

# Housing Needs Analysis

## Havant Borough Council

October 2023

**Turley**

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# Executive Summary

1. Havant Borough Council ('the Council') has commissioned Turley to undertake up-to-date analysis of housing needs in the borough of Havant<sup>1</sup>, to inform its development of a new Local Plan.
2. This updated evidence is intended to replace the Strategic Housing Market Assessment (SHMA) that was finalised in January 2014, having been produced for the entirety of South Hampshire<sup>2</sup>. Aside from not capturing trends in the subsequent nine years to date, this SHMA notably also predated the finalisation of Planning Practice Guidance (PPG) which was only available in draft form at that point, and indeed has since been expanded following its publication in March 2014 with the addition of new guidance on how to assess the needs of different groups as well as older and disabled people<sup>3</sup>.
3. This guidance helps plan-makers to understand '*the size, type and tenure of housing needed for different groups in the community*', allowing these needs to be '*reflected in planning policies*' as required by the current iteration of the National Planning Policy Framework<sup>4</sup> (NPPF). While this is due to be updated in the near future, the Government has continued to emphasise through a recent consultation that '*the overall aim should be to meet as much housing need as possible with an appropriate mix of housing types to meet the needs of communities*'<sup>5</sup>. Supplementary material indicates that the Government remains committed to '*creating a planning system that focuses not simply on housing numbers, but on delivering the types of homes that communities want and need*' including '*more genuinely affordable housing and specific provision for older people*'<sup>6</sup>.
4. This report has been produced within the context of this national policy and guidance, focusing on the mix of housing that could potentially be needed if it is assumed that overall housing needs, determined using the standard method, are met in full<sup>7</sup>. It also specifically considers the need for affordable housing, the needs of older people and the needs of those requiring accessible and adapted housing. This covers most of the groups specified in paragraph 62 of the NPPF, omitting only those covered by separate studies and those known to not be present in great numbers in Havant.

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<sup>1</sup> Hereafter referenced as simply "Havant"

<sup>2</sup> GL Hearn (January 2014) South Hampshire Strategic Housing Market Assessment

<sup>3</sup> PPG sections 63 and 67

<sup>4</sup> Department for Levelling Up, Housing and Communities (September 2023) National Planning Policy Framework, paragraph 62

<sup>5</sup> Department for Levelling Up, Housing and Communities (December 2022) National Planning Policy Framework showing indicative changes for consultation, paragraph 60

<sup>6</sup> Department for Levelling Up, Housing and Communities (December 2022) Levelling-up and Regeneration Bill: reforms to national planning policy, chapter 5 paragraph 1

<sup>7</sup> It is acknowledged that the Council may deem it impossible to meet this need in full, due to evidenced constraints, and that the situation will become clearer as the Local Plan develops

## **Recent trends in the local housing market**

5. This report highlights the evolution of the housing market in Havant over recent years. New housing has been delivered, almost two thirds of completions since 2011 being houses as opposed to flats, and while all sizes of property have been delivered these new homes have been most likely to contain two or three bedrooms. This delivery has not fundamentally altered the profile of housing available in Havant, however, with the 2021 Census reaffirming that most households live in semi-detached or detached homes. Fewer live in terraced houses than in 2011 or 2001, and slightly more live in flats, albeit historic growth in the latter does appear to have stalled over the last decade. Households appear to have become slightly less likely to have two or three bedrooms, despite the recent profile of delivery, and more likely to have at least four.
6. The population of Havant continued to grow over the decade to 2021, broadly continuing the growth seen over the prior decade to reach circa 124,200 people. This was slightly fewer than the Office for National Statistics (ONS) believed to be living in the borough when it produced its last official estimate, in mid-2020, albeit the difference is relatively modest at around 2%. It appears to have more accurately estimated the age of the population, with the 2021 Census confirming that older people continue to account for a growing proportion of all residents.
7. The average price paid for housing in Havant has increased by some 60% over the decade to 2021, the last complete year for which data was available at the time of analysis. Terraced houses saw the greatest increase, of some 67%, and this was followed by semi-detached housing in a potential sign of imbalance between the supply of and demand for mid-sized housing. This is also apparent from changes in rents at both the midpoint of the market and the entry level, with rents for properties containing two or three bedrooms seeing the greatest proportionate increases over the period for which data is available (2014-22).

## **Estimated impact of meeting the minimum need for housing in Havant**

8. This report does not consider the overall number of homes needed in Havant, but the Council itself is able to use the so-called standard method – as detailed in Planning Practice Guidance (PPG) – to establish the minimum need for housing in the borough. This suggested, as of late 2022, that at least 516 dwellings per annum are needed in Havant.
9. While the Council may judge in developing its Local Plan that it is unable to meet this need in full, this report presents demographic modelling undertaken by Edge Analytics which suggests that doing so over the anticipated plan period to 2043 could grow the population of Havant by circa 15,200 people. This would represent growth of 0.5% per annum on average, precisely aligning with the rate of growth estimated by the ONS since 2011 but slightly exceeding that subsequently confirmed by the 2021 Census, the detailed findings of which were not available at the time of modelling.
10. The population would likely continue to age in this scenario, with a growing proportion of all residents being at least 65 years old while the cohort aged 45 to 64 becomes less prominent having not been replenished. Such changes to the age profile can be

expected to affect the types of households living in Havant, with the modelling suggesting that many of the borough's additional households could contain multiple adults without children. The number containing children, and indeed the number containing only one person, would nonetheless also be expected to increase.

### **Implications for the size and type of housing needed**

11. The 2021 Census confirms the size of housing occupied by different types of households in Havant, showing that people living alone have the greatest tendency to – but do not exclusively – live in smaller housing. Larger housing with at least three bedrooms is generally favoured by other households, and indeed their tendency to have at least four bedrooms appears to have slightly increased over the last decade.
12. These trends provide a basis for estimating the size of housing needed by additional households in future, if they are assumed to persist. This suggests that circa 46% will need three bedrooms, with 25% requiring two, 21% needing at least four and only 8% needing one. While tenure blind, these figures can be reasonably used in planning for market housing, given that the existing trends on which they are based are generally driven by households who own or privately rent their homes.
13. Given the profile of the existing stock, delivering such a mix could require circa 68% of all new homes to be houses, with flats accounting for a slightly larger share of the residual than bungalows (17/15%). The latter two property types could though be treated collectively by the Council, given that competition for land generally prevents the delivery of bungalows.
14. The above represent only illustrative estimates which can be used for guidance and monitoring, or as a starting point for proposed market housing where affordable housing is considered separately. They should not though be rigidly applied to all sites, given the need to respond to changing market demands, local context, the characteristics of particular locations – like the town centre – and viability factors.

### **Need for affordable housing**

15. This report also estimates the need for affordable housing in Havant, following the well-established methodology that continues to be outlined in the PPG.
16. The first stage of the calculation establishes the scale and profile of affordable housing need in gross terms, capturing 1,766 households in priority bands on the Council's housing register. A further need for 517 affordable homes can be expected to arise every year as new households form and existing households' circumstances change. These factors, combined, could generate a gross need for circa 601 affordable homes per annum over the period to 2043, the likely endpoint for the new plan period, with the greatest need being for properties with one or two bedrooms.
17. The PPG also requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply. Data supplied by the Council suggests that approximately 231 affordable homes could become available each year, most having one or two bedrooms. This is evidently lower than the estimated gross need, meaning that there is a residual net need for 370 affordable homes per annum.

This is underpinned by a particularly large shortfall of properties with only one bedroom, albeit there is a shortfall of all sizes of property such that a mix of affordable housing will be required.

18. This report also considers the potential role of different affordable housing products in meeting the need that has been evidenced. The analysis indicates that affordable rent is the most likely to do so, as would arguably be expected where it is designed to lower the cost of privately renting and this is the most accessible market option. Shared ownership and other affordable home ownership products – like discounted market sale and First Homes – can be expected to reduce the cost of purchasing on the open market and shrink the size of the necessary deposit, thus providing an ownership option for those with fewer savings earning up to a third less, but these options could still cost at least 24% more than renting. While influenced to some extent by high mortgage rates at the time of assessment, the analysis nonetheless suggests that the Council could be justified in requiring First Homes to apply one of the larger permitted discounts, of either 40% or 50%, provided that this does not undermine viability or the delivery of other affordable housing products. Shared ownership could, for instance, complement First Homes and be accessible to households with fewer savings, where a considerably smaller deposit could be required to purchase a 25% share.

### **Housing needs of older and disabled people**

19. The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies. The PPG provides guidance on how such needs should be assessed, devoting an entire section to housing for older and disabled people.
20. In terms of the former, the 2021 Census has recently confirmed that there were some 30,220 people living in Havant who were aged 65 or above, representing nearly a quarter (24%) of the total population at that time. This group was proportionately larger than in Hampshire or England, and had grown over the previous decade at a comparable rate to that experienced nationwide.
21. The vast majority of these older people lived in private households rather than communal establishments like care homes, with increasingly few living in the latter when compared to ten or twenty years ago. Most of the private households led by older people were owner occupiers, who were slightly more likely than the wider population to be living in smaller housing but still predominantly chose larger dwellings, with at least three bedrooms.
22. Edge Analytics' modelling suggests that the older population of Havant could continue to grow from the level estimated before the latest Census findings became available. The borough could have circa 12,148 extra residents aged 65 or above by 2043, compared to the original estimates for 2020, with most of these additional residents being at least 75 years old.
23. Based on current trends, the modelling itself assumes that there will be an additional 25 older people per annum in need of bedspaces in communal accommodation. These are excluded from and additional to any assessed need for dwellings (using the standard method, for example) so should be isolated – either as bedspaces or dwelling

equivalents – and reported separately. They are unlikely to represent the only individuals in need of such accommodation, if existing residents are unsuitably housed for example.

24. A further demand for other forms of specialist accommodation – such as sheltered and extra care housing – can also be anticipated as the older population grows, with available toolkits suggesting that circa 72 units could be needed by these extra residents alone every year. This would again add to any existing need amongst current residents, which cannot be robustly quantified, but would be *included* in the housing need calculated using the standard method.
25. Older people in Havant are the most likely to have long-term health problems or disabilities that limit their daily activities, according to the 2021 Census, but this was also true of circa 20% of all residents, spanning all age groups, with the proportion reporting such difficulties having slightly risen over the previous decade.
26. The PPG suggests that such Census data can provide an indication of the number of disabled people but it warns that not all will necessarily require adaptations in the home. Some are definitively known to not even have been living in private homes, as approximately 950 lived in medical or care establishments. The modelling introduced in this report does though assume that most people with disabilities will continue to require private housing, rather than such forms of communal accommodation.
27. It is reasonable to expect at least some to need adaptations, as recent years have seen the Council issue 117 Disabled Facilities Grants per annum. A continuation of this trend as the population grows could see some 2,800 adaptations take place over the period to 2043, equivalent to as many as 24% of newly built homes if the minimum need suggested by the standard method is met in full. This could fall if existing homes are adapted but could equally rise if not all of those in need of adaptations have actually received one in recent years, so the Council could balance these factors – as well as the PPG’s preference for building accessible housing from the outset – and reasonably expect around 20% of new homes to be accessible, as a starting point.
28. It is more challenging to estimate the proportion of households in need of wheelchair accessible homes, due to data limitations. It is known that circa 4% of households on the Council’s housing register are wheelchair users, but this is unlikely to be true of the population at large given that disability varies by socio-economic status. The Council will therefore need to exercise judgement in deciding how many new homes should be wheelchair accessible (M4(3)) potentially targeting a figure of around 2% as a starting point.

# 1. Introduction

- 1.1 Havant Borough Council ('the Council') has commissioned Turley to undertake up-to-date analysis of housing needs in the borough of Havant<sup>8</sup>, to inform its development of a new Local Plan.
- 1.2 This updated evidence is intended to replace the Strategic Housing Market Assessment (SHMA) that was finalised in January 2014, having been produced for the entirety of South Hampshire<sup>9</sup>. Aside from not capturing trends in the subsequent nine years to date, this SHMA notably also predated the finalisation of Planning Practice Guidance (PPG) which was only available in draft form at that point, and indeed has since been expanded following its publication in March 2014 with the addition of new guidance on how to assess the needs of different groups as well as older and disabled people<sup>10</sup>.
- 1.3 This guidance helps plan-makers to understand '*the size, type and tenure of housing needed for different groups in the community*', allowing these needs to be '*reflected in planning policies*' as required by the current iteration of the National Planning Policy Framework<sup>11</sup> (NPPF). While this is due to be updated in the near future, the Government has continued to emphasise through a recent consultation that '*the overall aim should be to meet as much housing need as possible with an appropriate mix of housing types to meet the needs of communities*'<sup>12</sup>. Supplementary material indicates that the Government remains committed to '*creating a planning system that focuses not simply on housing numbers, but on delivering the types of homes that communities want and need*' including '*more genuinely affordable housing and specific provision for older people*'<sup>13</sup>.
- 1.4 This report has been produced within the context of this national policy and guidance, focusing on the mix of housing that could potentially be needed if it is assumed that overall housing needs, determined using the standard method, are met in full<sup>14</sup>. It also specifically considers the need for affordable housing, the needs of older people and the needs of those requiring accessible and adapted housing. This covers most of the groups specified in paragraph 62 of the NPPF, omitting only those covered by separate studies<sup>15</sup> and both students and service families who are not present in great numbers

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<sup>8</sup> Hereafter referenced as simply "Havant"

<sup>9</sup> GL Hearn (January 2014) South Hampshire Strategic Housing Market Assessment

<sup>10</sup> PPG sections 63 and 67

<sup>11</sup> Department for Levelling Up, Housing and Communities (September 2023) National Planning Policy Framework, paragraph 62

<sup>12</sup> Department for Levelling Up, Housing and Communities (December 2022) National Planning Policy Framework showing indicative changes for consultation, paragraph 60

<sup>13</sup> Department for Levelling Up, Housing and Communities (December 2022) Levelling-up and Regeneration Bill: reforms to national planning policy, chapter 5 paragraph 1

<sup>14</sup> It is acknowledged that the Council may deem it impossible to meet this need in full, due to evidenced constraints, and that the situation will become clearer as the Local Plan develops

<sup>15</sup> The Council is understood to be considering the needs of travellers separately, and assembling its own evidence on people wishing to commission or build their own homes



in Havant, the implication being that the Council does not need to develop a specific policy approach towards these groups<sup>16</sup>.

1.5 The report is structured as follows:

- **Section 2 – Recent Trends in the Local Housing Market** – an overview of recent change in the population, housing stock and housing market of Havant, drawing upon the latest available evidence;
- **Section 3 – Projected Growth over the Plan Period** – an introduction to demographic modelling that has been developed by Edge Analytics to estimate the population and household growth that could result from Havant meeting the minimum need for housing currently suggested by the standard method, which has not been scrutinised as part of this commission;
- **Section 4 – Size and Type of Housing Needed** – consideration of the size and type of housing that could be needed by those households projected to form in Havant over the plan period;
- **Section 5 – Need for Affordable Housing** – an assessment of the number, size and type of affordable homes needed in Havant, following the separate and well-established methodology that continues to be outlined in the PPG;
- **Section 6 – Housing Needs of Older People** – specific consideration of the housing needs of older people, drawing upon the demographic projections as well as the latest available evidence;
- **Section 7 – Need for Accessible and Adapted Housing** – consideration of the need for accessible and adapted housing, drawing upon the latest available evidence; and
- **Section 8 – Summary and Conclusions** – a concise overview of the analysis presented in this report.

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<sup>16</sup> **Students** have not been considered as the borough was home to only 2,123 full-time students aged 18 or over, as of the 2021 Census, of whom only 567 did not live with their parents. Most of these individuals (76%) were reported to be living in “another household type”, rather than living alone, in an all-student household or in a communal establishment. The broad nature of this category is considered to restrict the potential for further analysis. The 2021 Census has not recorded the number of **active service families**, but the previous Census indicated that only 474 residents of Havant were employed in the Armed Forces as of 2011. There were therefore a maximum of 474 service families living in the borough at that point, where some households could have contained several people serving in the Armed Forces

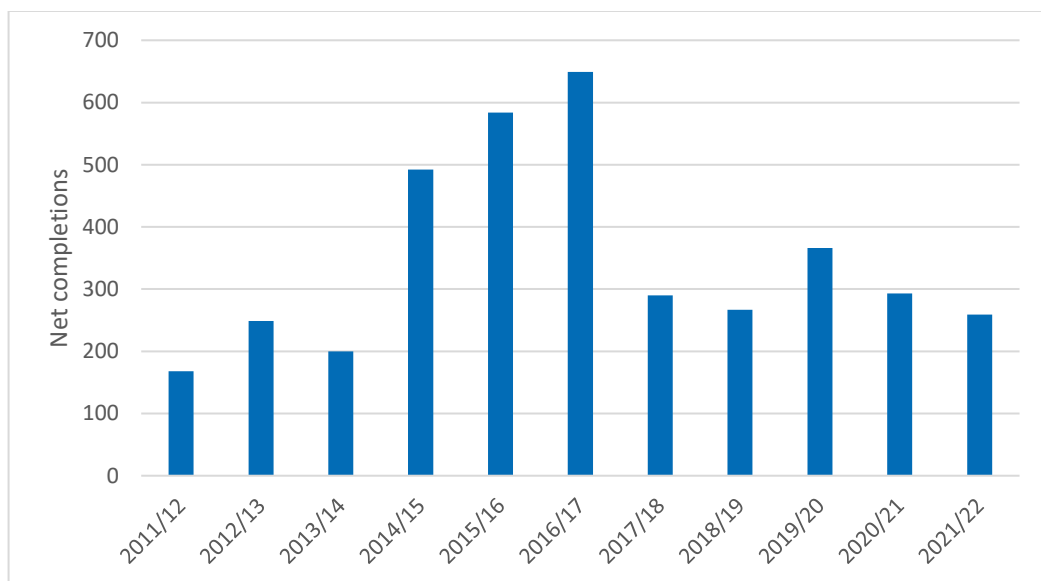
## 2. Recent Trends in the Local Housing Market

- 2.1 The 2014 SHMA profiled Havant within the wider context of South Hampshire, considering trends in household tenure, Council Tax banding, house prices and the rate of development, for example.
- 2.2 The dynamic nature of housing markets means that this profile will have inevitably changed to some extent in the intervening period of over nine years. This section therefore draws upon the latest available data to examine recent trends in the local housing market, specifically focusing on changes in the housing stock, the demographic profile and housing costs.

### Growth in the housing stock

- 2.3 The Council has recorded some 3,200 net dwelling completions in Havant since 2014, averaging exactly 400 dwellings per annum. This rises to 3,817 dwellings in total, the average falling slightly to 347 homes per annum, when extended further back to 2011.

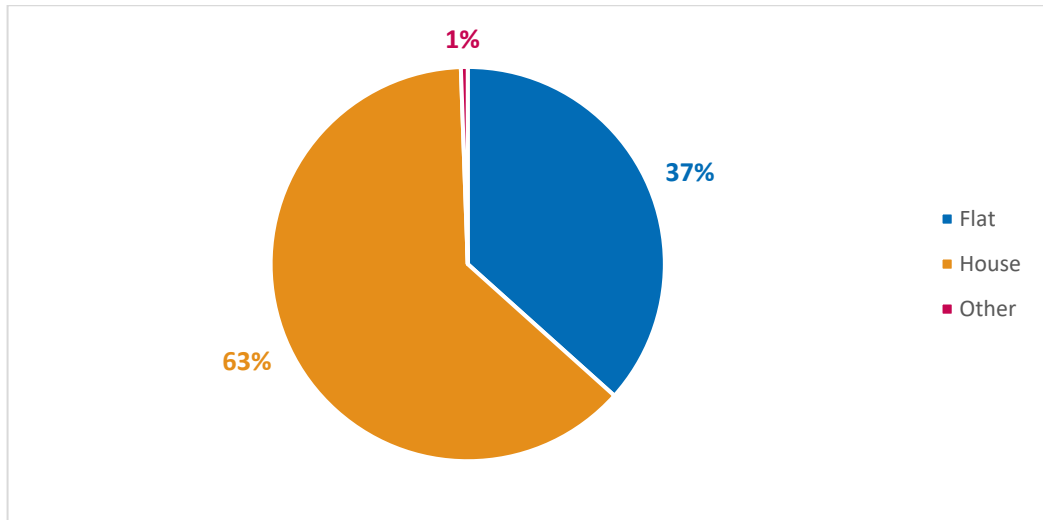
**Figure 2.1: Net Completions in Havant (2011-22)**



*Source: Council monitoring*

- 2.4 The Council has also monitored the types of housing completed over this period, distinguishing between houses, flats and other properties which include Houses in Multiple Occupation (HMO), annexes, residential care and sheltered accommodation for the elderly. Figure 2.2 shows that almost two thirds of the homes completed since 2011 have been houses, with almost all of the residual flats.

**Figure 2.2: Type of Housing Completed in Havant (2011-22)**

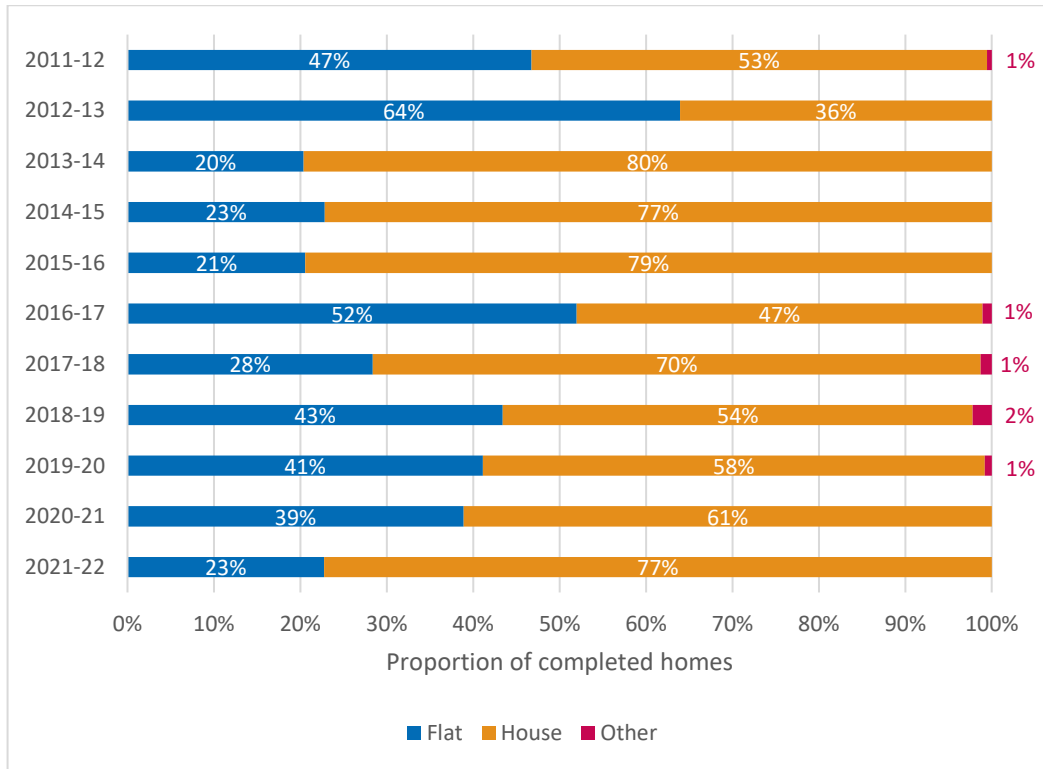


*May not sum due to rounding*

*Source: Council monitoring*

- 2.5 Figure 2.3 shows how the split between different property types has varied in each of the last eleven years, potentially as a result of the type of land developed. It confirms that houses have tended to dominate, only being surpassed by flats in two years (2012/13 and 2016/17). Over the last four years, flats have accounted for a shrinking proportion of the new homes completed, falling from 43% in 2018/19 to only 23% in 2021/22. The proportion of new homes that are houses has resultantly increased from 54% in 2018/19 to 77% in 2021/22.

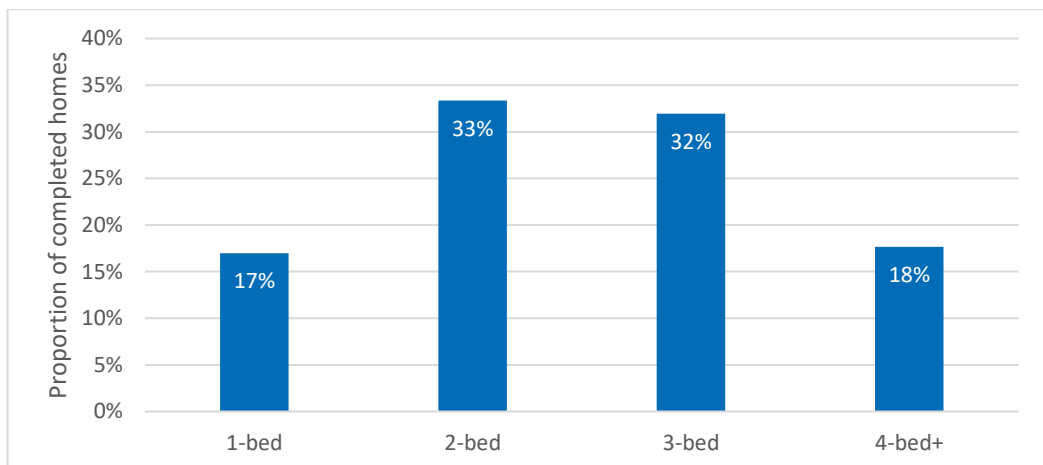
**Figure 2.3: Annual Housing Completions by Type (2011-22)**



Source: Council monitoring

2.6 This profile of development has had consequences for the size of property delivered in Havant, when measured by the number of bedrooms. This has been more balanced, as would be expected, but homes with two or three bedrooms have clearly been the most prominent in terms of delivery since 2011, with each accounting for approximately a third of all completions. Around half as many one-bed properties were delivered over this time, as was the case for completions of larger properties with at least four bedrooms.

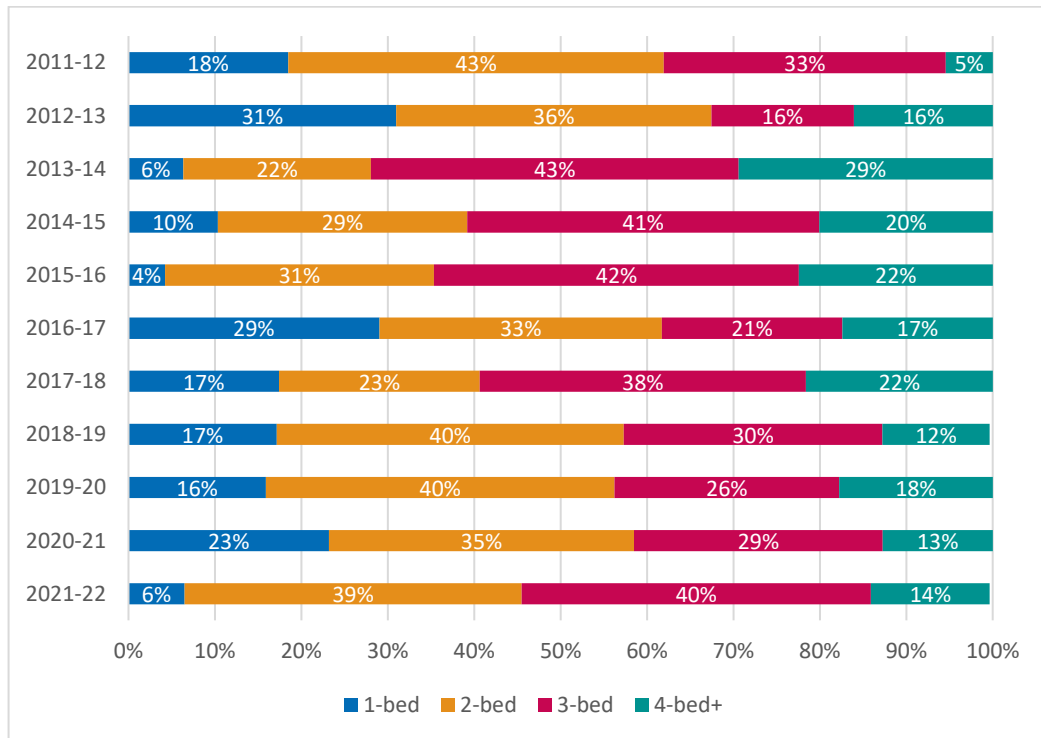
**Figure 2.4: Total Housing Completions by Type (2011-22)**



Source: Council monitoring

2.7 This has again varied to some extent over time, as shown at Figure 2.5. Properties with two or three bedrooms were particularly prominent in the last reported year, each accounting for 39-40% of completions in the borough. Properties of this size have tended to account for the largest share of all completed, with exceptions in 2012/13, 2013/14 and 2016/17. There is volatility between years for one-bedroom completions, which has not been replicated to such an extent amongst those with at least four bedrooms.

**Figure 2.5: Annual Housing Completions by Size (2011-22)**

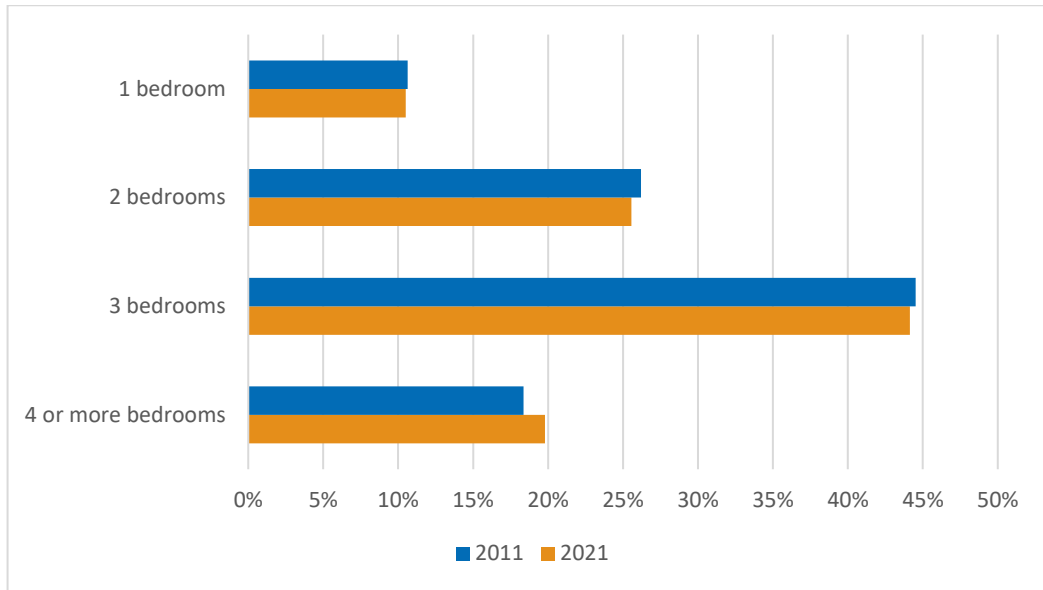


Source: Council monitoring

2.8 The 2021 Census was undertaken before the last available monitoring year but nonetheless provides an indication of how recent development has changed the overall profile of the housing stock in Havant.

2.9 Figure 2.6 overleaf shows the number of bedrooms in households' homes, comparing Census data from 2011 and 2021. The proportion of households with only one bedroom has evidently remained similar at around 11%. Households have become marginally less likely to live in properties with two or three bedrooms, but slightly more likely to have had at least four as of 2021 when compared to a decade earlier.

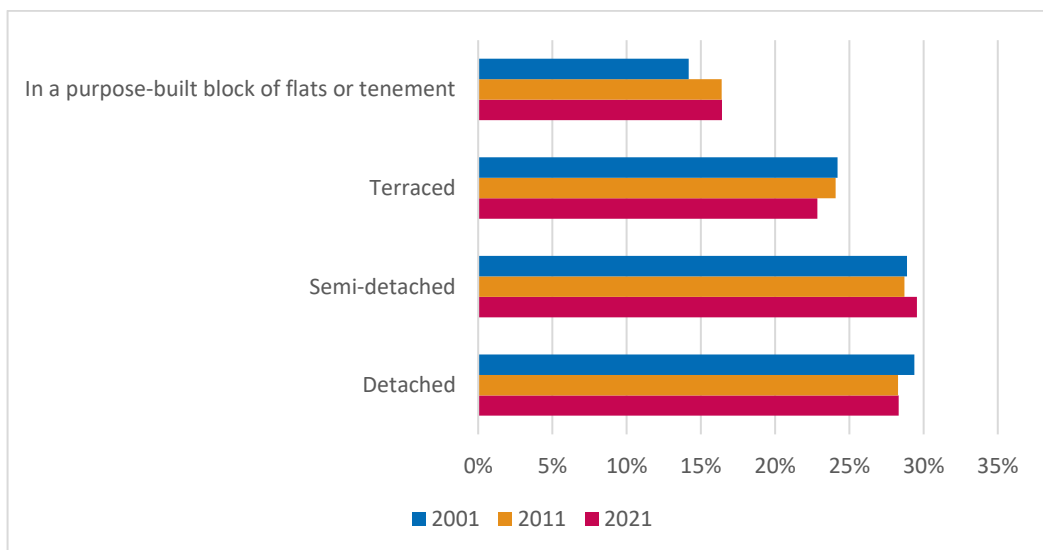
**Figure 2.6: Number of Bedrooms Available to Households in Havant**



Source: ONS

2.10 Figure 2.7 similarly shows the type of housing available in Havant, again tracking change back to the Censuses of both 2011 and 2001. The proportion of households that live in a semi-detached or detached home have remained broadly unchanged, both remaining at around 29%. The proportion of households living in a terraced house has marginally decreased since 2001, suggesting that this type of housing has become less prevalent while semi-detached housing, in particular, has become more so. The proportion of households living in purpose-built blocks of flats has increased since 2001, when only 14% lived in such accommodation, but has remained steady at circa 16% in both 2011 and 2021.

**Figure 2.7: Type of Accommodation Occupied by Households in Havant**



Source: ONS

2.11 This dataset from the Census notably does not isolate bungalows, but this can be partially overcome using separate data produced by the Valuation Office Agency<sup>17</sup> (VOA). While this goes back only to 2015, it suggests that around 16% of homes in Havant were bungalows as of 2022, largely in line with what was recorded in 2015. As of 2022, this VOA data suggests that 20% of homes in Havant were flats or maisonettes, 27% were terraced houses, 20% were semi-detached houses and 18% were detached houses. This is broadly in line with the corresponding proportions in 2015, and cannot be compared to the figures reported through the Census given that it does not isolate bungalows.

### Demographic trends

2.12 There were circa 124,208 people living in Havant as of the 2021 Census, meaning that the population had grown by circa 3% since the last Census in 2011. This effectively continued the growth recorded over the decade prior to that Census, back to 2001.

**Table 2.1: Population of Havant (2001-21)**

	2001	2011	2021
Population	116,849	120,684	<b>124,208</b>
Change since previous Census	–	+3.3%	<b>+2.9%</b>

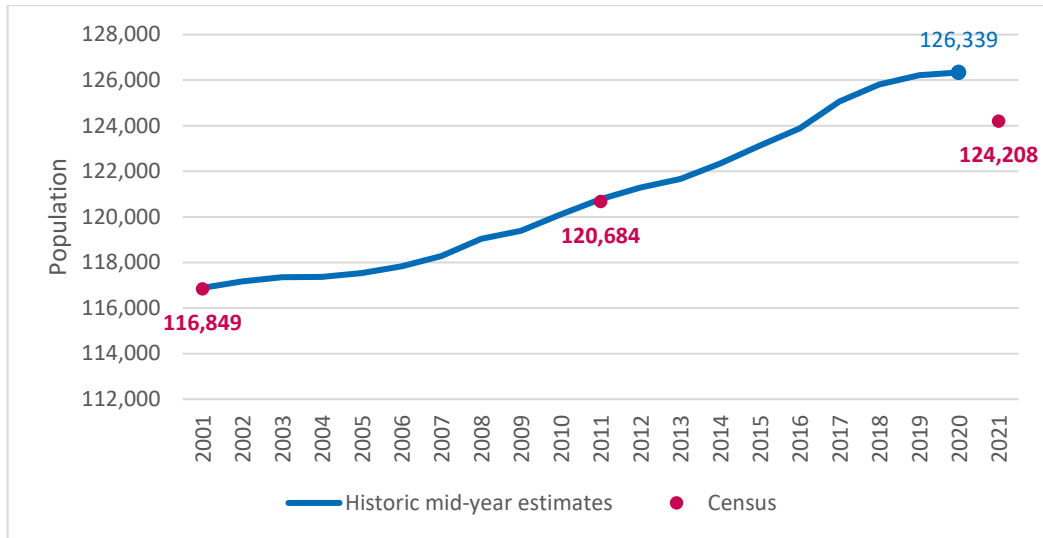
*Source: Census 2001; Census 2011; Census 2021*

2.13 The 2021 Census revealed that there were fewer people living in Havant than the Office for National Statistics (ONS) had anticipated when producing its official mid-year estimate for the previous year<sup>18</sup>. This suggests that the ONS has been slightly overestimating the borough’s population, and while the difference is relatively modest – at circa 2% – the ONS will nonetheless be shortly revising these historic estimates to reconcile them with the 2021 Census.

<sup>17</sup> VOA (2022) Council Tax: stock of properties, 2022

<sup>18</sup> ONS (2021) Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2020

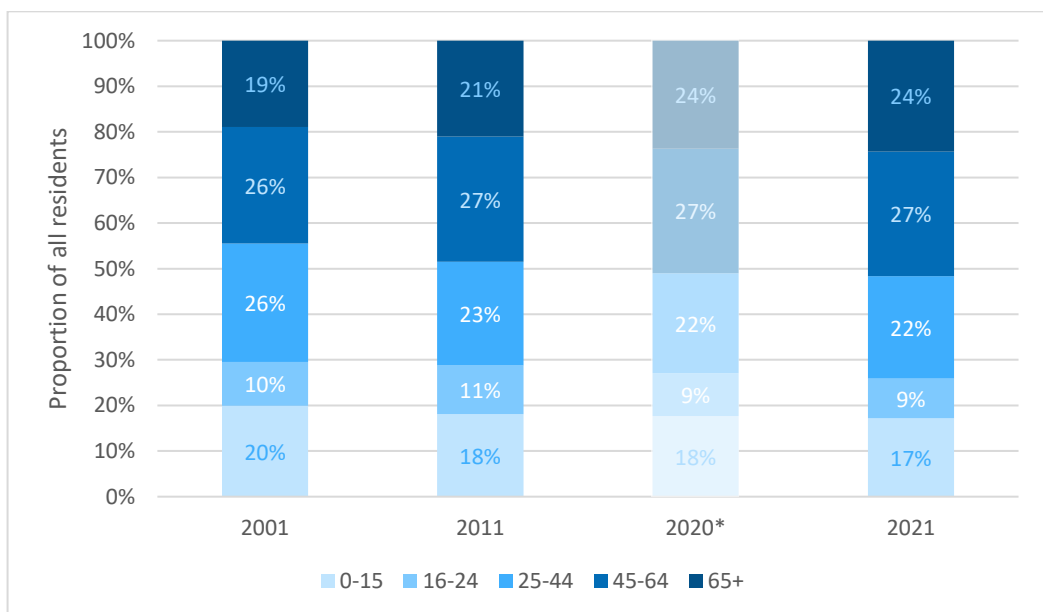
**Figure 2.8: Estimated and Actual Population of Havant (2001-21)**



Source: ONS

2.14 Each Census has shown that a growing proportion of Havant residents are aged 65 or above, with 24% in this cohort as of 2021 compared to 19% in 2001. Children, aged 15 or under, account for a shrinking share of all residents, as do those aged 25 to 44. The cohort aged 16 to 24 did become slightly more prominent between 2001 and 2011, but had become less so again by 2021. While the ONS appeared to have been overestimating the population of Havant before the findings of the latest Census became available, it can nonetheless be seen to have relatively accurately estimated the broad age profile, with its original estimates for 2020 closely aligning with the findings of the 2021 Census.

**Figure 2.9: Changing Age Profile of Havant (2001-21)**



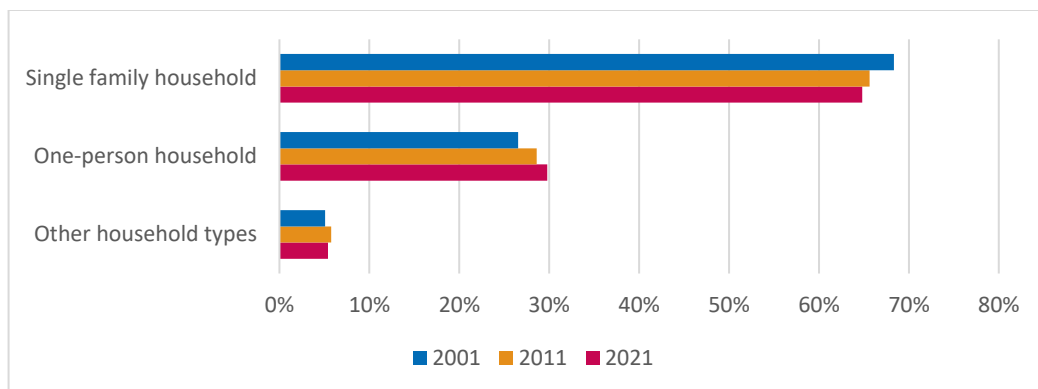
Source: ONS

\* mid-year estimate, prior to 2021 Census



2.15 Figure 2.10 shows how the profile of households living in Havant has evolved between Census years. It confirms that single-family households have become less prevalent, while a growing proportion of households now contain only one person. This is likely to be at least partially driven by the growing number of older people, some of whom live alone.

**Figure 2.10: Household Composition**



Source: ONS

### House prices and rents

2.16 Land Registry data has been analysed in order to establish trends in the average price paid for housing since 2011. This offers a breakdown by the type of housing sold – distinguishing between flats and houses that are detached, semi-detached and terraced – but is not broken down by unit size or number of bedrooms.

2.17 Overall, the mean price paid for housing in Havant increased by 60% between 2011 and 2021, with the average home sold in the borough costing £336,884 in 2021 (the last full year for which data was available at the time of writing). Terraced houses have experienced the largest proportionate increase in the average price paid, of some 67%. Semi-detached properties saw the second largest increase, of circa 60%. This could signal growing imbalance between the supply of and demand for mid-sized housing in particular, albeit the smallest increase in the average price paid was for flats which increased by 42%. Detached houses saw an increase of 56%.

**Table 2.2: Change in Mean Price Paid by Dwelling Type (2011-21)**

	2011	2021	Change	% Change
Detached	£306,571	£479,613	+£173,042	+56%
Semi-detached	£205,177	£327,361	+£122,185	+60%
Terraced	£159,128	£265,733	+£106,605	+67%
Flat	£123,128	£175,244	+£52,116	+42%
<b>All Types</b>	<b>£210,163</b>	<b>£336,884</b>	<b>+£126,721</b>	<b>+60%</b>

Source: Land Registry; Turley analysis

- 2.18 Data published originally by the VOA and latterly the ONS tracks the lower quartiles and median of monthly private rents. The latest available data for the year to September 2022 – accessible via the ONS – can be benchmarked against the earliest comparable data, published by the VOA and covering the year to March 2014. This is broken down by the number of bedrooms, but not by accommodation type.
- 2.19 Overall, the lower quartile rent – representative of the entry level – can be seen to have increased by 28% between 2014 and 2022, with the most substantial growth recorded for three-bedroom properties (31%). As with house prices, where the most significant growth was recorded for terraced and semi-detached housing, this analysis indicates that mid-sized family housing is displaying the greatest signs of imbalance between supply and demand, albeit the rate of growth is more consistent across unit types.

**Table 2.3: Change in Lower Quartile Monthly Rents by Dwelling Size (2014-2022)**

	2014	2022	Change	% Change
1 bed	£525	£656	£131	25%
2 beds	£625	£795	£170	27%
3 beds	£750	£980	£230	31%
4+ beds	£995	£1,260	£265	27%
<b>All Sizes</b>	<b>£595</b>	<b>£760</b>	<b>£165</b>	<b>28%</b>

*Source: ONS and VOA*

- 2.20 Table 2.4 shows that median rents have also increased, by some 25%. Similar to the lower quartile, three-bedroom properties saw the largest increase (38%), again suggesting that mid-sized family housing is displaying the greatest signs of imbalance between supply and demand. Properties with at least four bedrooms saw the smallest percentage change across the period (22%).

**Table 2.4: Change in Median Monthly Rents by Dwelling Size (2014-2022)**

	2014	2022	Change	% Change
1 bed	£550	£725	£175	32%
2 beds	£675	£853	£178	26%
3 beds	£800	£1,100	£300	38%
4+ beds	£1,150	£1,400	£250	22%
<b>All Sizes</b>	<b>£700</b>	<b>£875</b>	<b>£175</b>	<b>25%</b>

*Source: ONS and VOA*

## Summary

- 2.21 The housing market in Havant has naturally evolved since it was last profiled by the SHMA in 2014. This section has therefore drawn upon the latest available data to examine recent trends in the housing stock, demographic profile and housing costs.
- 2.22 The Council's monitoring suggests that almost two thirds of the homes completed in Havant since 2011 have been houses, with almost all of the residual being flats. This profile has been relatively consistent in every year, with the latter only outnumbering the former on two occasions.
- 2.23 New homes have been most likely to contain two or three bedrooms, with each accounting for roughly one third of all completions since 2011. This has again been relatively consistent over time.
- 2.24 While the 2021 Census was undertaken prior to the last monitoring year, it still provides a valuable indication of how the housing stock has changed, which can be compared to both 2011 and 2001. This suggests that there has been little change in the proportion of households living in semi-detached or detached homes, with slightly fewer now living in terraced houses and slightly more living in flats, albeit growth in the latter appears to have stalled over the last decade. Despite the profile of recent delivery, households appear to have become slightly less likely to have two or three bedrooms in their home, and slightly more likely to have at least four.
- 2.25 The population of Havant continued to grow over the decade to 2021, broadly continuing the growth seen over the prior decade to reach circa 124,200 people. This was slightly fewer than the ONS believed to be living in the borough when it produced its last official estimate, in mid-2020, albeit the difference is relatively modest at around 2%. It appears to have more accurately estimated the age of the population, with older people continuing to account for a growing share of all residents.
- 2.26 The average price paid for housing in Havant has increased by some 60% between 2011 and 2021, the last complete year for which data was available at the time of analysis. Terraced houses saw the greatest increase, of some 67%, and this was followed by semi-detached housing in a potential sign of imbalance between the supply and demand for mid-sized housing. This is also apparent from changes in rents at both the midpoint of the market and the entry level, with properties containing two or three bedrooms seeing the greatest proportionate increases over the period for which data is available (2014-22).

### 3. Projected Growth over the Plan Period

- 3.1 This report does not seek to consider the overall number of homes needed in Havant, but the Council itself is able to use the so-called '*standard method*' – outlined in the PPG – to establish the minimum need for housing in the borough<sup>19</sup>. This suggested, as of late 2022, that at least 516 dwellings per annum are needed in Havant<sup>20</sup>.
- 3.2 While the PPG is prescriptive on the method itself, it does not specify how plan-makers should translate such a calculation of need into population and household growth, as is typically necessary to consider the size and type of housing needed. The standard method does make implicit assumptions on how the population will change during the decade over which its baseline is calculated, but this cannot be simply reconciled with a longer plan period nor take account of population change that has already occurred since the 2014 base of the projections. It equally makes no allowance for the demographic impact of the affordability adjustment applied through the method, which plans for additional homes that are intended to be occupied<sup>21</sup>. This is inferred to be either through improved rates of household formation – particularly amongst those who have been historically prevented from doing so due to worsening affordability issues – or increased migration, enabled through the provision of new homes.
- 3.3 Demographic modelling can be used to overcome these limitations of the standard method, and thus estimate how the profile of the residents and households in Havant could change if the calculated need for housing is assumed to be met in full over the period to 2043<sup>22</sup>. This is considered a reasonable assumption for the purposes of assessing housing need, on an unconstrained basis, but it is acknowledged that the Council may ultimately be unable to meet its housing need in full if it identifies insurmountable constraints with supporting evidence. In that scenario, the Council would be advised to commission further modelling to estimate how the population could change if only a proportion of the overall need is to be planned for.
- 3.4 Modelling has been undertaken by Edge Analytics, using the POPGROUP suite of software which is further detailed – along with a summary of key assumptions – at **Appendix 1**. This section summarises the outcome of this modelling, which is then drawn upon in the remaining sections of the report.

#### Population growth

- 3.5 Edge Analytics' modelling suggests that the provision of 516 dwellings per annum in Havant, from 2020 onwards, could result in there being circa 15,199 extra residents by 2043, expected at the time of writing to be the end of the new plan period. This represents population growth of around 12% or approximately 0.5% per annum on

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<sup>19</sup> DLUHC (September 2023) National Planning Policy Framework, paragraph 61

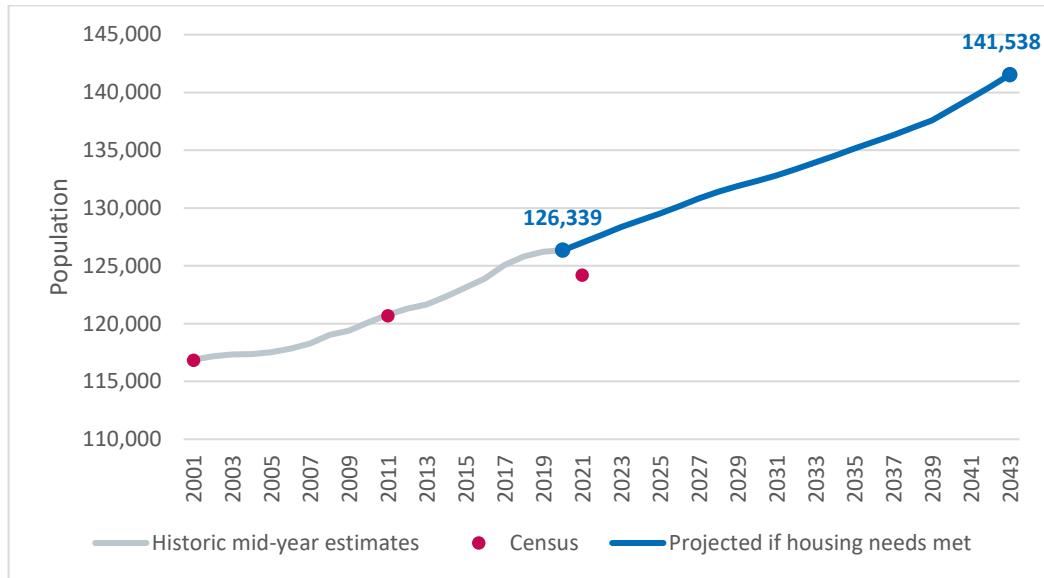
<sup>20</sup> This reduces slightly to 514 dwellings per annum when rebasing to 2023 and incorporating the affordability ratios released in March 2023, while this report was being finalised

<sup>21</sup> PPG Reference ID 2a-006-20190220

<sup>22</sup> Running from 2020 on the basis that this was the last year for which official population estimates were available at the time of the modelling, in late 2022. Equivalent figures for mid-2021, taking account of the Census from that year, only became available in December 2022

average, effectively continuing the rate of growth originally estimated by the ONS since 2011 – which likewise averaged 0.5% per annum – but slightly exceeding the lower rate since confirmed by the 2021 Census (0.3%).

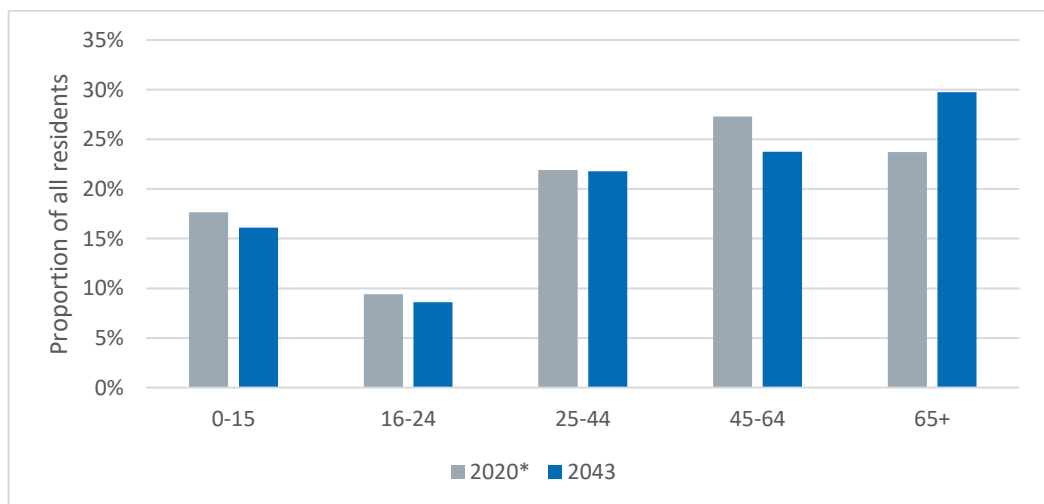
**Figure 3.1: Projected Population Growth in Havant if Housing Needs Met in Full**



Source: ONS; Edge Analytics

3.6 Edge Analytics’ modelling suggests that the population of Havant would likely continue to age in this scenario, further increasing the proportion of residents who are aged 65 and above in line with the recent trend identified in section 2. The next oldest cohort, aged 45 to 64, would in contrast be expected to shrink and become less prominent, potentially as a result of residents not being replaced as they age either naturally or through in-migration. Younger people, aged 24 and under, would also account for a smaller proportion of the overall population.

**Figure 3.2: Change in Age Profile if Housing Needs Met in Full (2020-43)**



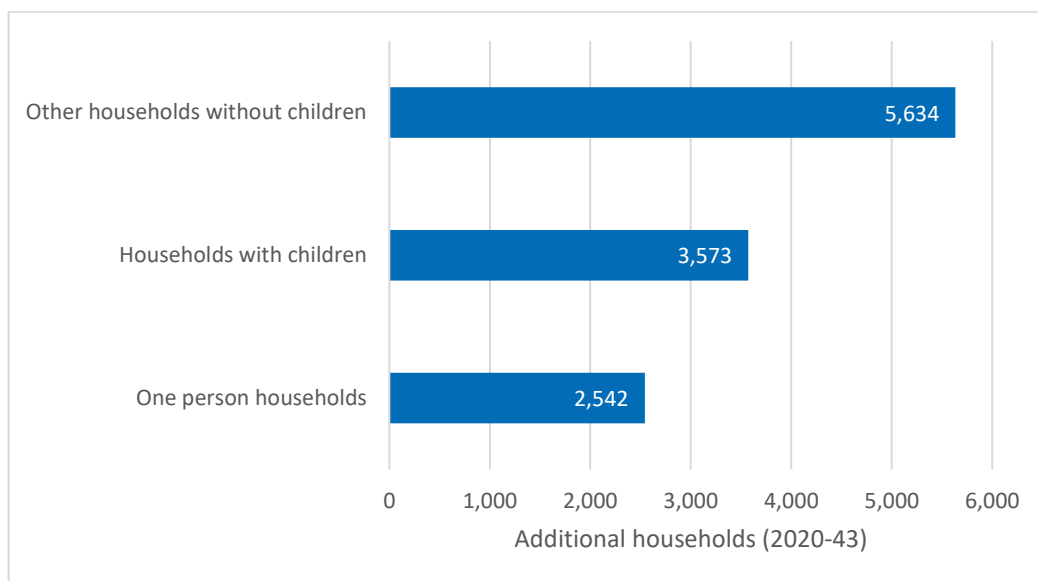
Source: ONS; Edge Analytics

\* comparable to 2021 Census

## Household profile

- 3.7 Such changes to the age profile can also be expected to affect the types of households living in Havant, which has also been modelled by Edge Analytics on the assumption that housing needs are met in full. This suggests that such a scenario would bring growth in each type of household, albeit with the strongest absolute increase being amongst multi-adult households without children.

**Figure 3.3: Estimated Profile of Additional Households in Havant (2020-43)**



Source: Edge Analytics

## Summary

- 3.8 This section has introduced demographic modelling by Edge Analytics which explores how the population and household profile of Havant could change if assumed that the minimum need for housing, suggested by the standard method, is met in full over a plan period that is expected to run to 2043. This is not to necessarily suggest that the Council will be able to meet this need in full, and this modelling may need to be revisited if it separately demonstrates that insurmountable constraints leave it able to meet only a proportion of this need.
- 3.9 The modelling suggests that meeting housing need in full could grow the population of Havant by circa 15,200 persons, at an average rate of 0.5% per annum. This precisely aligns with the rate of growth estimated by the ONS since 2011 but slightly exceeds the rate subsequently confirmed by the 2021 Census, the detailed findings of which were not available when this modelling was undertaken.
- 3.10 The modelling suggests that the population of Havant would continue to age if housing needs were to be met in full, increasing the proportion of residents aged 65 or above while making those aged 45 to 64 less prominent having not been replaced as existing residents age. Younger people aged 24 and under could also account for a smaller proportion of the overall population.

3.11 Such changes to the age profile would be expected to affect the types of households living in Havant, with Edge Analytics' modelling suggesting that many of the borough's additional households could contain multiple adults without children. The number containing children, and indeed the number containing only one person, would also be expected to increase.

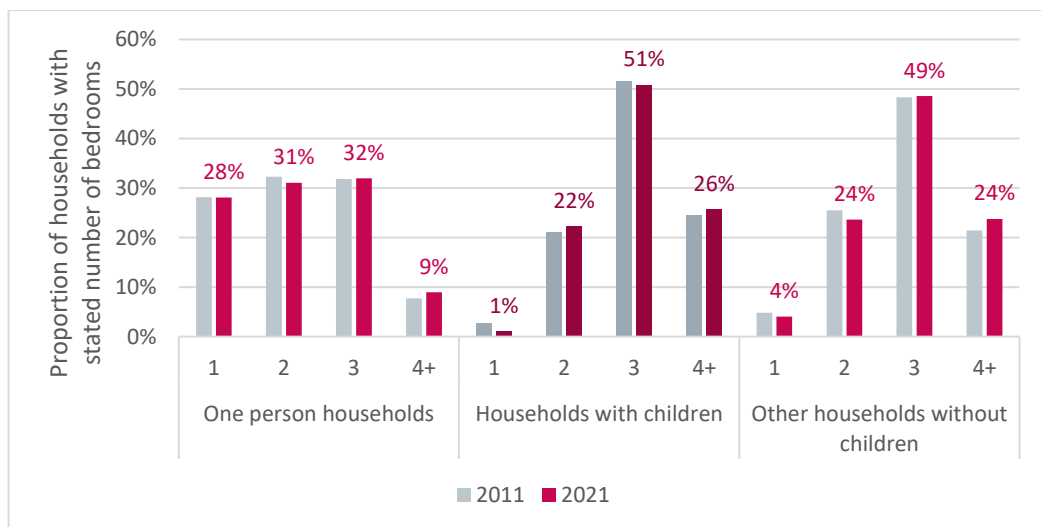
## 4. Size and Type of Housing Needed

- 4.1 The additional households emerging in Havant over the plan period will naturally have varying requirements in terms of housing. The NPPF requires this ‘range’ of housing needs to be assessed and reflected in planning policies<sup>23</sup>.
- 4.2 The PPG provides some guidance on approaches that can be taken in order to identify the need for different types of housing, but it does not prescribe a single approach that must be followed.
- 4.3 The 2021 Census provides invaluable, and relatively up-to-date, insight into the housing occupied by different types of households in Havant, including families with children. It allows modelling of the size and type of housing that could be needed to accommodate projected change in the household profile, if reasonably assumed that each type of additional household will occupy similar housing to those that existed at the time of the Census. While these existing tendencies may not persist throughout the plan period – potentially being subject to change depending on house prices, incomes and household preferences for example – this is nonetheless considered to represent a reasonable approach, which grounds the analysis in robust evidence on household choices in this location.

### Local occupancy trends

- 4.4 Figure 4.1 confirms the size of housing occupied by different types of households in Havant as of the 2021 Census, across all tenures in the absence of any published breakdown. Equivalent data from 2011 is also presented to show how tendencies have evolved over the last decade.

**Figure 4.1: Size of Housing Occupied by Different Households in Havant (2011-21)**



Source: Census 2021; Census 2011

<sup>23</sup> DLUHC (September 2023) National Planning Policy Framework, paragraphs 8(b) and 62



- 4.5 It is clear that people living alone in Havant display the greatest tendency to occupy smaller properties, with 59% living in homes with no more than two bedrooms. A substantial proportion do though live in larger properties, with 9% – slightly more than a decade ago (8%) – having four bedrooms or more.
- 4.6 Such large properties are lived in by roughly a quarter of all households with children, and indeed other households without children. The tendency to live in such housing appears to have increased for each group, albeit three-bed properties are still the most common being occupied by around half of each group as of 2021.

### Size of housing needed to accommodate projected change

- 4.7 The profile of household growth illustrated at Figure 3.3 can be expected to generate demand for different sizes of housing in Havant over the plan period, based on the varying tendencies of comparable existing households shown at Figure 4.1.
- 4.8 These tendencies can be directly applied to this projection to estimate the size of housing that could be needed overall, spanning all tenures but with particular relevance for market housing given that this is occupied by the majority of existing households in Havant<sup>24</sup>. This suggests that circa 46% of all additional households in Havant will require three bedrooms, with 25% requiring two bedrooms and 21% needing at least four. Substantially fewer households, only 8%, would be expected to require one bedroom based on existing trends.

**Table 4.1: Estimated Size of Housing Required in Havant (2020-43)**

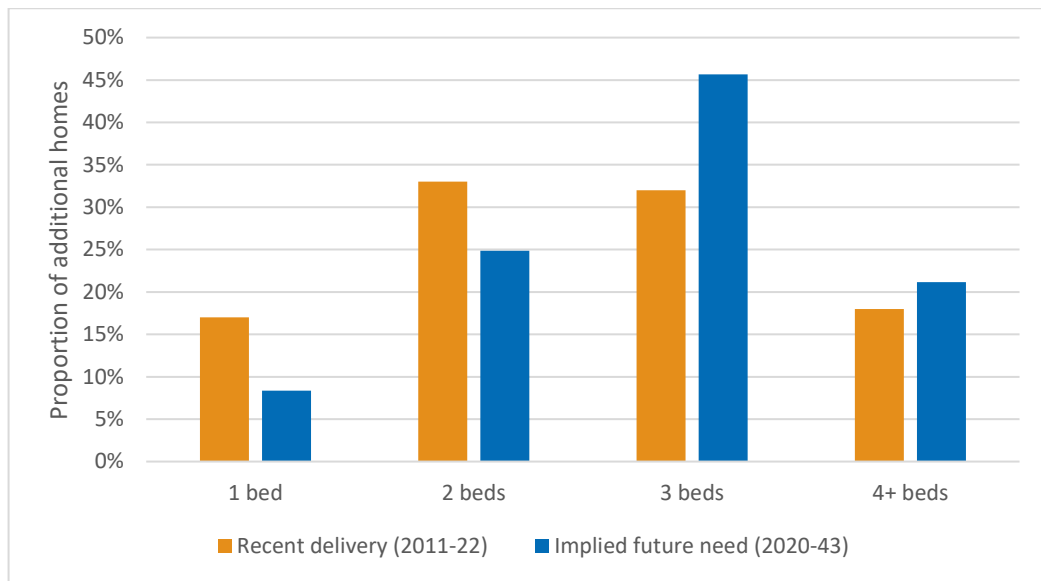
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Households requiring...	8%	25%	46%	21%

*Source: Edge Analytics; Census 2021; Turley analysis*

- 4.9 Such a mix does differ from the recent trend in terms of delivery, summarised at the earlier Figure 2.2. The Council’s monitoring indicates that roughly half of the homes completed in Havant between 2011 and 2022 contained only one or two bedrooms, whereas this exercise suggests that only 33% of homes need to be that size in future. It also suggests that some 46% need to contain three bedrooms, whereas only 32% of the homes completed since 2011 have been this size.

<sup>24</sup> As of the 2021 Census, circa 80% of all households in Havant either owned or privately rented their home

**Figure 4.2: Comparing Implied Need with Recent Delivery**



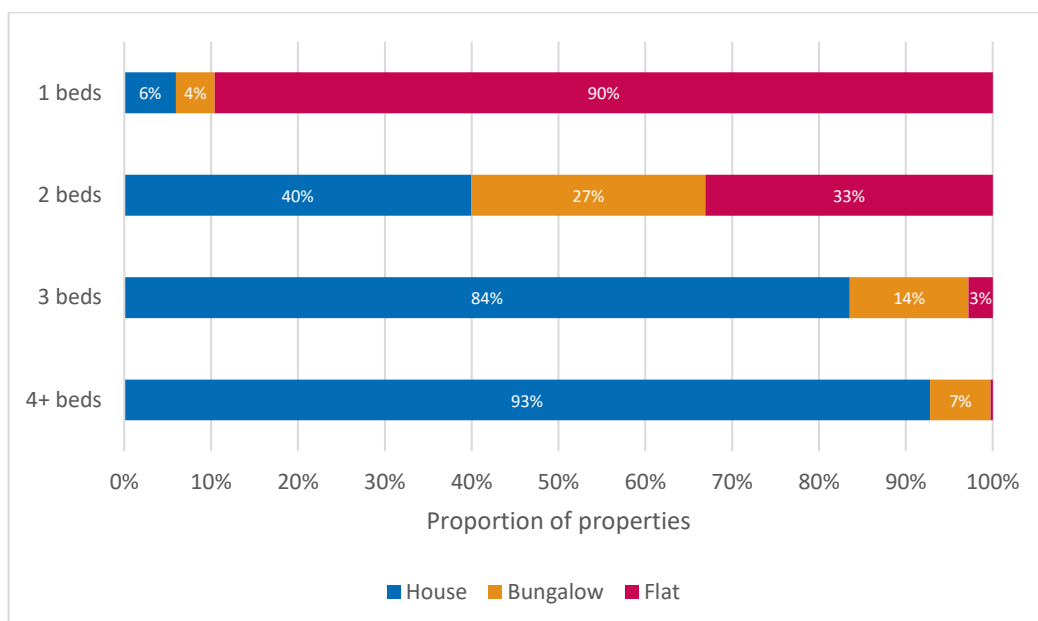
*Source: Turley analysis; Council monitoring*

### **Type of housing needed to accommodate projected change**

4.10 The type of property that may be required to provide homes of the necessary size can also be estimated, drawing upon VOA data introduced in section 2 of this report. This confirms how many of the borough’s homes – of each size – were flats, bungalows and houses as of 2022<sup>25</sup>. This shows that most one-bedroom properties in Havant are flats, as are a third of the borough’s two-bedroom properties with slightly fewer of the latter being bungalows. Houses then account for the vast majority of larger homes.

<sup>25</sup> VOA (2022) Council Tax: stock of properties, 2022

**Figure 4.3: Profile of Homes in Havant (2022)**



Source: VOA

4.11 Given this stock profile, it can be reasonably estimated that meeting the need for different property sizes – summarised at Table 4.1 – could require circa 68% of new homes to be houses, with the residual almost evenly split between bungalows and flats but slightly favouring the latter. This cannot be directly compared against the Council’s recent monitoring of completions, introduced in section 2, as this does not isolate bungalows.

**Table 4.2: Estimated Type of Housing Required in Havant (2020-43)**

	Houses	Bungalows	Flats
Households requiring...	68%	15%	17%

Source: Edge Analytics; Census 2021; VOA; Turley analysis

4.12 It is assumed for the purposes of modelling that a component of the need for smaller properties will be met by bungalows, given their existing role in offering housing of that size throughout Havant. This does not necessarily *need* to be the case, however, as smaller homes could be reasonably offered in other forms. This would arguably help to overcome the challenges often faced in developing bungalows, described as follows in a Select Committee Inquiry into housing for older people based on their popularity amongst this group:

*“In London and the south-east, where land prices are so high and space is at such a premium, to suggest that we can build enough bungalows for all the old people who want them – it is not going to happen. Planning rules would not allow you to have that sort of footprint. That is why trying to capture what it means to live in a bungalow, in*

*terms of some outside space, all one area, open plan, easily accessible, in alternative village-type designs or apartment-type designs, is the way forward”<sup>26</sup>*

## **Interpreting the evidence**

- 4.13 The estimates presented in this section represent only **illustrative modelling based on available evidence**. They can be reasonably used as guides that can be reflected in policies, offering a starting point for any proposed market housing – where a more refined estimate for affordable housing is presented in the next section – while also enabling the strategic monitoring of future development at the borough level.
- 4.14 Any such policy should not though be overly prescriptive by expecting all sites to precisely align with the illustrative mixes presented in this section. The mix of housing provided on individual sites will need to respond to, and be influenced by, changing demands in the market as well as viability factors and local market context, also taking account of a scheme’s location given that needs and development density will inevitably vary between town centres and suburbs for example.

## **Summary**

- 4.15 This section has estimated the size and type of housing that could be needed by additional households projected to form in Havant over the emerging plan period, when assumed – as in the previous section – that housing needs are met in full.
- 4.16 It suggests that a continuation of the occupancy trends recorded by the 2021 Census could lead to 46% of all additional households needing three bedrooms. Circa 25% would require two bedrooms, slightly fewer (21%) would need at least four and only 8% would need one. This necessarily covers all tenures, due to data availability, but is of particular relevance to market housing given that the majority of the existing households who generate these trends either own or privately rent their home.
- 4.17 Delivering such a mix could require circa 68% of all new homes to be houses, with flats and bungalows forming the residual (17/15%). The latter two property types could though be treated collectively by the Council, given that competition for land generally prevents the delivery of bungalows.
- 4.18 The above represent only illustrative estimates which can be used for guidance and monitoring, or as a starting point for proposed market housing (affordable housing is considered separately in the next section). They should not though be rigidly applied to all sites, given the need to respond to changing market demands, local context, the characteristics of particular locations – like the town centre – and viability factors.

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<sup>26</sup> Claudia Wood of Demos, quoted in the second report of session 2017-19 for the Communities and Local Government Committee on “Housing for older people”, February 2018, paragraph 106

## 5. Need for Affordable Housing

- 5.1 The PPG<sup>27</sup> continues to outline a long-established method through which affordable housing needs are calculated, with no substantial changes having been made despite affordable housing itself being redefined through revisions to the NPPF in 2018<sup>28</sup>.
- 5.2 The method requires the calculation of *'the total net need'* for affordable housing, by subtracting *'total available stock from total gross need'*, with this total then converted into *'an annual flow based on the plan period'*<sup>29</sup>. The outcome, presented as an annual need for affordable housing, should then be taken forward by the Council and:
- "...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"*<sup>30</sup>
- 5.3 This section applies the PPG methodology and presents a stepped calculation of affordable housing need in Havant, both overall and broken down by the number of bedrooms required<sup>31</sup>. It uses information held and collated by the Council, which is introduced throughout and supplemented as necessary with secondary data. All presented figures are rounded so may not appear to sum.

### Current and future gross need

- 5.4 This part of the calculation identifies both the existing backlog of households in need of affordable housing and the additional need that will be continuously generated in future, as existing households' circumstances change and new households form but are unable to access the home that they need on the open market.

### Current need for affordable housing (A)

- 5.5 The Council's housing register identifies existing households who are considered to be in need of affordable housing. The PPG explicitly acknowledges that housing registers provide *'relevant information'* for this type of assessment, and while it also identifies other data sources it rightly warns of the risk of double counting and emphasises that care should be taken to include *'only those households who cannot afford to access suitable housing in the market'*<sup>32</sup>. Given that a household's ability to do so is comprehensively assessed when joining the housing register<sup>33</sup> – using the criteria

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<sup>27</sup> PPG section 67 – "Housing needs of different groups"; relevant paragraphs last revised in July 2019. At the time of writing, section 2 of the PPG ("Housing and economic needs assessment") retains almost identical guidance on assessing affordable housing needs, which was last revised in February 2019

<sup>28</sup> MHCLG (July 2018) National Planning Policy Framework, Annex 2

<sup>29</sup> PPG Reference ID 67-008-20190722

<sup>30</sup> *Ibid*

<sup>31</sup> The Council is advised to use this breakdown as a starting point in discussions on any affordable housing that is proposed to be developed in Havant, rather than the all-tenure mix introduced in the previous section which relates more to market housing

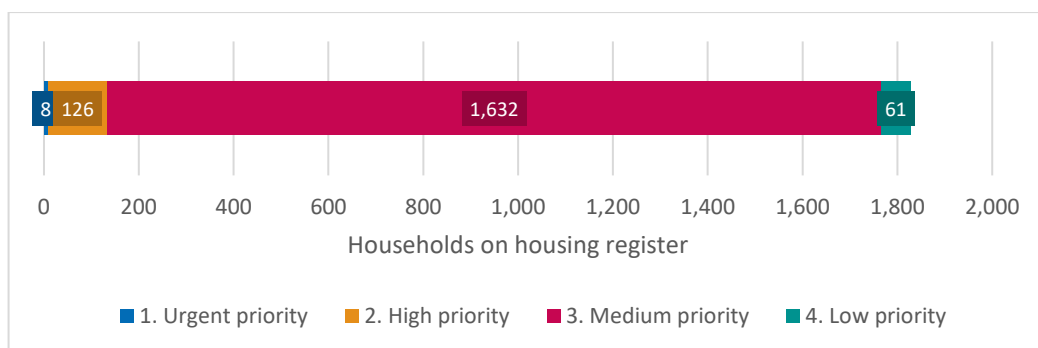
<sup>32</sup> PPG Reference ID 67-006-20190722

<sup>33</sup> Hampshire Home Choice (August 2022) Hampshire Home Choice Allocations Framework

outlined in the Hampshire Home Choice Allocations Framework – it is considered the most suitable and reliable source of information for the purposes of this assessment.

- 5.6 The Council shared a snapshot of its housing register in October 2022, confirming that it was comprised of **1,827 households** at that point. The vast majority (89%) were assigned to Band 3, so were considered to have “Medium Priority” based on the Framework that is applied by the Council and summarised at **Appendix 2**<sup>34</sup>. A much smaller number (61, or 3%) were in Band 4, thus having “Low Priority”, and these households have been discounted from this assessment on the basis that they have effectively been ‘*assessed as not in housing need*’ by the Council<sup>35</sup>. The remaining 1,766 households are assigned to higher priority bands, so are therefore viewed as being currently in need of affordable housing based on the Council’s allocations policies.

**Figure 5.1: Priority Banding of Households on the Housing Register (October 2022)**



*Source: Housing Register*

- 5.7 Table 5.1 overleaf provides a further breakdown of the homes needed by these households, who span different age groups and include some in need of support. Some 44% are eligible for only a one-bedroom property, albeit this is not to necessarily suggest that a property of this size would be fully satisfactory for these households<sup>36</sup>. Approximately one third (32%) require two bedrooms with 20% assessed as needing three bedrooms, and only 4% deemed to need four or more. It can also be noted that 236 of all households in priority bands on the housing register are transfer tenants who already occupy an affordable home, the implication being that it does not adequately meet their needs.

<sup>34</sup> *Ibid*, p24

<sup>35</sup> *Ibid*, paragraph 20.3

<sup>36</sup> A household assessed as needing a one-bedroom property could, for instance, argue that a larger property is needed to give them greater flexibility

**Table 5.1: Current Need for Affordable Housing (A)**

	1 bed	2 beds	3 beds	4+ beds	Total
<b>A1 Existing affordable housing tenants in need</b> <i>Applications to transfer</i>	67	59	84	26	<b>236</b>
<b>A2 Others on housing register</b> <i>Excluding above</i>	708	503	277	42	<b>1,530</b>
<b>A3 Total housing need currently</b> <i>A1 + A2</i>	<b>775</b>	<b>562</b>	<b>361</b>	<b>68</b>	<b>1,766</b>
%	44%	32%	20%	4%	100%

Source: Housing Register; Turley analysis

**Future need for affordable housing (B)**

- 5.8 It is naturally more challenging to predict the scale of future need, compared to the need outlined above which exists at the current point in time and can therefore be quantified. The PPG, as restructured in 2019, also provides less guidance than previously on how authorities should estimate the ‘*projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market*’<sup>37</sup>. Previous guidance on how to calculate ‘*the number of newly arising households likely to be in affordable housing need*’ has not been copied across to the new section of the PPG, but does remain in its former location at the time of writing<sup>38</sup>. This section therefore continues to adhere to this guidance by estimating both the number of newly forming households unable to buy or rent in the local market, and the number of existing households falling into need from other tenures.
- 5.9 The PPG indicates that this stage of the assessment should ‘*reflect new household formation*’ but does not provide specific guidance on how this should be calculated<sup>39</sup>. This has though historically featured in guidance issued by the Department for Communities and Local Government, which set a detailed framework for the long-established methodology that continues to be broadly reflected in the PPG<sup>40</sup>. This notably endorses the use of a *gross* annual household formation rate, rather than measuring net additional households, to specifically measure ‘*the number of households at the end of the year which did not exist as separate households at the beginning*’<sup>41</sup>. This is achieved by comparing the number of households in specific five-year age bands to the numbers in the age band five years previously, albeit – as recommended in the original guidance – this is limited to households led by someone aged 44 years or younger to more accurately isolate newly forming households only. The annual rate has been calculated by Edge Analytics based on a scenario which assumes that the minimum need for housing in Havant, as indicated by the standard

<sup>37</sup> PPG Reference ID 67-006-20190722

<sup>38</sup> PPG Reference ID 2a-021-20190220

<sup>39</sup> *Ibid*

<sup>40</sup> DCLG (2007) Strategic housing market assessments: practice guidance, Annex B

<sup>41</sup> *Ibid*, p45

method, is met in full. This minimum need is, however, a net figure so should not be compared to the gross figure produced by Edge Analytics.

- 5.10 It is likely that a proportion of newly forming households will be unable to afford the cost of market housing, as acknowledged by the PPG. This can be estimated through an affordability benchmarking exercise, which takes account of the cost of purchasing or renting at the entry level of the open market – traditionally represented by the lower quartile – relative to household income. It is acknowledged that income is not the only determinant of whether a household will be able to access the market, with income type, credit score and savings also crucial, but there is generally less robust or consistent data on these factors at the local level. It is equally not possible to isolate the income of those requiring different sizes of property, making it necessary to consider costs overall before applying evidence-based assumptions on the size of housing needed.
- 5.11 Table 5.2 overleaf summarises the lower quartile annual cost of privately renting an entry-level property in Havant, based on data collated by the ONS<sup>42</sup> over the year to March 2022. It also confirms the lower quartile price paid to purchase housing in the borough as of 2021, being the last year for which complete data is available from the Land Registry at the time of writing<sup>43</sup>. The annual cost of purchasing such housing with a mortgage is subsequently estimated, initially assuming a 5% deposit with repayment over 25 years at what was the average available five-year fixed mortgage rate at the time of undertaking this assessment in November 2022<sup>44</sup> (5.95%). The latter represents an improvement from the recent peak of 6.51%, recorded by Moneyfacts in mid-October, but is still over a third higher than the average of 4.33% recorded at the start of September and more than double the equivalent figure of 2.64% from December 2021<sup>45</sup>. Given this volatility, a series of sensitivities are also presented at Table 5.2 – to show the impact of lower mortgage rates, larger deposits or longer repayment periods – albeit it is apparent that even a 4% mortgage rate with a 5% deposit and repayment over 35 years would still cost a household 30% more each year than renting.

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<sup>42</sup> ONS (June 2022) Private Rental Market Statistics: 1 April 2021 to 31 March 2022

<sup>43</sup> Land Registry (2022) Price Paid Data

<sup>44</sup> <https://moneyfacts.co.uk/news/mortgages/average-five-year-fixed-mortgage-rate-drops-below-6/>

<sup>45</sup> <https://www.whatmortgage.co.uk/news/fixed-rate-mortgage-prices-dip-but-theres-room-for-improvement/>;  
<https://www.moneyfactsgroup.co.uk/media-centre/group/mortgage-shelf-life-drops-to-new-low-as-average-five-year-fixed-surpasses-4/>



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

	Price of purchase	Deposit	Years to repay	Mortgage rate	Annual cost
<b>Purchase, core assumptions</b>	<b>£232,000</b>	<b>£11,600*</b>	<b>25 years</b>	<b>5.95%</b>	<b>£16,960</b>
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
<b>Private rent</b>	–	–	–	–	<b>£9,000</b>

Source: ONS; Land Registry; Turley analysis

\* 5% deposit; ^ 10% deposit

- 5.12 The income required to purchase or rent entry-level market housing can be estimated based on the above costs. This 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 – which found that ‘households spending at or above this threshold are far more likely to struggle to actually make housing payments...and are also more likely to experience material hardship’<sup>46</sup>.
- 5.13 These benchmarks can then be compared to the income profile of households in Havant, as reported by CACI through its Paycheck data. This assigns every household to different income bands, thus providing an indication of how many earn less than a certain amount, albeit this does require rounding to the nearest £5,000 to align with the reported bandings. 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%).

<sup>46</sup> Resolution Foundation (2014) Housing pinched: understanding which households spend the most on housing costs

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

	Annual cost	Income required	Rounded	Able to afford	Unable to afford
<b>Purchase, core assumptions</b>	<b>£16,960</b>	<b>£50,879</b>	<b>£50,000</b>	<b>43%</b>	<b>57%</b>
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%
<b>Private rent</b>	<b>£9,000</b>	<b>£27,000</b>	<b>£25,000</b>	<b>75%</b>	<b>25%</b>

Source: ONS; Land Registry; CACI; Turley analysis

- 5.14 This exercise is ultimately intended to estimate the proportion of newly forming households that could be unable to access open market housing. While it has used an income profile that captures all types of households – including recently formed households, working households and older households with pensions – there is no local evidence showing how income varies between different household types in Havant. In the absence of more comprehensive data, it is therefore necessary to assume – for the purposes of this calculation – that the income profile of newly forming households aligns with that of all existing households, and that those unable to afford the cost of entry-level private rent will require affordable housing. The number of bedrooms required can be reasonably assumed to mirror the profile of those already on the housing register, excluding transfer tenants who are by definition existing households and are thus less comparable to newly forming households.
- 5.15 In addition to newly forming households, a number of existing households can also be expected to fall into need from other tenures when their financial or family circumstances change for example. In order to estimate the annual number of such households, the calculation incorporates data on the average number of lettings each year to households from other tenures – over the last three years – and the number of households who remain in priority bands on the housing register having joined from other tenures during the same period.
- 5.16 When drawing these elements together, Table 5.4 overleaf suggests that a new gross need for 517 affordable homes per annum could arise every year from new and existing households in Havant. It suggests that one-bed properties will be needed the most, closely followed by two-bed properties, with only 22% requiring three bedrooms or more.

**Table 5.4: Future Need for Affordable Housing (B)**

	1 bed	2 beds	3 beds	4+ beds	Total
<b>B1</b> New household formation, gross <i>Edge Analytics' projection of younger household formation</i>	–	–	–	–	<b>1,109</b>
<b>B2</b> Newly forming households unable to privately rent in the open market <i>Proportion derived from ONS and CACI data, then applied to B1 and split by size based on housing register</i>	–	–	–	–	<b>25%</b>
<b>B3</b> Existing households falling into need <i>Households from other tenures annually receiving lettings or registering need</i>	126	90	49	7	<b>273</b>
<b>B4</b> Newly arising need, gross annual <i>B2 + B3</i>	86	102	50	6	<b>244</b>
<b>B4 Newly arising need, gross annual</b> <i>B2 + B3</i>	<b>212</b>	<b>192</b>	<b>99</b>	<b>13</b>	<b>517</b>
%	41%	37%	19%	3%	100%

Source: Edge Analytics; Council monitoring; CACI; Turley analysis

**Total gross need for affordable housing (C)**

5.17 When combining the current need with the estimated future need, assumed to arise annually over the remaining 21 years to 2043 – the likely endpoint of the emerging plan period – it can be estimated that circa 601 households throughout Havant will need affordable housing each year, with these households mostly but not exclusively requiring one or two bedrooms. This represents a **gross** measure, taking no account of supply which is incorporated – as required by the PPG – in the next stage of the calculation.

**Table 5.5: Total and Annual Gross Need for Affordable Housing (C)**

	1 bed	2 beds	3 beds	4+ beds	Total
<b>C1</b> Total housing need currently <sup>A3</sup>	775	562	361	68	<b>1,766</b>
<b>C2</b> Total newly arising need over 21 years <sup>B4 x 21</sup>	4,458	4,026	2,088	283	<b>10,855</b>
<b>C3</b> Total gross need over 21 years <sup>C1 + C2</sup>	5,233	4,588	2,449	351	<b>12,621</b>
<b>C4</b> Annual gross need over 21 years <sup>C3 ÷ 21</sup>	<b>249</b>	<b>218</b>	<b>117</b>	<b>17</b>	<b>601</b>
%	41%	36%	19%	3%	100%

Source: Turley analysis

### Accounting for supply (D)

- 5.18 The PPG recognises that *'there will be a current supply of housing stock that can be used to accommodate households in affordable housing need...as well as future supply'*<sup>47</sup>. This supply can therefore be assumed to contribute towards meeting, in quantitative terms, the gross need calculated above.
- 5.19 Lettings data supplied by the Council confirms the number of affordable homes that have annually become available to non-transfer tenants over the last three years, on average. This can reasonably inform an assumption on the number of such properties that will be available in future, albeit it is acknowledged that this may be susceptible to change when accounting for losses through Right to Buy and the extent of replacement.
- 5.20 In accordance with the PPG, the calculation should also take account of affordable homes that are expected to be delivered over the next five years, from April 2022 onwards. This information has been provided by the Council and has not been independently verified, and it should also be noted that this is a reflection of its existing policy approach which could evolve in the future.
- 5.21 A further source of supply emerges when it is recognised that some of the households currently in need of affordable housing already occupy such a home, which will thus be vacated when their needs are met. Allowance for these transfers is therefore made within the calculation.
- 5.22 When the above are combined, it is suggested that circa 228 affordable homes could become available every year throughout Havant. Some 85% of these homes are expected to have one or two bedrooms, with the latter slightly more prevalent.

<sup>47</sup> PPG Reference ID 67-007-20190722

**Table 5.6: Assumed Supply to 2043 (D)**

	1 bed	2 beds	3 beds	4+ beds	Total
<b>D1</b> Committed supply of affordable housing <i>Five-year pipeline advised by Council</i>	106	221	111	16	<b>454</b>
<b>D2</b> Affordable homes occupied but vacated by households in need <i>A1</i>	67	59	84	26	<b>236</b>
<b>D3</b> Emerging supply per annum over 21 years <i>(D1 + D2) ÷ 21</i>	8	13	9	2	<b>33</b>
<b>D4</b> Lettings to new tenants per annum <i>Lettings data supplied by Council, excluding transfers</i>	86	86	18	5	<b>195</b>
<b>D5</b> Estimated supply per annum <i>D3 + D4</i>	<b>94</b>	<b>99</b>	<b>27</b>	<b>7</b>	<b>228</b>
%	41%	44%	12%	3%	100%

*Source: Council monitoring; Turley analysis*

### Net need to 2043

5.23 The projected supply of 228 affordable homes per annum is lower than the estimated gross need for 601 such homes each year, suggesting there is a net annual need for circa **373 additional affordable homes** in Havant beyond the existing and committed supply. The greatest imbalance can be seen for one-bed properties but one evidently exists for all sizes of housing, meaning that there should not necessarily be a focus on providing only smaller affordable housing as this could simply increase wait times for households in need of larger properties for instance.

**Table 5.7: Estimated Net Need for Affordable Housing (2022-43)**

	1 bed	2 beds	3 beds	4+ beds	Total
Annual gross need over 21 years <sup>C4</sup>	249	218	117	17	<b>601</b>
Estimated supply per annum <sup>D5</sup>	94	99	27	7	<b>228</b>
<b>Net need per annum</b> <sup>C4 – D5</sup>	<b>155</b>	<b>119</b>	<b>89</b>	<b>10</b>	<b>373</b>
%	42%	32%	24%	3%	100%

Source: Turley analysis

- 5.24 While modelled forward to 2043, this calculation is inevitably reflective of a point in time so will need to be kept under review in the years to come. Falling incomes, a reduced supply, higher bills and rising rents could serve to increase need, for example, whereas increased availability, rising earnings and cheaper rents could have the opposite effect.

### Considering the role of different affordable housing products

- 5.25 Recent years have seen the Government acknowledge ‘*innovation by housing providers in meeting the needs of a wide range of households who are unable to access market housing*’<sup>48</sup>. It has expressed its support for such innovation, and proposed a revised definition for affordable housing in 2015 to ensure that it was not ‘*unnecessarily constrained by the parameters of products that have been used in the past*’<sup>49</sup>.

- 5.26 Revisions to the NPPF in 2018 introduced this new definition, which has continued to feature in the updated versions published since. The NPPF now makes clear that affordable housing should be:

*“Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is essential for local workers)”*<sup>50</sup>

- 5.27 It proceeds to distinguish between:

- **Affordable housing for rent**, which incorporates both nationally derived social rent and affordable rent set relative to the local market. While the definition builds upon that referenced in the previous iteration of the NPPF, it is less explicit in distinguishing between social rented and affordable rent; and
- **Starter Homes, discounted market sales housing, and other affordable routes to home ownership**. Although each are defined separately, they have evidently

<sup>48</sup> DCLG (2015) Consultation on proposed changes to national planning policy, paragraphs 7-9

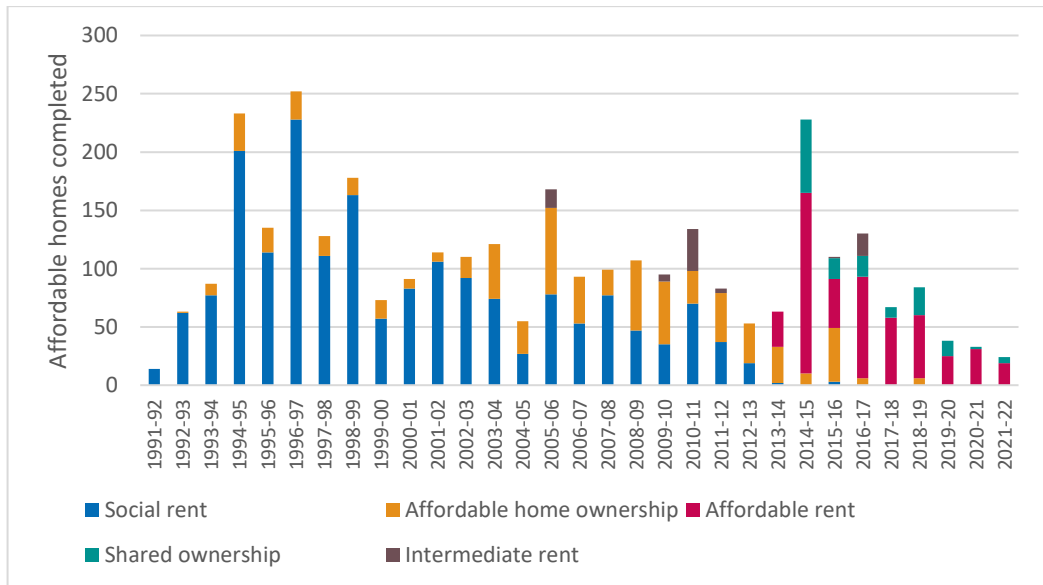
<sup>49</sup> *Ibid*

<sup>50</sup> DLUHC (September 2023) National Planning Policy Framework, Annex 2

been designed with a shared goal of providing low-cost housing for sale for those whose needs are not met by the market. The same can also be said of First Homes, which were introduced in June 2021 but are yet to be explicitly referenced in the NPPF.

5.28 While there has been a decline in the overall number of affordable homes delivered in Havant, these changes to the NPPF do not appear to have yet had a major impact on the types of products delivered in the borough, according to data submitted to the Government by the Council<sup>51</sup>. Some 72% of the affordable homes completed in the borough in the four years since 2018 have been available to rent, which is comparable to the equivalent figure of 68% over the four years prior (2014-18). These eight years have though seen a marked shift compared to the eight years prior to 2014, in which only 57% of new affordable homes were made available to rent. Of these, it is notable that the vast majority (82%) were social rented housing, whereas the last eight years have seen 95% offered at affordable rents which seemingly now dominate.

**Figure 5.2: Type of Affordable Housing Completed in Havant (1991-2022)**



Source: DLUHC

5.29 Within this context, the potential role of each broad product in meeting the evidenced need for affordable housing in Havant is considered below.

**Affordable housing for rent**

5.30 The likely cost of affordable rent relative to the most accessible market option can be estimated through reference to the lower quartile rent presented at Table 5.2, which was based on ONS data first introduced in section 2. Table 5.8 estimates the annual cost of renting at 60% and 80% of this market level, the latter aligning with the threshold set in the NPPF<sup>52</sup> ('at least 20% below local market rents') and the former

<sup>51</sup> DLUHC (2022) Table 1011: additional affordable housing supply, detailed breakdown by local authority

<sup>52</sup> DLUHC (September 2023) National Planning Policy Framework, Annex 2

indicatively testing a larger discount that is still permissible through this policy. This reduces the cost of privately renting, as would be anticipated.

- 5.31 As in the preceding analysis, these costs can be considered in the context of household income, when again assumed that no more than one third of earnings is spent on housing costs. This provides an indication of how many households are unable to afford the cost of private renting, as the most affordable market option, but *could* afford housing priced at 60-80% of the market level. It should again be noted that the income required to access each option is necessarily rounded to the nearest £5,000 to align with the income data obtained from CACI.

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

	Annual cost	Income required	Households <i>able</i> to afford	Households <i>unable</i> to afford	Difference from market rent
<b>Market rent</b>	<b>£9,000</b>	<b>£27,000</b>	<b>75%</b>	<b>25%</b>	–
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

- 5.32 The calculation presented earlier in this section assumes, specifically at Table 5.4, that households with an income that is insufficient to access the private rental market will generate a need for affordable housing. Applying a discount to market rents naturally lowers this entry threshold and would thus meet the gross need evidenced in this section, with rents set for instance at 60% of the market level potentially benefiting 15% of households that could otherwise be unable to afford such housing. Only 10% of households would remain unable to access a rental product priced at this level.
- 5.33 The effect is naturally more modest when applying the smallest permissible discount of 20%, but even this would theoretically benefit 8% of the borough’s households who would otherwise be unable to afford the cost of rent. Around one in six households (17%) would still be unable to do so, indicating that other forms of affordable housing – specifically social rent – would also be required.

**Discounted market sale, Starter Homes and First Homes**

- 5.34 **Discounted market sale (DMS)** involves the sale of newly built properties at a discount from their market value, which typically ranges from 20% up to 50%. Restrictions are placed on the property’s Land Registry Title to ensure that the property remains at that discounted rate in perpetuity for future purchasers, and the NPPF requires such provisions to be in place to qualify as DMS. The NPPF equally makes clear that *‘eligibility is determined with regard to local incomes and local house prices’*<sup>53</sup>.
- 5.35 In terms of an entry threshold, there are various similarities with **Starter Homes** which were announced by the Coalition Government in 2014 and later referenced in the

<sup>53</sup> DLUHC (September 2023) National Planning Policy Framework, Annex 2



revised NPPF, despite not being delivered at the scale envisaged. The Housing and Planning Act 2016 provided the statutory framework through which Starter Homes could be delivered, explaining that they should be new homes costing no more than £250,000 outside London which are discounted by a minimum of 20% from their market value and made available to eligible first-time buyers aged 23 to 40. As such, there was clearly an intention – as with DMS – to reduce the cost of newly built properties relative to their market value, with the primary difference relating to the later sale of the purchased home. Although DMS remains at a discounted rate in perpetuity, a “tapered” approach was envisaged for Starter Homes so that they could be sold at an increasing proportion of their market value over a period of 15 years<sup>54</sup>. This distinction evidently would not affect the initial affordability of Starter Homes when first delivered and occupied, and it is therefore appropriate to view such a product as virtually identical to DMS.

- 5.36 There are likewise also similarities with **First Homes**, which were announced by the Government in February 2020 before being formalised with the issuing of new guidance that was added to the PPG and took effect from 28 June 2021<sup>55</sup>. This made clear that a First Home must be discounted by at least 30% from its market value, although 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’*<sup>56</sup>. A First Home should not initially cost more than £250,000 outside London and any discount must be secured through a planning obligation, so that it applies in perpetuity each time the property is sold.
- 5.37 The relative affordability of these products can be estimated through the calculation of a likely annual cost of purchase with a mortgage, following the application of a discount from the open market price. It should be noted that the discount is applied to **newly built properties only**, which generally attract a premium in Havant according to Land Registry data which isolates such properties. While Table 5.2 indicated that an entry-level home in the borough cost £232,000 last year, the equivalent figure for a newly built home was some 31% higher at £305,000. A similar premium was also seen in 2020 and 2017, as shown at Figure 5.3.

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<sup>54</sup> DCLG (2017) Government response to the technical consultation on starter homes regulations

<sup>55</sup> Affordable Homes Update, Parliamentary Statement by Lord Greenhalgh, 24 May 2021

<sup>56</sup> PPG Reference ID 70-004-20210524

**Figure 5.3: Lower Quartile Price Paid for Newly Built Housing in Havant (2017-21)**



*Source: Land Registry; Turley analysis*

- 5.38 The potential role of DMS, Starter Homes and First Homes in addressing the needs of households unable to access the open market in Havant can be considered based on the lower quartile price paid for newly built homes in the borough. Table 5.9 overleaf summarises and ranks the income likely to be required to purchase products that are discounted to varying extents, and shows how this differs from both purchasing any type of entry-level housing (new build or resale) and privately renting. It should again be noted that the income required must be rounded to calculate the proportion of households able or unable to afford each option, which can imply alignment between products that actually require slightly different incomes.

**Table 5.9: Benchmarking Cost of Discounted Housing for Sale**

	Price of home	Annual cost of mortgage or rent	Income required	Hholds <i>able</i> to afford	Hholds <i>unable</i> to afford	Difference from market rent
<b>Purchase*</b>	<b>£305,000</b>	<b>£22,296</b>	<b>£66,889</b>	<b>29%</b>	<b>71%</b>	<b>-46%</b>
20% discount*	£244,000	£17,837	£53,511	38%	62%	-37%
<b>Purchase^</b>	<b>£232,000</b>	<b>£16,960</b>	<b>£50,879</b>	<b>43%</b>	<b>57%</b>	<b>-32%</b>
30% discount*	£213,500	£15,607	£46,822	49%	51%	-26%
40% discount*	£183,000	£13,378	£40,133	55%	45%	-20%
50% discount*	£152,500	£11,148	£33,444	62%	38%	-13%
<b>Market rent</b>	<b>–</b>	<b>£9,000</b>	<b>£27,000</b>	<b>75%</b>	<b>25%</b>	<b>–</b>

Source: ONS; Land Registry; CACI; Turley analysis

\* new home; ^ any home

- 5.39 The above suggests that a 20% discount to the entry-level price of a new build home in Havant would potentially not offset the premium that is paid for such housing, meaning that it could still be less affordable than an entry-level home when resales are also taken into account.
- 5.40 A discount of 30% would appear more likely to bring costs below this benchmark, and could therefore be affordable to a household whose earnings are 8% lower than would be required to purchase any entry-level home in the borough. Around 51% of households could still be unable to afford such a product however, more than double the proportion that cannot afford private rent as the most accessible market option. Given that it is only this latter group that are assumed in this section’s calculation to generate a need for affordable housing in Havant, any product offering a 30% deposit would not be expected to directly address the need that has been quantified, even if they could admittedly play a role in the wider market by enabling movement and allowing renters to purchase a home, in turn potentially freeing up lower cost market housing.
- 5.41 This finding is notable where First Homes – the value of which in Havant would likely fall below the ceiling of £250,000 – are generally expected to apply a 30% discount. The Council does though have the option of raising this to 40% or 50% if a need can be demonstrated<sup>57</sup>. Table 5.9 suggests that a discount of 40% could reduce the income required to purchase by more than a fifth (21%), compared to that required to purchase at the entry level, and could thus be accessible to roughly one in five of the households who cannot afford that<sup>58</sup>. An even larger discount of 50% could benefit a third of these households by reducing the income requirement by a similar amount, opening up another route to home ownership, albeit even this would remain less

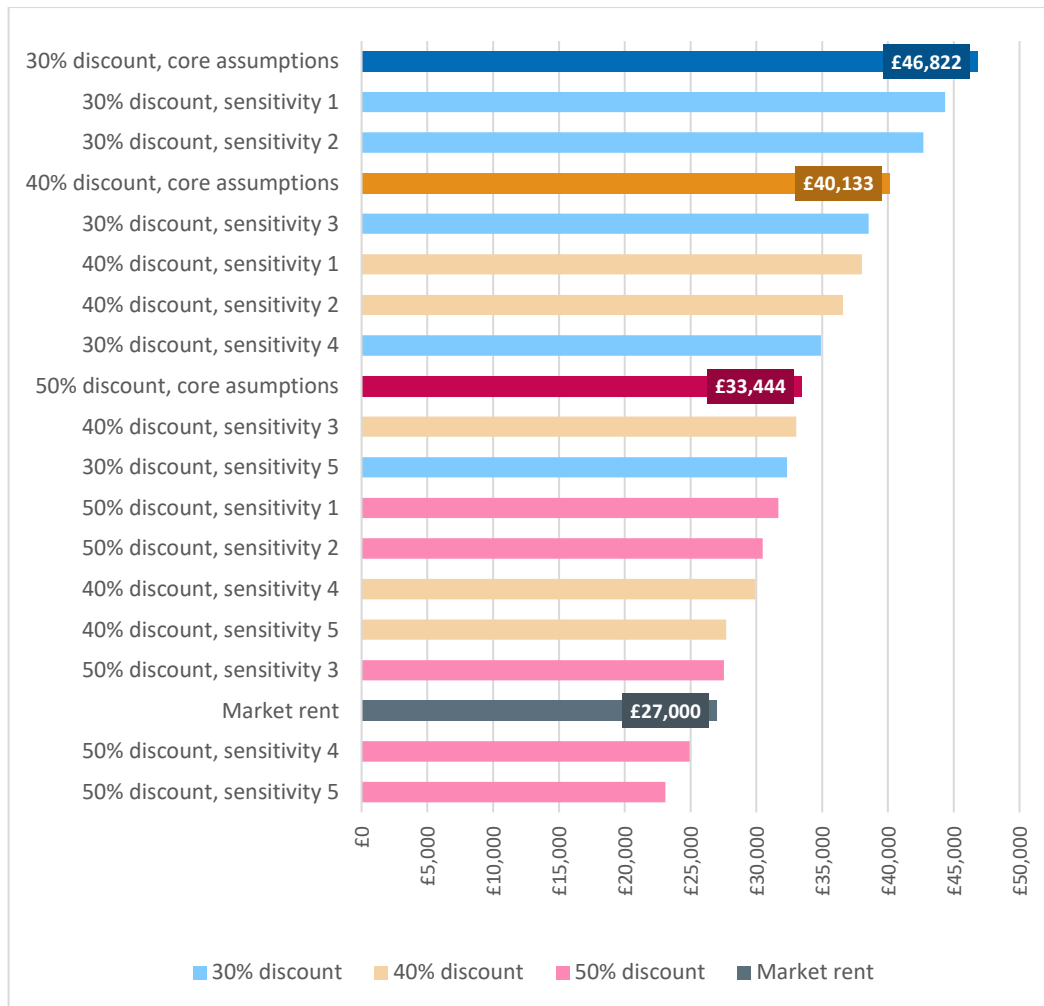
<sup>57</sup> *Ibid*

<sup>58</sup> 57% of households cannot afford the cost of market purchase but 45% – roughly one fifth less – could afford to purchase with a discount of 40%

affordable than market rent – so would not directly address the need quantified in this section – and beyond the reach of 38% of all households.

5.42 This analysis does apply the core mortgage assumptions<sup>59</sup> introduced earlier in this section, and it is therefore important to recognise that more favourable terms would narrow the gap between these products and the private rental market. Repeating the sensitivities applied at Table 5.2, for products discounted by 30-50%, shows that there is a prospect of the most heavily discounted option being more affordable than the market depending on the terms of a household’s mortgage.

**Figure 5.4: Impact of Mortgage Assumptions on Income Required**



Source: Turley analysis

5.43 This analysis suggests that the Council could justifiably require First Homes in Havant to be discounted by more than 30%, where the application of such a discount to newly built housing that is itself less affordable could otherwise serve to lessen its impact. A discount of 40% or 50% would more effectively distinguish First Homes from the open market, and make them accessible to more of the households who are unable to

<sup>59</sup> Deposit of 5% with repayment over 25 years at a mortgage rate of 5.95%

purchase housing in Havant. It would likely also reduce the size of deposit needed<sup>60</sup>. This is though a decision for the Council to make, taking account of viability factors and weighing up the risk of a larger discount making it unviable to deliver other forms of affordable housing.

### **Shared ownership**

- 5.44 The NPPF states that shared ownership represents a further affordable route to home ownership, and it is evident from the earlier Figure 5.2 that this product has been recently delivered in Havant.
- 5.45 Shared ownership enables households to buy a share of a new home – between 25% and 75% of its value – and pay rent on the remaining share, alongside their mortgage on the purchased share. Larger shares can be purchased when the household can afford to, but this would not affect the initial cost of entry.
- 5.46 It is again possible to estimate the likely annual cost of purchasing equity in a shared ownership product in Havant, and benchmark this against open market purchase and rent. As with DMS, shared ownership is only available for newly built properties and the cost of purchasing a 25% or 50% share with a mortgage is therefore estimated below on a consistent basis. It has also been assumed that households annually pay a rent equivalent to 2.75% of the unsold equity<sup>61</sup>. It should again be noted that the income required must be rounded to calculate the proportion of households able or unable to afford each option, which can imply alignment between products that actually require different incomes.

**Table 5.10: Benchmarking Cost of Shared Ownership in Havant**

	Annual cost of mortgage	Annual rent	Total annual cost	Income required	Hholds unable to afford	Difference from market rent
<b>Purchase (new)</b>	<b>£22,296</b>	–	<b>£22,296</b>	<b>£66,889</b>	<b>71%</b>	<b>-46%</b>
<b>Purchase (any)</b>	<b>£16,960</b>	–	<b>£16,960</b>	<b>£50,879</b>	<b>57%</b>	<b>-32%</b>
50% share (new)	£11,148	£4,194	£15,342	£46,026	51%	-26%
25% share (new)	£5,574	£6,291	£11,865	£35,594	38%	-13%
<b>Market rent</b>	–	<b>£9,000</b>	<b>£9,000</b>	<b>£27,000</b>	<b>25%</b>	–

Source: ONS; Land Registry; CACI; Turley analysis

- 5.47 The above indicates that shared ownership can reduce the income required to purchase a home at full market value in Havant, potentially benefiting up to a third of those households who are unable to afford this option. Shared ownership remains less affordable than the private rental market, however, with 38% of all households

<sup>60</sup> A 30% discount, based on core assumptions, could require a deposit of circa £10,675 whereas the deposit with a 50% discount would reduce to £7,625

<sup>61</sup> Homes England (2022) Capital Funding Guide, paragraph 4.1.4

potentially being unable to afford the cost of purchasing even a 25% share. Separate analysis indicates that this would reduce only slightly to 32% even with favourable mortgage terms – applying the assumptions from Sensitivity 5 – with the income required to purchase in such a scenario (£30,418) remaining higher than would be needed to access the private rental market.

- 5.48 The calculation presented in this section assumes that only those households unable to access the private rental market will need affordable housing. With a higher income required to access shared ownership, such products appear unlikely to make a substantial contribution towards meeting the gross need established in this section, instead having the greatest impact on households that can afford to rent but not purchase a home at full market value. Such households would though need to have sufficient savings for a deposit, which could – based on the core assumptions made in this section – equate to £7,625 for a 50% share, falling to £3,813 for a 25% share. It is of note that the latter is considerably smaller than would be needed to purchase a First Home discounted even by 50%, with which the former aligns.

#### ***Bringing the analysis together***

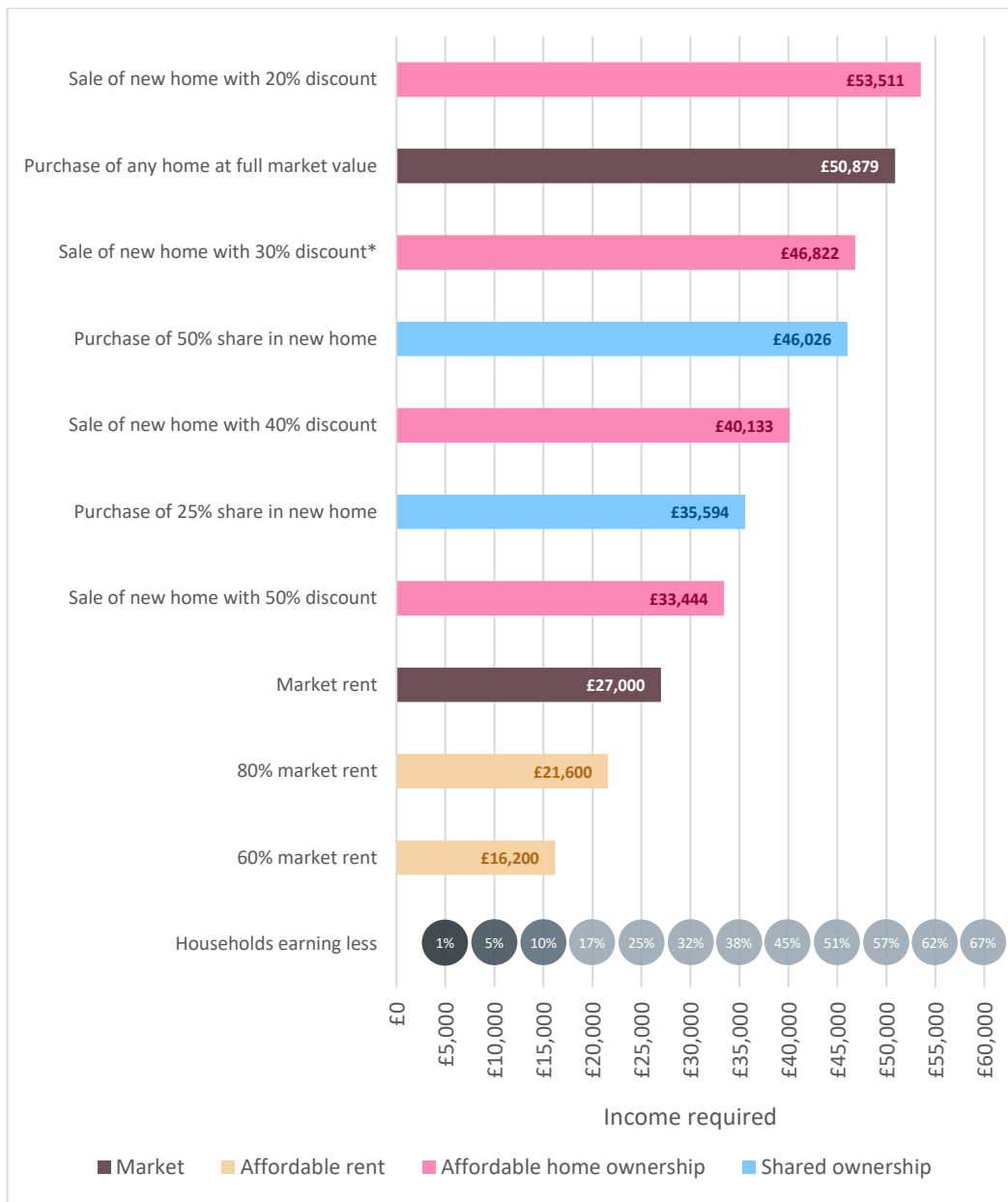
- 5.49 Figure 5.5 overleaf draws together the above analysis by comparing and ranking the income required to access each product in Havant, relative to that required to rent or purchase at the entry level of the market. This suggests that only two of the products assessed in this report are likely to require a lower income than market rent, these being those that apply discounts of 20-40% to that rent. Most of the other products can be expected to reduce the cost of purchasing on the open market, providing an ownership option for those earning up to 34% less, but could still cost at least 24% more per annum than private renting. It is important to recognise though that this gap could close if households are able to secure more favourable mortgage terms, with this assessment having been undertaken at a point when mortgage rates are relatively high.
- 5.50 It can also be seen that there is a degree of consistency between products, with the income required to purchase a new home with a 30% discount comparable for instance to that needed to purchase a 50% share of an equivalent home, albeit a deposit for the latter could be around 29% smaller<sup>62</sup>. Purchasing only a 25% share would theoretically reduce the size of deposit even further, by half, thus requiring a considerably smaller amount of savings than would be required to purchase with a 50% discount despite the latter being affordable to households with lower incomes<sup>63</sup>.

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<sup>62</sup> It is estimated that a deposit of £10,675 could be needed to purchase a new home with a 30% discount, whereas a smaller deposit of £7,625 could be required to purchase only a 50% share of a full-price home

<sup>63</sup> A deposit of circa £3,813 and income of £35,594 could be needed to purchase a 25% share, while a lesser income (£33,444) but larger deposit (£7,625) could be needed to purchase a home discounted by 50%

**Figure 5.5: Comparing Income Required to Access Products**



Source: Turley analysis

\* Default discount for First Homes

**Summary**

- 5.51 This section has applied the well-established methodology, outlined in the PPG, through which affordable housing needs are calculated.
- 5.52 The first stage of the calculation establishes the scale and profile of affordable housing need in gross terms, capturing 1,766 households in priority bands on the Council’s housing register. A further need for 517 affordable homes can be expected to arise every year as new households form and existing households’ circumstances change. These factors, combined, could generate **a gross need for circa 601 affordable homes**

**per annum** over the period to 2043, the likely endpoint for the new plan period, with the greatest need implied to be for properties with one or two bedrooms.

- 5.53 The PPG also requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply. Data supplied by the Council suggests that **approximately 231 affordable homes could become available each year**, most having one or two bedrooms. This is evidently lower than the estimated gross need, meaning that there is a residual net need for **370 affordable homes per annum**. This is underpinned by a particularly large shortfall of properties with only one bedroom, albeit there is a shortfall of all sizes of property such that a mix of affordable housing will be required.
- 5.54 This section has proceeded to consider the potential role of different affordable housing products in meeting the need that has been evidenced. The analysis indicates that affordable rent is the most likely to do so, as would arguably be expected where it is designed to lower the cost of privately renting and this is the most accessible market option. Shared ownership and other affordable home ownership products – like discounted market sale and First Homes – can be expected to reduce the cost of purchasing on the open market and shrink the size of the necessary deposit, thus providing an ownership option for those with fewer savings earning up to a third less, but these options could still cost at least 24% more than renting. While influenced to some extent by high mortgage rates at the time of writing, the analysis nonetheless suggests that the Council could be justified in requiring First Homes to apply one of the larger permitted discounts, of either 40% or 50%, provided that this does not undermine viability or the delivery of other affordable housing products. Shared ownership could, for instance, complement First Homes and be accessible to households with fewer savings, where a considerably smaller deposit could be required to purchase a 25% share.



## 6. Housing Needs of Older People

6.1 The NPPF requires the housing needs of ‘different groups in the community’ to be ‘assessed and reflected in planning policies’, as noted in the introduction to this report<sup>64</sup>.

6.2 The PPG provides some guidance on how such needs should be assessed, with an entire section focusing on housing for older and disabled people<sup>65</sup>. This emphasises that:

*“Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people. These policies can set out how the plan-making authority will consider proposals for the different types of housing that these groups are likely to require. They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period”<sup>66</sup>*

6.3 This section therefore specifically considers the different types of housing that could be required by older people living in Havant, drawing upon available evidence. Section 7 then proceeds to focus on the accessible and adapted housing that could be needed by residents with disabilities.

### Recent change in the older population

6.4 The 2021 Census confirmed that there were circa 30,220 people living in Havant who were aged 65 or above, of whom almost half were at least 75 years old and 15% were at least 85. Each group accounted for a slightly larger proportion of the borough’s population, as of 2021, than was the case throughout Hampshire or England.

**Table 6.1: Older Population in Havant (2021)**

	Number of residents	Proportion of total population	Equivalent figures for...	
			Hampshire	England
65+	30,220	24%	22%	18%
75+	14,825	12%	10%	9%
85+	4,415	4%	3%	2%

Source: Census 2021

6.5 The number of residents aged 65 or above at the 2021 Census was some 19% more than recorded a decade earlier, and some 37% more than recorded in 2001. This

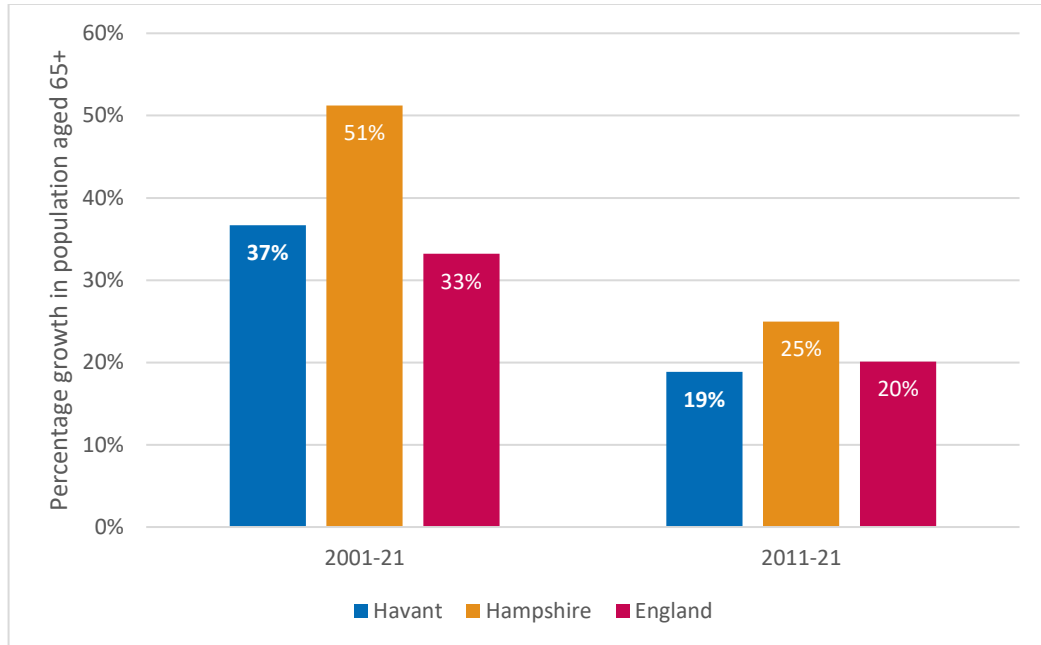
<sup>64</sup> DLUHC (September 2023) National Planning Policy Framework, paragraph 62

<sup>65</sup> PPG section 63 (“Housing for older and disabled people”)

<sup>66</sup> PPG Reference ID 63-006-20190626

compares to the growth experienced throughout England but is notably more modest than seen across Hampshire.

**Figure 6.1: Proportionate Growth in Older Population aged 65+**



Source: ONS

## Health of the older population

6.6 The dashboard developed by Hampshire County Council (HCC) to inform its Joint Strategic Needs Assessment, published last year, provides further detail on the long-term health conditions of people aged 65 and above<sup>67</sup>. It suggests that:

- Circa 12.1% of all aged 65 or above had **moderate or severe frailty**, surpassing the equivalent figure for Hampshire as a whole (11.8%) and ranking as the joint-second highest of its eleven local authorities, behind only New Forest (12.3%)
- Circa 19.4% had **reduced mobility**, exceeding again with the county-wide figure (19.2%) and ranking as the outright second highest of all local authorities in Hampshire behind New Forest (19.9%);
- Circa 26.2% had **urinary incompetence**, slightly exceeding the average for Hampshire (26.1%) and ranking as the joint-second highest of its local authorities behind East Hampshire (26.3%);
- Circa 75.1% had **some hearing loss**, this being more common than in Hampshire as a whole (74.7%) or than in any other of its local authorities apart from East Hampshire (75.2%);

<sup>67</sup> [Available here](#)

- Circa **9.9%** had **severe hearing loss**, surpassing the equivalent figure for Hampshire (9.6%) as well as those of all but one other local authority in the county (East Hampshire, 10.0%);
- Circa **9.0%** had **moderate or severe sight loss**, marginally exceeding the equivalent figure for Hampshire (8.9%) and ranking as the joint-second highest of its local authorities;
- Circa **27.3%** have recently experienced **falls**, making these slightly more common than in Hampshire as a whole (27.1%) but not as common as in New Forest, East Hampshire or Rushmoor where the equivalent figures ranged from 27.3% to 27.6%; and
- Circa **7.6%** had **dementia**, slightly exceeding the equivalent figure for Hampshire (7.5%) and ranking as the third highest of all local authorities in the county, behind New Forest, East Hampshire and Winchester (7.7-8.0%).

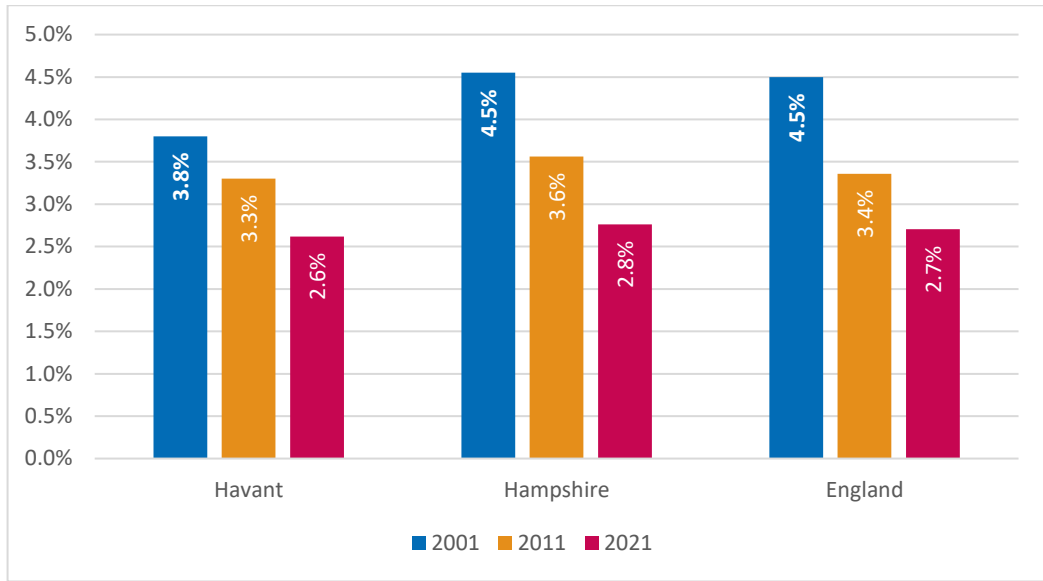
### Housing occupancy trends

- 6.7 Some 791 older people throughout Havant, aged 65 or above, were living in communal establishments like care homes<sup>68</sup> – rather than private dwellings – as of the 2021 Census. This represented circa 2.6% of this age cohort, which is slightly lower than in Hampshire (2.8%) or England (2.7%). It is therefore clear that the vast majority of older people in Havant live in private households.
- 6.8 The proportion of Havant residents aged 65 or above living in communal establishments has declined gradually from the levels seen in 2001, when 3.8% were doing so. While this may be influenced by the lack of new supply – identified at the earlier Figure 2.2 – this suggests that older people are increasingly living in private households, either by choice or otherwise, mirroring the trend seen across Hampshire and nationally as shown at Figure 6.2.

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<sup>68</sup> A communal establishment provides managed residential accommodation. It is defined to include sheltered accommodation units where fewer than half of units have their own cooking facilities, or similar accommodation where residents have their own rooms but the main meal is provided. If half or more possess their own facilities for cooking, regardless of use, all units in the whole establishment are treated as separate households

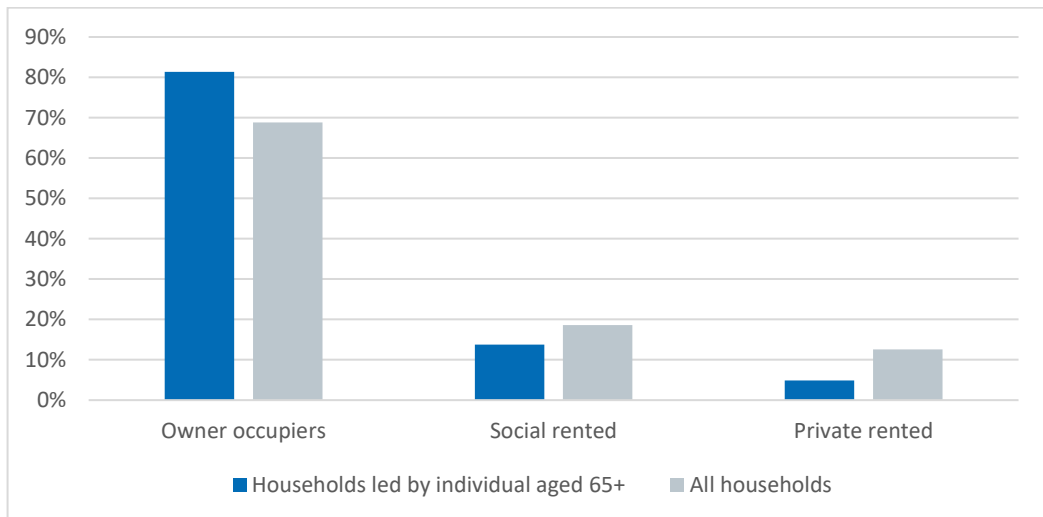
**Figure 6.2: Proportion of Aged 65+ Living in Communal Establishments**



Source: ONS

6.9 Some 81% of the private households led by individuals aged 65 or above, at the time of the 2021 Census, were owner occupiers. This tenure was therefore more popular amongst the older cohort than the population at large, with only 69% of all households in the borough being owner occupiers. Older households were barely a third as likely to be privately renting their home, and were also less likely to be living in the social rented sector albeit this did still accommodate circa one in seven such households (14%).

**Figure 6.3: Tenure of Older Households in Havant (2021)**

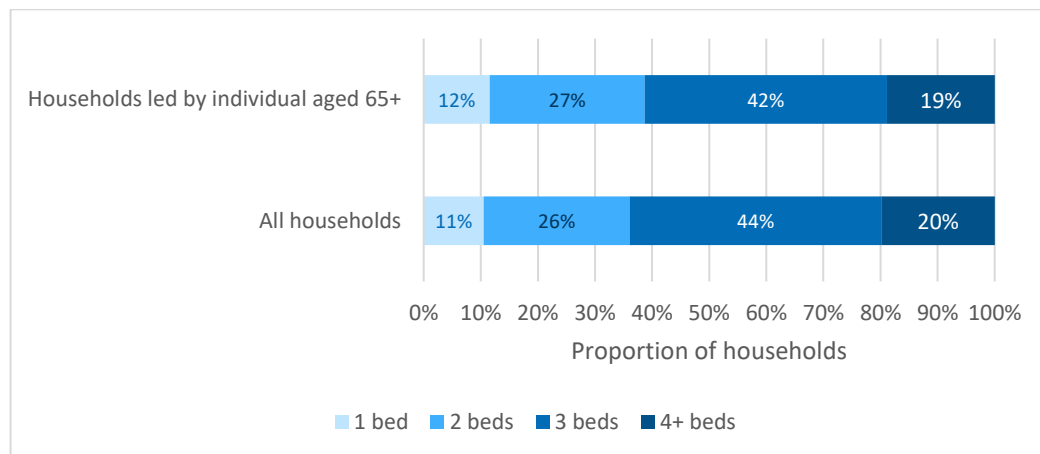


Source: ONS

6.10 Older households in Havant were only slightly more likely to be living in smaller properties, as 39% had one or two bedrooms whereas the equivalent figure for all

households was 36%. This meant that a majority of older households had at least three bedrooms in their home, and indeed that appreciably more had at least four bedrooms than had only one (19/12%).

**Figure 6.4: Size of Housing Occupied by Older Households in Havant (2021)**



Source: ONS

### Projected future growth and implications for housing provision

6.11 The updated modelling presented in this report, which assumes that housing needs are met in full, can be broken down by age as previously shown by the earlier Figure 3.2. It suggests that the number of residents aged 65 or above could increase by some 41% in such scenario, compared to the original estimates for 2020, with the borough becoming home to an additional 12,148 people in this cohort by 2043. Most of these additional residents would actually be at least 75 years old, with the number in this cohort projected to grow by approximately two thirds as shown at Table 6.2.

**Table 6.2: Projected Future Population Change by Age Cohort (2020-43)**

	2020	2043	Change	% change
Aged 65+	29,979	42,127	+12,148	+41%
Aged 75+	14,624	24,390	+9,766	+67%
Aged 85+	4,455	7,917	+3,462	+78%

Source: Edge Analytics

### The need for communal accommodation

6.12 The PPG indicates that such ‘projections of population and households by age group can...be used’ to estimate the housing needs of older people<sup>69</sup>.

<sup>69</sup> PPG Reference ID 63-004-20190626

- 6.13 In doing so, it is important to first recognise that Edge Analytics’ modelling itself makes assumptions about the number of people living in a communal establishment, such as a care home, rather than a private household. The methodology is designed to be consistent with that used to produce official household projections, specifically assuming that:
- The number of people aged 74 and under that are not in private households remains aligned with the value recorded by the 2011 Census, which was the last to have reported at the time of modelling; and
  - For those aged 75 and over, the *proportion* of the population that is not in households remains aligned with the 2011 Census, therefore varying in absolute terms depending on the size of this cohort throughout the modelling period.
- 6.14 This approach means that modelled growth in the number of people living in communal establishments is entirely attributable to the projected increase in the number of older people aged 75 and over. This, in turn, implies a need for additional bedspaces in elderly care and nursing homes.
- 6.15 Edge Analytics’ modelling therefore suggests that the communal population of Havant could increase by circa 585 persons over the plan period if the borough’s housing needs are met in full and recent demographic trends continue. This represents growth of circa 25 persons per annum. These additional older people are not assumed to live in dwellings, and are therefore **excluded from and additional to** any assessed need for dwellings, conducted using the standard method for example. They should therefore be separately accounted for when planning for housing provision at the borough level.

**Table 6.3: Projected Change in Communal Population of Havant (2020-43)**

	Total change	Average change per annum
Communal population	585	25

*Source: Edge Analytics*

- 6.16 No attempt has been made to consider how other forms of specialist housing, possibly in different use classes, could meet this distinct need, recognising that uncertainties exist around residents’ requirements and indeed preferences<sup>70</sup>. The extent to which existing residents are suitably accommodated also has not been considered, due to a lack of robust data with which to quantify this further need which is likely to exist to at least some extent.

### **Specialist housing for older people**

- 6.17 While the above quantifies a distinct component of need that is likely to require communal accommodation, in addition to private housing, it is also important to

<sup>70</sup> It is acknowledged that housing strategies or development could accommodate those assumed to be in need of bedspaces in residential institutions (Use Class C2) within other forms of accommodation, in Use Class C3, if this is capable of meeting their needs. Where evidenced, this would directly elevate the overall need for dwellings to include those households that are currently excluded by the underlying projections

consider the need for other types of specialist housing for older people, especially as the earlier analysis showed that the majority do not live in such communal establishments. The PPG encourages the use of ‘*online tool kits provided by the sector*’ for such purposes, specifically referencing the Strategic Housing for Older People Analysis (SHOP@) toolkit – developed by Housing LIN – as ‘*a tool for forecasting the housing and care needs of older people*’<sup>71</sup>. While no longer freely available, the tool drew upon national data to estimate the rate at which those aged 75 and over could require different forms of specialist housing, generally suggesting that there could be demand for:

- **125 sheltered housing units** per thousand residents aged 75 or above;
- **20 enhanced sheltered housing units** per thousand residents aged 75 or above; and
- **25 extra care units** with 24/7 support per thousand residents aged 75 or above<sup>72</sup>.

6.18 The earlier Table 6.2 suggested that Havant could accommodate circa 9,766 additional people aged 75 or above over the course of the anticipated plan period. Such growth could, according to the toolkit, generate demand for circa 72 units of specialist accommodation each year, predominantly driven by an assumed demand for sheltered housing as shown by Table 6.4. Unlike the separate need estimated at Table 6.3 above, those occupying this type of accommodation *are* otherwise assumed to live in private households, meaning that such individuals are **included** in the housing need quantified using the standard method. While challenging to quantify further, it is important to recognise that the need could be even greater if existing older residents are living in unsuitable accommodation and are themselves also in need of this type of housing.

**Table 6.4: Projected Demand for Specialist Housing in Havant (2020-43)**

	Total additional demand	Average units per annum
Sheltered housing	1,221	53
Enhanced sheltered housing	195	8
Extra care units with 24/7 support	244	11
<b>Total</b>	<b>1,660</b>	<b>72</b>

*Source: Edge Analytics; Housing LIN; Turley analysis*

6.19 The above suggests that there will *inter alia* be demand for additional extra care provision in Havant, which HCC notably itself concurred with during a consultation arranged to inform this report. Indeed, HCC suggested that Havant was one of its priority areas in which to develop such accommodation, albeit it did confirm that there were currently no firm plans to do so. HCC confirmed that it had recently

<sup>71</sup> PPG Reference ID 63-004-20190626

<sup>72</sup> These rates are understood to be based on national trends, so are not directly influenced by local supply

commissioned its own research to investigate potential demand across all wards in Hampshire, and examine both the health of the population and the requirement for specialist care. It expects this research to provide evidence that can be used by each local authority as they develop Local Plans, and the Council is therefore advised to review and consider the implications of this research when available.

## Summary

- 6.20 The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies. The PPG provides guidance on how such needs should be assessed, devoting an entire section to housing for older and disabled people who are therefore covered in this and the following section.
- 6.21 Some 30,220 of the people living in Havant at the time of the 2021 Census were aged 65 or above, representing nearly a quarter (24%) of the total population at that time. This group was proportionately larger than in Hampshire or England as a whole, and had grown over the previous decade at a comparable rate to that experienced nationwide.
- 6.22 While inevitably influenced to some extent by the options available, the vast majority of these older people lived in private households rather than communal establishments like care homes, with increasingly few living in the latter when compared to ten or twenty years ago. Most of the private households led by older people were owner occupiers, who were slightly more likely than the wider population to be living in smaller housing but still predominantly chose larger dwellings, with at least three bedrooms.
- 6.23 Edge Analytics' modelling suggests that the older population of Havant could continue to grow from the level estimated before the latest Census findings became available. The borough could have circa 12,148 extra residents aged 65 or above by 2043, compared to the original estimates for 2020, with most of these additional residents being at least 75 years old.
- 6.24 Based on current trends, the modelling itself assumes that there will be an additional 25 older people per annum in need of bedspaces in communal accommodation, who are excluded from and additional to any assessed need for dwellings – using the standard method, for example – and indeed are unlikely to represent the only individuals in need of such accommodation, if existing residents are unsuitably housed for example.
- 6.25 A further demand for other forms of specialist accommodation – such as sheltered and extra care housing – can also be anticipated as the older population grows, with available toolkits suggesting that circa 72 units could be needed by these extra residents alone every year. This would again add to any existing need amongst current residents, which cannot be robustly quantified, but would be *included* in the housing need calculated using the standard method.



## 7. Need for Accessible and Adapted Housing

7.1 The PPG states that:

*“The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in helping them to live safe and independent lives. Unsuitable or unadapted housing can have a negative impact on disabled people and their carers. It can lead to mobility problems inside and outside the home, poorer mental health and a lack of employment opportunities. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives. Without accessible and adaptable housing, disabled people risk facing discrimination and disadvantage in housing”<sup>73</sup>*

7.2 It proceeds to confirm that ‘multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future’<sup>74</sup>. It describes the Census as one such source of information, given that this records the extent to which residents consider their day-to-day activities to be limited by long-term health problems or disability<sup>75</sup>.

7.3 It can be seen from the Census that, as of 2021, circa 20% of all people living in Havant were limited to some extent by a long-term illness and/or disability, with around 8% of the population stating that their activities were “limited a lot”. This means that more residents were limited to some extent than was the case in both Hampshire or England as a whole, and that the proportion in this category has risen slightly since 2011.

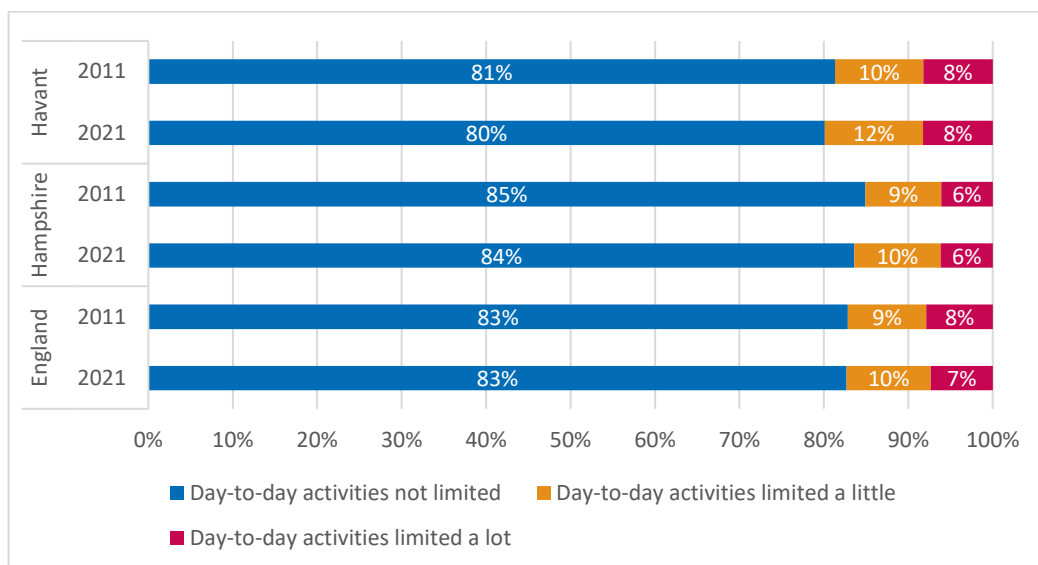
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<sup>73</sup> PPG Reference ID 63-002-20190626

<sup>74</sup> PPG Reference ID 63-005-20190626

<sup>75</sup> A long-term health problem or disability that limits a person’s day-to-day activities, and has lasted, or is expected to last, at least 12 months. This includes problems that are related to old age. People were asked to assess whether their daily activities were limited a lot or a little by such a health problem, or whether their daily activities were not limited at all

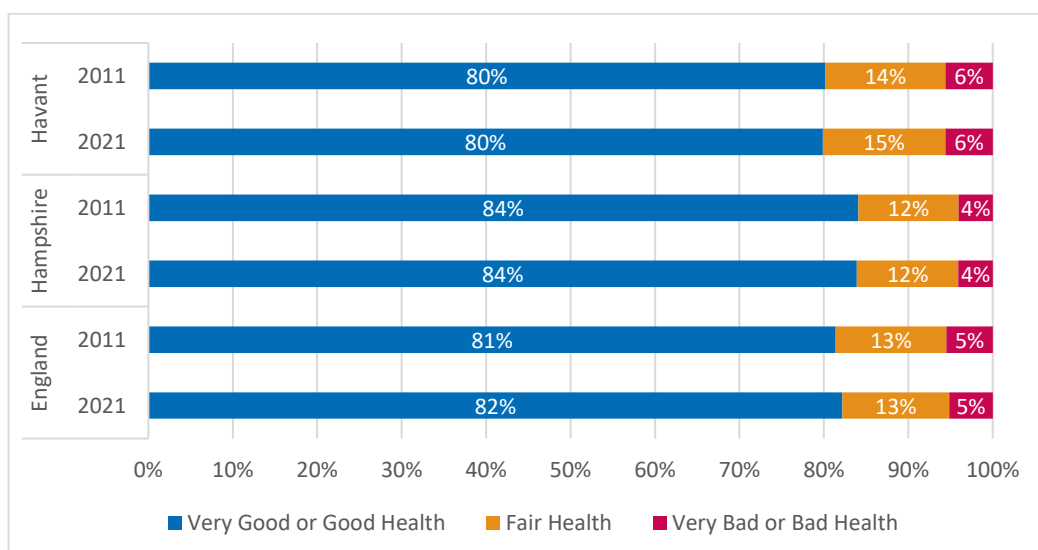
**Figure 7.1: Extent to which individuals' day-to-day activities are limited by long-term health problem and/or disability (2011-21)**



Source: Census 2011

7.4 Individuals responding to each Census also self-reported their general health, with broadly similar outcomes as outlined in the chart below. However, it is again notable that a marginally smaller proportion of residents in Havant considered themselves to be in very good or good health. In addition, the proportion of the population reporting themselves to be in bad or very bad health continues to be higher in Havant than in Hampshire and England, as was previously the case in 2011.

**Figure 7.2: Self-reported General Health**



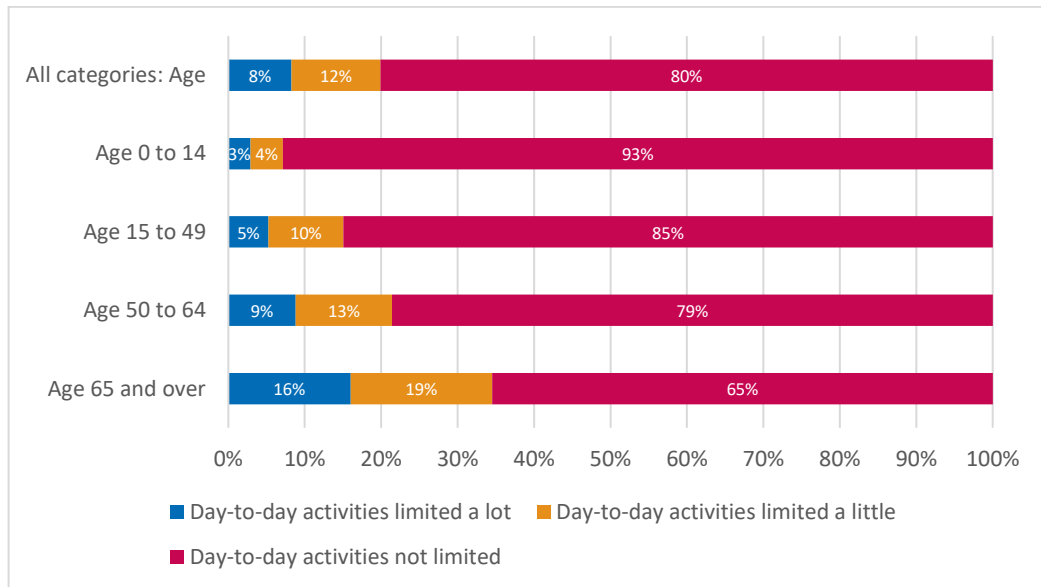
Source: ONS

7.5 While the Census asks nothing more on the nature of individual conditions, or indeed the number of conditions, the Joint Strategic Needs Assessment does provide some

further detail. It suggests that a relatively large number of Havant residents have multiple long-term conditions, with circa one in six (17%) having at least two<sup>76</sup>. This is reported to be the highest such rate of all local authorities in Hampshire. HCC also produced a dashboard, referenced in the previous section, which offers further detail on the prevalence of numerous conditions.

7.6 The Census does though allow some further analysis to be conducted into the prevalence of long-term health problems and/or disability by age. Figure 7.3 confirms that the proportion of Havant’s population whose daily activities are limited to some extent by long-term health problems and/or disability increases markedly with age. Amongst those aged between 15 and 49, only 15% of the population put themselves into this category. This increases to 22% for those aged 50 to 64 but more significantly to 35% for those aged 65 and older.

**Figure 7.3: Prevalence of long-term health problems and/or disability in Havant by age (2021)**



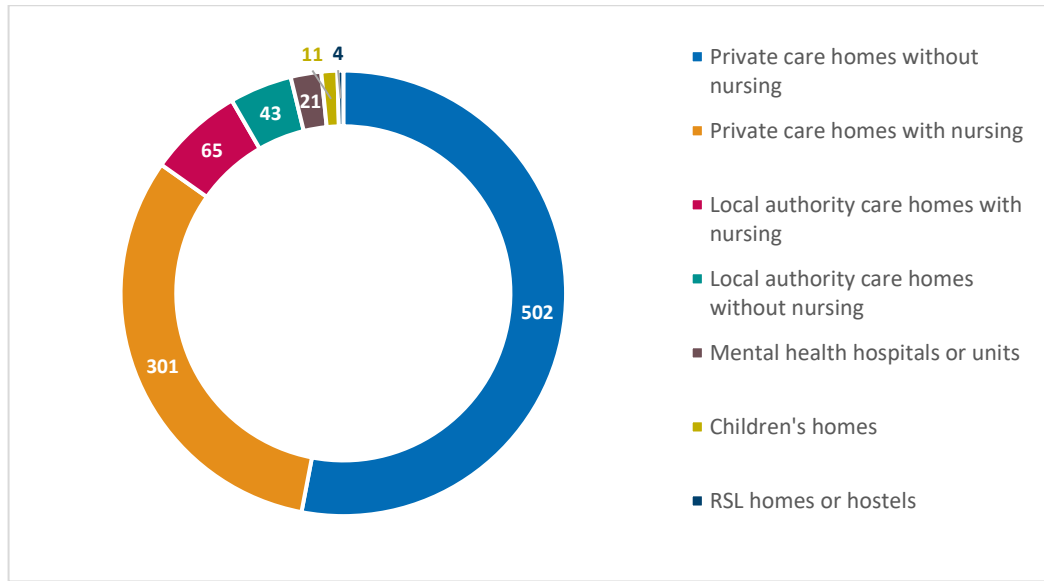
Source: ONS

7.7 The PPG states that data sources like the Census ‘can provide an indication of the number of disabled people’ but it also emphasises that ‘not all of the people included within these counts will require adaptations in the home’<sup>77</sup>. Some are definitively known to have not even been living in private homes, as there were reported to be around 947 people living in medical or care establishments throughout Havant as of 2021. More than half of these (502) were living in care homes that did not offer nursing, with another 301 living in care homes that did.

<sup>76</sup> Hampshire County Council (2022) Joint Strategic Needs Assessment: Healthy People, p7

<sup>77</sup> PPG Reference ID 63-005-20190626

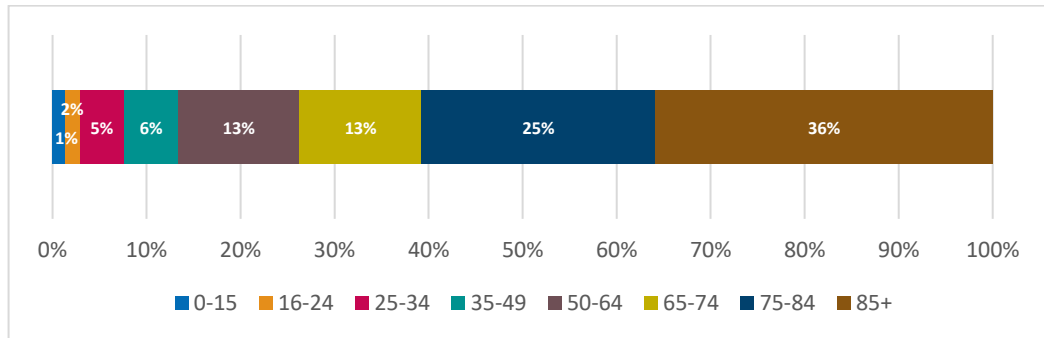
**Figure 7.4: Residents of Medical and Care Establishments in Havant (2021)**



Source: Census 2021

7.8 These individuals formed the majority of the 1,073 people living as residents in some form of communal establishment throughout Havant. Some 74% of these individuals were aged 65 or above, while 61% were at least 75 years old. Around 8% were under 35 years old.

**Figure 7.5: Age of Residents of Communal Establishments in Havant (2021)**



Source: Census 2021

7.9 From a technical perspective, it is important to recognise that the modelling introduced in this report assumes that most people will continue to require private housing, as opposed to communal accommodation. A fixed number of those aged under 75 are though assumed to require the latter – based on the findings of the 2011 Census, still the last to have been reflected in official projections that form the basis for this report’s modelling – as are a *proportion* of the growing number aged 75 or above. This results in the additional need quantified at the earlier Table 6.3, aside from which there is no implicit need for further specialist accommodation targeted at those aged 74 and under. There are equally no publicly available toolkits that provide alternative

means of estimating the demand for such accommodation from people with disabilities.

- 7.10 The majority of residents – and by extension those with disabilities – are therefore assumed to carry on living in private dwellings, some of which are likely to require (or in the past have required) adaptations. The PPG suggests that applications for Disabled Facilities Grants (DFGs) will provide ‘*an indication of levels of expressed need*’ for adaptations, but warns that this will ‘*underestimate total need as there may be a large number of people who would want or need an adaptation, but would not have applied to the DFG*’<sup>78</sup>.
- 7.11 Data supplied by the Council indicates that circa 352 adaptations have been made to properties in Havant via DFGs over three years to 2021, averaging around 117 per annum<sup>79</sup>. This roughly equates to 0.2% of the households that existed in each of these three years, if the growth recorded between Census years is assumed – in the absence of reliable annual counts – to have occurred in a linear fashion.
- 7.12 Edge Analytics’ modelling, introduced in section 3, shows how Havant could become home to more households if it is assumed to meet the housing need suggested by the standard method in full. Should they continue to require adaptations at the rate recorded recently, then around 2,800 could need to take place over the period covered by the modelling<sup>80</sup> (2020-43). Some of these adaptations could relate to newly built properties, affecting as many as 24% of the new homes provided if the borough was to meet its housing needs in full. This figure of 24% would reduce if existing homes were also adapted but could equally be required to rise if not all of those in need of adaptations have actually received one in recent years.
- 7.13 The PPG does suggest that:
- “It is better to build accessible housing from the outset rather than have to make adaptations at a later stage – both in terms of cost and with regard to people being able to remain safe and independent in their homes”*<sup>81</sup>
- 7.14 In light of this advice, the Council could arguably be justified in expecting around 20% of new homes to be accessible, at least as a starting point for negotiation. This would allow such homes to play a role in meeting a need that is currently met through DFGs, while also allowing for the adaptation of existing homes which will almost certainly need to continue at some scale.
- 7.15 While locally derived, this benchmark compares favourably to the plans of other local authorities. Habinteg – a registered social housing provider with 50 years’ experience building and promoting accessible homes and communities – forecasts that 22% of

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<sup>78</sup> *Ibid*

<sup>79</sup> While the Council’s system does not report on the types of adaptations made, this is understood to have captured referrals for level access showers, platform and ramps, steps, dropped kerbs, hardstandings, ground floor bedrooms, ground floor bathrooms, extensions, through floor lifts and kitchen adaptations, amongst others

<sup>80</sup> Calculating by applying a rate of 0.2% to the total number of households projected in each year between 2020 and 2043

<sup>81</sup> PPG Reference ID 63-008-20190626

homes planned outside London will be '*accessible and adaptable*', 19% adhering to the M4(2) standard and 3% to the Lifetime Homes standard<sup>82</sup>.

- 7.16 Habinteg separately forecast that circa 1.5% of homes planned outside London will be wheelchair accessible, to M4(3) or an older standard<sup>83</sup>. It is challenging to derive a comparable local figure for Havant, due to a lack of data on the number of residents who are wheelchair users. That said, it is known that 72 of the households enrolled on the borough's housing register were wheelchair users, equivalent to circa 4% of the 1,827 households currently on the register<sup>84</sup>. Such residents being in need of affordable housing means that this proportion is unlikely to be the same across the population as a whole, and the Council will therefore need to exercise judgement in arriving at a position on how many new homes should be wheelchair accessible. A figure of 2%, for instance, would outperform the national trend while reasonably assuming that those households not in need of affordable housing are less likely to be wheelchair users<sup>85</sup>.

## Summary

- 7.17 This section has considered the need for accessible and adapted housing, suitable for people with health problems and disabilities.
- 7.18 It has shown that circa 20% of all people living in Havant, as of the 2021 Census, were limited to some extent by a long-term illness and/or disability. This surpassed the equivalent figures for both Hampshire and England, and has also risen slightly since 2011. Older age groups were the most likely to report such difficulties.
- 7.19 The proportion separately reporting themselves to be in good or very good health was also lower than in Hampshire or England, but has remained stable over the past decade.
- 7.20 The PPG suggests that the Census can provide an indication of the number of disabled people, but warns that not all will necessarily require adaptations in the home. Some are definitively known to not even be living in private homes, as approximately 950 lived in medical or care establishments as of 2021.
- 7.21 The modelling introduced in this report assumes though that most people with disabilities will continue to require private housing, rather than communal accommodation like care homes. It is reasonable to expect at least some of these individuals to need adaptations, as recent years have seen the Council issue 117 Disabled Facilities Grants per annum and the PPG notes that this provides a valuable indication of '*expressed need*'.
- 7.22 Should households continue to require adaptations at the same rate, as the borough's population grows, then some 2,800 could need to take place over the period to 2043.

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<sup>82</sup> Habinteg (January 2021) Forecast for Accessible Homes 2020, p12

<sup>83</sup> *Ibid*, p13

<sup>84</sup> As reported in section 5

<sup>85</sup> This is not considered an unreasonable assumption where the 2021 Census suggests that Havant residents working in routine occupations, or who have never worked, are twice as likely to be disabled under the Equality Act than those working in managerial, administrative and professional occupations for example (34/17%)

As many as 24% of these adaptations could affect newly built homes, and while this could fall if existing homes are adapted it could equally rise if not all of those in need of adaptations have actually received one in recent years. Given these factors, and the PPG's preference for building accessible housing from the outset, the Council could arguably expect around 20% of new homes to be accessible, at least as a starting point.

- 7.23 It is more challenging to estimate the proportion of households in need of wheelchair accessible homes, due to data limitations. It is known that circa 4% of households on the Council's housing register are wheelchair users, but this is unlikely to be true of the population at large given that disability varies by socio-economic status. The Council will therefore need to exercise judgement in deciding how many new homes should be wheelchair accessible (M4(3)) potentially targeting a figure of around 2% as a starting point.

## 8. Summary and Conclusions

- 8.1 Havant Borough Council has commissioned Turley to undertake up-to-date analysis of the borough's housing needs, providing evidence for a new Local Plan. This analysis is intended to provide the Council with an understanding of the size, type and tenure of housing needed by different groups in the community, so that these needs can be reflected in planning policies as required by the National Planning Policy Framework (NPPF).

### **Recent trends in the local housing market**

- 8.2 This report has highlighted the evolution of the housing market in Havant over recent years. New housing has been delivered, almost two thirds of completions since 2011 being houses as opposed to flats, and while all sizes of property have been delivered these new homes have been most likely to contain two or three bedrooms. This delivery has not fundamentally altered the profile of housing available in Havant, however, with the 2021 Census reaffirming that most households live in semi-detached or detached homes. Fewer live in terraced houses than in 2011 or 2001, and slightly more live in flats, albeit historic growth in the latter does appear to have stalled over the last decade. Households appear to have become slightly less likely to have two or three bedrooms, despite the recent profile of delivery, and more likely to have at least four.
- 8.3 The population of Havant continued to grow over the decade to 2021, broadly continuing the growth seen over the prior decade to reach circa 124,200 people. This was slightly fewer than the Office for National Statistics (ONS) believed to be living in the borough when it produced its last official estimate, in mid-2020, albeit the difference is relatively modest at around 2%. It appears to have more accurately estimated the age of the population, with the 2021 Census confirming that older people continue to account for a growing proportion of all residents.
- 8.4 The average price paid for housing in Havant has increased by some 60% over the decade to 2021, the last complete year for which data was available at the time of analysis. Terraced houses saw the greatest increase, of some 67%, and this was followed by semi-detached housing in a potential sign of imbalance between the supply of and demand for mid-sized housing. This is also apparent from changes in rents at both the midpoint of the market and the entry level, with rents for properties containing two or three bedrooms seeing the greatest proportionate increases over the period for which data is available (2014-22).

### **Estimated impact of meeting the minimum need for housing in Havant**

- 8.5 This report has not considered the overall number of homes needed in Havant, but the Council itself is able to use the so-called standard method – as detailed in Planning Practice Guidance (PPG) – to establish the minimum need for housing in the borough. This suggested, as of late 2022, that at least 516 dwellings per annum are needed in Havant.



- 8.6 While the Council may judge in developing its Local Plan that it is unable to meet this need in full, this report has presented demographic modelling undertaken by Edge Analytics which suggests that doing so over the anticipated plan period to 2043 could grow the population of Havant by circa 15,200 people. This would represent growth of 0.5% per annum on average, precisely aligning with the rate of growth estimated by the ONS since 2011 but slightly exceeding that subsequently confirmed by the 2021 Census, the detailed findings of which were not available at the time of modelling.
- 8.7 The population would likely continue to age in this scenario, with a growing proportion of all residents being at least 65 years old while the cohort aged 45 to 64 becomes less prominent having not been replenished. Such changes to the age profile can be expected to affect the types of households living in Havant, with the modelling suggesting that many of the borough's additional households could contain multiple adults without children. The number containing children, and indeed the number containing only one person, would nonetheless also be expected to increase.

### **Implications for the size and type of housing needed**

- 8.8 The 2021 Census confirms the size of housing occupied by different types of households in Havant, showing that people living alone have the greatest tendency to – but do not exclusively – live in smaller housing. Larger housing with at least three bedrooms is generally favoured by other households, and indeed their tendency to have at least four bedrooms appears to have slightly increased over the last decade.
- 8.9 These trends provide a basis for estimating the size of housing needed by additional households in future, if they are assumed to persist. This suggests that circa 46% will need three bedrooms, with 25% requiring two, 21% needing at least four and only 8% needing one. While tenure blind, these figures can be reasonably used in planning for market housing, given that the existing trends on which they are based are generally driven by households who own or privately rent their homes.
- 8.10 Given the profile of the existing stock, delivering such a mix could require circa 68% of all new homes to be houses, with flats accounting for a slightly larger share of the residual than bungalows (17/15%). The latter two property types could though be treated collectively by the Council, given that competition for land generally prevents the delivery of bungalows.
- 8.11 The above represent only illustrative estimates which can be used for guidance and monitoring, or as a starting point for proposed market housing where affordable housing is considered separately. They should not though be rigidly applied to all sites, given the need to respond to changing market demands, local context, the characteristics of particular locations – like the town centre – and viability factors.

### **Need for affordable housing**

- 8.12 This report has also sought to estimate the need for affordable housing in Havant, following the well-established methodology that continues to be outlined in the PPG.
- 8.13 The first stage of the calculation establishes the scale and profile of affordable housing need in gross terms, capturing 1,766 households in priority bands on the Council's

housing register. A further need for 517 affordable homes can be expected to arise every year as new households form and existing households' circumstances change. These factors, combined, could generate a gross need for circa 601 affordable homes per annum over the period to 2043, the likely endpoint for the new plan period, with the greatest need being for properties with one or two bedrooms.

- 8.14 The PPG also requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply. Data supplied by the Council suggests that approximately 231 affordable homes could become available each year, most having one or two bedrooms. This is evidently lower than the estimated gross need, meaning that there is a residual net need for 370 affordable homes per annum. This is underpinned by a particularly large shortfall of properties with only one bedroom, albeit there is a shortfall of all sizes of property such that a mix of affordable housing will be required.
- 8.15 This report has also considered the potential role of different affordable housing products in meeting the need that has been evidenced. The analysis indicates that affordable rent is the most likely to do so, as would arguably be expected where it is designed to lower the cost of privately renting and this is the most accessible market option. Shared ownership and other affordable home ownership products – like discounted market sale and First Homes – can be expected to reduce the cost of purchasing on the open market and shrink the size of the necessary deposit, thus providing an ownership option for those with fewer savings earning up to a third less, but these options could still cost at least 24% more than renting. While influenced to some extent by high mortgage rates at the time of assessment, the analysis nonetheless suggests that the Council could be justified in requiring First Homes to apply one of the larger permitted discounts, of either 40% or 50%, provided that this does not undermine viability or the delivery of other affordable housing products. Shared ownership could, for instance, complement First Homes and be accessible to households with fewer savings, where a considerably smaller deposit could be required to purchase a 25% share.

### **Housing needs of older and disabled people**

- 8.16 The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies. The PPG provides guidance on how such needs should be assessed, devoting an entire section to housing for older and disabled people.
- 8.17 In terms of the former, the 2021 Census has recently confirmed that there were some 30,220 people living in Havant who were aged 65 or above, representing nearly a quarter (24%) of the total population at that time. This group was proportionately larger than in Hampshire or England, and had grown over the previous decade at a comparable rate to that experienced nationwide.
- 8.18 The vast majority of these older people lived in private households rather than communal establishments like care homes, with increasingly few living in the latter when compared to ten or twenty years ago. Most of the private households led by older people were owner occupiers, who were slightly more likely than the wider

population to be living in smaller housing but still predominantly chose larger dwellings, with at least three bedrooms.

- 8.19 Edge Analytics' modelling suggests that the older population of Havant could continue to grow from the level estimated before the latest Census findings became available. The borough could have circa 12,148 extra residents aged 65 or above by 2043, compared to the original estimates for 2020, with most of these additional residents being at least 75 years old.
- 8.20 Based on current trends, the modelling itself assumes that there will be an additional 25 older people per annum in need of bedspaces in communal accommodation. These are excluded from and additional to any assessed need for dwellings (using the standard method, for example) so should be isolated – either as bedspaces or dwelling equivalents – and reported separately. They are unlikely to represent the only individuals in need of such accommodation, if existing residents are unsuitably housed for example.
- 8.21 A further demand for other forms of specialist accommodation – such as sheltered and extra care housing – can also be anticipated as the older population grows, with available toolkits suggesting that circa 72 units could be needed by these extra residents alone every year. This would again add to any existing need amongst current residents, which cannot be robustly quantified, but would be *included* in the housing need calculated using the standard method.
- 8.22 Older people in Havant are the most likely to have long-term health problems or disabilities that limit their daily activities, according to the 2021 Census, but this was also true of circa 20% of all residents, spanning all age groups, with the proportion reporting such difficulties having slightly risen over the previous decade.
- 8.23 The PPG suggests that such Census data can provide an indication of the number of disabled people but it warns that not all will necessarily require adaptations in the home. Some are definitively known to not even have been living in private homes, as approximately 950 lived in medical or care establishments. The modelling introduced in this report does though assume that most people with disabilities will continue to require private housing, rather than such forms of communal accommodation.
- 8.24 It is reasonable to expect at least some to need adaptations, as recent years have seen the Council issue 117 Disabled Facilities Grants per annum. A continuation of this trend as the population grows could see some 2,800 adaptations take place over the period to 2043, equivalent to as many as 24% of newly built homes if the minimum need suggested by the standard method is met in full. This could fall if existing homes are adapted but could equally rise if not all of those in need of adaptations have actually received one in recent years, so the Council could balance these factors – as well as the PPG's preference for building accessible housing from the outset – and reasonably expect around 20% of new homes to be accessible, as a starting point.
- 8.25 It is more challenging to estimate the proportion of households in need of wheelchair accessible homes, due to data limitations. It is known that circa 4% of households on the Council's housing register are wheelchair users, but this is unlikely to be true of the population at large given that disability varies by socio-economic status. The Council

will therefore need to exercise judgement in deciding how many new homes should be wheelchair accessible (M4(3)) potentially targeting a figure of around 2% as a starting point.

## **Appendix 1: Demographic Modelling Assumptions**



# Havant

## DATA INPUTS AND ASSUMPTIONS

April 2023



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Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.3.0.

*The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.*

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# 1 POPGROUP METHODOLOGY

1.1 POPGROUP is a suite of demographic models used to derive forecasts of populations, households and labour force, for areas and social groups. The main POPGROUP model (Figure 1) is a 'cohort component' model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

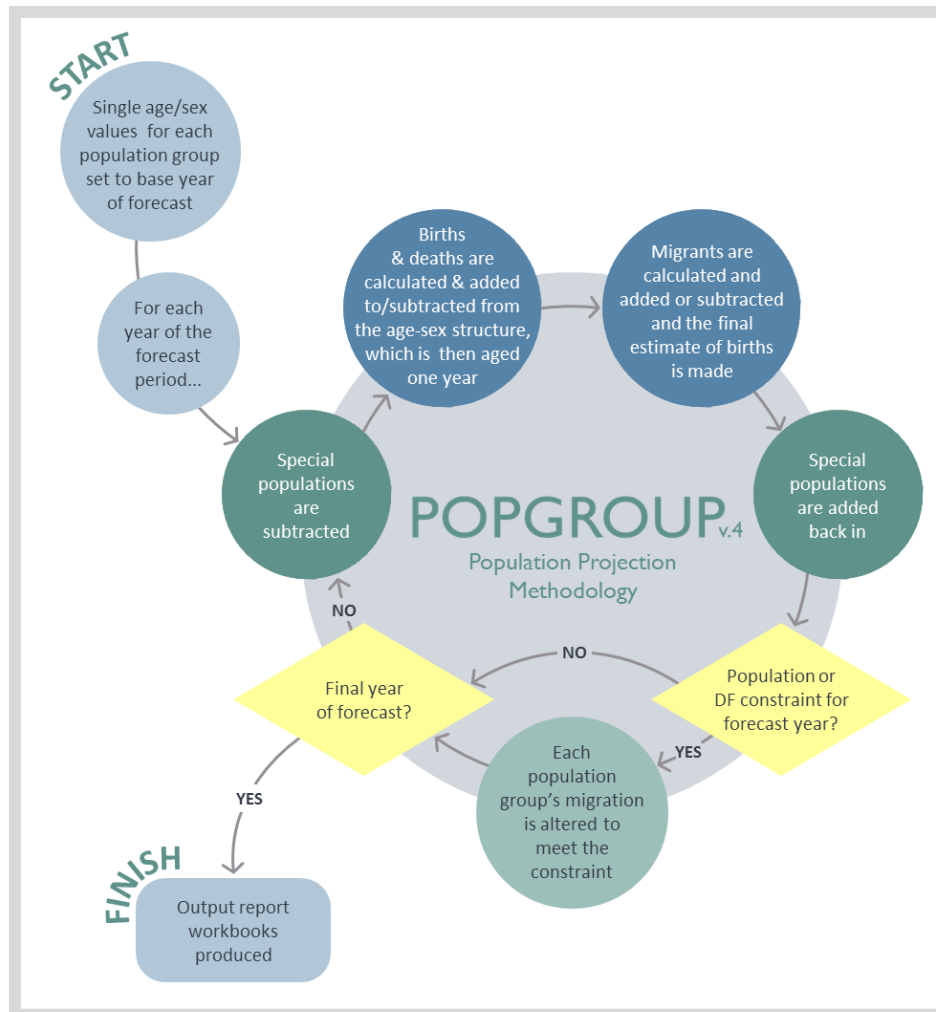


Figure 1: POPGROUP population projection methodology

1.2 The Derived Forecast (DF) model sits alongside the population model (Figure 2), providing a headship rate model for household and dwelling projections and an economic activity rate model for labour force and employment projections.

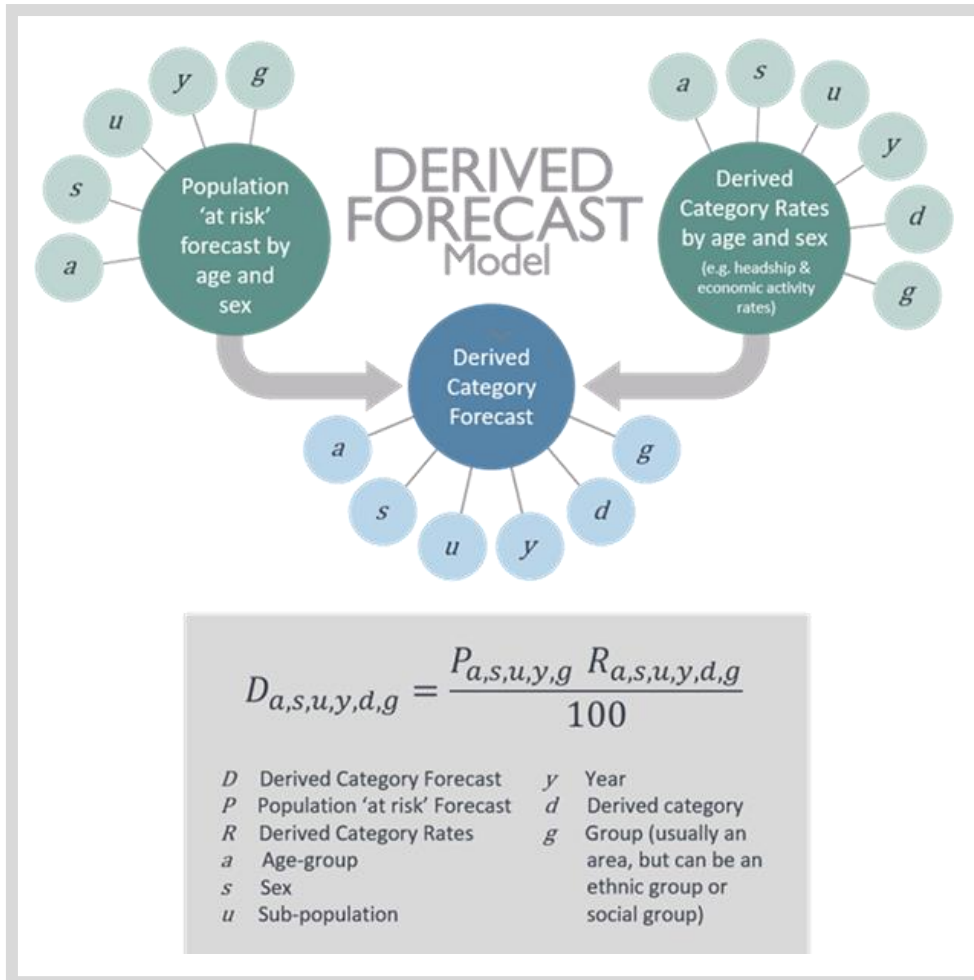


Figure 2: Derived Forecast (DF) methodology

## 2 DATA INPUTS & ASSUMPTIONS

### Introduction

- 2.1 Edge Analytics has developed a demographic scenario for Havant using POPGROUP v4 and the Derived Forecast model. The POPGROUP suite of demographic models draws data from a number of sources, building a historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts.
- 2.2 Using historical data evidence from the Office for National Statistics (ONS) for 2001–2020, in conjunction with information from the latest ONS sub-national population projections (SNPP) and Ministry of Housing, Communities & Local Government (MHCLG) household projections, a series of assumptions have been derived which drive the scenario forecasts.

### Scenario Definitions

- 2.3 Edge Analytics has developed a **Dwelling-led** scenario for Havant, taking into account the latest demographic evidence.
- 2.4 In the scenario, historical mid-year population estimates have been applied up to 2020. From 2020/21 onward, annual dwelling targets have been applied as follows:
- **Dwelling-led** – Annual dwelling growth of +516, based on the current outcome of the standard method for local housing need.
- 2.5 Under a ‘dwelling-led’ scenario, population growth is determined by the annual change in dwellings using key assumptions on household headship rates, communal population statistics and a dwelling vacancy rate.
- 2.6 Under a ‘dwelling-led’ scenario, internal (domestic) migration provides the balancing factor, altering population growth to achieve the annual dwelling growth targets.

### Inputs & Assumptions

#### Population

- 2.7 Historical population statistics are provided by ONS mid-year population estimates (MYEs) (2001–2020) for Havant, with all data disaggregated by single year of age and sex.
- 2.8 From the 2020 base year onwards, future population counts are estimated by single year of age and sex, using the defined assumptions on fertility, mortality and migration outlined below.

### *Births & Fertility*

- 2.9 Historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs for the 2001/02–2019/20 period.
- 2.10 From 2020/21, an area-specific and age specific fertility rate (ASFR) schedule is derived from the ONS 2018-based SNPP alternative internal migration variant. In combination with the ‘population-at-risk’ (i.e., all women between the ages of 15–49), these ASFR assumptions provide the basis for the calculation of births in each year of the forecast period.

### *Deaths & Mortality*

- 2.11 Historical mid-year to mid-year counts of deaths by five-year age group and sex have been sourced from the ONS MYEs for the 2001/02–2019/20 period.
- 2.12 From 2020/21, an area-specific and age-specific mortality rate (ASMR) schedule is derived from the ONS 2018-based SNPP alternative internal migration variant. In combination with the ‘population-at-risk’ (i.e., the whole population), the ASMR assumptions provide the basis for the calculation of deaths in each year of the forecast period.

### *Internal Migration*

- 2.13 Historical mid-year to mid-year estimates of internal in- and out-migration by five-year age group and sex have been sourced from the ‘components of population change’ that underpin the ONS MYEs, for the 2001/02–2019/20 period.
- 2.14 Future internal migration assumptions have been derived from the ONS 2018-based SNPP alternative internal migration variant, with the level of internal migration altered by the model to meet defined annual dwelling and employment growth targets.

### *International Migration*

- 2.15 Historical mid-year to mid-year counts of immigration and emigration by five-year age group and sex have been sourced from the ‘components of population change’ files that underpin the ONS MYEs, for the 2001/02–2019/20 period.
- 2.16 From 2020/21, international migration counts are taken from the ONS 2018-based SNPP alternative internal migration variant. An ASMigR schedule of rates from the ONS 2018-based SNPP is used to distribute future counts by single year of age.

## Households & Dwellings

- 2.17 The 2011 Census defines a household as *“one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area.”*
- 2.18 In POPGROUP, a *dwelling* is defined as a unit of accommodation which can either be occupied by one household or vacant.
- 2.19 The household and dwelling growth implications of each scenario are estimated through the application of communal population statistics, household headship rates and a dwelling vacancy rate. These assumptions have been sourced from the 2011 Census, and the MHCLG (now DLUHC)

2014-based household projection model. In a **Dwelling-led** scenario, these assumptions have been used to derive the level of population growth required to meet the defined dwelling-growth target.

### *Household Headship Rates*

2.20 A household headship rate is defined as the *“proportion of individuals in a specific group considered the head of household.”*<sup>1</sup>

2.21 The household headship rates used in the POPGROUP modelling have been taken from the MHCLG 2014-based household projection model, which is underpinned by the ONS 2014-based SNPP. The MHCLG household projections are derived through the application of projected headship rates to a projection of the private household population (i.e., the total population *minus* the communal population). The methodology used by MHCLG in its household projection models consists of two stages:

- **Stage One** produces the national and local authority projections for the total number of households by sex, age-group and relationship-status.
- **Stage Two** provides the detailed ‘household-type’ projection by age-group, controlled to the previous Stage One totals.

2.22 In each scenario, **Stage Two** headship rates have been applied by age-group, sex and ‘household type’ (Table 1) to the private household population to derive the number and type of households.

Table 1: MHCLG 2014-based Stage Two household type classification

MHCLG Category	Description
One person male	One person households: Male
One person female	One person: Female
Couple no child	One family and no others: Couple households: No dependent children
Cple+adlts no child	A couple and one or more other adults: No dependent children
One child	Households with one dependent child
Two children	Households with two dependent children
Three+ children	Households with three or more dependent children
Other households	Other households with two or more adults

2.23 The **Dwelling-led** scenario has also been run with a variation on the 2014-based headship rates modelled to prevent further decline in the rates of household formation. In this sensitivity, headship rates in the younger adult age groups (25–34 and 35–44) gradually return to their 2001 values between 2020 and 2039. The headship rates are then fixed to 2043. All other age groups remain unadjusted.

### *Communal Population Statistics*

2.24 Household projections in POPGROUP exclude the population ‘not-in-households’ (i.e., the communal/institutional population). These data are drawn from the MHCLG 2014-based household projections, which use statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes, student halls of residence and certain armed forces accommodation.

<sup>1</sup> MHCLG 2014-based Household Projections

2.25 For ages 0–74, the number of people in each age group ‘not-in-households’ is fixed throughout the forecast period. For ages 75–85+, the population ‘not-in-households’ varies across the forecast period depending on the size of the population.

### *Vacancy Rate*

2.26 The relationship between households and dwellings is modelled using a ‘vacancy rate’, sourced from 2021 Department for Levelling Up, Housing and Communities (DLUHC) Council Tax data. In the scenario, a vacancy rate of 1.0% for Havant has been applied and fixed throughout the forecast period.



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## Appendix 2: Summary of Allocations Policy

Applicants who are eligible and qualify to be accepted onto the housing register have their housing need assessed and are placed into one of four bands:

- **Band 1:** Urgent Priority
- **Band 2:** High Priority
- **Band 3:** Medium Priority
- **Band 4:** Low Priority

The criteria for these bands are summarised below, with further detail provided in the Allocations Framework<sup>86</sup>.

### **Band 1: Urgent Priority**

Applicants who fall into this category will be households who need to move because of:

- Emergency cases, usually on health or welfare grounds; or
- Emergency management transfers.

### **Band 2: High Priority**

Applicants who fall into this category will be households who need to move because of:

- Statutory homeless duties;
- Overcrowding by two bedrooms, unless in temporary accommodation;
- Serious disrepair;
- High medical or welfare grounds;
- Vulnerable applicants in supported housing ready for move on;
- Existing social housing tenants (social/affordable rent) under-occupying their current accommodation; or
- Management transfers, including decants.

### **Band 3: Medium Priority**

Applicants who fall into this category will be households who need to move because of:

- Overcrowding by one bedroom;

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<sup>86</sup> Hampshire Home Choice (August 2022) Hampshire Home Choice Allocations Framework



- Temporary/insecure housing;
- Lacking/sharing facilities;
- Medium medical or welfare grounds;
- Social housing tenants living in two bedroom flats that have two children;
- Existing social housing tenants accepted in accordance with the Right to Move Regulations / living in a market rent;
- Social housing tenants living in a bedsit/studio flat; or
- Owed a prevention or relief duty under the Homelessness Reduction Act 2017.

#### **Band 4: Low Priority**

Applicants who fall into this category will be households who need to move because of:

- Low medical or welfare grounds;
- Living in tied or armed forces accommodation;
- Wish to be considered for difficult to let properties, normally extra care or sheltered accommodation; or
- Applicants who are serving prison sentences and who on release will have a housing need or be homeless, and have a local connection to the local authority area.

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