BUILDING
A BETTER FUTURE

# Affordable Housing Topic Paper

November 2026



Havant
BOROUGH COUNCIL

# Affordable Housing Topic Paper

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# 1. Introduction

1.1. The purpose of this paper is to set out the Council's approach to setting the affordable housing requirement and tenure split included in Policy 38: Affordable Housing of the Publication Building a Better Future Plan. It draws together the key strands of evidence including the 2023 Housing Needs Analysis and the associated 2026 Addendum to the Housing Needs Analysis which provide evidence on the housing needs of different groups in Havant Borough; and the Local Plan Viability Assessment Stages 1 and 2 which provides high level assurance that the policies and allocations in the Plan are deliverable as a whole.

1.2. The affordable housing policy builds on the Council's Housing Strategy (KS002)[1] which places a clear priority on social rent as the Council's tenure of choice for affordable housing provision. As well as making sure that the Borough addresses the need for housing, this will lead to a reduction in the number of people on housing waiting lists and improvements in housing affordability. Like many Local Housing Authorities (LHAs), the number of households presenting as homeless as steadily increased over recent years. The Council is seeking to increase the number of properties it has available for use as temporary accommodation and reduce this significant financial burden.

1.3. Section 2 of this paper provides an overview of affordable housing need in Havant Borough, and the need for different affordable housing products.

1.4. Section 3 provides an overview of past trends and previous affordable housing delivery through development in Havant Borough.

1.5. Section 4 considers the conclusions of the Local Plan Viability Assessment (LPVA) and the implications for affordable housing in Havant Borough.

1.6. Section 5 sets out how the key evidence base studies have informed the Council's approach to Policy 38: Affordable Housing in the Publication Building a Better Future Plan.

[1] https://www.havant.gov.uk/our-organisation/strategy-policy-and-performance

# 2. Affordable Housing Need

2.1 Paragraph 63 of the 2024 National Planning Policy Framework (NPPF) indicates that in establishing housing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies, including those who require affordable housing (including social rent). Paragraph 63 of the NPPF goes on to state that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, including the minimum proportion of social rent homes required.

2.2 Planning Practice Guidance[2] goes on to set out how affordable housing need should be calculated, based on the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market. This section therefore considers the evidence on housing need from the 2023 Housing Needs Analysis and, more notably the 2026 Addendum to the Housing Needs Analysis.

**Need for affordable housing**

2.3 The HNA Addendum to the Housing Needs Analysis reports that as of January 2026, 1,434 households were enrolled on the Council's housing register in the highest priority bands. This represents around 19% fewer than reported in the 2023 Housing Needs Analysis (HNA). The Council's Housing Team advised that this can be attributed to a high number of applications that were made in the aftermath of the Covid pandemic and numbers have since dropped to pre-Covid levels. During the 2023 HNA, the Housing Team were also undergoing a restructure to form a dedicated Hampshire Home Choice Team. This resulted in a more effective and efficient management of the scheme, with applications reviewed more often and being closed or suspended as needed.

2.4 The 2026 HNA Addendum indicates a net annual need for 601 affordable homes in Havant Borough. This is substantially higher than the net need for 370 affordable homes per annum estimated by the 2023 HNA. The increase is likely to have been driven by the rising cost of market housing which is unaffordable to a greater number of newly forming households.

**Need for different tenures of affordable housing**

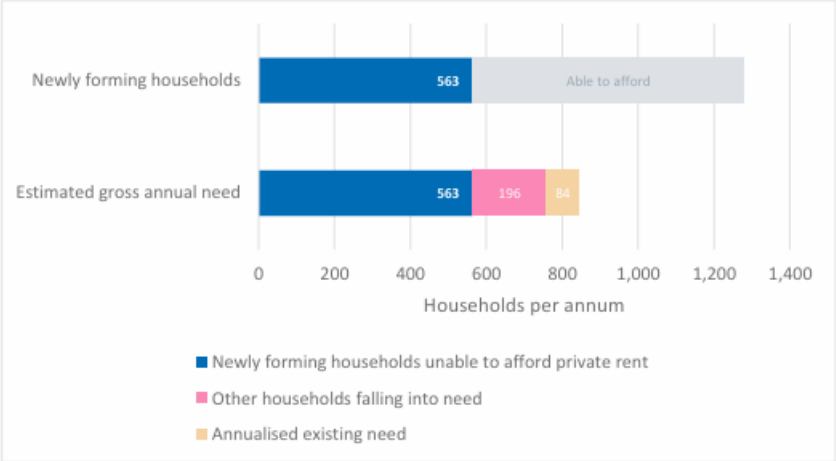
2.5 Section 6 of the HNA Addendum ('the study') considers the different types of affordable housing products referenced in the NPPF which could help to meet the evidenced need for affordable housing in Havant Borough.

2.6 The study estimates that of the total new household formation (1,280 households), 563 of newly forming households (44%) in Havant Borough will be unable to afford the cost of private rent and will thus require affordable housing[3]. This is shown in the first bar chart in Figure 6.2 below. The

[2] Guidance: Housing needs of different groups. Paragraph: 006 Reference ID: 67-006-20190722 Revision date: 22 07 2019 Available at: https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing
[3] Table 5.3: Future Need for Affordable Housing, Step B2 https://www.havant.gov.uk/sites/default/files/2026-06/%28HS02%20-%20A%29%20Housing%20Needs%20Analysis%20Addendum.pdf

second bar chart shows that newly forming households represent a third of the estimated gross annual need[4].

**Figure 6.2: Households Unable to Afford Private Rent within Affordable Housing Need Calculation**

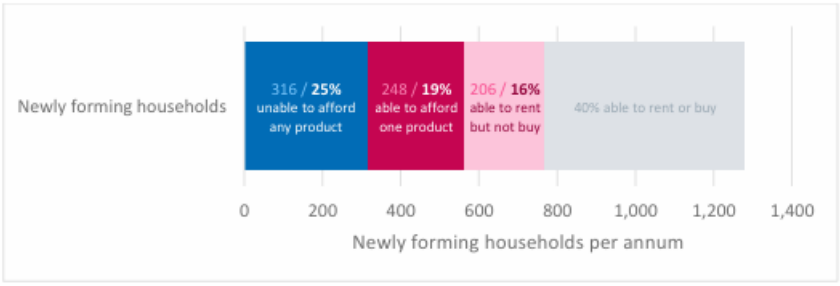



*Source: Turley analysis*

2.7 Figure 6.3 of the HNA Addendum breaks down the 1,280 newly forming households per year according to the type of housing products they can afford:

- 40% (510 households) can afford market housing (rent or buy) – denoted by the grey bar.
- 25% (316 households) cannot afford any of the affordable housing products assessed.
- 19% (248 households) cannot afford market rent but can afford at least one affordable housing product.
- 16% (206 households) can afford to rent but cannot afford to buy.

**Figure 6.3: Newly Forming Households by Ability to Access Products**

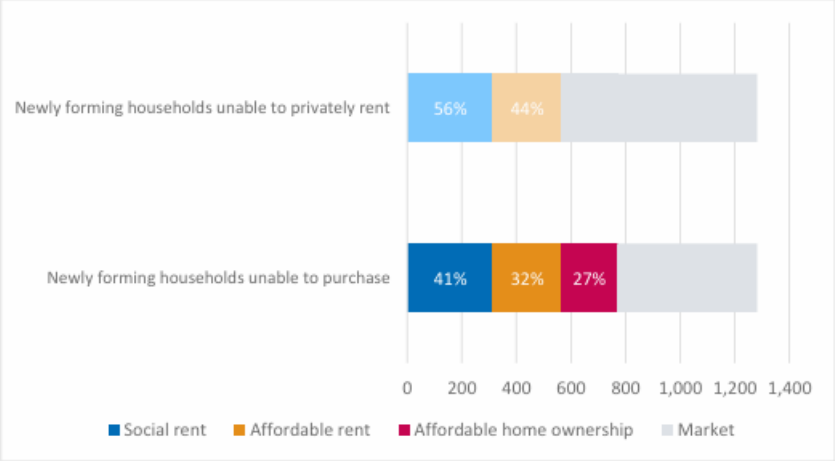



*Source: Turley analysis*

2.8 On this basis, considering the 564 newly forming households unable to privately rent: 316 (56%) are implied to need social rented housing, whilst 248 (44%) of households whose needs are implied to be met by affordable rent. This is shown by the first bar chart in Figure 6.4.

[4] C4 Table 5.4 https://www.havant.gov.uk/sites/default/files/2026-06/%28HS02%20-%20A%29%20Housing%20Needs%20Analysis%20Addendum.pdf

**Figure 6.4: Indicative Split of Affordable Housing Need in Havant**




*Source: Turley analysis*

2.9 As highlighted above, Section 6 of the HNA Addendum considers different affordable housing products referenced in the NPPF which could help to meet the evidenced need. Paragraph 6.15 of the study highlights that only one of the products considered, namely affordable rent, would cost less than privately renting.

2.10 Paragraph 66 of the NPPF is clear that planning policies should expect the mix of affordable housing required meets identified local needs, across social rent, other affordable housing for rent and affordable home ownership tenures. Paragraph 6.15 of the HNA Addendum sets out:

*"Delivering only [affordable rented] and social rented housing would not provide the range of options that the NPPF has arguably long expected, and it would specifically offer no affordable home ownership products despite them having a recognised role not only in helping households to purchase but potentially also releasing any lower cost market housing that they would otherwise rent. If the aim is to therefore include a proportionate amount of such housing within the mix of affordable homes to be provided in Havant, a solution could be to focus more broadly on the newly forming households that are unable to purchase, rather than rent."*

2.11 Based on the analysis undertaken in the study, it would be an unrealistic policy approach to seek only a mixture of social and affordable rent which would be unlikely to result in a viable or desirable policy approach. It is therefore considered a reasonable and justified policy approach is to focus on the newly forming households that are unable to purchase (rather than to rent), as advocated by the study.

2.12 The 2026 HNA Addendum indicates an increase to the need in the proportion of affordable rent is likely due to the increase in the cost of private rent. For example, 44% of households are unable to afford private rent in the 2026 HNA Addendum compared to the 2023 HNA where 25% of households were unable to afford private rent.

2.13 When considering the additional newly forming households which are able unable to purchase, there is a total of 770 households. The second bar chart in Figure 6.4 provides an indicative split of affordable housing need as follows:

- 41% (316 households) require social rent
- 32% (248 households) require affordable rent
- 27% (206 households) require affordable home ownership products

2.14 It should be noted that a slightly different tenure split was assumed for the purposes of the Local Plan Viability Assessment based on the results of the 2023 Housing Needs Assessment. This assumed 42.5% social rent, 20% affordable rent with the balance being affordable home ownership. This was based on analysis of the 2023 HNA undertaken by the Council at Regulation 18 stage (see Appendix 1).

**Summary**

2.15 The HNA Addendum identifies a substantial net annual need for 601 affordable homes in Havant Borough. This represents a substantial increase when compared to the 2023 HNA which is likely to reflect the rising costs of market housing. When considering newly forming households which are unable to buy, the HNA analysis supports a tenure mix of at least 41% social rent and 32% affordable rent, with the balance provided as affordable home ownership. This reflects both the acute need for rented products, and the need to provide affordable home ownership products as part of the overall tenure split. This evidence provides a clear basis for the tenure split included in Policy 38.

# 3. Previous Affordable Housing Supply/Past Trends

3.1 This section considers previous affordable housing delivery through development in Havant Borough.

**Affordable Housing Delivery in the Past**

3.2 The Council's annual monitoring data shows housing and affordable housing delivery since 2011 is shown in the table below. The table covers the period from the adoption of the Havant Borough Core Strategy in March 2011.

3.3 Policy CS9 of the Core Strategy sets out that housing proposals will deliver on average 30-40% affordable housing on sites of 15 dwellings (gross) or more and secure a suitable provision, equivalent to an average of 30-40% on small housing developments between 5 and 14 dwellings (gross), unless a lesser requirement has been transparently justified on viability grounds. Since the NPPF was published, however, the Council has applied the threshold of developments of 10 dwellings or more. The range set out in the policy means that the Council tends to secure 30% affordable housing in practice, rather than at the upper range of 40%

**Table 1: Percentage affordable housing completions (net) 2011-2025**

| | TOTAL | AFFORDABLE | % |
|---|---|---|---|
| 2011-2012 | 168 | 36 | 21.4 |
| 2012-2013 | 249 | 41 | 16.5 |
| 2013-2014 | 200 | 60 | 30.0 |
| 2014-2015 | 492 | 194 | 39.4 |
| 2015-2016 | 584 | 165 | 28.3 |
| 2016-2017 | 649 | 165 | 25.4 |
| 2017-2018 | 290 | 96 | 33.1 |
| 2018-2019 | 267 | 83 | 31.1 |
| 2019-2020 | 366 | 103 | 28.1 |
| 2020-2021 | 294 | 55 | 18.7 |
| 2021-2022 | 259 | 66 | 25.5 |
| 2022-2023 | 495 | 193 | 39.0 |
| 2023-2024 | 368 | 115 | 31.3 |
| 2024-2025 | 316 | 55 | 17.4 |
| **Total** | **4997** | **1427** | **27.512** |

3.5 Table 1 shows that affordable housing delivery has varied over 15 years, with strong years of affordable housing coinciding with high levels of homes being completed more generally. For example, 2022-2023 represented a strong year for housing completions from various early release sites identified in the Council's Housing Delivery Position Statement, as well as the redevelopment of the Colt International Site which was a 100% affordable housing scheme which resulted in nearly 40% affordable housing forming part of supply in that year.

3.6 Notably strong years of housing (and affordable homes) delivery followed the adoption of the Havant Borough Allocations Plan in July 2014, and again following the publication of the Council's Housing Delivery Position Statement in 2016. The period of low delivery in 2020-21 can be linked to a period of economic downturn, the Covid-19 pandemic and nutrient neutrality.

3.7 Significantly over the past few years there has been a recent shift in the market in Havant Borough, with many Registered Providers becoming increasingly reluctant to acquire Section 106 homes. This transition has been largely due to concerns about quality when procuring homes through development agreements, and financial pressures, including rising costs and higher interest rates. This has been reported nationally by the Home Builders Federation[5] with recent research suggesting that developers continue to face significant constraints in delivering both Section 106 affordable homes and market-sale units. Anecdotally this is being seen locally, with RPs not wishing to take up affordable units in Havant Borough which are typically of a medium and small scale compared to larger development sites in neighbouring areas.

3.8 Whilst there remains uncertainty in the market, the Council has also seen an uptick in the number of schemes coming forward as 100% affordable (Table 2 below provides a number of examples). This reflects a growing trend for Register Providers such as Vivid Housing to work with partners and joint ventures to deliver affordable homes on sites that would have otherwise been delivered by the market with a proportion of affordable housing. This has been seen on the former Colt International Site which has now been built out as 100% affordable. This reflects a continuing focus nationally on safety and to secure the quality of homes required.

3.9 Table 1 shows that since 2011/12, affordable housing delivery has on average been on 27.5% of the total (net) homes completed, which is just below the 30% affordable housing target set out in the Havant Borough Core Strategy.

**Examples of schemes providing affordable housing**

3.10 Table 2 below provides examples of schemes providing affordable housing. This includes a range of development sites achieving affordable housing provision, at varying stages of development. It demonstrates that the Council has a strong track record of achieving a policy compliant level of affordable housing, and that a number of sites are coming forward as 100% affordable housing with grant funding.

[5] Uncontracted Section 106 Affordable Homes: October 2025. Available at: https://www.hbf.co.uk/news/uncontracted-section-106-affordable-homes-october-2025/

**Table 2: Examples of Developments Providing Affordable Housing in Havant Borough**

| Development Site | Status | S106 full policy compliant | RP/Private developer site | Total units on site | Total affordable units (% of total units) |
|---|---|---|---|---|---|
| Land north of Havant Road and West of Selangor Avenue – Planning Ref: APP/16/00774 | Completed | Yes | Private developer (Barratt Homes) | 147 | 44 (30%) |
| Former site of Colt International - Planning Ref: APP/18/00244 | Completed | Yes | Private developer and RP (Vestal and Vivid) | 94 | 94 (100%) |
| Land at Forty Acres Farm – Planning Refs: APP/18/00450, - APP/21/00605 | Completed | Yes | Private developer (Barratt David Wilson Homes) | 354 | 106 (30%) |
| 108-110 Elm Grove – Planning Ref: APP/20/00015 | Complete | Yes | RP for older people (Housing 21) | 39 | 39 (100%) |
| Camp Field, Land to the west of Havant Crematorium – Planning ref: APP/19/00007 | Under construction | Yes | Private developer (Redrow Homes) | 70 | 21 (30%) |
| Land west of Coldharbour Farm – Planning ref: APP/19/01226 | Under construction | Yes | RP (Vivid) | 44 | 44 (100%) |
| Land south of Lower Road and west of Old Manor Farm – Planning ref: APP/24/00612 | Under construction | Yes | Private developer (Bargate Homes Ltd) | 43 | 13 (30%) |

| Development Site | Status | S106 full policy compliant | RP/Private developer site | Total units on site | Total affordable units (% of total units) |
|---|---|---|---|---|---|
| Dairy Crest Depot – Planning ref: APP/18/01109 | Under construction | Yes | RP (Vivid) | 74 | 74 (100%) |
| Land west of Hulbert Road – Planning ref: APP/20/00441 | Reserved matters approval with conditions. | Yes | RP (Vivid) | 100 | 100 (100%) |
| The South Downs College – Planning ref: APP/22/00439 | Resolution to grant full planning permission subject to S106 | Yes | RP (Places for People) | 85 | 85 (100%) |
| Former Electricity Board site, Bartons Road – Planning Ref: APP/25/00639 | Approved subject to conditions | Yes | Private developer (Stonebond Properties Limited) | 90 | 90 (100%) |

# 4. Viability Evidence

5.1 This section considers the conclusions of the Local Plan Viability Assessment (LPVA) and the implications for affordable housing in Havant Borough.

5.2 The LPVA has been prepared by Dixon Searle Partnership (DSP) in two stages. LPVA Stage 1 report (October 2024) informed the Draft Regulation 18 Building a Better Future Plan and was focused on the viability implications for affordable housing, whilst taking into account known or expected costs of other local or nationally set policy requirements (e.g. low carbon design and housing quality standards).

5.3 The LPVA was produced in the context of the 2024 National Planning Policy Framework (NPPF), Planning Practice Guidance (including the 'Viability' and 'Planning Obligations' sections), and other relevant guidance. The LPVA has been prepared based on the residual valuation method. The LPVA describes this as follows:

*"…, residual land valuation starts from what the completed development is expected to be worth (gross development value or GDV) and works backwards to determine a land value while still leaving a normal profit for the developer. In the context of viability in planning, this involves estimating the gross development value (GDV), subtracting all development costs (build, fees, finance, policy requirements like affordable housing and infrastructure, plus a reasonable developer return), and whatever is left is the residual land value; if this is at or above an appropriate benchmark (typically existing use value plus a premium), the scheme is considered viable in planning terms."*

5.4 The LPVA Stage 1 is briefly considered below as part of the evolution of the affordable housing policy approach.

**Key Outcomes for Affordable Housing from the LPVA Stage 1 (2024)**

5.5 The LPVA Stage 1 focused modelling on a range of affordable housing proportions from 10% to 40% on the development typologies set out at Figure 5 which could be broadly grouped into three scheme types – houses only, mixed houses and flats and flatted only development, across both greenfield and PDL site typologies. At this stage in the study, a range of tenure scenarios were considered, but the study conclusions focused on 20% affordable rent, 42.5% social rent and 37.5% affordable home ownership based on the 2023 HNA (the latest evidence at the time).

5.6 The results from the LPVA Stage 1 indicated that 30% affordable housing is likely to be generally viable on greenfield-based sites with the cumulative set of policies applied (i.e. national requirements and local policy). PDL typologies showed more challenging viability prospects and were grouped into two categories, housing-led (mixed houses/flats) and flatted only schemes. Mixed PDL schemes (housing-led with a proportion of flats) indicated a more positive viability scenario with 20% affordable housing compared to flatted only schemes. Flatted development showed only up to 10% affordable housing being the more positive end of what could likely be viably supported.

5.7 On this basis, the LPVA Stage 1 recommended the following affordable housing proportions based on the site typologies tested.

- 30% affordable housing (greenfield – general non-strategic development scale)
- 20% affordable housing (PDL)
- 10% affordable housing (PDL) – flatted only development

5.8 This informed the emerging differential policy approach in Policy 32: Affordable Housing in the Draft (Regulation 18) Local Plan:

*"Planning permission for residential development resulting in a net gain of 10 or more dwellings will be granted where:*

*a) Provision is made for the following proportions of affordable housing:*
*i. A minimum of 30% affordable housing is provided on greenfield sites;*
*ii. A minimum of 20% affordable housing is provided on sites that constitute previously developed land; and*
*iii. A minimum of 10% affordable housing is provided on sites that constitute previously developed land where the development is entirely for flats/apartments."*

5.9 As set out at this stage, the LPVA Stage 1 was focused on affordable housing and other known or expected policy requirements.

**Key Outcomes for Affordable Housing from the LPVA Stage 2 (2026)**

5.10 Stage 2 (May 2026) is the second part of the viability evidence to support the Publication (Regulation 19) Building a Better Future Plan. It builds on the LPVA Stage 1 and includes consideration of key specific site allocations, updates to site typology modelling and policy options in relation to affordable housing, low carbon design and housing quality standards.

5.11 The LPVA provides a proportionate assessment of a range of appropriate site typologies that reflect the potential nature and mix of sites likely to come forward. It includes specific consideration of key strategic site allocation at Southleigh (Allocation 1). It focuses on policies that have a clear, measurable impact on overall development costs; rather than every possible policy which are typically reflected within the general cost allowances. Appendix 1 of the LPVA Stage 2 provides information on the cost assumptions used in the assessment.

5.12 The LPVA Stage 2 assumed the affordable housing tenure mix of 20% affordable rent, 42.5% social rent and 37.5% affordable home ownership based on the 2023 HNA which provided the most up to date evidence available at the time. However, at the point of finalising the LVPA Stage 2, the 2026 HNA Addendum revised the tenure weighting between affordable rent and affordable home ownership, this moved 10% affordable home ownership to affordable rent. Although the revised tenure mix would have some adverse effect on overall viability, HNAs are updated periodically and may not always align precisely with the assumptions used in the LPVA. As noted in paragraph 2.4.9 of the LVPA stage 2, such differences are to be expected and do not, in themselves, undermine the robustness of the assessment or necessitate its revision. The relatively minor change in tenure mix arising from the latest HNA would not necessarily, in isolation, render an otherwise viable scheme unviable.

5.13 The Stage 2 LPVA work continues to a show a need for a differential policy approach to affordable housing by site type, property type and location as set out above at paragraph 5.7.

5.14 The LPVA Stage 2 recommends that a differential approach to affordable housing should continue to be progressed, varied by site type, property type and location as set out in detail below.

**Development on previously developed land**

5.15 The LPVA Stage 2 indicates that viability on previously developed land (PDL) sites is generally more challenging than on greenfield sites. This reflects higher existing use values on PDL such as industrial/commercial uses, and therefore landowners require a higher return before releasing their land for redevelopment. PDL sites also typically come with additional development costs. This was observed to be true both for mixed PDL schemes (i.e. housing led with a proportion of flats) and flatted schemes.

5.16 On this basis, the Stage 2 PDL typology tests continued to inform and support the emerging draft policy position of 20% AH on PDL developments (except those for entirely flats/apartments). However, flatted development continues to show a more challenging viability picture, with results indicating up to 10% affordable housing being the more positive end of what could likely be viably supported.

**Development on greenfield sites**

5.17 In recognition of the Council's corporate priority to deliver affordable housing (specifically social rent), DSP were asked to explore whether there would be locations with values which would support a higher proportion of affordable housing on greenfield sites.

**Emsworth ward**

5.18 The LPVA Stage 2 indicates that new-build values in the Emsworth area typically higher than the rest of the Borough. On this basis, the LPVA suggests that Emsworth values show there is capacity for at least 30% affordable housing.

5.19 However, when the affordable housing requirement is increased to 40% it places an increased reliance on consistently higher sales values and reduced flexibility for additional development costs. On this basis, the LPVA Stage 2 indicates a policy differential of 35% for greenfield sites in the Emsworth ward, with 30% affordable housing remaining a suitable headline figure for greenfield sites across the rest of the Borough.

**Southleigh Strategic Site (Allocation 1)**

5.20 Given the potential to secure a higher proportion of affordable housing in Emsworth compared with the rest of the borough, DSP was asked to explore whether the Southleigh strategic site could viably support affordable housing provision above 30%. Having considered this, overall, while the LPVA does not rule out a higher proportion pending the settling of the infrastructure requirements, it concludes that a 30% AH requirement is appropriate on balance in the circumstances. This is alongside the estimated CIL cost and other requirements, including the primary school and local centre proposals.

5.21 As well as the viability influence of the infrastructure scenario, at this stage it is a reasonable expectation that the sales values achievable at Southleigh could well be lower than those likely to be supported for Emsworth new builds, on the whole. As a new community which will take time in the making, the scheme will need to establish its identity and placemaking elements and initially may not be as desirable to some prospective purchasers compared to smaller more individual schemes. In addition, the LPVA noted uncertainty around the infrastructure costs, although this is not unusual at the plan-making stage. On the base value assumption made, the viability testing indicates the outcomes at 35% affordable housing to be marginally falling short with the estimated infrastructure and CIL cost allowed for. The testing with 30% AH is seen to restore the result to positive, although with little headroom. Increased values and/or reduced costs relative to the assumptions made would be seen to improve this position. As such, these factors inform the overall conclusion on Southleigh that, while up to 35% affordable housing might be achievable under certain circumstances, the evidence most robustly supports a 30% AH headline on this site.

**Summary**

5.22 The LPVA indicates supports a differential affordable housing requirement which responds to variations in viability by site type, property type and location. It provides evidence for 35% affordable housing on greenfield sites in Emsworth, 30% on other greenfield sites including Southleigh, 20% on previously developed land and 10% for wholly flatted schemes on previously developed land for the affordable housing proportions included in Policy 38. This approach maximises affordable housing provision while recognising development costs and maintaining the viability and deliverability of the Plan.

# 5. Setting the Affordable Housing Requirement

**Introduction**

5.1 This section draws together how the respective evidence base studies covered in the previous two sections have informed Policy 38: Affordable Housing in the Publication Building a Better Future Plan.

**How the affordable housing requirement was set**

5.2 In developing Policy 38, the Council balanced the substantial need for affordable housing identified in the HNA Addendum against the viability evidence provided by the LPVA. Whilst affordable housing needs significantly exceed likely delivery; national policy requires local plans to be deliverable. Through the policy approach, the Council has therefore sought to maximise affordable housing provision where viability evidence demonstrates this can reasonably be achieved without undermining delivery.

5.3 Section 2 of this topic paper sets out the need for affordable housing based on the findings of the HNA (2023) and the HNA Addendum (2025). A net need for 601 affordable homes per annum was identified by the HNA Addendum, which represented a substantial increase compared to the 370 affordable homes identified by the 2023 HNA. This increase is likely to have been driven by the rising cost of market housing which is unaffordable to a greater number of newly forming. This points towards the need for maximise affordable housing from new developments.

5.4 The Publication Building a Better Future Plan and the Housing Supply Background Paper set out the standard method for Havant Borough which is 879 dwellings per annum. This is clearly above the annual affordable housing need figure of 601 dwellings per annum. If the Local Plan housing target were to be set at the standard method figure, the only way to meet the affordable housing need in full, would be to have an affordable housing requirement of 68%, which would clearly not be viable or desirable of being delivered by the development industry, so it is inevitable that affordable housing needs would not be met in full in Havant Borough. The Housing Supply Background Paper sets out a housing requirement of 7,087 dwellings, equivalent to an average of 337 dwellings per annum. This is almost half the level of need for affordable housing, so whatever proportion of affordable housing is set, there would be a substantial deficit of affordable housing provision compared to need. Therefore, as a starting point in policy development there is an incentive to maximise the provision of affordable housing as far as practicable within viability limits.

**Policy 38: Affordable Housing in the Building a Better Future Plan**

5.5 The policy applies the affordable housing threshold from the NPPF and expects developments resulting in a net gain of 10 or more dwellings to include affordable housing provision. The policy evolved from Policy 32 in the Draft Local Plan which included a simpler

approach to affordable housing with 30% on greenfield, 20% on previously developed land and 10% on previously developed land for flatted development reflecting the LPVA Stage 1 results at this stage.

5.6 At Publication stage, the Council could have chosen to continue following this approach which has been shown to be viable and deliverable. However, the LPVA pointed towards higher values in the Emsworth ward which indicated a higher proportion of affordable housing could be achieved in this location. It was therefore relevant to explore a further percentage differential for this location, given the potential for further affordable housing delivery.

5.7 The Council similarly asked DSP to explore whether a greater proportion than 30% affordable housing could be achieved on the Southleigh strategic site, but the significant uncertainty with infrastructure costs and delivery timescales confirmed there was insufficient certainty of whether a higher proportion of affordable housing could be achieved.

5.8 The Council therefore decided concluded that a more complex policy approach was justified to maximise affordable housing delivery by site type, property type and location. The proportions taken forward were based on the LPVA findings to ensure that the amount of affordable housing sought would be deliverable and viable, having regard to the development typologies tested.

Setting the proportions of affordable housing

5.9 Part a) of the policy sets out the affordable housing requirement by site/property type and by location in Havant Borough based on the following proportions:

- 35% affordable housing on greenfield sites within the Emsworth ward
- 30% affordable housing on greenfield sites elsewhere in the Borough (including Southleigh)
- 20% affordable housing on brownfield sites across the Borough
- 10% affordable housing on brownfield sites across the Borough and where the residential development entirely consists of flats/apartments.

5.10 Greenfield sites generally support a higher affordable housing requirement overall. The LPVA Stage 2 findings continue to conclude that 30% affordable housing on greenfield sites is still likely to be the most suitable one to maintain in policy as a headline covering the rest of the Borough. This is set out under criterion a) ii. of the policy, to clarify the affordable housing requirement for greenfield sites outside of the Emsworth ward.

5.11 The requirement in criterion a) i) is set at 35% for greenfield sites within the Emsworth ward reflecting higher value levels. This reflects that values in the Emsworth area of the borough are higher than typical overall. However, the LPV

5.12 A Stage 2 concluded that a 40% affordable housing requirement would mean more reliance on consistently higher sales values whilst leaving a less substantial tolerance levels beyond those included at the appraisals at this stage[6].

[6] Paragraph 3.2.9

5.13 The LPVA concludes that affordable housing should remain at 30% for the Southleigh strategic site – this reflects the strategic infrastructure required of this site, delivery timescales and the uncertainty of infrastructure costs at this stage. The results showed that 40% affordable housing is likely to be too testing for viability, and that 30% affordable housing remains an appropriate approach that should balance viability with the other policy requirements of the emerging plan. Noting a small part of the Southleigh (Allocation 1) falls within the Emsworth Ward, the policy criterion a) iii) makes clear that the 30% affordable housing requirement would apply to the strategic site.

5.14 In contrast to greenfield sites, PDL are more challenging from a viability point of view with higher existing use values and abnormal costs. The LPVA Stage 2 concludes that 20% is the maximum proportion of affordable housing that can be supported[7] except where the development is entirely flats/apartments. 30% affordable housing could only be shown to be viable on higher land values (LVs) and 40% affordable housing showed a wider still range of deficit outcomes.

5.15 Flatted schemes are more constrained in viability terms. The LPVA Stage 2 indicates that a 10% affordable housing requirement and not more should be taken forward through the policy approach.[8].

5.16 Overall, recognising the significant need for affordable housing in Havant Borough, the LPVA points towards a robust set of affordable housing requirements according to site and property type and according to location. Dixon Seale worked with the Council to maximise the proportion of affordable housing to meet the substantial need in Havant Borough, whilst balancing this against the limits of viability. Setting an affordable housing requirement beyond what the LPVA has recommended would likely render many development schemes unviable and mean that housing need was not addressed more generally.

Setting the affordable housing tenure split

5.17 Part b) of the policy sets out the affordable housing tenure mix:

- At least 41% social rented homes;
- At least 32% affordable rent homes;
- Affordable housing ownership products make up the following requirement.

5.18 Paragraph 64 of the 2024 NPPF indicates that planning policies should specify the minimum proportion of social rent homes required. Part b) i. of the policy addresses this requirement.

5.19 The 2023 HNA pointed towards an affordable housing tenure split of 42.5% social rent, 20% affordable rent with the balance being affordable home ownership. This tenure split effectively informed the policy at Draft (Regulation 18) Local Plan stage and was used as a key assumption in the LPVA for modelling purposes.

[7] Paragraph 3.2.16
[8] Paragraph 3.2.21

5.20 The 2026 HNA Addendum continues to conclude that there is a very large need for affordable and social rent products for newly forming households. However, the rising cost of market housing means that it is unaffordable to a greater number of newly forming households. On this basis, it recommends an increase in affordable rent sought equivalent to 32% affordable rent, and a slight reduction to 41% social rent with the balance being affordable home ownership.

5.21 Whilst this represents a slight move away from what was modelled through the LPVA, the tenure split reflected in the latest housing needs evidence has been reflected in the Publication Plan. To continue to reflect a 20% proportion of affordable rent would underestimate the need for affordable rented products for newly forming households. HNAs are periodically updated and will not always precisely align with the assumptions included in the LPVA. The LVPA nevertheless remains robust, and the relatively minor change in tenure mix would not necessarily, in isolation, render an otherwise viable scheme unviable.

**Summary**

5.22 The LPVA and HNA Addendum informed the overall proportions of affordable housing and tenure split included in Policy 38 respectively. Given the scale of the affordable housing need in the Borough, there is a clear incentive to maximise the provision of affordable housing, but it is recognised that this has to realistic and within the limits of viability. On this basis, the policy has been positively prepared.

5.23 The LPVA therefore makes a balanced judgement balancing the scale of affordable housing need, viability across development typologies and infrastructure and other costs. The LPVA provides high level assurance that the Plan can concluded to be deliverable. Furthermore, the HNA provides an up-to-date assessment of identified affordable housing need and which tenures are likely to meet need.

5.24 Overall, Policy 38 has been informed by the latest evidence on housing need and development viability. The Council considers that the policy strikes an appropriate balance between maximising the delivery of affordable housing and ensuring that development remains deliverable. For this reason, the policy is considered justified, effective and consistent with national policy.

# Appendix 1: Tenure options and housing need

**How different tenure options could meet housing need in Havant?**

The 2023 Housing Needs Analysis firstly identifies the cost of entry level market housing in Havant – with various scenarios for purchase and private rent – private rent being the cheapest.

**Table 5.2: Estimated Cost of Entry-Level Market Housing in Havant**

| | Price of purchase | Deposit | Years to repay | Mortgage rate | Annual cost |
|---|---|---|---|---|---|
| **Purchase, core assumptions** | **£232,000** | **£11,600*** | **25 years** | **5.95%** | **£16,960** |
| Purchase, sensitivity 1 | £232,000 | £23,200^ | 25 years | 5.95% | £16,067 |
| Purchase, sensitivity 2 | £232,000 | £11,600* | 25 years | 5.00% | £15,461 |
| Purchase, sensitivity 3 | £232,000 | £11,600* | 25 years | 4.00% | £13,960 |
| Purchase, sensitivity 4 | £232,000 | £23,200^ | 35 years | 5.00% | £12,645 |
| Purchase, sensitivity 5 | £232,000 | £11,600* | 35 years | 4.00% | £11,711 |
| **Private rent** | **–** | **–** | **–** | **–** | **£9,000** |

*Source: ONS; Land Registry; Turley analysis* * 5% deposit; ^ 10% deposit

The study then sets out the income required to access entry-level market housing in Havant.

**Table 5.3: Income Required to Access Entry-Level Market Housing in Havant**

| | Annual cost | Income required | Rounded | Able to afford | Unable to afford |
|---|---|---|---|---|---|
| **Purchase, core assumptions** | **£16,960** | **£50,879** | **£50,000** | **43%** | **57%** |
| Purchase, sensitivity 1 | £16,067 | £48,201 | £50,000 | 43% | 57% |
| Purchase, sensitivity 2 | £15,461 | £46,384 | £45,000 | 49% | 51% |
| Purchase, sensitivity 3 | £13,960 | £41,881 | £40,000 | 55% | 45% |
| Purchase, sensitivity 4 | £12,645 | £37,936 | £40,000 | 55% | 45% |
| Purchase, sensitivity 5 | £11,711 | £35,132 | £35,000 | 62% | 38% |
| **Private rent** | **£9,000** | **£27,000** | **£25,000** | **75%** | **25%** |

*Source: ONS; Land Registry; CACI; Turley analysis*

This gives the percentage of households that are unable to afford to rent or purchase at particular levels. This shows that up to 57% of households may be unable to afford the cost of purchasing an entry-level home, and while this figure does fall as low as 38% under one sensitivity – which assumes the most favourable mortgage terms – it remains considerably higher than the equivalent figure for the private rental market (25%).

Therefore 38% - 57% need assistance to purchase an entry level home – say 40% (if an optimistic view of access to mortgage products is adopted). It would therefore follow that approximately 60% of households are able to purchase a property.

75% of households are able to afford to rent a property, this means that 25% need assistance to access the rental market. Given the difference between those able to rent (75%), and to buy a property (60%), this leaves 15% who could potentially benefit from being able to purchase an affordable home ownership product (or rent on the open market) and 25% of households who will require an affordable rent or social rent products (as they do not have sufficient income to access the rental market).

The study assumes that no more than one third of income is spent on housing costs, in order to align with research produced by the Resolution Foundation – regularly cited by both Shelter and the Joseph Rowntree Foundation.

The study provides further analysis of those that need assistance to access the rental market.

**Table 5.8: Estimated Annual Cost of Affordable Rent and Income Required**

| | Annual cost | Income required | Households ***able*** to afford | Households ***unable*** to afford | Difference from market rent |
|---|---|---|---|---|---|
| **Market rent** | **£9,000** | **£27,000** | **75%** | **25%** | **–** |
| 80% market rent | £7,200 | £21,600 | 83% | 17% | 8% |
| 60% market rent | £5,400 | £16,200 | 90% | 10% | 15% |

*Source: ONS; CACI; Turley analysis*

This shows that 10% of households are unable to afford a social rent product (60% of market rent). Of the 15% of households that cannot afford market rent but can afford an affordable rent, 7% could afford social rent and 8% could afford affordable rent.

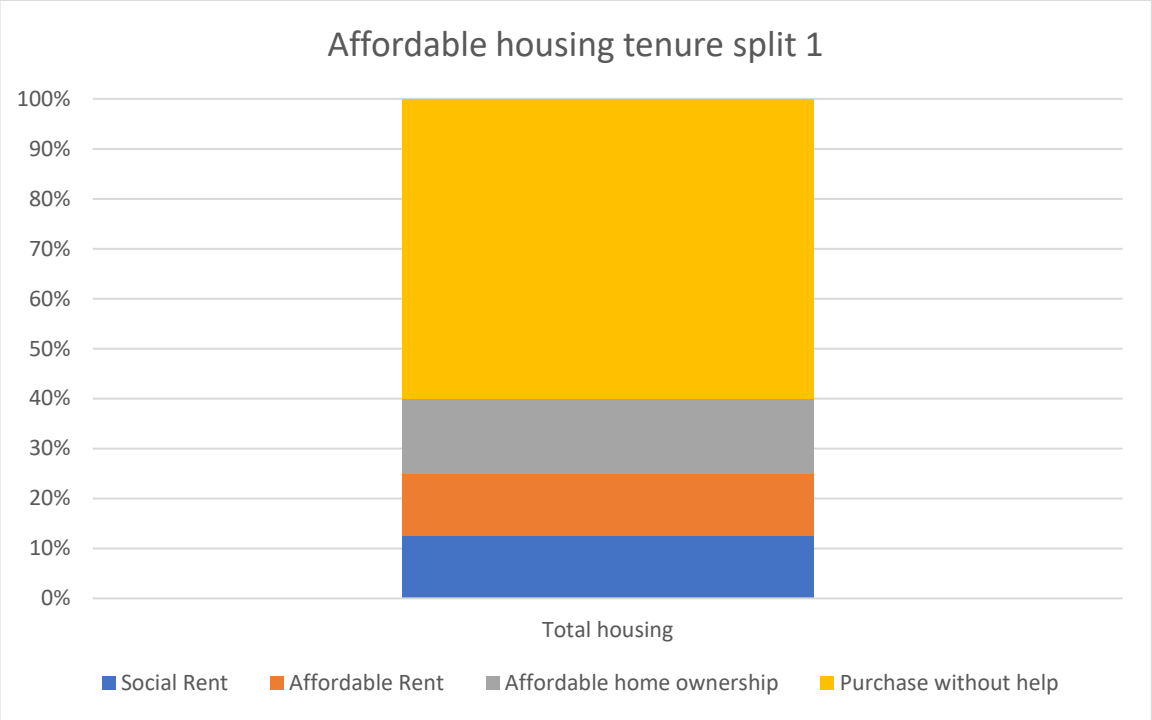
If we set aside the 10% that cannot afford even social rent and the rented element of affordable housing is split 50/50 between affordable rent and social rent, we end up with the following proportions:

Purchase without help = 60%

Affordable home ownership = 15%

Affordable rent = 12.5%

Social rent = 12.5%



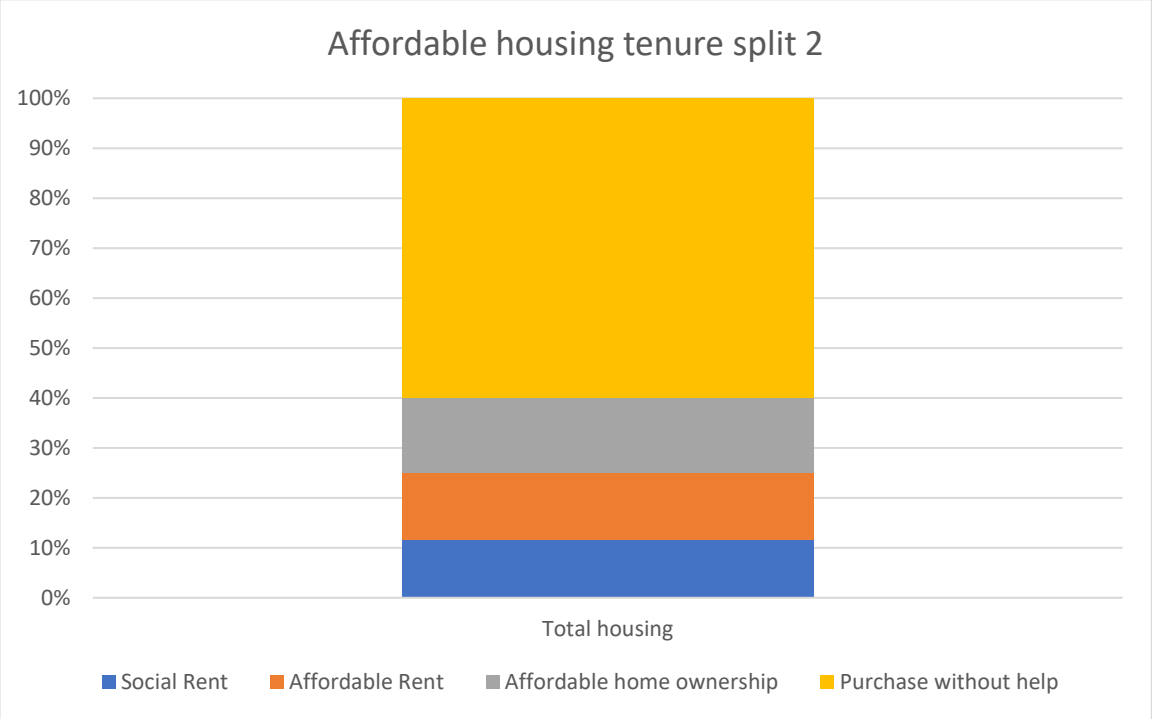
Alternatively, we could give proportionate emphasis to the 8% that could afford affordable rent and 7% that could only afford social rent we get the following proportions:

Purchase without help = 60%

Affordable home ownership = 15%

Affordable rent = 13.33%

Social rent = 11.67%



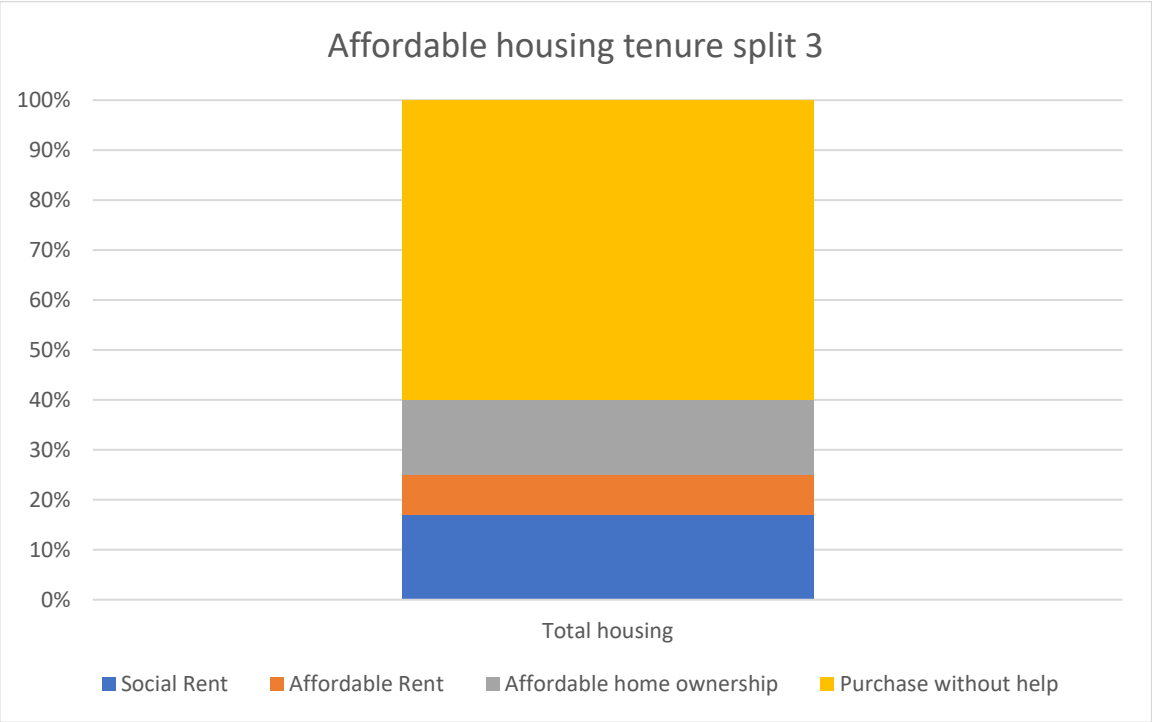
Alternatively, if we do not set aside the 10% that cannot afford even social rent and include them within the social rent element we get the following proportions:

Purchase without help = 60%

Affordable home ownership = 15%

Affordable rent = 8%

Social rent = 17%




**Conclusions**

The 3 options above would give us an affordable housing tenure split policy options as follows:

| | Affordable home ownership | Affordable rent | Social rent |
|---|---|---|---|
| Option 1 | 37.5% | 31.25% | 31.25% |
| Option 2 | 37.5% | 33.3% | 29.2% |
| Option 3 | 37.5% | 20% | 42.5% |

N.B.

Annual gross need = 601 dpa

Annual net need = 373 dpa

Annual supply = 228 dpa



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