GL Hearn

New Forest Strategic Housing Market Assessment

New Forest District Council and New Forest National Park Authority

Final Report

September 2014

Prepared by

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Quality Standards Control

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This document must only be treated as a draft unless it is has been signed by the Originators and approved by a Business or Associate Director.

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Limitations

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1   EXECUTIVE SUMMARY

1.1   This Strategic Housing Market Assessment (SHMA) covers the New Forest area, including both New Forest District and the New Forest National Park, a small proportion of which fall within Test Valley and Wiltshire local authority areas.

1.2   The New Forest falls principally within a Southampton-focused Housing Market Area (as defined in the PUSH SHMA Study), although parts of the District have functional links to surrounding market areas – from the New Milton/ Barton-on-Sea area towards Bournemouth and from the Ringwood area towards Salisbury.

1.3   The NPPF sets out that starting point for preparing plans should be to undertake an assessment of the full needs for market and affordable housing. The Guidance is clear that the assessment of need should not take account of development constraints, such as those related to infrastructure, environmental constraints or land availability. These factors are however relevant in translating assessments of need into policy.

1.4   The SHMA has assessed housing need in accordance with the approach set out in the National Planning Policy Framework (NPPF) and Planning Practice Guidance. It has started out by considering demographic projections. The latest official population and household projections have been considered, and then been updated to take account of the latest evidence. A sensitivity analysis has been run to consider different scenarios for trends in household formation, and to examine the sensitivity of the projections to migration. The main demographic projections indicate that between 709 – 824 homes per annum would be required in New Forest District, depending on levels of new household formation.

1.5   Indicative scenarios for growth in jobs have then been overlaid, demonstrating that if substantive employment growth in the district was to be supported, because of the age structure of the population, higher population and housing growth or a change in commuting patterns would be necessary.

1.6   The affordability of market housing in the District has worsened over the 2001-11 decade. House prices in some parts of the District are considerably higher than the Hampshire and South East averages for all house types. As a result, affordability is a significantly more acute issue in the New Forest area at both lower quartile and median income levels. The SHMA does not however, find evidence of a significant past undersupply in housing in the District compared to planned targets.

1.7   Affordable housing need has been assessed using the approach set out in the Planning Practice Guidance. This indicates that a net need for 525 affordable homes per annum if all households in need were to be allocated an affordable home. If affordable housing in the development pipeline is

taken off, this figure falls marginally to 516 affordable homes per annum. In practice some households including in this might spend more than 30% of their gross income on housing costs, and based on current circumstances around 338 households per annum are housed in private rented sector accommodation supported by Local Housing Allowance.

1.8   Drawing these factors together, the SHMA concludes that the full need for market and affordable housing would be for between 712 – 829 homes per annum across New Forest District, and for a total of 727 – 851 homes per annum across the District and those areas of the National Park which fall outside of the District. The breakdown of the assessed housing need is shown below:

Table 1:   Breakdown of Housing Need across the New Forest Area

Area	2011-2031	Per annum
New Forest District and National Park Authority Area	14,540 – 17,000	727 – 851
of which:		
New Forest District Area within National Park	2,440 - 2,860	122 - 143
New Forest District Area outside of National Park	11,740 - 13,740	587 - 687
National Park Area outside of New Forest District	360 - 420	18 - 21
New Forest District Total	14,240 - 16,580	712 - 829
National Park Area Total	2,800 - 3,280	140 - 164

1.9   This is an objective, policy-off analysis and takes no account of land supply or development constraints within the District, including Green Belt, the National Park, Areas of Outstanding Natural Beauty and areas subject to European nature conservation designations. The NPPF and Planning Practice Guidance dictates that assessments are undertaken in this way but is clear that these will affect the potential supply of land for housing and are relevant factors in determining policies for housing provision.

1.10   The NPPF also requires local planning authorities, through the SHMA, to identify the range of types and sizes of accommodation likely to be needed by the population in future, including that required by those groups with specific housing needs.

1.11   The assessment of affordable housing needs indicates that, in delivering affordable units, a target of 25% intermediate: 75% social/affordable rent would be appropriate. Any strategic policy should however retain a degree of flexibility both to take account of the settlement level variations which we have identified as well as any site specific issues with deliverability (i.e. grant funding availability).

1.12   In terms of size mix, the SHMA analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate mix of affordable and market homes. It should however be noted that this analysis is at a point in time and that, over the plan period, there will be a range of factors which will influence demand for different sizes of homes, particularly demographic changes; growth in real earning/savings; housing affordability and wider economic performance.

Table 2:   Indicative Need for Different Sizes of Homes (2011-31)

	1-bed	**2-bed**	**3-bed**	**4+ bed**
Market	5-10%	35-40%	40-45%	10-15%
Affordable	30-35%	30-35%	25-30%	5-10%

1.13   In the affordable sector, the conclusions drawn recognise significant need for smaller units but also the role which larger units and family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

1.14   This analysis does not specifically take account of development constraints. In the absence of constraints, we would expect the focus of new market housing provision to be on three-bed properties as a result of continued demand for family housing expected from families; however, there will also be strong demand for larger (4 bedroom plus) properties arising from more established family units moving within the market or migrating into the District. The modelling also shows a strong need for 2 bedrooms properties arising from both newly forming/younger households but provision of these units could also serve to support a reduction in under-occupation, particularly by promoting downsizing amongst older households who looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

1.15   In areas where the level of housing development might be restricted, particularly within the National Park, consideration might be given to focusing delivering of market housing more towards smaller properties to assist local households to get on the housing ladder; and to support downsizing of older households, releasing stock for other groups.

1.16   The mix identified above should inform strategic district-wide policies and help to inform the 'portfolio' of sites which are considered and ultimately allocated through the Local Plan process. However, we would again recommend that strategic policy retains a reasonable degree of flexibility to ensure that, in applying mix to individual development sites, appropriate regard can be given to the nature of the development site, the character and existing housing stock of the area as well as the most up-to-date evidence of need/demand.

1.17   Meeting the housing needs of older people will be a matter of some considerable scale in the New Forest area over the plan period due to projected growth in the over 65 population over the plan period. The strategy for meeting such needs cuts across housing policy and strategy. Overall mix recommendations for new housing in both the market and affordable sectors reflect the demand which will arise from older households for smaller properties moving forward as well as the scope to encourage downsizing. In addition, there is likely to be an increasing need to deliver specialist or extra-care housing units over the period to 2031 to meet the needs of this group as well as a large registered care requirement (particularly owing to the growth in older people with dementia or mobility problems). However, there will also be a need to address the existing housing stock, supporting property adaptations to enable older persons to remain independent within their own homes.

2   INTRODUCTION

Introduction

2.1   GL Hearn (GLH) and Justin Gardner Consulting (JGC) have been commissioned by New Forest District Council and the New Forest National Park Authority to develop a Strategic Housing Market Assessment (SHMA) covering their two respective administrative areas. These are shown below. The purpose of the SHMA is to develop a robust understanding of housing market dynamics, to provide an assessment of future needs for both market and affordable housing and the housing needs of different groups within the population.

Figure 1:   New Forest District and National Park Boundaries
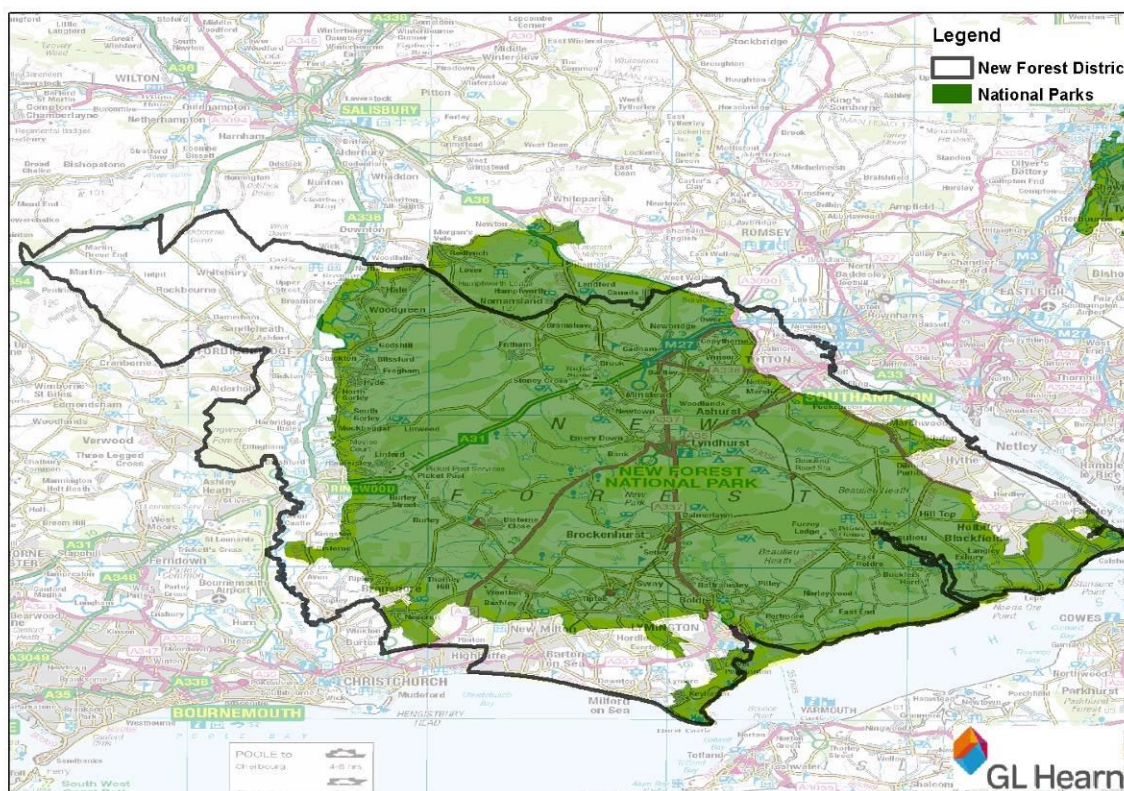
2.2   The SHMA responds to and is compliant with the requirements of both the National Planning Policy Framework (the NPPF)[1] published in March 2012 and the Planning Practice Guidance published in March 2014[2]. It provides a 'policy-off' assessment of future housing needs (in that it does not take account of either current or potential future policies for housing provision) but with the aim that in due course it will help inform future development of planning policies. It does not take account of land availability and development constraints, as the Planning Practice Guidance requires, although

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[1] CLG (March 2012) *National Planning Policy Framework*

[2] CLG (March 2014) *Planning Practice Guidance (see http://planningguidance.planningportal.gov.uk/)*

it is important to recognise that these will be important considerations in setting future policies for housing provision.

2.3   The analysis in the SHMA focuses on assessing housing need. The Planning Practice Guidance clearly sets out that this needs to be brought together with a range of other considerations through the plan-making process in informing policy decisions regarding future housing targets. These include the supply of land suitable for new development, environmental and landscape designations (including the designation of the New Forest National Park) and infrastructure provision.

2.4   The NPPF and associated Practice Guidance is clear that the assessment of need should be objective and should not take into account development constraints. However there are a number of nationally and internationally significant designations in the area where the NPPF indicates that development should be restricted. These include areas protected under the Birds and Habitats Directive, designated as Sites of Special Scientific Interest, Green Belt, areas of Outstanding Natural Beauty, within the National Park or at risk of flooding or coastal erosion. These factors significantly influence the development capacity of the New Forest District and National Park and will be very relevant in translating the assessment of need into policies for future housing provision.

2.5   Alongside assessing the overall need for housing, the SHMA provides specific evidence and analysis of for the need for different sizes of homes to inform policies on the mix of homes (both market and affordable). It also analyses the needs of specific groups within the local population, such as older people, and different segments of the housing market.

2.6   Projections and analysis within this report have been specifically developed for New Forest District and the National Park area. With respect to the wider market area, this report should specifically be read in conjunction with the SHMA prepared for the PUSH South Hampshire authorities[3].

National Planning Policy Framework and Guidance

2.7   The Coalition Government has reformed the policy framework for strategic planning, particularly on issues such as housing. Regional Strategies have been revoked (the South East Plan was revoked in April 2013) and responsibility for planning on cross-boundary issues has been returned to local authorities.

2.8   The primary legislation to support this is the 2011 Localism Act which now imposes a 'duty to cooperate' on local authorities, requiring them to "engage constructively, actively and on an on-going basis" with the other authorities and relevant bodies. The 'Duty to Cooperate' is applied as both a legal and soundness test to which development plans must comply.

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[33] GL Hearn (Jan 2014) *South Hampshire Strategic Housing Market Assessment, Version 1 (see* http://www.push.gov.uk/strategic_housing_market_assessment.htm*)*

2.9   National policies for plan-making are set out within the National Planning Policy Framework[4].This sets out key policies against which development plans are tested.

National Planning Policy Framework (NPPF)

2.10   The National Planning Policy Framework (NPPF) was published in March 2012.

2.11   The Framework sets a presumption in favour of sustainable development (Para 14) whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted. The Framework sets out that policies relating to sites protected under the Birds and Habitats Directives, Special Protection Areas, Special Areas of Conservation Ramsar Sites and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, Heritage Coast or within a National Park (or the Broads Authority); designated heritage assets; and locations at risk of flooding or coastal erosion represent areas in which development would be restricted and to which the presumption in favour of sustainable development does not apply (Footnote 9).

2.12   The NPPF sets out in Paragraph 47 that to boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local plan meets the full, objectively assessed need for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the Framework.

2.13   The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

2.14   This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries. This SHMA has been prepared alongside the wider SHMA for South Hampshire.

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4 CLG (March 2012) National Planning Policy Framework

2.15   Paragraph 181 sets out that LPAs will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examining. Local authorities are expected to work collaboratively and engage constructively with one another, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act. It is important that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

2.16   Local plans must be 'sound.' The NPPF sets out that this means that they must be positively prepared, justified, effective and consistent with national policy. This is tested by an independent inspector through the plan examination process. To be positively prepared, a Plan "*should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet needs from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development.*" Thus local authorities in preparing plans must seek to work with their neighbours to consider whether there are unmet needs in one area which could be met within another.

2.17   In considering future housing provision, the SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment. To increase housing supply, the NPPF sets out that local authorities are required to maintain a 5 year supply of specific deliverable sites, and to include an allowance of 5% to ensure choice and competition in the market for land (unless there is a persistent track record of under-delivery in which case a buffer of 20% applies).

2.18   In regard to housing mix, the NPPF sets out that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. National thresholds for affordable housing provision are removed as are national brownfield development targets.

2.19   In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes.

National Park Purposes

2.20   The National Park Authority has two statutory purposes (as set out in the 1995 Environment Act) to conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public. When National Parks carry out these duties they also have a duty to foster the economic and social well-being of local communities within the parks.

2.21   Section 63 of the requires any relevant authority (including public bodies and statutory undertakers), when exercising or performing functions which relate to or affect land in a National Park, to attach greater weight to the purpose of 'conserving and enhancing' the Park, if it appears that there is a conflict between the two National Park purposes. Public bodies have a duty to have regard to the two statutory purposes of a national park when making decisions that could affect the park under Section 62(2) of the1995 Environment Act.

2.22   Paragraph 115 in the NPPF reaffirms this, setting out that "*Great weight should be given to conserving landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty, which have the highest status of protection in relation to landscape and scenic beauty. The conservation of wildlife and cultural heritage are important considerations in all these areas, and should be given great weight in National Parks and the Broads*."

2.23   National Park Authorities also need to take into account the DEFRA Circular on National Parks (2010) which highlights that National Park Authorities have an important role to play as planning authorities in the delivery of affordable housing. Through their local plans they:

"*should include policies that proactively respond to local housing needs. The Government recognises that the National Parks are not suitable locations for unrestricted housing and does not therefore provide general housing targets for them. The expectation is that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services. The Government expects the Authorities to maintain a focus on affordable housing and to work with local authorities and other agencies to ensure that the needs of local communities in the Parks are met and that affordable housing remains so in the longer-term.*[5]"

2.24   The assessment of development needs which is set out herein does not specifically take account of these issues. It is undertaken in a 'policy neutral' context in this regard as is required by national policy and guidance. However in setting policies for future housing provision the above factors are clearly relevant.

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[5] DEFRA (2010) Circular: National Parks, Paragraphs 78 and 79

Planning Practice Guidance

2.25 The Government published Practice Guidance on undertaking Strategic Housing Market Assessments in 2007. On the publication of the Planning Practice Guidance in March 2014[6] the 2007 SHMA Guidance has been cancelled.

2.26 New Planning Practice Guidance was issued by Government in August 2013. This included a section on 'Assessment of Housing and Economic Development Needs.' This draft Guidance has been taken into account in the drafting of this SHMA Report. The final version of the Guidance was published by Government in March 2014 and has been taken into account in finalising this report. The Guidance is particularly relevant in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing.

2.27 The Guidance defines "need" as referring to 'the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need." It sets out that the assessment of need should be proportionate, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of development constraints such as the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints; although these factors are relevant in bringing evidence bases together to identify specific policies within development plans.

2.28 The Guidance outlines that whilst estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive answer, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these are 2011-based 'Interim' Household Projections.

2.29 It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rate are or have been constrained by supply. It suggests that proportional adjustments should be made where market signals point to supply being constrained relative to long-term trends or other areas in order to improve affordability.

2.30 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of

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[6] http://planningguidance.planningportal.gov.uk/

mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

2.31   In regard to economic evidence, the Guidance indicates that plan makers should assess the likely change in job numbers based on past trends and/or economic forecasts as appropriate. Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable travel options) and could reduce the resilience of local businesses; and in such circumstances plan makers will need to consider how the location of new housing or infrastructure development could help address these problems. It cautions against reducing migration assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.

2.32   The Guidance indicates that need for all types of housing should be considered including private rented housing, family homes, people wishing to build their own homes, older persons and those with specific needs. It sets out that the assessment should include consideration of the level of need for residential institutions (in the C2 Planning Use Class).

2.33   This SHMA responds to the requirements of both the NPPF and the Planning Practice Guidance. In considering the overall need for housing, Figure 1 below summarises the overall approach adopted. The starting point is considering housing need based on past demographic trends. We then consider whether others factors provide a basis for adjusting this, recognising that demographic projections simply push forward past trends. We overlay the evidence of affordable housing needs, from analysis of market signals and from review of employment projections to do this and derive conclusions regarding overall housing needs.

Figure 2:   Summary of Approach to identifying Housing Need
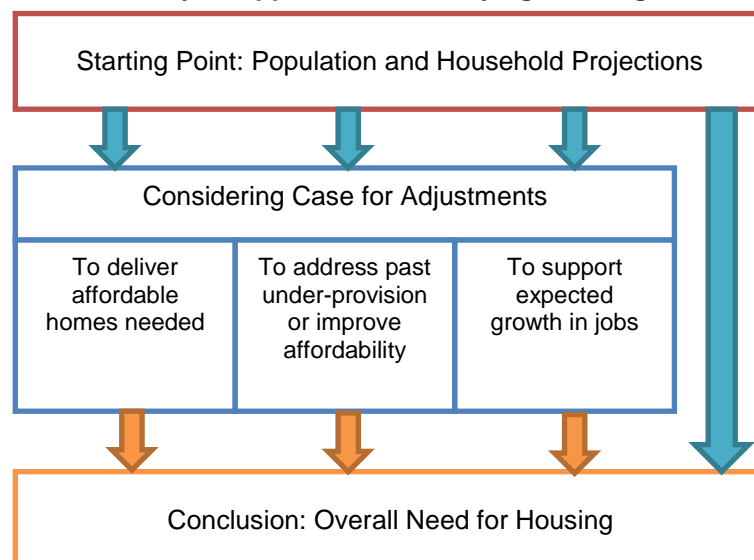
Source: GL Hearn

2.34   In translating the assessed housing need into policies for future housing provision, there is a range of work to be done beyond the SHMA. The need identified will be assessed against the potential capacity of the New Forest District and National Park to accommodate future development. Where housing need cannot be met in full within an area, the relevant local planning authorities will need to work with work with adjoining authorities to consider whether these areas could meet any shortfall in housing provision arising (once this has been defined).

Figure 3:   Relating Assessed Housing Need and Policies for Housing Provision
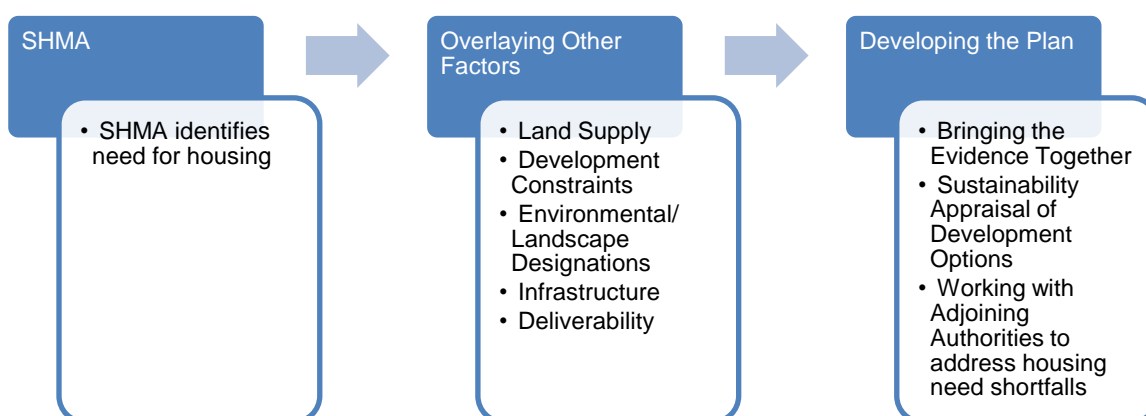
Source: GL Hearn

In developing future planning policies, different options for the level of development will need to be tested through Sustainability Appraisal, which assesses the relative social, economic and environmental benefits and dis-benefits of different options.

Report Structure

2.35   The remainder of the report is structured in the following way:

- Chapter 3:   Characteristics of the Housing Market
- Chapter 4:   Housing Market Dynamics and Market Signals
- Chapter 5:   Assessing Future Housing Needs
- Chapter 6:   Affordable Housing Need Assessment
- Chapter 7:   Requirements for Different Sizes of Homes
- Chapter 8:   Needs of Specific Groups
- Chapter 9:   Conclusions and Recommendations

3 CHARACTERISTICS OF THE HOUSING MARKET

Defining the Housing Market Area

3.1   The National Planning Policy Framework (NPPF) makes clear that in planning for housing provision, it is important to consider housing needs and dynamics across a housing market area, with each area seeking to meet needs within it where possible. The Planning Practice Guidance similarly highlights that needs should be considered across the relevant Housing Market Area (HMA). The first question is therefore, what housing market(s) cover the New Forest District and National Park Authority Area?

Approach to Defining Housing Market Areas

3.2   The Planning Practice Guidance defines a Housing Market Area as "*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.*" It sets out that it might be the case that housing market areas overlap.

3.3   The Guidance indicates that local planning authorities can use a combination of approaches to identify relevant housing market areas, recognising that there is no single comprehensive source of information. The guidance suggests three primary information sources:

- Patterns of house prices and rates of change in house prices, which provides a 'market based' reflection of housing market boundaries;
- Household migration and search patterns, which reflect the preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, retail and school catchment areas, which reflects the spatial structure of the labour market and patterns of travel to access services.

3.4   We have reviewed existing research and sought to assess migration and commuting patterns to understand the geography of housing markets. For the purposes of assessing overall housing need, key demographic data which is necessary to develop population and household projections is principally published at a local authority level. However it is important to understand cross-boundary housing market relationships in planning for future housing provision.

Existing Research to Define Housing Market Areas

3.5   Existing national and regional research provides a useful starting point to guide the identification of housing markets. There has been a considerable body of technical work and analysis undertaken to define HMAs across the country, adopting a range of different technical approaches, which to some extent have reflected the different spatial characteristics of housing markets in different areas. In 2010, the Department for Communities and Local Government (DCLG) published research entitled

The Geography of Housing Market Areas which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics, and house prices (standardised for differences in housing mix and neighbourhood characteristics). This was brought together to define a three tiered structure of housing markets, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

3.6   The strategic housing markets defined by the CLG Research have been mapped in Figure 4 below. It should be noted that these are based on 2001 Census analysis (which is now somewhat dated) however 2011 Census origin/ destination statistics are unlikely to be available until later in 2014 to allow this local-level analysis to be updated.

Figure 4:   CLG-defined Strategic Housing Market Areas
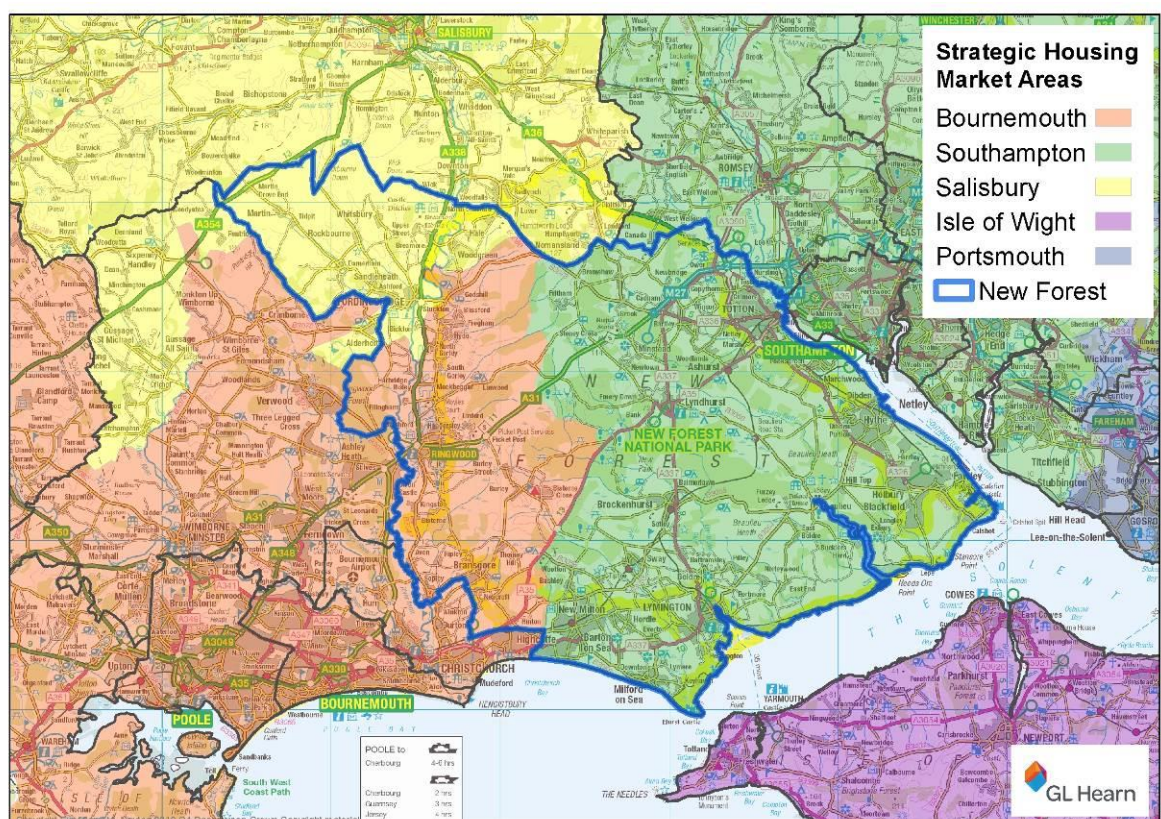
3.7   The research defines three main strategic housing market areas which are of relevance to the New Forest Area. The first is the Southampton HMA which covers the western parts of what is known as the PUSH (Partnership for Urban South Hampshire) area (the Totton and the Waterside area) but extends beyond this to cover significant parts of the New Forest area including the Lymington and

much of the eastern parts of the National Park Authority Area (including Lyndhurst and Brockenhurst). Also of particular relevance is the Bournemouth HMA which is focussed on Bournemouth and Poole but also extents east to cover western parts of the New Forest District and National Park Area. The final CLG defined SHMA of relevance to the New Forest Area is the Salisbury HMA which predominantly covers those parts of the National Park which fall in Wiltshire but also includes a small area around Fordingbridge.

3.8   It is these 'strategic' housing market areas which are most relevant in addressing levels of future housing provision (housing numbers), this being an issue which will need to be addressed through cross-boundary joint working between local authorities.

3.9   Within these three strategic housing market areas, the CLG research defines a number of more local Housing Market Areas. These are areas in which more than 50% of 'moves' of people fall within. They are set out below. The local housing market areas in the Portsmouth and Southampton SHMAs in the CLG research include a separate Lymington & Totton area.

Table 3:   Strategic and Local Housing Market Areas

Strategic Housing Market Areas	Local Housing Market Areas
Southampton	Southampton (West Centre)
	Southampton (East)
	Winchester & Eastleigh
	Lymington & Totton
Bournemouth	Poole
	Bournemouth
Salisbury	Salisbury*

*Source: CLG (*No lower level LHMAs are identified in the Salisbury SHMA)*

3.10   The geography of these areas is shown in the map below.

Figure 5:   Local Housing Market Areas
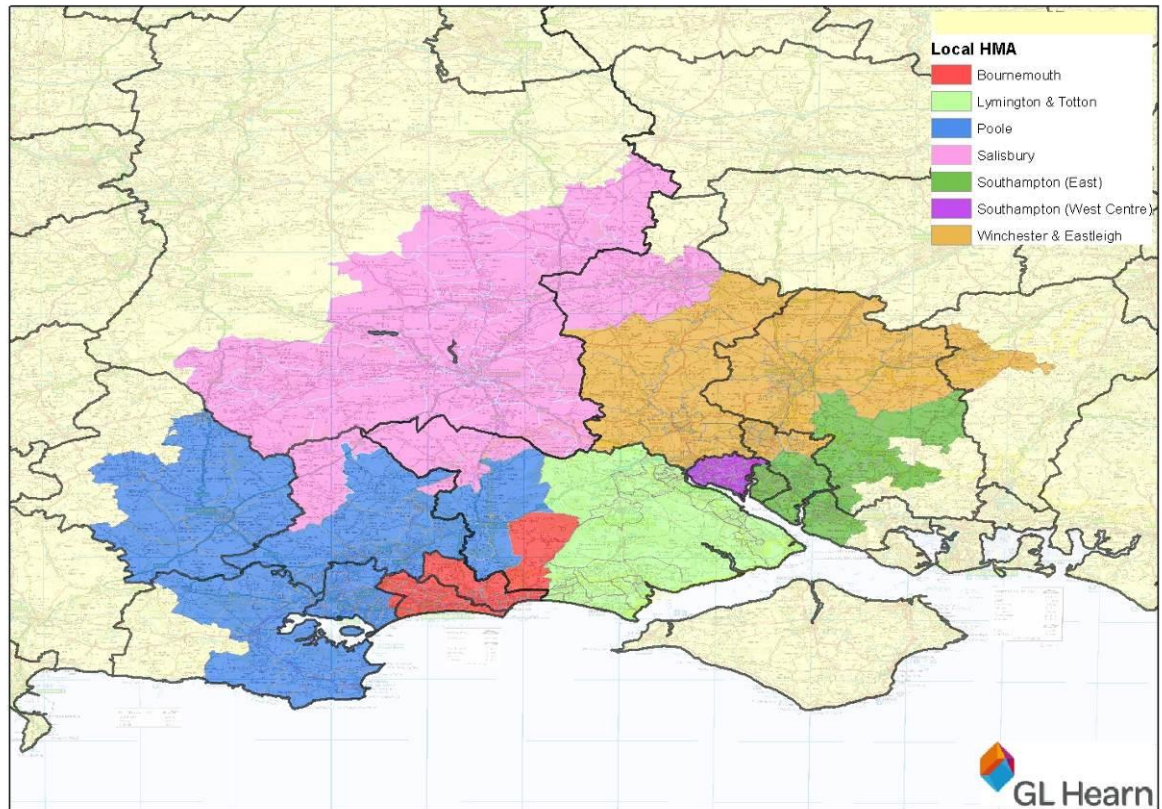
Source: CLG/ CURDS Research

3.11   A regional study was undertaken by DTZ for the South East of England Regional Assembly (SEERA) and Regional Housing Board in 2004 to define housing market areas across the South East. This concluded that a South Hampshire Sub-Regional Housing Market exists that embraces all of the South Hampshire urban area an its rural hinterland, including the majority of the New Forest District and National Park Area. However, the study also identified that the south western parts of the District in particular are influenced by a Bournemouth Housing Market, whilst there are also overlaps in the north west of the District with the Salisbury Housing Market. This is broadly consistent with the national research undertaken for CLG which was considered above.

3.12   The definition of the housing market area in the South Hampshire area was considered further within the Central Hampshire and New Forest Strategic Housing Market Assessment (DTZ, 20057). This concluded that:

- A clear cluster of household movement is evident in South Hampshire centred on the Portsmouth urban area (Gosport, Havant, Fareham and Portsmouth) and the Southampton-Eastleigh-Winchester area;

- The South Hampshire sub-region exhibits a high degree of self-containment in travel to work terms, with a demonstrable cluster of movement spanning into the New Forest, Test Valley, Winchester District and Havant;

- In the New Forest area there is cluster of household movements in the Totton and the Waterside area and between this and Southampton and areas of Test Valley. Similarly there is a cluster of movement between New Milton, Lymington and Ringwood;

- The analysis (of 2001 Census data) also showed commuting between the Totton and the Waterside area and Southampton; and between the Lymington and New Milton area to/from Christchurch and Bournemouth;

- Drawing this together the assessment identified the Totton and the Waterside area as part of the PUSH HMA, and identified a separate 'New Forest West and Central' Housing Market Area.

Figure 6:   Housing Market Areas defined in the Central Hampshire and New Forest SHMA 2007
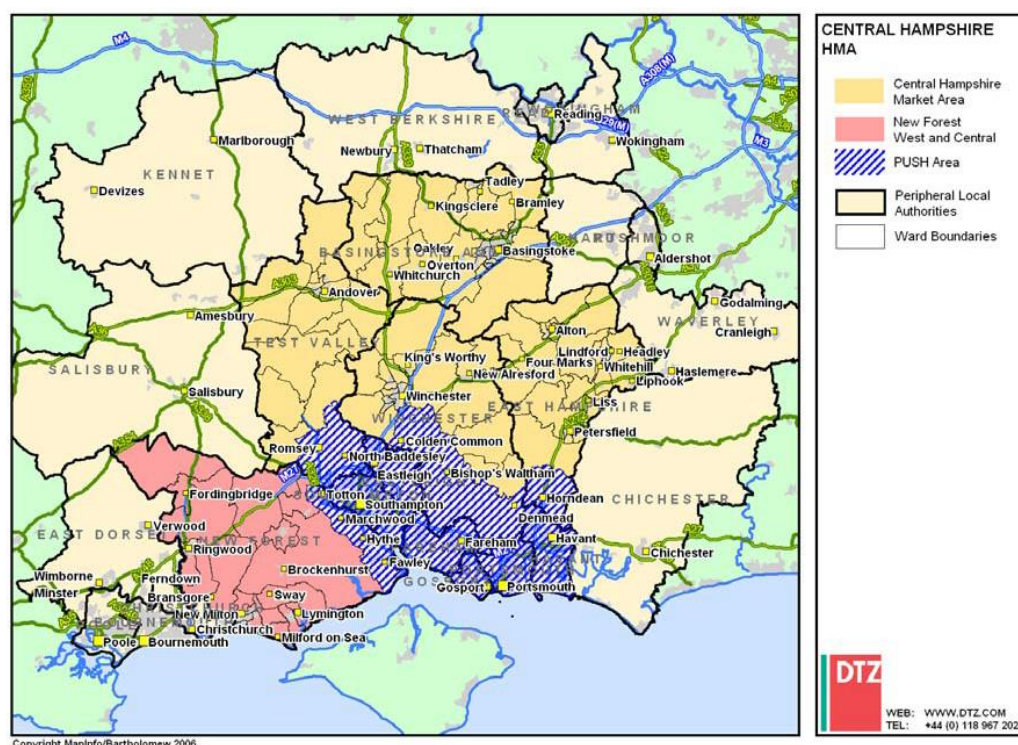
Source: DTZ

3.13   Previous work to define HMAs is based on somewhat historic data. More up to date data analysis on migration flows, commuting dynamics and neighbourhood types / house types has therefore been undertaken as part of this SHMA to confirm the definition of the HMA and to define sub-markets for the purposes of more local analysis of housing market dynamics. The updated data analysis on migration flows and commuting dynamics is outlined later in this section.

Migration Flows

3.14   Migration flows reflect households' movements between areas, and thus are a key factor in considering the geography of housing markets. To test the definition of the Housing Market Area,

and to understand functional housing market inter-relationships which New Forest is part of, we have analysed ONS data on internal migration flows between the New Forest and surrounding areas over the period 2006 to 2011. We have considered both gross and net flows.

3.15 ONS internal migration statistics record flows between local authorities within the UK, based on information from NHS patient re-registrations. This typically shows larger flows between authorities which are close to, or border, one another and between cities and student towns around the country. The scale of flows is partly influenced by the population of the authorities, with for instance the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.

3.16 Taking this into account we have sought to standardise the analysis of flows to take account of the combined population of different authorities. The table below shows gross migration flows per annum between mid-2006 and mid-2011. The figures are expressed per combined 1,000 population:

Table 4:   Average Combined Gross Migration Flows (2006-11)

Authority 1	Authority 2	Gross Flow per Annum	Combined Population ('000s)	Annual Flow per 1,000
New Forest	Southampton	1,770	416.8	4.25
New Forest	Christchurch	850	225.4	3.77
New Forest	East Dorset	700	265.2	2.64
New Forest	Bournemouth	890	364.1	2.44
New Forest	Test Valley	530	294.4	1.80
New Forest	Eastleigh	520	304.2	1.71
New Forest	Winchester	300	295.1	1.02
New Forest	Poole	300	326	0.92
New Forest	Wiltshire	570	654.2	0.87

Source: Office of National Statistics Internal Migration by Local Authorities in England and Wales, 2006/7 – 2010/11

3.17 The migration analysis indicates a relationship with all adjoining authorities. It indicates a strong relationship (4.25 gross flows per 1,000 population per annum) between New Forest and Southampton. This relationship is also the strongest for New Forest before taking account of standardisation, suggesting that the New Forest area is most closely related to and influenced by the Southampton housing market. The analysis does not provide any evidence of interaction between the New Forest and eastern parts of the PUSH area (e.g. Fareham, Portsmouth etc.). It does suggest some interactions from the northern parts of the District towards Salisbury (which is within Wiltshire).

3.18   Migration flows also illustrate reasonably strong functional links between the New Forest and authorities to the west in particular Christchurch which registers at 3.77 flows per 1,000 population. Migration relationships to Bournemouth are also notable, both in standardised and pure gross terms.

3.19   In terms of net flows, the list below sets out key relationships for the New Forest over the 2006-11 period. This further shows relatively significant annual out-migration from Southampton to New Forest (190 persons per annum); one of the strongest net relationships in the PUSH area (for reference see the PUSH SHMA). The next strongest relationship in net terms sees further notable in-migration into the New Forest area from East Dorset (70 persons per annum). This further illustrates that whilst the New Forest is most strongly integrated in market terms with the Southampton area; there are important functional interactions with authorities to the west:

- Southampton to New Forest: 190 persons per annum
- Eastleigh to New Forest: 10 persons per annum
- Christchurch to New Forest: 30 persons per annum
- East Dorset to New Forest: 70 persons per annum
- New Forest to Test Valley: 30 persons per annum
- New Forest to Winchester: 20 persons per annum
- New Forest to Bournemouth: 10 persons per annum
- Wiltshire to New Forest: 10 persons per annum
- New Forest to Poole: 0 persons per annum - balanced

Commuting and Travel to Work

3.20   Commuting flows also provide important evidence of the functional and market relationships between various authorities. The Office of National Statistics has defined travel to work areas across the UK based on areas in which generally "at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area." The area must also have a working population of at least 3,500. These areas were defined using commuting data from the 2001 Census (the only full dataset available at the time of writing).

3.21   The New Forest is predominantly covered by the Southampton Travel to Work Area (TTWA) which extends from the New Forest in the west to Romsey and Winchester and to Eastleigh. There are also localised relationships with the Bournemouth TTWA (affecting the south west of the New Forest area) and with the Salisbury TTWA which affects only a very localised area in the north of the District.

3.22   To supplement and update the ONS Travel to Work Areas, we have analysed commuting data from the 2010 and 2011 Annual Population Surveys. Whilst this data is more up-to-date, it is based on a sample survey of 1-2% of the working population.

3.23   Particularly notable through this analysis again is the very strong functional relationship between New Forest and Southampton with almost 18,500 combined (in and out) flows daily, almost four time the scale of flows which New Forest shares with any other local authority. Once standardised, this still translates into by far the strongest relationship with almost 70 flows per 1,000 working age people daily.

3.24   Commuting flows also further support a degree of interaction and integration between New Forest and Christchurch with around 31 flows per 1,000 working age people daily, and similarly strong links with Test Valley (27) and East Dorset (26). The relationship north to Wiltshire is shown to be comparatively weak in commuting terms.

Table 5:   Combined Commuting Flows (2010 and 2011)

Authority 1	Authority 2	Combined Daily Flows	Combined Working Age Population ('000s)	Flow per 1,000
New Forest	Southampton	18,440	267.8	68.9
New Forest	Christchurch	3,930	128	30.7
New Forest	Test Valley	4,740	174.5	27.2
New Forest	East Dorset	3,930	150.9	26.0
New Forest	Bournemouth	4,280	226.4	18.9
New Forest	Winchester	2,700	175.2	15.4
New Forest	Poole	2,590	193.3	13.4
New Forest	Wiltshire	4,270	397.2	10.8

Source: ONS Annual Population Survey, Local Authorities, 2010 and 2011

3.25   Looking at net flows, we see significant daily net out-commuting from New Forest to Southampton of almost 9,700 people. The next highest net flows see around 2,660 people commuting out of New Forest to Test Valley on a daily basis. These patterns further highlight the significant influence which the South Hampshire area generally, and Southampton specifically, exerts on the labour force in New Forest. The relationship between New Forest and authorities to the west is the reverse, with data showing daily net in-commuting from Bournemouth (1,430 people) and East Dorset (1,140 people).

3.26   Data from the Annual Population Survey does however suggest that the New Forest experiences a relatively high level of self-containment when compared with surrounding areas. Around 70% of people employed in the New Forest area also live in the District, higher even than surrounding areas such as Southampton (66%) and Bournemouth (65%). This dynamic would suggest that there is likely to be a degree of self-containment in the housing market and provides some support as to why the CLG work identified a specific local housing market focussed on Lymington.

House Prices

3.27   We have additionally sought to look at house price differentials. We have used Zoopla's Zed-Index which provides standardised house prices and how these have changed over the last three years.

3.28   The analysis shows higher house prices in the New Forest National Park than in surrounding areas. House prices in Totton and Hythe are lower, and are similar to those in Southampton emphasising the relationship with a Southampton market in the Totton and the Waterside area within New Forest District.

Table 6:   Mix-Adjusted House Prices, April 2014

	Mix-Adjusted House Price (Zoopla Zed-Index, April 2014)	Change in Price, April 2011-April 2014	% Change in Price, April 2011-April 2014
Totton	£222,008	8376	3.9%
Southampton	£232,213	8762	3.9%
Hythe	£256,690	9685	3.9%
New Milton	£296,059	21363	7.8%
Christchurch	£304,255	24333	8.7%
Romsey	£354,634	11210	3.2%
Fordingbridge	£363,112	16442	4.7%
Lymington	£390,756	6101	1.6%
Ringwood	£402,463	50528	14.4%
Lyndhurst	£488,760	28940	6.3%
Brockenhurst	£665,283	25745	4.0%

Source: Zoopla

3.29   Looking at house price growth, the strongest growth has been in Ringwood, and in New Milton and Christchurch over the last three years.

Strategic Conclusions

3.30   Overall, the analysis broadly confirms that the pattern of housing markets in and around the South Hampshire/New Forest area as identified through previous research remains a reasonably sound foundation for analysis of housing markets.

3.31   Our analysis indicates that the New Forest area shares strong interactions with other parts of South Hampshire, and particularly Southampton. Large migration flows and daily commuting patterns all confirm a significant level of functional relationship between these areas, with the data indicating a pattern of out-migration from Southampton to live but with the economic and employment draw of Southampton City driving significant daily net out-commuting of New Forest residents to work in Southampton.

3.32   Given the comparative strength of these relationships, in our view the New Forest area is most closely related to and integrated into the Southampton Housing Market Area (as defined in the PUSH SHMA). However, we do identify other significant patterns and relationships which are likely to have implications in market terms.

3.33   Our analysis also highlights important functional relationships with the Bournemouth, East Dorset and Christchurch areas which, in housing market terms, are likely to manifest particularly in strong localised integration in the New Milton/Barton-on-Sea areas as well as Ringwood. These relationships should be considered through the Duty to Co-operate when developing housing policy for the New Forest Area.

Sub-Market/Settlement Area Analysis

3.34   Within the New Forest area we have sought to define a number of sub-markets through which we are able to provide a more fine grained analysis of housing need as well as an indication of the likely requirements for different tenures and sizes of properties within these areas.

3.35   In total, we have defined four separate sub-markets. We have developed a specific National Park Authority sub-area using a "best fit" with relevant ward boundaries (which includes one ward in Wiltshire where the National Park crosses the boundary – Redlynch and Landford). We have then sought to define other localised sub-markets from groupings of the remaining wards within New Forest District and the National Park, taking account of geographic, market policy and socio-economic factors. The definition of the Totton & Waterside sub-area is consistent with the definition adopted within the South Hampshire SHMA.

3.36   Where analysis refers to New Forest District, this is the district including any parts which fall within the administrative area of the National Park Authority.

Table 7:   Ward Composition of New Forest Sub-Markets

Sub-market	Wards
National Park Authority Area	Brockenhurst and Forest South East; Boldre and Sway; Lyndhurst; Bramshaw, Copythorne North and Minstead; Forest North West; Bransgore and Burley; Ashurst, Copythorne South and Netley Marsh; and *Redlynch and Landford (Wiltshire UA)*
Southern Coastal	Hordle; Milford; Milton; Pennington; Lymington Town; Buckland; Fernhill; Bashley; Becton; and Barton
Totton & Waterside	Totton North; Totton East; Totton South; Totton West; Totton Central; Marchwood; Dibden and Hythe East; Hythe West and Langdown; Butts Ash and Dibden Purlieu; Furzedown and Hardley; Holbury and North Blackfield; and Fawley, Blackfield and Langley
Ringwood & The West	Downlands and Forest; Fordingbridge; Ringwood North; Ringwood South; and Ringwood East and Sopley

3.37   It is recognised that small parts of a number of other wards (outside of New Forest District) fall within the National Park, including Alderbury and Whiteparish Ward and the Blackwater Ward in

Test Valley. These however have been excluded for analytical purposes as the majority of the population in these wards resides outside of the National Park Area.

Housing Stock and Supply

3.38   Although new housing will be delivered in the New Forest Area and the wider housing market over the coming years, much of the housing stock in the area in 2030 already exists now; and it is thus important to understand the current "housing offer" and how this has been changing. This will provide an initial underlying analysis of what gaps in the offer new-build development might fill.

3.39   In this section we profile the current housing offer, considering the profile of stock of different types, sizes and tenures of homes, how this has been changing and how it varies across the relevant sub markets identified.

Tenure Profile

3.40   In 2011 there were 76,869 households in New Forest District and 14,627 households within the National Park.

3.41   A detailed profile of tenure mix can be gleaned from the 2011 Census. Like much of the South East, the tenure profile of the district is dominated by owner occupation. At 75%, the proportion of owner occupation in New Forest District is particularly high when compared to the South East. The National Park Authority area has an even higher representation of owner occupation, at 80% of households.

3.42   The percentage of social rent properties within New Forest District (11%) is a level slightly below the county and South East averages (13.8% and 13.7% respectively). Looking specifically at the National Park Authority area, social rented households are even lower; only 7% of the total.

3.43   The proportion of private rented households in New Forest District (12.1%) is broadly comparable to levels across Hampshire (12.5%) but a considerable margin below the regional level of 16.3%. There is a very limited representation of shared ownership tenure across the District; however, this is a trend which is not uncommon across the South East.

Figure 7:   Detailed Tenure Composition (2011)
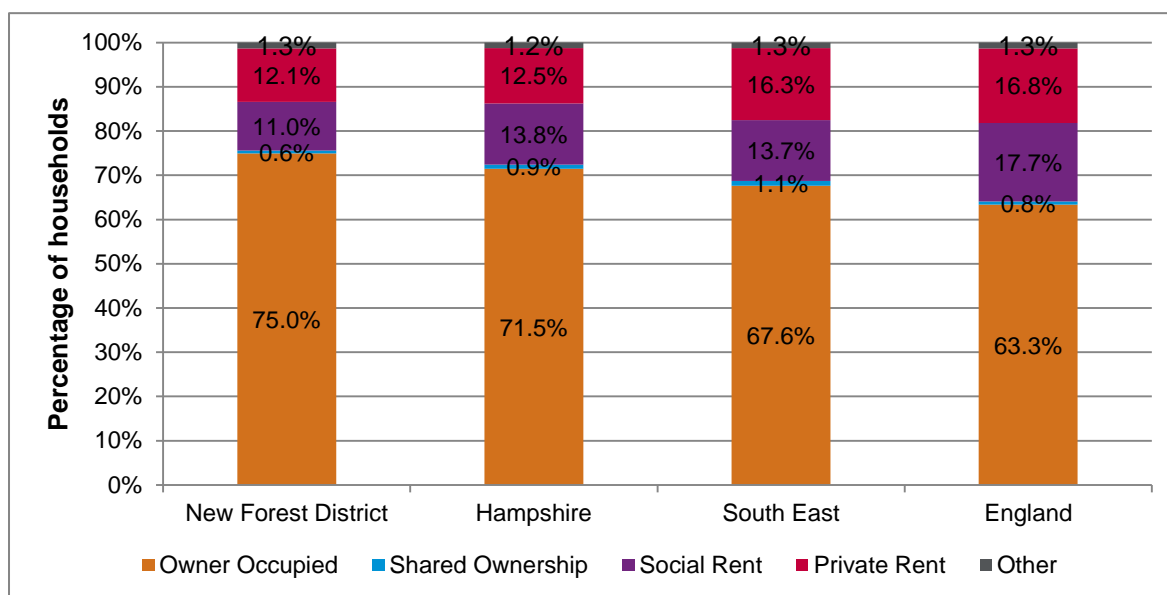
Source: Census 2011 KS402EW

3.44   There is some tenure variation across the different sub-areas within the New Forest District. The chart below compares the tenure profile across the National Park Authority Area and the other sub-areas within the District. In particular, it demonstrates that the National Park Authority Area has a notably higher representation of owner occupied households, almost 80%, whilst owner occupation in the Ringwood & the West sub-area (71.3%) is at a level more consistent with the profile across Hampshire.

3.45   The data also indicates a higher level of private rented households in the Ringwood & the West sub-area (15.5%), above the Hampshire average and only just below the South East level. The stock of social rent households is lower than county and regional levels across all of the sub-areas, albeit only slightly in the Totton & Waterside sub-area (13.1%). Representation of shared ownership tenure is low across all of the sub-areas.

Figure 8: Sub Area Tenure Breakdown (2011)
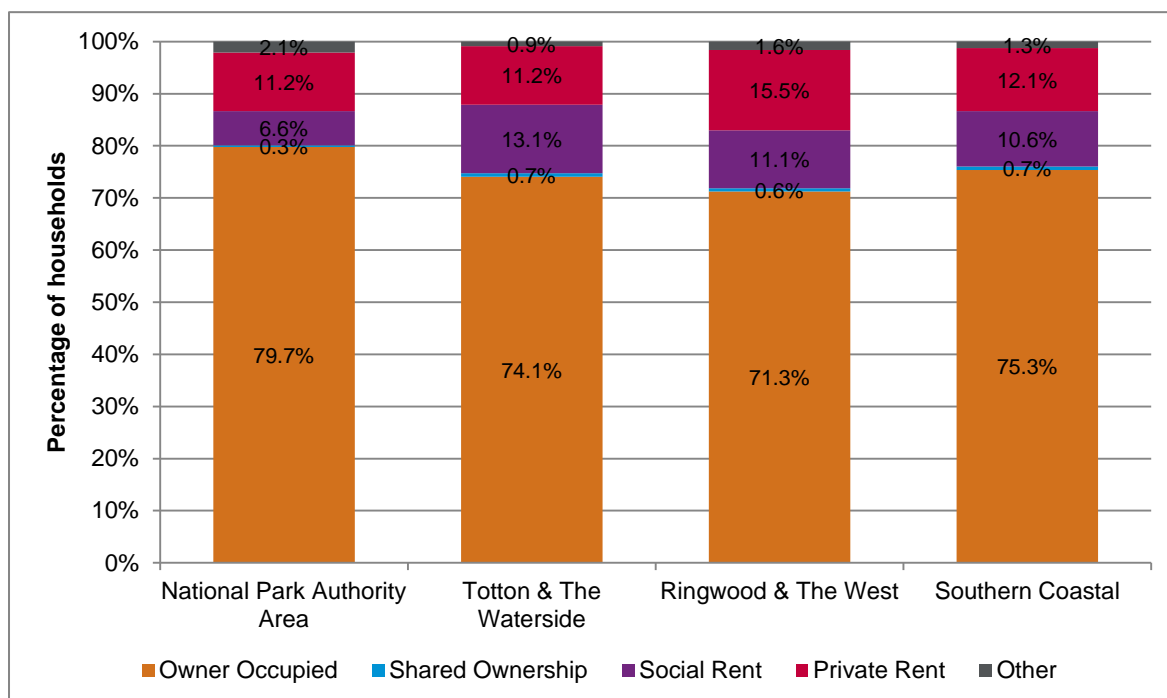
Source: Census 2011 KS402EW

3.46 Comparing data from the 2001 and 2011 Censuses indicates that there have been some changes in the tenure profile in New Forest District over the past decade; however to a lesser degree that across the wider South East region. Overall, the total stock in New Forest District has grown at a slower rate than across Hampshire more generally (6.7% compared to 8.5%). Growth has been particularly low in the National Park Authority Area (2.4%).

3.47 Looking at individual tenures, two in particular stand out. The shared ownership sector has grown by almost 57% over the past decade, albeit from a relatively low starting point. The private rented sector is an increasing important part of the housing market. New Forest District has seen around 78% growth in the private rented sector; broadly consistent with the level of growth seen in the sector across Hampshire and the South East.

Figure 9:   Change in Tenure Profile (%), 2001 – 2011
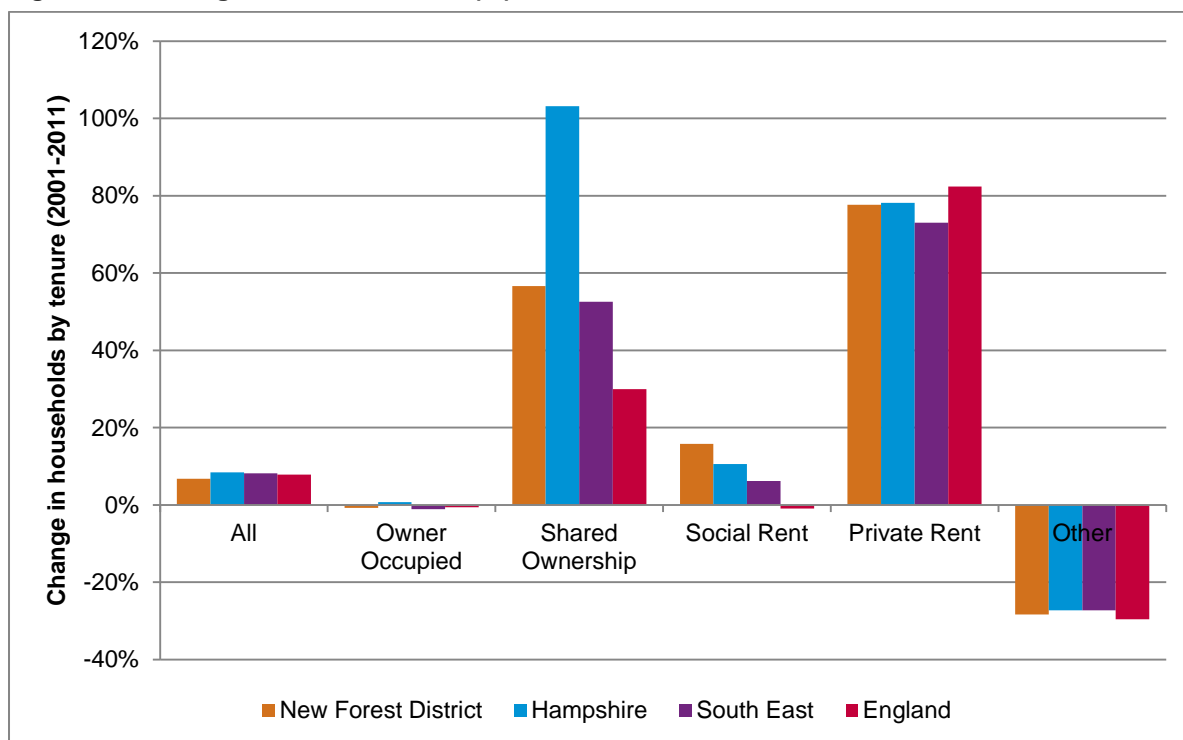
Source: Census 2001 UV43, 2011 KS402EW/ GL Hearn

3.48   We have also considered absolute changes in tenure across the various sub-areas (including the National Park Authority Area). This particularly demonstrates the large growth in the number of private rented properties across all of the sub-areas. The Private Rented Sector (PRS) has been the key growth sector within the housing market over the 2001-11 decade.

3.49   Furthermore, whilst there has been notable growth in shared ownership properties in percentage terms, actual gains in the stock have been relatively small (175 properties in New Forest District). Also interesting is the quite significant absolute fall in owner occupied properties in almost all sub-areas (the exception being the Southern Central area).

Figure 10: Change in Tenure Profile at Sub-Area Level (absolute stock changes), 2001 – 2011
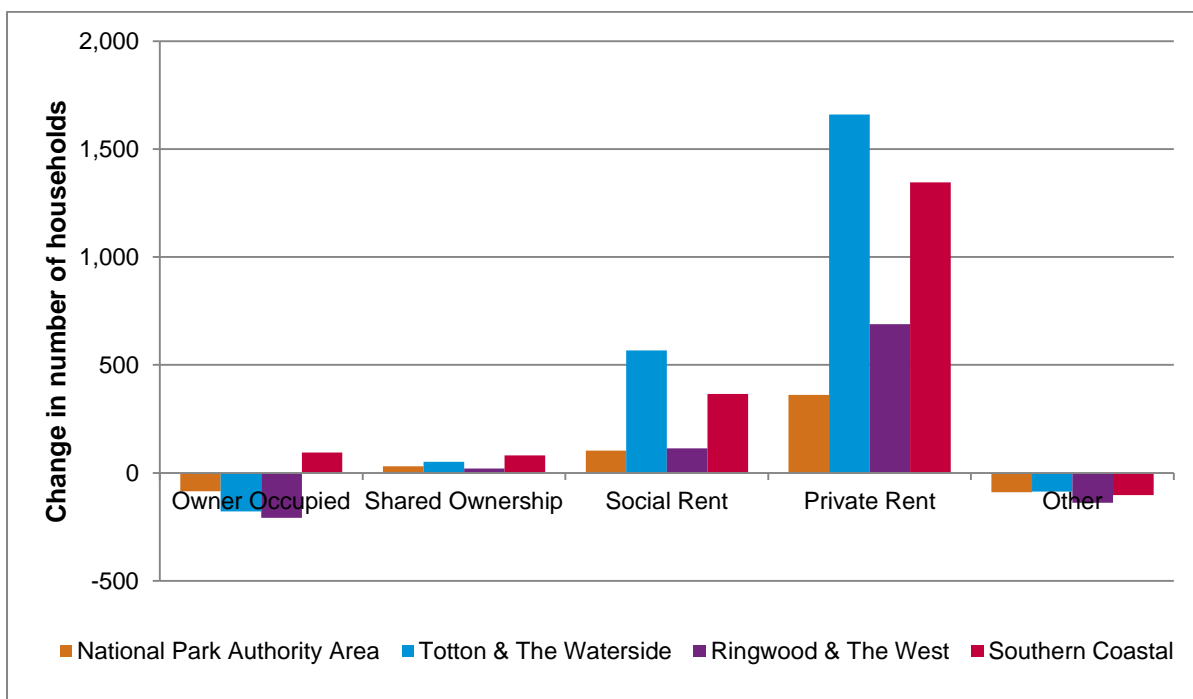
Source: Census 2001 UV43, 2011 KS402EW/ GL Hearn

House Types

3.50   Data on house types suggests the New Forest District market is strongly geared more towards family sized accommodation. The proportion of detached homes (46%) is significantly above the regional average (28%) and high compared to the Hampshire profile (35%). Whilst the proportion of semi-detached properties in the District is slightly below comparators, when combined with detached properties these types represent almost 70% of the total stock.

3.51   As a result, New Forest District has a comparatively lower proportion of terraced homes, flats and maisonettes relative to both the county and regional averages. Whilst this is perhaps to be expected given the comparatively more rural nature of much of the District, it does potentially serve to indicate a comparative modest stock of smaller homes accessible to younger and lower paid households in the district.

Figure 11: Profile of stock by type (2011)
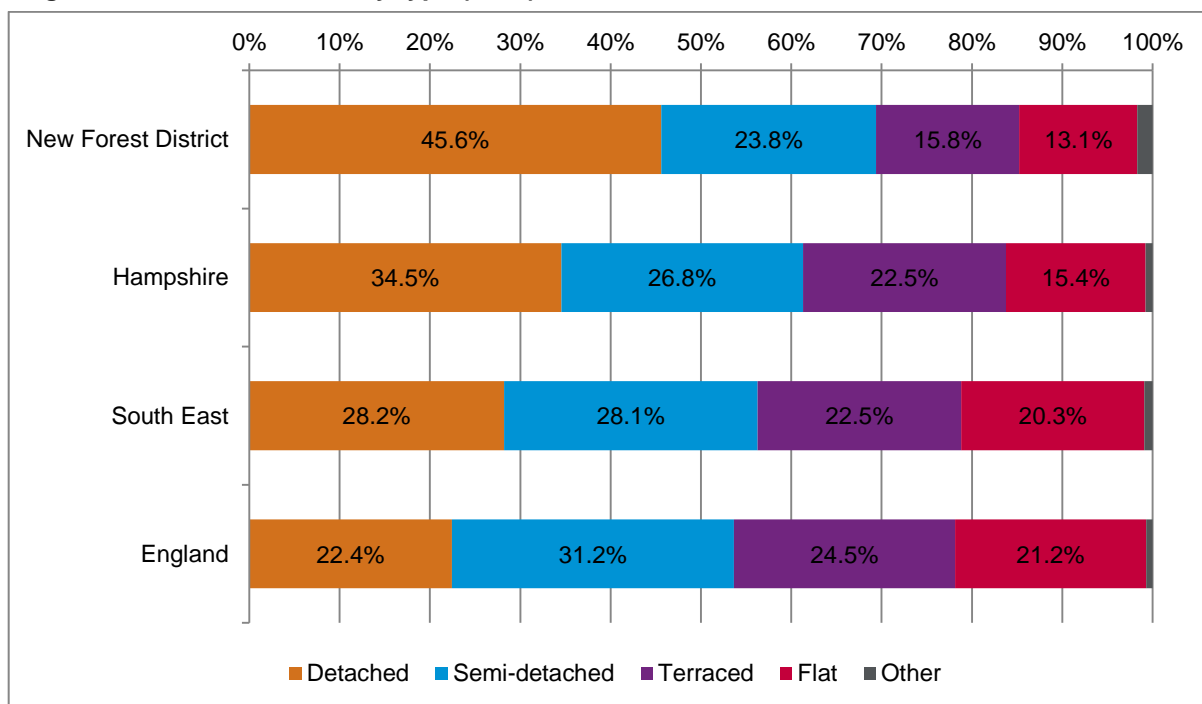
Source: Census 2011 KS401EW

3.52   Looking at the different sub-areas in the New Forest District we can see some variations in house types. The current stock within the National Park Authority Area is significantly skewed towards detached properties which account for two thirds of the total stock (67%), whilst semi-detached properties account for another 19%. Corresponding, the National Park Authority area has a very low proportion of smaller, denser property types (such as terraced or flats), compared to other parts of the District and wider comparators.

3.53   The Totton & Waterside sub-area has a somewhat more balanced housing mix. Whilst the proportion of detached properties is still higher than average for Hampshire, the proportion of semi-detached and terraced properties in the sub-area is broadly consistent with county and regional levels. There is a comparatively high representation of flatted stock in the Southern Coastal sub-area (18.6%), higher than the Hampshire average.

Table 8:   Sub-Area House Type Profile (2011)

	Detached	Semi-detached	Terraced	Flat	Other
National Park Authority Area	66.6%	19.0%	6.3%	6.1%	2.0%
Totton & The Waterside	37.1%	28.4%	21.9%	11.4%	1.3%
Ringwood & The West	45.7%	27.1%	12.4%	13.2%	1.7%
Southern Coastal	45.4%	19.1%	14.9%	18.6%	2.0%
New Forest District	45.6%	23.8%	15.8%	13.1%	1.7%

Source: Census 2011 KS401EW/ GL Hearn

Housing Size

3.54   The size mix of housing in New Forest District is relatively similar to Hampshire and the South East. 79% of households live in two and three-bedroom homes. There is a relatively modest proportion of 1-bed properties (8.4%); whist 22.6% of homes have four- or more bedrooms broadly consistent with the South East average.

Table 9:   House Size – Number of Bedrooms (2011)

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 or more bedrooms
New Forest District	8.4%	26.8%	42.0%	17.9%	4.7%
Hampshire	9.3%	24.1%	41.3%	19.6%	5.6%
South East	11.6%	26.2%	38.9%	17.0%	6.0%
England	11.8%	27.9%	41.2%	14.4%	4.6%

Source: Census 2011 QS411EW

3.55   As with house type, there is some variation in the housing size mix within the different sub-areas. The National Park Authority Area is characterised by a stronger focus towards larger properties, with 75% of homes having 3 or more bedrooms.

3.56   The Totton & Waterside area has a notably high proportion of 3 bedroom properties (48%). The Southern Coastal sub-area has the highest representation of smaller properties, with 1 and 2 bedroom properties accounting for 43% of homes in the area, markedly above the Hampshire, South East and even national level.

Figure 12: Sub-Area House Size Profile
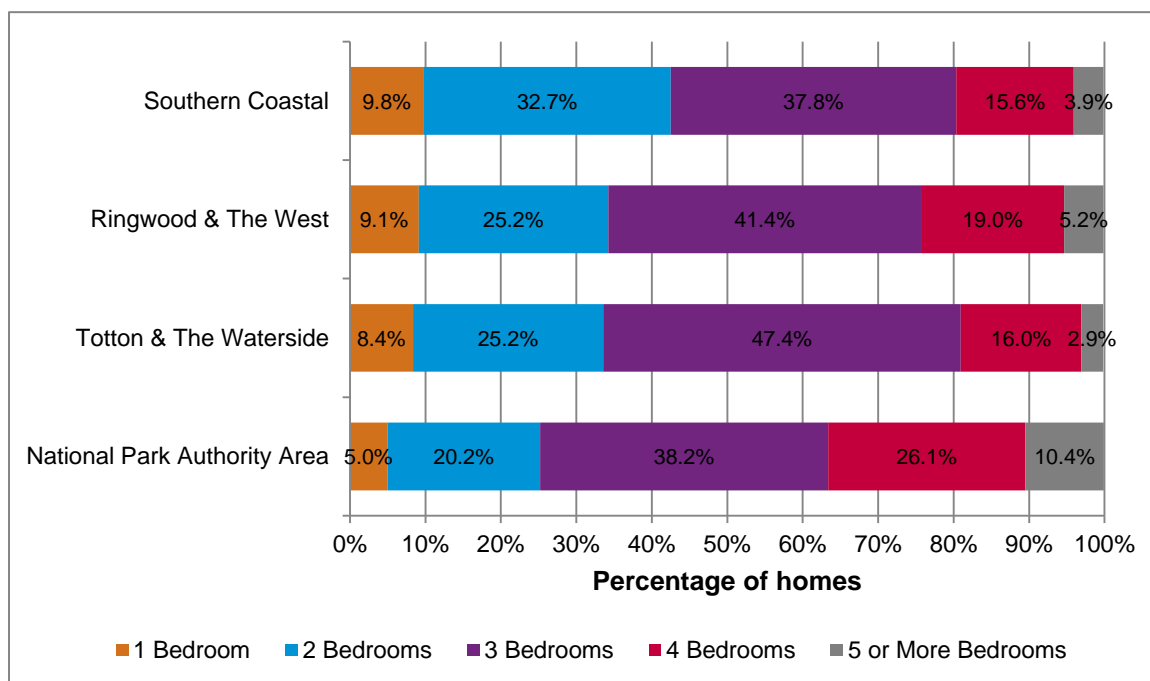
Source: Census 2011 QS411EW

Overcrowding and Under-Occupation

3.57   Studying levels of overcrowding/under occupation in the housing stock is an important part of the SHMA. It is particularly useful as an indicator of both housing need and possible mismatch between households and house sizes. The Planning Practice Guidance identifies overcrowding as a market signal of supply/demand balance for housing.

3.58   Data about overcrowding is available from the 2011 Census based on the 'bedroom standard'. This is defined by the difference between the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationships of the household members) and the number of bedrooms available to the household[7]. A household is defined as overcrowded if there are fewer bedrooms available than required by the bedroom standard.

3.59   Table 10 below shows that New Forest District experiences very low levels of overcrowding (2.3% - 1,786 households) compared to the county (2.8%), regional (3.8%) and England (4.8%) average.

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[7] This assesses the number of bedrooms needed so that no one has to share a bedroom unless they are a) a couple, b) both aged under 10, or c) aged under 21 and of the same sex. No more than two people should share any bedroom. The number of bedrooms available is assessed against this.

Table 10:   Overcrowding and Under-occupation (2011)

	Overcrowded (No.)	Overcrowded (%)	Under occupied (%)
New Forest District	1,786	2.3%	77.5%
Hampshire	15,533	2.8%	75.0%
South East	133,570	3.8%	70.7%
England	1,060,967	4.8%	68.7%

Source: Census 2011 QS412EW

3.60   Overcrowding is particularly low in the National Park Authority Area (1.7% - 250 households). The Totton & Waterside area has higher levels of overcrowding; however, at 2.7% this is still below even the Hampshire average.

3.60   The 2001 Census did not include an occupancy calculation based on bedrooms and as such it is not possible to draw a direct comparison in this regard. However, we have compare the room based occupancy measure (the 'occupancy rating') from the 2001 and 2011 Census. Occupancy ratings are a basic measure of overcrowding: they assume that all households should have one common room and there should be one additional room for each household member. Therefore a five person household living in a five room dwelling would be considered as overcrowded. No account is taken of family structures. Comparing the data from the 2001 and 2011 Censuses shows a modest increase in overcrowding (with the percentage of overcrowded households increasing from 3.9% to 4.5% - an increase of 642 households) across New Forest District over the decade. This compares favourably to the change seen across Hampshire (35%) and the South East (36%) over the corresponding period.

3.61   Looking at households who under-occupy homes, the 2011 Census data shows 77% of households have more bedrooms than they might need. In the private sector in particular households are able to occupy whatever size of homes they can afford, and size of homes relate more to age and wealth than what a household might 'need.' Whilst high levels of under-occupation are apparent across Hampshire and the South East, it is clearly more apparent in the New Forest District, reflecting the housing stock and the (older) age profile of the population. All of the sub-areas in the New Forest District experience levels of under-occupation which are at or above the Hampshire average (75%); however, the issue is particularly acute in the National Park Authority Area where just under 85% of homes are under-occupied.

3.62   An ageing population could mean what without intervention under occupancy of housing might increase. Whilst many older households will want to stay in existing homes, some households may choose to downsize where there is an appropriate supply of attractive housing available in the settlement or area in which they want to live. Downsizing is likely to be for instance from a 4-bed to a 2- or 3-bed home where there is good quality accommodation available locally. Housing policies can help to ensure that there is appropriate housing available for households who might wish to downsize.

Vacant and Second Homes

3.63   The 2011 Census provides data on the number of households with no usual residents. This can be used as a proxy for vacancy and second homes. The data indicates that there are just over 3,500 vacant and second homes in New Forest District in 2011, equivalent to 4.3% of the dwelling stock. This is notably above average for Hampshire (3.3%) and slightly higher than the level across the South East (4.0%).

3.64   Data from 2008 based on Council Tax returns (the latest published data) shows that there is a notable level of "second homes" in New Forest District with 2.3% of the stock at the time deemed to be a second home. This is significantly greater than the regional and national levels (1.0% and 0.9% respectively).

3.65   At the sub-area level, Census data shows particularly high levels of vacant/second homes in the National Park Authority Area and Southern Coastal Area (both 6.2%). Overlaying this with the 2008 Council Tax data shows that these high levels are likely to be particularly driven by above average levels of second homes (3.3% and 4.0% respectively). The Totton and Waterside sub-area has a particularly low level of vacant/second homes (2.0%).

3.66   Whilst the level of vacancy in New Forest District is slightly above that of the comparator areas, there is little evidence to suggest that it makes a significant contribution to liquidity or availability issues within the housing market. The issue of second homes could however be significant, and at a local level may influence availability of housing for other groups. However local councils have a limited ability to influence second home ownership. They can charge full council tax on second homes; however for most market housing within the area, neither the Council nor the National Park Authority can influence how buys existing properties. There are some exceptions, with for instance some examples of the implementation of local occupancy clauses on development schemes in other national parks.

Table 11:   Vacant and Second Homes

	Total household spaces	Household spaces with no usual residents	% Vacant/Second Homes	% Second Homes (2008)
New Forest District	80,332	3,493	4.3%	2.3%
National Park	15,591	964	6.2%	3.3%
Totton & The Waterside	30,159	613	2.0%	0.6%
Ringwood & The West	10,810	385	3.6%	1.1%
Southern Coastal	25,683	1,587	6.2%	4.0%
Hampshire	563,885	18,631	3.3%	*
South East	3,704,173	148,710	4.0%	1.0%
England	23,044,097	980,729	4.3%	0.9%

Source: Census 2011 QS417EW; Council Tax Returns 2008 *No data for Hampshire

Population Characteristics

Population Size and Growth Trends

3.67   The 2011 Census recorded that New Forest District had a population of just less than 176,500. Based on our defined sub-areas, the population of the District outside of the National Park is around 145,900 and the population of the wards falling principally in National Park Authority area (including those parts which extend outside New Forest District) is 35,300.

3.68   Detailed Census data available for National Parks indicates a population in the New Forest National Park of 34,922 in 2011.

Table 12:   Total Population, 2011

	Census Population (March 2011)
New Forest District	174,462
New Forest District (Wards outside National Park)	145,883 (est)
National Park Authority Area Wards	35,298 (est)[8]
Hampshire	1,317,788
South East	8,634,750
England	53,012,456

Source: Census 2011 QS103EW

3.69   We have benchmarked population change in New Forest District since 1982 to understand how historic population growth in the District compares to surrounding areas. What we can clearly see is that the New Forest has seen an average level of growth in population (0.72% p.a.) compared to Hampshire (0.74% p.a.), and slightly above average for the South East (0.67% p.a.).

3.70   However, the growth trend in the New Forest is somewhat more varied than wider comparators. The District saw particularly strong population growth in the 1980s – significantly faster than comparator areas - before levelling off in the early 1990s. Growth then increases rapidly again in the mid-1990s before continuing at a more modest level from the mid-1990s onwards. The divergence from wider population growth trends over the past decade is particularly notable, with New Forest District experiencing 0.40% per annum growth against 0.68% across Hampshire and 0.84% across the South East.

3.71   The trends in population are partly a function of changes in planning policy and levels of new development.

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[8] Based on estimates of ward population from 2011 Census.

Figure 13: Population Change (1982-2012)
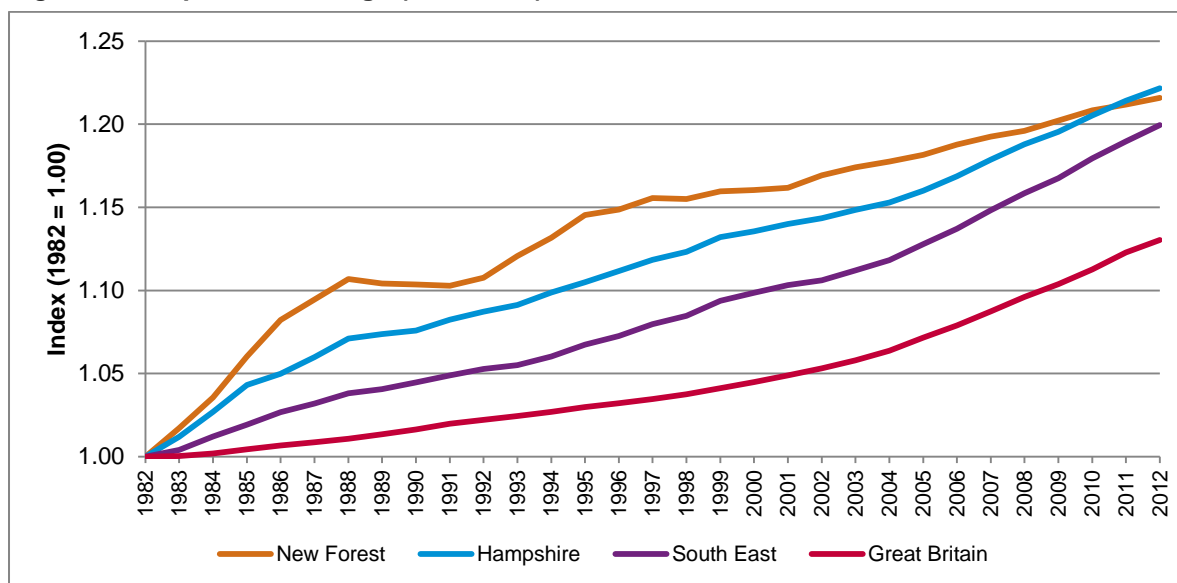
Source: ONS Mid-Year Population Estimates/ NOMIS

Population Structure

3.72   The population profile in New Forest is in general characterised by a notably older age structure than comparator areas. Around 20% of the District's population falls within the under 20 age categories, compared with around 24% across Hampshire and the South East. In addition, 25% of the population in New Forest District is over 65, whilst the corresponding figures for Hampshire and the South East are 18% and 17% respectively. The most prevalent age groups in the population are 60-64s (7.9%) and 45-49s (7.5%).

Figure 14: Population Structure by Five Year Age Bands (2011)
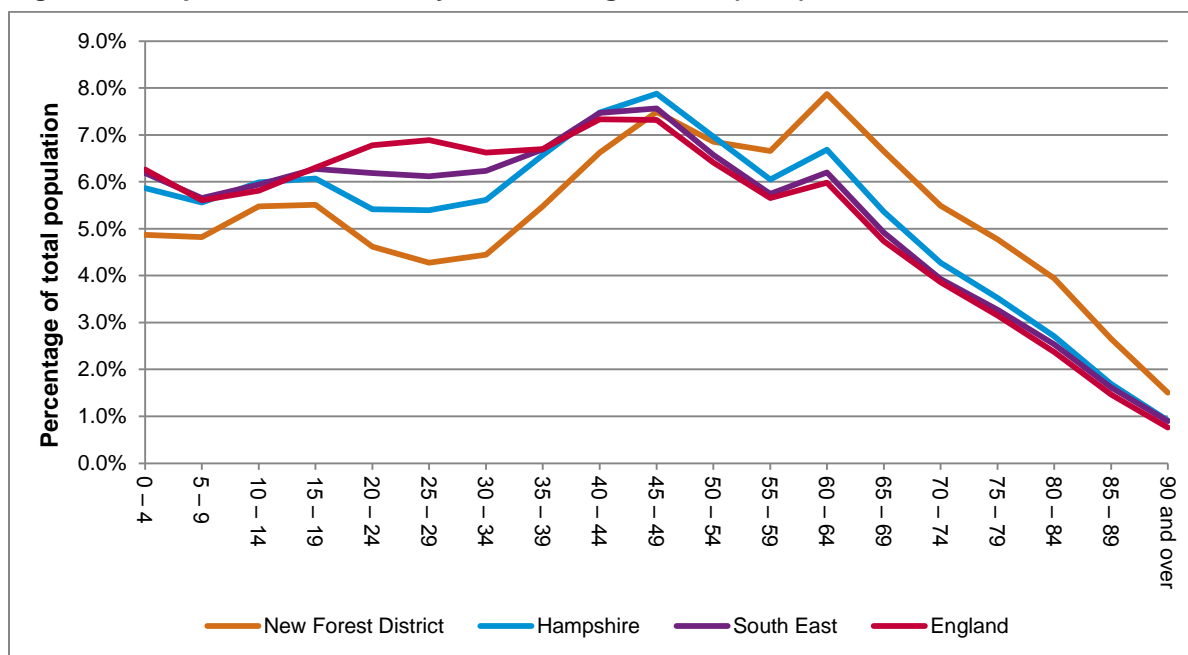
Source: Census 2011 QS103EW

3.73   At a more local level, there is some degree of variation in age profile across the various sub-areas in New Forest. The Southern Coastal and National Park Authority sub-areas both have a notably lower proportion of people in almost all of the under 40 age categories compared to the New Forest District profile. Correspondingly, these areas both have higher representation of older residents: the National Park Authority Area has a particularly high proportion of residents in the 50 to 65 age categories whilst the Southern Coastal area has a significantly higher proportion of over 60s (which account for 36% of the total population in the sub-area).

3.74   The population of the Ringwood sub-area quite closely matches the overall district profile, albeit with a slightly higher representation of children (age 0-19). The profile of population in the Totton & Waterside sub-area is notably younger than the District as a whole, with particularly notably higher proportions of residents in their 20s and 30s. The population in the Totton & Waterside sub-area closely matches the structure across Hampshire.

Figure 15:   **Sub Area Population Structure by Five Year Age Bands (2011)**
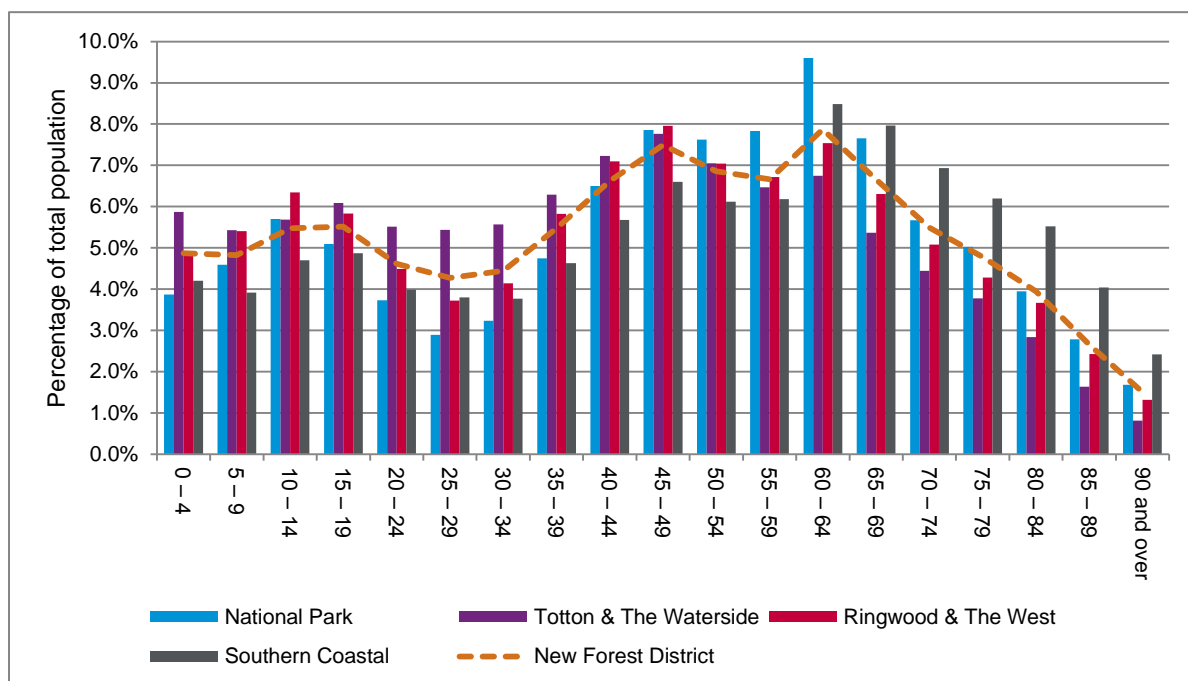
Source: 2011 Census QS103EW

3.75   Since 2001, New Forest District has seen population growth across a range of age groups (simply as a function of overall population growth). However, there are particularly notable increases in the those , in the 60 to 64 and 65 to 69 age groups as well as the over 85s category (linked to improved life expectancy), confirming a trend towards a strongly ageing population. Despite this, taken as a whole, growth in over 65s in New Forest District over the past decade (15%) has actually been less in percentage terms than that seen across Hampshire (21%).

3.76   The District has also seen quite substantial decline in some of the younger age brackets over the past decade; in particular children aged 5 to 14, but also middle aged residents in the 30 to 39 age bracket. Decline in the 30 to 39 age category in the New Forest (21%) has been particularly high compared to surrounding and wider comparators (Hampshire: 15%; South East: 9%).

Figure 16: Changes in Age Structure, New Forest District (2001-2011)
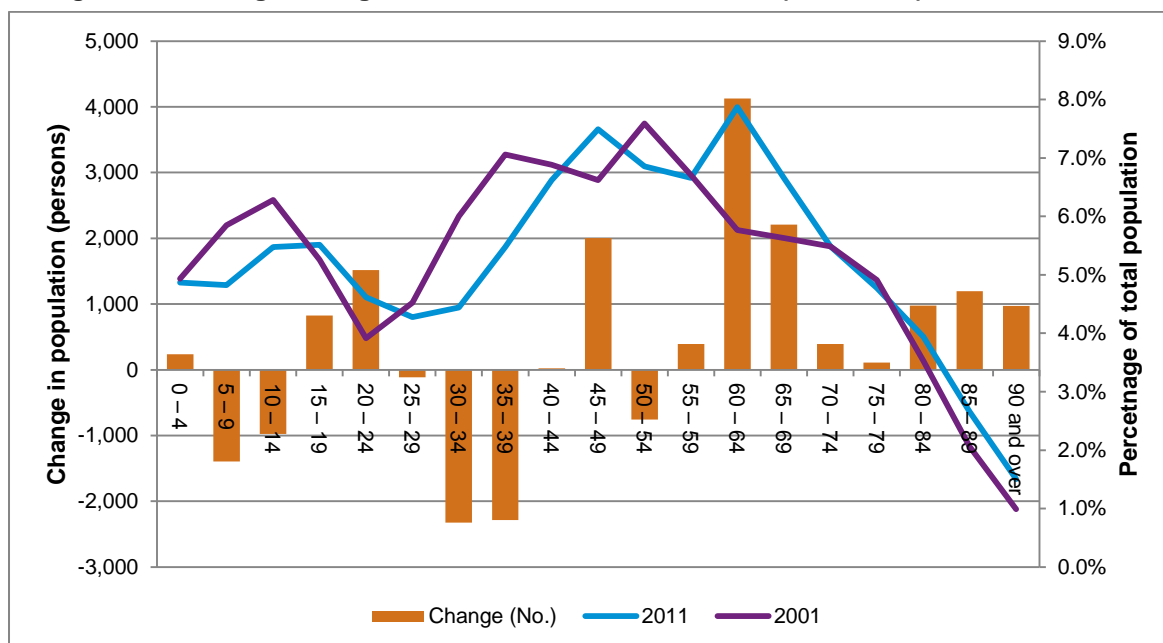
Source: Census 2001 UV04 and 2011 QS103EW

Household Composition

3.77   Compared to Hampshire and the South East more widely, the New Forest District has an above average proportion of single pensioner and pensioner couple households. It has a low proportion of single person households who are not pensioners.

Household Composition, 2011

	New Forest District		Hampshire	South East
	No	%		
Single Pensioner	12,423	16.2%	12.6%	12.7%
Single Non-Pensioner	9,787	12.7%	14.1%	16.1%
Family All Over 65	10,490	13.7%	10.3%	9.0%
Family : No Children	15,272	19.9%	20.4%	18.7%
Family with Dependent Children	17,662	23.0%	27.3%	27.1%
Family: All Children Non-Dependent	6,983	9.1%	9.3%	9.1%
Other Household Types	4,222	5.5%	6.1%	7.4%

Source; 2011 Census S53

Ethnic Profile

3.78   The table below profiles the population by ethnic group from the 2011 Census. In New Forest District, 95.6% of the population are White British/Irish. This is higher than the corresponding figure for Hampshire (92.5%) and significantly above the figure for the South East (86.1%). This pattern

and structure is common across all of the sub-areas within the New Forest area (including the National Park Authority Area).

Table 14:   Population by Ethnic Group – Local Authorities

	White British / Irish	White Other	Multi Ethnic	Asian / Asian British	Black/Black British	Arab / Other
New Forest District	95.6%	2.0%	0.9%	0.9%	0.3%	0.2%
Hampshire	92.5%	2.5%	1.4%	2.7%	0.6%	0.3%
South East	86.1%	4.6%	1.9%	5.2%	1.6%	0.6%
England	80.7%	4.7%	2.3%	7.8%	3.5%	1.0%

Source: Census 2011 QS201EW

3.79   Ethnic diversity has increased in New Forest District over the past decade (albeit marginally), with the proportion of White British/Irish residents falling from 97.4% to 95.6%.

3.80   The largest absolute increase in ethnic groups over the past decade in New Forest was still seen in the White British/Irish (3,812 people). There were however increases across BME groups including White Other (952 additional people) and Asian/Asian British (968 additional people) populations.

Figure 17: Change in Ethnic Composition (2001-2011)
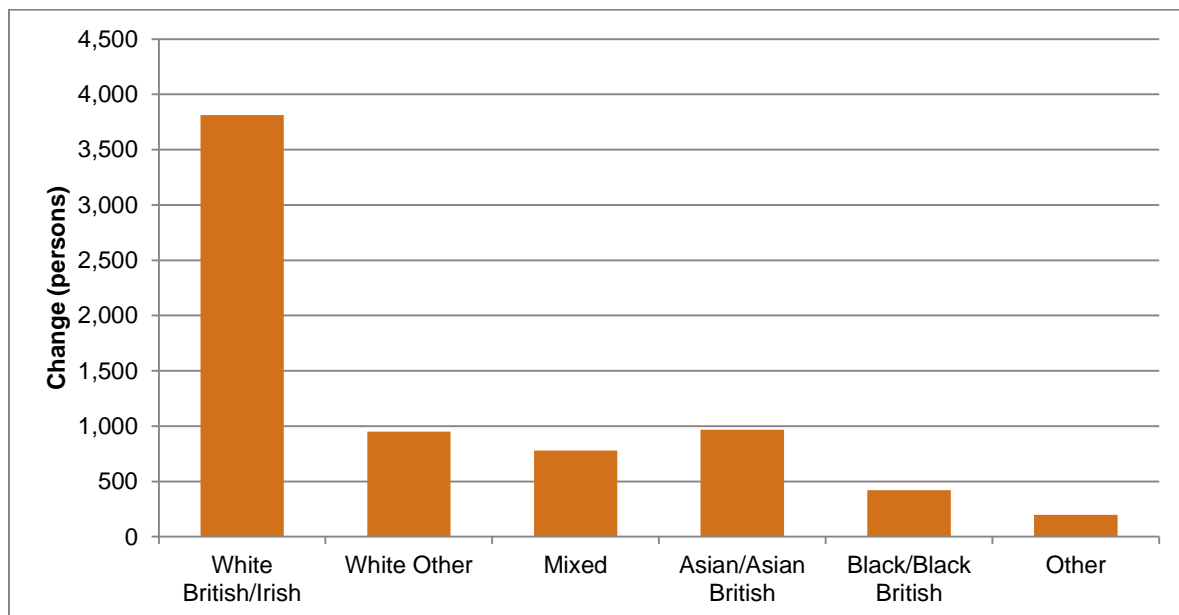
Source: Census 2001 UV09 and 2011 QS201EW (GLH Analysis)

Labour Market

Qualifications and Skills

3.81   The skills profile of New Forest District is slightly lower than across Hampshire and the South East. Around 27% of residents (aged over 16) have the highest level of qualifications (Level 4 and above); below the county and regional averages (both 30%). This is equivalent to degree-level skills. The District also has a higher proportion of residents with low (level 1) or no qualifications (35%), compared with 32% across Hampshire and the South East. The skills profile of the local population is likely to be somewhat reflecting the District's older age structure.

3.82   Looking at the various sub-areas, we can see that the National Park Authority sub-area (based on wards principally in the Park) has a more highly skilled population than the remainder of the New Forest District. Almost 37% of residents in the sub-area have the highest level of qualifications (level 4/degree), whilst only 29% have level 1 or no qualifications. Conversely, the skills profile in the Totton & Waterside and Southern Coastal sub-areas is identifiably lower.

Table 15:   Qualifications (2011)

	No qualifications	Other qualifications	Level 1	Level 2	Apprenticeship	Level 3	Level 4 or above
New Forest District	21.1%	4.2%	13.3%	16.7%	5.4%	12.0%	27.2%
Hampshire	18.5%	4.2%	13.6%	16.7%	4.5%	12.8%	29.7%
South East	19.1%	5.2%	13.5%	15.9%	3.6%	12.8%	29.9%
England	22.5%	5.7%	13.3%	15.2%	3.6%	12.4%	27.4%
National Park Authority Area	18.7%	3.9%	10.3%	14.9%	4.7%	10.9%	36.6%
Totton & Waterside	20.8%	4.1%	15.3%	17.7%	6.4%	13.4%	22.3%
Ringwood & The West	21.4%	3.6%	12.8%	16.4%	4.8%	11.7%	29.2%
Southern Coastal	23.2%	4.7%	12.6%	16.3%	4.9%	11.1%	27.3%

Source: Census 2011 QS501EW

Occupations

3.83   The comparative skills profile of the residents of New Forest District is somewhat reflected in terms of occupational level of those of working age. Around 41% of residents are employed in one of the top three occupational groups (managerial, professional or technical), slightly below the corresponding figures for Hampshire and the South East.

3.84   Whilst the proportion of residents in lower skilled occupations in New Forest District is similar to wider comparator areas, the District does have a comparatively high proportion of residents in skilled trades (14%), compared to 11% across the South East. The District also has an above average proportion of residents employed in care, leisure and other service occupations.

Figure 18: Occupational Profile (2011)
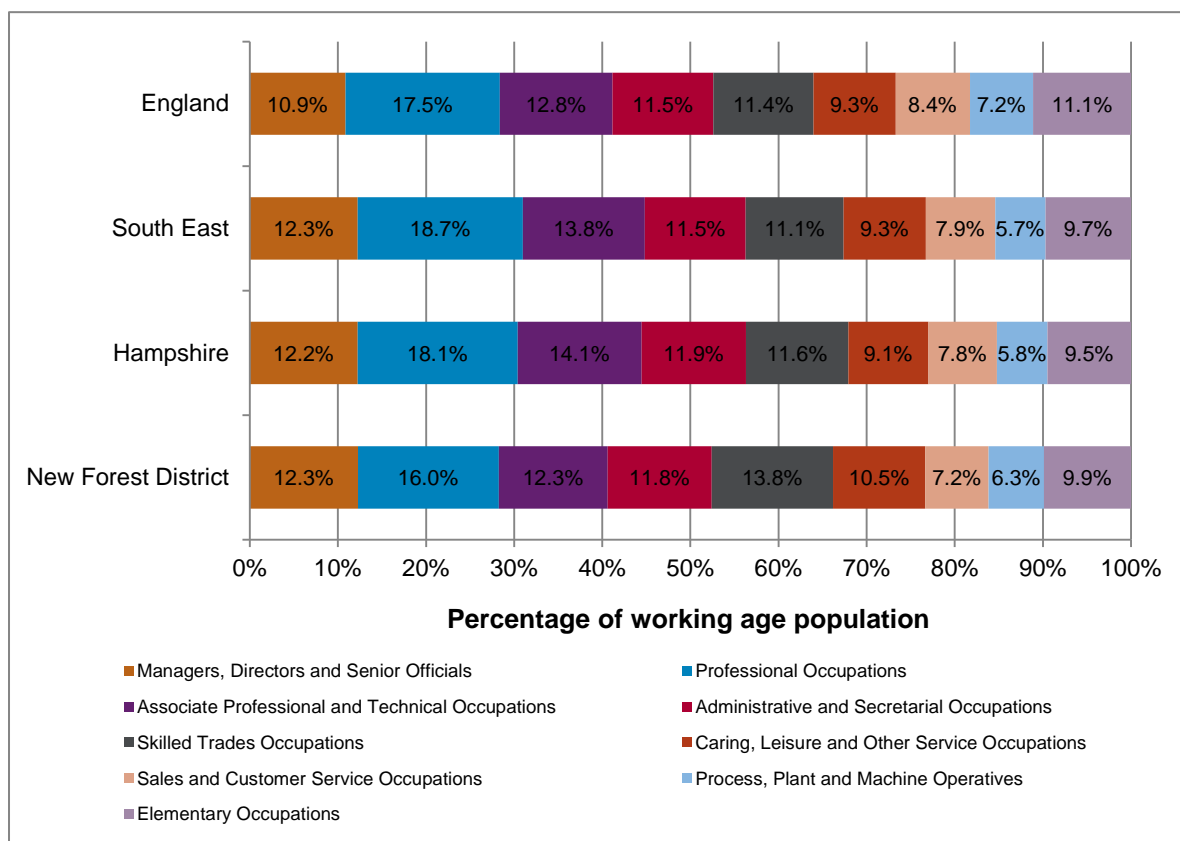
Source: Census 2011 KS608EW

3.85   At sub-area level, the data indicates that high proportion of residents in the National Park Authority Area are employed in higher level, higher income occupations (51% in the top three groups) compared to 41% across the District. The Totton & Waterside area in comparison has a high proportion of residents in low skilled jobs, with 19% of the working age population employed in elementary or process and plant occupations (compared to 16% across the District). There is a high representation of residents in caring and leisure occupations in the Southern Coastal area (12.7% compared to 10.5% across New Forest District.

Unemployment

3.86   The unemployment rate in New Forest District has risen gradually since 2004/05; a pattern broadly replicated across all of the comparison areas. Unemployment increased most markedly between 2009 and 2010, driven by the economic downturn and recession. Unemployment peaked in mid-2010 at 5.5% and has shown modest improvement since, whilst many of the wider comparators have remained broadly flat, suggesting that the labour market in the District is comparatively more resilient.

3.87   Current levels of unemployment in the District (4.8% of working age population) are slightly below the Hampshire average (5.1%) and significantly better than levels seen across the South East more generally (6.1%). 2011 Census data indicated that unemployment within the National Park was below that in New Forest District.

Figure 19: Unemployment Rate (2005 to 2013: three point moving average)
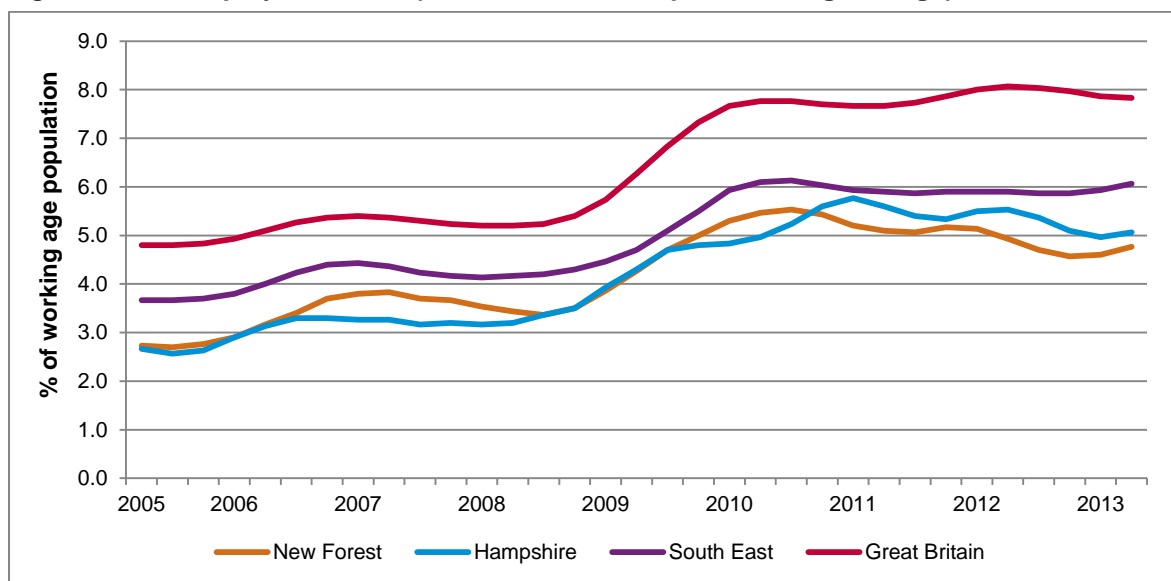
Source: Annual Population Survey/ NOMIS

Income and Earnings

3.88   Annual gross resident earnings (for those in work) in New Forest District (£28,200) are slightly below both the Hampshire average (£29,300) and the South East (£29,500); reflecting the skills and occupation profile identified.

3.89   It is useful to compare the incomes of full-time employed New Forest residents with those of people working in jobs located in the District. At around £24,800 the median income of New Forest "workers" is around £3,400 lower than the median income of New Forest "residents". This gap is notably higher than that seen across Hampshire and the South East more generally, most likely driven by the out-commuting of highly skilled residents to higher paid occupations in the South Hampshire area.

3.90   This quite notable divergence is important in market terms as there is a risk that house prices in the District are being influenced by those who work elsewhere and thus a risk that those in local employment (and thus contributing to the local economy), lower income workers and first time buyers could struggle to access the housing market locally.

Table 16:   Annual Workplace and Resident Earnings (2012)

	Median	
	Workplace	**Resident**
New Forest District	£24,833	£28,232
Hampshire	£27,927	£29,255
South East	£28,181	£29,491

Source: NOMIS/Annual Survey of Hours and Earnings 2012

Summary of Key Findings

Housing Stock

- The local housing market is dominated by owner occupation, similar to much of the South East. 75% of households are owner occupiers. Owner occupation is particularly high in the National Park Authority Area.

- The private rent sector within New Forest District is comparatively small compared to that seen across Hampshire accommodating 12.1% of households (2011). However, the sector has grown by around 4,000 households over the past decade, significantly more than any other tenure.

- The housing offer across New Forest District is dominated by detached and semi-detached properties which account for 74% of homes, albeit that the mix of properties of different sizes is relatively similar to that across Hampshire and the South East. . There is a particularly high proportion of detached properties in the National Park Authority sub-area. House type mix in the Totton & Waterside sub-area is more balanced. However, the mix of properties of different sizes is relatively similar in the District to Hampshire and the South East.

- Over three quarters (79%) of properties have 2 or 3 bedrooms. The proportion of 1 bedroom properties in New Forest District is below average, as we often find for less urban areas. There are variations in the mix of properties in different parts of the District, with a higher proportion of larger homes with 3 or more bedrooms within the National Park (75%); whilst the Southern Coastal Sub-Area has a housing mix focused more towards 1 and 2-bed properties (43%).

- The proportion of vacant/second homes in New Forest District is higher than Hampshire and South East averages. The District experiences comparatively high levels of second homes which are particularly prevalent in the National Park Authority sub-area and the Southern Coastal sub-area.

- There are very low levels of overcrowding in New Forest District. However, like much of South East, under occupation is particularly prevalent in New Forest District. The provision of high quality smaller property options to encourage downsizing, particularly of older households, could

be beneficial to secure greater liquidity of larger properties – the benefits of which are identified in the recent Demos (September 2013) research.[9]

Population and Labour Market

- The District has a higher than average proportion of over 65s and a notable representation of residents in age brackets approaching retirement age (e.g. age 45 to 65). There is clear evidence of an ageing population across New Forest District. Combined with the low proportion of young children, the population structure suggests more mature buyers and established families are likely to be more prevalent within the market.

- The National Park Authority and Southern Coastal sub-areas both have a notably older age structure whilst the profile in the Totton & Waterside sub-area is markedly younger than the District average and more akin to the structure across Hampshire.

- Ethnic diversity across the New Forest area is limited, more so than the Hampshire and South East averages.

- The skills profile of residents in New Forest District is slightly lower than the Hampshire and South East averages with 27% of residents having Level 4 and above qualifications. This translates into a slightly lower occupational profile. However, residents in the National Park Authority sub-area have a higher skills and occupational profile.

- Unemployment in New Forest District compares favourably to wider comparators. Unemployment in the District peaked in 2010 as a result of the recession but has recovered since, slightly more than across Hampshire and the South East more generally.

- There is a marked divergence in workplace base and residence based earnings in New Forest District with the former around £3,500 per annum below the latter. This reflects out-commuting to higher paid jobs.

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[9] The Top of the Ladder (Wood, 2013 – Demos): http://www.demos.co.uk/files/TopoftheLadder-web.pdf?1378922386

4   HOUSING MARKET DYNAMICS AND MARKET SIGNALS

4.1   In line with the Planning Practice Guidance, we have sought to analyse in detail housing market dynamics using a combination of quantitative and qualitative research. This section, initially reviews housing market dynamics including national and macro-economic drivers. This is then developed at District and sub-area level with quantitative analysis of local prices, sales volumes and affordability.

Overview of the Housing Market and Economy

4.2   This section, initially reviews housing market dynamics including national and macro-economic drivers and local prices and sales performance. This is then developed at a micro-level to provide a qualitative perspective on local housing market conditions, drawing on discussions with local estate and letting agents to understand housing market dynamics 'on the ground', at the time of preparation of this report.

Conceptual Framework

4.3   It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in the diagram below:

Figure 20: Understanding Housing Demand Drivers
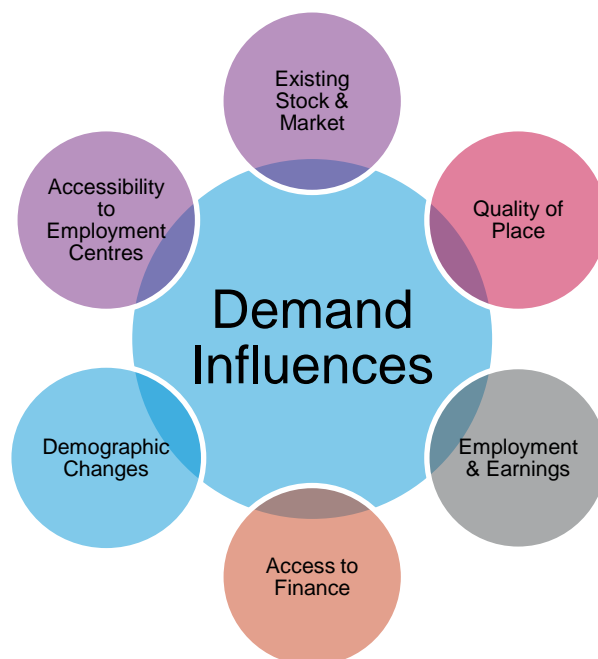
Source: GL Hearn

4.4   At the macro-level, the market is particularly influenced by interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the

macro-level). In the recent recessionary period, these macro conditions have been particularly prominent in driving the housing market.

4.5   The market is also influenced by the economy at both regional and local levels, recognising that economic employment trends will influence migration patterns (as people move to and from areas to access jobs) and that the nature of employment growth and labour demand will influence changes in earnings and wealth (which influences affordability).

4.6   Housing demand over the longer-term is particularly influenced by population and economic trends: changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products. People also move to an area to take-up jobs.

4.7   There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. These include:

- quality of place and neighbourhood character;
- school performance and the catchments of good schools;
- the accessibility of areas including to employment centres (with transport links being an important component of this); and
- the existing housing market and local market conditions.

4.8   These factors influence the demand profile and pricing within the market. At a local level, this often means that the housing market (in terms of the profile of buyers) tends to be influenced and consequently reinforce to some degree the existing stock profile. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.

4.9   Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Understanding the Macro-Level Dynamics

4.10   Macro conditions have been a key driver of housing market performance nationally over recent years. As the chart below illustrates, the UK economy experienced strong growth during the period from 2001 to 2008, consistently posting growth of 1-2% on a quarterly basis over the period.

4.11   However, over the 2008-13 period economic performance has been weaker. The starting point in the financial crisis and the associated economic downturn was the collapse of Lehman Brothers in September 2008. The UK economy moved into deep recession in 2008-09, posting negative growth for five consecutive quarters with particularly significant decline in early 2009.

4.12   The economy emerged from technical recession in late 2009/early 2010; however, during 2011 and 2012, the performance of the economy was weak at best, posting very modest and inconsistent quarterly growth as well as a number of periods of slight decline. 2013 has however seen the situation start to improve[10]; however, GDP at the end of Q2 2013 is still below its pre-recession level. In short, since 2008 the UK has seen both a deep (and double) recession and weak recovery (relative to previous recessions). That said, the situation is now starting to look more promising and both economic performance and the housing market have started to pick up.

Figure 21: UK Economic Growth, 2001-2013
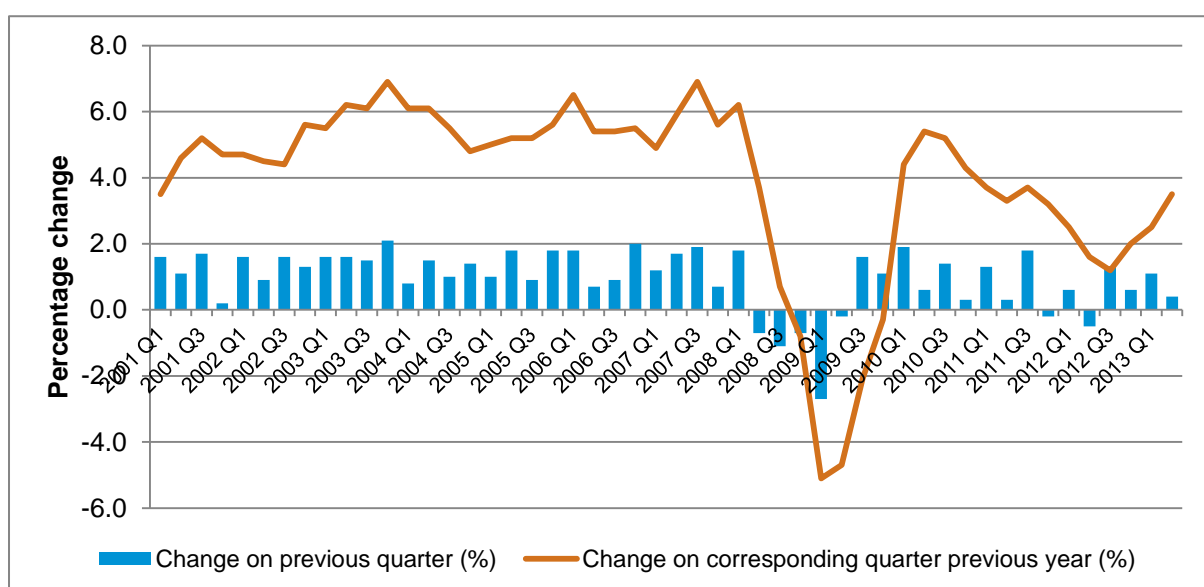
Source: ONS

4.13   One of the key triggers to the housing market downturn (and low sales volumes in recent years) has been low levels of mortgage lending – although to some extent a lack of buyer confidence has also played its part. The downturn in the world economy was led, to a large extent, by the sub-prime lending crisis in the United States and, from the onset of the economic downturn there was a 'credit crunch' with banks increasing the inter-bank lending rate (LIBOR). However, more significantly, banks sought to adjust their exposure to risk by adopting much more cautious lending practices to customers (including home purchasers, landlords, residential investors and developers). This sharply reduced liquidity in the financial markets and credit available and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased 'barriers' to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.

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[10] With for instance the content data indicating 0.7% growth in GDP in Q2 2013.

4.14   There are a number of reasons why lenders have been reluctant to lend on the scale they did before 2008:

- The number of mortgage "outlets" (lenders) has fallen, as a result of both major and smaller tenders exiting the market (e.g. Northern Rock/Bradford & Bingley) and due to a further concentration in the banking and building society sector resulting from mergers and rescues (e.g. HBOS taken over by Lloyds/various building societies acquired by Nationwide). This has reduced competition in the mortgage market.

- Tighter regulation has meant that all banks and building societies have had to hold more core capital at a time when many have had write off significant amounts of debt or make financial provisions for bad debts. Tighter lending criteria has also closed a number of markets such as interest only and self-certified products.

- Access to wholesale finance for mortgage lenders has reduced considerably, as lenders have repatriated funds to their country of origin. Issuance of Residential Mortgage Back Securities (RMBS), which was a key means by which mortgage lenders could 'sell on' mortgages and free up their balance sheet to make further loans, has almost disappeared completely.

4.15   The tight lending criteria initiated by the credit crunch have continued to have an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance functioning as a notable constraint on effective demand for market homes. As the figure below demonstrates, there was virtually no evident recovery in lending over the period to Spring 2013. Transactions volumes and mortgage lending have finally started to improve during the course of 2013 and into 2014.

Figure 22: Number of Loans Secured on Residential Property by Purpose (2000 Q1-2013 Q2)
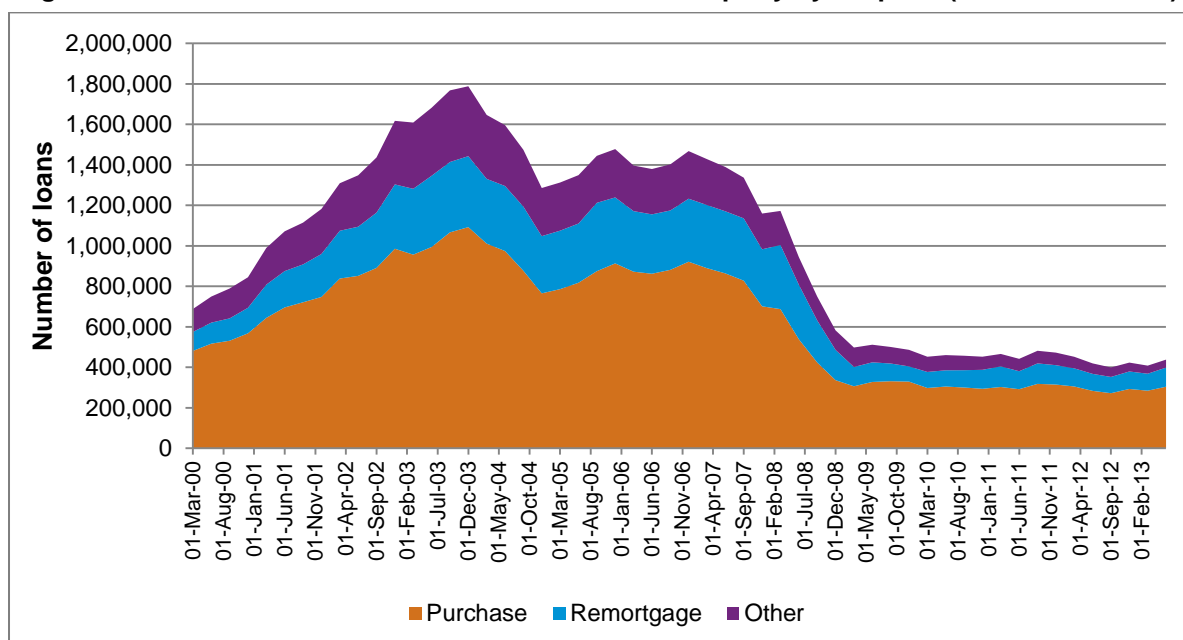
Source: Bank of England

4.16   The impact on first-time buyers (FTB) has been particularly notable. Advances to first time buyers at the peak of the market represented approaching 85% LTV; however, this fell sharply post-2008 and

in 2011 stood at around 73%. There has however been a gradual improvement in the proportion of FTB with a deposit of 10% or less (albeit that for these loans the interest rates charged are often punitive), with 25% of FTBs putting down a deposit of 10% of less in early 2013.

Figure 23: Trends in Gross Mortgage Lending and First Time Buyer LTV Ratios (2002-2011)
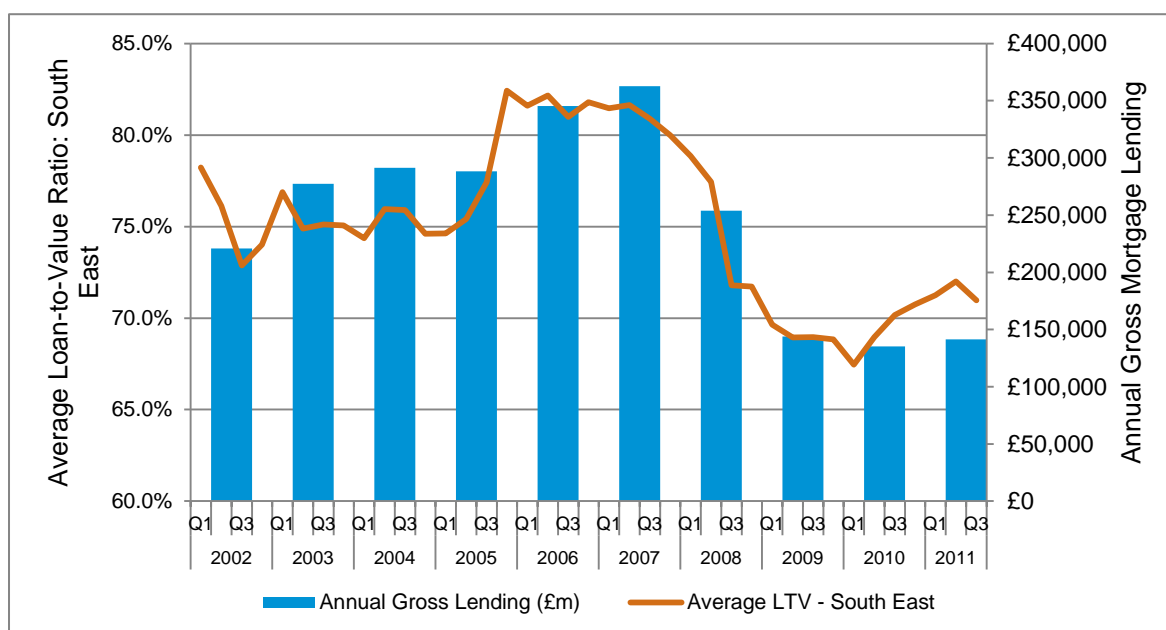
Source: Council for Mortgage Lenders

4.17   Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

4.18   Over the past three years the Government and the Bank of England has sought with limited success to improve access to mortgages and stimulate bank lending to both businesses and to individuals seeking mortgages. The Bank of England introduced a new scheme, Funding for Lending (FfL) in July 2012. FfL provides cheap funding to banks and building societies to support lending to businesses and to mortgage borrowers.

4.19   Unlike previous schemes, banks are incentivised to lend, and there has been much reportage that this is flowing through into mortgage lending. FfL certainly seems to have reduced the cost of new mortgages, but as shown in Figures 20 and 21, up to June 2013 there is no evidence of a significant upturn in the overall value or volume of mortgage lending for home purchase.

4.20   However, it does seem probable that over the second half of 2013, the data will show an increase in mortgage lending, due to the combined effect of Funding for Lending and the new build equity

purchase aspect of Help to Build (discussed below). Press reportage of increases in mortgage lending often focuses on short term increases in lending by means of quarter by quarter or annual comparisons, which ignore the huge drop in mortgage volumes and values since 2006-07.

4.21   Thus reported increases in mortgage lending compared to a year ago are welcome signs of a recovering housing market; but they can often ignore the sheer scale of the decline in mortgage lending after 2007.

Mortgage Costs

4.22   For those with a sufficient deposit, housing is now actually relatively affordable given the reductions in the value of homes since the peak of the market in 2007 and low interest rates by historic standards. Figure 22 demonstrates the trend in mortgage interest rates over the past 15 years.

Figure 24: Interest Rates
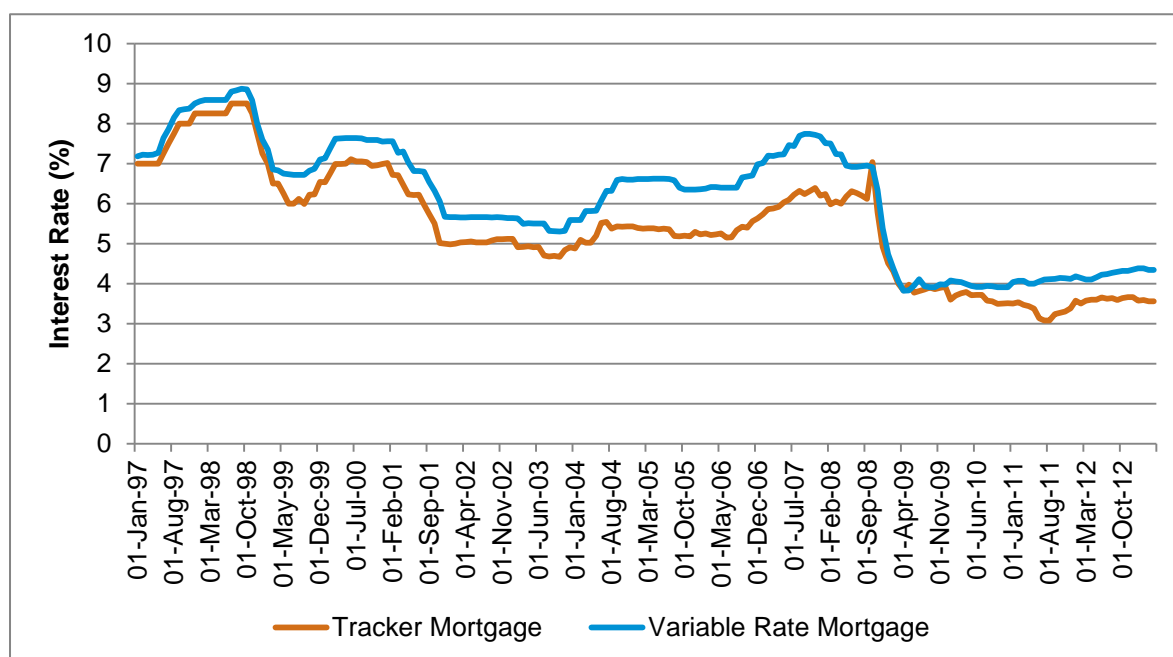
Source: Bank of England Statistics

4.23   A key indicator of the affordability of market housing is the balance between housing costs (i.e. mortgage payments) and incomes. Data for Q1 2013 shows that, whilst in the South East (35%) mortgage repayments account for a far greater proportion of salary than across the UK (27.8%), this is significantly down on the peak of the market in Q3 2007 when mortgage repayments were on average 55.8% of gross income across the region. In actual fact, by this measure housing is now as "affordable" as it was in the late 1990s.

Figure 25: Mortgage Payments as a % of Monthly Income
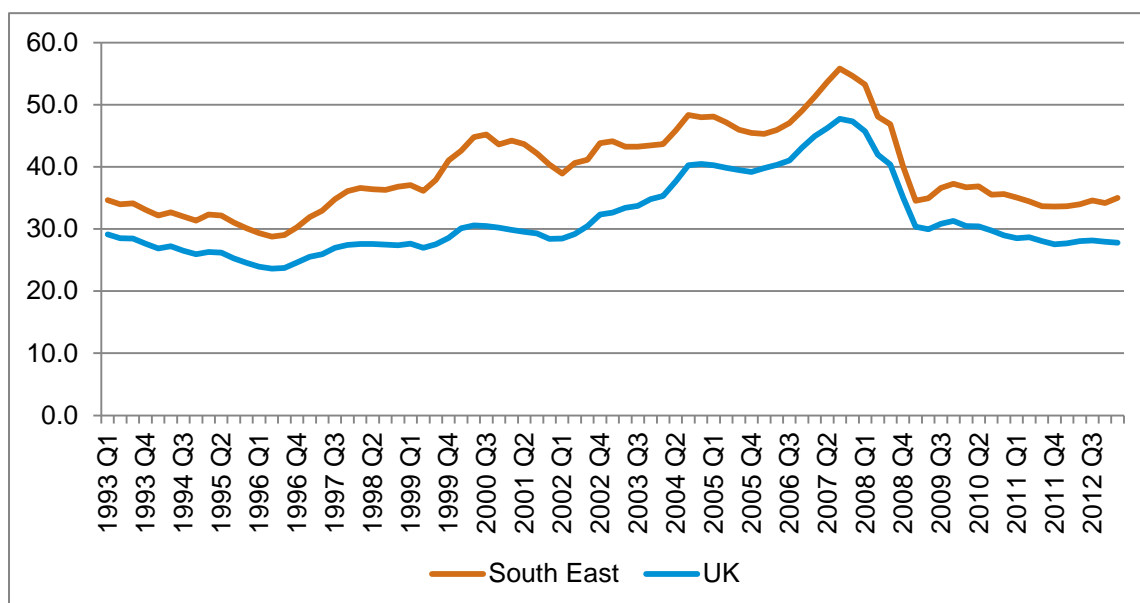
Source: Halifax House Price Index

4.24   Household savings are thus an important factor which can influence the ability of households to purchase homes. The Government's 'Help-to-Buy' Scheme has targeted this. The housing market is however likely to be sensitive to future interest rate rises which may impact on households' ability to service mortgages.

4.25   Market sales are also influence by investment activity - that is properties bought to be rented privately. The buy-to-let sector was like other sectors of the market hit by the credit crunch. It is however recovering and continues to grow, with the Council for Mortgage Lenders indicating that by the end of March 2013 buy-to-let lending accounted for 13.4% of total outstanding mortgage lending in the UK - up from 13% the previous quarter and 12.9% at the end of the first quarter of 2012. This is partly related to improved access to finance. With growth in rents over the last few years and lower capital costs for house purchases, housing represents an improved investment proposition (the yield has improved). There is also evidently occupier demand (nationally) from a combination of demographics, modest new-build and restrictions on home purchases.

4.26   In addition to "buying activity", data also shows that mortgage possessions have been falling (no doubt supported by low interest rates). The Council of Mortgage Lenders in February 2013 stated that the number of possessions held by lenders in 2012 was at the lowest level for 5 years[11]. The trend in mortgage arrears is also downwards.

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[11] https://www.cml.org.uk/cml/media/press/3422

Local Demand Indicators and Market Signals

4.27   Having discussed in detail the macro-conditions which exist now and prior to the recession, we now turn to consider local indicators of housing market performance. Our approach seeks to analyse key market data, particularly focussing on those market signals identified in the Planning Practice Guidance.

House Prices

4.28   Across New Forest District, the average (mean) house price in 2012 was £289,490 whilst the median was £245,000[12]. Allowing for mix-adjustment, the average price in New Forest District is estimated to be £224,800 (based on sales from April 2012 to March 2013)[13].

4.29   Figure 26 below profiles house prices in New Forest District and wider comparators from 1998 to 2007 (i.e. the pre-recession decade). Throughout the period, we can see that in absolute terms median prices in the New Forest District have tracked above the county and regional averages.

4.30   In terms of growth, all areas experienced substantial increases in house prices, reflecting the high levels of demand against supply. However, house price growth in New Forest District between 1998 and 2007 was slightly faster than county and regional levels, growing at 204% over the decade (20.4% p.a.) compared with 181% across Hampshire and 188% across the South East, indicating comparatively greater supply/demand imbalance in New Forest District.

Figure 26: Median House Price (1998-2007)
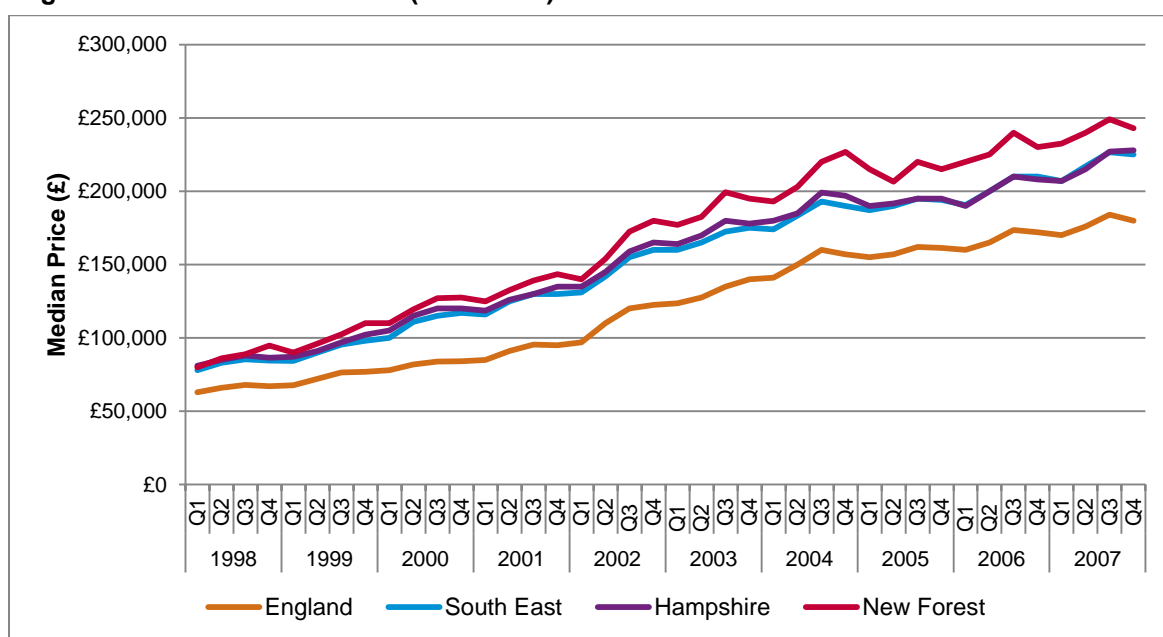
Source: DCLG Live Tables: Land Registry Data

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[12] CLG Live Tables 585 & 586
[13] Based on HMLR Price-Paid Data

4.31   Since 2007 trends in house prices have been vastly different as a result of the economic backdrop. All areas posted price falls in late 2008/early 2009 at the onset of the recession with prices in New Forest District falling by almost 14% from peak to trough. This fall was however markedly below the county and regional falls of 17%, suggesting slightly greater market resilience. This is likely in part to reflect a demand profile less reliant on first-time buyer and investment purchases.

4.32   The data shows that the market effectively "bottomed out" in early-mid 2009 and, following modest price rises in late 2009/2010, have plateaued across most areas. Compared to the peak in mid/late 2007, the median house price in New Forest District in late 2012 was around 0.4% up, whilst across Hampshire more generally prices have recovered to around 3% above their peak levels. However, in real terms (stripping out inflation), it is likely that price falls are actually more significant than the data suggests, with the value of housing falling over this 5 year period.

Figure 27: Median House Price Trends 2008 – 2012
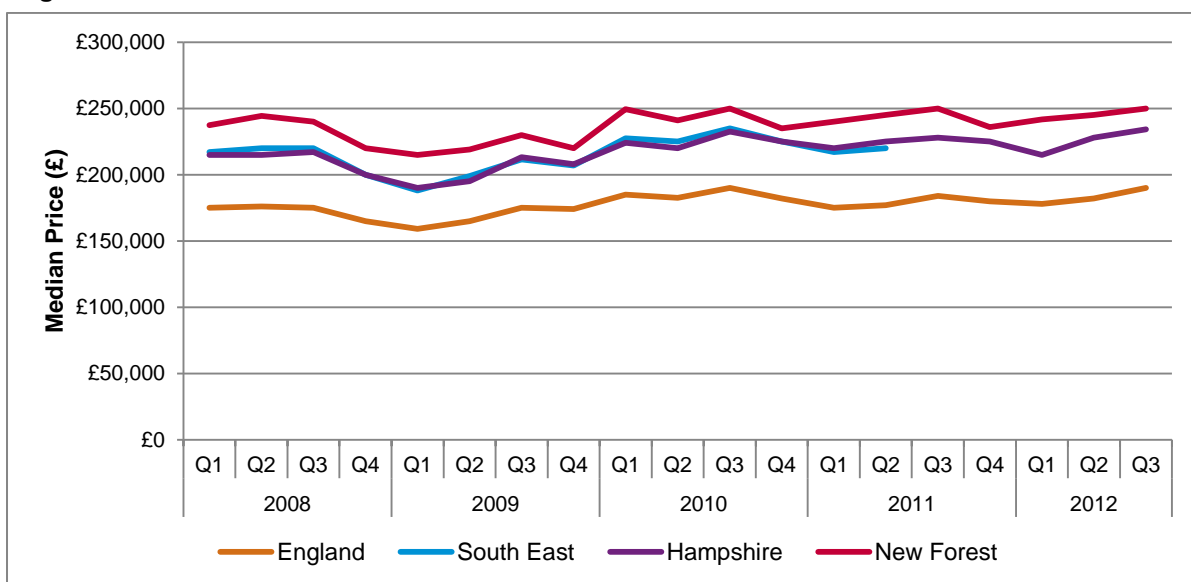
Source: CLG Table 582 – Median House Prices (Quarterly)[14]

4.33   The table below shows the comparative average house price by housing type for New Forest District and wider geographies between April 2012 and March 2013. This confirms that, in broad terms, pricing levels in the District are markedly above both the Hampshire and South East averages. Overall median price in New Forest District over the past year was around 39% above the county and regional median.

4.34   In terms of property types, the price differential for flats and terraced properties in New Forest District compared to wider comparators are highest (between 30 and 40%) whilst differentials for

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[14] Data set for South East is no longer produced by DCLG

semi-detached and detached properties are modest at between 10 and 20%. This suggests greater relative demand in the local market for flat and terraced properties (i.e. thus smaller/cheaper properties) in the District.

Table 17:   Average House Prices (2012/13)

	New Forest District		Hampshire	South East
	Mean	**Median**	**Mean**	**Mean**
Detached	£379,800	£320,000	£345,300	£363,900
Semi-detached	£243,200	£218,000	£199,100	£206,900
Terraced	£217,500	£186,000	£163,500	£163,100
Flat	£172,900	£153,300	£124,000	£129,200
Overall	£289,500	£245,000	£208,300	£208,700

Source: GLH Analysis of HM Land Registry Price Paid Data

4.35   Differences in house prices across the sub-markets can also inform us about relative demand in different areas for different housing products. The table below indicates quite substantial variation in pricing across the various sub-areas in the New Forest area.

4.36   The National Park Authority Area experiences by far the highest average prices across all property types. In particular, the areas experiences comparatively high prices for detached and semi-detached properties.

4.37   The Totton & Waterside area has the lowest pricing profile, with the overall average price almost half that of the National Park Authority area (however it is recognised that this will be skewed by the mix of sales). Looking at individual property types, the area experiences particularly low prices for detached and terraced properties.

Table 18:   Median House Prices by Sub Area and Type (2012)

	Detached	Semi-detached	Terraced	Flats	Total
National Park Authority Area	£460,000	£275,000	£246,500	£198,000	£387,500
Southern Coastal	£335,000	£240,000	£222,500	£169,000	£270,000
Ringwood & The West	£320,000	£229,100	£200,000	£147,500	£245,000
Totton & Waterside	£250,000	£193,000	£168,000	£140,000	£196,800

Source: HM Land Registry

Sales Volumes

4.38   Sales volumes are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand. The chart below benchmarks annual sales across New Forest District and wider geographies over the 1998 to

2012 period. It uses an index where 1 is the average annual sales over the 1998-2007 decade (prior to the credit crunch).

4.39   The graph illustrates the significant impact of the economic downturn and subsequent "credit crunch" on effective demand. Across New Forest District - and for that matter all of the comparator areas - the number of transactions halved between 2007 and 2008 as buyers withdrew from the market due to the economic uncertainties and lack of mortgage finance.

4.40   Since the recession, the data shows that the recovery in sales and demand has been relatively modest. Between the bottom of the market in 2008 and 2012, sales volumes in New Forest District increased by around 10%, significantly above the 3% recovery seen across Hampshire but similar to the recovery across the South East more generally (also 10%). This does suggest that the local market has recovered somewhat faster than other areas, in part reflecting the profile of buyers in the local market (i.e. established households and limited reliance on first time buyers).

Figure 28: Indexed Analysis of Sales Trends (1998 – 2012)
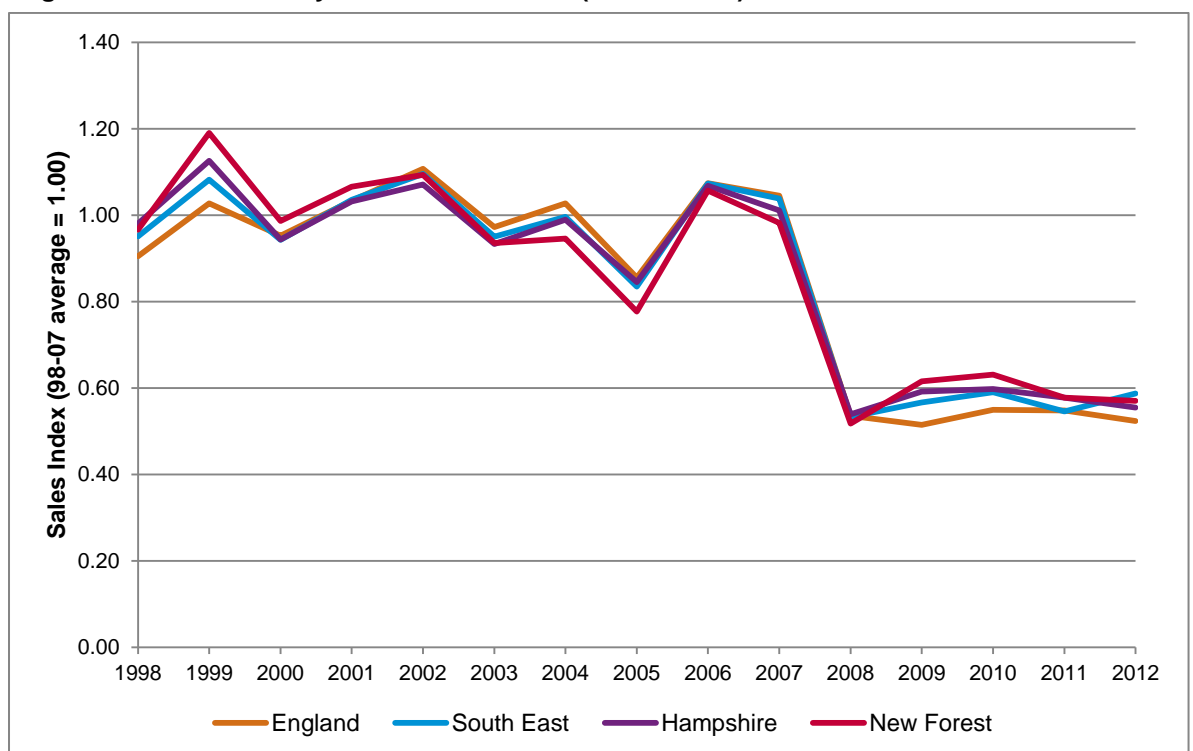
Source: DCLG Live Tables; Land Registry Data; GLH Analysis

4.41   The downturn in sales volumes over the period since 2008 is likely to be reflected, at least in part, by reduced levels of new household formation, with households remaining with parents in in shared accommodation for longer.

Private Rental Values and Trends

4.42   The Planning Practice Guidance also directs consideration of private rental trends and average rental prices as indicators of local market dynamics and pressures. ONS provides a monthly index of movement in private rental values from which we can see trends across the South East. As the chart below demonstrates, rental price growth across the region has been relatively modest since 2011, registering at approximately 3%, slightly above the national average of around 2%.

Figure 29: ONS Regional Private Rental Index (2005-2013: 2011=100)

Source: ONS Private Rental Index

4.43   Analysis of Valuation Office Agency private rental market data allows us to drill down to examine local trends in rental levels. Across Hampshire, the data indicates growth in the median rental value since 2011 which is slightly below the regional trend at around 3%. New Forest District has seen growth in private rents broadly consistent with that seen across the county (3.5% growth over the corresponding period) with current median rents of £725pcm compared to £700pcm in 2011.

4.44   In absolute terms, rental levels in New Forest District are around £25pcm below the county and South East averages as Figure 30 demonstrates.

Figure 30: Median Monthly Private Rents (2011-2013)
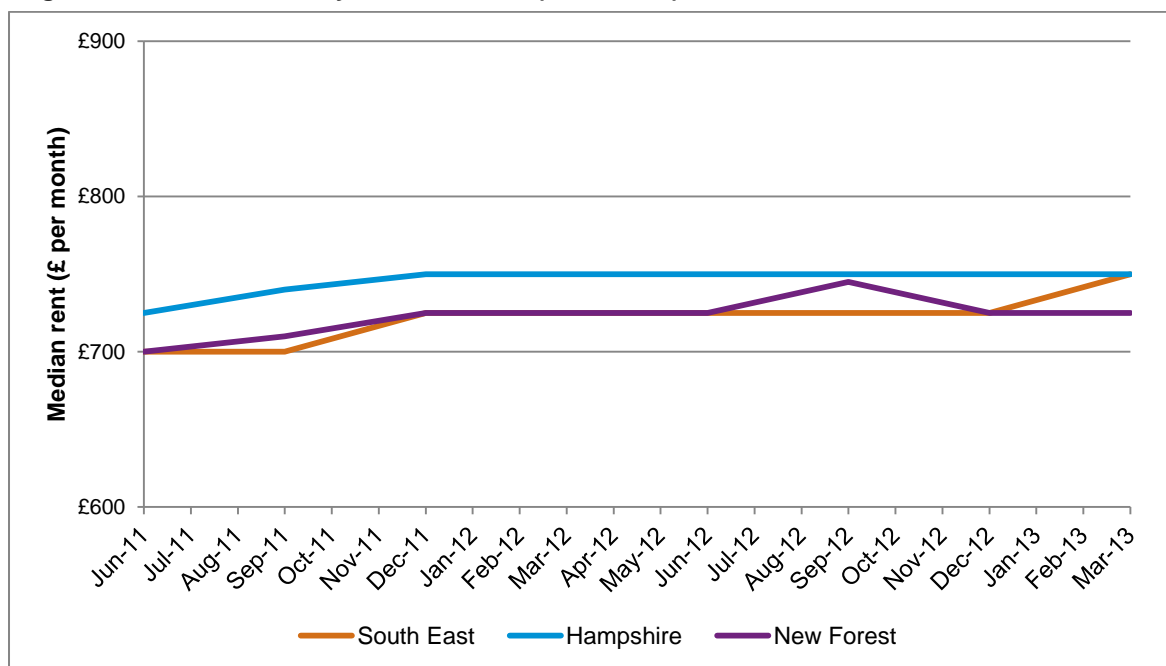
Source: VOA Private Rental Market Statistics

Affordability of Market Housing

Price-income ratios

4.45   In line with the Planning Practice Guidance, we have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and incomes. This describes the ratio between lower quartile house prices and lower quartile incomes.[15] The ratio is typically used to consider the relationship between incomes of younger households and entry-level house prices. As a general observation, we can see that across all areas the affordability of property has worsened quite markedly over the past 15 years using this measure; however, the pattern of affordability across Hampshire quite closely mirrors that seen across the wider South East.

4.46   The ratio of lower quartile house prices to lower quartile earnings in New Forest District has remained consistently worse than at the Hampshire and regional levels across the analysis period. In particular, as market demand grew more rapidly than supply in the early-2000s, the data indicates that New Forest saw affordability worsen at a more rapid rate than across Hampshire as a whole but similar to the South East average.

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[15] The lower quartile in a dataset sits half way between the lowest number and the median

4.47   Since the recession, affordability across most areas has improved. In the New Forest, the ratio fell
        from a peak of 10.96 in 2006 to a current ratio of 9.38; however, affordability pressures still remain
        more acute in the district than across Hampshire more generally (ratio 8.35).

4.48   The implications of this are that it is likely that, in the absence of development constraints, there
        would be a case for increasing housing supply to improve the affordability of market housing over
        time.

Figure 31: Lower Quartile Affordability Trend (1997-2012)
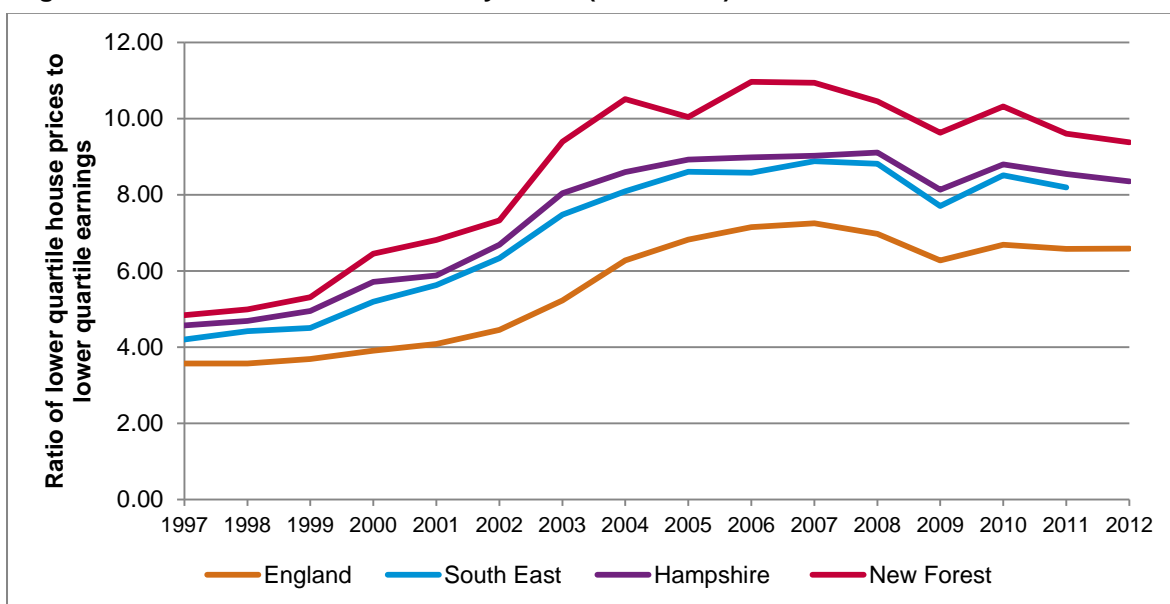
Source: DCLG Housing Market Live Tables

4.49   We have also considered and compared this to the median price-earnings ratio to identify whether
        affordability is an issue across the market or within a particular segment. Median figures are an
        average: where figures are ranked, this is the midpoint. In all of the comparator areas, the median
        ratio is below the lower quartile ratio, indicating that affordability is somewhat more of an issue at
        the lower end of the market. However, in New Forest District, the median ratio is above the lower
        quartile ratio, suggesting that affordability is an issue across the market more widely, not simply the
        lower end.

Table 19:   Comparison of lower quartile and median affordability (2012)

	Lower quartile ratio	Median ratio
New Forest	9.38	9.51
Hampshire	8.35	7.91
South East	8.19*	7.97

*Source: DCLG Housing Market Live Tables 576 and 577. *Data for South East is 2011 as no 2012 data is
available.*

Land Prices

4.50   The Planning Practice Guidance sets out residential land values as one of the key market signals which should be considered through the SHMA. There is however, no consistent published source of information on land prices. We have therefore drawn on and triangulated a variety of sources to illustrate residential land values.

4.51   The figure below indicates that residential land values (£ per hectare) rose substantially and consistently throughout England from the early 1990s to the start of the recession in 2008. Over this period, we can also see that average prices in the South East have consistently stayed above the national level with prices rising from approximately £590,000 per hectare in 1993 to in excess of £3.8 million in January 2008. The growth in land values meant that new development schemes were able to support higher developer contributions, such as to provision of affordable housing and infrastructure.

4.52   Growth in land prices across the South East during the "boom" years (2005-2008), was noticeably above the national level (29% compared to 20%), suggesting a comparatively undersupply in the volume of land compared to demand. At the peak, land prices in the South East were more than £900,000 above the national average (excluding London).

4.53   The credit crunch however resulted in a notable fall in land values, with values declining by -42% nationally from January 2008 to July 2010; and by a slightly lower amount (39%) across the South East.

Figure 32:   Trend in Bulk Residential Land Values (£ per hectare), 1983-2010
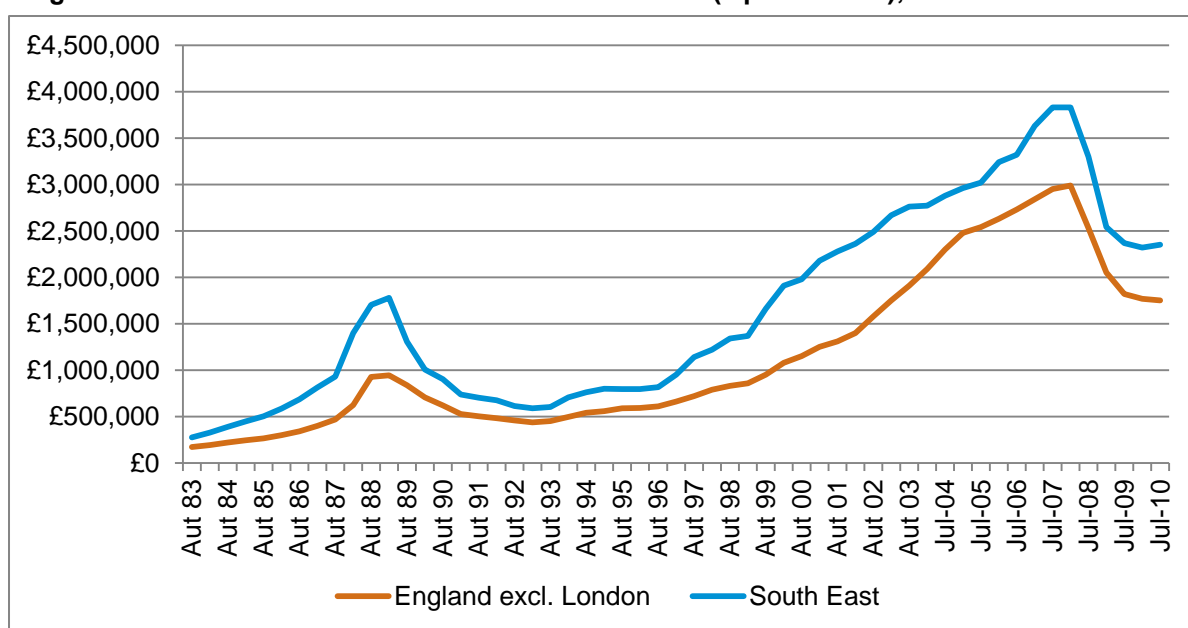
Source: Valuation Office Agency (VOA)/ HCA 2010

4.54   We can also use the VOA 2010 data (the latest published data at a local level) to benchmark residential land values at a more local level. Although data is not available for any locations in New Forest, valuations were produced for a number of relevant locations in Hampshire and the South West including Southampton and Bournemouth which can be used to identify comparative trends. Specific data for New Forest District is not published.

4.55   The data indicates that average land values in these comparator areas were broadly above the national average (by around 10-25%) but below the South East average by around 5-20% depending upon the land type. This is largely because residential land prices in the South East are particularly driven up by values in excess of £3-4m per hectare in locations such as Surrey and Oxford.

Table 20:   Residential Land Values, 2010

	Small sites	Bulk Land	Sites for flats or maisonettes
	£/Ha	£/Ha	£/Ha
Bournemouth	2,300,000	2,100,000	2,700,000
Southampton	2,050,000	1,985,000	2,000,000
South East	2,470,000	2,370,000	2,590,000
England (ex. London)	1,900,000	1,770,000	1,960,000

Source: VOA/ HCA 2010

4.56   If we compare observed land values in these areas at the top of the market, pricing levels in the comparator areas in Hampshire/South West were similar to South East averages for small sites and sites for flats but likely to be below average for bulk land (although this may be a function of limited transactions).

Table 21:   Residential Land Values, 2007

	Small sites	Bulk Land	Sites for flats or maisonettes
	£/Ha	£/Ha	£/Ha
Bournemouth	3,500,000	2,800,000	5,100,000
Southampton	4,050,000	4,050,000	4,200,000
South East	3,950,000	3,830,000	4,590,000
England (ex. London)	3,080,000	2,910,000	3,490,000

Source: VOA/ HCA 2010

4.57   Consistent data since 2010 is not available and as such it is necessary to interrogate other data sources to understand how land values have changed over the past few years. Data from Savills indicates that residential land values across the country have shown little growth since 2010. As the chart below demonstrates, residential land values experienced some growth during 2010 but

beyond that have seen little or no price change, particularly for urban sites. The Knight Frank Residential Development Land Index broadly corroborates this, indicating that typical residential land values across England and Wales have been relatively flat since 2011; although there are some signs of a slight increase in 2013 (as market conditions and residential values begin to improve).

4.58   We would expect higher land values in the New Forest relative to some other parts of the South East and Hampshire, given its higher house prices. However land values may be tempered by expected developer contributions particularly to affordable housing.

Figure 33:   Savills Residential Land Performance (2002-2012)
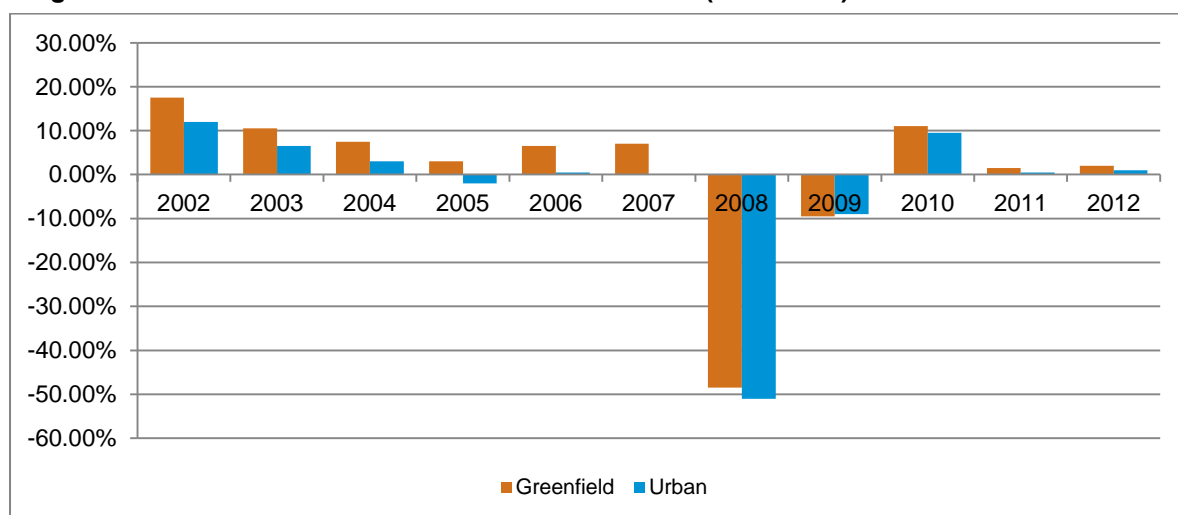
Source: Savills Market in Minutes Residential Land

4.59   Whilst land values have experienced growth (albeit modest) since 2010, they remain substantially below peak values. Savills Research (May 2013) indicates that across the UK, greenfield land prices are currently 32% below their former highs; with urban values still less than half their credit crunch peak. This may influence landowners' willingness to release land in short-term (as in some cases they can take a long term view). In the South East, greenfield land prices have fared slightly better (currently 26% down on peak), whilst urban sites have performed similar to the national picture, standing 52% down on pre-recession levels.

Table 22:   Regional Land Values vs. Former Peak

	Greenfield	Urban
London		1%
South East	-26%	-52%
South West	-28%	-38%
West Midlands	-28%	-53%
UK	-32%	-53%
East of England	-36%	-53%
Scotland	-41%	-44%
East Midlands	-45%	-62%
North	-58%	-73%

Source: Savills Research

4.60   Given this comparatively low start point, it is most likely that recent recovery in land values is as a result of improved market sentiment rather than particular supply demand imbalances. However, moving forward and with increasing funding now available for land buying and expansion, upward pressure could be placed on land values, particularly for the more commercially attractive sites.

Housing Supply Trends

4.61   Figure 34 shows recent net housing completions in New Forest District (and the National Park Authority Area). We have considered the period since 2002/03 as this provides a meaningful timeframe to analyse shortfalls/oversupply and demonstrates supply trends across the market cycle. Beyond 2006/07, figures for New Forest District and the National Park Authority Area are shown separately in accordance with their different targets in their two respective Core Strategies.

4.62   Since 2002, a total of 4,148 net new homes have been delivered across New Forest District and the National Park Authority Area, equivalent to 377 per annum. In spatial terms this has been predominantly been delivered in the parts of New Forest District outside of the National Park.

4.63   Looking at delivery trends, we can see that the number of net completions across the area has varied somewhat over the past 11 years. From the chart we can see relatively strong housing completions in the early to mid-2000s, peaking in 2003/04 at 577 units. Over the next couple of years, completions remain strong but tailed off slightly to 304 in 2006/07.

4.64   Completions then pick up strongly over the next two years, a trend corresponding with the height of the housing market and underlying economy. Completions peak again in 2008/09 at a total of 535 homes, with strong delivery (relative to trend) in both the New Forest District and National Park areas.

4.65   In line with strategic planning policies for the plan area, combined with the impact of the recession of housebuilding, housing completions have fallen, as shown in Figure 34. Net completions have averaged around 245 dwellings per annum in the three years to 2012/13.

Figure 34: Net Completions (2002/03 to 2012/13)
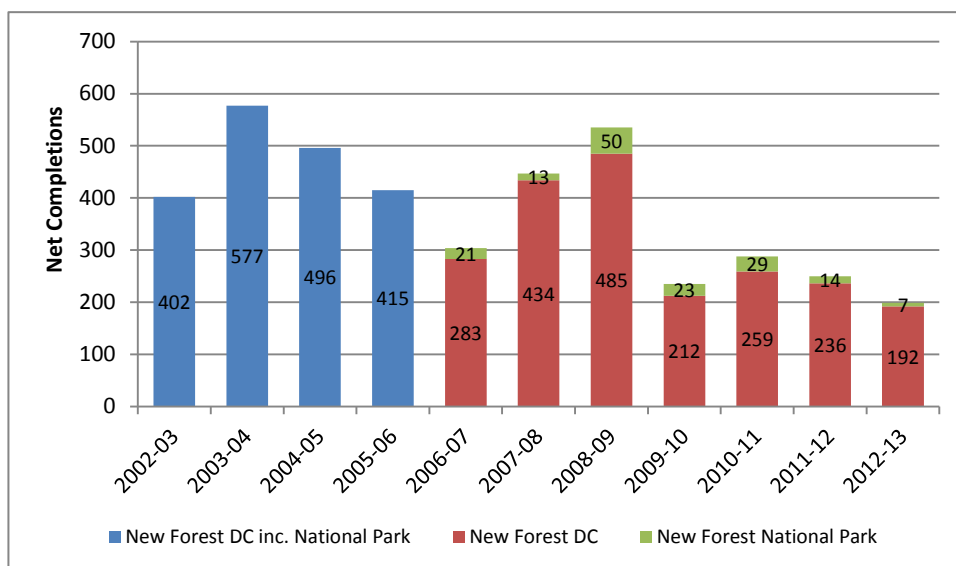
Source: Council completions data – extracted from Annual Monitoring Reports.

4.66   In line with the Planning Practice Guidance, it is important to analyse the historic rate of development relative to planned supply. The table below sets out the compares recent delivery to planned supply across the two areas.

Table 23: Historic Delivery and Targets (2002-2013)

	Targets	Planned supply (2002-13)	Actual delivery (2002-13)	Over/undersupply
New Forest District	365 p.a. (2001-2006) 196 p.a. (2006-2026)	2,832	3,990	1,158
National Park Area	11 p.a. (2006-2026)	77	157	80
Total		2,909	4,147	1,238

NB: Pre-2006 figures derived from Hampshire Structure Plan. Pre-2006, there was no separate target for the National Park area. Post 2006 figures from South East Plan.

4.67   We can clearly see that both areas have delivered successfully over the assessment period, with both showing an over-supply against planned targets. Delivery has been particularly strong in the New Forest District area where completions have exceeded supply by more than 1,150 units, equivalent to a 41% over-delivery.

4.68   However, in addition to consider performance against targets, it is also useful to consider the rate of growth in the overall housing stock. This is because whilst comparison against plan targets may show positive delivery, the planned level of growth could still have had the effect of constraining the ability of households to form against what the market could genuinely have supported.

4.69   As the chart below demonstrates, growth in the housing stock in New Forest District over the past decade has been comparatively weak at 0.62% per annum, below the Hampshire (0.92%) and South East (0.87%) averages. This is understandable given the comparative degree of constraint which the New Forest area faces, including areas of statutory international, European or national environmental importance, the Crambourne Chase and West Wiltshire Areas of Outstanding Natural Beauty, the New Forest National Park and South West Hampshire Green Belt. However, it is likely that this will have generated a degree of suppressed demand and constrained household formation given what a market with the characteristics of the District could support if unconstrained (in policy, land supply and market terms).

Figure 35:   Housing Stock Growth (2001-2011: 2001=1.00)
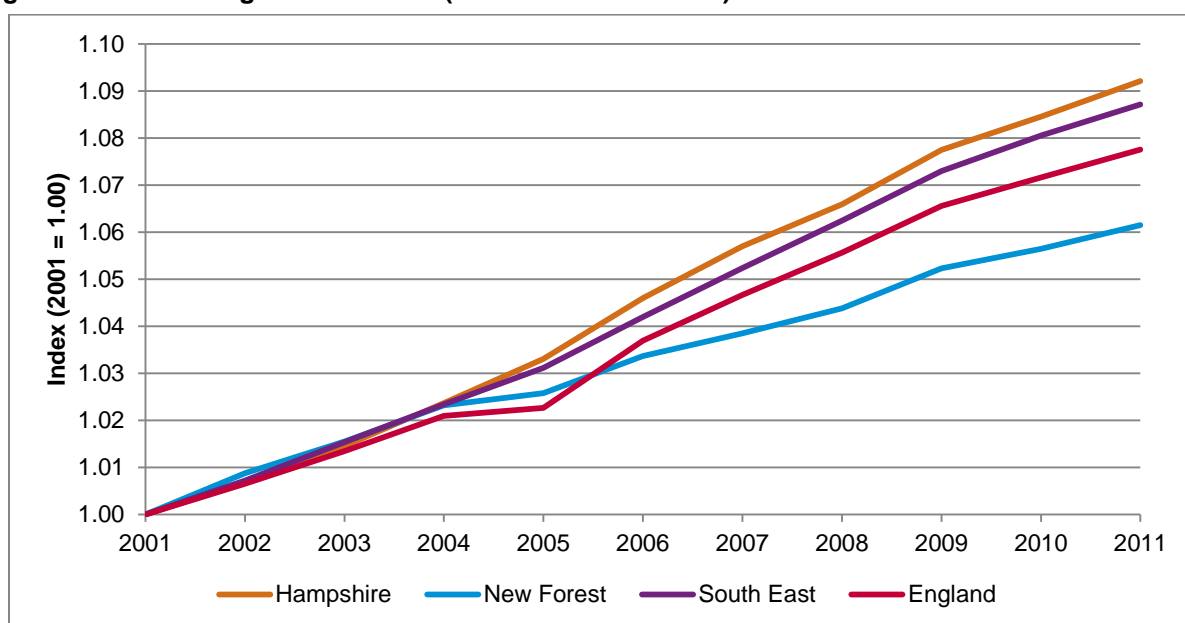
Source: Council Tax Stock Data

Summary of Key Findings

4.70   The market dynamics and signals indicate:

- There has been a fundamental shift in housing market conditions since 2007 driven by the economic downturn and a marked tightening in the availability of mortgage lending, particularly in respect of loan to value ratios (LTV). However the situation is improving.

- However, due to low interest rates, for those who can access a mortgage servicing it is now as affordable as it was in the late 1990s. Interest rates are however likely to move upwards in the medium/long term.

- Overall, house prices in New Forest District area (with a median house price of £245,000) are above county and regional averages by around 40%. Prices for all house types are above wider comparators. This is indicative of stronger relative demand for housing.

- There is notable variation in pricing across the sub-markets in the New Forest Area with high median values in the National Park Authority Area (£387,500) and lower pricing levels in Totton & Waterside area (£196,900), which is linked to the PUSH (Southampton) housing market.

- House price growth in the District (20.4% p.a.) during the pre-recession decade was significantly above county (18.1%) and regional average (18.8%) – suggest strong demand than supply. This is consistent with lower comparative new housing supply. Prices have been largely flat in New Forest since 2008 suggesting greater supply and demand balance

- Rental growth in New Forest District (c.3% since 2011) has been broadly consistent with Hampshire but below the South East growth levels. Median rents in the District are slightly less than the county and regional averages.

- Sales and effective demand significantly reduced due to recession and across all areas were down by more than 50%. Recovery in effective demand in New Forest has been relatively modest – albeit broadly in line with the Hampshire picture.

- Evidence suggests that land prices in the South Hampshire/Bournemouth area are currently lower than South East average but above national values. There has been limited growth in land values since 2010 at the regional level. At the height of the "boom" average residential land values were broadly comparable to regional values. It is likely that land values in the New Forest are above those in some surrounding areas (based on house price differentials).

- Lower quartile affordability in the district is significantly worse than across Hampshire more generally and has consistently been so across the last 15 years. Affordability in New Forest also worsened at a markedly faster rate than local and regional comparators during the boom period. In the absence of development constraints, this would point to a case for an upward adjustment to levels of housing supply.

- Historic delivery against targets in the New Forest area has been strong with significant oversupply over the past decade. Average annual delivery in the New Forest area over the past 11 years was 377 units.

- However, despite the strong delivery record, the district has seen overall housing growth of around 0.6% per annum over past decade. This is markedly below the Hampshire and South East averages and, although reflective of comparative constraint, it is below the level which the market would be expected to support unconstrained (given the local signals for pricing and affordability).

4.71 The market evidence demonstrates that the district has a relatively strong housing market and experiences a comparatively greater level of pressure in pricing and affordability. Median prices in the New Forest area are high compared to county and regional averages and as a result issues with affordability are significantly more acute in the District than they are in comparator areas.

4.72 Past housing delivery has undoubtedly been strong compared to both planned targets. However, the level growth in the housing stock over the past decade has been low compared to county trends and is below the level which would be expected given the local market characteristics (if the market and land supply were not subject to constraints).

5 ASSESSING FUTURE HOUSING NEEDS

Introduction

5.1 This section of the SHMA seeks to establish overall housing needs in New Forest. The analysis is predicated on the requirements of the NPPF which says the scale of housing required should be based on meeting *'household and population projections, taking account of migration and demographic change'* (para 159).

The Starting Point

5.2 Following the approach set out in the Planning Practice Guidance, the start point for any projection is reasonably an analysis of the most recent Government projections. At the time of writing these were the 2011-based 'interim' Subnational Population Projections (SNPP) and the 2011-based 'interim' Household Projections from CLG (which are directly based on the SNPP). These projections are important as they provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The SNPP is also a good source of data as it uses a 'multi-regional' model that studies migratory movements by age and sex between all local authorities in the Country.

5.3 The latest SNPP is however limited by the accuracy of data underpinning it such as migration which is notoriously difficult to accurately measure – particularly at smaller area level. The migration data which feeds into the 2011-based Projections pre-dates the 2011 Census. The official projections are also 'trend-based' in that they project forward past trends (typically over the previous five years). Factors which may have affected population growth over this period, such as significant new development or constraints on development, will affect the projections.

5.4 The table below shows household growth in New Forest from the 2011-based CLG Projections. The projections cover the 10-year period to 2021 which is the full period covered by CLG. For the whole period studied these projections suggest a 10.4% increase in households. This is in-line with the average growth expected in the South East (10.8%) and nationally (10.0%).

5.5 The CLG Household Projections show household growth in the District of 811 homes per annum between 2011 and 2021. Allowing for a 3% vacancy rate, this indicates a need for 827 dwellings per annum.

Table 24: Projected household growth 2011-21 – CLG 2011-based Household Projections

	District
Number of households (2011)	76,952
Number of households (2021)	84,978
Change in households (2011-2021)	8,027
Change per annum	803
% change (2011-2021)	10.4%
Dwelling requirement (inc. 3% vacancy)	827

Source: CLG 2011-based Household Projections

Taking Account of the Latest Demographic Evidence

5.6   Whilst the figures in the household projections appear broadly reasonable in the context of regional and national comparisons, the Planning Practice Guidance directs plan makers to take account of the most recent demographic evidence, including population estimates prepared by the Office of National Statistics.

5.7   We have therefore examined the key local inputs feeding into the SNPP for New Forest in more detail, in particular seeking to reflect the 2011 Mid-Year Population estimates and revised MYEs 2000-11 (which incorporate data on components of change such as migration from 2001-11 and have been rebased to take account of Census population estimates).These have been released since the publication of the 2011-based Sub-National Population Projections.

5.8   Mid-Year Population Estimates model migration using various data sources. The accuracy of this modelling can vary. For New Forest District, the 2011 Mid-Year Population Estimates identify that population growth from 2001 to 2011 had previously been over-estimated by ONS. This is recorded by ONS as being within an 'other unattributable' population category. Whilst this over-estimation could be related to incorrect recording of the population (either in 2001 or 2011) or of special groups of the population (such as prisoners, albeit unlikely in New Forest's case) it is considered that differences are most likely to be due to the over-recording of migration.

5.9   In New Forest over the period from 2001 to 2011 ONS data shows an average in the 'other unattributable' group of around 230-250 people per annum. Essentially this means that past recording of population change had over-estimated the growth of the population in the District by 230-250 people per annum when compared with population data shown once 2011 Census data was published. In looking at past trends in migration we have therefore amended the migration figures in the 2011-based Projections to take account of this over-estimate of population growth. This process effectively updates the 2011 interim SNPP to take account of the latest evidence.

5.10   The table below shows the outputs of our adjusted migration modelling when converted through into household growth. This initial analysis is based on the household formation (headship) rate

assumptions in the 2011-based CLG Household Projections to aid comparison with Table 22 above. The data now suggests household growth across the District of 9.2% over the decade.

Table 25:   Projected Household Growth 2011-21 – based on amended Migration Levels

	New Forest District
Number of households (2011)	76,952
Number of households (2021)	84,003
Change in households (2011-2021)	7,051
Change per annum	705
% change (2011-2021)	9.2%
Dwelling requirement (inc. 3% vacancy)	726

Source: JGC Projection Modelling

5.11   For these projections to be useful for strategic planning purposes we have extended the projection period to 2031 following the methodology and assumptions set out in Appendix A. The outcomes of this are set out in the projection outputs section below.

5.12   Since this report was drafted, a new set of (2012-based) subnational population projections (SNPP) were published by ONS (on the 29th May 2014). These projections suggest a lower level of population growth than was expected in the 2011-based version. The 2012 SNPP indicates that by 2036 the population of New Forest is expected to reach 203,500 – this is notably below the 213,400 figure estimated by extending the 2011-based projections and also slightly below the 206,700 estimated by our SNPP updated projection. This would suggest that our amended projection is sound, but suggests that the new SNPP would result in a slightly lower estimate of housing need than our PROJ 1A projections, if the same approach to projecting household formation rates is used. The differences would however be moderate. Further analysis is included in Appendix A.

Sensitivity to Migration Trends

5.13   In addition to running a main scenario linked to the SNPP which has been amended to take account of more recent data about population change and migration, a number of additional scenarios have been prepared. Demographic projections are particularly sensitive to two factors – levels of migration (the balance between people moving in and out of an area) and household formation rates.

5.14   We have developed two alternative projections for migration, based on the average net migration over the previous 5 and 10 year periods. These are as follows:

PROJ 2 – 10-year migration trends
PROJ 3 – 5-year migration trends

5.15   These projections look at the average level of net migration over the period up to 2010/11. Over the past ten years (2001-11) the average level of net migration has been an in-migration of 1,190 people per annum with an average of 1,104 being seen over the past five years (2006-11).

Sensitivity to Household Formation Rates

5.16   In addition to carrying out the adjusted demographic projection for the remainder of the period to 2031 the Planning Practice Guidance indicates that local planning authorities can carry out (where relevant) sensitivity testing of assumptions to reflect local circumstances Including underlying demographic projections and household formation rates.

5.17   We have sought to consider whether there is evidence that household formation rates in the past have been suppressed. As the Government's household projections are trend-based, any suppression of household formation in the past will be carried forwards.

5.18   Figure 36 below shows the estimated average household size in New Forest in 2001 and 2011 along with estimated household sizes derived from CLG Projections. The data shows that household sizes have dropped quite notably over the 2001-11 – however the decrease has not been as strong as was previously expected through the 2008-based CLG Household Projections (as shown by the grey line in the chart below). This analysis suggests some moderate degree of suppression in household formation could have occurred over the past decade

5.19   Moving forward it is notable that both the 2008-based and even the more recent 2011-based household projections anticipate quite a rapid decrease in average household sizes. This particularly relates to projected changes in the population's age structure, with a growing older population in smaller households. As such, to the extent to which there has been any suppression in the past, the projections do not appear to be expecting this to continue to any great degree.

Figure 36: Past and projected trends in Average Household Size – New Forest District
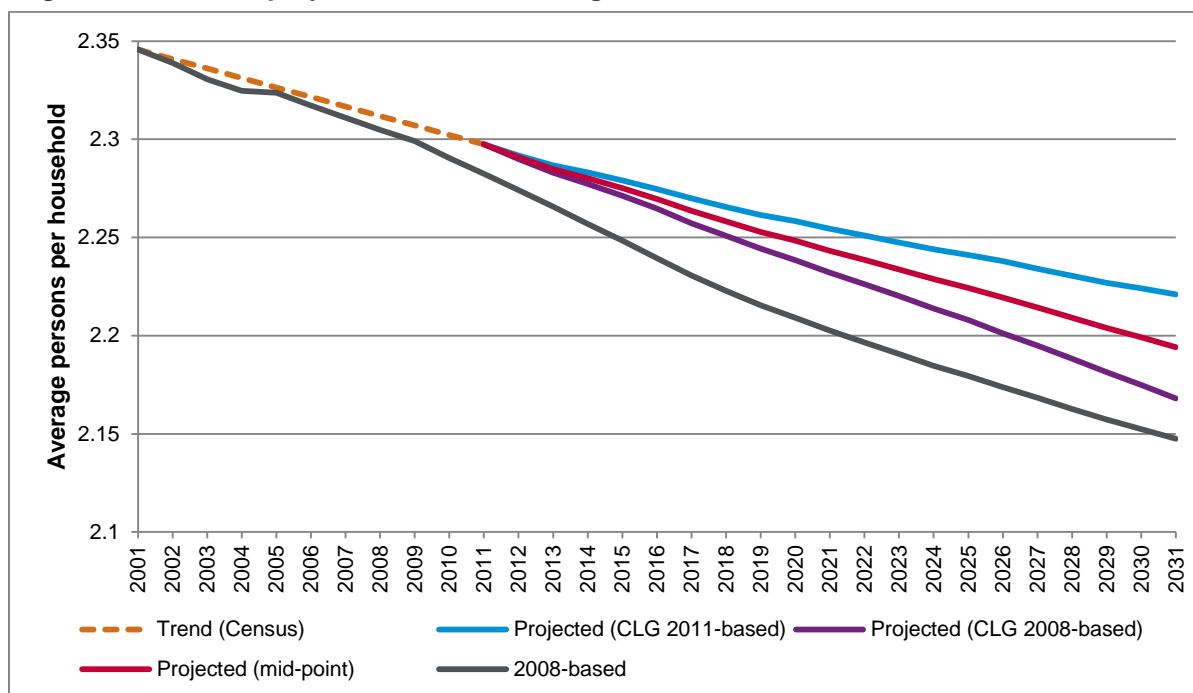
Source: Derived from ONS and CLG data

5.20   The 2011-based Household Projections (rolled forward from 2021 to 2031) suggest that the average household size will have fallen from 2.30 in 2011 to 2.22 in 2031. However if were to project forward the household formation rates in the 2008-based Household Projections (rebased to take account of headship rates[16] shown by the 2011 Census), an average household size in 2031 of 2.17 could be expected.

5.21   2011 Census showed that at a national level household formation over the 2001-11 period were lower than predicted in previous (2008-based) Household Projections. However it is not entirely clear to what extent this is due to households being unable to form and how much might be due to other factors. A recent (September 2013) Study[17] produced by the Cambridge Centre of Housing and Planning Research (CCHPR) on behalf of the Town and Country Planning Association (TCPA) does shed some light on this issue, stating:

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

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[16] Headship rates describe the proportion of people of different age groups who are a head of a household
[17] http://www.cchpr.landecon.cam.ac.uk/Downloads/HousingDemandNeed_TCPA2013.pdf

formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse."

5.22   In effect this and other academic studies have highlighted that there are two factors which have driven changes to household formation – different household structured within new migrant communities (i.e. higher household sizes) on the one hand; and the effect of a decline in affordability and particularly the economic recession in the latter part of the 2001-11 decade on household formation.

5.23   The national research by CCHPR on behalf of the TCPA[18] attributed around half of the suppression effect over the 2001-11 decade to the economic and housing market circumstances and identifies that we could reasonably expect some recovery in household formation rates over time as circumstances improve. The implications of this would be that over time household formation rates would recover to around the midpoint between the 2011-based and (rebased) 2008-based household Projections for household size in 2031. This 'midpoint scenario' for household formation sees household sizes falling to an average of 2.19 persons per household in 2031.

5.24   This 'midpoint scenario' for household formation has only been applied to the amended SNPP projection (described above) with other scenarios being linked to data in the 2011-based Household Projections.

Sensitivity to Employment Growth

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

5.26   In considering the inter-relationship between housing and economic growth, it is important to remember that local economies and labour markets operate across local authority boundaries. This is therefore to a notable degree an issue in terms of the alignment of housing provision and economic policies which needs to be taken forward at the Partnership for Urban South Hampshire (PUSH) level.

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[18] New estimates of housing demand and need in England, 2011 to 2031; Alan Holmans (September 2013)

5.27   However in developing or reviewing local plans, it is notable that Paragraph 158 in the NPPF does emphasise the alignment of policies for housing and economic growth.

5.28   On this basis the modelling undertaken to consider the relationship between housing and labour supply should be considered indicative. There are two particular issues. Firstly the economic forecasts considered are effectively trend-based projections derived from an economic model. They have not been reviewed as part of more detailed work to understand local economic performance, drivers, opportunities and risks. Projecting economic performance over the period to 2031 is challenging and subject to a potentially large error margin. There is therefore a 'health warning' which needs to be attached to them. Secondly the relationship between employment and population growth is very sensitive to changes to employment rates and commuting. Changes in these factors can have a significant impact on the figures.

5.29   We have in this SHMA developed two projections for economic performance (PROJ A and PROJ B). We have drawn on Q1 2013 local economic and employment forecasts prepared by Experian for New Forest which anticipates growth in total employment in the District of almost 14,000 jobs between 2011 and 2031. However, we have applied different assumptions with regards to commuting which are explained overleaf.

5.30   The table below shows the percentage increase in the number of jobs expected in 2031 from 2011 levels by Experian. This demonstrates that employment growth in New Forest District is expected to be broadly consistent with figures for the South East and Hampshire as a whole.

Table 26:   Projected Employment Growth (2011-31)

	Growth in Employment, 2011-31	% Growth, 2011-31	% Employment Growth Per Annum	% per Annum GVA Growth
New Forest	14,000	18%	0.8%	2.1%
Hampshire	168,500	19%	0.8%	2.3%
South East	831,500	19%	0.9%	2.3%
United Kingdom	4,389,800	14%	0.6%	2.0%

Source: Experian Regional Planning Service 2013

PROJ A – Jobs Baseline

5.31   This projection looks at the forecast increase in jobs in the District from 2011 to 2031 and assumes a 1:1 relationship between the number of jobs created and the number of local residents in employment. This projection essentially models a scenario whereby growth in employment and labour supply increase in tandem (and there is thus no net change in levels of commuting). This projection sees an increase in the number of residents in employment of 13,965 over the 20-year period to 2031.

PROJ B – Residents in Employment

5.32   This projection again draws on the Experian data about the number of additional jobs forecast to be created in the District but also considers commuting patterns (from 2001 Census data). This generates a slightly higher projected increase in the number of residents in employment of 16,722 over the 20-year period – reflecting the fact that New Forest typically sees a level of net out-commuting. This scenario effectively assumes that some housing demand in the District will be driven by job growth in areas outside of it (such as Southampton).

5.33   The difference between PROJ A and PROJ B relates wholly to the assumptions made on commuting. In PROJ A it is assumed that there is a commuting ratio of 1 (i.e. we see a consistent growth in workforce to jobs moving forwards). In PROJ B we have applied the following commuting ratios. A commuting ratio of over 1.0 assumes net out-commuting from the area; whilst a ratio of under 1.0 assumes that some employment growth will be supported by in-commuting. The ratios are based on 2001 Census data.

Table 27:   Commuting Ratio Used in PROJ B

Live in area (and are working)	76,786
Work in the Area	64,124
Commuting ratio	1.20

Source: 2001 Census

5.34   The economic-driven projections also make assumptions about how employment rates will change. The employment rate describes the proportion of people aged 16-74 who are in employment.

5.35   Our modelling assumes that over time as economic conditions improve, there is some latent labour which could be brought back into work as a result of reducing unemployment. This improvement is assumed to occur fairly consistently through the projection period to 2036.

5.36   The modelling also includes provision for potential increases in employment rates due to changes in pensionable age. These additional changes have been based on studying the age-specific 'drop-off' in employment as people get older.

5.37   The modelled improvement to employment rates will have the effect of reducing unemployment over time, and increasing employment rates amongst older age groups over the projection period.

5.38   Figure 37 below shows how employment rates are projected to change over the period studied. This is the percentage of people 16-64 in employment. The data shows a short-term improvement to about 2019 – this is mainly due to changes in pensionable age. Following this the rate levels off or drops down slightly – this is due to age structure changes with a greater number of people

expected to be in some of the older 'working' age groups which typically have lower employment rates. Beyond this, about 2027, there is expected to be some increase in employment rates – this is again linked to demographic change with the District and reflects an expected growth in population in age groups which have higher employment rates.

Figure 37: Modelled Changes in Employment Rates (% 16-64)
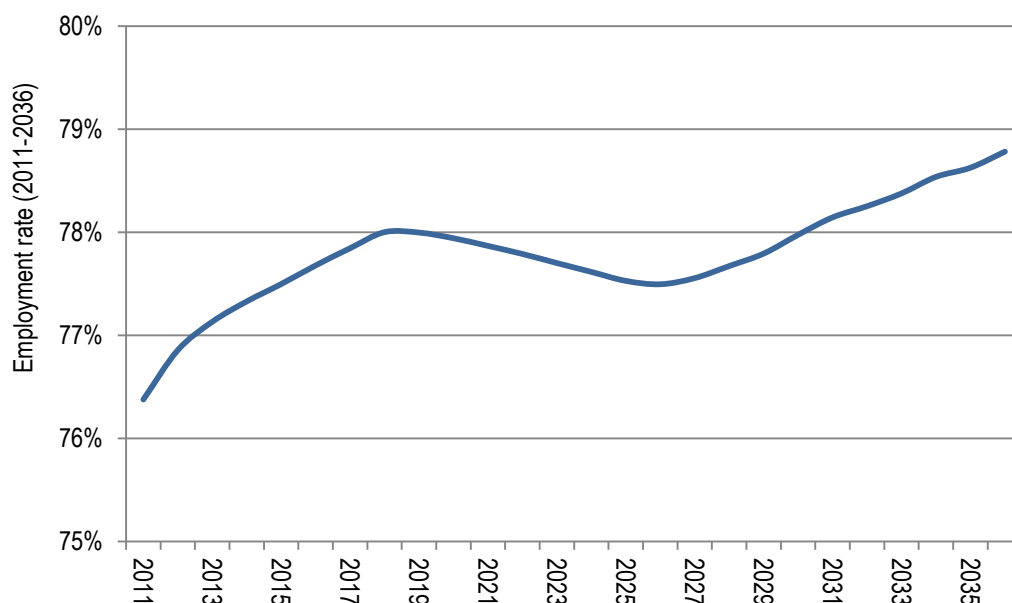
Source: GLH/JGC Modelling

Projection Outputs

Population

5.39   The table below show the expected growth in population under each of the projection scenarios. With the updated SNPP Projection (PROJ 1) which takes account of the latest migration and demographic information, we see population growth of about 14% over the 20-year period 2011 to 2031 – an increase of about 24,700 people. This compares to around 30,100 if we extend the ONS SNPP to 2031.

5.40   The two 'flat rate' migration projections come out somewhat lower than the SNPP based projections; whilst the economic projections are both higher. The difference between this and both PROJ 1 and the SNPP to a considerable degree reflects the population profile and dynamics in the New Forest which has a relatively old population which is expected to continue ageing moving forward. In effect the SNPP is a dynamic model which takes account of changes in the age structure of the population both within New Forest District and in other areas (such as those from which people typically move to New Forest District). As the population in New Forest District is

expected to grow older over time, and older people are less likely to move home, it is reasonable to expect out-migration to fall. In contrast the population is expected to grow in areas from which people typically move to the District (such as Southampton). On this basis ONS' assumptions that net migration to the District will increase seem reasonable.

5.41   The economic-driven projections, PROJ A and PROJ B, model higher levels of in-migration to support growth in jobs in the District. Whilst these projections assume that some people work longer, taking account of planned changes in state retirement ages, an increase in migration is necessary to support the level of employment growth forecast.

Table 28: Projected Population Growth, 2011 to 2031

	2011-2031	Per annum
PROJ 1 - 2011 SNPP (extended to 2031)	30,077	1,504
	17.0%	0.9%
PROJ 1A – SNPP (updated)	24,713	1,236
	14.0%	0.7%
PROJ 2 – 10-year migration trends	13,024	651
	7.4%	0.4%
PROJ 3 – 5-year migration trends	11,113	556
	6.3%	0.3%
PROJ A – Job growth	45,151	2,258
	25.5%	1.3%
PROJ B – Residents in employment	50,459	2,523
	28.5%	1.4%
PROJ 1A(08) – SNPP (updated) with 2008-based headship rates	24,713	1,236
	14.0%	0.7%
PROJ 1A(mid) – SNPP (updated) with mid-point headship rates	24,713	1,236
	14.0%	0.7%

Employment

5.42   The table below shows the estimated number of residents in employment (labour supply) under each of the projection scenarios. For the main SNPP based projection we see an increase of 4.1% in residents in employment between 2011-31, which is below the figure derived from a straight projection from the 2011-based SNPP (extended). The two 'flat-rate' migration projections show a decline in the number of working residents (consistent with the lower forecast population growth).

5.43   The projections underpinned by the economic scenarios (PROJ A and B) show substantially higher increases in the estimated number of residents in employment; varying from 14,000 to 16,700 (a 17% to 20% increase). This highlights that trend-based population projections may (because of how the age structure of the population is expected to change) support modest growth in the labour force.

5.44   Employment growth in the District could place upwards pressure on housing need (in effect with greater in-migration to the District), but equally could affect commuting patterns to and from the area.

Table 29: Change in Working Population 2011 to 2031 – New Forest District

	2011-2031	Per annum
PROJ 1 - 2011 SNPP (extended to 2031)	6,215	311
	7.5%	0.4%
PROJ 1A – SNPP (updated)	3,400	170
	4.1%	0.2%
PROJ 2 – 10-year migration trends	-2,800	-140
	-3.4%	-0.2%
PROJ 3 – 5-year migration trends	-3,802	-190
	-4.6%	-0.2%
PROJ A – Job growth	13,965	698
	16.8%	0.8%
PROJ B – Residents in employment	16,722	836
	20.1%	1.0%
PROJ 1A(08) – SNPP (updated) with 2008-based headship rates	3,400	170
	4.1%	0.2%
PROJ 1A(mid) – SNPP (updated) with mid-point headship rates	3,400	170
	4.1%	0.2%

Housing Need

5.45   The final outputs are the housing need derived from each of the projections. The CLG 2011 Household Projections indicate a need for 827 homes per annum in New Forest.

5.46   The table below shows the projected growth in the number of households for each projection, applying a 3% allowance for vacancy. Household growth is expected to be stronger in proportionate terms than either population or employment growth. This is due to the ageing of the population and projected decreases in average household sizes over time (as older people tend to live in smaller households). The ONS SNPP extended to 2031 results in a need for 16,300 homes over the 20-year period (equivalent to 816 per annum).

5.47   Our updated SNPP based projection – taking account of more up to date migration trends - shows a lower increase of 17.9% or about 14,200 homes over the period to 2031 (equivalent to 709 per annum). With the adjustment to household formation rates, to ensure that suppressed household formation is not projected forward, this figure increase to 767 (using a midpoint between 2008- and 2011-based rates) and 824 with 2008-based rates. The two 'flat rate' migration based projections come out lower than any other scenarios.

5.48 The economic projections result in somewhat more significant housing need. The identified need under the two economic based projections range between 1,114 and 1,218 dwellings per annum. Whist this suggests that housing need could be higher than indicated by the trend-based demographic projections; it should be recognised that these scenarios will be sensitive to changes in employment rates and commuting patterns.

Table 30: Housing Need 2011 to 2031 – New Forest District

	2011-2031	Per annum
PROJ 1 - 2011 SNPP (extended to 2031)	16,310	816
	20.6%	1.0%
PROJ 1A – SNPP (updated)	14,190	709
	17.9%	0.9%
PROJ 2 – 10-year migration trends	9,568	478
	12.1%	0.6%
PROJ 3 – 5-year migration trends	8,813	441
	11.1%	0.6%
PROJ A – Job growth	22,270	1,114
	28.1%	1.4%
PROJ B – Residents in employment	24,368	1,218
	30.7%	1.5%
PROJ 1A(08) – SNPP (updated) with 2008-based headship rates	16,473	824
	20.8%	1.0%
PROJ 1A(mid) – SNPP (updated) with mid-point headship rates	15,331	767
	19.3%	1.0%

5.49 Each of the projections has been run from 2011-36. The table below sets out figures for housing need over five year periods from 2011-36 for New Forest District. The base date of the projections is 2011.

Table 31: Housing Need by 5 Year Period, 2011-36

	2011-16	2016-21	2021-26	2026-31	2031-36
PROJ 1 (2011-based SNPP)	4079	4188	4101	3942	3589
PROJ 1A (2011-based SNPP (Updated)	3597	3666	3550	3376	3010
PROJ 2 (10 Year Migration Trends)	2931	2643	2196	1797	1268
PROJ 3 (5 Year Migration Trends)	2759	2457	2000	1597	1061
PROJ A (Job Growth)	6319	5869	5586	4496	4155
PROJ B (Residents in Employment)	7020	6406	6038	4904	4543
PROJ 1A(08) (2008-based Headship Rates)	3962	4166	4187	4157	3989
PROJ 1A(Mid) (Midpoint Headship Rates)	3780	3915	3870	3767	3499

5.50 Further detailed information regarding projections for population and households for five year periods from 2011 to 2036 is set out in Appendix A.

Housing Need by Sub-Area

Population Change in the National Park

5.51 To assess likely housing need in the New Forest National Park area, analysis has been carried out on the basis of overall population change in the District and how much of this might be expected to be in the National Park area, based on understanding the different demographic profile (age structure) in the area. This approach is different to carrying out a trend based projection for this area and reflects the fact that:

a) Detailed information about the components of population change (e.g. migration) is not readily available at National Park level and more crucially

b) A recognition that any trend based projection for the National Park would be likely to show a constrained position due to relatively low levels of housebuilding (which will restrict population and household growth).

5.52 Hence the analysis undertaken considers an unconstrained position for the National Park (albeit constrained to projections for the whole of the New Forest District). This would seem to be in line with the Planning Practice Guidance which emphasises that an objective assessment of full need should be undertaken, independent of development constraints. .

5.53 We can use data from ONS to consider how the population of the National Park has changed over time. The table below shows overall population change over the 2002-12 decade. There has been only a small increase in the number of people living in the National Park over this period – the population increasing by 78 per annum on average – a 2.3% increase overall from 2002 levels.

Table 32: Population Change in the New Forest National Park, 2002-12

	Data
Population 2002	34,293
Population 2012	35,074
Change	781
Per annum	78
% change from 2002	2.3%

Source: ONS

5.54 Looking at the age structure of the population, it can be seen that most age groups up to age 59 have decreased over time with the limited population growth being entirely down to increases in the older person population. Overall, the population aged under 60 has fallen by 1,780 people whilst the population aged 60 and over has increased by 2,560 (a 24% increase) over the 2002-12 period.

Figure 38: Population Age Structure – New Forest National Park (2002 and 2012)
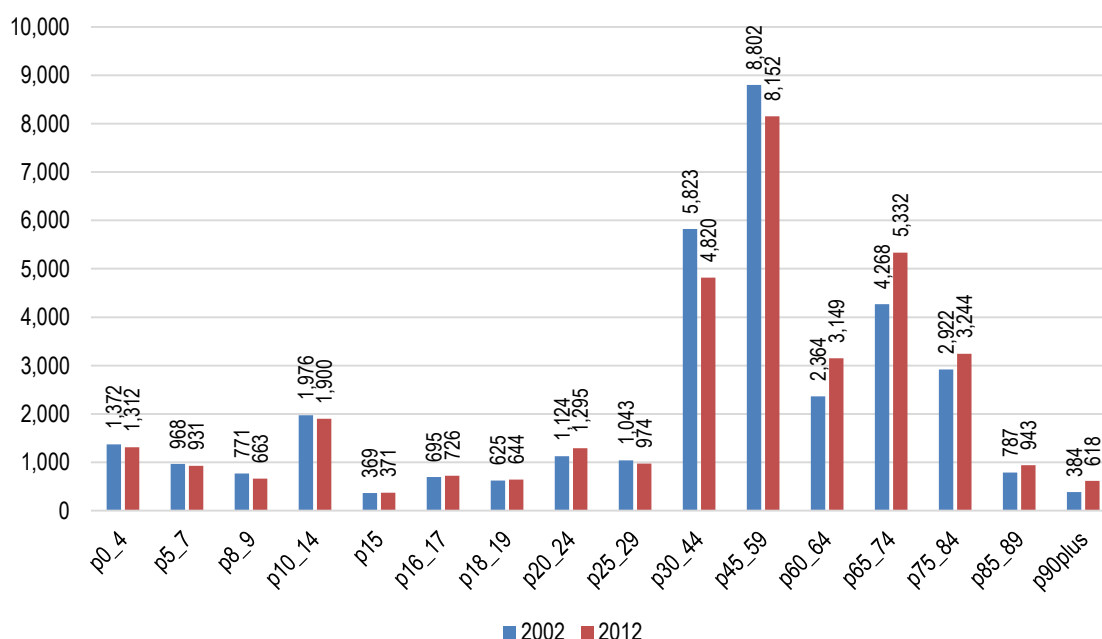
5.55 Whilst we do not have the detailed components of change data behind these population estimates (ONS does not produce these), it is clear that the level of population growth is significantly lower than in the SHMA projections and in taking a trend-based projection forward it would be expected that both population and household growth would be lower.

Sub-Area Level Projections

5.56 The projections set out in this section thus far cover the whole of the New Forest District. Given the extent of the National Park in the District it is also of interest to consider how housing need might be

5.57 ONS does not publish statistics regarding the detailed components of population change below local authority level. This is of a particular issue in that population growth and estimates of housing need will be influenced in particular by migration, and there is a lack of detailed information from which this can be modelled below a local authority level. Similarly econometric forecasts are not published below local authority level. The sub-area level projections set out herein should thus be considered as indicative.

5.58 An indicative projection has however been developed to look at housing need across the identified sub-area geographies defined, linked to PROJ 1A (updated SNPP with 2011-based headship rates). Outputs from this projection are shown in the table below.

5.59 This projection should be considered as indicative, given that data regarding migration trends is not available below a local authority level. The projection modelling is thus based principally on information regarding the base population and households by area in 2011 and analysis of how the age structure of the population, how this is likely to change, and how this is likely to impact on population growth and household formation. It takes no account of issues relating to land availability or supply.

5.60 To these outputs we have added an estimate of the additional amount of housing likely to be needed in the National Park area which is outside the New Forest District boundary. The estimate of needs in this wider area have not been based on detailed demographic modelling, but reflects an apportionment based on the number of households currently living in the Redlynch & Landford ward (which is part of the Wiltshire administrative area). Again figures should be considered as indicative.

Table 33: Housing Need by Sub-Area in PROJ 1A, 2011 to 2031

Area	2011-2031	Per annum
Totton & Waterside	4,090	204
Southern Coastal	5,878	294
National Park (within New Forest District)	2,454	123
Ringwood & the West	1,768	88
New Forest District Total	14,190	709
New Forest District (excluding National Park)	11,736	587
National Park outside New Forest District	356	18
National Park Authority Area Total	2,810	141

5.61   It should be noted that estimates of housing need in the Totton and the Waterside area differ from those published for the same area in the South Hampshire SHMA (GL Hearn, Nov 2013). This reflects the use of a different, and more sophisticated, methodology in this report. In the South Hampshire SHMA, estimates of housing need in the partial authorities areas (i.e. those where only part sits within the PUSH area) were based on taking a pro-rata figure from District-wide estimates based on the proportion of the population and households in the PUSH area as shown by the 2011 Census. In this report a more detailed consideration has been given to how age structures differ in different parts of the District and how this is likely to impact on population growth and household change in the future.

5.62   The figures in this report can therefore be considered to better reflect the underling demographic profile of different parts of the District.

5.63   These projections above suggested an annual population increase of about 214 people in the National Park area of New Forest District – notably higher than the growth of 78 persons per annum population growth between 2002-12. Overall, the projections for the National Park in the SHMA can be considered as a reasonable reflection of the likely need for housing in this area were there to be no constraints on housebuilding. A true trend would be likely to be lower (given the relative lack of housebuilding which might be expected in the Park) however this does not impact on the overall needs shown for the whole District area.

2012-based SNPP

5.64   Since this report was drafted, a new set of (2012-based) subnational population projections (SNPP) were published by ONS (on the 29th May 2014). These projections suggest a lower level of population growth than was expected in the 2011-based version. The 2012 SNPP indicates that by 2036 the population of New Forest is expected to reach 203,500 – this is notably below the 213,400 figure estimated by extending the 2011-based projections and also slightly below the 206,700 estimated by our SNPP updated projection (PROJ 1A). This would suggest that while our amended projection is sound, it could be considered slightly on the high side, as the new SNPP results show a lower estimate of need than in our projections.

5.65   We would recommend that the Council's review the findings regarding housing need once the 2012-based Household Projections are published. These are due to be released in Winter 2014.

Drawing the Evidence Together

5.66   The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. Both the 2007 SHMA Guidance and the more recent Planning Practice Guidance highlight the need to assess national projections. The Planning Practice Guidance sets out that these should be seen as a starting point but that authorities may consider 'sensitivity testing' projections in response to local circumstances and the latest evidence. We have therefore prepared a range of population/household projection scenarios based on different demographic and economic (employment growth) assumptions.

5.67   The core projections prepared assess housing need for New Forest District. In accordance with the Planning Practice Guidance, the 2011-based SNPP and related CLG Household Projections have formed the starting point for our assessment. These projections indicate a need for around 827 homes per annum for New Forest District. Extending this to 2031 reduces the requirement slightly to 816 per annum linked to changes in the age structure of the population.

5.68   There are two particular limitations with this projection. In particular our analysis of more recent demographic data releases, and in particular post census mid-year population estimates, indicates that past population growth in New Forest District has been over-estimated over the past decade. This justifies deviating from the assumptions underpinning the 2011-based SNPP, which leads us to PROJ 1A. This projection is linked to the 2011-based SNPP but incorporates migration inputs based on the latest data which have been moderated to reflect the latest available demographic information at the time at which the core analysis was prepared. This indicates a requirement for 14,190 dwellings (rounded to the nearest 10) over the 2011 to 2031 period, equivalent to 709 per annum. This projection takes account of the influence of age structure changes on migration flows. The modelling approach is also consistent to that used in the South Hampshire SHMA. This is the core demographic projection presented in this report.

5.69   The most recent 2012-based Sub-National Population Projections released in May 2014 indicate a slightly lower level of population growth, but are not dissimilar to the PROJ 1A Projections. It is recommended that the findings of this report regarding overall housing need are reviewed once the 2012-based Household Projections are issued in Winter 2014.

5.70   As the Planning Practice Guidance recognises, demographic and market trends can influence rates of household formation. Based on our analysis of these factors in New Forest District, there is some evidence that household formation rates amongst particular age groups (particularly those in their 20s and 30s) have fallen over the 2001-11 decade. In line with the Planning Practice Guidance we have therefore carried out a sensitivity test applying two alternative headship rate profiles, both of

which allow for a higher rate of household formation relative to the CLG 2011-based Household Projections. These scenarios indicate housing need for between 767 and 824 dwellings per annum between 2011 and 2031.. National research identifies that whilst we may not see household formation rates return fully to longer-term trends (as indicated by the 2008-based household projections) it is reasonable to plan for some improvement in rates of household formation relative to the 2011-based Household Projections. The midpoint headship rate assumptions, which result in a need for 767 homes per annum in New Forest District between 2011-31 are thus considered to represent our core projection of housing need, based on demographic trends.

5.71   We have also considered the implications of potential future economic and employment trends on housing need. Our economic driven projections (PROJ A and B) require increase in working population of between 14,000 and 16,700 over the 2011-31 period; whereas the baseline demographic projection (PROJ 1A), results in an increase in working age population of a little over 3,200 people. As a result, the housing need identified in the economic-led scenarios are significantly higher: around 1,100 to 1,200 homes per annum over the 20 year period, equivalent to very strong growth of 1.4%-1.5% per annum. This analysis suggests that supporting future economic growth is likely to create a degree of upward pressure on the housing provision over and above baseline demographic needs, particularly linked to the age structure of the District's population and, in particular, the high representation of economically inactive and retired residents.

5.72   However, the outputs of the economic modelling should be treated as a sensitivity rather than an accurate assessment of housing need. In purely methodological terms, there are inherent limitations in the accuracy of economic forecasts, particularly at district level. Furthermore, the relationship between population growth and growth in jobs locally is however complex, and is sensitive to commuting patterns, persons holding down more than one jobs and given the population profile of the District, particularly sensitive to changes in employment rates (i.e. people working later in life in future). The extent to which the New Forest area is able to realistically support these levels of economic growth moving forward – both in a socio-demographic sense and in terms of housing land supply - also need to be considered.

5.73   We have also considered the spatial distribution of future housing need across the New Forest area, particularly to identify that which is likely to arise in the National Park area and that which will arise elsewhere within New Forest District. This analysis is indicative, given the limited availability of detailed demographic data below a local authority level. Based on the baseline demographic scenario (PROJ 1A), our analysis shows a requirement for 587 homes per annum arising in those parts of the District outside of the National Park (83% of the District total) and 123 homes per annum arising in those parts of New Forest District falling within the National Park (17%). Including

those parts of the National Park which are outside of New Forest District, we estimate a total housing need arising for 141 homes per annum within the National Park Authority area.

5.74   The outputs of these demographic projections are only part of the picture, and need to be brought together with the evidence on market signals above and the following assessment of affordable housing need in coming to an objective assessment of overall housing need.

6 AFFORDABLE HOUSING NEED ASSESSMENT

Approach to Assessing Affordable Housing Need

6.1 In this section we discuss levels of affordable housing need across the New Forest District, looking at the four key sub-areas (Totton & Waterside, Southern Coastal, National Park Authority Area and Ringwood & The West).

6.2 Affordable housing need is defined in the Planning Practice Guidance as those households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market. The Practice Guidance also sets out a standard approach for assessing housing need - consistent with the methodology advocated in the 2007 SHMA Guidance - which we adopt for this study.

Assessment Process

6.3 Affordable housing need has been assessed using the approach set out in the Planning Practice Guidance. This model is summarised in the chart below.

Figure 39: Overview of Basic Needs Assessment Model
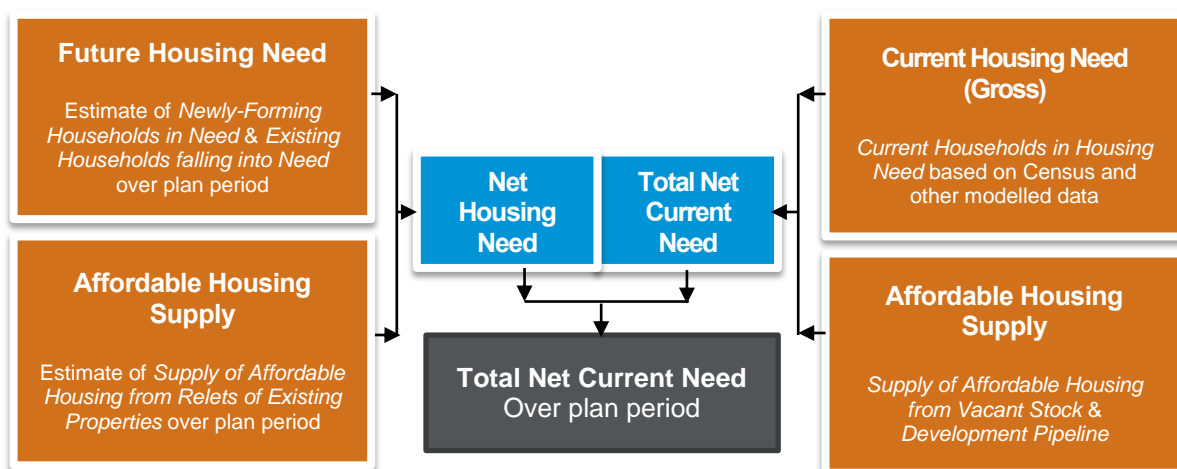
6.4 The figures presented in this report for affordable housing needs have been based on contemporary secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need for the period to 2031. Each of the stages of the housing needs model calculation are discussed in more detail below.

6.5 The affordable housing needs model is however influenced strongly by housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of

current stock) which can be used to meet affordable housing need. Key definitions used are set out in Appendix B.

6.6   Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the previous SHMA Guidance) and are summarised below:

- Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 time multiplier for analysis. This ensures that affordable housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;
- Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 30% of gross income. CLG guidance suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. In the New Forest housing costs are generally quite significantly above the national average and so the 25% figure has been changed to 30% for affordability testing.

6.7   It should be recognised that a key challenge in assessing affordable housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. However in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact on the overall assessment of affordable housing need is limited.

6.8   An important part of the assessment of affordable housing need is to establish the entry-level costs of housing to buy and rent. This housing needs assessment then compares this with the incomes of households within the District to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an affordable housing need.

6.9   In this section we establish the entry-level costs of housing to both buy and rent in each of the five sub-areas. Our approach has been to carry out a desktop survey using internet sources (the key source used was Rightmove with general price/rent levels checked for consistency with properties advertised on Prime Location). We have assessed prices and rents for different sizes of properties from one to four bedrooms in each of the different locations.

6.10   The figure below shows estimated lower quartile property prices obtained from this search. The prices have been reduced slightly (on average by about 6%) to take account of the difference between asking prices and prices paid based on information from the Hometrack website.

6.11   The data shows some notable differences between areas with prices in the Totton & the Waterside area being lower than in any of the other areas. The National Park stands out as having the highest prices. Overall, prices are estimated to start at about £100,000 for a one-bedroom home in a number of locations and rising to over £420,000 for four bedrooms in the National Park area. The data excludes shared ownership, retirement and mobile/park homes for the purposes of analysis (although these have been included within the analysis of volumes of homes available by size).

Figure 40:   Entry-level Purchase Price
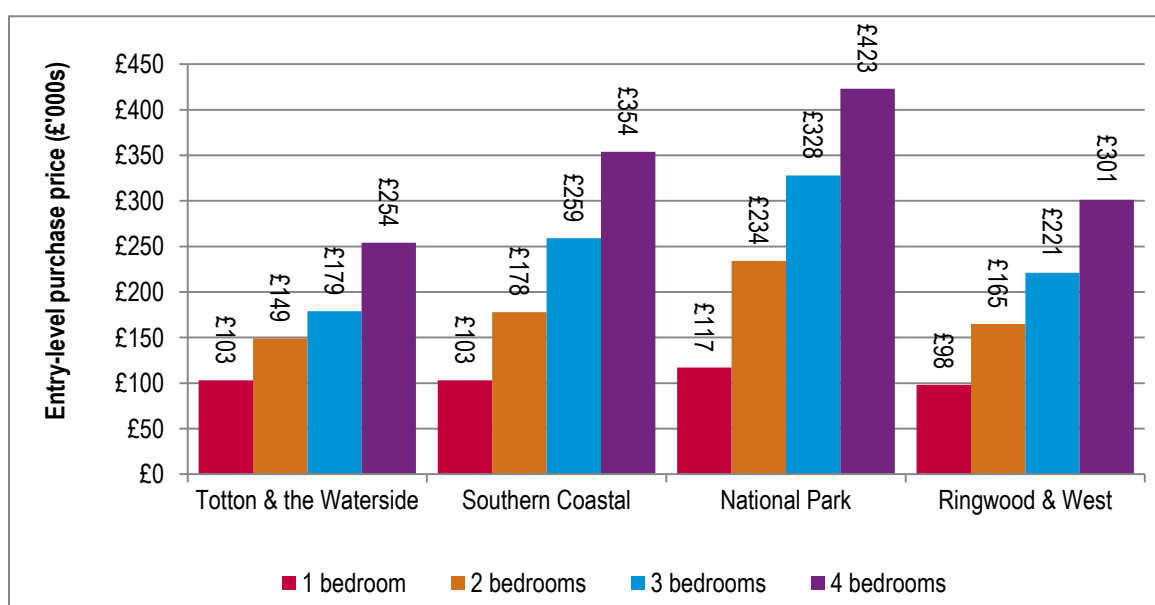
Source: Online Estate and Letting Agents Survey (July 2013)

6.12   The figure below shows the proportion of properties for sale by size in each of the four areas. The data shows in all areas that properties for sale are concentrated on larger (3 or more bedroom) homes. Southern Coastal has a higher than average proportion of one- and two-bedroom homes, whilst in the National Park over 80% of dwelling available for sale at the time of the assessment had three or more bedrooms (including over half being four or more bedroom homes).

Figure 41: Proportion of Properties by Size Advertised for Sale
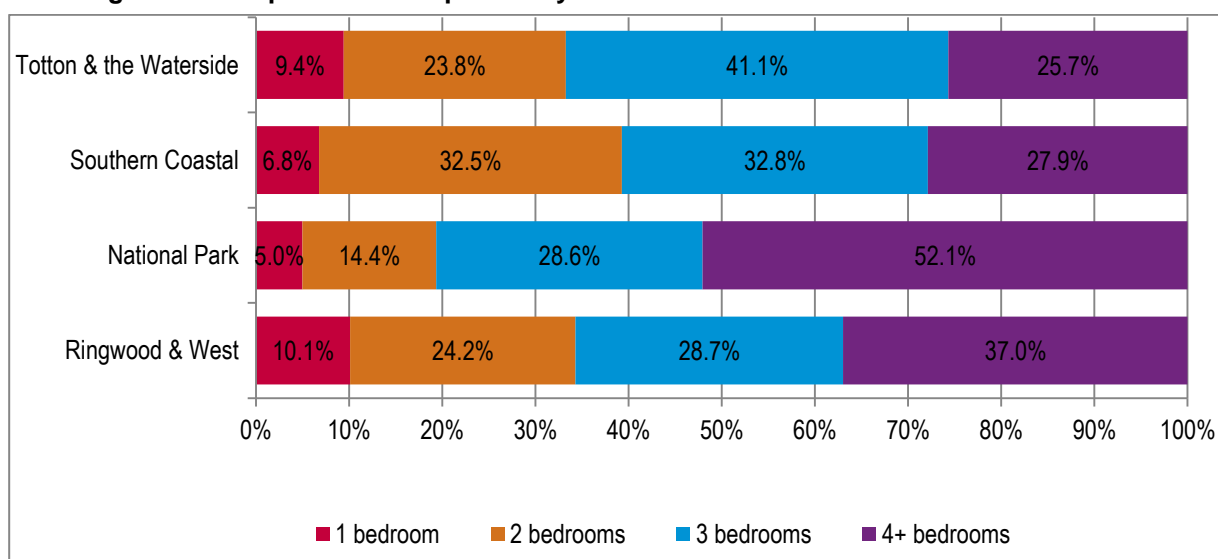
6.13   The sample size of properties (by size) available to buy at the time of the market survey is shown in the table below. The data shows that the figures are based on a sample of over 3,600 with all areas seeing a high number of homes upon which to base the estimates of entry-level costs.

Table 34: Sample size of Properties Available to Buy

Size	Totton & the Waterside	Southern Coastal	National Park	Ringwood & West	New Forest District
1 bedroom	76	111	34	49	270
2 bedrooms	192	534	98	117	941
3 bedrooms	331	539	195	139	1,204
4+ bedrooms	207	458	355	179	1,199
TOTAL	806	1,642	682	484	3,614

Source: Online Estate and Letting Agents Survey (October 2013)

6.14   The entry-level cost for private rented accommodation is presented in the figure below. This indicates that entry-level rents range from about £525-£550 per month for a one bedroom home in a number of locations up to around £1,600 per month for a four bedroom property in the National Park area. As with the sales prices, rent levels in the Totton & the Waterside area are lowest with the National Park having higher rents for all property sizes. Differences between areas for rents are not as stark as with sales prices.

Figure 42: Entry-level Private Rents
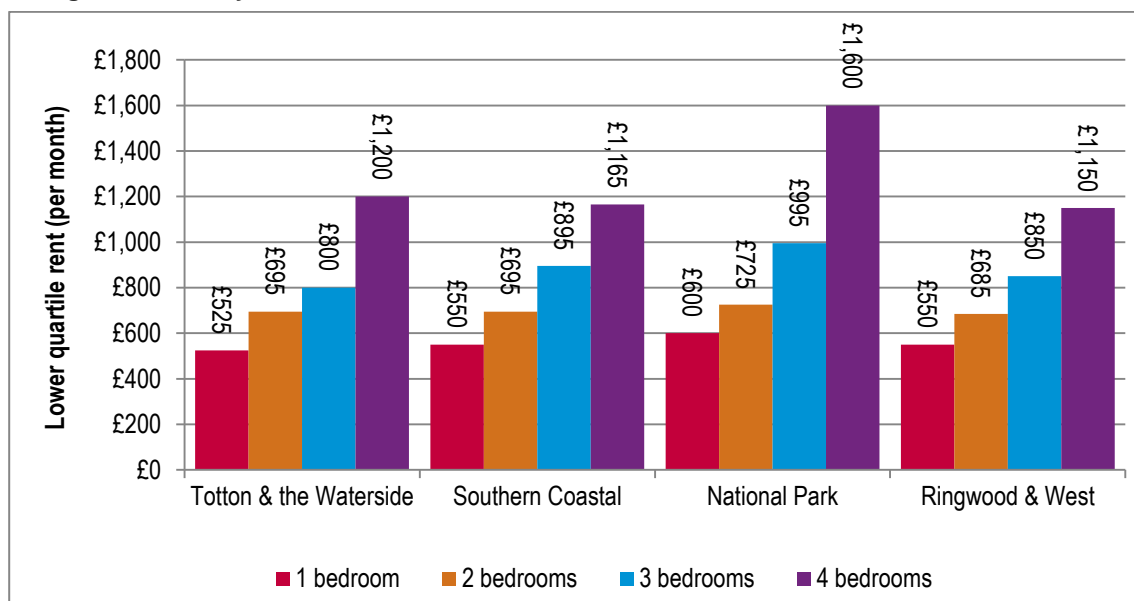
Source: Online Estate and Letting Agents Survey (July 2013)

6.15   The figure below shows the volumes of properties available for rent in each of the different areas by size of property. Compared with properties for sale the data clearly indicates a higher proportion of smaller homes being available to rent in all locations. The National Park is still however dominated by three- and four-bedroom homes with around two-thirds of homes in this area having three or more bedrooms.

Figure 43: Volume of Properties Advertised to Rent
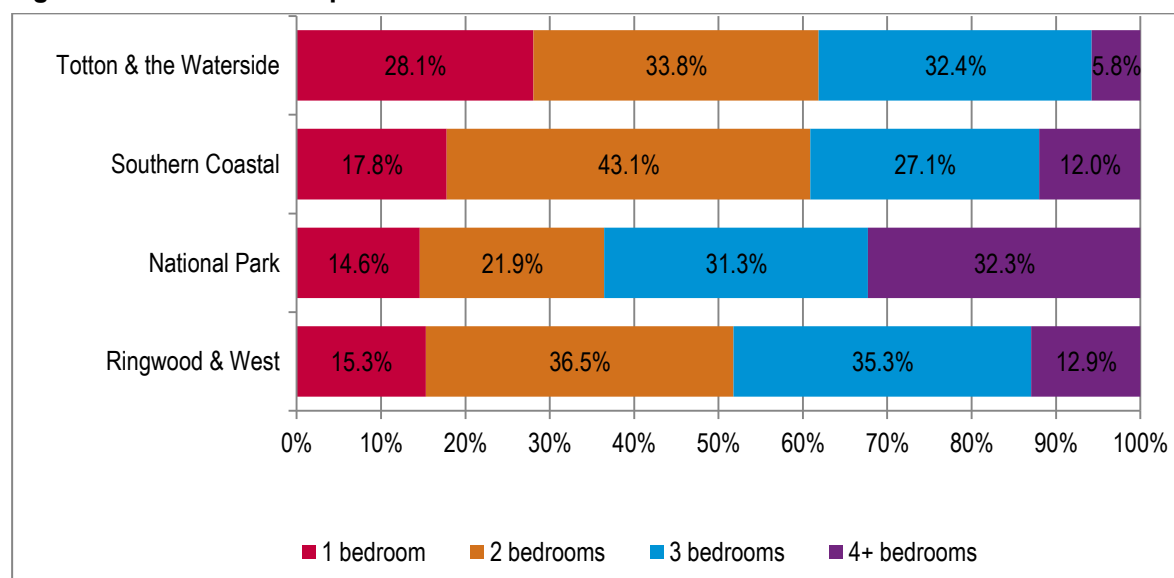
Source: Online Estate and Letting Agents Survey (July 2013)

6.16   The sample size of properties (by size) available to rent at the time of the market survey is shown in the table below. The data shows a lower number of properties upon which the analysis is based

when compared with sales. However, the overall sample of 545 homes is still sufficiently large for a reasonable estimate to be derived. Figures for smaller sub-areas vary between 85 (Ringwood & West) and 225 (Southern Coastal).

Table 35: Sample size of properties available to rent

Size	Totton & the Waterside	Southern Coastal	National Park	Ringwood & West	New Forest District
1 bedroom	39	40	14	13	106
2 bedrooms	47	97	21	31	196
3 bedrooms	45	61	30	30	166
4+ bedrooms	8	27	31	11	77
TOTAL	139	225	96	85	545

Source: Online Estate and Letting Agents Survey (October 2013)

6.17 In addition to assessing private rental costs, we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the HMA. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.

6.18 Properties in the New Forest District fall into one of three different Broad Rental Market Areas (BRMA) with the east of the District being in the Southampton BRMA and the west falling into the Bournemouth BRMA. A small part of the North West of the District is considered to be in a Salisbury BRMA. As a result of this it is clear that the main areas in each BRMA sit outside of the District.

6.19 Below we have therefore provided details for the three main BRMAs. The data suggests some differences between LHA rates and the findings of our market survey: the market survey tending to show higher figures than the maximum LHA payable. This does suggest that some households may need to top up LHA through their own resources, and that the potential role of the Private Rented Sector in meeting affordable housing needs may be more limited than in other areas. Needs may primarily require to be met in the Social/Affordable Rented Sector.

6.20 To the table below we have also added LHA rates for room only accommodation. Generally, the amount able to be claimed for a room is around 55% of the figure for a self-contained one bedroom property. Single households under 35 are now only to claim the Single Room Rate.

Table 36:   Maximum LHA payments by Size and Broad Housing Market Area

Size	Southampton	Bournemouth	Salisbury
Room only	£280	£290	£288
1 bedroom	£500	£525	£511
2 bedrooms	£664	£650	£639
3 bedrooms	£790	£810	£750
4 bedrooms	£1,000	£1,100	£995

Source: VOA data (October 2013)

Cost of Affordable Housing

6.21   Traditionally the main type of affordable housing available in an area is social rented housing. The cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2012/13. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 37:   Monthly Average Social Rent Levels

Area	1 bedroom	2 bedrooms	3+ bedrooms
New Forest	£372	£425	£473

Source: CORE (2013)

6.22   Changes in affordable housing provision has seen the introduction of affordable rented housing. Affordable rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'*.

6.23   Funding for affordable housing delivery in through the National Affordable Housing Programme is focused towards delivery of affordable rented housing over the period to 2018. This situation may however change in the future.

6.24   Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents.

6.25   The table below shows potential affordable rents at 80% of market cost by size of property (including service charge). The data shows that affordable rents are above social rents for all property sizes.

6.26   For larger property sizes, affordable rents will be notably higher than current social rents with the gap widening as property sizes get bigger. This reflects the greater gap between market and social rents (which are set with reference to 'target rents') for larger homes.

6.27   Delivery of affordable rented homes can however be expected to support scheme viability or reduce the funding requirement for most property types, relative to housing let at social rent levels. As rental levels are higher, the capitalised value (Gross Development Value) of affordable rented homes is also higher, contributing to development viability.   The affordability of such accommodation for potential households should however also be considered, including whether or not the affordable rent level will be within maximum LHA claim amounts. This latter point provides some support for seeking to set rental levels at below the 80% maximum (particularly for larger properties) so that the housing is affordable for local people. The Council can set policies in this respect through its Tenancy Strategy. However this will need to be balanced against viability considerations.

Table 38:   Cost of Affordable Rented Housing by Size and Sub-Area (per month)

Area	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Totton & Waterside	£420	£556	£640	£960
Southern Coastal	£440	£556	£716	£932
National Park	£480	£580	£796	£1,280
Ringwood & West	£440	£548	£680	£920

Source: Derived from Online Estate and Letting Agents Survey (July 2013)

Gaps in the Housing Market

6.28   The table below estimates how current prices and rents in the study area might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). The data clearly indicates a gap between the costs of 'entry-level' market housing and the social rented sector – demonstrating the potential for intermediate and affordable rented housing to meet some of the affordable need.

Table 39:   Indicative Income Required to Purchase/Rent without Additional Subsidy

Area	Lower quartile purchase price	Lower quartile private rent	Affordable rent	Lower quartile social rent
Totton & Waterside	£45,700	£25,000	£20,000	£15,400
Southern Coastal	£60,300	£27,800	£22,200	£15,400
National Park	£94,000	£33,000	£26,400	£15,400
Ringwood & West	£53,700	£27,800	£22,200	£15,400

Source: Online Estate and Letting Agents Survey (July 2013) and CORE

6.29   The analysis is indicative. For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Income levels and Affordability

6.30   Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking;
- English Housing Survey – to provide information about the distribution of incomes (taking account of variation by tenure in particular);
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at differences between local authority area (but recognising that this source only provides data about people in employment); and
- ONS modelled income estimates – to assist in providing more localised income estimates (e.g. for sub-areas).

6.31   Drawing all of this data together we have therefore constructed an income distribution for each area. The table below shows how the distribution of income varies for each of the four locations. Incomes were found to be highest in the National Park area and lowest in Southern Coastal with a range when looking at the mean from £33,000 up to £47,300.

Table 40:   Household Income Distribution by Sub-Area

Income band	Totton & Waterside	Southern Coastal	National Park	Ringwood & West	District
Under £10k	4.9%	9.2%	1.9%	4.4%	5.7%
£10k to £20k	28.0%	30.0%	21.4%	27.3%	27.4%
£20k to £30k	18.9%	19.6%	18.0%	18.8%	19.0%
£30k to £40k	13.7%	13.8%	14.2%	13.8%	13.8%
£40k to £50k	10.8%	9.1%	10.4%	10.8%	10.2%
£50k to £60k	6.6%	5.1%	8.9%	6.9%	6.6%
£60k to £80k	7.0%	5.8%	10.2%	7.3%	7.2%
£80k to £100k	4.2%	4.0%	5.0%	4.2%	4.3%
Over £100k	6.0%	3.5%	10.1%	6.4%	5.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	£38,145	£33,030	£47,299	£39,061	£38,179
Median	£29,013	£25,122	£35,975	£29,709	£28,768

Source: Derived from ASHE, SEH, CACI and ONS data

Assessing Current Needs

6.32   In line with the Planning Practice Guidance, the backlog of affordable housing need has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census along with an estimate of the number of households, particularly within the private rented sector, who are at risk of losing their tenancy or becoming homeless.

6.33   The data modelling estimates housing unsuitability by tenure and from these figures households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move and 90% of owners with a mortgage. The vast majority of owners with a mortgage are likely to be able to afford housing once savings and equity are taken into account.

6.34   At the time of the assessment there were an estimated 1,457 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers). This represents 1.9% of all households in the study area. The figure below shows the current locations of these households – the data suggests a higher level of unsuitability in the Ringwood & West area with the same (lower) figure in all of the remaining sub-areas.

Table 41:   Estimated number of households in unsuitable housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Totton & Waterside	543	30,007	1.8%
Southern Coastal	456	24,709	1.8%
National Park	229	13,039	1.8%
Ringwood & West	229	10,611	2.2%
District	1,457	78,366	1.9%

Source: Census (2011) and data modelling

6.35   Our estimated level of backlog need is therefore 1,457. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. To estimate what proportion of these households might be able to afford market housing, we have used the income data and adjusted the distribution to reflect the fact that typically households living in unsuitable housing have an average income which lower than the figure for all households. We estimate that typically households in unsuitable housing typically have an income which is around 69% of the figure for all households in an area. Overall, around 34% of households with a current need are estimated to be likely to have sufficient income to afford market housing and so our estimate of the total backlog need is reduced to 957 households.

Table 42:   Estimated Backlog Need by Sub-Area

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Totton & Waterside	543	60.7%	330
Southern Coastal	456	73.0%	332
National Park	229	63.8%	146
Ringwood & West	229	64.7%	148
District	1,457	65.7%	957

Source: Census (2011), data modelling and income analysis

Estimating Newly-Arising Need

6.36   To estimate newly-arising (projected future) need we have looked at two key groups of households based on the Planning Practice Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

6.37   For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form over the five year period and then applied an affordability test. This has been undertaken by considering the changes in households in specific 5-year age bands in 2018 relative to numbers in the age band below 5 years previously to provide an estimate of *gross*

household formation. This differs from numbers presented in the demographic projections which are for net household growth. The number of newly-forming households are limited to households forming who are aged under 45. This methodology is recognised in 2007 SHMA Guidance as a robust method for assessing the number of newly forming households. Most newly-forming households aged over 45 (such as those associated with divorces) are likely to have some level of savings or equity in existing property.

6.38   The estimates of gross new household formation have been based on outputs from our projection linked to the adjusted SNPP. We estimate that the average income of newly-forming households is around 84% of the figure for all households.

6.39   We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around 55% of newly-forming households will be unable to afford market housing.

Table 43: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Totton & Waterside	501	51.3%	257
Southern Coastal	276	63.3%	175
National Park	164	54.5%	90
Ringwood & West	163	55.6%	90
District	1,104	55.4%	612

Source: Projection Modelling/Income analysis

Existing Households falling into Affordable Housing Need

6.40   The second element of newly arising need is existing households falling into need. To assess this we have used information from CORE. CORE records data on lettings of social housing. We have looked at households in affordable housing need who have been housed over the past five years - this group will represent the flow of households onto the Housing Register over a five year period. Households who have fallen into need and have not been housed will be included within the assessment of current affordable housing need.

6.41   From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

6.42   This method for assessing existing households falling into need is consistent with the SHMA guide (of 2007) which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*.

6.43   The figure below therefore shows our estimate of likely new need from existing households (per annum) by location. The data shows an additional need arising from 216 households, with a notably higher proportion of these being in Totton & Waterside when compared with other locations.

Table 44:   Estimated level of Affordable Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Need	% of Need
Totton & Waterside	96	44.6%
Southern Coastal	68	31.6%
National Park	22	10.1%
Ringwood & West	30	13.7%
District	216	100.0%

Source: CORE/affordability analysis

6.44   Estimates of total future housing need which is likely to arise per annum are shown below, by combining the estimates of need arising from newly-forming households and from existing households falling into need. Total newly-arising need is estimated at 828 households per annum.

Table 45:   Estimated Future Affordable Housing Need (per annum)

Area	Newly-forming Households in Need	Existing Households falling into Need	Total Newly-Arising Need (per annum)
Totton & Waterside	257	96	354
Southern Coastal	175	68	243
National Park	90	22	111
Ringwood & West	90	30	120
District	612	216	828

Calculating the Supply of Affordable Housing

6.45   The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social relets and the annual supply of relets/sales within the intermediate sector.

6.46   The Planning Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future.

We have used information from the Continuous Recording system (CORE) to establish trends in lettings of social housing. Our figures include general needs and supported lettings but exclude lettings to new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

6.47 On the basis of past trend data is has been estimated that 337 units of social rented housing are likely to become available each year moving forward.

Table 46: Analysis of past social rented housing supply (past 5 years – per annum)

Total lettings	543
% as non-newbuild	91.0%
Lettings in existing stock	494
% non-transfers	68.2%
Lettings per annum	337

Source: CORE

6.48 The supply figure is for social rented housing only and whilst the stock of intermediate housing in the study area is not significant compared to the social rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data. From this it is estimated that around 19 additional properties might become available per annum.

6.49 The total supply of affordable housing is therefore estimated to be 356 per annum. The table below shows the locations where supply is expected to arise.

Table 47: Supply of Affordable Housing by Sub-Market

Area	Social rented relets	Intermediate housing 'relets'	Total supply (per annum)
Totton & Waterside	155	8	163
Southern Coastal	102	7	109
National Park	34	2	36
Ringwood & West	46	3	49
District	337	19	356

Source: Derived from CORE and Census (2011) analysis

Calculating Net Affordable Housing Need

Excluding Development Pipeline

6.50 The table below shows our overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based

on meeting housing need over the 18-year period from 2013 to 2031. Whilst most of the data in the model are annual figures the backlog has been divided by 18 to make an equivalent annual figure.

6.51   The data shows an overall need for affordable housing of 9,450 units over the next 18-years (525 per annum). The net need is calculated as follows:

Net Need = Backlog Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 48:   Estimated level of Affordable Housing Need (2013-31)

	Per annum	18-years
Backlog need	53	957
Newly forming households	612	11,017
Existing households falling into need	216	3,888
Total Gross Need	881	15,862
Supply	356	6,412
Net Need	**525**	**9,450**

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

6.52   The table below shows the annualised information for individual sub-areas. The analysis shows a need for additional affordable housing in all areas with Totton & Waterside sub-area seeing the highest need (about 40% of the total).

Table 49:   Estimated level of Affordable Housing Need (per annum excluding pipeline)

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Totton & Waterside	18	257	96	372	163	209
Southern Coastal	18	175	68	262	109	153
National Park	8	90	22	120	36	84
Ringwood & West	8	90	30	128	49	79
District	53	612	216	881	356	525

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Taking Account of Planning Consents

6.53   The Planning Practice Guidance indicates that this should take account of the committed supply of affordable housing. New Forest District Council and the New Forest National Park Authority have both provided information regarding extant planning permission for affordable housing in April 2014. This comprises 163 dwellings. This is subtracted in the table below from the current affordable housing need.

6.54 Taking account of extant planning consents, the analysis indicates a net need for 516 affordable homes per year.

Table 50:   Estimated Annual Affordable Housing Need (including Pipeline)

Area	Gross Backlog Need	Pipeline Supply	Current Need	Annual Flow to Address Current Need	Newly-Arising Need Per Year	Existing households falling into need	Supply from Relets Per Year	Net Annual Need
Totton & Waterside	330	90	240	13	257	96	163	203
Southern Coastal	332	59	273	15	175	68	109	149
National Park	146	5	141	8	90	22	36	84
Ringwood & West	148	12	136	8	90	30	49	79
District	957	166	791	44	612	216	356	516

Source: Census (2011)/CORE/Projection Modelling and affordability analysis, NFDC, NFNPA

Putting the Affordable Needs Assessment into Context

6.55 The affordable needs assessment set out above concludes that there is a shortfall of almost 9,500 affordable homes over the period from 2013 to 2031, equivalent to 525 per annum (excluding the 163 affordable homes in the development pipeline). However there are a number of things that need to be remembered in interpreting the findings of the assessment.

6.56 The role of the needs assessment is specifically to identify whether there is a shortfall or surplus of genuine affordable housing product to provide for those households who cannot afford to meet their needs in the market: it does not look at all housing needs. There are therefore two key assumptions which underpin the model:

- All households are adequately housed in a home which they can afford (assuming no more than 30% of the households' gross income is spent on housing costs)

- All households in need are housed in a "genuine" affordable housing product (as defined by the NPPF)

6.57 Considering this, there are therefore three key factors and sensitivities which need to be considered in order to put the needs identified in the model into "real life" context:

- The extent to which households defined as in affordable housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and

- The role of the Private Rented Sector, supported by Local Housing Allowance, in providing accommodation for those identified as in need

- The possible future impacts of recently announced welfare reforms

6.58   It should be recognised that the needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of New Forest, although the stock of affordable housing (social rented) has increased by about 16% over the last decade it still represents a very small proportion of all housing in the District (about 11%). This will affect the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent influenced by past investment decisions.

6.59   The following sections discuss in detail the role of the private rented sector and the potential impact of welfare reforms.

Role of the Private Rented Sector in Meeting Affordable Housing Need

6.60   In considering the true dynamics of the local housing market, it is important to consider the role played by the private rented sector (through the Local Housing Allowance (LHA) system) in meeting affordable housing needs. To do this, we have analysed data from the Department of Work and Pensions (DWP) in order to identify the number of LHA supported private rented homes and estimate its role in augmenting the supply of homes for households in need.

6.61   The data shows that, as of February 2013, it is estimated that there were 3,240 benefit claimants in the private rented sector in New Forest. This is a 5% increase on the number observed two years earlier (February 2011). Given that in some cases more than one claimant will live in a single household, we estimate that around 2,590 households in the Private Rented Sector in the New Forest District are supported by LHA[19].Comparing this to the total private rented sector stock in the District shows that benefit claimants account for around 28% of the sector.

6.62   What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are "new lettings" each year (i.e.

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[19] Assuming 20% conversion from claimants to households – broadly consistent with the national conversion figure derived from comparison of DWP and English Housing Survey data and consistent with the figure adopted in the PUSH study. We would however note that given the dynamics of the New Forest area, a lower instance of multiple claimant households than the figure applied could be likely.

stripping out the effect of transfers) is around 13%. Applying this to the private rented stock in New Forest gives us an estimate of 1,208 private sector lettings per annum in the District.

6.63 Of these lettings, we assume 28% are to benefit claimants, consistent with their representation in the total private rented stock, giving a total of 338 lettings per annum to LHA claimants.

6.64 As such, the overall estimated number of lettings in the LHA part of the PRS can be seen to be around 65% of the total net need derived through affordable housing needs analysis. Whilst the private rented sector is not recognised as a genuine affordable housing product, it is important to recognise that, in practice, the sector makes a significant contribution to meeting affordable housing need and filling a shortfall in genuine affordable housing products.

6.65 The extent to which the Council and National Park Authority wish to see this role in the future will clearly have implications for both affordable housing supply and by implication overall housing targets. However, this is ultimately a local policy decision which is beyond the scope of this study. We would however note the following considerations:

- The private rented sector continues to grow (across New Forest and the South East) and given the stock of affordable housing locally as well as the future prospects in terms of grant funding for new affordable housing delivery the reality is that there is likely to be comparatively greater availability in the private rented sector moving forward.

- The private rented sector provides less security than the affordable sector and standards can also be lower than for social rented properties.

- There are likely to be households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

6.66 There is emerging interest in 'build to rent' whereby new-build housing is constructed for private rent. At the time of writing this however is a relatively embryonic sector and new-build development scheme are likely to be focused more towards larger towns and cities where there is a larger rental market. In policy terms, should the Council and National Park Authority wish to support this sector in the short-term, it may need to help to de-risk investment, such as through providing some flexibility regarding affordable housing requirements; or through use of public sector-owned land.

Impact of Welfare Reforms

6.67 The Coalition Government has heralded a period of considerable change by way of welfare reforms which will have an effect on local residents. The reforms are set against a backdrop of government spending cuts, which has seen funding levels drop, and an economic recession which has led to changes to the country's housing market and how housing can be accessed. A summary of the welfare reforms and impacts are shown below:

- Reducing the Local Housing Allowance (LHA) from the median rent in a Broad Rental Market Area (BRMA) to the 30th centile and the abolition of the rate for 5 or more bedroom homes. These changes came in from April 2011 and will have meant some households seeing a reduction in housing benefit. There has also been a reduction in the number of homes available to rent at or below payment thresholds and potentially increased demand for lower cost properties. Households requiring larger (5 or more bedroom) homes have been disproportionately affected.

- Limiting payments for people under 35 to the shared room rate (up from 25) – from January 2012. This change has made it harder for the Council to place young single people in private rented accommodation and has seen a greater demand for shared housing.

- Up rating LHA in line with Consumer Price Index (CPI) instead of by reference to local rents. If rents increase at a rate above CPI then there will be a reduction in the number of properties with a rent below LHA maximum levels.

- Limiting Housing Benefit entitlements for working age people in social housing sector to reflect family size. The 'bedroom tax' is arguably the most controversial of the Government changes with households losing 14% of housing benefit if they have one spare bedroom and 25% for two or more. This change has already put considerable pressure on housing providers who are seeing a significantly increased demand for smaller (particularly one bedroom) homes. In the longer-term if the supply does not improve this change could see some increases in homelessness. This change was brought in from April 2013.

- A household benefit cap is being phased in from April 2013 which will limit the amount claimed in all benefits for working age (non-working) households to £500 per week for households with two or more people and £350 for single adults. For many households this will not make a difference to their ability to access housing; however larger households living in larger (more expensive) homes will be disproportionately affected.

- The move towards a Universal Credit is likely to end Housing Benefit payments direct to landlords, making benefit claimants potentially less attractive as tenants.

6.68   Whilst the full impact of the various current and proposed changes is difficult to quantify it is clear when taken together that a significant number of people and households will be affected. Given the levels of affordable housing need identified set against the potential supply of affordable housing (from both the existing stock and new provision) it seems unlikely that the number of households in need will fall in the short/medium-term. Indeed the evidence suggests a likely growth in demand – particularly for private rented accommodation.

Need for Different Types of Affordable Housing

6.69   Having studied housing costs, incomes and housing need the next step is to identify the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be an affordable option. The main data sources for establishing affordable housing need are Census data and projections of newly-forming households, along with local income data and affordability analysis.

6.70   We have assessed need in the form of three income bands which have been associated with three different types of affordable housing – intermediate, affordable rented and social rented. For analytical purposes, households are considered able to afford intermediate housing if their income is greater than that required to rent at 80% of market rental costs (a figure which equates with possible affordable rent maximum costs) and the income falls below that required to access the market without subsidy. Although technically an intermediate product could be provided at below this level, the reality is that most intermediate housing is priced closer to market costs than social housing costs. Households whose income falls in the gap between intermediate housing and social rented housing are allocated to affordable rented housing with lower income households placed in the social rent group. The categories of affordable housing are described in the table below.

Table 51:   Categories of affordable housing used for analysis

Tenure type	Description
Intermediate housing	Assigned to households who can afford a housing cost at or above 80% of market rents but cannot afford full market costs
Affordable rent	Assigned to households who could afford a social rent without the need to claim housing benefit but would need to claim benefit to afford an Affordable Rented home (priced at 80% of market rental costs)
Social rent	Households who would need to claim housing benefit regardless of the cost of the property

6.71   In fact there will be a considerable overlap between these categories. Households in the social rented category might well be able to live in affordable rented housing, using Housing Benefit to supplement their income. Similarly households with an income of more than 80% of market rents could also live in affordable rented housing; and not all households in this category will have the savings necessary to afford shared ownership or equity housing

6.72   The table below shows our estimate of the number of households in need in each of the above categories and estimated net need levels (for the purposes of analysis the affordable and social rent figures have been combined). The data shows that across the District some 24% of the need

could be met through products priced at above the 80% of market level suggested by affordable rented housing without the need for benefit assistance.

Table 52:   Net Need for Different Types of Affordable Housing (per annum)

Area	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Totton & Waterside	67	8	59	305	155	150
Southern Coastal	36	7	29	225	102	123
National Park	22	2	20	98	34	64
Ringwood & West	22	3	20	106	46	60
District	148	19	128	734	337	397
% requirement	24%			76%		

Source: Affordable Housing Needs Analysis

6.73   This analysis is based on an assessment of need. However in reality there are a number of other factors which are going to affect housing delivery, including the extent of Natura 2000 sites, the National Park, AONB, Green Belt and areas at risk of flooding. These are recognised in Paragraph 14 of the NPPF as nationally-significant development constraints. Given the evident development constraints in the District, lower affordable housing numbers are likely to be delivered than shown in the needs assessment. In light of this there are also policy choices to be made regarding how affordable housing provision should be targeted. In setting policies for housing provision, account should also be taken of evidence regarding development viability.

Summary of Key Findings

6.74   In assessing needs for affordable housing, we have adopted the methodology set out in the Planning Practice Guidance.

6.75   In following this approach, we have identified a net affordable housing need in New Forest of 9,450 households over the period from 2013 to 2031, equivalent to 525 households each year. There is therefore a clear and significant need for new affordable housing in New Forest and we therefore consider the District Council and National Park Authority is justified in seeking to secure the maximum viable level of affordable housing.

6.76   However, whilst a significant quantitative shortfall is identified, there are in reality two key factors against which the assessment must be put into context. Firstly, in practice there are likely to be households who are adequately housed whilst paying more than the 30% of income threshold used, particularly in a relatively affluent area such as the New Forest.

6.77   Secondly, in considering the true dynamics in the affordable sector, it is important that the role played by the private rented sector is recognised, particularly insofar as it provides adequate and affordable housing when supported by the LHA. In this regard, our evidence shows that in New

Forest the Private Rented Sector makes a potentially significant contribution to meeting affordable housing needs with an estimated 338 lettings per annum in sector to households supported by LHA.

6.78   Clearly the Private Rented Sector is not a recognised form of affordable housing and the extent to which the Council and National Park Authority wishes to see the sector being used to make up for shortages of affordable housing is ultimately a local policy decision which is outside the scope of this study. However, given the significant role of the PRS, there is no strong evidence of a quantitative need to increase the overall assessment of housing need above the levels identified by the baseline demographic projections in order to ensure delivery of sufficient affordable housing delivery over the plan period.

6.79   In establishing an objective assessment of overall housing needs, the outputs of this assessment will be considered alongside the market signals as well as the demographic projections.

6.80   With respect to tenure mix, our assessment based on the analysis in Table 48 indicates a District-wide mix target of 25% intermediate: 75% rent might be appropriate; but that this should be tested further taking account of development viability and through consideration of policy priorities.

7   REQUIREMENTS FOR DIFFERENT SIZES OF HOMES

7.1   As discussed in Section 3, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.

7.2   In this section we consider in some detail the implications of demographic drivers on demand for different housing products. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes. This however needs to be brought together with an understanding of wider factors including:

- The need and opportunity to develop the housing offer;

- The findings of the affordable housing needs analysis which provide a short-term view of requirements;

- Economic factors, such as trends in employment, overall and by occupation; and

- Local policy objectives.

7.3   The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. It considers how the population will change over the period to 2031 and how this might influence the need for different sizes of homes. For the purposes of this analysis we have looked at the demographic change as indicated in our projection linked to the 2011-based SNPP (updated) - delivery of 14,190 additional homes from 2011 to 2031.

7.4   It should be noted that this projection will not necessarily be translated into policy but has been used to provide an indication of the mix of homes of different sizes needed moving forward. Were a projection with a different housing figure used then the outputs would be expected to be broadly similar.

Methodology of Market Modelling

7.5   Figure 44 describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections. Below we briefly discuss key information sources.

Figure 44:   Approach to Housing Market Modelling

Establish how households of different ages occupy homes (by tenure)

Project how the profile of households of different ages will change in future

Draw together housing needs, viability and funding issues to consider affordable housing delivery

Model future requirements for market and affordable housing by size and compare to existing profile of homes

Output recommendations for housing requirements by tenure and size of housing

Understanding how Households Occupy Homes

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

7.7   For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.

7.8   This issue is less relevant for affordable housing (particularly since the introduction of the 'bedroom tax'), as households get allocated a home which meets their needs. However there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.

7.9   The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of

housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations). However, in applying these statistics, it should be noted that current demographic (and household) composition may have been influenced by market circumstances and affordability in recent years, which may have some impact on the model outputs

7.10   The figure below shows an estimate of how the average number of bedrooms rooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-49 age groups. In the affordable sector this peak appears earlier. After sizes peak, the average dwelling size decreases – linked in part to a number of people down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing; whilst in market housing, male HRPs live in larger accommodation for all age groups (with no particular trend being seen in the affordable sector).

Figure 45: Average bedrooms by age, sex and tenure
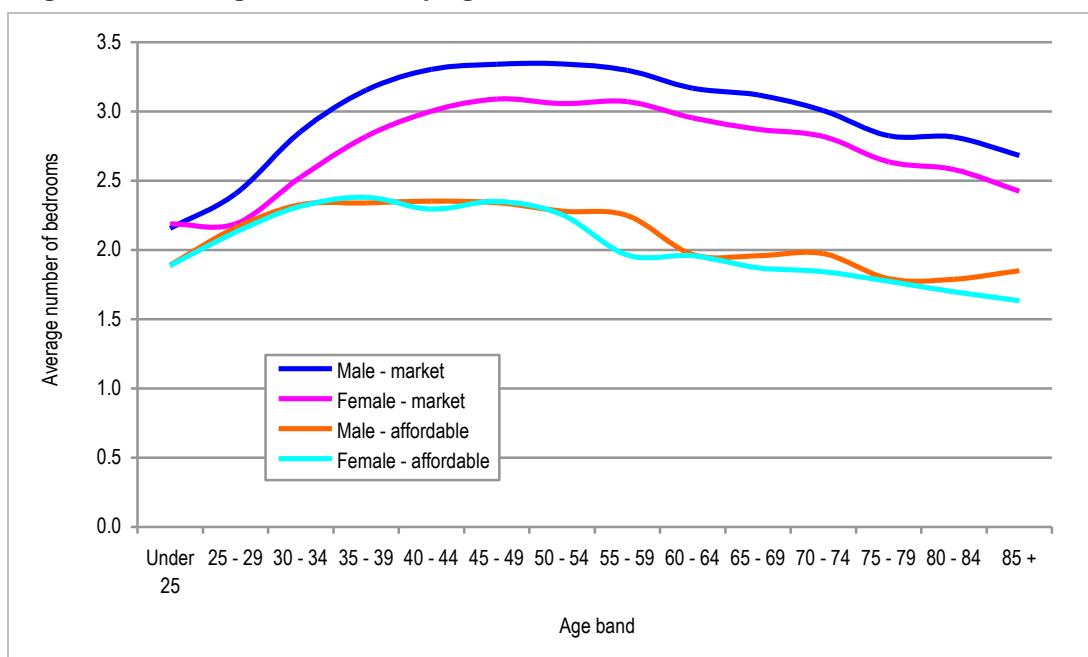
Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

7.11   As of 2011 it is estimated that there were 76,952 households living in New Forest. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2011, as shown in the table below. The table shows that an estimated 11.6% of households live in affordable housing, with 88.4% being in the market sector (the size of the

affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in 2011). The data also suggests that homes in the market sector are generally bigger than in the affordable sector; with 78% having three or more bedrooms compared to 37% for affordable housing.

7.12   These figures are for households rather than dwellings as reliable information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the modelling outputs. We have however translated the household projections into dwelling figures by including a 3% vacancy allowance when studying the final outputs of the market modelling.

Table 53: Estimated profile of dwellings by size (2011)

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	4,185	6.2%	2,528	28.3%	6,713	8.7%
2 bedrooms	17,583	25.8%	3,051	34.2%	20,634	26.8%
3 bedrooms	29,239	43.0%	3,029	33.9%	32,268	41.9%
4+ bedrooms	17,021	25.0%	316	3.5%	17,337	22.5%
Total	68,028	100.0%	8,924	100.0%	76,952	100.0%
% in tenure	88.4%		11.6%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

7.13   The housing market model has been used to estimate future requirements for different sizes of property over the next 20-years. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what mix of future housing will be in the market and affordable sectors.

7.14   The key assumption here is not a policy target but an estimate of what proportion of new housing will be delivered as affordable housing for modelling purposes. Our assumption is influenced by a range of factors. The affordable housing needs analysis in this report provides evidence of considerable housing need which would support any target although the viability of providing affordable housing will limit the amount that can be delivered. The District Council's current Core Strategy seeks 40% or 50% affordable housing depending on location. The National Park Authority requires 50% affordable housing within the four defined villages, and 100% on rural exception sites, subject to viability. However there are cases where development sites cannot support the policy requirements. For modelling purposes we have developed projections on the basis of 30% of new

delivery being in the affordable sector. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Core Analysis: Market Housing

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

7.16   The table and figure below shows estimates of the sizes of market housing required from 2011 to 2031 based on demographic trends for the whole of the District. The data suggests a requirement for homes for 9,644 additional households with the majority of these being two- and three-bedroom homes.

Table 54: Estimated Size of Dwellings Needed (2011-2031): Market Housing

Size	Households, 2011	Est. Households, 2031	Additional households 2011-2031	% of additional households
1 bedroom	4,185	4,891	706	7.3%
2 bedrooms	17,583	21,162	3,579	37.1%
3 bedrooms	29,239	33,321	4,082	42.3%
4+ bedrooms	17,021	18,297	1,276	13.2%
Total	68,028	77,671	9,644	100.0%

Source: Housing Market Model

7.17   The figure below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the 3% vacancy allowance)). The data suggests that need for different types of homes is expected to reinforce around the existing profile of stock, but with a slight shift towards smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes a projected to fall slightly in the future (which itself is partly due to the ageing of the population).

Figure 46:   Impact of Demographic Trends on Need for Different Sizes of Market Homes (2011-2031)
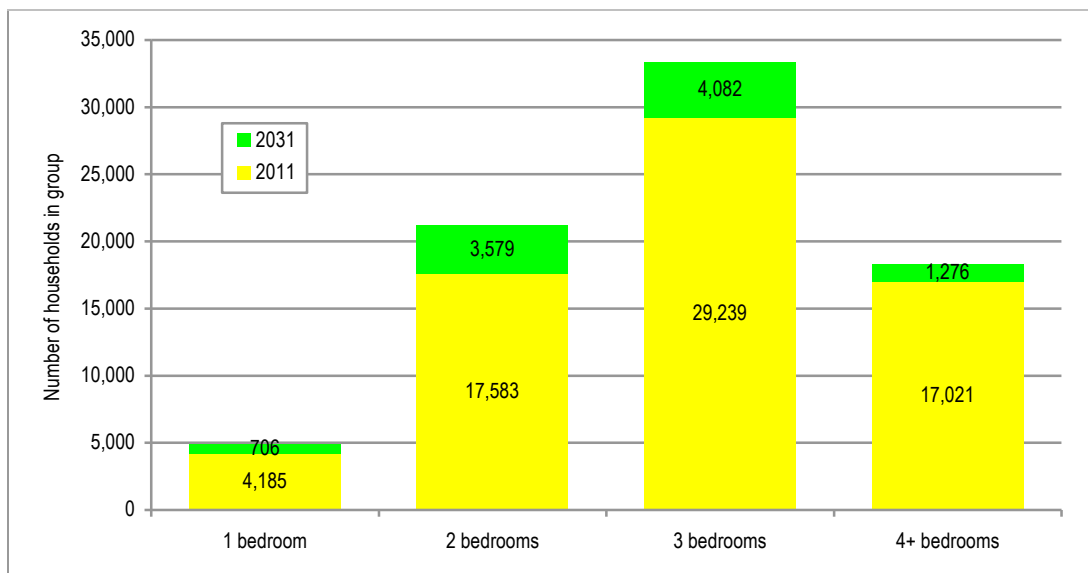
Source: Housing Market Model

7.18   The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

7.19   In the short-term we might expect stronger demand in relative terms for larger family homes as the market for smaller properties (i.e. those more commonly sought by first time buyers) is restricted to some extent by mortgage finance constraints. In this regard, monitoring of demand and particularly the impact of schemes such as Help to Buy locally will be important. However, over the 20-year projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).

7.20   We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to '*identify the size, type, tenure and range of housing that is required'*.

7.21   At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Core Analysis: Affordable Housing

7.22   The table and figure below show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2011 and 2031 that around 71% of the total need is for homes with one- or two-bedrooms with around 29% of the need being for larger homes with three or more bedrooms.

7.23   This analysis provides a longer-term view of for the need for different sizes of affordable housing and does not reflect any specific policy priorities, such as for family households in priority need. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, in the short-term the need for smaller homes is likely to have increased as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 55: Estimated Size of Dwellings Needed (2011-2031): Affordable Housing

Size	Households, 2011	Est. Households, 2031	Additional households 2011-2031	% of additional households
1 bedroom	2,528	4,084	1,557	37.7%
2 bedrooms	3,051	4,445	1,394	33.7%
3 bedrooms	3,029	4,094	1,065	25.8%
4+ bedrooms	316	433	118	2.8%
Total	8,924	13,057	4,133	100.0%

Source: Housing Market Model

7.24   The figure below shows how our estimated need for different sizes of affordable housing compares with the stock of affordable housing in 2011 – the figures are based on households (i.e. before adding in a vacancy allowance). Again, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being needed. This makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings. However, the analysis still identifies a need for more large units (particularly three bedroom accommodation).

Figure 47: **Impact of Demographic Trends on the Need for Different Sizes of Affordable Housing, 2011 to 2031**
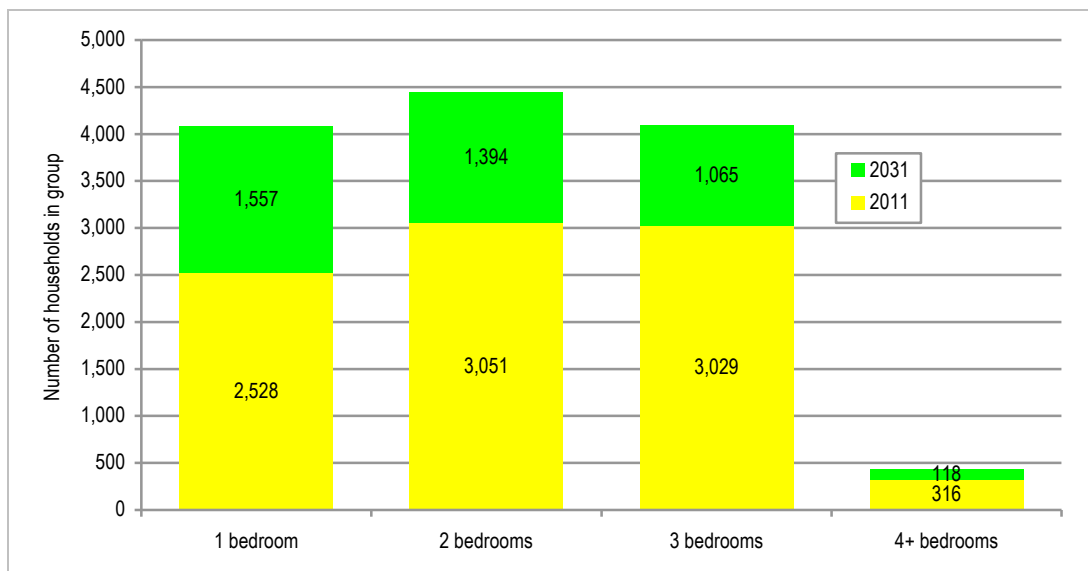
Source: Housing Market Model

Indicative Targets by Dwelling Size

7.25 The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a 3% vacancy allowance in moving from household figures to estimates of housing need for different sizes of properties.

Table 56: Estimated Need for Different Sizes of Dwellings (2011-2031)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	706	728	7.3%	1,557	1,603	37.7%
2 bedrooms	3,579	3,687	37.1%	1,394	1,436	33.7%
3 bedrooms	4,082	4,204	42.3%	1,065	1,097	25.8%
4+ bedrooms	1,276	1,314	13.2%	118	121	2.8%
Total	9,644	9,933	100.0%	4,133	4,257	100.0%

Source: Housing Market Model

Figure 48:   Size of Homes Needed (2011 to 2031)
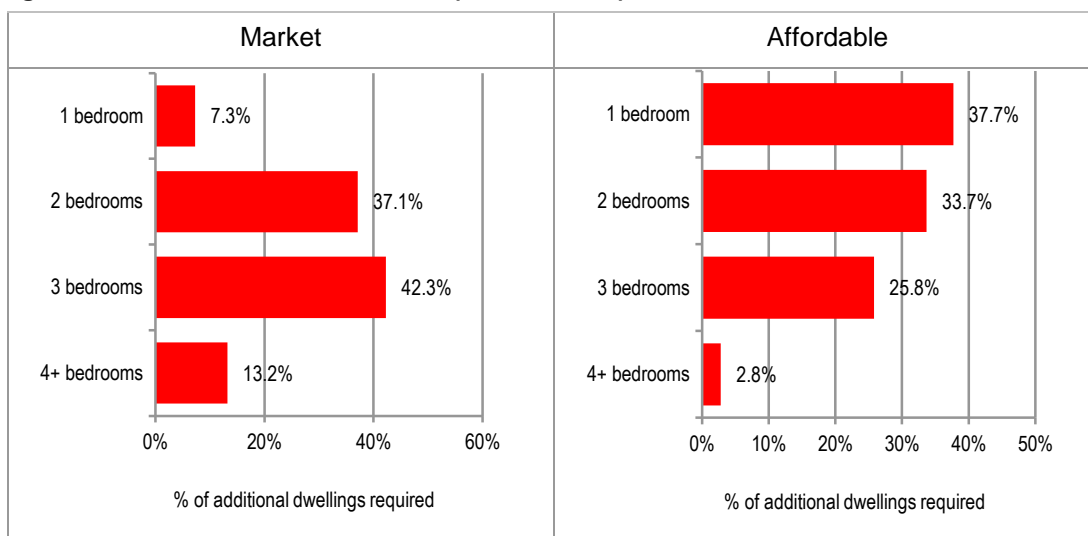
Source: Housing Market Model

7.26   Whilst the outputs of the modelling provide estimates of the need for different sizes of homes, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

7.27   It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the 'bedroom tax'.

7.28   For these reasons we would suggest in converting the long-term modelled outputs into a profile of housing to be sought in policy terms (in the affordable sector), that the proportion of one bedroom homes sought is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

7.29 There are thus a range of which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a District-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 30%-35%
- 2-bed properties: 30%-35%
- 3-bed properties: 25%-30%
- 4-bed properties: 5%-10%

7.30 Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

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

7.32 In the market sector we would suggests a profile of housing that broadly matches the outputs of the modelling. However, taking account of the impact of the ageing population and considering the local market dynamics, we would recommend a stronger and more explicit focus on delivering smaller family homes or starter properties for younger households across the plan period (although we recognise that current constraints on mortgage finance may serve to suppress demand for smaller units in the short-term). On this basis we would recommend the following mix of market housing be sought:

- 1-bed properties: 5%-10%
- 2-bed properties: 35%-40%
- 3-bed properties: 40%-45%
- 4-bed properties: 10%-15%

7.33 Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we do not strongly believe that such prescriptive figures should be included in the plan making process and that the 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

7.34 In respect of market housing the suggested mix may need to be revisited in light of policies regarding housing supply, to consider more specifically how future supply might be targeted, such as to meet local need.

Sub-area Housing Market Modelling Outputs

7.35   Whilst the analysis above has focussed on outputs for New Forest as a District, the data itself has been built up from analysis at a smaller area level. The tables below provide the outputs of this analysis in terms of the sizes of accommodation estimated to be required in each of the affordable and market sectors for the four different areas.

7.36   To a considerable degree the outputs show a reinforcing of the current housing offer in each area with larger homes expected to be required in areas which traditionally have provided larger housing units. This is largely a function of the expected demographic change in these areas and the fact that household types requiring larger homes are expected to continue seeking these locations. However, as the demographic change is somewhat linked to past trends, the suppression of a particular type of household in the past (i.e. through a lack of supply of a certain type of property and/or lack of affordability) may lead to the size needs of such households being masked in future projections.

7.37   Given the ageing demographic in many of the more rural sub-markets, as well as the higher pricing levels of market housing and significant levels of under-occupation, the District Council and National Park Authority may wish to promote a stronger focus on smaller units within the market sector (1 and 2 bedrooms) in these areas (particularly the National Park) than the pure modelling would suggest, with a consequent dampening of the provision of four or more bedroom properties seen in some areas.

Table 57: Settlement level estimates of dwelling sizes (2011-31): Market Housing

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Totton & Waterside	7.1%	33.9%	48.6%	10.4%
Southern Coastal	8.0%	42.8%	37.7%	11.4%
National Park	5.6%	30.3%	41.9%	22.3%
Ringwood & West	8.0%	35.1%	43.7%	13.3%
District	7.3%	37.1%	42.3%	13.2%

Source: Housing Market Model

Table 58: Settlement level estimates of dwelling sizes (2011-31): Affordable Housing

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Totton & Waterside	33.9%	35.5%	27.7%	3.0%
Southern Coastal	43.0%	31.4%	23.1%	2.6%
National Park	29.3%	36.1%	31.0%	3.7%
Ringwood & West	40.3%	34.3%	23.2%	2.3%
District	37.7%	33.7%	25.8%	2.8%

Source: Housing Market Model

Summary of Key Findings

7.38   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

Table 59: Indicative Assessment of Need for Different Sizes of Dwellings (2011-31)

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	35-40%	40-45%	10-15%
Affordable	30-35%	30-35%	25-30%	5-10%

7.39   Our strategic conclusions in the affordable sector recognise the significant need for smaller units within the sector but also the role which larger units and family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

7.40   Based on the evidence, we would expect the focus of demand for market housing provision to be on three-bed properties as a result of continued demand for family housing expected from families; however, there will also be strong demand for larger (4 bedroom plus) properties arising from more established family units moving within the market or migrating into the District. The modelling also shows a strong requirement for 2 bedrooms properties arising from both newly forming/younger households but provision of these units could also serve to support a reduction in under-occupation, particularly by promoting downsizing amongst older households who looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

7.41   In areas where the level of housing development might be restricted, particularly within the National Park, consideration might be given to focusing delivering of market housing more towards smaller properties than shown in Table 55 to assist local households to get on the housing ladder; and to support downsizing of older households, releasing stock for other groups.

7.42   The findings of the SHMA should help to inform strategic policies for the mix of housing sought in new development schemes. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. There is also a clear role for policy in seeking to influence how housing provision is targeted, particularly where supply is constrained.

7.43   The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

8   NEEDS OF SPECIFIC GROUPS

Introduction

8.1   We have established the overall need for different sizes of properties over the period to 2031, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.

8.2   Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

8.3   The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children; and
- Young people.

Housing Needs of Older People

8.4   The Planning Practice Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 20-years is expected to be the growth in the population of older persons.

8.5   Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

8.6   Key considerations in planning to meet the housing needs of older persons include:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;

- A rising average age of people living in sheltered housing, and changing demand for some residential care accommodation which ill-meets modern standards or needs. Many local authorities have however struggled to contain expenditure on services for older people;

- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and

- A case for providing a choice of housing for older persons and supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older Persons

8.7 Below we have provided some baseline population data about older persons and compared this with other areas. The data for has been taken from the published ONS Mid-Year Population Estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group as some housing developments are specifically targeted at the over 55 age group.

Table 60: Older person population (2011)

Age group	New Forest		South East	England
	Population	% of popn	% of popn	% of popn
Under 55	106,781	60.4%	70.8%	72.0%
55-64	25,490	14.4%	11.9%	11.6%
65-74	21,647	12.2%	8.9%	8.6%
75-84	15,418	8.7%	5.8%	5.5%
85+	7,453	4.2%	2.5%	2.2%
Total	176,789	100.0%	100.0%	100.0%
Total 55+	70,008	39.6%	29.2%	28.0%

Source: ONS Mid-Year Estimates

8.8 The data shows that, when compared with both the region and England, the District has a significantly higher proportion of older persons. In 2011 it is estimated that 39.6% of the population of New Forest was aged 55 or over compared with 29.2% in the South East region and 28.0% for the whole of England.

Future Changes in the Population of Older Persons

8.9 As well as providing a baseline position for the proportion of older persons in the District, we can use published population projections to provide an indication of how the numbers might change in

the future compared with other areas. The data provided below is based on the 2011-based SNPP which is the latest source available consistently across areas. The data is only taken to 2021 (the timescales used by ONS in the 2011-based Projections, although for New Forest this report does look at the changing age structure through to 2031).

8.10   The data shows that New Forest (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 55 and over expected to increase by 20% over just 10-years. This figure is lower than projected for the region but in-line with the expected national increase. The difference between New Forest and the region is mainly due to the very high proportion of older people currently in the population (which makes higher proportionate increase difficult). In terms of actual numbers of people, the older person population of New Forest is expected to increase significantly moving forward.

Table 61: Projected Change in Population of Older Persons (2011 to 2021)

Age group	New Forest	South East	England
Under 55	1.2%	4.0%	4.4%
55-64	8.9%	15.7%	13.5%
65-74	24.1%	22.7%	20.3%
75-84	24.0%	26.2%	22.6%
85+	36.0%	40.4%	38.5%
Total	8.6%	9.3%	8.6%
Total 55+	19.8%	22.1%	19.4%

Characteristics of Older Persons Households

8.11   We have used 2011 Census data to explore in more detail the characteristics of older person households in New Forest (based on the population aged 65 and over). The first table below shows the number of households compared with the County, region and England. The data shows that in 2011 around 30% of households were comprised entirely of people aged 65 and over. This is significantly above the average figure for Hampshire, the South East or England.

Table 62: Pensioner households (Census 2011)

Pensioner households	New Forest	Hampshire	South East	England
Single pensioner	12,423	68,934	449,969	2,725,596
2 or more pensioners	10,849	57,583	329,263	1,851,180
All households	76,839	545,254	3,555,463	22,063,368
Single pensioner	16.2%	12.6%	12.7%	12.4%
2 or more pensioners	14.1%	10.6%	9.3%	8.4%
All households	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	30.3%	23.2%	21.9%	20.7%

Source: Census (2011)

8.12   The figure below shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in outright owned accommodation (79%). The proportion of pensioner households living in the private rented sector is relatively low (4% compared with 12% of all households in the District).

8.13   There are however notable differences for different types of pensioner households, with single pensioners having a lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector.

8.14   Given that the number of older people is expected to increase in the future, and that the number of single person households is expected to increase, this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population.

Figure 49:   Tenure of Older Person Households - New Forest
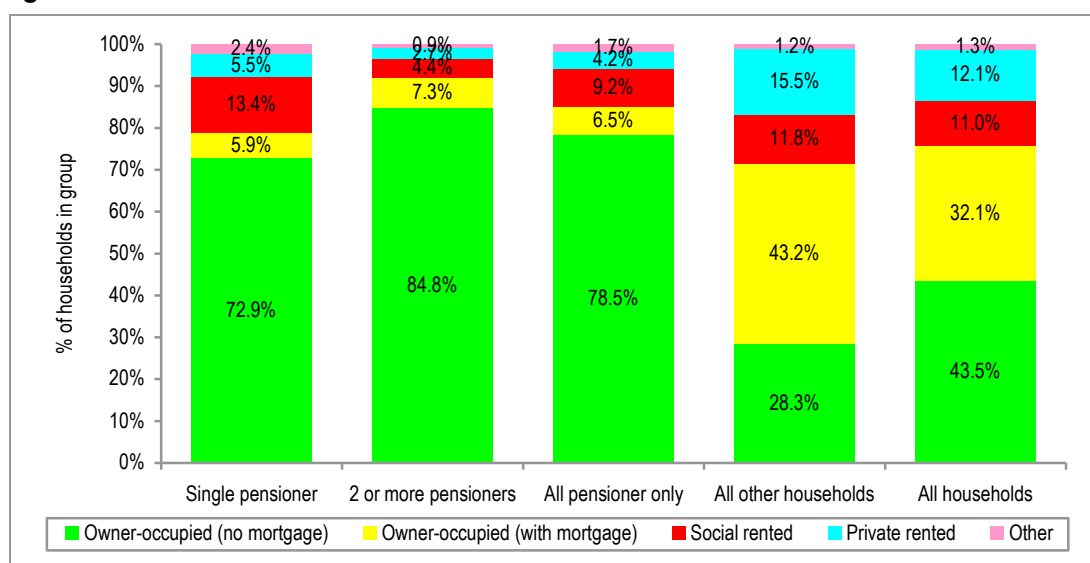
Source: 2011 Census

8.15   A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data suggests that older person households are more likely to under-occupy their housing than other households in the District. In total 54% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 37% for non-pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

Figure 50:   Occupancy Rating of Older Person Households - New Forest
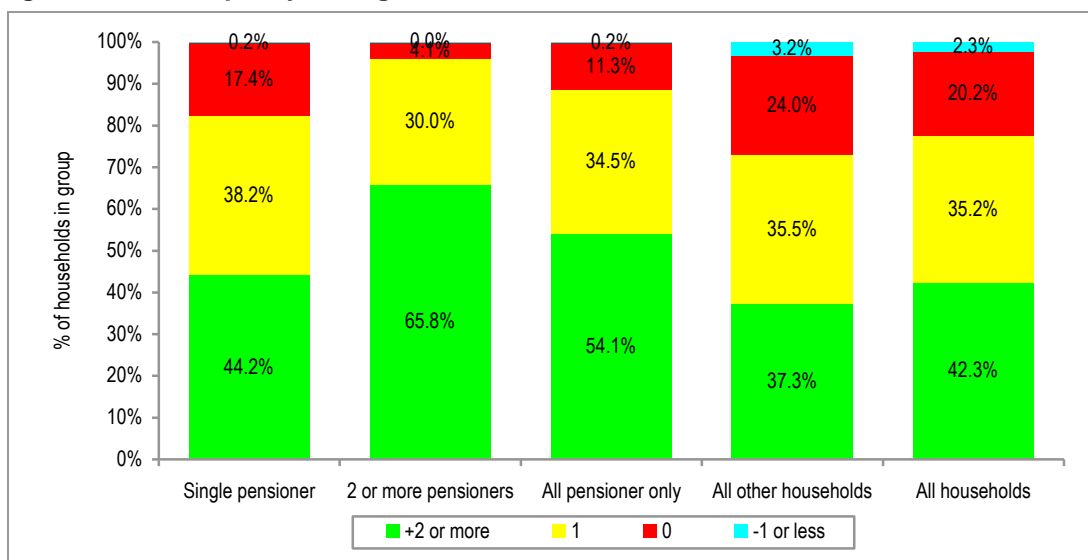
Source: 2011 Census

8.16   It is of interest to study the above information by tenure. The figure below shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were over 300 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Table 63: Pensioner Households with Occupancy Rating of +2 or more by Tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	4,986	6,655	11,641
Social rented	228	106	334
Private rented	272	146	418
All tenures	5,486	6,907	12,393

Source: 2011 Census

8.17   It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends and relatives to come to stay.

Health-related Population Projections

8.18   In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.

8.19   For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

8.20   The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 78%) along with a 65% increase in the number with mobility problems.

Table 64: Estimated Population Change for range of Health Issues (2011 to 2031)

Type of illness/disability	2011	2031	Change	% increase
Dementia	3,505	6,229	2,724	77.7%
Mobility problems	8,746	14,394	5,648	64.6%

Source: Data from POPPI and demographic projections

Need for Specialist Housing for Older Persons (including Residential Care Bedspaces)

8.21   We have also accessed data from the Housing LIN website's Strategic Housing for Older People (SHOP) analysis toolkit. This source estimates potential need for sheltered, extra care and residential care housing. A broad summary of the outputs for New Forest District (using the SHOP standard settings) are shown in the table below.

8.22   The data suggests a current need for 2,884 units in New Forest District with an additional 4,144 units expected to be needed over the period to 2030. In total (and excluding the figures for registered care) the Housing LIN data suggests a need for some 4,942 additional units of accommodation specifically for older people by 2030 with a 45%:55% split between affordable and market. Given the 18-year period used by the Housing LIN data the figure represents some 275 units per annum across the District as a whole. This represents a current need for 2,426 homes (which would potentially release general housing for other households), and a need moving forwards for an estimated 140 units of specialist accommodation per annum. This is an assessment of need and does not take account of land supply and other development constraints.

Table 65: Estimated Need for Specialist Housing – New Forest District

	Current need	Additional need (to 2030)	Total need
Sheltered – affordable	623	679	1,302
Sheltered – market	1,288	1,467	2,755
Extra care – affordable	515	370	885
Extra care – market	0	0	0
Registered care	458	1,628	2,086
TOTAL	2,884	4,144	7,028

Source: Housing LIN

8.23 The low need shown for market extra care housing is a reflection of the lack of current stock. This does not mean that there will be no need moving forwards; and as many older households are likely to be owner occupiers we would expect demand for extra care homes in the market sector as well. It is a function of the approach used in the SHOP Toolkit.

8.24 Policies regarding how the needs of older persons should be met may influence the balance of need for different types of accommodation, including the balance between need for extra care and residential care provision.

8.25 Using the same methodology, the need for specialist housing at the district-level can also be broken down by sub-area. This is shown in the figure below.

Table 66: Estimated Need for Specialist Housing by Sub-Area

	Totton & Waterside	Southern Coastal	National Park	Ringwood	Total need
Sheltered – affordable	355	545	238	163	1,302
Sheltered – market	751	1,154	504	345	2,755
Extra care – affordable	241	371	162	111	885
Extra care – market	0	0	0	0	0
Registered care	569	874	382	262	2,086
TOTAL	1,917	2,943	1,287	881	7,028

Source: Housing LIN

8.26 The assessment of overall housing need set out in Section 4 was based on the 'household population.' Extra care and sheltered accommodation are included within these figures. Provision of residential care, which falls within the C2 Use Class, are separate to this. In the demographic projections these do not fall within the household population.

8.27 The 'current need' figures shown in Table 61 reflect the assessment of a shortfall at the current time in the provision of specialist accommodation for older persons. Meeting this current need would release homes for other households; and thus should not be assessed against the demographic projections.

8.28   Whilst this analysis should be treated as indicative given the number of assumptions feeding into it there is clearly a case for the Council and National Park Authority seeking to provide additional 'specialist' accommodation for older persons as the population ages.

Summary of Findings on Older Person Households

8.29   The older person population of New Forest is large when compared with regional and national figures and is projected to increase significantly up until 2031.

8.30   Older persons are more likely to under-occupy homes. In the affordable sector, there may be potential to reduce (or seek to limit potential growth in) under-occupation and the Council may wish to consider providing support and incentives to social housing occupiers to downsize. This will help to release larger affordable homes for younger households. An analysis of older person households suggest that they are more likely to live in social rented housing (especially single pensioner households). With the projected increases in older persons there may therefore be additional pressure on the affordable housing stock from such households.

8.31   Our analysis also suggests that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Typically the greatest support needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and the resource implications of this will need to be planned for.

8.32   The growing older population will however likely lead to some increase in the need for specialist housing solutions. The analysis above suggests a 78% growth in older population with dementia, and a 65% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS). Analysis of Housing LIN data suggests a need for around 275 additional units to be specialist accommodation in New Forest District to provide a choice of housing for existing households and to meet the needs of a growing older person population to 2030. In addition a need for 2,086 units of C2 residential care accommodation is identified, comprising a current need for 458 units and a projected need for 90 additional units per annum to 2030 if needs where to be met in full.

Housing Needs of People with Disabilities

8.33   This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although at the time of writing the level of available Census data was quite limited. It should also be recognised that an analysis of

people with disabilities is somewhat linked with the above analysis about older people; however, there are other groups in population with disability related needs.

The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across New Forest some 26.2% of households contain someone with a LTHPD. This figure is slightly higher than the equivalent figure for any of the other areas studied. The figures for the population with a LTHPD again show a higher proportion when compared with other areas. When compared with County figures for examples we see that an estimated 19.3% of the population of New Forest have a LTHPD compared with 15.7%).

Table 67: Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
New Forest	20,166	26.2%	33,982	19.3%
Hampshire	127,852	23.4%	207,325	15.7%
South East	839,086	23.6%	1,356,204	15.7%
England	5,659,606	25.7%	9,352,586	17.6%

Source: Census (2011)

8.34   It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore the table below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 80% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

Figure 51:   Population with LTHPD in each Age Band
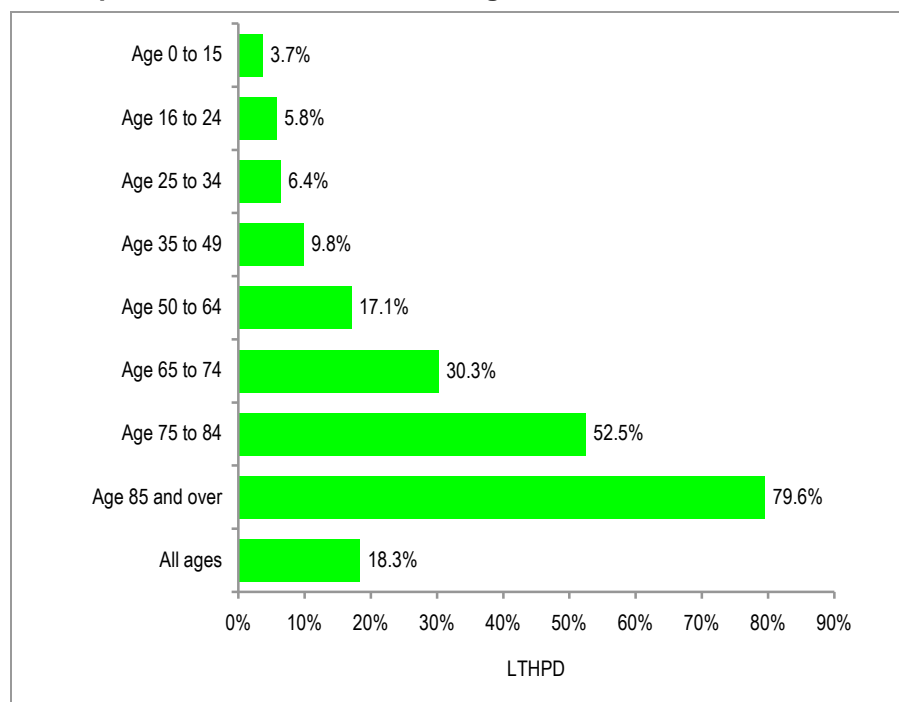
Source: Census (2011)

8.35   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our projection linked to the SNPP (updated) it is estimated that the number of people with a LTHPD will increase by around 12,500 (a 37% increase). All of this increase is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 51% of the total increase in the population projected by the demographic modelling.

Summary of Findings on People with Disabilities

8.36   Currently 26% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth in the population and number of households with disabilities over the period to 2031. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

BME Households

8.37   Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

8.38   From 2011 Census data we find that around 4.6% of the population of New Forest came from a non-White (British/Irish) background. This figure is notably lower than found across the County (7.7%) as well as being significantly below regional (13.9%) and national averages (figure for

England of 19%). The key BME group in New Forest is Other-White (which is likely to contain a number of Eastern European migrants) – the Other-White population makes up 2.0% of all people in the District which is significantly higher than any other group.

Table 68: Black and Minority Ethnic Population (2011)

Ethnic Group	New Forest	Hampshire	South East	England
White: British	94.9%	91.8%	85.2%	79.8%
White: Irish	0.5%	0.6%	0.9%	1.0%
White: Gypsy or Irish Traveller	0.2%	0.2%	0.2%	0.1%
White: Other White	2.0%	2.5%	4.4%	4.6%
Mixed: White and Black Caribbean	0.2%	0.4%	0.5%	0.8%
Mixed: White and Black African	0.1%	0.2%	0.3%	0.3%
Mixed: White and Asian	0.3%	0.5%	0.7%	0.6%
Mixed: Other Mixed	0.2%	0.3%	0.5%	0.5%
Asian: Indian	0.3%	0.8%	1.8%	2.6%
Asian: Pakistani	0.0%	0.1%	1.1%	2.1%
Asian: Bangladeshi	0.1%	0.2%	0.3%	0.8%
Asian: Chinese	0.2%	0.4%	0.6%	0.7%
Asian: Other Asian	0.4%	1.1%	1.4%	1.5%
Black: African	0.2%	0.4%	1.0%	1.8%
Black: Caribbean	0.1%	0.2%	0.4%	1.1%
Black: Other Black	0.1%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.0%	0.1%	0.2%	0.4%
Any other ethnic group	0.2%	0.2%	0.4%	0.6%
Total	100.0%	100.0%	100.0%	100.0%
Total population	176,462	1,317,788	8,634,750	53,012,456
% non-White (British/Irish)	4.6%	7.7%	13.9%	19.3%

Source: ONS (2011 Census)

8.39   Since 2001 the BME population in the District can be seen to have increased significantly as can be seen in the table below. We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data shows that whilst the overall population of New Forest has risen by 7,131 over the 10-year period the increase in BME groups (all groups other than White (British/Irish)) has been 3,742 of this change (52% of the total). The White (British/Irish) population has increased 2.1% compared to an increase of 84% in BME groups (all combined).

8.40   Looking at particular BME groups we see that the largest rise in terms of population has been for White: Other people – increasing by 1,375 over the ten years. In proportionate terms the greatest increase has been for the Black population which has increased by over 220% over the decade.

Table 69: Change in BME groups 2001 to 2011 (New Forest)

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	164,885	168,274	3,389	2.1%
White - Other	2,511	3,886	1,375	54.8%
Mixed	840	1,620	780	92.9%
Asian or Asian British	697	1,665	968	138.9%
Black or Black British	191	612	421	220.4%
Chinese and other	207	405	198	95.7%
Total	169,331	176,462	7,131	4.2%

Source: Census 2001 and 2011

BME Household Characteristics

8.41   Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the District. The figure below looks at the population age structure of six broad age groups using data from the 2011 Census.

8.42   The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 34% of White: British/Irish people being age 60 or over compared with all BME groups showing proportions of no more than 20% (including just 7% of the Black population).

Figure 52:   Population age profile (2011)
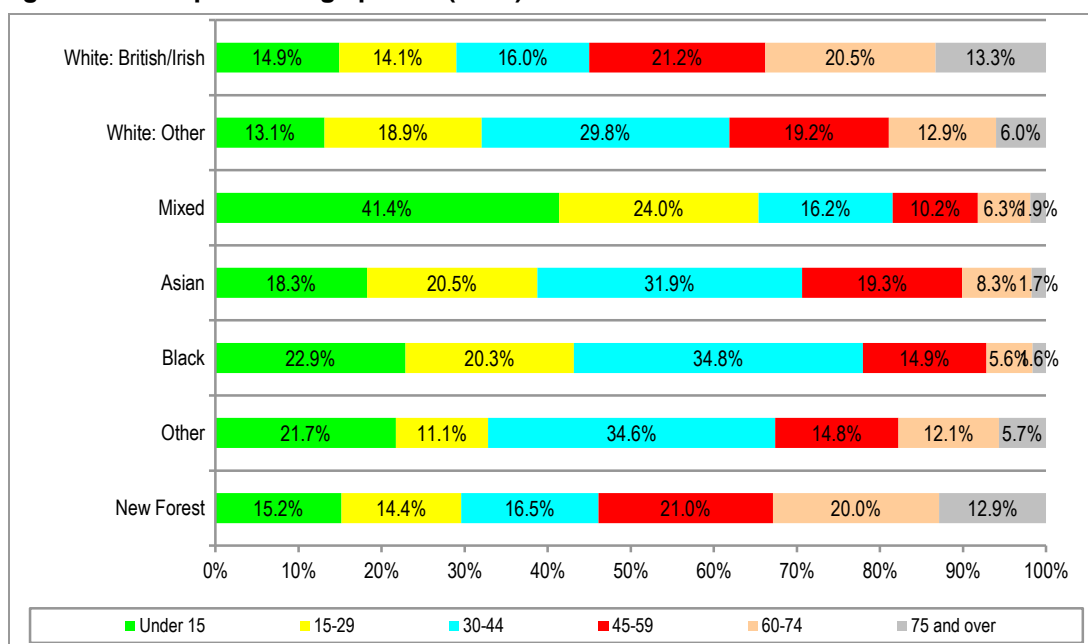
Source: Census (2011)

8.43   There are notable differences between the household characteristics of BME households when compared with the White: British population. The figure below indicates that all BME groups are less likely to be owner-occupiers and far more likely to live in private rented accommodation. Arguably the starkest trend is the 33% of White (Other) and 34% of Black households living in the private rented sector.

Figure 53:   Tenure by ethnic group in New Forest
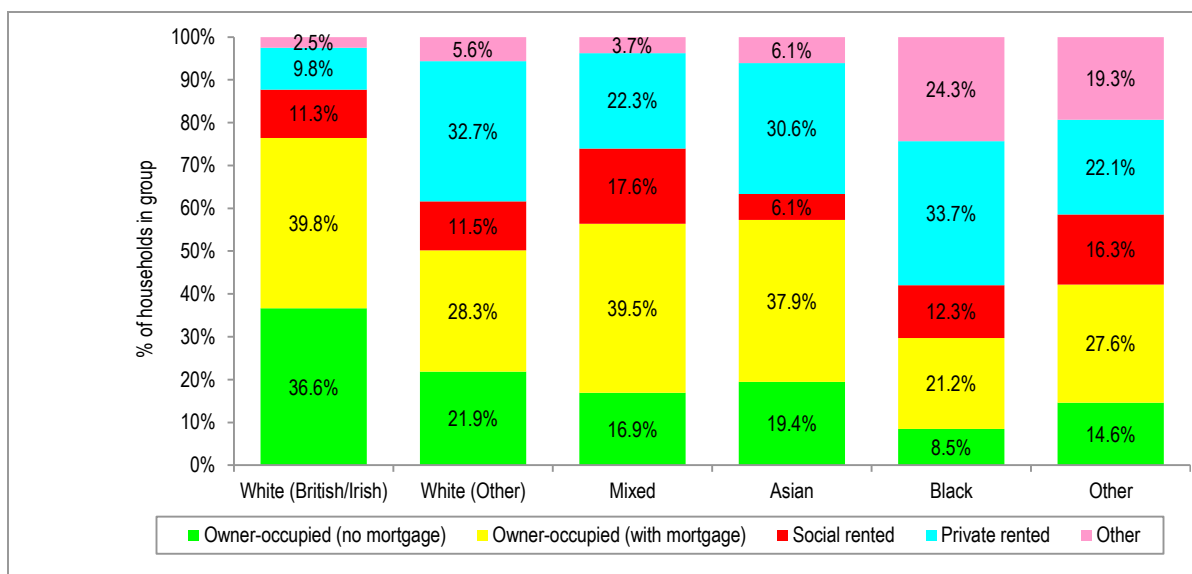
Source: 2011 Census data (from NOMIS)

8.44   The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the District shows a strong representation of LHA Claimants).

8.45   As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

8.46   The figure below shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that over 11% of Asian households are overcrowded - this compares with only 2.1% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

Figure 54:   Occupancy rating by ethnic group in New Forest
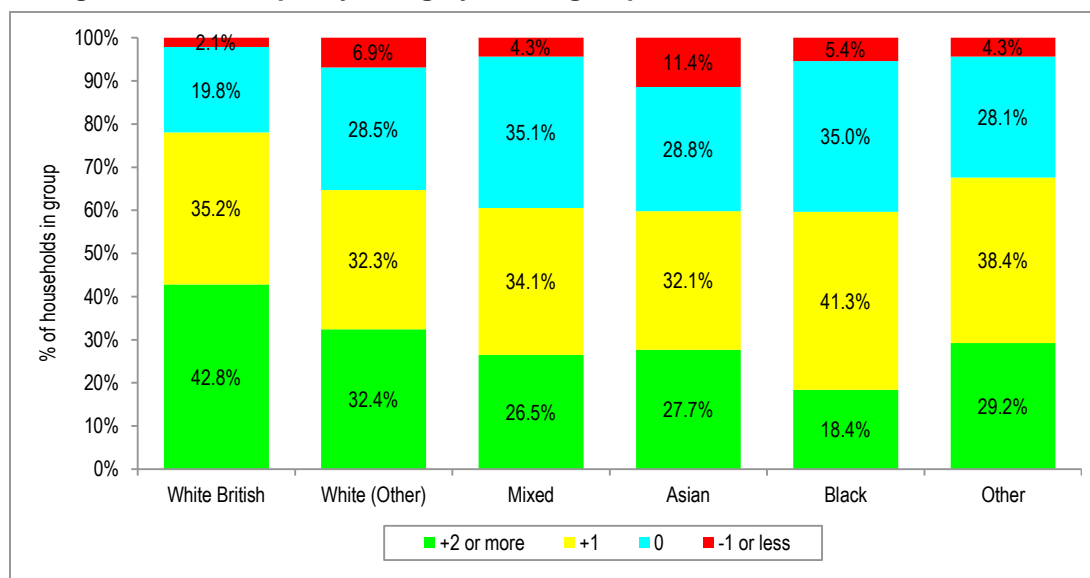
Source: 2011 Census data (from NOMIS)

Summary of Findings on BME Households

8.47   The BME population in New Forest has grown strongly since 2001. The 2011 Census shows that BME groups make up 5% of the District's population. The Asian and White: Other populations (which includes Eastern European migrants) have both grown notably.

8.48   BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings.

8.49   The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

Households with Children (Family Households)

8.50   The number of families in New Forest (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals 18,949 accounting for 24.7% of households. The demographic projection (linked to the SNPP (updated)) suggests that the number of children (aged Under 15) is expected to increase from 2011 to 2031 (an increase of around 1,700).

Table 70: Households with Dependent Children (2011)

Household type	Number	%
Married couple	11,129	14.5%
Cohabiting couple	2,467	3.2%
Lone parent	4,066	5.3%
Other households	1,287	1.7%
All other households (no dependent children)	57,890	75.3%
Total	76,839	100.0%
Total with dependent children	18,949	24.7%

Source: ONS (2011 Census)

8.51   The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Around 36% of lone parent households are owner-occupiers compared with 79% of married couples with children.

Figure 55:   Tenure of Households with Dependent Children - New Forest
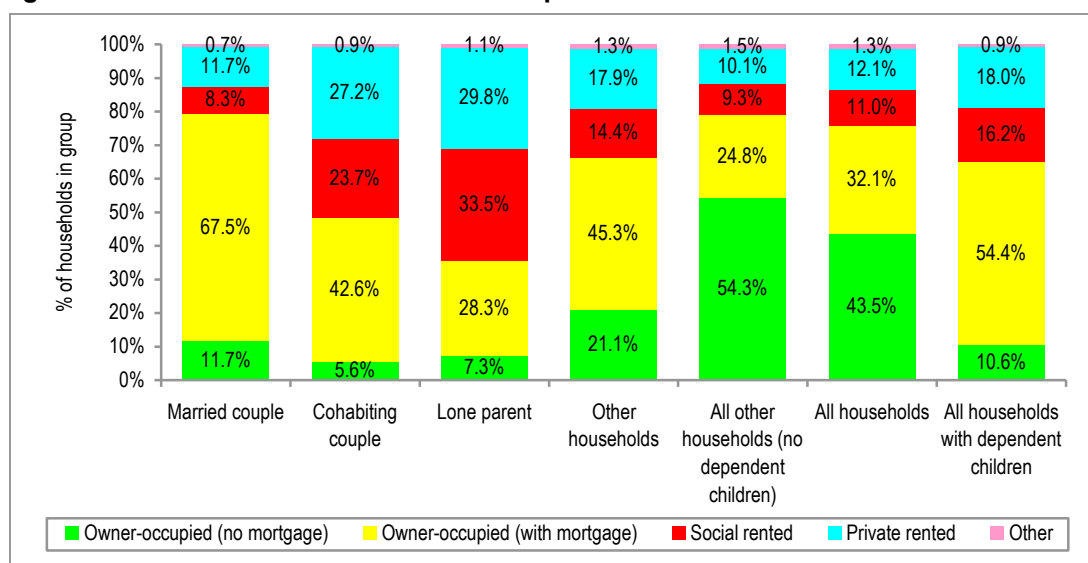
Source: 2011 Census

8.52   Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about six times more likely than other households to be overcrowded. In total, some 6.3% of all households with dependent children are overcrowded and included within this the data shows 9% of lone parent households are overcrowded along with 22% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.

Figure 56:   Occupancy rating and households with dependent children
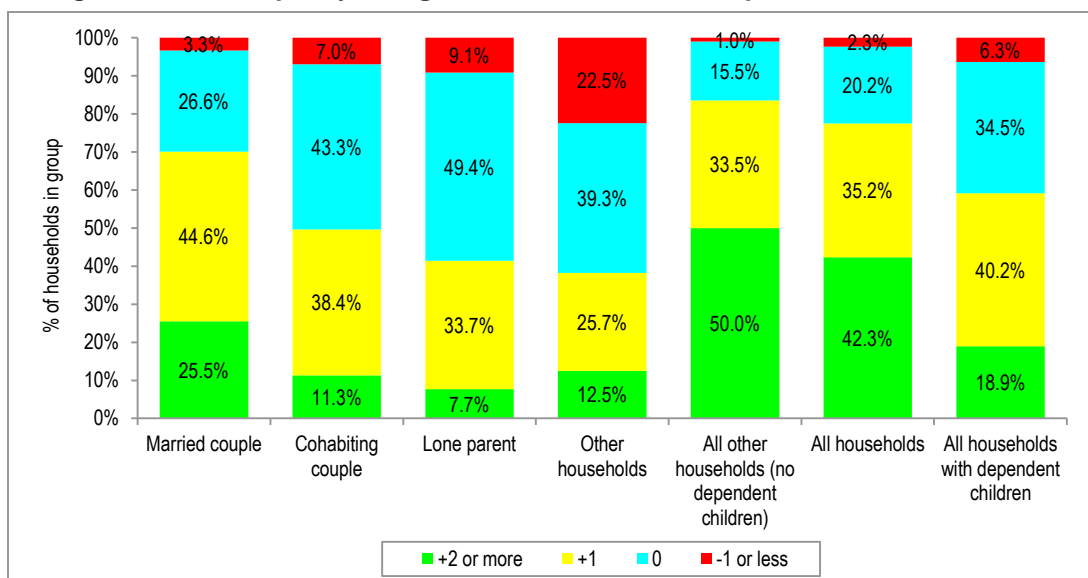
Source: 2011 Census data (from NOMIS)

Summary of Findings – Households with Children

8.53   Overall, the data available about family households suggests that this group may be quite polarised. Whilst married couple households have high levels of owner-occupation and may well be slightly better off than the general population the data does point to lone parent (and other) households being more disadvantaged. Given that households with children should be seen as a priority for the Council, as the housing authority, this points towards ensuring that the housing offer meets the needs of such households and in particular the need to ensure a reasonable quality of housing in the private rented sector.

Young People

8.54   Providing for the needs of younger person households is an important consideration for the Council and National Park Authority. Given ageing populations the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. It is also important to consider the specific needs which may arise within this group, particularly in respect of young parents (especially young single parents).

8.55   The demographic projections (linked to the SNPP (updated)) suggest that in 2011 there were around 7,400 households headed by someone aged under 35 and that this is set to decrease by around 400 over the period from 2011 to 2031.

8.56   As well as households headed by a younger person there will be others living as part of another household (typically with parents). The table below shows the number of households in the District with non-dependent children. In total, some 9% of households (7,000) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents.

Table 71: Households with non-dependent children (2011)

Household type	Number	%
Married couple	4,454	5.8%
Cohabiting couple	341	0.4%
Lone parent	2,188	2.8%
All other households	69,856	90.9%
Total	76,839	100.0%
Total with non-dependent children	6,983	9.1%

Source: ONS (2011 Census)

8.57   Moving back to study households that are currently headed by a younger person (taken for this analysis as being aged under 34) we can use Census data to look at some key characteristics. The figure below shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

Figure 57:   Tenure by age of HRP - New Forest
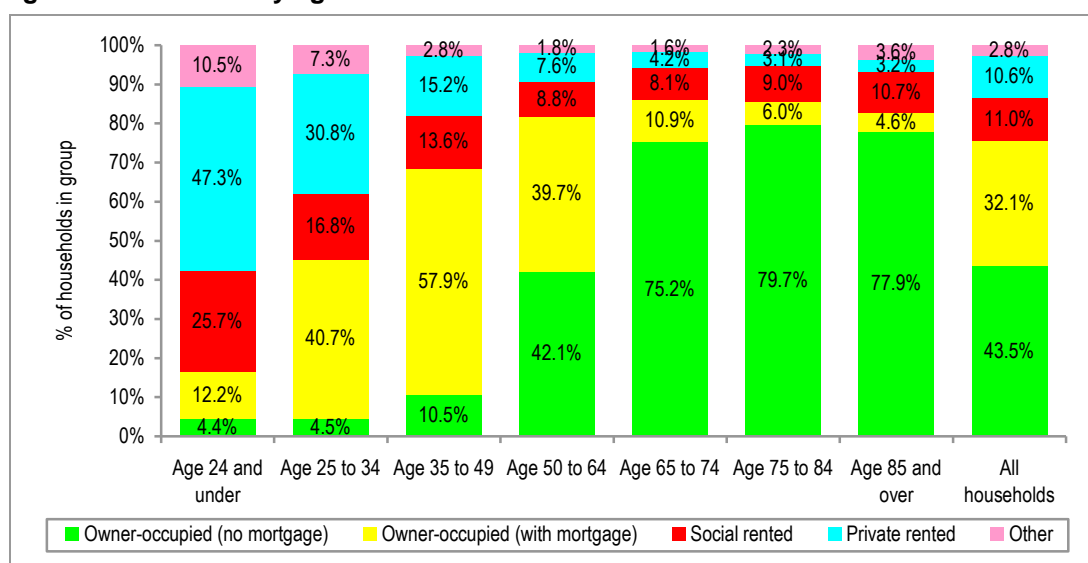
Source: 2011 Census

8.58   Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in the table below (again based on the head of

household/household reference person age). The data shows that whilst the vast majority of HRPs aged 16 to 34 are in employment there are a notable proportion unemployed or not economically active. A total of 3.8% of HRPs aged 16-34 are unemployed compared with a District-wide figure of just 1.5%.

8.59　The figure however does not tell the full story around unemployment as the data is based on people who are already living in their own household (or in this case are considered as the HRP or head of household). Additional Census data shows that of the population aged 16-24 who are economically active some 12% are unemployed.

Figure 58:　Economic activity by age of HRP - New Forest
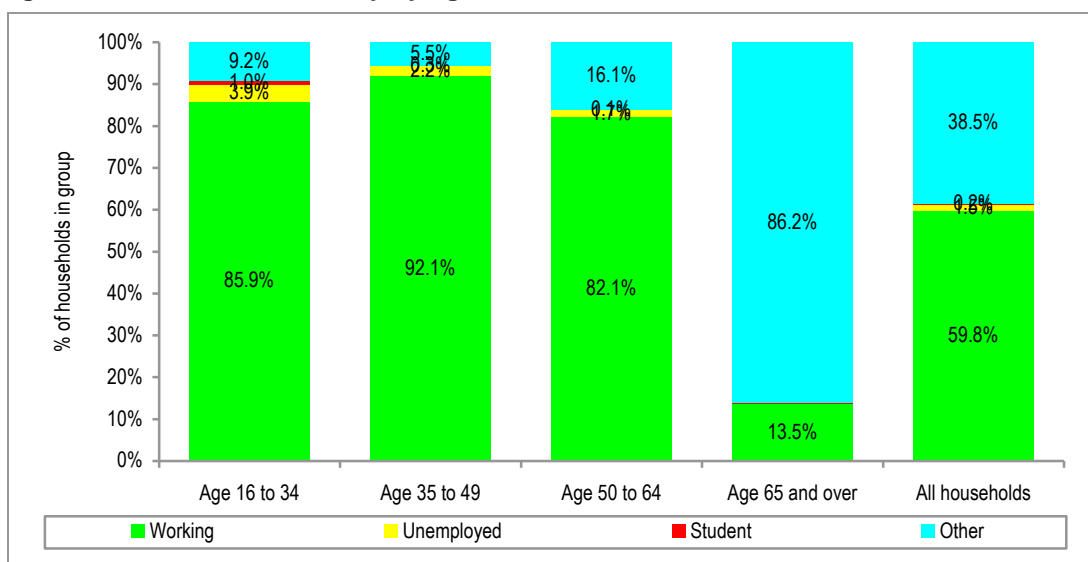
Source: 2011 Census

Summary of Findings – Young Person Households

8.60　Analysis of younger person households shows a high reliance on rented housing. Younger age cohorts may therefore be forced into private rented (including shared) housing as the only means of meeting their housing needs, aside from residing with parents, where they would not form a head of household. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, along with high standards for shared housing options (including HMOs) will help support younger households to access housing.

Summary of Key Findings

8.61　The key challenge with older person households will be scale – in particular how to meet the needs of an over 65 population which is expected to grow substantially by 23,600 people (53%) from 2011 to 2031. This will not only manifest itself within the mix of general needs housing but we also

anticipate a requirement for additional levels of specialist care accommodation in both the market and affordable sectors.

8.62   The number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest roughly a doubling of the population aged over 85 from 2011 to 2031 with Census data suggesting that 79% of this age group have some level of disability. However, there are other groups under this broad definition which generate specific housing needs and as such there is a need to consider adaptation (and adaptability) in both existing stock and new homes. Provision of more accessible types of accommodation, such as bungalows, may also be of benefit. There are also groups with mental and learning difficulties who are likely to generate a need for supported housing, both in terms of shared housing but also independent living units.

8.63   The BME population of New Forest is relatively small but has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

8.64   Data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in New Forest over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.

8.65   Young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality, particularly in the shared housing sector (such as HMOs) given general trends of an increase in house sharing over time. The specific needs of young lone parents will also need to be considered.

9   CONCLUSIONS AND RECOMMENDATIONS

Housing Market Area

9.1   Overall, the analysis broadly confirms that the pattern of housing markets in and around the South Hampshire/New Forest area as identified through the CLG research remains a reasonably sound foundation for analysis of housing markets.

9.2   Our analysis indicates that the New Forest area shares it strongest interactions with the western part of South Hampshire (particularly Southampton). Large migration flows and daily commuting patterns all confirm a significant level of functional relationship between these areas, with the data indicating a pattern of out-migration from the City to live but with the economic and employment draw of Southampton driving significant daily net out-commuting of New Forest residents to this area.

9.3   Given the comparative strength of these relationships, in our view the New Forest area is most closely related to and integrated into the Southampton Housing Market Area (as defined in the South Hampshire Strategic Housing Market Assessment, 2014). However, we do identify other significant patterns and relationships which are likely to have implications in market terms. In particular, our analysis highlights important functional relationships with the Bournemouth, East Dorset and Christchurch areas which, in housing market terms, are likely to manifest particularly in strong localised integration in the New Milton/Barton-on-Sea areas as well as Ringwood. These relationships should be considered through the Duty to Co-operate in planning for housing provision.

Housing Need

9.4   The NPPF sets out that starting point for preparing plans should be to undertake an assessment of the full needs for market and affordable housing. The Guidance is clear that the assessment of need should not take account of development constraints, such as those related to infrastructure, environmental constraints or land availability. These factors are however relevant in translating assessments of need into policy.

9.5   The Planning Practice Guidance sets out that the latest national projections should be seen as a starting point for identifying housing need but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence. Because of the availability of data (particularly concerning migration) the core projections prepared in this report have considered the housing needs of New Forest District.

9.6   In accordance with the Planning Practice Guidance, the 2011-based SNPP and related CLG Household Projections have formed the starting point for our assessment. These projections

indicate a need for around 827 homes per annum between 2011-21 in New Forest District (see Table 24). Rolling this forward to 2031 reduces the need slightly to 816 homes per annum (PROJ 1) as a result of how the age structure of the population is expected to change over the 2021-31 decade.

9.7   The Planning Practice Guidance encourages plan makers to take account of the latest demographic data and evidence where possible to identify housing needs: this leads us to PROJ 1A. This projection is linked to the SNPP but, in line with the Guidance, incorporates migration inputs which have been moderated to reflect the latest available demographic information.

9.8   The most recent 2012-based Sub-National Population Projections released in May 2014 indicate a slightly lower level of population growth, but are not dissimilar to the PROJ 1A Projections. It is recommended that the findings of this report regarding overall housing need are reviewed once the 2012-based Household Projections are issued in Winter 2014.

9.9   The Planning Practice Guidance outlines that it would be appropriate to undertake a sensitivity analysis around household formation rates where there is evidence that household formation has been constrained. It also outlines that projections based on past demographic trends may require adjustment based on comparison with other information within the SHMA such as employment trends, market signals or the level of affordable housing need. We have sought therefore to consider three 'tests' to assess whether the housing need level shown from trend-based demographic projections requires adjustment. These are:

- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply in order to address affordability and high demand?

- Is there a need to increase overall housing supply in order to ensure delivery of the required number of affordable homes?

- Is there evidence that an increase in housing supply or the location of housing may be needed to ensure a sufficient labour supply to support forecast economic and employment growth?

Test 1: Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply in order to address affordability and high demand?

9.10   The first of the above tests relates to whether there is evidence that household formation rates in the projections have been constrained. The headship rates in the 2011-based projections are based on trends between 2001 and 2011 – a period during which house prices rose substantially and affordability worsened across the South East. The average household sizes in New Forest District

observed in 2011 was higher than that expected in the previous 2008-based Household Projections, based on longer-term trends in household formation rates. Research undertaken nationally indicates this may part reflect the impact of declining affordability and the economic recession on household formation rates; and partly reflect the impact of international migration and different household structures in new migrant communities compared to the wider population.

9.11   Market signals provides some evidence that affordability worsened over the 2001-11 decade in New Forest District. Our analysis indicates that house prices in some parts of the District are considerably higher than the Hampshire and South East averages. As a result, affordability is a significantly more acute issue in the New Forest area at both lower quartile and median income levels. We do not however, find evidence of a significant past undersupply in housing in the District compared to planned targets.

9.12   The SHMA includes a sensitivity analysis which considers the implications of alternative trends in household formation. These are variant projections to PROJ 1A. Using household formation trends in the 2011-based CLG Household Projections indicates a need for 709 homes per annum (2011-31). Using the household formation rates in the 2008-based CLG Household Projections sees stronger household formation resulting in a higher need for 824 homes per annum to 2031 in New Forest District.

9.13   The divergence between these two scenarios demonstrates the difference between short- and long-term trends in household formation. The evidence suggests that part of the divergence from long-term trends is expected to reflect the impact of the economic recession during the latter years of the 2001-11 decade; and part is likely to be influenced by changes in household structures associated with international migration. We consider that an appropriate forecasting approach would be to plan on the basis of a 'midpoint' between the trends in household formation in the 2008- and 2011-based projections which sees household formation rates improve over time. This indicates a need for 14,190 dwellings in New Forest District (rounded to the nearest 10) over the 2011 to 2031 period, equivalent to 709 per annum, which in our view is a robust demographic-based assessment of future housing need (PROJ 1A). The impact of this is to increase rates of household formation over time, and reduce levels of concealed households.

Test 2: Is there a need to increase overall housing supply in order to ensure delivery of the required number of affordable homes?

9.14   The second test is to consider the ability of overall housing numbers to ensure affordable housing needs can be satisfied. Following the approach advocated by the Planning Practice Guidance (the industry standard approach which has now been used for over a decade), the net affordable housing need identified in the New Forest is substantial – 9,450 households over the period from

2013 to 2031 in New Forest District, equivalent to 525 households each year. This falls slightly to 516 homes per annum taking account of the supply of affordable homes in the development pipeline. Clearly, the Council and National Park Authority are justified in seeking to secure the maximum viable level of affordable housing in future.

9.15   However, whilst a significant quantitative shortfall is identified, there are in reality two key factors against which the assessment must be put into context. Firstly, in practice there are likely to be households who are adequately housed whilst paying more than the 30% of income threshold used in this report, particularly in a relatively affluent area such as the New Forest. This would serve to reduce the "real" need for affordable housing.

9.16   Secondly, our evidence shows that in the New Forest the private rented sector makes a potentially significant contribution to meeting affordable housing needs, with an estimated 338 lettings per annum in sector to households supported by LHA. The extent to which the Council and National Park Authority wish to see the private rented sector being used to make up for shortages of affordable housing is plainly a local policy decision which is outside the scope of this study. However, assuming the role continues, there is no strong evidence of a quantitative need to increase overall housing numbers above the levels identified by the baseline demographic projections in order to ensure delivery of sufficient affordable housing delivery over the plan period. Higher provision could however enable the Council and National Park Authority to potentially reduce the role of the PRS moving forward and improve tenure imbalance.

Test 3: Is there evidence that an increase in housing supply or the location of housing may be needed to ensure a sufficient labour supply to support forecast economic and employment growth?

9.17   In accordance with the Planning Practice Guidance, we have also considered the potential implications of future economic and employment trends on housing need by modelling the housing which would be required to meet the level of employment growth forecast by the latest Experian projections. It should be noted that the SHMA has not undertaken any detailed testing of economic growth potential in the District nor the realism of the Experian projections, and the findings should be treated as 'indicative' in this context.

9.18   The economic driven projections (PROJ A and B) project an increase in working population of between 14,000 and 16,700 over the 2011-31 period to support growth in employment; whereas the baseline demographic projection (PROJ 1A), results in an increase in working age population of a little over 3,200 people. As a result, the housing need modelled in the economic-led scenarios is significantly higher: around 1,100 to 1,200 homes per annum over the 20 year period. This represents very high annual growth rates of 1.4% to 1.5% per annum in the housing stock.

9.19   What the economic scenarios demonstrate, in effect, is that the District has both a relatively 'tight' labour market with low unemployment and high economic participation; and a population structure which is focused more towards older age groups. As a result the size of its workforce is not expected to grow substantially; and to support significant growth in employment, much higher levels of housing provision would be required; should this be a policy objective.

9.20   The outputs of the economic modelling should be treated as sensitivity rather than an accurate assessment of housing need. In purely methodological terms, there are inherent limitations in the accuracy of economic forecasts, particularly at district level. Furthermore, the relationship between population growth and growth in jobs locally is however complex, and is sensitive to commuting patterns, double jobbing and given the population profile of the District, and changes in employment rates (including people working later in life in future). The outputs also need to be considered in the context of economic realities, in particular, the extent to which the New Forest District is likely to able to realistically support the levels of employment and housing supply shown in these scenarios.

9.21   Nonetheless, compared to the output from the baseline PROJ 1A projection, it is likely that supporting future economic performance in the New Forest District could create upward pressure on housing need (relative to the demographic projections), albeit perhaps not to the full extent of the PROJ A and B projections.

Overall Conclusions on Housing Need in New Forest District

9.22   Drawing the range of evidence together, we conclude that we can define a broad range within which housing need would lie. On the basis of the evidence, we consider that it is reasonable to view the PROJ 1A requirement of approximately 709 homes per annum (0.9% annual growth) as the baseline for the range of objectively assessed needs across New Forest District. However, taking account of the factors and tests indicated by the Guidance, we consider that there is a case for an upwards adjustment to housing provision to respond to market signals and evidence of suppressed housing formation in the New Forest area. Given these factors, we consider that the upper end of the range of objectively assessed needs in the New Forest District and National Park Area would be 851 homes per annum (1.0% annual growth).

Indicative Assessments of Housing Need by Sub-Area

9.23   The report provides an indicative breakdown of housing need between different sub-area geographies. Based on this baseline demographic scenario (PROJ 1A), our analysis shows that a need for 587 homes per annum arises in those parts of New Forest District outside of the National Park and a need for 123 homes per annum in those parts of the National Park Authority Area which fall in New Forest District. Including those parts of the National Park outside of New Forest District,

a total housing need of 141 homes per annum is estimated in the New Forest National Park, as set out in Table 30.

9.24   Based on our analysis, we consider that objectively assessed housing need would be split as follows between New Forest District and the National Park Authority area:

Table 72:   Breakdown of Housing Need across the New Forest Area

Area	2011-2031	Per annum
New Forest District and National Park Authority Area	14,540 – 17,000	727 – 851
of which:		
National Park Area within New Forest District	2,440 - 2,860	122 - 143
New Forest District Area outside of National Park	11,740 - 13,740	587 - 687
National Park Area outside of New Forest District	360 - 420	18 - 21
New Forest District Total	14,240 - 16,580	712 - 829
National Park Area Total	2,800 - 3,280	140 - 164

9.25   It should be recognised that this is an objective, policy-off analysis and takes no account of land supply or development constraints within the District, including Green Belt, the National Park, Areas of Outstanding Natural Beauty and areas subject to European nature conservation designations. The NPPF and Planning Practice Guidance dictates that assessments are undertaken in this way but is clear that these will affect the potential supply of land for housing and are relevant factors in determining policies for housing provision.

Need for Different Types and Sizes of Housing

9.26   The NPPF also requires local planning authorities, through the SHMA, to identify the range of types and sizes of accommodation likely to be needed by the population in future, including that required by those groups with specific housing needs.

9.27   The SHMA analysis shows the following breakdown of affordable housing need by area. This analysis takes account of sites with planning consent which are expected to deliver affordable housing.

Table 73:   Affordable Housing Need per Annum, 2013-31

Area	Net Need
Totton & Waterside	203
Southern Coastal	149
National Park	84
Ringwood & West	79
District	516

9.28   It also breaks down the affordable housing need at a sub-area level by sizes of properties. This is shown below.

Table 74:   Affordable Housing Need by Size of Property, Sub-Area Level

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Totton & Waterside	33.9%	35.5%	27.7%	3.0%
Southern Coastal	43.0%	31.4%	23.1%	2.6%
National Park	29.3%	36.1%	31.0%	3.7%
Ringwood & West	40.3%	34.3%	23.2%	2.3%
District	37.7%	33.7%	25.8%	2.8%

Source: Housing Market Model

9.29   Our assessment of affordable housing needs indicates that, in delivering affordable units, a strategic policy target of 25% intermediate: 75% social/affordable rent would be appropriate. Any strategic policy should however retain a degree of flexibility both to take account of the settlement level variations which we have identified as well as any site specific issues with deliverability (i.e. grant funding availability).

9.30   In terms of size mix, our analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate mix of affordable and market homes. It should however be noted that this analysis is at a point in time and that, over the plan period, there will be a range of factors which will influence demand for different sizes of homes, particularly demographic changes; growth in real earning/savings; housing affordability and wider economic performance.

Table 75:   Indicative Need for Different Dwelling Sizes, New Forest District (2011-31)

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	35-40%	40-45%	10-15%
Affordable	30-35%	30-35%	25-30%	5-10%

9.31   Our strategic conclusions in the affordable sector recognise the significant need for smaller units within the sector but also the role which larger units and family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

9.32   The analysis does not specifically take account of development constraints. In the absence of constraints, we would expect the focus of new market housing provision to be on three-bed properties as a result of continued demand for family housing expected from families; however, there will also be strong demand for larger (4 bedroom plus) properties arising from more

established family units moving within the market or migrating into the District. The modelling also shows a strong need for 2 bedrooms properties arising from both newly forming/younger households but provision of these units could also serve to support a reduction in under-occupation, particularly by promoting downsizing amongst older households who looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

9.33   In areas where the level of housing development might be restricted, particularly within the National Park, consideration might be given to focusing delivering of market housing more towards smaller properties than shown in Table 70 to assist local households to get on the housing ladder; and to support downsizing of older households, releasing stock for other groups.

9.34   The mix identified above should inform strategic district-wide policies and help to inform the 'portfolio' of sites which are considered and ultimately allocated through the Local Plan process. However, we would again recommend that strategic policy retains a reasonable degree of flexibility to ensure that, in applying mix to individual development sites, appropriate regard can be given to the nature of the development site, the character and existing housing stock of the area as well as the most up-to-date evidence of need/demand.

9.35   Meeting the housing needs of older people will be a matter of some considerable scale in the New Forest area over the plan period due to projected growth in the over 65 population over the plan period. The strategy for meeting such needs cuts across housing policy and strategy. Overall mix recommendations for new housing in both the market and affordable sectors reflect the demand which will arise from older households for smaller properties moving forward as well as the scope to encourage downsizing. In addition, there is likely to be an increasing need to deliver specialist or extra-care housing units over the period to 2031 to meet the needs of this group as well as a large need for registered care provision (particularly owing to the growth in older people with dementia or mobility problems).

9.36   The analysis above suggests a 78% growth in older population with dementia, and a 65% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS). Analysis of Housing LIN data suggests a need for around 275 additional units to be specialist accommodation in New Forest District to provide a choice of housing for existing households and to meet the needs of a growing older person population to 2030. In addition a need for 2,086 units of C2 residential care accommodation is identified, comprising a current need for 458 units and a projected need for 90 additional units per annum to 2030 if needs where to be met in full. Provision of C2 care homes do not count towards housing numbers. The figure below breaks down the need for specialist provision for older persons by sub-area.

Table 76: Specialist Provision for Older Persons Housing Needs

Units	Totton & Waterside	Southern Coastal	National Park	Ringwood	Total need
Sheltered – affordable	355	545	238	163	1,302
Sheltered – market	751	1,154	504	345	2,755
Extra care – affordable	241	371	162	111	885
Extra care – market	0	0	0	0	0
Registered care	569	874	382	262	2,086
TOTAL	1,917	2,943	1,287	881	7,028

Source: Housing LIN

9.37 However, there will also be a need to address the existing housing stock, supporting property adaptations to enable older persons to remain independent within their own homes.

APPENDIX A: Projection Methodology and Key Data

Introduction

Our methodology used to determine population growth and hence housing requirements is based on fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2011 to 2036. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of each local authority area. These are the principal components of population change and are used to construct our population projections.

The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure 59: Overview of Methodology
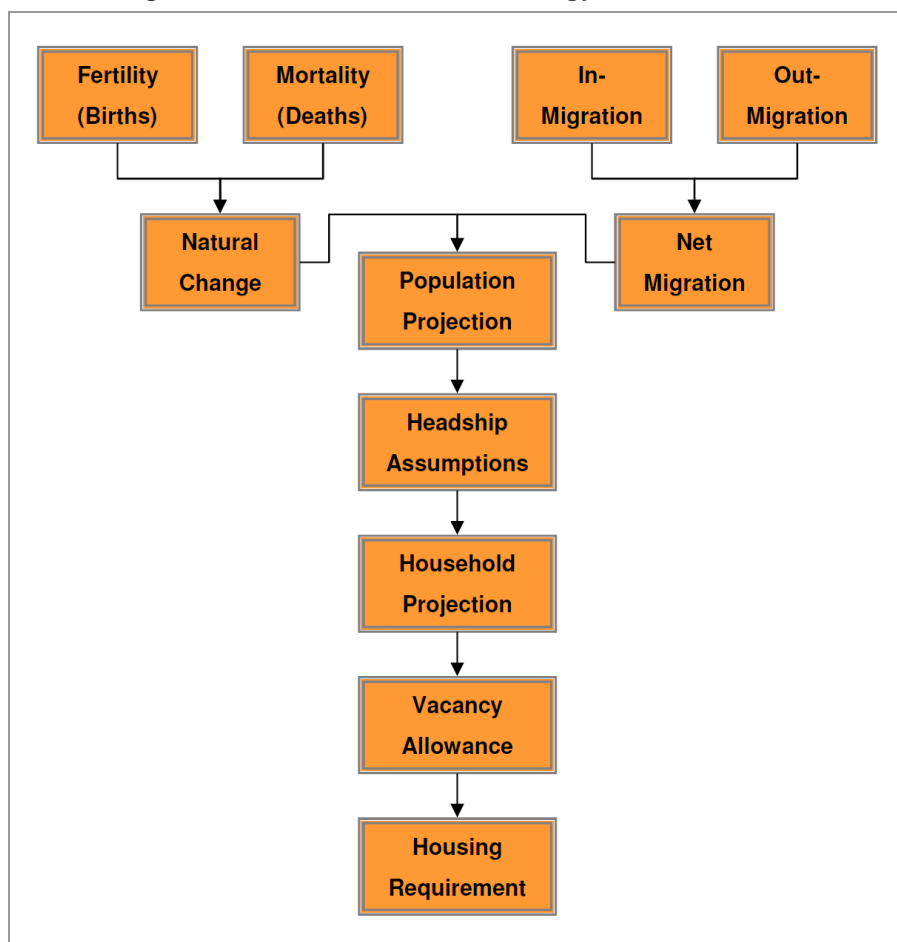
The sections below discuss in detail the assumptions and inputs underpinning the demographic modelling.

Baseline Population

The baseline for our projections is taken to be 2011 with the projection run for each year over the period up to 2036. The estimated population profile as of 2011 has been taken from ONS mid-year population estimates. The overall population in 2011 is estimated to be 176,789 with slightly more females than males.

Figure 60:   **Population of New Forest District (5 year age bands) – 2011**

Age group	Male	Female
Ages 0-4	4,388	4,206
Ages 5-9	4,398	4,162
Ages 10-14	4,974	4,609
Ages 15-19	5,023	4,826
Ages 20-24	4,229	3,972
Ages 25-29	3,761	3,841
Ages 30-34	3,796	4,043
Ages 35-39	4,446	5,096
Ages 40-44	5,563	6,069
Ages 45-49	6,354	6,869
Ages 50-54	5,979	6,177
Ages 55-59	5,641	6,063
Ages 60-64	6,561	7,225
Ages 65-69	5,818	6,222
Ages 70-74	4,536	5,071
Ages 75-79	3,922	4,545
Ages 80-84	2,977	3,974
Ages 85+	2,564	4,889
All Ages	84,930	91,859

Source: Derived from ONS data

Fertility and Mortality Rate Assumptions

For modelling of fertility we have used the rates contained within the ONS 2010-based population projections. For the period from 2011 to 2036 the total fertility rate (the expected average number of live births per woman throughout their childbearing lifespan) has been calculated to be 1.99 in 2011/12, this rises very slightly in the short-term before reducing to 1.84 in 2035/36.

We also interrogated the ONS 2010-based projections with regard to death rates which suggested that life expectancy is expected to increase over time for both males and females. It is not possible to provide exact life expectancy figures from the 2010-based SNPP as this to some degree will depend on the assumptions made about the death rates for age groups beyond 90 (the ONS data stops at a figure for 90+). However in

modelling life expectancy we suggest that the figures will see an improvement from 81.3 to 85.5 for males from 2011 to 2036 with figures of 84.9 to 88.3 expected for females.

We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes are consistent with past trend data and future expected patterns as published by ONS on a national basis.

Levels of Migration

Initial Demographic Projections (PROJ 1)

The figure below shows the levels of net migration assumed in the ONS Projections (2010- and 2011-based) from 2011/12 to 2035/36 in New Forest District. The projection starts in 2011/12 with a net in-migration figure of around 1,700 per annum. This is expected to increase over time to reach a net in-migration of around 2,000 people per annum in 2020/21 before continuing to rise at a lesser rate to reach about 2,200 per annum at the end of the projection period. For the projection period studied as a whole, the average level of net migration is an in-migration of 2,000 people per annum.

Figure 61:   ONS Migration Assumptions – Net Migration 2011/12 to 2035/36 – New Forest District
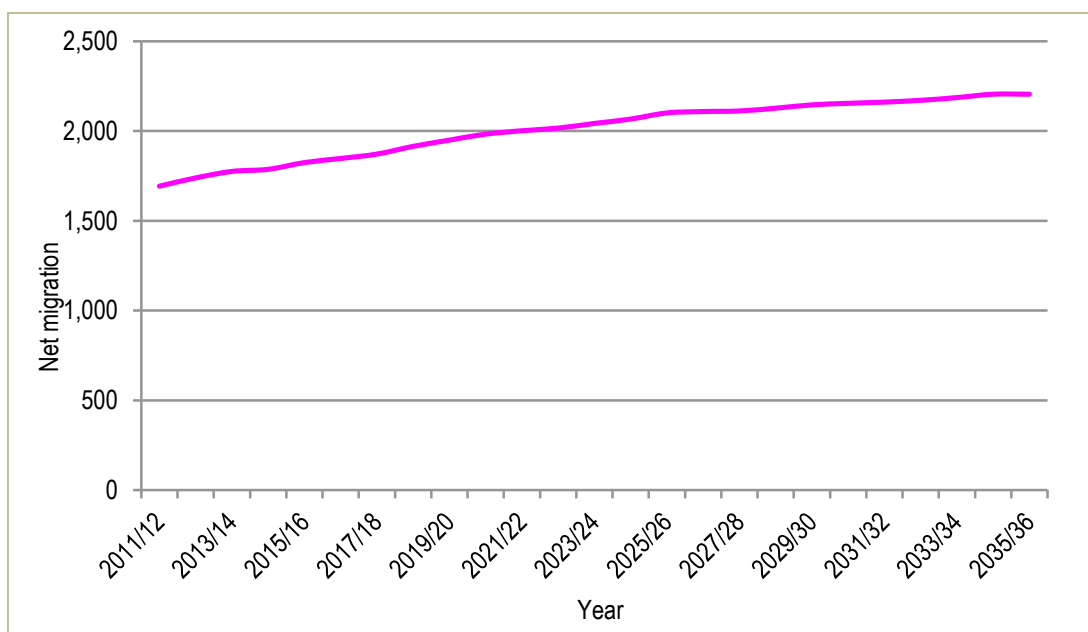
Source: ONS 2010- and 2011-based Sub-National Population Projections

It should be noted that the net migration data shown is made up of gross in-migration minus gross out-migration. Both of the gross figures are significantly larger than the net migration data and hence small changes in either in- or out-migration can have a significant impact on net migration figures.

Adjusted SNPP (PROJ 1A)

Whilst the latest SNPP provides a start point for analysis of housing need it is worthwhile considering differences between the ONS components of change data and revised mid-year population estimates (which were recalibrated to be consistent with population information in the 2011 Census).

For New Forest this suggested over the 2006-12 period that the various recorded components of population growth (e.g. births, death and migration) were on average 241 people per annum higher than the estimated population growth. This is recorded by ONS as being within an 'other unattributable' population category. Whilst this difference could be related to incorrect recording of the population (either in the 2001 or 2011 Census) or of special groups of the population (such as prisoners), it is considered that differences are most likely to be due to the over-recording of net migration. We have therefore slightly amended the migration assumptions in the projections to take account of this observation. This forms the basis of our updated SNPP Projection.

It should be noted that at the time of writing ONS were consulting on the next set of (2012-based) subnational population projections. It is ONS' intention at this stage not to take any account of UPC although this is one of the key areas about which they are consulting. Our view is that UPC should be considered in projections; particularly when interrogating local level data in some detail as is done in this report.

The data about unattributable population change has been used to develop an alternative SNPP-based projection. This uses the same assumptions as in the SNPP but with net migration being reduced by some 241 people in each year of the projection.

5 and 10 Year Migration Trends (PROJ 2 and 3)

The figure below shows estimated net migration into New Forest District from 2001/2 to 2010/11. The figures have been taken from the revised ONS Mid-Year Population Estimates and include an adjustment for unattributable population change (UPC) and other changes as discussed above. The table also shows net migration data before the UPC adjustment. It is notable that the past migration levels are somewhat lower than being projected forward by ONS which does call into question the validity of the 2011-based 'interim' SNPP.

Table 77: Past Trends in Net In-Migration to New Forest District

Year	Net migration and other changes (including UPC adjustment)	Net migration (no adjustments)
2001/2	1,578	1,835
2002/3	1,233	1,487
2003/4	999	1,202
2004/5	1,289	1,543
2005/6	1,278	1,505
2006/7	1,149	1,430
2007/8	978	1,193
2008/9	1,327	1,571
2009/10	1,234	1,457
2010/11	832	1,072
Average (last ten years)	1,190	1,430
Average (last five years)	1,104	1,345

Source: ONS Mid-Year Population Estimates

The data shows that the figures can be somewhat variable over time. Variation could be linked to a number of factors such as completions levels (which could inhibit or provide greater opportunities for migration). Additionally, given the difficultly of measuring migration accurately, it is possible that year-on-year changes are influenced by recording issues. Overall, for the full decade studied it is however considered that the figures in the table above are of the right order of magnitude as these have been calibrated to take account of Census data (in both 2001 and 2011).

The data in the table has been used to create two projections. Firstly modelling net migration at the same average level as seen over the past ten years and secondly looking at a shorter time frame of the last five years.

Age Profile of Migrants

For the purposes of understanding the profile of migrants we have again drawn on the ONS 2010-and 2011-based sub-national population projections. Over the period from 2011 to 2036 the figures in the SNPP show an average annual level of net in-migration of 2,008 people to New Forest District made up of in-migration of 10,087 and out-migration of 8,079.

The data shows a net out-migration of those aged 15 to 19 (linked to students moving away to study) along with in-migration of all other age groups. The key age groups in terms of in- and out-migration are younger people (aged 15-39). This sort of trend is consistent with most areas and reflects the more transient nature of younger people (who move home more often). Compared with many other areas however, the levels of migration (both in- and net-migration) are significant for older age groups. For many areas, levels of migration are concentrated strongly towards those aged 16-39. New Forest sees stronger migration of

people aged over 40 in comparative terms. This migration profile along with a generally older population in the District will mean that the population of the New Forest can be expected to age significantly (when compared with other locations) moving forward.

When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size or where different migration levels are assumed). This approach has consistently been adopted across all analysis.

Figure 62:   Estimated annual level of net migration by five-year age band (2011-2036) to New Forest District
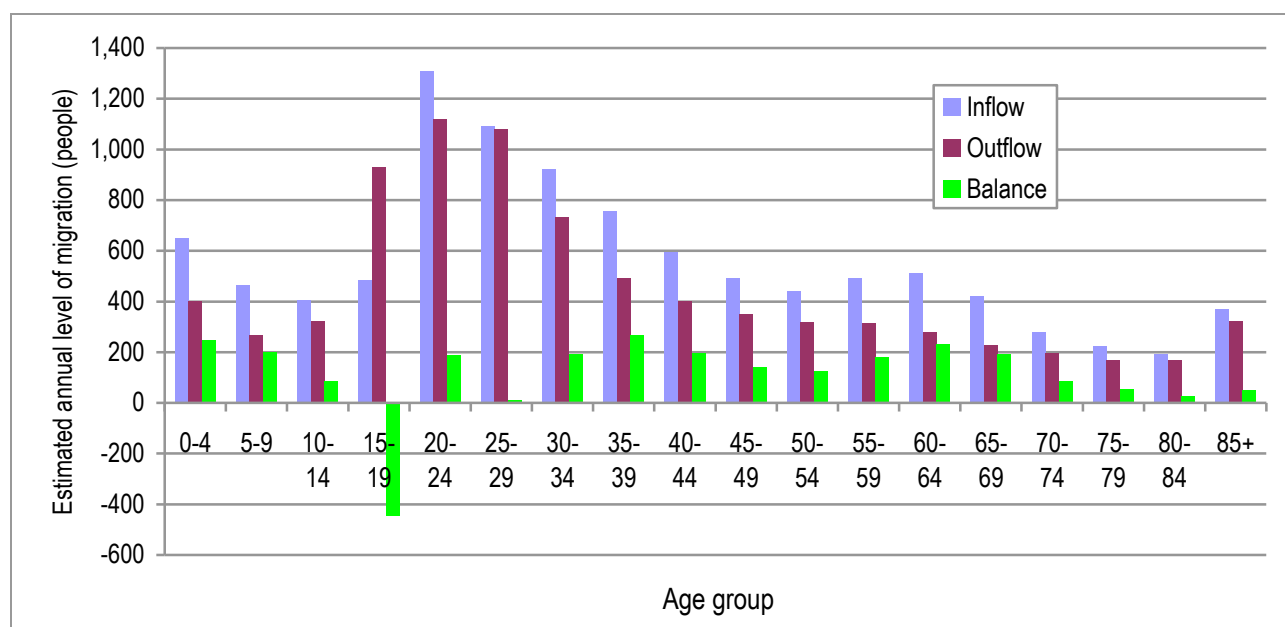
Source: Derived from ONS 2010-based population projections

Employment Rate Assumptions

With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how numbers of people in work (labour supply) would change in each projection.

The first stage of the process was to establish employment rates in the local authority. The figure below shows data on the proportion of people living in the area who were in employment (based on the proportion of the population aged 16-64 who are working). This data has also been provided for the South East and Great Britain.

The data shows that overall the proportion of residents in employment in New Forest District has been quite variable over time but generally the trend has been downward (linked to the impact of the recent recession). Overall, it is quite difficult to pick out a real trend from the district-level data. In both the South East and Great Britain employment rates can more clearly be seen to have dropped along with a very slight improvement through 2012.

Figure 63:   Proportion of Population Working
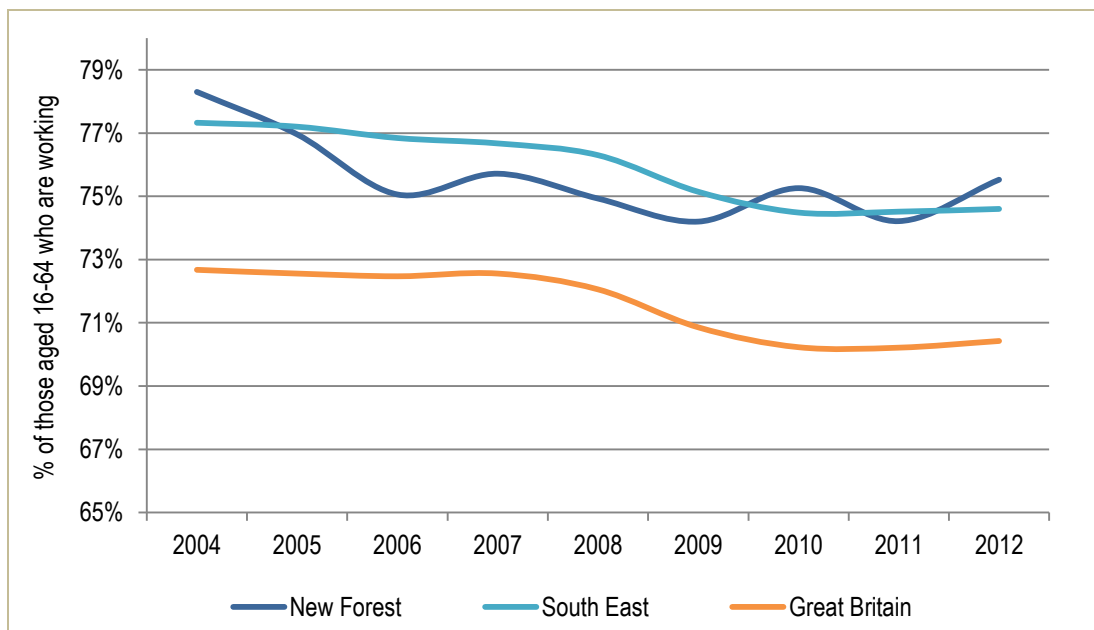
Source: Annual Population Survey

Part of the problem with the Annual Population Survey source used above is that data is based on only a sample of the population and therefore figures can be quite variable at a local authority level.

We have therefore also drawn on data about unemployment to give an indication of how employment rates may have changed over the past few years. In all areas this analysis shows a clearer trend towards increased unemployment with figures going up in all areas (although for New Forest District there is an apparent decline in unemployment since 2010). The increase in unemployment in New Forest District is from a little under 3% in 2004 up to about 5% in more recent years. The unemployment rate describes the proportion of people 16-64 who are unemployed.

Figure 64:   Changes in Unemployment, 2004-12
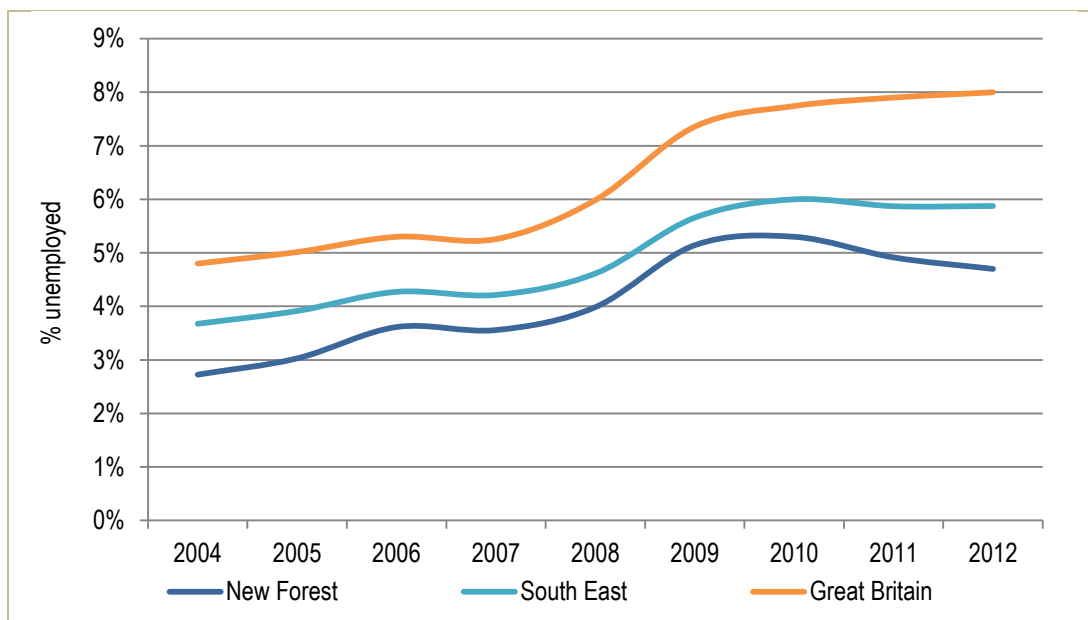
Source: Annual Population Survey (modelled data)

Using the above data to provide us with an overall picture of working patterns, we also drew on 2001 and 2011 Census data and information from the Annual Population Survey to model the distribution of residents in employment by age and sex.

In projecting forward we have assumed that there is a latent labour force that could be brought back into work as a result of reducing unemployment. This improvement is assumed to occur fairly consistently through the projection period to 2036.

The modelling also includes provision for potential increases in employment rates due to changes in pensionable age. These additional changes have been based on studying the age-specific 'drop-off' in employment as people get older.

The modelled improvement to employment rates will have the effect of reducing unemployment over time, and increasing employment rates amongst older age groups over the projection period.

The figure below shows how employment rates are projected to change over the period studied. This is the percentage of people 16-64 in employment. The data shows a short-term improvement to about 2019 – this is mainly due to changes in pensionable age. Following this the rate levels off or drops down slightly – this is due to age structure changes with a greater number of people expected to be in some of the older 'working' age groups which typically have lower employment rates. Beyond this, about 2027, there is expected to be

some increase in employment rates – this is again linked to demographic change with the District expected to see a population increase in some of the key working age groups.

Figure 65:   Projected Changes in Employment Rates – New Forest District
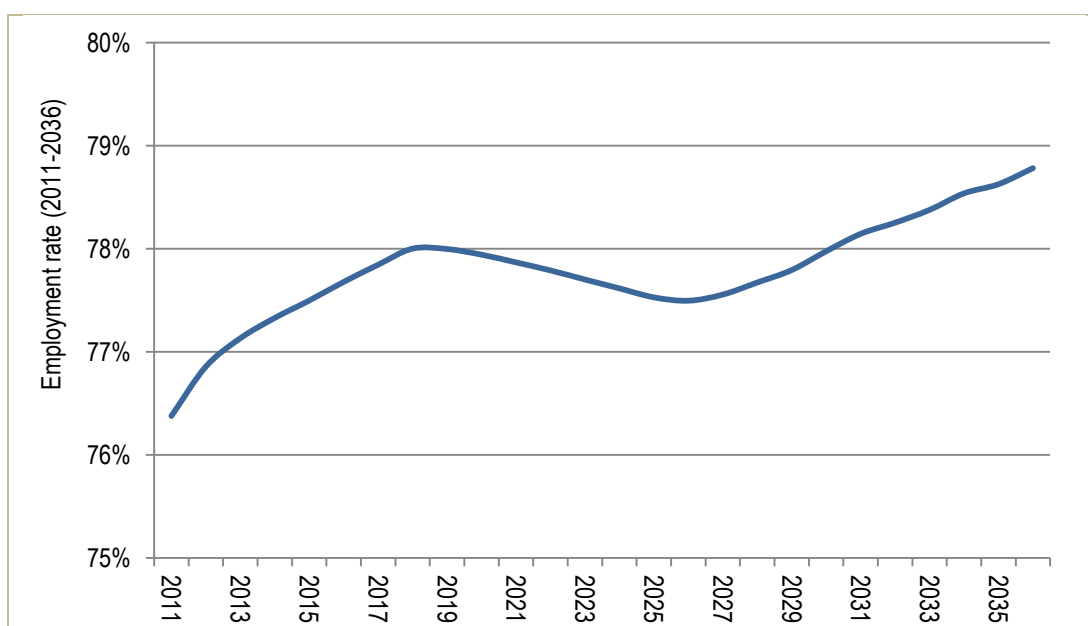
By applying these employment rates to our population figures it is estimated that in mid-2011 there were 82,993 people in employment across the District. This figure has been derived by analysis of 2011 Census data and is consistent with recent figures provided in the Annual Population Survey.

Assumptions in Economic-Driven Projections (PROJ A and PROJ B)

Two economic-driven projections are developed, PROJ A and PROJ B. The assumptions on employment growth levels (workplace jobs) in these are derived from Experian econometric forecasts from Summer 2013. It should be borne in mind that economic forecasting is not an exact science and is more difficult to undertake accurately than projections for future population growth. How the economy might perform over the next 20+ years is somewhat uncertain.

The table below summarises the forecasts for employment growth derived from the Experian Model. It also shows what this represents in terms of growth in economic output (GVA) per annum. The data for New Forest District has also been contrasted with figures for Hampshire, the South East and the United Kingdom. The forecasts indicate employment growth of 0.8% per annum on average over the 2011-31 period in New Forest which is in line with other areas.

Table 78:   **Experian Forecasts for Economic Growth, 2011-31**

	Growth in Employment, 2011-31	% Growth, 2011-31	% Employment Growth Per Annum	% per Annum GVA Growth
New Forest	14,000	18%	0.8%	2.1%
Hampshire	168,500	19%	0.8%	2.3%
South East	831,500	19%	0.9%	2.3%
United Kingdom	4,389,800	14%	0.6%	2.0%

Source: Experian

The Experian forecasts run only to 2031. To provide an indication of employment growth over the 2031-36 period we have assumed that the rate of growth in total employment over the 2026-31 period continues thereafter.

Relating economic performance to housing need is also not straightforward, and will be influenced by a range of factors including:

- Future economic and employment growth;
- Potential changes to commuting patterns;
- The relationship between growth in employment and the workforce; and
- The proportion of people (in different age groups) who are in work.

The assumptions on changes to employment rates are described above. The projections assume a 1:1 relationship between growth in jobs (in net terms) and in people in work. No assumptions are made for 'double-jobbing' which could have a modest impact on reducing the level of population growth and housing need derived from the projections.

In relating jobs and population/ housing need the projections are however particularly sensitive to assumptions on commuting which describe the relationship between where people live and work. Two projections have therefore been developed to provide some quantification of the impact which commuting has.

PROJ A assumes that there is a 1:1 relationship between growth in residents in employment and forecast growth in jobs. PROJ B assumes that historical commuting patterns occur (and hold true) based on 2001 Census data.

The difference between PROJ A and PROJ B relates wholly to the assumptions made on commuting. In PROJ A it is assumed that there is a commuting ratio of 1 (i.e. we see a consistent growth in workforce to jobs moving forwards). In PROJ B we have applied the following commuting ratios. A commuting ratio of over 1.0 assumes net out-commuting from the area; whilst a ratio of under 1.0 assumes that some employment growth will be supported by in-commuting. The ratios are based on 2001 Census data.

Table 79: Commuting Ratios used in PROJ B

Live in area (and are working)	76,786
Work in the Area	64,124
Commuting ratio	1.20

Source: 2001 Census

The table below indicates the resultant assumptions on growth in residents in employment made in each of the economic-driven scenarios.

Table 80: Employment Growth Assumptions used in Modelling

Projection	Employment Growth, New Forest District 2011-26
PROJ A – Jobs Baseline, Net Jobs Growth, 2011-36	**16,471**
PROJ B – Residents in Employment, Net Growth, 2011-36	19,723

Source: Experian 2013, GL Hearn

Headship Rate Assumptions

Headship rates are used in the projections to relate changes in the population size and structure to growth in households. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). For the purposes of this analysis we have used information contained in the 2011-based CLG Household Projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group.

By applying headship rates to the population projections we project growth in households. The effect of changes in the age structure of the population, and of expected household structures, is to result in a reduction in average household sizes within the population over the period to 2036. This is a way of summarising the impact of headship rate assumptions.

The figure below shows the estimated average household size from 2011 to 2036 derived from CLG projections when applied to PROJ 1. The data shows that household sizes are expected to decline moving forward. For the purposes of the projection across the whole District it is assumed that average household sizes start at about 2.30 in 2011 and reduce down to 2.22 in 2036 (although exact figures do vary depending on the projection being run).

Average household sizes are particularly expected to fall as the population of older persons is expected to grow, and older households are typically smaller. This is an important influence on the need for additional housing.

Figure 66:   Projected trends in Average Household Size
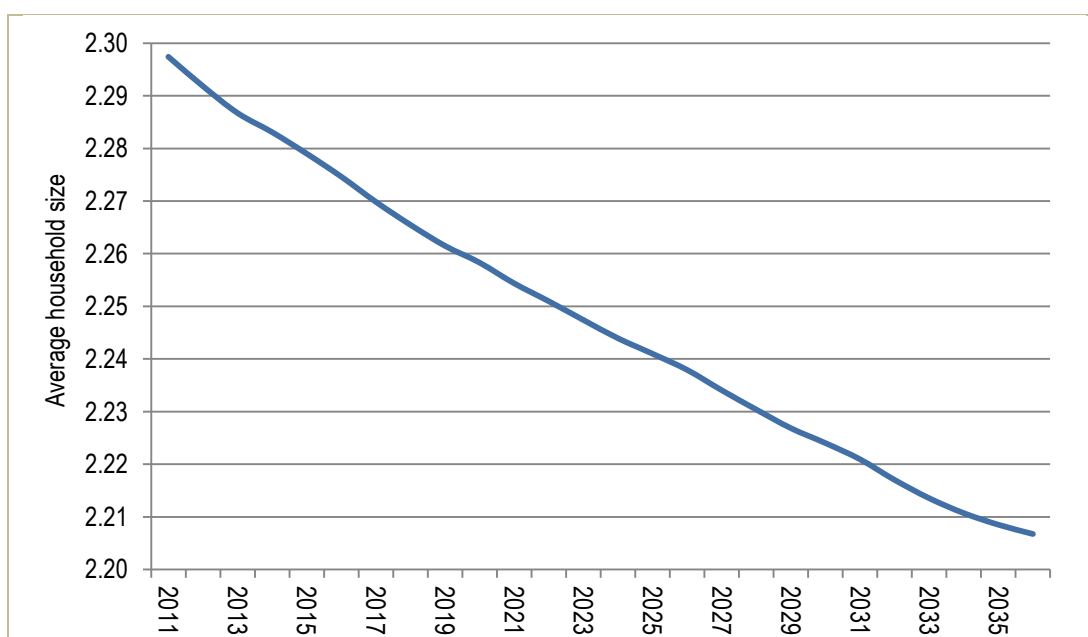
Source: Derived from 2011-based CLG Household Projections

When applying headship rates to the population data we derive an estimated number of households in mid-2011 of 76,952. This figure is consistent with the number of households shown in the 2011 Census and the 2011-based CLG Household Projections.

The main projections in the SHMA are based on the headship rate assumptions in the 2011-based Household Projections from Government. A sensitivity analysis is however run to PROJ 1A based on applying the headship rates in the CLG 2008-based Household Projections (PROJ 1A(08)) and also at a midpoint between 2008- and 2011-based rate trends (PROJ 1A(mid)). The results of this are presented in the main report.

Relating Growth in Households to Dwellings

In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy/second home allowance which is normal to allow for movement of households between properties. For the analysis we have assumed that around 3% of additional stock will comprise vacant and second homes. This is reflective of what should be achievable within new stock (where there is not a requirement for extensive repair/ upgrading).

Detailed Projection Outputs

Provided below are detailed outputs of the modelling under each of the scenarios run to look at population growth, employment change and housing requirements. All the projections look at the period from 2011 to 2036 with outputs available for each year of the projection (although these have generally been summarised for five year periods). The projections run are summarised in the table below.

Table 81: Description of Projections used for Demographic Modelling

Projection	Description
PROJ 1	Based on the 2011-based ONS and CLG projections rolled-forward to 2036
PROJ 1A	Based on 2011-based ONS and CLG projections updated to take account of more recent data about population growth
PROJ 2	Based on the average level of net migration over the past 10-years
PROJ 3	Based on the average level of net migration over the past 5-years
PROJ A	Linked to employment growth shown in an Experian baseline economic forecast with a 1:1 ratio between jobs and working residents
PROJ B	Linked to employment growth shown in an Experian baseline economic forecast with allowance for commuting patterns (as evidence from the 2001 Census)
PROJ 1A(08)	Based on PROJ 1A above but using the headship rate trends in the 2008-based CLG household projections
PROJ 1A(mid)	Based on PROJ 1A above but using a midpoint of the headship rate trends in the 2008- and 2011-based CLG household projections

Population Projections

The table below shows the expected growth in population under each of the scenarios (PROJ 1A(08) and 1A(mid) are not shown separately due to population growth figures being exactly the same under these two projections as PROJ 1A). Under demographic assumptions linked to the SNPP (PROJ 1 and 1A) the population is expected to increase by between 29,900 and 36,700 people over the 25-year period – this represents population growth of 17%-21%. The difference between the two projections is driven by the reduced migration assumptions linked to a negative unattributable population change in the District recorded by ONS.

With housing delivery in line with the Experian baseline employment growth forecast (PROJ A) we see a significantly higher level of population growth whilst the employment based projection with current commuting patterns (PROJ B) is higher still – suggesting a population growth of 59,200 people from 2011 to 2036 (33% or 1.3% per annum).

Looking at alternative demographic scenarios the data shows with migration trends over the past five or ten years that population growth is expected to be somewhat lower than either the SNPP or updated SNPP projections.

Table 82: Population Estimates 2011 to 2036: New Forest District

	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	176,789	184,220	191,937	199,658	206,866	213,447
	0.0%	4.2%	8.6%	12.9%	17.0%	20.7%
PROJ 1A (2011-based SNPP (updated))	176,789	182,981	189,373	195,707	201,502	206,663
	0.0%	3.5%	7.1%	10.7%	14.0%	16.9%
PROJ 2 (10-year migration trends)	176,789	181,268	185,059	187,976	189,813	190,641
	0.0%	2.5%	4.7%	6.3%	7.4%	7.8%
PROJ 3 (5-year migration trends)	176,789	180,826	184,146	186,569	187,902	188,225
	0.0%	2.3%	4.2%	5.5%	6.3%	6.5%
PROJ A – Job growth	176,789	189,976	201,933	213,395	221,940	229,777
	0.0%	7.5%	14.2%	20.7%	25.5%	30.0%
PROJ B – Residents in employment	176,789	191,778	205,092	217,693	227,248	236,012
	0.0%	**8.5%**	**16.0%**	**23.1%**	**28.5%**	**33.5%**

Population Change Dynamics

The figure below shows population pyramids for 2011 and 2036 under the projection linked to ONS/CLG trends (as updated) – PROJ 1A. The 'pyramids' clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase from 7,453 people to 18,344.

Figure 67: **Distribution of Population 2011 and 2036 for PROJ 1A (SNPP (updated)) – New Forest District**
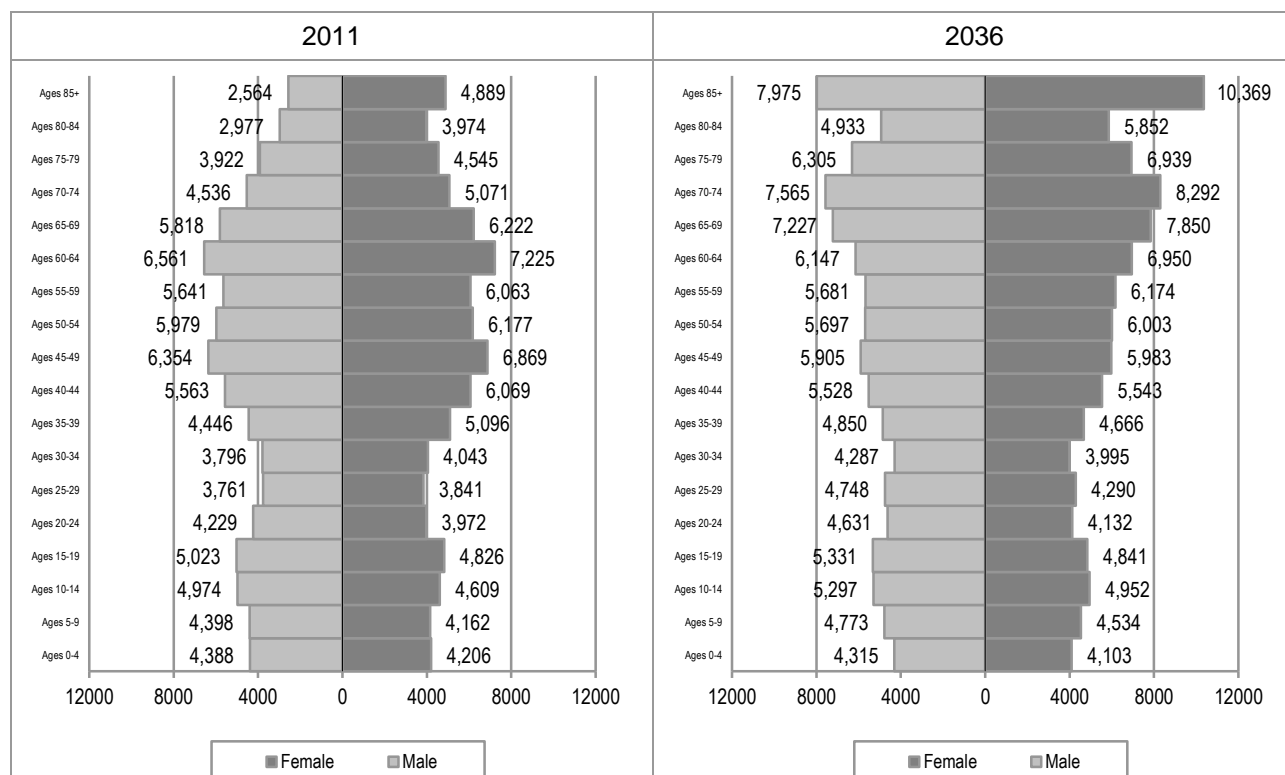
The table below summarises the findings for key (5 year) age groups under PROJ 1A (SNPP (updated)). The largest growth will be in people aged 65 and over. In 2036 it is estimated that there will be 73,300 people aged 65 and over. This is an increase of 28,800 from 2011, representing growth of 65%. The population aged 85 and over is projected to increase by an even greater proportion, 146%. Looking at the other end of the age spectrum the data shows that there are projected to be around 5% more people aged under 15 with increases also shown for most other age groups. The projected decline in the population aged 35-54 is however noteworthy given that this age group may be considered at the main 'working age' cohort.

Table 83: PROJ 1A (SNPP (updated)) population change 2011 to 2036 by five year age bands – New Forest District

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 5	8,594	8,418	-176	-2.0%
5-9	8,560	9,307	747	8.7%
10-14	9,583	10,249	666	7.0%
15-19	9,849	10,172	323	3.3%
20-24	8,201	8,764	563	6.9%
25-29	7,602	9,038	1,436	18.9%
30-34	7,839	8,282	443	5.7%
35-39	9,542	9,516	-26	-0.3%
40-44	11,632	11,071	-561	-4.8%
45-49	13,223	11,887	-1,336	-10.1%
50-54	12,156	11,700	-456	-3.8%
55-59	11,704	11,855	151	1.3%
60-64	13,786	13,097	-689	-5.0%
65-69	12,040	15,077	3,037	25.2%
70-74	9,607	15,858	6,251	65.1%
75-79	8,467	13,244	4,777	56.4%
80-84	6,951	10,785	3,834	55.2%
85+	7,453	18,344	10,891	146.1%
Total	**176,789**	**206,663**	**29,874**	**16.9%**

2012-based Sub-National Population Projections (SNPP)

Since this report was drafted, a new set of (2012-based) subnational population projections (SNPP) were published by ONS (on the 29th May 2014). These projections suggest a lower level of population growth than was expected in the 2011-based version. The 2012 SNPP indicates that by 2036 the population of New Forest is expected to reach 203,500 – this is notably below the 213,400 figure estimated by extending the 2011-based projections and also slightly below the 206,700 estimated by our SNPP updated projection. This would suggest that our amended projection is sound, but suggests that the new SNPP would result in a slightly lower estimate of housing need than our PROJ 1A projections.

Below we have compared the population age structure in each of the 2012-based SNPP (for 2036) and our SNPP (updated) projection – PROJ 1A. The analysis suggests that the overall age structure is not expected to be much different. The 2012-based SNPP expects a slightly higher number of children (which will be linked to this projection not expecting fertility rates to drop – unlike the 2011-version) with lower populations generally being seen in the working-age age groups. There are only very small differences in figures from the two sources when looking at the expected population aged 65 and over.

Table 84: Comparison of population structure in 2036 from PROJ 1A and the ONS 2012-based SNPP – New Forest District

Age group	PROJ 1A (2011-based SNPP (updated))	2012-based SNPP	Difference	% difference from PROJ 1A
Under 5	8,418	8,701	283	3.4%
5-9	9,307	9,616	309	3.3%
10-14	10,249	10,326	77	0.8%
15-19	10,172	9,932	-240	-2.4%
20-24	8,764	8,201	-563	-6.4%
25-29	9,038	8,792	-246	-2.7%
30-34	8,282	8,180	-102	-1.2%
35-39	9,516	9,261	-255	-2.7%
40-44	11,071	10,449	-622	-5.6%
45-49	11,887	11,121	-766	-6.4%
50-54	11,700	11,141	-559	-4.8%
55-59	11,855	11,438	-417	-3.5%
60-64	13,097	12,763	-334	-2.6%
65-69	15,077	15,019	-58	-0.4%
70-74	15,858	15,903	45	0.3%
75-79	13,244	13,475	231	1.7%
80-84	10,785	10,978	193	1.8%
85+	18,344	18,176	-168	-0.9%
Total	206,663	203,474	-3,189	-1.5%

Economic (Employment) Changes

The table below shows the estimated number of people living in New Forest District who are working under each of the projections (again only PROJ 1A is shown as the figures are identical to those in PROJ 1A(08) and PROJ 1A(mid)). The data shows under demographic based assumptions (PROJ 1 & 2) that the number of people working is projected to increase by 4,500 to 8,000 from 2011 to 2036. The projections linked to Experian job growth forecasts show significantly higher workforce increases of between 16,500 and 19,700 over the period studied.

The alternative demographic based projections both show a falling workforce with this going down by 6% with 5-year migration trends and 5% with 10-year trends.

Table 85: **Employment Estimates 2011 to 2036 – New Forest District**

	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	82,993	84,927	86,282	87,212	89,208	91,018
	0.0%	2.3%	4.0%	5.1%	7.5%	9.7%
PROJ 1A (2011-based SNPP (updated))	82,993	84,217	84,868	85,110	86,393	87,466
	0.0%	1.5%	2.3%	2.6%	4.1%	5.4%
PROJ 2 (10-year migration trends)	82,993	83,231	82,472	80,947	80,193	79,036
	0.0%	0.3%	-0.6%	-2.5%	-3.4%	-4.8%
PROJ 3 (5-year migration trends)	82,993	82,978	81,969	80,198	79,191	77,770
	0.0%	0.0%	-1.2%	-3.4%	-4.6%	-6.3%
PROJ A – Job growth	82,993	88,230	91,755	94,442	96,958	99,464
	0.0%	6.3%	10.6%	13.8%	16.8%	19.8%
PROJ B – Residents in employment	82,993	89,264	93,485	96,702	99,715	102,716
	0.0%	7.6%	12.6%	16.5%	20.1%	23.8%

Household (and Housing) Growth

The table below shows the projected growth in the number of households under each of the scenarios. The SNPP-based projection (PROJ 1) shows household growth of about 25% over the 25-year period whilst our updating of this projection (PROJ 1A) to take account of more recent data shows a lower figure (of 22%). With the same projection and an adjustment for supressed household formation (PROJ 1A(08) and PROJ 1A(mid)) the household growth comes out slightly higher (a 24%-26% increase) – this equates to 18,300 to 19,900 more households (up to 795 per annum).

The projection linked to the Experian baseline forecast (PROJ A) shows a 33% increase in households whilst the same projection but with inclusion of an allowance for commuting patterns (PROJ B) suggests a higher level of household growth – 36% over 25-years (an additional 28,100 households).

The additional demographic based scenarios show lower levels of household growth ranging from 12% with trends over the past five years (PROJ 3) up to 14% with 10-year trends (PROJ 2).

Table 86: Household Estimates 2011 to 2036 – New Forest District

	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	76,952	80,912	84,978	88,960	92,787	96,271
	0.0%	5.1%	10.4%	15.6%	20.6%	25.1%
PROJ 1A (2011-based SNPP (updated))	76,952	80,444	84,003	87,450	90,728	93,650
	0.0%	4.5%	9.2%	13.6%	17.9%	21.7%
PROJ 2 (10-year migration trends)	76,952	79,798	82,364	84,496	86,241	87,472
	0.0%	3.7%	7.0%	9.8%	12.1%	13.7%
PROJ 3 (5-year migration trends)	76,952	79,631	82,016	83,958	85,508	86,538
	0.0%	3.5%	6.6%	9.1%	11.1%	12.5%
PROJ A – Job growth	76,952	83,087	88,785	94,208	98,573	102,607
	0.0%	8.0%	15.4%	22.4%	28.1%	33.3%
PROJ B – Residents in employment	76,952	83,768	89,987	95,849	100,610	105,021
	0.0%	8.9%	16.9%	24.6%	30.7%	36.5%
PROJ 1A(08) – 2008-based headship rates	76,952	80,799	84,844	88,909	92,945	96,818
	0.0%	5.0%	10.3%	15.5%	20.8%	25.8%
PROJ 1A(mid) – midpoint headship rates	76,952	80,622	84,423	88,180	91,837	95,234
	0.0%	**4.8%**	**9.7%**	**14.6%**	**19.3%**	23.8%

The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. A vacancy allowance of 3% has therefore been applied to all of the above figures to make estimated housing requirements; the resulting figures are shown in the table below.

Table 87: Estimated housing numbers with vacancy allowance (to 2036) – New Forest District

Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 25-years
PROJ 1 (2011-based SNPP)	773	796	19,899
PROJ 1A (2011-based SNPP (updated))	668	688	17,199
PROJ 2 (10-year migration trends)	421	433	10,836
PROJ 3 (5-year migration trends)	383	395	9,874
PROJ A – Job growth	1,026	1,057	26,425
PROJ B – Residents in employment	1,123	1,156	28,912
PROJ 1A(08) – 2008-based headship rates	795	818	20,462
PROJ 1A(mid) – midpoint headship rates	731	753	18,831

APPENDIX B: Definitions

Key definitions used in this report include the following:

- *Affordable housing:* Affordable housing is defined in the NPPF as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

- *Social rented housing:* social rented housing is owned by local authorities and private registered providers, for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authorities or with the Homes and Communities Agency.

- *Affordable rented housing:* affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

- *Intermediate housing:* Intermediate housing is homes for sale or rent provided at a cost above social rent, but below market levels subject to the criteria in the affordable housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

  Housing Need: Housing need refers to refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.

- *Affordable Housing Need*: This describes the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

- *Newly-Arising Need:* Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CORE along with demographic projections about the number of new households forming (along with affordability) to estimate future needs. Figures for this are gross, and differ from those set out reflecting total household growth.