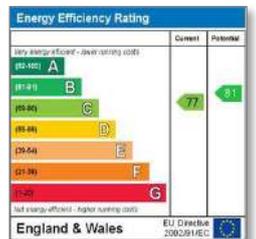




Portsmouth: Local Housing Needs Assessment 2019

Report of Findings

DRAFT 28 October 2019





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1. Introducing the Study

Background to the project and wider policy context

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by Portsmouth City Council to prepare a Housing Needs Study (HNS) for the local authority area. One of the main objectives of the study was to understand the Objectively Assessed Needs (OAN) for Portsmouth.
- 1.2 The last assessment of OAN for Portsmouth was contained within the Partnership for Urban South Hampshire Objectively Assessed Housing Need Update April 2016 and concluded that Portsmouth needed an annual average of 740 dwellings per annum.
- 1.3 However, since the time of the publication of that report, there have been significant changes in data and government policy, as set out below, which require that the OAN for Portsmouth is re-considered.

Government Policy

- 1.4 The Government published the original National Policy Planning Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.5 The Original NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet *“the full, objectively assessed needs for market and affordable housing in the housing market area”*. The responsibility for establishing housing need rested with the local planning authority and Paragraph 159 of the Original NPPF set out that they *“should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries”*.
- 1.6 A revised version of the National Policy Planning Framework (the Revised NPPF) was published in July 2018. Whilst the Revised NPPF maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The Revised NPPF was updated in February 2019 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document *“Government response to the technical consultation on updates to national planning policy and guidance”*.
- 1.7 Under the Revised NPPF, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 60 identifies that *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach”*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.

- 1.8 Local planning authorities no longer have to prepare a Strategic Housing Market Assessment (SHMA) for the Housing Market Area (HMA), but they are now expected to produce a Local Housing Need Assessment (LHNA) for their local area in order to assess the size, type and tenure of housing needed for different groups in the community.
- 1.9 This focus on local area has led to a change in the Duty to Cooperate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst HMAs are no longer mentioned explicitly in the Revised NPPF, Paragraph 60 identifies that *“any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*; and HMAs are still identified as one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making.
- 1.10 The Revised NPPF has also introduced a new definition for affordable housing. Whilst the Original NPPF identified in the Glossary at Annex 2 that affordable housing should be provided for households *“whose needs are not met by the market”*, the Revised NPPF adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.11 Under the Original NPPF, the need for affordable housing was based on those who could not afford to either buy or rent in the market – so households able to afford market rent would not be counted as part of the affordable housing need, even if they could not afford homeownership. However, the latest PPG states that assessments must now include the needs of *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [ID 2a-020-20190220]. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.

The Standard Method for Local Housing Need Assessment

- 1.12 The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that *“Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need”*, but allowed for adjustment based on local factors: *“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.”* Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need adjustments such as market signals uplift and alignment of jobs and workers based on local circumstances.
- 1.13 On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals:

- » The starting point for calculating the LHN for any area should be the most up to date household projections published by CLG;
- » While, deviation from this starting point can be considered, the consultation proposals note that; There should be very limited grounds for adopting an alternative method which results in a lower need; and
- » The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current local plan housing target.

- 1.14 CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014 based household projections.
- 1.15 The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies or adjustments which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure if this reflects growth potential, or unmet need from elsewhere. This is confirmed by the PPG on housing and economic needs assessment, which states:

When might it be appropriate to plan for a higher housing need figure than the standard method indicates?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

Changes to the Standard Method

- 1.16 Since the publication of the figures in September 2017 a range of new data has been released which allows for the calculation to be updated. This includes:
- » New affordability data released in March 2018 which relates to 2017;
 - » New 2016-based sub-national population projections (SNPP) released in May 2018;
 - » A new methodology for calculating household projections released by the Office for National Statistics in June 2018; and
 - » New 2016-based household projections released in September 2018.
- 1.17 The national housing need produced using these new data is lower than previous estimates, falling short of the Governments stated 300,000 dwelling per year target. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG) consulted on changes to the standard method approach, and on 26 October 2018 published “Technical consultation on updates to national planning policy and guidance October 2018”.
- 1.18 At paragraph 19 of the document, MHCLG set out their planned changes to the standard method, explicitly stating that the lower housing numbers that are derived from application of the standard method to the ONS produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections:

19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:

- » *1. For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.*
- » *2. To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and*
- » *3. In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.*

- 1.19 Following on from this general context, the consultation asked the following specific questions:

Question 1

Do you agree that planning practice guidance should be amended to specify that 2014- based projections will provide the demographic baseline for the standard method for a time limited period?

Question 2

Do you agree with the proposed approach to not allowing 2016-based household projections to be used as a reason to justify lower housing need?

- 1.20 After considering the consultation responses received, the “Government response to the technical consultation on updates to national planning policy and guidance” was published on 19 February 2019.

- 1.21 Despite a majority of consultees disagreeing with the proposal at Question 1, the Government still considers that its proposed approach is the most appropriate in the short-term.

Government response to Question 1

Having taken the responses into account, the Government considers that its proposed approach to providing the demographic baseline for the standard method is the most appropriate approach for providing stability and certainty to the planning system in the short-term. This decision has been taken in the context that the standard method does not represent a mandatory target for local authorities to plan for, but the starting point for the planning process. Local planning authorities may decide that exceptional circumstances justify the use of an alternative method, but they will need to identify these reasons and can expect them to be tested by the Planning Inspectorate during the examination of their plans. Local authorities may also not be able to meet their identified housing need in full, for example because of land constraints (such as Green Belt) in their area and it may be that need is better met elsewhere. The proposed approach does not change this.

- 1.22 As this makes clear, deviation from the standard methodology will only be considered if exceptional circumstances can be demonstrated.

- 1.23 The response goes on to say:

Over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establish a new approach that balances the need for clarity, simplicity and transparency for local communities with the Government's aspirations for the housing market.

A key consideration of the standard method is to provide a degree of continuity between assessments of housing need over time. The changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term.

- 1.24 The end of the 18-month period that the Government cites (August 2020) will be shortly after the release of the 2018-based Sub National Population Projections which are likely to be published in May 2020, and likely to coincide with the publication of the associated 2018-based Household Projections.¹
- 1.25 The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based projections, as stated in the consultation: *"the Government is clear that this does not mean that it doubts the methodological basis of the 2016-based household projections."* (again from the Question 1 response).
- 1.26 However, in its response to Question 2, the Government has made it clear that the existence of the lower 2016-based projections is not a justification for a lower local housing need assessment, despite further disagreement from respondents to the consultation.
- 1.27 It is important to note that if the 2016 household projections, or future 2018 based projections, were to be adopted as government policy then this would not only impact on the quantity of housing required, but also

¹ National population projections are published every two years, with the 2018-based projections expected to be released around October 2019. Sub National Population Projections usually follow approximately 6 months later, and household projections later that same year. The 2016-based SNPP was released in May 2018, and the 2016-based household projections were released in September 2018.

the mix. The 2016 based household projections typically see slightly larger household sizes and also a slowing of the growth in life expectancy. The impact of this would be to require fewer, but larger dwellings.

Government response to Question 2

Taking into account these responses, the Government continues to think that the 2016- based household projections should not be used as a reason to justify lower housing need. We understand respondents' concerns about not using the latest evidence, but for the reasons set out in the consultation document we consider the consultation proposals to be the most appropriate approach in the short-term. We are specifying in planning guidance that using the 2016-based household projections will not be considered to be an exceptional circumstance that justifies identifying minimum need levels lower than those identified by the standard method.

- 1.28 It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based household projections, the 2016-based sub national population projections are based on a method that is largely consistent with that used for the 2014-based population projection but using more up-to-date data and based on improved mid-year population estimates. As part of the 2016-based household projections publication, the ONS included an output which applied the previous CLG 2014-based household formation rates to the new 2016-based population projection (variant output 2) which provides up-to-date figures using the previous method.
- 1.29 It is also notable that the ONS published variant outputs for the 2016-based sub-national population projections in April 2019; and has recently consulted users on possible variants to the household projections. It seems likely that comparable variant scenarios will be included as part of the 2018-based projections which will enable the Government to propose an alternative scenario when the standard method is fully revised.

Assessing Housing Needs

- 1.30 The Revised NPPF no longer requires local planning authorities to produce an SHMA to establish housing need for the HMA, but instead requires authorities to produce a Local Housing Needs Assessment (LHNA) to establish housing need at a local level:

60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:

a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and

b) the agreed approach contributes to the objective of creating mixed and balanced communities

Revised National Planning Policy Framework, paragraph 60-62

- 1.31 Therefore, the Revised NPPF does not contain any explicit reference to SHMAs and housing needs are to be established at a local authority level. The SHMA has effectively been replaced by the “Local Housing Needs Assessment”.
- 1.32 However, the concept of the HMA is retained in a Duty to Co-operate context where joint working is required.

Duty to Co-operate

- 1.33 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- 1.34 The Revised NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular with relation to strategic priorities such as “*the homes and jobs needed in the area*”.

Maintaining effective cooperation

24. Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.

25. Strategic policy-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).

26. Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.

27. In order to demonstrate effective and on-going joint working, strategic policymaking authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance, and be made publicly available throughout the plan-making process to provide transparency.

Revised National Planning Policy Framework, paragraphs 24-27

- 1.35 The manner in which councils have complied with their legal requirements under the Duty to Co-operate will be considered when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability).
- 1.36 A further issue which is important for Portsmouth is that the authority owns affordable housing stock in Havant. While Portsmouth council have nomination rights over the properties, the households would appear in Havant’s demographic data and therefore in their LHN figures.

- 1.37 The PPG elaborates further on the requirement for a statement of common ground (in the section on Plan-Making, updated 13 September 2018):

Maintaining effective cooperation

How are plan-making bodies expected to cooperate?

Strategic policy-making authorities are required to cooperate with each other, and other bodies, when preparing, or supporting the preparation of policies which address strategic matters. This includes those policies contained in local plans (including minerals and waste plans), spatial development strategies, and marine plans.

The National Planning Policy Framework sets out that these authorities should produce, maintain, and update one or more statement(s) of common ground, throughout the plan-making process. Local planning authorities are also bound by the statutory duty to cooperate. Neighbourhood Planning bodies are not bound by the duty to cooperate, nor are they required to produce or be involved in a statement of common ground.

Planning Practice Guidance, ID 61-001-20180913

- 1.38 In paragraph 61-009 entitled “Which geographical area does a statement of common ground need to cover?”, PPG explicitly discusses the appropriate functional geography to which the Statement of Common ground should apply: “For example housing market and travel to work areas, river catchments, or landscape areas may be a more appropriate basis on which to plan than individual local planning authority, county, or combined authority areas.”. It goes on to define housing market areas:

How can housing market areas be defined?

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:

The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.

Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).

Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).

Suggested data sources: Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census.

Planning Practice Guidance, ID 61-010-20180913

- 1.39 This definition of an HMA is almost identical to that in the original PPG relating to housing need.

2. Demographic Projections

The starting point for establishing Local Housing Need

Official Projections

- 2.1 Planning Practice Guidance revised in February 2019 identifies that **Household Projections** provide the baseline for determining the minimum Local Housing Needs figure.

Why are 2014-based household projections used as the baseline for the standard method?

The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.

Planning Practice Guidance, ID 2a-005-20190220

- 2.2 Given this context, Figure 1 sets out the 2014-based household projections. However, household projections can vary considerably at a local level which introduces a risk to the LHN figure. Therefore, Figure 1 also sets out the previous household projections that CLG produced for the area together with the 2016-based ONS household projections, including the associated outputs from the sensitivity analysis undertaken.

Figure 1: Household projections for Portsmouth 2016-36 (Source: CLG, ORS; Note: All figures presented unrounded for transparency)

	Migration trends	Total households		
		2016	2036	Change 2016-36
CLG Household Projections				
2014-based projection: 2014-based population and CLG 2014-based household formation	2009-14	89,527	104,036	+14,509
2012-based projection: 2012-based population and CLG 2012-based household formation	2007-12	89,440	104,966	+15,526
ONS 2016-based Household Projections				
Principal projection: 2016-based population and ONS 2016-based household formation	2011-16	88,772	99,244	+10,472
Sensitivity analysis 1: 2014-based population and ONS 2016-based household formation	2009-14	88,634	101,841	+13,207
Sensitivity analysis 2: 2016-based population and CLG 2014-based household formation	2011-16	89,202	101,460	+12,258

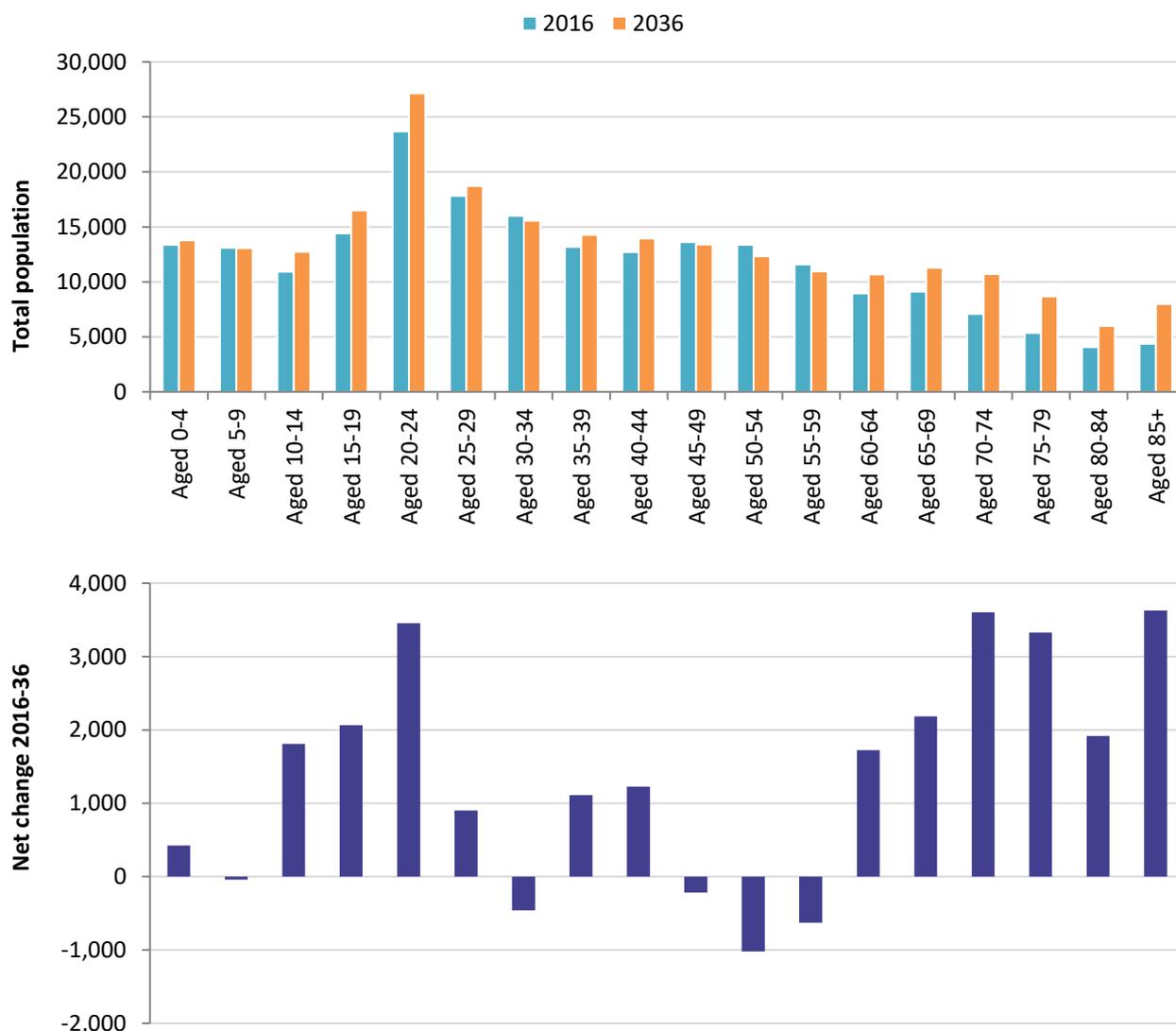
- 2.3 The CLG 2014-based household projections identify a growth of 14,509 households over the 20-year period 2016-2036 which is notably higher than the ONS 2016-based projections which identified the growth of 10,472 households. The 2016-based figures show less growth due primarily due to lower population projections: sensitivity analysis 1 shows that the latest household formation rates alone reduce the growth to 13,207 households and sensitivity analysis 2 shows that the latest population projection alone reduces

the growth to 12,258 households. This larger reduction indicates that the population projection is the main component of the overall difference between the 2014 and 2016 principle projections.

Projected Population Age Profile

- 2.4 Figure 2 shows the projected change in population by 5-year age band for the 20-year Plan period 2016-36.
- 2.5 The growth in the older population is a significant component of the overall population growth (14,660 persons from a total growth of 25,000 persons are projected to be aged 65 or over), including an increase of 3,630 persons aged 85 or over. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.
- 2.6 The growth in the older population is complemented by growth in most other age groups under 65 (particularly in the 10-24 age range) to give a net population growth of 25,000 persons.

Figure 2: Portsmouth population projections 2016-36 by 5-year age cohort based on LHN population projections (Source: ONS SNPP 2014-based and Portsmouth LHN)



Household Projections by Age

- 2.7 Figure 3 summarises the total number of households in 2016 and 2036 in terms of the age of household representatives, together with the change in the number of households in each category over the period 2016-36; again covering the 20-year Plan period using 5-year age bands.
- 2.8 The trend-based household projections identified a growth of around 14,500 households based on the population projections above without any uplift to these projections.

Figure 3: Total projected households for 2016 and 2036 and summary of 20-year change by age of household representative (2014-CLG Household Projections. Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2016	5,800	16,400	15,500	16,500	13,500	11,200	7,200	3,500	89,500
2036	6,500	16,900	17,300	16,000	14,400	15,700	11,000	6,200	104,000
TOTAL CHANGE 2016-2036	+700	+500	+1,900	-500	+900	+4,500	+3,900	+2,700	+14,500

- 2.9 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. The increase in households aged 65+ represents 77% of the household growth. Many of these older households will already be established and living in existing homes in Portsmouth; they will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts.
- 2.10 Figure 4 shows the projected number of households in each cohort, showing their age in both 2016 and 2036. While this shows declining numbers for older age groups, this is only for current age groups who are ageing, it does not reflect that data shown above that the total number of older person households will rise over the period to 2036.

Figure 4: Total projected households for 2016 and 2036 and summary of 20-year change by age cohort of household representative (2014-CLG Household Projections. Note: Figures may not sum due to rounding)

Age in 2016	Age of Household Representative								TOTAL
	<5	5-14	15-24	25-34	35-44	45-54	55-64	65+	
Age in 2036	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2016	-	-	5,800	16,400	15,500	16,500	13,500	21,900	89,500
2036	6,500	16,900	17,300	16,000	14,400	15,700	11,000	6,200	104,000
TOTAL CHANGE 2016-2036	+6,500	+16,900	+11,500	-400	-1,100	-800	-2,500	-15,700	+14,500

- 2.11 For example, there were 5,800 households aged 15-24 in 2016 and these same households would be aged 35-44 by 2036. The trend-based projection identified that total number of households aged 35-44 in 2036 would be 17,300; therefore, an extra 11,500 households: partly due to new household formations and partly due to net migration.
- 2.12 Based on the cohort analysis, it is apparent that around 33,400 extra households aged under 65 (in 2036) will be likely to form in Portsmouth over the 20-year period 2016-36. We previously noted that the overall growth was 14,500 households over the 20-year period, which is lower than the number of new households

forming. The 33,400 extra households aged under 65 are offset against a reduction of 19,000 households aged 65 or over (in 2036). Most of this reduction is due to household dissolution following death (although some may be due to net migration):

- » 21,900 households were aged 65+ in 2016, who would be aged 85+ in 2036 if they had survived;
- » The projected number of households aged 85+ in 2036 is 6,200, which represents a reduction of 15,700 households whose existing homes would be vacated.

2.13 Whilst the increase in overall households is largely amongst those aged 65+, most of the new households seeking housing will be in their twenties and thirties at the time that they form. However, the total number of new households is likely to be over double the overall household growth; so, it is also important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

Projected Household Types

2.14 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.

2.15 Figure 5 shows the household numbers for 2016 and 2036 based on the trend-based projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that the housing needs are more likely to be influenced by the actual age rather than the year of birth.

Figure 5: Total projected households for 2016 and 2036 and summary of 20-year change by household type and age of household representative (2014-CLG Household Projections. Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total Households 2016									
Single person	700	3,400	3,800	4,600	5,100	5,600	3,500	2,400	29,100
Couple without children	500	3,400	1,600	2,300	4,000	4,000	2,600	600	19,000
Families with child(ren)	1,100	7,100	9,000	6,400	1,200	200	100	0	25,200
Other households	3,400	2,500	1,100	3,200	3,300	1,500	900	400	16,300
TOTAL	5,800	16,400	15,500	16,500	13,500	11,200	7,200	3,500	89,500
Total Households 2036									
Single person	300	2,700	4,900	4,700	6,000	9,000	3,400	4,200	35,200
Couple without children	200	3,200	1,400	1,200	2,900	4,200	5,900	1,000	20,200
Families with child(ren)	1,000	7,300	9,900	7,600	1,500	400	200	100	28,000
Other households	4,900	3,700	1,100	2,500	3,900	2,200	1,500	900	20,600
TOTAL	6,500	16,900	17,300	16,000	14,400	15,700	11,000	6,200	104,000
Total Change 2016-2036									
Single person	-400	-700	+1,200	+100	+1,000	+3,400	-200	+1,700	+6,100
Couple without children	-300	-200	-200	-1,000	-1,000	+300	+3,200	+500	+1,200
Families with child(ren)	-100	+200	+800	+1,200	+400	+200	+100	-	+2,900
Other households	+1,500	+1,200	-	-800	+600	+700	+600	+500	+4,300

TOTAL CHANGE	+700	+500	+1,900	-500	+900	+4,500	+3,900	+2,700	+14,500
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2.16 In summary:

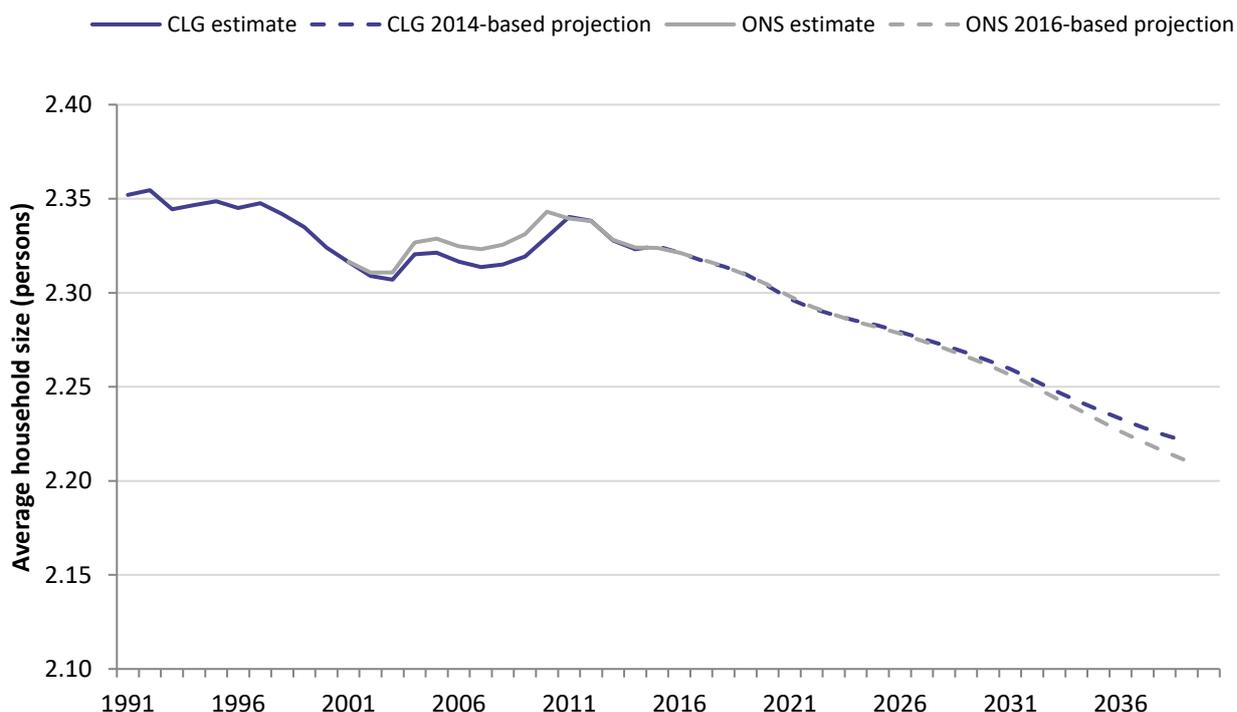
- » Single person households represent nearly half of the overall household growth: an increase of 6,100 over the 20-year period, including 1,700 extra single person households aged 85 or over, but with little change in those aged under 55 years;
- » Couples without dependent children represent 8% of the growth: an increase of 4,000 households aged 65+ offset against a reduction of 2,700 younger couples without children;
- » Families with dependent children represent 20% of the overall growth: an increase of 2,900 households; and
- » The increase in “Other” households approaches 30% of the growth. Other households cover parents living at home with adult children, three generations living together and HMOs including student households. Therefore, the figure do contain a built in projection of more HMO type households.

2.17 Therefore, half of the household growth is associated with households who require smaller dwellings. It is likely that a large proportion of this need will be for affordable housing.

Projected Household Size

2.18 When considering household projections, it is often helpful to review changes to the average household size. Household size is a product of the population and household projections and not a variable used to create them. The data set out in Figure 6 divides the household population by the associated household projection.

Figure 6: Average household size estimates and projections for the period 1991-2039 (Source: CLG estimates 1991-2011; ONS 2016 is 2016-based SNPP with 2014-based CLG rates)



- ^{2.19} As can be seen average household sizes have steadily declined in Portsmouth and are projected to continue falling in future. This can largely be ascribed to an ageing population, given that older persons tend to live in smaller households (typically single persons or couples without children living in the household). There is no indication that any past suppressed household formation has been projected forward.
- ^{2.20} The ONS projection suggests that household sizes will fall faster than previously projected by CLG. These smaller household sizes are the reason for the higher household growth that the ONS 2016-based projections identify in sensitivity analysis 1 compared to sensitivity analysis 2.

3. Local Housing Need

Establishing the Minimum Local Housing Need figure

Local Housing Need based on current method

- 3.1 The Revised NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure.
- 3.2 Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20190220] the minimum annual Local Housing Need figure for Portsmouth in 2019/20 can be established as follows:

Step 1 – Setting the baseline

- » The PPG states that the CLG 2014-based household projections should be used to set the baseline household growth for the local authority area over a 10-year period.
- » These projections identify 91,820 households for Portsmouth in the current year (2019) increasing to 99,060 households over the 10-year period to 2029.
- » This yields an overall increase of 7,240 households over 10 years, equivalent to a projected average annual household growth of 724 households per year.

Step 2 – An adjustment to take account of affordability

- » The most recent ONS median workplace-based affordability ratio is 7.16 for Portsmouth, which is the ratio for the previous calendar year (2018).
- » The adjustment factor can therefore be derived as follows:

$$\text{Adjustment factor} = \left(\frac{7.16 - 4}{4} \right) \times 0.25 = 0.77 \times 0.25 = 19.8\%$$

- » Applying an uplift of 19.8% to the annual household growth of 724 households per year yields an annual housing need of 867 dwellings.

Step 3 – Capping the level of any increase

- » The most recent strategic policies for housing were adopted in January 2012; more than 5 years ago (at the point of making this calculation) and therefore the local housing need figure is capped at 40% above the higher of either the 10 year projected household growth derived above, or the average annual housing requirement figure set out in the existing policies.
- » The average annual housing requirement figure set out in the Portsmouth Local Plan (Part 1) is 584 per year, which is lower than the 724 10-year projection figure derived above.
- » A 40% increase to the higher 10-year projection would be 1,014 dpa.
- » As the annual housing need (867) is lower than this, the increase is not capped.
- » **The minimum Local Housing Needs figure for Portsmouth in 2018 is 867 dwellings per year.**

- 3.3 Based on these calculations, this Local Housing Need Assessment uses a minimum Local Housing Need figure of 867 dwellings per year. However, the Government has confirmed that it intends to comprehensively review the standard method over the next 18 months, so it may be necessary to update the LHNA if the Government chooses to adopt a different approach following the proposed review of the formula.

Disaggregating the minimum Local Housing Need figure

- 3.4 The minimum LHN figure for Portsmouth in 2018 is 867 dwellings per year. This yields an overall minimum housing need of 17,340 dwellings over the 20-year Local Plan period 2016-2036.
- 3.5 Whilst the LHN is informed by the trend-based household projections, the affordability uplift means that the number of dwellings is higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.
- 3.6 Figure 7 sets out the separate elements that will contribute to the LHN. These include:
- » Households growth over the 20-year plan period based on trend-based projections;
 - » Institutional population growth over the 20-year plan period needing communal accommodation that will be counted within the housing supply;
 - » Dwellings without a usually resident household (either vacant homes or second homes);
 - » Additional dwellings to respond to housing market pressure.

Figure 7: Elements of housing need (Source: CLG, ORS, Census derived vacancy rate of 3.6%; Note: All figures presented unrounded for transparency)

Element of Housing Need	Calculation	Equivalent Housing Need (dwellings)
Projected household growth over the 20-year period 2016-2036	$104,035 - 89,526 =$ 14,511 households	15,047
Projected institutional population growth needing communal accommodation over the 20-year period 2016-2036; equivalised based on the average of 1.8 persons per household as set out in the Housing Delivery Test measurement rule book (para 11)	$5,469 - 4,966 =$ 503 persons $503 \div 1.8 =$ 279 households	290
20-year housing need based on the Standard Method calculation	$867 \times 20 =$ 17,340 dwellings	17,340
Allowance to respond to housing market pressures enabling more households to form than projected by the trend-based projections	$17,340 - 15,047 - 290 =$ 2,003 dwellings	2,003

- 3.7 On this basis, we can conclude that the LHN figure for Portsmouth in 2019 incorporates an uplift of 2,003 dwellings. This will provide housing for around 1,933 households in addition to the trend-based projection of 14,511 households over the period 2016-36, equivalent to an increase of 13%.
- 3.8 It should be noted that the affordability ratio is updated annually, and the household projections are updated every two years. Therefore, the LHN figure for any local authority is subject to change on an annual basis.

4. Local Housing Market

Housing options and cost of housing in Portsmouth

Market Signals

- 4.1 While demographic trends are key to the assessment of housing need, it is also important to consider current Market Signals and how these may affect housing needs in order to establish whether an uplift to the minimum LHN may be justified.
- 4.2 Whilst the former PPG which considered market signals has now been archived, this identified a range of housing market signals that could be considered when determining the future housing number, which included:
- » Land and house prices;
 - » Rents and affordability;
 - » Rate of development; and
 - » Overcrowding.
- 4.3 Furthermore, there are other issues that can be considered, for example the macro-economic climate and wider market trends and drivers. A full range of market signals are considered here together with their associated implications, in particular where these may indicate undersupply relative to demand and the need to deviate from household projections.
- 4.4 The archived PPG emphasised the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels – for example, house prices in the housing market may be higher or lower than the national average, however the more important consideration is whether or not they are becoming more (or less) expensive at a rate that differs from the national rates or rates in similar areas.
- Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally.*
- Planning Practice Guidance, ID 2a-020-20140306**
- 4.5 There is no single formula that can be used to consolidate the implications of this information; and furthermore, the housing market signals will have been predominantly influenced by relatively recent housing market trends. Nevertheless, the indicators provide a context for considering the balance between housing need and supply.
- 4.6 In terms of headline outputs, the market signals for Portsmouth compared to other PUSH authorities are shown in Figure 8, where indicators marked green are the same or 'better' than for PUSH and indicators marked red are 'worse' than for PUSH.

Figure 8: Summary of Market Signals (Source: ONS for house prices and for affordability; VOA for rents. UK Census of population 2001 and 2011 for overcrowding. CLG Live Tables for rate of development. Note: PUSH figure derived using population weighted average of Local Authority data)

	Indicators Relating to Price						Indicators Relating to Quantity			
	Lower quartile house price		Average monthly rent		Lower quartile workplace affordability ratio ²		Overcrowded households ³		Housing delivery relative to stock	
	2016/17 £	5-yr change 2012-17	2017/18 £	5-yr change 2013-18	2017 ratio	5-yr change 2012-17	2011 %	10-yr change 2001-2011	% 2007-12	% 2012-17
England	148,300	+19%	829	+15%	7.3	+10%	8.7%	+23%	3.7%	3.6%
Partnership for Urban South Hampshire (PUSH)	199,300	+30%	838	+10%	9.7	+19%	7.1%	+28%	3.7%	3.4%
Unitary Authorities										
Portsmouth	157,000	+28%	814	+17%	7.5	+15%	10.9%	39%	4.0%	2.1%
Southampton	162,000	+27%	791	+13%	7.3	+16%	13.6%	32%	3.4%	4.3%
Isle of Wight	151,500	+19%	636	+7%	8.5	+15%	5.8%	20%	3.8%	2.9%
District Authorities										
Eastleigh	220,000	+36%	837	+8%	10.5	+21%	5.0%	20%	4.8%	3.4%
East Hampshire	265,000	+38%	953	+12%	12.5	+15%	5.0%	21%	4.5%	4.3%
Fareham	215,000	+30%	873	+14%	10.2	+10%	3.8%	29%	3.8%	2.9%
Gosport	150,000	+24%	731	+10%	8.3	+4%	6.2%	29%	3.1%	1.1%
Havant	190,000	+33%	842	+17%	9.7	+34%	6.5%	12%	2.6%	4.1%
New Forest	230,000	+29%	928	+18%	12.0	+25%	4.5%	15%	2.8%	1.3%
Test Valley	227,500	+29%	965	+7%	10.4	+20%	4.0%	29%	4.1%	8.0%
Winchester	280,000	+32%	1,144	+10%	12.9	+26%	5.5%	35%	4.2%	3.9%

- 4.7 The market signals for Portsmouth are similar to the rest of the PUSH authorities and also for England as a whole; but do indicate some evidence of market pressures.
- 4.8 This would indicate the need for a market signal adjustment under the previous PPG. There is no definitive guidance on what level of uplift is appropriate. Nevertheless, the Inspector examining the Eastleigh Local Plan judged 10% to be reasonable given the market signals identified for that HMA:

“It is very difficult to judge the appropriate scale of such an uplift ... Exploration of an uplift of, say, 10% would be compatible with the “modest” pressure of market signals recognised in the SHMA itself.”

- 4.9 It is important to recognise that the uplift of 19.8% derived from the Standard Method includes an allowance for vacant and second homes and also allows for the projected growth in institutional population needing communal accommodation in Use Class C2. As previously noted, the uplift for housing market pressure contained within the minimum LHN figure equates to a 13.0% uplift on the household projection, which seems appropriate for Portsmouth. Therefore, there seems to be little justification for an increased above this figure for market signals.

² Lower quartile affordability is obtained by dividing the lower quartile house price for the local authority by the lower quartile full-time earnings for someone working in the local authority area.

³ Overcrowded households used the Census occupancy rating which assessed the number of rooms in a property against the composition of the household

Employment Trends

- 4.10 While demographic trends are key to the assessment of housing need, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers. Whilst PPG sets out a standard approach for establishing local housing need, this is a minimum figure and there may be circumstances where a higher figure may be justified.

When might it be appropriate to plan for a higher housing need figure than the standard method indicates?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

Planning Practice Guidance, ID 2a-010-20190220

- 4.11 The last assessment of the balance between jobs and workers for Portsmouth was set out in the Partnership for Urban South Hampshire Objectively Assessed Housing Need Update April 2016. This concluded that Portsmouth would need an annual average of 617 dwellings to achieve a balance between jobs and workers and therefore there was no need to uplift the previous OAN from the figure of 740 dwellings per annum.
- 4.12 The LHNA has assessed the likely growth in labour force generated by 2014-based SNPP for Portsmouth, which is the population projection underwriting the minimum LHN for Portsmouth. Based on the changes to economic activity rates (EARs) forecast by the Office for Budget Responsibility, the 2014-based SNPP is likely to yield a growth of around 8,600 extra workers in Portsmouth over the 20-year period 2016-2036.
- 4.13 This does not equate directly to a growth of 8,600 jobs, as there are a number of factors which should be considered when relating jobs to workers; these include commuting patterns, unemployment rates and the balance between main and second jobs. When all of these factors are considered, we can conclude that Portsmouth is likely to be able to accommodate a growth in up to 10,000 jobs by 2036 without seeing labour shortages or housing pressures building due to a lack of space for workers.

Housing Tenure Trends

4.14 The national trends are evident in the local data for Portsmouth. Figure 9 to Figure 11 shows that the overall balance between owners and renters has changed slightly in 2011 from the position in 1981, with 59% owning in 1981 and 56% owning in 2011. The balance between social rent and private rent has changed significantly: only 16% of tenants rented privately in 1981 (16 of 41%) whereas 26% rented privately in 2011 (26 of 44%). The English Housing Survey has shown a continued growth in the private rented sector since 2011 across England as a whole, but local authority figures are less reliable.

Figure 9: Number of Households by Tenure 1981-2011
(Source: UK Census of Population)

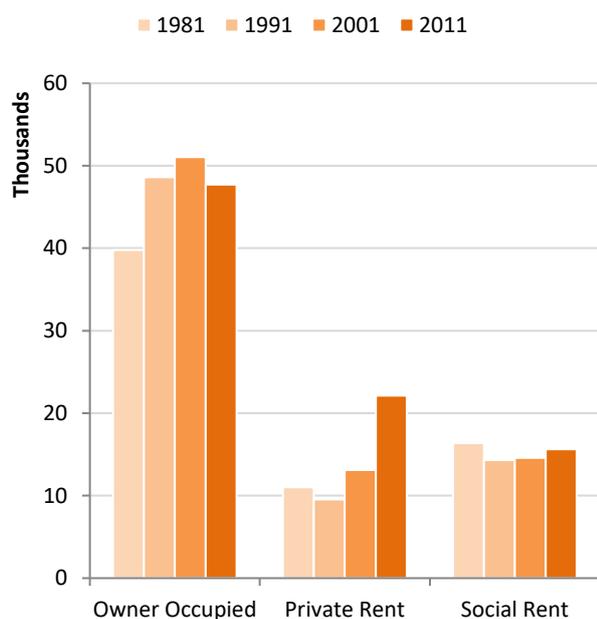


Figure 10: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)

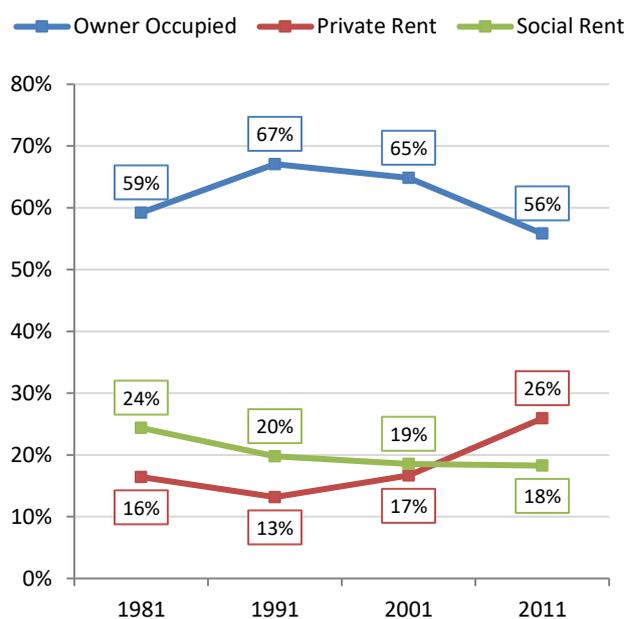


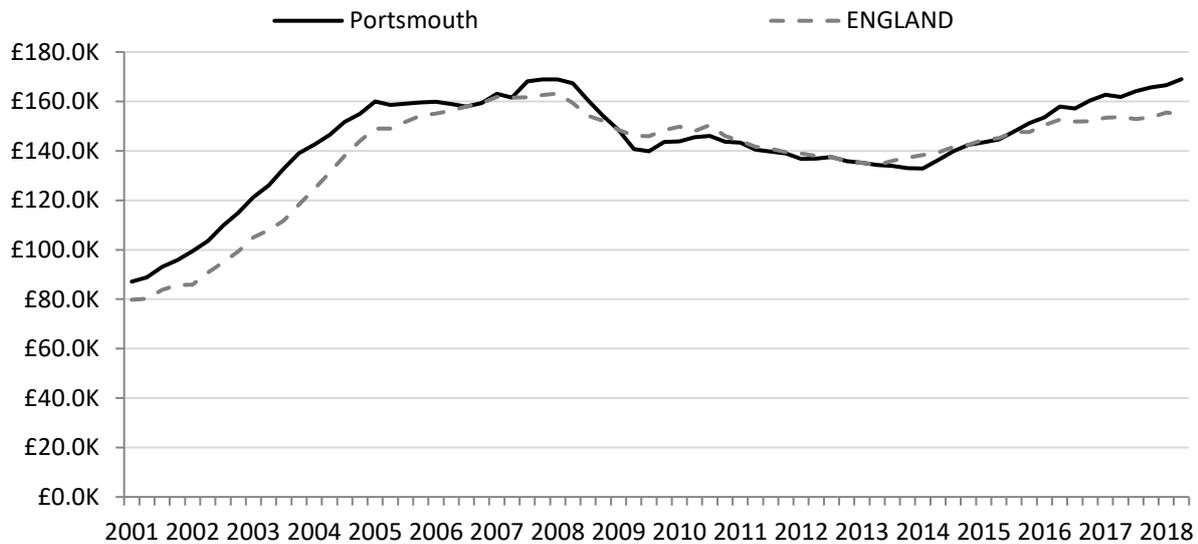
Figure 11: Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	39,776	48,618	51,034	47,722	+8,842	+2,416	-3,312
Private rent	11,025	9,545	13,113	22,140	-1,480	+3,568	+9,027
Social rent	16,361	14,315	14,572	15,611	-2,046	+257	+1,039
TOTAL	67,162	72,478	78,719	85,473	+5,316	+6,241	+6,754
Owner occupied	59.2%	67.1%	64.8%	55.8%	+166%	+39%	-49%
Private rent	16.4%	13.2%	16.7%	25.9%	-28%	+57%	+134%
Social rent	24.4%	19.8%	18.5%	18.3%	-38%	+4%	+15%

Cost of Home Ownership

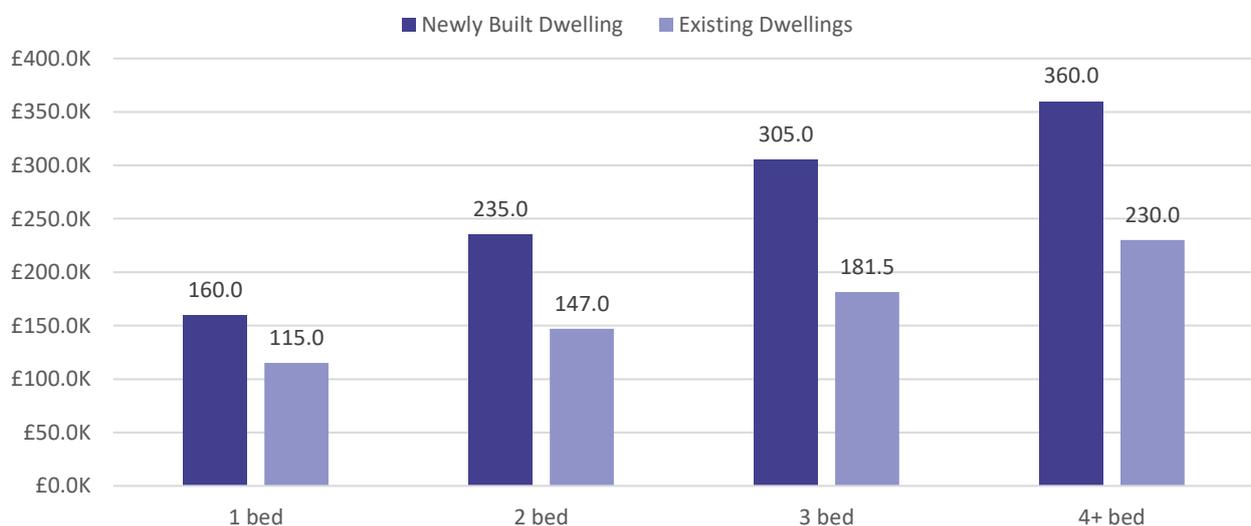
- 4.15 House price trends (2001-2018) are shown in Figure 12 based on lower quartile house prices. Of course, the value of money has also changed during this period, so the data is adjusted to take account of and remove the impact of inflation; therefore, the values reflect real changes in house prices since 2001.
- 4.16 It is evident that real house prices in Portsmouth increased substantially in the period 2001-2008 (from £87,000 to £169,000 at 2018 values, a real increase of 94%). Values reduced to around £140,000 in mid-2009 and continued to decline over the period to 2014 reaching a low point of £133,000; but have since increased to a value of £169,000 by mid-2018.

Figure 12: Real House Price Trends: Lower Quartile Prices adjusted to 2018 values using CPI (Source: ONS; Bank of England)



- 4.17 Figure 13 shows the lower quartile house prices by bedroom size for Portsmouth. The data shows both the lower quartile price for existing properties and also new build dwellings with very significant gaps in the prices between them. When considering first time buyers in particular, many of the purchasers are likely to be newly forming households seeking one and two bed properties.

Figure 13: Lower quartile prices for existing dwellings and newly built dwellings (2017-18) by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)



- 4.18 The degree to which new build properties are more expensive than existing homes varies considerably by size of dwelling. This is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens and the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character.

Income Needed for Home Ownership

- 4.19 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).
- 4.20 For example, taking an existing 1-bedroom property:
- » The lower quartile price recorded was £115,000;
 - » Based on a 90% loan-to-value mortgage, a deposit of £11,500 would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £103,500;
 - » Using a mortgage income multiplier of 3.5x would therefore need an annual income of £29,600.
- 4.21 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £5,750 (equivalent to 5% of the overall price) but the income required would increase to £31,200 per year. Borrowing at a 4.0x income multiplier would reduce the income needed; but households would still need an income of between £25,900 and £27,300 based on a 5-10% deposit. Therefore, to purchase an existing 1-bedroom property at an overall cost of £115,000 is likely to require an annual income of at least £25,900 (assuming a 10% deposit and a 4.0x multiplier); but with less deposit and a lower income multiplier an income of up to £31,200 per year could be needed.
- 4.22 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, taking the initial assumptions of a 10% deposit and a 3.5x mortgage multiplier which is typical for most dual income households provides a reasonable indication of the income that first-time buyer households are likely to need in order to afford home ownership.
- 4.23 Based on these assumptions, Figure 18 shows the household income levels needed to buy 1 and 2 bedrooms properties in terms of both existing dwellings and newly built dwellings in the local authority area. When purchasing larger homes, households will typically have larger deposits available which often include equity from the sale of a smaller property. On this basis, it is relatively artificial to consider incomes in isolation.

Figure 14: Annual income required to afford properties based on a 10% deposit and 3.5 times income mortgage by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Annual Income Needed to Own at Lower Quartile Prices	Single Bedroom Properties	Two Bedroom Properties
Existing dwelling	£29,600	£37,800
Newly built dwelling	£41,100	£60,400

Cost of Renting

4.24 Figure 15 sets out the weekly rents for different property sizes. This includes:

- » Median and lower quartile private rent;
- » Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however more recent increases have based on CPI and rates were frozen in the July 2015 Budget);
- » Affordable rent, based on 80% of the median private rent;⁴ and
- » Social rent, based on existing average rents.

Figure 15: Weekly rent thresholds 2018 (Source: Private Rental Market Statistics, Valuation Office Agency; Homes and Communities Agency. Note: Private rent data excludes housing benefit funded tenancies)

Weekly Rent £	Private Rent		Maximum Local Housing Allowance	Affordable Rent (80% median)	Social Rent
	Median	Lower Quartile			
Room only	£94.75	£80.72	£69.04	£75.80	£67.57
1 bedroom	£137.99	£126.49	£116.53	£110.39	£75.94
2 bedrooms	£172.48	£159.84	£144.36	£137.99	£85.48
3 bedrooms	£205.83	£183.98	£172.60	£164.67	£95.56
4+ bedrooms	£331.17	£298.97	£240.00	£264.94	£107.28

4.25 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit based on Broad Rental Market Areas (BRMAs). BRMAs do not always align with local authority boundaries: the Portsmouth BRMA covers the local authority area and further extends into other parts of the County of Hampshire⁵.

4.26 It is evident that for most property sizes, the median private rent is the highest followed in turn by the lower quartile private rent, maximum LHA, affordable rent and target social rent. The only exceptions to this are room only and four-bedroom properties, where the LHA threshold is marginally lower than affordable rent. Whilst the other LHA rates are marginally lower than the equivalent lower quartile private rents, it is important to note that the private rent figures exclude housing benefit funded tenancies. Therefore, there would appear to be only limited opportunity for an increase in the number of households in receipt of housing benefit given that lower quartile rents are already fairly close to the maximum housing benefit.

4.27 Affordable rents (at 80% of median private rent) are currently below the maximum LHA rate for most property sizes in the area, but this relationship could change in future. The Welfare Bill requires social landlords to reduce their rents by 1% every year for four years, whilst LHA rates generally increase in line with CPI (although they were updated by a fixed 1% in 2014/15 and 2015/16); so together these changes will typically increase the “gap” for existing Affordable Rent properties. However, the rent for new properties is

⁴ Throughout this document, Affordable Rents are shown inclusive of service charge. This is consistent with the HCA “2011-15 Affordable Homes Programme – Framework”, which says:

“Gross market rents are generally expressed inclusive of any service charges.” (para 3.3)

“Providers will be able to let a property at an Affordable Rent (inclusive of service charges, where applicable) of up to 80% of the gross market rent which reflects the property size and location” (para 3.4)

⁵ A map of the BRMA can be found at: <https://lha-direct.voa.gov.uk/>

based on market rents; so if market rents were to increase faster than the maximum LHA, it is possible that new Affordable Rent properties could have rents that are higher than the LHA.

- 4.28 The Local Housing Allowance Guidance Manual (April 2014)⁶ confirms that “*the LHA arrangements apply to HB customers in the deregulated private sector only*”; where HB refers to Housing Benefit, so the LHA rate does not apply to Affordable Rent, and households are currently able claim housing benefit to cover the full cost of Affordable Rent (where they were entitled to do so based on their circumstances). However, whilst housing associations could set rents above the maximum LHA, many operate a rent policy where rent levels must be within the LHA for the area concerned – partly due to perceived risks of future welfare reforms (which could change the rules) but also to keep properties as affordable as possible.
- 4.29 This is particularly relevant as all households claiming out-of-work benefits are subject to a cap of £384 per week (for lone parents and couples living outside of London) or £257 per week (for single people living outside of London), which could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying from £291 to £542 or more, depending on age) or to households that receive various disability related benefits or armed forces pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of property that they need in their Broad Rental Market Area.

Income Needed to Rent Housing

- 4.30 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)⁷ stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income”* (page 42)

- 4.31 However, this previous Guidance was rescinded in March 2014 following the publication of the Original NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that “*care should be taken ... to include **only those households who cannot afford** to access suitable housing in the market*” [ID 2a-020-20190220] (emphasis added).
- 4.32 Results from the English Housing Survey (EHS) 2015-16⁸ provides information about the percentage of gross household income that households currently spend on their housing costs⁹:
- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and
 - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.

⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324708/lha-guidance-manual.pdf (para 1.070)

⁷ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

⁸ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

⁹ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit), by tenure, 2010-11 to 2015-16”

- 4.33 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.
- 4.34 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately currently spend 41% of their gross income on average, there must be many households currently spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).
- 4.35 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 4.36 As an example, we can establish the income needed to rent a 1-bedroom property in the private rented sector based on a 35% income multiplier:
- » The lower quartile weekly rent recorded was £126.49;
 - » Based on a 35% income multiplier, a weekly income of £361.40 would be needed which equates to a gross annual income of £18,857.
- 4.37 To rent the same property based on a 25% income multiplier would increase the gross income required to £26,400 per year whereas households with an annual income of £14,670 per year could afford the rent if 45% of their income was allocated to housing costs. Therefore, to rent a self-contained 1-bedroom property in Portsmouth at an overall cost of £126.49 per week is likely to require an annual income of at least £18,857 (assuming a 35% multiplier); although it is evident that the required income is very sensitive to the multiplier used.
- 4.38 Given this context, although some households will choose to pay a higher proportion of their income to rent their home (and others might be forced to do so due to the lack of any other housing options), taking the initial assumption of a 35% income multiplier provides a reasonable benchmark to establish the rental income needed. Based on this assumption, Figure 35 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent.

Figure 16: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size (Source: ORS based on Valuation Office Agency data April 2017 to March 2018)

Annual Income £	Private Rent		Affordable Rent (80% of median)	Social Rent
	Median	Lower Quartile		
1 bedroom	£20,571	£18,857	£16,457	£11,321
2 bedrooms	£25,714	£23,829	£20,571	£12,743
3 bedrooms	£30,686	£27,429	£24,549	£14,246
4+ bedrooms	£49,371	£44,571	£39,497	£15,994

4.39 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid. Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore, housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.

4.40 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take account of different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for different types of household on different incomes, based on the rents for suitable housing in terms of the number of bedrooms needed.

4.41 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 17 sets out the incomes for housing benefit eligibility for different types of households.

Figure 17: Maximum annual income for households in receipt of housing benefit support by household type (Source: ORS based on Department for Work and Pensions data)

Maximum Annual Income for HB support		Portsmouth BRMA
ROOM ONLY	Single person aged 16-24	£8,557
	Single person aged 25-34	£9,350
1 BEDROOM PROPERTIES	Single person aged 35+	£13,160
	Couple (both aged under 18)	£13,911
	Couple (one or both aged 18 or over)	£15,337
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£18,881
	Lone parent (aged 18 or over) with 2 children	£22,369
	Couple (aged 18 or over) with 1 child	£21,057
	Couple (aged 18 or over) with 2 children	£24,546

Identifying the Gap for Affordable Home Ownership

- 4.42 When identifying the need for Affordable Home Ownership (AHO) including Starter Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs. Figure 18 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents in Portsmouth.

Figure 18: Annual income thresholds for different housing options in single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own at Lower Quartile Prices		Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£41,100	£60,400
	Existing dwelling	£29,600	£37,800
Minimum income needed for rent to be less than 35%	Median private rent	£20,571	£25,714
	Lower quartile private rent	£18,857	£23,829
	Affordable rent (80% of median)	£16,457	£20,571
	Social rent	£11,321	£12,743
Maximum income for Housing Benefit support	Upper end of range	£15,337	£24,546
	Lower end of range	£13,160	£18,881

- 4.43 There is a clear income gap between being able to afford market rent and being able to afford home ownership, though this is particularly the case when considering 2-bed housing. Households with incomes around £20-£25,000 can afford to rent a 2-bed property in the area; but require incomes of £37,800 to afford to buy a property in the area. On this basis, there is a wide income range that could benefit from Affordable Home Ownership products if these could be provided at an appropriate price.
- 4.44 The cost of AHO products would need to be less than the purchase cost for market housing; however, the income needed to buy an AHO product may be higher than the income needed for market rent. This recognises that some households who could afford market rent would prefer to own their own home, and the NPPF encourages local authorities to widen opportunities for home ownership.

Starter Home Initiative

- 4.45 The Housing and Planning Act 2016 furthered the Government policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The Act defines a Starter Home as a new dwelling, only available for purchase by qualifying first-time buyers, which is to be sold at a discount of at least 20% of the market value and for less than the price cap (£250,000 in Portsmouth) and is subject to restrictions on sale or letting for the initial 5-year period of occupancy. The Act also includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.
- 4.46 Figure 19 sets out the weekly costs for Starter Home Initiative based on the same property values considered when analysing low cost home ownership housing options.

Figure 19: Starter Home Initiative (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Property values at 2017/18 levels)

	Property Value	80% Equity Share	10% Deposit	Weekly Mortgage Costs
1 bedroom	£160,000	£128,000	£12,800	£172.83
2 bedrooms	£234,995	£187,996	£18,800	£253.83
3 bedrooms	£304,950	£243,960	£24,396	£329.40
4+ bedrooms	£359,995	£287,996	£28,800	£388.86

4.47 The Revised NPPF changed the definition of affordable housing to include Starter Homes and limited purchasers to non-owners aged 23-40 years. The Revised NPPF defined several other forms of Affordable Home Ownership (AHO) as affordable housing: Discounted market sales housing sold at a discount of at least 20% below local market value (with eligibility criteria); other affordable forms of home ownership such as shared ownership, relevant equity loans, low cost homes for sale (at a price equivalent to at least 20% below local market value); and rent to buy.

Low-Cost Home Ownership

4.48 A range of Low-Cost Home Ownership (LCHO) products have been developed to assist households into homeownership. Figure 20 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs based on a 30-year repayment mortgage at 6.25% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £10 per week.

4.49 Based on this model, it is evident that the weekly costs are higher than the equivalent median private rent for 1-3 bed properties, but in between median and lower quartile rent for 4+ bedrooms.

Figure 20: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week, property values calculated on new-build only at 2017/18 levels)

	Property Value	40% Equity Share	10% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	£160,000	£64,000	£6,400	£82.41	£50.63	£10.00	£143.04
2 bedrooms	£234,995	£93,998	£9,400	£121.04	£74.36	£10.00	£205.40
3 bedrooms	£304,950	£121,980	£12,198	£157.07	£96.50	£10.00	£263.57
4+ bedrooms	£359,995	£143,998	£14,400	£185.42	£113.92	£10.00	£309.34

4.50 Figure 21 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents.

Figure 21: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Property values at 2017/18 levels. Cells highlighted in yellow are above the LHA rate but below median private rent, cells in red are above the equivalent median private rent.

Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
1 bedroom	£160,000	£124.79	£130.88	£136.96	£143.04	£149.12	£155.21
2 bedrooms	£234,995	£178.60	£187.53	£196.47	£205.40	£214.33	£223.27
3 bedrooms	£304,950	£228.79	£240.38	£251.98	£263.57	£275.16	£286.75
4+ bedrooms	£359,995	£268.28	£281.97	£295.65	£309.34	£323.02	£336.71

4.51 It would appear that an equity share of up to 35% would be appropriate for one-bed properties, however for 2 and 3-bed properties, equity shares of more than 25% tend to yield weekly costs that are higher than private rents. For 4-bed properties, equity shares of up to 45% are appropriate. Nevertheless, there may be a role for LCHO products at higher equity shares targeted at households able to afford private rent but unable to afford home ownership.

Summary of Housing Costs

4.52 Figure 22 summarises the weekly costs for the range of different housing options discussed above for each property size.

Figure 22: Comparison of weekly housing costs by property size – Portsmouth (Source: VOA 2017-2018. Note: Property values at 2017/18 levels)

	Starter Home Initiative (80% equity)	Shared ownership (40% equity)	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% median)
1 bedroom	£172.83	£143.04	£137.99	£116.53	£110.39
2 bedrooms	£253.83	£205.40	£172.48	£144.36	£137.99
3 bedrooms	£329.40	£263.57	£205.83	£172.60	£164.67
4+ bedrooms	£388.86	£309.34	£331.17	£240.00	£264.94

4.53 The key point of this data is that cost of shared ownership is higher on a weekly basis than the cost of private rent for all sizes of properties. The cost of a starter home is higher again. Would be owner occupiers would still require a deposit and access to a mortgage, and the weekly cost of affordable home ownership in Portsmouth is higher than the cost of renting. On this basis there is a gap between those who can afford private rent and those who can afford to own outright.

4.54 Therefore, this implies that within Portsmouth there will be households who can afford to rent, but not buy. As was discussed in more detail in Figure 10, the private rented sector in Portsmouth rose from 17% of households in 2001 to 26% in 2011. Therefore, an increasing number of households in Portsmouth are having their housing needs met in the private rented sector, but some of these would not be able to access low cost home ownership schemes.

5. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 5.1 The definition of affordable housing was changed by the new National Planning Policy Framework (2018), with a specific emphasis now placed on affordable homeownership. Annex 2 of the Framework now defines affordable housing as being:

Affordable housing

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

National Planning Policy Framework 2018, Annex 2

- 5.2 To reflect this change, relevant paragraphs of PPG have also been updated as follows. The changes between the archived PPG and the current revision are highlighted below:

How can the current unmet gross need for affordable housing be calculated?

Strategic policy-making authorities can establish the unmet (gross) need for affordable housing by assessing past trends and current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in over-crowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
- » *the number of households from other tenures in need and those that cannot afford their own homes, ***either to rent, or to own, where that is their aspiration.****

Planning Practice Guidance, ID 2a-020-20190220

Emphasis added shows change introduced in September 2018

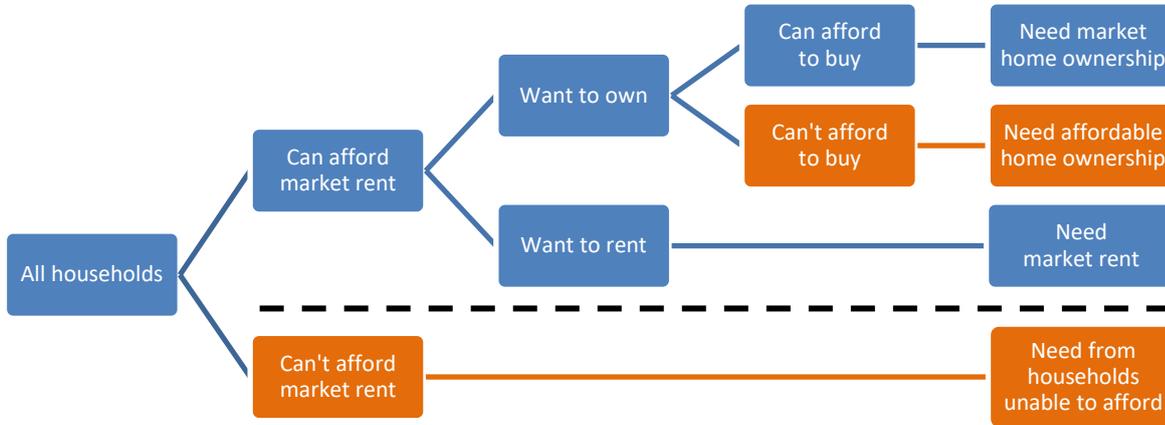
- 5.3 On this basis, it is clear that the assessment of affordable housing need must now consider those households who would like to own but are unable to do so, in addition to those households unable to afford to own or rent which have formed the longstanding basis for assessing affordable housing needs.

Establishing the Need for Affordable Housing to Rent and to Own

- 5.4 Demographic projections provide the basis for identifying the LHN for all types of housing, including both market housing and affordable housing. There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing; however, when considering the needs of households who can afford to rent but would prefer to own, it is necessary to further develop the existing methods given that PPG provides no additional guidance on this need should be assessed.

5.5 Figure 23 illustrates the different groups of households that must now be considered when assessing the need for affordable housing. The needs of those households that can't afford market rent need to be added to the needs of those that can afford market rent but who want to own but can't afford to buy.

Figure 23: Establishing the need for market and affordable housing

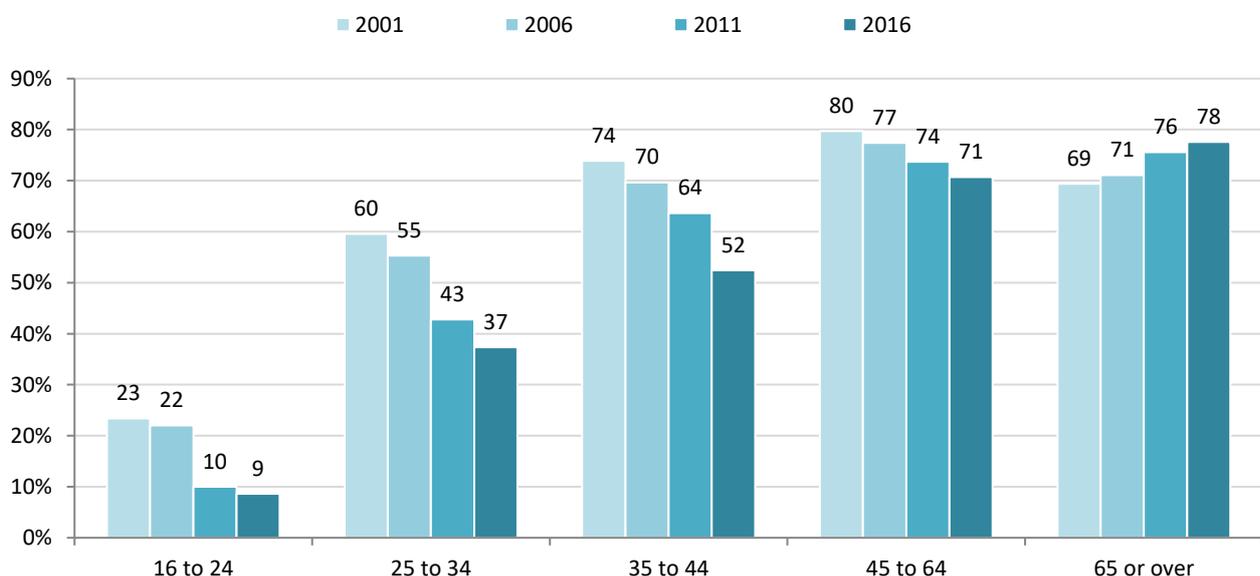


Home Ownership Trends

5.6 The emphasis on households that cannot afford to own their home reflects the Government’s concerns about the proportion of owner occupiers having reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 68.7% in 2006 to 65.3% in 2011 and reduced yet further to 62.6% by 2016. Over the same period 2006-2016, the proportion of households renting from a social landlord also reduced from 19.0% to 17.1% whilst the proportion renting privately increased from 12.3% to 20.3%.

5.7 The proportion of owner occupiers also varies notably by age. Younger age groups have typically been less likely to own their home than older households; however, the proportions of younger households owning their homes has reduced at a faster pace. In contrast, the proportion of older households (aged 65 or over) owning their home has been increasing (Figure 24).

Figure 24: Percentage of Owner Occupiers by Age Group 2001-2016 (Source: English Housing Survey)



Affordable Housing Need: Households Unable to Afford

- 5.8 PPG notes that affordable housing need is based on households “*who lack their own housing or who cannot afford to meet their housing needs in the market*” [ID 2a-019-20190220]; though goes on to say that this should include the needs of those that can afford market rent but who want to own but can’t afford to buy. Given this context, the following section firstly considers the needs of those households who cannot afford to meet their housing needs, either through buying or renting. The additional needs of those who can afford to rent but who want to own will be considered in the next section.
- 5.9 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow based on the plan period.

Planning Practice Guidance, ID 2a-024-20190220

Current Unmet Need for Affordable Housing

- 5.10 In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How can the current unmet gross need for affordable housing be calculated?

Strategic policy-making authorities can establish the unmet (gross) need for affordable housing by assessing past trends and current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance, ID 2a-020-20190220

Establishing Current Unmet Need for Affordable Housing for Households Unable to Afford

- 5.11 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted. Reasonable preference categories reflect households who are owed a duty of care under the 1996 Housing Act.
- 5.12 Given this context, our analysis counts the needs of all these households when establishing the need for affordable housing at a base date of 2018. This reflects the current circumstances in Portsmouth which are subject to change as affordable housing allocations policies and welfare reform may change the number of households in need in the future. However, the figures for 2018 represent the best available information at this time.
- 5.13 Less than a quarter of households currently living in **overcrowded** housing (based on the bedroom standard)¹⁰ are registered in a reasonable preference category, which will partly reflect their affordability. It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.
- 5.14 Our analysis counts the needs of all households living in overcrowded rented housing when establishing the need for affordable housing (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Portsmouth.
- 5.15 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household, and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions.
- 5.16 When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).

¹⁰ The definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended). The bedroom standard allocates a separate bedroom to each: married or cohabiting couple; adult aged 21 years or more; pair of adolescents aged 10-20 years of the same sex; pair of children aged under 10 years regardless of sex.

5.17 Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55 (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home). The needs of these households are counted when establishing the need for affordable housing.

5.18 Figure 25 sets out the assessment of current affordable housing need for Portsmouth.

Figure 25: Assessing current unmet gross need for affordable housing (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey; DWP Housing Benefit; CLG Local Authority Housing Statistics)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need [Source: CLG P1E returns]			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	13		13
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	30		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	17	17	
Households accepted as homeless but without temporary accommodation provided	37		37
Concealed households [Source: Census 2001 and 2011]			
Growth in concealed families with family representatives aged under 55	256		256
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]			
Households living in overcrowded private rented housing	652		
Households living in overcrowded social rented housing	999	999	
Reduction in spare rooms [Source: DWP Housing Benefit]			
Households likely to move from under-occupied social rented housing	591	591	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]			
People who need to move on medical or welfare grounds, including grounds relating to a disability	254	19	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship	31	2	
TOTAL	2,880	1,628	306

5.19 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **2,880 households are currently living in unsuitable housing in Portsmouth and unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

5.20 Of these households, 1,628 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 1,252 households (2,880 less 1,628 = 1,252) who currently need affordable housing and do not currently occupy affordable housing in Portsmouth** (although a higher number of new homes may be needed to resolve all the identified overcrowding).

- 5.21 This number includes 306 households that would not be counted by the household projections because of their being homeless or concealed households. There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households.
- 5.22 Providing the 1,252 net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of **946 households** (1,252 less 306 concealed households) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

- 5.23 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How can the number of newly arising households likely to be in affordable housing need be calculated (gross annual estimate)?

Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly-forming households will be unable to access market housing.

Planning Practice Guidance, ID 2a-021-20190220

- 5.24 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and LHN. The Model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 5.25 Whilst PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” [ID 2a-021-20190220], **the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 5.26 The affordability percentages in Figure 26 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

Figure 26: Assessing affordability by household type and age (Source: Census 2011 and DWP)

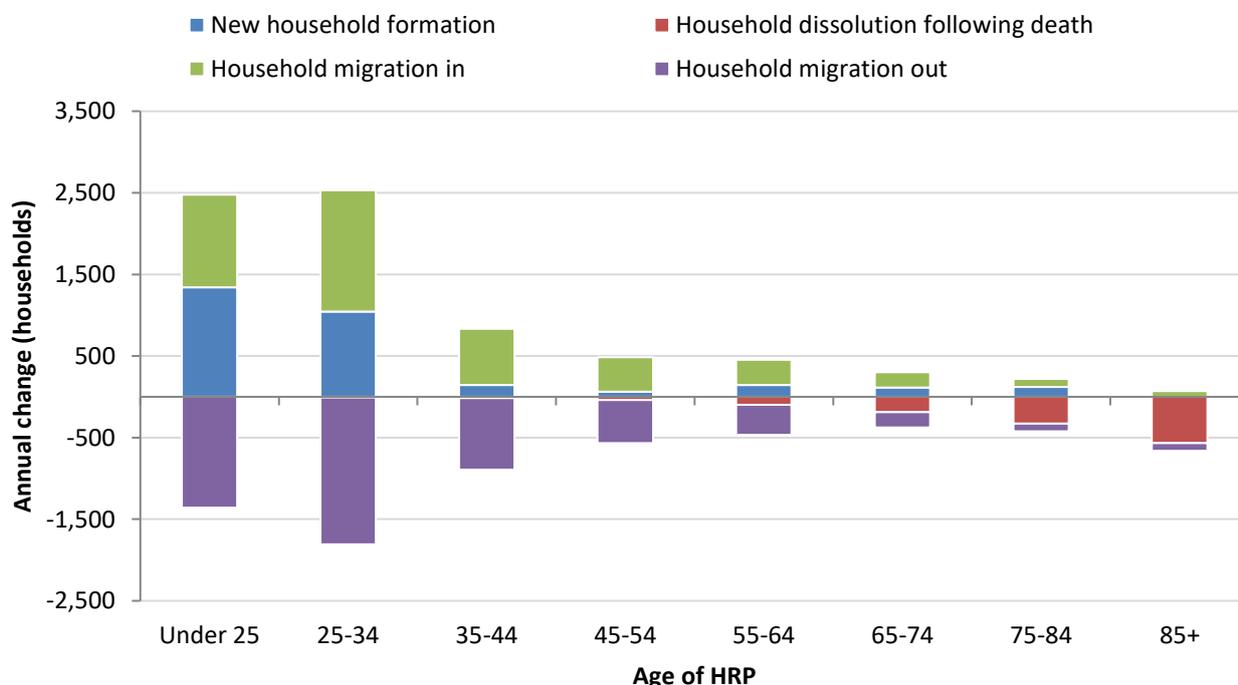
	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	21%	15%	31%	37%	40%	32%
Couple family with no dependent children	7%	5%	9%	12%	11%	16%
Couple family with 1 or more dependent children	53%	35%	21%	14%	16%	34%
Lone parent family with 1 or more dependent children	89%	83%	60%	48%	57%	54%
Other household type	6%	15%	29%	25%	26%	16%

Establishing the Future Affordable Housing Need for Households Unable to Afford

5.27 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” [ID 2a-021-20190220] suggesting that “the total need for affordable housing should be converted into annual flows” [ID 2a-024-20190220].

5.28 Figure 27 shows the age structure of each of the components of household change. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 27: Annual change in household numbers in each age cohort by age of HRP for period 2016-2021 (Source: ORS Housing Model)



5.29 Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs, identified in Figure 26.

5.30 The Model identifies an average of 3,077 new households projected to form in Portsmouth each year, and of these 21% are unable to afford their housing costs which represents 644 households each year. The Model separately considers new households migrating to the area and identifies that a higher proportion of these

households are unable to afford (25%); representing 1,107 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 1,751 new households each year who are unable to afford their housing costs.**

5.31 PPG also identifies that in addition to the needs of new households, it is also important to estimate “*the number of existing households falling into need*” (ID 2a-021). Whilst established households that continue to live in Portsmouth will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is estimated that an average of **602 established households fall into need each year** in Portsmouth.

5.32 Whilst the PPG recognises that established households’ circumstances can deteriorate such that they fall into need, it is also important to recognise that established households’ circumstances can improve. For example:

- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

5.33 These improved circumstances can therefore reduce the need for affordable housing over time. The Model identifies that the circumstances of 421 households improve each year such that they become able to afford their housing costs despite previously being unable to afford. Therefore, considering the changing needs of existing households overall, **there is a net increase of 181 existing households** (602 minus 421 = 181) **needing affordable housing each year.**

5.34 PPG identifies that “*there will be a current supply of housing stock that can be used to accommodate households in affordable housing need*” and that it is necessary to establish “*the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need*” [ID 2a-022-20190220]. It is also important to recognise that not all households that are unable to afford housing are allocated affordable housing immediately and some of these households will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections.

5.35 The Model identifies 1,286 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright; however, 337 are unable to afford market housing: most living in social rented housing. The Model separately identifies that an average of 5,464 households will leave the area each year, including 1,353 unable to afford their housing costs. Some will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting (although some might prefer to stay if housing costs were cheaper or more affordable housing was available). **Together, there are 1,690 households each year who will vacate affordable dwellings or will no longer be waiting for a home.**

5.36 Figure 28 summarises each of the components that contribute to future affordable housing need. Please note that for couples who separate, one household will be recorded as the continuation of an existing household, and one will be recorded as a newly forming household.

Figure 28: Components of average annual household growth 2016-36 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,077	2,433	644	21%
Households migrating into the area	4,480	3,373	1,107	25%
All new households	7,557	5,806	1,751	23%
Household dissolutions following death	1,286	949	337	26%
Households migrating out of the area	5,464	4,111	1,353	25%
All households no longer present	6,750	5,060	1,690	25%
Household growth	807	746	61	8%
Existing households falling into need	-	-602	602	100%
Existing households climbing out of need	-	421	-421	0%
Change in existing households	-	-181	181	-
Average annual future need for market and affordable housing 2016-36	807	565	242	30%

Overall Affordable Housing Need for Households Unable to Afford

5.37 Figure 29 brings together the information on assessing the unmet need for affordable housing in 2016 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 20-year period 2016-36. The figures are calculated initially from a baseline of 16,441 household per annum which reflects the household growth and the affordability uplift. It does not include the allowance for vacant and second homes, or the allowance to cover Class C2 housing which are components of the LHN figure of 17,340. These figures are added later.

Figure 29: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2016 (see Figure 25)			
Total unmet need for affordable housing (a)	-	2,880	2,880
Supply of housing vacated (b)	946	1,628	2,574
Current housing need (c) = (a) - (b)	-946	+1,252	+306
Projected future housing need 2016-36 (see Figure 28)			
Average annual housing need (d)	565	242	807
Future housing need (e) = (d) x 20	11,301	4,834	16,135
Total need for market and affordable housing (f) = (c) + (e)	10,355	6,086	16,441
Average annual household growth (g) = (f) / 20	+518	+304	+822
Proportion of overall need for market and affordable housing	63.0%	37.0%	100%

5.38 Overall, there is a **need to provide affordable housing for 6,086 households unable to afford to rent or buy** over the Plan period 2016-36 (37% of the projected growth) which equates to 304 households per year. Adding an allowance for vacancies, this **identifies a total affordable housing need of 6,311 dwellings** in addition to the current stock, an average increase of 316 dwellings per year. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

- 5.39 Figure 30 sets out the housing mix in terms of property type and size. Almost three fifths of the affordable housing need (59%) is for flats and the remainder for houses (11% 2-bed, 20% 3-bed and 9% 4-bed+). Whilst the need for affordable housing with four or more bedrooms is 9% of the overall need, this still represents a need for 580 large affordable homes that need to be provided over the 20-year period 2016-36. Much of this need will be from existing households living in overcrowded accommodation and also from households who are living in multi-generational households. In Figure 5 we identified that a significant part of the projected overall household growth will be in the category covering multi-generational households and HMOs. Part of the need for larger affordable housing units will be to meet the needs of extended families living together.
- 5.40 We would stress that there is a need to recognise that a 2 bed can be a home for different numbers of people depending on the size. What we have seen in many areas in recent years is a move towards smaller properties so that a 2 bed can only house three people, rather than four.
- 5.41 We would also stress that the evidence set out below is based upon modelled outputs underwritten by demographic change. They do not reflect the more subtle issues which can arise locally including how best to use land on a particular site, viability and local allocations policies.

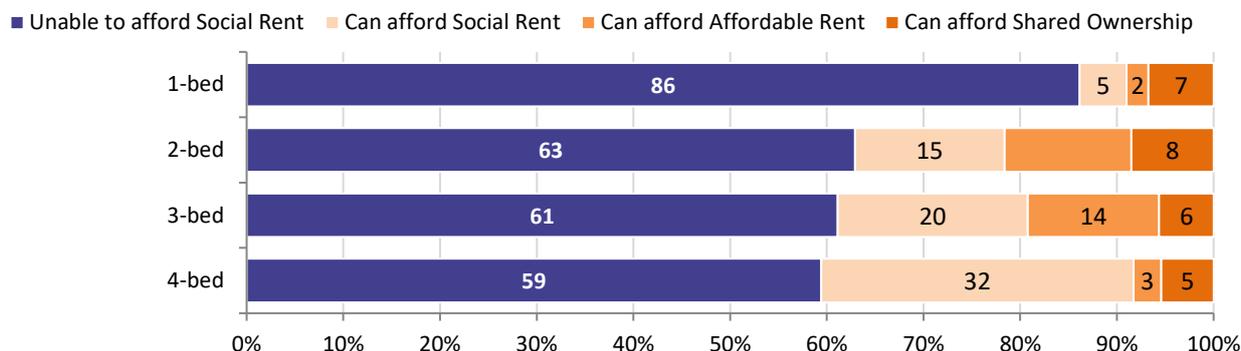
Figure 30: Assessing Affordable Housing Mix (Source: ORS Housing Model)

		Current Housing Need			Future Housing Need	Overall Housing Need	
		Gross Need	Supply	Net Need		N	%
Flat	1 bedroom	580	336	+243	1,373	1,618	26%
	2 bedrooms	505	257	248	941	1,189	19%
	3+ bedrooms	413	210	203	769	971	15%
House	2 bedrooms	283	144	+139	527	666	11%
	3 bedrooms	646	673	-27	1,315	1,289	20%
	4+ bedrooms	560	69	+492	87	579	9%
Total Dwellings		2,987	1,688	+1,298	5,013	6,311	100%

Affordable Housing Tenure

- 5.42 Within the overall need of 6,311 affordable homes identified, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing. In order to profile affordability, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 5.43 Figure 31 illustrates the affordability of households needing affordable housing by property size based on the assumption that up to 35% of gross household income (excluding housing benefit) is available for housing costs. This identifies those able to afford shared ownership, affordable rent and social rent (all without housing benefit subsidy) and those that would need financial support to afford social rent.

Figure 31: Affordability of households needing affordable housing by property size 2016 (Note: Weekly costs based on data in Figure 15 and Figure 20)



- 5.44 Figure 32 sets out the affordable housing mix, which identifies that two thirds of the households unable to afford and in need of affordable housing would not be able to afford the relevant Social Rent for a property of the size needed: 4,302 households (68%) based on up to 35% of income being spent on housing costs.
- 5.45 Providing new affordable rented housing based on Social Rents would enable around 983 households to pay their rent without housing benefit support that could not afford to do so if new housing was provided as Affordable Rent. If new affordable rented housing was provided with Affordable Rents (based on 80% of median private rent), these households would continue to depend on housing benefit.
- 5.46 Around 1,027 households in need of affordable housing could afford either Affordable Rent (without housing benefit support) or the weekly costs of Shared Ownership (based on a 40% equity share). Most of these households could afford either of these products, given the similarities in the weekly costs identified.

Figure 32: Affordable housing mix by household affordability to 2016-2036 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

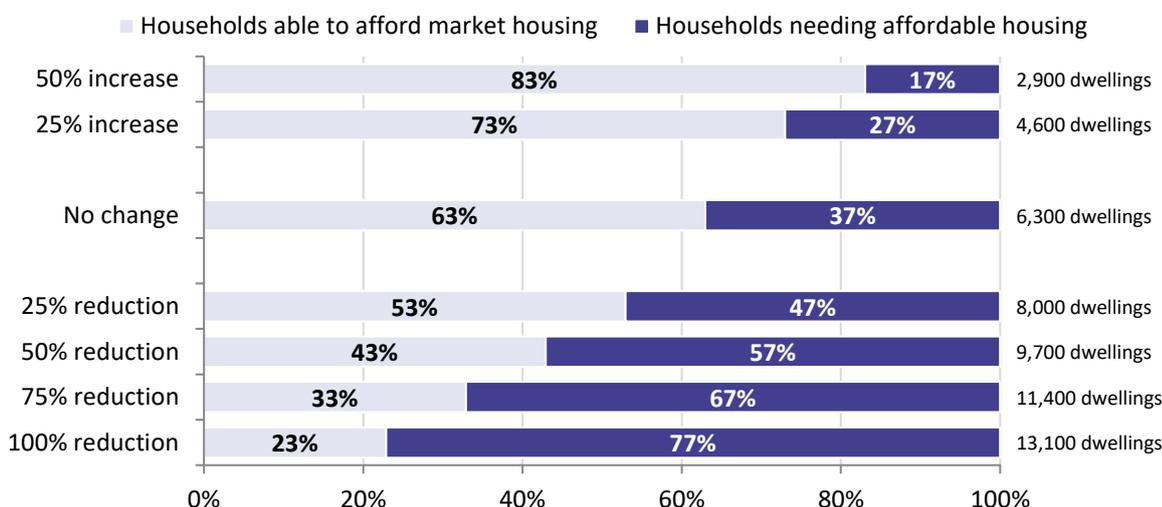
	Unable to afford Social Rent	Can afford Social Rent	Can afford Affordable Rent	Can afford Shared Ownership	TOTAL
1 bedroom	1,428	80	38	112	1,658
2 bedrooms	1,432	352	299	193	2,277
3 bedrooms	1,052	338	234	97	1,721
4+ bedrooms	390	212	19	35	656
TOTAL	4,302	983	589	438	6,311

Future Policy on Housing Benefit in the Private Rented Sector

- 5.47 The Model recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council.
- 5.48 We would note that this situation will become more complex in the future as Universal Credit is fully rolled out. Households on Universal Credit with a Housing Costs Element are not directly the same as households who receive housing benefit, because Universal Credit includes households who would not have been entitled to any HB because their earnings are too high. Therefore, more households in the future may be able to claim help with the private rented housing costs.

- 5.49 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing. We would note that this approach has been accepted by many planning inspectors in the past including for the local plans for Bath and North East Somerset, Cheshire East, Milton Keynes, Wycombe, Aylesbury Vale, East Hertfordshire and Stevenage.
- 5.50 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 5.51 To sensitivity test this position, Figure 33 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector. If no households were to receive housing benefit support in the private rented sector, 77% of the growth in household numbers would need affordable housing. In this scenario, it is also important to recognise that the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.

Figure 33: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2016-36 and associated number of affordable dwellings



- 5.52 Considering the aspirations of households living in the private rented sector with housing benefit support, the model identifies that 3,155 households plan to move to rented affordable housing. Meeting the aspirations of these households would increase current affordable housing need by 3,272 dwellings; with an equivalent reduction in the need for market housing, as the private rented homes that they occupy are vacated.

Affordable Housing Need: Households Aspiring to Homeownership

- 5.53 Considering aspirations for home ownership, English Housing Survey data identifies that just over a quarter (28.8%) of those currently renting privately plan to stay in that tenure in the long-term compares to over three quarters (77.0%) of those households in social rent. Over half (53.5%) of all households who rent privately and almost a fifth (18.1%) of those in social rented housing aspire to homeownership.

Figure 34: Long-term Tenure Plan by Current Tenure (Source: English Housing Survey 2013-14)

Current Tenure	Long-term Tenure Plan				
	Owner Occupier	Shared Ownership	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

- 5.54 Considering the long-term expectations of the different types of households who currently live in the private rented sector, Figure 35 compares the expectations of those who are currently in receipt of housing benefit with those who are paying their own rent.
- 5.55 For those households paying their own rents, 65% expected to become owner occupiers, 24% expected to remain in the private rented sector and only 6% expected to move to the social rented sector. Therefore, there is a much higher expectation of moving to owner occupation and a much lower expectation of moving to social rent, particularly for couples aged under 60. Tenants aged 60 years or over who are paying their own rent are more likely to expect to move to social rent, but they do represent a relatively small number of households.
- 5.56 For those in receipt of housing benefit, a total of 28% of households had a long-term expectation that they would be owner occupiers, 42% expected to remain in the private rented sector and 25% expected to move to social rent. Therefore, a significant number of the households in receipt of housing benefit expected to move to social rent. Couples and lone parents with dependent children were less likely to expect to remain in the private rented sector.

Figure 35: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Household type	PRS tenants without HB				PRS tenants in receipt of HB			
	Own	Private rent	Social rent	Other	Own	Private rent	Social rent	Other
One person aged 60+	16.2%	38.1%	16.7%	29.1%	4.8%	66.3%	24.2%	4.7%
Couple, no dependent child(ren) aged 60+	13.9%	54.2%	18.2%	13.6%	0.0%	70.8%	29.2%	0.0%
Sub-total	15.4%	43.9%	17.3%	15.7%	3.5%	67.5%	25.5%	3.4%
One person under 60	56.7%	34.1%	5.1%	4.2%	13.5%	47.7%	30.3%	8.5%
Couple, no dependent child(ren) under 60	76.9%	17.1%	4.0%	1.8%	26.0%	58.8%	10.5%	4.7%
Couple with dependent child(ren)	71.7%	19.6%	6.4%	2.3%	53.3%	28.5%	15.9%	2.3%
Lone parent with dependent child(ren)	59.6%	19.8%	8.8%	12.0%	33.1%	31.9%	31.6%	3.4%
Other multi-person households	66.7%	24.8%	2.4%	6.2%	21.3%	44.8%	26.0%	7.9%
Sub-total	65.2%	23.2%	4.7%	3.8%	32.7%	37.1%	25.5%	4.7%
Total	64.8%	24.5%	5.6%	5.0%	27.9%	42.1%	25.5%	4.4%

Additional Need for Affordable Homeownership

- 5.57 Figure 11 identified that the number of households living in private rented housing in Portsmouth almost doubled from 13,113 households in 2001 to 22,140 households in 2011; an increase of 9,027 households, with many in younger age groups that would have previously been owner occupiers when homeownership was more affordable.
- 5.58 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS, Figure 36 establishes the number of existing households likely to aspire to homeownership that have not been counted in the affordable housing need.

Figure 36: Households currently living in the Private Rented Sector and paying their own rent that aspire to homeownership
(Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative						TOTAL
	15-24	25-34	35-44	45-54	55-64	65+	
Single person	190	1,290	480	200	80	60	2,300
Couple without children	590	1,490	300	230	130	50	2,780
Families with child(ren)	70	660	780	190	0	0	1,690
Other households	2,310	870	80	60	30	0	3,350
Total	3,160	4,310	1,630	680	230	110	10,130
<i>Percentage of households</i>	<i>31%</i>	<i>43%</i>	<i>16%</i>	<i>7%</i>	<i>2%</i>	<i>1%</i>	<i>100%</i>

- 5.59 Based on this analysis, we can estimate that there is a total of around 10,130 households currently resident in Portsmouth who cannot afford to own their own home but would aspire to do so. Almost half of these households are aged 25-34 with the substantial majority (90%) aged under 45. If these 10,130 households owned their own homes, the percentage of owner occupiers in the area would be 11.9% points higher. This is comparable with the reduction observed between the 2001 and 2011 Census, when the percentage of owner occupiers reduced from 64.8% to 55.8% (Figure 11).
- 5.60 In addition to the current need, it is also important to consider the 2014-based household projections for the period 2016-2036. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 10,000 households that form over the 20-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration.
- 5.61 Figure 37 brings together the information on assessing the unmet need for affordable housing in 2018 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 20-year period 2016-36.

Figure 37: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to affordable home ownership	
Current housing need in 2016	1,252	10,130	11,382
Future housing need 2016-36	4,834	10,320	15,154
Total need for affordable housing	6,086	20,449	26,535

- 5.62 We can therefore conclude that the overall need for affordable housing would over the 20-year period 2016-2036 represents a need for 26,535 dwellings. This is higher than the overall growth of 14,500 households projected by the 2014-based household projections and the minimum LHN figure of 17,340 dwellings. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by PPG.

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.

When producing policies to address the needs of specific groups strategic policy-making authorities will need to consider how the needs of individual groups can be addressed within the overall need established.

The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.

Planning Practice Guidance, ID 2a-017-20190220

- 5.63 Given that the need for affordable housing and affordable homeownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.
- 5.64 It will be important for the local authority to plan for the needs of all households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing. This represents a need for 6,419 dwellings, of which at least 5,874 should be rented affordable housing and up to 438 could be provided through shared ownership. It will be a policy decision as to how much of the additional need for affordable home ownership from households able to afford market rent should be provided.
- 5.65 However, the LHN figure incorporated an uplift of 2,003 dwellings (Figure 7) for households not included in the trend-based projection. This additional housing should arguably be provided as affordable housing to enable these additional households to form. A total of 256 additional households have already been counted in the current need for affordable housing from households unable to afford (Figure 25), which equates to 265 dwellings. The remaining 1,738 dwellings could provide for a proportion of the identified need for affordable home ownership within the overall need established. Figure 38 provides a breakdown of the minimum LHN of 17,340 dwellings between market and affordable housing on this basis.
- 5.66 In summary, there is a need for:
- » **Rented affordable housing** = 5,874 dwellings (34%);
 - » **Affordable home ownership** = 2,176 dwellings (13%), which includes 438 dwellings (3%) for households unable to afford and 1,738 dwellings (10%) for renters that aspire to home ownership;
 - » **Market housing** = 9,291 dwellings (54%); and
 - » **Allowance for C2 provision** = equivalent to 290 dwellings (2%); which represents 522 bedspaces.

Figure 38: Overall need for Affordable Housing (including households unable to afford and those aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need			Affordable Housing Total	Market Housing	TOTAL
	Households unable to afford		Households aspiring to home ownership			
	Rented Affordable Housing	Shared Ownership				
1 bedroom	1,546	112	286	1,944	601	2545
2 bedrooms	2,083	193	658	2,934	1632	4566
3 bedrooms	1,624	97	725	2,446	6318	8764
4+ bedrooms	621	35	68	724	450	1174
SUB-TOTAL	5,874	438	1,738	8,049	9,002	17,050
Allowance for C2 provision	-	-	-	-	-	290
TOTAL	5,874	438	1,738	8,049	9,291	17,340
Overall percentage	34%	3%	10%	46%	54%	-

5.67 The identified housing need would need to be considered in the context of economic viability when establishing appropriate targets for affordable housing. However, given the evidence it would be appropriate to maximise the amount of affordable housing that is delivered.

Essential Local Workers

5.68 Annex 2 of the Revised NPPF also includes the needs of essential local workers.

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

Revised National Planning Policy Framework, Annex 2

5.69 This definition is very close to the definition of Key Workers which was used prior to the Original NPPF. Importantly, it is not going to be possible to be considered as an essential local worker in need without also being considered as being in need because you can't afford to own your own property.

5.70 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers.

Affordable Housing Delivery

5.71 Given the overall level of affordable housing need identified above, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments.

5.72 If the Council is seeking to maximise the amount of affordable housing that they provide, the key to this is the economic viability of developments, as this will inevitably determine (and limit) the amount of affordable housing that schemes can deliver.

- 5.73 As part of their strategic planning and housing enabling functions, Portsmouth will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.
- 5.74 It will be a policy decision as to how much of the additional need for affordable housing is provided in the form of Affordable Rent and how much is provided in the form of shared ownership and other affordable to own housing products. The results set out in Figure 32 would represent a 85:15 split between affordable housing to rent and affordable housing with an ownership element. However, a higher proportion given over to affordable housing with an ownership element may be advisable given that the government wish to widen the opportunities for home ownership. At the time of writing, Portsmouth's relevant policy states a 70:30 default split or such split as agreed with the LA, with each site assessed individually in this respect.
- 5.75 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives to attempt to boost the supply of homes, including affordable homes. The key Homes England investment programmes apart from the Garden Town programme include:
- » **Affordable Homes Programme:** the flagship Home England 2018-22 investment programme(s) for new affordable homes which ends in 2022. A new Shared Ownership & Affordable Homes Programme 2016-21 was launched in April 2016 which will reflect the Housing and Planning Act 2016.
 - » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward
 - » **Care and Support Specialised Housing Fund:** first round funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities
 - » **Community Right to Build:** (Outside London) including some provision for affordable homes
 - » **Empty Homes Programme** (now subsumed into the Affordable Homes Programme)
 - » **Estate Regeneration Programme:** often creating mixed tenure communities
 - » **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes
 - » **Housing Revenue Account:** borrowing launched in June 2018, with £0.5 billion for areas outside of London.
- 5.76 There have also been a range of changes recently introduced by the government. These include:
- » **Housing Revenue Account:** In 2018 the government announced that the cap on borrowing against the housing revenue account would be relaxed. This provides stock owning councils such as Portsmouth with the opportunity to directly build their own council homes.
 - » **Build to rent:** The NPPF 2018 introduced this tenure as being part of the affordable housing supply. This allows housing developers and also potentially bodies such as insurance companies and pension funds to directly invest in affordable housing.
 - » **Community-led affordable housing:** A £6 million fund to local groups across England expected to supply over 5,000 homes in the next 5 years.

- 5.77 However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
<p>Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agencies have also signalled concerns.</p> <p>Rent formula reform The change to rent increase formula for Registered Providers has constrained capacity for new affordable developments.</p> <p>Registered Providers Many RPs have become more risk averse in their approach to developing new homes in the light of grant rate reductions for affordable homes and the absence of grant post the 2015-18 HCA investment programme.</p> <p>Stock rationalisation by Registered Providers The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation.</p> <p>Extension of Right to Buy (RTB) to Registered Providers The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might also reduce appetite for new development.</p> <p>Starter Homes Including Starter Homes in the affordable housing definition may lead to fewer affordable homes for rent being developed.</p>	<p>Starter Homes The Government has signalled its support for Home Ownership in general, and Starter Homes in particular. The broadening of the affordable housing definition to include Starter Homes may lead to an increase in affordable housing delivery if Starter Homes are also counted.</p> <p>Councils building more new homes Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers Over 30 'for profit' providers to deliver AHP homes have so far registered with Home England to help deliver Build to Rent, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers.</p> <p>Co-operative Housing Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.</p>

6. Needs of Different Groups

Identifying the need for different types of housing

Introduction

- 6.1 Paragraph 61 of the Revised NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers each group in turn.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

Revised National Planning Policy Framework, paragraph 61

Welfare Reform

- 6.2 Since June 2010, the Government has introduced far reaching changes to the system of welfare benefits available to those on low incomes and/or with specific needs and this impact on almost all areas of housing delivery. However, most changes have only been gradually rolled out with for example the changes involving Universal Credit still to be fully implemented.
- 6.3 Data regarding the impact of the rolling implementation is still scarce; Government has published some data, although this is limited and remains inconsistent over time. Non-Government evidence is available usually in the form of small sample surveys or qualitative research carried out by campaigning organisations.
- 6.4 Welfare Reform was undertaken for various reasons including concerns over the cost of welfare benefits to the public purse, perceived issues that the current system is too complex and that the system acts as a disincentive to seeking work. As a result, new legislation was introduced (Welfare Reform Act 2012). Many of the changes affect the amount of Housing Benefit (HB) paid to private sector and social housing tenants.
- 6.5 CLG data shows that nationally, the number of households where no one works has fallen by more than 600,000 since 2010.¹¹ The Government attributes this fall to the Reforms it has introduced.

Who is affected?

- 6.6 Any change to the welfare system carries risks for households on low incomes. While many different types of households are affected, some groups stand out:
- » **Households in receipt of Housing Benefit:** As at May 2014 there were 4,985,741 HB claimants of which 33% were in private rented housing and 67% in social housing.¹² This includes working households as well as those who are not such as job-seekers, low-income pensioners, long term sick and disabled people and full-time unpaid carers. Early analyses from the National Housing

¹¹ <https://www.gov.uk/government/news/600000-fewer-workless-households-since-2010-workless-households-now-lowest-in-a-decade>

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/343050/HB_Summary_-_May14.xls

Federation (NHF) and others suggest that families with three children will be affected, and in some areas families with two children.

- » **Young households:** the removal of HB for 18-21 year olds, a lower rate for LHA and the extension of the Shared Accommodation Rate of LHA¹³ to those aged up to 35, and the increase in Non-Dependant Deductions from HB payments, all interact to put younger households under pressure from reform. In addition, multi-generational households could expand as younger family members are unable to form their own households.
- » **Older people** have to some extent been protected from the effects of Welfare Reform; the Benefit cap and Spare Room Subsidy do not apply to those of pension age.

Private Rented Tenants - Local Housing Allowance (LHA)

- 6.7 Private tenants have been subjected to a range of changes including many of which could have knock on impacts of the need for affordable housing.

Absolute Caps on Maximum rates Payable for Each Size of Property

- 6.8 These caps restricted payments for larger properties so that all properties with four or more bedrooms were paid at the same rate. Deductions for non-dependants living with claimants were also increased.
- 6.9 Arguably this change has led to increased overcrowding in the PRS; households with large families are either unable to afford a property which meets their needs, or have to move to a cheaper area.

Calculation of Local Housing Allowance (LHA)

- 6.10 LHA is calculated with reference to market rents in the local area; pre-reform the maximum payable for each size of property was the median of local rents. The reforms introduced two changes: first, claimants were no longer able to claim up to £15 above their actual rent if below the LHA rate and, second, the methodology for setting LHA was changed to the 30th percentile of local rents ('The amount of LHA you are eligible for depends on where you live. Local limits are based on the cheapest 30% of properties in an area').¹⁴
- 6.11 Impact: As well as reducing the income of some households, the change to the calculation of LHA made some areas unaffordable to LHA claimants (e.g. In London, Shelter estimate by 2016 only 36% of neighbourhoods will be affordable to LHA claimants, mainly in the outer London Boroughs)¹⁵
- 6.12 From April 2013 the annual increase in LHA rates was divorced from local market rents and linked to the Consumer Price Index. From April 2014 the increase was limited to 1%, except in certain high rent areas.
- 6.13 Impact: this change is likely to have a further impact on the affordability of certain areas to those claiming LHA. There is also some lobby group and qualitative evidence from interviews for other studies that households are already moving to areas where LHA levels help them to match their accommodation needs.

¹³ The shared accommodation rate (SAR) applies to most single people under 35 renting from a private landlord. With the shared accommodation rate, the maximum housing benefit you can get is the rate for renting a single room in a shared house. This applies even if you rent a self-contained flat. There are some exceptions – see: http://england.shelter.org.uk/get_advice/housing_benefit_and_local_housing_allowance/what_is_housing_benefit/housing_benefit_if_you_are_under_35

¹⁴ http://england.shelter.org.uk/get_advice/housing_benefit_and_local_housing_allowance/what_is_housing_benefit/local_housing_allowance

¹⁵ For a more local example, see <http://atlas.cambridgeshire.gov.uk/Housing/LHA/atlas.html>.

Single Sharers Under 35

- 6.14 From January 2012, single claimants aged under 35 had their LHA restricted to the Shared Accommodation Rate; commentators argue that this makes it unlikely that claimants will be able to afford self-contained accommodation.
- 6.15 Impact: arguably the change has led to an increase in the conversion of family dwellings to homes in multiple occupation.

Ending of Direct Payments to Landlords

- 6.16 A further significant change in the payment of LHA is the ending of direct payment to landlords, making tenants responsible for budgeting for their rent payments.
- 6.17 There is evidence that increasing numbers of private sector landlords are no longer willing to rent to Housing Benefit recipients¹⁶:

6.18 *'...in the last three years there has been a 50% drop in the number of landlords taking people who are on benefits. It is now down to only one fifth; 22% of our landlord members whom we surveyed say they have LHA tenants, and 52% of those surveyed said they would not look at taking on benefits tenants' (NLA Evidence to DWP Select Committee March 2014)*

Social Housing Tenants – Housing Benefit

- 6.19 Social housing tenants have also been subject to a number of changes including.

Spare Room Subsidy

- 6.20 One reform issue which has had Parliamentary scrutiny is the Spare Room Subsidy or 'Bedroom Tax'¹⁷. Simply, tenants renting a social or affordable tenancy, whose accommodation is larger than they need, may lose part of their Housing Benefit. A DWP Select Committee Report (2014)¹⁸ highlighted data on the impact of Spare Room Subsidy across the UK. It showed that 2.1% of households in the East of England were affected (Central Norfolk is considered later in this chapter):
- 6.21 In the first six months of Spare Room Subsidy the Committee noted:
- » 6% of affected households moved to avoid the new rule
 - » However, a shortage of housing prevents moves in many areas
 - » 22% of those still affected were still registered for a transfer
 - » Most affected households have not moved, and of these about half have rent arrears as a result
- 6.22 In addition:
- » Many Councils are making full use of Discretionary Housing Payments (DHPs) to help tenants adjust to the change, but practice varies (discussed below).
 - » There are concerns whether current DHP provisions are appropriate for disabled tenants living in adapted homes.

¹⁶ National Landlords evidence to DWP Select Committee (March 2014)

¹⁷ <https://www.gov.uk/government/collections/local-authorities-removal-of-the-spare-room-subsidy>

¹⁸ <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72002.htm>

- » Landlords have incurred extra costs for rent arrears, welfare support, rent collection, arrears management and repairs linked to more transfers.

Welfare Reform: Summary

- 6.23 The changes to the welfare system since 2010 have seen reduced funding available for households to meet their housing needs in both the private and social rented sectors and in some cases have seen the complete withdrawal of funding to younger households. The consequences of these changes are complex, but have made it more difficult for households to meet their housing needs in the private rented sector as available funding does not match local rents in more expensive areas.
- 6.24 Welfare Reform has also made it more difficult for many social renters to maintain their tenancies if they are under-occupying their dwellings. Data from sources such as the English Housing Survey have shown a steady decline in the level of under-occupation in the social rented sector.
- 6.25 Overall, welfare reform has placed more pressure upon the social housing sector by restricting the opportunities for households to meet their needs in the private rented sector.

The Private Rented Sector

- 6.26 The English Housing Survey (EHS) 2016-17 identified that 20% (4.7 million) of households were renting from a private landlord, much higher than the rate of 12% a decade earlier in 2006-07. The EHS also shows that households aged 25-34 were more likely to be renting privately (46%) than buying a home, up from 27% in 2006-07. Owner occupation in this age group dropped from 55% to 37% over the same 10-year period. In Greater London, 30% of households rent privately compared to 25% outright ownership, 22% buying with a mortgage, and 22% renting in the social sector. Outside of London, private rented is the third largest tenure and is now larger than social rented; 36% outright ownership, 30% buying with a mortgage, 19% private renting, and 16% social renting.
- 6.27 Growth in the Sector seems likely to continue, driven by a combination of demand and supply factors:
- » Increasing demand from more households;
 - » Recent reductions in incomes (in real terms);
 - » Affordability of owner occupation reducing;
 - » Changing Bank lending practices;
 - » Pensions reform: pension drawdowns invested in BTL property.
- 6.28 The growth of the Sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032¹⁹. On this basis, the number of households renting privately could double again over the next twenty years.
- 6.29 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

The private rented sector

¹⁹ <http://news.rla.org.uk/rpi-rent-revolution/>

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents.

Planning Practice Guidance, ID 2a-017-20190220

National Context

6.30 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.

6.31 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)²⁰:

"The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19. ... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating." (paragraphs 4.152-154)

6.32 Importantly, the Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.

6.33 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply²¹ (including the Build to Rent investment scheme²²). The Government published "Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities" in March 2015²³, and the Foreword by the Minister stated:

"The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue."

6.34 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences for the wider housing market as more properties come on to the market; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing

²⁰ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

²¹ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

²² <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

²³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

The Role of HMOs

- 6.35 The Census shows that of the household growth which occurred in Portsmouth between 2001 and 2011 there was a growth in the private rented sector of over 2,500 multi-adult households. This was predominantly driven by the sharp growth in student numbers in the city at this time and was reflected in a growth in the number of HMOs in the city.
- 6.36 In 2013, Portsmouth City Council approved proposals for an additional licensing scheme to cover the PO1, PO4 and PO5 postal areas of the city. As of June 2018 there were 2,801 licenced properties in Portsmouth, which amounts to over 3% of the housing stock and over 10% of the private rented. Therefore, HMOs form an important part of the housing market in Portsmouth. However, in recent years, there has been a significant growth in dedicated student halls of residences accommodation in Portsmouth which has taken some of the pressure off the private rented sector with Council tax exemptions for students peaking in 2012.

The Future Role of the Private Rented Sector

- 6.37 Clearly the PRS and HMOs are an important tenure that has grown since 1991 to house a significant proportion of households in Portsmouth, particularly to meet the demand for student accommodation. At the same time, young households have been less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Recent changes to letting polices and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property.
- 6.38 While the private rented sector is unequivocally not affordable housing, in an area such as Portsmouth the private rented sector is the major source of accommodation for low income households and students and therefore, should be treated as a priority in the area. It is probably equally as important for Portsmouth to seek to improve conditions in its private rented sector as it is for it to deliver additional affordable housing, but these two issues should not be seen as being mutually exclusive.
- 6.39 The point has been acknowledged by National Government policy which is focused on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers.
- 6.40 Addressing this issue is complex and the selective licensing scheme introduced by the Council represents one of the few tools at their disposal. Experience elsewhere has shown that to be effective the scheme will need to be combined with significant enforcement action against non-compliant landlords, but offers the opportunity to improve the condition of some of the worst housing stock. If landlords are not enforced against for letting poor quality properties there is a tendency for a race to the bottom which no landlord having an incentive to invest in their properties.
- 6.41 The Government also continues to encourage and support build-to-let investment²⁴. Homes England has several investment programmes to help bring schemes forward including a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt

²⁴ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector>

guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:

- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale²⁵, particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.
- » **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these may take time to deliver significant numbers of units.
- » **Local Enterprise Partnerships** are another potential source of new build PRS homes²⁶. The Growing Places Fund provides £730m to support key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.
- » **Insurance companies** and **pension funds** have been expanding into property lending in recent years and are an increasing alternative to banks (especially schemes in London).

^{6.42} Further, there have been other recently introduced policy changes (Starter Homes, Right to Buy for housing association tenants) which will influence the demand for Private Rented Sector accommodation. The Housing and Planning Act 2016 introduced changes to further the Government's policy of encouraging home ownership through promoting Starter Homes to provide affordable property for first time buyers. This duty to promote the supply of Starter Homes, alongside the changes to the definition of affordable housing introduced in the NPPF 2018, has led to speculation that the promotion of Starter Homes will restrict the supply of affordable housing for rent for reasons such as a preference among developers to develop Starter Home property for sale rather than affordable housing for rent.

^{6.43} Given that the new supply of affordable homes now includes Starter Homes, and if existing affordable supply in net terms reduces (i.e. if new affordable supply does not exceed stock sold under RTB), then demand for PRS stock may continue or increase further. This means that much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household.

^{1.2} ²⁵ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

²⁶ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

People Wishing to Build their Own Homes

- 6.44 Paragraph 61 of the Revised NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

Self-build and custom housebuilding

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

In order to obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. They should also supplement the data from the registers with secondary data sources such as: building plot search websites, 'Need-a-Plot' information available from the Self Build Portal, and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 2a-017-20190220

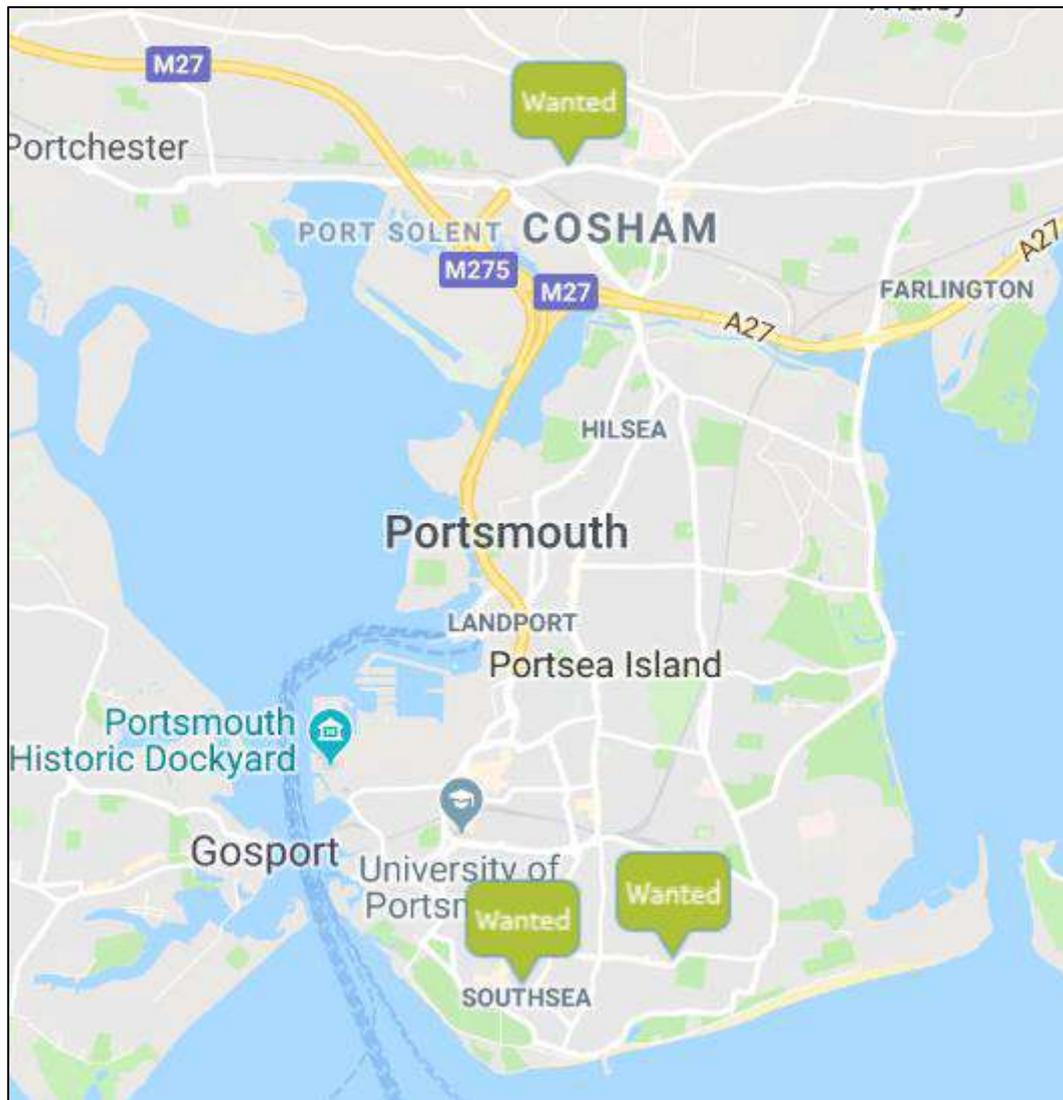
- 6.45 It is important to recognise that anyone seeking to build their own property does not add to the LHN for an area. Instead, self-build represents a mechanism for helping to meet the identified need for market and affordable housing of an area.
- 6.46 Over half of the population (53%) say that they would consider building their own home²⁷ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Recent surveys undertaken by ORS have also identified a high level of interest in self and custom build, but again this may have been conflating an aspiration with effective demand. Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 6.47 "*Laying the Foundations – a Housing Strategy for England*" (HM Government, 2011)²⁸ redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. "*Build-it-yourself? Understanding the changing landscape of the UK self-build market*" (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.
- 6.48 In May 2012 a Self-Build Portal²⁹ run by the National Custom and Self Build Association (NCaSBA) was launched. Figure 39 shows the current registrations from groups and individuals looking for land in Portsmouth on the 'Need-a-Plot' section of the portal. Whilst there is clearly some interest in self-build across Portsmouth, this represents only a very limited number of people and an exceptionally small proportion of the overall housing need identified each year over the area.

²⁷ Building Societies Association Survey of 2,051 UK consumers 2011

²⁸ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

²⁹ <http://www.selfbuildportal.org.uk/>

Figure 39: Group and Individual Registrations currently looking for land in Portsmouth on the 'Need-a-Plot' Portal (Source: NCaSBA, May 2018 and Google Maps)



- 6.49 The Council's Self and Custom Build Register indicates that as of October 31st 2018 the Council has granted permission for 8 self or custom-build dwellings in the past 3 years, while there are 36 remaining household seeking a plot. Given the historic low supply of self-build homes and the challenges in bringing schemes forward it seems unlikely that self-build will form a significant part of the overall housing need.
- 6.50 Overall, the evidence supports limited demand for self-build. However, this may under-estimate actual demand.

Space Standards

- 6.51 The Nationally Described Space Standards (NDSS) are a form of optional Technical Housing standards and apply to space standards in new build housing. The White Paper *Fixing our broken housing market, 2017*, aims to reviews the NDSS.
- 6.52 The Technical Housing standards cover:
- » Accessibility and wheelchair housing standards
 - » Water efficiency standards
 - » Internal space standards
- 6.53 The accessibility and wheelchair standards are contained in building regulations *Access to and use of buildings: Approved Document M*. The optional Nationally Described Space Standards (NDSS) cover internal space standards.
- 6.54 The Revised NPPF chapter 12 *Achieving well-designed places* deals with design policies. Plans or supplementary planning documents are suggested to “provide a framework for creating distinctive places, with a consistent and high quality standard of design”, but “their level of detail and degree of prescription should be tailored to the circumstances in each place” (paragraph 125).
- 6.55 The use of national space standards is encouraged in the Revised NPPF:

Planning policies for housing should make use of the Government’s optional technical standards for accessible and adaptable housing, where this would address an identified need for such properties. Policies may also make use of the nationally described space standard, where the need for an internal space standard can be justified

Revised National Planning Policy Framework, footnote to paragraph 127 (f)

- 6.56 CLG published the PPG *Housing: optional technical standards - Nationally Described Space Standards (NDSS)* in March 2015. The NDSS replaced various existing standards such as the ‘Code for Sustainable Homes’, ‘Lifetime Homes’ and ‘Secured by Design’. While the Revised NPPF encourages the use of the NDSS, their adoption by Local Planning Authorities is voluntarily. Further, to be able to adopt the NDSS, interested local authorities are required to justify the need for space standards before it can be introduced into their local plan, stated in the Housing Optional Technical Standards³⁰:

Local planning authorities have the option to set additional technical requirements exceeding the minimum standards required by Building Regulations in respect of access and water, and an optional nationally described space standard. Local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area, and justify setting appropriate policies in their Local Plans.

Planning Practice Guidance, ID 56-002-20160519

³⁰ <http://planningguidance.communities.gov.uk/blog/guidance/housing-optional-technical-standards/internal-space-standards/>

6.57 In justifying the need for space standards, LPAs should take account of viability:

Local planning authorities should consider the impact of using these standards as part of their Local Plan viability assessment. In considering the costs relating to optional Building Regulation requirements or the nationally described space standard, authorities may wish to take account of the evidence in the most recent Impact Assessment issued alongside the Housing Standards Review.

Planning Practice Guidance, ID 56-003-20150327

6.58 If internal space standards are required by a Local Plan, those standards must be in accordance with the specified standards:

Where a local planning authority (or qualifying body) wishes to require an internal space standard, they should only do so by reference in their Local Plan to the nationally described space standard.

Planning Practice Guidance, ID 56-018-20150327

6.59 The NDSS set out requirements for the Gross Internal floor Area (GIA) for new dwellings on new developments by the level of occupancy. The GIA, measured in square metres, is defined in the Standards as being “the total floor space measured between the internal faces of perimeter walls that enclose the dwelling” and includes all internal spaces such as cupboards and other elements such as partitions.

6.60 RIBA argue that the lack of statutory space standards has led to smaller homes being developed. Based on RIBA evidence, spaces standards of homes delivered in London appear to be higher than outside the Capital and, while causation cannot be assumed, it is notable that the London Mayor has adopted the national standard in the MALP.

6.61 In September 2011, RIBA published research in “The Case for Space: The size of England’s new homes”³¹, which showed that:

“the family homes being sold by the UK’s eight largest private housebuilders was on average 8m² – the size of a single bedroom – smaller than the minimum standards drawn up for London”.

6.62 Following lobbying by RIBA and the publication of the Housing: optional technical standards PPG, RIBA revisited the evidence for space standards on new developments, published as *Space Standards for Homes*, 2015³². This research focused on 3-bedroom homes as an exemplar using a sample of 100 sites regionally spread across England built by the top 10 volume housebuilders by turnover. The main conclusions which are relevant here were:

- » Outside London, the average new three bedroom home is 4m² smaller than the new standard, which is the equivalent size of a bathroom.
- » Homes in London are bigger than in the rest of the Country. The average 3-bedroom home in London is now 25m² bigger than in Yorkshire, “the equivalent of a double bedroom and a family living room”.

³¹ <https://www.architecture.com/knowledge-and-resources/resources-landing-page/space-standards-for-homes>

³² <https://www.architecture.com/knowledge-and-resources/resources-landing-page/space-standards-for-homes>

6.63 The published Space Standards are shown in the table below.

Figure 40: Minimum gross internal floor areas and storage (m2) Table and notes reproduced from *Housing: optional technical standards*, March 2015

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) *			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

6.64 The NDSS are to be reviewed as stated in *Fixing our broken housing market*: “The Government will review the Nationally Described Space Standard to ensure greater local housing choice” (Paragraph 155). It was confirmed by Theresa May that she would support the introduction of mandatory Nationally Described Space Standards; but would leave the issue for her successor.

6.65 There is a danger that without minimum space standards that property sizes will fall in a race to the bottom and that this will be detrimental to the living conditions of occupants.

Housing for Older People

- 6.66 Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035³³ for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care, registered care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector. Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards also provide useful evidence for policy-making authorities. The assessment can also set out the level of need for residential institutions (Use Class C2). Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs. Local authorities will therefore need to identify the role that general housing may play as part of their assessment.

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- 6.67 The population projections identify that the population of Portsmouth is likely to increase from 212,800 persons to 237,800 persons over the 20-year period 2016-36; a 20-year increase of 25,000 persons. The population in older age groups is projected to increase substantially during this period, with an increase in the population aged 60 or over of 16,400 of which over a half are projected to be 75+ (8,870 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to be looking for suitable housing.
- 6.68 The Older People housing options considered in this section follow the definitions in the 2012 Housing Our Ageing Population report (HAPPI2)³⁴. This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes). The specialist housing requirements here were modelled using the Housing Learning and Improvement Network (Housing LIN) methodology (2012)³⁵. This forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+.
- 6.69 We would stress the figures are obtained by analysing a set of benchmark figures developed at a national level and which have been used by ORS and others to underwrite the evidence for numerous local plans. However, each area does have a series of localised factors which can and should be taken into account when developing Local Plan policies.

Figure 41: Benchmark Figures for Specialist Accommodation based on Section A of the Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012³⁶

	Demand per 1,000 persons aged 75+		
	Owned	Rented	TOTAL

³³ 2016 Sub National Population Projections

³⁴ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

³⁵ www.housinglin.org.uk/housinglaterlife_planningtool

³⁶ Definitions of the types of specialist older people housing schemes are given at Appendix C

Traditional sheltered (can be rented or owned)	-	-	60
Extra care	30	15	45
Sheltered 'plus' or 'Enhanced' Sheltered	10	10	20
Dementia	-	6	6
Leasehold Schemes for the Elderly (LSE)	120	-	120

6.70 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures.

6.71 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:

"...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions." (page 44)

6.72 Based on the growth in population aged 75+ identified (based on the population change implied by housebuilding rates derived from the standard methodology), the table below (Figure 42) identifies the potential additional requirement for new specialist housing (using the Housing LIN Older People Resource Pack 2012) for the period 2016-2036. The population figures used in this section are consistent with the LHN figures for Portsmouth for the period 2016-36.

6.73 As can be seen, the Housing LIN approach shows a significant need for ownership schemes (e.g. LSE schemes, Extra care, Sheltered 'plus') in Portsmouth. It is important to note that these schemes are not Class C2 and, consequently, they form an element of, and are contained within, the total LHN.

Figure 42: Additional Modelled Demand for Older Person Housing 2016-36 (Source: Housing LIN Toolkit)

		Portsmouth
Population aged 75+		
	2016	13,813
	2036	22,685
Change 2016 – 36		8,872
Additional Modelled Demand for Older Person Housing		
Traditional sheltered		532
Extra care	Owned	266
	Rented	133
Sheltered 'plus' or 'Enhanced' Sheltered	Owned	89
	Rented	89
Dementia		53
Leasehold Schemes for the Elderly (LSE)		1065
TOTAL		2,227

6.74 The toolkit identifies future need for 2,227 specialist older person additional housing units of various types over the period 2016-36; however, as dictated by the Housing LIN benchmark figures, almost a half of this

need (48%, 1,065 dwellings) is for LSE housing³⁷ and a total of 1,420 dwellings are for ownership including LSE.

- 6.75 Current supply indicates that there are presently around 3,400 specialist Older Person housing units in Portsmouth. Details are shown in Figure 43, where, broadly, 'housing with support' equates to traditional sheltered housing and 'housing with care' equates to extra care.

Figure 43: Portsmouth Supply of Older Persons Housing (Source: EAC 2015³⁸. Figures may not sum due to rounding)

Portsmouth		Units	Units per thousand population aged 75+
Housing with support	Rent	2,320	
	Sale	848	
	Total	3,168	212.3
Housing with care	Rent	243	
	Sale	0	
	Total	243	16.3
TOTAL		3,411	228.6

- 6.76 While the Housing LIN model identifies future need, this is on the basis of existing types of provision (sheltered, extra care etc). It is unclear, at the present time, if Older People will aspire to these types of specialist housing in the future; indeed, demand for some types are already experiencing low demand, and other, newer types of provision may appear to meet changing aspirations in the market. Further, the policy aim of supporting people at home for longer could mean, for example, that floating support services and assistive technologies to older people, in their own homes, could sustain people there longer.
- 6.77 The table below (Figure 44) identifies the potential requirement for new specialist housing using the ORS older people housing model. It is based on the growth of 8,870 persons aged 75+ cited earlier and assumes that national benchmark figures are attained for Portsmouth.

³⁷ The EAC advise: 'Leasehold Schemes for the Elderly (LSE) are run by a small number housing associations and involve you buying a proportion (e.g. 70%) of the equity of the property, the remaining portion being owned by the RSL'. <http://www.firststopcareadvice.org.uk/jargon-leasehold-schemes-for-the-elderly.aspx>

³⁸ <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

The EAC 'acknowledges both the rented and private sectors contain a wide range of housing types intended for older people. The social sector has traditionally distinguished these as Category 1, 2 etc., but the private sector tends to refer to them all simply as "retirement housing". This report looks only at schemes that fall within the following definition: "a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group". It is important to note that a considerable proportion of housing intended for older people falls outside this definition, and is therefore excluded. Extra care, assisted living, and other forms of 'housing with care' are included.

Figure 44: Modelled Demand for Older Person Housing (ORS Housing Model)

		Rate per 1,000 persons aged 75+	Gross need 2016	Existing supply 2016	Backlog at start of Plan period	Gross need 2036	New need 2016-36	Total need 2036
Sheltered Housing	Owned	120	1,658	848	+810	2,722	+1,065	+1,874
	Rented	60	829	2,320	-1,491	1,361	+532	-959
Extra Care	Owned	40	553	0	+553	907	+355	+907
	Rented	31	428	243	+185	703	+275	+460
TOTAL		251	3,467	3,411	+56	5,694	+2,227	+2,283

- 6.78 The analysis of the need for specialist older person housing identifies a backlog of 56 dwellings at the start of the Plan period in 2016; this comprises a need for 1,363 owner occupied properties (810 leasehold sheltered housing units and 553 owner occupied extra care homes) and a need for 185 rented extra care homes along with a surplus of 1,491 conventional sheltered homes for rent (given a supply of 2,320 units set against a need for 829 units in 2016). The surplus of sheltered homes does not reflect a high level of current vacancies, but instead an imbalance in the current housing stock with limited other alternatives available to older person households.
- 6.79 Over the 20-year Plan period 2016-36, this analysis identifies a total need of around 2,280 dwellings to be provided, which can be seen to be similar to the Housing LIN model results of 2,230 (Figure 42). The 2,280 dwellings include around 915 sheltered homes (1,870 owner occupied offset against a 960 surplus for rent) and around 1,370 extra care homes (910 owner occupied and 460 for rent). Most of these properties will already be counted as part of the overall housing need; however some extra care provision may offset some of the identified need for residential care, and would therefore be additional to the household projections.
- 6.80 Of course, it is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also be important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
 - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
 - » **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
 - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and
 - » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Housing for People with Disabilities

- 6.81 Paragraph 61 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

Households with specific needs

There is no one source of information about disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and strategic policy-making authorities can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment (replacing Disability Living Allowance) / Attendance Allowance benefit claimants. Whilst these data sources can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan-making authorities can engage with partners to better understand their housing requirements.

Planning Practice Guidance, ID 2a-017-20190220

- 6.82 We would note that this section predominantly considers people with physical disabilities, but anyone who has a need for adapted home because of learning disability or mental health problems will also be included in the health related data. There are also a range of action plans in place across Portsmouth to assist those with all forms of disabilities.³⁹
- 6.83 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as *“not all of the people included within these counts will require adaptations in the home”*.
- 6.84 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations,
- 6.85 However, PPG notes that whilst patterns of DFG applications *“provide an indication of expressed need”* it cautions that this could *“underestimate need”*. Of course, it is also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.
- 6.86 The Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).⁴⁰ Three standards are covered:

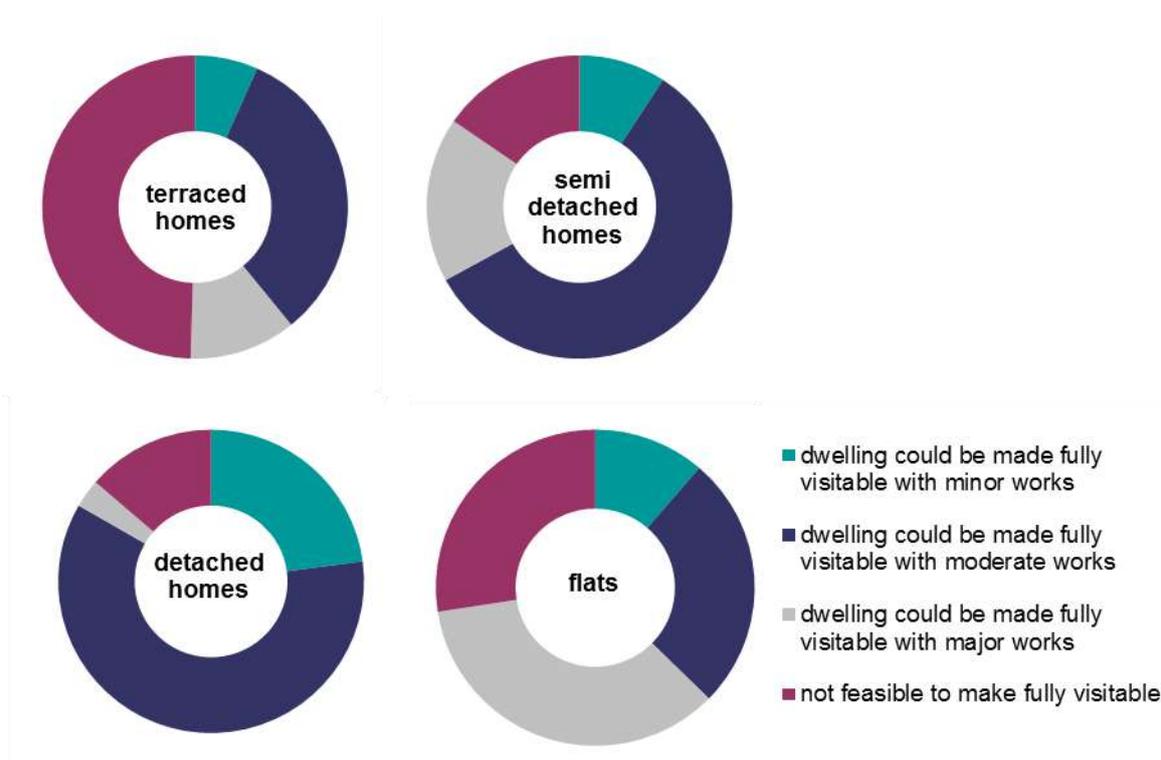
³⁹ <https://www.portsmouth.gov.uk/ext/health-and-care/health/joint-strategic-needs-assessment>

⁴⁰ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

- » M4(1) Category 1: VISIBLE dwellings – Mandatory, broadly about accessibility to ALL properties
- » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
- » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

6.87 Given that existing stock can often be considerably larger than projected new build, adapting existing stock through DFGs is likely to form part of the solution. However, the English Housing Survey identifies that approaching half of all existing dwellings could not be adapted or would require major works in order for them to be made fully visible. On this basis, adapting existing stock alone is unlikely to provide sufficient properties to meet the needs of a growing older population.

Figure 45: Level of work required to create full visibility (Source: EHS 2014-15 Annex Figure 2.5)



6.88 In terms of new developments, Part M states that: “Where no condition is imposed, dwellings only need to meet requirements M4(1)” (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.

6.89 Planning Practice Guidance for Housing optional technical standards states:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

::

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance, ID 56-007-20150327

6.90 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-

(a) meet the needs of occupants with differing needs, including some older or disabled people, and;

(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time.” (Page 10)

6.91 On this basis, in establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

6.92 When considering the housing mix, it was identified that many households moving into new housing are likely to be younger at the time that they form. However, these will include some households with mobility problems. Furthermore, it is likely that the needs of these households will change over time – partly through progressive change as health deteriorates with households get older, but also immediate change following an accident or health condition impacting mobility. Some households may also gain additional members with existing conditions, including children born with disabilities.

6.93 It was also identified that there will be a substantial growth in older households, although many of these will not move from their current home and will make adaptations as required to meet their needs. However, a large number of older households will still choose to move to an accessible home and others may have to move where it is not viable for their current home to be adapted. Not all of these households want to live in specialist older person housing, so it is important to ensure that accessible general needs housing that is suitable for older people is also provided. This will often free up family housing occupied by older households.

6.94 Not all health problems will affect households’ housing needs. Data from the English Housing Survey identifies that 70.9% of households have no limiting long-term illness or disability with a further 20.3% where there is a household member with an illness or disability but this does not affect their housing need. Nevertheless, around 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. The proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively).

- 6.95 Within this group, the substantial majority of households (82.6%) live in a home that is suitable for their needs (either having already moved or adapted their existing home). Nevertheless, just over 17% of households with a disability that affects their housing need either require adaptations or need to move to a more suitable home, which equates to 1.5% of all households.

Figure 46: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market housing	Affordable housing	TOTAL
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%
Total households where a limiting long-term illness or disability affects their housing need:	6.5%	19.8%	8.8%
Of those households where a limiting long-term illness or disability affects their housing need:			
Current home suitable for needs	83.1%	81.9%	82.6%
Current home requires adaptation	9.4%	8.1%	8.9%
Need to move to a more suitable home	7.4%	10.0%	8.4%

- 6.96 Through combining the national data from the English Housing Survey with data about relative levels of limiting long-term illness and disability in Portsmouth, it is possible to estimate the number of households likely to require adaptations or needing to move to a more suitable home.
- 6.97 Figure 47 identifies that there were around 26,800 households living in Portsmouth in 2016 with one or more persons with a limiting long-term illness or disability. This included around 8,300 households where their health problems affected their housing needs, but the majority of these households (around 6,800) were already living in a suitable home. However, at the start of the Plan period in 2016, it is estimated that there were around 750 households needing to move to a more suitable home due to a disability or another long-term health problem. These households would represent an existing need for M4(2) housing, however some of these households would be wheelchair users needing M4(3) housing. A further 730 households needed adaptations to their current home.

Figure 47: Households with a long-term illness or disability in Portsmouth in 2016 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households with one or more persons with a limiting long-term illness or disability	26,774
Does not affect their housing need	18,477
Current home suitable for needs	6,818
Current home requires adaptation	726
Need to move to a more suitable home	753
Total households where a limiting long-term illness or disability affects their housing need:	8,297

- 6.98 The identified need for 750 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires *"the changing needs of occupants over time"* to be considered. Therefore, even without any change to the number of households in Portsmouth, the number of households with one or more persons with a limiting long-term illness or disability will increase over time as people get older.
- 6.99 Whilst around 8,300 households living in Portsmouth in 2016 had a health problem that already affected their housing requirement, it is likely that a further 3,700 households would develop health problems within 10 years. These households would also require adaptations to their current home or would need to move to a more suitable home.
- 6.100 Based on the household projections we can establish the future need for adapted housing based on the projected household growth and the changing demographics of the area.
- 6.101 Further modelling of health needs suggests that by 2036 there will be an additional 8,900 households either already experiencing health problems or likely to develop health problems within 10 years. Some of these will be new households, but many will be existing households resident in 2016 whose health has deteriorated over the Plan period.
- 6.102 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 12,600 households either needing adaptations to the existing housing or suitable new housing to be provided. This is in addition to the 750 households needing to move and the 730 households needing adaptations based on their current health at the start of the Plan period.

Figure 48: Households with a long-term illness or disability in Portsmouth in 2016 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households where an existing illness or disability affects their housing need in 2016	
Current home suitable for needs	6,818
Current home requires adaptation	726
Need to move to a more suitable home	753
Total households where a limiting long-term illness or disability affects their housing need in 2016	8,297
Existing households in 2016 likely to develop health problems that affect their housing need within 10 years	3,704
Additional households in 2036 projected to experience problems or likely to develop problems within 10 years	8,910
Additional households in 2036 where illness or disability affects their housing need or will develop within 10 years	12,614

- 6.103 To provide M4(2) housing for all of the identified need would require housing for 13,370 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.

- 6.104 Although some households would prefer not to move, Figure 45 identified that many existing homes were not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in the housing market area, it is likely that around 45% of all dwellings could be converted to meet the M4(1) standard. This implies that the model assumes that 5,640 households who will require adapted dwellings will be able to adapt their current property without moving.
- 6.105 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 55% of the additional households where illness or disability affects their housing need would move to new housing: 6,980 households. Together with the 750 households identified as needing to move at the start of the Plan period, this would represent a total of 7,730 households.

Figure 49: Households with a long-term illness or disability in Portsmouth in 2016 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Existing need in 2016	
Households where an existing illness or disability affects their housing need and need to move in 2016	753
Projected future need 2016-36	
Additional households in 2036 where illness or disability affects their housing need or will develop within 10 years	12,614
Maximum need for adapted housing 2016-36 (households)	13,367
Less households living in dwellings adaptable to M4(1) standard	5,638
Minimum need for adapted housing 2016-36 (households)	7,728

- 6.106 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 7,730 households and maximum of 13,370 households identified in Figure 49 provide an appropriate range for the local authorities to consider.
- 6.107 A figure of 7,730 households assumes that 45% of households who require adaptations can address these within their own property. None of the remaining 55% are assumed to move to already adapted properties. Instead, they are all assumed to require properties to be adapted for them.
- 6.108 It is important to recognise that this would represent the combined need for both M4(2) Category 2 and M4(3) Category 3 housing; for households with a wheelchair user would be included within those households counted as having a health problem or disability that affects their housing need.

Housing for Wheelchair Users

6.109 Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-

(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;

(b) to meet the needs of occupants who use wheelchairs.” (Page 23)

6.110 On this basis, in establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

6.111 The CLG guide to available disability data⁴¹ referenced by PPG [ID 56-007-20150327] shows that around 1-in-30 households in England (3.3%) currently have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 50 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

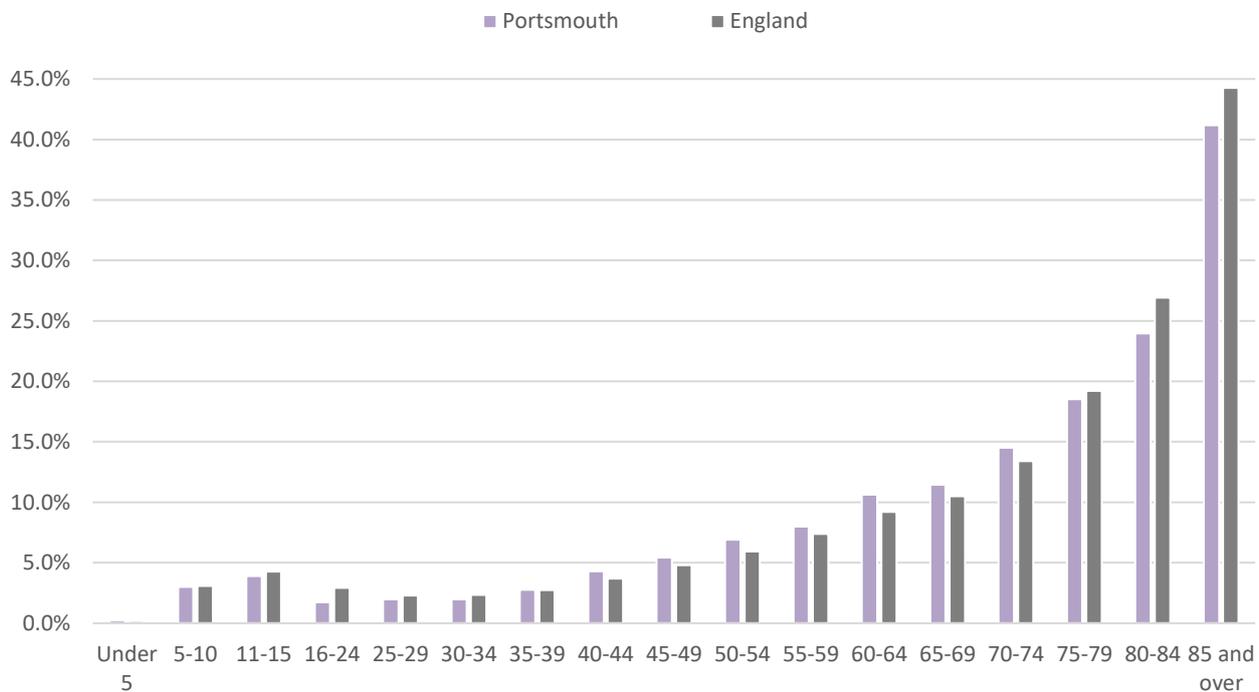
Figure 50: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

⁴¹ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

6.112 Figure 51 compares the proportion of disability benefit claimants in receipt of mobility award (many of whom will be wheelchair users) for Portsmouth against the figures for England.

Figure 51: Disability benefit claimants in receipt of mobility award by age (Source: DWP, May 2016)



6.113 Through combining the information on local rates with the national data, we can establish the proportion of households in Portsmouth likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 52).

Figure 52: Percentage of households with a wheelchair user by type of housing and age of household representative

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Portsmouth								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.1%	5.9%	8.7%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.1%	10.4%	12.4%	18.7%

6.114 Figure 53 identifies the net change in the number of households with a wheelchair user over the period 2016 to 2036. It is evident that the number of households likely to need wheelchair adapted housing in Portsmouth is likely to increase by 840 over the 20-year period, equivalent to around 5.0% of the LHN.

Figure 53: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+			Overall change 2016-36	% of LHN
	2016	2036	Net change 2016-36	2016	2036	Net change 2016-36		
Market housing	1,010	1,200	+190	540	970	+420	+620	6.8%
Affordable housing	950	1,060	+100	390	510	+120	+220	2.9%
Total	1,960	2,260	+290	930	1,480	+550	+840	5.0%

- 6.115 **The evidence supports the need for a target of 5.0% of all housing to meet M4(3) Category 3 requirements.** Based on the earlier conclusion that at least 46% of all new housing should be suitable for the needs of households with health problems or disabilities that affect their housing requirement, we can therefore conclude that **the evidence also supports the need for a target of at least 41% of all housing to meet M4(2) Category 2 requirements.**
- 6.116 However, it is important to recognise that two thirds of the identified growth in households with wheelchair users (550 households, equivalent to 65%) are aged 75 or over, and it is likely that many of these households would also be identified as needing specialist housing for older persons. The earlier analysis identified a need for around 2,300 specialist older person housing units for households aged 75 or over in Portsmouth. Whilst not all households needing wheelchair adapted housing will live in specialist older person housing, at any point in time it is likely that around a quarter of those living in specialist housing will need wheelchair adapted homes – but it is likely that some older households will start using a wheelchair whilst living in specialist housing if their health deteriorates. On this basis, it may be appropriate to adopt higher targets for specialist housing for older persons that is wheelchair accessible, and this could reduce the proportion of general needs housing that would need to meet the Category 3 requirements. **The evidence supports the need for a target of at least 25% and ideally 50% or more of specialist housing for older people to meet M4(3) Category 3 requirements; and all specialist housing for older people should meet M4(2) Category 2 requirements.**

Housing for Groups with Support Needs

- 6.117 It is difficult to estimate the need for supported housing for several reasons. Problems with assessing the need include the diversity included under the term ‘supported housing’, the diversity within each labelled group, such as ‘learning disability’ or ‘single parent’, and the hidden nature of some need. Supported housing is required by some, but not all, individuals from visible groups such as wheelchair users and from some, but not all, individuals in hidden populations such as people at risk of domestic abuse. Others in each group will need support, but not supported housing, and some may not need support of any kind. This raises a third issue; when does an individual’s need require or warrant supported housing and what model of supported housing; personal care, high support but not personal care, independent living, and so on? For example, a person with a mild to moderate learning disability is likely to benefit from a different model of supported housing to a person with a severe learning disability.
- 6.118 This chapter presents Public Health Profile indicators of need, then reviews sources for the prevalence of the different groups within the population
- 6.119 Estimates of supported housing need are given for:
- » People with learning disabilities
 - » People with mental ill health

Service Personnel

- 6.120 Paragraph 61 of the Revised NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families. Local planning authorities should:

Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes

Revised National Planning Policy Framework, Paragraph 61

- 6.121 Portsmouth has considerable numbers of Naval military personnel due to Portsmouth's naval base. As of October 2017 there were approximately 6,110 Naval personnel posted in Portsmouth. There are also smaller numbers of RAF and Army personnel, along with civilian employees of the Ministry of Defence. Figure 54 below show breakdowns of total deployment of military personnel in Portsmouth over time:

Figure 54: Deployment of Ministry of Defence personnel in Portsmouth, October (Source: MOD Quarterly Location Reports. Figures may not sum due to rounding)

Personnel		2012	2013	2014	2015	2016	2017	
Portsmouth	Military	RN/RM Officers	1,410	1,280	1,330	1,310	1,370	1,330
		RN/RM Other Ranks	5,460	5,170	5,150	4,860	4,910	4,780
		RN/RM Total	6,870	6,460	6,480	6,170	6,280	6,110
		Army Officers	50	50	40	40	40	40
		Army Other Ranks	150	130	120	130	120	140
		Army Total	200	170	170	180	160	180
		RAF Officers	30	30	20	20	10	10
		RAF Other Ranks	50	40	50	50	40	40
		RAF Total	80	70	70	60	50	50
		Total Officers	1,490	1,360	1,400	1,370	1,420	1,370
		Total Other Ranks	5,660	5,340	5,320	5,040	5,070	4,960
		Military Total	7,150	6,700	6,710	6,410	6,490	6,330
	Civilian	Non Industrial	1,320	1,280	1,350	1,400	1,440	1,530
		Industrial	110	90	100	100	90	80
Civilian Total		1,430	1,370	1,450	1,500	1,530	1,600	
Grand Total		8,580	8,070	8,170	7,910	8,020	7,940	

- 6.122 It is clear from Figure 54 that numbers of MOD personnel deployed in Portsmouth reduced by approximately 640 persons (average of 128 per year) over the five-year period 2012-17. RAF and Army personnel have remained relatively constant (combined average reduction of 10 persons per year), whilst the Royal Navy/Royal Marine personnel have reduced by an average of approximately 150 per year. This is offset by an average increase of around 35 persons per year in civilian personnel.
- 6.123 Demographically speaking, this relatively small reduction in Portsmouth's population has very little effect on its overall housing needs; and is incorporated into the up-to-date population projections underpinning the household projections, themselves informing housing need.
- 6.124 However, it is important to recognise that the service personnel in Portsmouth form a very significant part of the overall population. While many will occupy accommodation at the naval base, many also form part of the wider need and former military personnel do form a disproportionate share of the homeless population at a national level.

Gypsies and Travellers

- 6.125 Planning Policy for Traveller Sites (PPTS) came into force in March 2012 and was updated in August 2015. This document sets out the Government's policy for Gypsies and Travellers and represents the only household group not directly covered by the Revised NPPF. However, PPTS notes at paragraph 1 that:

This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.

Planning Policy for Traveller Sites, paragraph 1

- 6.126 Paragraph 61 of the Revised NPPF states that:

Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

Revised National Planning Policy Framework, paragraph 61

- 6.127 The footnote to this section states that 'Planning Policy for Traveller Sites sets out how travellers' housing needs should be assessed for those covered by the definition in Annex 1 of that document.' This essentially sets out that the needs of Traveller households that meet the planning definition should be addressed under the PPTS, and that the needs of households that are not found to meet the planning definition should be addressed as part of the wider housing needs of an area.
- 6.128 Portsmouth commissioned ORS to undertake a GTAA alongside this HNA. This identified no need for pitches for Gypsies and Travellers that meet the current planning definition and also no need for Gypsies and Travellers that do not meet the current planning definition.

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Appendix B

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2018, which specifies the main categories of affordable housing to be: affordable housing for rent; starter homes; discounted market sales housing (sold at a discount of at least 20% below market value); shared ownership, relevant equity loans, other low cost homes for sale and rent to buy

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the SHMA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as; *“family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”*⁴².

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Headship rates are defined by CLG as: *“the proportion of people in each age group and household type who are the ‘head’ of a household”*⁴³

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

⁴² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

⁴³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or Shared ownership is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now MHCLG)
DWP	Department of Work and Pensions
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
MHCLG	Ministry for Housing, Communities and Local Government
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment