Wessex Economics
Economics Housing Regeneration

Hart, Rushmoor and Surrey Heath Strategic Housing Market Assessment

Consultation Draft Report

Clients:
Hart District Council, Rushmoor Borough Council & Surrey Heath Borough Council
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Wessex Economics Ltd
Berkshire House
252-256 Kings Road
Reading RG1 4HP

T: 0118 938 0940

Contact: chris.cobbold@wessex-economics.co.uk

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Executive Summary

The primary objective of this Strategic Housing Market Assessment (SHMA) is to develop an up to date evidence base that will underpin the core strategies and associated development plan documents being developed by Hart, Rushmoor and Surrey Heath. The core requirement of this study is to develop evidence of the 'full, objectively assessed needs for market and affordable housing in the housing market area' (Paragraph 47, National Planning Policy Framework).

The three local authority areas combined make up a housing market area defined by Wessex Economics. Hart, Rushmoor, and Surrey Heath account for the majority of the population of the Farnborough/Aldershot Built up Area (ONS 2011 definition), and in each case have over half of their resident population in this urban area. Previous research on housing markets and up to date analysis of migration and travel to work patterns undertaken in this study supports the particular importance of Hart, Rushmoor and Surrey Heath working together. There will be a continued need to work with other neighbouring authorities in adjacent strategic housing market areas given the close links and complexity across the wider sub-region.

The population of the housing market area has grown by 18% over the last 30 years – an increase of around 42,300 people. Households have grown more rapidly – by 32% – as household size has declined over time. This suggests there is significant potential for demographic change in the next 30 years.

A key issue evident from the review of past trends is the ageing of the population and particularly growth of the number of people in advanced old age (85+).

Economic and employment growth impact directly on housing demand through in-migration, as workers move in to access jobs, and through increases in income and earnings. This feeds through into demand for more or better housing. In the decade to 2008, before the onset of the recession, around 7,000 jobs were added to the economy of the housing market area – around 700 per annum. It is worth noting that employment projections, in relation to the development of the objectively assessed housing need (OAHN), expect growth at almost double this rate for the period 2011-2031. The projections therefore appear to present unrealistic rates of growth in relation to the past.

Local income levels (along with house prices and rents) determine levels of affordability and provide an indication of the potential for intermediate housing. Average household incomes in the market area are around £36,000 and earnings are above the levels in the South East and England as a whole. Nevertheless, the majority of new households in the market area have insufficient incomes to afford home ownership. Households with an income of just under £44,000 would be able to access one of the cheapest properties in Rushmoor. Households would need an income closer to £60,000 to afford one of the cheapest properties in Hart and Surrey Heath.

Households need an income of £22,300 - £27,300 to afford one of the lowest priced private rented properties in the three authorities. Around 40% of newly forming households in the market area have incomes lower than this threshold and on this basis would be unable to afford one of the cheapest private rented properties. Given the relationship between rents and household incomes it is unsurprising that 12,500 households in the market area receive housing benefit to enable them to access accommodation.

Given the mismatch of household incomes and the cost of housing, it is unsurprising that there are high levels of overcrowding. Around one fifth of private and social rented dwellings in Rushmoor are overcrowded – that is lacking in one or more bedrooms. This means that as families grow they often spend a long time waiting to be re-housed' many may never be re-housed because of the lack of larger social rented properties available.

There have been dramatic changes in tenure over the last 10 years with the rapid expansion of the private rented sector. These changes are tied very closely to declining affordability and reduction in the stock of social rented accommodation as the PRS has expanded to meet housing needs. The number and proportion of owner occupiers has fallen over the last 10 years. There are 1,200 fewer home owners in the housing market area in 2011 compared to 2001.

The majority of homes in the market area have three or more bedrooms although there are significant differences in the stock of the three authorities with a higher proportion of smaller (1 and 2 bedroom) properties in Rushmoor (40% of all homes) compared to Hart (26%) and Surrey Heath (27%). To some extent explains differences in tenure mix by area, with smaller homes more likely to be privately rented and larger homes more likely to be owner occupied. Completions in recent years have largely reinforced the profile of the existing stock in each of the three authority areas.

This SHMA has developed evidence on the amount of housing required in the housing market area using a process which follows the CLG advice on how to assess housing requirements. The stages in this process can be summarised as follows:

- Step 1: The Starting Point: the most recent Government Household Projections
- Step 2: Fitting the Projections to the Plan Period
- Step 3: Updating the Household Projections in the Light of New Information
- Step 4: Prospective Job and Labour Force Growth – the Implications for Housing Requirements
- Step 5: Affordable Housing Requirements
- Step 6: Market Signals
- Step 7: Bringing the Evidence Together

The starting point for the assessment of OAHN has been the 2011-based CLG household projections. These indicate a need in the HMA for around 790 additional homes per annum up to 2031. Closer interrogation of these projections indicates that the migration assumptions used are too low given that ONS has under-estimated population growth in the past by around 280 people per annum. There is also evidence of suppressed household formation built into the CLG projections moving forward.

Wessex Economics has adjusted the 2011-based ONS projections to take account of the under-estimation of past population growth and household formation. The results of this demographic modelling indicate a requirement for provision of around 925 homes per annum across the Hart, Rushmoor and Surrey Heath Housing Market Area in the period from 2011 to 2031. This figure is the most robust starting point for considering housing requirements.

Wessex Economics has undertaken an assessment of prospective job growth in the housing market area making reference to historic rates of employment growth, employment forecasts and the plans of Enterprise M3 Local Economic Partnership for the LEP as area as a whole. The analysis indicates a likely requirement for additional provision of homes over and above the demographically driven requirement to ensure an adequate supply of labour to meet employer requirements.

Wessex Economics has reviewed a range of scenarios in terms of prospective employment growth in the HMA. Wessex Economics conclude that **the Objectively Assessed Housing Need for the HMA area is for 1,180 homes pa, which equates to 23,600 homes over the period 2011-31**. This level of planned provision allows for a significant uplift in employment growth above past trends, and would more than meet the demographically assessed housing requirement (18,500 new homes 2011-31, or 925 homes pa).

The assessment of the need for **affordable** housing estimates that around 820 homes are required each year and that these need to be provided at subsidised rents because the vast majority of those included in the estimate are unable to afford alternative options. This estimate assumes that the current backlog of need is addressed over 5 years. However, Wessex Economics recommends that the authorities seek to meet this identified need over a longer time period. The effect of this is to reduce the annual requirement by spreading delivery of affordable homes over a number of years – which is a more realistic way of meeting need than seeking to address the full backlog of housing need within the first 5 years of the plan period.

There are an additional 1,280 households in the market area who are actively interested in intermediate housing options. However, the majority of these households could afford to meet their needs in the market, albeit renting rather than accessing home ownership. These households have greater choice and cannot be regarded as being 'in need' in the same way than those in need of subsidised rental homes.

Wessex Economics concludes that the requirement for affordable housing can be met within the proposed OAHN figure identified above (1,180 new homes per annum) when it is assumed the 'backlog' of housing need is addressed over a realistic time period (10 years or more rather than the 5 years standardly assumed). The shortfall identified in the affordable housing need assessment does not therefore imply the need for a further uplift of the OAHN figure; though it does underline the importance of delivering a higher level of housing supply in the area than achieved in the past if the objective of housing those in need is to be addressed.

Wessex Economics conclude that market signals such as prices and rents do not imply the need for an *additional* adjustment to the OAHN figure of 1,180 homes per annum since this figure has already taken account of the housing needed to meet demographic change and employment growth and it is largely these factors which have driven demand for housing in the past and led to rises in prices and a decline in affordability. Market signals point to the need to identify and address the demographic and economic need for housing; they do not themselves provide a quantifiable need for housing.

The SHMA provides evidence on the need for different types and sizes of homes. It is very difficult to be definitive about the size of market homes that will be required in the future, particularly in the market sector, where demand is driven as much by changes in household incomes as it is by demographic factors.

Estimates of the size of market housing required from 2011 to 2031 based on demographic trends suggest that the majority of new supply needs to be two and three bedroom homes. This would largely reinforce the existing profile of stock, with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. As the pattern of delivery in recent years has shown, the mix of housing in demand is particularly susceptible to the availability and cost of mortgages. Until recently the availability of mortgage mortgages for those only able to put down a small deposit has restricted the building of smaller properties.

In terms of the size of affordable housing, demographic trends indicate that around three-quarters of the total requirement is for homes with one or two bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms. Relative to the current stock this implies a need to boost the proportion of smaller homes being required. However, in developing a strategy for meeting identified needs it is important to integrate planning for new provision with analysis of the scope for re-lets.

Small properties become available for re-let most frequently in each authority, both because they are more numerous and also because households living in these properties are more likely to move. In contrast, larger properties are fewer in number in part because more of these properties are likely to have been sold through the Right to Buy, particularly in rural areas. Moreover households living in larger homes are less likely to move.

The reduction in housing benefit to working age households who have a spare bedroom may have some effect on the release of larger social rented homes.

In Hart and Surrey Heath when the number of households needing a particular sized property is compared to the number of re-lets of that property size the greatest pressure is on the largest properties. In Rushmoor the pressure on different sized affordable homes is relatively even

The SHMA has considered the characteristics of specific groups in the housing market area and the extent to which they have different needs to the population as a whole. It is worth highlighting that issues around occupancy appear to be a common theme across a number of the groups including families (more likely to live in overcrowded conditions) and ethnic minorities (particularly the Nepalese community) experiencing specific problems of overcrowding in Rushmoor. Low incomes are a key factor in both cases. In contrast, under-occupancy is very common amongst the older population, linked to a range of factors and reinforced by national policy which encourages the provision of care in the home.

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1. Introduction

1.1 This section explains the background to this study. It sets out the overall purpose of a Strategic Housing Market Assessment (SHMA) and the key objectives for this report. This section briefly outlines the methodology employed and the process for engaging with stakeholders and then explains the structure of the rest of the report.

Background

1.2 This study has been commissioned jointly by the three Councils – Hart, Rushmoor and Surrey Heath. Each are at different stages in the local plan process but they all need guidance on the overall requirement for housing and the nature of new housing required to meet needs:

- Hart is developing a Core Strategy and needs the SHMA to provide evidence for its housing policies, particularly in terms of the volume of housing needed.

- Rushmoor is planning to consult on a delivery and development management document in 2014. The evidence developed in the SHMA will help to determine the amount of land this document needs to identify for housing development.

- Surrey Heath is progressing a site allocations development plan document for 2015 and the scale of overall housing and type of housing required will impact on the quantum of land that needs to be identified and the type of sites that could best deliver the mix of housing needed.

1.3 A SHMA was previously completed for the three authorities in 2009. However, this pre-dated the Government's National Planning Policy Framework (NPPF) and as such it does not meet the requirements to identify objectively assessed housing need or the new 'Duty to Cooperate' in planning.

Purpose of this SHMA

1.4 The primary objective of a SHMA and the primary objective of this study is to develop an up to date evidence base that will underpin the core strategies and development plan documents being developed by the three authorities.

1.5 The core requirement of this is to develop evidence of the 'full, objectively assessed needs for market and affordable housing in the housing market area' (Paragraph 47, National Planning Policy Framework).

1.6 For a local plan to be considered sound in terms of overall housing provision, it first needs to have identified the full, objectively assessed need for housing in the housing market area. Local authorities then need to meet these needs in full and demonstrate how they will be met, or provide robust evidence that they cannot be delivered.

1.7 The NPPF also expects local authorities to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable and inclusive, mixed communities (Paragraph 50, NPPF). Specifically, local authorities are asked to:

- plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);

- identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand.

1.8   The NPPF also states that local authorities need to ensure that strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals (Paragraph 158, NPPF). It is essential that the approach to assessing objectively assessed housing needs takes account of the impact that employment and labour market trends and policies will have on overall need and vice versa.

Methodology

1.9   The National Planning Practice Guidance, which supports the policy in the NPPF, was published in March 2014. It focuses on the primary objective of assessing the future quantity of housing needs and provides limited guidance on developing the evidence to meet the requirements of paragraph 47, other than for the assessment of the need for affordable housing. Nevertheless, the evidence presented in this report adheres closely to this guidance.

1.10   The approach to this study follows three broad steps:

- The first step is to identify the study area – the **housing market area**. We have followed the guidance in the NPPG and drawn on a range of previous research which considers the housing and labour markets in this area as well as examining the available up to date data on migration and travel to work patterns. The step defines the study area for the subsequent stages of the SHMA.

- The second step is to examine the **current position and past trends** in the market area. This SHMA considers trends in the population, jobs and income patterns, the housing stock and house prices and rents. Evidence from this analysis feeds into future projections and assessments of the need for housing overall and for affordable housing.

- The housing system of any area is driven by a range of demand and supply factors. The same factors exist across the country but the way in which these factors operate differs considerably between different housing markets. Figure 1.1 illustrates these drivers in a conceptual diagram. It is this which gives rise to significant differences in housing markets across the country.

- Figure 1.1 also shows that in order to address serious housing issues such as homelessness, overcrowding, poor conditions and the impact on the health of occupants, it is important to understand the underlying structure of the economy, income patterns and demographic changes. Figure 1.1 is by no means comprehensive in this respect but it aims to present some of the linkages between housing outcomes and the economic and social factors which affect them.

- The third step develops **projections for the future** and an overall assessment of the need for housing, including the nature of the housing that might be needed to accommodate households in

Hart, Rushmoor and Surrey Heath. This includes the core requirements of a SHMA – the development of objectively assessed housing need and estimate of the need for affordable housing.

Figure 1.1: Conceptual Framework
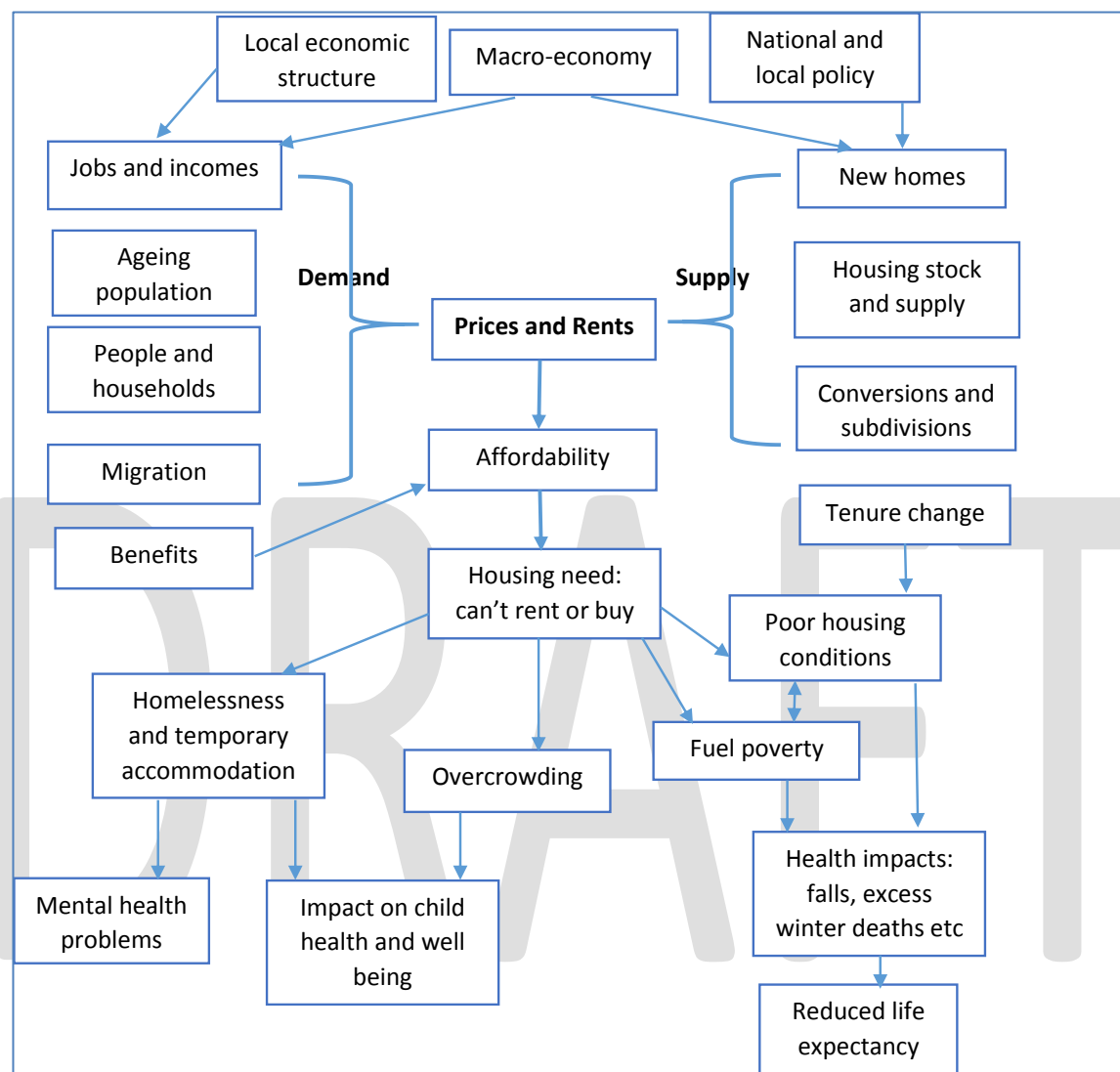
Source: The Health & Housing Partnership

1.11 The third step in this study, which includes the development of objectively assessed housing need, follows a relatively prescriptive process set out in the NPPG. Section 7 provides further detail on this specific methodology.

1.12 In terms of the data analysis in the SHMA data is analysed and presented for the following areas:

- Hart
- Rushmoor
- Surrey Heath
- The housing market area (all three authorities)
- South East
- England

1.13 Data is presented for the current position in 2013, though some datasets rely on Census 2011 data. The report analyses past trends with a focus particularly on the last 10 years; though the report examines trends in demographic and tenure patterns over the last 20-30 years since this period takes in a full economic and housing market cycle. The report presents demographic projections up to 2031 and 2036.

1.14 A key concern for each of the local authorities and the Planning Inspector who examines development plan documents is whether the evidence used to develop policies is robust. It is worth highlighting the following components of this study:

- It draws on existing research: where possible, this SHMA draws on existing research to strengthen the evidence base. For example, in defining the housing market area we have considered research by the National Planning and Housing Advice Unit in 2010 as well as the work done by DTZ for the South East Regional Assembly in 2004.

- It uses a wide range of data to build up a picture: the study does not rely on a single data source to draw conclusions. For example, in examining household incomes data from the Annual Survey of Hours and Earnings, the Survey of English Housing and ONS have been used to form a rounded view.

- The broad approach and outputs of the SHMA have been tested with stakeholders (see below for further detail). Stakeholders have had the opportunity to challenge the emerging findings.

- This report sets out a transparent approach to explain how conclusions have been reached. Each data set is sourced and other relevant information is referenced. Where judgements have been made by the consultants we have made these explicit.

Duty to Cooperate and Stakeholder Engagement

1.15 The NPPF and the accompanying guidance is clear that local authorities should work together to undertake combined SHMAs for well-defined housing market areas. This emphasis on the need to work together in planning how to meet housing demand and need is reinforced by Section 110 of the Localism Act. This places on all local authorities, and a number of other public bodies, a 'Duty to Co-operate'. A brief summary of what the Duty to Co-operate means for Councils is presented in Figure 1.2.

1.16 It is evident in examinations of Core Strategies and Local Plans that the Planning Inspectorate are scrutinising whether the evidence base used in plan making is up-to-date and robust; and whether local authorities have fulfilled the Duty to Co-operate.

Figure 1.2: The Duty to Co-operate

> **What does the new duty to co-operate mean for Councils?**
>
> The new duty:
>
> - relates to sustainable development or use of land that would have a significant impact on at least two local planning areas or on a planning matter that falls within the remit of a county council
> - requires that councils set out planning policies to address such issues
> - requires that councils and public bodies *'engage constructively, actively and on an on-going basis'* to develop strategic policies
> - requires councils to consider joint approaches to plan making.
>
> Paragraph 156 of the NPPF sets out the strategic issues where co-operation might be appropriate (summarised under Q2).
>
> Paragraphs 178-181 of the NPPF give further guidance on *'planning strategically across local boundaries'*, and highlight the importance of joint working to meet development requirements that cannot be wholly met within a single local planning area, through either joint planning policies or informal strategies such as infrastructure and investment plans.
>
> From: A Simple Guide to Strategic Planning and the Duty to Co-operate
>
> http://www.pas.gov.uk/pas/core/page.do?pageId=2133454#contents-5

1.17 Whilst the three local authorities have worked together to deliver this SHMA, they recognise the need for wider engagement and joint working with other adjacent local authorities. As part of this, the findings of the work to define the housing market areas and the proposed methodology for the study was shared with around 50 stakeholders including neighbouring authorities, housing associations and developers. A stakeholder workshop was held to present and discuss the findings of the draft SHMA. Further detail on the feedback received is provided in Appendix 2. This draft final report is being shared with stakeholders and feedback is being invited before the report is finalised.

Study Outputs

1.18 The core outputs that this SHMA delivers are:

- An evidence base that meets the policy requirements set out in particular in paragraphs 47 and 50 of the NPPF and is consistent with the NPPG guidance. This includes:

  o Identifying the scale of housing needed overall across the housing market area and in each of the three local authorities.

  o Estimating the need for affordable housing to accommodate those unable to meet their needs in the market.

  o Setting out evidence on the mix of housing in terms of tenure, type and size that would best meet the needs of the community and local economies.

- Identifying the specific housing requirements of particular groups. In addition to those groups set out in paragraph 50 of the NPPF, the Nepalese community in Rushmoor was identified as a group which might have particular housing needs.

- The SHMA process has involved engagement with key stakeholders to ensure the methodology has been tested and opportunities have been provided for partners to challenge the evidence, add insight and to work with the three authorities to ensure delivery of the plans which follow

Report Structure

1.19   The rest of this report is structured as follows:

- Section 2 summarises the evidence on the housing market area which relates to Hart, Rushmoor and Surrey Heath and provides justification for the three authorities working together on a joint SHMA.

- Section 3 presents evidence on the current position and past changes in the population of the three authorities in the market area. Past trends are a key component to future projections of the population and so directly feed into the estimation of objectively assessed housing need. This section also presents evidence on how the population has changed in terms of its age structure and household composition. These factors influence the tenure, type and size of housing that might be required in the future.

- Section 4 presents evidence on the current position and past changes in the economy of the area and considers the impact of jobs and incomes on the demand for housing. In particular, income patterns feed into the assessment of the need for affordable housing. Past trends in terms of job growth are compared to forecasts to make a balanced assessment of the need for housing to support economic development.

- Section 5 presents evidence on the stock of housing within the three authorities in terms of the tenure, type and size of properties available. Dramatic changes in tenure over the last 10 years need to be considered as part of the overall picture in understanding housing needs and how they can best be met. The nature of the existing stock, in terms of tenure, type and size also feeds into considerations about the mix of housing that might be required in the future.

- Section 6 analyses current house prices, rents and affordability and past trends. This analysis feeds directly into the assessment of the need for affordable housing. These 'market signals' are also considered in forming a view on the level of objectively assessment housing need.

- Section 7 sets out the objectively assessed housing need (the overall requirement for housing) in the market area. This section follows a series of steps, set out in the NPPG, starting with the latest ONS population projections and then applying tests in relation to past constraints on household formation, forecast employment growth, the need for affordable housing and market signals. It provides a recommendation for the overall level of housing required in the market area.

- Section 8 provides an assessment of the need for affordable housing in each of the three authorities. It draws on information from each local authority's waiting list, data on prices and rents from Section 4 and data on household incomes from Section 4. It estimates the need for subsidised rented

accommodation in the market area and in each authority. It also estimates the demand for intermediate affordable housing, using information from local homebuy agents.

- Section 9 provides evidence on the mix of homes that might be required in the future. This draws on the demographic projections (consistent with Section 7) and current occupancy patterns as well as the characteristics of the existing stock (Section 5).

- Section 10 considers the needs of specific groups in the housing market. Key groups considered are families, older people, Black and Minority Ethnic Groups, Ex-Service Personnel and self-builders.

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2.   The Housing Market Area

Summary

Rushmoor, Surrey Heath and Hart account for the majority of the population of the Farnborough/Aldershot Built up Area (ONS 2011 definition), and in each case have over half of their resident population in the area. This characteristic supports an approach where the three authorities accounting for the principal area covered by the Built up Area work together to identify their housing needs.

A study undertaken by DTZ across the South East in 2004 identified this area - the Blackwater Valley - as *'an area of convergence'*, where a number of housing market areas overlap. It recommended that it would be appropriate to undertake a SHMA for this area in its own right because of its distinct characteristics. The authorities are also affected by their proximity to London with in-migration from the capital and commuting to London for work. This relationship is reflected in the population and economic projections for the area.[1]

Research on housing markets undertaken by the NHPAU in 2010 does not provide an unequivocal answer of which authorities in this area should work with in terms of a joint SHMA. The market areas identified by the NHPAU study would imply the need for large numbers of local authorities to join up which would have significant practical challenges. Nevertheless, this underlines the need for engagement with local authorities in adjacent market areas in developing plans and strategies.

In terms of migration, Rushmoor, Hart and Surrey Heath are closely linked to one another. Rushmoor's most significant relationship is with Hart. Hart and Surrey Heath's most significant relationships are with Rushmoor. Hart and Surrey Heath are also connected to one another through migration flows but these are less significant than those with Rushmoor, Basingstoke (for Hart) and Woking (for Surrey Heath).

There are also significant travel to work flows between the three authorities. Each authority experiences low levels of self-containment. Over half of all residents in work commute to work outside of the local authority in which they live. There are also significant flows of workers into each authority from neighbouring areas:

- The largest proportion of Rushmoor's residents commute to Surrey Heath, Waverley, Guildford Borough and Hart for work. There are significant in flows of workers into Rushmoor from Surrey Heath and Guildford Borough.
- The largest proportion of Hart's residents commute to Rushmoor and Surrey Heath for work, There are in flows of workers to Hart from Basingstoke and Deane, Rushmoor, Guildford Borough and Surrey Heath.
- The largest proportion of Surrey Heath's residents commute to Rushmoor and Guildford Borough. There are in flows of workers to Surrey Heath from Hart and Rushmoor.

Taken together, previous research on housing markets and up to date analysis of migration and travel to work patterns undertaken by WEc supports the particular importance of Hart, Rushmoor and Surrey Heath working together, and is the reason why these three authorities have chosen to work together in preparing a joint SHMA. There will be a continued need to work with other neighbouring authorities in adjacent strategic housing market areas given the close links and complexity across the wider sub-region.

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[1] Stakeholders have questioned whether the objectively assessed housing need (in Section 9) takes account of London 'spill over'. London overspill is reflected in the OAHN through migration and employment projections which are influenced by London. There is no additional uplift to the figures to take a proportion of London's housing need in the case where London is unable to meet its own needs.

Introduction

2.1 This section summarises the evidence on the geography of the housing market that relates to Hart, Rushmoor and Surrey Heath. It identifies the study area for the SHMA, which is used throughout the analysis in subsequent sections of this report. Further detail is provided in Appendix 2 and this is based on analysis undertaken by Wessex Economics for each of the three Councils in advance of the Strategic Housing Market Assessment.

2.2 It is important to state that the starting point for this work was not an assumption that the three local authorities should work together. The initial analysis of the market area, commissioned by Rushmoor, considered the relationships between sixteen neighbouring local authorities in Hampshire, Surrey and Berkshire.

2.3 Identifying the geography of the housing market is the first step in undertaking a strategic housing market assessment for the following reasons:

- It is critical if housing and economic policies are to be effective since it is only possible to start to address housing demands and needs if measures are taken across the meaningful geographies of housing and labour markets.

- There is a policy requirement to identify needs and demands in the housing market area. There is also a 'duty to cooperate' in strategic planning.

- To identify any implications for the rest of the analysis in the SHMA – particularly in terms of demographic and economic changes which are reflected in migration and travel to work patterns.

2.4 The rationale for developing an evidence base for a housing market area, and then developing policies which apply to this area, is that these policies are likely to be more effective because they take account of economic and social realities.

2.5 The importance of these functional relationships is now reflected in policy. The National Planning Policy Framework (NPPF)[2] states 'local planning authorities should have a clear understanding of housing needs in their area. They should (first of 2 bullet points) prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries' (Para 159).

2.6 The NPPF also states that local authorities should meet 'the full, objectively assessed needs for market and affordable housing in the housing market area' (para 47). Implicitly this indicates that, if a housing market area covers more than one authority, the planning authorities for that area have collectively to agree how the full, objectively assessed needs for housing will be distributed across that area.

2.7 This emphasis on the need to work together in planning how to meet housing demand and need is reinforced by Section 110 of the Localism Act. This places on all local authorities, and a number of other public bodies, a 'Duty to Co-operate'.

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[2] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

2.8   The guidance is clear that local authorities should work together to undertake combined SHMAs for well-defined housing market areas. Across much of the country it is relatively easy to define sub-regional housing market areas, based on the pattern of major cities and rural hinterlands. But it is recognised that in London, housing markets overlap to the extent that it is not possible to define clearly distinct geographic sub-markets. Sub-markets in these areas overlap and merge.

2.9   Much the same issues arise in the London commuter belt, the area outside the administrative boundaries of London that form part of the London Travel to Work Area[3]. The London commuter belt consists of an area with high levels of connectivity not just radially into/out of London, but also laterally between with the adjacent areas that encircle London. This means that housing markets have a tendency to overlap. Defining housing market areas in the commuter belt is less easy than elsewhere in the country. This applies to much of West Surrey and part of North Hampshire.

2.10   The rest of this section summarises the evidence on:

- The geography of the Blackwater Valley area

- Previous research on housing market areas

- Migration patterns

- Travel to work movements

The Geography of the Blackwater Valley

2.11   Rushmoor has a population of 94,900 people[4], virtually all of whom live in two large urban areas, Aldershot and Farnborough. These two towns, however, form part of a larger functional urban area often referred to as the Blackwater Valley and defined by ONS in 2001 as the Farnborough/Aldershot Built up Area (see Appendix 3).

2.12   Hart has a population of 92,200 people. Hart is a predominately rural district within North Hampshire although around half the population live within the two largest towns - Fleet (population of around 32,000) and Yateley (population around 21,000). The district as a whole is bisected by the M3 motorway.

2.13   Surrey Heath has a population of 86,600. The largest town is Camberley, with a population of around 31,000, followed by Frimley with around 13,000 people.

2.14   With the exception of Hook in Hart District, the majority of the populations of the three authorities live within the urban area commonly referred to as the Blackwater Valley (see Appendix 3).

2.15   The Blackwater Valley is a wider area than the Farnborough/Aldershot Built up Area defined by the Office for National Statistics (see Appendix 3). In 2001 the Farnborough/Aldershot Built up Area had a population of slightly over a quarter of a million people, which makes it the 29th largest urban area in England and Wales.

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[3] The report *London in its Regional Setting*, London Assembly, 2004, discusses the relationship of London to the commuter belt outside London's administrative boundaries
[4] ONS 2012 Mid-Year Population Estimates

2.16   The Farnborough/Aldershot Built up Area includes the following settlements (local authority in brackets):

- Aldershot (Rushmoor)

- Farnborough (Rushmoor)

- Camberley (Surrey Heath)

- Frimley (Surrey Heath)

- Fleet (Hart)

- Church Crookham (Hart)

- Blackwater (Hart)

- Yateley (Hart)

- Sandhurst (Bracknell Forest)

- Badshot Lea (Waverley)

- Farnham (Waverley)

2.17   The smaller settlements of Ash, Ash Valley and Tongham (Guildford Borough), Frimley Green, Mytchett and Deepcut (Surrey Heath), Frogmore (Hart) and Hale (Waverley) are included in the area. The town of Fleet is recognised to be part of the Blackwater Valley area, but is not included in the ONS defined Farnborough/Aldershot Built up Area, because of the strategic gap that the planning authorities have maintained between the settlements. (The ONS define urban areas as areas of continuous and contiguous urban development).

2.18   Figure 2.1 shows the general context of the area in terms of settlements and key road networks. Essentially the M3 runs through the northern part of the area, and the A31 through the south of the area, the two being connected by the dual A331 route. Rail routes run through the area along the M3 corridor (Southampton to London Waterloo), from Farnham to London Waterloo, with rail connections through the area on the Reading to Guildford and Gatwick line.

Figure 2.1: The Geography of the Blackwater Valley Area
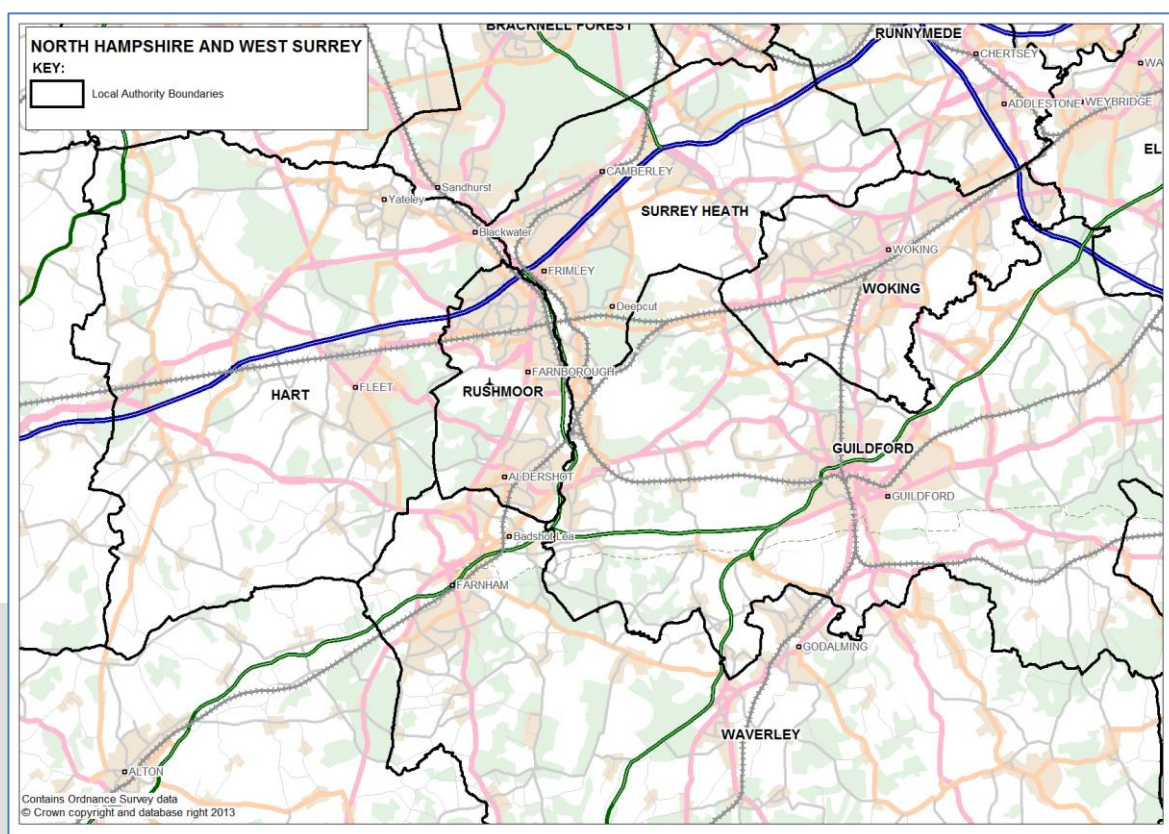
Source: Wessex Economics

2.19 The administrative areas of the local authorities in the area do not conform in any logical way to the urban area of the Blackwater Valley (see Appendix 2). Rushmoor is wholly within the Blackwater Valley area but only accounts for somewhat over a third of the population. The largest population settlements in Surrey Heath, Camberley and Frimley, are part of the Blackwater Valley area. If taken together Fleet, Yateley and Blackwater account for over half of the population of Hart District. Each of these three authorities, Rushmoor, Surrey Heath and Hart have a strong interest in working together since more than half of their resident population lives in the Blackwater Valley.

2.20 In contrast, those parts of the Blackwater Valley area that are within Guildford Borough and Bracknell Forest account for a very small part of the total population of the respective local authority areas. Thus Guildford and Bracknell Forest Councils can be expected to have relatively less interest in the overall planning of the Blackwater Valley, than Rushmoor, Surrey Heath and Hart. Just under a third (32%) of the population of Waverley Borough live in Farnham and the immediately adjoining settlements. So whilst over two thirds of the population of the Borough live outside of the Blackwater Valley, Waverley Council is likely to take a key interest in the planning of the Blackwater Valley.

2.21 The geography of each local authority needs to be borne in mind throughout this report, particularly in the interpretation of migration and travel to work statistics because these are presented for the local authority as a whole. For example, though Ash Vale (in Guildford Borough) is very much part of the Blackwater Valley housing and labour market, there is likely to be less connection in terms of household migration between Guildford town, the main centre of population in Guildford Borough, and the Blackwater Valley.

Figure 2.2: Local Authority Boundaries in the Study Area
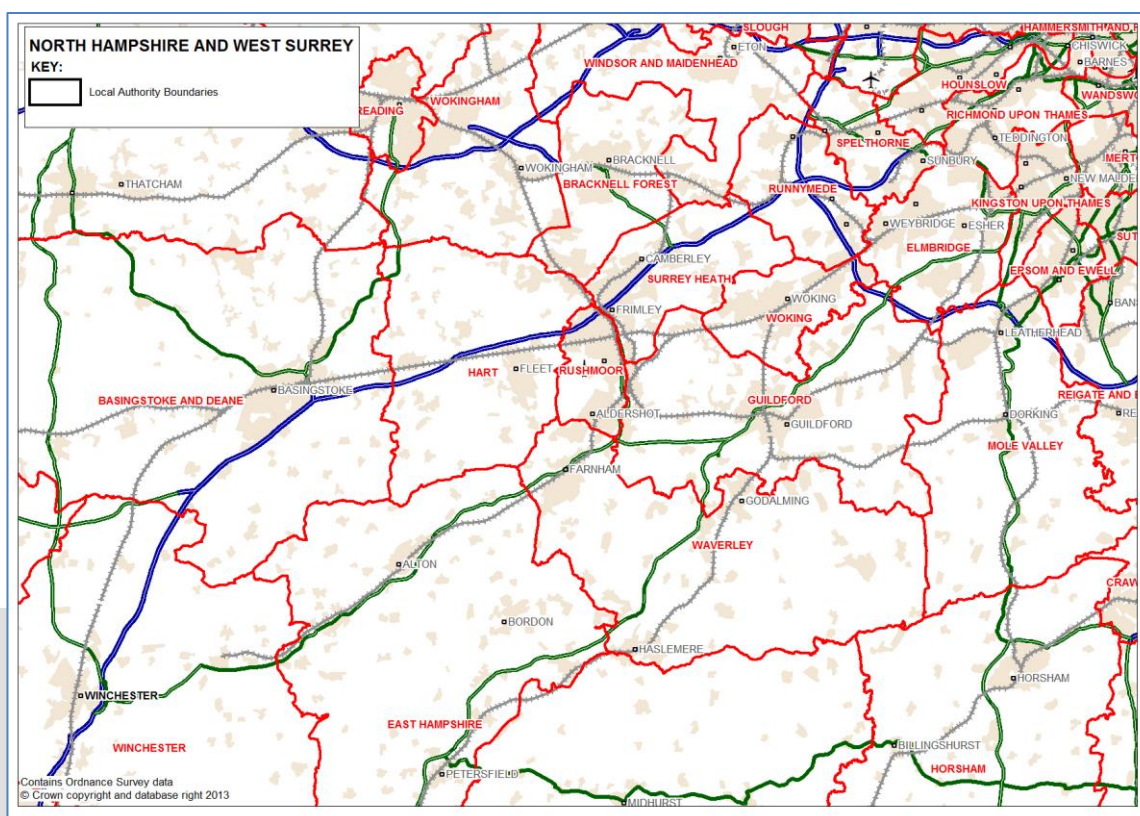
Source: Wessex Economics

2.22 These characteristics support an approach where the three authorities accounting for the principal area covered by the Farnborough/Aldershot urban area identified by ONS (plus Fleet) work together to identify their housing needs. Rushmoor, Surrey Heath and Hart account for the majority of the population of the Blackwater Valley area (the Farnborough/Aldershot Built up Area defined by ONS plus Fleet), and in each case have over half of their resident population in the area[5].

Previous Research

2.23 The 2004 study undertaken by DTZ mapping housing markets across the South East, identified the Blackwater Valley as 'an area of convergence', where a number of housing market areas overlap. This analysis identified the Blackwater Valley and the immediately surrounding areas as the part of the South East with the most complex housing market geography. It was recommended that it would be appropriate to undertake a SHMA for this area in its own right because of its distinct characteristics, and the fact that it would not be easily incorporated into a SHMA undertaken for any one of the surrounding areas which have better defined market areas.

2.24 Research on housing markets undertaken by the NHPAU in 2010 does not provide an unequivocal answer of which authorities in this area should work with in terms of a joint SHMA. Furthermore, those market areas identified by the NHPAU study include such a large number of authorities that this would be

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[5] All of Rushmoor's population live in the Blackwater Valley and an estimated 68% of the population of Hart and 66% of Surrey Heath live in the Blackwater Valley area. Together the three authorities have an estimated population of 213,000 residents in the Blackwater Valley, compared to the total population of the three authorities of 270,000; and an estimated population of the Aldershot/Farnborough Built up Area (which excludes Fleet) as defined by ONS of 252,000.

substantial practical difficulties in undertaking a joint SHMA for all of the relevant authorities. In addition, Waverley and Guildford had already commissioned a SHMA prior to Hart, Rushmoor and Surrey Heath Councils being in a position to commission a SHMA. Woking is not planning to undertake a SHMA since it has an adopted Core Strategy but the authority is preparing a Memorandum of Understanding on working together with Guildford and Waverley to provide a comprehensive evidence base of housing needs across the whole of the West Surrey Housing Market Area (including Woking Borough).

Migration Patterns

2.25 The previous section examined analyses of housing market areas based on analysis of 2001 Census data. 2011 Census data are not yet published on household movements or travel to work patterns. However more up to date data is available on migration between local authorities than the 2001 Census. This section examines the pattern of such movements between the authorities in the study area. Data relates to the number of moves between individual authorities in the year to July 2012. Data is sourced from the ONS.[6]

2.26 Figures 10 and 11 in Appendix 3 show the pattern of migration between Hart, Rushmoor and Surrey Heath and the other authorities in the surrounding area. In terms of total movements:

- Between Rushmoor and the other authorities the largest number of movements are between Rushmoor and Hart (1,270 moves), followed by Guildford (1,120 moves), Surrey Heath (950), and Waverley (800).

- Between Hart and the other authorities the largest number of movements are between Hart and Rushmoor (1,270 moves), followed by Basingstoke and Deane (830), Bracknell Forest (570), then Surrey Heath (500).

- Between Surrey Heath and the other authorities the largest number of movements are between Surrey Heath and Rushmoor (950 moves), followed by Woking (760) and Guildford (560), closely followed by Bracknell Forest (550) and Hart (500).

2.27 The analysis indicates that in order of significance in terms of migration, judged by the overall volume of movements to and from the authorities

- Rushmoor has the strongest relationships with Hart and Guildford, followed by Surrey Heath, then Waverley.

- Hart is most closely linked to Rushmoor, followed by Basingstoke and Deane. The next most important linkages are with Surrey Heath and Bracknell Forest.

- Surrey Heath is most closely linked to Rushmoor and Woking – the two large neighbouring urban centres. These two authorities account for the largest volume of movements to and from Surrey Heath. The next most important linkages are with Guildford, Bracknell Forest, Runnymede and Hart.

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[6] http://www.neighbourhood.statistics.gov.uk/HTMLDocs/dvc25/index.html

2.28   It is relevant to note, since the SHMA undertaken by The Royal Borough of Windsor and Maidenhead identifies Surrey Heath as part of the RBWM market area, that the volume of migration to and from the RBWM and Surrey Heath is much less significant than with other authorities.[7] The overall volume of movements in 2012 was 320 (ranking 7th in the overall volume of movements with Surrey Heath).

2.29   In terms of net migration, the largest net movements associated with the three authorities are as follows:

- The largest net movement into Rushmoor arises from Guildford (120 people), followed by the flows from Surrey Heath (90 people). There is net out-migration from Rushmoor to Woking (140 people) and Hart (130 people). Moves between Rushmoor and Waverley balance.

- The largest net movement into Hart arises from Surrey Heath (190 people), followed by Rushmoor (120 people). There is net out-migration from Hart to Basingstoke & Deane (90 people).

- The largest net movement into Surrey Heath arises from Woking (260 people), followed by Runnymede (100 people). There is net out-migration from Surrey Heath to Hart (120 people) and Rushmoor (90 people).

2.30   In summary, in terms of migration, the authorities are closely linked to one another. Rushmoor's most significant relationship is with Hart. Hart and Surrey Heath's most significant relationships are with Rushmoor. Hart and Surrey Heath are also connected to one another through migrations flows but these are less significant than those with Rushmoor and Basingstoke (for Hart) and Woking (for Surrey Heath).

Travel to Work Patterns

2.31   There are also significant travel to work flows between the three authorities. WEc has analysed data from the Census 2001 and sample based data from the Annual Population Survey in 2008 and 2011. Each authority experiences low levels of self-containment (the proportion of residents who work in the same authority). More than half of residents in work in each of the three authorities commute to work outside of the local authority in which they live. There are also significant flows of workers into each authority from neighbouring authority areas.

2.32   Of those who do not live and work in the same authority area:

- The largest proportion of Rushmoor's residents commute to Surrey Heath, Waverley, Guildford and Hart for work. There are significant in flows of workers into Rushmoor from Surrey Heath and Guildford.

- The largest proportion of Hart's residents commute to Rushmoor and Surrey Heath for work, There are in flows of workers to Hart from Basingstoke and Deane, Rushmoor, Guildford and Surrey Heath.

- The largest proportion of Surrey Heath's residents commute to Rushmoor and Guildford. There are in flows of workers to Surrey Heath from Hart and Rushmoor. More so than other authorities in the North Hampshire – West Surrey area, Surrey Heath looks both ways – towards Berkshire and towards its neighbours in Hampshire and Surrey. However, as with the migration data, commuting

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[7] http://consult.rbwm.gov.uk/portal/blp/pojan2014/blppo?tab=files

patterns appear to show that links with the Surrey authorities are stronger than those with the Berkshire authorities.

Conclusion

2.33   The analysis undertaken by WEc provides strong justification for the three authorities of Hart, Rushmoor and Surrey Heath to work together, and is the reason why these three authorities have chosen to prepare a joint SHMA. There will be a continued need to work with other neighbouring authorities in adjacent strategic housing market areas given the close links and complexity across the wider sub-region.

2.34   In subsequent sections, analysis is undertaken for the housing market area as a whole, which contains Hart, Rushmoor and Surrey Heath. Analysis is also provided for each of the three constituent authority areas and benchmarked against the South East region and England as a whole.

DRAFT

3.   People and Households

Summary

The population of the housing market area is around 273,000 and has grown by 18% over the last 30 years – an increase of around 42,300 people.

The strongest growth in population over the last decade has been amongst the older age groups. The older population (those aged 65+) make up around 15% of the population as a whole. There has been a significant increase in the number of people in advanced old age (85+).

In contrast to trends at the regional and national level, both Hart and Surrey Heath have experienced growth in the numbers of children aged 0-14 over the last 10 years. The two authority areas appear to be attractive places for families to locate. Whilst Rushmoor has experienced growth in the number of pre-school children (aged 0-4), the Borough has experienced a decline in the number of children (aged 5-14) and net out-migration of families from Rushmoor.

There are around 107, 000 households in the housing market area. Growth in households has been faster than the growth in population – household growth of 32% over 30 years compared to 18% growth in the population. This has been driven by declining household size and has outstripped the rate of household growth at national and regional level 30 years.

The number of households in the housing market area grew by 32% over last 30 years, a period which contained two economic and housing market cycles. In the last 10 years the growth in the number of households has been more modest in Rushmoor and Surrey Heath than at the national and regional level. Household growth in Hart has been above the national and regional level in 2001-2011.

Families account for around one third of households in the housing market area and in each local authority area, consistent with the South East and England as a whole. There has been growth in the number of families in each authority over the last 10 years but with greater growth in Hart (10%) and lower growth rates in Rushmoor (7%) and Surrey Heath (6%) compared to the South East (9%).

Single households account for 27% of households in the market area with a slightly higher proportion in Rushmoor (28%) and lower proportions in Hart (24%) and Surrey Heath (26%).

Since 2001, the largest percentage growth in households has been in the 'other households' group which has grown by 10% over the decade. These are typically 'non-traditional' households including unrelated individuals sharing housing.

Section 3 and 4 focus on demographic and economic drivers of demand and need for housing. It is important to note that the expectations of households and investors and the availability of finance also play an important role. These factors are less easy to quantify or influence but they have an effect on the demand for housing and ultimately prices and affordability.

Introduction

3.1 This section presents evidence on the current position and past changes in the population of the three authorities in the market area. Past trends are a key component to future projections of the population and so directly feed into the estimation of objectively assessed housing need. This section also presents evidence on how the population has changed in terms of its age structure and household composition. These factors influence the tenure, type and size of housing that might be required in the future.

3.2 The housing market of any area is driven by a range of demand and supply factors:

- Demographic drivers of demand - people and households

- Economic drivers of demand - jobs and income

- The existing housing stock and new supply - homes and places

- Expectations of households and investors

- The availability of finance - home loans and development finance

3.3 The same factors exist across the country but the way in which the first three factors operate differs considerably between different areas. It is this which gives rise to significant differences in housing markets across the country and the variation in patterns within this market area. Before considering the impact that demographic, economic and the nature of the housing stock has on outcomes – house prices, rents, affordability and housing need, it is worth noting briefly the impact of expectations and the availability of finance. These factors are also a driver of demand for housing and are reflected in prices, although local authorities have limited control or influence over them:

- An important driver of price change is the effect of expectations within the housing market. In economic terms, housing is a complex good which means that demand for housing relates to a basket of features including internal and external space, location etc. However, housing is also an asset which means that demand reflects expectations about future price changes. One economist has estimated that the expectation effect could have accounted for 30-50% of price rises in the UK over 10 years to 2006; though modelling of housing markets and price change is notoriously uncertain.[8]

- The previous housing market cycle (assuming we entered a new cycle at the end of 2007) was characterised by an era of financial liberalisation with increased availability of credit for borrowers (including the banks themselves). These factors, combined with a stable macro-economic environment of low inflation and low interest rates for a relatively long period of time, increased confidence to borrow. There had also been a trend towards innovation in mortgage products, improving credit for the buy to let market, as well as relatively liberal lending criteria allowing first time buyers to access larger loans with minimal deposits, including loans worth more than the value of their homes. This liberalisation of credit went into reverse in 2007 following the collapse of a number of banks with the result that fewer mortgages were available to households and lending criteria tightened. This had the most dramatic effect on the number of sales but also impacted on

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[8] David Miles (2006) UK Housing: How did we get here?

prices and contributed to a shift in tenure from home ownership to renting. Mortgage lending is now recovering, though still well below peak levels. It is unlikely to return to the peak levels of 2005-7 because of regulatory changes, and greater lender focus on prudential lending.

3.4   Whilst it is very difficult to measure the impact of these factors and even more difficult for local authorities or public authorities to control or influence them, it is important to acknowledge their role in affecting demand.

3.5   The rest of this section presents evidence on changes in the population, the age structure of the population and changes in the household population and household composition – factors which influence the overall demand and need for housing and the different types of housing required.

Population Change

3.6   Changes in population and particularly the age structure of the population contribute to the overall demand and need for housing and the type and size of homes required. The population of Hart and Rushmoor has grown by 21% over the last 30 years, but Rushmoor's growth slowed significantly in the last 10 years (Figures 3.1 and 3.2). In contrast, both Hart and Surrey Heath experienced a more rapid rate of population growth 2001-2011 than in the previous two decades – 9% and 7% respectively. However, this rate of growth is broadly in line with that of the South East and England as a whole (8%).

3.7   Some caution needs to be applied to the analysis of population growth for two reasons:

- The relatively large population of service personnel based in the area, particularly Rushmoor, can skew population figures between Censuses. Service personnel, including those living in communal establishments, are included in the data in Figure 3.1 and 3.2, but their movements vary from one year to the next and so the data recorded in different Censuses is not necessarily comparable. There are currently around 7,000 service personnel based in the market area (excluding the Gurkhas of the Queen's Own Gurkha Logistic Regiment and the HQ Brigade of Gurkhas).

- There were boundary changes between Hart and Rushmoor in 1990 which affect the population data in 1991 and mean that it is not directly comparable to 1981. These changes occurred between two authorities in the market area and so do not affect the figures for the housing market area as a whole.

3.8   The population of the housing market area has grown by 18% over the last 30 years – an increase of around 42,300 people. This suggests there is significant potential for demographic change in the next 30 years. Furthermore, the period 1981-2011 takes in a full economic cycle, including two economic recessions and housing market peaks and troughs in 1990/91 and 2008/09. The expansion of the household population is likely to continue in the long term, even though the profile of the growth may have been interrupted by the recent economic downturn and may be affected by further downturns in the future.

Figure 3.1: Total Population 1981 – 2011

	1981	1991	2001	2011	change 2001-2011	change 1981-2011
Hart	75,400	80,900*	83,500	91,000	7,500	15,700
Rushmoor	77,500	82,500*	91,000	93,800	2,800	16,300
Surrey Heath	75,800	79,100	80,300	86,100	5,800	10,400
Housing Market Area	230,600	244,500	256,800	273,000	16,200	42,400
South East	228,700	7,500,100	8,000,600	8,634,800	634,100	8,406,100
England	45,771,900	47,055,200	49,138,800	53,012,500	3,873,600	7,240,500

Source: Census. Note: data includes service personnel living in communal establishments. *Boundary changes between the two authorities occurred in 1990 and so population figures not directly comparable to 1981

Figure 3.2: Population Change 1981 – 2011

	Change 1981-91	Change 1991-2001	Change 2001-2011	last 30 years	last 20 years	last 10 years
Hart	7%*	3%	9%	21%	12%	9%
Rushmoor	7%*	10%	3%	21%	14%	3%
Surrey Heath	4%	2%	7%	14%	9%	7%
Housing Market Area	6%	5%	6%	18%	12%	6%
South East	7%	7%	8%	23%	15%	8%
England	3%	4%	8%	16%	13%	8%

Source: Census. Note: data includes service personnel living in communal establishments. *Boundary changes between the two authorities occurred in 1990 and so population figures not directly comparable to 1981

3.9 The older population (those aged 65+) make up around 15% of the population as a whole (Figure 3.4). The number of people in the older age groups has shown much faster growth than other age groups. Figure 3.5 shows that older age groups have grown by over 25% over the last 10 years in the market area as a whole. There has been a significant increase in the number of people in advanced old age (85+) in the housing market area, compared to the growth in the proportion of people in this age group in the South East and England. The growth in the older age groups has been more mixed in Rushmoor which has experienced a decline in the 75-84 age group and much modest growth in the 65-74 and 85+ age groups than both Hart and Surrey Heath.

3.10 There are a range of implications for housing as a result of the ageing population:

- older people are less likely to move home than those of working age

- there are higher levels of outright home ownership amongst older households

- increased levels of 'under occupation' and possibly reduced turnover of larger properties

- but reduced ability to maintain and repair homes either because of mobility or low incomes

- government policy of providing care in the home implying increased demand for domiciliary care

- the increasing need for housing with care for those unable to remain in their own homes (e.g. extra care, residential care and nursing)

3.11 All three authorities have experienced a decline in the younger working age groups (aged 25-29 and 30-44). This is in contrast to the growth in the younger group in the South East and England as a whole.

3.12 In contrast to trends at the regional and national level, both Hart and Surrey Heath have experienced growth in the numbers of children aged 0-14 over the last 10 years. This may indicate that the two authority areas are attractive places for families to locate. Whilst Rushmoor has experienced growth in the number of pre-school children (aged 0-4), the Borough has experienced a decline in the number of children (aged 5-14) and this is consistent with the migration data which suggests net out-migration of families from Rushmoor.

Figure 3.4: Age Profile of the Population in 2011

Age	Hart	Rushmoor	Surrey Heath	Housing Market Area	South East	England
0-4	6%	7%	6%	6%	6%	6%
5-9	6%	6%	6%	6%	6%	6%
10-14	6%	6%	6%	6%	6%	6%
15-19	6%	6%	6%	6%	6%	6%
20-24	5%	7%	5%	6%	6%	7%
25-29	5%	8%	5%	6%	6%	7%
30-44	22%	24%	21%	22%	20%	21%
45-59	21%	19%	21%	20%	20%	19%
60-64	6%	5%	6%	6%	6%	6%
65-74	9%	7%	9%	8%	9%	9%
75-84	5%	4%	6%	5%	6%	6%
85-89	1%	1%	1%	1%	2%	1%
90+	1%	1%	1%	1%	1%	1%
Total	100%	100%	100%	100%	100%	100%

Source: Census 2011

Figure 3.5: Change in Population by Age 2001 - 2011

Age	Hart	Rushmoor	Surrey Heath	Housing Market Area	South East	England
0-4	11%	7%	4%	7%	13%	13%
5-9	6%	-13%	-3%	-4%	-4%	-5%
10-14	6%	-5%	4%	1%	-1%	-5%
15-19	1%	8%	10%	6%	12%	10%
20-24	1%	3%	14%	5%	16%	22%
25-29	-13%	-10%	-2%	-9%	6%	12%
30-44	-3%	-2%	-8%	-4%	-3%	-2%
45-59	7%	14%	9%	10%	10%	11%
60-64	39%	35%	31%	35%	39%	33%
65-74	44%	12%	23%	26%	14%	11%
75-84	37%	-1%	43%	26%	8%	6%
85-89	48%	16%	40%	34%	21%	22%
90+	34%	35%	44%	38%	29%	28%
Total	9%	3%	7%	6%	8%	8%

Source: Census 2001 & 2011

3.13 Although the ageing of the population has had a significant impact on the characteristics of the population, migration is also a key component of population change. Both Hart and Surrey Heath have experienced net in-migration over the last decade, although net migration in the last 5 years (2007-2012) has been very modest. In contrast, Rushmoor has experienced net out-migration over the decade. Whether migration leads to a net increase of decrease in the overall population, it also has an effect on

the characteristics of the population. Broadly, there has been net in-migration of younger people in their early 20s to Rushmoor and net out migration of older age groups and families. The reverse pattern is true for Hart and Surrey Heath. Migrants generally originate from within the UK and in highest numbers from neighbouring authorities (see Section 2)

Household Change

3.14   There were 107, 000 households in the housing market area in 2011 (Figure 3.6). Growth in households has been faster than the growth in population – household growth of 32% over 30 years compared to 18% growth in the population. This has been driven by declining household size and has outstripped the rate of household growth at national and regional level 30 years. It is important to note that the number of households in the housing market area grew by 32% over last 30 years, a period which contained two economic and housing market cycles. In the last 10 years the growth in the number of households has been more modest in Rushmoor and Surrey Heath than at the national and regional level. Household growth in Hart has been above the national and regional level in 2001-2011.

Figure 3.6: Household Population 1981 – 2011

	1981	1991	2001	2011	change 2001-2011	change 1991-2011	change 1981-2011
Hart	25,700	29,100	32,500	35,500	9%	22%	38%
Rushmoor	27,300	30,500	35,300	36,300	3%	19%	33%
Surrey Heath	26,600	29,100	31,700	33,500	6%	15%	26%
HMA	81,6100	90,800	101,500	107,400	6%	18%	32%
South East	2,751,400	2,967,700	3,287,500	3,555,500	8%	20%	29%
England	18,146,000	18,765,600	20,451,400	22,063,400	8%	18%	22%

Source: Census

3.15   Families account for around one third of households in the housing market area and in each local authority area, consistent with the South East and England as a whole (Figure 3.7 at the end of this section). There has been growth in the number of families in each authority over the last 10 years but with greater growth in Hart (10%) and lower growth rates in Rushmoor (7%) and Surrey Heath (6%) compared to the South East (9%) (Figure 3.8 at the end of this section). There has been a shift from married couples with children to cohabiting couples with children, consistent with national trends. Overall, family households have experienced the greatest absolute growth over the period – an increase of 2,600 households in the housing market area.

3.16   Couples account for just over one third of all households in the housing market area and in each authority. Rushmoor has experienced a decline in the number of couple households over the decade, with losses of couples without children and pensioner couples but with some gain in the number of older couples with non-dependent children.

3.17   Single households account for 27% of households in the market area with a slightly higher proportion in Rushmoor (28%) and lower proportions in Hart (24%) and Surrey Heath (26%). Perhaps surprisingly, the share of single people in the population has not changed over the decade. There has been absolute growth in the population of single people over the decade of just under 2,000 people in the market area. In Hart and Surrey Heath, modest growth has been driven equally by older people and other single adults living alone. In Rushmoor, there has been a decline in the number of single older people. The available

migration data suggests this is due to out-migration of these households. Modest growth has therefore been driven by an increase in the number of other younger single adults.

3.18   Since 2001, the largest percentage growth in households has been in the 'other households' group which has grown by 10% over the decade. These are typically 'nontraditional' households including unrelated individuals sharing housing. In absolute terms, the growth has been modest at just under 500 households over the period. To some extent, these households may have similar characteristics to single households but comprise people unable to afford self-contained accommodation or choosing to share with other individuals at a particular stage in their life e.g. students or young professionals. In Rushmoor, these households include older Nepali households living in Houses in Multiple Occupation.

Conclusion

3.19   The population of the housing market area has grown by 18% over the last 30 years – an increase of around 42,300 people. Households have grown by 32% as household size has declined over time. This suggests there is significant potential for demographic change in the next 30 years. Furthermore, the period 1981-2011 takes in a full economic cycle, including two economic recessions and housing market peaks and troughs in 1990/91 and 2008/09.

3.20   The expansion of the household population is likely to continue in the long term, even though the profile of the growth may be interrupted by the recent economic downturn and further downturns in the future. Projections for future growth of the population and households in the market area are presented in Section 7, which sets out the implications for housing requirements.

3.21   A key issue evident from the review of past trends is the ageing of the population and particularly growth of the number of people in advanced old age (85+). The needs of older people in the housing market are further considered in Section 10.

3.22   The next section considers how the economy affects the demand and need for housing.

Figure 3.7: Number of Households by Type 2001 and 2011

	2001				2011			
	Hart	Rushmoor	Surrey Heath	HMA	Hart	Rushmoor	Surrey Heath	HMA
All Households	**32,479**	**35,255**	**31,722**	**99,456**	**35,510**	**36,344**	**33,546**	**105,400**
One person – pensioner	3,407	4,202	3,463	11,072	3,715	3,410	3,648	10,773
One person – other	3,861	4,621	4,065	12,547	4,246	5,881	4,219	14,346
One person - lone parents - all children non dependent	758	1,230	789	2,777	926	1,178	1,059	3,163
Single Person Households	**8,026**	**10,053**	**8,317**	**26,396**	**8,887**	**10,469**	**8,926**	**28,282**
Pensioner couple	2,890	2,219	2,894	8,003	3,653	2,183	3,366	9,202
Cohabiting couple - no children	1,680	2,305	1,593	5,578	1,810	2,245	1,711	5,766
Married couple - no children	5,746	4,855	5,282	15,883	5,618	4,608	4,914	15,140
Cohabiting couple - all children non dependent	91	127	96	314	168	181	196	545
Married couple - all children non dependent	2,291	2,076	2,206	6,573	2,385	2,086	2,303	6,774
Couples	**12,698**	**11,582**	**12,071**	**36,351**	**13,634**	**11,303**	**12,490**	**37,427**
Married couple with dependent children	8,130	7,702	7,480	23,312	8,224	7,292	7,378	22,894
Cohabiting couple with dependent children	719	1,367	779	2,865	1,270	1,610	1,137	4,017
Lone parent with dependent children	1,232	1,771	1,332	4,335	1,456	2,350	1,408	5,214
Other households with children	483	887	542	1,912	712	1,279	865	2,856
Families with Children	**10,564**	**11,727**	**10,133**	**32,424**	**11,662**	**12,531**	**10,788**	**34,981**
Student households	13	65	7	85	0	21	4	25
Other pensioner households	101	99	65	265	90	82	72	244
Other households	1,077	1,729	1,129	3,935	1,237	1,938	1,266	4,441
Other multi person households	**1,191**	**1,893**	**1,201**	**4,285**	**1,327**	**2,041**	**1,342**	**4,710**

Source: Census 2011

Figure 3.8: Change in Number and Percentage of Households by Type 2001-2011

	Hart		Rushmoor		Surrey Heath		HMA		South East		England	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
All Households	**3,031**	**9%**	**1,089**	**3%**	**1,824**	**6%**	**5,944**	**6%**	**267,972**	**8%**	**1,611,941**	**8%**
One person – pensioner	308	9%	-792	-19%	185	5%	-299	-3%	-23,192	-5%	-213,869	-7%
One person – other	385	10%	1,260	27%	154	4%	1,799	14%	108,878	23%	730,098	23%
One person - lone parents - all children non dependent	168	22%	-52	-4%	270	34%	386	14%	21,722	25%	-512,716	-82%
Single Person Households	**861**	**11%**	**416**	**4%**	**609**	**7%**	**1,886**	**7%**	**107,408**	**10%**	**3,513**	**0%**
Pensioner couple	763	26%	-36	-2%	472	16%	1,199	15%	-1,458	0%	-36,988	-2%
Cohabiting couple - no children	130	8%	-60	-3%	118	7%	188	3%	23,055	13%	196,293	20%
Married couple - no children	-128	-2%	-247	-5%	-368	-7%	-743	-5%	8,254	2%	62,770	2%
Cohabiting couple - all children non dependent	77	85%	54	43%	100	104%	231	74%	5,867	55%	42,134	64%
Married couple - all children non dependent	94	4%	10	0%	97	4%	201	3%	5,386	3%	16,164	1%
Couples	**936**	**7%**	**-279**	**-2%**	**419**	**3%**	**1,076**	**3%**	**41,104**	**4%**	**280,373**	**4%**
Married couple with dependent children	94	1%	-410	-5%	-102	-1%	-418	-2%	-15,392	-2%	-215,445	-6%
Cohabiting couple with dependent children	551	77%	243	18%	358	46%	1,152	40%	37,197	37%	229,707	35%
Lone parent with dependent children	224	18%	579	33%	76	6%	879	20%	44,817	26%	261,281	20%
Other households with children	229	47%	392	44%	323	60%	944	49%	18,722	30%	125,647	27%
Families with Children	**1,098**	**10%**	**804**	**7%**	**655**	**6%**	**2,557**	**8%**	**85,344**	**9%**	**401,190**	**7%**
Student households	-13	-100%	-44	-68%	-3	-43%	-60	-71%	7,102	61%	45,142	57%
Other pensioner households	-11	-11%	-17	-17%	7	11%	-21	-8%	-3,578	-25%	-20,669	-25%
Other households	160	15%	209	12%	137	12%	506	13%	30,592	25%	246,011	33%
Other multi person households	**136**	**11%**	**148**	**8%**	**141**	**12%**	**425**	**10%**	**34,116**	**23%**	**270,484**	**30%**

Source: Census 2011

4.   Jobs and Incomes

Summary

Economic and employment growth impacts directly on housing demand by stimulating in-migration, as workers move in to access jobs, and through increases in income and earnings. This feeds through into demand for more or better housing.

There are around 128,600 jobs in the housing market area. 40% of these jobs are within Surrey Heath, 35% in Rushmoor and 26% in Hart. There has been a small net loss of employment since 2009 in the market area as a whole, but this masks growth in Surrey Heath and a fairly substantial loss of jobs in Rushmoor over the period.

In the 11 years to 2008, before the onset of the recession, around 7,000 jobs were added to the economy of the housing market area – around 650 per annum. It is worth noting that employment projections for the period 2011-2031 expect growth at well over double this rate.

There has been a shift towards part time employment in the market area with the number of part time jobs growing by 6,500 over the period 2009-2012.

The type of jobs available within the economy impacts upon local earnings and determines to a great extent whether households can access housing and the tenure, type and size of property they can afford.

The proportion of residents employed as managers, directors and senior officials in the market area is consistent with the South East (11%) and England (10%). However, the proportion is higher in Hart (13%) and lower than the regional average in Rushmoor (9%). Generally, there is an underrepresentation in the occupations that are associated with higher levels of pay in Rushmoor compared to Hart and Surrey Heath.

In 2013, levels of unemployment recorded by the numbers on job seekers allowance appear low – around 2% over the last two years. Overall, unemployment on this measure is not high by historic standards.

Household income growth is strongly correlated to increases in demand for housing. Various academics have modelled this relationship. Christine Whitehead of LSE and Cambridge Centre for Housing and Planning Research finds that a 1% increase in household incomes tends to result in a *greater than* 1% increase in the demand for housing.

But the *distribution* of household incomes and how the overall growth in household income is shared amongst the household population is uneven. The wealthiest households tend to increase their incomes more rapidly than the poorest over time. This impacts on household tenure choice, the type, size and quality of homes they are able to access.

Median household income in the housing market area is just over £36,000. That the majority of households have incomes of less than £36,000 has obvious implications for the housing market, particularly in terms of the affordability of home ownership and also larger, family sized private rented properties.

The data shows around one quarter of households in the HMA have an income below £20,000 with a further fifth in the range of £20,000 to £30,000.

There are over 12,500 individuals claiming one or more benefits because they are out of work or unable to work. This is 7% of the working age population and is well below rates at the national and regional level, though the rate in Rushmoor (9%) is similar to the regional average.

Introduction

4.1 This section presents evidence on the current position and past changes in the economy of the area and considers the impact of jobs and incomes on the demand for housing. In particular, income patterns feed into the assessment of the need for affordable housing. Past trends in terms of job growth are compared to forecasts to make a balanced assessment of the need for housing to support economic development.

4.2 The recent economic recession and prolonged downturn has made it very apparent how the economy impacts on the housing market. Economic and employment growth impact directly on housing demand through in-migration, as workers move in to access jobs, and through increases in income and earnings. This feeds through into demand for more or better housing.

4.3 Household income impacts on housing in the following ways:

- Household income growth is strongly correlated to increases in demand for housing. Various academics have modelled this relationship. Christine Whitehead of LSE and Cambridge Centre for Housing and Planning Research finds that a 1% increase in household incomes tends to result in a *greater than* 1% increase in the demand for housing.

- The *distribution* of household incomes and how the overall growth in household income is shared amongst the household population. In short, it is not shared evenly. The wealthiest households tend to increase their incomes more rapidly than the poorest over time. This impacts on household tenure choice, the type, size and quality of homes they are able to access.

4.4 The rest of this section presents evidence on the nature of the economy in this area and how this affects the demand and need for housing:

- Employment and Unemployment

- Earnings and Households Incomes

Employment and Unemployment

4.5 There are 172,300 people aged between 16 and 64 in the housing market area – a common measure of the size of the work force, though the majority of 16-18 year olds may be in full time education (though some will have jobs as well); and some people aged over 64 work and due to a number of economic and social factors more of this age group are doing so. Of the working age population, 75% are in employment with higher levels of employment in Hart and Surrey Heath (Figure 4.1).

Figure 4.1: Economic Activity and Employment in 2013

	Hart	Rushmoor	Surrey Heath	HMA	South East	England
Population aged 16-64	57,000	62,900	52,400	172,300	5,434,300	33,789,200
of which, economically active	83%	76%	84%	80%	80%	78%
in employment	*80%*	*71%*	*77%*	*75%*	*64%*	*71%*
unemployed	*4%*	*6%*	*9%*	*5%*	*6%*	*8%*
of which, economically inactive	18%	25%	16%	20%	20%	22%
would like a job	*19%*	*22%*	*na*	*na*	*27%*	*24%*
not seeking work	*81%*	*78%*	*92%*	*83%*	*73%*	*76%*
1: managers, directors and senior officials	13%	9%	10%	11%	11%	10%
2: professional occupations	28%	14%	26%	23%	21%	20%
3: associate prof & tech occupations	18%	14%	13%	15%	16%	14%
4: administrative and secretarial occupations	9%	13%	12%	11%	11%	11%
5: skilled trades occupations	7%	13%	9%	9%	10%	10%
6: caring, leisure and other service occupations	7%	11%	12%	10%	9%	9%
7: sales and customer service occupations	8%	9%	8%	8%	7%	8%
8: process, plant and machine operatives	6%	6%			5%	6%
9: elementary occupations	5%	12%	10%	9%	10%	11%

Source: ONS Annual Population Survey 2013

4.6 In 2013, levels of unemployment recorded by the numbers on job seekers allowance appear low – around 2% over the last two years (see Figure 4.5). Overall, unemployment on this measure is not high by historic standards. However the Annual Population Survey identified that around 5% of the working age population as being unemployment, with markedly higher unemployment in Surrey Heath than Hart (see Figure 4.1).

4.7 Most of those working age people who are not in employment are not seeking work. However, around one fifth of those who are working age but not economically active would like a job. Typically, factors such as unaffordable childcare make it difficult for some people to find suitable employment even when jobs are available.

4.8 The type of jobs available within the economy impacts upon local earnings and determine to a great extent whether households can access housing and the tenure, type and size of property they can afford.

4.9 The proportion of residents employed as managers, directors and senior officials in the market area is consistent with the South East (11%) and England (10%). However, the proportion is higher in Hart (13%) and lower than the regional average in Rushmoor (9%). Generally, there is an underrepresentation in the occupations that are associated with higher levels of pay in Rushmoor compared to Hart and Surrey Heath. Conversely, Rushmoor has an overrepresentation of those in skilled trades and elementary occupations – the latter particularly associated with lower wages.

4.10 It is interesting to note that levels of self-employment within Hart appear to be higher than the regional and national average at 17% of those in employment – almost 8,000 people. In contrast, self-employment levels in Rushmoor are significantly lower than the national and regional levels at just 7%.

Figure 4. 2: Self Employment in 2013

	Hart	Rushmoor	Surrey Heath	HMA	South East	England
Self-employment	7,600	3,200	5,900	16,700	593,200	3,300,500
%	17%	7%	15%	13%	15%	14%
Employees	37,700	41,300	34,200	113,200	3,474,200	20,836,100
%	83%	93%	85%	87%	85%	86%
In employment	45,300	44,500	40,100	129,900	4,067,400	24,136,600

Source: ONS Annual Population Survey 2013

4.11 Figure 4.3 presents data on the number of jobs within each of the authority areas and within authorities in the surrounding area. Figures are presented for a 15 year period but separated into 1998-2008 and 2009-2012 because of discontinuities in the ONS methodology. The two periods are also characterised by different economic circumstances. Broadly, 1998-2008 was a period of economic and employment growth at the national level. In contrast, the UK economy experienced a recession in 2008-2009 following the onset of the credit crunch. Although national GDP shrank for four consecutive quarters from Q2 2008 to Q2 2009, employment levels continued to decline into early 2010 even after the economy had returned to growth.

4.12 The following observations can be made from the employment data:

- There are around 128,600 jobs in the housing market area. 40% of these jobs are within Surrey Heath, 35% in Rushmoor and 26% in Hart. There has been a small net loss of employment since 2009 in the market area as a whole but this masks growth in Surrey Heath and a fairly substantial loss of jobs in Rushmoor over the period.

- The employment fortunes of neighbouring authorities present a mixed picture with two of the largest economies – Reading and Guildford – experiencing growth in employment in recent years but Basingstoke and Deane and RBWM experiencing a decline in employment.

- In the 11 years to 2008, before the onset of the recession, around 7,000 jobs were added to the economy of the housing market area – around 650 per annum. It is worth noting that employment projections, which are analysed in Section 7 in relation to the development of the objectively assessed housing need, expect growth at more than double this rate for the period 2011-2031. The projections therefore appear to present unrealistic rates of growth in relation to the past.

- Figure 4.4 suggests that there has been a shift towards part time employment with the number of part time jobs growing by 6,500 over the period 2009-2012. Conversely, there was a similar sized loss of full time jobs in the market area. This has implications for the housing market since the increase in part time work is likely to reduce household incomes on the whole. It is also more difficult to anticipate how future economic growth might translate into employment growth. For example, instead of increasing overall employment in response to growth, companies may expand part time jobs into full time.

Figure 4.3: Employment (Number of Employee Jobs) and Change Over Time (1998-2012)

	1998	2008	Change 1998-2008	%	2009	2012	Change 2009-2012	%
Hart	29,400	35,300	5,900	20%	33,600	33,500	-100	0%
Rushmoor	43,600	46,000	2,400	5%	45,500	43,700	-1,800	-4%
Surrey Heath	43,500	42,400	-1,100	-3%	49,800	51,500	1,700	3%
HMA	116,500	123,600	7,100	6%	128,900	128,600	-200	0%
Basingstoke and Deane	70,800	83,600	12,800	18%	82,400	79,800	-2,600	-3%
Bracknell Forest	55,500	62,800	7,300	13%	56,500	56,900	400	1%
East Hampshire	35,800	46,100	10,200	29%	44,200	45,200	1,000	2%
Elmbridge	51,700	54,200	2,500	5%	54,100	55,200	1,100	2%
Guildford	62,800	71,700	8,800	14%	72,000	74,400	2,300	3%
Reading	89,800	97,300	7,500	8%	92,600	95,500	2,900	3%
Runnymede	38,100	48,900	10,800	28%	50,700	54,100	3,400	7%
Spelthorne*	52,400	36,700	-15,700	-30%	35,800	35,100	-700	-2%
Waverley	45,600	50,500	4,900	11%	49,800	47,700	-2,100	-4%
RBWM	69,900	75,100	5,200	7%	74,600	73,300	-1,300	-2%
Woking	39,700	45,700	6,000	15%	46,200	46,000	-300	-1%
Wokingham	56,300	68,900	12,600	22%	67,900	68,400	500	1%
South East	3,425,100	3,757,700	332,600	10%	3,727,200	3,767,000	39,900	1%
England	21,155,000	23,073,700	1,918,700	9%	23,064,700	23,225,400	160,800	1%

Source: ABI (1998-2008), BRES (2009-2012). Note discontinuities in the ABI and BRES methodology so the two periods cannot be directly compared. *Spelthorne figures look questionable, particularly in the context of growth in all the other authority areas.

Figure 4.4: Part Time Employment Growth 2009-2012

	2009	2012	Change	%
Hart	10,100	11,200	1,100	11%
Rushmoor	11,500	12,300	800	7%
Surrey Heath	13,200	17,800	4,600	35%
HMA	36,809	43,312	6,500	18%

Source: BRES (2009-2012)

Figure 4.5: Unemployment – Number of Working Age People Claiming Job Seekers Allowance
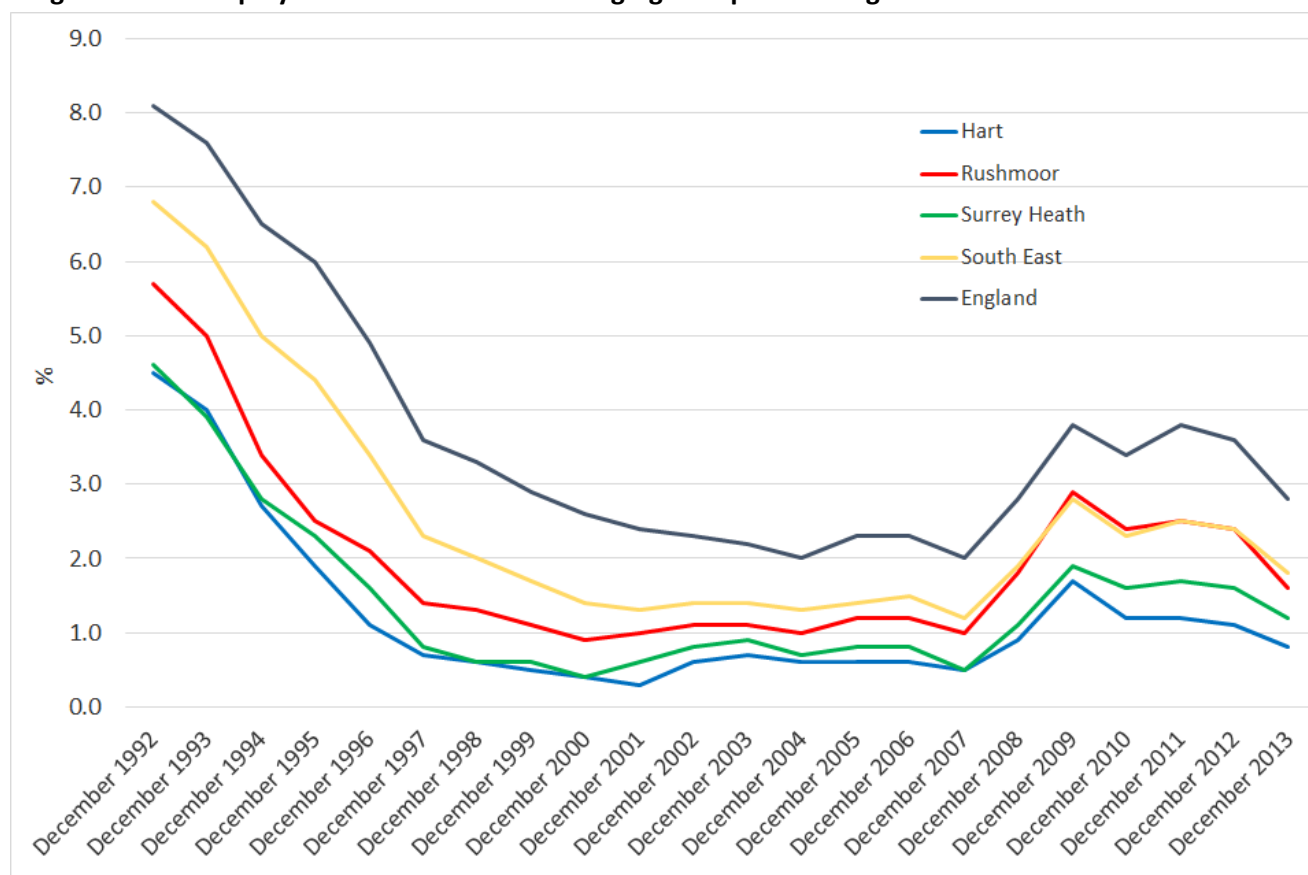
Source: Job Seekers Allowance on NOMIS

4.13 Unemployment, as measured by the claimant count, is not high by historic levels or compared to the regional or national average. But this needs to be viewed in the context of the employment data which shows the expansion in part time employment. It is likely that there are fairly significant numbers of people who have jobs and so do not feature in the unemployment figures, but do not have as many hours as they would like or need.

Earnings and Household Incomes

4.14 Average earnings in the market area in 2012 were £28,800, with higher levels in Hart and Surrey Heath than in Rushmoor, though average earnings in Rushmoor are above those at the national and regional level. However, this figure is affected by those in part time employment. Average full time earnings were £32,000. This compares to £29,700 in the South East region.

Figure 4. 6: Annual Earnings of Residents 2002-2012

	Hart	Rushmoor	Surrey Heath	HMA	South East	England
Gross Median	£30,600	£25,100	£30,900	£28,800	£24,000	£22,200
Change last 5 years	£1,300	£2,500	£2,300	£2,000	£1,100	£1,000
% Change last 5 years	5%	11%	8%	8%	5%	5%
Change last 10 years	£6,400	£2,300	£5,100	£4,600	£4,100	£4,300
% change last 10 years	26%	10%	20%	19%	21%	24%
Full time Median	£34,500	£28,300	£36,300	£32,900	£29,700	£27,400
Change last 5 years	£1,300	£1,900	£3,100	£2,000	£1,900	£1,800
% change last 5 years	4%	7%	9%	0%	7%	7%
Change last 10 years	£3,500	£3,700	£7,000	£4,700	£5,900	£5,900
% change last 10 years	11%	15%	24%	16%	25%	27%

Source: Annual Survey of Hours and Earnings. Rounded to nearest £100

4.15 It is important to understand local income levels as these (along with prices and rent which are discussed in Section 7) will determine levels of affordability and provide an indication of the potential for intermediate housing. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking

- English Housing Survey – to provide information about the distribution of incomes (taking account of variation by tenure in particular)

- ONS modelled income estimates and Annual Survey of Hours and Earnings (ASHE) – to assist in providing more localised income estimates (i.e. individual local authorities)

4.16 Median household income in the housing market area is just over £36,000. It is higher than median individual earnings because some households have two earners. Median earnings and incomes are used more extensively in this study because mean household incomes are skewed by a small number of households with very high earnings. That the majority of households have incomes of less than £36,200

has obvious implications for the housing market, particularly in terms of the affordability of home ownership and also larger, family sized private rented properties.

Figure 4.7: Average Household Income

	Mean income	Median income
Hart	£52,900	£40,200
Rushmoor	£40,100	£30,500
Surrey Heath	£51,400	£39,100
HMA	£48,000	£36,200

Source: Justin Gardner Consulting, derived from ASHE, SEH, CACI and ONS data

4.17   Figure 4.8 shows the distribution of household incomes for the whole of the market area. The data shows around one quarter of households have an income below £20,000 with a further fifth in the range of £20,000 to £30,000.

4.18   Given that the information above has been based on data drawn from a number of sources it is useful to cross check the data where possible. For Hart and Surrey Heath figures have been checked against those in the CACI Wealth of the Nation report (for 2012) – this is due to these two authorities both featuring in the 'top ten' highest income areas in the country. This source suggests an average (mean) income of £50,500 for Hart and £50,100 for Surrey Heath. Both of these figures are close to the modelled estimates shown in Figure 4.7 which would suggest that modelling use to establish household income data is robust.

4.19   In Rushmoor, no such direct data exists; however, the previous SHMA in 2008/9 which was based on a household survey, suggests that incomes in Rushmoor were 74% of the average for Hart and 73% of the average for Surrey Heath. The modelled data above puts these figures at 76% and 78%. Again these differences are not significant and suggest that the estimated figures for Rushmoor are of the right order of magnitude.

Figure 4.8: Distribution of Household Income – Hart, Rushmoor, Surrey Heath HMA
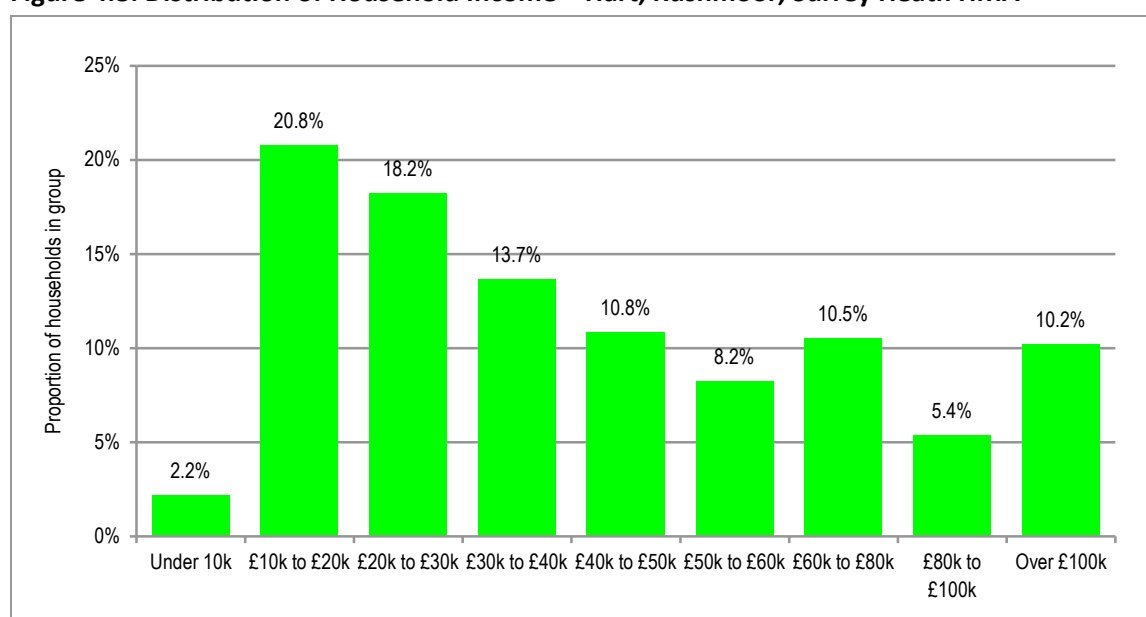
Source: Derived from ASHE, SEH, CACI and ONS data

Figure 4.9: Number of Benefit Claimants by Type of Benefit

	Hart	Rushmoor	Surrey Heath	HMA	South East	England
Single Benefits						
Carers allowance (CA)	290	410	300	1,000	40,320	300,580
Disability living allowance (DLA)	460	640	460	1,560	57,420	385,060
Incapacity benefit (IB) or ESA	450	1,000	560	2,010	97,090	830,630
Income support (IS)/pension credit (PC)	280	670	340	1,290	56,250	457,640
Job seekers allowance (JSA)	550	1,260	760	2,570	114,370	1,128,860
Severe disablement allowance (SDA)	10	~)	~)	10	500	3,120
Widows benefit (WB)	30	20	30	80	2,950	18,770
Multiple benefits						
DLA and SDA	40	40	10	90	3,970	27,340
IB/ESA and DLA	530	1,100	620	2,250	100,620	797,910
IS/PC and CA	90	200	120	410	21,050	191,640
IS/PC and IB/SDA	30	50	30	110	6,500	74,770
IS/PC, DLA and SDA	80	130	90	300	14,440	104,360
IS/PC, IB and DLA	50	110	60	220	14,480	127,500
Other combinations	150	260	180	590	25,900	196,860
Total 'out of work' benefits	3,030	5,910	3,580	12,520	555,850	4,645,040
% claiming 'out of work' benefits	5%	9%	7%	7%	10%	14
Total Housing Benefit Claimants	2,680	6,730	3,070	12,480	546,920	4,307,610

Source: DWP

4.20 There are over 12,500 individuals claiming one or more benefits because they are out of work or unable to work (Figure 4.9). This is 7% of the working age population and is considerably below rates at the national and regional level, though the rate in Rushmoor (9%) is similar to the regional average. A similar number of people – or households - claim housing benefit.

Conclusion

4.21 Economic and employment growth impacts directly on housing demand through in-migration as workers move in to access jobs, and through increases in income and earnings. This feeds through into demand for more or better housing. Local income levels presented in this section (along with prices and rent in discussed in Section 6) determine levels of affordability and provide an indication of the potential for intermediate housing (taken forward in Section 8). Average household incomes in the market area are around £36,000 and earnings are above the levels in the South East and England as a whole. Nevertheless, the majority of new households in the market area have insufficient incomes to afford home ownership.

4.22 The next section examines the stock of housing in the market area and, in particular, changes in tenure of housing over time which in part reflect the difficulty in accessing home ownership.

5.   Housing Stock and Supply

Summary

There are 105,400 homes in the market area, with the stock distributed fairly evenly between the three authorities. The majority (73%) of households in the market area own their homes (either outright or buying with a mortgage) but with lower levels in Rushmoor (64%) and higher levels in Hart (78%) and Surrey Heath (77%)

The number and proportion of owner occupiers has fallen over the last 10 years. There are 1,200 fewer home owners in the housing market area in 2011 compared to 2001.

There has been a significant shift in tenure over the last 10 years, with households moving into or entering the private rented sector rather than home ownership or social renting.

There are just under 16,000 households living in the private rented sector (including those living 'rent free') in the housing market area in 2011. This number has increased by 50% over the last 10 years. The private rented sector now accounts for 15% of all housing in the market area, up from just under 11% in 2001. However, the proportion of households living in the PRS remains below the level in the South East and England at 18% of all households.

The social rented sector has fallen in size over the last 30 years. This is not just as a proportion of all households as other sectors have grown but also represents an absolute loss of stock of around 2,500 homes from the social rented sector. There are now under 12,000 social rented homes in the market area.

The majority of homes in the market area have 3 or more bedrooms although there are significant differences in the stock of the three authorities with a higher proportion of smaller (1 and 2 bedroom) properties in Rushmoor (40% of all homes) compared to Hart (26%) and Surrey Heath (27%). To some extent this is explained by the differences in tenure mix by area, with smaller homes more likely to be privately rented and larger homes more likely to be owner occupied.

One fifth of private and social rented dwellings in Rushmoor are overcrowded – that is lacking in one or more bedrooms. This means that as families grow they often spend a long time waiting to be re-housed and many will never be re-housed because of a shortage of larger social rented properties.

In the market sector in Hart, the largest proportion of new housing completions has been of 3 bedroom houses, followed by 4 bedroom houses and then equal proportions of 2 and 5 bed homes. In the affordable sector, the largest proportion of housing completions have been 2 bedroom flats, followed by 1 bedroom flats and 2 bedroom houses.

In Rushmoor the largest proportion of completions has been 2 bedroom flats, closely followed by 1 bedroom flats. The pattern of market and affordable development in Rushmoor has been very similar.

In 2012/13 in Surrey Heath, in the market sector 60% of completions were 3 bedrooms or larger. In the social rented sector, all new completions were provided as 1 and 2 bedroom properties.

Introduction

5.1   This section presents evidence on the stock of housing within the three authorities in terms of the tenure, type and size of properties available. Dramatic changes in tenure over the last 10 years need to be considered as part of the overall picture in understanding housing needs and how they can best be met. The nature of the existing stock, in terms of tenure, type and size also feeds into considerations about the mix of housing that might be required in the future.

5.2   The rest of this section presents evidence on:

- The tenure of the housing stock

- Dwelling type and size

- Occupancy and overcrowding

- Recent completions by type and size

Tenure

5.3   There are 105,400 homes in the market area, with the stock shared fairly evenly between the three authorities. The majority (73%) of households in the market area own their homes (either outright or buying with a mortgage) but with lower levels in Rushmoor (64%) and higher levels in Hart (78%) and Surrey Heath (77%) (Figure 5.1). The proportion of home owners in Rushmoor is below that of the South East region but in line with England as a whole.

5.4   However the number and proportion of owner occupiers has fallen over the last 10 years (Figure 5.2). There are 1,200 fewer home owners in the housing market area in 2011 compared to 2001. The proportion of home owners has fallen to 73% from 78% in 2001. Home ownership in the HMA is now below the level it was in 1991 (76%).

5.5   There has been a significant shift in tenure over the last 10 years in particular, with households moving into or entering the private rented sector rather than home ownership or social renting.

5.6   There were just under 16,000 households living in the private rented sector (including those living 'rent free') in the housing market area in 2011. This number has increased by 50% over the last 10 years (Figure 5.3). The private rented sector now accounts for 15% of all housing in the market area, up from just under 11% in 2001 and previous years. However, the proportion of households living in the PRS remains below the level in the South East and England at 18% of all households. There are higher levels of renting in Rushmoor with 18% of households in the PRS and a further 16% in the social rented sector.

5.7   The larger private and social rented sectors in Rushmoor has implications for housing need. Households on lower incomes tend to gravitate to areas with greater availability of affordable housing – either in the private rented or social rented sectors – because there is greater prospect they will find suitable accommodation. It is likely that a proportion of households who find private rented accommodation with housing benefit will also try to register with the local authority for social rented housing. Whilst the PRS may be affordable with the support of housing benefit, it does not provide tenants with security of tenure.

5.8 The larger social rented sector also generates its own needs e.g. as a household grows and need to move to larger homes or when grown up children form their own families. It is important to stress that households will only be eligible to join Rushmoor's housing allocation pool if they meet certain criteria in relation to priority needs. Nevertheless, this will have a knock on impact on the level of affordable housing estimated as required in Rushmoor compared to Hart and Surrey Heath and this is partly due to the existence of a larger rented sector.

Figure 5.1 Tenure in 2011

	Owned	*Outright*	*With mortgage*	**Shared ownership**	**Private Rented**	**Social Rented**
Hart	78%	36%	43%	1%	13%	8%
Rushmoor	64%	23%	40%	2%	18%	16%
Surrey Heath	77%	35%	42%	1%	13%	9%
HMA	73%	31%	33%	1%	15%	11%
South East	68%	33%	35%	1%	18%	14%
England	63%	31%	33%	1%	18%	18%

Source: Census 2011

5.9 The social rented sector has fallen in size over the last 30 years (Figure 5.3). This is not just as a proportion of all households as other sectors have grown, but also as a result of an absolute loss of stock of around 2,500 homes from the social rented sector (Figure 5.4). There are now under 12,000 social rented homes in the market area. This is likely to be due to the Right to Buy programme and other programmes that have led to demolition or disposal of some dwellings without replacement. There has been some growth in the social rented sector in the last decade but the size of the stock still remains below the level recorded in 1981.

Figure 5.2: Tenure Change over the last 10 years (2001-2011) (Number of Households)

	Owned	**Private Rented**	**Social Rented**
Hart	1,320	1,320	-5
Rushmoor	-2,630	2,510	550
Surrey Heath	70	1,260	230
HMA	-1,240	5,090	780
South East	-26,940	227,130	28,510
England	-79,100	1,554,460	-37,180

Source: Census

5.10 The intermediate sector has also emerged as a new tenure over the last 10 years, though its share of the stock is still small (just 1% in all areas with the exception of Rushmoor with 2% of all households being shared owners).

Figure 5.3: Tenure Change over the last 10 years (2001-2011) (Percentage Change)

	Owned	**Private Rented**	**Social Rented**
Hart	5%	40%	0%
Rushmoor	-10%	60%	10%
Surrey Heath	0%	40%	8%
HMA	-2%	48%	7%
South East	-1%	57%	6%
England	-1%	63%	-1%

Source: Census

Figure 5.4: Tenure Change over the last 30 years (1981-2011) (Number of Households)

	Owned	Private Rented	Social Rented
Hart	9,900	1,800	-500
Rushmoor	9,100	1,900	-800
Surrey Heath	8,300	1,500	-1,200
HMA	27,200	5,200	-2,500
South East	770,700	315,800	-99,300
England	4,344,500	2,155,000	-1,260,000

Source: Census (figures rounded to nearest 100)

Figure 5.5: Tenure Change over the last 30 years (1981-2011) (Percentage Change)

	Owned	Private Rented	Social Rented
Hart	55%	64%	-16%
Rushmoor	65%	40%	-12%
Surrey Heath	47%	52%	-28%
HMA	55%	50%	-18%
South East	47%	102%	-17%
England	45%	116%	-24%

Source: Census

5.11   As well as the growth of the private rented sector, the clearest development over the last decade has been the fall in the number and proportion of households entering home ownership – those buying with a mortgage. In the early part of the decade the fall in home ownership was driven by declining affordability as rises in house prices significantly out stripped the growth in earnings and household incomes. However, since 2007 and the onset of the credit crunch, affordability as measured by the relationship between earnings and prices has improved, yet the accessibility of home ownership has continued to decline because of the contraction of the mortgage market.

Dwelling Size and Type

5.12   The majority of homes in the market area have three or more bedrooms although there are significant differences in the stock of the three authorities with a higher proportion of smaller (1 and 2 bedroom) properties in Rushmoor (40% of all homes) compared to Hart (26%) and Surrey Heath (27%). To some extent this explains the differences in tenure mix by area, with smaller homes more likely to be privately rented and larger homes more likely to be owner occupied.

Figure 5.6: Dwelling Size (2011)

	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5+ bedroom	Total
Hart	7%	19%	36%	29%	9%	100%
Rushmoor	13%	27%	44%	13%	3%	100%
Surrey Heath	8%	19%	37%	27%	10%	100%
HMA	9%	22%	39%	23%	7%	100%
South East	12%	26%	39%	17%	6%	100%
England	12%	28%	41%	14%	5%	100%

Source: Census 2011

5.13   There are fundamentally different dynamics in operation within the owner occupied, private rented and social rented sectors which impact on the nature of properties in these three sectors.

5.14 The owner occupied sector is driven by income and wealth not demographics. Owners do not buy or occupy size of home they 'need' but by the size of home they can afford. Many single people or couples buy 3 or 4 bed homes. It is not possible therefore to extrapolate that growth in single person households in the future will translate into demand for 1 bedroom homes. What is more relevant in the market sector is household income, household income distribution, and accumulated housing equity.

5.15 In the owner occupied sector, almost three quarters of homes in Rushmoor have three or more bedrooms and the proportion is higher in both Hart (83%) and Surrey Heath (81%) (Figure 5.7). In contrast over half of private rented homes have just 1 or 2 bedroom and around two thirds of social rented homes have just 1 or 2 bedrooms.

5.16 Demand for different types and sizes of homes in the public sector (social rented sector and private rented sector where households are supported by housing benefit) is more closely driven by demographics since local authority allocation policies and housing benefit levels are related to household size. In the social sector, households are allocated a property that meets their minimum requirements and these are far from generous.

Figure 5.7: Number of Bedrooms in Homes of Different Tenures, Percentage of Dwellings

	Hart	Rushmoor	Surrey Heath	South East	England
Owned					
1 bedroom	3%	6%	4%	5%	4%
2 bedrooms	14%	22%	15%	22%	23%
3 bedrooms	37%	51%	38%	44%	48%
4 bedrooms	35%	17%	33%	22%	19%
5 or more bedrooms	11%	3%	11%	8%	6%
Private Rented					
1 bedroom	15%	21%	17%	24%	23%
2 bedrooms	37%	34%	36%	37%	39%
3 bedrooms	33%	35%	30%	27%	28%
4 bedrooms	12%	8%	12%	8%	7%
5 or more bedrooms	3%	2%	5%	4%	3%
Social Rented					
1 bedroom	28%	30%	31%	32%	31%
2 bedrooms	36%	37%	29%	33%	34%
3 bedrooms	32%	28%	37%	31%	31%
4 bedrooms	3%	4%	3%	3%	3%
5 or more bedrooms	0%	1%	1%	1%	1%

Source: Census 2011

5.17 Although the owner occupied sector is the dominant tenure, under 5% of the stock (in 2013 4,700 properties) is sold each year. There is no publicly accessible data available on the size of properties traded but transactions by type show that there is an even split between sales in larger (detached properties) and smaller (flats and terraces) in the market area. The social rented sector has a similar turnover to the owner occupied sector – just 5% of homes are re-let each year, around 600 per annum across the market area. Data shows that 1 and 2 bedroom properties are re-let more frequently.

5.18 In contrast, turnover in the private rented sector is estimated at 33%. That is, one third of all PRS properties are let each year. In the market area, this amounts to around 5,300 properties and therefore equals the supply in the owner occupied and social sectors combined and represents around one half of all supply each year. This estimate could also be regarded as conservative since research by the Association of Residential Lettings Agents (ARLA) suggests that average tenancies are 18 months long. This would imply that private rented properties are re-let every other year on average – a turnover of 50% of the stock annually.

5.19 Overall, this implies most of the homes available each year are smaller properties (since the PRS is biased towards 2 beds). Given that supply is dominated by the private rented sector the available properties are also more likely to be in poor condition than the stock as a whole according to the English Housing Survey.

Figure 5.8: Number of Bedrooms in Homes of Different Tenures, Number of Dwellings

	Hart	Rushmoor	Surrey Heath	South East	England
Owned					
1 bedroom	870	1,420	970	111,660	542,180
2 bedrooms	4,060	5,310	3,790	540,080	3,248,460
3 bedrooms	10,320	12,040	9,790	1,066,120	6,751,850
4 bedrooms	9,740	4,150	8,500	539,320	2,756,190
5 or more bedrooms	3,160	830	2,990	186,620	850,110
Private Rented					
1 bedroom	680	1,420	760	152,550	904,010
2 bedrooms	1,740	2,250	1,580	232,160	1,552,980
3 bedrooms	1,540	2,350	1,320	166,900	1,134,980
4 bedrooms	550	530	550	49,830	286,760
5 or more bedrooms	130	140	210	22,760	132,320
Social Rented					
1 bedroom	760	1,810	960	158,080	1,202,640
2 bedrooms	990	2,200	890	160,750	1,343,640
3 bedrooms	880	1,660	1,140	150,650	1,201,390
4 bedrooms	80	220	80	14,740	123,590
5 or more bedrooms	10	50	20	3,250	32,290

Source: Census 2011

5.20 It is not possible to measure the change in the number of dwellings of different sizes over time because it is only in the most recent Census (2011) that the number of bedrooms has been recorded. However, Figures 5.9 and 5.10 shed some light on the changing nature of the housing stock over the last 10 years.

5.21 Figure 5.9 presents data on the proportion of different dwelling types in the stock. There is a strong bias towards detached homes in Hart and Surrey Heath with very few of these larger properties in Rushmoor. Rushmoor has a high proportion of flats – both purpose built and those in converted dwellings – 25% of the stock as a whole. This is above the level in both the South East and England. This pattern is not untypical of other towns and cities.

Figure 5.9: Type of Housing in 2011

	Detached	Semi detached	Terraced	Flats - purpose built	Flats - conversions	Other
Hart	44%	25%	18%	9%	1%	2%
Rushmoor	17%	32%	25%	22%	3%	2%
Surrey Heath	45%	25%	13%	13%	2%	2%
HMA	22%	28%	19%	15%	2%	2%
South East	28%	28%	22%	16%	4%	2%
England	22%	31%	25%	17%	2%	2%

Source: Census 2011

5.22 The Census suggests the stock has increased by 6,800 dwellings between 2001 and 2011. In the market area as a whole the greatest growth has been in the number of purpose built flats. Over 4,600 have been added to the stock over the decade, the majority within Rushmoor. Interestingly, there appears to have been a net loss of flats in converted buildings. The growth in flatted development has been a national phenomenon and is the result of a number of factors:

- In the market sector, rising prices and declining affordability mean households are forced to occupy less space – or households are able to buy less space for their money

- The emergence of the buy to let market with investors willing to buy off plan and de-risking the development of apartments (which have to be built all at once, unlike houses which can be trickled out according to demand)

- The growth of the private rented sector and greater willingness of renting households to live in flats.

- Planning policy has encouraged or allowed higher density development on brownfield sites. Some brownfield sites may be challenging in terms of viability because of the higher cost of site preparation and higher densities can help to improve viability.

- The delivery of new affordable homes is increasingly tied to the development of new market homes. By and large, the type and size of affordable properties delivered reflects the pattern of market homes.

5.23 It is interesting to note that the largest numbers of dwellings added to the stock in Hart and Surrey Heath have been detached homes (Figure 5.10). In contrast, Rushmoor has experienced a net loss of detached homes; these are likely to have been converted to other dwelling types e.g. subdivided into smaller properties or demolished with the land used to build other properties.

5.24 It is also worth noting that there is likely to have been a significant increase in larger dwellings through extensions to existing properties. Research by Cambridge University in 2004 found that more 4 bed properties had been created through extension and conversion over the previous 10 years than were built by developers in South East.

5.25 Rushmoor has experienced a net loss of detached dwellings over the last 10 years. It does not appear that these have been converted into flats since there has been a small net reduction in flats developed from conversions. However, there has been a significant increase in the number of purpose build flats in Rushmoor and the other two authorities. It is likely that some demolition of detached dwellings has occurred, with development of flats on the same plot.

Figure 5.10: Increase in Different Dwelling Types over Last 10 Years (2001-2011)

	Detached	Semi detached	Terraced	Flats - purpose built	Flats - conversions	Other
Hart	1,000	820	500	850	-10	50
Rushmoor	-720	30	-100	2,450	-90	-30
Surrey Heath	340	260	190	1,310	-30	-60
HMA	610	1,110	590	4,620	-130	-50
South East	41,110	54,400	43,330	153,440	7,380	3,410
England	341,270	362,220	147,830	869,240	26,700	22,900

Source: Census 2011

Figure 5.11: Increase in Different Dwelling Types over Last 10 Years (2001-2011)

	Detached	Semi detached	Terraced	Flats - purpose built	Flats - conversions	Other
Hart	7%	10%	8%	34%	-4%	9%
Rushmoor	-10%	0%	-1%	43%	-8%	-5%
Surrey Heath	2%	3%	4%	39%	-5%	-10%
HMA	2%	4%	3%	40%	-6%	-3%
South East	4%	6%	6%	35%	6%	5%
England	7%	5%	3%	29%	3%	7%

Source: Census 2011

Occupancy and Overcrowding

Figure 5.12: Overcrowding (Households Lacking 1 or more Bedroom) in Hart, Rushmoor and Surrey Heath, by Tenure

	All	Owned	Private Rented	Social Rented
Hart	1,380	440	530	410
Rushmoor	3,690	1,140	1,390	1,150
Surrey Heath	1,690	580	590	520
HMA	6,760	2,160	2,510	2,080
South East	265,970	67,100	114,760	84,110
England	1,928,600	460,110	808,960	659,530
Percentage %	**All**	**Owned**	**Private Rented**	**Social Rented**
Hart	4%	2%	11%	15%
Rushmoor	10%	5%	21%	19%
Surrey Heath	5%	2%	13%	17%
HMA	6%	3%	16%	18%
South East	7%	3%	18%	17%
England	9%	3%	20%	17%

Source: Census 2011. Occupancy rating calculated from bedroom standard which is generally regarded as outdated.

5.26 Overcrowding does not appear to be a major problem in the stock as a whole – at 6% of all dwellings in the market area (Figure 5.11). This compares to 9% nationally. However, there are higher rates of overcrowding in Rushmoor at 10% of all dwellings and in the social and private rented sectors in all authorities. One fifth of private and social rented dwellings in Rushmoor are overcrowded – that is lacking in one or more bedrooms.

5.27   There are a number of reasons for the increase in overcrowding:

- There is a shortage of social rented housing, compared to the number of people who need it. This means that as families grow they often spend a long time waiting to be re-housed and many will never be re-housed because of the shortage of larger social rented properties.

- Many of those receiving housing benefit live in the private rented sector. The sector houses those on the lowest incomes. Some people in the PRS 'choose' to overcrowd to reduce their rents e.g. multiple individuals or households sharing a property and splitting the rent.

- 38% of those who receive housing benefit live in the PRS (Figure 12). Housing benefit is awarded on the basis of household size. In this way it is rationed in the same way as social rented housing. Households will fully occupy their properties because their housing benefit will only stretch to the size of property that meets their basic needs. Changes to housing benefit, which have included reducing the amount paid to cover the lowest 30% of rents (rather than median levels) and housing benefit levels increasing in line with CPI rather than RPI, have reduced the resources available to those on housing benefit and are likely to have had knock on consequences for the ability to tenants to access suitably sized accommodation.

Figure 5.13: Housing Benefit Claimants by Tenure

	Private Rented		Social Rented		Total
	Number	%	Number	%	Number
Hart	900	34%	1,770	66%	2,680
Rushmoor	2,810	42%	3,920	58%	6,730
Surrey Heath	970	32%	2,100	68%	3,070
HMA	4,690	38%	7,800	62%	12,480
South East	210,850	39%	336,070	61%	546,920
England	1,483,710	34%	2,823,900	66%	4,307,610

Source: DWP StatXplore

5.28   Figure 5.13 shows that there are higher numbers of households on housing benefit in Rushmoor compared to Hart and Surrey Heath. This is because of the nature of the housing stock which commands comparatively lower rents and therefore a larger proportion falls within housing benefit levels. There is also a larger social rented sector, where a significant proportion of tenants rely on housing benefit to afford housing. Overall, incomes in Rushmoor are lower than Hart and Surrey Heath and so there is a greater number of household eligible for housing benefit.

Recent Completions

5.29   The Census 2011 recorded almost 109,000 dwellings in the market area. This is an increase of 6,760 since 2001, around a 680 net increase in dwellings each year over the decade. Net completions over the period have been significantly higher than the Census would suggest – at just under 10,000 dwellings according to local authority monitoring data (see Figure 5.14).

Figure 5.14: Net Completions since 2001

Year	Hart	Rushmoor	Surrey Heath	HMA
2001-2002	341	94	131	566
2002-2003	443	273	335	1051
2003-2004	567	165	201	933
2004-2005	642	527	143	1312
2005-2006	527	639	417	1583
2006-2007	396	825	337	1558
2007-2008	229	295	119	643
2008-2009	52	299	341	692
2009-2010	-17	549	34	566
2010-2011	70	251	44	365
2011-2012	326	171	179	676
2012-2013	197	255	217	669
Total 2001-13	**3,773**	**4,343**	**2,498**	**10,614**
Average dpa	**314**	**362**	**208**	**885**
Total 2001-11	**3,250**	**3,917**	**2,102**	**9,269**
Average dpa	**325**	**392**	**210**	**927**

Source: Hampshire County Council

5.30 There is a large discrepancy between the increase in dwellings recorded by the Census over the 10 years since 2001 and those recorded through planning completions. It is possible that some dwellings have been lost over this period (through demolition or conversion) and that not all of these have been recorded by planning. However, it is possible that the Census figures are inaccurate, with perhaps the most likely explanation being that the 2001 Census unrecorded the number of dwellings in each local authority area.

5.31 In terms of dwelling sizes, Figure 15 provides a breakdown for the last 5 years and distinguishes between private and registered providers completions. Comparable figures are not available for Surrey Heath.

5.32 In Hart, over the last 10 years 76% of new dwellings have been houses. In the market sector in Hart, the largest proportion of completions has been 3 bedroom houses, followed by 4 bedroom houses and then equal proportions of 2 and 5 bed homes. In the affordable sector, the largest proportion of completions have been 2 bedroom flats, followed by 1 bedroom flats and 2 bedroom houses.

5.33 In Rushmoor, the majority (59%) have been built as flats. The largest proportion of completions has been 2 bedroom flats, closely followed by 1 bedroom flats. The pattern of market and affordable development in Rushmoor has been very similar.

5.34 In 2012/13 in Surrey Heath, in the market sector 60% of completions were 3 bedrooms or larger. In the social rented sector, all new completions were provided as 1 and 2 bedroom properties. A small number of 3 bedroom intermediate affordable homes were also completed. Data for previous years does not distinguish between market and affordable dwellings. However, since 2001/2 and 2010/11 the largest proportion, and in most years the majority, of new homes were 1 or 2 bedroom properties. This appears to have shifted in the most recent years with larger proportions of 3 and 4 bedroom homes being delivered.

Figure 5.15: Completions by Type and Size, Hart and Rushmoor

	Flats				Houses					
	1-Bed	2-Bed	3-Bed	4-Bed	1-Bed	2-Bed	3-Bed	4-Bed	5-Bed	Total
Hart										
Private	6.9%	2.6%	0.2%	0.0%	1.6%	14.8%	36.9%	22.7%	14.4%	100%
RSL	29.7%	40.2%	0.0%	0.0%	0.0%	20.3%	9.1%	0.7%	0.0%	100%
Rushmoor										
Private	32.4%	33.9%	0.3%	0.4%	0.4%	6.4%	17.9%	7.3%	1.0%	100%
RSL	27.8%	50.2%	0.8%	0.0%	0.0%	3.9%	13.4%	3.8%	0.2%	100%

Source: Hampshire County Council

Conclusion

5.35   There have been dramatic changes in tenure over the last 10 years with the rapid expansion of the private rented sector. These changes are tied very closely to declining affordability and reduction in the stock of social rented accommodation as the PRS has expanded to meet housing needs. The nature of the existing stock, in terms of tenure, type and size also feeds into considerations about the mix of housing that might be required in the future which is taken forward in Section 9.

5.36   The next section presents evidence on house prices, rents and affordability of the housing stock in the market area.

6. House Prices, Rents and Affordability

Summary

Average prices in the housing market area are around £316,000 and have increased by 23% over the last 5 years despite the housing market downturn. There has been more moderate price change in Rushmoor (16% over the last 5 years) but prices in Hart appear to have increased by 32% over the same period.

The most dramatic change in the housing market, following the credit crunch and financial crisis, has been the fall in the number of transactions. Transactions fell by more than half during the market downturn as banks withdrew mortgage products and tightened lending criteria and households held off buying or selling homes due to uncertainty in the economy. Transactions have increased steadily in recent years but remain 23% below the level of 10 years ago in the market area.

Price change over the 4 year period 2008-2012 suggests that lower quartile prices have followed a similar path to average prices. In the market area as a whole, prices increased 20% over this period, despite the market downturn. Again, price growth was lower in Rushmoor. Lower quartile prices are around one third higher than 10 years ago.

Affordability – measured by the relationship between lower quartile house prices and lower quartile earnings - appears to have stabilised in Rushmoor, reflecting more moderate price rises in the Borough. But affordability is poorer in Hart and Surrey Heath and worse than the South East average. Even in Rushmoor, lower quartile house prices are seven times lower quartile earnings.

Households with an income of just under £44,000 would be able to access one of the cheapest properties in Rushmoor. At this threshold, around 45% of households in the housing market area would be able to afford to purchase. Households would need an income closer to £60,000 to afford one of the cheapest properties in Hart and Surrey Heath. At this threshold, 25-30% of households would be able to afford to purchase of the cheapest properties.

Households need an income of £22,300 - £27,300 to afford one of the lowest priced private rented properties in the three authorities. Around 40% of newly forming households in the market area have incomes lower than this threshold and on this basis would be unable to afford one of the cheapest private rented properties.

Given the relationship between rents and household incomes it is unsurprising that 12,500 households in the market area receive housing benefit to enable them to access accommodation.

The number of people claiming housing benefit has increased by over 2,500 since 2009 (an increase of 26%). The majority of the increase in claimants live within Rushmoor and the vast majority of the increase in claimants have been accommodated in the private rented sector. This has knock on effects on the need for affordable housing in the Borough since the PRS does not provide security of tenure and many households continue to seek social rented accommodation to improve their security.

Introduction

6.1   This section analyses current house prices, rents and affordability and past trends. This analysis feeds directly into the assessment of the need for affordable housing. These 'market signals' are also considered in forming a view on the level of objectively assessment housing need.

6.2   House prices, rents and affordability are a product of the demand and supply for housing – evidence of which is presented earlier in this report. There are a number of reasons to analyse house prices:

- Prices and rents are the result of the balance (or imbalance) between the demand for and supply of homes in an area. They provide very clear signals about demand and are often the first sign that changes are happening to the underlying drivers of demand and supply.

- Prices and rents highlight the relative cost of homes in different locations, which is one of the factors that influences migration and commuting patterns alongside employment opportunities.

- Prices and rents allow an assessment to be made of affordability and provides evidence of the extent to which households are priced out of the market and may need subsidised housing.

- It is useful to consider the relative prices of different sized homes, one of the factors which indicates preference or demand for particular sizes of homes and can reflect shortages of certain sizes of properties relative to others.

- The rate of house price change compared to other areas can provide evidence of excess demand pressures or under supply of housing. These 'market signals' need to be taken into account in determining the level of housing required in the area (the level of objectively assessed housing need).

6.3   The rest of this section presents evidence on:

- Price Change

- Affordability of Home Ownership

- Rents and Affordability

- Housing Benefit

Price Change

6.4   Over the last 10 years, prices in the market area have increased by almost 40%. This price growth reflects the mismatch between demand and supply. Increases in the demand for housing, driven by demographic change including falling household size and migration and economic growth resulting in household income growth, have not been matched by increases in the supply of new homes – in part because of constraints such as the Thames Basin Heath Special Protection Area.

6.5   Average prices in the housing market area are currently around £316,000 and have increased by 23% over the last 5 years despite the housing market downturn. There has been more moderate price change in

Rushmoor (16% over the last 5 years) but prices in Hart appear to have increased by 32% over the same period.

Figure 6.1: Average House Prices (Q4 Mean Average) and Change over Last 10 Years

	2003	2008	2013	Change last 5 years	Change last 10 years	% change last 5 years	% change last 10 years
Hart	£245,200	£292,200	£371,000	£78,800	£125,800	32%	51%
Rushmoor	£168,900	£196,700	£224,100	£27,400	£55,200	16%	33%
Surrey Heath	£269,200	£303,100	£357,600	£54,500	£88,400	20%	33%
HMA	£227,500	£264,000	£316,700	£52,700	£89,200	23%	39%
South East	£209,500	£251,800	£288,700	£36,900	£79,200	18%	38%
England	£166,800	£207,400	£252,000	£44,600	£85,200	27%	51%

Source: CLG Housing Statistics 2003-2012; Land Registry 2013

6.6   Average prices do not take into account the mix of properties traded. Increases in average prices over the last 5 years are based on a smaller number of sales and there may have been changes in the mix of properties changes. The differences between Hart and the other two authorities can be explained in part by the higher number of detached properties sold in the District (Figure 6.2).

6.7   The most dramatic change in the housing market, following the credit crunch and financial crisis, has been the fall in the number of transactions. Transactions fell by more than half during the market downturn as banks withdrew mortgage products and tightened lending criteria and households held off buying or selling homes due to uncertainty in the economy. Transactions have increased steadily in recent years but remain 23% below the level of 10 years ago in the market area (Figure 6.2).

Figure 6.2: House Prices by Type, Q4 2013

	Detached		Semi-detached		Terraced		Flat/maisonette	
	Average Price	Sales	Average Price	Sales	Average Price	Sales	Average Price	Sales
Hart	£530,400	190	£298,200	100	£273,300	110	£183,000	60
Rushmoor	£357,400	70	£246,300	130	£207,300	130	£151,400	140
Surrey Heath	£526,400	180	£294,800	120	£242,800	90	£181,200	70
HMA	£500,300	440	£278,000	350	£238,700	320	£166,400	280
South East	£457,200	52,400	£267,300	50,560	£221,100	56,160	£172,400	39,000
England	£343,100	180,310	£211,900	202,140	£211,900	218,760	£254,300	144,400

Source: Land Registry

Figure 6.3: Number of Transactions and Change over Last 10 Years

Annual transactions	2003	2008	2013	change last 5 years	change last 10 years
Hart	2,220	1,210	1,610	34%	-27%
Rushmoor	1,990	1,320	1,630	23%	-18%
Surrey Heath	1,910	1,160	1,450	25%	-24%
HMA	6,120	3,690	4,700	27%	-23%
South East	193,850	108,800	198,100	82%	2%
England	1,108,070	609,840	745,580	22%	-33%

Source: CLG Housing Statistics 2003-2012; Land Registry 2013

6.8   Figure 6.4 sets out lower quartile house prices. Latest (Q4 2013) data is not available for a direct comparison with average price changes. However, price change over the 4 year period 2008-2012 suggests that lower quartile prices have followed a similar path to average prices. In the market area as a whole, prices increased 20% over this period, despite the market downturn. Again, price growth was lower in Rushmoor. Lower quartile prices are around one third higher than 10 years ago.

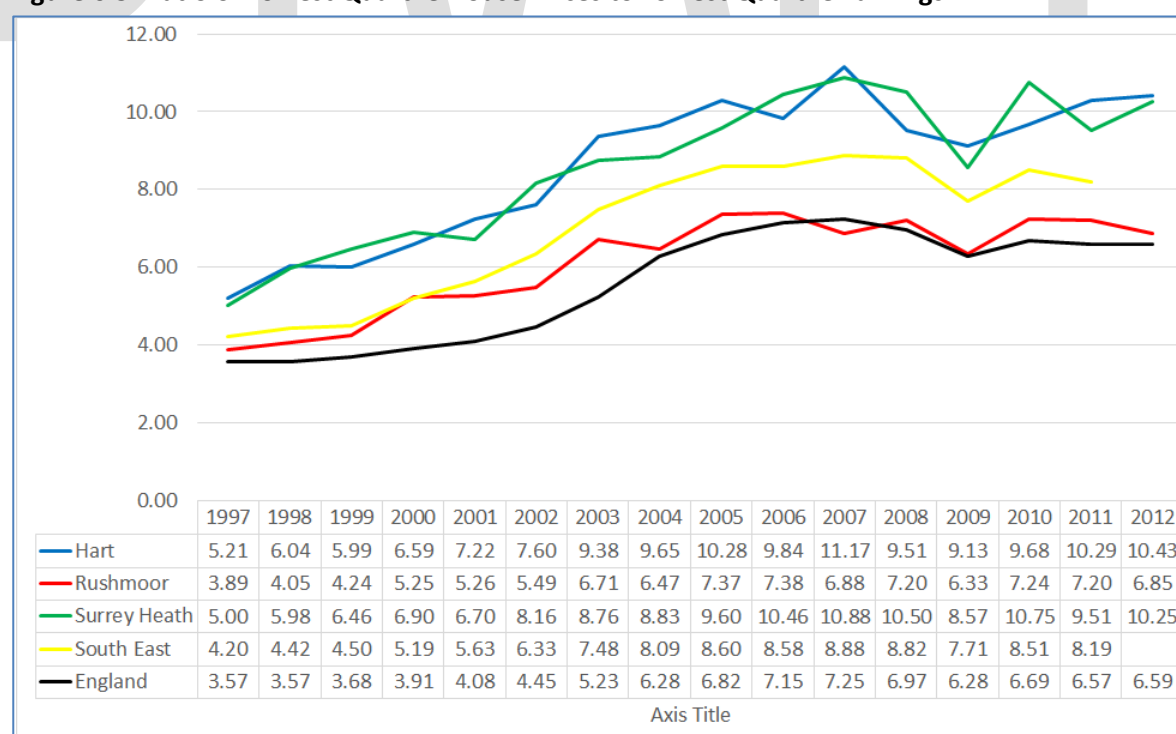**Figure 6.4: Lower Quartile House Prices and Change**

	2012	**2008**	**2003**	**Change 2008-2012**	**Change 2003-2012**
Hart	£229,000	£191,500	£170,000	20%	35%
Rushmoor	£170,000	£152,080	£127,500	12%	33%
Surrey Heath	£225,110	£187,750	£174,950	20%	29%
South East	n/a	£150,000	£132,000	~	~
England	£130,000	£117,000	£88,000	11%	48%

Source: CLG Housing Statistics

Affordability of Home Ownership

6.9   Figure 6.5 gives an indication of how affordability of home ownership has changed over time as measured by the ratio of lowest quartile house prices to lowest quartile earnings. Affordability appears to have stabilised in Rushmoor on this measure, reflecting more moderate price rises in the Borough. Affordability is poorer in Hart and Surrey Heath and worse than the South East average. It is important to keep in mind that this measure is not a true reflection of the affordability of home ownership since those on the lowest 25% of incomes are unlikely to be in the market for home ownership. Nevertheless, it is a useful measure of the change in affordability over time.

Figure 6.5: Ratio of Lowest Quartile House Prices to Lowest Quartile Earnings

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Hart	5.21	6.04	5.99	6.59	7.22	7.60	9.38	9.65	10.28	9.84	11.17	9.51	9.13	9.68	10.29	10.43
Rushmoor	3.89	4.05	4.24	5.25	5.26	5.49	6.71	6.47	7.37	7.38	6.88	7.20	6.33	7.24	7.20	6.85
Surrey Heath	5.00	5.98	6.46	6.90	6.70	8.16	8.76	8.83	9.60	10.46	10.88	10.50	8.57	10.75	9.51	10.25
South East	4.20	4.42	4.50	5.19	5.63	6.33	7.48	8.09	8.60	8.58	8.88	8.82	7.71	8.51	8.19	
England	3.57	3.57	3.68	3.91	4.08	4.45	5.23	6.28	6.82	7.15	7.25	6.97	6.28	6.69	6.57	6.59

Source: CLG Housing Statistics

6.10 Figure 6.6 considers the income households in the market area would need to afford one of the cheapest properties in each of the three authorities. This assumes that households have access to a 10% deposit since this is the minimum that most mortgage products demand. Households with an income of just under £44,000 would be able to access one of the cheapest properties in Rushmoor. At this threshold, around 45% of households in the housing market area would be able to afford to purchase. Households would need an income closer to £60,000 to afford one of the cheapest properties in Hart and Surrey Heath. At this threshold, 25-30% of households would be able to afford to purchase of the cheapest properties.

Figure 6.6: Income Required to Purchase

	LQ prices in Q4 2012	Deposit required (10% of purchase price)	Mortgage required (minus 10% deposit)	Income required (assuming borrow 3.5x income)
Hart	£229,000	£22,900	£206,100	£58,900
Rushmoor	£170,000	£17,000	£153,000	£43,700
Surrey Heath	£225,100	£22,500	£202,600	£57,900
England	£130,000	£13,000	£117,000	£33,400

Source: CLG Housing Statistics, Wessex Economics

6.11 It is important to remember that most existing residents are home owners so income thresholds are less important as many will have equity in their homes – meaning they have larger deposit and lower requirement for borrowing. But the distribution of household incomes implies few new households are able to purchase, unless they can access funding from other sources such as 'the bank of mum and dad'. The problem is obviously more acute for larger properties or family sized homes.

Rents and Affordability

6.12 Households need an income of £22,300 - £27,300 to afford one of the lowest priced private rented properties in the three authorities (Figure 6.7). Around 40% of newly forming households in the market area have incomes lower than this threshold and on this basis would be unable to afford one of the cheapest private rented properties. Figure 6.8 sets out average rents by size of property and show that rental prices for larger properties increase sharply with clear implications for the income required to rent affordably.

Figure 6.7: Income Required to Rent a Lower Quartile Property

LQ Rent Q3 2013 - All Properties	Hart	Rushmoor	Surrey Heath
Monthly Q3 2013	£750	£650	£795
Annual Rent	£9,000	£7,800	£9,540
Affordability threshold: 35% of gross income on rent			
Income required to rent affordably	£25,700	£22,300	£27,300

Source: Valuation Office Agency Private Rental Market Statistics

Figure 6.8: Average Mean Private Rent (monthly) by Property Size, 12 months to Q3 2013

	Room	Studio	1 bed	2 bed	3 bed	4 bed +
Hart	£510	-	£680	£850	£1,110	£1,700
Rushmoor	£410	£540	£660	£810	£990	£1,320
Surrey Heath	-	-	£690	£930	£1,130	£2,050
HMA	£470	£540	£670	£860	£1,080	£1,690
South East	£380	£490	£610	£790	£960	£1,710
England	£350	£590	£620	£690	£780	£1,360

Source: Valuation Office Agency Private Rental Market Statistics. Note: HMA figure is a simple average of the three local authority rents and is not weighted according to the number of properties in each authority.

6.13 The relationship between private rents and households incomes gives an indication of the difficulty for new households entering the market. This has a range of impacts:

- Some of these households will be able to find cheaper properties, though there are likely to be lots of households competing for these.

- Some households may stretch their finances to pay the rent (spending more 35% of their income on rent). This will have knock on impacts on their disposable income and ability to pay other bills including for essentials such as fuel and food.

- Others may be forced to occupy less space than they need – at the extreme, living in overcrowded conditions and sharing properties with other households; there is evidence of quite substantial levels of overcrowding in the PRS in the three authorities.

- Many households will remain 'concealed' – living with family or friends because they are unable to afford to move out.

- A proportion will move to cheaper areas, outside of the housing market area. Though they are likely to have to move some distance to access much cheaper rents.

Housing Benefit

6.14 Given the relationship between rents and household incomes it is unsurprising that 12,500 households in the market area receive housing benefit to enable them to access accommodation. The number of people claiming housing benefit has increased by over 2,500 since 2009 (an increase of 26%). The majority of the increase in claimants live within Rushmoor and the vast majority of the increase in claimants have been accommodated in the private rented sector.

Figure 6.9: Change in Number and Percentage of Housing Benefit Claimants 2009-2013 (August)

	Private Rented		Social Rented		Total	
	Number	%	Number	%	Number	%
Hart	190	26%	260	17%	450	20%
Rushmoor	1,300	86%	270	7%	1,570	30%
Surrey Heath	350	56%	220	12%	570	23%
HMA	1,840	65%	750	11%	2,590	26%
South East	43,450	26%	26,780	9%	70,230	15%
England	350,990	31%	156,540	6%	507,530	13%

Source: DWP StatXplore

Conclusion

6.15 Given the relationship between house prices, rents and incomes in this market area it is unsurprising that a proportion of households are unable to meet their own needs in the market.

6.16 It is important to emphasise that high prices and rents reflect a mismatch between the demand for and supply of housing. Actions to improve the supply of housing in relation to demand, especially if continued over a long time period and in neighbouring market areas across the wider South East, will ultimately have an effect on prices and affordability.

6.17 Whilst the housing market downturn over the last 5 years has eased affordability pressures, the accessibility of homeownership has not improved to the same extent because of tightened lending criteria. There have also been increases in the number of households reliant on housing benefit to access affordable housing – a symptom of high rents as well as difficult economic conditions.

6.18 The next section considers the level of housing supply required to meet demographics requirements, to support the economy in the housing market and to help to address housing needs.

DRAFT

7. Objectively Assessed Housing Need

Summary

To establish the OAHN for Hart, Rushmoor and Surrey Heath, bespoke demographic modelling has been undertaken for the housing market area (defined as the combined area covered by the local authorities of Hart, Rushmoor and Surrey Heath). The aim of this, in accordance with the NPPG is to *'to establish a reasonable, up to date, basis for informing future housing requirements'* in Hart, Rushmoor and Surrey Heath.

While the NPPF expects that the full requirement will be met within the HMA, the NPPF does state the proviso *'…as far as is consistent with the policies set out in this Framework'* (para 47). The SHMA does not extend to answering the question of whether levels of housing provision as indicated by the OAHN can be delivered without breaching this proviso. This question can only be answered by identifying the capacity to deliver new homes in the housing market area, consistent with the overriding requirement for sustainable development.

A 7 step approach has been used to establish the figure for Objectively Assessed Housing Need
- Step 1: The Starting Point: the most recent Government Household Projections
- Step 2: Fitting the Projections to the Plan Period
- Step 3: Updating the Household Projections in the Light of New Information
- Step 4: Prospective Job and Labour Force Growth – the Implications for Housing Requirements
- Step 5: Affordable Housing Requirements
- Step 6: Market Signals
- Step 7: Bringing the Evidence Together

Wessex Economics conclude that the Objectively Assessed Housing Need for the HMA area is for 1,180 homes pa, which equates to 23,600 homes over the period 2011-31. This level of planned provision allows for a significant uplift in employment growth above past trends, and would more than meet the demographically assessed housing requirement (18,500 new homes 2011-31, or 925 homes pa).

The requirement for affordable housing can be met within the proposed OAHN figure identified above (1,180 per annum) when it is assumed the 'backlog' of housing need is addressed over a realistic time period (10 years or more, rather than the 5 years standardly assumed). The shortfall identified in the affordable housing need assessment does not therefore imply a need for a further uplift of the OAHN figure; though it does underline the importance of delivering a higher level of housing supply in the area.

Wessex Economics concludes that market signals do not imply the need for an *additional* adjustment to the OAHN figure of 1,180 homes per annum since this figure has already taken account of the housing needed to meet demographic change and employment growth and it is largely these factors which have driven demand for housing in the past and led to rises in prices and declines in affordability.

In an urban areas as integrated as the Blackwater Valley, the key figure is the overall assessed need for the HMA area, since in both housing and labour market terms the area is very well integrated. The provision of jobs and homes in one local authority area will contribute as effectively to the overall requirement as provision in any other of the authorities. The three authorities in the HMA should plan jointly to determine the distribution of the required level of new homes.

Introduction

7.1 A central part of a Strategic Housing Market Assessment is to establish the objectively assessed housing need (OAHN) within the Housing Market Area, broken down by authority. Objectively assessed housing need (OAHN) is the term used in the National Planning Policy Framework and supporting guidance as representing the totality of housing demand and need in a particular area, with the focus being on the market area rather than an individual authority.

7.2 This section presents the work that has been undertaken on the development of demographic projections for the local authority areas of Hart, Rushmoor and Surrey Heath, and the assessment of housing requirements linked to anticipated employment growth and affordable housing. The evidence presented in this section sets out Wessex Economics conclusions of the scale of OAHN in the Hart Rushmoor and Surrey Heath Housing Market Area in the period 2011-2031.

7.3 Additional methodological information, tables and charts relating to the demographic, household and labour force projections are provided in Appendix 3; with further tables and charts broken down by authority up to for all years up to 2036 contained in Appendix 4. This will allow each local authority to identify the OAHN for their area if they choose a plan date other than 2031.

Guidance on Objectively Assessed Housing Need and the 7 Step Approach

7.4 In undertaking an assessment of objectively assessed housing need it is important to have regard to a number of publications, albeit they vary in the weight that they have been given in various Local Plan Examinations and some have only recently been published. Key documents are:

- The National Planning Policy Framework (NPPF) which sets out the requirement for Local Plans to meet *'the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework' (para 47). Under the section on Plan Making p37, the NPPF sets out in brief the requirement for an evidence base ('adequate, up-to-date and relevant' para 158), including a SHMA (para 159).*

- The NPPF has now been supplemented with National Planning Policy Guidance (NPPG) published in March 2014. This follows on from an earlier (August 2013) draft Guidance, though the key sections relating to the assessment of housing needs has not been substantially altered. The guidance contains a section on the assessment of housing and economic development needs, which addresses the definition of need, the definition of housing market areas and recommended data sources. The emphasis of the guidance is that analysis needs to be 'thorough but proportionate'.

- The Local Government Association, the Planning Advisory Service with Peter Brett Associates published a document in November 2013 *'Ten principles for owning your housing number – finding your objectively assessed needs'*. This is not official guidance, but gives much more detail than the NPPG on the sources of data and methods that can be used in establishing OAHN.

- The Royal Town Planning Institute published a Research Report in January 2014 entitled *'Planning for housing in England: Understanding recent changes in household formation rates and their implications for planning for housing in England'.* This report focuses particularly on the issue of the reliability of the 2011-based interim population and household projections, and suggests adjustments that should be considered in arriving at OAHN.

- The RTPI report refers to and builds upon a previous report published by the Town and Country Planning Association (TCPA) in September 2013 entitled *'New estimates of housing demand and need in England, 2011 to 2031'* prepared by Alan Holmans of the Cambridge Centre for Housing and Planning Research.

7.5   The latter three reports do not have official status, but their recommendations and the issues they flag up regarding the 2011-based interim population and household projections have become very relevant in discussions at Local Plan Examinations around the level of the OAHN, and Inspectors have on occasion taken note of their analysis and recommendations.

7.6   Wessex Economics and Justin Gardner Consulting have jointly developed a methodology that follows both the guidance contained in the National Planning Practice Guidance, and reflects best practice in terms of the assessment of OAHN, taking into account published research and experience gained from Local Plan Examinations. The approach has 7 key steps as shown in Figure 7.1 on the next page.

7.7   The first three steps of the 7 Step Approach is to develop a full up-to-date set of population and linked household projections. These start with the most recent Government population and household projections, but work is then needed to develop a set of projections that are aligned with the period to be covered by the Local Plans that the SHMA is designed to inform.

7.8   Consideration needs also to be given as to whether there is research evidence to suggest that the latest government projections, because they embed and reflect past trends, do not fully take into account trends likely to manifest themselves in the relevant Plan period. In the process of preparing this SHMA particular consideration is given to household formation rates and whether they have been suppressed in the recent past (see Section 3, pages 8 and 9, National Planning Policy Guidance)

7.9   National Planning Policy Guidance sets out the importance of the need to consider the likely change in job numbers based on past trends and/or economic forecasts. This study examines both past trends and current employment forecasts, and examined the implications of different job growth scenarios for labour demand and the implication for housing requirements (Step 4 of the 7 Step Approach).

7.10   National Planning Policy Guidance also requires that an assessment be made of the need for affordable housing. Section 8 of this assessment sets out evidence on the need for affordable housing in the market area. The NPPG indicates (p17) that 'an increase in the total housing figures….should be considered where it could help deliver the required number of affordable homes. So Step 5 is to consider whether the need for affordable homes does trigger a requirement to boost provision of new homes above the level indicated by the requirement to plan for planned household growth and possible employment growth.

7.11   Step 6 of the approach to determining at Objectively Assessed Housing Need, before bringing all the evidence together (Step 7), is to examine market signals such as house prices, rents, affordability, overcrowding etc. Unlike other elements of the analysis, there is no easy link between the evidence base and the impact of building more homes. At the national level attempts have been made to assess how increasing the delivery of new homes will reduce the long term average rate of real house price inflation (see the Barker Review of Housing Supply), but these assessments cannot be sensibly undertaken at local level. Market signals therefore provide contextual information, rather than directly helping to determine an appropriate level of OAHN.

Figure 7.1: The 7 Step Approach to Determining Objectively Assessed Housing Need

Step 1: The Starting Point: the Most Recent Government Housing Projections - currently the CLG 2011-based interim Household Projections to 2021

Step 2: Fitting the Projections to the Plan Period - which has entailed extending the CLG 2011-based interim Household Projections to 2031 and 2036

Step 3: Up-Dating the Household Projections in the Light of New Information - adjusting for more recent population data and analysis of household fomation

Step 4: Prospective Job and Labour Force Growth: Implications for Housing Requirement. Is there a need for extra housing to boost labour supply?

Step 5: Affordable Housing Requirements - is there a need to boost over housing delivery to secure sufficient affordable housing?

Step 6: Market Signals - do market signals such as house prices and affordability indicate a need to increase housing supply?

Step 7: Bringing the Evidence Together - what is the overall objectively assessed requirement for housing in the light of all the evidence

7.12   In establishing the OAHN for Hart, Rushmoor and Surrey Heath, it is important to appreciate that the aim of the analysis is to establish, in accordance with the NPPG's requirements, 'a reasonable, up to date, basis for informing future housing requirements'. The analysis is essentially taken for the Housing Market Area as a whole comprising Hart, Rushmoor and Surrey Heath. Although figures are broken down by local authority, the NPPF's expectation is that the full requirement of OAHN will be met within the HMA.

7.13   However the NPPF does caveat the requirement to meet the full OAHN within the HMA with the proviso '...as far as *is consistent with the policies set out in this Framework'* (para 47). This report does not

extend to answering the question of whether levels of housing provision as indicated by the OAHN can be delivered without breaching this proviso. This question can only be answered by identifying the capacity to deliver new homes in the HMA area, consistent with the overriding requirement for sustainable development.

Step 1: The Starting Point: Government's Most Recent Housing Projections

7.14   National Planning Practice Guidance states that *'household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative ('headship') rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data.'*

7.15   At the time of writing (May 2014) the most recent projections are the ONS 2011-based 'interim' subnational population projections (SNPP) and the 2011-based 'interim' household projections from CLG (which are directly based on the SNPP). The projections are 'interim' in the sense that they were produced at speed to capture the findings of the 2011 Census, but not all the embedded assumptions were reviewed and updated. The projections only run to 2021. It is anticipated that a full set of (2012-based) population and household projections are likely to be issued this year (2014).

7.16   The 2011-based interim projections provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The SNPP is also a good source of data as it uses a 'multi-regional' model that studies migration movements by age and sex between all local authorities in England. The SNPP is, however, limited by the accuracy of data underpinning it such as migration which is notoriously difficult to measure accurately – particularly at small area levels.

7.17   Figure 7.2 shows projected household growth in the three local authorities derived from the 2011-based CLG Projections. These projections cover the 10-year period to 2021 and anticipate that the number of household in the HMA area will increase by 7,750 households between 2011 and 2021. This represents a 7.3% increase in the number of households, a level of increase below the average growth expected in the South East (10.8%) and nationally (10.0%). Rushmoor in particular shows a low level of projected household growth – just 5.2% over the decade. Within the HMA area the highest figure is for Hart (10%) which is in-line with the national average, but below the regional figure. Prima facie, given the area is one of economic buoyancy, this suggest an historic constraint on housing supply.

Figure 7.2: Projected Household Growth 2011-21 – CLG 2011-based Household Projections

	Hart	Rushmoor	Surrey Heath	HMA
Households 2011	35,757	36,559	33,632	105,948
Households 2021	39,315	38,442	35,938	113,695
Change in households 2011-21	3,558	1,883	2,306	7,747
% change from 2011	10.0%	5.2%	6.9%	7.3%

Source: CLG 2011-based household projections

Step 2: Fitting the Projections to the Plan Period - Extending the Projections to 2031

7.18   The 2011-based interim Household Projections only cover a ten year period to 2021. The National Planning Practice Guidance expects plan-makers to assess trends after 2021 in order to inform plan making for periods beyond 2021. In this study the 2011-based Household Projections have been extended to provide projections to 2031 and 2036.

7.19   The 2010-based ONS SNPPs have been used as the key source of data on which to extend the household projections to 2031 and 2036. The 2010-based projections have been used as these look beyond 2021 (running through to 2035). They are consistent with the 2011-based projections, which are an update to 2010-based figures rather than a full remodelling of underlying demographic trend information.

7.20   Over the longer period, levels of net migration in all three areas are expected to change. In the case of Rushmoor, the ONS projections show a reduction in net out-migration; whilst for Surrey Heath the data goes from a small level of net out-migration to a small level of net in-migration. Hart, experiences net in-migration throughout the period to 2031, but at an increasing rate over time.

7.21   Changes in migration patterns are closely related to the changing age structure in the HMA and its component parts; and also to the changing age structure in those areas from which migrants from the HMA come, and to which HMA migrants go. For example, if an area typically has a high level of in-migration in the 15-24 age group, but at the national level this group is declining in size (which is the case in England in the short-term), then it can be expected that in-migration to the study area will decline.

7.22   On the other hand if the population of a particular area, and the areas which are the source or destination of migrants to the area under study, is ageing then migration is likely to fall. This reflects the fact that older population groups are less likely to move than younger age groups. The impact of change in the age structure of local populations on migration is complex, but is likely to be fairly well reflected in changes the migration levels projected by ONS.

7.23   Extending the 2011-based SNPP and CLG Projections to 2031 gives rise to an estimated housing requirement for around 15,800 homes over the entire period 2011-31, which translates to an annual requirement of 790 homes pa (see Figure 7.3). These figures include an uplift to allow for the fact that

some homes will be vacant and that others will be second homes, so that the overall housing requirement is somewhat greater than the increase in households.[9]

Figure 7.3: Extending the SNPP/CLG Projections to 2031

	Hart	Rushmoor	Surrey Heath	HMA
Households 2011	35,760	36,560	33,630	105,940
Households 2031	42,220	40,830	38,170	121,220
Change in households	6,460	4,270	4,550	15,280
% change from 2011	18.1%	11.7%	13.5%	14.4%
Housing Requirement	6,650	4,430	4,710	15,790
Housing Requirement (per annum)	330	220	240	790

Source: Wessex Economics (rounded to nearest 10)

Step 3: Updating the Household Projections in the Light of New Information

7.24   Step 2 presented above indicates a need for 790 homes per annum to 2031 in the Hart, Rushmoor and Surrey Heath Housing Market Area. The National Planning Practice Guidance (p8) indicates that 'the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.' The RTPI report and the LGA/PAS/PBA document makes the same point, that there are potential weaknesses in relying solely on the 2011-based projections as a basis for arriving at OAHN.

7.25   It is thus appropriate next to interrogate further these projections and in particular to ask: 'are the CLG/ ONS Projections reasonable as an assessment of demographic trends?' It is particularly pertinent to take account of data published since the underlying ONS 2011-based SNPP were published. It is also important to consider whether the data feeding into the ONS/CLG projections properly reflects past trends, and whether trends of the immediate past can be expected to continue throughout the period to 2031.

7.26   The key additional sources of data include:

- 2011 Mid-Year Population Estimates (which look at components of change such as migration from 2001-11 and have been rebased to take account of Census population estimates)

- 2012 Mid-Year Population Estimates which were published in June 2013 and contain estimates of migration for 2011-12

- The research published at a national level on supressed household formation during the decade 2001-2011 and whether household formation rates will return to long term trend patterns.

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[9] The uplift to projected numbers of households to arrive at the estimate of housing requirements is 2.9% for Hart; 3.8% for Rushmoor; and 3.6% for Surrey Heath, based on the number of empty homes and second homes in each authority as recorded by the 2011 Census.

7.27 Consideration is given to the impact of the range of more recent data and research under four headings as follows:

- Changes in Net Migration and the Impact of Levels of Housebuilding

- Treatment of ONS identification of Unaccounted for Population Change (UPC)

- Revised Population Projections based on Revised Net Migration and UPC Allowance

- Household Formation Rates

Changes in Net Migration and the Impact of Levels of Housebuilding

7.28 Population projections typically assume that the pattern of net migration into or out of an area will reflect actual net migration as recorded over a five year period just prior to the date at which the projection starts. However level of migration and the pattern of net migration can change over time, so this is a factor that can lead actual population growth to diverge significantly from projected growth.

7.29 It is important therefore to examine the base assumptions embedded in ONS population projections and to see whether more recent data would suggest a need to adjust population projections in the light of recent trends. In deciding whether this is appropriate it is important to consider why migration patterns may have changed and whether this is a lasting or short lived trend.

7.30 The recent ONS Mid-Year Estimates suggest that migration in the HMA has shifted from net in migration in the period 2005-10 (the period studied by ONS for their Subnational Population Projections) to net out-migration from the HMA area of 365 persons in the period 2007-12 (see Figure 7.4).

Figure 7.4: Net Migration 2001-2012

Year	Hart	Rushmoor	Surrey Heath	HMA
2001/2	420	-1,726	-277	-1,583
2002/3	587	-775	194	6
2003/4	813	-1,368	238	-317
2004/5	913	-96	290	1,107
2005/6	980	29	521	1,530
2006/7	608	-198	413	823
2007/8	331	-300	-346	-315
2008/9	38	-1,036	157	-841
2009/10	-132	-322	197	-257
2010/11	-3	-175	183	5
2011/12	158	-479	-95	-416
Average (2005-10)	365	-365	188	188
Average (2007-12)	78	-462	19	-365

Source: ONS

7.31   The pattern of migration from the individual authorities varies. In the period 2007-12, the data shows a small level of net in-migration to Hart and Surrey Heath along with substantial net out-migration from Rushmoor. Although it is difficult to pin down exactly the reasons for these patterns there is some evidence from the age structure of migrants that Rushmoor attracts childless adults in their 20s; while Hart and Surrey Heath are more likely to see migration of families with children – some of whom may be moving from Rushmoor.

7.32   These patterns of age-specific migration would tend to support higher net in-migration levels in Hart and Surrey Heath compared to Rushmoor. Thus, Hart and Surrey Heath may attract in-migrant families from quite a wide area (London, Greater South East), while Rushmoor exports families. Whilst this may in part explain the patterns observed, it should be remembered that migration flows are complex and are driven by population change in a far wider area than simply the HMA (including with London and abroad).

7.33   This information might suggest that there might be a case for downward adjustment of the ONS/CLG Projections. However to do so would require an understanding of the reasons for change from net in-migration to net out-migration in the recent past and whether this is likely to continue into the future or might be reversed; or whether it is a product of particular circumstances unique to the 2007-12 period – which broadly maps onto the 5 years of recession and poor economic growth.

7.34   In looking at this issue, the relationship between housing completions and net migration has been examined. Figure 7.5 shows that there is a reasonably strong relationship between completions and net migration. This would suggest that underlying levels of migration are not just linked to demographic trends but are also influenced by the delivery of new homes. There is evidence that in-migrants are relatively more likely to buy new homes than local home movers.

7.35   On balance, Wessex Economics take the view that it would be unsafe to assume that the trend level of migration recorded for 2007-12 is more representative of future migration patterns than the trend for 2005 -10, which covers a period of both high economic activity in the housing market, and the downturn. No adjustment has therefore been made to the trend levels of migration feeding into the modelling from those in the SNPP Projections. Were one to do so, this would effectively assume that housing market conditions experienced over the last few years are perpetuated moving forwards.

Figure 7.5: Plot of Relationship Between Net Migration and Housing Completions (since 2001/2)

Year	Completions	Net migration
2001/2	566	-1,583
2002/3	1,051	6
2003/4	933	-317
2004/5	1,312	1,107
2005/6	1,583	1,530
2006/7	1,558	823
2007/8	643	-315
2008/9	692	-841
2009/10	566	-257
2010/11	365	5
2011/12	676	-416
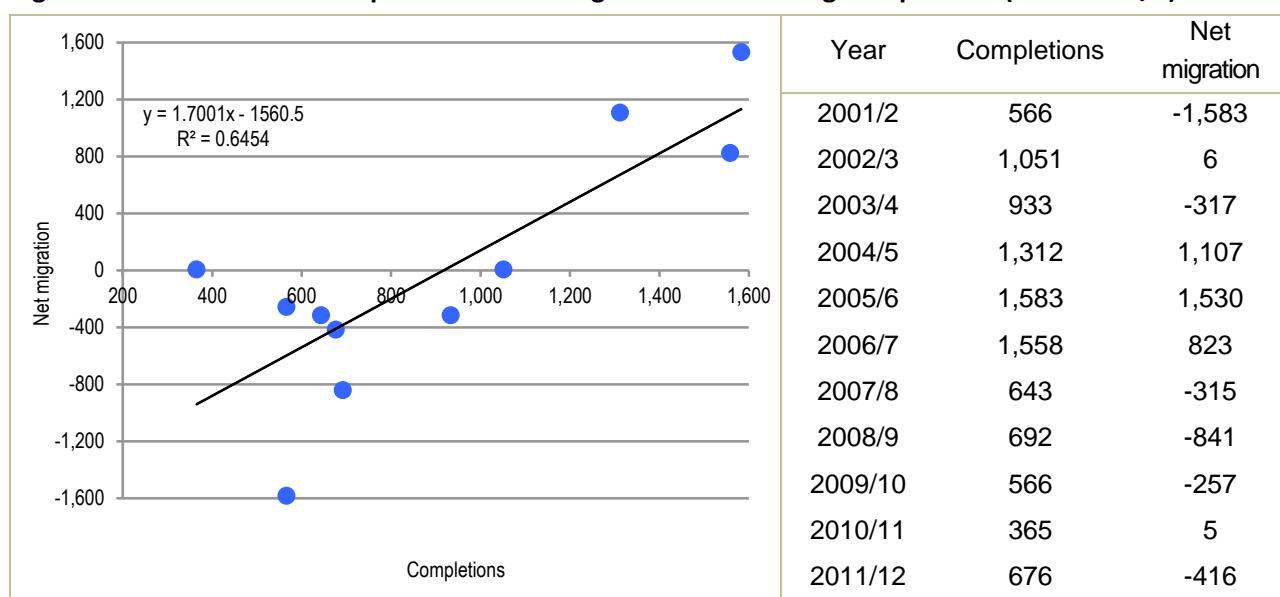
Source: Annual Monitoring Reports and ONS

Conclusion on Net Migration Patterns:

Net migration in the HMA has quite variable over time; data for the period 2007-12 indicate net out-migration from the HMA, while data for the period 2005-10 period (which feeds into the latest SNPP) indicate that there has been significant net in-migration to the HMA area. Wessex Economics' assessment is that lower levels of migration have to some degree been influenced by much reduced levels of housebuilding. It is therefore considered that the higher trend (2005-10) is more realistic for demographic modelling moving forward and that the latest ONS projections can be used as a reasonable start point for studying future population growth.

Treatment of ONS identification of Unaccounted for Population Change

7.36   The SNPP which feed into the CLG 2011-based interim Household Projections were published before Mid-Year Population Estimates had been recalibrated to be consistent with population information in the 2011 Census. The recalibrated Mid-Year Population Estimates for the HMA indicate that over the period 2005-10 population growth in the HMA has on average been under-estimated by around 284 people per annum.

7.37   This is recorded by ONS as being within an 'other unattributable' population category. This under-estimate could be related to incorrect counts of the population in either the 2001 or 2011 Census, or both. It might reflect patterns of change in groups of people with atypical patterns of movement, for example military personnel, or prisoners. However the most likely reason is that the under-estimate in the SNPPs is, at least in part, due to the under-recording of migration.

7.38   To develop a projection taking account of the apparent under-estimation of population growth Wessex Economics has considered how ONS might treat this data. Past projections developed by ONS have not taken into account the under or over recording of population growth in previous Mid-Year Estimates

once data is rebased to Census information.   There has been no attempt to adjust trend rates of migration.

7.39   In January 2014, as part of consultation on the methodology for the 2012-based subnational population projections, ONS stated that it does not intend to take account of 'unattributable' population change (UPC) in the next round of projections due to be published later in 2014.

7.40   However Wessex Economics considers it is important when developing trend-based projections to draw on as much relevant information as possible and that some adjustment is justified to take account of apparent under- or over-estimations of population growth.

7.41   In Hart the position as regard the SNPP and revised Mid-Year Estimates is that the level of population growth has been over-estimated by 137 people per annum over the 2005-10 period on average; whilst for Rushmoor and Surrey Heath there has an under-estimation of 295 and 126 people per annum respectively.

7.42   In developing a trend-based projection Wessex Economics have therefore used the data on unattributable population change for the period 2005-10 and made an adjustment to migration trends. The assumption made is that half of the unattributable population change can be attributed to migration estimates, with the remaining half accounted for by other factors (such as the accuracy of Census data).

7.43   The use of half of the unattributable population change is arbitrary but is consistent with ONS analysis at the national level which suggests that about half of the difference between the 2011 Census and previous mid-year estimates (produced by rolling forward from 2001) has been attributed to underestimation of migration.

Conclusion on Treatment of Unattributable Population Change

In taking account of the full range of demographic data published by ONS Wessex Economics have considered Unattributable Population Change; this is the difference between actual population growth shown by the Census (from 2001 to 2011) and the level of growth shown when adding the recorded components of change together (i.e. births, deaths and migration estimates). Whilst ONS does not currently propose to include a factor for Unattributable Population Change in the next round of population projections (the 2012-based SNPP) Wessex Economics have made an allowance for this element of population growth. The core demographic projection has been adjusted slightly from the 2011-based SNPP to take account of Unattributable Population Change.

Revised Population Projections based on Revised Net Migration and UPC Allowance

7.44   Figure 7.6 shows the outputs from the updated SNPP based projection based on the two adjustments discussed above. This shows a housing requirement for 850 homes per annum over the 20-year period from 2011 to 2031. This housing requirement is 8% higher than was shown when extending the 2011-based projections to 2031, an uplift of 60 homes per annum.

7.45 The estimated figures in Rushmoor and Surrey Heath are higher than the previous projection, with the housing requirement for Hart coming out at a somewhat lower level. These changes reflect the differential impact of the adjustments made for population growth when compared to the data contained in the SNPP.

Figure 7.6: Updated SNPP/CLG Projections to 2031

	Hart	Rushmoor	Surrey Heath	HMA
Households 2011	35,760	36,560	33,630	105,940
Households 2031	41,700	42,020	38,670	122,380
Change in households	5,940	5,460	5,040	16,440
% change from 2011	16.6%	14.9%	15.0%	15.5%
Housing Requirement	6,110	5,670	5,230	17,000
Housing Requirement (per annum)	310	280	260	850

Note: figures rounded to nearest 10

Household Formation Rates

7.46 The migration data points to the ONS 2011-based SNPP as being broadly reasonable (subject to an adjustment to take account of over- and under-estimation of population growth in the past). However the other key element in estimating the growth in the number of households in the HMA is to consider whether the 2011-based interim CLG household projections are soundly based, particularly if extended beyond 2021. It is also important to consider the extent to which household formation in the HMA may have been constrained

7.47 The key issue is that if household formation has been suppressed over the 2001-11 decade, trend-based projections such as the CLG 2011-based Household Projections will project this forward. It is important to bear in mind that in the latter three years of the 2001-11 period, household formation may have been subject to particular constraint by factors such as lack of confidence; falling real household incomes; constraints on mortgage lending; and related to this a fall in transactions volumes in the housing market.

7.48 There is evidence in the HMA of suppressed household formation with the average household size in 2011 being significantly above the level projected in earlier 2008-based CLG household projections. The 2008-based CLG projections were developed from trends in a comparatively buoyant period in the housing market and reliant to a greater extent on long-term trends in household formation between 1971-2001.

7.49 Figure 7.7 shows the actual pattern of change in average household size between 2001 and 2011 (the blue line). The red line shows the projected pattern of change as embedded in the 2008-based CLG Household projections. In contrast to a significant reduction in average household size anticipated by the 2008-based CLG household projection in the period 2001-11, average household size has actually increased in the HMA area.

7.50   However whilst there is evidence that average household sizes have not fallen as previously expected, it is not entirely clear to what extent this is due to households being unable to form and how much might be due to other factors.

Figure 7.7: Average Household Size with Different Projections
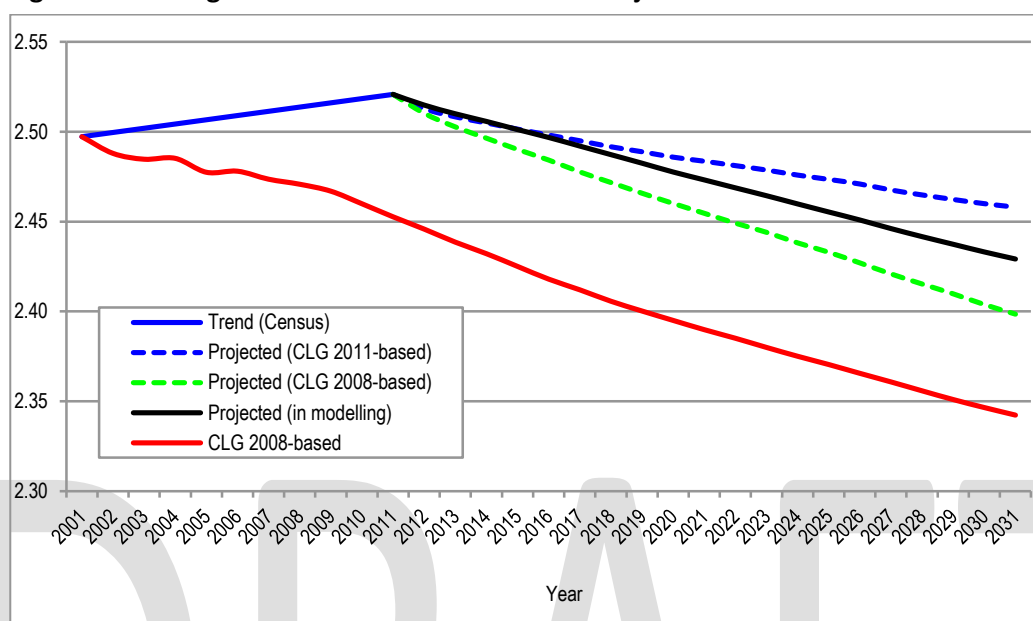
Source: Wessex Economics Analysis of ONS and CLG

7.51   A recent (September 2013) study[10] produced by the Cambridge Centre of Housing and Planning Research (CCHPR) on behalf of the TCPA shed some light on this issue, stating:

'The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part, but not all, of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse.'

7.52   In effect the 2011 Census showed that, at a national level, household formation over the 2001-11 period was lower than predicted in the previous (2008-based) Household Projections. On the basis of the CCHPR analysis it can broadly be suggested that around half of the lack of expected households is due to market factors, with roughly the other half attributable to 'one-off' issues linked primarily to international migration and the lower propensity of migrant families to form households compared with the rest of the population.

7.53   In modelling data for the HMA Wessex Economics have taken the pragmatic approach that future household formation will fall at the mid-point between figures in the 2011-based CLG projections

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[10] http://www.cchpr.landecon.cam.ac.uk/Downloads/HousingDemandNeed_TCPA2013.pdf

(which appear to project forward a trend of constraint) and the data in the 2008-based figures which reflect an era of more easy access to mortgage finance, an environment where younger adults are not indebted with student loans, and perhaps shifting attitudes to sharing housing and the age at which people establishing independent households. Figure 7.7 shows in graphical terms the projected change in average household size based on the assumptions.

Conclusion on Average Household Size

Analysis of data about average household sizes suggests that there has been some degree of constraint in household formation over the decade to 2011. The 2011-based CLG projections appear to also be building in some degree of constraint moving forward when compared to older 2008-based projections. To develop an unconstrained projection moving forward Wessex Economics have used a household formation rate that falls between the trends shown in the 2011- and 2008-based CLG projections. A midpoint reflects analysis carried out by CCHPR which recognises that about half of the lack of change in household sizes is due to market factors (which can be expected to improve) and half due to growth in BME communities and international migration (which if continued into the future will see continued moderation in the rate of household size decline).

7.54   Figure 7.8 shows the anticipated requirement for new homes based on the revised demographic data and updated assumptions with respect to household formation. This raises the requirement for new homes from the 17,000 (850 dwellings pa) shown in Figure 6 to 18,500 (c925 dwellings pa). Wessex Economics regard this 18,500 figure as the most robust projection of future housing requirements in the HMA area, based on the demographic requirements of the area.

Figure 7.8: Updated SNPP/CLG Projections to 2031– Reduced Household Formation Constraint

	Hart	Rushmoor	Surrey Heath	HMA
Households 2011	35,760	36,560	33,630	105,940
Households 2031	42,320	42,400	39,120	123,840
Change in households	6,560	5,840	5,490	17,890
% change from 2011	18.3%	16.0%	16.3%	16.9%
Housing Requirement	6,750	6,060	5,690	18,500
Housing Requirement (per annum)	340	300	290	925

Note: figures rounded to nearest 10

Step 4: Prospective Job and Labour Force Growth

7.55   The National Planning Practice Guidance sets out that *'plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth in the working age population in the housing market area … Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.'*[11]

7.56   This step in the process of establishing Objectively Assessed Housing Requirement is qualitatively different to the previous steps that focus on establishing a robust basis in terms of anticipated demographically driven requirements for new homes. Despite the detailed discussions presented above about demographic projections and assumptions, inherently demographic change is more readily predictable than the economy and employment. The economy and related levels are inherently difficult to predict – as demonstrated by the continual revisions to forecasts for the UK economy over the past 5 years.

7.57   The NPPG guidance is also less prescriptive about the approach to be taken to taken to the assessment of the housing implications associated with employment growth. As shown in the extract from the NPPG above (para 55), it indicates that assessment can be made on the basis of past trends and/or future forecasts. Recognition also needs to be given to the fact that the local labour market can respond in multiple ways to an increase in labour demand. Only some of those responses generate a requirement for additional housing.

7.58   The approach to assessing the housing implications of economic and employment growth is therefore qualitatively different to that which is appropriate to assessing the housing requirements arising from demographic growth. It is inherently less amenable to statistical analysis and reliant to a greater extent on professional judgement.

7.59   The approach to the assessment of any housing requirements arising out of anticipated employment growth is discussed under the following headings:

- Trend and Forecast Employment Growth

- Scenario Analysis and the Implications for Housing

- Past Performance vs Future Forecasts

- The Scope for Labour Market Adjustment over a 20 Year Time Frame

- Market Adaptation and Policy Objectives

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[11] Page 10,Government Planning Practice Guidance, Housing and Economic Development Needs Assessment, March 2014

Trend and Forecast Employment Growth

7.60   To understand the potential interaction between the housing market and economy it is important to examine whether in broad terms the anticipated change in the workforce over time, assuming delivery of the level of housing required based on the demographic projections (925 dwellings pa), is consistent with anticipated levels of employment growth.

7.61   For the purposes of this report Wessex Economics have examined the labour force aspects of anticipated demographic growth and, in accordance with the guidance, compared these with trends in employment growth for the pre-recessionary decade 1998-2007; and also with a set of baseline forecasts from Experian, prepared in December 2013.

7.62   Figure 3 in Section 4 sets out the past pattern of job growth in the HMA area and the broader West Surrey-North Hampshire broken down by authority over the period 1998-2012. Figure 7.9 reproduces the data for 1998-2008 for the HMA authorities in terms of average annual growth in employment over the period. For the purposes of policy making it is much more robust to focus on the total figures for the HMA than the figures for the individual authorities. As noted previously, the HMA is highly integrated with very significant commuting flows between the three authorities that make up the Housing Market Area.

7.63   Figure 7.9 shows that over the period 1998-2008, a period of strong economic and employment growth nationally, employment in the HMA area grew by around 650 jobs pa. In the recessionary period 2009-2012 employment in the HMA area fell with job losses averaging 60 a year. On the basis of past trends it would be reasonable to plan for recovery of employment lost over the past 4 years, and a return to job growth of the order of magnitude of 700 jobs pa.

Figure 7.9: Past Trends in Employment and Employment Forecasts – Job Change per annum

	ABI Employment Growth pa - employees	BRES Employment Growth pa - employees	Experian Forecast Job Growth pa - employees	Experian Forecast Job Growth pa - employees & self employed
	1998-2008	2009-12	2011-31	2011-31
Hart	540	-25	360	460
Rushmoor	220	-460	510	660
Surrey Heath	-100	420	380	430
HMA	650	-60	1,250	1,560

Source: Annual Business Inquiry, Business Register and Employment Survey, Experian December 2013 Forecasts

7.64   Wessex Economics has also accessed employment forecasts by Experian which cover the period 2011-31. The Experian forecasts provide an indication of the expected job growth at a local authority level. In the HMA area as a whole, the forecasts suggest that between 2011 and 2031, some 25,000 additional jobs (excluding the self-employed) will be created in the HMA, with the largest number in Rushmoor (10,200), followed by Surrey Heath (7,600) and Hart (7,250). This represents an average annual growth in employment of around 1,250 jobs (see Figure 7.9).

7.65   If the self-employed are taken into account, then Experian estimate that 145,000 people were working in the HMA area in 2011, and that this will increase to 176,200 by 2031, an increase of all persons in work of 31,200 people. The issue of whether it is appropriate to include the self-employed in the total

count of 'jobs' is discussed later on in this section, but this forecast figure is included to allow testing of different scenarios.

7.66   Wessex Economics is aware of the work undertaken by Regeneris Consulting for the Enterprise M3 LEP, and published as a consultation document in March 2014 entitled Enterprise M3 Housing Evidence Study. This study covers a wide brief, and generates a set of housing requirements linked to the same Experian forecasts as used in this study. Regeneris state their view that 'these forecasts appear optimistic, particularly in the forecast recovery in the economy over the next 5 to 10 years'[12] .

7.67   There are significant differences in the approaches adopted in this study and the Regeneris study to modelling the housing requirement arising from a given level of forecast employment growth. The most significant of these differences is the assumption made by Regeneris that economic activity rates do not change, while Wessex Economics expect that economic activity rates will continue to increase over time in line with past trends.

Scenario Analysis and the Implications for Housing

7.68   Wessex Economics has tested three scenarios in terms of employment growth to identify whether anticipated employment growth increases the overall requirement for housing over and above the assessed requirement arising from demographic projections and by how much. These three scenarios are:

- Scenario 1: The Historic Trend Scenario – which is based on an increase of 700 jobs pa 2011-31, which gives rise to an 10% increase in jobs over the 2011-31 period[13.] This reflects the pace of job creation in the HMA between 1998 and 2008, plus an allowance to make up for job losses 2009-12 and a modest further uplift in employment creation – either self-employment or employee jobs of 760 jobs.

- Scenario 2: The Central Scenario – which is based on an increase of 1,130 jobs pa – whether employed or self-employed; this gives a total increase in employment of some of around 22,600 people in employment in the HMA area over the period 2011-31, which represents an 16% increase on the existing base of employment.

- Scenario 3: The 2013 Experian Jobs and Self Employment Scenario – which is based on an increase of 1,560 people pa in employment or self-employment in the HMA. This represents a 24% increase in jobs over the 2011-31 period. Around 20% of the total increase is associated with an increase in the number of self-employed people. This provides an upper range of any labour force requirements.

7.69   The first and third scenarios effectively provide bookends for the scenario testing.

- The first scenario fulfils the requirement set out in NPPG to test the requirement for additional homes against trend projections of job growth. In Wessex Economics view it would not be appropriate to plan for a lower level of job creation than achieved in the period 1998-2008.

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[12] Para 3.15, page 33, Enterprise M3 Housing Evidence Study, Regeneris Consulting, March 2014
[13] On the basis of 2011 Employment (BRES) and Self Employment (2011 Census), which gives a 2011 base of 141,000 people in jobs or self-employed in the SHMA area

- In Wessex Economics assessment, the third scenario is likely to represent the very highest level of likely job growth that might be achieved, but there are good grounds for regarding the achievement of this scale of job growth as unlikely.

- Scenario 2, based on the creation of 1,130 jobs pa is the mid-point between Scenario 1 and Scenario 3. National Planning Policy Guidance encourages consideration of both historic trends and forecasts, and in the SHMA area these are radically different. This scenario is an ambitious scenario which aims for a significant uplift in job creation over and above trend levels, and aligned quite closely with the Experian forecast of increase in employee jobs (1,250 jobs pa), as distinct from employee jobs *and* the increase in self-employment which is the basis for Scenario 3. There are particular reasons for questioning the projected level of self-employment embedded in the Experian forecasts and whether the self-employed are a source of labour supply or demand. This issue is discussed later in this section.

7.70 To determine whether each of these scenarios calls for an increase in the provision of housing over and above that which emerges from the demographically assessed need for housing, the following modelling procedure has been adopted.

- The assumed percentage increase in employment over the period 2011-31 has been calculated. It is assumed for the purposes of scenario analysis that a similar percentage increase will be required in the working age population in work.

- Any shortfall in the working age population in work is assumed to give rise to additional housing requirement. This is worked back into the demographic projections in order to establish the increase in households and new homes required.

7.71 This workforce driven demographic modelling generates a requirement for between 925 new homes pa in the HMA under Scenario 1 (18,500 new homes over the period 2011-31) to 1,390 new homes pa (17,800 new homes over the period 2011-31) under Scenario 3. Scenario 2 generates a requirement for 1,180 new homes pa in the HMA (23,600 new homes over the period 2011-31).

7.72 It is important to appreciate the underlying assumptions have been made in arriving at these estimates of housing requirements. There are in essence three key assumptions in the modelling:

- **Economic Activity Rates:** Economic activity rates are a measure of the proportion of the working age population that are in work, training or seeking work. In general economic activity rates have been increasing over the last two decades, and it has been assumed that this pattern of increasing economic activity rates will continue. In past two decades economic participation has been increasing among women and those aged 50 and over. In the future, it is expected that increases in economic activity rates will be associated with people working longer as the pensionable age increases, as pension incomes come under pressure, and as more people stay fit and active into older age. The modelling undertaken therefore assumes that there will be some increase in employment rates in the period to 2031.

- **Net Commuting:** The available workforce in a particular locality is also affected by the net commuting balance. If an area experiences strong employment growth compared to other areas, the demand for workers may lead people who currently commute out of the area to take up jobs in the area. The additional demand for labour may also draw in workers from outside the area. This may put

existing infrastructure under pressure but, as the Government Practice Guidance implies, the answer to this may be to improve the infrastructure to allow people to access jobs rather than building more homes in the area where jobs are being created. For the purposes of the scenario testing, the approach taken has been to assume that the net commuting balance of the area remains unchanged, though the flows in and out will increase as population increases under these scenarios.

- **Part Time Working and Double Jobbing:** The makeup of employment in terms of full and part time jobs in an area may change over time. There can be scope to meet an increase in demand for labour though an increase in full time employment at the expense of part time jobs. If part time employment grows then it may be possible for the growing number of jobs to be filled by people doing more than one job – a practice known as double jobbing. The effect of either of these effects is that the number of jobs in an area can increase without a requirement for an increase in the labour force (or a reduced requirement to what might have been expected). Little accurate information is available on double jobbing. The approach adopted in the modelling is to assume that the proportion of jobs filled by those who are double jobbing is unchanged.

7.73   To summarise, the approach to modelling the requirement for additional homes arising out of employment growth essentially assumes a continuation of past trends in terms of rising economic activity rates. But it holds constant the net commuting balance in the area and the level of double jobbing.   The modelling is therefore transparent; it gives an indication of what the increased requirement for housing is as a result of an increase in jobs, given the modelled demographic trends, and holding constant factors such as double jobbing ratios for which there is limited data, and holding constant the net commuting balance.   Further detail on the approach and assumptions used is contained in Appendix 3.

7.74   It is also important to spell out the assumptions about occupancy patterns. Whilst additional housing growth might be required to meet job growth projections, no control can be exercised as to who occupies a home. An additional home could occupied by a retired household with no net addition to the labour force. The modelling undertaken therefore assumes that current migration patterns (in terms of age and sex) are maintained with a different level of migration being used as an input into the modelling to meet job targets. This means that the extent to which economically inactive people move to or from the area will be maintained (in proportionate terms). The modelling undertaken therefore assumes that some additional housing would be lived in by those who are not working.

7.75   The outputs of the modelling exercise generates the following annual requirement for homes at the HMA level linked to each of the employment scenarios:

- Scenario 1: The Historic Trend Scenario: 925 homes pa (18,500 homes 2011-31)

- Scenario 2: The Central Scenario: 1,180 homes pa (23,600 homes 2011-31)

- Scenario 3: The 2013 Experian Jobs and Self Employment Scenario: 1,390 homes pa (27,800 homes 2011-31)

7.76   The three employment scenarios give rise to substantially different figures in terms of the 20 year housing requirement. It is therefore appropriate to discuss which would represent the most robust basis for planning. This is done under the following headings:

- The evidence of past performance compared to future forecasts

- The scope for labour market adjustment over a 20 year time frame

- Market adaptation and policy objectives

Past Performance vs Future Forecasts

7.77   Using historic patterns of job growth at the local level to inform future planning for jobs and homes can be deemed to have two major advantages. First they are based on what has actually happened, and second they will properly reflect the competitive advantage of a locality. In contrast forecasts such as Experian, are essentially derived from top down models of sector growth levels at the national level, and therefore do not necessarily reflect the particular characteristics of the local economy in terms of the performance of particular businesses and sub-sectors.

7.78   Long range employment forecasts are in reality more akin to projections than genuine forecasts in that they assume continuation of past trends particularly of growth. They are also subject to significant amendment. For example Experian forecasts were used in the 2009 Employment Land Review undertaken for Surrey Heath, Hart and Rushmoor published in 2009. Experian's forecast in 2009 was that total employment growth in the 18 years 2008-26 would be 17,730 jobs (including the self-employed), an average job growth of 985 jobs pa. Four years later Experian's equivalent forecast for the period 2011-31 is for job growth of 1,560 jobs pa – 58% higher than their forecast of four years earlier.

7.79   However to look at past trends and assume that these will set the pattern for the future is also inherently risky, particularly when looking over a 20 year period. In the decade 2001-2011 the population of England grew by almost 1.6 million. Population projections prepared around the year 2000 anticipated that there would be minimal population growth in the UK over the decade, and linked to that employment growth would be very modest. In practice total employment in England grew by almost 2 million between 2001 and 2011. But just as forecasts of population and employment growth in the year 2000 proved unreliable, so too may forecasts for the period to 2031, since they generally assume continuation of past trends.

7.80   Given inherent uncertainty about the future, particularly over a 20 year period, it makes sense to take account of both historic patterns of growth and forecasts. They both yield different insights. The former takes into account the particular characteristics of a local geography and the employers in an area in a way that employment forecasts that are generated from top down national models cannot. But those top down models capture 'conventional wisdom' about the future pattern of growth of the national economy and sector by sector, and provide some guide as to what level of growth might be achievable if current economic expectations are borne out.

The Scope for Labour Market Adjustment over a 20 Year Time Frame

7.81   The challenge in establishing how employment growth might feed into an increased requirement for housing has been discussed in outline above. However, there are many ways labour markets can adjust

to an increase in demand for labour that do not require an increase in the resident workforce. In summary these are:

- A reduction in unemployment

- A rise in economic activity rates

- A shift away from part time working to full time working

- An increase in double jobbing

- A reduction in out-commuting

- An increase in in-commuting

7.82   None of these changes require an increase in resident population, and all of them will be stimulated if wage and salary levels increase.

7.83   In the modelling, allowance has been made for only one of these effects, namely an increase in economic activity rates. Economic activity rates may well increase of their own accord were the demand for labour to increase. It is worth noting, that Enterprise M3 has set itself a specific target of increasing the employment rate in the Enterprise M3 area from 77.4% to 80%, which will entail bringing an additional 52,000 people in the area into work[14].

Market Adaptation and Policy Objectives

7.84   In thinking about how the labour market will change over the next 20 years it is also important to think about the sort of changes in working practices that can be expected in the period to 2031 and 2036. It is easy to forget that 20 years ago (1994) email was not standard in offices, and that broadband use has been only in widespread use for the last decade. Broadband services were launched in 2000, and by 2004 half of all household in the UK were online. Working life and business has changed significantly in the past decade as a result of these developments.

7.85   So what changes can be expected in the next 17 years? It is certainly possible to anticipate further significant changes in working patterns and in business with ever increasing mobile connectivity. This may have an important impact on commuting patterns, particularly as the cost of travel increases ahead of inflation. It seems likely that the trend of recent years of increased part time working will continue. This means more jobs, but it may be that this is accompanied by increased double jobbing. But it could also provide a further boost to workforce participation as people beyond formal retirement age, who benefit from improving health, chose to work.

7.86   In areas with buoyant business investment, relative shortages of labour or increasing labour costs, can be a spur to investment that enhances productivity. Labour shortages and high labour costs stimulate innovation. Enterprise M3 LEP places a strong emphasis on improving productivity in the LEP area as a platform to achieve international competitiveness. As a result it is not self-evident that labour shortages are bad for economic development.

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[14] Page vii, The Enterprise M3 Strategic Economic Plan 2014-20, March 2014

7.87   It is worth reflecting on the fact that where an area has high costs in terms of housing and labour costs, those economic activities that do not derive specific advantage from being located in such an area often look to relocate to areas with lower labour and property costs. This is generally regarded as a desirable outcome, creating jobs and raising incomes in less advantaged areas. In the era of regional economic and spatial strategies and Structure Plans, such redistribution of activities was consciously part of the strategic planning process. Similarly, areas with high housing costs tend to encourage those households that are not economically active to move to areas of lower housing costs.

7.88   Lastly, it is important to recognise that in modern economies the clustering of industries is important; but increasingly successful businesses depend on the quality of their people. Many factors contribute to the economic success of an area, including accessibility (internationally and domestically) and the skills base of an area. However quality of life is also a source of economic competitiveness, albeit this is a bundle of different attributes that include the quality and cost of housing; schools and educational standards; cultural and amenity assets, including open countryside and attractive towns and villages.

7.89   Enterprise M3 LEP also recognises that quality of life is a key economic strength. The Enterprise M3 area is ranked 8th out of 48 sub-region on Local Futures' quality of life score. This put the Enterprise M3 area in the top 20% of sub-regions in England based on low levels of crime, high levels of good health, the quality of local schools, access to amenities and access to an attractive natural environment. Maintaining this economic asset is important to the economic success of the area.

The Preferred Scenario

7.90   Wessex Economics conclude that planning for economic development and housing has to be carefully nuanced and integrated with other aspects of place making. Simplistic approaches that would suggest that housing provision is dictated by long range forecasts of employment growth are likely to be flawed, because the labour market is much more flexible than the housing market; and contrary to much received wisdom, relative labour shortages may produce desirable changes in terms of innovation and resultant productivity growth.

7.91   This leads Wessex Economics to the conclusion that it is the central scenario in terms of anticipated employment growth that is the most appropriate basis for assessing housing requirements. In terms of projected annual employment growth this scenario is based on employment growth of 1,130 jobs pa, notably higher than the average achieved 1988-2008 (650 jobs pa) and only slightly lower than the Experian forecast of employment growth excluding the self-employed (1,250 jobs pa). It is therefore a policy-on scenario, and therefore fits with the Enterprise M3 LEP's Strategic Economic Plan. This scenario generates a requirement for 1,180 new homes pa in the HMA (23,600 new homes over the period 2011-31).

7.92   There are a number of reasons why Wessex Economics would regard the Experian forecast of total employment growth including the self-employed as inappropriate as a basis of planning.

   • Wessex Economics has concerns about how robust the Experian forecasts are. It is noted that the Experian forecasts prepared for the three authorities in the HMA in 2009 as part of work on the Employment Land Study, seem very much at odds with their December 2013 forecasts.

   • The forecasts also appear to be at odds with Enterprise M3 LEPs targets for job growth. The LEP state their intent to deliver 52,000 new jobs by 2020, a 7% increase on the current number of jobs in the

LEP area. The Experian forecasts would indicate a 12% increase in jobs and self-employment in the HMA over the period 2011-21.

- A number of the self-employed would prefer to be employed[15], so they are a source of potential labour supply for employers, not a form of demand for labour. Even if self-employed people are not particularly looking for a change in status, then the security of a regular income, and an increase in their earnings make them a source of labour supply for employers.

7.93   It should also be noted that the Experian forecasts assume a 31% growth in self-employment in the HMA over the next 20 years, a total increase of 6,100 self-employed people living in the HMA or an increase of more than 300 self-employment people each year for 20 years. This may be the result of the projection of past trends of growth in self-employment, but many trends follow an S shaped path of initial slow growth, then rapid growth, that then slows.

7.94   The conclusion reached in Step 4, is that once labour supply requirement are taken into account, the requirement for new homes increases from the demographically driven requirement for provision of 18,500 (c925 dwellings pa), to a requirement for 23,600 new homes, 1,180 new homes pa, over the period 2011-31.

Step 5: Affordable Housing Requirements

7.95   Step 5 in the process of arriving at OAHN is to consider whether the emerging figure for OAHN is sufficient to deliver a sufficient level of affordable housing to meet requirements. The Planning Practice Guidance of March 2014 is clear on this topic that, *'an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes'.*

7.96   Consideration of the affordable need is also strongly noted in the NPPF (para 47) which says *'local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing'.*

7.97   The NPPG does not provide any formula or even guidance on translating the need for affordable housing into a figure for an overall housing requirement. Furthermore, the estimate of the need for affordable housing and the calculation of OAHN are different types of estimates, using different sources of information and so are not directly comparable.

7.98   Wessex Economics' approach is to test whether the level of planned housing provision emerging from analysis of demographic projections and adjustments to take account of employment growth is of sufficient scale to encapsulate the need for affordable housing. In accordance with the NPPG, it is only if the scale of affordable housing requirement exceeds that which can be expected to be delivered through the emerging OAHN that there is a case for increasing the planned provision of all new homes.

7.99   Wessex Economics has estimated the need for affordable housing within the housing market area. A detailed assessment is provided in Section 8 of this report. Figure 7.10 summarises the outputs of the affordable housing need estimate. Overall, this suggests a shortfall of around 820 affordable homes for

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[15] A quarter of those who have become self-employed in the last 5 years would prefer to be employees; The New Face of Self Employment Resolution Foundation, 2014

rent each year in the market area. This shortfall equates to 70% of the OAHN figure (1,180 homes per annum) as identified by Wessex Economics.

Figure 7.10: Summary of the Need for Affordable Housing (Subsidised Rent not Intermediate)

	Current Need pa	Newly Arising Need pa	Supply (existing) pa	Shortfall (per annum) pa
Hart	340	130	210	260
Rushmoor	220	390	210	400
Surrey Heath	150	200	200	160
HMA	**710**	**720**	**620**	**820**

Source: Section 8 (figures rounded to nearest 10 and may not sum due to rounding)

7.100   However, the affordable housing need estimates assume that the backlog of housing need in each authority is addressed over 5 years. This is an arbitrary assumption but is standardly used in housing need assessments and so it allows different assessments in different areas to be compared. It is important to make clear that assuming the 'backlog' is addressed over 5 years implies the need for a significant boost to affordable housing delivery over a 5 year period (820 homes per annum) and then very limited delivery of affordable housing in future years to address the shortfall between newly arising need and existing supply (around 100 homes per annum).

7.101   Assumptions about how any backlog is reduced therefore have a substantial effect on the annual shortfall. If the period to address the backlog is extended, the annual housing need shortfall is much lower. For example, extending the period over which the backlog of affordable housing is addressed to 10 years, reduces the shortfall in the housing market area to 460 homes per annum. Addressing the backlog over 20 years, a typical plan period, would reduce the shortfall to 290 affordable homes per annum.

7.102   Figure 7.11 shows the how the requirement for affordable homes (subsidised rent homes) falls substantially as the period over which the backlog of housing need is addressed is increased.

Figure 7.11: Affordable Housing Needed as a Percentage of OAHN

'Backlog' Addressed Over:	Affordable Housing Shortfall (per annum)	Affordable housing as % of OAHN (1,180 per annum)
5 years	820	70%
10 years	460	39%
15 years	360	31%
20 years	290	25%

7.103   Wessex Economics believes that it is appropriate that the backlog of housing need is addressed over the course of the plan period. Indeed in terms of current affordable housing policy and funding, it is impossible to envisage that there is any alternative to doing so. It is not realistic to envisage that around three quarters of all housing delivery in the first five years of the plan period would take the form of homes for subsidised rent.

7.104   However, meeting the identified need for affordable homes over a 20 year period, is consistent with the emerging OAHN of 1,180 new homes per annum. It is not unrealistic to expect that at least 25% of all

new homes should be delivered as subsidised rent homes over a 20 year period, since this is in line with the affordable housing policies of local authorities in the HMA.

7.105   The shortfall identified in the affordable housing need assessment does not therefore imply the need for a further uplift of the emerging figure for OAHN of 1,180 new homes pa.

Step 6: Market Signals

7.106   The NPPF states that local authorities need to ensure that strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals (Paragraph 158, NPPF). The national planning practice guidance (NPPG) gives some advice on which market signals should be taken into account but not how much of an adjustment, if any, should be made to the OAHN as a result.

7.107   It is important to emphasise that market signals such as rising house prices and declining affordability are a symptom of the mismatch between demand and supply in an area. They are not separate to demographic changes and employment growth; they are a product of the imbalance between demand and supply that has existed in the past. It is Wessex Economics' view that these signals indicate the need to address an underlying problem or problems. Providing that the underlying drivers of demand (demographic and economic change) are properly taken into account in planning for housing supply, this should have a positive impact on house prices and affordability.

7.108   It is worth stating at the outset that Wessex Economics expects that increases in housing supply will have an impact on house prices and affordability over time. However, the scale of supply needed to have any noticeable effect is large and needs to be delivered across the country on a consistent basis for many years. Since there is no guidance at the national level on the scale of supply required to moderate house prices and improve affordability, it is difficult to take these factors into consideration in a quantifiable way at the local level.

7.109   Section 6 has considered house prices, rents and affordability in the market area. All of these indicators provide evidence of the relationship between the demand and supply of housing. In summary, the evidence indicates:

- In the market area as a whole, over the last 10 years average house prices have risen in line with the regional average and at a rate that is lower than the national average. Lower quartile house prices appear to have followed a similar path.

- Whilst prices in the last 5 years have risen at a rate above the regional average (23% compared to 18% in the South East as a whole) transactions in the market area remain depressed compared to 5 years ago, whilst they appear to have recovered at the regional level. The fall in the number of transactions has been accompanied by an increase in larger properties traded and this is likely to have affected overall average house price change.

- The affordability of home ownership has declined over time at the same rate as the regional and national levels. On this measure, affordability in Rushmoor has actually come into line with the national level. It is a relatively affordable location in the South East region.

7.110 It is clear that there are affordability pressures in the market area, both in terms of accessing home ownership and the rental market. In the market area as a whole, these do not appear to be substantially worse than the South East region. Although affordability in both Hart and Surrey Heath is relatively poor compared to the regional average this is balanced out by Rushmoor.

7.111 Overall, Wessex Economics conclude these indicators do not imply the need to increase the emerging OAHN figure of 1,180 homes per annum since this figure has already taken account of the housing needed to meet demographic change and employment growth and it is largely these factors which have driven demand for housing in the past and led to rises in prices and declines in affordability.

7.112 However, these price signals may point to the need for a better balance of affordable housing between the authorities in the market area. Wessex Economics recognises that at the local level an increase in housing supply is not going to have a noticeable effect on houses prices or affordability. However, increased supply of housing overall provides the opportunity to deliver more affordable housing since most affordable housing (subsidised rent and intermediate housing) is provided through the development of market housing.

Step 7: Bringing the Evidence Together

7.113 The approach used to come to a conclusion about the amount of housing required in the HMA has involved a process which follows the CLG advice about housing requirements. The stages in this process can be summarised as follows:

- Step 1: The Starting Point: the most recent Government Household Projections
- Step 2: Fitting the Projections to the Plan Period
- Step 3: Updating the Household Projections in the Light of New Information
- Step 4: Prospective Job and Labour Force Growth – the Implications for Housing Requirements
- Step 5: Affordable Housing Requirements
- Step 6: Market Signals
- Step 7: Bringing the Evidence Together

7.114 The starting point for the assessment of OAHN has been the 2011-based CLG household projections. These indicate a need in the HMA for around 790 additional homes per annum up to 2031. Closer interrogation of this source indicate that the migration assumptions used are too low given that ONS has under-estimated population growth in the past by around 280 people per annum. Analysis indicates a recent reduction in net migration although to some degree this is probably linked to lower levels of housebuilding in recent years. There is also evidence of supressed household formation built into the CLG projections moving forward.

7.115 In the light of the new evidence, Wessex Economics have adjusted the 2011-based ONS projections to take account of the under-estimation of past population growth. It has been deemed appropriate to adjust household formation (headship) rates applied to future years, linked to both the 2011- and 2008-based CLG household projections. The results of this demographic modelling indicate a requirement for provision of around 925 homes per annum in the period from 2011 to 2031. Wessex Economics regards this figure as the most robust starting point for considering housing requirements.

7.116 Wessex Economics has undertaken an assessment of prospective job growth in the HMA area making reference to historic rates of employment growth, employment forecasts and the plans of Enterprise

M3 LEP for the LEP as area as a whole. The analysis indicates a likely requirement for additional provision of homes over and above the demographically driven requirement to ensure an adequate supply of labour to meet employer requirements.

7.117   Wessex Economics has reviewed a range of scenarios in terms of prospective employment growth in the HMA. Wessex Economics conclude that **the Objectively Assessed Housing Need for the HMA area is for 1,180 homes pa, which equates to 23,600 homes over the period 2011-31**. This level of planned provision allows for a significant uplift in employment growth above past trends, and would more than meet the demographically assessed housing requirement (18,500 new homes 2011-31, or 925 homes pa).

7.118   Wessex Economics have concluded that the requirement for affordable housing can be met within the proposed OAHN figure identified above (1,180 new homes per annum) when it is assumed the 'backlog' of housing need is addressed over a realistic time period (10 years or more rather than the 5 years standardly assumed). The shortfall identified in the affordable housing need assessment does not therefore imply the need for a further uplift of the OAHN figure; though it does underline the importance of delivering a higher level of housing supply in the area.

7.119   Wessex Economics conclude that market signals do not imply the need for an additional adjustment to the OAHN figure of 1,180 homes per annum since this figure has already taken account of the housing needed to meet demographic change and employment growth and it is largely these factors which have driven demand for housing in the past and led to rises in prices and a decline in affordability. These market signals point to the need to identify and address the demographic and economic need for housing; they do not themselves provide a quantifiable need for housing (and indeed there is no recognised methodology for this).

7.120   Figure 7.11 sets out Wessex Economics' conclusion about the objective level of need for housing in the HMA and each local authority. The figures generated for each of the individual authorities is arrived at through the application of the methodology described throughout this section; first the establishment of housing need based on the individual local authority demographic projections; and then an assessment of the need to enhance the provision of housing in each area to increase the labour force to a level consistent with the projected level of employment growth for each authority.

7.121   However, it should be noted that the projected increase in employment at the local authority level is subject to a high degree of uncertainty since much will depend on the location of new employment sites. The best sites for employment uses are unlikely to be evenly distributed around the market area. They are likely to be concentrated in the Farnborough-Aldershot urban area, and the configuration of local authority boundaries across this urban area, mean that it is almost arbitrary which of the three authorities 'captures' new jobs created.

7.122   It must therefore be emphasised that in an urban areas as integrated as the Blackwater Valley, the key figure is the overall assessed need for the HMA area, since in both housing and labour market terms the area is very well integrated. The provision of jobs and homes in one local authority area will contribute as effectively to the overall requirement as provision in any other of the authorities. Whilst new market homes in the higher priced parts of the market area may not appear to directly contribute to improving affordability, as households buy them and sell up they will release more affordable properties in the second hand market.

Figure 7.11: Objectively Assessed Housing Need in the Hart, Rushmoor and Surrey Heath HMA

	Dwellings per annum
Housing Market Area	1,180
Hart	370
Rushmoor	470
Surrey Heath	340

Note: Figures rounded to nearest 10

DRAFT

8. Need for Affordable Housing

| Summary |

The assessment of the need for affordable housing estimates that, on the basis of dealing with the backlog of need within 5 years, around 830 affordable rented homes are required each year.

- Hart needs an estimated 260 affordable homes each year to meet current and future needs.
- Rushmoor needs an estimated 400 affordable homes each year to meet current and future needs.
- Surrey Heath needs an estimated 160 affordable homes each year to meet current and future needs.

This estimate assumes that the current backlog of need is addressed over 5 years but this could be extended over a longer time period with the effect of reducing the shortfall, but extending the time period over which the identified need for affordable housing is to be met (e.g. 460 homes per annum over 10 years).

WEc would stress that the need identified should to be considered a collective shortfall for the housing market area. Whilst Rushmoor appears to exhibit higher levels of need for affordable housing this is, in part, driven by the larger stock of affordable housing in the authority area and the larger existing rented sector.

It should be noted that this estimate only includes the need for subsidised rented accommodation (social or affordable rented housing). This is because, by and large, the incomes of those identified as in housing need would not allow them to access the private rented sector without subsidy and low cost home ownership options are also likely to be out of reach of these households. The needs of some of these households may be met by the private rented sector through housing benefit.

There are an additional 1,280 households in the market area who are actively interested in intermediate housing options. However, the majority of these households could afford to meet their needs in the market, albeit renting rather than accessing home ownership. These households have greater choices open to them and cannot be regarded as being 'in need' in the same way that we have assessed the need of households for subsidised rent.

The largest proportion of intermediate households are families with children – accounting for 38% of all households who are actively interested in intermediate products in the market area at present. The largest proportion of households are interested in two bedroom properties.

The largest proportion of intermediate households are currently living in the private rented sector, followed by those living with friends and family.

On balance, WEc suggest the Councils seek the majority of affordable housing – around 75% - as subsidised rent (likely to be affordable rented housing). This recommendation broadly reflects three principles:

- The priority in terms of affordable housing is to secure more subsidised rental accommodation for those in greatest need
- The relatively limited stock of social rented housing in the market area as a whole which suggests that efforts could be taken to boost supply to improve the mix of tenures locally.
- The need to maintain flexibility to deliver intermediate housing to support targeted policies and help scheme specific viability.

In Hart, there are 15 households waiting for every 4 bedroom property that becomes available compared to 8 households waiting for every home on average. In Surrey Heath, there are 11 households waiting for every 4 bedroom property, compared to 4 households waiting for every home on average. In Rushmoor, there is a fairly even pressure across the social rented stock in the Borough with an average of 8 households waiting for every property that becomes available.

Introduction

8.1   This section provides an assessment of the need for affordable housing in each of the three authorities. It draws on information from each local authority's waiting list, data on prices and rents from Section 4 and data on household incomes from Section 4. It estimates the need for subsidised rented accommodation in the market area and in each authority. It also estimates the demand for intermediate affordable housing, using information from local homebuy agents.

8.2   The inputs in this assessment are based on a variety of data sources which, in most cases, represent actual numbers and the real circumstances of individual households who have approached each Council for assistance regarding their housing situation[16]. We have also used projections based on historic trends and outturns. This approach reflects the objective of the CLG NPPF guidance to undertake housing needs assessment using secondary data as far as possible.

8.3   The figures arising from this housing needs assessment are not directly comparable to those produced using the household survey approach. Housing need surveys record the situations and aspirations of a sample of households and these are then grossed up to provide estimates of the level of housing need among the population as a whole.

8.4   This section presents a summary assessment of the need for affordable housing (subsidised rent) for each local authority. It then sets out in more detail the three main stages in the assessment of housing need:

- Current need (often referred to as the backlog of housing need)
- Newly arising need
- Supply of affordable homes to meet need

8.5   This section then goes on to present evidence on:

- The current size requirements for affordable housing
- Intermediate housing demand
- The overall need for affordable housing

Local Authority Summaries

8.6   Figures 8.1–8.3 summarise the estimate of housing need for each authority. Every effort has been taken to avoid double counting of households and to reduce the risk of overestimating housing need. In each case, the summary shows the need for the number of affordable homes required each year, provided at subsidised rents. It assumes the current backlog is addressed over 5 years as well as meeting newly arising housing need within the authority area.

8.7   It should be noted that this estimate only includes the need for subsidised rented accommodation (social or affordable rented housing). This is because, by and large, the incomes of those identified as in housing need would not allow them to access the private rented sector without subsidy and low cost home ownership options are also likely to be out of reach of these households. The need for intermediate affordable housing is considered separately in this section.

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[16] As at January 2014

8.8   The estimates exclude supply from the delivery of new affordable housing in the future since it is uncertain and the assessment is designed to inform how much new affordable housing might be required.

Figure 8.1: Estimate of the Need for Affordable Rented Housing in Hart

Hart Housing Need Estimate	
Stage and Step in Calculation	**Estimate**
STAGE 1: CURRENT NEED	
1.1 Current Occupiers of affordable housing in need	120
1.2 *plus* households from other tenures in housing need	1,557
1.3 *plus* Households without self-contained accommodation	21
1.4 *equals* Total current housing need (gross) (1.1 + 1.2 + 1.3)	1698
1.5 *times* annual quota for the reduction of current need	20%
1.6 *equals* annual requirement of units to reduce current need (2.6 x 2.7)	**340**
STAGE 2: NEWLY ARISING NEED	
2.1 New household formation (per year)	337
2.2 *times* proportion of new households unable to buy or rent in the market	39%
2.3 *plus* existing households falling into need	0
2.4 *equals* Total newly arising need per year (2.1 x 2.2) + 2.3	**133**
STAGE 3 : FUTURE SUPPLY OF AFFORDABLE HOUSING	
3.1 Current occupiers of affordable housing	24
3.2 *plus* annual Supply of social re-lets (net)	175
3.3 *plus* annual supply of intermediate housing available for re-let or re-sale at sub market levels	10
3.4 *plus* surplus stock	0
3.5 *plus* committed supply of new affordable units (per annum)	0
3.6 *minus* units to be taken out of management	0
3.7 *equals* annual supply of affordable units (3.1 + 3.2 + 3.3 + 3.4 + 3.5 - 3.6)	**209**
NET SHORTFALL (OR SURPLUS) OF AFFORDABLE UNITS PER ANNUM	
Overall shortfall (or surplus) (1.6 + 2.4 – 3.7) per annum	**263**

Note: numbers provided in Figure 1 are unrounded but are rounded to nearest 10 in the rest of this section

8.9   Figure 8.1 shows that Hart needs an estimated minimum of 260 affordable homes each year to meet current and future needs. This estimate is for subsidised rental accommodation because the vast majority of households considered in the assessment have insufficient incomes to afford open market rents.

Figure 8.2: Estimate of the Need for Affordable Rented Housing in Rushmoor

Rushmoor Housing Need Estimate	
Stage and Step in Calculation	Minimum Estimate
STAGE 1: CURRENT NEED	
1.1 Current Occupiers of affordable housing in need	210
1.2 *plus* households from other tenures in housing need	852
1.3 *plus* Households without self-contained accommodation	35
1.4 *equals* Total current housing need (gross) (1.1 + 1.2 + 1.3)	1097
1.5 *times* annual quota for the reduction of current need	20%
1.6 *equals* annual requirement of units to reduce current need (2.6 x 2.7)	**219**
STAGE 2: NEWLY ARISING NEED	
2.1 New household formation (per year)	283
2.2 *times* proportion of new households unable to buy or rent in the market	46%
2.3 *plus* existing households falling into need	264
2.4 *equals* Total newly arising need per year (2.1 x 2.2) + 2.3	**393**
STAGE 3 : FUTURE SUPPLY OF AFFORDABLE HOUSING	
3.1 Current occupiers of affordable housing	42
3.2 *plus* annual Supply of social re-lets (net)	155
3.3 *plus* annual supply of intermediate housing available for re-let or re-sale at sub market levels	12
3.4 *plus* surplus stock	0
3.5 *plus* committed supply of new affordable units (per annum)	0
3.6 *minus* units to be taken out of management	0
3.7 *equals* annual supply of affordable units (3.1 + 3.2 + 3.3 + 3.4 + 3.5 - 3.6)	**209**
NET SHORTFALL (OR SURPLUS) OF AFFORDABLE UNITS PER ANNUM	
Overall shortfall (or surplus) (1.6 + 2.4 – 3.7) per annum	**404**

Note: numbers provided in Figure 1 are rounded to nearest 10 in the rest of this section

8.11   Figure 8.2 shows that Rushmoor needs an estimated minimum 400 affordable homes each year to meet current and future needs. This estimate is for subsidised rental accommodation because the vast majority of households considered in the assessment have insufficient incomes to afford open market rents.

Figure 8.3: Estimate of the Need for Affordable Rented Housing in Surrey Heath

Surrey Heath Housing Need Estimate	
Stage and Step in Calculation	Minimum Estimate
STAGE 1: CURRENT NEED	
1.1 Current Occupiers of affordable housing in need	230
1.2 *plus* households from other tenures in housing need	524
1.3 *plus* Households without self-contained accommodation	0
1.4 *equals* Total current housing need (gross) (1.1 + 1.2 + 1.3)	754
1.5 *times* annual quota for the reduction of current need	20%
1.6 *equals* annual requirement of units to reduce current need (2.6 x 2.7)	**151**
STAGE 2: NEWLY ARISING NEED	
2.1 New household formation (per year)	311
2.2 *times* proportion of new households unable to buy or rent in the market	43%
2.3 *plus* existing households falling into need	65
2.4 *equals* Total newly arising need per year (2.1 x 2.2) + 2.3	**200**
STAGE 3 : FUTURE SUPPLY OF AFFORDABLE HOUSING	
3.1 Current occupiers of affordable housing	46
3.2 *plus* annual Supply of social re-lets (net)	139
3.3 *plus* annual supply of intermediate housing available for re-let or re-sale at sub market levels	10
3.4 *plus* surplus stock	0
3.5 *plus* committed supply of new affordable units (per annum)	0
3.6 *minus* units to be taken out of management	0
3.7 *equals* annual supply of affordable units (3.1 + 3.2 + 3.3 + 3.4 + 3.5 - 3.6)	**195**
NET SHORTFALL (OR SURPLUS) OF AFFORDABLE UNITS PER ANNUM	
Overall shortfall (or surplus) (1.6 + 2.4 – 3.7) per annum	**155**

Note: numbers provided in Figure 1 are rounded to nearest 10 in the rest of this section

8.13   Figure 8.3 shows that Surrey Heath needs an estimated minimum 160 affordable homes each year to meet current and future needs. This estimate is for subsidised rental accommodation because the vast majority of households considered in the assessment have insufficient incomes to afford open market rents.

Current Need

8.14   Stage 1 of the assessment considers the number of existing and hidden households who are currently in housing need. Households have only been included in this stage of the assessment if they are registered with one of the three local authorities for affordable housing.

8.15   The estimate set out in Figures 8.1-8.3 includes only those applicant households whose circumstances fall within the housing need criteria set out in the CLG guidance i.e. households who are:

- Homeless or have insecurity of tenure
- Overcrowded
- Living in property too difficult to maintain
- Living in accommodation where they lack/share facilities such as a kitchen and/or bathroom
- Living in unsuitable dwellings without the means to repair or adapt

- In social need due to harassment or threats of harassment which cannot be resolved except through a move.

8.16   Each local authority maintains a housing waiting list which allows us to identify applicants with these needs. In Hart and Rushmoor applicants are allocated to Bands according to their needs. In both of these authorities, applicants in the lowest priority band have been excluded from the estimate of current need because these households either do not meet any of the above need criteria or may have sufficient resources to meet their own needs (Figure 4). In Surrey Heath, there is no banding system but it is clear that all of the current applicants meet one or more of the above criteria. Indeed, the number of applicants on the waiting list is smaller than the other two authorities. Discussion with the authority's housing officers suggests that this is due in large part to the discouragement of applications from households who are not in high priority need or do not have a realistic prospect of being housed.[17]

8.17   Figure 8.4 shows that there are just over 4,000 households currently on waiting lists within the three authorities. The majority of these households are in need and have been included in the estimate of the need for affordable housing.

Figure 8.4: Current Households in Need

	Number on waiting list	Applicants in need	Assumption	Applicants not in need
Hart	1,880	1,700	Bands A-D, Band E excluded	180
Rushmoor	1,420	1,100	Band 1-4a, Band 4b excluded	330
Surrey Heath	750	750	All in need	n/a
HMA	4,060	3,550		510

Source: Local authority waiting lists

8.18   It is worth noting that each of the authorities collects applicants' income data as part of the application process. The information is patchy but suggests that very few applicants have sufficient resources to access market housing without assistance. There are some applicants that have sufficient incomes to rent a lower quartile property according to our threshold in Section 7. However, there are fewer than 200 of these households across the three authorities and many of these need larger properties so in practice will need higher incomes to access these. Given that these applicants have one of the criteria in paragraph 12 they have been included in this estimate though there may be a small number who might be able to resolve their own needs in the market.

8.19   The need assessment assumes that this backlog of households in need will be addressed over a 5 year period. Given that the backlog of households in need has been building up for many years (even decades) and given past levels of affordable housing supply, it is unrealistic to suggest that it is capable of being addressed over a 5 year period. Furthermore, after the 5 year period, this approach would involve affordable housing delivery dropping substantially – to around 100 homes per annum – since the gap between newly arising need and existing re-lets is modest.

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[17] Across all three authorities housing officers work with households in need to help resolve their housing needs before they are added to the waiting list. They are then only added to the waiting list if their needs cannot be resolved e.g. through accessing affordable housing in the private rented sector. This kind of prevention work means that housing registers are smaller than they might otherwise be if the waiting list was 'open' for any household to apply.

8.20   In this assessment, consideration has been given to the scenario of clearing the backlog over 10 years, 15 years and 20 years, consistent with local authority planning periods. This does not mean that households will have to wait 10 years or more to be housed. It means that a longer period is allowed in policy terms for the number of households in need to come into balance with the supply of properties available through lettings and new supply. Figure 5 shows the impact of extending the time horizon to address the backlog of housing need.

8.21   Figure 8.5 shows that when the period to address the backlog is extended to 10 years and beyond this substantially reduces the annual shortfall of affordable (rented) housing; though it means local authorities need to be committed to maintaining these levels of provision for a period longer than 5 years.

Figure 8.5: Annual Need for Affordable Housing if Backlog Addressed Over 10 Years

	5 years	10 years	15 years	20 years
Hart	260	90	40	10
Rushmoor	400	290	260	240
Surrey Heath	160	80	60	40
HMA	820	460	360	290

Note: Figures rounded to nearest 10 and HMA area may not sum due to rounding

8.22   WEc would stress that the need identified in Figure 8.5 should to be considered a collective shortfall for the housing market area. Whilst Rushmoor appears to exhibit higher levels of need for affordable housing this is, in part, driven by the larger stock of affordable housing in the authority area and the larger rented sector.

Newly Arising Need

8.23   Stage 2 of the housing needs assessment considers the number of new and existing households who are likely to fall into housing need in the future. This stage of the assessment is based upon:

- Projected household formation and the proportion of these newly forming households unable to buy or rent in the market

- Existing households falling into need.

8.24   The projected level of net household growth in is based on the latest CLG 2011 based household projections, adjusted to take account of past constraints (see Section 7). It is relevant to note that some assessments of the need for affordable housing use gross household formation and so the outputs of this estimate may not be directly comparable to some other authorities. WEc consider net household formation to be the appropriate input since it recognises that some households will dissolve or resolve their own needs in the same way that others form and fall into need.

8.25   The assessment then estimates the number of these new households unable to afford to rent in the market place. In estimating the likely ability of these households to afford housing data from the English Housing Survey has been used. This establishes that the average income of newly forming households is around 80% of the figure for all households. The overall household income data (included in Section 5) has therefore been adjusted to reflect the lower average income for newly forming households.

8.26 It has been assumed that households can spend up to 35% of their gross household income on rent. This threshold is consistent with current HCA guidance to Registered Providers for assessing the affordability of their products. It is also broadly consistent with the threshold used in other SHMAs undertaken by the study team (Figure 8.6).

Figure 8.6: Affordability Threshold

LQ Rent Q3 2013 - All Properties	Hart	Rushmoor	Surrey Heath
Monthly Q3 2013	£750	£650	£795
Annual Rent	£9,000	£7,800	£9,540
Affordability threshold: 35% of gross income on rent			
Income required to rent affordably	£25,700	£22,900	£27,300

8.27 Figure 8.7 estimates the proportion and number of newly forming households who are unable to afford market housing without any form of subsidy. Figure 8.7 indicates that there are likely to be around 400 households falling into need in the housing market area each year based on household formation rates and the proportion of households unable to afford to access suitable accommodation in the market.

Figure 8.7: New Households in Need

	Number of new households	% unable to afford to rent in the market	Number in need
Hart	340	39%	130
Rushmoor	300	45%	140
Surrey Heath	290	43%	130
HMA	930	43%	400

Source: Adjusted household projections (Figure 7.8); Income distribution (Figure 4.8) adjusted to newly forming households

8.28 The second component of the estimate of newly arising need is the number of existing households falling into need. The CLG guidance does not provide any guidance on how to calculate this element. In previous assessments the study team has calculated the net average number of households joining housing registers each year and used this as a proxy for existing households falling into need. Given recent changes to the housing waiting lists in all three authorities to take this approach would be misleading. The total number of applicants on each list has fallen on average over the last 5 years but this is as a result of changes in the way that lists are managed and criteria tightened. However, it is known that existing households have fallen into need over the same period because of the increase in number of people claiming housing benefit.

8.29 Figure 8.8 therefore estimates the number of existing household falling into need by considering the growth in the number of housing benefit claimants in recent years. Around 650 new housing benefit claimants have been added each year in the housing market area since 2009 (Column E). Some of these will have been new households rather than existing ones and so we have subtracted the number of new households in need (Column F). It should be noted that this is based on household formation rates in the past (average 2001-2011) and so differs from the estimate of newly arising need in the future.

8.30 This analysis produces a figure in Column G of Figure 8.8 which indicates the number of additional housing benefit claimants who are likely to have been existing households falling into need. This figure

has been further reduced by assuming that the profile of these households will be similar to those on the local authority waiting lists – a proportion will meet need criteria. Overall, this approach generates an estimate of an additional 330 existing households falling into need each year in the housing market as a whole. The majority of these households are in Rushmoor but this reflects the relatively large rented sector in Rushmoor compared to Hart or Surrey Heath. In practice, some of these households might originate from Hart or Surrey Heath but are better able to secure affordable accommodation in Rushmoor.

8.31   It is important to stress that estimates of newly arising need are uncertain since they rely on projections based on past trends. The CLG's requirement to estimate both new households and existing households falling into need also raises the risk of double counting since some households might be counted under both categories.

Figure 8.8: Change in Number of Housing Benefit Claimants and Estimate of Existing Households Falling into Need

	A	B	C	D	E	F	G	H	I
	2013	2009	change	%	average per annum	new households in need	Difference (C-F)	% likely to be 'in need'	
Hart	2,680	2,230	450	20%	110	120	**-10**	n/a	n/a
Rushmoor	6,730	5,160	1,570	30%	390	50	**340**	77%	260
Surrey Heath	3,070	2,500	570	23%	140	80	**70**	100%	70
HMA	12,480	9,890	2,590	26%	650	250	**400**		330
South East	546,920	476,690	70,230	15%	17,560				
England	4,307,610	3,800,080	507,530	13%	126,880				

Source: Wessex Economics analysis of DWP housing benefit data

Affordable Housing Supply to Offset Need

8.32   Stage 3 in the assessment establishes the supply available of affordable housing that can be used to offset need and takes into account:

- The number of units that will become available when existing tenants are re-housed (transfers within the social rented stock)

- Re-lets within the existing stock

- Any surplus social rented units e.g. long term vacant property (which could be brought into use to improve supply)

- Any units that will be taken out of management e.g. demolitions, disposals (which would reduce supply).

8.33   The rate at which transfer applicants are re-housed varies depends on turnover rates, allocation policies and the priority afforded to different categories of applicants and needs groups. This assessment assumes that those existing tenants (transfer applicants) in housing need identified in Stage 1 of the assessment will be re-housed and will therefore create a vacancy for another household in need (thus having a nil effect on the overall housing need figures).

8.34   The annual supply of social rented re-lets is based on past trends and excludes lets to transfers, mutual exchanges, successions and assignations. This provides a net annual supply figure for social rented stock, based on an average of the last 5 years. Figure 8.9 sets out the average number of lettings in each authority in the last 3 years, excluding lets to transfer tenants.

8.35   It is important to state that these figures are 'relets' since they exclude lettings of new affordable housing properties that have been added to the stock in each of the past 3 years. Figure 8.9 shows that 469 homes were re-let in the market area on average in the last 3 years and it is assumed that this supply can be used to offset the needs identified in stages 1 and 2 of the assessment.

Figure 8.9: Net Re-lets (Average Last 3 Years)

	Net Re-Lets
Hart	155
Rushmoor	175
Surrey Heath	139
HMA	469

Source: Local authorities

8.36   The NPPG guidance does not give any detail on how vacant properties should be treated. The previous SHMA guidance stated that *'a certain level of voids is normal and allows for transfers and works on properties. However, if the rate is in excess of approximately 3 per cent and properties are vacant for considerable periods of time, these should be counted as surplus stock.'*[18] As vacant properties within each of the authorities account for less than 1% of the social rented stock they are therefore not considered as part of the available supply.

8.37   The estimate includes a small number of intermediate tenure units becoming available for re-let each year. Data on household incomes of those on the waiting list suggests that the majority of those in housing need would be unable to afford intermediate options. Nevertheless, evidence suggests that intermediate products could be used in a targeted way to support the release of social rented accommodation. Data from the Local HomeBuy Agents (HomesinHants and Catalyst) reveals that there are a modest number of households living in social rented accommodation who are interested in accessing intermediate options (considered further on in this section).

8.38   In Rushmoor, there are 124 units in North Town that are due to be demolished in 2014 as part of the area's regeneration plans. However, these units will be re-provided and as such they are included within the available supply over the 5 year period of the assessment.

8.39   The estimates in Figures 8.1-8.3 do not include new affordable housing supply since a key purpose of this SHMA is to consider how much affordable housing might be required.

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[18] Step 3.2, Chapter 5, CLG (March 2007) Strategic Housing Market Assessments – Practice Guidance

Current Size Requirements for Affordable Housing

8.40   Section 9 of this report considers the mix of housing that might be required in the market area by examining longer term demographic projections. Analysis of local authority waiting list data and patterns of re-lets provides evidence of the current pressures within the stock.

8.41   Analysis of the characteristics of applicant households on the waiting and the profile of lettings provides evidence of the pressures on different sized properties in each local authority area. Figures 8.10, 8.11. and 8.12 show the proportion of households in need in each authority by the size of property they require, the size of homes re-let over the last 3 years and the number of households waiting for each size of property.

8.42   It is important to remember that the size of property each household requires is determined by the local authority's allocation policy. In reality, even those households judged to 'need' a 1 bed property may prefer a larger home but given the shortage of affordable housing, local authority allocation policies will provide households with only their minimum requirements. This means that households identified on waiting lists as needing a 1 bed property include couples as well as single people. Many of these couples may go on to start a family and will need re-housing in the short term.

8.43   Similarly, households containing two young children may be allocated a home with just two bedrooms, with the expectation that the children can share a bedroom. The size requirements of households accessing the social rented sector are therefore fundamentally different to the market sector because households are only allocated a property that meets their basic minimum requirements. In contrast, in the market sector households may be able to choose more space to allow for the expansion of their household or to provide space for other activities, visitors etc.

8.44   In examining the size requirements of those identified as in housing need it is important to keep this rationing process in mind. Furthermore, small properties become available for re-let most frequently in each authority, both because they are more numerous and also because households living in these properties are more likely to move for the reasons discussed above. Similarly, there are fewer large properties and are more likely to have been sold through Right to Buy particularly in rural areas.

8.45   It is also the case in the past that households living in larger homes have been less likely to move. The reduction in housing benefit to working age households who have a spare bedroom may have an effect on the release of larger social rented homes because households reliant on housing benefit have their payments reduced where they are under-occupying a property. However this reduction in housing benefit and disincentive to under-occupy only applies to working age households so will not encourage downsizing amongst older households who are much more likely to be under-occupying their homes.

8.46   In Hart and Surrey Heath when the number of households needing a particular sized property is compared to the number of re-lets of that property size, the greatest pressure is on the largest properties – 4 bedroom homes. In Hart, there are 15 households waiting for every 4 bedroom property that becomes available compared to 8 households waiting for every home on average. In Surrey Heath, there are 11 households waiting for every 4 bedroom property, compared to 4 households waiting for every home on average.

Figure 8.10: Size Requirements of Households in Need, Hart

Size	Needed by those in need	Re-lets	Ratio of need: re-lets
1 bedroom	50%	41%	10
2 bedroom	34%	44%	6
3 bedrooms	12%	13%	7
4 bedrooms	4%	2%	15
Total	100%	100%	8

Source: Hart District Council

Figure 8.11: Size Requirements of Households in Need, Rushmoor

	Required by those in need	Re-lets	Ratio of need to re-let
1 bedroom	46%	44%	8
2 bedrooms	35%	37%	7
3 bedrooms	18%	17%	8
4 bedrooms	1%	1%	6
Total	100%	0%	8

Source: Rushmoor Borough Council

8.47   In Rushmoor, there is a fairly even pressure across the social rented stock in the Borough with an average of 8 households waiting for every property that becomes available.

Figure 8.12: Size Requirements of Households in Need, Surrey Heath

	In need	Re-lets	Ratio
1 bedroom	49%	46%	4
2 bedrooms	32%	34%	4
3 bedrooms	15%	19%	3
4 bedrooms	3%	1%	11
Total	100%	100%	4

Source: Surrey Heath Borough Council

Intermediate Households

8.48   There is a significant proportion of households within the three local authorities who are unable to access home ownership but who are able to afford more than a social or affordable rent. This includes a proportion of households in need on the waiting list who have incomes which suggest they are able to afford more than a social rent for the size of property they need.

8.49   Figure 8.13 sets out the number of households who have applied for intermediate products within the market area and the type of households who have applied. These include low cost home ownership and intermediate rental products. This suggests there are 1,280 households actively looking to access intermediate products within the market area. Figure 8.13 includes only those households who have applied to the Local HomeBuy Agent. There are a small number of additional households on each local authority's waiting list who are able to afford a LQ rent. The amounts to fewer than 200 households across the three authorities but suggests there may be some scope to use intermediate products to address housing need or free up existing social rented properties for those in greater need.

8.50   In theory, there is a much larger intermediate market on the basis of household incomes within the market area. Section 5 demonstrates that, on the basis of household incomes, at least 30% of households in the market area can be considered 'intermediate households' i.e. they cannot afford to buy but can afford to rent without subsidy.

8.51   The largest proportion of intermediate households are families with children – accounting for 38% of all households who are actively interested in intermediate products in the market area at present. The largest proportion of households are interested in two bedroom properties, but the range of households interested in two bedroom properties includes single people, couples and families.

Figure 8.13: Intermediate Households by Household Type Registered with Local Home Buy Agent, January 2014

	Single	Couple	Family	Total
Hart	120	150	170	430
Rushmoor	150	140	150	440
Surrey Heath	110	130	170	410
HMA	380 (30%)	410 (32%)	490 (38%)	1,280

Source: HomesinHants, Catalyst

Figure 8.14: Intermediate Households by Size of Property Required, January 2014

	Number of Bedrooms				
	1	2	3	4+	Total
Hart	103	234	89	6	432
Rushmoor	134	233	68	4	439
Surrey Heath	120	203	58	28	409
HMA	357	670	215	38	1,280

Source: HomesinHants, Catalyst

8.52   The largest proportion of intermediate households are currently living in the private rented sector, followed by those living with friends and family. A small proportion of households interested in intermediate products in each local authority area are currently living in the social rented sector. This suggests there is scope to use intermediate products to free up the social rented stock, though this will depend on the ability of these tenants to afford the products on offer.

Figure 8.15: Intermediate Households by Current Tenure, January 2013

	Hart	Rushmoor	Surrey Heath	HMA
Private Renting	36%	34%	37%	36%
Friends/ Family	29%	32%	47%	36%
Social Renting	8%	8%	7%	7%
Shared Owner	4%	4%	1%	3%
Owner	8%	5%	2%	5%
Armed Forces	3%	4%	1%	3%
Other	12%	13%	5%	10%
Total	100%	100%	100%	100%

Source: HomesinHants, Catalyst

8.53 It is important to keep in mind that intermediate households, including those registered with the Local HomeBuy Agents, often have other choices within the housing market. Many are able to access the private rented sector; some may be able to access home ownership with family assistance. Figures 8.16 and 8.17 show that 200 households registered with the Home Buy Agents could afford one of the cheapest properties in the market area. However, very few of these households currently have a sufficient deposit to access home ownership in the mainstream market. Over half of the households registered have sufficient incomes to afford a lower quartile rent but this declines sharply where households need more than 2 bedrooms.

Figure 8.16: Intermediate Households by Household Type Registered with Local Home Buy Agent, January 2013

	All Applicants	Have income required to buy LQ	*of which have deposit*	Can afford to rent LQ
Income/deposit required		*£44,000*	*£20,000*	*£25,000*
Hart	430	80	*10*	300
Rushmoor	440	70	*10*	270
Surrey Heath	410	50	*~*	130
HMA	1,280	200	*20*	700

Source: HomesinHants, Catalyst

Figure 8.17: Intermediate Households by Household Type Registered with Local Home Buy Agent, January 2013

	All Applicants	Have income required to buy LQ	*of which have deposit*	Can afford to rent LQ
Income/ deposit required		£44,000	*£20,000*	£25,000
Hart	100%	19%	*3%*	69%
Rushmoor	100%	15%	*3%*	62%
Surrey Heath	100%	12%	*0%*	31%

Source: HomesinHants, Catalyst

Conclusion: Overall Need for Affordable Housing

8.54 The assessment of the need for affordable housing estimates that around 820 homes are required each year and that these need to be provided at subsidised rents because the vast majority of those included in the estimate are unable to afford alternative options. This estimate assumes that the current backlog of need is addressed over 5 years but this could reasonably be extended over a longer time period with the effect of reducing the shortfall but extending the time period over which higher levels of affordable housing need to be provided.

8.55 There are an additional 1,280 households in the market area who are actively interested in intermediate housing options. However, the majority of these households could afford to meet their needs in the market, albeit renting rather than accessing home ownership. These households have greater choice and cannot be regarded as being 'in need' in the same as those households in need of subsidised rent housing.

8.56 Given the scale of the need for subsidised rental accommodation, and the fact that these households have limited choice within the market, those in need of subsidised rented homes are likely to be the priority for the three Councils in terms of provision of new affordable housing.

8.57 However, it is also important to remember that the private rented sector plays a significant role in meeting the needs of these households. Around 40% of households claiming housing benefit live within the private rented sector. It is assumed that the PRS will continue to support this segment of households and it is possible that this could be expanded over time. There are relatively high levels of owner occupation in the market area and the PRS is smaller as a proportion of stock than in the South East and England as a whole. This might suggest that there is scope for further shifts in tenure towards the PRS.

8.58 According to the Census 2011, the private rented sector in the HMA currently totals around 15,700 dwellings, 15% of the stock in the market area. If the PRS was to expand to become 18% of the stock, a level consistent with the proportion of private rented homes in the South East, this could add around 3,300 private rented homes to the area. It is important to note that this is assumed to happen through a shift from owner occupation to private rent and would not add to the overall supply of dwellings in the area.

8.59 However, it is unclear whether this would expand the cheaper end of the PRS sufficiently to meet more housing need. If 25% of the expanded stock private rented stock was affordable to those on housing benefit this would imply an additional 800 homes theoretically available to those in housing need, although not all of these PRS landlords are likely to accept those supported by housing benefit. It is also important to keep in mind that any expansion of the PRS would also not provide security of tenure and so would be unlikely to reduce waiting lists. There is also no guarantee that these properties would be in good condition and indeed they are significantly more likely than other dwellings to have health and safety hazards.

8.60 Nevertheless, the PRS does play an important role in meeting the needs of a substantial proportion of households in the area. Some local authorities are putting in place schemes to formalise this role, including the establishment of social lettings agencies. There are different examples in operation, ranging from upfront grants to landlords in return for a period (e.g. 3 years) where the local authority has nomination rights over the property. A different approach involves the local authority or registered provider acting as a managing agent, which may include providing rental guarantees in return for longer term tenancies and placements.

8.61 Although intermediate households may not exhibit the most urgent needs, intermediate housing such as shared ownership has an important role to play in the market area for a number of reasons:

- In provides an opportunity for those in social housing who can afford more than a social or private rent to 'move up' to home ownership. The proportion of households on the Council's waiting list and currently living in social housing who could afford to pay more than a social or private rent is relatively small. But if intermediate ownership products could be targeted successfully at this group it would have the knock on effect of releasing social or affordable rented accommodation to those in priority need.

- On some sites, it may not be desirable to secure large numbers of social rented dwellings. This might include sites in areas with already high concentrations of social and/or private renting and where there is a desire to build in a different tenure mix. However, it is important to keep in mind that the level of social renting in the market area as a whole is markedly lower than the national and regional average and so securing more subsidised rental properties should on the whole improve the balance of tenures.

- There will be sites where the viability of development is challenging and the provision of intermediate housing may help to make schemes stack up – both for the developer and RP.

8.62   On balance, WEc recommend that the Councils seek the majority of affordable housing – around 75% - as subsidised rent (likely to be affordable rent). This recommendation broadly reflects these principles:

- The priority in terms of affordable housing is to secure more subsidised rental accommodation for those in greatest need

- The relatively limited stock of social rented housing in the market area as a whole indicates that efforts to increase the stock of subsidised rented housing would improve the mix of tenures locally.

- The need to maintain flexibility to deliver intermediate housing to support targeted policies and help scheme specific viability.

- Local authority objectives to achieve mixed communities.

8.63   An alternative approach, which is supported by the evidence, would be to seek 100% of affordable housing at subsidised rent (i.e. affordable rent) but to build in a cascade mechanism that allows other products to be provided where site specific viability requires, where RPs need ownership products to cross subsidise affordable rented homes and/or where there is a particular desire to improve the mix of housing locally.

8.64   Even if the Councils were successful in securing 100% affordable rent, this would not necessarily imply ignoring the needs of intermediate households. For the largest proportion of these households, securing a sufficient deposit is the barrier to home ownership. Local authorities and RPs could, for example, reserve 25% of the new affordable rented homes for intermediate households. This would allow them to benefit from reduced rents, allowing them to save for deposit and eventually move into open market homeownership and freeing up their rented property to be used for another household.

9. Mix of Housing Required

Summary

It is very difficult to be definitive about the size of market homes that will be demanded in the future. This is driven as much by changes in household incomes as it is by demographic factors. The size profile of the existing stock is also changing over time as people sub-divide properties and build extensions or undertake loft conversions.

Estimates of the sizes of market housing required from 2011 to 2031 based on demographic trends suggests the majority need to be two and three bedroom homes. This would largely reinforce the existing profile of stock, with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. In the recent past there has been stronger demand in relative terms for larger family homes, but the impact of the equity loan element of Help to Buy has stimulated demand for smaller properties.

In terms of the sizes of affordable housing implied by demographic trends, around three-quarters of the requirement is for homes with one or two bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms. Relative to the current stock there is a slight move towards a greater proportion of smaller homes being required. But whilst this takes account of the size of the housing stock it does not show how often properties of different sizes become available for re-let.

The modelling provides estimates of the different sized homes that are likely to be needed according to demographic projections and current occupancy patterns, but there are a range of factors which should be taken into account in developing any policies to influence the housing mix:

- The impact of income and wealth distribution and the impact on occupancy.
- The frequency with which different sized homes become available for sale or rent.
- Prices and rents and the relative price of different sized properties.
- Availability of finance, particularly for first time buyers.
- Market cycle – which may encourage the development of different types of properties.

There are also a range of factors relevant in considering policies for the mix of affordable housing sought through development schemes. At the housing market level, the analysis would support policies for:

- Around 30% 1 bed properties: reflecting continued need for smaller properties but recognising that re-lets within the existing stock are biased towards smaller accommodation so these needs can be met more easily.
- 30-40% 2 bed properties: broadly consistent with the proportion of households in need who require 2 beds; these properties also provide more flexible accommodation, being able to meet the needs of a wider range of households including couples and small families.
- Around 30% 3 bed or larger properties: there are relatively large numbers of households needing larger properties and they often wait longer to be household because of limited supply.

These proportions recognise the role which the delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer.

It is also important that the nature of development on specific sites need to be considered within the context of existing stock and the characteristics of the surrounding neighbourhood.

Introduction

9.1   This section provides evidence on the mix of homes that might be required in the future. This draws on the demographic projections (consistent with Section 7) and current occupancy patterns as well as the characteristics of the existing stock (Section 5).

9.2   The National Planning Policy Framework expects local authorities to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable and inclusive, mixed communities (Paragraph 50, NPPF). Specifically, local authorities are asked to:

- plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);

- identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand.

9.3   Section 8 provides evidence on the need for affordable housing. It also sets out our recommendation on the broad mix of subsidised rent and intermediate housing that could be sought from new housing development.

9.4   The rest of this section summarises the evidence on the size mix of different properties that might be required to meet demands and needs in the future. It distinguishes between market and affordable housing and sets out the wider considerations around the mix of housing that might be appropriate as well as the implications of demographic changes.

Size Mix

9.5   It can be appropriate for local authorities to identify any broad imbalances in the stock of housing in the market area and seek to address this through influencing the mix of market housing that is developed in the future e.g. through the allocation of sites which encourage or enable a particular type of development.

9.6   There is greater scope to influence the mix of affordable housing provided because of the way that affordable housing is allocated in relation to household size and because local authorities and registered providers have direct responsibilities in the provision of affordable housing.

9.7   It is very difficult to be definitive about the size of market homes that will be demanded in the future. This is driven as much by changes in household incomes as it is by demographic factors.

9.8   The analysis in this section uses the information available about the size and structure of the population and household structures; and considers what impact this may have on the sizes of housing required in the future. The analysis examines the demographic change as indicated in the core demographic projection – delivery of 18,500 additional homes from 2011 to 2031.

9.9   It should be noted that this projection will not necessarily be translated into policy but has been used to indicate the likely size requirements of homes. A decision to plan for a different level of housing provision would be unlikely to result in a significant change to the conclusions presented here.   Figure

9.1 describes the broad methodology employed in the housing mix modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections.

Figure 9.1: Summary of Housing Mix Model
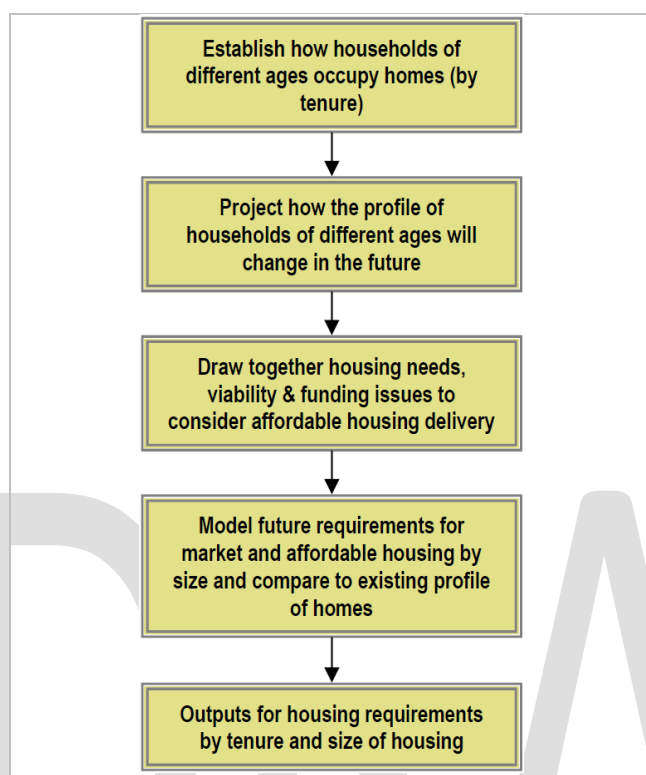
9.10   Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property, subject to what they can afford. Therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.

9.11   For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it. So the expectation that the number of single person households will increase does not automatically translate in to a need for smaller units. In the affordable sector this issue is less relevant particularly since the removal of the spare room subsidy; though older people are exempt from the removal of this subsidy, and there will continue to be other working-age households who continue to under-occupy their current homes.

9.12   The methodology used in this report uses information derived from the demographic projections about the number of households in each age and sex group and applies this to the profile of homes these groups occupy. Figure 9.2 presents estimates the average number of bedrooms varies by different ages and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak in the 50-59 age groups. In the affordable sector this peak appears at a younger age. The average dwelling size decreases after the peak is reached – largely due to older people down-sizing.

Figure 9.2: Average Bedrooms by Age, Sex and Tenure
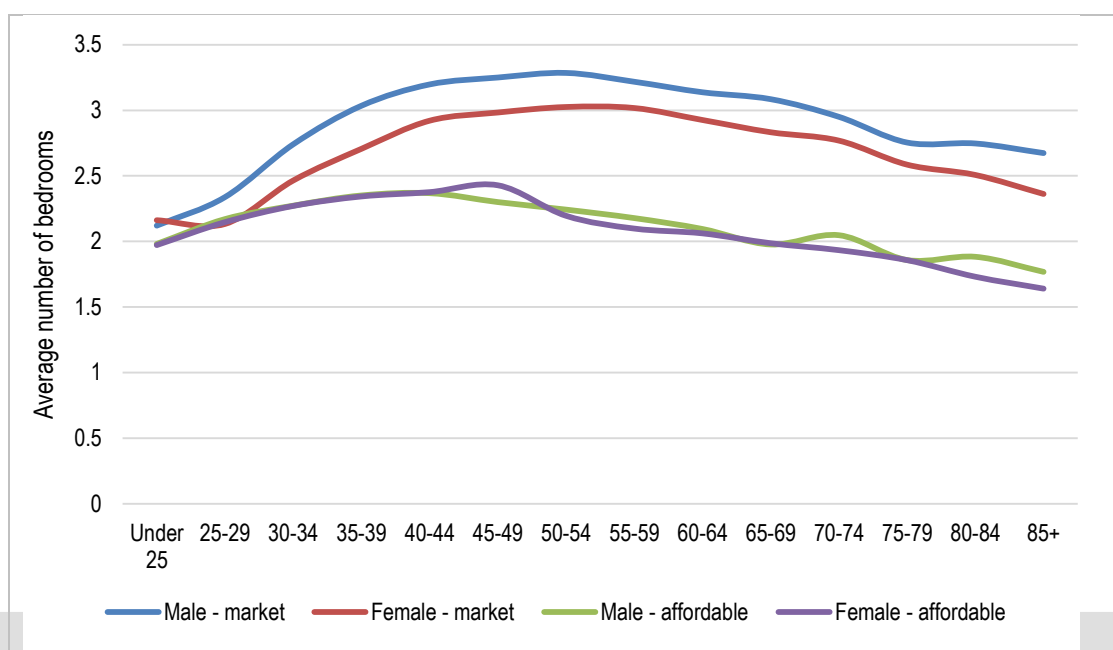
Source: Derived from ONS Commissioned Table C1213 and 2011 Census

9.13   In 2011 there were 105,940 households living in the housing market area. Analysis of Census data provides an estimate of the profile of the housing stock in 2011 (Figure 9.3). 12.3% of households live in affordable housing with 87.7% in the market sector. The data also indicates that homes in the market sector are generally bigger than in the affordable sector with 74% having three or more bedrooms compared to 35% for affordable housing.

9.14   These figures are for households rather than dwellings. Information on the size of vacant homes across the whole stock is not readily available. For the purposes of analysis this will not make any notable difference. However, as explained in Section 7, allowance has been made in estimating housing requirements for a vacancy allowance.

Figure 9.3: Profile of Dwellings in 2011 by Size

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	6,100	6.5%	3,900	30.0%	10,000	9.4%
2 bedrooms	18,600	20.0%	4,600	34.8%	23,100	21.8%
3 bedrooms	37,000	39.9%	4,100	31.3%	41,100	38.8%
4+ bedrooms	31,200	33.6%	500	3.8%	31,700	30.0%
Total	92,900	100.0%	13,100	100.0%	105,900	100.0%
% in tenure	87.7%		12.3%		100.0%	

Source: Derived from 2011 Census

9.15   The housing mix model has been used to estimate future requirements for different sizes of property over the next 20 years. The model works by looking at the types and sizes of accommodation occupied

by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, since the way households of different ages occupy homes differs between the market and affordable sectors, it is necessary to consider these sectors separately.

9.16   The affordable housing need analysis in Section 8 provides evidence of substantial housing need which would support any affordable housing target, although the viability of providing affordable housing will limit the amount that can be delivered. On this basis, across the market area it has been assumed that affordable housing accounts for 35% of new housing delivery. **It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.**

9.17   As previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2011 to 2031.

Market Housing - Demographics

9.18   Figures 9.4 and 9.5 show estimates of the size of market housing required from 2011 to 2031 based on demographic trends for the whole of the housing market area. The data suggests a requirement for market homes for 11,600 additional households with the majority of these being two- and three-bedroom homes.

Figure 9.4: Estimated Size of Dwellings Required 2011 to 2031 – Market Housing

Size	2011	2031	Additional households 2011-2031	% of additional households
1 bedroom	6,100	6,800	800	6.6%
2 bedrooms	18,600	22,100	3,500	30.1%
3 bedrooms	37,000	42,200	5,200	44.8%
4+ bedrooms	31,200	33,400	2,200	18.5%
Total	92,900	104,500	11,600	100.0%

Source: Housing Market Model (rounded to nearest 100)

9.19   Figure 9.5 shows how this estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the vacancy allowance)). The data suggests that housing requirements reinforce the existing profile of stock, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are projected to fall slightly in the future (which itself is partly due to the ageing of the population).

Figure 9.5: Impact of Demographic Trends on Market Housing Requirements by House Size, 2011 to 2031
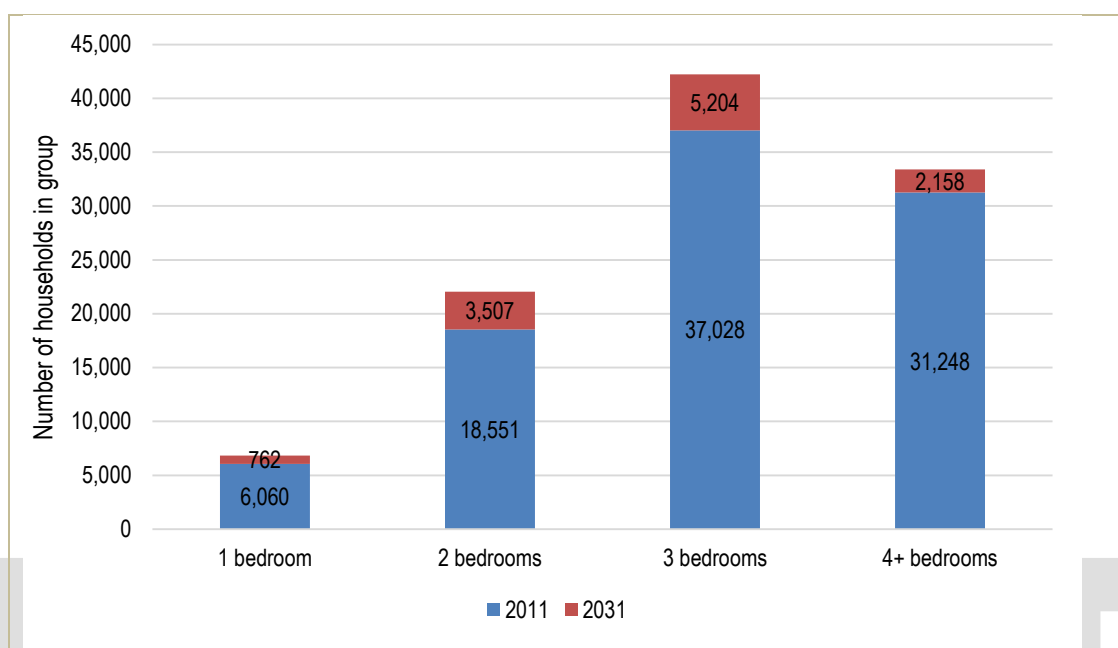
Source: Housing Mix Model

9.20   It should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, a wider range of factors are relevant.

9.21   For most of the recent past there has been stronger demand in relative terms for larger family homes than for smaller properties, since access to mortgage finance for those with small deposits has been limited. This has started to change with the introduction of the Government's Help to Buy scheme. Over the 20-year projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, though to some extent this assumes that older households downsize, thereby releasing equity from existing homes.

9.22   As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. Transactions data (see Section 6) indicates the number of sales in Hart and Surrey Heath remains over 25% lower than 10 years ago. Part of the explanation has been affordability issues and the availability of mortgage finance for first time buyers, particularly as entry level prices are higher in these two authorities than in Rushmoor.

Affordable Housing - Demographics

9.23   Figures 9.6 and 9.7 present estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data shows that in the period between 2011 and 2031 around three-quarters of the requirement is for homes with one or two bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms.

9.24   This analysis provides a longer-term view of affordable based on demographic change, rather than the focus on current requirements as identified in Section 7 or any specific policy priorities. It should be noted that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may be a short-term requirement for more smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Figure 9.6: Estimated Size of Dwellings Required 2011 to 2031 – Affordable Housing

Size	2011	2031	Additional households 2011-2031	% of additional households
1 bedroom	3,900	6,600	2,700	43.6%
2 bedrooms	4,600	6,600	2,100	32.8%
3 bedrooms	4,100	5,400	1,400	21.6%
4+ bedrooms	500	600	100	2.0%
Total	13,100	19,300	6,300	100.0%

Source: Housing Market Model

9.25   Figure 9.7 shows how the estimated affordable requirement compares with the stock of affordable housing in 2011 based on households numbers, since no Census information is available on the size of vacant properties. Again, the analysis highlights that relative to the current stock there is a requirement for more smaller homes. This makes sense given that in the future household sizes are expected to fall whilst the population of older people will increase; older person households (as shown earlier) are more likely to occupy smaller dwellings. However, the analysis still identifies a requirement for more larger units (particularly three bedroom accommodation). Furthermore, whilst it takes account of the size of the housing stock, it does not show how often properties become available for re-let. Analysis in Section 7 shows that re-lets are most frequent amongst the smaller properties.

Figure 9.7: Impact of Demographic Trends on Affordable Housing Requirements by House Size, 2011 to 2031
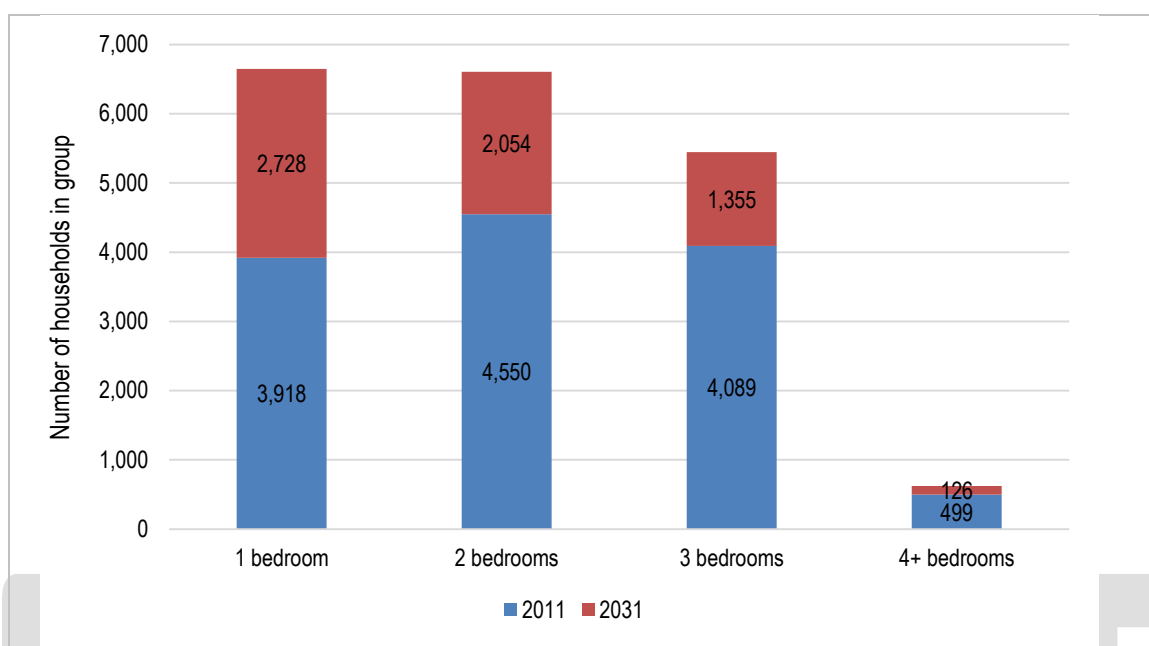
Source: Housing Market Model

## Indicative Dwelling Sizes by Tenure

9.26   Figures 9.8 and 9.9 summarise the data in both the market and affordable sectors that emerge from this analysis. The focus should be on the percentage requirements rather than the absolute housing numbers. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Figure 9.8: Estimated Demand for Different Sized Dwellings (2011 to 2031)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	800	800	6.6%	2,800	2,800	43.6%
2 bedrooms	3,500	3,600	30.1%	2,100	2,100	32.8%
3 bedrooms	5,200	5,400	44.8%	1,400	1,400	21.6%
4+ bedrooms	2,200	2,200	18.5%	100	100	2.0%
Total	11,600	12,000	100.0%	6,300	6,500	100.0%

Source: Housing Market Model (rounded to nearest 100)

Figure 9.9: Size of Housing Implied by Demographic Change 2011 to 2031
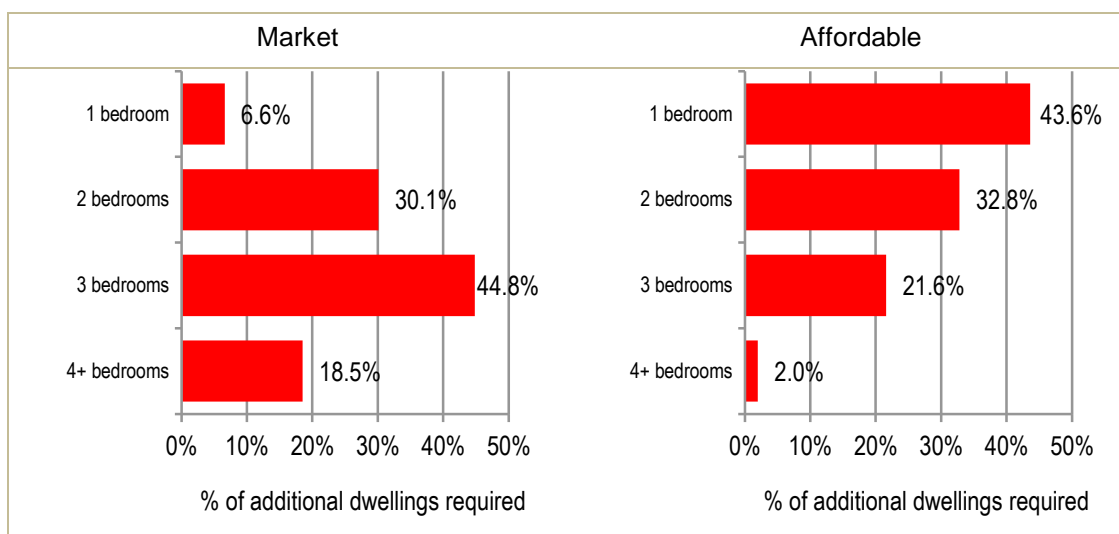
Source: Housing Market Model

9.27 The analysis has focused on outputs for the whole housing market area, built up from analysis at a smaller area level. To a considerable degree the outputs show a reinforcing of the current housing offer in each area with larger homes expected to be required in areas which traditionally have provided larger housing units. This is largely a function of the expected demographic change in these areas and the fact that household types requiring larger homes are expected to continue seeking these locations.

Wider Considerations

9.28 Whilst the outputs of the modelling provide estimates of the different sized homes that are likely to be needed according to demographic projections and current occupancy patterns, there are a range of factors which should be taken into account in developing any policies to influence the housing mix.

9.29 In the market sector, these factors include:

- **Income and wealth distribution and impact on occupancy:** the modelling assumes current occupancy patterns of different household types will continue in the future. In practice, current occupancy patterns reflect the current pattern of income and wealth within society and this could well change in the future. It is realistic to imagine that the distribution of income and wealth will become more unequal over time. One consequence of this is that assets (including housing) will become increasingly concentrated in the hands of a few, who will probably rent them out to those who do not have the resources to buy in the market.

- **Existing stock and new supply:** whilst the modelling compares the implied need through demographic projections to the current stock, it does not take into account the turnover within the stock. Availability of different sized dwellings by size is skewed towards smaller properties because of the high turnover in the private rented sector in the market area, despite the large proportion of larger dwellings in Hart and Surrey Heath.

- **Prices and rents:** the cost to buy or rent different sized dwellings can give an indication of the relative demand for different sized properties. However, it is very difficult to determine exactly which attributes drive the price of a particular home. Attributes such as the size of a garden, parking, school

catchments etc can result in higher prices for certain homes and not just the presence or absence of an extra bedroom. It is difficult to separate out these different attributes without sophisticated economic modelling. Evidence examined by WEc in previous studies suggests that there are often large price differentials for households trading up in the market e.g. large percentage increase in prices when moving from a 2 bedroom to 3 bedroom property or 3 to 4 bedroom which is indicative of higher demand pressures on larger dwellings. The differential is often lower between 1 and 2 bedroom properties.

- **Availability of finance:** the availability of mortgages can have a significant influence on the pattern of demand. Constraints on availability and cost of mortgages tend to have the greatest constraints on demand for smaller, entry level, homes. The Government's Funding for Lending scheme has significantly improved access to mortgage finance over the last year, while the equity loan element of Help to Buy has stimulated demand for small new build properties; and the mortgage guarantee element of Help to Buy may have a similar effect on the demand for existing properties, and stimulate transactions in the cheaper end of local markets, as first time buyers are brought back into the market in significant numbers.

- **Market cycle:** The type size of dwellings that are delivered by the market are best assessed over the longer term. Evidence of the size and type of completions over time shows that there are huge peaks and troughs in the size of different properties developed and to a significant extent this follows the market cycle. In the past, when house prices have risen rapidly, the price of space increased and affordability worsened, developers have brought forward smaller properties. In buoyant markets developers are also more likely to be able to sell properties off plan to households and investors – thus de-risking apartment style development. In softer markets developers have often focused on building larger properties – since demand for these properties has often held up better than that for smaller homes, and the steady development of houses allows developers to manage their cash flow on a site by building according to sales.

9.30   In the affordable sector, additional factors include:

- Local authorities have **statutory homeless responsibilities** towards families with children and therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing.

- The **turnover of affordable homes** is skewed towards smaller dwellings and there is very limited turnover of 4 bedroom properties.

- **Lettings plans/ chains of lettings:** larger properties can result in re-housing of a number of households. For example, in simple terms, the development of one 4 bedroom property could allow an overcrowded household in a 2 or 3 bedroom social rented property to move into a larger property, releasing their own property for re-let. This could be used to house another family on the waiting list e.g. a family with one or more young children currently living in a 1 bedroom property. The release of their 1 bedroom property could be used to house another individual or couple on the waiting list (4 households housed from the development of 1 property). Even further impact could be created if this property was taken up by a household under occupying a larger social rented home, thus freeing up a larger property and allowing further households to be re-housed. A similar chain of

lettings could be created by encouraging households currently under occupying their homes to downsize.

- In the short-term there may be a need to increase the supply of one and two bedroom homes due to the removal of the **spare room subsidy** which reduces housing benefit payments to households that have a spare bedroom. WEc is yet to be convinced there is a real need to increase supply of smaller properties through new development because of the existing bias in the stock and re-lets towards these smaller dwellings. It might be possible to increase supply to households who need to downsize by giving them greater priority in the allocation process.

- The **overall benefit cap** (maximum £26,000 for family households) means that RPs are currently reluctant to build 4 bed homes because the rent will be unaffordable to those reliant on housing benefit.

9.31   There are also a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At the housing market level, the analysis would support policies for the following broad mix of affordable housing. This is intentionally broad so that local authorities can take other factors into consideration:

- 1-bed properties: Around 30%: reflecting continued need for smaller properties but taking account of the fact that re-lets within the existing stock are biased towards smaller accommodation so these needs can be met more easily. These properties are by and large delivered as flats and therefore do not give much flexibility to cope with the changing development climate.

- 2-bed properties: 30%-40%: broadly consistent with the proportion of households in need who require 2 beds. These properties provide more flexible accommodation, being able to meet the needs of a wider range of households including couples and small families. They can also be provided as houses or flats, giving more flexibility to cope with the changing development climate and different sites.

- 3-bed or larger properties: Around 30%: there are relatively substantial numbers of households needing larger properties and they often wait longer to be household because of limited supply. Increasing the proportion of larger properties would help to rebalance the social rented stock and allow the Councils to meet housing need more effectively in the future. It would be worth specifying that around 10% of these larger properties should be 4 bed homes, reflecting the need of priority households and limited supply. Where there are real constraints which prevent the delivery of 4 bedroom properties, it would be worth specifying the need for 3 bedroom properties which are suitable for 6 people which might provide an adequate substitute for larger families.

9.32   The recommendations set out above recognise the role that the delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

9.33   The need for affordable housing of different sizes will vary by area across the market and over time. In considering the mix of homes to be provided within specific development schemes, the information in this report should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

9.34   It is also important that decisions on the size-mix of new homes to be provided on specific sites takes into consideration the existing stock and characteristics of the surrounding neighbourhood. Considerations in relation to the mix on specific development sites might include the following:

- While the housing mix in the market area as a whole is relatively balanced, Hart and Surrey Heath have a high proportion of large properties and Rushmoor has significant concentrations of smaller properties. This might point to the desirability of promoting more balance in each of the authorities' areas – though given that the area is a single market area, it is reasonable to expect different parts of the area to have different characteristics.

- Tenure mix and whether there is a concentration of a particular tenure of housing that would benefit from diversification or greater choice. Simplistically, it might be desirable to provide more market housing in areas dominated by social rented and conversely, more affordable housing in areas dominated by owner occupation. The economics of sites will determine the extent to which this is possible.

- Household characteristics and whether there is a bias towards younger or older households, families or sharers and how the new development will fit into this context.

- Economic performance and whether there are issues around deprivation and regeneration which need to be taken into account in terms of the type of housing that is developed.

- Site specific viability and development context and whether a particular mix of housing is important to ensure the development 'stacks up'.

9.35   Delivery of a different housing mix will be challenging unless development plans allocate sites suited to a mix of different types and sizes of dwelling in different locations. To some extent, site types, sizes and locations will influence the type of product that can be developed.

9.36   WEc's experience of urban extensions and major development areas suggests there will be an opportunity to secure a broad range of different homes in both the market and affordable sector. For example at the Aldershot Urban Extension, developers are likely to want to deliver a range of different housing types and sizes in order to maximise the appeal to different market segments. Conversely, small sites in urbanised areas are likely to deliver flats or small houses, reflecting exiting densities in the area and site economics.

9.37   Individual local authorities may also have specific policy objectives that would be supported by the delivery of certain types or sizes of homes.

Conclusion

9.38   Estimates of the sizes of market housing required from 2011 to 2031 based on demographic trends for the whole of the housing market area suggests a requirement that the majority of these being two- and three-bedroom homes. In the affordable sector, demographic modelling suggests around three-quarters of the requirement is for homes with one or two bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms.

9.39   Whilst the outputs of the modelling provide estimates of the different sized homes that are likely to be needed over the long term according to demographic projections and current occupancy patterns, there

are a range of factors which should be taken into account in developing any policies to influence the housing mix. These include the existing stock and supply, changes in patterns of household income, the market cycle, site specific consideration including viability and policy considerations, particularly in relation to the delivery of affordable housing.

9.40   The final section of the SHMA presents evidence on the housing needs of specific groups in the population.

DRAFT

10. Specific Groups in the Housing Market

Summary

The number of families in the housing market area (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals just under 35,000 accounting for 33% of all households.

The demographic projection suggests that the number of children (aged Under 15) is expected to increase markedly from 2011 to 2031 (an increase of over 4,500 – 9% increase).

Overcrowding is often a key concern when looking at the housing needs of households with children and the evidence shows that households with children are five times more likely than other households to be overcrowded.

In line with national trends, the size of the older population has been increasing across the housing market area, both in absolute terms, and in its proportional share of the overall population.

Pensioner households are more likely to live in outright owned accommodation (75%) than other groups. Older households are also more likely to under-occupy their housing than other households in the housing market area. In total 62% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household).

The increase in the older population is tied to increases in disability within the population. In particular there is projected to be a large rise in the number of people with dementia (up 117%) along with a 92% increase in the number with mobility problems to 2031. Across the housing market area some 20% of households contain someone with a long term health problem or disability.

The data indicates a requirement for around 3,400 units over the period from 2012 to 2030 to meet the needs of the older population. This is an average of 189 dwellings per annum which represents some 20% of the total objectively assessed housing shown though the core demographic modelling (for 925 home per annum).

In 2011 around 14% of the population of the housing market area came from a non-White (British/Irish) background. The key BME groups in the housing market area are Other-Asian (which includes the Nepalese community) and Other-White (which contains the most recent Eastern European migrants). BME groups are significantly less likely to be owner-occupiers (particularly outright owners) and far more likely to live in private rented accommodation.

The Nepalese population accounts for 6.5% of the overall population in Rushmoor, equating to around 6,130 people. Overcrowding is much more common amongst this group.

Service personnel are a key group within the housing market area having had a long history as one of the army's key bases. Aldershot was recently designated as a Super Garrison which will increase the overall number of army personnel in the area and linked to the return of troops based in Germany. The MoD currently has sufficient Service Family Accommodation to meet its needs, taking account of the designation of Aldershot as a Super Garrison.

Around 5-600 redundancies are expected in the market area as a result of the army tranche 3 and 4 redundancies. There is likely to be a proportion that will apply, where they qualify to do so, for affordable housing through local authority housing registers.

Introduction

10.1 The NPPG identifies a number of specific groups in the housing market that may have particular housing needs. The three authorities have also identified specific groups which merit some additional focus in the local area. This section identifies the incidence of these groups in the population and examines the specific housing issues that they face by considering the tenure of homes they occupy and their ability to access suitable and/or affordable housing. The groups are:

- Families

- Older people

- Disabled people

- Black and Minority Ethnic households – in particular the Nepalese community in Rushmoor

- Ex Service Personnel

- Self-Builders - people wishing to build their own home

Families

10.2 The number of families in the housing market area (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals just under 35,000 accounting for 33% of all households. There is relatively little variation between areas although Rushmoor shows a higher proportion of lone parents and relatively few married couples with dependent children.

Figure 10.1: Family Households - Households with Dependent Children (2011)

Household type	Hart		Rushmoor		Surrey Heath		HMA	
	No.	%	No.	%	No.	%	No.	%
Married couple	8,220	23%	7,290	20%	7,380	22%	22,890	28%
Cohabiting couple	1,270	4%	1,610	4%	1,140	3%	4,020	4%
Lone parent	1,460	4%	2,350	7%	1,410	4%	5,210	5%
Other households	710	2%	1,280	4%	870	3%	2,860	3%
All other households	23,850	67%	23,810	66%	22,760	68%	70,420	67%
Total	35,510	100%	36,340	100%	33,550	100%	105,400	100%
Total with dependent children	11,660	33%	12,530	35%	10,790	32%	34,980	33%

Source: 2011 Census

10.3   The core demographic projection suggests that the number of children (aged Under 15) is expected to increase markedly from 2011 to 2031 (an increase of over 4,500 – 9% increase).

10.4   Figure 10.2 shows the current tenure of households with dependent children. There are some considerable differences by household type with a very high proportion of lone parents living in the social rented sector and also in private rented accommodation. Only around two-fifths of lone parent households are owner-occupiers compared with approaching 80% of married couples with children.

Figure 10.2: Tenure of Family Households - Households with dependent children in the housing market area
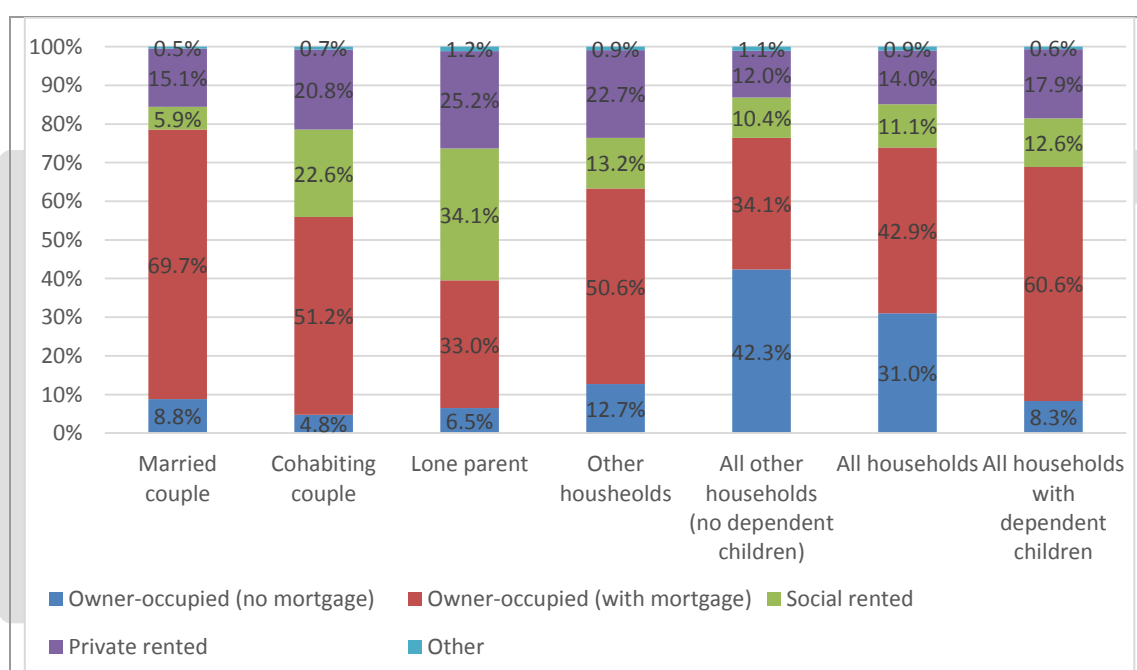
Source: 2011 Census

10.5   Overcrowding is often a key concern when looking at the housing needs of households with children and Figure 10.3 shows that households with children are about five times more likely than other households to be overcrowded (having an occupancy rating of -1). In total, some 8% of all households with dependent children are overcrowded and, included within this data, 11% of lone parent households are overcrowded along with 36% of 'other' households with dependent children.

Figure 10.3: Occupancy Rating and Family Households in the Housing Market Area
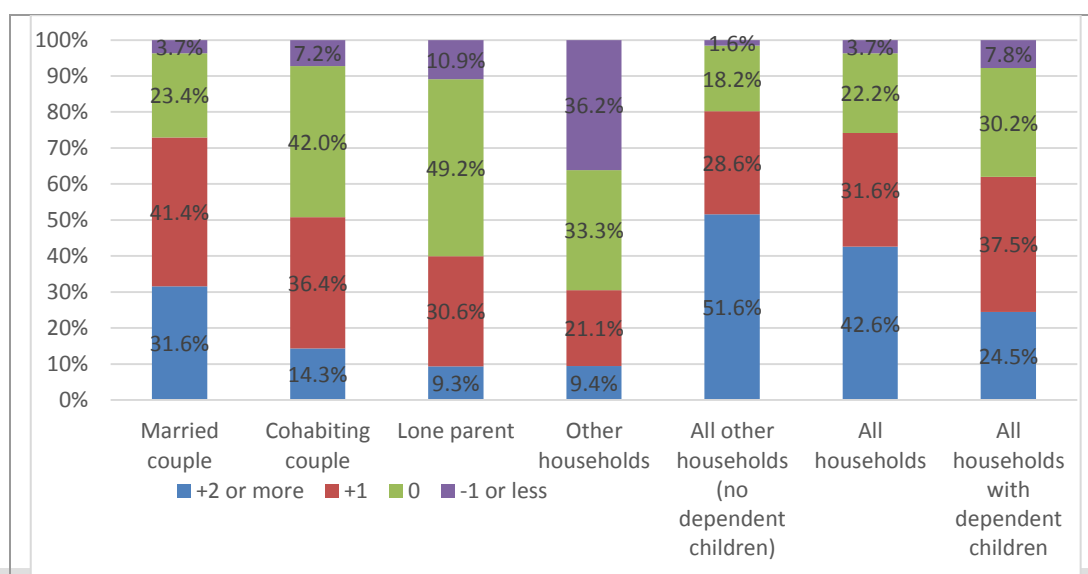
Source: 2011 Census data (from NOMIS)

Older People

10.6   In 2011, the population aged over 65 years (hereafter referred to as the older population) accounted for 16.3% of the total population in England and 17.2% in the South East. The housing market area has a slightly lower proportion of older people than regional and national averages, in particular in Rushmoor where the older population accounts for just 12.2% of total population (Figure 10.4).

10.7   In line with national trends, the size of the older population has been increasing across the housing market area, both in absolute terms, and in its proportional share of the overall population. Between 2001 and 2011, the older population in Hart increased by 41% (4,400) and in Surrey Heath by 31% (3,435). Rushmoor also experienced an increase in the older population although to a much lesser degree with 8.6% (900) over the same time period.

10.8   Within the older population, the 65-74 year olds age cohort (the baby boom generation) accounts for the largest proportion of the overall population across the housing market area and at a regional and national level. This age cohort has also seen the largest increase in population over the time frame in absolute terms, with the exception of Surrey Heath which has also seen a sizeable increase in the 75-84 age cohort.

Figure 10.4: Population Aged 65+ Years

	Hart		Rushmoor		Surrey Heath		South East		England	
No.	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
65+	10,619	15,018	10,541	11,444	10,970	14,405	1,308,622	1,482,020	7,808,000	8,660,529
65-74	5,851	8,424	5,587	6,242	6,244	7,668	668,503	763,695	4,102,841	4,552,283
75-84	3,481	4,752	3,662	3,626	3,430	4,909	464,329	501,118	2,751,135	2,928,118
85+	1,287	1,842	1,292	1,576	1,296	1,828	175,790	217,207	954,024	1,180,128
%	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
65+	12.7%	16.5%	11.6%	12.2%	13.7%	16.7%	16.4%	17.2%	15.9%	16.3%
65-74	7.0%	9.3%	6.1%	6.7%	7.8%	8.9%	8.4%	8.8%	8.3%	8.6%
75-84	4.2%	5.2%	4.0%	3.9%	4.3%	5.7%	5.8%	5.8%	5.6%	5.5%
85+	1.5%	2.0%	1.4%	1.7%	1.6%	2.1%	2.2%	2.5%	1.9%	2.2%
% change	**2001-11**		**2001-11**		**2001-11**		**2001-11**		**2001-11**	
65+	41.4%	4,399	8.6%	903	31.3%	3,435	13.3%	173,398	10.9%	852,529
65-74	44.0%	2,573	11.7%	655	22.8%	1,424	14.2%	95,192	11.0%	449,442
75-84	36.5%	1,271	-1.0%	(36)	43.1%	1,479	7.9%	36,789	6.4%	176,983
85+	43.1%	555	22.0%	284	41.0%	532	23.6%	41,417	23.7%	226,104

Source: 2001 Census, 2011 Census

Figure 10.5: % Change in Population of 65+ Years 2001-2011
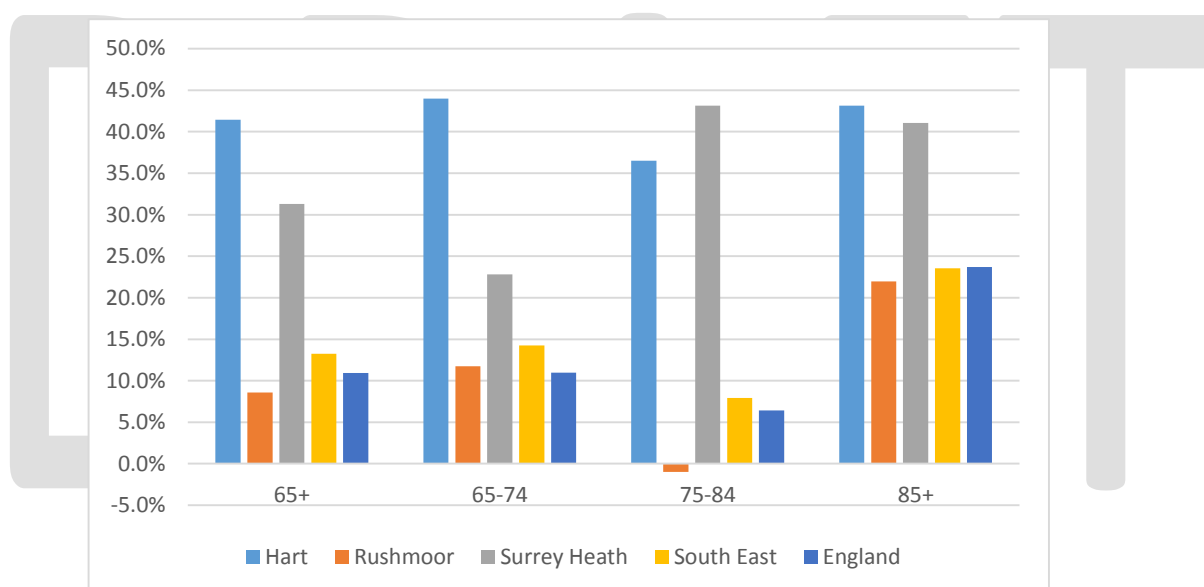
Source: 2001 Census, 2011 Census

10.9   As well as providing a baseline position for the proportion of older people in the housing market published population projections have been used to provide an indication of how the numbers might change in the future compared with other areas. The data in Figure 10.6 is based on the 2011 based SNPP which is the latest source available consistently across areas. The data is only taken to 2021 (due to the timescales used by ONS).

10.10   The data shows that the housing market area (in line with other areas) is expected to see a notable increase in the population of older people with the total number of people aged 55 and over expected to increase by 25% over just 10-years. This figure is higher than projected for both the region and England. The housing market is projected to have relatively strong growth in the population aged 75-84 and 85+ when compared with other areas although to some degree this is linked to the size of the population in these age groups in 2011.

Figure 10.6: Projected Change in Population of Older Persons (2011 to 2021)

Age group	Hart	Rushmoor	Surrey Heath	HMA	South East	England
Under 55	3.4%	-5.2%	-1.2%	-1.2%	4.0%	4.4%
55-64	12.3%	23.1%	15.6%	16.7%	15.7%	13.5%
65-74	15.9%	23.8%	14.1%	17.5%	22.7%	20.3%
75-84	50.4%	40.9%	28.6%	39.7%	26.2%	22.6%
85+	61.0%	70.1%	68.5%	66.4%	40.4%	38.5%
Total	9.3%	2.6%	5.4%	5.7%	9.3%	8.6%
Total 55+	23.8%	30.0%	21.7%	24.9%	22.1%	19.4%

Source: ONS 2011-based SNPP

10.11   In 2011 around 19% of households were comprised entirely of people aged 65 and over (Figure 10.7). This is slightly below the figure for both the South East and England. This is however due to a relatively low proportion of older person households in Rushmoor (just 16%) with Hart and Surrey Heath showing levels in-line with regional and national averages.

Figure 10.7: Pensioner households (Census 2011)

Pensioner households	Hart	Rushmoor	Surrey Heath	HMA	South East	England
Single pensioner	3,720	3,410	3,650	10,770	449,970	2,725,600
2 or more pensioners	3,740	2,270	3,440	9,450	329,260	1,851,180
All households	35,510	36,340	33,550	105,400	3,555,460	22,063,370
Single pensioner	10.5%	9.4%	10.9%	10.2%	12.7%	12.4%
2 or more pensioners	10.5%	6.2%	10.2%	9.0%	9.3%	8.4%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	21.0%	15.6%	21.1%	19.2%	21.9%	20.7%

Source: Census (2011)

10.12   Figure 10.8 shows the tenure of older person households – data separates single pensioner households and those with two or more pensioners (largely couples). The data shows that pensioner households are relatively more likely to live in outright owned accommodation (75%) and are also slightly more likely than other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (3% compared with 14% of all households in the housing market area).

10.13   This proportion of home owners is particularly high in Surrey Heath and Hart both with 86% compared to 79% for the South East and 75% nationally.

10.14   The proportion of older people in social rented accommodation is higher in Rushmoor with 20% compared to 10% and 9.5% for Surrey Heath and Hart respectively. In all cases the proportion living in social rented accommodation has declined over the decade, whilst those who are owner occupiers home ownership have increased.

10.15 Across the area, home ownership levels are highest amongst the 65-74 age cohort (baby boomers) and steadily fall with the older population. The large majority own their home own outright, with particularly high levels in Surrey Heath.

10.16 The proportion of those in social rented tenure gets progressively higher with each age cohort. The 85+ age bracket in social rented accommodation accounts for 17%, 27% and 16% for Hart, Rushmoor and Surrey Heath respectively. To some extent this reflects higher levels of social renting amongst this generation, many of whom will have lived in social rented property all of their lives and accessed social rented homes when they accounted for a much larger proportion of the housing stock.

10.17 The proportion of older people in private rented accommodation is highest amongst the 85+ population, with around 6% in all three local authorities; this may reflect larger numbers of this age group living in specialist housing e.g. sheltered, which is often rented rather than owned. This is slightly below the regional and national average of 7.6% and 8.1% respectively.

Figure 10.8: Tenure of Older Population, 2001-2011, by Local Authority

	Hart		Rushmoor		Surrey Heath		South East		England	
	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
Owned	82.6%	86.4%	73.0%	74.1%	83.0%	86.1%	77.1%	79.3%	71.7%	74.6%
Social Rented	12.5%	9.6%	22.4%	20.3%	13.2%	10.2%	16.6%	14.6%	21.6%	19.0%
Private Rented or Rent Free	4.9%	4.1%	4.6%	5.6%	3.8%	3.7%	6.3%	6.1%	6.8%	6.5%

Source: Census 2001 and 2001

10.18 There are however notable differences for different types of pensioner households with single pensioners having a much lower level of owner-occupation than other pensioner households. Single pensioner also account for a much higher proportion of older households living in the social rented sector.

10.19 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be some translation into demand for affordable housing from the ageing population.

Figure 10.9: Tenure of Older Person Households in the Housing Market Area
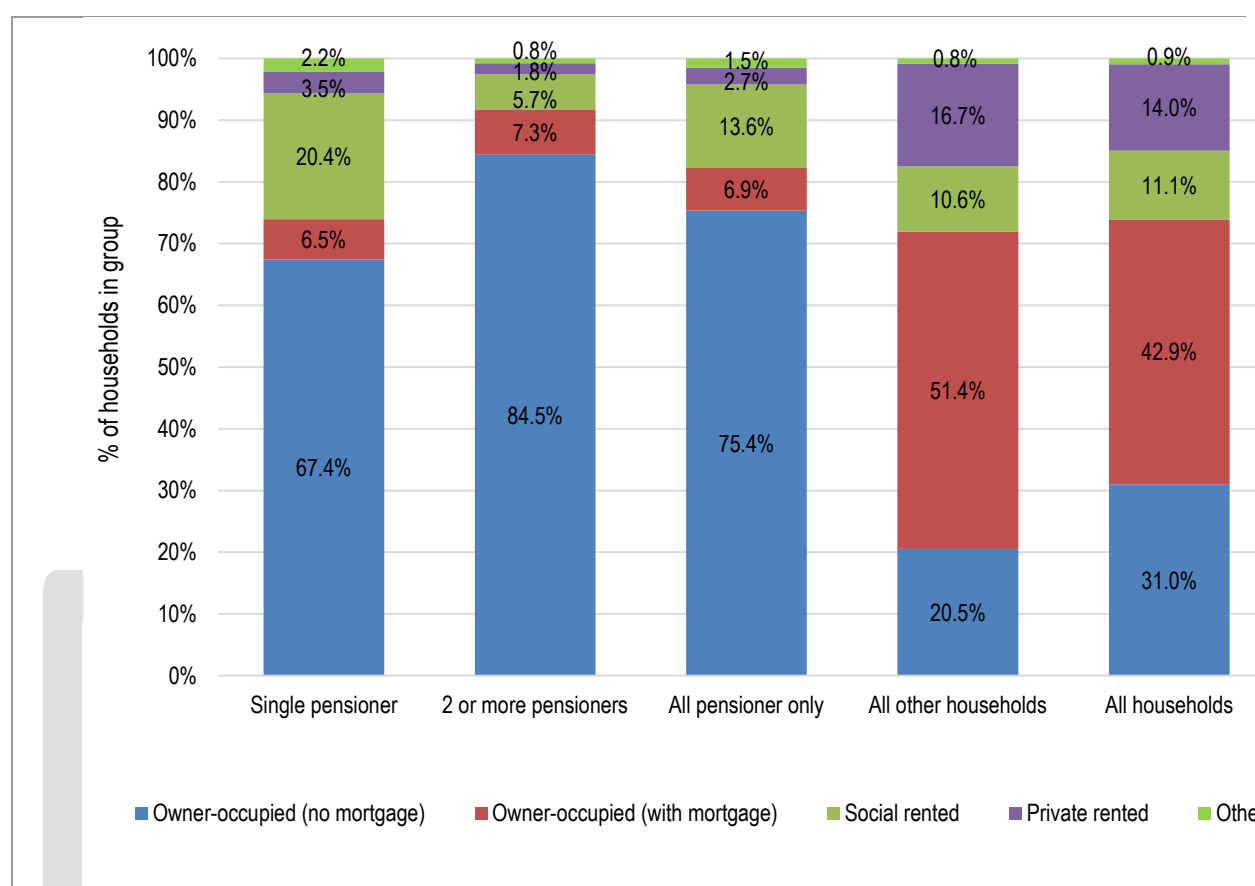
Source: 2011 Census

10.20 A key issue that is often highlighted in SHMAs is the large proportion of older person households who under-occupy their dwellings. The Census data suggests that older person households are more likely to under-occupy their housing than other households in the housing market area. In total 62% of older households have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 38% for non-pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

Figure 10.10: Occupancy rating of Older Person Households – Housing Market Area
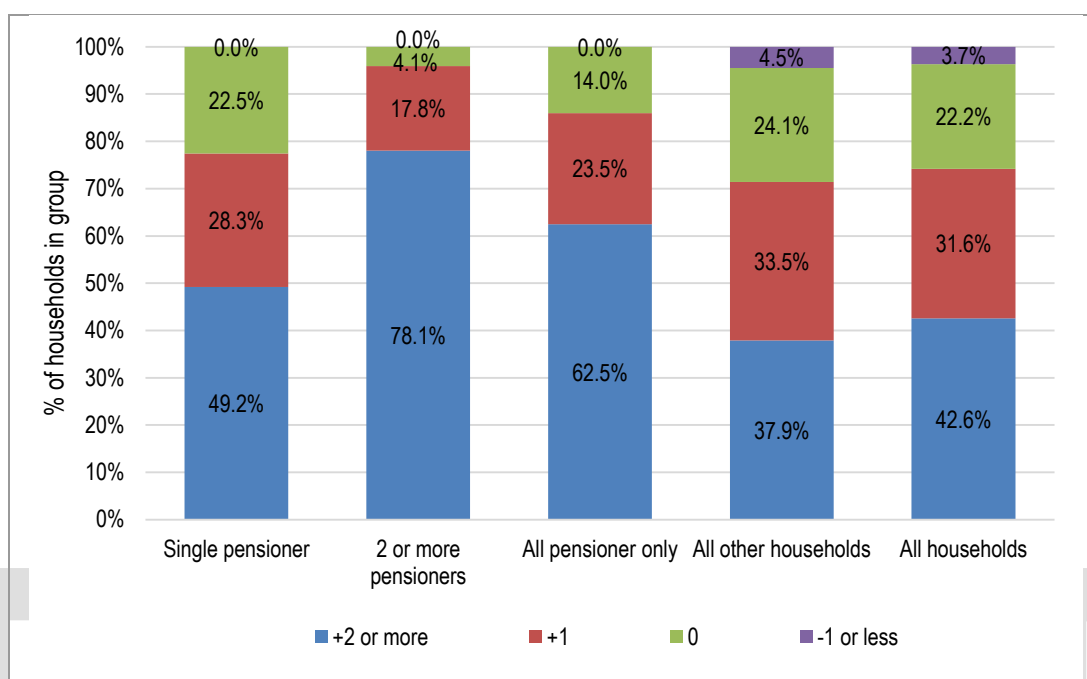
Source: 2011 Census

10.21   Figure 10.11 shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were 460 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation and free up family sized dwellings for overcrowded households. To achieve this it will probably be necessary to provide attractive options in areas where households currently live and where they have social and community ties.

Figure 10.11: Pensioner households with occupancy rating of +2 or more by tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	4,820	6,910	11,730
Social rented	290	170	460
Private rented	190	100	290
All tenures	5,300	7,180	12,480

Source: 2011 Census

10.22   However, it should be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area). However it is probable that would many older households will want to retain family housing with space to allow friends and

relatives to come to stay or simply because it is a home they are emotionally attached to and wish to remain living in for as long as they can.

10.23 Only a small proportion of the older population live in overcrowded conditions (occupancy rating of -1). However, in Rushmoor the proportion is 5.7% compared to 2.9% regionally and 3.3% nationally (Figure 10.12). In addition, the proportion living in overcrowded conditions has increased over the decade in Rushmoor, compared to a decline experienced in the remainder of the housing market area and at a regional and national level.

10.24 Anecdotal evidence suggests this overcrowding is concentrated amongst older Nepalese community, living in houses in multiple occupation. This appears to be supported by Census data which shows that 37% of the 'Other – Asian' population in Rushmoor (which is overwhelmingly the Nepalese community in Rushmoor) live in overcrowded homes. This compares to just over 20% in Hart and Surrey Heath and 24% in the South East.

Figure 10.12: Occupancy Rating of Aged Population (Rooms), 2001-2011

	Hart		Rushmoor		Surrey Heath		South East		England	
	2001	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
Occupancy rating (rooms) of +2 or more	67.5%	76.4%	58.3%	61.9%	71.6%	77.9%	60.1%	68.1%	57.2%	65.2%
Occupancy rating (rooms) of +1	20.6%	14.7%	22.7%	18.1%	15.9%	12.2%	23.8%	18.5%	25.2%	20.1%
Occupancy rating (rooms) of 0	9.1%	6.9%	14.4%	14.2%	10.2%	7.9%	12.6%	10.5%	13.6%	11.4%
Occupancy rating (rooms) of -1 or less	2.8%	1.9%	4.6%	5.7%	2.3%	2.0%	3.5%	2.9%	4.0%	3.3%

Figure 10.13: Older Population By Age Group and Tenure 2011

2011	Hart			Rushmoor			Surrey Heath			South East			England		
	65-74	75-84	85+	65-74	75-84	85+	65-74	75-84	85+	65-74	75-84	85+	65-74	75-84	85+
Owned or shared ownership	89.5%	85.5%	77.0%	75.7%	74.9%	67.1%	88.7%	85.9%	77.4%	80.8%	79.8%	73.7%	76.3%	74.8%	68.2%
Owned outright	78.0%	79.4%	72.1%	64.0%	67.8%	61.8%	75.7%	79.7%	72.1%	69.4%	73.4%	68.9%	66.1%	68.9%	63.8%
Mortgage/loan/shared ownership	11.4%	6.0%	4.9%	11.7%	7.1%	5.3%	13.0%	6.3%	5.3%	11.4%	6.4%	4.9%	10.2%	5.9%	4.4%
Social rented	7.1%	10.3%	17.0%	18.0%	20.8%	26.8%	7.8%	11.1%	16.2%	13.0%	14.7%	18.7%	17.3%	19.2%	23.7%
Rented from council (Local Authority)	0.6%	0.7%	1.6%	2.3%	3.2%	3.2%	0.8%	1.5%	2.0%	5.9%	6.7%	7.9%	9.5%	10.4%	12.0%
Other social rented	6.6%	9.6%	15.4%	15.7%	17.5%	23.6%	7.0%	9.6%	14.2%	7.1%	8.0%	10.8%	7.8%	8.8%	11.7%
Private rented or living rent free	3.4%	4.3%	6.0%	6.3%	4.3%	6.1%	3.5%	3.0%	6.4%	6.2%	5.4%	7.6%	6.4%	5.9%	8.1%
Private landlord or letting agency	2.3%	2.3%	2.8%	4.5%	2.5%	2.3%	2.3%	1.5%	2.1%	4.4%	2.9%	3.2%	4.4%	3.1%	3.2%
Other private rented or living rent free	1.1%	2.0%	3.2%	1.8%	1.8%	3.8%	1.2%	1.5%	4.3%	1.8%	2.5%	4.4%	1.9%	2.9%	5.0%

Health-Related Population Projections

10.25　In addition to providing projections about how the number and proportion of older people is expected to change in the future analysis has been undertaken to establbish the likely impact on the number of people with specific illnesses or disabilities. Data from the Projecting Older People Information System (POPPI) has been used for this purpose. The POPPI data provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA, analysis has focussed on estimates of the number of people with dementia and mobility problems.

10.26　For both dementia and mobility issues the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order of magnitude.

10.27　Figure 10.14 shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 117%) along with a 92% increase in the number with mobility problems. Rushmoor in particular looks likely to see the most significant increases.

Figure 10.14: Estimated population change for range of health issues (2011 to 2031)

Type of illness/disability	2011	2031	Change	% increase
Hart				
Dementia	1,000	2,170	1,170	117%
Mobility problems	2,670	5,140	2,450	91%
Rushmoor				
Dementia	810	1,920	1,110	137%
Mobility problems	2,120	4,410	2,290	108%
Surrey Heath				
Dementia	1,000	2,030	1,020	102%
Mobility problems	2,640	4,770	2,130	81%
HMA				
Dementia	2,820	6,120	3,300	117%
Mobility problems	7,450	14,320	6,880	92%

Source: Data from POPPI and demographic projections

10.28　Further insight is available from the Housing LIN Strategic Housing for Older People (SHOP) analysis toolkit. This toolkit estimates potential requirements for sheltered, extra care and residential care housing. A broad summary of the outputs for the housing (using the SHOP standard settings) are shown in Figure 10.15.

10.29　The data suggests a requirement for 3,400 specialist older people units over the period from 2012 to 2030 with the majority of this expected to be required as affordable housing. This is an average of 189 dwellings per annum which represents some 20% of the total objectively assessed housing need shown though the core demographic modelling (for 925 homes per annum).

Figure 10.15: Estimated Requirement for Specialist Housing (2012-30)

	Hart	Rushmoor	Surrey Heath	HMA
Sheltered – affordable	570	340	480	1,380
Sheltered – market	570	160	530	1,270
Extra care – affordable	250	210	270	730
Extra care – market	0	0	20	20
Total	1,390	710	1,310	3,400
Per annum	80	40	70	190
Registered care (total)	940	600	420	1,960

Source: Housing LIN

10.30   Whilst this analysis should be treated as indicative given the number of assumptions feeding into it there is clearly a case for the Councils seeking to provide additional 'specialist' accommodation for older persons as the population ages.

10.31   Some caution should be exercised when interpreting this data given that it is based on estimated prevalence rates. In the future it may be the case that a greater proportion of specialist housing would be provided as extra-care given a general move away from sheltered housing. Some of the potential need for registered care could also potentially be diverted into other types of housing (such as extra care).

10.32   Additionally, the tenure profile of older person households shows a high level of owner-occupation. It is therefore possible that a greater proportion will remain in their own homes, providing appropriate care can be put in place to enable them to stay. The type of accommodation needed for the ageing population is inherently tied to the approach to care and the extent to which care can be provided at home.

Disabled People

10.33   Figure 10.16 shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the housing market area some 20% of households contain someone with a LTHPD. This figure is slightly lower than the proportion in the region and England as a whole. The figures for the population with a LTHPD again show a lower proportion when compared with regional and national figures. An estimated 13% of the population of the housing market area have a LTHPD.

Figure 10.16: Households and People with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Hart	6,990	19.7%	10,950	12.0%
Rushmoor	7,750	21.3%	12,440	13.3%
Surrey Heath	6,760	20.2%	10,840	12.6%
HMA	21,500	20.4%	34,220	12.6%
South East	839,090	23.6%	1,356,200	15.7%
England	5,659,600	25.7%	9,352,590	17.6%

Source: Census (2011)

10.34   For the individual local authorities the data suggests a slightly higher proportion of households (and population) in Rushmoor having a LTHPD, although the figures are still well below regional and national benchmarks.

10.35   It is likely that the age profile of the area will heavily impact upon the numbers of people with a long term health problem or disability as this is strongly linked to age. Figure 10.17 shows that it is clear that those people in the oldest age bands are more likely to have a LTHPD – for example some 78% of people aged 85 and over have a LTHPD. It should be noted that the base for Figure 10.17 is slightly different to that for Figure 10.16 in that it excludes people living in communal establishments.

Figure 10.17: Population with LTHPD in each Age Band
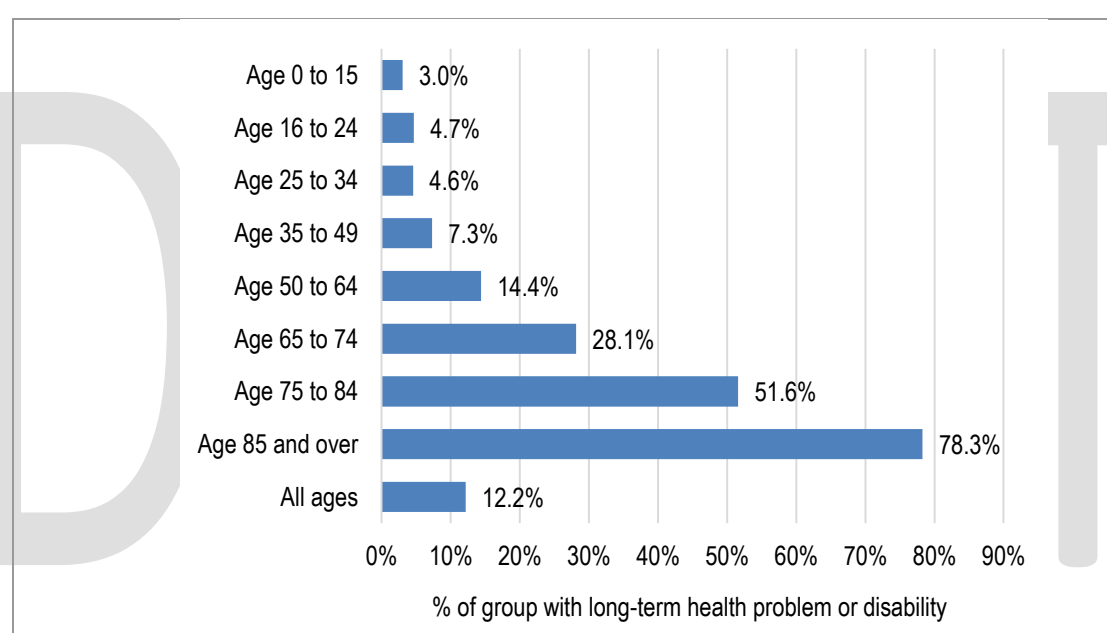
Source: Census (2011)

10.36   The age specific prevalence rates above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. It is estimated that the number of people with a LTHPD will increase by around 15,300 (a 45% increase) in the housing market area. The vast majority of this increase (95%) is expected to be in the age groups aged 65 and over. The population increase of people with a LTHPD represents 44% of the total increase in the population projected by the demographic modelling.

Black and Minority Ethnic Households

10.37 Black or Minority Ethnic (BME) households may have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way and so it is important to consider whether particular groups face issues or have needs that are different to the population as a whole.

10.38 In 2011 around 14% of the population of the housing market area came from a non-White (British/Irish) background. This is in line with the regional figure but notably lower than the figure for England (of 19%). The key BME groups in the housing market area are Other-Asian group (which includes the Nepalese community) and Other-White group (which is likely to contain a number of Eastern European migrants). The Other-Asian population makes up 3.7% of all people in the HMA with a figure of 3.5% for the Other-White group. These figures are notably higher than for any other group.

10.39 Data for individual local authorities shows around 9% of the population in Hart being from a non-White (British/Irish) group with a figure of 14% in Surrey Heath. In Rushmoor the figure is higher again (at 19%) – substantially influenced by the large Other-Asian population.

Figure 10.18: Black and Minority Ethnic Population (2011)

Ethnic Group	Hart	Rush-moor	Surrey Heath	HMA	South East	England
White: British	90.7%	80.5%	84.9%	85.3%	85.2%	79.8%
White: Irish	0.7%	0.8%	1.0%	0.8%	0.9%	1.0%
White: Gypsy or Irish Traveller	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%
White: Other White	3.2%	3.3%	4.1%	3.5%	4.4%	4.6%
Mixed: White and Black Caribbean	0.3%	0.7%	0.4%	0.5%	0.5%	0.8%
Mixed: White and Black African	0.2%	0.4%	0.2%	0.2%	0.3%	0.3%
Mixed: White and Asian	0.8%	0.7%	0.8%	0.7%	0.7%	0.6%
Mixed: Other Mixed	0.3%	0.5%	0.5%	0.4%	0.5%	0.5%
Asian: Indian	1.0%	1.4%	2.0%	1.4%	1.8%	2.6%
Asian: Pakistani	0.2%	0.7%	0.8%	0.5%	1.1%	2.1%
Asian: Bangladeshi	0.1%	0.2%	0.3%	0.2%	0.3%	0.8%
Asian: Chinese	0.5%	0.5%	0.6%	0.5%	0.6%	0.7%
Asian: Other Asian	0.9%	7.6%	2.5%	3.7%	1.4%	1.5%
Black: African	0.3%	1.2%	0.6%	0.7%	1.0%	1.8%
Black: Caribbean	0.2%	0.6%	0.3%	0.4%	0.4%	1.1%
Black: Other Black	0.1%	0.2%	0.1%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.1%	0.1%	0.2%	0.2%	0.2%	0.4%
Any other ethnic group	0.2%	0.5%	0.5%	0.4%	0.4%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	91,033	93,807	86,144	270,984	8,634,750	53,012,456
% non-White (British/Irish)	8.6%	18.7%	14.1%	13.9%	13.9%	19.3%

Source: ONS (2011 Census)

10.40 Since 2001 the BME population in the housing market area has increased significantly. Census categorisation of ethnic groups has changed between the 2001 and 2011 Census, so to allow assessment of change over time the list of BME groups has been condensed.. The data shows that whilst the overall population of the housing market area has risen by 16,200 over the 10-year period the increase in BME groups (all groups other than White (British/Irish)) has been 21,100. The White

(British/Irish) population has therefore decreased by 2% compared to an increase of 129% in the BME population.

10.41   The largest rise in terms of population has been for Asian people – increasing by 12,500 over the ten years. This group also sees the greatest increase in proportionate terms. The increase has been largely driven by an increase in the Asian-Other category which has risen from 890 people in 2001 to over 10,000 by 2011 (an increase of in excess of 1,000%). This has been driven largely by the increase in the Nepalese population in Rushmoor.

Figure 10.19: Change in BME groups 2001 to 2011 (Housing Market Area)

| Ethnic Group	2001	2011	Change	% change
White (British/Irish)	238,380	233,410	-4,970	-2.1%
White - Other	6,750	10,160	3,410	50.4%
Mixed	2,440	5,140	2,700	110.4%
Asian or Asian British	5,080	17,590	12,520	246.6%
Black or Black British	1,130	3,240	2,110	187.6%
Chinese and other	1,030	1,450	420	40.2%
Total	254,810	270,980	16,180	6.3%
Non-White (British/Irish)	16,430	37,570	21,140	128.7%

Source: Census 2001 and 2011

10.42   The Nepalese population accounts for 6.5% of the overall population in Rushmoor, equating to around 6,130 people.

Figure 10.20: Change in Non-White (British/Irish) Population – 2001-11

	Population (2001)	Population (2011)	Change from 2001	% change from 2001
Hart	4,090	7,860	3,770	92%
Rushmoor	5,700	17,580	11,880	208%
Surrey Heath	6,640	12,140	5,500	82%
HMA	16,430	37,570	21,140	129%
South East	613,560	1,202,180	588,620	96%
England	5,767,580	10,216,220	4,448,640	77%

Source: Census (2001 and 2011)

10.43   Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the housing market area.

10.44   The age profile of the BME population is striking when compared with White: British/Irish people (Figure 10.21). All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 23% of White; British/Irish people being age 60 or over compared with all BME groups showing proportions of no more than 11%.

Figure 10.21: Population Age Profile (2011)
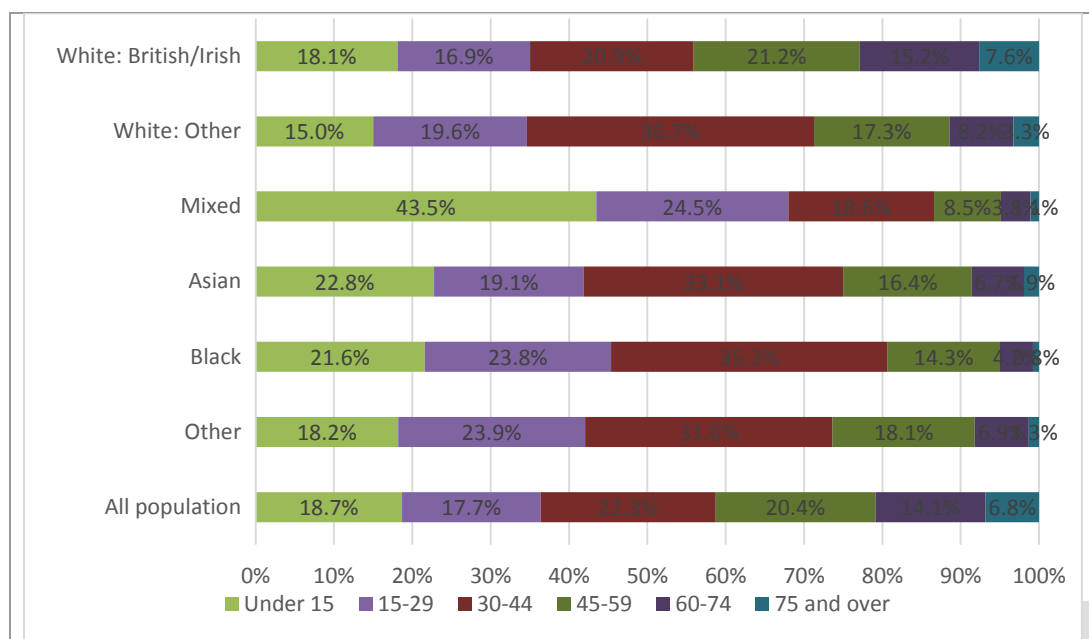
Source: Census (2011)

10.45   There are notable differences between the household characteristics of BME households as against the White: British population. Figure 10.22 indicates that all BME groups are significantly less likely to be owner-occupiers (particularly outright owners) and far more likely to live in private rented accommodation. A very high proportion (32%) of White (Other) households live in the private rented sector.

Figure 10.22: Tenure by Ethnic Group in the Housing Market Area
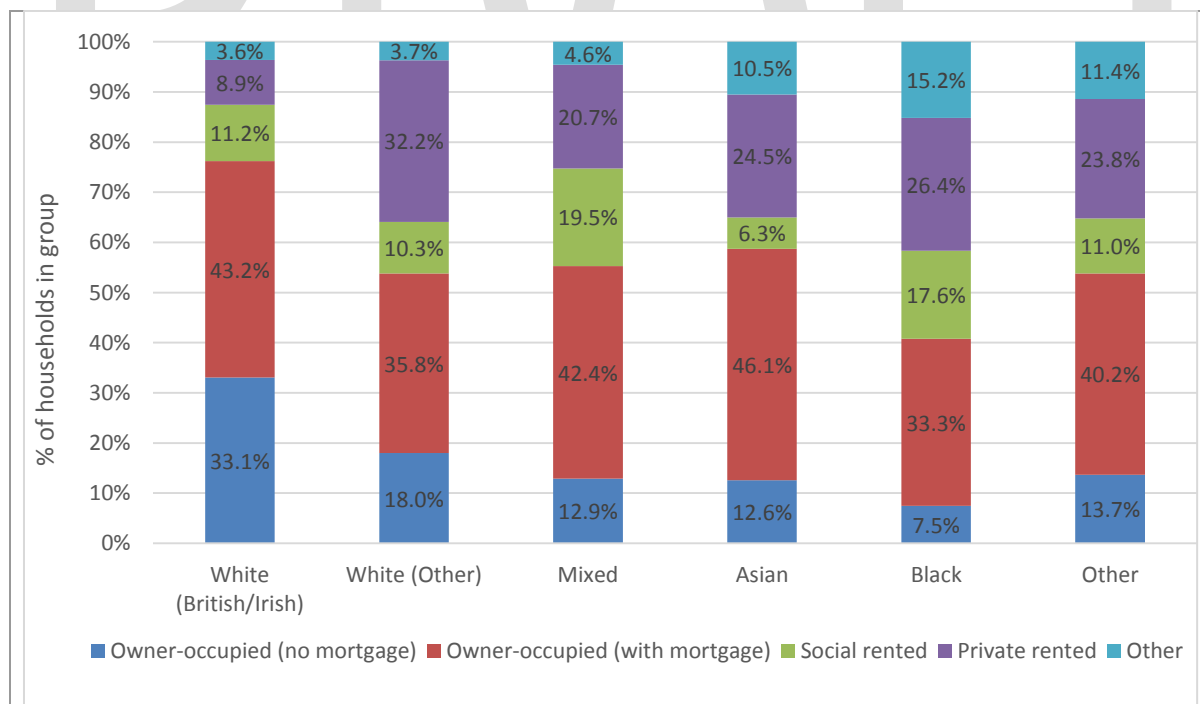
Source: 2011 Census data (from NOMIS)

10.46 The strong representation of BME households in the private rented sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance, particularly as the sector in the HMA shows a strong representation of LHA Claimants (particularly in Rushmoor).

10.47 As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

Figure 10.23: Detailed Ethnic Groups, 2011

	Hart		Rushmoor		Surrey Heath		South East		England	
	No.	%	No.	%	No.	%	No.	%	No.	%
White: English/Welsh/Scottish/Northern Irish/British	82,534	90.7%	75,511	80.5%	73,179	84.9%	7,358,998	85.2%	42,279,236	79.8%
White: Irish	642	0.7%	718	0.8%	828	1.0%	73,571	0.9%	517,001	1.0%
White: Gypsy or Irish Traveller	273	0.3%	155	0.2%	162	0.2%	14,542	0.2%	54,895	0.1%
White: Other White	2,906	3.2%	3,136	3.3%	3,523	4.1%	380,709	4.4%	2,430,010	4.6%
Mixed/multiple ethnic group: White and Black Caribbean	311	0.3%	624	0.7%	370	0.4%	45,980	0.5%	415,616	0.8%
Mixed/multiple ethnic group: White and Black African	152	0.2%	342	0.4%	171	0.2%	22,825	0.3%	161,550	0.3%
Mixed/multiple ethnic group: White and Asian	685	0.8%	644	0.7%	696	0.8%	58,764	0.7%	332,708	0.6%
Mixed/multiple ethnic group: Other Mixed	309	0.3%	447	0.5%	389	0.5%	40,195	0.5%	283,005	0.5%
Asian/Asian British: Indian	880	1.0%	1,310	1.4%	1,713	2.0%	152,132	1.8%	1,395,702	2.6%
Asian/Asian British: Pakistani	141	0.2%	635	0.7%	667	0.8%	99,246	1.1%	1,112,282	2.1%
Asian/Asian British: Bangladeshi	136	0.1%	206	0.2%	298	0.3%	27,951	0.3%	436,514	0.8%
Asian/Asian British: Chinese	435	0.5%	497	0.5%	535	0.6%	53,061	0.6%	379,503	0.7%
Asian/Asian British: Other Asian	856	0.9%	7,107	7.6%	2,176	2.5%	119,652	1.4%	819,402	1.5%
Black/African/Caribbean/Black British: African	266	0.3%	1,115	1.2%	528	0.6%	87,345	1.0%	977,741	1.8%
Black/African/Caribbean/Black British: Caribbean	178	0.2%	538	0.6%	253	0.3%	34,225	0.4%	591,016	1.1%
Black/African/Caribbean/Black British: Other Black	62	0.1%	215	0.2%	80	0.1%	14,443	0.2%	277,857	0.5%
Other ethnic group: Arab	100	0.1%	134	0.1%	184	0.2%	19,363	0.2%	220,985	0.4%
Other ethnic group: Any other ethnic group	167	0.2%	473	0.5%	392	0.5%	31,748	0.4%	327,433	0.6%
Total	**91,033**	**100.0%**	**93,807**	**100.0%**	**86,144**	**100.0%**	**8,634,750**	**100.0%**	**53,012,456**	**100.0%**

10.48 With the Queen's own Gurkha Logistic Regiment based in Aldershot, Rushmoor has become a popular destination for Nepalese in-migrants, including ex-Ghurkhas as well as non-army Nepalese migrants, wishing to live in the UK. According to the Census 2011, the Nepalese population in Rushmoor accounts for 6.5% of the total population (just over 6,000) making it one of the most significant ethnic groups in the Borough.

10.49 The Nepalese population faces a number of challenges in terms of integration and adaptation to UK society, particularly amongst the elderly population. These include communication and cultural barriers, vulnerable youths, differing education systems, lack of understanding of British justice and administration systems, deprivation and overcrowding in housing, and difficulty in accessing benefits according to a 2010 report.[19]

10.50 The 2010 report found that claiming housing benefit was a particular difficulty for many elderly Nepalese people. According to the report, establishing the true nature of relationships of Nepali people in a residence has been complicated as being from the same village can mean a type of brotherhood to the Nepali while not being an actual blood tie. A pattern of multiple occupancy in homes was also noted and this appears to be reflected in higher levels of private renting and overcrowding in the Census data.

10.51 In terms of the Nepalese military population, retirement age is set by army regulations and depends on rank. Generally soldiers tend to retire at around 40 years of age after twenty years of service. Officers

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[19] Health Needs Assessment of Nepalese Community in Rushmoor, October 2010, Dr. Marie Casey

can retire at an older age (45-50 years old). However, many retirees continue to work and the type of work will depend on their trade in the army and the type of resettlement training they have received.

10.52   The report estimates that in the short term all Gurkha soldiers based in Rushmoor will remain in Rushmoor after retirement. This is generally due to their children being in education here and but suggests that in the longer term some may wish to return to Nepal.

10.53   Occupancy ratings provide a measure of whether a household's accommodation is overcrowded or under occupied. An occupancy rating of -1 implies that a household is overcrowded, whereas a rating of +1 implies under occupation.

10.54   Figure 10.24 show the occupancy ratios across the different ethnic groups according to the 2011 Census. Key points to note are as follows:

- Under occupancy is generally most common amongst the white British and Irish Population. In Hart, however, the highest under occupancy rates are within the Pakistani population.

- Incidents of overcrowding vary across the study area. At a regional level, overcrowding is most common amongst the Bangladesh and Black African population.

- In Rushmoor, overcrowding is most common amongst the 'Other Asian' ethnic group, the vast majority of which is accounted for by the Nepalese population.

10.55   BME groups are more likely to be overcrowded than White (British) households. In particular, the Census data suggests that around 19% of Asian households are overcrowded - this compares with only 3% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

Figure 10.24: Occupancy Rating by Ethnic Group in the Housing Market Area
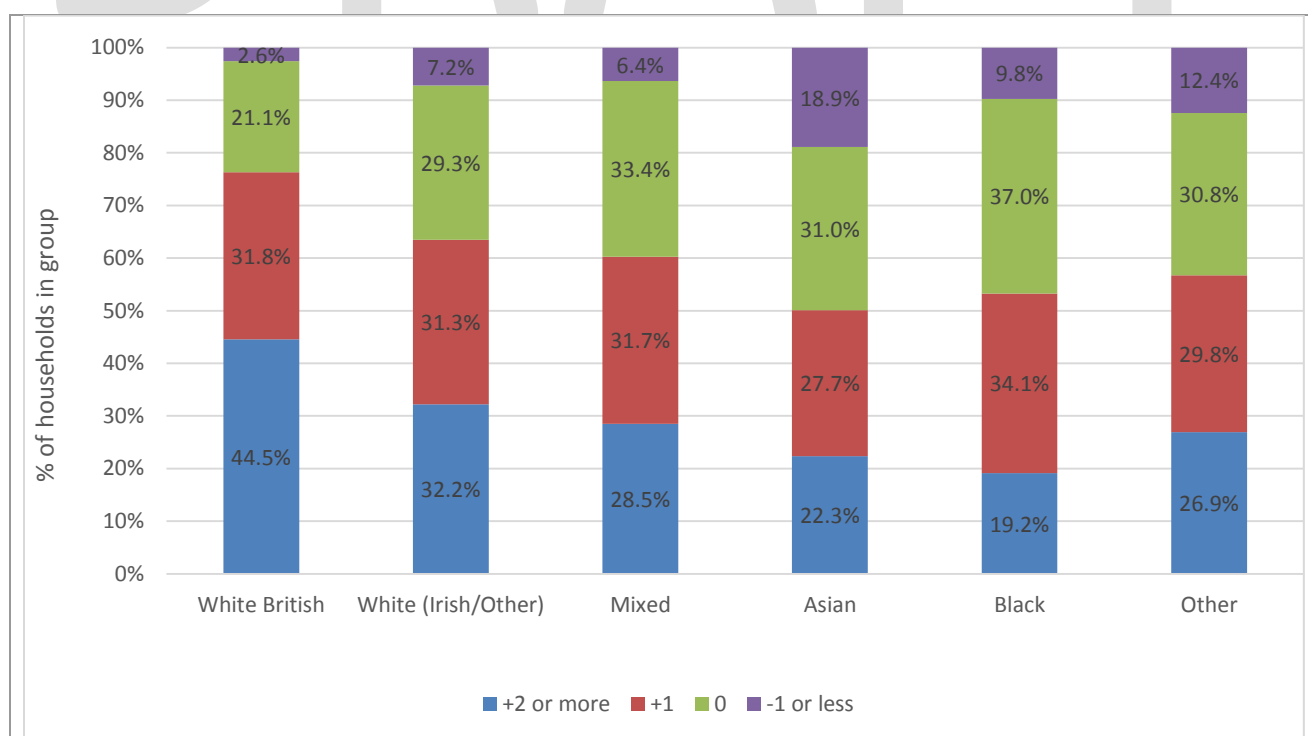
Source: 2011 Census data (from NOMIS)

Figure 10.25: Tenure of Ethnic Groups, 2011

	Hart			Rushmoor			Surrey Heath			South East			England		
	Owned	Social Rented	Private Rented/living Rent Free	Owned	Social Rented	Private Rented/living Rent Free	Owned	Social Rented	Private Rented/living Rent Free	Owned	Social Rented	Private Rented/living Rent Free	Owned	Social Rented	Private Rented/living Rent Free
All categories: Ethnic group	79.3%	7.7%	13.1%	65.3%	16.3%	18.4%	77.6%	9.2%	13.2%	68.7%	13.7%	17.6%	64.1%	17.7%	18.2%
White: Total	79.9%	7.6%	12.4%	67.5%	16.8%	15.7%	78.6%	9.3%	12.1%	69.9%	13.6%	16.5%	66.4%	16.8%	16.9%
White: English/Welsh/Scottish/Northern Irish/British	80.8%	7.5%	11.6%	68.3%	16.9%	14.9%	79.6%	9.4%	11.1%	71.1%	13.9%	15.0%	68.0%	16.9%	15.1%
White: Irish	80.4%	7.0%	12.6%	63.5%	19.1%	17.3%	79.0%	10.6%	10.4%	69.0%	14.5%	16.5%	61.4%	21.9%	16.7%
White: Gypsy or Irish Traveller	25.5%	63.3%	11.2%	37.5%	47.9%	14.6%	36.8%	56.1%	7.0%	34.9%	45.7%	19.4%	33.5%	41.9%	24.6%
White: Other White	57.9%	5.8%	36.3%	49.4%	12.0%	38.6%	57.9%	5.0%	37.1%	44.6%	7.2%	48.2%	36.9%	11.8%	51.3%
Mixed/multiple ethnic group: Total	61.2%	15.4%	23.4%	47.4%	25.5%	27.0%	61.7%	14.0%	24.3%	48.0%	19.9%	32.2%	36.5%	32.1%	31.4%
Mixed/multiple ethnic group: White and Black Caribbean	51.6%	28.1%	20.3%	37.3%	36.6%	26.1%	49.2%	26.2%	24.6%	40.0%	31.4%	28.5%	30.7%	43.3%	26.0%
Mixed/multiple ethnic group: White and Black African	46.4%	17.9%	35.7%	35.1%	8.8%	56.1%	55.2%	10.3%	34.5%	37.2%	21.2%	41.6%	28.1%	36.7%	35.3%
Mixed/multiple ethnic group: White and Asian	71.9%	7.9%	20.1%	52.1%	28.2%	19.7%	68.5%	11.8%	19.7%	58.9%	11.5%	29.7%	48.1%	19.5%	32.4%
Mixed/multiple ethnic group: Other Mixed	54.4%	17.6%	27.9%	58.9%	17.8%	23.3%	63.3%	8.9%	27.8%	48.8%	16.7%	34.5%	38.1%	25.8%	36.1%
Asian/Asian British: Total	65.6%	4.4%	30.0%	50.2%	7.6%	42.1%	68.8%	5.0%	26.2%	59.9%	9.7%	30.4%	58.1%	13.6%	28.3%
Asian/Asian British: Indian	68.5%	1.7%	29.8%	60.2%	6.0%	33.7%	75.2%	2.7%	22.1%	67.9%	5.1%	27.0%	68.8%	7.4%	23.8%
Asian/Asian British: Pakistani	74.5%	2.1%	23.4%	62.2%	7.1%	30.8%	69.9%	12.9%	17.2%	61.2%	15.8%	23.0%	63.1%	13.3%	23.7%
Asian/Asian British: Bangladeshi	45.2%	16.7%	38.1%	59.3%	11.1%	29.6%	57.1%	13.0%	29.9%	47.8%	24.3%	27.9%	42.6%	35.4%	22.0%
Asian/Asian British: Chinese	76.7%	2.7%	20.5%	68.3%	6.1%	25.6%	77.8%	1.8%	20.5%	60.1%	6.4%	33.5%	50.9%	11.3%	37.8%
Asian/Asian British: Other Asian	56.9%	7.1%	36.0%	44.2%	8.2%	47.7%	61.3%	4.8%	34.0%	49.8%	10.7%	39.5%	44.2%	17.1%	38.7%
Black/African/Caribbean/Black British: Total	54.0%	9.3%	36.6%	34.4%	19.6%	46.0%	48.9%	17.4%	33.7%	39.0%	24.0%	37.0%	33.0%	42.0%	25.0%
Black/African/Caribbean/Black British: African	41.3%	8.0%	50.7%	22.9%	17.9%	59.2%	35.8%	18.2%	46.1%	30.2%	22.9%	46.9%	23.8%	42.4%	33.8%
Black/African/Caribbean/Black British: Caribbean	61.4%	11.4%	27.1%	51.0%	18.9%	30.0%	67.6%	17.6%	14.7%	54.6%	24.7%	20.8%	45.5%	39.7%	14.8%
Black/African/Caribbean/Black British: Other Black	81.3%	6.3%	12.5%	40.3%	31.3%	28.4%	66.7%	6.7%	26.7%	39.4%	28.1%	32.4%	27.7%	47.8%	24.5%
Other ethnic group: Total	53.1%	13.5%	33.3%	44.6%	14.5%	40.9%	62.7%	6.5%	30.8%	47.4%	13.9%	38.6%	33.6%	25.7%	40.7%
Other ethnic group: Arab	45.0%	22.5%	32.5%	48.0%	26.0%	26.0%	75.4%	7.7%	16.9%	40.1%	14.8%	45.2%	26.6%	24.3%	49.1%
Other ethnic group: Any other ethnic group	58.9%	7.1%	33.9%	43.4%	10.3%	46.3%	56.6%	5.9%	37.5%	52.1%	13.4%	34.5%	38.1%	26.7%	35.2%

Figure 10.26: Occupancy Rating of Ethnic Groups, 2011

	Hart				Rushmoor				Surrey Heath				South East				England			
	Occupancy rating (rooms) of +2 or more	Occupancy rating (rooms) of +1	Occupancy rating (rooms) of 0	Occupancy rating (rooms) of -1 or less	Occupancy rating (rooms) of +2 or more	Occupancy rating (rooms) of +1	Occupancy rating (rooms) of 0	Occupancy rating (rooms) of -1 or less	Occupancy rating (rooms) of +2 or more	Occupancy rating (rooms) of +1	Occupancy rating (rooms) of 0	Occupancy rating (rooms) of -1 or less	Occupancy rating (rooms) of +2 or more	Occupancy rating (rooms) of +1	Occupancy rating (rooms) of 0	Occupancy rating (rooms) of -1 or less	Occupancy rating (rooms) of +2 or more	Occupancy rating (rooms) of +1	Occupancy rating (rooms) of 0	Occupancy rating (rooms) of -1 or less
All categories: Ethnic group of HRP	66.6%	18.0%	11.5%	3.9%	45.9%	23.0%	21.0%	10.1%	65.1%	16.8%	13.1%	5.0%	53.3%	21.5%	17.7%	7.5%	49.7%	22.9%	18.6%	8.7%
White: Total	67.2%	18.0%	11.2%	3.6%	48.2%	23.2%	20.4%	8.2%	66.3%	16.5%	12.7%	4.4%	54.6%	21.6%	17.2%	6.6%	52.3%	23.2%	17.6%	6.8%
White: English/Welsh/Scottish/Northern Irish/British	67.7%	18.0%	11.0%	3.3%	48.8%	23.3%	20.2%	7.7%	67.0%	16.5%	12.4%	4.1%	55.5%	21.6%	16.9%	6.0%	53.7%	23.4%	17.1%	5.9%
White: Irish	68.4%	16.7%	10.5%	4.4%	47.4%	23.5%	17.6%	11.5%	62.8%	18.6%	12.8%	5.8%	55.1%	20.6%	17.1%	7.2%	47.8%	22.1%	20.4%	9.7%
White: Gypsy or Irish Traveller	23.5%	21.4%	33.7%	21.4%	25.0%	20.8%	35.4%	18.8%	28.1%	17.5%	29.8%	24.6%	24.0%	23.6%	30.8%	21.6%	21.9%	22.2%	28.5%	27.4%
White: Other White	55.6%	18.2%	17.4%	8.8%	34.1%	21.3%	25.2%	19.5%	55.0%	16.6%	17.9%	10.5%	37.8%	20.1%	23.1%	19.0%	28.9%	20.3%	26.5%	24.4%
Mixed/multiple ethnic group: Total	52.8%	19.1%	18.4%	9.7%	30.4%	26.8%	27.0%	15.7%	52.3%	17.3%	21.3%	9.0%	36.4%	22.0%	26.2%	15.5%	28.4%	22.7%	29.0%	19.9%
Mixed/multiple ethnic group: White and Black Caribbean	42.2%	29.7%	12.5%	15.6%	31.0%	26.8%	26.8%	15.5%	38.5%	21.5%	29.2%	10.8%	31.3%	22.8%	29.9%	16.0%	26.3%	24.2%	31.5%	18.0%
Mixed/multiple ethnic group: White and Black African	50.0%	14.3%	32.1%	3.6%	22.8%	24.6%	29.8%	22.8%	44.8%	17.2%	27.6%	10.3%	28.2%	22.7%	30.2%	18.9%	22.3%	21.3%	30.6%	25.7%
Mixed/multiple ethnic group: White and Asian	60.4%	16.5%	18.0%	5.0%	35.2%	25.4%	23.9%	15.5%	59.1%	14.2%	18.9%	7.9%	43.7%	21.4%	21.8%	13.1%	34.6%	22.1%	25.2%	18.0%
Mixed/multiple ethnic group: Other Mixed	48.5%	16.2%	19.1%	16.2%	27.9%	29.5%	29.5%	13.2%	55.7%	19.0%	16.5%	8.9%	37.0%	21.6%	25.4%	16.0%	28.6%	21.6%	28.1%	21.6%
Asian/Asian British: Total	51.3%	16.8%	18.0%	13.9%	24.1%	19.6%	25.3%	31.1%	49.2%	19.7%	16.7%	14.4%	37.0%	20.3%	22.5%	20.2%	33.1%	20.9%	23.2%	22.8%
Asian/Asian British: Indian	55.0%	15.9%	18.9%	10.3%	36.0%	19.5%	24.9%	19.5%	60.0%	18.7%	12.0%	9.4%	44.7%	20.1%	19.8%	15.4%	41.4%	21.2%	20.2%	17.2%
Asian/Asian British: Pakistani	68.1%	10.6%	14.9%	6.4%	28.8%	21.2%	29.5%	20.5%	47.9%	15.3%	22.7%	14.1%	29.5%	20.8%	25.0%	24.8%	31.4%	22.4%	23.5%	22.7%
Asian/Asian British: Bangladeshi	40.5%	14.3%	19.0%	26.2%	35.2%	25.9%	20.4%	18.5%	24.7%	28.6%	22.1%	24.7%	25.2%	20.0%	27.3%	27.5%	19.4%	18.2%	27.5%	35.0%
Asian/Asian British: Chinese	59.6%	19.2%	11.6%	9.6%	44.4%	18.3%	17.8%	19.4%	59.6%	14.0%	18.7%	7.6%	41.9%	20.0%	20.3%	17.8%	33.1%	20.3%	23.2%	23.4%
Asian/Asian British: Other Asian	40.2%	18.0%	21.3%	20.5%	17.9%	19.3%	25.9%	36.9%	39.3%	22.5%	18.1%	20.1%	31.2%	20.6%	24.7%	23.5%	26.1%	20.2%	26.2%	27.5%
Black/African/Caribbean/Black British: Total	44.7%	29.2%	18.6%	7.5%	30.8%	22.6%	26.6%	20.0%	40.8%	21.3%	25.9%	12.1%	27.5%	21.7%	28.8%	22.0%	21.9%	20.3%	30.3%	27.5%
Black/African/Caribbean/Black British: African	26.7%	38.7%	24.0%	10.7%	25.7%	19.7%	28.6%	26.0%	33.9%	21.8%	30.3%	13.9%	21.2%	21.0%	30.5%	27.3%	15.1%	18.1%	31.3%	35.5%
Black/African/Caribbean/Black British: Caribbean	61.4%	20.0%	15.7%	2.9%	37.4%	23.5%	26.7%	12.3%	50.0%	21.6%	21.6%	6.9%	37.8%	23.1%	25.6%	13.4%	30.2%	22.8%	29.2%	17.8%
Black/African/Caribbean/Black British: Other Black	56.3%	25.0%	6.3%	12.5%	35.8%	35.8%	14.9%	13.4%	53.3%	13.3%	6.7%	26.7%	30.2%	21.5%	28.8%	19.5%	20.7%	20.1%	30.5%	28.8%
Other ethnic group: Total	50.0%	16.7%	27.1%	6.3%	27.4%	18.8%	26.9%	26.9%	51.7%	20.9%	17.9%	9.5%	35.2%	20.1%	24.8%	19.9%	23.9%	19.5%	28.8%	27.7%
Other ethnic group: Arab	40.0%	20.0%	30.0%	10.0%	24.0%	18.0%	32.0%	26.0%	58.5%	16.9%	16.9%	7.7%	31.7%	19.4%	26.1%	22.8%	20.6%	18.4%	29.7%	31.2%
Other ethnic group: Any other ethnic group	57.1%	14.3%	25.0%	3.6%	28.7%	19.1%	25.0%	27.2%	48.5%	22.8%	18.4%	10.3%	37.4%	20.6%	23.9%	18.1%	26.1%	20.2%	28.3%	25.5%

Ex Service Personnel

10.56   Service personnel are a key group within the housing market area, given the area's long history as one of the army's key bases. Aldershot has recently been designated as a Super Garrison which will increase the overall number of army personnel in the area and linked to the return of troops based in Germany.

10.57   Wherever possible the Army seeks to accommodate staff in Service Family Accommodation (SFA) as it is far more affordable than housing them in the local market accommodation. Service Family Accommodation in Aldershot is fully occupied. However, the MoD believes it has sufficient SFA to meet its needs, taking account of the designation of Aldershot as a Super Garrison.

10.58   Around 5-600 redundancies are expected in the market area as a result of the army tranche 3 and 4 redundancies. Affected staff are given a redundancy settlement, which usually helps towards funding civilian accommodation. However, it is likely that some of those affected by redundancy will need to access affordable housing through local authority housing registers. Whether these households seek such accommodation in the local area will depend on whether they have family embedded in the local area e.g. spouse working locally or children at crucial stage in schooling (GCSEs).

10.59   Ex-army personnel access social housing in the same way as civilians. As soon as they are made redundant they are issued with Notice to Vacate their SFA property. Once they have received this notice they are eligible to apply for social housing in the same way as any other civilian.

10.60   The large majority of those that leave the army, through retirement or career change, strive to buy their own property. Cost of housing is therefore a large factor in deciding whether to stay near to where they have been based or to move elsewhere. The cost of housing in the Aldershot area is prohibitively high for many ex-Army personnel and so many choose to relocate back to Yorkshire (from where the majority originate) or where they have family connections and where housing is more affordable.

10.61   Ex service personnel will be able to apply for social rented accommodation, where they qualify to do so, and housing options will be explored as with other households in need. On balance, it is not expected that there will be a large increase in the number of ex-army personnel applying for affordable housing.

Self-Builders

10.62   Self-build is an important element of the Government's Housing Strategy and increasingly measures are being introduced to encourage those who wish to build their own homes. In 2021-2013 just under 11,000 new homes were self-built and the industry is worth up to £4 billion for the UK economy according to the Communities Minister.

10.63   The National Planning Policy Framework (NPPF) refers to self-build as follows:

"To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes)" (paragraph 50);

10.64   Furthermore, local authorities are asked to consider the needs of different people in the community, including those who wish to self-build, when preparing Strategic Housing Market Assessments (SHMAs) (para 159).

10.65   In September 2013, the Government announced a series of measures to support self-builders, particularly those on lower incomes and the Budget 2014 included further incentives for self-builders. These measures can be summarised as follows:

- **New Grant Funding** – access to the £65 million fund from the Affordable Homes Guarantees Programme for community self-build and community-led affordable housing projects

- **Increasing Land Supply** – new planning practice guidance introduced to ensure councils establish the demand for self-build in their area, including compiling a local register of people who want to build their own homes so they are given first priority when brownfield sites become available.

- **Tax Relief** – Council Tax discounts will be introduced for self-build family annexes. Self-builders will be exempt from paying inappropriate S106 tariffs and the CIL although this measure has yet to be formalised.

- **Use of redundant public sector land** – A review of HCA's larger number of smaller plots to identify those which are not viable for large-scale house building but suitable for small self-build projects. Property asset data to be published online and enhancement of the Community Right to Reclaim Land.

- **Consultation on a new 'Right to Build'** – which will give self-builders 'a right to a plot from councils'. The Government will test the operation of this approach with vanguard local authorities (Budget 2014).

- **£150 million repayable loan scheme** – to provide up to 10,000 serviced plots and possible extension to the Help to Buy: equity loan scheme to cover self-build (Budget 2014).

10.66   The National Self Build Association (NaSBA) produced a Practice Guide in early 2013 to encourage more local authorities and housing associations to increase their involvement in supporting the self-build sector. The guide points out that each new self-build home safeguards seven construction jobs for a year, and results in at least £50,000 worth of orders for local suppliers. And many new self-build projects involve people learning construction skills that can help them gain employment in the future.

10.67   Despite measures at the national and local level to encourage self-build projects, the number of self-build properties completed has fallen since mid-2000, according to the National Self-Builders Association (see Figure 10.27). It is very difficult to quantify the level of self-building in the housing market area. However, a useful proxy is the number of single dwellings that are completed each year. Many of these are likely to have been self-built or developed by builders who have been commissioned directly by individuals wishing to build their own home.

10.68   The following observations can be made from the completions data for Hart and Rushmoor:

- 57 single dwellings were completed in Hart over the last 5 years. This represents around 9% of all completions in Hart over this period.

- 52 single dwellings were completed in Rushmoor over the last 5 years. This represents around 3% of all completions in the Borough over the period.

- This averages at around 10 dwellings per annum in each authority.

- The average over the last 10 years has been slightly higher in Hart, at 15 dwellings per annum. However overall completions were higher over the period, so single dwellings accounted for a smaller proportion of all completions (5%).

- Self-build completions in the UK have been around 10-12,000 per annum over the last 3 years. When compared to overall housing completions this represents 8-10% of completions each year; on this basis, the level of self-building in Hart and Rushmoor would appear to be broadly consistent with the national level.

- A substantial proportion of new single dwellings completed have involved the demolition or re-build of an existing property – around 15% on average in Rushmoor and 30% on average in Hart over the last 10 years.

- In Hart, over 75% of single dwellings completed in the last 10 years had 3 or more bedrooms.

- In Rushmoor, just under half (48%) of single dwellings completed had 3 or more bedrooms. Although it is difficult to draw too many conclusions from this data, since it is only a proxy for self-building, it suggests that this type of development tends to reinforce the existing pattern of housing development in the market area.

Figure 10.27: Self-Build Completions in the UK, 2008-2013
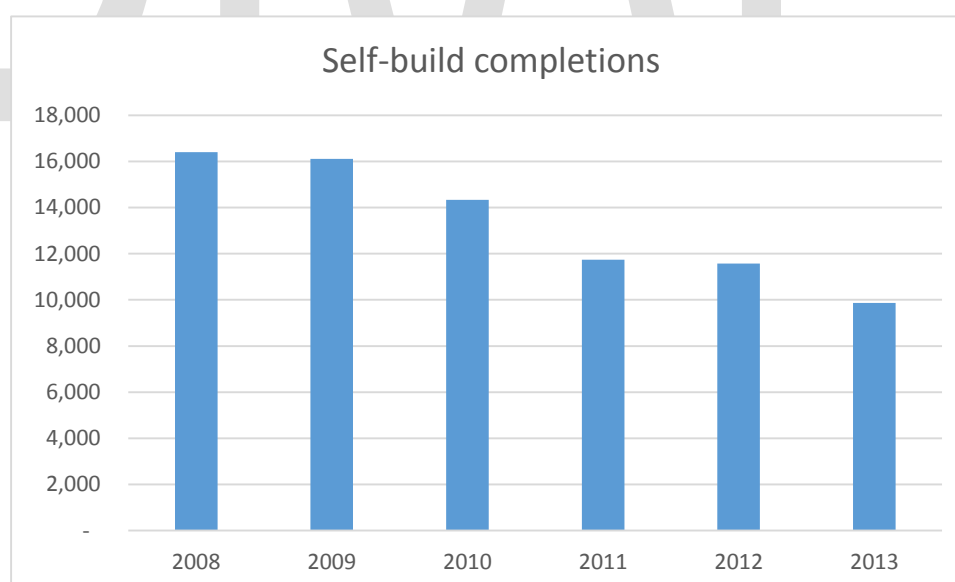
Source: NaSBA

10.69 On balance, based on past completions there appears to be a small but steady demand for self-building in the market area. It is difficult to assess whether the level of self-building has been constrained in the market area or whether there would be demand for more self-building if certain mechanisms were put in place. At present, Government policy requires local authorities to maintain a register of self-builders so

that they can measure interest and as a means of matching builders to brownfield sites that might become available. However, the Government is testing a 'Right to Build' which would require local authorities to provide plots of land to self-builders. This is not yet a policy requirement but an area where local authorities should begin to consider the implications in terms of the available land supply and how they might administer such a policy.

Conclusion

10.70   This section has considered the characteristics of specific groups in the housing market area and the extent to which they have different needs to the population as a whole. It is worth highlighting that issues around occupancy appear to be a common theme across a number of the groups including families (more likely to live in overcrowded conditions) and ethnic minorities (particularly the Nepalese community) experiencing specific problems of overcrowding in Rushmoor. Low incomes are a key factor in both cases. In contrast, under-occupancy is very common amongst the older population, linked to a range of factors and reinforced by national policy which encourages the provision of care in the home.