



Review of the Housing Evidence Base and Assessed Housing Need in Test Valley

July 2016

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Executive Summary

This report considers the housing need within Test Valley. It builds on and updates previous analysis such as the Strategic Housing Market Assessment for Test Valley 2013 to inform the review of the Housing Strategy 2016-2019.

The 2014 based Sub-National Population Projections¹ expect the Borough's population to grow by 13,366 to 132,134 by 2037. This represents an 11.1%² increase for Test Valley against the 11.5% increase for Hampshire. Test Valley also has an ageing population with over 21.2% of the population over 65 years of age³. The increase in population creates a need for more homes. A key issue for the Council is to identify the type and provision of housing required to cater for a changing population demographic.

New housing supply continues to fall behind new household growth in England and Test Valley, despite recent improvements. The UK Housing Review⁴ states that raising the output for new build is one of the biggest housing challenges facing the Government. The current Government remains committed to a range of financial measures in their economic policies to help stimulate the market but the risk is that this will have more effect on the demand and prices than on supply.

The Revised Local Plan⁵ provides a basis for identifying an appropriate and continued phased supply of land. This comprises of existing commitments, proposed allocations and certain sites identified in the Strategic Housing Land Availability Assessment. The rate at which the land is brought forward is beyond the control of the Council such as the strength of the economy but the Council will continue to endeavor to work with key partners and the construction industry to deliver new homes.

With the inclusion of Starter Homes and extending the Right to Buy, there is a strong push towards home ownership. However, although affordability is still a big issue for many households, the more significant problem is now the size of the deposits required and access to mortgage finance along with the competition for available properties. This is a consequence of too few properties on the market and more households remaining in their current home. Consideration also needs to be given to the effect the Buy to Let investors are having on the market compared to the First Time Buyers.

For affordable housing, the biggest challenge has been the loss of social rent and the introduction of affordable rent as a way to reduce the capital grant required. Combined with the budget requirements for rent reduction and the extension of the Right to Buy to housing associations, the affordable rented sector is likely to be significantly reduced. The current Test Valley annual target for new affordable homes is 200 and it is likely the predominant tenure will be low cost home ownership, especially on Section 106 sites, due to the introduction of Starter Homes, affordable housing being reduced or predominately

¹ CLG: 2014 based Household Projections to 2039 for England

² For the period 2016 - 2037

³ Hampshire County Council: Small Area Population Forecast 2016

⁴ UK Housing Review : 2015 Briefing Paper; S Wilcox, J Perry & P Williams

⁵ Test Valley Borough Revised Local Plan DPD 2011-2029 (January 2016)

shared ownership to assist site viabilities and Registered Providers using the provision of shared ownership homes to cross-subsidise the provision of affordable rent.

There are challenges ahead to address the various housing needs identified including those who cannot afford market housing and accommodation for an ageing population to encourage under occupied homes to become available for families.

Introduction

The Test Valley Corporate Plan

The Corporate Plan ‘Investing in Test Valley’ provides the links which enable the Council to deliver its priorities with a strong vision and set of actions covering a four year period, 2015 – 2019 and beyond.

The Council is committed to high standards in everything we do, shaping our behaviours and building our reputation in the eyes of our residents.

OUR VALUES



ACCOUNTABILITY

We are accountable to all of the people of Test Valley for our actions and how we use resources, ensuring that we provide value for money



AMBITION

We are a dynamic organisation committed to achieving, improving and innovating



EMPOWERMENT

We are an organisation committed to continuous learning, enabling and motivating all of our people to do their best work



INTEGRITY

We ensure that as an organisation, our communities can trust us to act fairly and honestly, and so can our staff



INCLUSIVENESS

We value diversity, promote equality of opportunity for all, and ensure that our services are accessible to everyone in Test Valley.

The priorities contained within the Corporate Plan are:

- LIVE where the supply of homes reflects local needs
- WORK and do business
- ENJOY the natural and built environment
- CONTRIBUTE to and be part of a strong community

LIVE - Investing in a great place to live, where the supply of houses reflects local needs

Over the next four years and beyond the Council will invest in:-

1. Our communities, so they have the tools, confidence and means to be able to work with us to deliver their local housing needs.
2. Maintain and developing the safety net for those who have the greatest housing need and are most vulnerable.
3. Making best use of existing housing and improving standards.
4. Ensuring that new housing developments provide residents with a quality environment in which to live.

One of the key principles within the Corporate Plan is to use evidence-based decision making to understand the issues and take a full assessment of what is needed and why. It is this principle which lies at the heart of this report and the resultant Housing Strategy and Action Plan.

Aims of the Review

This report seeks to provide information and data to inform the key issues and challenges for Test Valley for over the next three years to inform the Housing Strategy. The Strategy will set out the Council's plans for housing and housing services in the Test Valley.

The Test Valley Borough Council Strategic Housing Market Assessment 2013 (SHMA) provided a long-term strategic assessment of both housing need and demand to develop an understanding of the housing market conditions and considered what level and mix of housing, both market and affordable, is required to meet population and household growth looking over a period to 2031.

This report draws on a range of new key housing data and information, taken from national and local sources, which forms the "Housing Evidence Base" on the current housing need in Test Valley and anticipates future trends. This evidence will identify the key aims and objectives that will inform the new Housing Strategy for Test Valley 2016 - 2019 and to shape the actions the Council will take over the next five years set out in the Housing Strategy Action Plan.

The report is structured as follows:

Introduction

Test Valley Corporate Plan 2015 – 2019 and beyond: setting out the Council's core values and priorities for Housing and the aims of the evidence review.

Section One– The Context for Delivering Change

Setting both the national and regional picture for housing including new legislation and revised national household projections.

Section Two – Demographics of Test Valley

Introduction to Test Valley including key facts, sub market areas and Community Infrastructure Levy Residential Zones.

Section Three – Economy

Examining Test Valley's economic performance including details of the employment market levels of unemployment, income and earnings, areas of deprivation and fuel poverty.

Section Four – Affordability

Review of the local housing market including available data on home ownership, the private rental market and affordable housing. Details on the market dynamics and affordability of the different housing tenures compared to local earnings.

Section Five - Housing Demand

The demand for housing in Test Valley, including likely future demand– including current housing need (the backlog of need), newly arising need and specific types of need, for example, for older person provision and accommodation for those with disabilities. Analysis of the level of homelessness, rough sleeping and demand for affordable housing expressed via housing register applicants.

Section Six – Housing Supply

The local housing provision including current rates of development and market capacity. It also looks at supply by house type and size, and whether properties are under-occupied or overcrowded within the borough and data on empty homes and the provision of affordable housing.

Section Seven – Translating the Evidence into Key Priorities

The key priorities based upon the evidence base, which will underpin the Housing Strategy.

Section Eight – List of Data Sources

The depth and scope of this evidence base has contributed to a robust and holistic understanding of the key challenges facing the area. It has enabled us to predict future pressures and to determine what measures ought to be put in place.

Section One – Context for Delivering Change

The Regional and National Picture

National Planning Policy Framework (NPPF)

The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets a presumption in favour of sustainable development 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 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 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.

Planning Practice Guidance

Planning Practice Guidance was issued by Government in March 2014 on ‘Assessment of Housing and Economic Development Needs.’ This is relevant to this report 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.

The Guidance defines need as:

‘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 demand.’

The assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:-

‘plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.’

The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). This report takes account of the 2012-based Household Projections published by CLG in February 2014.

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, including where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long term trends or to other areas in order to improve affordability.

The Guidance suggests that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

With regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as cycling and walking) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

This report reviews the 2013 Strategic Housing Market Assessment taking into account the 2012 Household Projections, local labour and housing market trends to assess the housing need in Test Valley.

Comprehensive Spending Review 2010 (CSR 2010)

The CSR 2010 announced a reduction in the capital funding available up to 2014-15 for the development of new social housing and the Government's intention to introduce a new type of "intermediate rent" tenure which would generate additional income to be reinvested in the development of social housing; Affordable Rent. The Affordable Rent model did not require legislation. It was worked up alongside the Localism Act 2011 – this Act contains provisions which enable social landlords to offer "flexible" tenancies with a minimum fixed-term of two years for new tenants of 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).

Household Projections for England

According to the 2014 Based Household Projections: England 2014-2039 (Table 1A – 1B), the number of households in England is projected to grow to 28.0 million from 22.7 million by 2039. This equates to an average 210,000 additional households per year. The average household size is projected to fall from 2.35 in 2014 to 2.21 in 2039. Over the period from 2013 – 2037, annual average growth is projected to be 214,000 per year, higher than the 2012 based household projections figure of 210,000 per year for the same period.

Table 1A - National Household Projections, England, 2014-2039

	2014	2019	2024	2029	2034	2039
Total Households (<i>thousands</i>)	22,746	23,927	25,015	26,083	27,088	28,004
Change in Households (<i>thousands</i>)	-	1,180	2,268	3,337	4,342	5,257
Percentage Change in Households (%)	-	5%	10%	15%	19%	23%
Average household Size	2.35	2.32	2.29	2.27	2.24	2.21
Total Household Population (<i>thousands</i>)	53,351	55,477	57,359	59,086	60,612	62,027
Change in Household Population (<i>thousands</i>)	-	2,126	4,007	5,735	7,261	8,675
Percentage Change in Household Population (%)	-	4%	8%	11%	14%	16%

Source: CLG: 2014-based Household Projections: England 2014-2039

The 2014 Household projections key findings are:-

- One person households are projected to increase by 68,000 per year. 33% of the total increase in households up to 2039.
- As expected, household numbers grow faster than population reflecting the continuing trend of smaller average household size.
- Much of the growth in one person households is projected in the older age groups, with those over 65 increasing by around 43,000 a year, about 62% of overall rise in households with one person.
- Couple household (no children or dependants) to increase by 47,000 per year, 22% of total household growth.
- Couple households (with children) to increase by 40,000 per year, 19% of household growth.
- Older households projected to increase more quickly. 65 and over projected to increase, by 155,000 per year and 85 and over households by 53,000 per year.
- Couples (with other adults) households are projected to increase by 19,000 per year, 9% of all growth.
- Other multi-person adult households projected to increase by 36,000 per year, 17% of all growth.

Table 1B: National Household Projections by age of head of household, all types, England

<i>Thousands</i>	2014	2039	Total change	Average annual change 2014 to 2039	As % of total	Total change 2014 to 2039 (%)
Under 25	792	883	92	4	2%	12%
25 – 34	3,145	2,919	-226	-9	-4%	-7%
35 – 44	4,071	4,305	234	9	4%	6%
45 – 54	4,572	5,135	563	23	11%	12%
55 – 64	3,685	4,408	723	29	14%	20%
65 – 74	3,299	4,256	958	38	18%	29%
75 – 84	2,254	3,834	1,580	63	30%	70%
85 +	928	2,262	1,334	53	25%	144%
Total	22,746	28,004	5,257	210	100%	23%

Table 1B: 2014-based Household Projections: England 2012-2039 (CLG)

The 2014-based household projections show slightly higher annual growth than the 2012 based ones amount to 4,000 more households per year (Table 1C) over the 2012 – 2037 period.

**Table 1C
2014-based projections compared with 2012-based projections, by age, England**

2014-based projection		2012-based projection	
Thousands	Average annual change 2012 - 2037	Average annual change 2012 - 2037	Difference
Under 25	3	3	0
25 – 34	-9	-11	2
35 – 44	10	9	2
45 – 54	25	23	3
55 – 64	27	25	2
65 – 74	49	48	1
75 – 84	57	57	0
85 +	51	57	-6
All households	214	210	4

Source: CLG: Table 1C: 2014-based Household Projections: England 2014-2039

Localism – Housing Reforms

The Localism Act has introduced a number of reforms affecting the management of social housing. These reforms are summarised below:

Allocations Policies - The Localism Act gives councils greater flexibilities in deciding who qualifies to go onto housing waiting lists (through their allocations policies) and how they treat tenants who want rather than need to move. Local Authorities can thus revise their allocations policies, should they wish to do so, to prevent people with no 'need' for affordable housing from joining housing registers.

Tenancies - The Localism Act has introduced changes to social housing tenancies, giving both local councils and Registered Providers (RP's) the flexibility to grant fixed term tenancies (as well as lifetime tenancies) should they decide to do so. Shorter tenancies are considered to be one way of making better use of the existing social housing stock in meeting housing need. Specific local policies are set out in local authority's tenancy strategies.

Reform of Homelessness Legislation - Under reforms to Homelessness legislation, councils are able to bring the statutory homelessness duty to an end with an offer of suitable private rented housing. This could potentially assist in the use of private sector housing stock in meeting affordable housing needs. Specific local policies are set out in local authority's tenancy strategies.

Comprehensive Spending Review 2015 (CSR)

The Government sets out an agenda for economic and social reform to drive forward growth and improve the economy. Housing Benefit for social housing tenants will be limited to the level of the relevant Local Housing Allowance (LHA) rate that applies in the private rented sector and the revised roll out timetable for Universal Credit was confirmed. In relation to housing, the key measures have been set out below:-

Supply & Home Ownership - A package for housing supply and home ownership include:-

- £2.3bn to help deliver 200,000 Starter Homes;
- £4bn to deliver 135,000 shared ownership homes;
- Removing or relaxing current restrictions determining access to shared ownership;
- £200m investment to deliver 10,000 Rent to Buy homes;
- £400m to deliver at least 8,000 specialist homes for older people and people with disabilities and continued funding via the Affordable Housing Programme to deliver the balance of homes up to at least 400,000 and an extension of the Help to Buy Equity loan scheme to 2021.
- Consultation on the New Homes Bonus with a view to sharpening incentives for local authorities to deliver more homes. £2.3 bn loans to help regenerate large council estates and invest in infrastructure needed for major housing developments.

Right to Buy Pilot - the CSR launch the Right to Buy pilot with five housing associations to inform the design of the final scheme.

Land and Planning - Government Departments have committed to release land that will accommodate more than 160,000 homes; supply for small housebuilders through amendments to planning policy to support small sites and an extension of the £1 bn Builders' Finance Fund to 2001-21; delivery test on local authorities to ensure delivery of homes against the targets set in Local Plans; enable local communities to allocate land for housing through Neighbourhood Plans, even if the land is not allocated in the Local Plan; more standardised approach to Section 106 viability assessments; extension of the ability to appeal against unviable Section 106 Agreements to 2018.

Health & Social Care - an improved Better Care Fund from 2017 with the funding rising to £1.5 billion by 2019-2020. This is used for payment of Disabled Facilities Grants.

Energy - increase funding for the Renewable Heat Incentive to £1.15 billion by 2020/21, while reforming the scheme to deliver better value for money. The current Energy Company Obligation (Eco) will be replaced from April 2017 with a new, cheaper domestic energy efficiency supplier obligation which will run for five years.

Summer Budget 2015

As part of the Summer Budget 2015 the Chancellor announced that rents in social housing would be reduced by 1% a year for four years resulting in a 12% reduction in average rents by 2020-21. A one year exemption has been granted to providers of supported housing and to housing co-operatives, alms-houses and Community Land Trusts. The announcement was

greeted with some dismay by social landlords who have been modelling the impact on their business plans.

Housing & Planning Act 2016

The Act applies to England only with some exceptions around leaseholds, compulsory purchase and public authority land. The Act:-

- Imposes a duty on local planning authorities to actively promote the supply of Starter Homes sold at 20% below the market price to first time buyers aged 23 – 39 and to provide further support for the provision of self-build and custom-build.
- Mandatory use of fixed term tenancies between two and ten years and ends lifetime secure tenancies in local authority housing and succession to a lifetime secure tenancy other than for spouses and civil partners.
- Promotes the use of neighbourhood planning and local plans
- Allows neighbourhood forums to request notification of planning applications in their area, with the intention of enabling them to participate more effectively in local planning and promote appropriate new developments.
- Reforms the compulsory purchase process to make it clear, fairer and faster.
- Extends the Right to Buy on a voluntary basis to housing association tenants
- Local authorities who have retained ownership of their own stock to sell higher value homes as they become vacant to use the receipts from these sales to fund the extension of the right to buy to housing associations.
- Requires local authority tenants with a higher income to pay a higher rent. Initially a 'higher income' will be defined as a household earning more than £31,000 per year or £40,000 in London. These thresholds will be uprated annually in line with inflation (CPI) the current household income threshold is £60,000 per year in Test Valley.
- Grants a power to require property agents to join client money protection schemes and can be enforced by regulation.

Town & Country Planning (General Permitted Development) (Amendment) Order 2016

The Order enables new permitted development rights in relation to:-

- Office to residential change of use
- Light industrial to change of use to housing
- Laundrette to change of use to housing
- Upwards extensions of buildings in certain circumstances – part of the devolution discussions

NO PROVISION FOR PERCENTAGE OF AFFORDABLE HOUSING IS REQUIRED.

Welfare Reform

The Welfare Reform and Work Act 2016 includes many of the changes announced in the 2015 Summer Budget. The main points relevant to Housing are set out below:-

- Young out of work people without children (18 – 21) will cease to be eligible for housing support in new claims for universal credit (UC) from April 2017, unless deemed vulnerable.

- Benefit Cap for working age claimants will be reduced from £26,000 a year to £20,000 in Test Valley from Autumn 2016.
- Universal Credit Work Allowances were reduced in April 2016 and household allowances will be limited to support for two children for new claims after April 2017, with the family element also removed from tax credit or UC entitlements restrict to the rate for two children.
- Benefit Rates (including Local Housing Allowance (LHA)) will be frozen for four years from 2016/17.
- Budget provision for Discretionary Housing Payments will rise from £125 million this year to an average of £160 million over each of the next 5 years.
- Loans for Mortgage Interest – replaces the current support for mortgage interest payments for benefit claimants with the offer of a recoverable interest-bearing loan.

Ministers plan to extend an exemption for supported housing from the Local Housing Allowance cap as they seek a long term solution to the problem. Department for Work and Pensions (DWP) is expected to announce a medium term solution to the benefit change to shore up housing association confidence and unfreeze stalled developments.

European Union Referendum - Brexit

On 23rd June 2016, Britain voted to leave the European Union (EU). Britain now has to formally apply to leave the EU as laid down by Article 50 of the EU's Lisbon Treaty. The European Commission expects Britain to leave in September 2017 at the earliest.

The impact of Brexit is not known at the stage of writing this document but consideration needs to be given to possible changes to:-

- Housing market
- Procurement rules
- Availability of construction workers and European investment
- Will there be a recession and further austerity measures?

KEY FINDINGS

1. The National Household Projections 2014 - 2039 predict:-
 - 1.1 Average household size is projected to fall from 2.35 to 2.21 in 2039.
 - 1.2 One person household growth accounts for approximately 33% of the total household growth up to 2039.
 - 1.3 Households headed by someone aged 65 or over account for 74% of total household growth up to 2039.
 - 1.4 Couples with dependent children account for 19% of household growth.
 - 1.5 Older households are projected to increase more quickly; those headed by persons aged 65 and over are projected to increase by 155,000 per year and 85 and over households by 53,000 per year.

- 1.6 Other multi-person adult households are projected to increase by 36,000 per year, 17% of all growth.
2. Introduction of Affordable Rent to generate additional income to reinvest in affordable housing has been cancelled out by the introduction of the 1% rent reduction for four years for affordable housing resulting in a 12% reduction in average rents by 2020-21.
 3. Improved Better Care Fund from 2017 for the payment of Disabled Facilities Grant.
 4. Increased Funding for the Renewable Heat Incentive to £1.15 bn by 2020/21 and the introduction of new, cheaper domestic energy efficient supplier obligation to run for five years.
 5. Housing & Planning Act introduced Starter Homes and ended lifetime secure tenancies and succession to lifetime secure tenancies other than for spouses and civil partners.
 6. Reform to Compulsory Purchase Order process to assist regeneration and bringing empty properties back into use.
 7. Introduction of Right to Buy on a voluntary basis to Housing Associations.
 8. HCA Shared Ownership and Affordable Housing Programme 2018 – 2021 providing funding for the provision of shared ownership, rent to buy and specialist homes for older people and people with disabilities only.
 9. Private sector landlords require to join client money protection schemes.
 10. Reforms to planning process to promote Neighbourhood Plans to promote housing the communities will support.
 11. Amendments to General Permitted Development for change of use to residential will not provide a percentage of affordable housing.
 12. Changes in welfare legislation raises concern for those households on benefits in the private rented sector and under 35's.
 13. The economy may be slowing down post Brexit although there are low interest rates which are good for mortgages, this does not help saving for large deposits needed to purchase new homes and creates financial instability.

Section Two – Demographics of Test Valley

Introduction to Test Valley

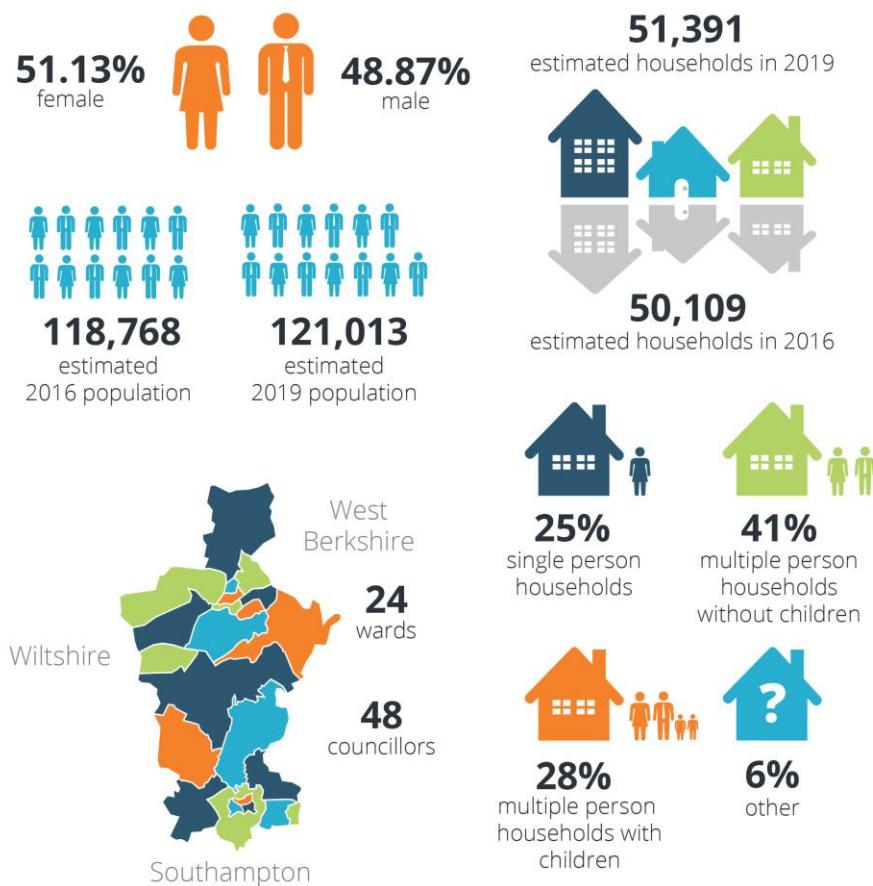
Test Valley is a mainly rural borough covering 62,758 hectares on the western-side of Hampshire. It borders with Southampton to the South and Newbury to the North. Test Valley contains 24 different ward areas and though largely rural in character, a large proportion of the borough's residents live in Andover and the surrounding villages in the north of the Borough, and Romsey and the surrounding settlements in the south of the Borough.

Key Facts

Figure 1 below highlights the key statistics for Test Valley from the Test Valley Corporate Plan, the strategic facts for the housing evidence are:-

- Test Valley is a mainly rural borough located on the western-side of Hampshire.
- 37% of the population live in the Andover sub-area.
- Owner occupation accounts for 70% of the housing market.
- The Borough has a comparatively high stock of social rent compared to Hampshire.

Figure 1: Key Facts regarding Test Valley



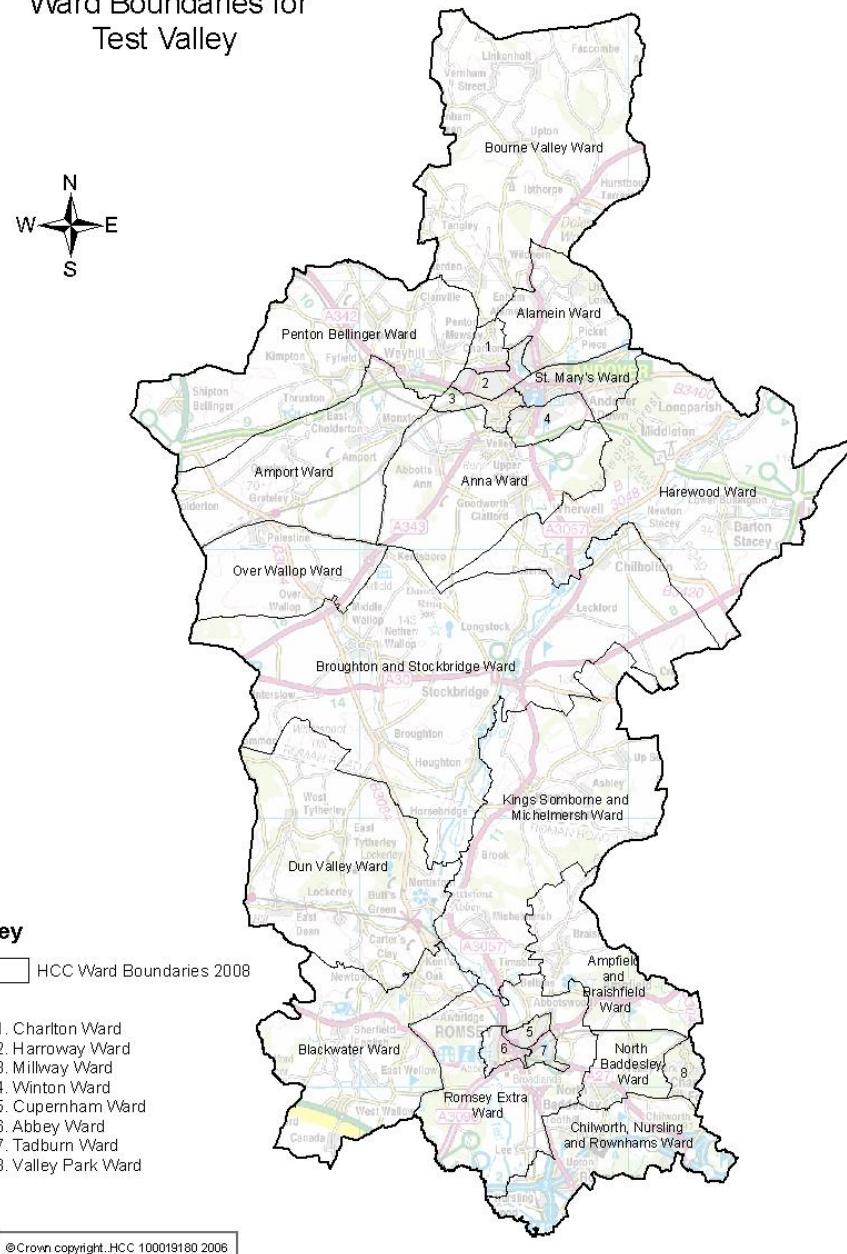
Sub Areas of Test Valley

The Strategic Market Housing Assessment 2013 identified five different sub-areas within Test Valley. These have been based on groups of wards and confirmed through stakeholder consultation.

Figure 2 below shows the locations of each ward and a list of which wards fall into which area. Southern Test Valley (Romsey and Southern-Rural sub-areas) forms part of the PUSH sub-region with the remaining three sub-areas (Andover, Central-Rural and North-Rural) being part of a Northern Test Valley sub-market.

Figure 2: Sub-Areas of Test Valley

Ward Boundaries for
Test Valley



Source: SHMA 2013: Ward Boundaries

The five sub areas of Test Valley are:-

Andover : Alamein, Charlton, Harroway, Millway, St Mary's, Winton

North Rural: Amporth, Anna, Bourne Valley, Harewood, Over Wallop, Penton Bellinger

Central Rural: Blackwater, Broughton & Stockbridge, Dun Valley, Kings Somborne & Michelmersh

Romsey: Abbey, Cupernham, Romsey Extra, and Tadburn

South Rural: Ampfield & Braishfield, Chilworth, Nursling & Rownhams, North Baddesley, Valley Park

The table below (Figure 3) details the population by sub-area, illustrating that the largest proportion of residents (37%) live in the Andover sub-area, followed by the South Rural Sub-area (20%).

Figure 3: Headline Total Population of Test Valley by SHMA Sub Area

Headline Total Population	
Area	Census Population (2011)
Andover	42,539
North - rural	18,437
Central - rural	14,414
Romsey	18,044
South - rural	23,144
Test Valley	116,398
Hampshire	1,317,788
South East	8,634,750
England	53,012,456

Source: ONS Census 2011: Headline Population

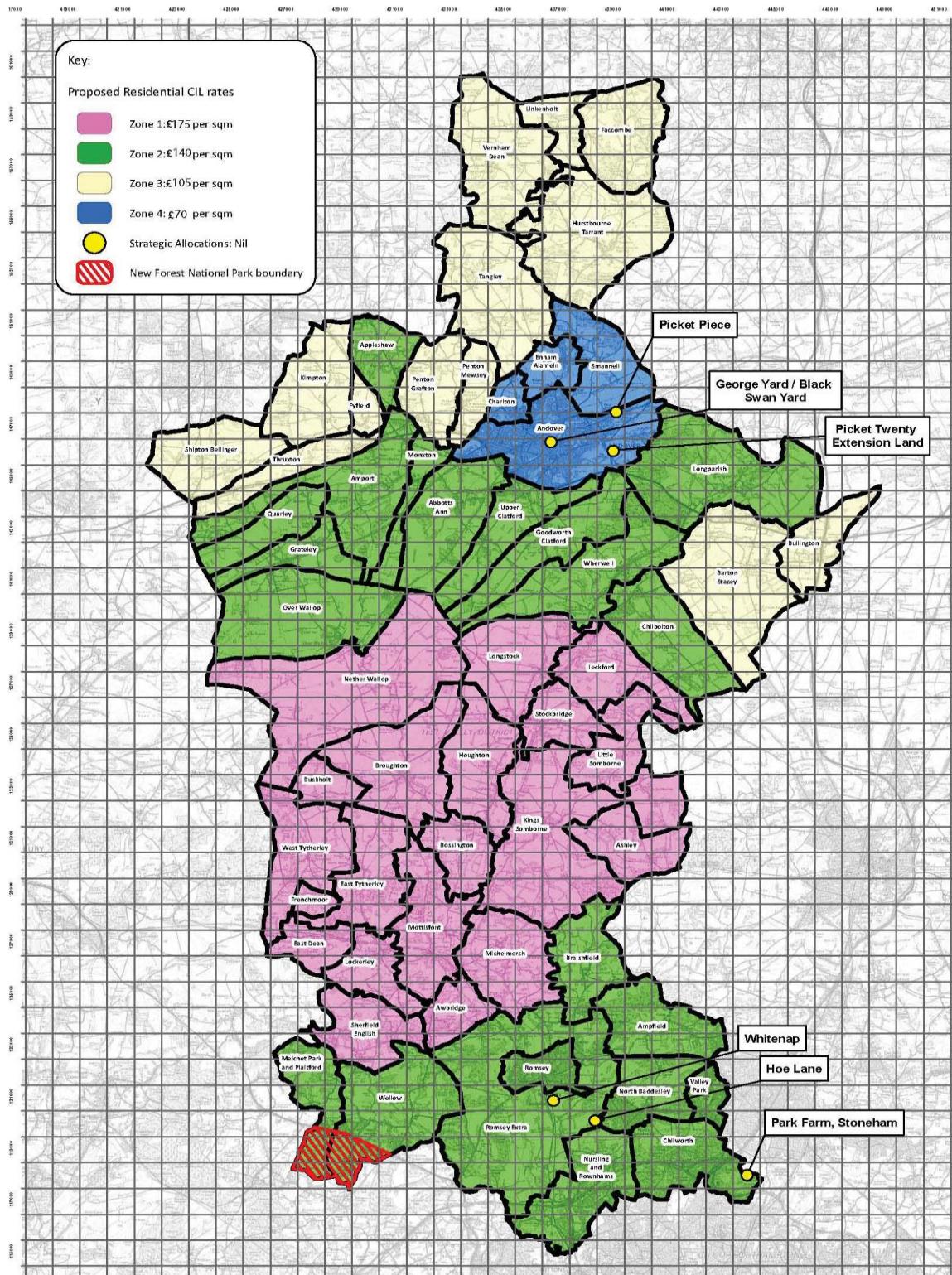
Community Infrastructure Levy

The Community Infrastructure Levy (CIL) is a new levy that local authorities can choose to charge on new development in their area. The funding will be used to support the development of infrastructure that the Council, local communities and neighbourhoods deem necessary.

CIL is charged per square metre and applies to all new residential dwellings, even if the total floor space of the new dwellings is less than 100 square metres.

The Council has set differential rates of CIL for different intended uses of development based on the economic viability evidence in the CIL Viability Study. For residential development, there are separate rates of CIL for four geographical zones. The four zones are shown on the CIL Residential Charging Zones in Figure 4 below.

Figure 4: CIL Residential Charging Zones May 2016



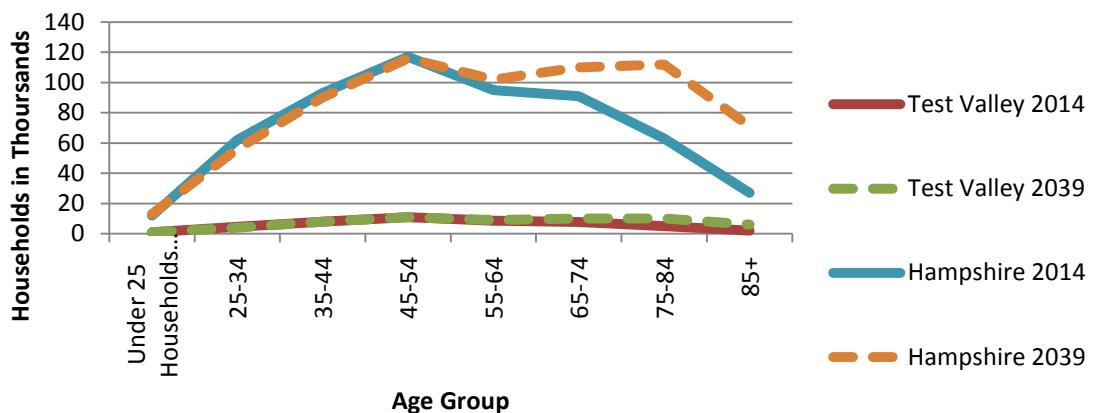
Source: Community Infrastructure Levy Charging Schedule January 2016; Test Valley Borough Council

Population Structure

The 2011 Census recorded that Test Valley had a population of 116,400, representing around 9% of the total population in Hampshire. The population profile in Test Valley is broadly similar to the structure seen across Hampshire but older than that across the wider South East.

The 2014 based Household Projections: England 2014 – 2039 predicts the total population for Test Valley is 118,768 for 2016. It also predicts Test Valley will see increases in a large number of age groups, in particular increases in the entire over 60s age categories and the 75 – 84 age groups, confirming a trend towards a strongly ageing population (Figure 5).

**Figure 5: Population Structure by Age Bands:
Projections by age 2014 - 2039**



Source: 2014 based household projections to 2039 for England

The key facts from the projections on the demographic profile of Test Valley 2014 are:

- 36% of the population is over 65, which is consistent with the county (33%)
- 49% of 45 – 64 age group compared to 39% across Hampshire
- 15% of 20 – 34 age group which is higher than the 13% across Hampshire
- Most prevalent age groups are 45 - 54 (27%) and 55 – 64 (22%) age groups.

The population predictions for 2039 Test Valley reveal:-

- 59% of the population will be 55 + age groups
- 25 – 34 age group to decline by 13% compared to 10% in Hampshire
- Largest age group increase is 75 – 84 age group.

Comparing the 2014 based data with the SHMA demographic profile for sub-areas of Test Valley regarding the Population Structure by Five Year Age Bands (2011):

- Central Rural and Romsey – 22% of resident are over 65 which is higher than the Borough average
- In Romsey, 10% of the households are over 75 compared to 7% across the Borough

- South Rural has a slightly lower representation of people in the 20 – 30 year age group.

Taken as a whole, growth in over 65s in Test Valley over the past decade (30%) has been significantly higher in percentage terms than that seen across Hampshire (21%) and the South East (13%).

At a more local level, the Central Rural and Romsey sub-areas have a notably higher representation of older residents compared to the Borough average, with the proportion of residents in the over 65 category in both areas accounting for 22% of the population. The Romsey area in particular has a high percentage of households in the over 75s category (10% compared to around 7% across the Borough). This suggests a population (and market) dominated by either more mature families or older retired households and supports the benefit which could accrue from providing high quality smaller units to encourage downsizing in these areas, whilst enabling people to stay in their communities.

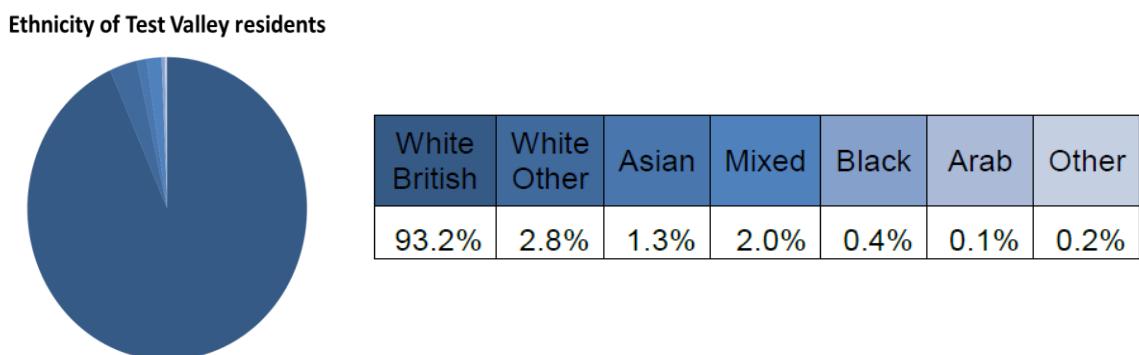
The population of the South Rural sub-area quite closely matches the overall Borough profile with a slightly lower representation of people in the age 20 to 30 categories. The profile of population in the Andover sub-area is notably younger than the Borough as a whole with a considerably higher proportion of residents in the 15 to 34 age groups – the age group most commonly associated with newly forming households and young families. The population structure in the Andover sub-area quite closely matches the structure across the wider South East.

These findings are indicative of a population dominated by established family households and households likely to be approaching retirement and increasingly under occupied properties as children leave home.

Ethnicity

The proportion of Test Valley resident population classified as White according to the 2011 Census was 93.2%. This includes those describing their ethnicity as English, Welsh, Scottish, Northern Irish or British. Those in other ethnic groups (Figure 6) increased from 4.3% to 6.8% between 2001 and 2011. By comparison, the Hampshire & the Isle of Wight average was 93.33% and the national figure was 85.97%

Figure 6: Ethnicity in Test Valley 2011



Source: Test Valley Profile January 2016

Test Valley Housing Market

To set the picture for the existing housing market in Test Valley, Figure 7 below sets out the key statistics of dwellings and tenure types for Test Valley in comparison to the South East and England.

Figure 7: Key Figures for Housing for Test Valley

Variable	Measure	Test Valley	Hampshire	England
Total Number of Dwellings (Dwellings, 2015) ⁶	Count	51,760	577,460	23,543,000
Private Housing Stock as Percentage of All Dwellings (Dwellings, 2015) ⁵	%	84.3	85.5	82.4
Local Authority Housing Stock as Percentage of All Dwellings (Dwellings, 2015) ⁵	%	0.0	3.6	7.0
Registered Social Landlord Housing Stock as Percentage of All Dwellings (Dwellings, 2015) ⁵	%	14.4	10.1	10.4
Other Public Sector Housing Stock as Percentage of All Dwellings (Dwellings, 2015) ⁵	%	1.3	0.8	0.2
Average Rent Charged for all Registered Social Landlord Dwellings (Net Weekly) (Dwellings, 2015) ⁷	£	106.80	..	95.89
Average Rent Charged for all Local Authority Dwellings (Net Weekly) (Dwellings, 2014-15) ⁸	£	85.89
Council Tax Band A Dwellings: Percentage (Dwellings, 2016) ⁹	%	5.2	7.1	24.5
Council Tax Band B Dwellings: Percentage (Dwellings, 2016) ⁸	%	17.0	17.3	19.6
Council Tax Band C Dwellings: Percentage (Dwellings, 2016) ⁸	%	26.6	27.7	21.8
Council Tax Band D Dwellings: Percentage (Dwellings, 2016) ⁸	%	19.0	19.8	15.5
Council Tax Band E Dwellings: Percentage (Dwellings, 2016) ⁸	%	15.5	14.3	9.5
Council Tax Band F Dwellings: Percentage (Dwellings, 2016) ⁸	%	9.1	8.3	5.0
Council Tax Band G Dwellings: Percentage (Dwellings, 2016) ⁸	%	6.9	5.0	3.5
Council Tax Band H Dwellings: Percentage (Dwellings, 2016) ⁸	%	0.9	0.6	0.6
Percentage of Vacant Dwellings and Second Homes (Dwellings, 2015) ⁹	%	1.5	2.0	2.3
Number of Statutory Homeless Households (Households, 2015-16) ¹⁰	Count	51	4,520	57,750

⁶ CLG Table 100 Dwelling Stock: Number of Dwellings by Tenure and District: England 2015

⁷ CLG Table 704 Rents: Private Registered Providers rents, by district, England 2015

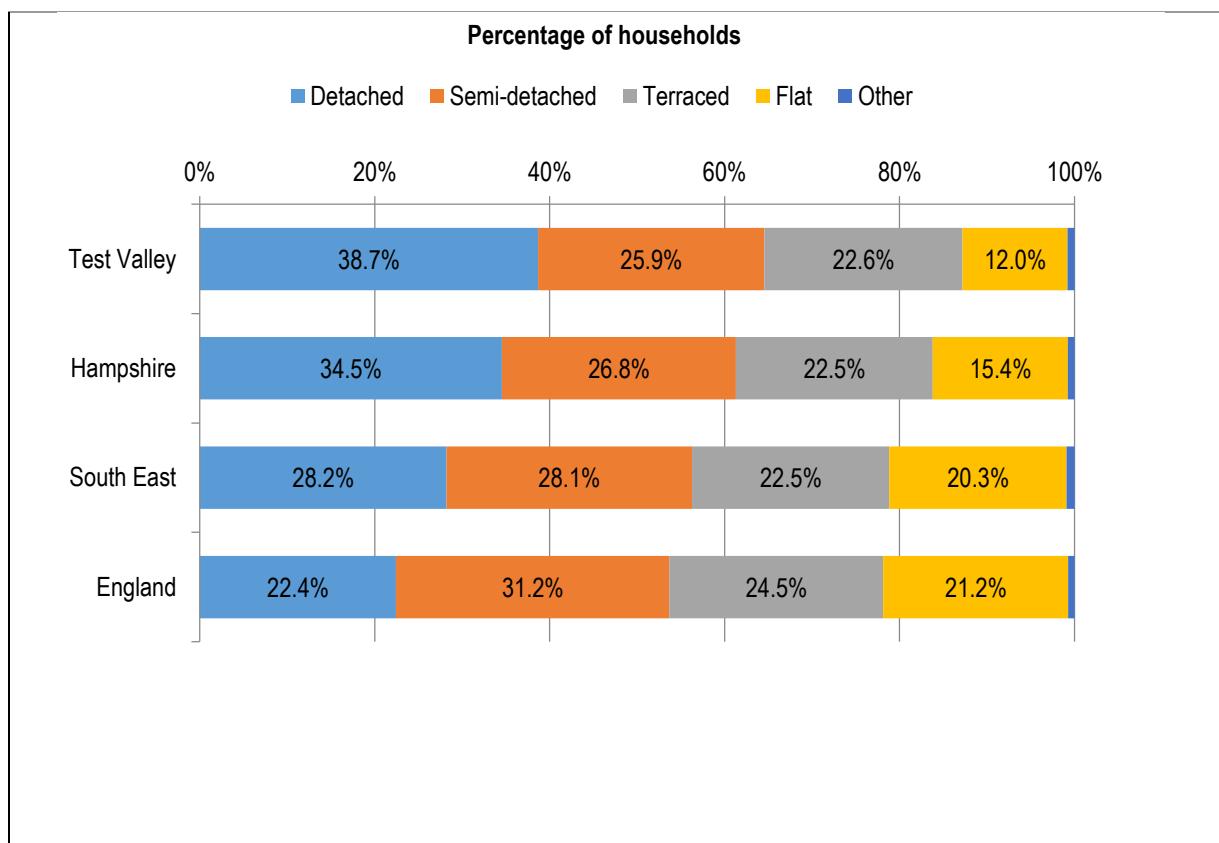
⁸ CLG Table 701 Rents: Local Authority rents, by district, England 2014-15

⁹ CLG: Table CTSOP1.1 Number of Properties by Council Tax band and region, county and local authority district 2016

Profile of Housing Stock

Test Valley has a high proportion of family type accommodation. The proportion of detached homes (39%) is significantly above the regional average (28%) and even high compared to the Hampshire profile (35%). Whilst the proportion of semi-detached properties in the borough is slightly below comparators, when combined with detached properties these types represent almost 65% of the total stock. Figure 8 taken from the SHMA, demonstrates the stock breakdown.

Figure 8: Profile of Stock by type (2011)



Source: ONS Census 2011 (SHMA)

¹⁰ CLG: Table 784: local authorities' action under the homelessness provisions of the Housing Acts, financial year 2015-16

Figure 9 breaks down the above data further in to the SHMA sub-areas for more detailed analysis.

Figure 9: Sub-Area House Type Profile (2011)					
	Detached	Semi-detached	Terraced	Flat	Other
Andover	24.6%	25.9%	31.8%	17.4%	0.3%
North - rural	46.7%	33.1%	13.6%	5.2%	1.4%
Central - rural	57.9%	24.8%	8.7%	7.2%	1.4%
Romsey	28.6%	24.5%	30.6%	16.1%	0.2%
South - rural	55.4%	21.9%	14.5%	6.7%	1.5%

Source: Census 2011 (SHMA)

Figure 10 illustrates the property size by the number of bedrooms for Test Valley in comparison with Hampshire, South East and England.

Figure 10: Property Size – Number of Bedrooms (2011)					
	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 or more bedrooms
Test Valley	8.5%	20.9%	41.4%	22.3%	6.7%
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 (SHMA)

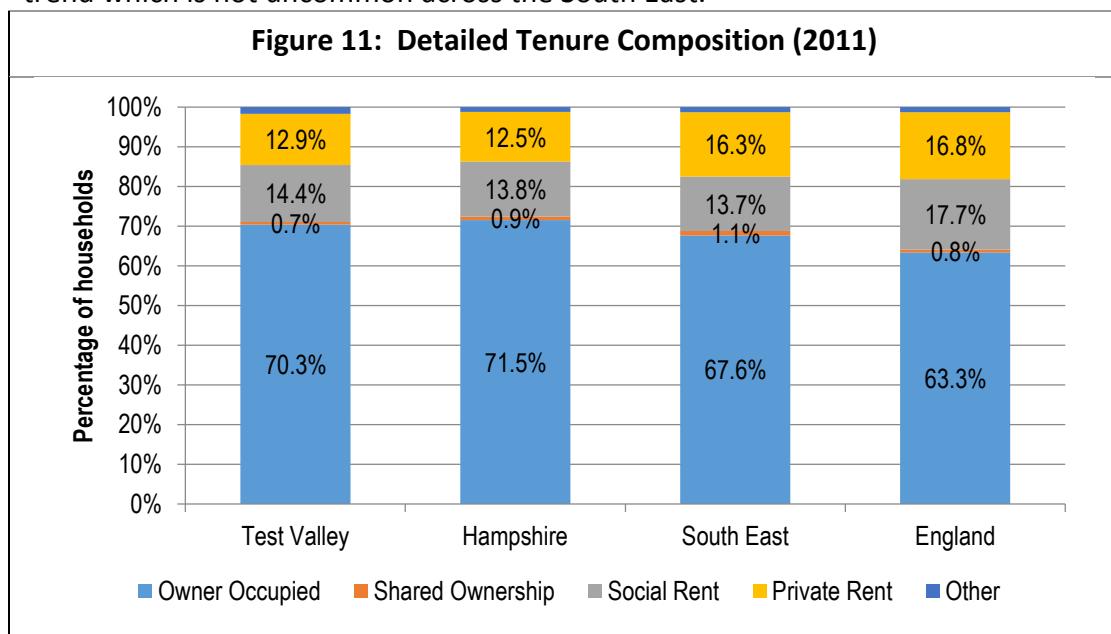
Tenure Profile

Like much of the South East, the tenure profile of the Borough is dominated by owner occupation. At 70%, the proportion of owner occupation in Test Valley is particularly high when compared to the South East but slightly less than Hampshire as a whole (Figure 11 below),

The percentage of social rent properties within Test Valley (14.4%) is slightly above the county and regional averages (13.8% and 13.7% respectively).

The proportion of private rented households in the Borough (12.9%) is slightly above levels across Hampshire (12.5%) but a considerable margin below the regional level of 16.3% suggesting the sector is comparatively under-developed in Test Valley. There is a very

limited representation of shared ownership tenure across the Borough; however, this is a trend which is not uncommon across the South East.



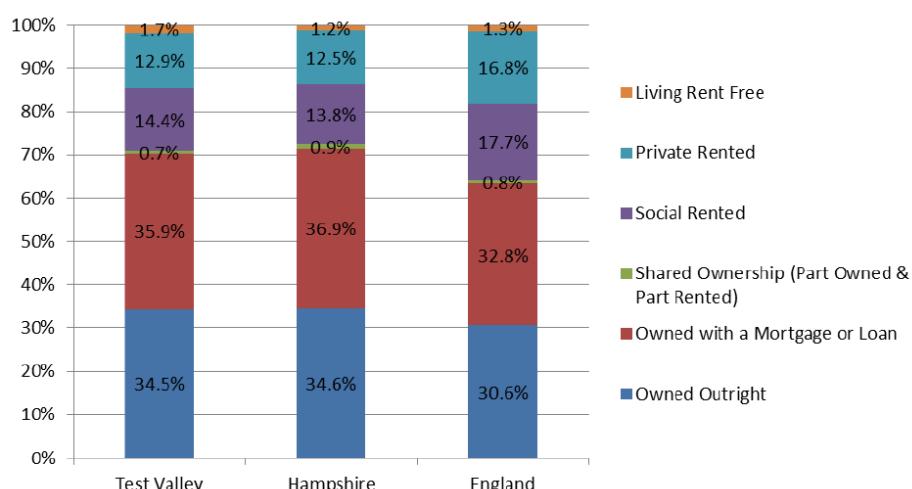
Source: ONS Census 2011

The private rented sector is an increasingly important part of the local housing market: Test Valley has seen around 56% growth in the private rented sector over the past decade; however, this is notably below the growth experienced across Hampshire and the South East (78% and 73%). The Borough has also seen 21% growth in the shared ownership sector (albeit from a very low starting point), significantly below the corresponding figure for the county and wider region.

Housing tenure refers to the financial arrangements under which residents occupy their homes. Figure 12 below illustrates 70.4% of Test Valley residents own their own property outright or with a mortgage or loan. This is lower than the Hampshire figure of 71% but higher than the English figure of 63.5%.

Figure 12: Tenure by households in Test Valley 2011

Tenure (households) in Test Valley



Source: Test Valley Profile 2015 (ONS 2011)

The proportion of residents in shared ownership with a Registered Provider is similar across Test Valley, Hampshire and England.

Cost of Owner –Occupation

Within Test Valley in 2012, the most expensive area to buy a home on the open market is the central rural area; this includes Stockbridge and the surrounding area, with an average house price of £475,000 requiring an annual income of over £122,000 for first time buyers and a deposit of nearly £50,000. The least expensive area to buy through the open market is Andover.

The overall average sale price of a house in Test Valley in January – March 2013 was £278,205 which was above the regional average of £273,766 and considerably above the England & Wales figure of £178,000 (HM Land Registry Figures for 2013 and 2012).

Figure 13 below illustrates the average house price broken down by CIL Zones; this indicates a significant variation in the market value of properties across the Borough. The average value of a four bed house can vary in value by as much as £137,280 dependent upon which part of the Borough it is situated in.

Figure 13: Average House Prices by Community Infrastructure Levy Residential Zones 2016				
Market Value Level	CIL Zone 1	CIL Zone 2	CIL Zone 3	CIL Zone 4
1 Bed Flat	£187,200	£164,550	£155,900	£134,400
2 Bed Flat	£250,848	£220,497	£208,906	£180,096
2 Bed House	£280,800	£246,825	£233,850	£201,600
3 Bed House	£318,240	£279,735	£265,030	£228,480
4 Bed House	£486,720	£427,830	£405,340	£349,440

Source: Calculation Methodology for Financial Contributions, June 2016: DSP

The average price paid for purchasing a property over the last 12 months was £266,372 in Andover and £364,239 in Romsey taken from Zoopla data.

Figure 14 below shows the average price and the amount (in brackets) of properties sold for the last available 6 months in Andover taken from Right Move data.

Figure 14: Average Price and Number of Transactions for Properties in Andover Jan – June 2016						
	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Detached	£327,289 (19)	£381,844 (16)	£328,338 (16)	£359,054 (28)	£319,490 (10)	£388,292 (12)
Semi Detached	£238,483 (13)	£238,300 (10)	£238,571 (7)	£238,533 (12)	£241,671 (19)	£227,167 (6)
Terraced	£198,663 (23)	£203,515 (24)	£198,310 (19)	£198,640 (21)	£195,194 (16)	£197,136 (18)
Flat	£142,917 (6)	£144,577 (13)	£121,188 (8)	£136,850 (17)	£138,545 (10)	£139,431 (8)
All	£241,729 (61)	£242,164 (63)	£233,215 (50)	£248,894 (78)	£223,549 (55)	£242,872 (44)

Source: Rightmove June 2016

In contrast, Figure 15 shows the average price and the amount (in brackets) of properties sold for the last available 6 months in Romsey taken from Right Move data:

Figure 15: Average Price and Number of Transactions for Properties in Romsey Jan – June 2016						
	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Detached	£588,599 (20)	£566,857 (14)	£583,354 (14)	£596,347 (15)	£586,087 (23)	£583,773 (11)
Semi Detached	£312,564 (12)	£281,094 (8)	£295,013 (8)	£287,791 (10)	£296,984 (8)	£359,975 (2)
Terraced	£285,162 (12)	£244,749 (6)	£346,987 (13)	£304,069 (13)	£286,076 (17)	£291,488 (4)
Flat	£191,150 (12)	£236,736 (11)	£196,582 (17)	£175,477 (15)	£230,470 (5)	£174,438 (8)
All	£379,258 (56)	£365,572 (39)	£353,457 (52)	£347,323 (53)	£412,670 (53)	£388,116 (25)

Source: Right Move June 2016

The price for first time buyers (flats) has decreased by 3% in Andover and 9% in Romsey, whilst first entry family homes (terraced) decreased in Andover by 1% and increased in Romsey by 3%. (percentages have been approximated). Romsey's house prices are rising quicker than in Andover, this may be due to fewer properties being available; demand is greater than supply which then increases the prices.

The dynamics of the housing market have changed over the last few decades. Average house prices in the UK have risen by 277% over the last 25 years, benefiting older generations who have seen the value of their asset increase. As a result, these homeowners have access to a larger pool of equity in their current home. It is estimated that the over 50's hold 66% of all housing wealth.

Cost of Private Renting

There are four Broad Market Rental Areas (BMRA) in Test Valley, Basingstoke (covering Andover), Salisbury (western Test Valley), Winchester (eastern Test Valley) and Southampton (Romsey).

Local Housing Allowance (LHA)

As a result of the BMRA's the LHA levels will be unduly influenced by areas outside of the District.

Figure 16 details LHA payments for the two main BRMAs (Southampton and Basingstoke) along with data for the Salisbury and Winchester BRMAs (which only cover small parts of the Borough). The data suggests that it might be difficult for someone claiming LHA to access accommodation in the more rural parts of the Borough.

Figure 16: Maximum LHA payments by Size and Broad Housing Market Area from April 2015 (per month)

<i>Size</i>	<i>Southampton</i>	<i>Basingstoke</i>	<i>Salisbury</i>	<i>Winchester</i>
<i>Room only/Shared</i>	£295	£296	£295	£327
<i>1 bedroom</i>	£506	£582	£500	£644
<i>2 bedrooms</i>	£679	£704	£625	£793
<i>3 bedrooms</i>	£802	£835	£750	£921
<i>4 bedrooms</i>	£1,053	£1,159	£995	£1,359

Source: SHMA: VOA data (June 2016)

Figure 16 above sets out the LHA rates 2015/16 for Andover and Romsey compared to the typical rent levels in those areas for the same years. There is greater disparity between the rent levels and LHA in Romsey than Andover. This is a result of demand pushing up rent prices in this area.

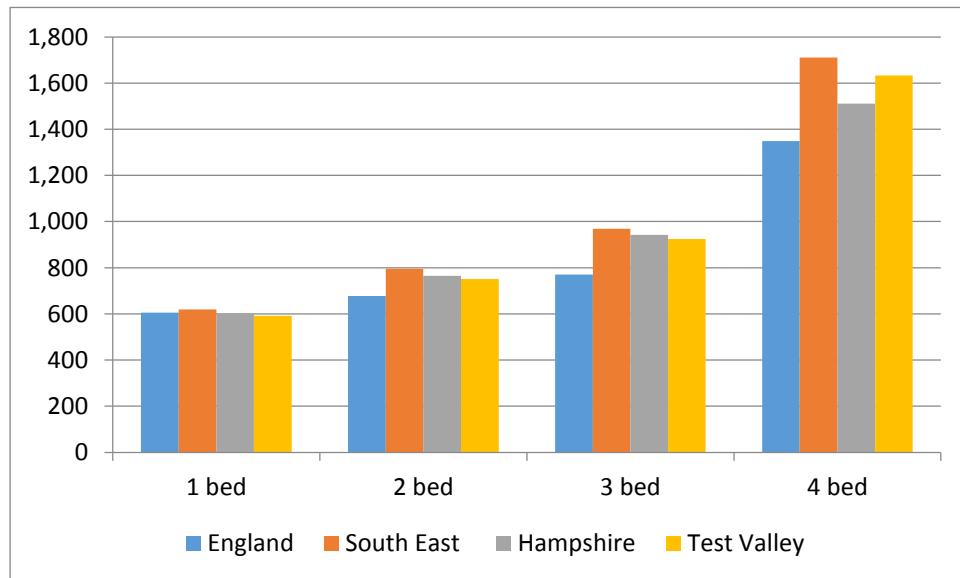
Figure 17 Local Housing Allowance Rates 2015/16

	1 bed	2 bed	3 bed	4 bed
Andover LHA	£582	£704	£835	£1,159
Typical rent levels	£588	£697	£845	£1,256
Romsey LHA	£506	£679	£802	£1,053
Typical rent levels	£641	£837	£1,132	£1550

Source:voa.gov.uk/corporate/RentOfficers/LHADirect.html

The Local Housing Allowance rates (2015/16) for these areas differ and make privately renting in eastern Test Valley and particularly in Romsey, out of the reach of most housing options customers. LHA rates have been frozen until 2019/20.

Figure 18: Average rents by size (2014)



Source: VOA Private Market Rent Statistics by English Authority Areas June 2014

Rental prices for 1 bed properties in Test Valley are fairly similar with the rest of the country, however 2-4 bed properties see a steady increase in the rent charged, mirroring the picture across the South East. As such, renting a larger property in the borough is likely to have more of an impact upon disposable income and may impact upon people's ability to get onto the property ladder in the longer term.

KEY FINDINGS

The demographics for Test Valley are:

1. 37% of the population live in the Andover sub-area.
2. Has a higher proportion of 45 – 64 age group (29% compared to 27% across Hampshire).
3. Lower proportion of 20 – 34 age group (14.7% compared to 16.4% across Hampshire).
4. Notable increases in the entire over 60s age categories confirming a trend towards a strongly ageing population.
5. Romsey area has a high percentage of households in the over 75s category. This suggests a population (and market) dominated by either more mature families or older retired households.

6. Andover sub-area is notably younger than the Borough as a whole with a higher proportion of residents in the 15 – 34 age groups, most commonly associated with newly forming households and young families.
7. Owner occupation accounts for 70% of the housing market.
8. Private rented households are slightly above levels in Hampshire (12.9% compared to 12.5%) but considerably below the regional level of 16.3% suggesting this sector is comparatively under-developed in Test Valley.
9. Shared Ownership has seen 21% growth but this is significantly below the figure for county and wider regions suggesting this tenure is under-developed in Test Valley.
10. The most expensive area to purchase a property is Central Rural and the lowest priced properties are in Andover.
11. Test Valley has a high proportion of family homes, predominately detached homes compared to the regional average (39% compared to 28%).
12. Rental prices for 1 bed properties in Test Valley is fairly similar with the rest of the country, however 2-4 bed properties show a steady increase in the price of rent which means renting a larger property in the borough is likely to have more of an impact upon disposable income and may impact upon people's ability to get onto the property ladder in the longer term.

Section Three – Economy

Test Valley Economic Assessment Report 2016

The Local Economic Assessment (LEA) provides detailed analysis and intelligence on Test Valley's economic performance and is a key part of the evidence base underpinning the review of the Local Plan and the preparation of the Test Valley Economic Development Strategy.

The LEA provides an update on performance since the previous LEA (2009) and Update (2013) were undertaken, and identifies how the economy is forecast to grow as the country emerges from recession.

Figure 19 Local Economic Assessment 2014/15

Indicator	2014/2015	Change since 2009/10
Total employment	56,400	↑
Economically active	83%	↑
Full time workers	71%	↓
Self-employed	14%	↑
Unemployment rate	4%	↓
Employees in knowledge based economy	38%	↓
Gross Value Added (GVA) per worker	£23,239	↑
Average (median) gross earnings – workplace based	£27,854	↑
Average (median) gross earnings – resident based	£28,812	↑
Residents achieving NVQ 4+	44.3%	↑
Residents with no qualifications	3.7%	↓
Housing affordability ratio	8.5	↑
Comparison with national value	Better Similar Worse	

Source: Test Valley Economic Assessment Report 2016 (Peter Brett Associates)

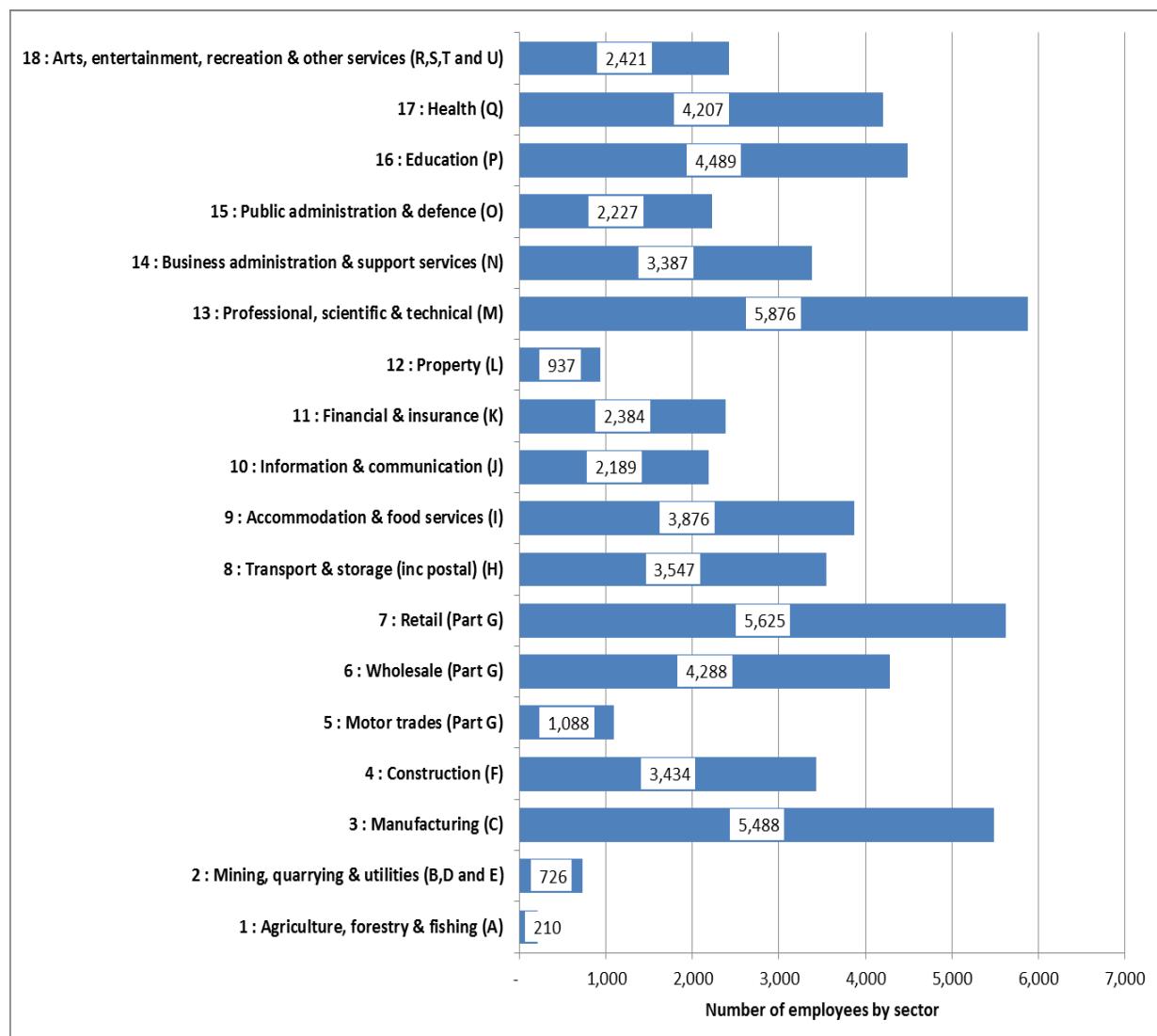
The key findings in the Test Valley Assessment Report are:-

- In general terms the Test Valley economy is performing well (as evidenced by key indicators set out in Figure 19). The Borough out performs England and Wales against a number of key indicators including rates of economic activity, unemployment, business survival, and levels of qualification attainment. Notably, the Borough has also out-performed LEP, county and national benchmark areas in terms of employment growth during and after the recession.
- Employment in the Borough is forecast to grow by 11.3% to 2025. A proportion of this growth is expected to be in the ‘accommodation,’ food services and recreation, ‘construction,’ ‘finance and insurance,’ and ‘information and communication’ sectors. While other sectors, like logistics, are not anticipated to grow significantly, they will continue to support many jobs in the local economy.
- There is a consensus among key stakeholders that the Borough is an attractive place to locate and that businesses are planning for growth providing a high level of confidence. However a number of issues emerged from the analysis which needs to be addressed to optimise growth and development and to inform priorities for TVBC and its partners. In relation to Housing and Affordability, these include:-
 - Responding to the ageing resident population by encouraging employers to be more flexible in recruiting and retaining those over 65 years old. At the same time sectors that supply goods and services to older age groups will need to recruit to meet increased levels of demand;
 - Delivering necessary levels of housing, particularly affordable dwellings, to encourage key workers to live and work locally. House building targets also represent an opportunity to train and employ local residents in construction sub-sectors;

Approximately 56,400 people are employed in Test Valley (BRES 2014). The sectors with the highest proportions of employees include ‘wholesale and retail trade’ (19.3% of total employment), professional, scientific and technical’ (10.3%), manufacturing (9.9%), education (8.2%) and ‘human health and social work activities’ (7.5%).

Comparison of the breakdown of employment (as illustrated by Figure 20) shows that Test Valley has greater proportions of workers in the ‘wholesale and retail trade’, ‘transportation’, ‘manufacturing’, and ‘financial and insurance’ sectors than the benchmark areas.

Figure 20: Total employment in Test Valley by broad sector (2014)



Source: Test Valley Economic Assessment Report

In 2014, 42.2% of Test Valley employment was in Andover, with the remainder spread across the Southern (36.7%) and Rural (21.1%) sub-areas. It should, however, be noted that Andover Business Park lies within Penton Bellinger ward, which is classified as 'rural'.

The top three sectors in terms of employment numbers across the sub-areas are set out in Figure 21.

Figure 21: Top Three Sectors in term of Employment Numbers (2014)

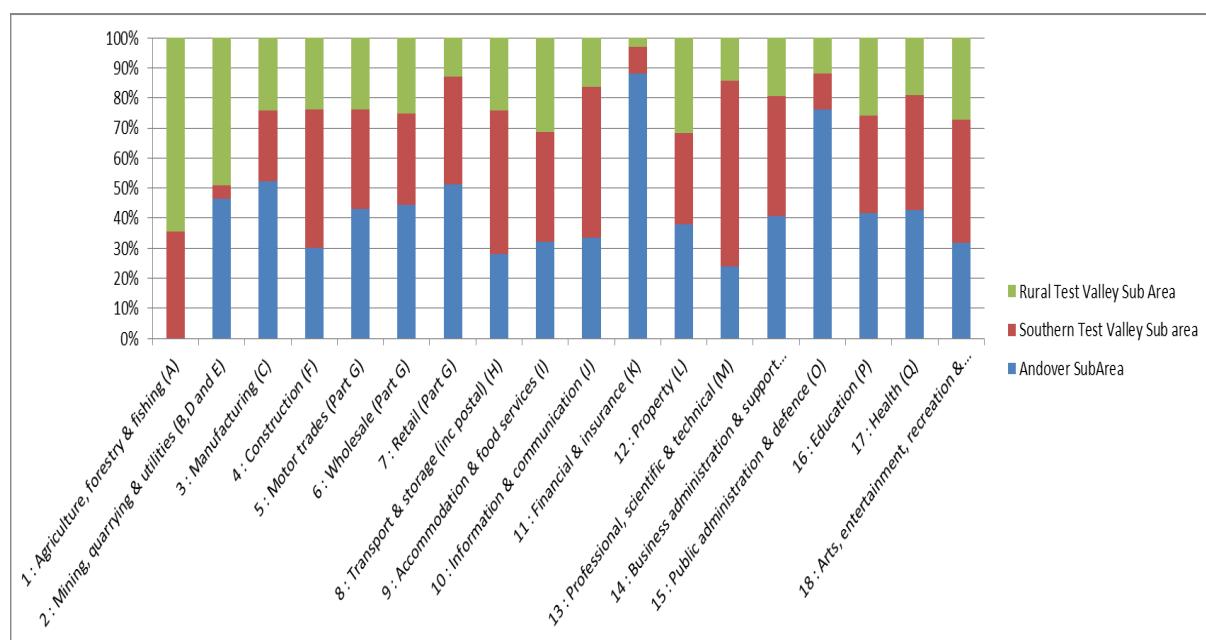
Andover	Southern	Rural
Retail (2,900)	Professional, scientific & technical (3,600)	Manufacturing (1,300)
Manufacturing (2,900)	Retail (2,000)	Accommodation & food services (1,200)
Financial & insurance (2,100)	Transport & storage (1,700)	Education (1,200)

Source: BRES 2014 (Test Valley Economic Assessment Report)

Figure 22 identifies the main sectors by sub-area that have either experienced growth or a reduction in employment between 2009 and 2014. It should be noted that some of these increases or decreases in employment can be clearly linked to the impact of the opening or closure of one business operation in a sub-area e.g. a large proportion of ‘professional, scientific and technical’ jobs created in Southern Test Valley between 2009 and 2014 were at the new Ordnance Survey headquarters and the University of Southampton Science Park.

Whilst employment in Rural Test Valley only makes up 21.1% of total employment, it has been growing at a fast rate. Between 2009 and 2014, for example, total employment in Rural Test Valley grew by 21.2%, whilst the Southern and Andover sub-areas grew by 16.5% and 7.4% respectively. This growth has, however, since been tempered by recent job losses at Wallop Defence Systems.

Figure 22: Sector employment by Test Valley sub-area



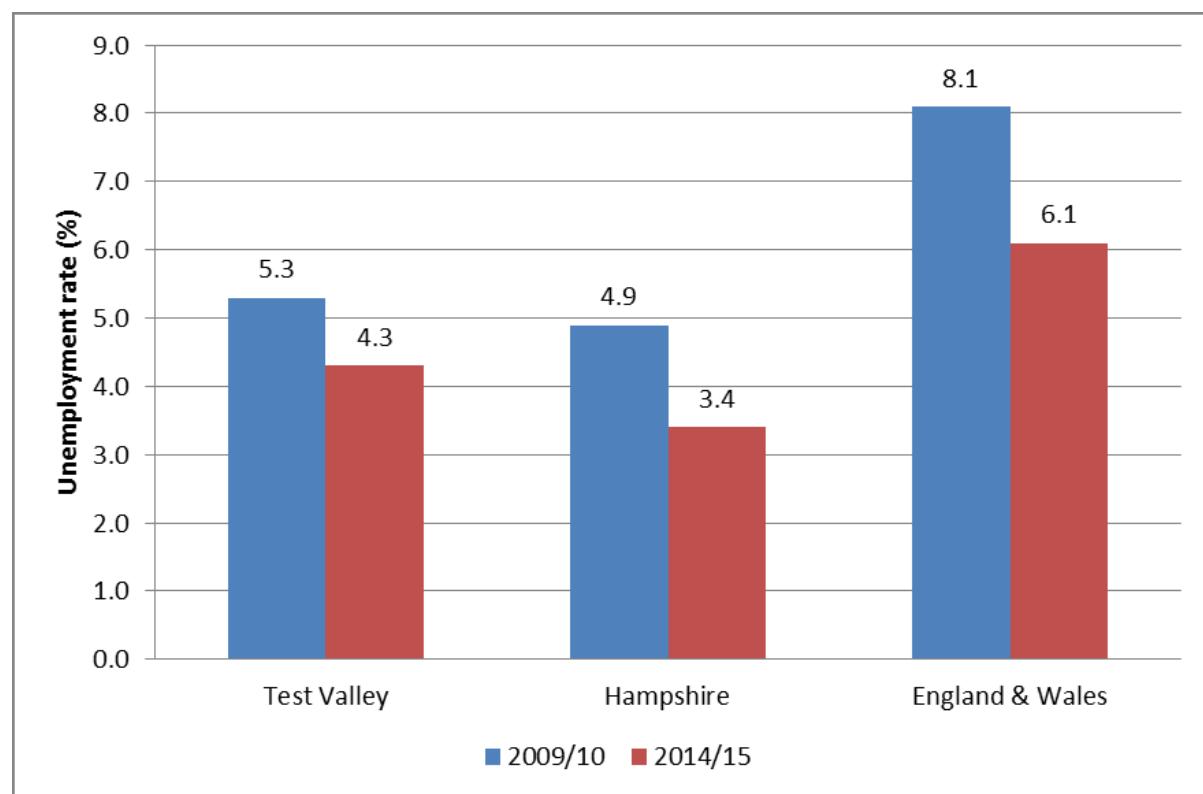
Source: 2014 BRES (Test Valley Economic Assessment Report)

Although Test Valley has a diverse business base, it lags behind other areas with regard to the proportion of its workers employed in the knowledge based economy. Whilst it is clear that the area will continue to have particular strengths in manufacturing and logistics, there is scope to progress towards a more knowledge based economy, which in turn would provide employment opportunities for higher skilled residents and higher than average earnings.

Unemployment

The International Labour Organisation (ILO) unemployment rate in Test Valley stood at approximately 4.3% in 2014/15, marginally higher than Hampshire (3.4%) but significantly less than that recorded across England and Wales (6.1%). Between 2009/10, when the recession was at its peak, the unemployment rate in Test Valley has fallen from 5.3%,

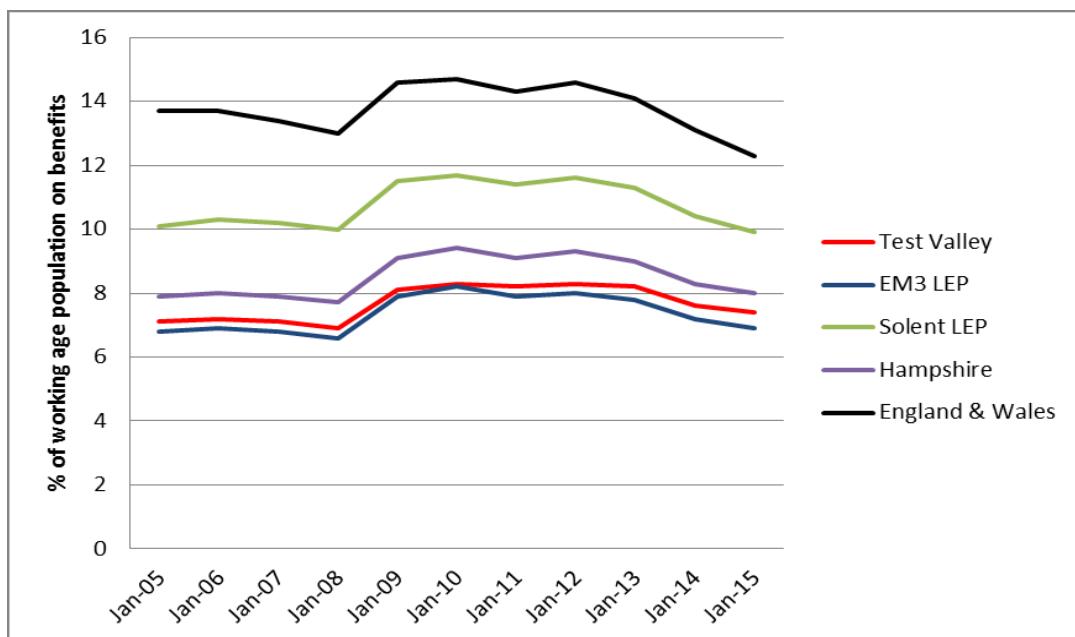
Figure 23: ILO unemployment rate (2015)



Source: Annual Population Survey

In February 2015 approximately 7.4% of the Test Valley working age population was in receipt of benefits (Figure 23). This figure was higher than that recorded across the EM3 LEP area (6.9%), but less than the other benchmark areas of Hampshire (8%), Solent LEP (9.9%) and England and Wales (12.3%).

Figure 24: All Benefits Claimants (as a % of the working age population) 2005-2015



Source: ONS Benefits Claimants

In 2015, the highest recorded claimant rates in Test Valley were for a mix of Incapacity benefits/Employment and Support Allowance (ESA) and Disability Living Allowance (DLA) (1.7% of the working age population), Incapacity Benefits or ESA only (1.6%) and DLA only (1.2%). It is these benefits that the Government is focusing on in its intention to cut the annual welfare bill by £12 billion.

In Test Valley and elsewhere this means that increased effort will be required by training providers and support agencies to assist vulnerable groups back into work through the provision of training packages and engagement with employers.

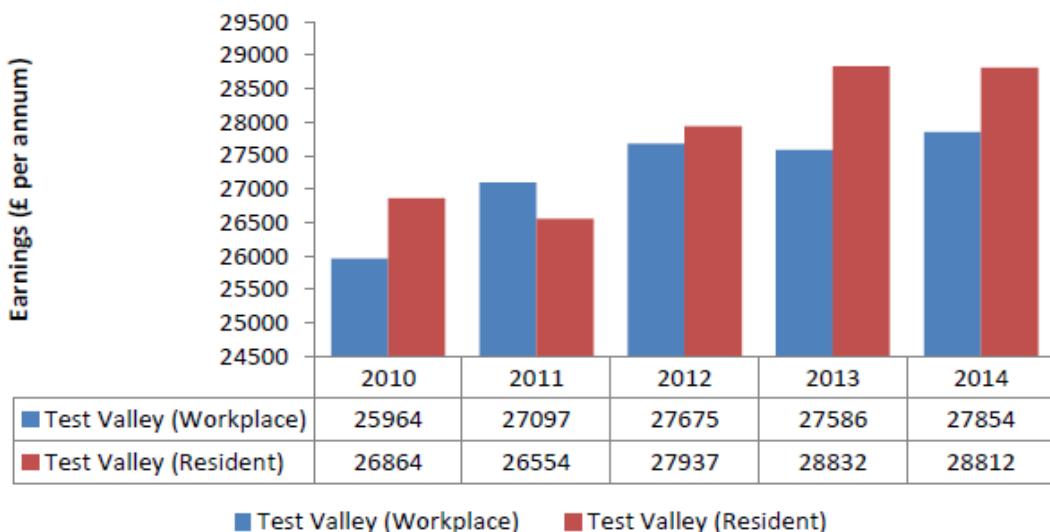
Only 0.1% of Test Valley working age residents have been claiming Job Seekers Allowance for more than a year. This is on a par with the JSA claimant rate recorded across Hampshire but is under the national level of 0.4%.

Income and Earnings

The average Test Valley resident earning of £28,812 and workplace earning of £27,854 lag behind Hampshire as a whole but are greater than those recorded across England and Wales. This reflects the attractiveness of Test Valley as a place to live for London commuters, who command higher wages and hence drive up the median resident based earnings for the area.

Figure 25 shows that wages are on the rise again following a period of average earning stagnation or reduction during the recession years.

Figure 25: Residents –v- Workplace Earnings 2014



Source: Annual Survey of Hours and Earnings

This means that those in local employment (and thus contributing to the local economy) are likely to have the same ability as those who commute out of the Borough to afford and access housing in the local market.

It is important to consider the comparative economic and employment prospects moving forward as these will have implications for need and demand for housing within the market area.

Jobs growth in the knowledge sectors is likely to be dominated by roles in the top occupation categories (managers, professionals, technical) and thus may generate additional housing demand from high income households putting additional upward pressure on affordability. However, such households are also more likely to be somewhat more “mobile” in terms of their geographic search preferences for housing. Conversely, growth in the population driven sectors is likely to be focussed on lower occupational roles and thus lower income workers. These households are more likely to have a genuine need for housing locally but are likely to find it difficult to access housing.

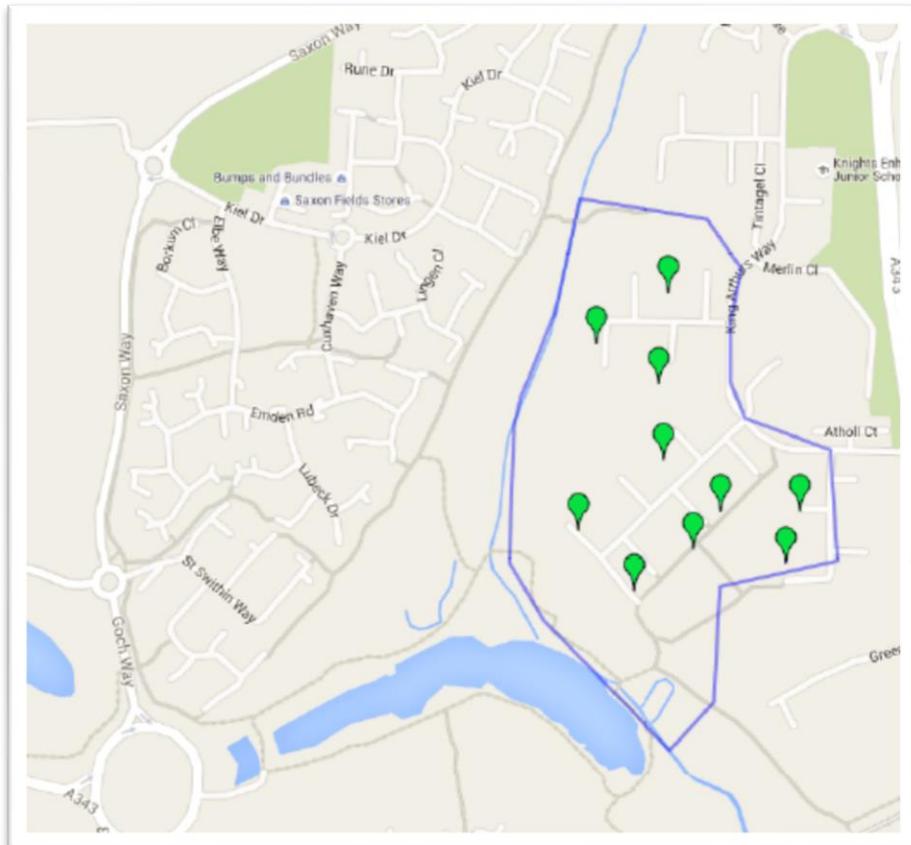
Deprivation

Analysis of the Index of Multiple Deprivation reveals that the Borough as a whole performs relatively well. Test Valley is ranked 286th out of local authorities in England, placing it in the top 15% of least deprived areas. However, there are some pockets of higher deprivation in the Borough, mostly in the northern parts of Andover.

Indeed, the Lower Layer Super Output Area (LSOA 002C – figure 25) which covers King Arthur’s Way estate, ranks within the top 20% of most deprived areas in England. The Output Area covers approximately 455 households with a population of 1,348 (2011

census). This localised area scores particularly badly under the Income, Education, Skills and Training and Crime domains.

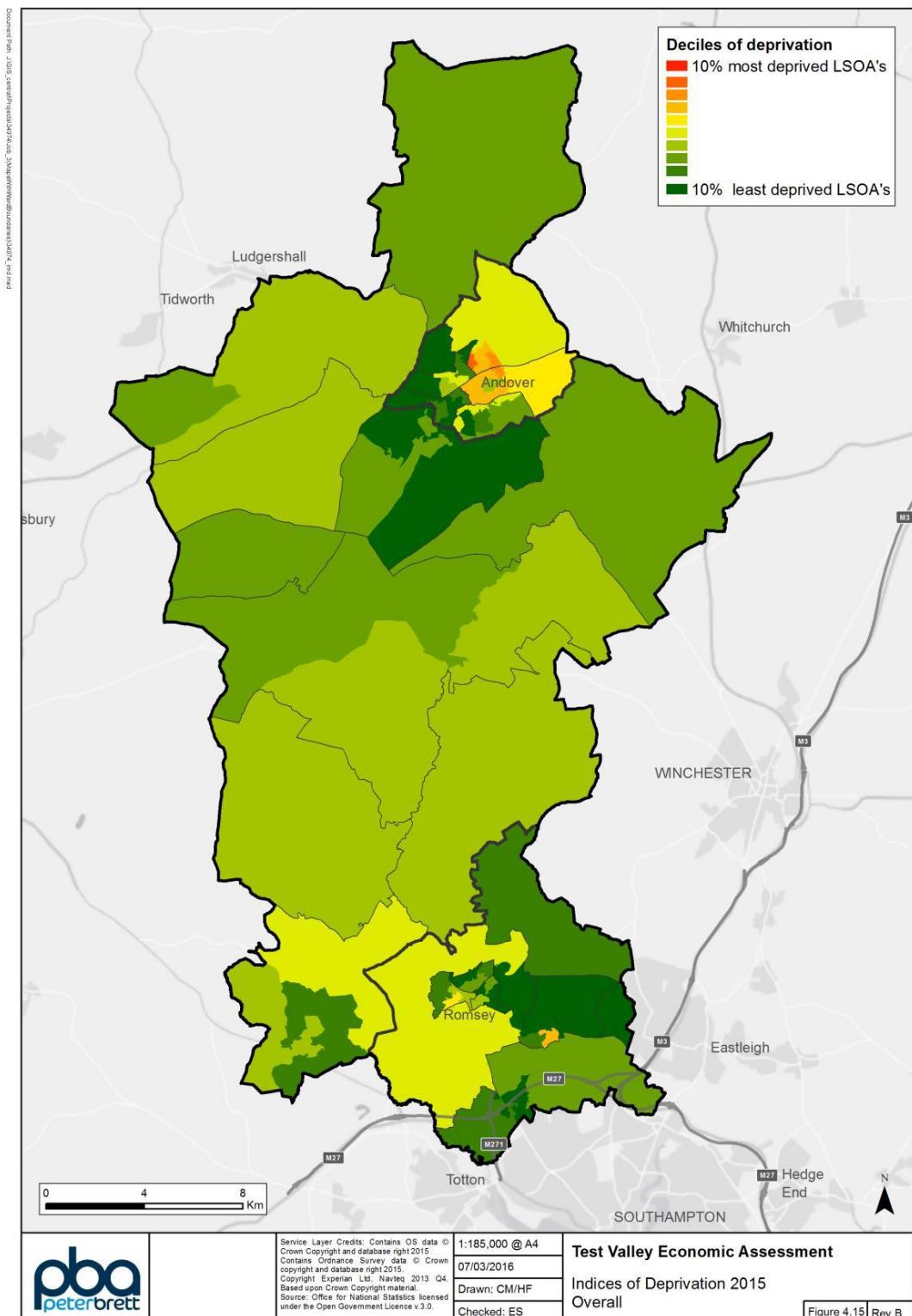
Figure 26: Lower Layer Super Output Area 002C: Deprived Areas in England



Source: LSOA: www.doogal.co.uk

Figure 27 is Index of Multiple Deprivation for Test Valley. This is an indication of how many people in an area are living in income deprivation; whilst the calculation of these figures does not take Housing Benefit into account, a higher proportion of residents living in income deprivation in an area suggest a higher demand for affordable housing and housing support.

Figure 27: Index of Multiple Deprivations (2015)



Source: DCLG – Index of Multiple Deprivations

Fuel poverty

Fuel poverty in England is measured by the Low Income High Costs definition, which considers a household to be in fuel poverty if:

- they have required fuel costs that are above average (the national median level);
- were they to spend that amount they would be left with a residual income below the official poverty line.

Figure 28: Fuel poverty (Low Income High Cost definition) (2012) across Test Valley

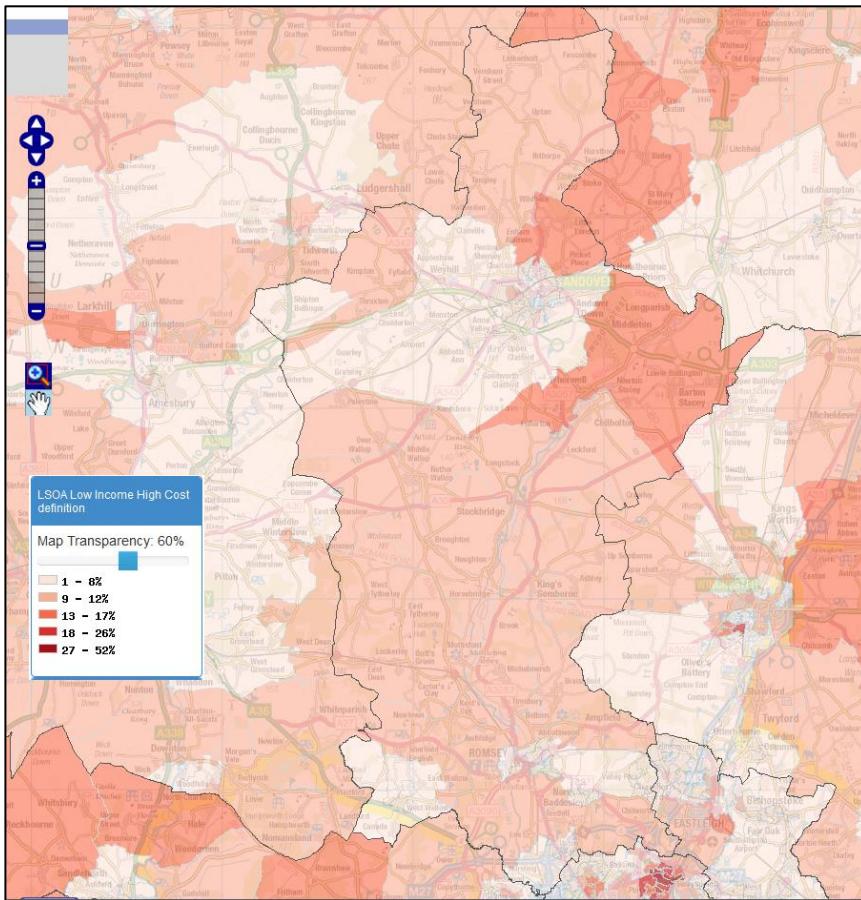


Figure 28 illustrates the areas with the highest rates of fuel poverty (13-17% of the population) are found in the North Rural sub-area of the borough, within the wards of Harewood and Alamein.

Those areas with the lowest rates of fuel poverty (1-8% of the population) are found in the North Rural sub-area (Charlton Anna, Amport and Over Wallop wards), Urban Andover (Harroway, Millway, St Mary's wards), as well as the western side of Penton Bellinger ward), South Rural (North Baddesley and Valley Park wards) and Romsey (Cuperham, Abbey and Tadburn wards).

KEY FINDINGS

The economics of Test Valley are:

1. Test Valley economy is performing well, out performing England and Wales against a number of key indicators including rates of economic activity, unemployment, business survival and levels of qualification attainable.
2. Employment in the Borough is forecast to grow by 11.3% to 2025.
3. Test Valley has greater proportions of workers in the wholesale and retail trade, transportation, manufacturing and financial and insurance sectors than benchmark areas.
4. Ageing resident population requires employers to be more flexible in recruiting and retaining those over 65 years old. At the same time, sectors which cater for older age group will need to recruit to meet increased levels of demand.
5. Need to deliver necessary levels of housing, particularly affordable housing, to encourage key workers to live and work locally. House building targets also present opportunities to train and employ local resident in the construction industry.
6. In February 2015, approximately 7.4% of the Test Valley working age population was in receipt of benefits. This figure is higher than EM3 LEP areas but less than Hampshire, Solent LEP and England and Wales.
7. The average Test Valley resident earns £28,812 and work place earning is £27,854.
8. Test Valley is ranked 286th out of local authorities in England in the Index of Multiple Deprivation, placing it in the top 15% of least deprived areas. However northern parts of Andover have pockets of higher deprivation ranking in the top 20% of most deprived areas in England.
9. Highest rates of fuel poverty (13 – 17% of the population) are found in North Rural sub areas (Harewood and Alamein). The lowest rates of fuel poverty are found in the North Rural sub areas (Charlton Anna, Ampport and Over Wallop), Urban Andover (Harroway, Millway, St Mary's), western side of Penton Bellinger, South Rural (North Baddesley and Valley Park) and Romsey (Cuperham, Abbey and Tadburn).

Section Four – Affordability

Affordability

As illustrated in Sections Two and Three, affordability is a major issue in Test Valley. Affordability is assessed by comparing household incomes 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 SHMA Guidance) and are summarised below:

- A. 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 ($2.9\times$) and those with a single income ($3.5\times$), however (partly due to data availability) we have only used a 3.5 time multiplier for analysis. This ensures that 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;
- B. 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 Test Valley household incomes are generally slightly above the national average and so the 25% figure has been changed to 30% for affordability testing.

It should be recognised that a key challenge in assessing 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 housing need is limited.

Home Ownership

The vast majority of people who rent are excluded from home ownership through a lack of income and savings. The Equality Trust Charity analysis found that 86% of renters, who make up 6 million households in Britain, have less than the £8,838 needed for a 5% deposit on the average home. High private rents mean few families are able to save enough for the large deposits needed to buy a home despite mortgage interest rates falling to historically low levels.¹¹ Separate research by the Resolution Foundation found that home ownership in England has fallen to its lowest level in 30 years as the gap widens between earnings and property prices.

¹¹ The Guardian 2nd August 2016 – A House Divided: How Unaffordable Housing Drives UK Inequality: August 2016.

Test Valley average house prices stood at £244,000 in 2014, yet average resident annual earnings were £28,812. This represents a housing affordability ratio of 8.5. This is significantly greater than the Hampshire and England and Wales ratios of 7.7 and 6.5 respectively. Of the 13 local authorities in Hampshire, Test Valley has the fifth highest average house price.¹²

The rising gap between earnings and house prices is a particular concern as a significant proportion of households are being priced out of owner-occupation in Test Valley and those owners occupier seeking to move into larger accommodation locally are challenged due to the increasing housing market costs.

Figure 29: Average House Prices in Test Valley and Average Residents Earnings 2009 and 2014						
Area	Average House Price 2009	Average Resident earnings 2009	Affordability Ratio 2009	Average House Price 2014	Average Resident earnings 2014	Affordability Ratio 2014
Test Valley	220,000	27,525	8.0	244,000	28,812	8.5
Hampshire	198,473	28,146	7.1	231,906	30,070	7.7
England & Wales	158,219	26,000	6.1	176,575	27,341	6.5

Source: Land Registry HP Index & Ashe 2014 (Test Valley Economic Assessment)

The SHMA in examining the entry-level costs of housing to both buy and rent across the five sub areas concluded there are some notable differences between areas with prices in the Central rural area being particularly high and the lowest prices to be found in Andover. As evidenced by Figures 14, 15 and 16, this remains the same with the average house prices in 2016 increasing further with a one bed flat in Andover at £142,917 and a 4 bed house in Romsey to £583,773.

It is important to recognise that local income levels will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. The Resident →v→ Workplace Earnings 2014 (Fig 310 states the average Test Valley residents earnings are £28,812.

¹² ONS: *House Price Statistics for Small Areas in England and Wales, 1995 to 2014*

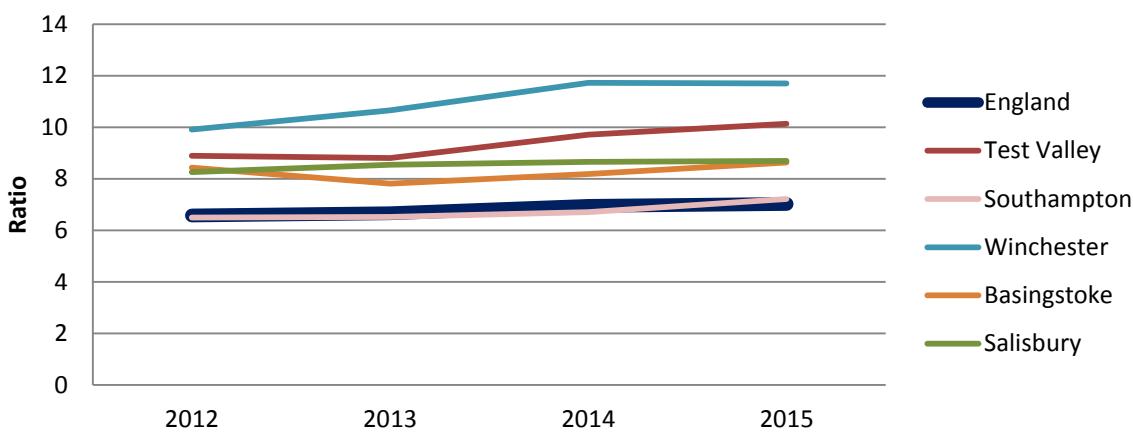
Figure 30: Estimated Proportion of Household Unable to Afford Market Housing without Subsidy 2013

Area	Number unable to afford	Estimated households (2013)	% of households unable to afford
Andover	7,142	17,657	40.4%
North – rural	2,840	7,426	38.2%
Central – rural	2,379	6,046	39.4%
Romsey	3,371	8,113	41.5%
South - rural	2,913	9,323	31.3%
Borough	18,646	48,565	38.4%

Source: SHMA: Online Estate and Letting Agents Survey (June 2013) and Income modelling

In absolute terms, the data indicates that affordability is clearly worse across the South East than England generally with Test Valley facing slightly more acute affordability issues than the county and region as a whole. The current lower quartile ratio for Test Valley stands at 8.89 compared to 6.5 in Southampton, 8.43 in Basingstoke, 8.26 in Salisbury and 9.91 in Winchester (Figure 31).

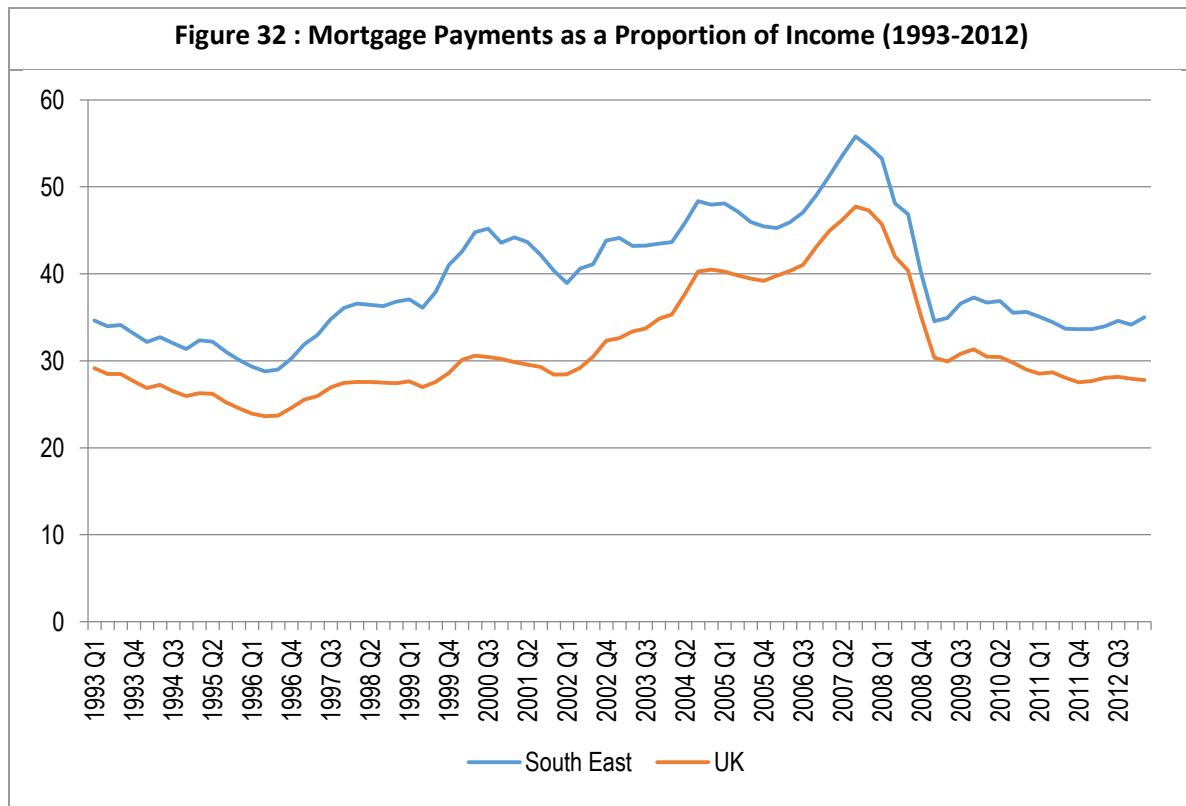
Figure 31 Ratio of Lower Quartile House Price to Lower Quartile Earnings 2012 - 2015



Source: CLG Table 576

The lower quartile ratio is a relatively simplistic measure, given that households ability to afford market housing is also affected by macro-conditions such as the costs of (and access to) mortgage finance. Figure 32 draws on Halifax data to benchmark mortgage payments as a proportion of incomes. This shows that the affordability of maintaining a mortgage in the

South East today is similar to that in the late 1990s; however, it also reiterates that the region as a whole is less affordable than average relative to other parts of the UK.

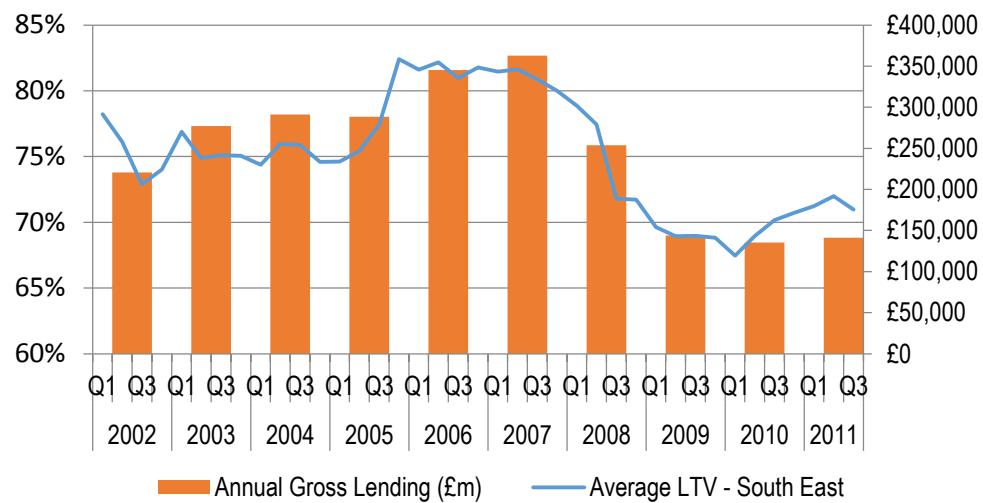


Source: HBOS

For first time buyers taking on large mortgages, the mortgage payments are still taking up a large percentage of take home pay – despite the low interest rates. The average mortgage is lower for average homeowners because many householders took out a mortgage when house prices were cheaper. The average advance for buying a house has significantly increased. This is one factor in explaining why the average incomes of those with a mortgage have more than doubled in recent years.

Figure 33 shows two key indicators of mortgage availability. Overall mortgage lending showed consistent growth between 2002 and 2007, increasing by more than 64% over the five year period. The chart also demonstrates mortgages becoming increasingly accessible over this period, with the average loan-to-value ratio advanced to first time buyers increasing from 73% in late 2002 to around 82% in 2006 and 2007.

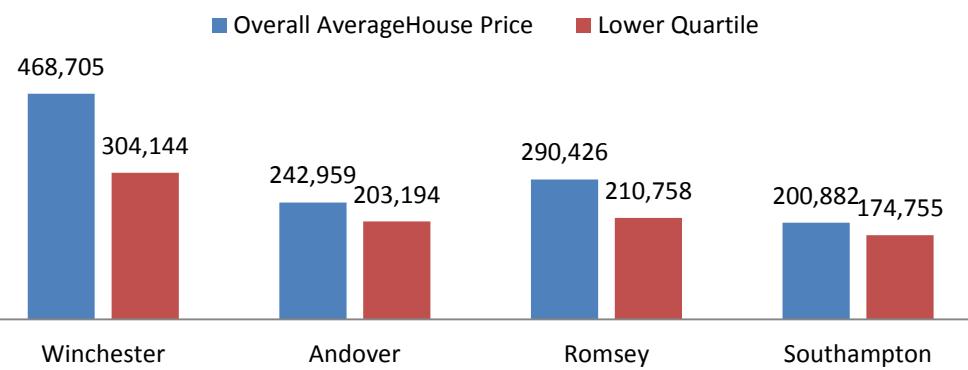
Figure 33: National Gross Mortgage Lending and Average LTV for First Time Buyers (South East) (2002-2011)



Source: Council for Mortgage Lenders/DCLG Table 513

Figure 34 compares the cost of the overall average house price and the lowest quartile

Figure 34: House Price Affordability Comparison



Source: Right Move July 2016

house price for Romsey and Andover compared with our neighbouring cities in Southampton and Winchester.

Low Cost Home Ownership

Help to Buy Schemes

Help to Buy schemes were introduced in 2013 with two key elements:-

1. Held to Buy Equity Loans: the government lends 20% of the cost of the home with no loan fees for the first five years. When the property is sold, 20% of the market value is repaid. The scheme only applies to new build properties from housebuilders registered with the scheme with a value up to £600,000. It does include those who are looking to move as well as first time buyers. The Help to Buy equity loan scheme has been extended through to 2021. Help to Buy Equity Loans has supported more than 62,000 sales since April 2013. Among major housebuilders around one third of all sales are supported by this scheme.¹³
2. Help to Buy Mortgage Guarantee Scheme: encourages lenders to lend a higher proportion of the total cost by enabling them to purchase a government guarantee for a proportion of the mortgage. It can be used for a new build property or an existing one, for a first time purchaser or an existing owner. The maximum property price is £600,000. The scheme is due to end in December 2016.

Help to Buy ISA: government tops up your savings through a special Help to Buy ISA, adding 25% to the amount saving (minimum bonus £400 on £1,200 savings up to a maximum bonus £3,000 on £12,000 savings). The ISA has to be opened by 30 November 2019 but there is no time limit on when the purchase has to be made. The scheme has had little impact as yet.

Help to Buy South is the Help to Buy agent for the South offering affordable options to purchase or rent a home. As of 1st April 2016 there were 856 applications for Help to Buy in Test Valley. The average age of applicants is 36 years, with an average annual income of £29,875 and average household savings of £19,480. The majority of applicants were living in the private rented sector (37%) followed by living with family & friends (33%). The majority of applicants were from 2 person households (39%), with 57% requiring 2 bed accommodation and 71% requiring a house.

In relation to Help to Buy Equity loans, the median purchase price was £199,990, with a median loan amount of £39,749. 81% of applicants were first time buyers, 29.7% purchased a semi-detached house and 26.1% had an income of £30,001 – £40,000.

Shared Ownership

If a prospective purchaser cannot afford to buy a property outright, shared ownership allows him/her to buy a share of a home and rent the remainder. Shared ownership properties are sold through housing associations where the purchaser may buy a stake of between 25% and 75% of the property, using a deposit and a mortgage. He/She then pays rent on the remaining share, which is owned by the local housing association. The rent paid can be up to 3% of the association's share of the property's value.

For example, a 40% share of a £150,000 property is purchased - £60,000 - the housing association would only be able to charge rent on the £90,000 share that it owns. This would be a maximum of £2,700 over the year, or up to £225 a month.

¹³ W Murphy: Low Cost Home Ownership and Affordability July 2016

The maximum household income is £80,000 and existing shared owners can move to another shared ownership property.

The National Housing Group (NHG) provided the first nationwide data on shared ownership which reveals households with earnings being as little as £16,341 to be able to purchase homes but repossession and rent arrears tend to be higher than outright purchases. Buyers for shared ownership have an average household income of £30,347 compared to a first time buyer of £41,000. This shows the average income required is 25% less if you pursue the shared ownership route.

This also means the deposit is significantly lower for shared ownership than the first time buyer's average of £42,505. The average age of the shared ownership buyer is 35 compared to the market sale average of 39-40.

The data highlights that shared ownership is working as a genuinely affordable tenure. According to the NGH, 2,595 households (data covers 97,501 homes) staircased in the past financial year. Of these, 1,990 brought their homes outright and 633 brought further shares. There were also 2,292 resales which indicate there is a viable secondary market for this product.

For Test Valley, there were 25 LCHO completions 1/10/15 to 31/3/16. The average income for those who successfully purchased a property was £31,735, with an average deposit of £4,593 for a 5% share. The average age of purchasers was 33 years.

The average share purchased was £91,870, equating to a 46% share. 84% of purchasers moved into a house, 72% moved into a 2 bed house, and 32% had previously been private rented tenants.

Joseph Rowntree Foundation Report (2015) estimated that only 3% of new social housing tenants could afford shared ownership.

Starter Homes

The Housing & Planning Act 2016 introduced the provision of 'Starter Homes' as part of the Government's commitment to build one million homes. They are specifically aimed at the under 40s because housing costs are increasingly unaffordable for younger people. Starter Homes are to be sold at no more than £450,000 (London) or £250,000 (elsewhere) net of any discount.

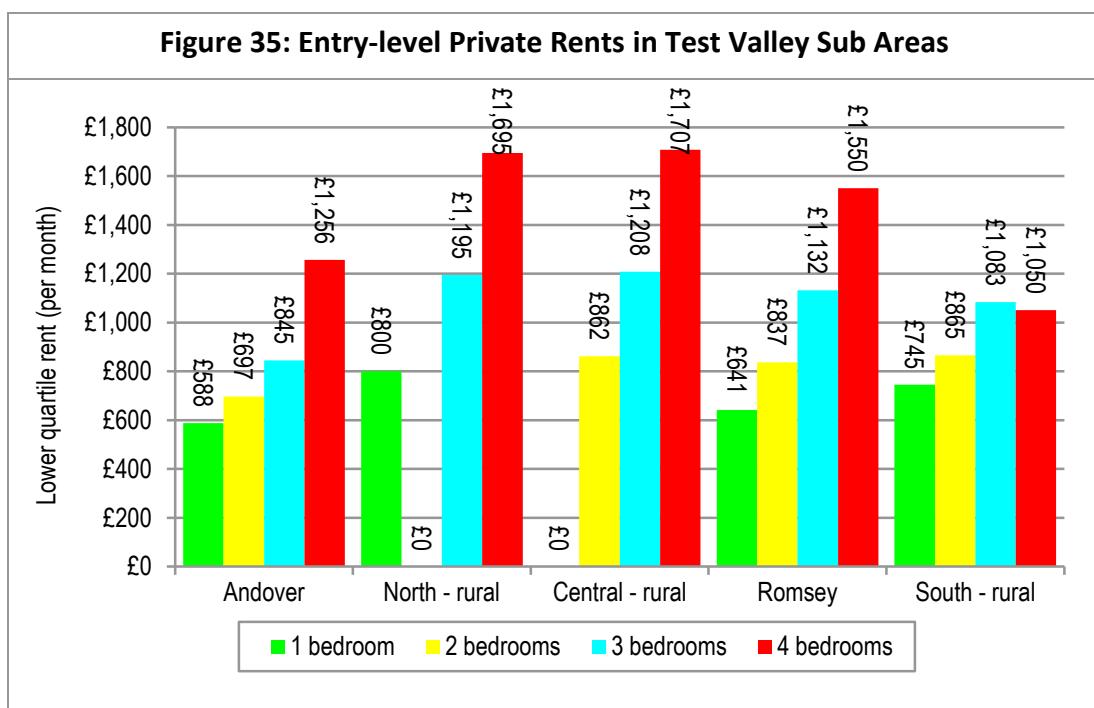
Shelter has reported (August 2015 – Starter Homes Affordability) that:-

- Starter homes would be unaffordable to over half of families earning the average wage
- Families earning the National Living Wage would be able to afford a starter home in only 2% of the local authority areas
- Single people on higher than average wages would struggle to buy in three quarters of local authority areas.

The Government has confirmed that the starter home discount can be combined with the Help to Buy Equity Loan, in effect giving 40% discount on the sales price (though the equity loan has to be repaid). However, it will be up to the Developer to decide if they are willing to offer both schemes on one property.

Private Market Rental

The entry-level cost for private rented accommodation (Figure 35) ranges from about £475-£575 per month for a one bedroom home up to around £1,600 per month for a four bedroom property depending on location. Rent levels in the Central rural area are highest with lower costs seen in Andover and Romsey.



Source: Online Estate and Letting Agents Survey (Aug 2016)

An insufficient supply of two bedroom homes in North rural and one bedroom homes in Central Rural has meant it was not possible to establish entry-level costs for these sizes/locations.

As with purchase prices, the cost of private renting is increasing. The implications of the Welfare Reforms will impact on those households in private rented accommodation in receipt of Housing Benefit/Universal Credit with the Local Housing Allowance being lower than the private rent (Figure 39) and under 35's only being able to claim the shared accommodation rate. It is likely that these households will need to seek alternative, cheaper accommodation. Local Housing Allowance details are set out in Figure 16 on page 30.

Affordable Housing

From the stock profile, 14.4% of the population in 2011 were living in social rented accommodation. Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Figure 36 illustrates the rental cost

of lettings of affordable rented properties by size in 2015– 16.

Figure 36: Test Valley Monthly average social rent levels				
<i>Area</i>	<i>1 bed</i>	<i>2 bed</i>	<i>3 bed</i>	<i>4 bed</i>
<i>Andover</i>	412	485	503	611
<i>North Rural</i>	416	464	524	N/A
<i>Central Rural</i>	429	490	628	N/A
<i>Romsey</i>	433	520	589	656
<i>South Rural</i>	412	451	N/A	N/A

Source: Hampshire Homechoice (2015 - 16)

Figure 37 shows potential affordable rents at 80% of market cost by size of property (including service charge).

Figure 37: Affordable Rent per Test Valley Sub Area 2015/16				
<i>Area</i>	<i>1 bedroom</i>	<i>2 bedrooms</i>	<i>3 bedrooms</i>	<i>4 bedrooms</i>
	<i>Affordable rent</i>	<i>Affordable rent</i>	<i>Affordable rent</i>	<i>Affordable rent</i>
<i>Andover</i>	451	667	741	676
<i>North – rural</i>	490	585	780	n/a
<i>Central – rural</i>	n/a	598	n/a	n/a
<i>Romsey</i>	n/a	620	689	n/a
<i>South - rural</i>	507	693	841	n/a

Source: Hampshire Homechoice

For all property sizes, affordable rents are notably higher than current social rents with the gap widening as property sizes get bigger. Affordability will be an issue, and as such there may be some support for providing affordable rent at below the 80% maximum (particularly for larger properties), but this needs to be balanced against viability considerations.

There are a number of households in receipt of benefit or minimum or average wage for whom this will be the only option. In providing affordable rented housing, the Council will also need to ensure that the rent falls at or below the Local Housing Allowance maximum level. The data above suggests at 80% of market rents that this will normally be the case. The exception is in the Central rural area for larger (3- and 4- bedroom) homes where a figure below 80% will be required to keep the rent inside LHA allowances.

Affordability of Market Housing

As a comparison of affordability for the various types of owner occupation, Figure 38 below assumes the purchase of an average Test Valley home at £244,000 with nil deposit for comparison purposes. The mortgage interest rates have been varied as Lenders will offer different rates due to the level of risk. The table is for illustration purposes only.

Figure 38: Cost comparison for Owner Occupation

Average House in Test Valley at £244,000	Purchase Price	Mortgage Required	Mortgage Rate	Annual Income Required	Monthly Payment	Rent	TOTAL pm
Private Sale – 100%	244,000	244,000	2.99%	69,714	1,155.81	0	1,155.81
Starter Home/Shared Equity – 80%	195,200	195,200	1.4%	55,771	771.54	?*	771.54
Help to Buy	183,000	183,000	1.32%	52,286	716.51	1.75% on equity loan	805.46
Shared Ownership – 50%	122,000	122,000	0.99%	34,857	459.23	2.75%	716.43

*awaiting technical guidance on Starter Homes – interest may be charged over a period of time similar to Help to Buy products.

Affordability of Rented Accommodation

As a comparison of affordability for various types of rented accommodation, Figure 39 below show the average rent for each tenure and the Local Housing Allowance for Andover for 2015/16.

The table illustrates the increased difficulty for residents in receipt of benefits to secure private rented accommodation without receipt of discretionary benefit or other finance to fund the difference between the LHA and rent payable.

Figure 39: Comparison of cost of rented accommodation 2015/16			
ANDOVER	1 bed	2 bed	3 bed
Affordable Rent (housing association)	451	667	741
Renting (private rented)	588	697	895
LHA	582	703	835

KEY FINDINGS

1. Test Valley is in general a higher value area with average prices across all property types above the Hampshire averages, with a higher level of demand in the market which would be expected to sustain modestly higher growth in housing stock.
2. Changes in rental values in Test Valley have been higher than Hampshire and the South East, particularly driven by a high proportion of transactions for 3 and 4 bed properties. Whilst this dynamic is likely to be partly driven by genuine PRS demand, it also indicates households being pushed into the sector due to a lack of owner occupation options.
3. Given the higher price profile and slightly lower levels of affordability, there is likely to be a slightly greater level of constraint on household formation in Test Valley.
4. The recovery in sales levels and effective demand for market housing in Test Valley has been substantially stronger than that seen across Hampshire and the South East. This indicates buyers returning to the market more quickly and highlights the need for a supply of readily available sites and permissions.
5. For 2014, the average income level for people living in Test Valley is £28,812 and the average purchase price for a residential property in Test Valley was £244,000, compared to £213,906 across Hampshire, and £176, 575 across England and Wales.
6. The house price to earnings ratio in 2014 was 8.5. A significant proportion of households are being priced out of owner-occupation in Test Valley, and that there are clearly significant challenges for those already in owner-occupation to move into larger accommodation locally due to the increasing housing market costs.

7. The rising gap between earnings and house prices is a particular concern as younger residents may be forced to seek work elsewhere because they cannot afford to live in the area.
8. The least expensive area to buy through the open market is Andover.
9. Local Housing Allowance rates (2015/16) for these areas differ and make privately renting in eastern Test Valley and particularly in Romsey, out of the reach of most housing options customers. LHA rates have been frozen until 2019/20.
10. Andover has the greatest proportion of residents living in mean tested benefit households, followed by Romsey.
11. Alamein and St Mary's wards in Andover and Abbey ward in Romsey have significantly higher income deprivation levels. There are however pockets of high deprivation in Andover, particularly linked to poor skills attainment of residents living in means tested benefit household.
12. The largest concern is the impact of the Welfare Reforms for the under 35's with the room rate being significantly lower than the private market rents for one bed accommodation and the lack of shared accommodation in Test Valley.

Section Five – Housing Demand

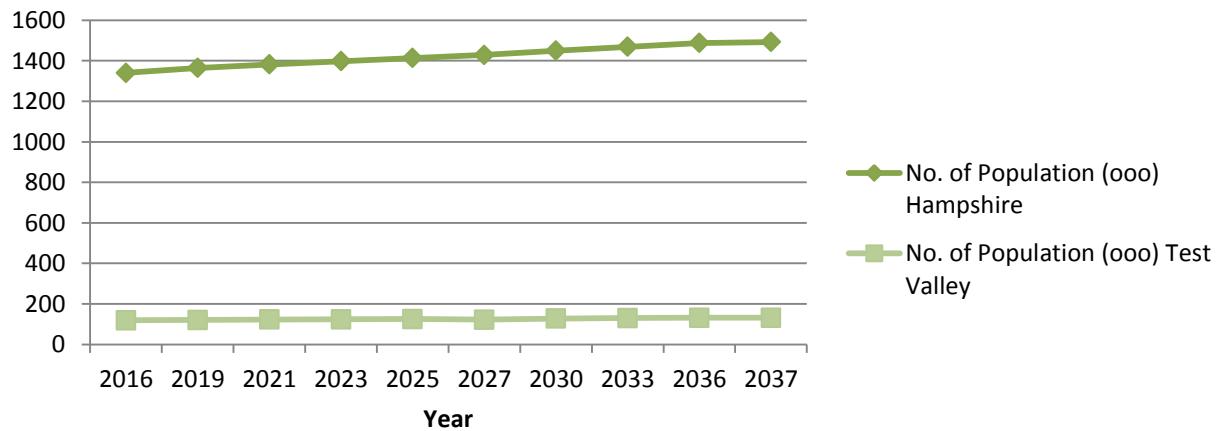
This section analyses the current and future demand for housing in Test Valley from key data from the Housing Register and homelessness data via the Preventing Homelessness Strategy. It also assesses the need for housing in Test Valley – including current housing need and newly arising need.

Population Growth

The Strategic Housing Market Assessment (SHMA) benchmarked population change in Test Valley since 1982 to 2012 and concluded that the Test Valley has seen an above average level of growth in population (0.90% p.a.) compared to Hampshire (0.74% p.a.), and slightly above average for the South East (0.67% p.a.).

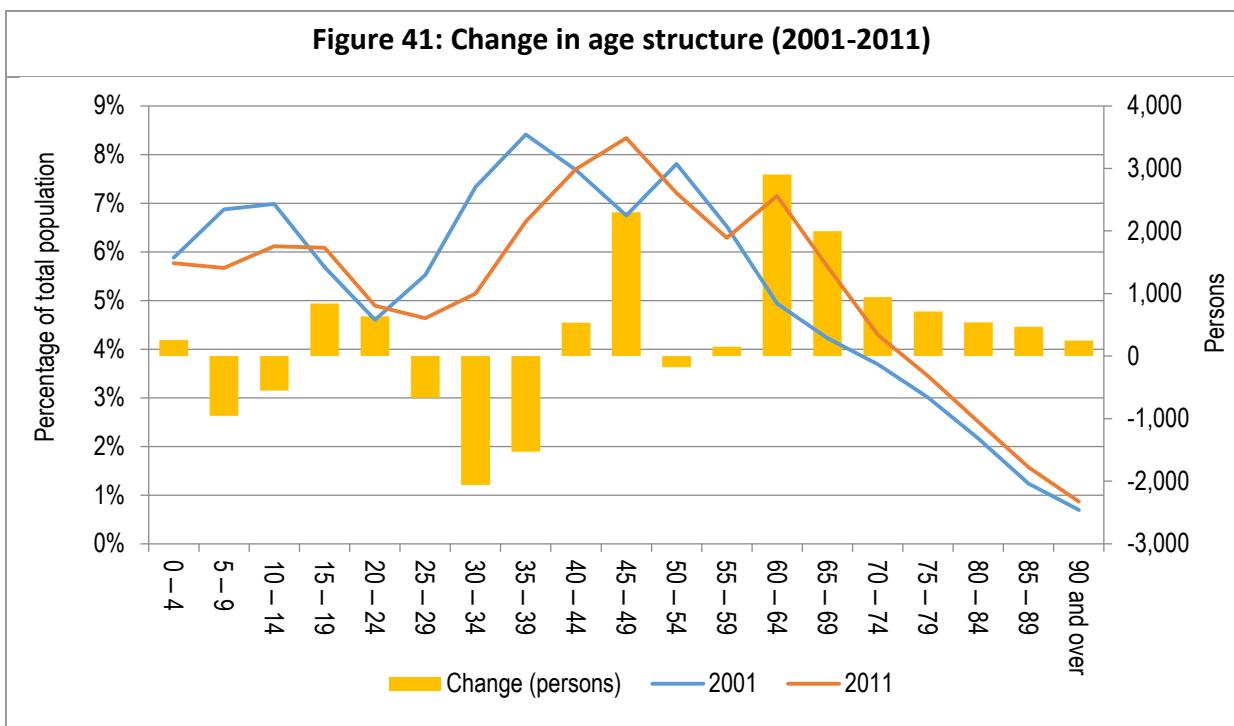
The 2012 Household Sub-National Population Projections by District, England 1991 – 2037 predicts the population for Test Valley to increase steadily to 125,000 by 2037. This represents a 7% increase for Test Valley against the 11.5% increase for Hampshire.

Figure 40: Test Valley Household Population Projections 2016 - 2037



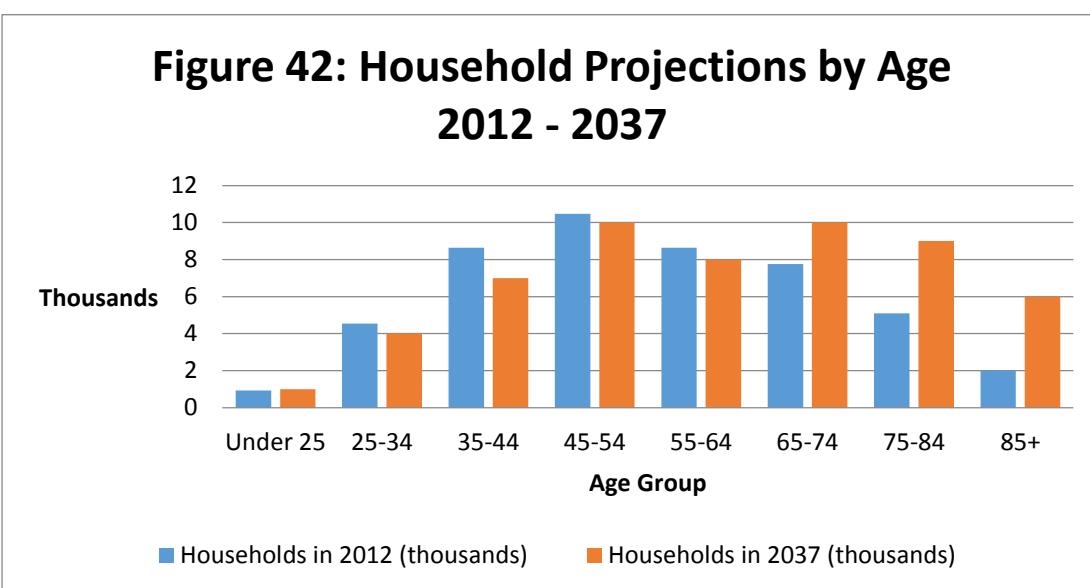
Population Change

The borough has seen quite substantial decline in some of the younger age brackets over the past decade; particular residents in the 25 to 39 age bracket but also children in the 5 to 14 age group. Decline in the 25 to 39 age category in Test Valley (18%) has been particularly high compared to surrounding and wider comparators (Hampshire: 15%; South East: 9%). (Figure 41).



Source: Census 2001 and 2011

The future household projections indicate this trend continuing with a slight decrease in the age groups under 25s to 64s. The largest decrease being the age 35-44. The trend then shows that households headed by older people account for nearly 30% of all dwellings. Of the projected increase in all households between 2012 and 2037, more than three quarters will be headed up by someone aged 65 or over.



Source: 2012 Based Household Projections – England: Household Types (Stage 2) and National Variants.

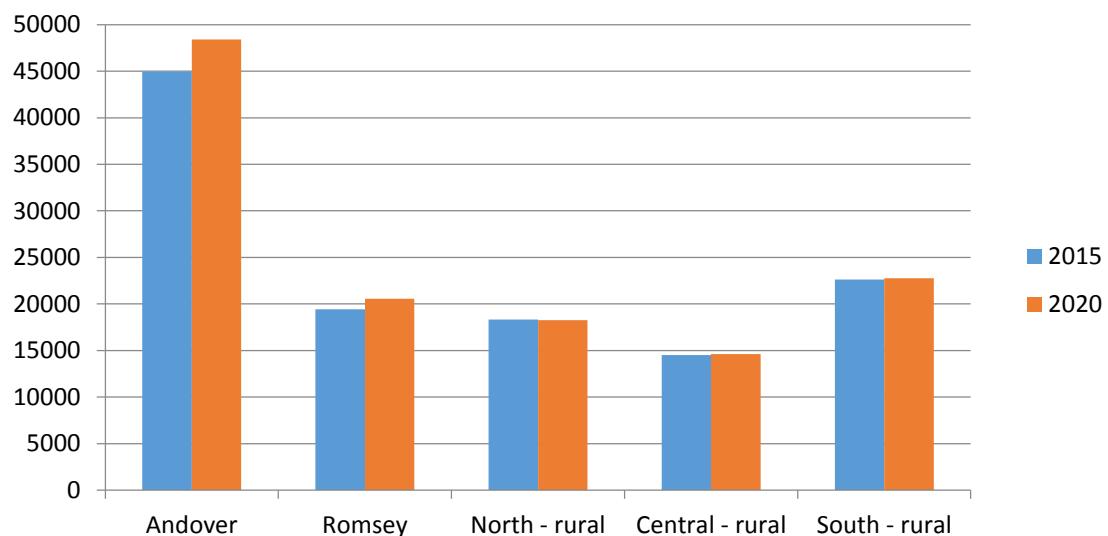
Whilst these figures show the impact of an ageing population, it does indicate that the younger age groups are not being “replenished”, potentially suggesting that residents in this age range are perhaps unable to (or choosing not to) form households in the Test Valley area – possibly an indication of issues with affordability or lack of availability of the “right type” of housing options. This indicates a need to develop a range of affordable family homes within Test Valley.

Change of Population by Sub-Area

Of the five sub-areas, Andover is set to see the biggest population rise over the next five years, both in absolute and proportional terms. The North - rural sub-area is the only area set to see a slight decrease in population.

However, it must be noted that these population forecasts do not take into account areas where housing developments have been proposed but where work has not started. These include the Black Swan and George Yard mixed use development in St Mary's ward, the Whitenap development in Romsey Extra, Hoe Lane in North Baddesley and Stoneham in Chilworth, Nursling and Rowhams.

Figure 43: Population Forecast for 2015 – 2020 in Test Valley Sub-Areas

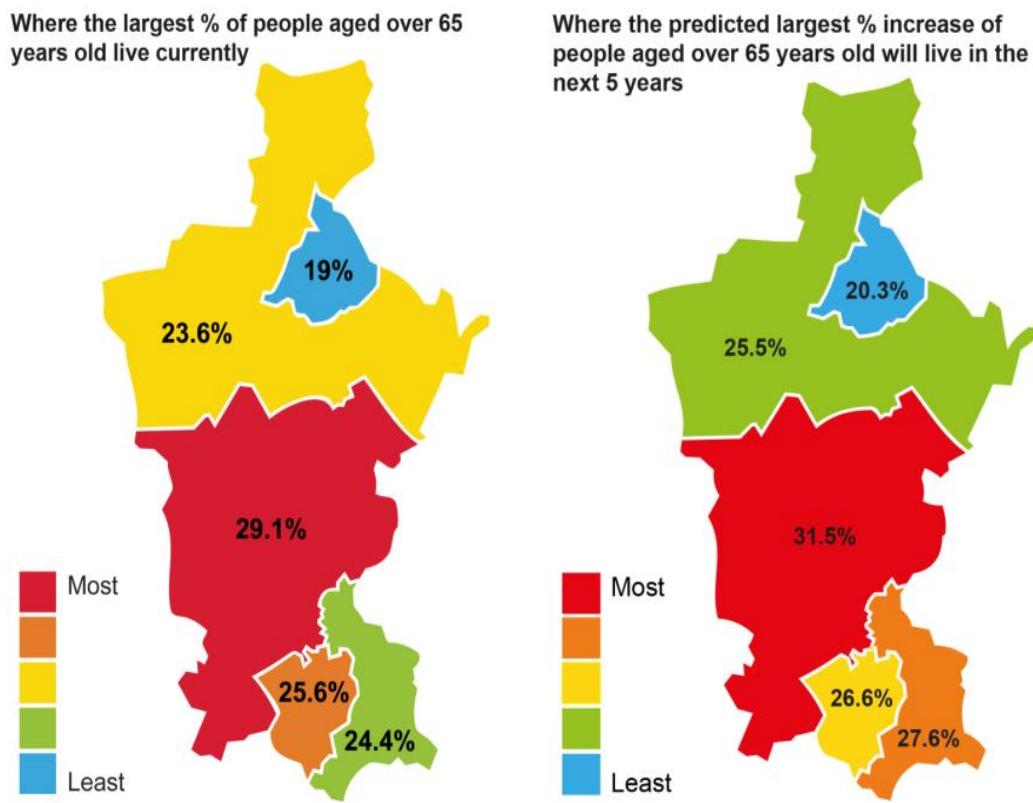


Source: 2015 Hampshire County Council Small Area Population Forecast

Ageing population

Across Test Valley, the population is forecast to age, which reflects the national trend. Figures 44 show where people over 65 years currently live and where there is set to be an increase in the next 5 years.

Figure 44: Where large % of people over 65 current live and are predicted to live in 2020

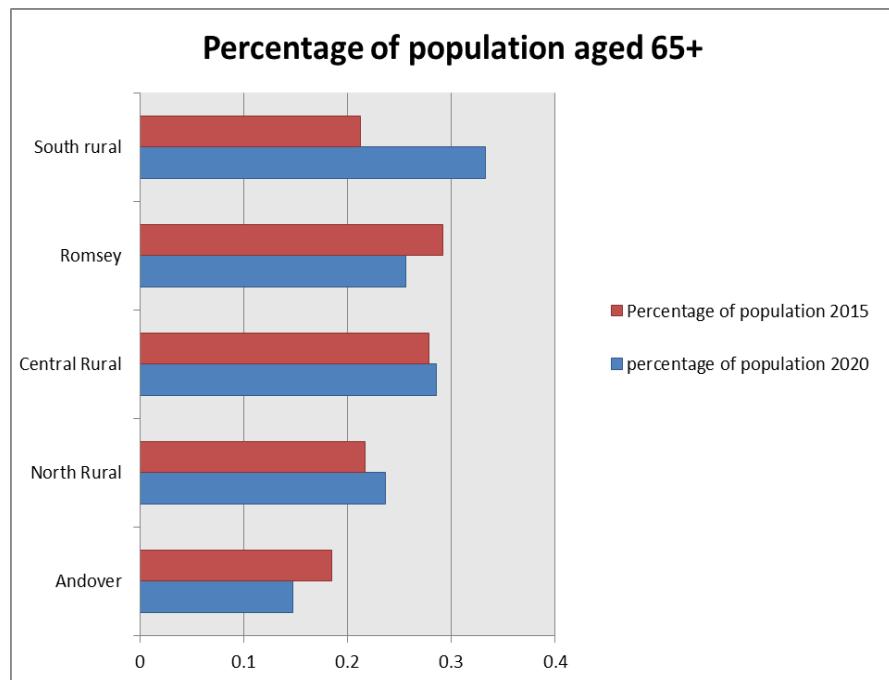


Source 2015 based Small Area Population Forecasts – Hampshire County Council.

Figure 45 shows the percentage of the population by sub-area that are aged 65+. According to Hampshire County Council's Small Area Population Forecast data, in 2015 the borough average for those aged 65 and over was 21.18% of the population. By 2020 the borough average is set to increase, representing 22.9% of the population.

In 2015 those aged 65 and over in the South Rural sub-area represent 21.23% of the population, roughly in line with the borough average. However this is set to increase by 12.02% (2763 people) by 2020, the biggest percentage increase of people aged 65 and over across all sub-areas.

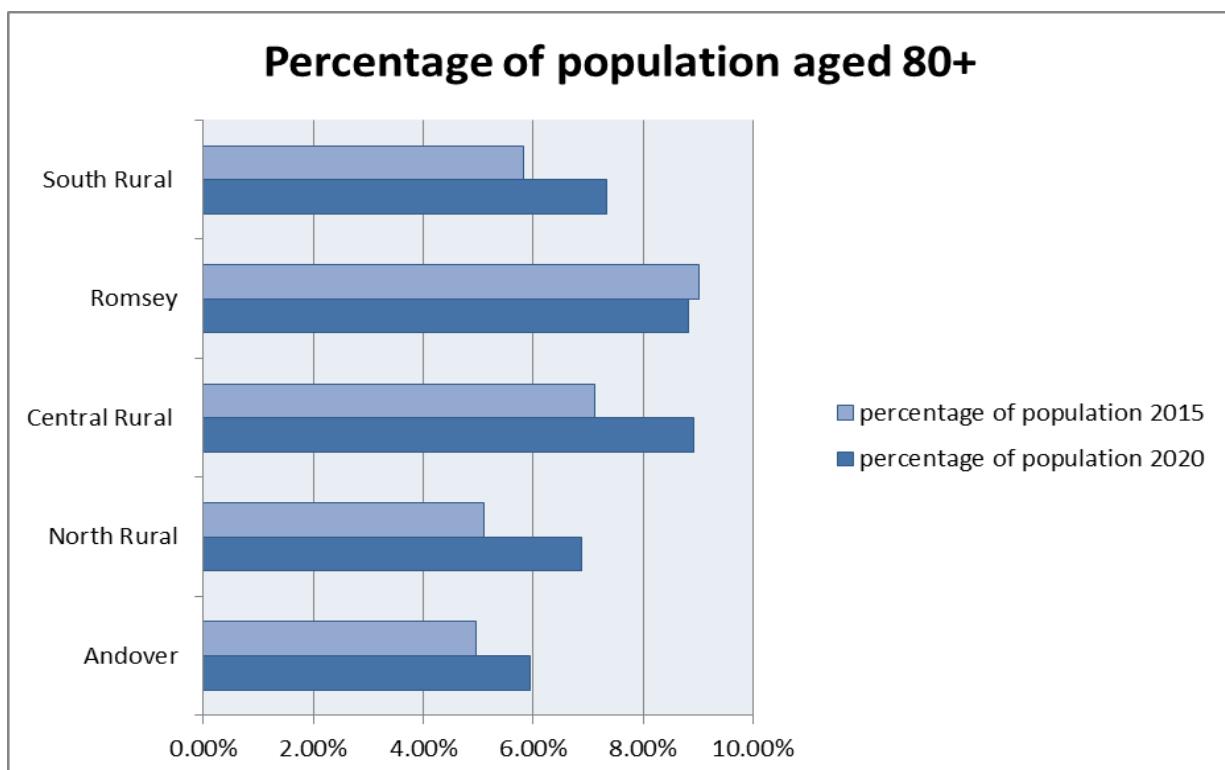
Figure 45: Percentage of Population aged 65+ by Sub-Areas



Source 2015 based Small Area Population Forecasts – Hampshire County Council

A larger percentage of elderly people are situated in rural areas and in Romsey. Only 15.60-17.37% of the population in the Andover area are aged 65 and over, this is significantly lower than any other region in the borough.

Figure 46 The percentage of population by sub-area aged 80 and over.

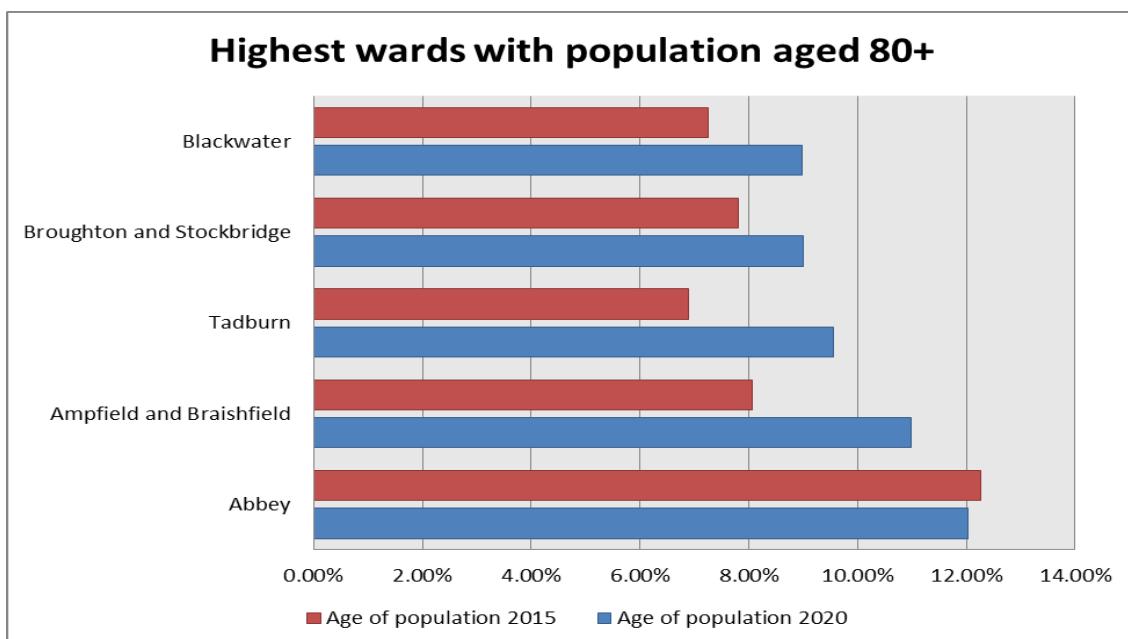


Source 2015 based Small Area Population Forecasts – Hampshire County Council

In 2015 those residents aged 80 and over represented 5.8% of the population. By 2020 this is expected to increase across the borough to 7.2%. The central rural sub-area is set to have the largest increase in people aged 80+ from representing 7.15% of the population (which already exceeds the 2015 borough average) to 8.93% of the population by 2020; an increase of 1.82%.

By comparison, Figure 47 shows the top five ward areas with a large percentage of the population aged 80+. According to Hampshire County Council's small area population forecast data, in 2015, Abbey had the largest population of people aged 80+ (12.26%). This is especially high considering the borough average is only 5.8% of the population. This figure is set to decrease slightly to 12.2% by 2020 but still considerably higher than the borough average. For Blackwater, Broughton and Stockbridge, Tadburn, and Ampfield and Braishfield, the population of people aged 80+ is set to increase by 2020. The most significant increase is found in Ampfield and Braishfield, where the age 80+ population will increase by 2.91%.

Figure 47: Highest Test Valley Wards with high percentage of age 80+



Source 2015 based Small Area Population Forecasts – Hampshire County Council

Both the 2012 based Household Projections and the 2014 based Sub-National population projections show this as a continuing trend. The number of people aged 65 and over is projected to increase in all regions by an average of 20% between mid 2014 – mid 2024. This “higher” ageing dynamic will have important implications for housing policy and strategy moving forward, with a need to develop a range of housing solutions to meet the needs of this group.

Demand for Starter Homes

There are 81,522 households on the government's Starter Homes register of expressions of interest. In London and the South East, 49,345 are interested and this can be broken down further by County, in Hampshire the figure is 2,770. (Inside Housing: Demand for Starter Homes Revealed 26 May 2016).

However, changes are required to the National Planning Policy Framework and the Department for Communities and Local Government need to publicise 'scheme designs' for lenders, local authorities and house builders by Autumn 2016. Once these are known, the true demand for starter homes can be assessed.

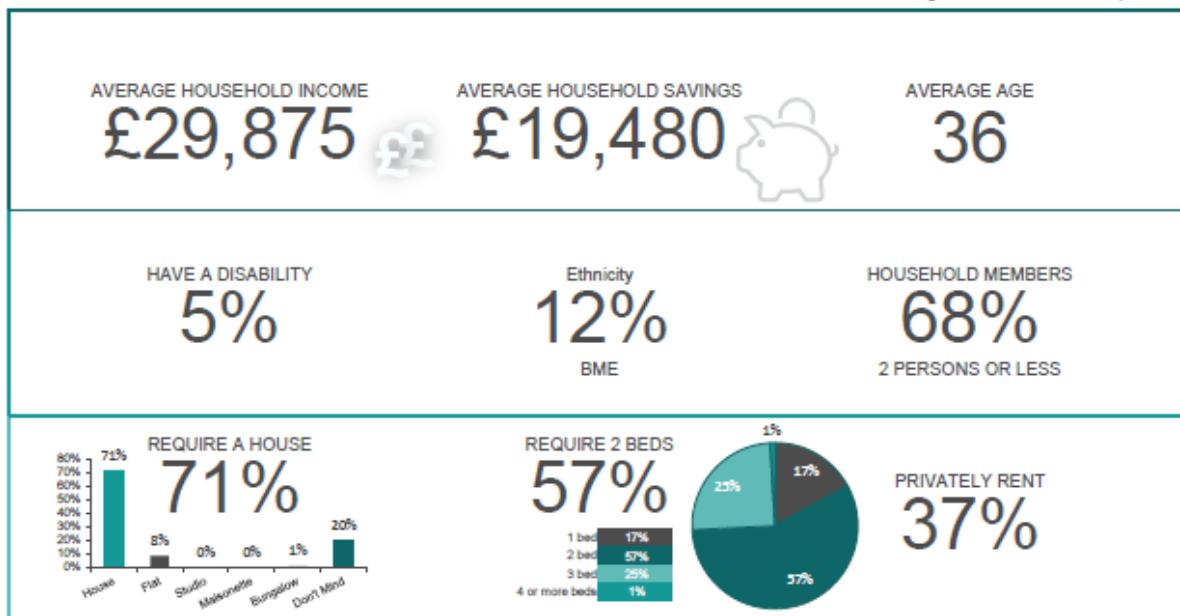
Demand for Shared Ownership/Shared Equity

Help to Buy South is a government appointed Help to Buy Agent to administer flexible, affordable housing schemes including Help to Buy, Shared Ownership and Shared Equity over 6 regions including Hampshire.

As at 1st April 2016, there were 856 registered applicants seeking low cost home ownership within Test Valley.

Customer Profile

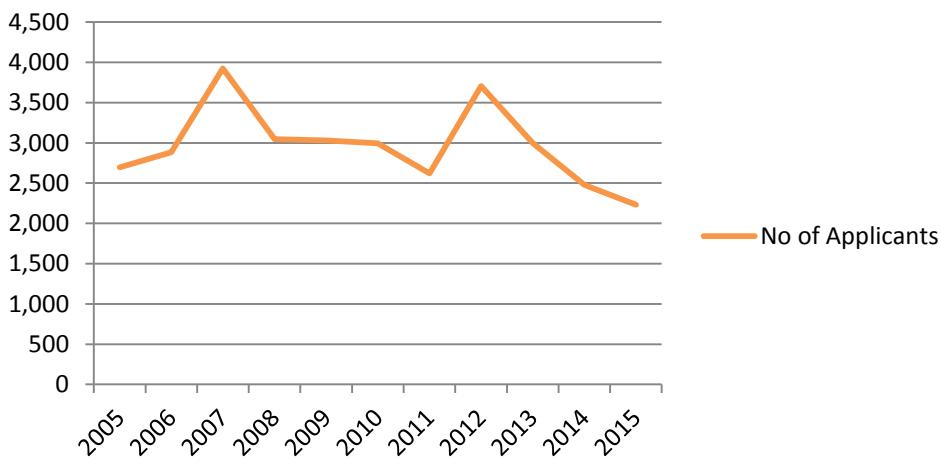
Figures correct as of 1st April 2016



Housing Register

Figure 48 shows the number on the housing register, over the last 10 years. In general terms the number on the Housing Register has varied from 2,500 to just under 4,000. There has been a significant decline in the number on the Register since 2012, with a historic low in 2015 of 1,970 applicants. This is linked to a change in the Allocations Policy and eligibility in accordance with the Localism Act 2011.

Figure 48: Number of Households on the Housing Register



Source: Local Authority Housing Data set DCLG

Figure 49 illustrates demand by property size. 54% of all applicants require a one bed property indicating a lack of affordable housing options for single people in the Borough. However, with the introduction of shared accommodation rates for under 35's the level of rent being charged is over the rate set.

There is also considerable demand for two bed accommodation, with 33% of applicants requiring this size of accommodation.

Figure 49: Number of Applicants on Housing Register by Housing Need

Year	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom	Total
March 2014	1,431	765	203	78	2,477
March 2015	1,268	698	192	72	2,230
March 2016	1,059	641	204	66	1,970

Source. TVBC Housing Register

Of the 1,970 households registered, 988 (50%) are in employment, 23 households require wheelchair accessible accommodation (10 x 1 bed, 10 x 2 bed and 3 x 3 bed) and 135 require a level access shower.

Statutory Homelessness

Figure 50 sets out the numbers of homelessness applications and acceptances to 2015/16.

Figure 50: Total Number of Homeless Applications and Acceptances

Year	2012/13	2013/14	2014/15	15/16 to date *
Applications	87	125	77	40
Acceptances	65	38	46	24

Source: TVBC Homelessness Review

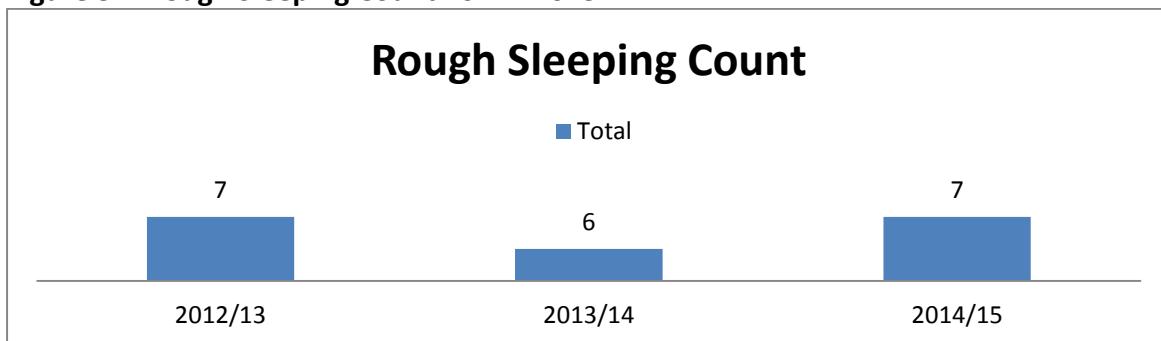
The key findings of the Council's Homelessness Review include:

- The main reasons for homelessness in Test Valley are domestic abuse (38%), followed by family & friends exclusions (28%), and loss of private rented accommodation (17%).
- The vast majority of households accepted as statutorily homeless in Test Valley are aged less than 44 years of age, with a significant proportion between 25-44 years.
- 87% of statutory household acceptances during 2013-2015 were households with children, the most significant group being single parents or single pregnant households.
- Single households account for 21% of acceptances. Given the general high demand for affordable single person's accommodation, there is a need to ensure that suitable affordable accommodation is available for those with high support needs.
- The main priority need category was due to having dependent children (63%), followed by vulnerability due to mental health or substance dependency (14%) and vulnerability due to domestic abuse (13%).
- The majority of applicants (50%) spend between 2-3 years in temporary accommodation, followed by a further 23% spending between 1-2 years in temporary accommodation. This is a considerable length of stay and indicates the need to source appropriate and affordable move on accommodation.
- Bed & Breakfast use has declined considerably since 2012, with 10 households having been placed to date in 2015/16.

Rough Sleeping

Levels of rough sleeping in the borough are relatively low and are monitored through the Two Saints Homeless Outreach Worker on a regular basis. The 2015 count estimated there were 7 households sleeping rough in Test Valley.

Figure 51: Rough Sleeping Count 2012 - 2015



Source: Test Valley Homelessness Review

Current Housing Need (Backlog)

The SMHA assessed the backlog of affordable housing need by estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability.

Overall, this analysis suggests that there are around 2,250 households living in unsuitable housing (across all tenures). This figure is consistent with data from the Council's Housing Register (which would be an alternative source to study the backlog).

Future Housing Need

The table below - taken from the SHMA - shows household growth in Test Valley from the 2011-based CLG projections. For the period shown studied these projections suggest a 7.6% increase in households. This is notably below the average growth expected in the South East (10.8%) and nationally (10.0%).

Projected household growth 2011-21 – CLG 2011-based household projections	
Households 2011	47,736
Households 2021	51,349
Change in households	3,613
% change from 2011	7.6%

Fig 52: Source: CLG 2011-based household projections, taken from SHMA

The SHMA also estimates newly arising housing need, using newly forming households' data and existing households who are falling into need (table 53 below).

Table 53: Estimated Future Housing Need (per annum)			
Area	Newly-forming Households in Need	Existing Households falling into Need	Total Newly-Arising Need (per annum)
Andover	160	99	259
North – rural	63	22	85
Central – rural	39	17	55
Romsey	54	25	80
South - rural	62	15	77
Borough	379	178	557

Source: SHMA

The SHMA undertook a detailed assessment of affordable housing need and concluded

- The housing need in 2013 of 537 households, excluding existing social housing tenants where they would release a home for another household in need.

- Each year up to 2031 an estimated 557 households are expected to fall into housing need and 294 properties are expected to come up for relet annually.
- Overall a net deficit of 5,261 affordable homes is identified (292 per annum). There is thus a significant requirement for new affordable housing in the Borough and the Council is justified in seeking to secure additional affordable housing.
- Many households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit, It seems likely that the Private Rented Sector will continue to be used to make up for a shortfall of genuine affordable housing.
- Within the affordable housing need the analysis identifies a requirement for around a third of homes to be intermediate housing and two-thirds being social/affordable rented

Future Housing Requirements

The 2013 Strategic Housing Market Assessment (January 2014) seeks to establish overall housing requirements in Test Valley. Full details are contained within the SHMA, available at www.testvalley.gov.uk, this document provides summary information only.

The SHMA concluded that the outputs from the demographic modelling suggest that the Council should be considering a housing requirement of between 420 and 590 dwellings per annum in order to meet objectively assessed housing needs. The lower end of the range is driven by past demographic trends and actually sits above the latest CLG projections whilst the upper end is driven by the highest of the economic projections when linking employment rates to past trends in the Labour Force Survey.

The Council's Local Plan proposes that the Borough's annual requirement should be 588 dwellings per annum. This approach should fully meet all household and population projections, taking account of migration and demographic change, and provide for economic growth with an increase in the labour force of 439 jobs per annum. The proposed figure would deliver 206 affordable units a year, which would achieve the Council's corporate target of 200 affordable dwelling per annum.

In relation to the requirements for different size homes the SHMA's analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, Figure 54:

FIGURE 54	1-bed	2-bed	3-bed	4+ bed
Market	10%	35%	45%	10%
Affordable	40%	35%	20%	5%
All housing	20%	35%	35%	10%

Source SHMA

The SHMA recommends the development of family sized homes based upon the following:

- larger family homes play a role in releasing supply of smaller properties for other households
- one bedroom properties provide limited flexibility to changing household circumstances which feed through into higher turnover and management issues.
- Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

The above analysis of an appropriate mix of dwellings informs 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.

The Council should consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. three bed properties). It should also consider whether it is appropriate to limit the subdivision of existing larger properties which can help to attract and retain family households in certain parts of the Borough.

Private Rented Sector Housing

The private rented sector houses more households in England than the social rented sector, but has the highest proportion of poor property standards of any tenure type. The 2014/15 English Housing Survey¹⁴ found that 29% of private rented properties would fail the Government’s decent homes standard for social housing, compared to 14% of social housing.

The Housing Fitness in the Private Rented Sector Briefing Paper¹⁵ states that whilst this is a marked decrease from the 47% of non-decent private rented housing in 2006, this decrease is due to the increased size of the sector as a whole. The absolute number of non-decent private rented properties has risen from 1.2 million to 1.3 million over the same period.¹⁶

Shelter’s 2014 Report, Safe and Decent Homes, included research on the extent and impact of non-decent homes in the private rented sector.

Our research found that over 6 in 10 renters (61%) have experienced at least one of the following problems in their home over the past 12 months: damp, mould, leaking roofs or windows, electrical hazards, animal infestations and gas leaks.

¹⁴ DCLG, English Housing Survey: Headline Report 2014/15, 18 February 2016

¹⁵ House of Commons Library, Housing Fitness in the Private Rented Sector; Alex Bate, 24 May 2016

Ten per cent of renters said their health had been affected because of their landlord not dealing with repairs and poor conditions in their property in the last year, and 9% of private-renting parents said their children's health had been affected.¹⁶

In response to the recommendations in the CLG Committee Report,¹⁷ the Government announced it would consult on measures to improve standards, including a review of the HHSRS and the extension of Rent Repayment Orders to apply to landlords who rent out properties containing serious hazards.

The DCLG published responses to the Report in March 2015¹⁸ noting the importance of improving standards in the private rented sector and not burdening the sector with regulation. The Government decided against making changes to the HHSRS, the Landlord & Tenant Act 1985 (which contains some maintenance obligations for Landlords) or to the scope of Rent Repayment Orders.

However, Rent Repayment Orders were subsequently extended to cover landlords who failed to comply with a local authority improvement notice by the Housing & Planning Act 2016. The Act also introduced Banning Orders, which can prevent a 'rogue landlord' from renting out property for a set period of time. The scope of these orders has yet to be set out in regulations, although the Government confirmed these will cover serious breaches of housing legislation. Draft regulations are expected in the Autumn 2016.

Details to the current requirements for maintenance and repairs are contained in the Private Sector Housing Policy. These include-

- The Housing Health & Safety Rating System
- Statutory nuisance
- Specific maintenance regulations
 - Gas safety
 - Electrical safety
 - Smoke & Carbon Monoxide Alarms
- Specific requirements for HMOs

Energy Efficiency

The Home Energy Conservation Act 1995 (HECA) requires local authorities to develop and implement local home energy efficiency strategies. The Government's priorities are to keep energy bills as low as possible for households and businesses, tackling climate change, developing clean energy, financially supporting the renewables sector, reducing the UK's reliance on foreign imports and supporting jobs and growth by reinvigorating the domestic oil and gas industry.

¹⁶ Shelter, Safe and Decent Homes: Solutions for a better private rented sector, 9 December 2014

¹⁷ CLG Committee, The Private Rented Sector, 8 July 2013

¹⁸ DCLG, Government Response to the CLG Select Committee Report Oct 2013

Test Valley Borough Council adopted the updated HECA Report and Action Plan 22nd June 2016. The Action Plan facilitates a targeted approach aimed at the least energy efficient homes within the Borough occupied by people in receipt of low incomes. The HECA Action Plan is an integrated part of the Housing Strategy 2016 – 2019.

Key actions identified in the HECA Action Plan are:-

- Update and improve information and signposting through the website and Test Valley News and targeted campaigns
- Investigate a pilot targeted area-based approach using the mapping information produced by the Environment Centre
- Improving promotion of Hitting the Cold Spots and dedicate capital funding from the Housing Renewals Budget for this initiative targeting those who are in fuel poverty, particularly those in private rented accommodation, houses in multiple occupation.
- Promote central heating through the DECC funded scheme in partnership with the Environmental Centre for properties with EPC E-G ratings that are off-gas and lacking central heating.
- Participate in the EON funded scheme for insulation for solid wall properties.
- Target mobile homes with advice in tandem with the site licensing inspection programme.
- Update the Private Sector Housing Renewal Policy including the provisions of grants and loans to take account of the priority areas that have been identified.

Specific Groups of the Population

It is identified key groups that may have housing needs that differ to those of the wider population. These are:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children
- Young people
- Service Families
- Gypsies & Travellers

Housing Needs of Older People

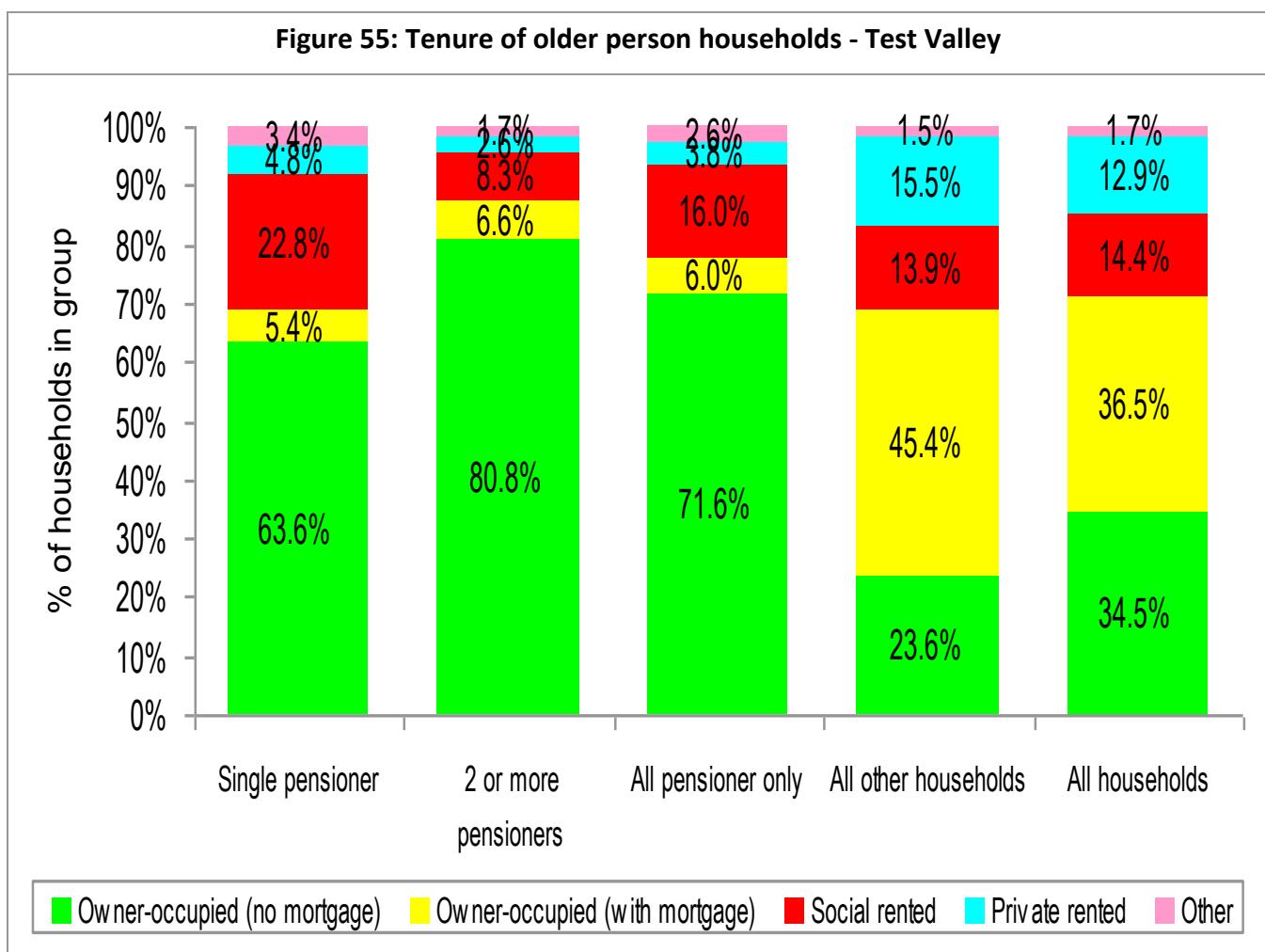
The Home Owners Alliance report¹⁹ that according to the annual Homeowner Survey one in five homeowners aged 55 or over considered moving in the past two years but have not do so, with just under 25% stating the reason for not moving as a lack of the right kind of home.

The SHMA 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

¹⁹ <http://hoa.org.uk/2016/07/lack-suitable-housing-last-time-buyers/>

expected to be the growth in the population of older persons. Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support, is important. The data shows that, when compared with both the region and England, the Borough has a higher proportion of older persons. The data shows that Test Valley (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 24% over just 10-years. This figure is slightly higher than projected for both the region and England. Source: ONS 2011-based SNPP

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.



The data from the SHMA says a “current requirement for 853 units with an additional 2,520 expected to be needed over the period to 2030. This is a total of 3,373 with the majority of this expected to be required as affordable housing”.

Figure 56: Estimated requirement for specialist housing

	Current need	Additional need (to 2030)	Total need
Sheltered – affordable	448	831	1,279
Sheltered – market	178	474	652
Extra care – affordable	203	225	428
Extra care – market	0	0	0
Registered care	24	990	1,014
TOTAL	853	2,520	3,373

Source: Housing LIN, taken from SHMA

The SHMA concludes that “whilst this analysis should be treated as indicative given the number of assumptions feeding into it there is clearly a case for the Council seeking to provide additional ‘specialist’ accommodation for older persons as the population ages”.

People with disabilities

Estimates based on official data are likely to under-state the number of households needing accessible housing as not all statistics take account of households with disabled children and disabled people do not always realise the extent of their needs. National research²⁰ suggests:

- At least 1 in 6 households with an identified need do not have all the accessibility features they need. Working age households are less likely to have the features they need than older households;
- People with unmet need for accessible housing are estimated to be four times more likely to be unemployed or not seeking work due to sickness/disability than disabled people without needs or whose needs are met;
- Having needs for accessible housing met makes all the difference in terms of feeling in control, safe, having a social life and health and wellbeing;
- Unmet needs often have a direct impact on ability to carry out everyday tasks, feeling helpless and dependent on the help of carers or family, and on social isolation.

²⁰ The London Social of Economics & Political Science: Case Report 109: No Place Like An Accessible Home – Quality of Life and Opportunity for Disabled People with Accessible Housing Needs July 2016

The Income statistics below are presented as 'after housing costs' (AHC). The AHC figure means the household income left after paying rent or mortgage and reflects the different costs of housing across the country (particularly the North-South divide), and which can significantly reduce other income for other basic expenses like food. In general:

- households containing a disabled person have a lower average (median) after housing costs (AHC) income than all households (£328 per week compared to £374);
- there are similar median incomes between households with a need for accessible housing (£333 per week) to other households containing a disabled person (£330 per week);
- The top one-quarter of households with accessible needs have incomes of £458 a week or more, the top one-quarter of households containing a disabled person have incomes of £472 or more, but the top one-quarter of all households have incomes of £559 or more;

Figure 57 below shows that although households which include disabled people tend to have lower incomes than the English average at all parts of the income distribution, a significant proportion do have high incomes.

The median income of all owner occupier households is £448 per week, and around one in four (around 480,000) households with a need for accessible housing in the broad sense have incomes at or above this level – indicating a potential to afford owner occupation.

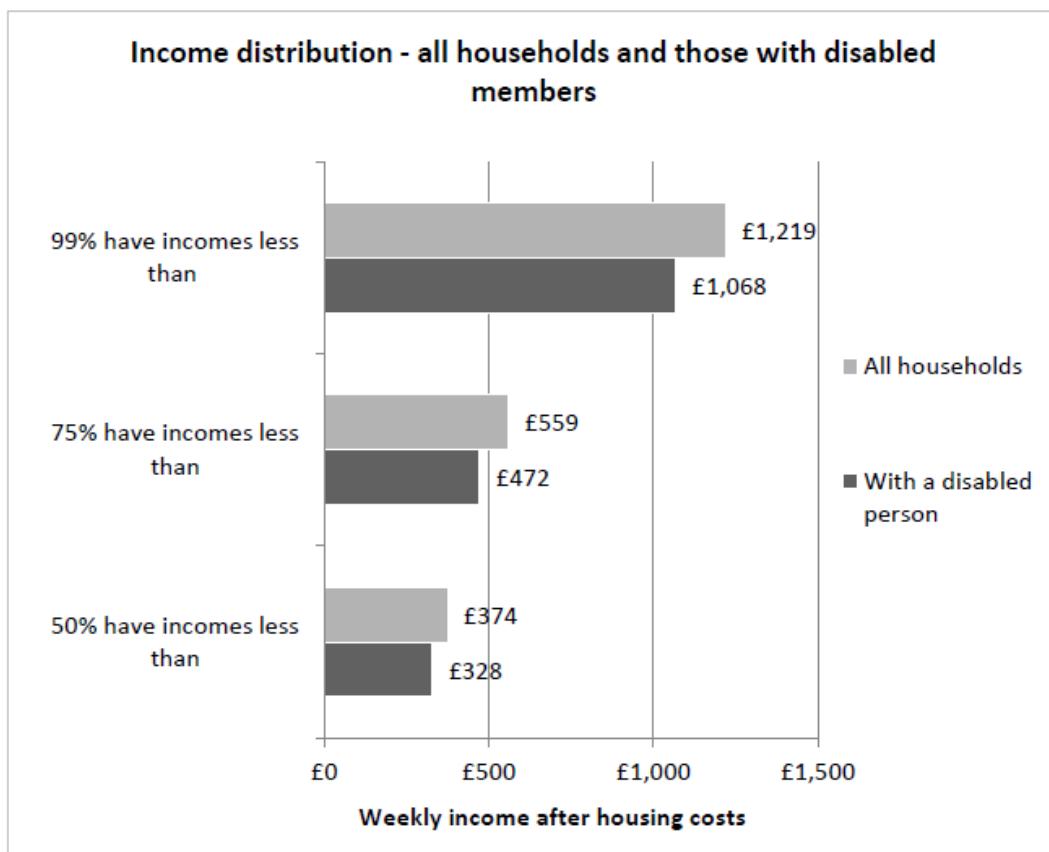


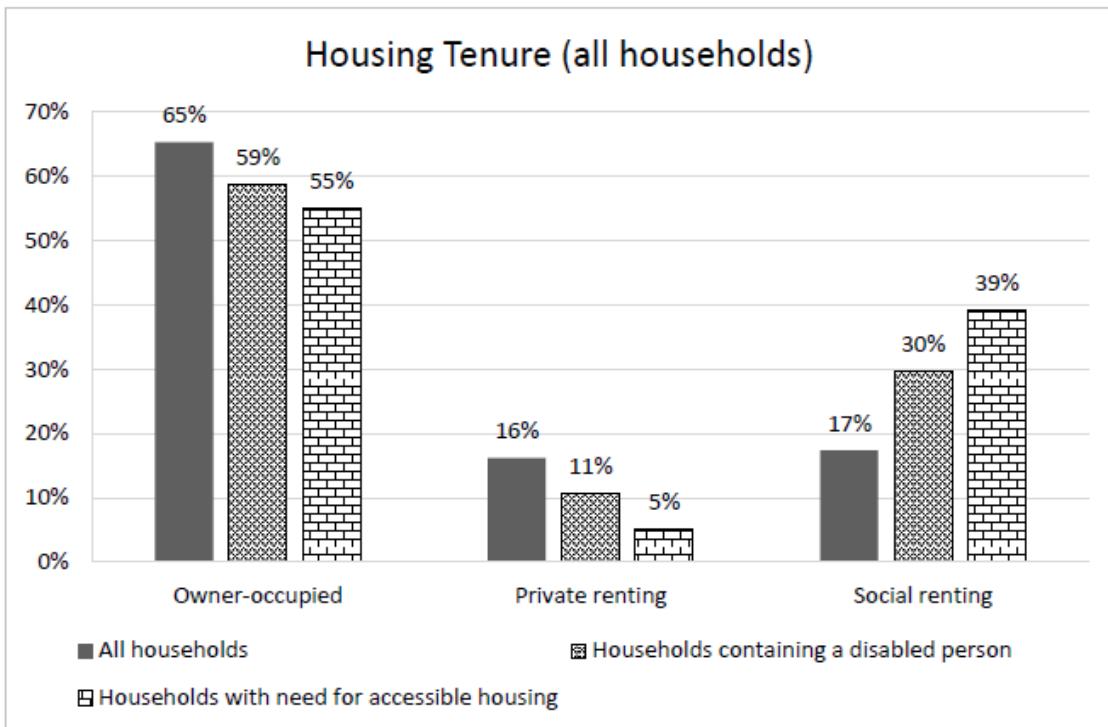
Figure 57 - Source: English Housing Survey 2011-12

English Housing Survey 2011-12 shows the level of savings in bank, rather than precise amounts. Just over a quarter of all disabled households (27%) and just under one in five households with accessible housing needs (19%, approximately 360,000) have savings and investments worth £12,000 or more.

Figures 58 and 59 indicate that:

- amongst **all households with a disabled person**, owner occupation is the dominant tenure (59%, or approximately **3.8 million** households) compared to 11% in private renting, and 30% in social rented housing. Ownership is only slightly under the rate for the population as a whole (65%). Amongst the narrower group of households who need accessible housing, 55% (**approximately 1 million**) are owner-occupiers;

Figure 58: Housing Tenure (all households)



Source: English Housing Need Survey 2011-12²¹

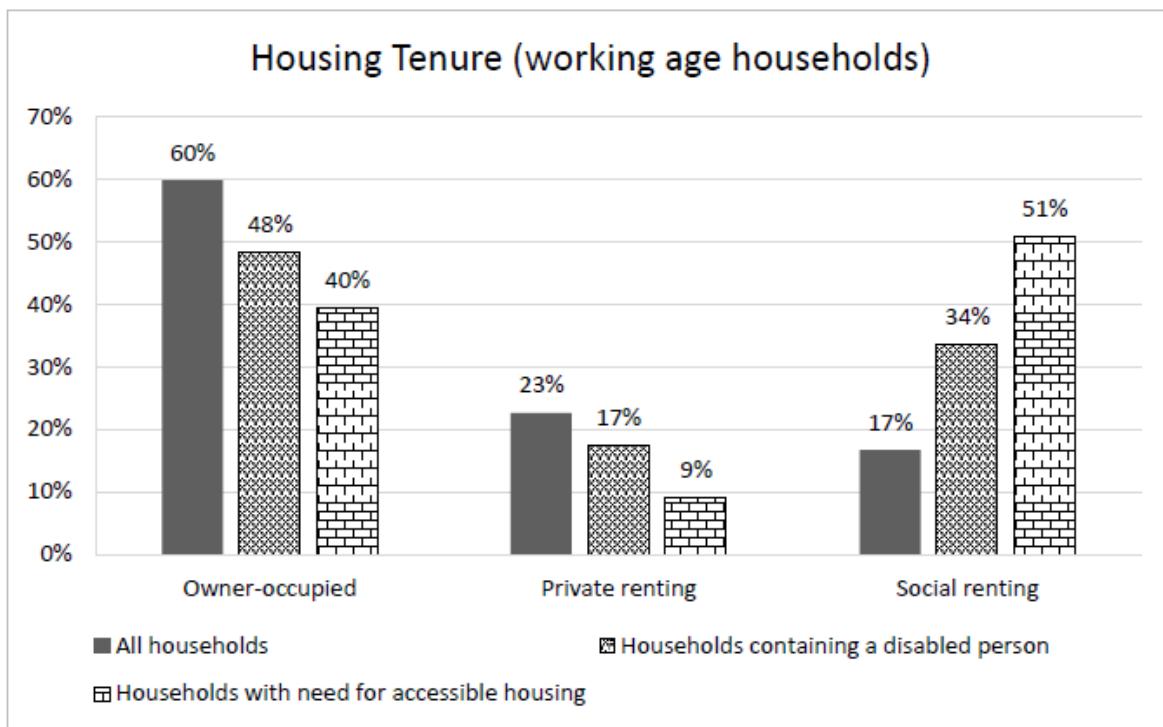
- comparing **working age** home owners to the overall population, fewer households including a disabled person are owner occupiers (48% or approximately **1.5 million**) than in the working age population as a whole (60%); and 40% (or **approximately 230,000**) households with a need for accessible housing are owners;
- social housing accommodates **three times** the proportion of **working age households in need of accessible housing** than for population as a whole (51% compared to 17%) – which is perhaps not surprising given the statutory housing

²¹ LSE No Place Like an Accessible Home Case Report 109

need priority given to this group, and the extent of specialist housing provision in the social housing sector. The corresponding levels of social renting for the wider group of **working age households including a disabled person** are 34%, compared with 17% for the general working age population;

- private renting accommodates a much smaller proportion of **households with a need for accessible housing** (5%) than for the population as a whole (16%). For **working age households in need of accessible housing** this proportion is higher (9%, compared to 23% of all working age households), although for **households containing a disabled person** the 17% who live in private rented accommodation is much closer to the 23% of the working age population as a whole.

Figure 59: Housing Tenure (working age households)



Source: English Housing Need Survey 2011-12²²

Faced with unmet need, disabled households housing options include:-

1. Coping as best they can in their current accommodation.
2. Seeking grants such as Disabled Facility Grants and Home Improvement Loans for aids and adaptions.
3. Change of tenure – applying to the Local Authority for nomination to a housing association.
4. Buying a new property which is fully adapted.

Nationally, around 40,000 people a year, with the majority being over 60 years of age, receive Disabled Facilities Grant (DFG) to pay for changes to their homes such as the installation of stair lifts, level access showers and ramps. However, a report commissioned

²² LSE No Place Like an Accessible Home Case Report 109

by Foundations, the National Body for Home Improvement Agencies in England ‘Disability Grants – not always meeting need’ states awareness of the grants is low and its provision is fragmented and too often older and disabled people are forced to find solutions on their own.

There is clear evidence around the costs and benefits of accessible features.²³ Benefits achieved from well planned accessible features include:-

- Reducing costs of residential and home care;
- Preventing accidents, admission to hospitals, residential care, other medical treatment and avoidable health care costs for carers;
- Providing more cost effective assistance than other types of support which were less helpful to the disabled person.

The ‘No Place Like An Accessible Home’ research²⁰ has shown that people with a need for accessible housing are more likely to be in social housing and that some owner occupiers with accessible housing needs intend to move into the social rented sector later in their lives.

More generally, qualitative evidence indicates there are major barriers to moving home. These relate to having supportive friends and family living locally, as well as previous investment in the current home and that intentions to move can often be linked to wider life events such as younger family members leaving home or starting a family, as well as to the progress of the impairment and its impact on daily life. In addition, enabling flexibility over the features to be provided in any new or existing home tends to increase the benefits of and satisfaction to a person(s) with a disability.

Currently, 23% of households in Test Valley include 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.

Moving home is the right answer for some, but not others. In some cases, straightforward repairs or additional features may make a significant difference to the quality of life of disabled household members. Meeting the housing needs of disabled people is likely to involve a mix of improving access to and delivery of accessible features in people’s current homes and ensuring more properties purpose-built for high levels of accessibility are built. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

People with a learning disability and/or autism have the right to the same opportunities as anyone else and be able to live in their own home. People should have a choice about where and with whom they live – with a choice of housing including small-scale supported living, the offer of settled accommodation with support from their families/carers as well as paid support and care staff and adaptions to their family home.

BME Households

²³ Heywood & Turner (2007)

Black or Minority Ethnic (BME) households, as a group, frequently have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way. According to the 2011 Census data, 7% of the population of Test Valley came from a non-White (British/Irish) background. This figure is significantly below that found across the region and nationally (figure for England of 19%) but broadly in line with the County average. The key BME group in Test Valley is Other-White (which is likely to contain a number of Eastern European migrants) – the Other-White population makes up 2.8% of all people in the Borough, which is significantly higher than any other group.

Since 2001 the BME population in the Borough has increased significantly as can be seen in the table below. The largest rise in terms of population has been for White-Other people – increasing by 1,483 over the ten years.

Figure 60: Change in BME groups 2001 to 2011 (Test Valley)				
Ethnic Group	2001	2011	Change	% change
White (British/Irish)	105,642	108,280	2,638	2.5%
White - Other	1,882	3,365	1,483	78.8%
Mixed	709	1,494	785	110.7%
Asian or Asian British	1,196	2,368	1,172	98.0%
Black or Black British	215	487	272	126.5%
Other	157	404	247	157.3%
Total	109,801	116,398	6,597	6.0%

Source: Census 2001 and 2011, taken from SHMA

With the exception of Asian, all BME groups are significantly less likely to be owner-occupiers and all far more likely to live in private rented accommodation. Arguably the starker trend is the 33% of Black households living in the private rented sector.

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.

The implications of this 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)

The SHMA concluded that the data available about family households suggests that there

may be some polarisation. 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. There is a need to ensure that the housing offer meets the needs of disadvantaged families and in particular the need to ensure good quality housing in the private rented sector.

Young people

An 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. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, along with high standards for Houses in Multiple Occupation (HMOs) will help younger households to access housing.

Following the Welfare Reforms, from April 2017, young people without employment are no longer eligible for housing support in new claims for Universal Credit unless they are deemed vulnerable. This group will effectively be left with little option but to return to the parental home or shared accommodation such as HMOs.

The LHA cap is narrowing the housing options for under 35's with many housing associations planning to tighten allocation rules.²⁴ This restricts the amount of housing benefit that can be claimed by general needs tenants under 35, without children. Most will only be eligible for the 'shared accommodation rate' – based on the cost of renting a room in a shared house or flat and applies from 1st April 2018. Local Authorities can use Discretionary Housing Payments, where appropriate to cushion the impact of the reforms for tenants. However tenants allocated their new home today will be impacted if they are still relying on housing benefit to pay their rent in 2018 and are under 35 at that time. The shared accommodation rate of LHA is effectively half the one bedroom equivalent, leaving most residents facing a weekly shortfall of £10 to £15 to make up through their own means.

Younger tenants are being given Assured Shorthold one or two year tenancies rather than more secure tenancy agreements. Some housing associations are not accepting under 35s in receipt of benefit from renting new build homes as these will be rented under affordable rents set at 80% of market value, leaving an even larger gap between housing benefit entitlement and rent.

Service Families

Andover is home to the British Army Land Forces HQ (Marlborough Lines). The Army Air Corps are also based at Middle Wallop. The Armed Forces Chaplaincy Centre (Amport House) and defence training areas/firing ranges are also located within the Borough. There are numerous and significant military bases west of Andover, in Wiltshire (e.g. Tidworth Garrison), which gives rise to demand for housing within the Test Valley housing market area, due to their relative proximity.

²⁴ Inside Housing 'Under 35's on housing benefit, and impossible to House' 16 June 2016

Armed forces personnel can join the Hampshire Home Choice (HHC) Housing Register regardless of whether they have a local connection to Test Valley or not. In addition, local authorities are required to give ‘reasonable’ and ‘additional’ preference to service families in their allocation policy. In practice, under HHC this means that armed forces personnel who register housing application are placed in:

- Band 3 – Armed Forces personnel close to end of their service. Applicants with an ‘urgent housing need’ may be awarded additional priority. (Urgent Priority – on medical/welfare grounds)
- Band 4 – Applicant living in Armed Forces accommodation.

The SHMA found that there were relatively few (43) armed forces households on the housing register seeking housing in Test Valley Borough.

The Army’s Basing Plan, which sets out the programme of nearly 100 Army Units to relocate, reconfigure, disband or re-role and the Forces Help to Buy scheme is expected to lead to additional demand for housing particularly new build housing although some housing may be released for market rental as a consequence. Rebasin and redundancy schemes have the potential to increase demand for social rented housing.

Pressure on local authority services such as housing options services and adaptation services are likely to see additional demand from this group.

Gypsies and Travellers

Limited data is available regarding the number of Gypsies and Travellers in the borough at any one time. The Ethnic Minority and Traveller Achievement Service (EMTAS) figures record 12 children from Gypsy Roma or Traveller Irish Heritage in Test Valley Schools, and 12 children from families of Travelling Showpeople.²⁵ At the time of the 2011 Census, there were 153 people who identified as White Gypsies living in the borough.

The latest Gypsies and Travelers Accommodation Assessment (GTAA) was completed in 2013 (Forest Bus 2013). The GTAA identified a current provision of 13 pitches within the Borough with an estimated current need for a further 2 pitches. The GTAA calculates the cumulative future need (including the existing need for 2 pitches) as:

- Total by 2012-2017 = 4 pitches
- Total by 2017-2022 = 7 pitches
- Total by 2022 – 2027 = 10 pitches

It is anticipated that the majority of the need will be met through planning applications. The GTAA also identifies a figure for the provision of transit sites for Gypsies and Travellers and Travelling Show people but recommends that further work is required between authorities. A new GTAA is underway looking to allocate sites to meet need.

²⁵ EMTAS Spring Survey and Spring Traveller Questionnaire, Hampshire County Council, 2014

KEY FINDINGS

1. Andover is set to see the biggest population rise over the next five years (2015-2020), but there is also a requirement for rural housing to provide the accommodation the rural areas require to create sustainable communities.
2. 72% of all applicants on the Housing Register require a one-bed property. This indicates a significant demand for one bed accommodation, indicating a lack of affordable housing options for single people in the Borough.
3. 33% of all applicants on the Housing Register require a two-bed accommodation.
4. The most successful means of keeping people in their existing accommodation is through the provision of debt advice followed by negotiation with accommodation providers. This indicates that money management issues and affordability are some of the most significant factors in people being threatened with homelessness.
5. The most successful prevention tool to access alternative accommodation is through accessing private rented accommodation through the deposit scheme followed by accessing social housing through the Housing Register. This indicates that potentially homeless individuals, many of whom may be vulnerable and/or have support needs, are accessing both the private rented and social housing sectors.
6. Single households account for 21% of homelessness acceptances. Given the general high demand for affordable single person's accommodation, there is a need to ensure that suitable affordable accommodation is available for those with high support needs.
7. The average length of stay in temporary accommodation is over 2 years. This indicates the need to sources suitable and affordable move on accommodation for homeless applicants.
8. There are around 1,970 households living in unsuitable housing (across all tenures)
9. The SHMA identified a net deficit of 5,261 affordable homes (292 per annum). There is thus a significant requirement for new affordable housing in the Borough and the Council is justified in seeking to secure additional affordable homes.
10. Of the affordable homes required, a third should be intermediate housing and two-thirds should be social/affordable rented.
11. The Council's Adopted Local Plan proposes that 588 dwellings are developed each year, of which 206 would be affordable units of accommodation.
12. The focus of new market housing provision should be on two and three-bed properties.
13. There is a case for the Council seeking to provide additional 'specialist' accommodation for older persons as the population ages.
14. 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, alongside developing accessible and flexible homes.

15. Welfare Reforms are restricting choice of accommodation for under 35s who are not vulnerable and without children. This group will effectively be left with little option but to return to the parental home or shared accommodation such as HMOs.
16. There is a need 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.
17. The GTAA identified a current provision of 13 pitches within the Borough with an estimated current need for a further 2 pitches. The GTAA calculates the cumulative future need (including the existing need for 2 pitches) as:
 - Total by 2012-2017 = 4 pitches
 - Total by 2017-2022 = 7 pitches
 - Total by 2022 – 2027 = 10 pitches

Section Six – Housing Supply

This section identifies the local housing provision, including current rates of development and market capacity. It also looks at supply by house type and size, and whether properties are under-occupied or overcrowded within the borough. The section also provides data on empty homes and the provision of affordable housing.

Exiting the European Union

It is too early to know the effect of the exit vote from the European Union will have on the housing market. Many house builders and housing associations will be reviewing their business plans and planning for the possible downturn in the housing market and house prices.

Credit Agency Standard & Poor's warned of a 'correction in the UK's highly-valued housing market' as it downgraded the country's credit rating and house prices are predicted to fall 5% in the UK and possibly more in London with transaction volumes 'deflated' until next Spring²⁶.

Land Prices

While there is no consistent published source of information on land prices, the values for residential development land rose substantially and consistently throughout England from the early 1990s to the start of the recession in 2008. Over this period, the average prices in the South East have consistently stayed above the national level with prices rising from approximately £590,000 in 1993 to in excess of £3.8 million in January 2008.

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).

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. Knight Frank research estimated that average greenfield development land prices across England continued to slip back for the fourth consecutive quarter by 2.1% in Q4 taking the annual change in prices to -4.9%. Urban development land prices however rose by 2.5% in the quarter taking annual growth to 11.9%. This price growth differential reflects increasing demand in many key cities and commuter towns.²⁷

The Knight Frank Residential Development Land Index shows that typical residential land values across England and Wales have been relatively flat over recent years; although there are some signs of a slight recovery in 2013 (Figure 60).

²⁶ Inside Housing 30 June 2016 'Associations Warned over house price exposure post-Brexit'

²⁷ <http://content.knightfrank.com/research/161/documents/en/q4-2015-3658.pdf>

Figure 61: Knight Frank Residential Development Land Index – England & Wales²⁸

Date	Index Level
Sep-11	100
Dec-11	100.2
Mar-12	100.2
Jun-12	99.9
Sep-12	100.1
Dec-12	99.9
Mar-13	100.4
Jun-13	101.6

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. 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.

Figure 62: 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 2013

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.

Rates of Development and Housing Delivery

The total stock of property for sale remains historically low as reported by Home.co.uk. In England and Wales overall, the number of properties entering the market was down 6% in March 2016 compared to a year before. The Output in the Construction Industry indices

²⁸ Knight Frank Residential Land Index June 2013

shows the total value of new housing development in Great Britain is unchanged in the 4th quarter of 2015 compared to Q4 of 2014. The trend in the private sector has been of a sustained steady increase over the last 3 years whilst the public new housing sector has been shrinking over the last four quarters; however Q4 2015 indicates a slight upturn. This is largely due to the remodelling of many registered providers business plans and finances due to the reduction in rent and nil grant for affordable homes.

The Revised Local Plan sets out the Borough which incorporates two housing market areas, which are Southern Test Valley (comprises the Parishes of Ampfield, Chilworth, North Badgesley, Nursling and Rownhams, Romsey Extra, Romsey Town and Valley Park) and Northern Test Valley (comprises the remaining parishes of the Borough outside Southern Test Valley).

The Council publishes its Authority's Monitoring Report (AMR) on an annual basis which provides information on housing completions, outstanding permissions and housing supply (including the housing trajectory). It also includes information on the delivery of affordable housing.

The Strategic Housing Land Availability Assessment (SHLAA)²⁹ documents sites that have been promoted to the Council for housing development across the Borough. It relates to sites proposed for a net gain of 5+ dwellings. The inclusion of a site within the SHLAA does not imply that the Council would necessarily grant planning permission for residential use.

Figure 63 summarises the housing requirement set out in Policy COM1 of the Local Plan for the period 2011 to 2029 for the two housing market areas, as well as the Borough as a whole. The figures are also presented as an annual average – these are not annual targets but are presented for monitoring purposes.

Figure 63: Proposed Housing Requirement for 2011 to 2029 from Policy COM1

Area of the Borough	Minimum Housing Requirement (pa figures in brackets)
Northern Test Valley	7,092 (394)
Southern Test Valley	3,492 (194)
Borough Wide Total	10,584 (588)

²⁹ Available at: <http://www.testvalley.gov.uk/resident/planningandbuildingcontrol/planningpolicy/local-development-framework/shlaa/>.

As the base date for the plan period is 2011, records of completions for the initial years of the plan period are available. Net housing completions since 2011/12 are presented in Figure 66.

Figure 64: Housing Completions within the Borough since 2011/12			
Year	Northern Test Valley	Southern Test Valley	Total Test Valley
2011/12	437	86	523
2012/13	467	203	670
2013/14	359	183	542
2014/15	668	212	880
2015/16	666	338	1004
Total	2597	1022	3619

Source: Test Valley Housing Implementation Strategy July 2016

The Council has made housing allocations within Northern and Southern Test Valley to aid in meeting the housing requirements. Details of the allocations are set out within the Local Plan; therefore they have not been duplicated as part of this document.

Test Valley Housing Implementation Strategy (HIS) July 2016 sets out the Council's methodology for calculating the housing land supply position as well as updating records on the supply of housing over the plan period. This includes sites that have been promoted through the Strategic Housing Land Availability Assessment (SHLAA). It is not proposed to set out the details of the calculations and definitions within this document other than the headline targets and completions.

Figure 65 provides a summary of the supply of housing from HIS for Northern Test Valley. Figure 66 provides a summary for Southern Test Valley.

Figure 65: Summary of Housing Supply in Northern Test Valley	
Source	Supply (net dwellings)
Existing Commitments – Sites providing 5+ dwellings	1980
Existing Commitments – Sites providing less than 5 dwellings (including 10% deduction)	218
Allocations	466
Identified Capacity	0
Windfall Allowance	140
Total	2804

Figure 66: Summary of Housing Supply in Southern Test Valley

Source	Supply (net dwellings)
Existing Commitments – Sites providing 5+ dwellings	1199
Existing Commitments – Sites providing less than 5 dwellings (including 10% deduction)	56
Allocations	530
Identified Capacity	0
Windfall Allowance	64
Total	1849

Market Capacity

Over the period since 2009 housing delivery has averaged 0.6% per annum across Hampshire; however, Test Valley has seen some of the strongest performance with a growth rate of 1.1% achieved – higher than any other Hampshire authority.

The Council's Adopted Local Plan 2011- 2029 proposes that the Borough's annual requirement should be 588 dwellings per annum. This approach should fully meet all household and population projections, taking account of migration and demographic change, and provide for economic growth with an increase in the labour force of 439 jobs per annum. The proposed figure would deliver 206 affordable units a year, which would achieve the Council's corporate target of 200 affordable dwelling per annum.

The SHMA comments that although new housing will be delivered in Test Valley 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 the initial underlying analysis of what gaps in the offer new-build development might fill.

Overcrowding and Under-Occupation

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. A household is defined as overcrowded if there are fewer bedrooms available than required by the bedroom standard.

The table below shows that Test Valley experiences very low levels of overcrowding (2.4% - 1,161 households) compared to the county (2.8%), regional (3.8%) and England (4.8%) average.

Figure 67: Overcrowding and Under-occupation (2011)

	Overcrowded (No.)	Overcrowded (%)	Under occupied (%)
Test Valley	1,161	2.4%	77.4%
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, taken from the SHMA*

Conversely, under occupation is a significant issue in Test Valley with 77% of households having an excess of space for the number of residents, more than half of which fall within the highest category of under-occupation.

The phenomenon of under-occupation is particularly borne out of ageing demographics and reasonable affluence. In Test Valley, this is arguably made more acute in some parts of the Borough due to the dominance of larger properties and the relative lack of suitable downsizing options. The use of smaller properties for second homes is also likely to constrain options for downsizing. Given the demographic and socio-economic profile of Test Valley, this issue is likely to continue to rise in future, reducing liquidity in the market for larger properties in the area.

There is a strategic need to encourage residents to downsize. The SHMA states “there may be an argument for increasing the supply of smaller units in these areas but with the product focussed on the types (houses rather than flats) and quality of units which are attractive to older households.”

Equity Release

According to the Equity Release Council (21 April 2016), the total value of equity release lending grew by 21% in the first quarter of 2016 on a year on year basis and recording the highest Q1 lending levels on record, a total of £393.3m was lent over the first three months of the year.

Homeowners are making use of their housing wealth to supplement their monthly income, make home improvements, support younger family members with buying a property or pay for the trip of a lifetime. This indicates that housing wealth is centre stage in financial planning for later life and the market is continuing to build on the momentum of recent years. This impacts on the number of households who are downsizing to reflect their housing needs and more people benefit from equity release as they are often asset rich but cash poor and their home is likely to be their greatest asset and forming part of their retirement plans.

Making the Best Use of Existing Stock

There are regulations in place for private landlords which govern their requirements to carry out repairs and maintenance. The main one is the Housing Health and Safety Rating System (HHSRS), a risk-assessment based regulatory model.

Since the introduction of the HHSRS in 2006, replacing the old Housing Fitness Standard, there have effectively been no minimum property standards for rented housing in England.

The Council has a responsibility to ensure that private housing stock in the Borough is suitable for people to live in and is in a good state of repair. The Council offers various grants and loans to owner occupiers, landlords and tenants. The Council inspects caravan sites, checking housing safety and standards in houses in multiple occupation and offer advice on home energy efficiency.

Disabled Adoptions

Over the last 25 years, Disabled Facilities Grants (DFGs) have helped over 40,000 people a year to live in more accessible housing.³⁰ The DFG is a means tested grant to install showers, stair lifts, ramps or to make other changes to the home to enable disabled children and adults to lead more independent lives. DFGs are becoming increasingly important as the population ages.

The government has increased funding for DFGs from £220m in 2015/16 to £394m in 2016/17. Councils also contribute funding for the DFGs; however following cuts to council budgets this has resulted in considerable variation between councils with some contributing very little and others matching the government funds.

Figure 68: Improvements through financial assistance 2015/16 – Test Valley Borough Council					
Grant/Loan	Total Number of enquiries	Total number of applications	Total number completed	Total spend	Total committed not yet paid as at 31.03.16
Disabled Facilities Grant	209	120	137	£711,468.17	£107,962.48
Home Improvement Grant	22	1	2	£7,814	£7392.97
Disabled Facilities Loan	3	2	2	£80,187.63	£1755.85
Home Improvement Loan	0	0	0	0	0
Empty Property Grant	0	0	0	0	0
Disabled Facilities Relocation Loan	0	0	0	0	0

³⁰ S Mackintosh & P Leather – The Disabled Facilities Grant, Before and After the Introduction of the Better Care Fund, June 2016

Local plans to transform care for people with a learning disability and/or autism have recently been published. A national implementation plan to develop community services and close inpatient facilities was published in October 2015 by NHS England, the Local Government Association and the Association of Directors of Adult Social Services. NHS England have confirmed that £100m of capital funding will be available over five years to support Transforming Care projects. The fund aims to build the right support to set an ambition of empowering individuals and their families to have more say in their care and strengthening support options in their communities. Some examples of how the funding could be utilised are: setting up new services on a match funding basis; developing support for people to stay well in their own homes; enhancing outreach teams, bringing patients who have been placed in inpatient care outside of the region back to their own communities; developing a shared-ownership housing scheme by delivering services in their own homes, not hospitals.

Houses in Multiple Occupation (HMOs)

The Council ensures standards of amenities and fire precautions are maintained in HMOs as well as licensing those that meet the requirement for mandatory licensing (properties that are 3 or more storeys with 5 or more occupants). There are currently 8 licensed HMOs in Test Valley.

Caravan Site Licensing

Certain caravan (or mobile home or park homes) sites require a licence. The Council is responsible for the regulation of mobile homes used for habitation, the main provision being means of licensing to protect the health, safety and welfare of the occupants. There are 12 licenced multiple park home sites in Test Valley totalling 323 caravans. The 2008 Model Standards were adopted by the Council in January 2016 and a licensing fee policy introduced to take effect from 1st April 2016. Since the introduction of the Mobile Homes Act 2013, the Council is able to ensure site owners are complying with the terms of their site licence.

Empty Homes

Government figures issued April 2016, suggest there are now fewer empty homes, with numbers falling by a third since 2004 due largely to the work that local authorities are doing but there are still 203,596 empty homes in England while 1,240,855 households³¹ are on council waiting lists.

Data from the Department of Communities and Local Government 28 April 2016³², indicates that there are just over 771³³ vacant properties Test Valley equivalent to 1.49% of the dwelling stock. This is below average for Hampshire (1.97%) and lower than the level across the South East (2.31%).

³¹ Empty Homes National Campaigning Charity: Empty Homes in England Autumn 2015

³² DCLG: Table 615 All vacant dwellings by local authority district, England from 2004 (www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants)

³³ The key figure is the number of empty homes over 6 months – long term empty.

Figure 69: Details of Vacant Properties 2015							
2015	No of All dwellings	No of All Vacant Dwellings	No of Long Term Vacants	No of LA Vacants	No of RP General Needs Vacants	No of RP General Needs Long Term Vacants	No of other Public Sector Vacants
South East	3,665,110	84,666					
Hampshire	577,460	11,413	2,927	227	472	195	18
Test Valley	51,760	771	189	0	48	27	3

Homes can stand empty for long periods for a host of reasons such as landlords or owners not being able to afford renovation work and people keeping properties empty while they wait for the price to increase or due to financial or other commitments are taking a long time to complete the works or works have stalled.

However, local authorities are now able to charge higher rates of council tax for empty properties, together with the introduction of the 3% additional stamp duty charge for additional homes and capital gains tax being payable by non-UK residents on property they own here; more empty homes may be placed on the open market for sale/refurbishment.

Some Local Authorities are making use of empty homes where the owner has moved to residential care which uses the properties for temporary accommodation. This gives a family a home and the homeowner is able to use the money towards their costs without needing to sell their home. Other councils provide schemes to assist people to bring their empty home back into use which is mainly aimed at those who have inherited a property or moved out of the area or into residential care. It helps produce a report outlining the options and then an action plan to carry out work and get the property back into use.

The Council provides financial assistance via grants and/or loans to carry out renovation works in accordance with the Private Sector Housing Financial Assistance Policy.

Retirement Housing

Knight Frank Residential Research – Retirement Housing 2016 sets out the key facts:-

- By 2039, one in 12 people will be aged 80 or over
- Just 3% of new build units in the pipeline or currently under construction are designated 'elderly' or 'sheltered' housing
- Downsizing to a home with one less bedroom will release around £52,000 in equity on average across England and Wales, with large regional variances.

It is estimated that over-50's hold 66% of all housing wealth, equalling about £2.5 trillion. While higher standards of living mean many are fortunate to enjoy increased longevity in good health, there will be a growing number of people who will need housing which allows for their increased needs as they age. A significant number of homeowners will not wish to move house in older age and instead will make changes to their current home to

accommodate changes in their lifestyle and health as time goes by.

However, there are also a proportion of older people who do envisage moving house and downsizing to a home that better suits their requirements, whether this is to a smaller more manageable home or nearer the town centre and amenities.

Retirement housing is a generic term for housing which has been designed with older people in mind, from lifetime home standards in new builds, over 55 developments, retirement villages and communities which may offer some level of care to specific care homes for those with a higher dependency.

The figures 46 - 48 shown on pages 61 – 63, illustrate the main priority locations for the provision of retirement housing and this will be addressed in the Housing Strategy to ensure supply is where the demand is greatest.

Private rented

The most successful homelessness prevention tool to access alternative accommodation is by accessing private rented accommodation through the deposit scheme followed by accessing social housing through the Housing Register.

Supply of Affordable Housing

Summer Budget 2015 – affect on supply of new affordable homes

The National Housing Federation is estimating a more significant reduction in development: Our own estimates suggest that the reduction will result in a loss of almost £3.85bn in rental income over the four years. Simply dividing this by the average build cost in the 2011-15 programme of £141,000, suggests that at least 27,000 new affordable homes won't be built as a result of the change. This of course assumes the lost income wouldn't be matched by any government grant or used to leverage in private finance, so the actual total could be higher.

Extension of Right to Buy

The extension of the right to buy to tenants in housing association homes will have an impact on the existing number of affordable homes becoming available for relet. Under the Right to Buy Pilot 1.6% of households made an application to buy their social home.³⁴ The National Housing Federation confirmed that 790 applications had been received by the five landlords operating the pilot. The eligibility criteria requires tenants to have lived in social housing for 10 years and many homes, including those built through Section 106 Agreements were excluded from the pilot. In the main scheme, many of these tenants will be granted a portable discount. The government has not yet confirmed the precise eligibility criteria that will apply to the full scheme.

Under the Housing & Planning Act 2016, local authorities who have retained ownership of their stock are expected to sell higher value homes as they become vacant to use the

³⁴ Inside Housing '790 Applications under Right to Buy Pilot' 30 August 2016

receipts from these sales to fund the extension of the Right to Buy to housing association tenants and to fund replacement homes.

The Government has said that the properties sold under the voluntary scheme will be replaced on a one-for one basis but there are no requirements for replacement properties to be built in the same area.

Affordable Housing

The NPPF provides the definition of affordable housing:

"Affordable housing: 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 local 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 is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), 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 authority or with the Homes and Communities Agency.

Affordable rented housing is 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).

Intermediate housing is homes for sale and 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.

Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

The Housing & Planning Act 2016 will introduce a new form of affordable housing; '**Starter Homes**' which is a new dwelling available to qualifying first time buyers at a discount of no less than 20% of the market value. The Act creates a new duty on all local authority planning departments to promote the supply of Starter Homes in their area. The Act also allows the government to set regulations requiring Starter Homes to be included on residential sites as a condition of securing planning permission. However developments in rural exception sites will be exempt. These regulations will be issued at a later date and government are currently consulting of the detail of the policy.

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/affordable rent relets and the annual supply of relets/sales within the intermediate

sector.

On the basis of past trend data it has been estimated that 281 units of social/affordable rented housing are likely to become available each year moving forward.

Figure 70: Analysis of past social/affordable rented housing supply (per annum - past 5 years)

Total lettings	547
% as non-new build	79.0%
Lettings in existing stock	433
% non-transfers	65.0%

Source: CORE data

The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Test Valley is not significant compared to the social/affordable 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 13 additional properties might become available per annum.

The total supply of affordable housing is therefore estimated to be 294 per annum. The table below shows the locations where supply is expected to arise. The sub-area estimates have been calculated on the basis of the current stock of affordable housing within each location.

Figure 71: Supply of affordable housing by sub-area

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Andover	154	6	160
North – rural	35	2	37
Central – rural	26	2	28
Romsey	39	2	41
South - rural	27	1	28
Borough	281	13	294

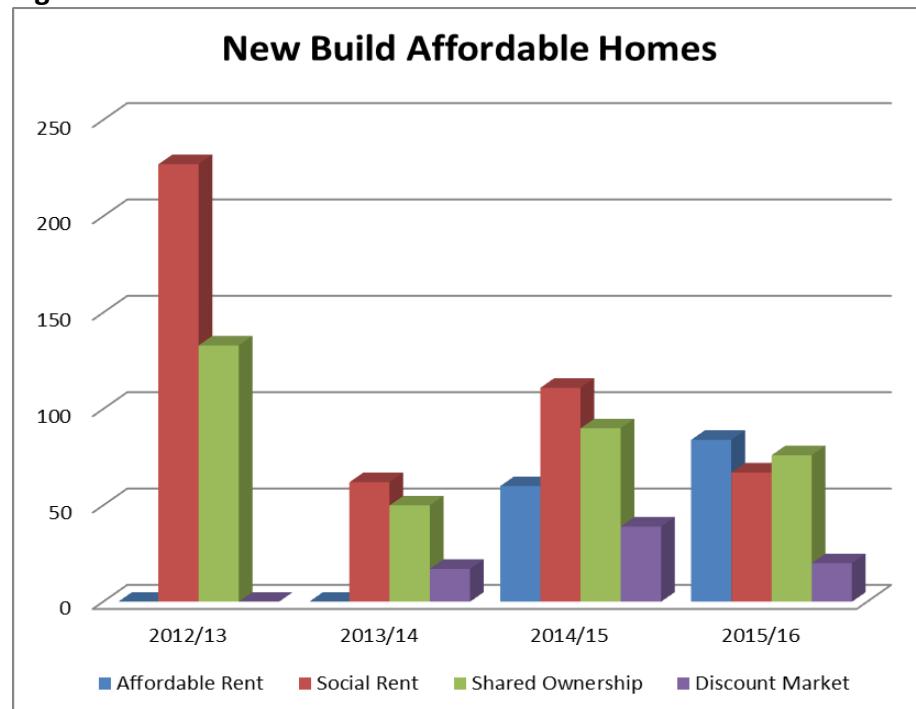
Source: Derived from CORE and Census (2011) analysis

The greatest proportion of social housing stock relets is in Andover, accounting for over 50% of all relets.

Affordable Housing Completions via S106 Sites

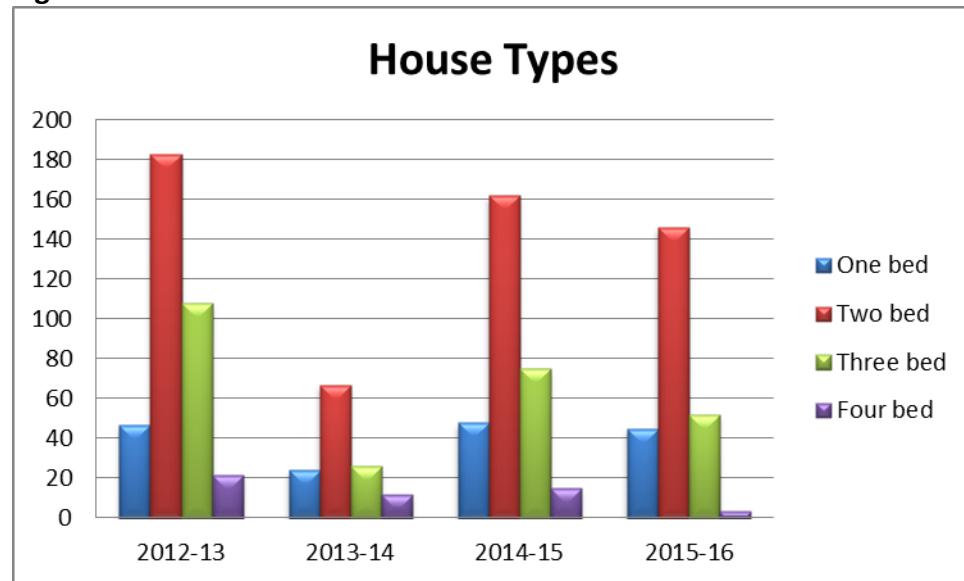
Test Valley Borough Council agreed to deliver 200 affordable homes per year. Figures 72 and 73 set out the affordable housing completions by tenure and property type.

Figure 72



The financial year 2015-16 saw the development of 247 affordable homes, 202 of these completions were in urban Test Valley and 45 in rural villages.

Figure 73



Low Cost Home Ownership

Starter Homes

The Housing & Planning Act 2016 introduced the provision of 'Starter Homes' as part of the Government's commitment to build one million homes. They are specifically aimed at the under 40s because housing costs are increasingly unaffordable for younger people. Starter Homes are to be sold at no more than £450,000 (London) or £250,000 (elsewhere) net of any discount. A £2.3bn fund will support delivery of up to 60,000 Starter Homes by 2020/21 to complement 140,000 delivered through planning reforms.

Starter Homes are exempt from Community Infrastructure Levy and S106 Affordable housing contributions. The DCLG is coming to end of consultations on effective legislation as there will need to be changes to National Planning Policy Framework on:-

- Legal definition of starter homes
- Define who can purchase
- Set price caps and allow these to be varied by regulation. Power to require payment/discount on re-sale (subject to taper)
- Place duty of local authorities to promote starter homes in their area – including that starter homes are built on all 'reasonably sized sites' (details to be provided in secondary legislation). The working assumption is on site size is 10 homes or more, forming 20% of all reasonable developments
- Require local authorities to report progress through annual monitoring
- Power not to require starter homes on rural exception sites
- Enable government to issue 'compliance direction' where local authorities do not meet their statutory duty.

DCLG have confirmed regulations will be in place by February 2017. Discounts of 20% will be the baseline and it will be authorities to decide on any discount above that figure via S106 Agreements. There will be exemption on 'viability of scheme' but the criteria will be tough.

Shared Ownership

The HCA Shared Ownership and Affordable Homes Programme 2016 – 2012 are seeking bids for £4.7bn of housing grant largely to fund 135,000 shared ownership homes across the country as part of the Affordable Housing Programme 2016 – 2019.

135,000 – Shared ownership homes to be built under the new grant programme

£4.7bn government grant to be allocated to build the new homes

87% of funding allocated for shared ownership

£30,347 average income of a shared ownership buyer

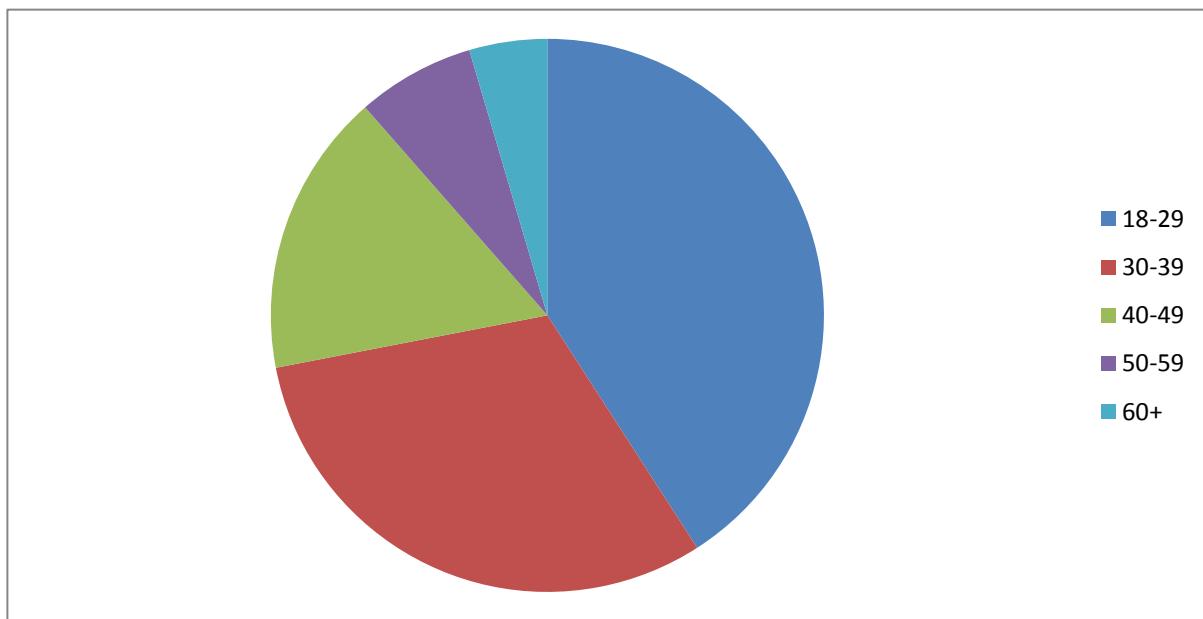
As can be seen Figure 69, the £20,001- £35,000 income group is the largest group using the service. They make up 44% of all applicants, the next largest group being the up to £35,001 - £50,000 income group which is 27% of all applicants.

Figure 74: Details of Help To Buy South Applicants by Income Bracket.



Fig 69: Source Help to Buy South April 2016 Report

Figure 75: Age distribution of Help to Buy South users



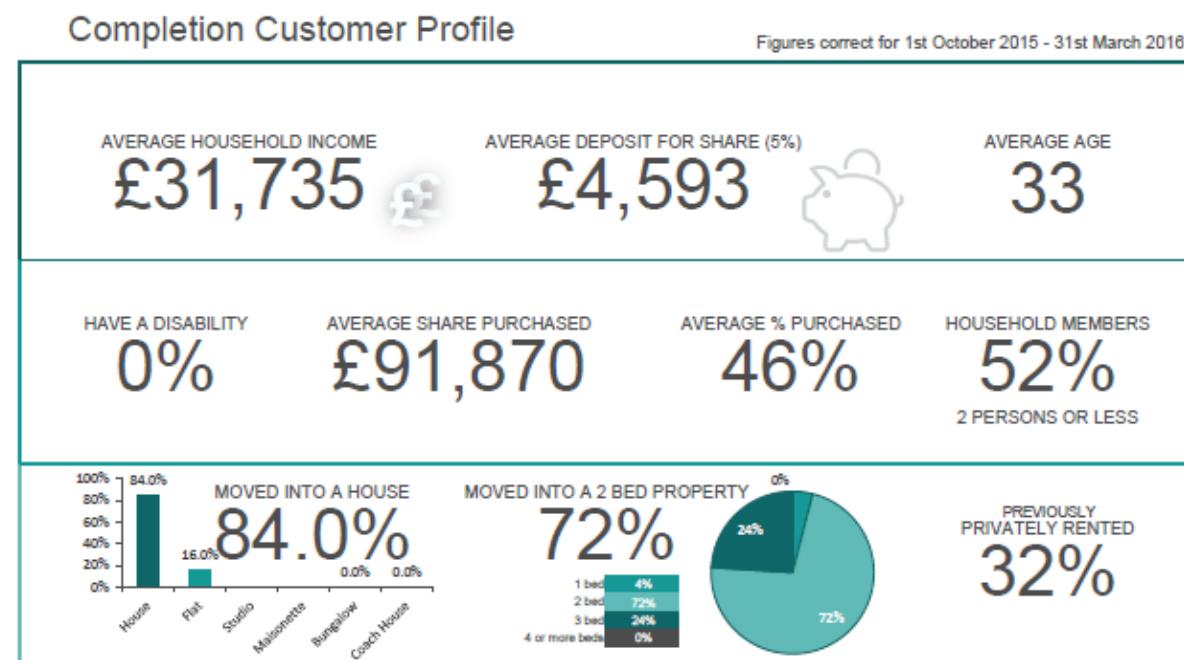
Source: Help to Buy South April 2016 Report

An overwhelming majority of users are from the two youngest age groups of 18-39. They are 72% of the total users. This falls in line with national trends where younger people are struggling to gain a foothold on the property market.

For the period 1st October 2015 to 31st March 2016, there were 25 low cost home ownership completions within Test Valley. Seventeen of the new home owners resided in Test Valley, 1 from Southampton, 1 from West Berkshire and 3 from Wiltshire.

The customer profile for completed shared ownership homes from 1st October 2015 to 31st March 2016 is set out below in Figure 76.

Figure 76



Source: Help to Buy South April 2016 Report

KEY FINDINGS

1. Land pricing and performance at the current time in Hampshire/Test Valley compares favourably to the South East, with no evidence of a particular local supply-demand imbalance
2. The evidence suggests that Hampshire/Test Valley could become an area of particular land price pressure as market sentiment improves and housebuilders increasingly return to the market.
3. The Council's Adopted Local Plan 2011- 2029 proposes that the Borough's annual requirement should be 588 dwellings per annum. The proposed figure would deliver 206 affordable units a year, which would achieve the Council's corporate target of 200 affordable dwelling per annum.
4. Under occupation is a significant issue in Test Valley with 77% of households having an excess of space for the number of residents, more than half of which fall within the highest category of under-occupation.
5. Given the demographic and socio-economic profile of Test Valley, the issue of under-occupation is likely to continue to rise in future, reducing liquidity in the market for larger properties in the area.
6. There is a need to increase the supply of smaller units in areas of high under-occupation, but with the product focused on the types (houses rather than flats) and quality of units which are attractive to older households
7. It is estimated that 294 units of social/affordable rented housing are likely to become available each year moving forward.
8. Help to buy applicants are from the two youngest age groups of 18-39, accounting for 72% of the total users. Young people are struggling to gain a foothold on the property market in Test Valley.
9. Extension of the Right to Buy scheme could see properties in Test Valley putting home ownership within the reach of affordable tenants but the replacement homes may not be provided in Test Valley.
10. The use of S106 Planning Agreements in the Revised Local Plan to deliver affordable rented homes will be curtailed by the introduction of starter homes.
11. Due to the on going changes to planning legislation to boost housing supply and contribute to sustainable communities. At best, there could be a period of a few years of continued low levels of housebuilding while councils and housebuilders adjust to a new system.

12. Test Valley Borough Council, housing associations and local communities (through Neighbourhood Planning) to set out the vision for future growth of their area and identify locations where new homes and businesses could be built.

Section Seven - Translating the Evidence into Key Priorities

The main themes from the review of evidence are:-

- The introduction of affordable rent to generate additional income to invest in affordable housing has been cancelled out by the introduction of the 1% rent reduction for 4 years. The HCA Shared Ownership and Affordable Housing Programme 2018 – 2021 provides funding for shared ownership, rent to buy and specialist homes for older people and people with disabilities only.
- The Housing & Planning Act 2016 presents various challenges in relation to planning reform and its impact upon affordable housing with the introduction of Pay to Stay, Starter Homes, extending the Right to Buy and increased regulation on the private rented sector. Further guidance is awaited in relation to aspects of the Act before a clear strategy and action plan can be adopted.
- The demand for housing continues to far outstrip supply, despite a significant pick up in the construction activity. The imbalance between supply and demand will continue to underpin prices. Investment in housing building is rising, especially in light of recent government initiatives but the delivery of new homes is still below the annual totals needed to address the shortfall in homes.
- Affordability of accommodation in Test Valley is a concern. The impact of the welfare cuts and reforms together with Local Housing Allowance being frozen for four years will increase the difficulty for those residents in receipt of benefits to obtain private rented accommodation, especially those under 35s. This will increase pressure on the budget for Discretionary Housing Benefits.
- The deposit ‘hurdle’ for first time buyers still remains significant and affordability remains a key issue. However, household incomes are set to grow but this is set against uncertainty of a growth in interest rates following the decision for England to leave the European Union in June 2016.
- Planning gain (Section 106 sites) play an important role in the provision of affordable housing. With the introduction of Community Infrastructure Levy, as the negotiated element, Section 106 is vulnerable to the site viability waivers, especially the affordable housing element. Starter homes, although a proposed form of affordable housing is a product where the subsidy is neither retained nor recycled.
- Neighbourhood plans set out the vision for future growth of the area and identify locations where new homes and businesses could be built. Some government funding is available to help local communities carry out neighbourhood planning. These are a useful tool for rural villages and can present community benefits such as allotments, village shops etc.
- The private rented sector is under developed in Test Valley and there is a need to try and influence the supply of new homes to respond to the demographic changes and projected household growth and provide the right accommodation in the right places.
- 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, alongside developing accessible and flexible homes.

- There is need to improve the energy efficiency of a proportion of homes in Test Valley and aids and adaptions are required to enable residents to remain in their own home or have a choice of supported or assisted living.
- The risk that the UK interest rates rise more rapidly than expected or the global economy suffers a notable slowdown in activity remain the biggest threats to the UK housing market³⁵

The Housing strategy and its Action Plan – available at www.testvalley.gov.uk - set out the key priorities the Council intends to take forward over the next 5 years. The Action Plan is formed around six key areas of focus – developed from the review of local data.

These are:

- Responding to new legislation and guidance
- Responding to housing need
- Maximising affordable housing development
- Neighbourhood planning and community benefit
- Other housing supply and private sector housing issues
- Economy

³⁵ Knight Frank UK Residential Market Forecast Headlines March 2016

Section Eight - Data Sources

List of Data Sources and Reference Documentation

The following data sources have been used in developing this evidence base:

- 2014 based Household Projections to 2039 for England, CLG
- Small Area Population Forecast 2016, Hampshire County Council
- UK Housing Review 2016 – Steve Wilcox, John Perry, Mark Stephens and Peter Williams.
- Test Valley Borough Council Revised Local Plan 2011-2029
- Investing in Test Valley - Corporate Plan 2015-2019
- National Planning Policy Framework, March 2012
- Planning Policy Guidance ‘Assessment of Housing and Economic Development Needs; March 2014
- Comprehensive Spending Review 2010
- Comprehensive Spending Review 2015
- Housing & Planning Act 2016 , CLG
- Town & Country Planning (General Permitted Development) (Amendment) Order 2016
- The Welfare Reform and Work Act 2016
- The Strategic Housing Market Assessment, 2013 by JG Consulting
- ONS Census 2011: Headline Population
- Community Infrastructure Levy Charging Schedule January 2016, Test Valley Borough Council
- Test Valley Profile January 2016
- Table 100 Dwelling Stock, Number of Dwellings by Tenure and District: England 2015 – CLG
- Table 704 Rents, Private Registered Providers rents, by District, England 2015 – CLG
- Table 701 Rents, Local Authority Rents, by District, England 2014 – 2015 – CLG
- Table CTSOP1 Number of Properties by Council Tax band and region, county and local authority district 2016 - CLG
- Calculation Methodology for Financial Contributions by Dixon Searle April 2016
- Local Housing Allowance Rates – LHA Direct
- Test Valley Homelessness Review 2014
- Private Market Rent Statistics by English Authority Areas June 2014 - VOA
- Test Valley Economic Assessment - Peter Brett March 2016
- Lower Layer Super Output Area 002C; Deprived Area in England – LSOA
- Index of Multiple Deprivations, DCLG
- A House divided: How Unaffordable Housing Drives UK Inequality, August 2016 – The Guardian
- Test Valley Preventing Homelessness Strategy 2016 to 2019
- Help to Buy south Completions and Applications April 2016
- 2012 Based Household Projections – England: Household Types (Stage 2) and

National Variants – National Statistics 3 December 2015

- 2012 based Household Projections: England, 2012 – 2037 – Housing Statistics 27 February 2015
- Sub-National Population Projections for England: 2014 based projections.
- 2015 based Small Area Population Forecasts – Hampshire County Council
- Communities and Local Government CORE 2014 – 15
- Empty Homes in England Autumn 2015 – Empty Homes National Campaigning Charity
- Objectively Assessed Housing Need Update Final Report April 2016 for Partnership of Urban South Hampshire prepared by GL Hearn
- Spending Smarter: A Shared Commitment – the Local Government Associations@2015 Spending Review Submission – www.local.gov.uk
- Budget 2016 – Key announcements March 2016, Jon Land (HQN)
- Welfare Benefits: the reform timeline, HQN
- Right to buy preparedness: survey results, June 2016; Helen Muir & Richard Waft (HQN)
- Housing Fitness in the private rented sector Briefing Paper, 24 May 2016; House of Commons Library
- Gaining Ground, Housebuilding Report 2015; Knight Frank
- Starter Homes Risk Distorting Housing Market, Sophie Barnes, 1 June 2016; Inside Housing
- Housing Law Update 8: the Housing and Planning Act 2016, June 2016, Tim Horsley; HQN
- Starter Homes Initiative – the pebble in the pond effect, June 2016, Keith Harley; HQN
- English Housing Survey, Headline Report 2014/15, 18 February 2016, DCLG
- Shelter, Safe and Decent Homes: Solutions for a better private rented sector, 9 December 2014
- The Private Rented Sector, 8 July 2013, CLG Committee
- Government Response to the CLG Select Committee Report Oct 2013, DCLG
- Lack of Suitable Housing for Last Time Buyers, The Home Owners Alliance Report
- Case Report 109: No Place Like An Accessible Home – Quality of Life and Opportunity for Disabled People with Accessible Housing Needs, July 2016, The London School of Economics & Political Science
- EMTAS Spring Survey and Spring Traveller Questionnaire 2014 , Hampshire County Council
- Residential Research, Residential Development Land Index Q4 2015, Knight Frank
- Residential Research, Residential Development Land Index June 2013, Knight Frank
- Strategic Housing Land Availability Assessment 2014, Test Valley Borough Council
- The Disabled Facilities Grant, Before and After the introduction of the Better Care Fund, June 2016, S Mackintosh & P Leather
- Empty Homes in England, Autumn 2016, Empty Homes National Campaigning Charity
- Table 615, All Vacant Dwellings by Local Authority District, England from 2004, DCLG