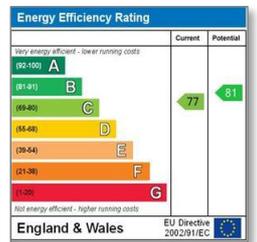




Eastleigh Borough Assessment of Affordable Housing Update 2020

Report of Findings
July 2020





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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 in 2017 by Eastleigh Borough Council to undertake an Assessment of Affordable Housing & Other Housing Types for the area. This study should be read alongside that original work which provides a more detailed explanation of the methodology and policy context for this assessment.
- 1.2 At that time, the overall Objectively Assessed Need (OAN) for Eastleigh borough had been established as being 14,500 dwellings over the plan period 2011-2036. This corresponded to an OAN of 580 dwellings per annum over the period. The core requirement from the Eastleigh Assessment of Affordable Housing 2017 was to identify a robust affordable housing needs figure for the study area.
- 1.3 At Figure 29 of the Eastleigh Assessment of Affordable Housing 2017 (reproduced as Figure 1 below) the need for affordable housing from 2016-2036 was identified. This showed a net need for 3,300 affordable homes over the 20-year period, or 165 dwellings per annum.

Figure 1: Housing mix of OAN for market and affordable housing reflecting current patterns (Source: Eastleigh Assessment of Affordable Housing 2017. Note: Figures may not sum exactly due to arithmetic rounding)

Housing Mix 2016-36		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	200	600	800
	2+ bedrooms	500	500	1,000
House	2 bedrooms	500	1,100	1,600
	3 bedrooms	5,200	800	6,000
	4+ bedrooms	1,900	300	2,200
TOTAL		8,300	3,300	11,600

- 1.4 Since the time of the Eastleigh Assessment of Affordable Housing 2017, the Eastleigh Local Plan has progressed and the OAN figure is now 729 dwellings per annum over the period 2016-2036. This implies that the affordable housing need calculated in 2017 is no longer fully consistent with the OAN for Eastleigh. By increasing the OAN from 580 dwellings per annum to 729 dwellings per annum the consequences will include:
- » More local households will be able to form, which in turn will mean that more households will form in housing need;
 - » More households will migrate to the area, with some additional households being in affordable housing need;
 - » If there are more households in general, more will also fall in to affordable housing need each year; and
 - » If there are more household in total, it is also the case that a higher number in affordable housing need will dissolve through death, migrate away from the area and climb out of housing needs.
- 1.5 Therefore, by moving the OAN from 580 to 729 dwellings per annum, Eastleigh will see more households in affordable housing need, but will also see more households leaving affordable housing need. This update to

the Eastleigh Assessment of Affordable Housing 2017 considers the impact of all of these changes in line with the NPPF 2012.

2. Affordable Housing Need

Identifying households who cannot afford market housing

Establishing Affordable Housing Need

- 2.1 In establishing the Objectively Assessed Need for affordable housing, Planning Practice Guidance (PPG) sets out a 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?

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

Planning Practice Guidance (March 2014), ID 2a-022

Current Unmet Need for Affordable Housing

- 2.2 In terms of establishing the **current** unmet need for affordable housing, the Eastleigh Assessment of Affordable Housing 2017 calculated the level of affordable housing in 2016 at Figure 15 (reproduced below as Figure 2). Given that the base date for the Eastleigh Local Plan remains at 2016, there is no change to this element of the affordable housing need. On this basis, Figure 2 still sets out the assessment of current affordable housing need for Eastleigh borough at the start of the Local Plan period.

Figure 2: Assessing current unmet gross need for affordable housing in Eastleigh borough in 2016 (Source: CLG returns, Census, EHS; Note: totals may not sum due to rounding)

	Affordable Housing		Increase in Overall Housing Need not counted by projections
	Gross Need	Supply	
Homeless households in priority need			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	15		15
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	2	2	
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	2		
Households accepted as homeless but without temporary accommodation provided	0		0
Concealed households			
Growth in concealed families with family representatives aged under 55	123		123
Overcrowding based on the bedroom standard			
Households living in overcrowded private rented housing	195		
Households living in overcrowded social rented housing	294	294	
Other households living in unsuitable housing that cannot afford their own home			
People who need to move on medical or welfare grounds, including grounds relating to a disability	273	31	

People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	55	6	
TOTAL	959	333	138

- 2.3 Therefore, 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 **959 households are in affordable housing need in Eastleigh borough and unable to afford their own housing in 2016**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).
- 2.4 Of these households, 333 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. 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 626 households (959 less 333 = 626) who currently need affordable housing and do not currently occupy affordable housing in Eastleigh borough** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).
- 2.5 This number includes **138** households who are concealed families that would not be counted by the household projections because they are not separate households, but who will be counted with the OAN of 729 dwellings per annum. Concealed families are couples with or without children and lone parent households who are living as part of another household. They do not include single persons living within another household.
- 2.6 Providing the net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 488 households (959 less 333+138) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

- 2.7 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 should the number of newly arising households likely to be in housing need be calculated?

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. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

Planning Practice Guidance (March 2014), ID 2a-025

- 2.8 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 Objectively Assessed Need. 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.

- 2.9 The Model uses a wide 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. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 2.10 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

- 2.11 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-025); **however, 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 between age cohorts.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 2.12 The affordability percentages in Figure 3 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:
- » Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
 - » Households occupying owner occupied housing and those renting privately who aren’t eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
 - » The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 3: Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	22%	10%	17%	20%	21%	25%
Couple family with no dependent children	8%	3%	7%	8%	5%	8%
Couple family with 1 or more dependent children	54%	23%	11%	7%	7%	19%
Lone parent family with 1 or more dependent children	78%	75%	48%	31%	31%	36%
Other household type	18%	15%	20%	19%	14%	11%

Components of Projected Household Growth

- 2.13 PPG identifies that the CLG household projections “*should provide the starting point estimate for overall housing need*” (ID 2a-015) and that “*the 2012-2037 Household Projections ... are the most up-to-date estimate of future household growth*” (ID 2a-016). **However, when considering the number of newly arising households likely to be in affordable housing need**, the PPG recommends a “*gross annual estimate*” (ID 2a-025) suggesting that “*the total need for affordable housing should be converted into annual flows*” (ID 2a-029).
- 2.14 The demographic projections produced to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.
- 2.15 Figure 4 shows the individual components of annual household growth based upon data from the 2014 based ONS population projections and 2014 based CLG household projections.

Figure 4: Components of average annual household growth by 5-year projection period in Eastleigh Borough (Source: ORS Housing Model)

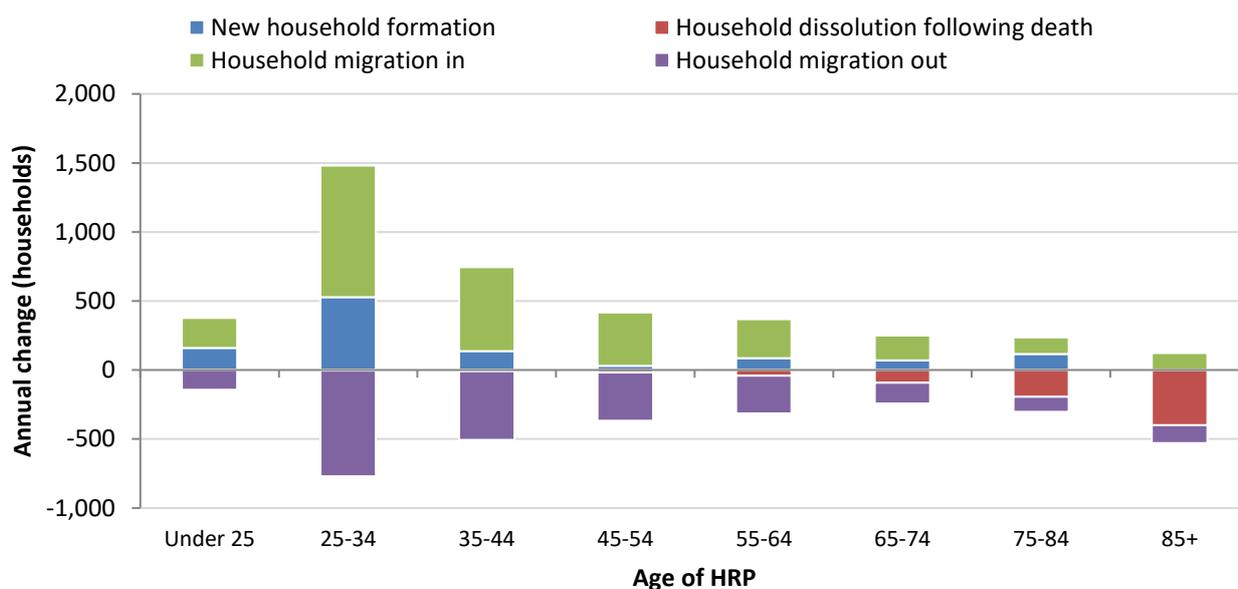
	Annual average based on 5-year period				Annual average 2016-36
	2016-21	2021-26	2026-31	2031-36	
New household formation	1,130	1,164	1,230	1,289	1,203
Household dissolution following death	761	807	878	970	854
Net household growth within Eastleigh Borough	+369	+357	+352	+319	+349
Household migration in	2,869	2,909	2,958	3,037	2,943
Household migration out	2,418	2,537	2,638	2,758	2,588
Net household migration	+451	+372	+320	+279	+356
Total household growth	+820	+729	+671	+598	+705

- 2.16 Over the 5-year period 2016-21 the model shows that:
- » There are projected to be 1,130 new household formations each year; but this is offset against 761 household dissolutions following death – so there is an **average net household growth of 369 households** locally in Eastleigh borough;
 - » There are also projected to be 2,869 households migrating to Eastleigh borough offset against 2,418 households migrating away from the area – which yields an **increase of 451 households attributable to net migration**;
 - » The total household growth is therefore **projected to be 820 (369 plus 451) households each year** over the initial 5-year period of the projection.
- 2.17 During the course of the full 20-year projection period, annual net household growth is projected to decrease (from a gain of 820 households in 2016-21 to a gain of 598 households in 2031-36). This coincides with a larger number of household dissolutions in later years (consistent with a larger number of deaths). Net household migration is projected to remain relatively stable over the full period.
- 2.18 Over the 20-year Plan period 2016-36, total **household growth averages 705 households** each year. When an allowance is made for vacant and second homes at a rate of 3.3% in line with the 2011 Census, this will support a need for 729 dwellings per annum.

Change in Household Numbers by Age Cohort

- 2.19 To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 820 new households projected to form in Eastleigh borough each year over the period 2016-21 (Figure 4) alongside the detailed information about household affordability (Figure 3). The period 2016-21 is used in the first instances to be consistent with Planning Practice Guidance (March 2014), but the figures are then extended to consider the whole plan period of 2016-36.
- 2.20 Figure 5 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. Within the modelling process each age cohort is also considered by household type reflecting the different affordability patterns for different household types by age so that the change in household numbers can be compared to the affordability by age and household type set out in Figure 3.

Figure 5: Annual change in household numbers in each age cohort by age of Household Representative Person (Source: ORS Housing Model)



- 2.21 Combining the data from Figure 3 on affordability and Figure 5 on sources of household growth over the period 2016-21, the Model identifies that 22% of all newly forming households are unable to afford their housing costs, which represents 248 households each year (Figure 6). The same data also shows that a smaller proportion of households migrating to the area are unable to afford their housing costs (19%), which represents 548 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 796 new households each year who are unable to afford their housing costs.**

Figure 6: Affordability of new households over the initial 5-year period 2016-21 (Eastleigh Borough) (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	1,130	882	248	22%
Households migrating in to the area	2,869	2,320	548	19%
All new households	3,998	3,202	796	20%

- 2.22 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting “total available stock from total gross need” (ID 2a-029), **but this over-simplifies what is a very complex system.**
- 2.23 It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:
- » Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;
 - » Similarly, not all households that are unable to afford housing are allocated affordable housing;
 - » Some will choose to move to another housing market area and will therefore no longer require affordable housing.
- 2.24 **In these cases, and others, the gross need will need adjusting.**
- 2.25 The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.
- 2.26 Again, considering the affordability data set out in Figure 3 and components which reduce the number of households resident in the area set out in Figure 5, the Model identifies **761 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 19% are unable to afford market housing: most living in social rented housing.
- 2.27 The same data shows that when considering **households moving away** from Eastleigh borough, the Model identifies that an average of 2,418 households will leave the area each year including 448 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the borough it is appropriate that their needs are discounted to ensure consistency with the household projections used to establish overall housing need.
- 2.28 Figure 7 summarises the total household growth based upon the affordability by age and household type combined with the projected change in household growth by age. This takes the data set out in Figure 4 and determines how many households will not be able to afford market housing based upon their age and household type. This includes the 796 new households on average each year who are unable to afford their housing costs from Figure 6, but offsets this against the 589 households who will either vacate existing

affordable housing or who will no longer constitute a need for affordable housing in Eastleigh borough (as they have moved to live elsewhere).

Figure 7: Components of average annual household growth 2016-21 (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	1,130	882	248	22%
Households migrating in to the area	2,869	2,320	548	19%
All new households	3,998	3,202	796	20%
Household dissolutions following death	761	619	141	19%
Households migrating out of the area	2,418	1,970	448	19%
All households no longer present	3,178	2,589	589	19%
Average annual household growth 2016-21	+820	+613	+207	25%

- 2.29 Overall, the Model projects that household growth will yield a net increase of 207 households on average each year (over the period 2016-21) that are unable to afford their housing, which represents 25% of the 820 overall annual household growth for this period.

Projecting Future Needs of Existing Households

- 2.30 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-025). Whilst established households that continue to live in Eastleigh borough 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 **133 established households fall into need each year** in Eastleigh borough. This figure is a residual change derived from the data underlying Figure 3 and Figure 5 by addressing how affordability will change for existing households as they become older. The number falling in to need represents the change in the number of households projected to be in need in that cohort after the Model has considered the impact of new formations, dissolution and migration. If the number is positive, then some must have fallen in to need and if it is negative, they must have climbed out of need.
- 2.31 Finally, 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 people living as 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). Figure 3 showed that for those aged 25 to 34, the proportions were 10% and 3% respectively.
 - » 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. Figure 3 showed that 23% of couple families with dependent children aged 25 to 34 could not afford housing, compared to 11% of such households aged 35 to 44.
- 2.32 Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need

financial support. The Model identifies that **the circumstances of 169 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford.

- 2.33 Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 36 households** (169 - 133 = 36) **needing affordable housing each year.**

Projecting Future Affordable Housing Need (average annual estimate)

- 2.34 Figure 8 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this chapter.

Figure 8: Components of average annual household growth 2016-21 for both new and existing households (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	1,130	882	248	22%
Households migrating in to the area	2,869	2,320	548	19%
All new households	3,998	3,202	796	20%
Household dissolutions following death	761	619	141	19%
Households migrating out of the area	2,418	1,970	448	19%
All households no longer present	3,178	2,589	589	19%
Average annual household growth 2016-21	+820	+613	+207	25%
Existing households falling into need	-	-133	+133	100%
Existing households climbing out of need	-	+169	-169	0%
Change in existing households	-	+36	-36	-
Average annual future need for market and affordable housing 2016-21	820	+649	+171	21%

- 2.35 Overall, there is a projected need from 796 new households who are unable to afford their housing costs (248 newly forming households and 548 households migrating to the area); however, 589 households will either vacate existing affordable housing or will no longer need affordable housing in Eastleigh borough (as they have moved to live elsewhere) thereby reducing the new need to a net total of 207 households.
- 2.36 Considering the needs of existing households, there are 133 households expected to fall into need each year (a rate of 2.4 per 1000 households) but this is offset against 169 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 36 existing households that need affordable housing each year.**
- 2.37 Based on the needs of new households and existing households, there is a projected increase of 171 households each year on average for the initial period 2016-21 who will need affordable housing (207 less 36).
- 2.38 Using the approach outlined above for the initial 5-year period of the projection, the Model considers the need for affordable housing over the full 20-year projection period 2016-36. The Model identifies that **the number of households in need of affordable housing will increase by 3,301 households over the period 2016-36**, equivalent to an annual average of 165 households per year. This represents 23.4% = 3,301/14,092 of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

- 2.39 Figure 9 brings together the information on assessing the unmet need for affordable housing in 2016 and the future affordable housing need arising over the 20-year period 2016-36.

Figure 9: Assessing total need for market and affordable housing in Eastleigh Borough (Source: CLG returns, Census, EHS, ORS Housing Model)

Eastleigh Borough	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2016 (see Figure 2)			
Total unmet need for affordable housing	-	959	959
Supply of housing vacated	488	333	821
Overall impact of current affordable housing need	-488	+626	+138
Projected future housing need 2016-36			
Newly forming households	18,370	5,687	24,057
Household dissolutions following death	13,841	3,236	17,077
Net household growth within Eastleigh Borough	+4,529	+2,451	+6,980
Impact of existing households falling into need	-3,165	+3,165	-
Impact of existing households climbing out of need	+4,099	-4,099	-
Impact of households migrating to/from the area	+5,329	+1,783	+7,112
Future need for market and affordable housing 2016-36	+10,791	+3,301	+14,092
Total need for market and affordable housing			
Overall impact of current affordable housing need	-488	+626	+138
Future need for market and affordable housing 2016-36	+10,791	+3,301	+14,092
Total need for market and affordable housing	+10,303	+3,927	+14,230
Average annual need for housing	+515	+196	712
Proportion of overall need for market and affordable housing	72.4%	27.6%	100.0%

- 2.40 Figure 2 estimated there to be **959 households in need of affordable housing at the start of the projection period in 2016**. However, as 333 of these already occupied an affordable home, our previous conclusion was therefore a net need from 626 households (959 less 333 = 626) who need affordable housing and do not currently occupy affordable housing.
- 2.41 The 20-year projection period 2016-36 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 3,301 households over the period 2016-36**, alongside an increase of 10,303 households able to afford market housing.
- 2.42 Overall, there will be a **need to provide additional affordable housing for 3,927 households** over the Plan period 2016-36 (27.6% of the projected household growth). This is equivalent to an average of **196 households** per year.
- 2.43 Data from the HCA Statistical Data Return identifies a vacancy rate of 2.4% for affordable housing in Eastleigh borough, therefore adding an additional allowance for vacancies this identifies a **total affordable housing need of 4,000 dwellings in addition to the current stock, an average of 200 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.

- 2.44 A figure of 200 dwellings per annum need for affordable housing represents a rise of 35 dwellings per annum when compared to the Eastleigh Assessment of Affordable Housing 2017. The difference in these figures comes from a higher number of newly forming households and in-migrant households being in affordable housing need. **Overall, a growth in the OAN of 149 dwellings per annum (729 dwellings-580 dwellings) generates an additional need for affordable housing of 35 dwellings per annum.**

Housing Mix: Size and Tenure

- 2.45 When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patterns. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted.
- 2.46 Figure 10 sets out the housing mix for Eastleigh using an OAN of 729 dwellings per annum in the same format as Figure 29 of the Eastleigh Assessment of Affordable Housing 2017.
- 2.47 Overall, the breakdown of the size and tenure mix is very similar to the Eastleigh Assessment of Affordable Housing 2017 with most of the market housing need being for housing (9,700 dwellings over the 20-year period) with a need for 900 market flats also identified (around 8.5%). The need for affordable housing is also predominantly for housing; around 4,000 dwellings including a need for around 1,300 flats (33%).

Figure 10: Housing mix of OAN for market and affordable housing reflecting current patterns (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

Housing Mix 2016-36		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	300	700	1,000
	2+ bedrooms	600	600	1,200
House	2 bedrooms	800	1,300	2,000
	3 bedrooms	6,200	1,100	7,300
	4+ bedrooms	2,700	200	3,000
TOTAL		10,600	4,000	14,600

Household Affordability

- 2.48 In order to profile the affordability of the mix of households needing affordable housing, 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 in the local authority area. 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.
- 2.49 The purpose of this data is to assess how many households in affordable housing need are able to afford different types of affordable housing. Typically, very low income households are not able to afford Target Social Rents, but households who are in affordable need with higher incomes may be able to afford to meet the costs of more expensive affordable housing products. The purpose of this section is therefore to compare the incomes of households in affordable housing need with the cost of different types of affordable housing schemes as set out in the previous section.

2.50 Figure 11 sets out the affordable housing mix broken down by the modelled household affordability for the two scenarios. This table mirrors Figure 32 of the Eastleigh Assessment of Affordable Housing 2017 and considers whether the household can afford either Target Social Rent (the lowest cost rented housing) or Affordable Rent (set at 80% of market rents). In both scenarios, more than half of the households in need of affordable housing would not be able to afford the relevant Target Social Rent for a property of the size needed. For anyone unable to afford Target Social Rent it is assumed that they will normally receive housing benefit or Universal Credit to assist with their housing costs:

- » 3,070 households (77%) based on up to 25% of income being spent on housing costs; and
- » 2,680 households (67%) based on up to 35% of income being spent on housing costs.

Figure 11: Affordable housing mix by household affordability (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

		Unable to afford Target Social Rent	Can afford Target Social Rent	Can afford Affordable Rent	TOTAL
25% OF INCOME					
Flat	1 bedroom	640	10	50	700
	2+ bedrooms	460	60	80	600
House	2 bedrooms	1000	130	170	1,300
	3 bedrooms	810	160	130	1,100
	4+ bedrooms	140	40	10	200
TOTAL		3,070	400	430	4,000
35% OF INCOME					
Flat	1 bedroom	600	50	60	700
	2+ bedrooms	400	70	130	600
House	2 bedrooms	870	150	280	1,300
	3 bedrooms	690	160	250	1,100
	4+ bedrooms	120	50	30	200
TOTAL		2,680	470	750	4,000

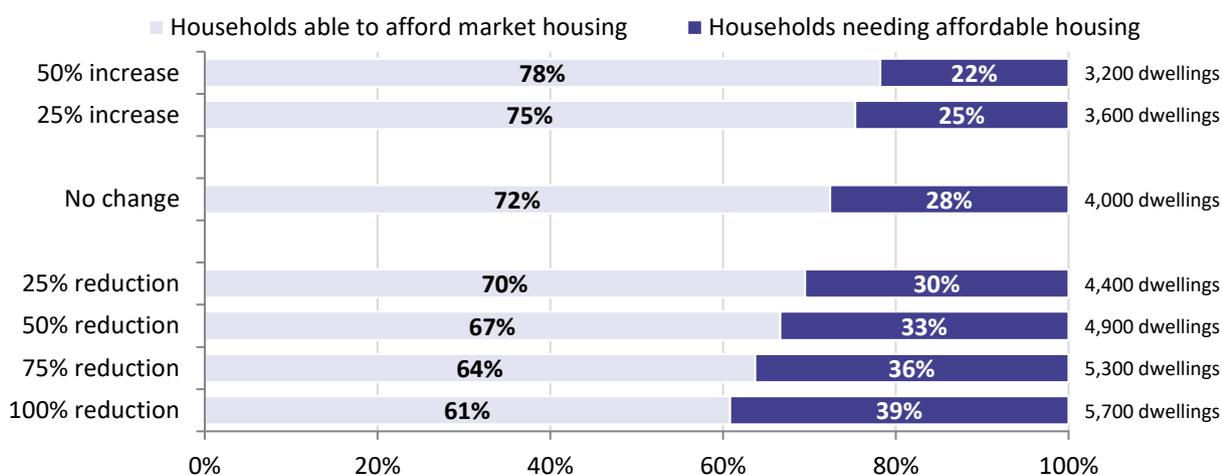
Future Policy on Housing Benefit in the Private Rented Sector

- 2.51 The Model recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council.
- 2.52 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.
- 2.53 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.

- 2.54 To sensitivity test this position, Figure 12 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, 39% 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 12: 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



Conclusions

- 2.55 Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing (Figure 9). The most recent final OAN figure is 729 dwellings per year, equivalent to 14,580 dwellings over the 20 years of the Eastleigh Local Plan.
- 2.56 The **housing mix analysis identified a need to provide 4,000 additional affordable homes over the 20-year Plan period 2016-36 (an average of 200 dwellings per year), or around 28% of the OAN.**
- 2.57 A figure of 28% affordable housing needed as a component of the OAN is lower than the current policy requirement in Eastleigh of 35% affordable housing on qualifying sites. However, the figure is 28% is a net need, so 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 implying a higher level of gross need on new sites.
- 2.58 It is also the case that the National Planning Policy Framework 2018 is clear at paragraph 63 that affordable housing should not be sought on non-major sites (less than 10 units).

63. Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.

- ^{2.59} On this basis, not every site in Eastleigh will deliver affordable housing, so a higher level than 28% affordable housing will need to occur on those sites capable of delivering affordable housing.
- ^{2.60} A figure of 4,000 affordable home would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but this assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Providing sufficient affordable housing for all households that would otherwise be living in the private rented sector with housing benefit support would increase the need to around 5,700 affordable homes over the Plan period (235 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

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