but recognises that this will be based on a strict determination of need using the bedroom standard; there will be some households able to afford a slightly larger home or who can claim benefits for a larger home than they strictly need (i.e. are not caught by the spare room subsidy ('bedroom tax') – this will include older person households). The conclusions also take account of the current profile of housing in this sector (which shows a lower than average proportion of 1-bedroom homes in the current stock).

6.30 In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing (which is close to the modelled outputs) would be appropriate – these figures should be used as a guide and are not prescriptive:

- 1-bedroom: 35%
- 2-bedrooms: 35%
- 3-bedrooms: 25%
- 4+-bedrooms: 5%

#### Affordable Home Ownership

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

- 1-bedroom: 20%
- 2-bedrooms: 40%
- 3-bedrooms: 30%
- 4+-bedrooms: 10%

6.32 Within the affordable home ownership sector it should additionally be noted that the inclusion of First Homes may also have some influence on the mix delivered, due to the price cap of £250,000 which may limit First Homes to smaller properties in many parts of the Borough.

#### Market Housing

6.33 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). This sees a slightly larger recommended profile compared with other tenure groups. The recommendations take account of the high proportion of 4+-bedroom homes in the market sector currently. The following mix of market housing is therefore suggested:

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

- 6.34 The suggested mix can be considered for the composition of new stock overall, rather than necessarily for the prescription of a planning policy or a specific mix to be sought from any particular individual development site. The Council will need to consider how best to take this forward in the next Local Plan, including options of a planning policy, in the supporting text and/or other guidance/advice.
- 6.35 The suggested figures can also be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

### Smaller-area Housing Mix

- 6.36 The analysis above has focussed on overall Borough-wide needs; given differences between locations it is however worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the sub-areas. The analysis shows a few features, including the high proportion of 4+-bedroom market homes in Southern Test Valley Rural and lower proportions in Andover. There are also variations shown in the profile of the social rented and private rented sectors with Andover generally showing the smallest dwelling sizes across all tenures.

<b>Figure 6.16: Number of Bedrooms by Tenure, 2011 – sub-areas</b>						
		Andover	Northern TV Rural	Romsey & South East	Southern TV Rural	TOTAL
Owner-occupied	1-bedroom	4%	2%	4%	2%	3%
	2-bedrooms	20%	13%	16%	12%	16%
	3-bedrooms	51%	38%	43%	33%	44%
	4+-bedrooms	26%	48%	38%	52%	37%
	Total	100%	100%	100%	100%	100%
Social rented	1-bedroom	30%	24%	33%	32%	30%
	2-bedrooms	29%	40%	34%	30%	32%
	3-bedrooms	35%	33%	29%	35%	33%
	4+-bedrooms	6%	3%	3%	3%	4%
	Total	100%	100%	100%	100%	100%
Private rented	1-bedroom	19%	7%	17%	11%	14%
	2-bedrooms	39%	25%	35%	29%	33%
	3-bedrooms	32%	48%	36%	45%	39%
	4+-bedrooms	10%	20%	11%	16%	14%
	Total	100%	100%	100%	100%	100%

Source: 2011 Census

6.37 A modelling exercise has then been carried out using the same methodology as for Borough-wide data (but with some additional assumptions due to data availability) with the tables below showing the estimated mix of housing by tenure in each location – the figures do not include any adjustment for reducing under-occupancy.

Market housing

6.38 Focussing on the market sector, and consistent with the analysis of current profiles, the analysis typically shows a need for larger homes outside of Andover and in particular the two rural sub-areas. The analysis therefore points to a mix which includes more smaller homes in Andover. However, it is not considered sufficiently clear-cut to necessarily suggest a different mix of housing at a sub-area level. If developments were provided in-line with the suggested mix in this report (Borough-wide), then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations. That said, any specific developments could take account of the analysis below. As with Borough-wide conclusions the Council will need to consider how best to take this forward in the next Local Plan, including options of a planning policy, in the supporting text and/or other guidance/advice.

**Figure 6.17: Modelled size requirement by sub-area – market housing**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Andover	6%	29%	48%	17%
Northern TV Rural	5%	26%	41%	28%
Romsey & South East	6%	28%	43%	22%
Southern TV Rural	6%	26%	39%	29%
Borough-wide	6%	28%	44%	23%

Source: Housing Market Model

Affordable home ownership

6.39 The table below shows estimates of mix for affordable home ownership. There are again differences between locations, although all areas show a particular focus on the need for 2- and 3-bedroom homes in this sector. Again, it is not clear-cut that the data points to the need for a mix of housing which is substantially different locally than would be suggested by the Borough-wide analysis, although Andover does stand out as potentially needing a mix including a slightly higher proportion of smaller homes.

**Figure 6.18: Modelled size requirement by sub-area – affordable home ownership**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Andover	23%	39%	29%	9%
Northern TV Rural	16%	32%	38%	15%
Romsey & South East	22%	36%	32%	10%
Southern TV Rural	19%	33%	36%	12%
Borough-wide	20%	36%	33%	11%

Source: Housing Market Model



### Social/Affordable Rented

- 6.40 In the social/affordable rented sector, the differences between areas are arguably fairly slight, although contrary to analysis of other tenures it does look like Andover potentially needs a slightly higher proportion of larger homes. Within areas there may however be a case for considering different profiles (e.g. young single people without access to a car might be most suited to living in towns and therefore see a higher need for 1-bedroom homes). However, overall, it is considered that broadly the same mix could be applied across the Borough (in line with the Borough-wide mix previously suggested).
- 6.41 Regarding the need for social/affordable rented housing, it should be noted that the analysis above for sub-areas does not take account of any information from the Housing Register. It is possible at any point in time that the register will be able to provide additional data about a suitable mix of rented housing and this should be considered at the relevant time for any specific applications.

**Figure 6.19: Modelled size requirement by sub-area – social/affordable rented**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Andover	35%	31%	30%	4%
Northern TV Rural	33%	36%	29%	2%
Romsey & South East	41%	32%	25%	2%
Southern TV Rural	41%	29%	27%	2%
Borough-wide	37%	32%	28%	3%

Source: Housing Market Model

### Sub-area conclusions

- 6.42 Overall, the analysis does not suggest that a substantially different mix should be proposed for smaller areas although Andover does show some slightly different outputs compared with other locations (notably in comparison to the two rural sub-areas). There may however be a case on a site-by-site basis, or at a specific point in time for some minor adjustments to the overall conclusions. This is summarised below:
- a) Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
  - b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced rural areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;
  - c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock;

- d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in the centre of towns may be more suited to flatted development (as well as recognising the point above about role and function) whereas a rural site on the edge of an existing village may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level;

- 6.43 Overall, it is suggested that Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall. For example, if a recent housing site has provided nothing but 4+-bedroom 'executive' homes, then it could be expected that the next site to come along might provide a mix which includes more homes for younger/smaller family households and childless couples. That said, the mix of units on each site will need to be considered on its own merits, taking account of site characteristics and the character of the area.
- 6.44 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement

## **Built-form**

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

### Bungalows

- 6.46 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Borough as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.
- 6.47 The table below shows a notable proportion of homes in Test Valley are bungalows (11% of all flats and houses) with about 40% of these having 2-bedrooms (and a further 40% 3-bedrooms); a slightly lower proportion (9%) of homes across England are bungalows.

<b>Figure 6.20: Number of dwellings by property type and number of bedrooms (March 2020)</b>						
	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	560	2,300	2,260	720	60	5,890
Flat/Maisonette	3,380	3,720	350	30	80	7,550
Terraced house	260	3,570	8,470	1,140	10	13,450
Semi-detached house	100	1,800	8,410	1,140	30	11,490
Detached house	30	550	5,200	10,490	180	16,440
All flats/houses	4,330	11,940	24,690	13,520	360	54,820
Annexe	-	-	-	-	-	400
Other	-	-	-	-	-	450
Unknown	-	-	-	-	-	190
All properties	-	-	-	-	-	55,850

Source: Valuation Office Agency

- 6.48 In general, discussions with local estate agents (discussions nationally) find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).
- 6.49 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).
- 6.50 As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 6.51 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.
- 6.52 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.
- 6.53 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+-bedrooms).

Flats versus Houses

- 6.54 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.
- 6.55 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in both Test Valley and England. This shows a relatively low proportion of flats in Test Valley (just 26% of all 2-bedroom homes) and this would point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors (over a third of 2-bedroom homes in both of these sectors are flats).

<b>Figure 6.21: Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)</b>		
	Test Valley	England
Owner-occupied	18%	21%
Social rented	34%	48%
Private rented	39%	50%
All (2-bedroom)	26%	35%

Source: 2011 Census

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

### Housing Mix: Key Messages

- The proportion of households with dependent children is similar to the County, regional and national average with around 30% of all households containing dependent children in 2011. The Borough does however have a greater proportion of married couple households, and fewer lone parents. Households in Andover are particularly likely to contain dependent children.
- 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 (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Test Valley are very high in the market sector):

<b>Suggested Mix of Housing by Size and Tenure – Test Valley</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	35%	40%	20%
Affordable home ownership	20%	40%	30%	10%
Affordable housing (rented)	35%	35%	25%	5%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- The inclusion of First Homes may also have some influence on the mix delivered, due to the price cap of £250,000 which may limit First Homes to smaller properties in many parts of the Borough.
- Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market. However, the downside to providing bungalows is that they are relatively land intensive.
- 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.



## 7. The Needs of Older People and People with Disabilities

### Introduction

- 7.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 7.2 The analysis mainly considers the older person population to be those aged 65 and over, although for some analysis (notably when looking at the need for specialist housing for older people) the cohort aged 75+ is used – this is due to typical conventions in analysis at a national level (e.g. use of prevalence rates from the Housing and Learning Information Network (Housing LIN) – this is discussed later in this section).

### Understanding the Implications of Demographic Changes

- 7.3 The population of older persons is increasing, driven by demographic changes including increasing life expectancy. This is a key driver of the need for housing which is capable of meeting the needs of older persons.

#### Current Population of Older People

- 7.4 The table below provides baseline population data about older persons in the Borough and compares this with other areas. The population data has been taken from the published 2020 ONS mid-year population estimates (MYE). The table shows that Test Valley has a broadly similar age structure to that seen across Hampshire but is slightly 'older' than the regional and national position. As of 2020, it is estimated that 22% of the population of Test Valley was aged 65 and over, this compares with 22% for the County, 20% regionally and 19% nationally.

	Test Valley	Hampshire	South East	England
Under 65	78.1%	78.1%	80.3%	81.5%
65-74	11.5%	11.4%	10.3%	9.9%
75-84	7.4%	7.4%	6.5%	6.1%
85+	3.0%	3.2%	2.8%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	21.9%	21.9%	19.7%	18.5%
Total 75+	10.4%	10.6%	9.4%	8.6%

Source: ONS Mid-Year Population Estimates

7.5 The table below shows the same information for sub-areas (in 2019), this shows some notable variations in the proportion of people aged 65 and over, ranging from 18% in Andover, up to 28% of the population in the Southern Test Valley Rural area. It should be noted that the sub-area data does not match the Test Valley data shown above, this is due to smaller area data only being available to 2019 at the time of this report being drafted (Borough-wide data being available to 2020).

	Andover	Northern TV Rural	Romsey & South East	Southern TV Rural	TOTAL
Under 65	82.3%	79.6%	75.0%	71.7%	78.3%
65-74	9.2%	11.3%	13.0%	15.7%	11.5%
75-84	6.0%	6.9%	8.3%	9.1%	7.2%
85+	2.5%	2.2%	3.7%	3.5%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total 65+	17.7%	20.4%	25.0%	28.3%	21.7%
Total 75+	8.5%	9.1%	12.0%	12.6%	10.2%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

7.6 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Test Valley is projected to see a notable increase in the older person population (projections based on the Standard Method).

7.7 Across the Borough, the total number of people aged 65 and over is projected to increase by 43% to 2040. This compares with overall population growth of 15% and an increase in the Under 65 population of 7%. In total population terms, the projections show an increase in the population aged 65 and over of 12,000 people. This is against a backdrop of an overall increase of 19,000 – population growth of people aged 65 and over therefore accounts for 63% of the total projected population change.

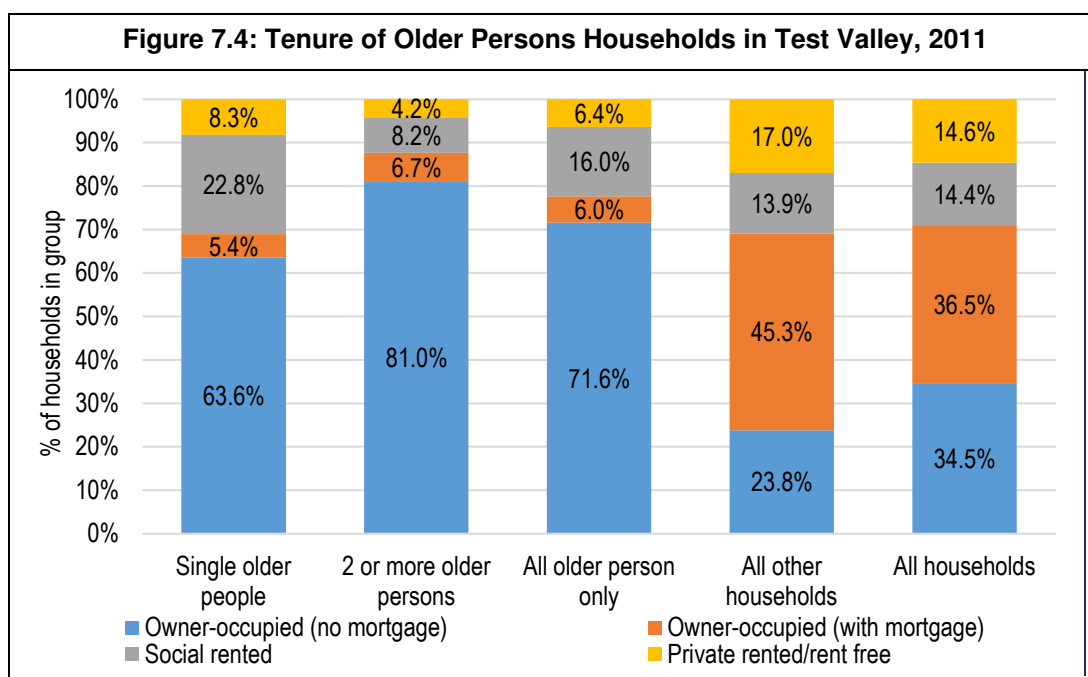
	2020	2040	Change in population	% change
Under 65	99,285	106,238	6,953	7.0%
65-74	14,607	17,603	2,996	20.5%
75-84	9,430	14,533	5,103	54.1%
85+	3,841	7,758	3,917	102.0%
Total	127,163	146,132	18,969	14.9%
Total 65+	27,878	39,894	12,016	43.1%
Total 75+	13,271	22,291	9,020	68.0%

Source: Demographic Projections



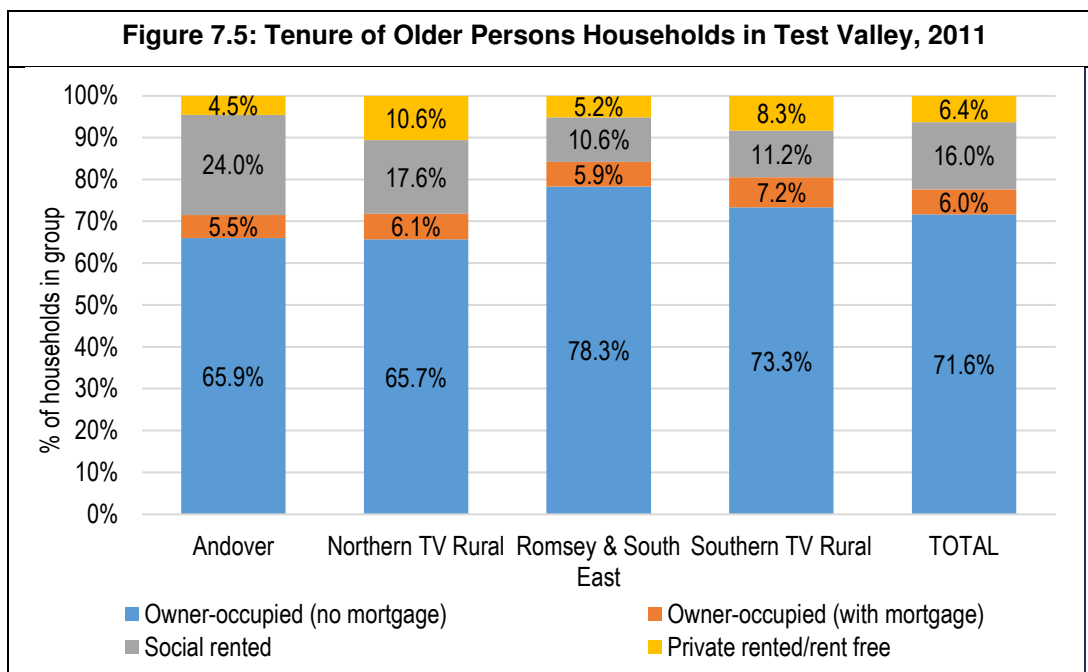
## Characteristics of Older Person Households

- 7.8 The tenures in which older persons currently live provides a useful indication of the potential tenure profile of demand for new-build development.
- 7.9 The figure below shows the tenure of older person households (based on households aged 65 and over). The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (78%), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 16% of older persons households across the Borough live in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (about 6%).
- 7.10 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.



Source: 2011 Census

- 7.11 The figure below shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households varies across the study area; the main difference is the high level of owner-occupation amongst older people in Romsey & South East and Southern Test Valley Rural.



Source: 2011 Census

### Prevalence of Disabilities

7.12 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 29% of households in Test Valley contain someone with a LTHPD – this figure is lower than seen in other locations (including 33% nationally). 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 Test Valley having a LTHPD).

**Figure 7.6: Households and People with a Long-Term Health Problem or Disability, 2011**

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Test Valley	13,663	28.7%	17,719	15.2%
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

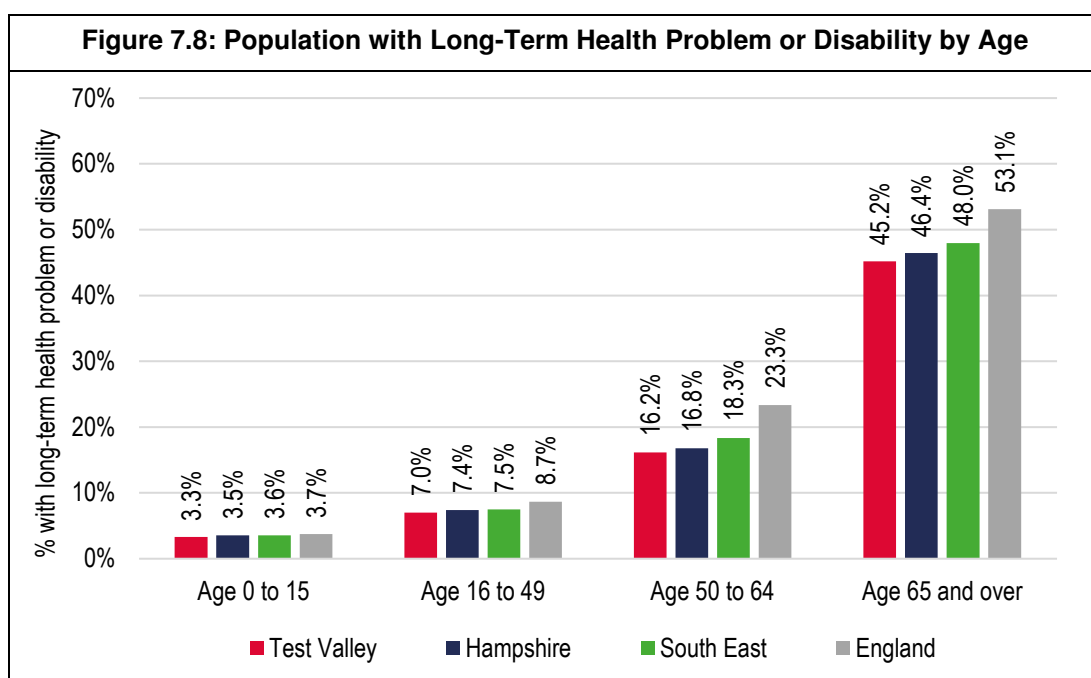
7.13 The analysis also shows only small differences between different parts of the study area, with Andover seeing a higher proportion of the population and households with a LTHPD, the lowest proportion is seen in the Northern Test Valley Rural area – differences are however only fairly minor.

**Figure 7.7: Households and People with a Long-Term Health Problem or Disability, 2011 – sub-areas**

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Andover	4,872	29.5%	6,362	15.8%
Northern TV Rural	2,509	27.3%	3,264	14.2%
Romsey & South East	4,912	28.8%	6,303	15.3%
Southern TV Rural	1,370	28.2%	1,790	15.0%
<b>TOTAL</b>	<b>13,663</b>	<b>28.7%</b>	<b>17,719</b>	<b>15.2%</b>

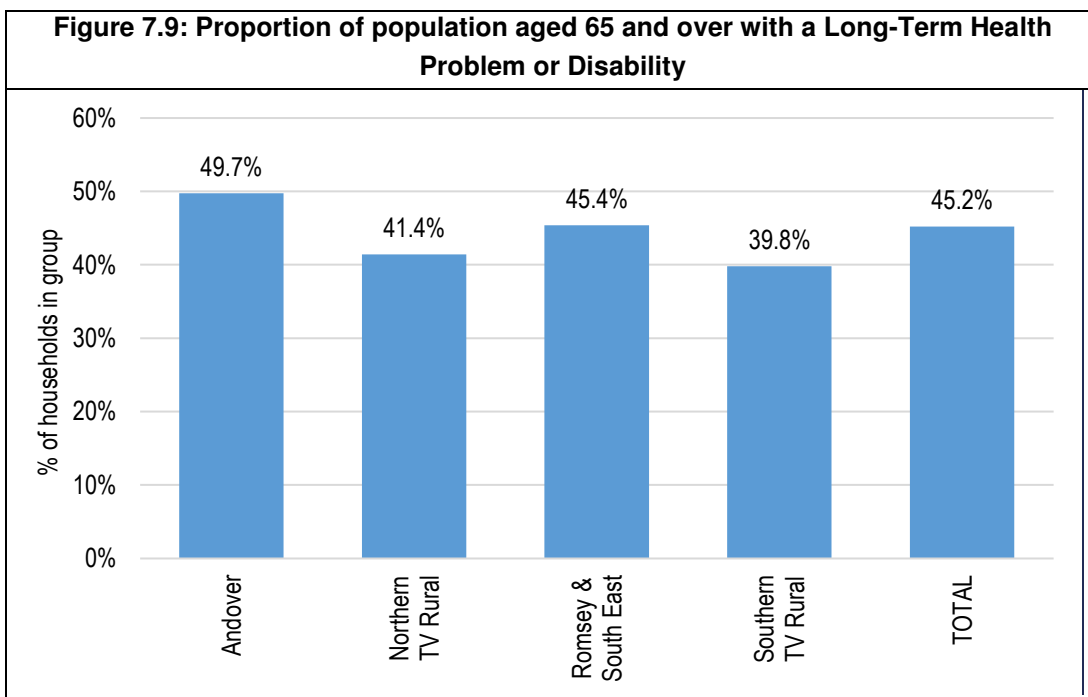
Source: 2011 Census

- 7.14 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also shows lower levels of LTHPD in each age band within Test Valley than other locations.



Source: 2011 Census

- 7.15 The table below shows the proportion of the population aged 65 and over with a LTHPD by sub-area. This shows some notable differences, from 40% of the population in the Southern Test Valley Rural area, up to 50% in Andover.



Source: 2011 Census

### Health Related Population Projections

- 7.16 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.
- 7.17 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown. In all cases the analysis links to estimates of population growth based on the Standard Method (2020-40).
- 7.18 Of particular note are the large increases in the number of older people with dementia (increasing by 72% from 2020 to 2040) and mobility problems (59% increase over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of 2,600 people aged 65+ with a mobility problem represents 14% of total projected population growth.
- 7.19 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

<b>Figure 7.10: Projected Changes to Population with a Range of Disabilities – Test Valley</b>					
Disability	Age Range	2020	2040	Change	% change
Dementia	65+	1,673	2,880	1,207	72.2%
Mobility problems	65+	4,390	6,983	2,593	59.1%
Autistic Spectrum Disorders	18-64	546	578	32	5.9%
	65+	222	318	96	43.3%
Learning Disabilities	15-64	1,424	1,525	101	7.1%
	65+	495	700	205	41.5%
Challenging behaviour	15-64	26	28	2	6.8%
Impaired mobility	16-64	3,329	3,399	69	2.1%

Source: POPPI/PANSI and Demographic Projections

- 7.20 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 7.21 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.
- 7.22 The PPG for Housing for Older and Disabled People [63-006] refers only to specialist housing for older people; however, clearly the local authority should support specialist housing schemes for younger adults which come forward across the plan area.
- 7.23 The analysis suggests that there is likely to be some increase in the number of younger people (generally those aged 16/18 to 64) with a disability across the study area). There are a range of disabilities that are likely to require some degree of support, or potentially some form of specialised housing solution.
- 7.24 This report does not seek to be specific about the exact number of units that need to be provided for different groups, nor where such accommodation should be located. Indeed some types of specialist accommodation might have a wide catchment, and would be suitable for clients from outside of the study area; whilst it is also possible that some people in the area would be placed in accommodation elsewhere.

### **Need for Specialist Accommodation for Older Persons**

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

### Definitions of Different Types of Older Persons' Accommodation

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

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

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

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

Source: Planning Practice Guidance [63-010]

- 7.26 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.
- 7.27 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 7.28 Whilst there are no definitive rates, the PPG [63-004] notes that '*the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool*'. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

- 7.29 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website. Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).
- 7.30 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support) with the middle of the range shown for housing with care forming the base position for analysis.

<b>Figure 7.11: Range of suggested baseline prevalence rates from a number of tools and publications<sup>16</sup></b>			
Type/Rate	SHOP@ (2008) <sup>17</sup>	Housing in Later Life (2012) <sup>18</sup>	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

<sup>16</sup> Prevalence rates are expressed as a per 1,000 population aged 75 and over. For example, if the rate is 45, then the analysis suggests there should be 45 units of that type of accommodation for every 1,000 people aged 75+. Whilst the analysis uses 75+ (as this reflects the main age group likely to live in specialist housing) the outputs are estimates for the whole population, including those aged under 75.

<sup>17</sup> Based on the More Choice Greater Voice publication of 2008

([https://www.housinglin.org.uk/assets/Resources/Housing/Support\\_materials/Reports/MCGVdocument.pdf](https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf)). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

<sup>18</sup> [https://www.housinglin.org.uk/assets/Resources/Housing/Support\\_materials/Toolkit/Housing\\_in\\_Later\\_Life\\_Toolkit.pdf](https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf)

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

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

7.32 This report has sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing. This might mean that any need shown for residential care bedspaces might alternatively be provided as extra-care housing.

7.33 It is considered that the prevalence rates shown in the 2016 Housing LIN Review are an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, it is considered that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

7.34 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Test Valley, the data shows better health in the older person population and so the prevalence rates used have been decreased slightly (by an average of about 15%) – these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in Test Valley (45.2%) with the equivalent figure for England (53.1%).

7.35 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Test Valley is the 262<sup>nd</sup> most deprived local authority in England (out of 317). This suggests a greater proportion of market housing than for an authority in the middle of the range. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).



7.36 The table below show estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation such as extra-care rather than residential care). Overall, the analysis suggests that there will be a need for both housing with support and housing with care (particularly in the market sector), as well as a modest longer-term need for additional nursing and residential care bedspaces.

**Figure 7.12: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2020-40 – Test Valley**

		Housing demand per 1,000 aged 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall/surplus by 2040
Housing with support	Market	62	477	821	344	558	902
	Affordable	44	409	590	181	401	582
Total (housing with support)		106	886	1,411	525	959	1,485
Housing with care	Market	27	307	360	53	245	298
	Affordable	11	90	148	58	101	159
Total (housing with care)		38	397	508	111	345	456
Residential care bedspaces		34	312	452	140	307	447
Nursing care bedspaces		38	758	508	-250	345	95
Total bedspaces		72	1,070	960	-110	652	542

Source: Derived from Demographic Projections and Housing LIN/EAC

7.37 It can be seen by 2040 there is an estimated need for 1,941 additional dwellings with support or care. In addition, there is a need for 542 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 301 dwellings. In total, the older persons analysis therefore points towards a need for around 2,242 units over the 2020-40 period. With potential delivery of 10,820 homes using the Standard Method, this equates to some 21% of all homes needing to be some form of specialist accommodation for older people.

7.38 It should be clarified that these dwellings are additional to the current stock of such housing, but are not additional to the overall need (as determined by the Standard Method for example) – they are part of the overall need for housing.

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

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

## **Older Persons’ Housing, Planning Use Classes and Affordable Housing Policies**

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

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

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

### Use Classes

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

7.46 Personal care has been defined in Regulations<sup>19</sup> as *“the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided.”*

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

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

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

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

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

#### NPPF Policies on Affordable Housing

7.50 For the purposes of developing planning policies in a new Local Plan, Use Class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.

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<sup>19</sup> Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

- 7.51 The NPPF sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.
- 7.52 Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.
- 7.53 The implication for Test Valley is that:
- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and
  - If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.
- 7.54 Within the local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that ‘extra care’ housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

#### Viability

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

- 7.56 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.
- 7.57 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wish to consider through the preparation of its new Local Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

### Practical Issues

- 7.58 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly towards providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.
- 7.59 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

### **Wheelchair User Housing**

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

**Figure 7.13: Baseline prevalence rates by age used to estimate wheelchair user households (data for England)**

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
under 60 years	183,938	40,562,374	5
60 - 74 years	204,822	7,668,495	27
75 - 84 years	191,249	2,831,815	68
85 years or over	145,842	997,247	146

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

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

**Figure 7.14: Proportion of people with day to day activities limited a lot (by age) – 2011 – Test Valley**

	% of age group with day to day activities limited a lot		Test Valley as % of England	Prevalence rate (per 1,000 population)
	Test Valley	England		
Under 60 years	2.8%	4.2%	67.6%	3
60-74 years	8.2%	13.9%	59.0%	16
75-84 years	21.9%	29.1%	75.1%	51
85 years or over	49.5%	52.3%	94.6%	138

Source: 2011 Census

7.63 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 1,533 wheelchair user households in 2020, and that this will rise to 2,315 by 2040 (an increase of 782).

**Figure 7.15: Estimated number of wheelchair user households (2020-40) – Test Valley**

	Prevalence rate (per 1,000 population)	Household population 2020	Household population 2040	Wheelchair user households (2020)	Wheelchair user households (2040)
Under 60 years	3	90,371	96,961	277	297
60-74 years	16	22,394	25,753	353	406
75-84 years	51	9,095	13,957	462	708
85 years or over	138	3,188	6,532	441	904
<b>TOTAL</b>		<b>125,048</b>	<b>143,203</b>	<b>1,533</b>	<b>2,315</b>

Source: Derived from a range of sources

- 7.64 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for 1,159 additional wheelchair user homes in the 2020-40 period – this equates to 11% of all housing need (as set out in the table below).

<b>Figure 7.16: Estimated need for wheelchair user homes, 2020-2040</b>					
	Current need	Projected need (2020-40)	Total current and future need	Housing need (2020-40)	% of Housing Need
Test Valley	377	783	1,159	10,820	11%

Source: Derived from a range of sources

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

<b>Figure 7.17: Estimated need for wheelchair user homes by tenure, 2020-2040</b>		
	Market	Affordable
Test Valley	8%	22%

Source: Derived from demographic projections and EHS prevalence rates

- 7.66 To meet the identified need, the Council could seek at least 10% of all new market homes to be M4(3) compliant and around a quarter in the affordable sector. Any figures should reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.
- 7.67 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build (see table below).
- 7.68 It is worth noting that the Government is currently consulting on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds<sup>20</sup>.

<sup>20</sup> Raising accessibility standards for new homes, a consultation paper, page 10

- 7.69 One of the policy options tabled in this document is to remove M4(1) altogether, so that all new homes will have to at least have the accessible and adaptable features of an M4(2) home. M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced. This is consistent with the evidence presented in this report, although the trade-off identified in the consultation paper between viability and the need to deliver sufficient numbers of market homes to meet general housing needs is unavoidable.
- 7.70 The viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

**Figure 7.18: Access Cost Summary (per dwelling)**

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

Source: EC Harris, 2014

- 7.71 However, local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 7.72 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.



### The Needs of Older Persons & Those with Disabilities: Key Messages

- A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- The data shows in general that Test Valley has a slightly 'older' age structure and lower levels of disability compared with the national average. The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2020-40 period include:
  - A 43% increase in the population aged 65+ (potentially accounting for 63% of total population growth in the Borough);
  - A 72% increase in the number of people aged 65+ with dementia and a 59% increase in those aged 65+ with mobility problems;
  - A need for around 1,500 housing units with support (sheltered/retirement housing) – mainly in the market sector;
  - A need for around 460 additional housing units with care (e.g. extra-care) – again mainly for market accommodation;
  - A need for around 540 additional care bedspaces (residential and nursing care); and
  - A need for around 1,160 dwellings to be for wheelchair users (meeting technical standard M4(3)).
- It should be noted that all of the figures above are within the total housing need (as assessed by the Standard Method) and not in addition to it.
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).
- Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 versus C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.



## 8. Other Groups

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### Introduction

- 8.1 This section of the report considers a range of other groups set out in the NPPF and PPG. This includes the need for self- and custom-build development, homelessness, student and service personnel.

### Self- and Custom-Build Housing

- 8.2 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of 'self-build and custom housebuilding' where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.
- 8.3 The Housing and Planning Act 2016 formally introduced the 'Right to Build'. This 2016 Act under the 'duty to grant planning permissions etc.' section placed a legal duty on the relevant authority to grant enough planning permissions to meet the demand for self-build housing as identified through its register in each base period<sup>26</sup>.
- 8.4 Paragraph 62 of the NPPF sets out that *"Within this context, 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, service families, travellers, people who rent their homes and people wishing to commission or build their own homes)"*.
- 8.5 Footnote 28 of the NPPF states that:
- "Under section 1 of 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 sections 2 and 2A of the Act to have regard to this and to give enough suitable development permissions to meet the identified demand. Self and custom-build properties could provide market or affordable housing."*
- 8.6 Paragraph 3 of the PPG concerning the housing need of different groups describes how the needs of those wanting to self-build and custom housebuilders can be assessed:

*"Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers."*

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<sup>26</sup> With the exception of the first base period which ran from 1<sup>st</sup> of April 2016 to the 30<sup>th</sup> of October 2016 each subsequent base period has lasted 1 year. There have therefore been 5 base periods since the 1<sup>st</sup> of April 2016.

*To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self-Build Portal and enquiries for building plots from local estate agents."*

- 8.7 At paragraphs 23 to 28 and paragraph 14 in relation to self and custom build, the PPG sets out the two Self-build and custom housebuilding land duties i.e. the 'duty to grant planning permission etc.' and the 'duty as regards registers' (Reference ID: 57-023-201760728).
- 8.8 Paragraphs 23 and 24 of the PPG relate to the duty to grant planning permission etc. and states that all local planning authorities:

*"must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.*

*The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.*

*At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period."*

#### Local Authority Custom and Self-Build Registers

- 8.9 In line with the PPG, the starting point for understanding demand for custom and self-build plots is the registers managed by the Council. Entries have been divided across each of the five base periods since 2016 in order to project forward an estimation of future need.

<b>Figure 8.1: Indicative demand for custom and self-build plots based on past trends</b>	
Base Period	Additions
1 – To October 30 2016	24
2 – To October 30 2017	35
3 – To October 30 2018	20
4 – To October 30 2019	41
5 – To October 30 2020	35
Average*	34

Source: Local Authority Custom and Self Build Housing Registers \*total/4.5 base periods

- 8.10 The table shows that on average 34 entries onto Test Valley's Self-Build and Custom Build Register per base period. Although in the first period this effectively also only half a base period. This gives an indication of the scale of future need. Moving forward, the Council will need to ensure that the actual number of entries on the register at the end of each base period is equivalent to number of plots of land that are permitted within 3 years.

8.11 The vast majority of demand is for detached houses and there is demand for all parts of the Borough. We have summarised the areas of preference below, this excludes those who said they would be happy anywhere:

- Romsey and surrounds – 36 Individuals;
- Andover and Andover Villages – 27 Individuals;
- Rural Test Valley – 26 Individuals;
- Southern Test Valley – 14 Individuals; and
- Stockbridge – 10 Individuals

#### Local Authority Response

8.12 Paragraph 25 of the PPG (Reference ID: 57-025-201760728) provides guidance on how Councils can help support self and custom build by increasing the number of suitable planning permissions. It encourages Councils to undertake several tasks including:

- developing policies in their Local Plan for self-build and custom housebuilding;
- using their own land if available and suitable for self-build and custom housebuilding and marketing it to those on the register;
- engaging with landowners who own sites that are suitable for housing and encouraging them to consider self-build and custom housebuilding and facilitating access to those on the register where the landowner is interested, and;
- working with custom build developers to maximise opportunities for self-build and custom housebuilding.

8.13 Over half (58%) of local authorities in England now have current, or emerging, policy provision for Custom and Self Build. This includes 28% allocating land or large sites, 24% with an affordable housing policy and 19% with a percentage policy. For example:

- South Cambridgeshire Council – On all sites of 20 or more dwellings, and in each phase of strategic sites, developers will supply dwelling plots for sale to self and custom builders. Where plots have been made available and appropriately marketed for at least 12 months and have not been sold, the plot(s) may either remain on the market or be built out by the developer.
- Teignbridge District Council – The Local Plan seeks 5% of plots on development sites of more than 20 dwellings to be self and custom build with plots marketed for a minimum of 12 months and a general encourage policy for other sites. The Council have also produced a guide for builders and landowners which demonstrates the viability and benefits of self-building.
- Stratford-upon-Avon District Council – The Local Plan generally supports Custom and Self Build as part of the housing mix within identified new settlements. It also sets a requirement that at least 5% of plots should be made available to self-builders on larger sites. In addition the Local Plan also allocates sites and provides policy support for Custom and Self Build on unallocated sites within main rural centres and local service villages.
- Mid Devon District Council – 5% of plots on development sites of more than 20 dwellings.
- Torbay Council – 5% of plots on development sites of more than 30 dwellings.
- East Cambridgeshire District Council – 5% of plots on development sites of more than 100 dwellings.
- Stroud District Council – 2% of plots on strategic housing sites.

- Bristol City Council– Draft Local Plan identifies four sites specifically for self and custom build and makes provision for a minimum of 5% of homes on four other sites and should be sought on identified growth and regeneration areas.
- 8.14 Other local authorities have developed a policy of encouragement without defining exact percentages. For example, North Tyneside Council and Daventry District Council will ‘encourage’, rather than require, a proportion of plots to be set aside on sites of over 200 and 500 units respectively.
- 8.15 The Teignbridge Local Plan is seen as an exemplar policy in relation to self and custom build. Its performance has also been strong with almost 500 plots being permitted against a register of around 573. This level of delivery is the 11<sup>th</sup> highest in the country despite being a relatively small local authority.
- 8.16 As a first step, the Council should seek to adopt a general “encourage” policy for all sites but also implement a further policy on strategic sites. The exact level should be determined in reference to the number and capacity of strategic sites and the overall local need as identified on the register. This should also take into account the committed supply, need for other types of housing (including affordable housing need) and viability.

#### Role of Larger Sites

- 8.17 There is the potential for larger development schemes to provide serviced plots for custom-build development, and for these sites, with support, to help to drive forward delivery rates. The independent review of build-out<sup>27</sup> by Sir Oliver Letwin (2018) was undertaken to identify the cause of the significant gap between housing completions and the amount of land allocated or permitted on large sites in areas of high housing demand.
- 8.18 Section 3 of the Letwin Review looks at increasing diversity and a new planning framework for large sites (over 1,500 houses). Letwin recommends that the Government should adopt a new set of planning rules that apply to large sites in areas of high housing demand that would require their outline planning permission to include for ‘housing diversification’ to be a ‘reserved matter’ in line with new secondary legislation.
- 8.19 If the Council is proposing to allocate sites that are suited to the provision of self-build plots, we would recommend they consider seeking plots which are available for self and custom build plots. The threshold for such sites should be made at a point where demand is being met without over-burdening every site and subject to viability.
- 8.20 It is also possible for Custom and Self-Build schemes to be large sites in their own right. An example of this can be seen at the Graven Hill development in Bicester, Oxfordshire. This is the largest custom build scheme nationally with proposals for over 2,000 custom-built homes. The site has been acquired by Cherwell District Council from the MOD and a development company has been set up.

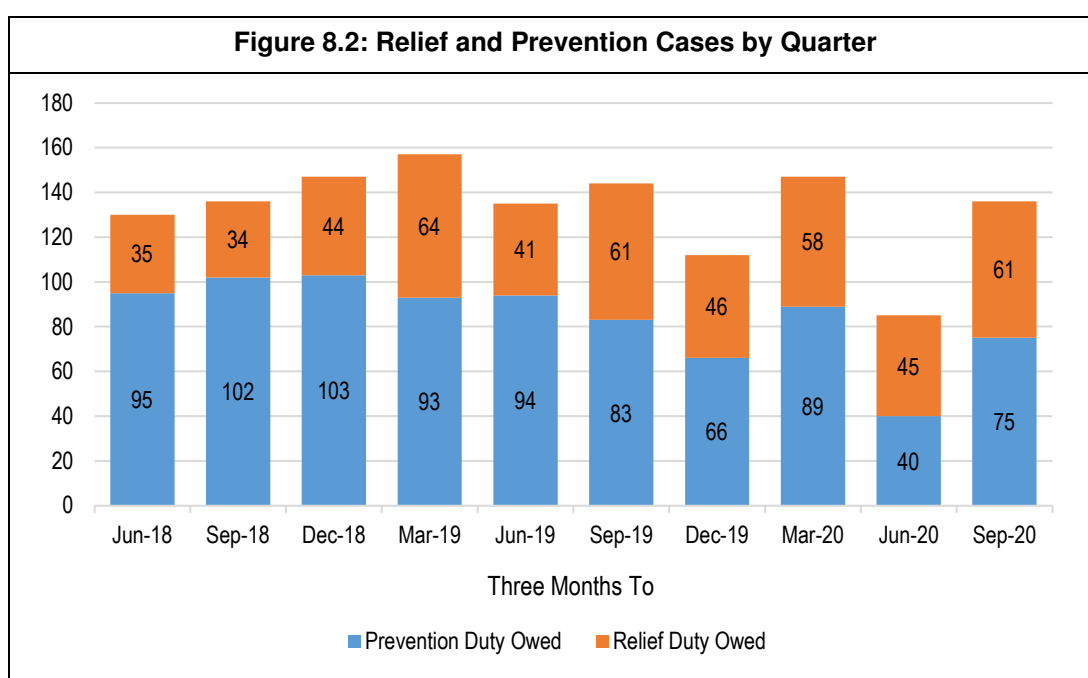
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<sup>27</sup> <https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

- 8.21 There is a dedicated web site<sup>28</sup> that provides all the information required for people that would like to build their own home in the area. Various formats of delivery are envisaged, from the construction of the shell through to the ability of occupants to tailor the finish.

## Homeless Households and Other Groups Requiring Supported Housing

- 8.22 We have only examined short term trends in homelessness to tie in with the changes brought about by the Homelessness Reduction Act. The data we have used comes from quarterly data produced by MHCLG since June 2018.
- 8.23 As the table below illustrates, the number of households that are required a homeless prevention or relief duty varies from year on year. The average number of households owed a duty since June 2018 is 133 per quarter of which 63% required a prevention duty and 37% a relief duty.



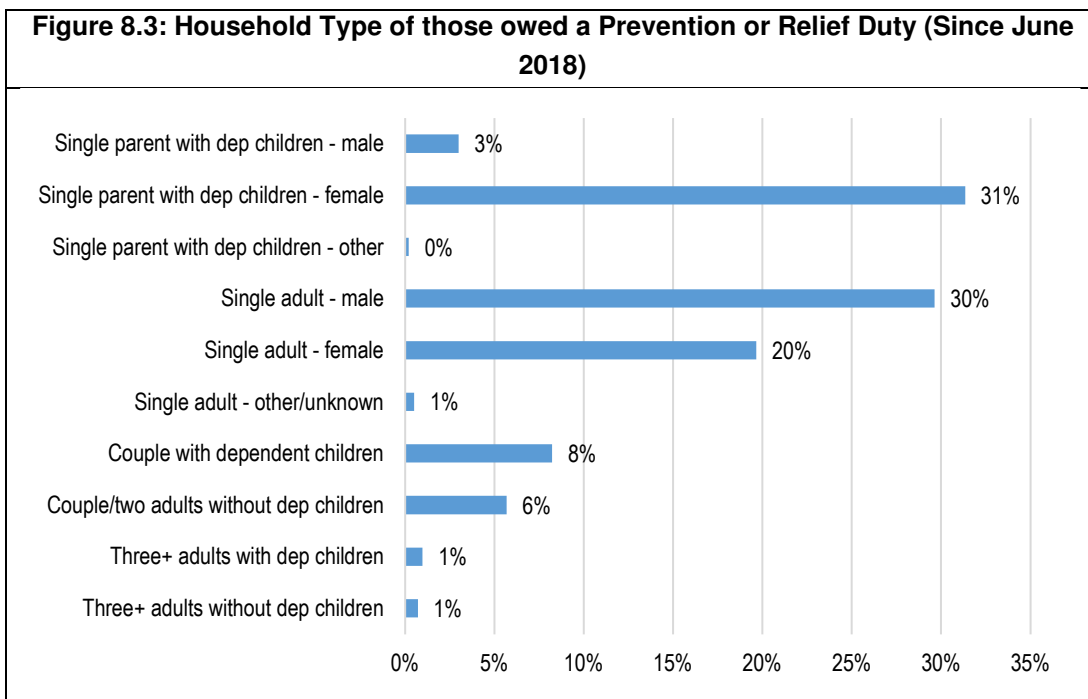
Source: MHCLG, 2021

- 8.24 In the financial year April 2020 to March 2021 the Council had 15 households subject to a Main Duty decisions<sup>29</sup>. However in the three months between April and June 2021 there were 35 households subject to a Main Duty decisions. In all cases these were homeless in priority need and were unintentionally homeless.
- 8.25 The priority need for these 50 households was mostly due to them including a dependent child (52%). 10% of households owed a Main Duty included those households with a pregnant woman and a further 10% of households included someone with a mental health disorder.

<sup>28</sup> <https://gravenhill.co.uk/>

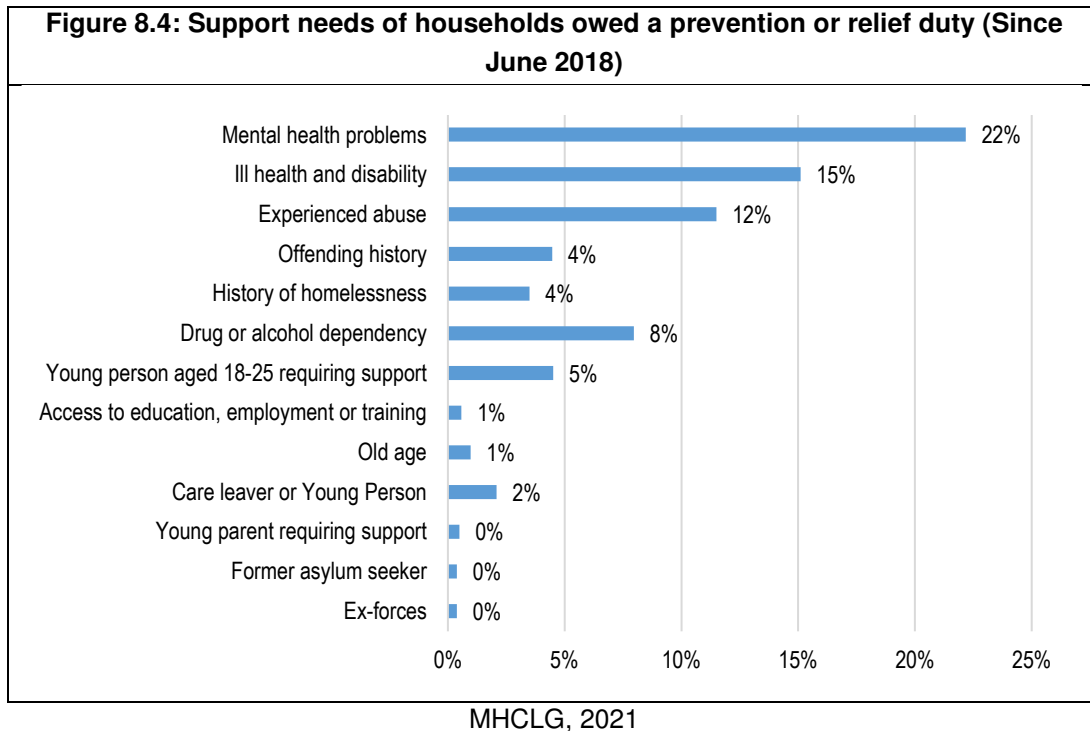
<sup>29</sup> These were decisions on applications from households eligible for assistance under the homelessness provisions of the 1996 Housing Act.

- 8.26 Around 14% of those owed a main duty was to “Other” priority need which incorporates those with an alcohol / drug dependency, learning difficulty, had time spent in care, in custody or in HM forces. It also included former asylum seeker and those fleeing home because of violence other than domestic abuse.
- 8.27 There are three significant household types which are owed a prevention or relief duty. These are, single males (30%), Female Single Parents (31%) and Single Females (20%). Around 43% of households have dependent children.



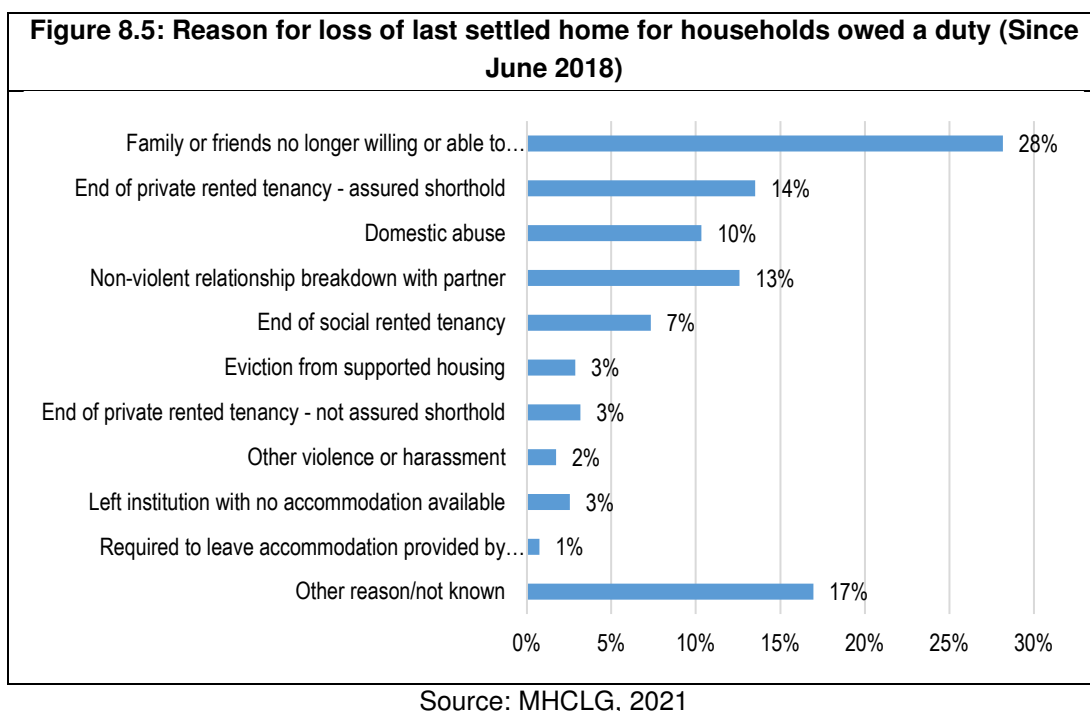
- 8.28 The reason support needs of households owed a prevention or relief duty are myriad and often multiple. The most common support need is those with a mental health problem of which around a quarter of those owed a duty suffer. Around 15% had a physical disability or suffered from ill health, while 12% experienced abuse and 8% had a drug or alcohol problem.





8.29 Around 28% of households owed a duty resulted from the loss of their last settled home due to their friends and family no longer willing or able to accommodate them. A further 13% was because of a breakdown in relationship (non-violent) while 10% was due to domestic abuse.

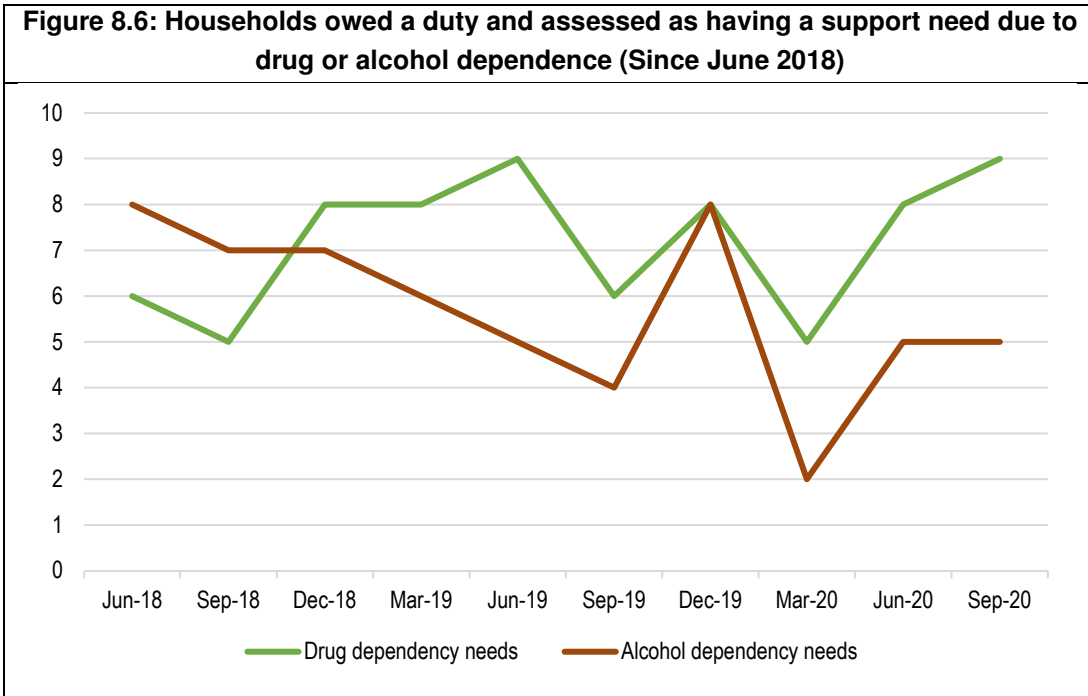
8.30 Around 17% of homelessness representations were due to the end of their private tenancy (assured and not assured). This demonstrates the risk that PRS stock provides residents. A further 7% had their social rent tenancy ended or threatened to end. Typically these individual have been served notice by a housing association due to rent arrears.



- 8.31 There is a lack of available 1-bedroom properties in suitable locations, particularly with appropriate levels of support for those with complex needs, as a result the Council have had to place people, including rough-sleepers and those in shared sleeping arrangements such as direct access provision and sofa-surfing, into B&B accommodation. The average number of people in Bed & Breakfast Accommodation in March and June 2021 was 34 compared to an average of 5 in the previous 10 recording periods.
- 8.32 The issue has been exacerbated during the pandemic and the national ‘everyone in’ initiative. Covid-19 guidelines rendered certain types of shared emergency accommodation provision inappropriate.
- 8.33 The Test Valley area also experiences rough sleeping from a cohort of people assessed to have multiple complex needs. This is generally centred in Andover in the north of the borough but also, sporadically in Romsey to the south. For some of those people, entrenched behaviours, mental health and lived experience can create a barrier to engagement and can result in them refusing to accept offers of accommodation. This can include offers of supported accommodation from the street in the local direct access hostel provision as this can seem daunting or likely to expose them to other people with similar issues to those they are experiencing. This is also impacted by a lack of easily accessed safeguarding/social care assessments. This cohort are a target group for Housing First provision in order to provide a home from the street, with wrap around support.

#### People recovering from drug or alcohol dependence

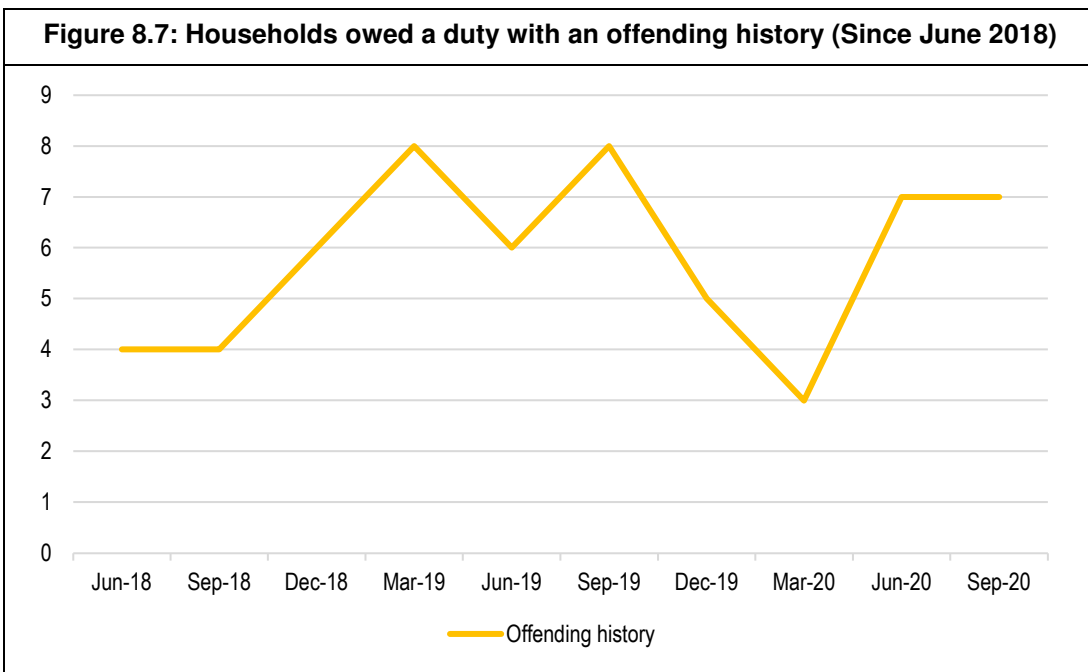
- 8.34 There is an overlap between those that have drug and alcohol dependency and those with mental health issues. Generally, the drug and alcohol dependency issues arise from self-medicating to cope with undiagnosed and/or unsupported mental health problems.
- 8.35 Of those owed a duty, 5.4% had an assessed support need to deal with drug dependence issues and 4.6% required support for alcohol dependence. In total 129 households since 2019 have been owed a duty and an assessed support requirement to address a drug or alcohol support need, although this might include a double count as respondents can have multiple support needs.
- 8.36 As the figure below illustrates the numbers with an assessed need have fluctuated although over the last year there has been a downward trend in those requiring support for alcohol dependency and an upward trend for drug dependency.
- 8.37 The Council notes that associated behaviours of those with a history of drug and alcohol abuse can impact on the ability to house them e.g. poor tenancy histories, non-compliance with tenancy conditions and the potential for anti-social behaviour. This can lead to repeat representation for homelessness support.



Source: MHCLG, 2021

People with experience of the criminal justice system

8.38 Of those owed a duty 4.4% had an offending history, this was a total of 58 household. As the table below illustrates the numbers have fluctuated although over the last year there has been an upward trend.

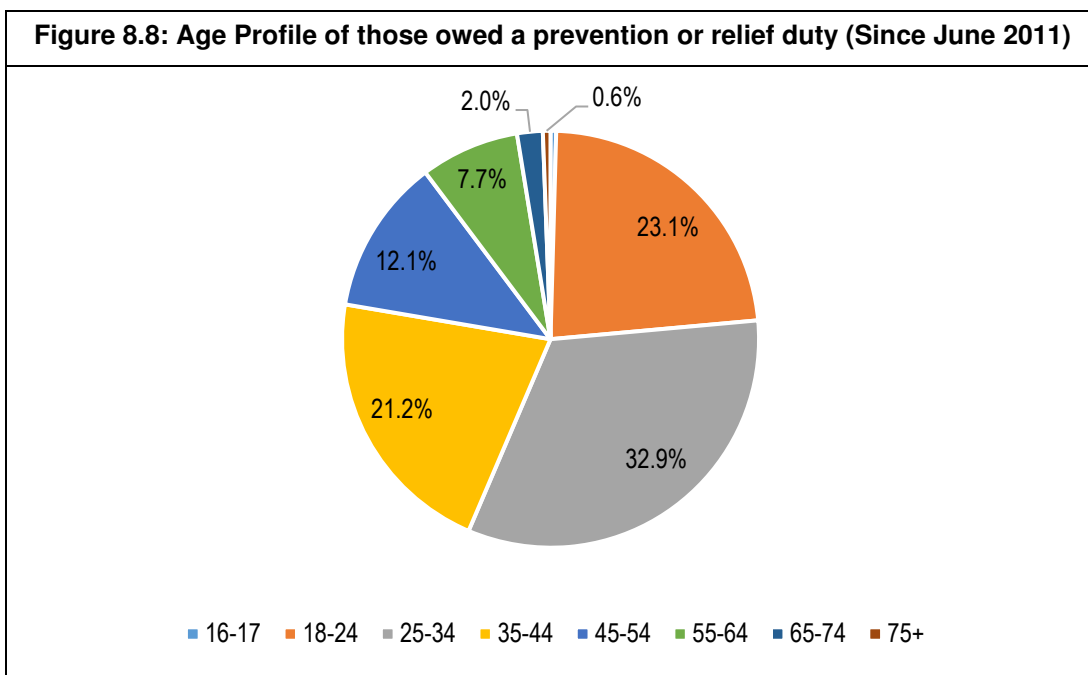


Source: MHCLG, 2021

8.39 The Council notes that there is the potential for people with offending histories to be declined by Registered Providers when nominated due to their criminal background where this can reasonably indicate unsuitability to be a tenant or potential risks to others including neighbouring tenants and housing association staff. This can narrow housing options to supported housing or PRS, often with benefit support.

Young people with a support need

8.40 As illustrated in the figure below, the 18-24 and 25-34 age groups comprise around 56% of all those owed a prevention or relief duty. Only around 2.6% of those that were owed a duty were of a retirement age.



Source: MHCLG, 2021

8.41 As set out earlier in the report, when linked to the delivery of 541 dpa, the population aged under 16 is expected to grow by around 8.1% in Test Valley between 2020 and 2040. This level of delivery should theoretically enhance affordability and thus a lessen the issue of accessing housing among younger households. It will also deliver a greater number of affordable units to address those most in need.

8.42 However, the Council should monitor these trends and respond to any upwards spikes. They should also work with a range of agencies to ensure there is a flexible and responsive supply of accommodation. This collaborative working will be particularly important to ensure there is capacity in the system to deal with the needs of the growing younger population with support need. These agencies include:

- County Council;
- Adult and Children Social Care teams;
- Clinical Commissioning Groups (CCGs);
- Commissioned services in the local accommodation and support pathways;
- Registered providers; and
- Other local partners including criminal justice agencies and the voluntary sector.

## Students

8.43 There are no higher education facilities in Test Valley with the nearest being the University of Southampton Highfield and Boldrewood Campus in north Southampton. The University had around 22,600 students in the 2019/20 academic year of which around 65% were undergraduates and 35% were post-graduates.

8.44 We have consulted with the University to understand their aspirations and to understand how this might impact housing demand in Test Valley. The Council informed us that due to demographic growth in the number of 18 year olds the University could grow by around 6.5% by 2025. This would equate to an additional 1,365 students.

8.45 In order for the Council to understand the impact of this growth in Test Valley the University also provided information on the permanent and term-time address of their students. This showed that between 1.4% to 1.9% had a permanent address in Test Valley but that only 0.7% to 1.0% lived in Test Valley during term time.

8.46 If these percentages were to be maintained they would result in an additional 10 to 14 students living in Test Valley of the 1,365 additional students. We can therefore be content that the impact on housing in Test Valley would be negligible.

8.47 In addition, to the University of Southampton there is also the smaller establishments of Solent University (10,510 students) in Southampton City Centre and Winchester University (8,000 students).

8.48 Winchester University have set out an ambition for controlled sustainable growth in undergraduate numbers and have according to their strategy<sup>30</sup> developed a campus “providing outstanding facilities and accommodation to meet the needs of future students”. Again this would suggest limited impact on the wider housing market and particularly in Test Valley where few students are likely to be drawn given the transport links.

<sup>30</sup> <https://www.winchester.ac.uk/about-us/our-future/our-strategy/>

- 8.49 Solent University are also planning for a growing number of students although this is unspecified beyond an under-graduate market share of 0.7%. If applied to the national number of under-graduates this would equate to 13,230 under-graduates an increase of 3,465 from 9,765. At present 26% of students have a permanent address in Hampshire and the Isle of Wight.
- 8.50 If the same locational percentages as the University of Southampton, on the assumption that both are located in the City, were to be applied to the additional under-graduate growth then an additional 35 students would live in Test Valley and study at Solent University. Again this is not a significant impact on the housing market.

## Service Families

- 8.51 Test Valley is a significant hub for MOD personnel with Army HQ located in Andover. There are also a number of other major installations in surrounding districts including Boscombe Down, Tidworth and Bulford Camps in Wiltshire.
- 8.52 MOD statistics report that there are 3,020 personnel located in Test Valley at April 2020. This number has increased from a low of 2,560 in 2013. 53% of those stationed in Test Valley are military (the majority of which are officers) while 47% are civilian.
- 8.53 Despite a large increase in service personnel being redeployed from Germany, the MOD have been developing new homes on their own land in Tidworth, Ludgershall and Larkhill areas, in Wiltshire but close to the border with Test Valley.
- 8.54 The Council notes that there has not been an increase in the housing register which could be attributed to MOD personnel or their families.
- 8.55 The MOD have said that their personnel do not have any particular accommodation requirements in Test Valley, They also stated that there are no issues with affordability or homelessness from the MOD point of view however, this may change as people leave service.
- 8.56 Service personnel's current needs are being met through a combination of Army owned accommodation, privately rented and owner occupied homes. These are found in Tidworth, Bulford, Andover, Basingstoke, Salisbury, Winchester, Middle Wallop and other sites.
- 8.57 The Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.
- 8.58 This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy. Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.

- 8.59 Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing. Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.

## Gypsy and Travellers

- 8.60 The NPPF sets out the need for local authorities to determine their housing need figure using the standard method and that “within this context” the need for “different groups in the community should be assessed and reflected in planning policies (including...travellers)<sup>31</sup>. Footnote 25 notes that “Planning Policy for Traveller Sites sets out how travellers’ housing needs should be assessed for those covered by the definition in Annex 1 of that document”.
- 8.61 Gypsy and Traveller pitches are therefore included within the standard method-based housing needs figure. However, a separate study is required to identify the need for such sites, but these would not be additional to the standard method.
- 8.62 The latest evidence for Test Valley is set out in the “Hampshire Consortium Gypsy, Traveller and Travelling Showpeople Accommodation Assessment 2016-2036” produced by ORS<sup>32</sup>. The report identified a net need for 3 additional pitches between 2016 and 2036.

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<sup>31</sup> NPPF paragraphs 60-61

<sup>32</sup> [https://www.testvalley.gov.uk/assets/attach/5010/pt6\\_8%20170509%20GTAA%20Report%20for%20Publication.pdf](https://www.testvalley.gov.uk/assets/attach/5010/pt6_8%20170509%20GTAA%20Report%20for%20Publication.pdf)

### Other Groups: Key Messages

- Further analysis has been carried out to consider a range of other groups set out in the NPPF and PPG. This includes the need for self- and custom-build development, homelessness, students and service personnel.
- On average 34 individuals or groups enter the self and custom build register per base period. This gives an indication of the scale of future need. Moving forward, the Council will need to ensure that the actual number of entries on the register at the end of each base period is equivalent to the number of plots of land that are permitted within 3 years.
- As a first step, the local authority should seek to adopt a general “encourage” policy for all sites but also implement a further policy on strategic sites. The exact level should be determined in reference to the number and capacity of strategic sites and the overall local need as identified on the register. This should also take into account the committed supply, need for other types of housing (including affordable housing need) and viability.
- The average number of households owed a homelessness duty is 133 per quarter of which 63% required a prevention duty and 37% a relief duty. The majority require smaller homes and the council should consider ensuring a smaller supply of affordable homes to meet this need. A homelessness duty is owed where the authority is satisfied that the applicant is threatened with homelessness in the next 56 days or is actually homeless.
- Many of those presenting as homeless also have been assessed as having a support need. The Council should continue to work with the relevant bodies to ensure proper support is provided and monitor the situation for any rapid changes (for example, an increase in homelessness once the eviction amnesty is finished).
- There is unlikely to be any demand from students in the Borough as there are no higher education establishments. The nearest Universities are in Southampton (Southampton and Solent) and Winchester. While all have an ambition for growth very few students at these Universities reside in Test Valley.
- There is a strong military presence which has grown over recent years. The Council have not noted any increase in the housing register as a result. This may be due to the MOD delivering a large amount of military housing in nearby parts of Wiltshire. The MOD have not identified any accommodation need for their personnel within Test Valley.
- The latest evidence for Test Valley in relation to Gypsies and Travellers is set out in the “Hampshire Consortium Gypsy, Traveller and Travelling Showpeople Accommodation Assessment 2016-20. The report identified a need for 3 additional pitches between 2016 and 2036.



## Appendix A1: List of Acronyms used in Report

AHO	Affordable Home Ownership
AR	Affordable rent
CoRe	Continuous Recording of Sales and Lettings
CQC	Care Quality Commission
DWP	Department for Work and Pensions
EAC	Elderly Accommodation Counsel
EHS	English Housing Survey
HMA	Housing Market Area
Housing LIN	Housing Learning and Information Network
HRP	Household Reference Person
HRR	Household Representative Rate
HTB	Help to Buy
IMD	Index of Multiple Deprivation
ISA	Individual Savings Account
JGC	Justin Gardner Consulting
LA	Local Authority
LAHS	Local Authority Housing Statistics
LCHO	Low Cost Home Ownership
LHN	Local Housing Need
LPEG	Local Plans Expert Group
LQ	Lower Quartile
LTHPD	Long-term Health Problem or Disability
MHCLG	Ministry of Housing, Communities & Local Government (now Department for Levelling Up, Housing and Communities (DLUHC))
MOD	Ministry of Defence
MYE	Mid-Year Population Estimate
NOMIS	National Online Manpower Information System
NPPF	National Planning Policy Framework
OAN	Objectively Assessed (Housing) Need
OBR	Office for Budget Responsibility
OMV	Open Market Value
ONS	Office for National Statistics
OO	Owner-occupied (or owner-occupier)
PANSI	Projecting Adult Needs and Service Information System
PAS	Planning Advisory Service
PiSH	Partnership for South Hampshire (previously Partnership for Urban South Hampshire (PUSH))
POPPI	Projecting Older People Population Information System
PPG	Planning Practice Guidance
PR	Patient Register
PRS	Private Rented Sector
PRT	Part Return to Trend
RSH	Regulator of Social Housing
SHMA	Strategic Housing Market Assessment
SHOP	Strategic Housing for Older People
SNHP	Subnational Household Projections
SNPP	Subnational Population Projections
SPD	Supplementary Planning Document
SR	Social Rented
TV	Test Valley
UPC	Unattributable Population Change
VOA	Valuation Office Agency