



Affordable Housing Background Paper

September 2022

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1.0 Introduction

- 1.1 The planning system plays a critical part in addressing the specialist housing needs of the community, particularly those in affordable need. National planning policy requires local planning authorities to take account of the housing needed for different groups in the community, including the size, type and tenure of that housing. The framework states that such need should be assessed and reflected in planning policies, and includes but is not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes (para 61 of the Framework).
- 1.2 A series of background papers have been produced to accompany the Fareham Local Plan 2037. The background papers provide an understanding of the latest evidence, wider context and justifications for the proposed policy approach. The assessment of need for [specialist housing needs](#), [gypsies and travellers](#) and [self and custom build](#) can be found in separate background papers in the Local Plan evidence base.
- 1.3 This Background Paper provides analysis of the need and supply of affordable housing in the borough and provides justification for the affordable housing requirement set out in the Fareham Borough Council Local Plan 2037. It was prepared in response to the Local Plan Hearings to provide further clarification in relation to the Council's affordable housing requirement. This Background Paper provides the latest position in relation to the Council's affordable housing need and supply and supersedes the affordable housing need position identified in the Council's Affordable Housing Strategy (HOP001) and in the answer to question 9 in the Council's response to the Inspector's Initial Questions (FBC001).

2.0 National Policy Requirements

2.1 What is affordable housing?

Paragraph 18 of the PPG (Reference ID:2a-018-20190220) states that 'all households whose needs are not met by the market can be considered in affordable housing need'. The term 'affordable housing' for planning purposes is defined in Annex 2 of the 2021 Framework and includes:

- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) **Starter Homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision or refunded to Government or the relevant authority specified in the funding agreement.

2.2 Paragraph 62 of the NPPF clarifies that, where a need for affordable housing is identified, policies should specify the type of affordable housing required. The Submitted Plan includes Policy HP5: Provision of Affordable Housing which sets out the requirements for affordable housing in applications that come forward for over 10 homes in the borough and the proportion of tenure required.

2.3 Assessing affordable housing need

In terms of assessing affordable housing need for plan-making purposes, published in July 2019, the updated National Planning Policy Guidance includes a chapter focused on Housing Needs of Different Groups. This guidance provides information on how the



affordable housing need and supply should be assessed by Local Planning Authorities, paragraph 006 of the PPG (Reference ID: 67-006-20190722) sets out that “strategic policy making authorities will need to estimate the current number of households and projected number of households who lack their own housing or cannot afford to meet their housing needs in the market”. There is therefore a recognition of the inexact nature of some of the figures and the need to estimate, rather than be precise.

- 2.4 The PPG sets out that all households whose needs are not met by the market and which are eligible for one or more types of the affordable housing set out in the NPPF are considered to be in affordable need. The PPG provides guidance on how affordable need should be calculated, taking into account current and project needs, and future supply of affordable homes.
- 2.5 Paragraph 006 of the PPG sets out the requirements that should be considered when calculating the current unmet need for affordable housing including:
- i. The number of homeless households;
 - ii. The number of those in priority need who are currently housed in temporary accommodation;
 - iii. The number of households in over-crowded housing;
 - iv. The number of concealed households;
 - v. The number of existing affordable housing tenants in need (i.e householders currently housed in unsuitable dwellings);
 - vi. The number of households from other tenures in need and those that cannot afford their own homes, either to rent, or own, where that is their aspiration.

This background paper will go through these in turn.



3.0 Affordable Housing Need

Sources of data

- 3.1 The National Planning Practice Guidance (PPG) provides guidance on how to establish the current and future affordable need using suggested data sources. Paragraph 006 of the PPG (Reference ID: 67-006-20190722) references data sources such as the Council's own Housing register, the English Housing Survey and the 2011 Census. The same paragraph also highlights that care should be taken by authorities to avoid double counting from data sources.
- 3.2 The Register and 2011 Census are the most accurate as they provide data at the local level, albeit the 2011 Census is shortly to be updated when the 2021 Census returns are published. The English Housing Survey (EHS) provides data at a national level and requires estimations to be made to apply the EHS data to a local level and therefore would not be as accurate.
- 3.3 The Council obtain information in relation to the need for intermediate housing products in the borough from the Help to Buy (HtB) South database. With the close relationship between neighbouring authorities and urban areas in the locality, it is not uncommon for households with an interest registered in Fareham to also, in the majority of cases, have registered an interest in neighbouring cities, boroughs and districts. There is subsequently a risk of double counting across authority boundaries.
- 3.4 Much of the data in this section used to calculate the need is taken from the Council's Housing Register which provides relevant information and represents a realistic set of data in relation to the borough's affordable housing need. The reasons for use of the Council's own data is twofold; firstly, it should be noted that secondary data sources are typically incomplete and contain gaps and user errors which affect their reliability, secondly, some data sources such as the Census 2011 are out of date and therefore the Council's Housing Register provides a more up-to-date and reliable picture given the recent review by the Council's Housing Team.
- 3.5 Table 1 below¹ highlights that the Council's Housing Register has remained consistent over a period of eight years although has been reduced recently due to a comprehensive review.

Table 1 Number of households on Fareham Housing Register

	2013/14	2014/15	2015/16	2016/17	2017/18	2019/20	2020/21	2021/22	2022
No. of Households on the Housing Register	1,225	1,251	1,134	1,040	1,003	1,045	1,082	1,125	552

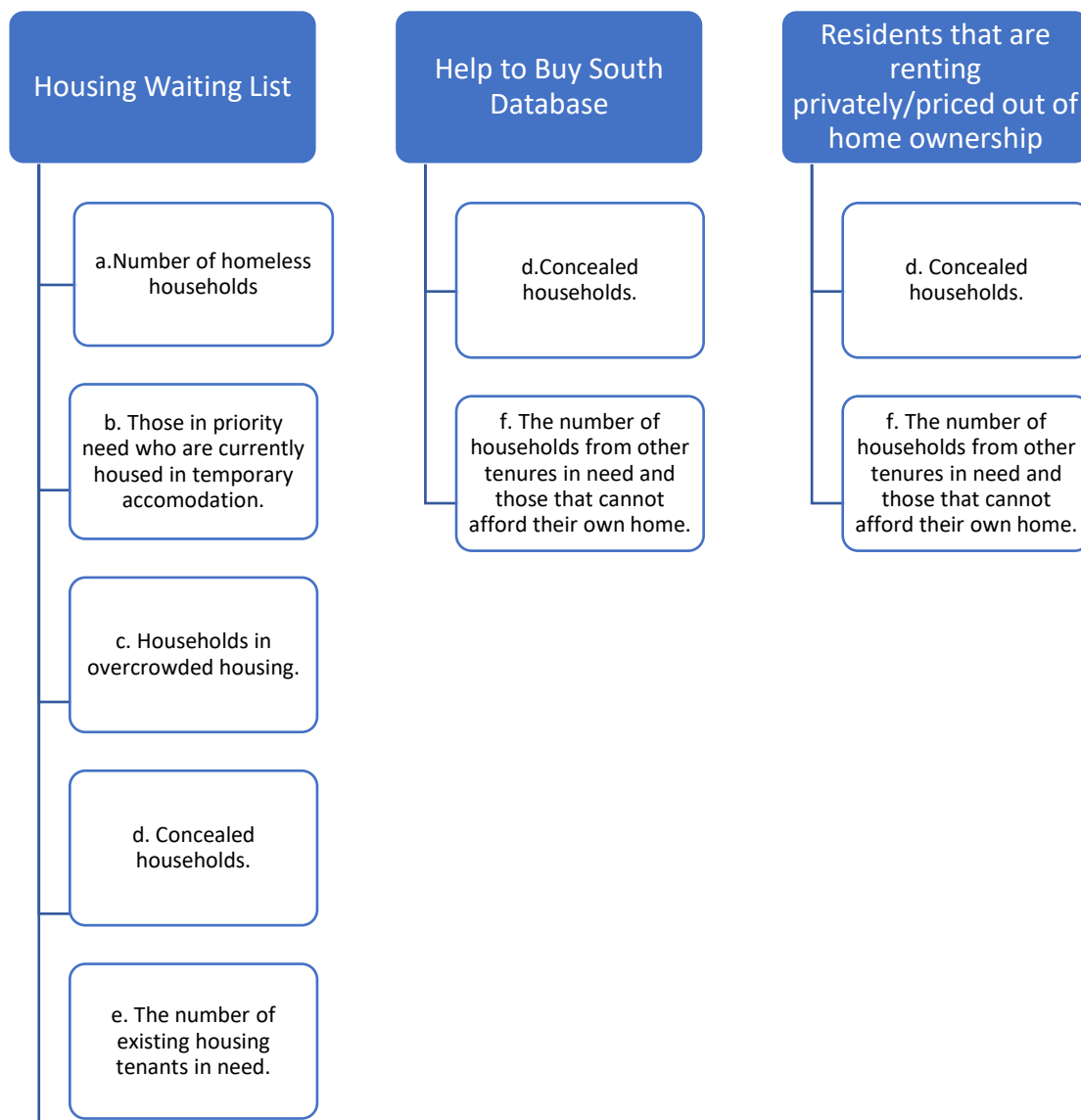
Source: MHCLG Local Authority Housing Statistics Data Set and Council's Housing Register for 2022

¹ MHCLG Local Authority Housing Statistics Data Set on Housing Stock - [Local authority housing data - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



3.6 The Council notes that advice set out in Paragraph 006 of the PPG (Reference ID: 67-006-20190722) in relation to Housing Needs of Different Groups falls across one or more of the need categories identified on page 11 of the Affordable Housing Strategy. Therefore, as identified in FBC001 contained a significant amount of double counting. The potential for overlap is demonstrated in figure 1.

Figure 1. Affordable Housing Strategy Need



Need at the time of the 2019 Strategy

3.7 The Council’s Housing Register was used as the primary source of data to determine the affordable housing need in the Submission Local Plan and the Affordable Housing Strategy published in November 2019. The need identified at that time was;

- 1,000 homes identified on the Councils Housing Register for social and affordable rent homes in the borough.
- 1,000 homes identified on the Help to Buy South Database for intermediate homes in the borough.
- 1,000 homes identified for residents in the borough that are either renting privately or are priced out of home ownership.
- An allowance of 500 homes for growth for newly formed households.

Inspectors Initial Questions, MIQ's and Matter 3 Hearing

- 3.8 However, following submission of the Local Plan in September 2021 and the Initial questions provided by the Inspector in December 2021, the Council's Housing Team undertook a full review of the Housing Register. At the time of responding to the Inspector's initial questions the Housing Team had partially reviewed the data and the Council's response (FBC001) highlighted that the Affordable Housing Strategy had included a higher need figure than was the case. At that time, the Council also stated that they would provide more clarity on where double counting is likely to occur during the MIQ's/Hearings. This updated position included an up-to-date need figure for the Help to Buy South database, which had reduced to 796 households, but includes households recorded as interested in affordable home ownership opportunities in neighbouring boroughs and districts as well.
- 3.9 In February 2022, the Council were in the final stages of completing the review of the current Housing register. The eligibility on the Housing Register has not changed, the review has instead sought to ensure all information is up to date and still valid as part of data migration to a new housing management system. At this time the Council confirmed in the Matter 3 Statement and at the Matter 3 Hearing that the Housing Register contained around 650 households, rather than the previous 1,000 figure published in the Affordable Housing Strategy. The Council also confirmed that the total affordable housing need figure had reduced to 2,948 as of 2nd February 2022.

2021/22 Review of need

- 3.10 As referenced above, the Council's Housing Register was used as the primary source of data to determine the affordable housing need in the Submission Local Plan and the Affordable Housing Strategy published in November 2019. This is the first opportunity that the Council have had to update the Register since then, and the update took place over autumn/winter 2021/2022.
- 3.11 The Council updated the Register by contacting all of the applicants to determine whether they are still in need of an affordable/social rented housing. The registrants on the Housing Register were invited to complete an online form in June 2021 to ensure their previous application to be added to the Register reflected their current circumstances. The online form included a unique reference number that was personal to the applicant. The registrants were given a deadline of two weeks to respond. The Council's Housing Team provided assistance to applicants where they were unable to complete forms online.
- 3.12 The second stage of the review was a further check with other Council databases to ensure the applicant details were up-to-date. For those registrants that did not respond to the first invitation, several reminders were sent to applicants by post, email and phone where up-to-date contact information was available. This was carried out five months



after the first invitation. The Council used all contact details available including any new telephone number or addresses of people who had been in recent contact with the Council and those people who were identified as old or vulnerable were contacted individually by members of the Council's Housing Team to ensure that every effort was made to receive a response from registrants. Those households that did not respond to any of the requests or the Council was unable to make contact with after 10 months were removed from the Housing Register. Some registrants who were contacted stated that they either were no longer in need or did not wish to move from their current property so were removed from the Register. The review ensured that all information on the Register is up-to-date and still valid. The current number of households on the Register as of April 2022 is 552. This figure is lower than reported during the Examination Hearings but is more robust and accurate as it represents the current established need.

3.13 However, as stated above, the Register is not the only source of data to establish the current need for affordable housing in the borough. Paragraph 006 of the PPG (Reference ID: 67-006-20190722) sets out the relevant requirements for establishing the current need, each requirement has been individually assessed below.

i) [The number of homeless households](#)

3.14 The PPG methodology indicates that 'Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding'. Consistent with this, data on homeless households and households in temporary accommodation has been sourced from data returns made by the LA for the housing register. Homelessness statistics are collected from LPA's by MHCLG (as was), and data is available for 1 April 2020 to 31st March 2021². In Fareham, the number of households accepted as being 'homeless and owed a main duty' were 357 between April 20 and Mar 21 recorded by the MHCLG. In addition, the Council's Housing Register also collects data on the number of homeless households in the borough. The Council's Housing Team undertook a review of the Housing Register in 2021/22 and reported that 148 households on the Register were owed a homeless duty following initial assessment of the applicants. The MHCLG data includes those applicants that are on the Council's Housing Register, therefore, it is considered that the 357 figure is the most appropriate to use in the estimation of the number of homeless households and to ensure that there is no double counting of households. These households form part of the 552 on the housing register.

ii) [The number of households in temporary accommodation](#)

3.15 Nationally the number of households placed in temporary accommodation has continued to rise. The most up-to-date data in relation to the number of households placed in temporary accommodation is on the Council's Housing Register. 93 households were recorded as being placed in temporary accommodation in September 2021. These households form part of the 552 on the housing register.

iii) [The number of households in over-crowded accommodation](#)

3.16 The most recent data in relation to overcrowding emanates from the Council's Housing Register. There are 35 social housing tenants and private tenants that meet the

² [Live tables on homelessness - GOV.UK \(www.gov.uk\)](https://www.gov.uk/live-tables-on-homelessness)

definition of overcrowding on the Register. Therefore, given the data is up-to date and accurate, this is the figure used in the calculations. These households form part of the 552 on the housing register.

iv) The number of concealed households

3.17 The most reliable source of information for the number of concealed households is the Housing Register, which is consistent with the PPG. The 2011 Census does not provide data on 'concealed households'. However, it does reveal data on 'concealed families'. These families are defined as families living in a household with more than one family, where there is no Household Reference Person (HRP). A HRP is a member of the household who is responsible for the accommodation, i.e., legally responsible for the rent or owns the property. The Census data refers to Family Reference Persons (FRP) in relation to concealed households. A FRP identifies the person who is the reference person for a family in terms of the collection of statistics. It should be noted that there may be some overlap between concealed and overcrowded households, whereby overcrowding would be remedied if the concealed household moved.

3.18 The 2011 Census showed concealed families totalled 393 families or 1.15% of all families in the borough compared with 1.9% nationally. It should be noted that the infrequency of available data makes it impossible to identify what has changed since the last 2011 Census. Furthermore, the 2021 Census data is not anticipated to be available until spring 2023.

3.19 Concealed families include a proportion of households who cannot afford to access lower quartile private rented accommodation and so are in affordable housing need. This is not clear cut in the LPA statistics as there is some overlap in the type of households as highlighted in paragraph 3.14. Two options can be considered for the incorporation of concealed households for the borough these are:

- Assume concealed households are already encompassed within the housing register via the reasonable preference categories. However, this is not suitable as the Council does not record data on reasonable preference categories on the Housing Register.
- Use the concealed family data identified within the 2011 census, excluding families where the FRP is aged over 65 years (people aged over 65 years living with other adults will most likely be doing so for mutual care and support). Under this approach the number of concealed households aged 65 or over equates to 78 households. Therefore $393 - 78 = 315$ relevant concealed households.

v) The number of existing housing tenants in need

3.20 The most reliable sources of information for existing affordable housing tenants in need and those households from other tenures who are unable to afford their own home are the Housing Register and the Help to Buy Register, which are referenced in the PPG. As highlighted in paragraphs 3.3 and 3.4, the Council's Housing Team have recently undertaken a review of the Register. There are now a total of 552 households on the register. The PPG states that LPAs should be careful to avoid double counting. Therefore, given some of the households on the Register already meet the other PPG requirements listed in this chapter these households should be subtracted from the total number of households estimated in relation to the existing housing tenants in need. Given that there are 148 homeless households on the Register, 93 in temporary accommodation and 35 in over-crowded accommodation this leaves 276 households



- on the Register that meet the requirement of existing housing tenants in need ($552 - 148 - 93 - 35 = 276$).
- 3.21 As highlighted above the Council are currently in the process of collating their own data in relation to intermediate products to provide a more accurate assessment of need. However, this will take some time to build, and is intended to compliment the information held by Help to Buy South.
- 3.22 The current number of existing tenants in need Help to Buy (HtB) database is 796. However, there is also an element of double counting for the HtB database as some households are currently privately renting (177) or cannot afford their own home and are living with parents (105). This leaves 514 households on the HtB database that meet the requirement of existing housing tenants in need ($796 - 177 - 105 = 514$).
- 3.23 So the total for this category is 276 plus 514 households (790 households)
- vi) [The number of households from other tenures in need and those that cannot afford their own homes, either to rent, or own, where that is their aspiration](#)
- 3.24 The Council collects data on intermediate housing need primarily through the Help to Buy South database. A drawback of this data is that numbers of households with an interest in Fareham borough will also be looking at and considering affordable home ownership opportunities in neighbouring districts and boroughs. Therefore, a significant proportion of the 796 figure will also be factored into housing need assessments at neighbouring authorities, leading to significant double (or triple) counting when considered beyond the borough boundaries. To help develop further local understanding (more Fareham borough specific) the Council's Housing team have set up an Affordable Home Ownership database that is intended to compliment the information on Help to Buy South. It will also allow information to be collected around potential interest in First Homes (something not covered by Help to Buy South). This database is in its infancy but could be factored into an update of the Local Plan if relevant.
- 3.25 It should be noted that there is an element of caution with the HtB database in terms of the types of applicants that are registered and there are applicants that meet more than one criterion from the PPG requirements as set out above. There are 177 households that are privately renting and an additional 105 households that cannot afford their own homes and are living with parents and friends and therefore 282 households that meet this PPG requirement.
- 3.26 In addition to the HtB database the Census provides data on households that are privately renting. In 2011, there were 4,645 households that were privately renting compared to the 2001 Census which recorded 1,643 households. This is a difference of 3,002 households. It is considered appropriate to include both the Census data and the HtB data given that the HtB data provides an up-to-date picture of households in need that are privately renting.
- 3.27 So the total for this category is 282 plus 3,002, equalling 3,284.
- 3.28 In summary, to provide the estimated current affordable need over the plan period Table 2 provides an overview of the sources of data used and the number of households in the borough that meet the PPG requirements.



Table 2 – Current affordable housing need calculated using the PPG requirements

PPG Requirement	Source of Data	Date of data	Number of households
<i>i) The number of homeless households</i>	Council's Housing Register/M HCLG Live Table	March 2022/April 2020-March 2021	357
<i>i)The number of those in priority need who are currently housed in temporary accommodation</i>	Council's Housing Register	March 2022	93
<i>iii)The number of households in over-crowded housing</i>	Council's Housing Register	March 2022	35
<i>iv)The number of concealed households</i>	Census 2011	2011	315
<i>v)The number of existing of affordable housing tenants in need (i.e., householders currently housed in unsuitable dwellings).</i>	Council's Housing Register, Help to Buy Database	March 2022	790 (276 Housing Register + 514 Help to Buy South Database)
<i>vi)The number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.</i>	Help to Buy Database, Census 2011	March 2022, 2011	3,284 (282 from the Help to Buy South Database + 3,002 Census data)
Total current need			4,874

3.29 The above estimates include some key potential overestimates and assumptions in the absence of other more reliable data. This includes (a) double counting across district/borough boundaries from Help to Buy South data; these figures therefore being an overestimate; and (b) an assumption that all those privately renting (i.e. the census increase of 3,002) want or are seeking affordable home ownership opportunities. This may not be the case with many households choosing to privately rent.

Future affordable housing need

3.30 Paragraph 21 of the PPG (Reference ID: 2a-021-20190220) provides a calculation for demonstrating the future need or the need to be determined through newly arising households, as shown below:

3.31 *Total newly arising affordable housing need (gross per year) = (the number of newly forming households x the proportion unable to afford market housing) + existing households falling into need'*



- 3.32 The calculation requires the identification of the newly forming household rates and the proportion of households unable to afford the lower quartile (entry level) market housing. There is no published information on this. However, the PPG suggests other data sources to obtain this information and the Council has endeavoured to use the most appropriate data sets.
- 3.33 Firstly, the number of newly arising households has been estimated using the 2014-based household projections to derive the new household formation rate. These projections are used in the government's standard methodology in the Council's calculation of the overall housing requirement and therefore, are an appropriate and realistic data source. The difference in terms of the number of households forming over 10 years between 2021 – 2031 = 3,855 households, which equates to 385 households per year over the 10-year period. However, the plan covers a 16-year period so in order to calculate the total number of newly formed households the 385 households per annum should be multiplied by 16 years to produce a total figure of 6,160 households over the plan period.
- 3.34 Secondly, the PPG suggests data sources to obtain information on the proportion of households unable to afford market housing and these are household projections, the English Housing Survey, local authority and registered landlord's databases and mortgage lenders. The Demography Team in Hampshire County Council (HCC) have advised that the ONS hold national data for the percentage of the UK population by income brackets in the UK and this could be used to project and model a figure to determine the proportion of households in the borough that are unable to afford market housing. However, they have advised that this data is crude and would need to be heavily caveated as household income varies widely by Local Authority. There is also no clear data set from the English Housing Survey at the local level to provide information on the proportion of households unable to afford market housing.
- 3.35 However, registered landlords' and local authority databases for the borough provide information on the number of affordable housing stock in the borough. The Council believes that this is the most appropriate data set for determining the proportion of households unable to afford market homes by calculating the proportion of affordable stock to market housing stock. There are currently 2,074 properties owned by Registered Providers in the borough and 2,432³ Council properties in the borough, therefore the total affordable stock in the borough is 4,506 properties. The borough's total housing stock as last reported to DLUHC in September 2021 reports 50,602 properties in the borough. Therefore, the proportion of affordable stock to overall housing stock is 8.9%. The Council has used this figure as the proportion that are unable to afford market housing in the calculation of newly arising need in the borough.

An alternative calculation for newly arising households

- 3.36 The PPG recommends that in order to calculate the projected number of households in the borough who are unable to buy or rent in the market, there is a need to calculate the proportion of newly forming households who cannot afford to meet their housing needs in the market. Therefore, the Council have provided an alternative calculation to the newly arising housing need to that provided in paragraphs 3.33 and 3.34 of this paper. This process involves identifying the minimum household income required to access the lower quartile (entry level) market housing, followed by the assessment of

the proportion of newly forming households that are unable to afford entry level housing. The proportion of newly forming households is calculated in paragraph 3.32 of this paper. Table 3 highlights the lower quartile and average costs of both market house sales and rents. The lower quartile housing sale cost is £258,000 for the borough, and rent is £775 per month.

Table 3 – Housing Costs by Type of Tenure

Tenure	Cost	Income Assumptions
Market rent lower quartile	£775 ⁴	Rent affordability = 25% of gross household income
Market rent median	£875 ⁵	Rent affordability = 25% of gross household income
Market rent average	£948 ⁶	Rent affordability = 25% of gross household income
Market sale lower quartile	£258,000 ⁷	90% loan to value, 4 x household income.
Market sale median	£320,000 ⁸	90% loan to value, 4 x household income.
Market sale average	£360,050 ⁹	90% loan to value, 4 x household income.

3.37 In terms of the assumptions made in relation to table 3, it is assumed that a gross household income of at least four times the rental cost (excluding any benefits) is required which is consistent with the Office for National Statistics Private rental affordability for England¹⁰ that states that private renters could expect to spend 23% of income on rent and therefore an assumption of 25% has been used. For market sale, it is assumed a 10% deposit requiring a 90% loan for the rest of the value. The calculation assumes a maximum mortgage of four times the household income, which is consistent with the Bank of England information¹¹. Figure 2 provides a breakdown of households by gross household income bandings¹².

⁴ [Private rental market summary statistics in England - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/rental/private-rental/private-rental-market-summary-statistics-in-england)

⁵ [Private rental market summary statistics in England - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/rental/private-rental/private-rental-market-summary-statistics-in-england)

⁶ [Private rental market summary statistics in England - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/rental/private-rental/private-rental-market-summary-statistics-in-england)

⁷ [Lower quartile house prices for administrative geographies: HPSSA dataset 15 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/price/lower-quartile-house-prices-for-administrative-geographies-hpssa-dataset-15)

⁸ [Median house prices for administrative geographies: HPSSA dataset 9 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/price/median-house-prices-for-administrative-geographies-hpssa-dataset-9)

⁹ [Mean house prices for administrative geographies: HPSSA dataset 12 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/price/mean-house-prices-for-administrative-geographies-hpssa-dataset-12)

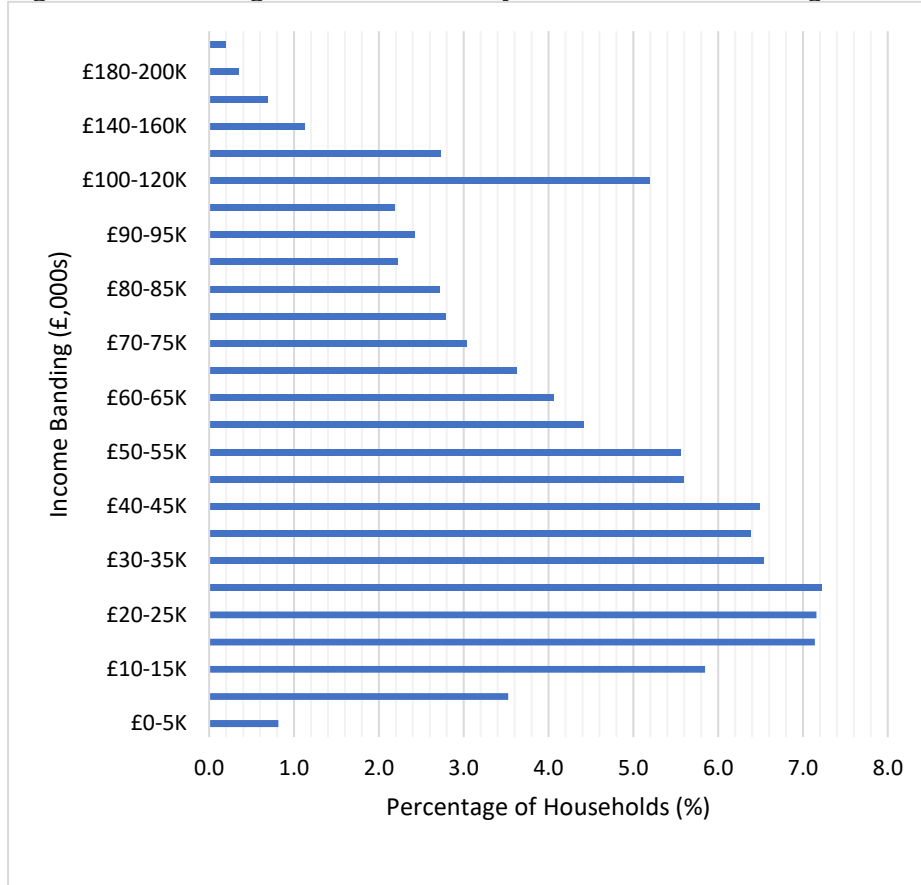
¹⁰ [Private rental affordability, England - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/rental/private-rental/private-rental-affordability-england)

¹¹ [Mortgage Lenders and Administrators Statistics - 2022 Q1 | Bank of England](https://www.bankofengland.co.uk/mortgage-lenders-and-administrators-statistics-2022-q1)

¹² Paycheck- CACI 2022



Figure 2: Percentage of Households by Gross Income Banding



3.38 The required gross household income to afford lower quartile market housing within the borough is £37,200. Utilising the gross household income banding, the proportion of households who could and could not afford the different tenures has been calculated and included in table 4.

Table 4. Gross Household Income required by Tenure

	Income required	Income banding	% can afford	% can't afford
Market rent lower quartile	£37,200	£35-40k	61.8%	38.2%
Market rent median	£42,000	£40-45k	55.4%	44.6%
Market rent average	£45,504	£45-50k	48.9%	51.1%
Market sale lower quartile	£58,050	£55-60k	37.7%	62.3%
Market sale median	£67,504	£65-70k	29.3%	70.7%
Market sale average	£81,261	£80-85k	19.3%	80.2%

3.39 Table 4 shows that 38.2% of households in the borough cannot afford the lower quartile market rent in the borough.

3.40 Turning back to the equation detailed in paragraph 3.30, the final element of the calculation is to add the existing number of households falling into need which is reported in table 2 above. The current number of households on the Register as of March 2022 is 552. However, to avoid double counting with categories i-vi as shown in table 2, this figure is not added again. There is no reason to believe that the likely changes in house prices and wages will impact the future level of households falling into need. This statement is evidenced by the fact that the housing register has not increased over a number of years as set out in Table 1. In addition, the Council considers the information and data on income and affordability used in this Affordable Housing Topic Paper to be the most up-to-date and best available at this time. The Council however recognises that current economic challenges such as rising inflation and energy costs as well as any measures introduced by government designed to ease those challenges and stimulate economic growth can all have implications (both positive and negative) for future affordable housing need. This is an important reason why the Council will continue to keep the affordable housing need position under review (see paragraph 3.47 on the role of monitoring).

3.41 Therefore, the Council has calculated the total newly arising need in the borough as follows:

3.42 *Option 1*

*Total newly arising affordable housing need = 6,160 X 8.9% = **548** affordable homes.*

Option 2

*Total newly arising affordable housing need = 6,160 X 38.2% = **2,353** affordable homes.*

The newly arising affordable housing need is therefore considered to fall between 548 and 2,353 over the plan period.

Summary

3.43 The calculation of current and future affordable need demonstrates that there is a current and future need of between 5,422 (4,874 + 548) and 7,227 (4,874 + 2,353) affordable homes. The data provided is the most accurate to forecast the level of current affordable housing need through newly formed households. A range is presented for the estimation of the newly arising affordable need for the borough as there are a number of factors to take into consideration.

3.44 As highlighted in table 1 of this background paper, the Council has not experienced a level of additional need at the higher end of this range at any point over the past nine years. Even with the low level of delivery of affordable housing in recent years (largely due to the overall low levels of housing delivery in the borough as a result of the recent nutrient neutrality advice for new development issued by Natural England) and despite rising affordability issues, there has been no upward trend in affordable housing need based on the datasets available. Therefore, the Council do not consider there is evidence to suggest it should anticipate the level of need that has been estimated using the minimum household income to access entry level market housing (shown as option 2 in paragraph 3.41).

3.45 Additionally, the end of furlough as a result of the coronavirus pandemic and the end of the ban on evictions, which took place in September 2021, has not led to a recorded upsurge in affordable housing need.



- 3.46 When combined with the consideration that many of the estimates that feed into how affordable housing need is established, overlap, and the uncertainty that inevitably surrounds understanding newly arising need, it is considered that the affordable housing supply contained in the Local Plan is appropriate and reasonable. Moreover, the Council notes that the Office for National Statistics state¹³ in an alternative publication that they consider a property affordable if a household would spend 30% or less of their income on rent. As a sensitivity test, the Council has applied the 30% ratio to the equation in paragraph 3.42 which gives a figure of 1,509 households in need. This is another example of the significant uncertainty and assumptions used to calculate newly arising need. Subsequent reviews of need will have the benefit of more up-to-date, thorough datasets being available, such as the 2021 census, and continued trend-based analysis from the Council's Housing Register following the 2021/22 review.
- 3.47 Therefore, the Council do not accept that such high levels of affordable need are likely to materialise, and still contend that the figure of 548 is more appropriate for the level of newly arising need. The Council will, however, continue to keep the affordable housing need and supply positions under review and if the need increases beyond the pace of delivery, the Council will consider this as a potential trigger for a review of the Plan.

¹³ [Private rental affordability, England - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/private-rental-affordability-england)



4.0 Affordable Housing Supply

National Planning Policy Context

- 4.1 In terms of considering the supply of affordable housing paragraph 22 of the PPG (Reference ID: 2a-022-20190220) states that suitable surplus stock (vacant properties), re-lets and the committed supply of all new affordable homes should be taken into consideration.

Supply identified

- 4.2 Affordable housing accounts for 8.9% of the total stock of properties in the borough. There are 2,074 properties owned by Registered Providers that operate in the borough and 2,432¹⁴ properties owned by the Council. Of the total affordable stock, the total number of affordable dwellings in the Council's ownership that are going to be vacated by current occupiers that are fit for use by other households in need is 2,560 over the plan period. This is based on 160 affordable dwellings in the Council's ownership becoming available on average on a yearly basis over the last 10 years. The number of suitable surplus stock, i.e., vacant properties in the Council's ownership are 58 properties currently undergoing void work for re-letting and 22 properties currently empty as part of longer-term redevelopment sites which equates to 80 properties. There is currently one property to be taken out of Council ownership. This is linked to bespoke issues with the property which do not correlate with the Council's housing need. Therefore, the current supply is 2,639 (2,560 + 80 - 1).
- 4.3 Informed by the identified affordable housing need and the results of the viability assessment, Policy HP5 of the Submitted Local Plan requires three levels of affordable housing based on site typologies. The percentage of affordable housing required is for 40% on greenfield sites, 35% on brownfield sites and 20% on town centre sites. The levels set recognise the costs associated with developing brownfield and town centre sites. The revised Local Plan supply, as of 1st April 2022, makes provision for at least 10,237 homes and the majority of these sites can be anticipated to make a substantial contribution to the supply of affordable housing based on the proportions set out in Policy HP5.

Table 5 - Trajectory of Affordable Housing Supply over the Plan Period

	2021/22 – 2025/26	2026/27 – 2030/31	2031/32 – 2036/37
Planning permissions granted/Resolutions to Grant	883	321	156
Greenfield Sites (40% affordable)	65	521	400
Brownfield Sites (35% affordable)	104	27	
Town Centre (20% affordable)			133

¹⁴ Council owned homes updated at 3rd February 2021 Housing Scrutiny Panel - [Item 9 - Appendix A - Council owned homes by size type and area.pdf \(fareham.gov.uk\)](#)



Windfall		50	49
Total	1,052	919	738
Affordable Housing Supply Total	2,709		

- 4.4 Table 5 shows the affordable housing delivery over the plan period as extracted from the overall Local Plan supply. It assumed policy compliant development in line with HP5 on greenfield, brownfield and town centre sites. The table also shows the number of full and outline planning permissions that have been granted that commit to delivering affordable housing over the plan period, including Welborne.
- 4.5 The final source of supply is from windfall sites. The Council also identify in the Windfall Background Paper (HOP007) that there are a number of large sites that will come forward as windfall over the plan period. The contribution is from affordable housing for large windfall sites that were for 10 or more dwellings has been re-examined in the Council's latest windfall analysis update, Housing Windfall projections Background Paper (September 2022). 19 permissions were granted between 20019/10-2020/21 for 10 or more dwellings which provided a total of 348 dwellings. As per previous iterations of the Affordable Housing Background Paper a modest 30% affordable housing contributions is applied based on historic affordable housing contributions from windfall sites. This equates to 104 dwellings in total or an average of 9 dwellings per year over twelve monitoring years. This figure is the multiplied by the number of years that large sites are expected to contribute through the plan period, which equates to 11 as highlighted in table 2 of Housing Windfall projections Background Paper (September 2022), providing a final total of 99 affordable windfall units over the plan period.
- 4.6 Whilst it has been identified that there has been a shortfall of affordable housing that has accumulated over the last 10 years as noted in the Council's Authority Monitoring Report¹⁵. The reduction in the Council's Housing Register and in the Help to Buy South database highlights that this has not impacted upon the need. It should also be noted that Table 5 demonstrates that a significant number of affordable homes will be provided in the first five years of the Plan period when compared to the number of households on the housing waiting list.
- 4.7 Therefore, the total supply from the Local Plan is 2,709, which is in addition to the current supply of 2,639 homes (being vacated over the plan period).

Fareham Housing Sites

- 4.8 The Local Plan allocates ten Council owned sites to delivery affordable housing over the plan period, which provides 239 dwellings. These are shown in table 6 below.

Table 6 – Fareham Housing Sites in the Submission Local Plan.

Housing Allocation Policy	Site Name	Indicative Capacity	Progress on site
HA22	Wynton Way	13 dwellings	None.

¹⁵ [FBC Authority Monitoring Report \(fareham.gov.uk\)](https://www.fareham.gov.uk)

HA23	Stubbington Lane	11 dwellings	Full planning permission. Construction commenced in February 2022 ¹⁶ .
HA35	Former Scout Hut, Coldeast Way	7 dwellings	Full planning permission. Work on site due to start 22/23.
HA42	Land South of Cams Alders	60 dwellings	None.
HA43	The Corner of Station Road, Portchester	16 dwellings	Under construction ¹⁷
HA44	Assheton Court	60 (net yield of 27) dwellings	None. Community consultation undertaken on initial plans in Autumn 21.
HA49	Menin House, Privett Road	50 (net yield of 26) dwellings	None.
HA50	Land North of Henry Cort Drive	55 dwellings	None.
HA51	Redoubt Court, Fort Fareham Road	20 (net yield of 12) dwellings	None.
HA52	Land west of Dore Avenue, Portchester	12 dwellings	None.

4.9 In addition to the sites listed above, a number of Registered Providers (RP) in the borough including Abri and Vivid are Strategic Partners with Homes England. This enables the RP's to access greater funding streams for affordable housing delivery and therefore deliver a larger percentage of affordable housing than is required by current policy, i.e., 40%. There are currently four sites advanced (either granted planning permission or have a resolution to grant) through the Development Management process for 100% affordable home delivery at Moraunt Drive (48 dwellings permitted in May 2021), Newgate Lane East (99 dwellings granted on appeal in June 2021), Land east of Southampton Road (95 dwellings) and Land to the east and west of the Red Lion Hotel (18 units and has a resolution to grant planning permission). These sites are already included in the Local Plan supply, but this trend is expected to continue and indicates that there is potential for the affordable housing provision on allocated sites to rise.

Policy HP6 of the Submission Local Plan

4.10 Rural exception sites also provide an opportunity to boost the supply of affordable housing and particularly where the supply of affordable housing is at its lowest. As some sites fall under the PPG and NPPF threshold for providing affordable dwellings (under 10 dwellings) Policy HP6 will provide an opportunity to bring forward 100% affordable sites.

Annual affordable housing requirement

¹⁶ [PowerPoint Presentation \(fareham.gov.uk\)](https://www.fareham.gov.uk/latest_news/pressrelease/pr_20220324_1)

¹⁷ https://www.fareham.gov.uk/latest_news/pressrelease/pr_20220324_1



- 4.11 Paragraph 24 of the PPG (Reference ID: 2a-024-20190220) advises that the affordable need is calculated by subtracting the available stock from the overall need figure, and then converting the overall need figure into an annual figure based on the plan period. The total available affordable housing stock from the Council and Registered Providers is identified above and equates to 2,639 properties in the borough. The overall need figure identified in Chapter 3 of this paper equates to a range of between 5,422 households and 7,227 households. Therefore, the calculation can be applied as follows:

5,422 households – 2,639 properties = 2,783 households in need

7,227 households – 2,639 properties = 4,588 households in need

- 4.12 The base date for the affordable housing requirement will need to match that of the overall housing requirement for the Local Plan. Therefore, the base date is 1st April 2021 and the annual need requirement will be required over 16 years up until 1st April 2037 to cover the whole plan period. 2,783-4,588 households in need divided by 16 years equates to 173.9 to 286.7 affordable dwellings per annum to be delivered over the plan period. The Council consider that the affordable housing need will fall at the lower end of the range for the reasons set out in paragraphs 3.43- 3.46.

5.0 Conclusion

- 5.1 The Council considers that the approach undertaken in assessing the current and future need for affordable homes in Chapter 3 is consistent with the PPG and provides a reasonable estimate in relation to the borough's affordable housing requirement. The main data sources for establishing the need are the 2011 Census, the Council's Housing Register and the Help to Buy database. The Register and HtB database provide the most up-to-date and accurate information as highlighted in Chapter 3. Furthermore, the 2021 Census data is anticipated to be released in Spring 2023 and therefore if revisions are required at the time of publication, the affordable housing need can be assessed during a review of the Local Plan.
- 5.2 The affordable housing requirement in the borough as evidenced in Chapter 4 of this paper demonstrates a need for 2,783 - 4,588 affordable homes over the plan period. The need identified in Chapter 3 is equivalent to 173.8 - 286.7 of the overall homes requirement per year for the plan period. The alternative calculation of newly arising need results in a revised affordable housing need expressed in a range over the plan period. This identified need could be higher than the amount of affordable housing that will be delivered through the housing supply. The Council feels it is important to emphasise that the PPG requires an estimate¹⁸ rather than an exact calculation in the process of forming a Local Plan's affordable housing need, and that there are circumstances when a housing supply position is justified even where assessed affordable need cannot be met. The Council is aware of examples of this in both the Hart Local Plan (paras 41-44)¹⁹ and Wyre Forest Local Plan (para 216)²⁰ Inspector's Reports.
- 5.3 As with Hart District Council (see paragraph 42 of the Hart Local Plan Inspector's Report), the Council is in a relatively unusual position whereby 50% of the affordable housing supply over the plan period already has planning permission, and 33% will be delivered by April 2026 (see table 5). As a result, there is a high degree of certainty in relation to how much affordable housing is likely to be delivered at least in the short term. The affordable housing supply contained within this paper assumes an agreed level of 10% affordable housing for Welborne. This will be subject to viability review mechanisms and may increase to a policy compliant scheme of 30% affordable homes at a later date which could deliver an additional 600 homes on site. Therefore, a large proportion of the housing supply contained within the Plan has affordable housing proportions already agreed and which is consistent with the policy requirement set out in Policy HP5.
- 5.4 There are also a number of mechanisms identified in this paper that have not previously been available to the Council to bolster the supply of affordable housing beyond the proportion identified in Policy HP5 such as the Homes England Partnership Funding to deliver 100% affordable housing on site, and Policy HP6 which provides a hook for affordable housing delivery for sites that come forward in the countryside. Paragraph 216 of the Inspector's Report on the Wyre Forest Local Plan²¹ emphasises the value of the delivery of 100% affordable housing schemes towards meeting the affordable need and the requirement for meeting the need solely through the Local Plan. Fareham is now experiencing an increase in the number of 100% affordable housing schemes being delivered by registered providers (see para 4.9) and there are a number of affordable housing schemes being delivered by the Council's Housing Team.

¹⁸ Paragraph 006 Reference ID: 67-006-20190722

¹⁹ [Hart Local Plan Report - Final.pdf](#)

²⁰ [Microsoft Word - Wyre Forest LP Inspectors Report - Final \(1\).docx \(wyreforestdc.gov.uk\)](#)

²¹ [Microsoft Word - Wyre Forest LP Inspectors Report - Final \(1\).docx \(wyreforestdc.gov.uk\)](#)



- 5.5 The Council acknowledges that whilst the borough's affordable housing need is between 2,783-4,588 dwellings and that the supply of 2,709 dwellings could represent a shortfall, the Council believes that this mirrors the position concluded in the Hart Local Plan Inspectors report, whereby the inspector concludes (in para 41) that the identified need is significantly higher than the amount of affordable housing that is likely to be delivered. For the reasons set out in this paper, the Council suggests that the supply position is appropriate to meet the borough's affordable housing needs as set out in the National Planning Framework and the PPG. Simply put, the higher level of newly arising need has not been demonstrated across the past nine years nor in recent times of economic downturn, and there are several ways in which the supply of affordable homes may actually be higher than predicted.
- 5.6 The Council suggests that a reference to a policy review, is the most appropriate way forward. The Council will continue to keep the affordable housing need and supply positions under review. If the need increases beyond the pace of delivery, the Council will consider this as a potential trigger to a review of the Plan.

