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1 Scope of this paper

- 1.1. The delivery of new housing will be a central issue for the Portsmouth Plan Review. Ensuring there is an appropriate balance between the need for new housing and other uses such as employment land and open space, the capacity of infrastructure, environmental constraints and the key test of deliverability will be necessary to provide a sound plan.
- 1.2. This background paper brings together the available evidence relating to housing need. It sets out the national, sub-regional and local context of assessing housing need (section 2), and then discusses the current progress in calculating housing need in the city (section 3). Finally, 4 then sets out the scenarios which have been considered as part of the issues and options consultation.
- 1.3. In this context, the need for housing refers to the scale and mix of housing and the range of tenures that are likely to be needed in the housing market area over the plan period. It includes both market housing and affordable housing.
- 1.4. This paper does not address in detail any other the other considerations which will be taken into account when determining the appropriate housing target in the new local plan such as the constraints listed in 1.1 above. It has been produced to set out the technical evidence which has been used to inform the local plan to date.
- 1.5. This background paper may need updating as work on the plan review progresses to reflect any new evidence on housing need, changes to legislation or national planning policy and practice, or other information.

2 National, sub-regional & local policy context

National Planning Policy Framework

- 2.1 The Government's key housing objective is to significantly increase the delivery of new homes (paragraph 47, National Planning Policy Framework (NPPF)). It also seeks to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities (paragraph 50, NPPF). The NPPF requires that:
- the Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area as far as is consistent with the policies in the NPPF (para. 47);
 - a supply of specific and deliverable sites are identified to meet the housing requirements for years 0-5. A supply of sites for years 6-10 and where possible years 10-15 should also be identified, consisting of specific and deliverable sites or broad locations for growth (para. 47);
 - a mix of housing types and sizes are provided to meet the different needs within communities (para. 50);
 - affordable housing, where needed, is provided on-site unless off-site provision or financial contributions can be robustly justified and contribute towards mixed and balanced communities (para 50); and
 - empty houses and other appropriate buildings are re-used for housing (para. 51).
- 2.2 The NPPF also contains a number of related policies including promoting good design, sustainable development and healthy communities and provides guidance on plan making.

National Planning Practice Guidance

- 2.3 In March 2014, the Government published its Planning Practice Guidance (PPG) which provides more details on how to undertake housing (and economic) needs assessments. This guidance identifies up-to-date household demographic projections as the starting point for the assessment of housing needs. Recognising that such projections are based on past trends, the guidance also suggests that consideration should be given to factors that may not have been observed in past trends e.g. suppressed household formation rates due to under-supply of housing and worsening affordability. Adjustments to the household projections may also be justified on the basis of past events unlikely to be replicated in the future, or the particular demographic characteristics of the population.
- 2.4. The PPG goes on to state that an assessment should be undertaken of

the potential increase in working age population in comparison to the projected job growth to ensure that sustainable patterns of development are promoted. In assessing future need for housing, consideration of market signals including house prices, affordability, rates of past development against past needs is also important.

- 2.5 The PPG goes on to provide further guidance on the need to ensure that the needs for all types of housing are taken into account in preparing a local plan, including older people and family housing, as well as calculating future affordable housing need.
- 2.6 Finally, the Localism Act 2011 requires local planning authorities to cooperate with neighbouring authorities on strategic matters including housing delivery (the "Duty to Cooperate"). This is appropriate in south Hampshire where housing market areas cross administrative boundaries.

Housing White Paper

- 2.7 The Government's Housing White Paper¹ sets out the Government's intention to boost housing supply. Critical proposals for the issues of housing demands and housing needs include options for introducing a standardised approach to calculating assessed housing need and a requirement for local authorities to prepare a Statement of Common Ground, setting out how they will work together to meet housing requirements and other issues that cut across boundaries. The Government has now stated that a consultation on a proposed standard methodology will start in the summer; however there is no certainty at present as to the timing and status of any proposed amendments. Any subsequent changes in planning legislation, national planning policy or guidance will be reflected in future updates to this background paper.

Sub-regional policies

Partnership for Urban South Hampshire (PUSH)

- 2.8 PUSH is a partnership of local authorities in south Hampshire consisting of Portsmouth and Southampton city councils, Eastleigh, Fareham, Gosport and Havant borough councils and parts of New Forest, Test Valley, Winchester and East Hampshire district council areas. Hampshire County Council and the Isle of Wight Council are also within the partnership. The partnership seeks to work together, and with local partners and agencies, towards improving the performance of South Hampshire's economy, employment and skills levels to enable affordable family homes and good quality jobs for all. It has produced a number of relevant strategies and documents which are identified below.

¹ *Fixing our broken housing market*, DCLG, February 2007. Available here - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590463/Fixing_our_broken_housing_market_-_accessible_version.pdf

South Hampshire Position Statement 2011-2034

- 2.9 PUSH authorities have been working together to consider the planning of South Hampshire. Technical work, including a Strategic Housing Market Assessment (SHMA), Transport Study and Sustainability Appraisal has been prepared to provide evidence of need for development, capacity of infrastructure and environmental constraints across the PUSH area.
- 2.10 Leading on from that technical work, at its meeting of 7 June 2016 the PUSH Joint Committee noted the completion of a Position Statement setting out the outcomes of work to date². This will inform the production of local plans in the PUSH area. It is important to note that the Position Statement is not a spatial strategy – rather it documents the level of agreement reached by partner authorities in considering how to meet the development needs of the PUSH area in a sustainable way.
- 2.11 The Position Statement identifies the need for new housing and development for employment uses. It distributes development totals to each of the local authority areas in a way which aims to meet needs to 2026, and a very high proportion of needs to 2034 and significantly increases the rate of development across South Hampshire in response to the evidence on housing need.
- 2.12 Position Statement Policy H1 sets out a distribution of housing across the sub-region during the period 2011-2034, including a requirement for minimum of 14,560 new homes in Portsmouth. The statement states that Local Plans will consider further how the targets will deliver a mix of housing, including of different types and sizes, market and affordable housing. In addition, this target includes provision of housing to meet specific needs, including sheltered and extra care housing which meets the needs of a growing older population.
- 2.13 It is worth making clear that the Position Statement does not identify sufficient capacity to meet the identified housing need. Therefore the Statement makes it clear that these targets are minima, and that *"Local authorities should actively seek opportunities to identify additional potential for housing provision to address the shortfall against the objectively assessed need through the local plan process"*.

Local policies

The Portsmouth Plan

² That Position Statement and the associated technical documents are now available on the PUSH website at http://www.push.gov.uk/work/planning-and-infrastructure/push_spatial_position_statement_to_2034-2.htm

- 2.14 The adopted Local Plan for Portsmouth³ sets out a planning framework to 2027. The document identified a supply of 11,484 dwellings from 2006 to 2027, with the delivery of a further 1,270 dwellings dependent upon the delivery of critical transport infrastructure⁴. Following adoption of the Plan, Portsmouth signed a City Deal with central Government which saw investment in infrastructure critical for the delivery of 770 homes at Tipner. Therefore the total capacity for Portsmouth identified in the Portsmouth Plan was 12,254 dwellings, or an average of 584 dwellings per annum over the whole plan period.
- 2.15 The Plan also sets out the need for affordable housing and requirements for affordable housing to be delivered as part of larger developments⁵ at up to 30% of the total number of dwellings. The document notes that on the basis of need alone, a target of 40% provision would be entirely justifiable. However, the rate was reduced to a maximum of 30% on the grounds of viability.

Providing affordable housing in Portsmouth

- 2.16 This document⁶ was agreed by the Council in 2012 to accompany the Portsmouth Plan and provides an introduction to the requirements for the delivery of affordable housing in Portsmouth in line with the requirements of the Portsmouth Plan. .

³ Available on the Council's website at <https://www.portsmouth.gov.uk/ext/development-and-planning/planning/the-portsmouth-plan-adopted-2012.aspx>

⁴ Table 2 and policy PCS 10.

⁵ Paras. 5.15 to 5.18 and policy PCS18.

⁶ *Providing affordable housing in Portsmouth: A summary of affordable housing policies for developers* is available on the Council's website at <https://www.portsmouth.gov.uk/ext/documents-external/pln-dev-affording-housing-guide.pdf>

3 Progress in calculating Objectively Assessed Housing Need

Introduction

- 3.1 Councils are required to work together to identify their own housing requirements, in accordance with the National Planning Policy Framework and Planning Practice Guidance. The guidance in particular sets out in some detail what factors are required to be taken into account in assessing housing need.
- 3.2 In January 2014, a *Strategic Housing Market Assessment* for south Hampshire was published by PUSH. It identified an increased housing requirement for both the Portsmouth and Southampton housing market areas compared with the previous housing market assessment. That work was updated further in *Objectively-Assessed Housing Need Update* dated April 2016. Both documents are available on the PUSH website⁷. The key findings are set out below -

The 2014 South Hampshire SHMA and 2016 Update

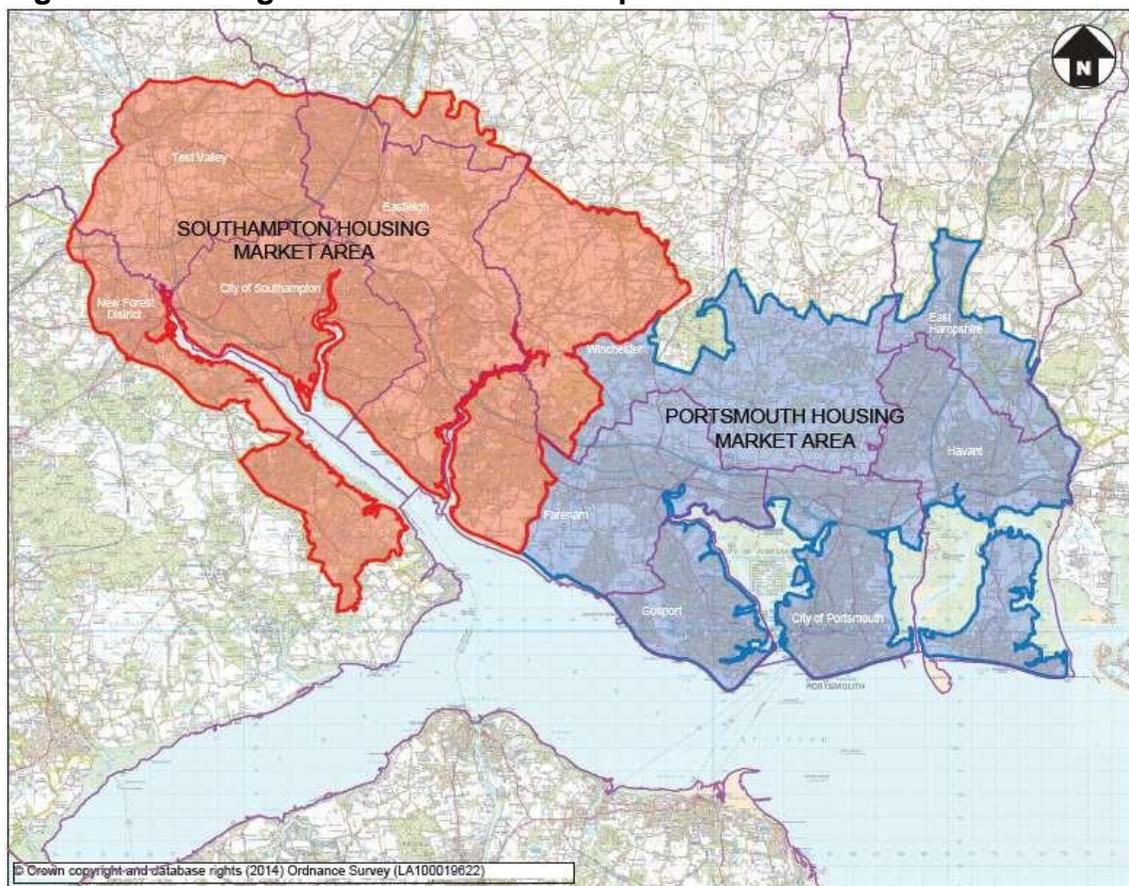
- 3.3 A *Strategic Housing Market Assessment* was commissioned by PUSH to cover the south Hampshire area. The SHMA was prepared following emerging planning practice guidance (which was available in draft) and was informed by the 2011-based Interim Household Projections from CLG. The *Update* was not a full SHMA (for instance, it did not revisit the housing market area boundaries), but reflected more recent latest official population projections - the 2012-based Population Projections, released by CLG in May 2014, and the 2012-based Household Projections, released in February 2015. Taken together, the documents contained the following key findings for planning in Portsmouth -

Housing Market Area

- 3.4 The 2014 South Hampshire SHMA considered what was an appropriate basis for defining housing market areas. In accordance with national guidance, it looked into migration and commuting patterns, and other socio-economic characteristics and confirmed the south Hampshire sub-region as consisting of two overlapping housing market areas, focused on Portsmouth and Southampton respectively, with much weaker links to the east, north and west. The areas are set out in the following diagram:

⁷ Documents available at http://www.push.gov.uk/work/planning-and-infrastructure/push_spatial_position_statement_to_2034-2.htm

Figure 1: Housing markets of south Hampshire as defined in 2014 SHMA



3.5 Therefore the primary housing market area to be addressed in the Local Plan review is the Portsmouth housing market area, which stretches from Emsworth to Segensworth, includes the whole of the boroughs of Gosport and Havant, and parts of the East Hampshire and Winchester districts as well as the City of Portsmouth.

Overall housing needs

3.6 The *SHMA* and *Update* followed the methodology recommended for assessing overall housing need. This involved starting with the most recent household projections published by DCLG and considering whether adjustments needed to be made for a number of factors, such as factors affecting local demography and household formation rates which are not captured in past trends; economic forecasts; and market signals.

3.7 It is worth confirming the role of the SHMA in considering housing need and the requirement for affordable housing. Put simply, the need for housing refers to the scale and mix of housing that is likely to be needed in the housing market area over the plan period. It is largely driven by demographic pressures and previous trends, with any necessary adjustments made for the range of factors (such as market signals) specified in the Planning Practice Guidance. It is the technical

evidence which sets out the total increase in the number of households anticipated in the area.

- 3.8 The need for *affordable* housing is based on the number of existing and newly forming households who lack their own housing (or who live in unsuitable housing) and who cannot afford to meet their housing needs in the market. It is a proportion of the population as a whole, not a proportion of the increase in households. Because of this, it is possible for the needs for affordable housing to be greater than the overall need for housing.
- 3.9 The Update considered what was the appropriate proportion of household income which should be spent on housing costs in this area considered a range of between 25% and 40% of income. A range of 30% to 35% was considered appropriate for the city
- 3.10 Following this process, the Update set out the following conclusions -

6.35 Trend-based demographic projections indicate a need for 709 dwellings per annum. The economic-based scenario (showing a need for 617 homes per annum) does not provide evidence suggesting any need to consider higher housing provision.

6.36 The affordable housing evidence suggests a need for 593-768 affordable dwellings per annum, which represents 84-108% of the demographic based need. Market signals point to the City being a more affordable place to live relative to other parts of the HMA.

6.37 However there is evidence that household formation has been constrained, and it would be appropriate to address needs of concealed households. To improve household formation, and reduce levels of concealed households, we identify an objectively assessed need for 740 dwellings per annum.

Source: PUSH Objectively Assessed Housing Need Update⁸

Specialist housing

- 3.11 The *Update* did not revisit the analysis of update analysis regarding the need for different types of homes, or the needs of specific groups within the community as the calculations in the 2014 SHMA document were considered still relevant. Relevant findings in the 2014 South Hampshire SHMA, which were applicable across the whole of the South Hampshire area, were as follows -

⁸ Available on the PUSH website at http://www.push.gov.uk/2c_objectively_assessed_housing_need_update.pdf

- *Older Persons – the key challenge here will be to meet the needs of an ageing population with the number of people aged 65 and above expected to increase by 63,000 (21%) from 2011 to 2021 along with further strong increases post-2021. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors.*
- *People with Disabilities – the number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest a 45% increase in the population aged over 85 from 2011 to 2021 with Census data suggesting that 81% of this age group have some level of disability.*
- *BME Groups – the BME population of PUSH is relatively small but has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. The Councils might consider advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.*
- *Family Households – data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the area over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.*
- *Young person households – young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time. Increasing housing supply may also help younger households to get on the housing ladder.*
- *Students – there is a sizeable student population in both Portsmouth and Southampton. In the longer-term the balance between delivery of student accommodation and growth in students will include the impact of student lettings on the wider housing market.*

Source: South Hampshire Strategic Housing Market Assessment, para. 10.86

- 3.12 In addition, the SHMA considered the available evidence on the size of dwellings required over the period to 2036. The findings are set out below -

Estimated Dwelling Requirement by number of bedrooms (2011 to 2036)

	1 bed	2 bed	3 bed	4 bed +
Market housing	10.3%	30.6%	46.8%	12.2%
Affordable housing	41.2%	33.7%	21.9%	3.2%

Source: South Hampshire Strategic Housing Market Assessment, Tables 51 and 52

- 3.13 Further technical work will be required to quantify the need for specialist housing, including housing for families with children, older people, people with disabilities, service families, people wishing to build their own homes, and others.

Further emerging evidence

Household Projections

- 3.14 Since the publication of the *South Hampshire SHMA* and *Update* documents, new household projections have been published⁹. Government guidance makes it clear that this does not automatically mean that housing assessments are rendered outdated every time new projections are issued. However, this new information will need to be taken into account as well as other emerging evidence will as the Plan progresses.

Potential Changes in Methodology

- 3.15 In the Housing White Paper the Government proposed to *publish a standard methodology for calculating 'objectively assessed need', and encourage councils to plan on this basis*. A draft methodology is expected to be published later in this year and therefore will need to be considered as the plan progresses.

⁹2014-based Household Projections: England, 2014-2039. Available at <https://www.gov.uk/government/statistics/2014-based-household-projections-in-england-2014-to-2039>

4 Considering housing targets in the Portsmouth Plan Review

- 4.1 So far, this paper has focused on the relevant guidance and available technical evidence for considering housing need and the need for various types of housing.
- 4.2 This paper does not set the target for housing delivery - that will be set through the Local Plan process. This paper has already highlighted the likely need for the technical evidence on housing need to be reviewed in the light of new evidence on housing need and potential changes in the recommended methodology.
- 4.3 In addition, the council already has evidence that the actual deliverable level of housing in Portsmouth is likely to be constrained by a number of factors, including the availability of land, impacts upon the environment, the capacity of infrastructure and the deliverability of development. However, part of the planning process is to test identified constraints and see if they can be overcome. Work to test and quantify any constraints is ongoing and will be considered through the Plan process.
- 4.4 To inform the production of the Plan at this stage, and inform the discussions with interested parties, including infrastructure providers, statutory consultees, environmental groups and local residents, a number of scenarios have been prepared looking at different housing targets. The scenarios are as follows -
 - i. **Past trends**
 - 4.5 From 2006 to 2016 a total of 5,313 dwellings were delivered against the adopted Plan target. That period includes some years of strong delivery, with more recent period of weaker delivery. Overall the average number of new dwellings delivered each year was 531. Continuing delivery at that rate over the period 2011-2034 would equal 12,213 new dwellings.
 - 4.6 However, at this point, it is considered not appropriate to proceed with testing this level of housing delivery. Government guidance and the NPPF are clear that housing growth is a key imperative and continuing previous rates of delivery without firm evidence that it is justified is not considered a sound basis for plan making.
 - ii. **Maintain Housing Target**
 - 4.7 The adopted Portsmouth Plan sets out proposals which could deliver 12,254 new dwellings during the period 2006-2027, or an average of 584 dwellings per annum over the whole plan period. Delivering dwellings at that rate during the period 2011-2034 would equal 13,432 new dwellings.
 - 4.8 Again, at this point it is considered not appropriate to proceed with testing

this level of housing delivery. Government guidance and the NPPF are clear that housing growth is a key imperative and maintaining the level of housing proposed in the previous plan, without firm evidence that it is justified is not considered a sound basis for plan making.

iii. **The PUSH Spatial Planning Position Statement**

- 4.9 The Spatial Planning Position Statement has been jointly prepared by authorities in PUSH to inform planning across South Hampshire and the Isle of Wight. It draws upon a range of evidence, including information on housing need set out in the South Hampshire SHMA and Update, as well as an investigation into the potential capacity of each local authority to meet those housing needs.
- 4.10 The Position Statement sets out the objectively assessed need for new homes and employment development, to promote improved housing affordability, economic competitiveness and jobs. It identifies major development to meet these needs to 2026; a very high proportion of these needs to 2034 (ie 93% of homes); and significantly increases the rate of delivery (by approximately 34% for new homes). The Statement concludes that a strategic level, needs to 2034 cannot be met in full for environmental and transport reasons and Local Plans will test this further.
- 4.11 For the whole Portsmouth housing market area, (including all or parts of neighbouring authorities), the position statement identified a need for an additional 45,000 homes by 2034. Following discussions and technical work carried out by each authority, the Position Statement proposes housing targets for each authority totalling 41,300. The figures for Portsmouth are an identified need of 17,020 against an identified capacity of 14,560. Therefore for both the wider housing market, and for the city of Portsmouth, the PUSH statement has not identified sufficient capacity to meet the identified needs. The onus will be on each authority to do what it can to maximize its housing delivery.
- 4.12 In any event it is important to remember that it will be the Local Plan review process which will determine the appropriate level of new housing to be delivered in Portsmouth - not the PUSH Position Statement. Both the identified need and the capacity of the city will need to be reviewed as the Plan progresses. Nonetheless, that estimate of the city's capacity for new housing provides a basis for testing. The estimated capacity of the city (14,560 dwellings 2011-2034) equates to 633 dwellings per annum.

iv. **Assessed Housing Need**

- 4.13 As set out in section 3, the PUSH SHMA Update, following the government guidance on calculating an Objectively Assessed Housing Need, considered the full objectively assessed housing need for the city to be 740 homes per annum, equivalent to 17,020 homes 2001-2034.

**Options for housing targets to be considered in the
emerging Portsmouth Local Plan**

Name	Description	Dwellings per Annum	Total dwellings 2011-2034	Option
Past trends	Continuing to deliver housing at previous rates	531	12,213	Not tested further
Maintain housing target	Maintain existing annual housing target as set out in adopted Portsmouth Plan	584	13,430	Not tested further
PUSH Spatial Planning Position Statement	Capacity of city identified through work to inform PUSH Position Statement	633	14,560	Option HT1a
Assessed housing need	Full objectively assessed housing need for city as identified in 2016 SHMA update	740	17,020	Option HT1b

4.14 It is important to be clear that the housing options for housing targets expressed here are not necessarily linked to individual spatial options for new development set out in the issues and options document. Those spatial options are being consulted on to test their deliverability and suitability in planning terms. Given the Government's strong drive for housing growth, and the likely shortfall in housing delivery identified through the PUSH position statement, the Council will need to demonstrate through the Plan process that it has made every effort to meet the need for housing and looked at all available sources.

5 Next Steps

5.1 The purpose of considering different levels of housing development is to inform our conversations with all interested parties on options for the new Local Plan. These options will be used in the Issues and Options consultation to inform further thinking on the appropriate level of housing in the new Plan.

5.2 Further technical work likely to be necessary to update and inform the final plan has already been identified in this document. New evidence on housing need is released on a regular basis and the government is considering changes to the methodology to calculate housing requirements. In addition, further work on the capacity of the city to accommodate development, as well as the capacity of infrastructure, environmental constraints; and deliverability will all need to be considered as the Plan progresses.