



Winchester Strategic Housing Market Assessment Update

Final Report

Iceni Projects Limited on behalf of
Winchester City Council

July 2024

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OF WINCHESTER CITY
COUNCIL

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Winchester Strategic Housing Market
Assessment Update
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Appendices

A1. Housing Costs and Affordability

1. Introduction

- 1.1 Icen Projects ('Iceni') and Justin Gardner Consulting ('JGC') prepared a Strategic Housing Market Assessment ('SHMA') for Winchester City which was finalised in February 2020. Winchester City Council has now commissioned this focused update report, which is intended to sit alongside and supplement the 2020 SHMA and update elements of it.
- 1.2 This SHMA Update takes account of changing housing costs and further data releases, as well as providing key evidence on housing mix over the now intended plan period for the emerging Local Plan to 2040. Specifically, it provides updated evidence on:
- **Affordable housing needs** – including the overall need for affordable housing and the needs for different types of affordable housing including low cost home ownership products and First Homes;
 - **Housing mix** – the report updates the SHMA analysis on the mix of homes of different sizes needed in the District as a whole, and in different sub-areas within it;
 - **Housing needs of older persons and those with disabilities** – it addresses the housing needs of a growing older population in the City, and quantifies the need for different forms of specialist housing; as well as providing evidence of needs of those with a range of disabilities.
- 1.3 The approach to assessing need adopted is broadly consistent to that in the previous 2020 SHMA. Icen in preparing this report have however had regard to changes in national planning policies in the National Planning Policy Framework ('NPPF') and associated Planning Practice Guidance ('PPG').
- 1.4 As a precursor to this detailed analysis, a high-level review of changes in market conditions since the previous assessment is included.

Assessment Geographies

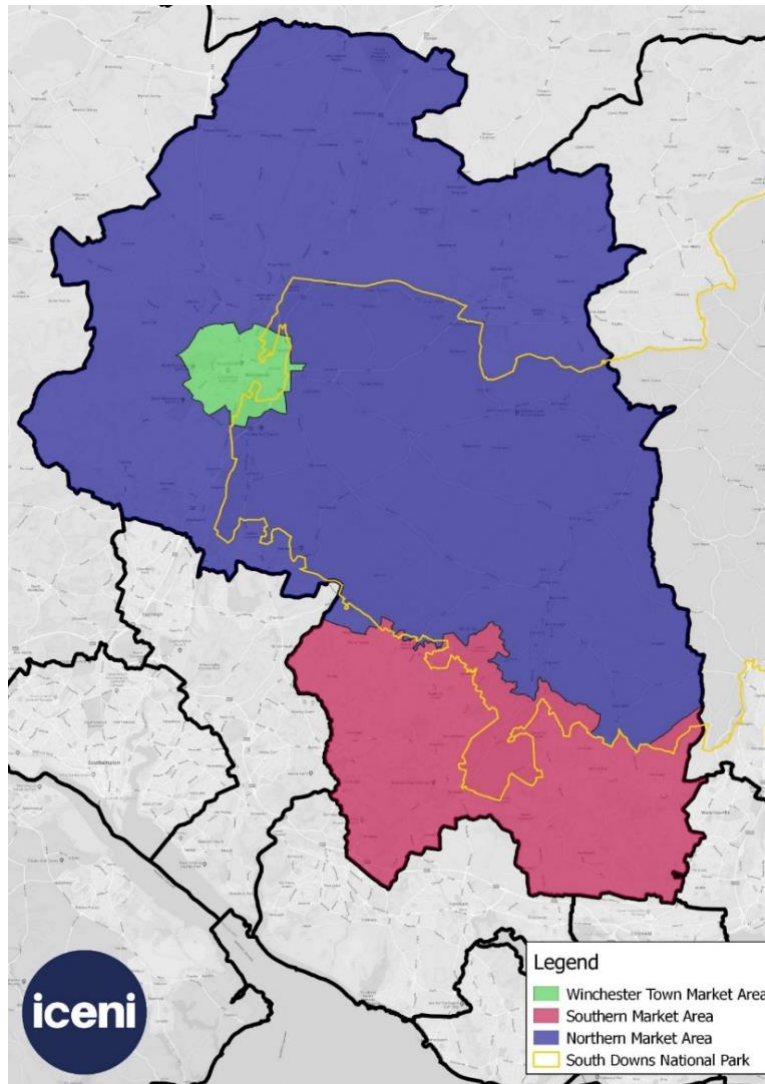
1.5 The new Local Plan will cover those parts of Winchester District which fall outside of the South Downs National Park, for which the relevant planning authority is the South Downs National Park Authority (SDNPA). Winchester City Council is however the relative housing authority for the entire District. The report therefore considers a number of different geographies:

- **Winchester District** – References throughout the report to ‘Winchester District’ or the District relate to the Local Government District area (City of Winchester District) and is therefore inclusive of both the Local Plan and South Downs National Park (SDNP) areas.
- **Plan Area** – The plan area is made up of that part of Winchester District which falls outside of the South Downs National Park.
- **South Downs National Park** – A National Park which boundaries cover part of the Winchester District area (and areas within other administrative areas). SDNPA is the planning authority within the National Park and has prepared and adopted its own Local Plan.

1.6 For analytical purposes, we then refer in the report to a number of sub-areas within the District, as shown in the map in Figure 1.1 below. These are:

- **Winchester Town** – References made to Winchester Town specifically refer to the built-up area of Winchester City.
- **Northern Sub-Area** – this includes the northern parts of the District, excluding Winchester City. The main settlements within this area are New Alresford, Kings Worthy, Sutton Scotney and South Wonston.
- **Southern Sub-Area** – this includes the southern parts of the District, including Bishops Waltham, Denmead, Swanmore, Waltham Chase, Whiteley and Wickham.

Figure 1.1 Winchester District Market Areas



Report Structure

- 1.7 The remainder of the report is structured as follows:
- Section 2: Overview of Housing Market Dynamics;
 - Section 3: Need for Affordable Housing;
 - Section 4: Need for Different Sizes of Homes;
 - Section 5: Older People and Disabilities;
 - Section 6: Summary and Conclusions.

2. Overview of Housing Market Dynamics

- 2.1 This section of the report moves on to consider housing market dynamics in Winchester. It provides a short update considering how dynamics have changed since the 2020 SHMA was prepared.

National Market Dynamics

- 2.2 The COVID-19 pandemic has been widely attributed to the rapid increase in house prices in England seen in recent years (2020-2022), as shown in Figure 2.1 below. Factors such as the movement toward working from home and remote working practices, and a tax holiday on Stamp Duty, are considered to have sparked the “race for space” and increased the demand and prices for housing, particularly larger properties. Reduced spending enabled household savings to increase (for some households) during the pandemic.
- 2.3 Market conditions have since turned, with for the first time since 2011, the year-on-year change in house prices has been negative for six months to December 2023 (see Figure 2.1). Interest rates have increased significantly since early 2022 and are the highest they have been since 2008, with the Bank of England reversing the prolonged period of sub 1.0% Bank Rate between 2009 - 2021¹. In combination, the inflationary pressures in the UK economy coupled with sub-par wage growth has contributed to a ‘cost-of-living crisis’, with some commentators suggesting a period of ‘stagflation’ has occurred. In response to monetary policy tightening, lending rates at retail banks have increased, increasing the costs of mortgage finance and reducing market confidence. This is a key factor in explaining the recent reversal in the trend of house price inflation in the UK as shown in Figure 2.1.

¹ <https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-market-forecasts.aspx>

Figure 2.1 Monthly UK House Price Inflation 2011 to 2024



Source: ONS

- 2.4 The Help-to-Buy Equity Loan Scheme was a Government scheme launched in 2013 and was designed to help first-time buyers and existing homeowners purchase a new-build property. The scheme provided financial assistance in the form of an equity loan – an interest-free loan for a set period. Help-to-Buy was criticised as contributing to increase in house prices leading to the peak in 2014. The scheme ended in March 2023, and this is a further likely factor in the recent negative house price inflation also, with affordability for first time buyers being negatively affected.
- 2.5 Savills' capital value forecast for second hand mainstream housing considers that this decline in house prices will continue in 2024, however, growth in prices will return and in 2025 and thereafter as shown in Table 2.1. A similar trend overall is expected by JLL, however is more optimistic in the short term, but slightly more pessimistic into the mid-term and on overall growth over the period of 2024 to

2028. Growth in the South East region is expected to be slightly more subdued than the UK overall.

Table 2.1 Capital Value Forecast for Second hand Mainstream Housing

	2024	2025	2026	2027	2028	5 years to 2028
UK - Savills	-3.0%	3.5%	5.0%	6.5%	5.0%	17.9%
UK - JLL	2.0%	3.0%	3.5%	4.5%	3.5%	17.6%
South East - Savills	-2.5%	3.0%	4.5%	6.5%	5.5%	16.7%
South East - JLL	1.0%	3.0%	4.0%	4.0%	3.5%	16.5%

Source: Savills Research (2023), JLL Research (2024)

Winchester Market Dynamics

2.6 The median house price in Winchester District in 2023 was £494,475, which was significantly more expensive than for wider comparator geographies. Table 2.2 below shows the median house price in Winchester District both overall and across housing typologies in 2023. The District was significantly more expensive across all types of housing. It is clear that detached housing, while more expensive generally, is particularly more expensive in Winchester compared to the other comparator geographies shown below.

Table 2.2 Median house prices by type (2023)

	Overall	Detached	Semi detached	Terraced	Flat
Winchester District	£494,475	£751,000	£425,500	£421,250	£247,500
Hampshire	£369,000	£585,000	£375,000	£310,000	£195,000
South East	£385,000	£625,000	£410,000	£335,000	£225,000
England	£290,000	£440,000	£274,000	£240,000	£232,000

Source: ONS Median House Prices for Administrative Geographies

2.7 Analysing the annual growth rate (CAGR) in house prices over the five years to March 2023, it is apparent that Winchester District's median house prices have not increased as rapidly as its geographical comparators over the five years to March 2023 as shown in Table 2.3 below. However, when compared to the 5 years previous (2013 to 2018), and over the 10-year period (2013 to 2023) Winchester District's annual growth in median house prices was significantly stronger over those periods in relative terms. Whilst this might suggest some easing of house price pressures, the District's lower growth is likely to be influenced by its relative unaffordability (with earnings constraining price growth).

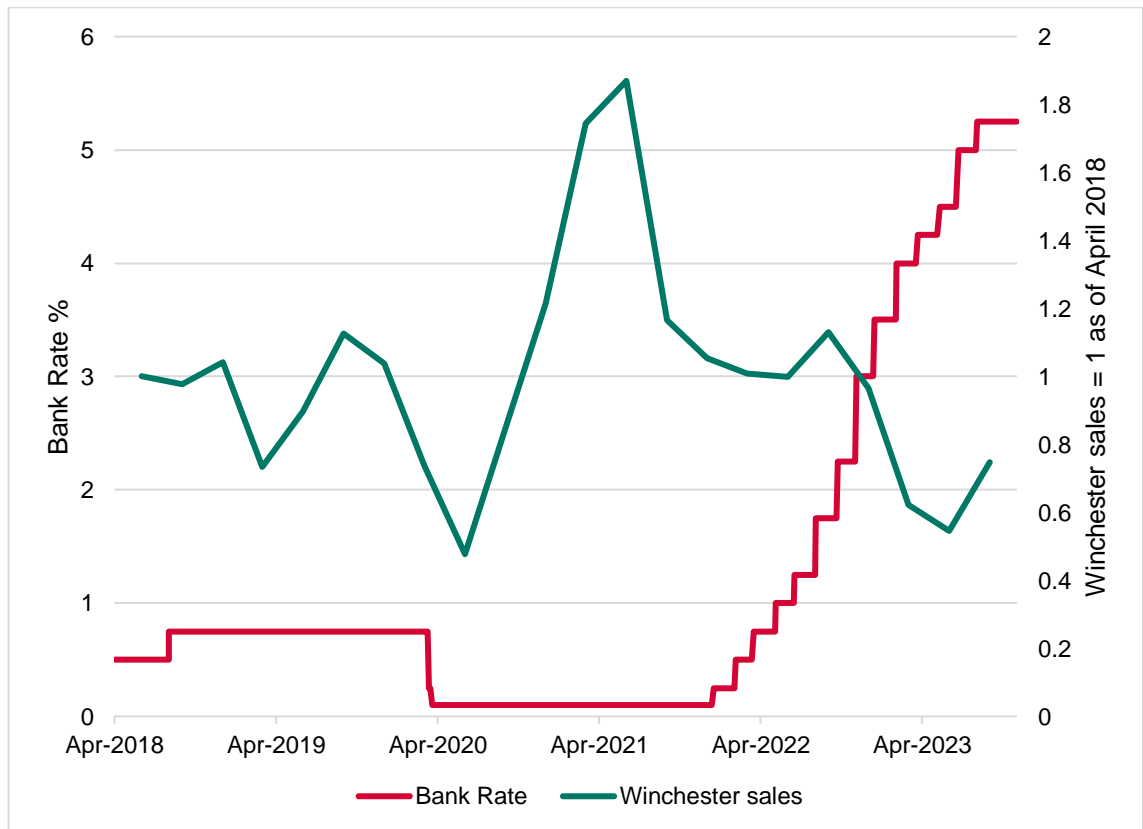
Table 2.3 Comparison of 5-year and 10-year Compound Annual Growth Rates (CAGR) of median house prices (2013 to 2023)

	5-year CAGR (Mar 2018 to Mar 2023)	5-year CAGR (Mar 2013 to Mar 2018)	10 year CAGR (Mar 2013 to Mar 2023)
Winchester District	3.07%	7.21%	5.12%
Hampshire	3.55%	6.24%	4.89%
South East	3.96%	6.63%	5.29%
England	4.30%	4.90%	4.60%

Source: ONS Median House Prices for Administrative Geographies

2.8 Figure 2.2 below shows the number of property sales in Winchester District (indexed to 1.0 in April 2018) against the Bank of England base rate over time. What is clear is that the number of sales in Winchester District peaked during 2021. Following the rapid increases in interest rates seen from 2022, sales began decreasing but we have started to see some recovery in sales during the second half of 2023.

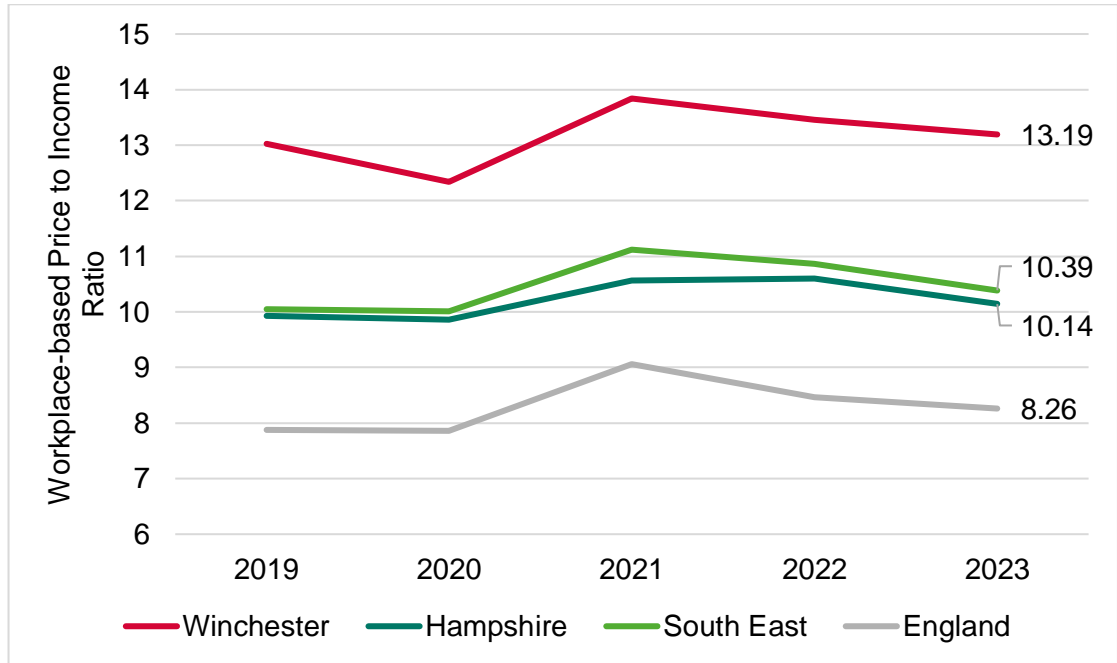
Figure 2.2: Indexed sales in Winchester District against Bank of England Base Rate (2018 to 2023)



Source: Land Registry, Bank of England

2.9 Rising interest rates have impacts on the affordability of housing, as the cost of retail bank lending increases impact on mortgages. The median house price to income ratio in the district stands at 13.19 as of 2023. Despite some minor improvement in affordability since 2021, the District remains significantly less affordable when compared to Hampshire County and the South East region. This points to the existence of affordability pressures in the District, resulting in difficulties in younger households and those with limited savings in their ability to buy homes.

Figure 2.3: Housing Affordability Ratios in Winchester District against comparator geographies (2018 to 2023)



Source: ONS

2.10 Where buying becomes unaffordable, many young people and other groups priced out of the traditional sales market turn to other markets for housing, such as the private rental market. Winchester District's median monthly rental values as of September 2023 are higher across all types of housing when compared to all other geographies shown in Figure 2.4 below. This further points to affordability pressures in Winchester.

Figure 2.4: Median rental costs (£ pcm) by type of housing in Winchester District and comparator geographies (2018 to 2023)



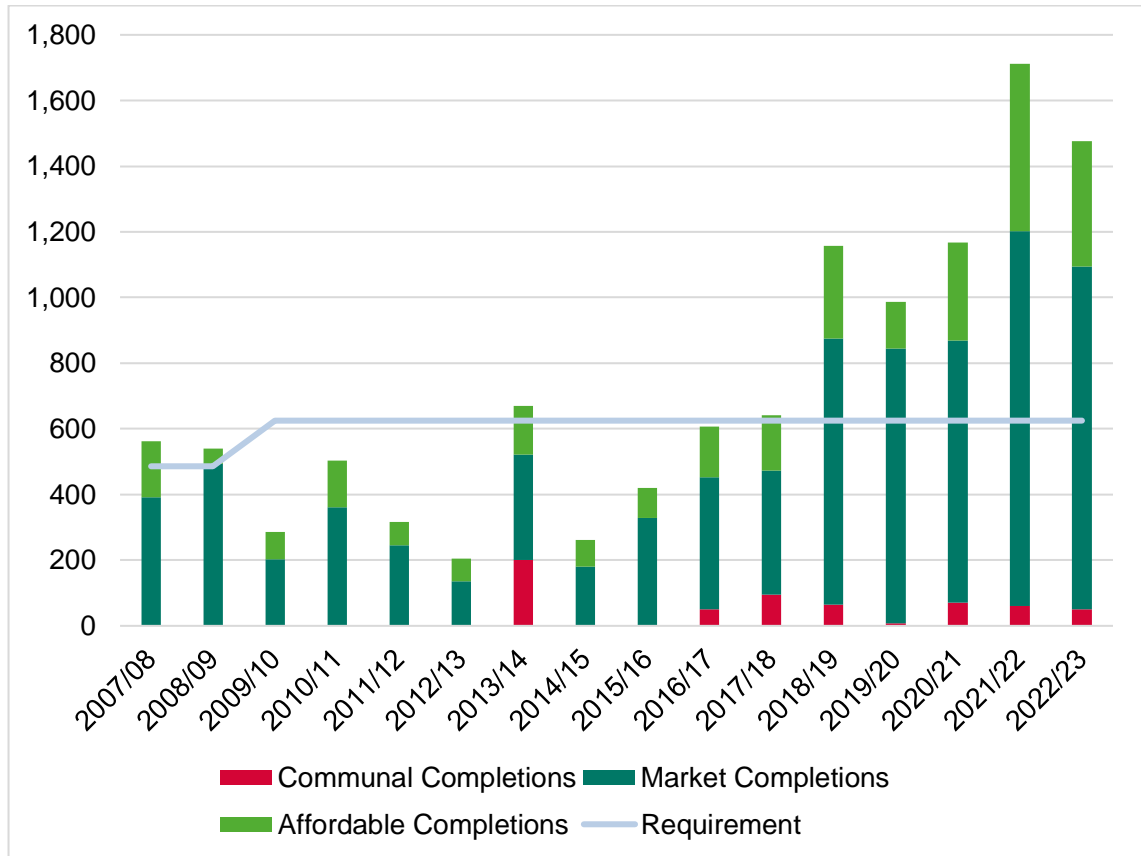
Source: ONS Private rental market summary statistics in England

Housing Delivery in Winchester District

- 2.11 Housing delivery in Winchester District has increased strongly over the five years to 2022/2023. There were 1,044 total completions during 2022/2023 (excluding 'communal' units), of which 37% (382) were affordable completions. Delivery has significantly exceeded the Local Plan average annual requirement of 625 dwellings per annum over the last five years (2018/19 to 2022/2023) and was particularly strong during 2021/2022 and 2022/2023.
- 2.12 Affordable housing delivery, both in terms of gross delivery and as a proportion of total delivery, has also significantly improved since 2018/2019. However, this does not appear to have had immediate significant impacts on improving affordability in Winchester District as shown in Figure 2.3 above but may help to

explain the slowing in the rate of annual median house price increases as discussed above, as additional supply enters the market.

Figure 2.5: Housing delivery in Winchester (2007/08 to 2022/2023)²



Source: Winchester Annual Monitoring Report Appendix 2022/23

Conclusion

- 2.13 The national market is uncertain and since 2020 after a period of significant inflationary pressures and changes to housing and fiscal policy that have driven house prices upwards, house prices are beginning to fall nationally. In Winchester, there is little indication yet that house prices are beginning to fall, however, the rate at which they had historically been increasing has slowed. Affordability has improved slightly; however, Winchester remains significantly

² **Communal completions** refers to the completion of communal dwellings or accommodation. This will include completions on student accommodation and other communal accommodation (such as care facilities).

less affordable overall when compared to the County, Region, and Country as of 2023, with a tight rental market adding to affordability pressures in the City. Housing delivery in Winchester has improved strongly since 2018/2019. This may be contributing to some of the slower rates of house prices growth seen in recent years in Winchester and should this continue, this will assist in easing affordability pressures in Winchester.

- 2.14 It is to be recognised however that the market is cyclical, and over a plan period, it is likely that there will be periods of stronger and weaker market conditions.

3. Need for Affordable Housing

- 3.1 This section provides an updated assessment of the need for affordable housing. It adopts a consistent methodology to that in the 2020 SHMA Report, but provides an updated analysis which takes account of the latest information on housing costs and incomes; and changes in national policy including the introduction of First Homes.
- 3.2 The analysis considers the need for both rented affordable housing (social and affordable rented homes) and for low cost home ownership (such as shared ownership or First Homes). It reflects the definition of affordable housing in the NPPF 2023.
- 3.3 To establish the need for affordable housing, Icenl working with JGC have developed a model that draws on a wide range of data sources. **Appendix A1** lists the key sources and how they have been used in analysis.

Affordable Housing Sector Dynamics

- 3.4 The 2021 Census indicated that 15.3% of households in Winchester lived in social rented homes, with the sector accommodating around 7,900 households.
- 3.5 Data from the Regulator of Social Housing (RSH) indicate as at March 2023, Winchester City Council owned 5,145 properties of which 4,580 were for general needs rent. Almost all of the general needs housing is for social rent (4,426 or 97% of the total). In addition, Registered Providers (RPs) owned 4,123 properties in the District, of which 69% were for general needs; 11% supported housing/housing for older people; and 19% low cost home-ownership homes (such as shared ownership properties).

Table 3.1 Stock owned by Local Authority or Registered Providers – Winchester

	Council	RP	Total
General needs rented	4,580	2,915	7,495
Supported/Older Persons	516	484	1,000
Low cost home ownership	49	814	863
Total	5,145	4,213	9,358

Source: RSH Geographical Look-Up Tool 2023

3.6 Applicants who are eligible and qualify to be accepted on to the Hampshire Home Choice Register will have their housing need assessed and be placed into one of four bands:

- Band 1: Urgent Priority
- Band 2: High Priority
- Band 3: Medium Priority
- Band 4: Low Priority

3.7 Further detail on the criteria and assessment process for awarding of priority to applicants is provided in the Hampshire Home Choice Allocations Framework Report (2023)³. At the time of preparing this SHMA Update report, the Council’s Housing Register included 1,544 households⁴. The majority (79%) of these households were assessed as within Band 3.

³ Hampshire Home Choice Allocations Framework (October 2023)

<https://www.hampshirehomechoice.org.uk/Data/Pub/PublicWebsite/ImageLibrary/Version%2023%20-%20HHC%20Allocation%20Framework%20master%20%2020.10.2023%20-%20CURRENT.pdf>

⁴ Hampshire Home Choice Report 2024

Table 3.2 Households registered by band in Winchester District, April 2024

Band	Number	%
Band 1	1	0%
Band 2	223	14%
Band 3	1,217	79%
Band 4	103	7%
Total	1,544	100%

Source: *Hampshire Home Choice Report 2024*

- 3.8** The focus of bedroom need of households was on smaller properties, with 65% needing 1-bed properties; but alongside this the evidence points to a greater supply of properties. It is more difficult to meet the needs for larger properties (particularly 4+ bed units) with longer waits evident – data from Hampshire Home Choice for 2024 shows waiting times for 4+-bedroom homes of between 2.5 – 5 years (depending on the degree of need) compared with typically around a year for other sizes of accommodation.

Table 3.3 Average Waiting Times by Property Size and Band in Winchester District, 2023-4

Band	Property size	Length of wait
Band 2	1 bed	11 months
	2 bed flat	8 months
	2 bed house	1 year 1 month
	3 bed	1 year 1 month
	4+ bed	2 years 6 months
Band 3	1 bed	3 years
	2 bed flat	1 year 2 months
	2 bed house	2 years 11 months
	3 bed	2 years 4 months
	4+ bed	5 years

Source: *Hampshire Home Choice Report 2024*

Overview of Approach to Assessing Affordable Housing Need

- 3.9** The analysis in this section considers affordable housing need and follows the approach set out in the Planning Practice Guidance (PPG) and provides two main

outputs, linked to Annex 2 of the NPPF which defines affordable housing need – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for ‘social/affordable rented housing’ and ‘affordable home ownership’. The approach is broadly consistent to that used in the 2020 SHMA.

- 3.10 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. **Appendix A1** provides an assessment of local prices and rents, and the income necessary to be able to afford to either rent or buy without financial support.
- 3.11 The analysis indicates that having regard to local incomes it is reasonable to assume that a households will spend up to 30% of gross income on rent; with the ability to buy influenced by households’ ability to provide a 10% deposit and be able to get a mortgage for 4.5 times their income.
- 3.12 The housing costs analysis indicates that rents start at around £850 PCM for 1-bed properties, with an average of £1,250 PCM across types. House prices in the District start at £185,000 for 1-bed properties, with a LQ price of £335,000 across all property types.
- 3.13 Need is assessed for the District as a whole, with figures then broken down for the National Park and the Plan Area for Winchester’s Local Plan.
- 3.14 The analysis considers the annual need over the period to 2040. It should be noted that the numbers included in tables and figures throughout the report may not sum exactly due to rounding.

Need for Rented Affordable Housing

- 3.15 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the District. Final figures are provided as an annual need (including an allowance to deal with current need).

Current Need

- 3.16 In line with PPG paragraph 2a-020-20190220, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out estimates of the number of households within each category. This shows around 2,700 households as living in unsuitable housing (or lacking housing), with 90% of these households living in the Winchester Local Plan area.

Table 3.4 Estimated number of households living in unsuitable housing (or lacking housing)

	Concealed and homeless households	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	TOTAL
Plan Area	471	798	162	1,001	2,431
Area covered by the South Downs National Park	83	52	10	112	257
DISTRICT	554	850	172	1,113	2,689

Source: Icenis analysis

- 3.17 In taking this estimate forward, the data modelling next estimates the need by tenure and considers affordability. The affordability in different groups is based on estimates of how incomes are likely to vary, for owner-occupiers there is a further assumption about potential equity levels. For homeless and concealed households it is assumed incomes will be low and households unlikely to be able to afford.

3.18 The table below shows around three-fifths of those households identified above are unlikely to be able to afford market housing to buy OR rent and generating a revised estimate of a current need from 1,599 households. This figure can be compared with the number of households on the Council’s Housing Register which as of March 2024 stood at 1,544 households, suggesting a similar level of need as has been derived through the range of secondary data sources.

Table 3.5 Estimated housing need and affordability by tenure

	Households living in unsuitable housing	% unable to afford	Current need after affordability test
Owner-occupied	590	5.2%	30
Affordable housing	596	88.3%	526
Private rented	949	51.5%	488
No housing (homeless/concealed)	554	100.0%	554
TOTAL	2,689	59.5%	1,599

Source: Icen analysis

3.19 Finally, from these estimates, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). **The total current need is therefore estimated to be around 1,073 households (1,599-526).** This is then annualised over a 17-year period to generate an annual need figure over the remainder plan period (2023-40).

3.20 The annualization of the need does not mean that some households would be expected to wait 17-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time. As set out in Table 3.3, households typically wait between 8 months and 5 years on average for homes, depending on their relative priority need and property size needed. The calculation is used to provide an annual affordable need figure which can be compared to overall housing need and used for delivery monitoring.

3.21 The table below shows this data for sub-areas – this includes the number in need (once taking account of affordability), the number once excluding housing in affordable housing and the annual figure this represents.

Table 3.6 Estimated current housing need by sub-area

	Number in need	Excluding those in affordable housing	Annualised
Plan Area	1,441	937	55
Area covered by the South Downs National Park	158	136	8
DISTRICT	1,599	1,073	63

Source: Icenis analysis

Newly-Forming Households

3.22 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands under 45 relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

3.23 Gross household formation has been estimated to be around 843 new households each year (based on ONS projections) of which there is a roughly 50:50 split between households aged over and under 30 with around 60% projected to be households with dependent children.

3.24 To the gross household formation figure an affordability test is applied based on estimates of incomes of newly-forming households. This suggests overall that just over half of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 455 newly forming households will have a need per annum on average across the District..

Table 3.7 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of newly forming households	% unable to afford	Annual newly forming households unable to afford to rent
Plan Area	782	53.6%	419
Area covered by the South Downs National Park	62	58.6%	36
DISTRICT	843	54.0%	455

Source: Icenis analysis

Existing Households Falling into Affordable Housing Need

3.25 The second element in considering future newly arising need is to estimate existing households falling into need each year. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. Data has been drawn from a number of sources, including Local Authority Housing Statistics (LAHS) and Continuous Recording of Sales and Lettings (CoRe). Following the analysis through suggests a need arising from 177 existing households each year across the District.

Table 3.8 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
Plan Area	161	90.7%
Area cover by the South Downs National Park	17	9.3%
DISTRICT	177	100.0%

Source: Icení analysis

Supply of Social/Affordable Rented Housing Through Relets

- 3.26 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 3.27 Information from a range of sources (CoRe, LAHS and Winchester BC) has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new-build properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 3.28 On the basis of past trend data it has been estimated that 284 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need.

Table 3.9 Analysis of Past Social/Affordable Rented Housing Supply, 2020/21 – 2022/23 (average per annum)

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2020/21	499	81.4%	406	64.7%	263
2021/22	768	66.9%	514	65.2%	335
2022/23	467	83.3%	389	65.3%	254
Average	578	75.5%	436	65.1%	284

Source: CoRe/LAHS

3.29 The table below shows the estimated supply of affordable housing from relets in each sub-area – virtually all of the relet supply is estimated to arise in the Plan Area.

Table 3.10 Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
Plan Area	267	93.9%
Area covered by the South Downs National Park	17	6.1%
DISTRICT	284	100.0%

Source: CoRe/LAHS, 2021 Census

3.30 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need and figures on the pipeline supply change over time.

Net Need for Social/Affordable Rented Housing

3.31 Table 3.11 below shows the overall calculation of rented affordable housing need. The analysis shows that there is **a need for 411 rented affordable homes per annum from 2023 to 2040 across the area**– an affordable need is seen in both sub-areas. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need (allowance for)} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 3.11 Estimated Need for Social/Affordable Rented Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Plan Area	55	419	161	635	267	368
Area covered by the South Downs National Park	8	36	17	61	17	43
DISTRICT	63	455	177	695	284	411

*Source: Icen analysis *Figures may not sum exactly due to rounding.*

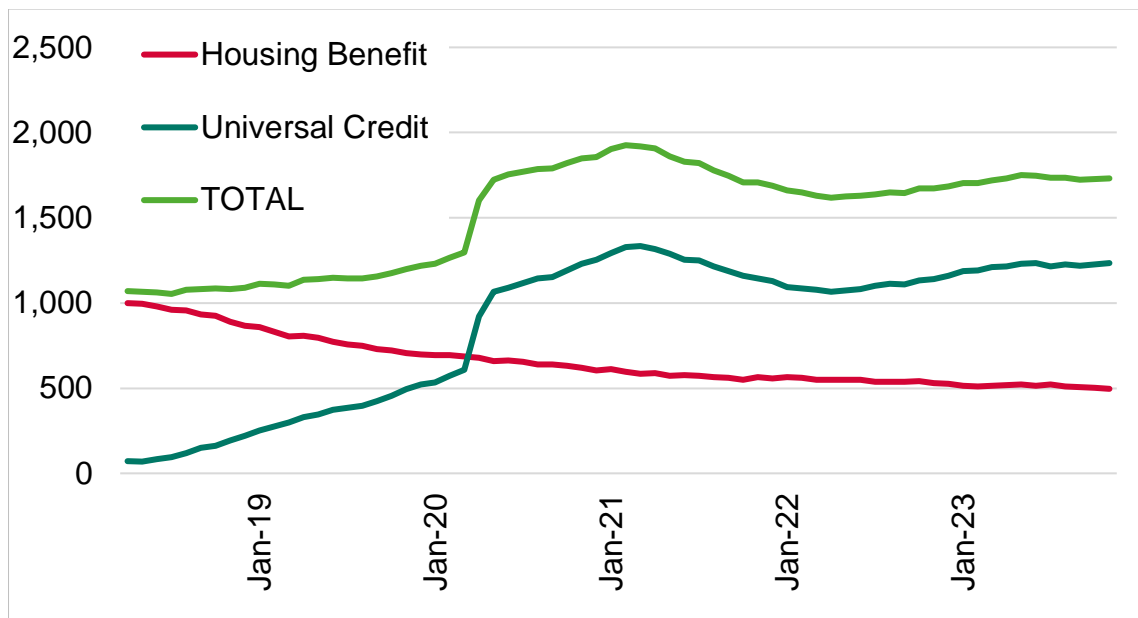
- 3.32 The evidence points to a clear need to support the delivery of rented affordable housing as far as possible.
- 3.33 A high need for affordable housing, as the analysis shows for Winchester, is common across many areas in the greater South East. It reflects a range of factors including high market housing costs and the extent of funding support available for affordable housing development.
- 3.34 It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. The Private Rented Sector (PRS) plays a role in providing housing for households who require financial support in meeting their housing needs should be recognised.
- 3.35 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting

their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their “homelessness duty” through providing an offer of a suitable property in the PRS.

3.36 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of August 2023, it is estimated that there were around 1,700 benefit claimants in the Private Rented Sector in Winchester District. From this, it is clear that the PRS contributes to the addressing the shortfall of ‘affordable homes’ with the support of housing benefit.

3.37 The Figure below shows the trend in the number of claimants in the District. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically in excess of 1,000 households).

Figure 9.1: Number of Housing Benefit claimants in the PRS



Source: Department of Work and Pensions

3.38 There are however risks associated with future reliance on the sector to meet an affordable housing need. The last couple of years have seen rents increase whilst LHA levels have remained static. It is welcome relief that in the Autumn Statement

2023, the Government increased the LHA rent to the 30th percentile of market rents from April 2024; and Universal Credit will also rise.

3.39 The table below shows the impact of increasing LHA rates in each of the three Broad Rental Market Areas (BRMA) covering the District. Focussing on the Winchester BRMA (which covers the majority of the population (including Winchester Town)) and 2-bedroom homes it can be seen that the maximum benefit level has increased by £44 per week, a 22% increase.

Table 3.12 Weekly Local Housing Allowance limits before and since April 2024 - Winchester

	Portsmouth		Southampton		Winchester	
	Prior to April 2024	July 2024	Prior to April 2024	July 2024	Prior to April 2024	July 2024
Room only	£78.81	£97.31	£77.44	£97.81	£83.50	£120.82
1-bedroom	£134.60	£159.95	£136.93	£161.10	£166.85	£189.86
2-bedrooms	£166.80	£194.47	£178.36	£201.37	£197.92	£241.64
3-bedrooms	£201.37	£230.14	£212.88	£247.40	£253.15	£293.42
4-bedrooms	£276.16	£299.18	£276.16	£333.70	£368.23	£391.23

Source: Valuation Office Agency

3.40 However, demand pressure could nonetheless have some impact of restricting future supply of PRS properties to those in need; emphasising the need to support delivery of genuinely affordable homes. In Winchester, the end of Assured Shorthold Tenancies is a key reason for homelessness approaches to the Council. This emphasises the need to deliver affordable housing with secure tenancies and low cost home ownership.

Split between Social and Affordable Rented Housing

3.41 The table below shows current rent levels in the District for a range of products along with relevant local housing allowance (LHA) rates. Data about average social and affordable rents has been taken from the Regulator of Social Housing

(RSH) and this is compared with lower quartile market rents. This analysis shows that social rents are significantly lower than affordable rents; the analysis also shows that affordable rents are below lower quartile market rents.

3.42 Taking LHA rates for Winchester (which is the main BRMA) it can be seen that rates for all sizes of home are below lower quartile market rents for all sizes of accommodation. This does potentially mean that households seeking accommodation in some locations may struggle to secure sufficient benefits to cover their rent.

Table 3.13 Comparison of rent levels for different products – Winchester

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Portsmouth)	LHA (Southampton)	LHA (Winchester)
1-bedroom	£420	£612	£850	£693	£698	£823
2-bedrooms	£485	£764	£1,250	£843	£873	£1,047
3-bedrooms	£546	£918	£1,500	£997	£1,072	£1,271
4-bedrooms	£607	£1,209	£2,000	£1,296	£1,446	£1,695
All	£485	£782	£1,250	-	-	-

Source: RSH, ONS and VOA

3.43 To some extent it is easier to consider the data above in terms of the percentage which the cost of one housing product is of another in order to understand relative affordability: this is shown in the tables below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focusses on 2-bedroom homes. This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 61% of a current lower quartile rent.

Table 3.14 Difference between rent levels for different products – Winchester District

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	69%	49%	72%
2-bedrooms	63%	39%	61%
3-bedrooms	60%	36%	61%
4-bedrooms	50%	30%	60%
All	62%	39%	63%

Source: RSH, ONS and VOA

- 3.44 The table below suggests that around 12% of households who cannot afford to rent privately could afford an affordable rent at 80% of market rents, with a further 14% being able to afford current affordable rents. There are also an estimated 29% who can afford a social rent (but not an affordable one). A total of 46% of households would need some degree of benefit support (or spend more than 30% of income on housing) to be able to afford their housing (regardless of the tenure). This analysis points to a clear need for social rented housing. It suggests that consideration should be given to ensuring affordable rent levels do not exceed Local Housing Allowance rates.

Table 3.15 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford 80% of market rent	12%
Afford current affordable rent but not 80% market rents	14%
Afford social rent	29%
Need benefit support	46%
All unable to afford market	100%

Source: Icenis analysis. Current affordable rents set out in Table 3.13

- 3.45 The balance between provision of social and affordable rented homes should take account of both the needs' evidence and viability considerations. The evidence indicates that at least 30% of rented affordable housing should be provided at social rents if it is viable to do so, with affordable rents capped at LHA

levels to ensure that homes are genuinely affordable having regard to local incomes. Higher provision at social rents will reduce the support through housing benefits required to ensure households can afford their housing costs.

- 3.46 There is a balance between supporting higher overall affordable delivery and providing more genuinely affordable housing through developer contributions (S106). Icenii would recommend that viability evidence tests what level of social rented provision, if any, can be achieved whilst maintaining the minimum 40% overall affordable housing delivery in the emerging policy. Use of grant will be important in helping to support affordable housing provision at social rents.

Establishing a Need for Affordable Home Ownership

- 3.47 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including households *‘that cannot afford their own homes, either to rent, or to own, where that is their aspiration’*. However, at the time of writing, there is no guidance about how the number of households with a need for affordable home ownership should be measured.
- 3.48 The methodology used in this report therefore draws on the current methodology used in the SHMA 2020, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 3.49 The analysis has been developed in the context of national policy introducing First Homes and now requiring that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes can be found later in this document.

Gross Need for Affordable Home Ownership

- 3.50 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the District – in particular establishing the typical incomes that might be required to be able to afford affordable home ownership products.
- 3.51 Using the income distributions developed (see **Appendix A1**) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 31% already have sufficient income to buy a lower quartile home, with 18% falling in the rent/buy 'gap'. The final 51% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs).
- 3.52 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

Table 3.16 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Plan Area	32%	17%	51%
National Park	19%	26%	56%
DISTRICT	31%	18%	51%

Source: Icenis analysis

- 3.53 For some households, barriers to accessing owner-occupation are not just about income/the cost of housing but also other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will

choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving location with employment).

- 3.54 In terms of the potential for deposits to be a barrier to home ownership it needs to be remembered the analysis in this report does not specifically factor in deposits due to good local information not typically being available; however, the English Housing Survey (2021-22) did collect data on savings (nationally) and this showed that 22% of owners, 48% of households in the private rented sector and 74% of social tenants did not have any savings. Access to deposits will therefore be a potential barrier to accessing housing for some households.
- 3.55 To study current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The starting point is the number of households living in private rented accommodation; as of the 2021 Census there were some 7,500 households living in the sector across the District.
- 3.56 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (4,500 households if applied to Winchester) and of these some 40% (1,800 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 3.57 As noted above, on the basis of income it is estimated that around 18% of households in the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the estimate of households in the PRS seeking to become homeowners over the next two years would suggest a current need for around 314 affordable home ownership units (18 per annum if annualised over a 17-year period).
- 3.58 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different

income assumption for newly forming households) suggests an annual need from these two groups of around 168 dwellings (144 from newly forming households and 24 from existing households in the private rented sector).

3.59 Bringing together the above analysis suggests that there is a gross need for around 185 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the District. This is before any assessment of the potential supply of housing is considered.

Table 3.17 Estimated Gross Need for Affordable Home Ownership (per annum)*

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Plan Area	16	128	24	169
Area covered by the South Downs National Park	2	16	4	22
DISTRICT	18	144	28	190

Source: Icenis analysis

*Figures may not sum exactly due to rounding.

Potential Supply of Housing to Meet the Affordable Home Ownership (AHO) Need and Net Need

3.60 As with the need for social/affordable rented housing, it is also necessary to consider the existing supply of affordable home ownership homes.

3.61 One source is likely to be resales of low-cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2023 of 863 homes. If these homes were to turnover at an estimated rate of around 5% then they would be expected to generate around 43 resales each year. These properties would be available for these households and can be included as the potential supply.

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- 3.62 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price (lower quartile prices being referenced in the PPG (ID: 2a-021-20190220)). By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in the District there were a total of 1,419 resales (i.e. excluding newly-built homes) in the last year (year to March 2023) and therefore around 355 would be priced below the lower quartile. This is 355 homes that would potentially be affordable to the target group for affordable home ownership products and is a supply higher than the estimated gross need.
- 3.63 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyer with a mortgage buy at or below the lower quartile⁵. Other recent data suggests that first time buyers account for around half of home purchase loans⁶ with a total of around 65% of all homes being bought with a loan (35% as cash buyers⁷).
- 3.64 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% × 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a ‘need’, half of all lower quartile sales are included in the supply.
- 3.65 We can therefore now provide three supply scenarios which can be considered in the context of the estimated need. These are:

⁵ https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

⁶ <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

⁷ <https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb>

- Only count the supply from affordable home ownership resales (43 per annum);
- Include the supply from affordable home ownership and half of resales of lower quartile homes (221 per annum (178+43)); and
- Include the supply from affordable home ownership and all resales of lower quartile homes (398 per annum (355+43)).

3.66 The table below shows the estimated annual net need from applying these three supply scenarios.

3.67 Only including the resales of AHO shows a need for 147 dwellings per annum and this reduces to a modest surplus if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is notionally a notable surplus need for affordable home ownership shown. However, this assumes households have sufficient savings (i.e. 10% of the purchase price).

Table 3.18 Estimated Net Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	190	190	190
LCHO supply	43	221	398
Net need	147	-30	-208

Source: Icenis analysis

3.68 The central estimate (including 50% of sales below LQ) is consistent to the approach in the 2020 SHMA. However, this does not generate any positive need for additional affordable home ownership homes. This is not realistic, and the Council's experience is that there is a clear need, particularly for shared ownership homes, and indeed the demand for shared ownership has risen over the last couple of years as interest rates have risen impacting on the sizes of mortgages which households can afford. Furthermore, households' savings are a key issue affecting their ability to buy: with low cost home ownership more

affordable than open market homes as they often require households to have lower savings.

3.69 Focussing on the first of the three scenarios above (AHO resales only and the only figure that points to a net need) the table below shows a modest need for affordable home ownership in both areas but that the ‘need’ is much lower than for rented products.

Table 3.19 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
Plan Area	169	42	127
Area covered by the South Downs National Park	22	2	20
DISTRICT	190	43	147

Source: Icenl analysis

Different Affordable Home Ownership Products

3.70 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of ‘affordable home ownership’ – although it is difficult to specifically quantify this ‘need.’ The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered).

3.71 First Homes are discounted market sale units, which a) must be discounted by a minimum of 30% against the market value; b) are sold to a person(s) meeting defined eligibility criteria (first-time buyers with an income of less than £80,000 and requiring a mortgage for at least 50%); c) for the discounted value of the property to not exceed a cap of £250,000; and d) provision for percentage

discount to be maintained for subsequent sales. Details are set out in Planning Practice Guidance.

3.72 The table below, Table 3.20 sets out a suggested purchase price for affordable home ownership/First Homes in Winchester by size. It works through first (on the left hand side) what households with an affordable home ownership need could afford (based on a 10% deposit and a mortgage at 4.5 times' income). The right-hand side of the table then sets out what Open Market Value (OMV) this might support, based on a 30% discount. The lower end of the range is based on households who could afford to rent privately without financial support at LQ rents; with the upper end based on the midpoint between this and the lower quartile house price.

3.73 For 2-bedroom homes, it is suggested that an affordable price for a home, based on local incomes, is between £250,000 and £262,500 and therefore the open market value of homes would need to be in the range of £357,100 and £375,000 (if discounted by 30%). Given the £250,000 price cap on First Homes, **this data suggests it might be very difficult to make First Homes genuinely affordable in a local context.**

3.74 Taking account of the First Homes criteria, the discounted value would be capped at £250,000 as set out in the PPG (Ref ID 70-001-20210524). In the context of the values below, First Homes in the District would likely be strongly focused towards 1-bed properties.

Table 3.20 Affordable home ownership prices – Winchester (local authority)

	What households with an affordable home ownership need could afford	Open Market Value (OMV) of Home with 30% Discount
1-bedroom	£170,000-£177,500	£242,900-£253,600
2-bedrooms	£250,000-£262,500	£357,100-£375,000
3-bedrooms	£300,000-£345,000	£428,600-£492,900
4+-bedrooms	£400,000-£482,500	£571,400-£689,300

Source: *Iceni analysis*

- 3.75 It is difficult to definitively analyse the price of newbuild homes as these will vary from site-to-site and will be dependent on a range of factors such as location, built-form and plot size. We have however looked at newbuild schemes currently advertised on Rightmove with the table below providing a general summary of existing schemes.
- 3.76 This analysis shows the median newbuild price for all sizes of homes is above the top end of the OMV required to make homes affordable to those in the gap between buying and renting. That said, homes at the bottom end of the price range could potentially be discounted by 30% and considered as affordable.
- 3.77 This analysis shows how important it will be to know the OMV of housing before discount to be able to determine if a product is going to be genuinely affordable in a local context – providing a discount of 30% will not automatically mean it becomes ‘genuinely affordable’ having regard to local incomes.
- 3.78 Overall, the evidence does not support central Government’s position that 25% of affordable housing should be provided as First Homes in a local context. First Homes delivery would be strongly focused towards 1-bed properties, which offer limited flexibility to households’ changing circumstances, and would be accessible only to a small subset of households with an affordable home ownership need (which itself is modest).

Table 3.21 Estimated newbuild housing cost by size – Winchester

	No. of homes advertised	Range of prices	Median price
1-bedroom	4	£165,000-£595,000	£405,000
2-bedrooms	34	£200,000-£1,150,000	£525,000
3-bedrooms	39	£375,000-£2,000,000	£560,000
4+-bedrooms	33	£475,000-£2,350,000	£710,000

Source: Icen analysis

- 3.79 The analysis below moves on to consider shared ownership. For this analysis an assessment of monthly outgoings has been undertaken with a core assumption being that the outgoings should be the same as for renting privately so as to make

this tenure genuinely affordable. The analysis has looked at what the OMV would need to be for a shared ownership to be affordable with a 25% and 50% share.

3.80 The findings for this analysis point to the likelihood of shared ownership being a more affordable tenure than discounted market housing (including First Homes). That said, even with 25% equity shares, the OMVs needing to be achieved are below the median newbuild prices shown above for all dwelling sizes.

Table 3.22 Estimated OMV of Shared Ownership with a 50% and 25% Equity Share by Size – Winchester

	50% share	25% share
1-bedroom	£241,000	£292,000
2-bedroom	£355,000	£430,000
3-bedroom	£426,000	£516,000
4-bedrooms	£568,000	£688,000

Source: Iceni analysis

3.81 Iceni would however note that there will be households whose housing purchasing power has been constrained by rising interest rates; and those who have limited savings which restrict their ability to buy on the open market.

3.82 The Council's experience is that there is a healthy demand for shared ownership and has been a growth in demand as interest rates have risen over the last two years; and this is borne out in its data on sales. This shows a healthy level of sales of shared ownership homes over the last 2.5 years, with over 50% of recent sales to households whose deposit was less than 10% of the open market value. The evidence highlights demand for shared ownership properties in the District and their role in enabling households with low savings to get on the housing ladder.

3.83 A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit

on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

- 3.84 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or is purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 3.85 In order to access this tenure, it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Implication of the Analysis

- 3.86 The evidence above indicates that there is an acute need for rented affordable homes; with an annual need for 368 rented affordable homes in the Local Plan area (411 across the District) and a need in both the National Park and Planning Authority area. This should be treated as the central figure in terms of affordable housing need.
- 3.87 The analysis suggests there will be a need for both social and affordable rented housing.
- 3.88 The evidence indicates that at least 30% of rented affordable housing should be provided at social rents, with affordable rents capped at LHA levels to ensure that homes are genuinely affordable having regard to local incomes. Higher provision at social rents will reduce the support through housing benefits required to ensure households can afford their housing costs.

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- 3.89 There is a balance between supporting higher overall affordable delivery and providing more genuinely affordable housing through developer contributions (S106). IcenI would recommend that viability evidence tests what level of social rented provision, if any, can be achieved whilst maintaining the minimum 40% overall affordable housing delivery in the emerging policy. Use of grant will be important in helping to support affordable housing provision at social rents.
- 3.90 Housing delivery is not just through planning obligations. IcenI note that the Council's Housing Strategy targets delivery of 659 affordable and energy efficient Council Homes by 2028/29, which includes through acquisitions of both new-build and existing properties; and through acquiring land for development. The Council intends to deliver homes through the Housing Revenue Account Business Plan and through working with other Government agencies including Homes England.
- 3.91 When looking at affordable home ownership products, the analysis is less conclusive about the scale of the need with the evidence showing a range from no need to up to 147 homes per year. The affordable home ownership need is notably lower than that for rented affordable housing which will also be the priority requirement from groups with the most acute needs. Growth in the private rented sector does however point to many households being excluded from the owner-occupied sector. Access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor for some households). The evidence points to healthy demand for shared ownership homes, with purchasers able to access a range of mortgage products.
- 3.92 The NPPF currently gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership. National policy also currently expects that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing).

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- 3.93 However, the potential role for First Homes in the District is limited, as given the £250,000 cap provision would likely be focused on 1-bed accommodation and would meet the needs of a narrow segment of those with potential affordable home ownership needs. Significant provision would also squeeze out other forms of provision, including shared ownership, which cater for a wider range of needs. Prioritising First Homes would likely prejudice the ability to meet the identified needs of specific groups requiring rented accommodation. The NPPF provides for the 10% affordable home ownership requirement (as a proportion of all dwellings delivered on site) to be varied if *'this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups'* (NPPF paragraph 65).
- 3.94 On this basis, Icenl consider that the Local Plan policy might reasonably seek a balance of 75% rented affordable homes, and 25% affordable home ownership. Within the rented component, the Council should seek to maximise social rented provision as far as viable and should test what level of rented provision could be generally supported through viability evidence. Grant funding should be used (where applicable) to augment the level of social rented provision. Affordable home ownership properties, the evidence suggests, should focus on shared ownership (in particular) and rent-to-buy homes, as the provision of First Homes would meet the needs of only a narrow segment of those with potential affordable home ownership needs in the District.

4. Need for Different Sizes & Types of Homes

4.1 This section considers the appropriate mix of housing across Winchester, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward. It updates analysis in Section 8 of the 2020 SHMA to take account of more recent data.

Background Data

4.2 The number of families in Winchester (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 14,300 as of the 2021 Census, accounting for 28% of households. This proportion is similar to that seen across the County, region and nationally. The proportion of married couple households with dependent children is however higher than seen in other locations (with fewer lone parent households).

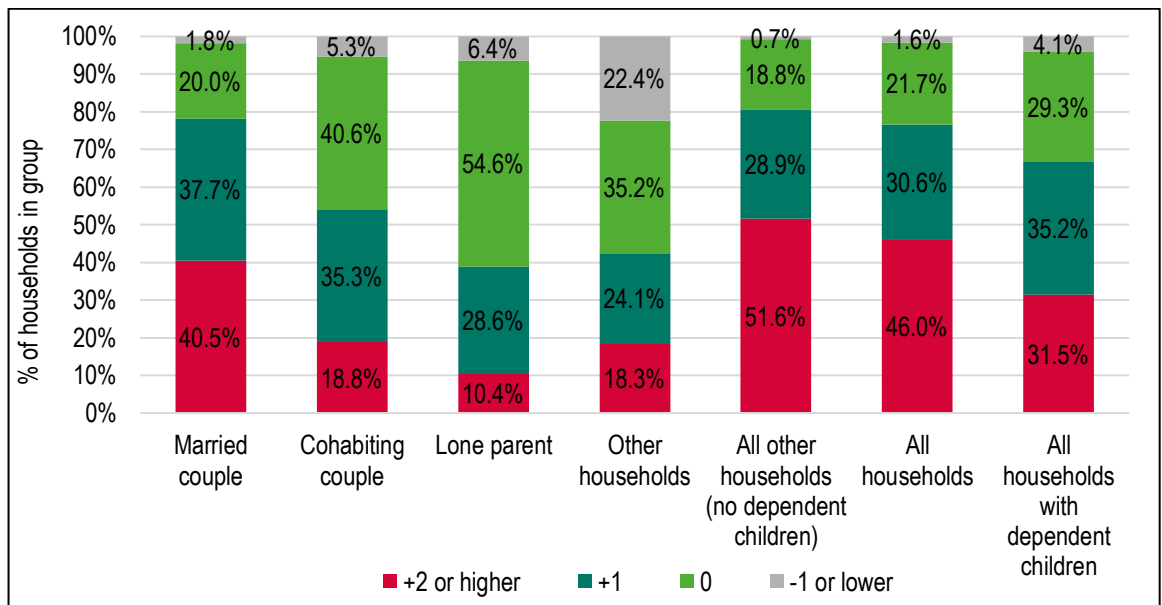
Table 4.1 Households with dependent children (2021)

	Winchester		Hampshire	South East	England
	No.	%	%	%	%
Married couple	9,293	18.0%	16.0%	16.3%	14.4%
Cohabiting couple	1,842	3.6%	4.3%	4.4%	4.5%
Lone parent	2,406	4.7%	5.4%	6.0%	6.9%
Other households	742	1.4%	2.0%	2.5%	2.7%
All other households	37,433	72.4%	72.3%	70.9%	71.5%
Total	51,716	100.0%	100.0%	100.0%	100.0%
Total with dependent children	14,283	27.6%	27.7%	29.1%	28.5%

Source: Census (2021)

4.3 The figure below shows levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding for all household types with dependent children, with 6% of all lone parents and 22% of 'other' households being overcrowded. Overall, some 4% of households with dependent children are overcrowded, compared with 0.7% of other households. Levels of under-occupancy are also notably lower in households with dependent children.

Figure 4.1 Occupancy rating of households with dependent children (2021) – Winchester



Source: Census (2021)

The Mix of Housing

4.4 Within the SHMA Update, IcenI has updated the modelling of the need for different sizes of homes to take account of the plan period (now 2020-40), and an updated baseline on how households of different ages occupy homes and of the existing housing stock – drawn from the 2021 Census. We then apply changes in households, using demographic projections linked to the local housing need calculated through the standard method, to assess the implications of demographic change (including changes in the age structure) on the mix of homes needed over the plan period to 2040.

4.5 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows owner occupied stock that is dominated by 3+ bedroom homes (making up 80% of the total in this tenure group, a slightly higher proportion to that seen in other areas). The profile of the social rented sector is broadly similar across areas whilst the private rented sector is slightly larger than seen in other locations.

Table 4.2 Number of Bedrooms by Tenure, 2021

		Winchester	Hampshire	South East	England
Owner-occupied	1-bedroom	3%	4%	4%	4%
	2-bedrooms	17%	19%	21%	21%
	3-bedrooms	35%	43%	42%	46%
	4+-bedrooms	45%	34%	33%	29%
	Total	100%	100%	100%	100%
	Ave. no. beds	3.22	3.08	3.04	3.01
Social rented	1-bedroom	34%	28%	31%	29%
	2-bedrooms	34%	36%	35%	36%
	3-bedrooms	28%	32%	31%	31%
	4+-bedrooms	4%	4%	4%	4%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.01	2.12	2.08	2.10
Private rented	1-bedroom	16%	19%	24%	21%
	2-bedrooms	36%	37%	38%	39%
	3-bedrooms	30%	33%	27%	29%
	4+-bedrooms	18%	11%	12%	11%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.50	2.36	2.27	2.30

Source: Census (2021)

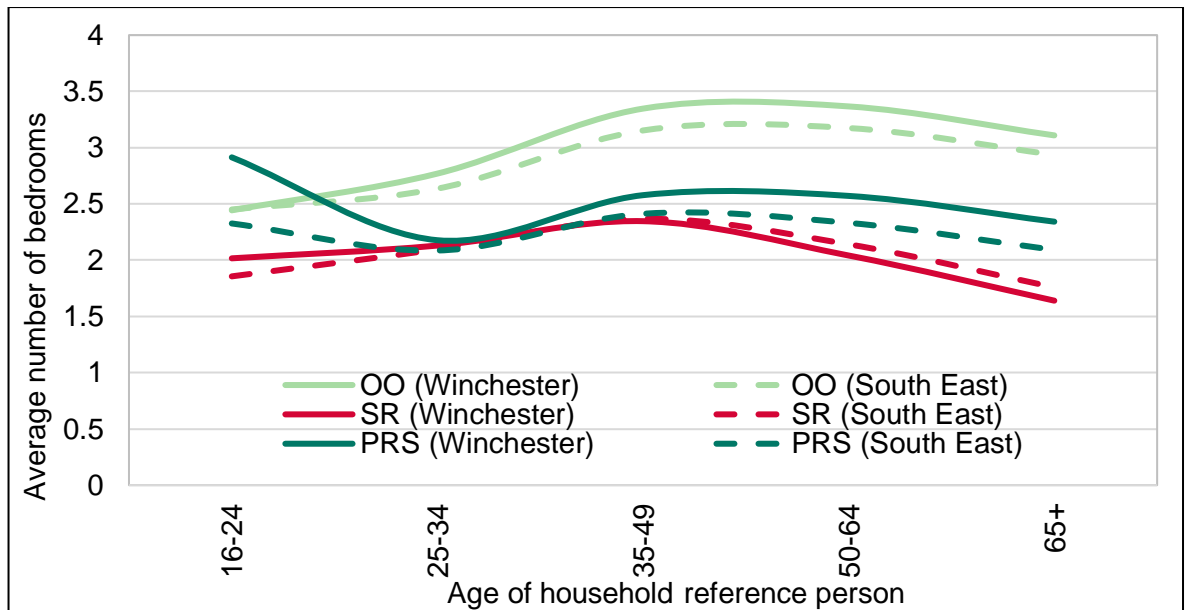
Overview of Methodology

4.6 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. Whilst demographic projections provide a good indication of how the population and

household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of new property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people they contain. However, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller level access homes would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

- 4.7 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing.
- 4.8 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups (data being drawn from the 2021 Census). The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Winchester and the South East region.
- 4.9 In all sectors the average size of accommodation rises over time to typically reach a peak around the age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies both Winchester and the region as following similar patterns by age in all tenures although larger dwelling sizes in the owner-occupied and private rented sectors can be seen for Winchester in most age groups.

Figure 4.2 Average Bedrooms by Age and Tenure in Winchester



Source: Census (2021)

4.10 The analysis uses the existing occupancy patterns at a local level as a starting point for analysis and applies these to the projected changes in Household Reference Person by age discussed below. The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

4.11 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in particular older age groups. The number of households headed by

someone aged 50-64 is however projected to see a more modest increase over the period studied. The analysis is aligned to the current standard method need (676 dwellings per annum).

Table 4.3 Projected Change in Household by Age of HRP in Winchester

	2020	2040	Change in Households	% Change
Under 25	1,611	2,022	411	25.5%
25-34	5,158	7,405	2,247	43.6%
35-49	12,491	14,546	2,055	16.4%
50-64	15,012	15,326	314	2.1%
65-74	7,736	9,602	1,866	24.1%
75-84	6,106	9,571	3,465	56.7%
85+	2,894	5,663	2,769	95.7%
TOTAL	51,008	64,134	13,126	25.7%

Source: Demographic Projections

Initial Modelled Outputs

- 4.12 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. The analysis is based on considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 4.13 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data shows a pattern of need which is focussed on 1-bedroom homes and with around 15% of households requiring 3+-bedroom accommodation. However it should be recognised that there is a much greater turnover of smaller properties, meaning that the longest waits for homes (and more acute needs) are for 4+ bed units.

Table 4.4 Size of Social/Affordable Rented Housing – Housing Register Information (March 2024)

	Number of households	% of households
1-bedroom	998	65%
2-bedrooms	303	20%
3-bedrooms	170	11%
4+-bedrooms	61	4%
TOTAL	1,532	100%

Source: WCC

- 4.14 The table below show the initial modelled outputs of need by dwelling size in the three broad tenures. Market housing focusses on 3+-bedroom homes, affordable home ownership on 2- and 3-bedroom accommodation and rented affordable housing showing a slightly smaller profile again.

Table 4.5 Initial Modelled Mix of Housing by Size and Tenure (Winchester District)

	1- bedroom	2- bedrooms	3- bedrooms	4+ bedrooms
Market	4%	22%	40%	34%
Affordable home ownership	22%	39%	26%	14%
Affordable housing (rented)	35%	35%	27%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

- 4.15 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2021 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2021 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

4.16 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

4.17 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 31,300 households with some degree of under-occupation and around 200 overcrowded households

Table 4.6 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	7,577	13,518	21,095
+1	0	4,984	3,380	1,869	10,233
0	985	892	1,038	187	3,102
-1	30	61	69	32	192
TOTAL	1,015	5,937	12,064	15,606	34,622

Source: Census (2021)

4.18 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 4.7 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector)

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	511	106	617
+1	0	1,171	647	110	1,928
0	2,639	1,364	903	62	4,968
-1	92	179	147	12	430
TOTAL	2,731	2,714	2,208	290	7,943

Source: Census (2021)

Table 4.8 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector)

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	1,095	996	2,091
+1	0	2,152	1,080	448	3,680
0	1,411	1,041	493	206	3,151
-1	73	92	50	19	234
TOTAL	1,484	3,285	2,718	1,669	9,156

Source: Census (2021)

- 4.19 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy. This does need to be recognised as an assumption, but can be seen to be reasonable as they do retain some (considerable) degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems (this is applied for all overcrowded households).
- 4.20 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with

the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 4.9 Adjusted Modelled Mix of Housing by Size and Tenure

	1- bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
Market	4%	28%	43%	25%
Affordable home ownership	21%	41%	26%	12%
Affordable housing (rented)	34%	35%	26%	5%

Source: Housing Market Model

- 4.21 Across the District, the analysis points to around a third of the social/affordable housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households. In the future household sizes are projected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts of older people have on demand for smaller stock is outlined in the table below.
- 4.22 This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people. This information can be used to inform the mix required for General Needs rather than Specialist Housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support.

Table 4.10 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Winchester

	1- bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
Under 65	20%	39%	33%	8%
65 and over	54%	46%		
All affordable housing (rented)	34%	35%	26%	5%

Source: Housing Market Model (with adjustments)

4.23 A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 402 dwellings per annum District-wide) with additional data from CoRe about the sizes of homes let over the past three years.

4.24 This analysis is quite clear in showing **the very low supply of larger affordable rented homes relative to the need for 4+-bedroom accommodation** where it is estimated the supply is only around 18% of the need arising each year, whereas for 1-bedroom homes 57% of the need can be met.

Table 4.11 Need for rented affordable housing by number of bedrooms

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	183	104	79	19.7%	56.9%
2-bedrooms	282	123	159	39.5%	43.7%
3-bedrooms	183	50	133	33.1%	27.2%
4+-bedrooms	38	7	31	7.8%	18.4%
Total	686	284	402	100.0%	41.4%

Source: Icenis analysis

Indicative Targets for Different Sizes of Property by Tenure

- 4.25 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile in different locations as well as the stakeholder engagement undertaken in preparing this report.
- 4.26 The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented

- 4.27 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people). The conclusions also consider the Housing Register and also take account of the current profile of housing in this market segment.
- 4.28 Drawing the evidence together, we consider the following mix to be appropriate:

Table 4.12 Recommended Social/ Affordable Rented Housing Mix – Winchester District

	General Needs Rented	Housing for Older People
1-bedroom	20%	55%
2-bedrooms	40%	45%
3-bedrooms	30%	
4+ bedrooms	10%	

Source: Icen Analysis

4.29 The needs profile indicates a need for 1-bed flats, and for 2- and 3-bed houses, with some provision of larger 4+ bed houses to cater for larger families and allow chains of moves.

4.30 Rented affordable units should be provided at the largest space standard for the relevant property size (i.e. 1bed-2person; 2-bed-4person; 3-bed-6person homes). This will ensure that properties can accommodate households' changing needs and to address overcrowding in the social housing sector. At the time of writing, there is an acute need for 3-bed-6-person homes.

Affordable Home Ownership

4.31 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households and childless couples. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

Table 4.13 Recommended Affordable Home Ownership Housing Mix

	Affordable Home Ownership
1-bed	20%
2-bed	45%
3-bed	35%
4+ bed	

Source: Icen Analysis

4.32 We would expect development schemes to focus in particular on 2- and 3-bed properties; with demand for 1- and 4+ bed units being more limited in the District.

Market Housing

4.33 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy).

4.34 We have also had regard to the potential for rightsizing, but recognise that in the market sector there is limited ability to control what households purchase; and some of the wider evidence which continues to point towards demand for larger homes. This sees a slightly larger recommended profile compared with other tenure groups:

Table 4.14 Recommended Market Housing Mix

	Market Housing
1-bed	30%
2-bed	
3-bed	45%
4+ bed	25%

Source: Icení Analysis

4.35 The modelling showed a modest need for 1-bed properties, and in drawing conclusions we have grouped 1- and 2-bed units to provide some flexibility.

4.36 In applying the modelling outputs to individual development sites, regard needs to be had to the site location and context, and the form of development proposed. Demand can change over time linked to macro-economic factors and local supply. It may also be appropriate to have regard to any locally-specific evidence, such as gaps in the current offer or needs profile at the local level including information from local housing needs surveys and the Housing Register.

4.37 The suggested figures can also be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

4.38 The recommendations provide an important guide in assessing the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein.

Sub-area Housing Mix

4.39 The analysis above looks at the mix of housing across the whole District. There will however be differences between locations which might point to a different mix as being appropriate. The discussion below does not seek to replicate the mix modelling for smaller areas but looks at some of the data used within the modelling for the three areas. This analysis covers:

- Household composition;
- Current housing mix;
- Overcrowding and under-occupation; and
- Past demographic trends

4.40 The table below shows the proportion of households with dependent children in each of the three sub-areas. There is some variation, this being highest in the southern area and lowest in Winchester Town. This initially points to the potential need for a slightly smaller mix of homes in Winchester Town, but overall the figures are not substantially different.

Table 4.15 Households with dependent children (2021)

	Married couple	Co-habiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Winchester Town	16.5%	3.3%	5.1%	1.2%	73.9%	100.0%	26.1%
Northern	19.7%	3.0%	3.9%	1.5%	71.9%	100.0%	28.1%
Southern	17.5%	4.6%	5.1%	1.6%	71.3%	100.0%	28.7%
TOTAL	18.0%	3.6%	4.7%	1.4%	72.4%	100.0%	27.6%

Source: Census (2021)

4.41 The table below shows the profile of housing by tenure for the sub-areas. The analysis shows a few features, including a slightly larger market stock profile in the Northern area. There are also variations shown in the profile of the social

rented and private rented sectors – including a relatively high proportion of 1-bedroom homes in the social and private rented sector in Winchester Town.

4.42 The table below also shows the average number of bedrooms by area and tenure although it should be noted the actual average number of bedrooms will be higher than these figures as the Census data has a cut-off at 4+-bedrooms (and for the purposes of calculating an average 4+-bedroom homes are treated as having 4-bedrooms).

4.43 Focussing on market housing, the analysis could point towards the demand in the Northern area being slightly more towards larger family accommodation (as this is the dominant stock) – however, on the flip side the relative lack of smaller (and likely to be more affordable) units does point to the potential need to provide more smaller homes to help diversify the stock and provide opportunities for right-sizing.

Table 4.16 Number of Bedrooms by Tenure, 2021 – sub-areas

		Winchester			
		Town	Northern	Southern	TOTAL
Owner-occupied	1-bedroom	4%	2%	3%	3%
	2-bedrooms	20%	15%	18%	17%
	3-bedrooms	35%	33%	37%	35%
	4+-beds	42%	50%	42%	45%
	Total	100%	100%	100%	100%
	Ave. no. beds	3.14	3.30	3.18	3.22
Social rented	1-bedroom	39%	28%	31%	34%
	2-bedrooms	33%	38%	33%	34%
	3-bedrooms	25%	30%	32%	28%
	4+-beds	3%	4%	4%	4%
	Total	100%	100%	100%	100%
	Ave. no. beds	1.93	2.09	2.09	2.01
Private rented	1-bedroom	20%	11%	16%	16%
	2-bedrooms	36%	33%	40%	36%
	3-bedrooms	20%	40%	33%	30%
	4+-beds	24%	17%	12%	18%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.47	2.62	2.40	2.50

Source: Census (2021)

4.44 The table below shows levels of overcrowding and under-occupation by sub-area – this identifies slightly higher overcrowding in Winchester Town, this area also showing the lowest levels of under-occupation.

Table 4.17 Overcrowding and under-occupation (2021) – sub-areas

	Winchester	Northern	Southern	TOTAL
	Town			
+2 or higher	36.4%	53.9%	46.9%	46.0%
+1	31.1%	29.3%	31.8%	30.6%
0	30.1%	15.7%	19.8%	21.7%
-1	2.2%	1.0%	1.4%	1.5%
-2 or lower	0.3%	0.1%	0.1%	0.2%
Total	100.0%	100.0%	100.0%	100.0%

Source: Census (2021)

4.45 The final analysis considers past trends in population and household growth as continuation of these trends might point to a different mix of housing being needed. This analysis must however be treated with caution as to some extent the past trends will be influenced by locations where housing has been provided.

4.46 The table below shows how the overall population has changed in each area over the 2011-21 period (from Census data). This clearly shows the strongest growth (in percentage terms) to have been in the Southern area, with the population increasing by 16% over this period – this is more than double the increase seen in any other area. The Winchester Town sub-area saw population growth of just 6%.

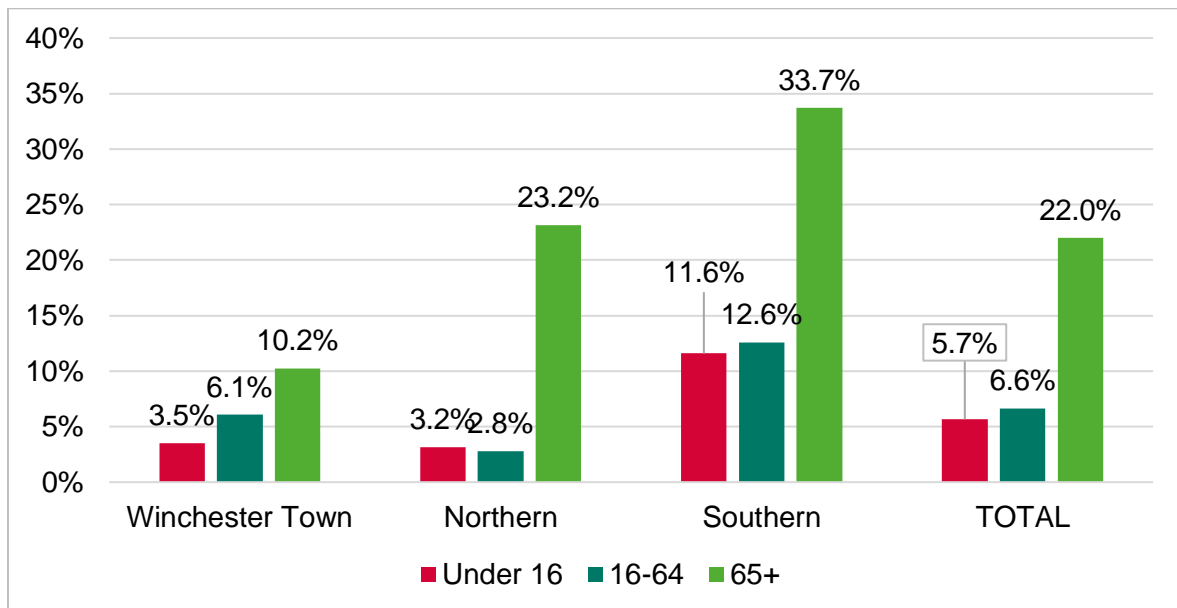
Table 4.18 Population change 2011 to 2021 by sub-area

	2011	2021	Change	% change
Winchester Town	40,950	43,529	2,579	6.3%
Northern	44,120	47,295	3,175	7.2%
Southern	31,525	36,641	5,116	16.2%
TOTAL	116,595	127,465	10,870	9.3%

Source: Census (2011 and 2021)

4.47 Within this population change there will also be a change in the age structure with the figure below showing changes in each area split into three broad age bands. This analysis is interesting in showing very different changes across areas. In Winchester Town the older person population saw a much lower increase than other areas; with the Northern sub-area seeing a notable ageing of the population but not much change in younger age groups. The Southern area (which saw the highest growth overall) saw strong increases across all three broad age bands.

Figure 9.1: Population change by sub-area and broad age band (2011-2021)



Source: Census (2011 and 2021)

4.48 On balance this analysis would point to a smaller profile of dwellings being needed in the Northern area due to less growth in families and households with children who might need a larger home. The relatively high growth in the 16-64 population compared to those aged 65+ in Winchester Town points in the opposite direction (a need for larger homes).

4.49 The table below shows how the number of households has changed over the 2011-21. This shows a similar pattern to population change with stronger growth in the Southern area, and a much lower change in Winchester Town.

Table 4.19 Household change 2011 to 2021 by sub-area

	2011	2021	Change	% change
Winchester Town	16,245	17,200	955	5.9%
Northern	17,860	19,261	1,401	7.8%
Southern	12,760	15,256	2,496	19.6%
TOTAL	46,865	51,717	4,852	10.4%

Source: Census (2011 and 2021)

4.50 The population and household data can be brought together to give an indication of the household sizes of additional households in the 2011-21 period as shown

in the table below. This shows larger households in Winchester Town, and the smallest in the Southern area and would arguably point to a need for larger homes in the Town.

Table 4.20 Average household sizes of additional households

	Change in population	Change in households	Average household size
Winchester Town	2,579	955	2.70
Northern	3,175	1,401	2.27
Southern	5,116	2,496	2.05
TOTAL	10,870	4,852	2.24

Source: Census (2011 and 2021)

Sub-area Conclusions

- 4.51 Overall, it is considered the analysis does not suggest that a substantially different mix should be proposed for smaller areas. There may however be a case on a site-by-site basis, or at a specific point in time for some minor adjustments to the overall conclusions. This is summarised below:
- a) Whilst there are modest differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
 - b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, areas traditionally favoured by family households might be expected to provide a greater proportion of larger homes;
 - c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock; and
 - d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport)

may impact on a reasonable mix at a local level.

- 4.52 Overall, it is suggested the Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall. For example, if a recent housing site has provided nothing but 4+-bedroom 'executive' homes, then it could be expected that the next site in a similar location might provide a mix which includes more homes for younger/smaller family households and childless couples.
- 4.53 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built-form

- 4.54 A final issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

Bungalows

- 4.55 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the District as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.
- 4.56 The table below shows a notable proportion of homes in Winchester are bungalows (11% of all flats and houses). The majority of bungalows have 2- or 3-bedrooms (74% of the total). A slightly lower proportion (9%) of homes across England are bungalows.

Table 4.21 Number of dwellings by property type and number of bedrooms (March 2020)

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	720	2,180	2,010	740	20	5,670
Flat/Maisonette	3,980	4,630	480	350	20	9,460
Terraced house	320	3,980	6,210	1,140	10	11,650
Semi-detached house	150	1,930	7,160	1,450	20	10,700
Detached house	40	600	4,200	9,750	90	14,680
All flats/houses	5,210	13,320	20,060	13,430	160	52,160
Annexe						500
Other						910
Unknown						390
All properties						53,950

Source: Valuation Office Agency

- 4.57 In general, discussions with local estate agents working across the country, find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).
- 4.58 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).
- 4.59 As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

-
- 4.60 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 4.61 Overall, the Council could consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive and this may limit opportunities for development – particularly in more urban locations.
- 4.62 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger ‘family-sized’ accommodation (with 3+ bedrooms).

Flats versus Houses

- 4.63 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 82% of all 1-bedroom homes are flats, 38% of 2-bedroom homes and just 5% of homes with 3-bedrooms.
- 4.64 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in Winchester, the South East and England. This shows around a third of all 2-bedroom homes are flats. This would arguably point to the majority of 2-bedroom homes in the future being houses. The analysis does also show a higher proportion of flats in the

social and private rented sectors (although it is still the case that the slight majority of homes in these sectors are houses).

Table 4.22 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	Winchester	South East	England
Owner-occupied	26%	29%	25%
Social rented	45%	50%	48%
Private rented	45%	56%	52%
All (2-bedroom)	35%	40%	38%

Source: 2021 Census

- 4.65 For completeness, the table below shows the proportion of flats in Winchester for all sizes of accommodation and different tenures. Of particular note is the very small proportion of 3+-bedroom homes as flats – particularly in the market sector. This is consistent with the need/demand profile.

Table 4.23 Proportion of homes that are a flat, maisonette or apartment (by tenure and dwelling size)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	65%	26%	1%	0%
Social rented	73%	45%	2%	12%
Private rented	78%	45%	8%	7%
All	72%	35%	2%	1%

Source: 2021 Census

- 4.66 This analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats given the nature of the current stock. Any decisions will have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. For affordable housing, the current evidence points to the 2-bed need being for houses.

Summary

- 4.67 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Winchester is fairly average with around 28% of all households containing dependent children in 2021 (compared with around 29% regionally and nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.
- 4.68 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector).
- 4.69 In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For general need rented affordable housing there is a clear need for a range of different sizes of homes, including 40% to have at least 3-bedrooms. Our recommended mix is set out below:

Table 4.24 Strategic Conclusions on Mix of Homes Needed

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	30%	20%	20%	55%
2-bedrooms		45%	40%	
3-bedrooms	45%	35%	30%	
4+-bedrooms	25%		10%	

Source: Icenis Analysis

- 4.70 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- 4.71 The mix identified above could inform strategic policies. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- 4.72 There is a potential demand for bungalows which might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use. There is also an identified need arising from the growth in households with mobility problems and of wheelchair user households. On this basis we would recommend that the Council consider provision of up to 5% bungalows on suitable major sites.

5. Older & Disabled People's Housing Needs

- 5.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019. The Section includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Strategic Context

- 5.2 Hampshire County Council is the relevant authority with responsibility for Adult Social Care. It's Adult Health and Social Care Strategy 2023-28⁸ outlines the significant pressures facing the authority: with a growing older persons population and increasing children and young adults with complex needs (influencing demand for services), set against budgetary and staff/workforce constraints. Against this context, HCC's strategy seeks to prevent or reduce demand (including through the use of technology-enabled care), support people with emerging care needs to live independently in their own home for as long as possible, and thus focusing bespoke accommodation on those with the greatest needs. It seeks to develop and invest in provision of extra care and supported living as an alternative to residential care; grow the 'shared lives' offer where a person with support needs lives with a family at home; as well as provide reablement accommodation which helps to free up hospital beds.
- 5.3 HCC has prepared a range of Market Position Statements⁹ which address different needs including: physical disabilities; learning disabilities and autism;

⁸ <https://documents.hants.gov.uk/adultservices/AHC-Strategy2023.pdf>

⁹ <https://www.hants.gov.uk/socialcareandhealth/adultsocialcare/strategy-market-position>

mental health; as well as different forms of accommodation – from residential and nursing care, to extra care and independent living.

- 5.4 The County Council’s strategic approach overall seeks to manage demand for services, support people to live independently at home as far as possible, but to expand provision of extra care and supported living facilities – particularly for those with dementia and multiple/ complex conditions – as an alternative to residential care.
- 5.5 HCC currently commissions care in 19 extra care schemes across Hampshire of which three are in Winchester (Chesil Lodge; Danemark Court; Campbell Place). It has planning permission for further 60-unit schemes in Kings Barton, North Whiteley and Waterlooville. The Council’s aim is that extra care schemes will be increasingly able to accommodate those with more complex needs, including with sensory and cognitive impairments, and who are frail; reducing the needs for them to transition to residential or nursing care.
- 5.6 A key objective of Winchester City Council’s Housing Strategy 2023 – 2028 is to improve the opportunities of vulnerable people, and develop an older persons’ accommodation strategy to increase delivery of age friendly housing of all types and tenures, and ensure all new homes built will meet the needs of current and future generations. In this context, it has proposals to prepare a Supported and Older Persons Housing Strategy in the short-term, as well as develop new extra care housing and remodel some existing specialist housing schemes; as well as make best use of Disabled Facilities Grants.

Older Person Population

- 5.7 The table below provides baseline population data about older persons, which are considered herein to be those 65+, in Winchester and compares this with other areas. The table shows the District has a slightly older age structure than seen regionally or nationally with 21% of the population being aged 65 and over – the older person population is however slightly below the average across Hampshire.

Table 5.1 Older Persons Population, 2022

	Winchester District	Hampshire	South East	England
Under 65	78.9%	77.9%	80.3%	81.4%
65-74	10.2%	10.9%	9.9%	9.6%
75-84	7.6%	8.0%	7.0%	6.5%
85+	3.3%	3.2%	2.8%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	21.1%	22.1%	19.7%	18.6%
Total 75+	10.9%	11.2%	9.8%	9.0%

Source: ONS

- 5.8 The table below shows the same information for sub-areas of the District – in this case data is for 2021 and has been taken from the Census. This shows some notable differences between areas with a much lower proportion of older people living in Winchester Town and a high proportion in the Northern sub-area.

Table 5.2 Older Persons Population, 2022

	Winchester Town	Northern	Southern	TOTAL
Under 65	83.1%	75.5%	79.1%	79.1%
65-74	8.2%	12.4%	11.0%	10.5%
75-84	5.7%	8.6%	7.1%	7.2%
85+	3.0%	3.6%	2.8%	3.2%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	16.9%	24.5%	20.9%	20.9%
Total 75+	8.7%	12.2%	9.9%	10.3%

Source: ONS

Projected Future Change in the Population of Older People

- 5.9 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Winchester is projected to see a notable increase in the older person population. A projection linked to delivery in line with the Standard Method shows a projected increase in the population aged 65+ of around 45%. The population aged Under 65 is in contrast projected to see a more modest increase (of 16%).

5.10 In total population terms, the projections show an increase in the population aged 65 and over of 12,000 people (2020-40). This is against a backdrop of an overall increase of 27,700 – population growth of people aged 65 and over therefore accounts for 43% of the total projected population change.

Table 5.3 Projected Change in Population of Older Persons, 2020 to 2040 – Winchester

	2020	2040	Change in population	% change
Under 65	99,375	115,040	15,665	15.8%
65-74	13,469	16,698	3,229	24.0%
75-84	8,920	13,919	4,999	56.0%
85+	3,990	7,759	3,769	94.5%
Total	125,754	153,416	27,662	22.0%
Total 65+	26,379	38,376	11,997	45.5%
Total 75+	12,910	21,677	8,767	67.9%

Source: Demographic projections

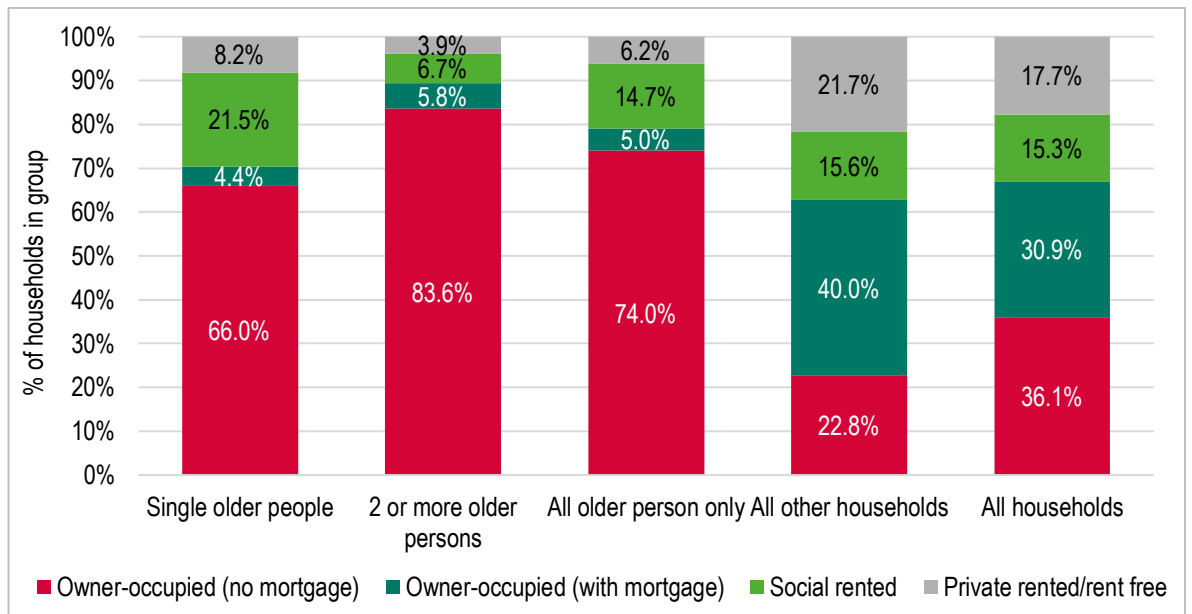
Characteristics of Older Person Households

5.11 The figure below shows the tenure of older person households age 65+. Invariably those in older age cohorts are not a homogenous group and their housing needs can be influenced by factors related to both their age and health.

5.12 The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (79% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Many older households may however want to remain in existing homes. Some 15% of older persons households live in the social rented sector and the proportion of older person households living in the private rented sector is relatively low (about 6%).

5.13 There are also notable differences for different types of older person households with single older people having a lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Figure 13.1: Tenure of Older Persons Households in Winchester, 2021



Source: 2021 Census

Prevalence of Disabilities

5.14 The table below shows the proportion of people who are considered as disabled under the definition within the 2010 Equality Act¹⁰, drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 29% of households in the District contain someone with a disability. This figure is slightly lower than seen in other areas. The figures for the population with a disability show similar patterns compared with other areas

¹⁰ The Census uses the same definition of disability as described in the Equality Act. This defines disability as a person with a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to do normal daily activities.

– some 15% of the population having a disability. The table also shows slightly higher levels of disability in Winchester Town.

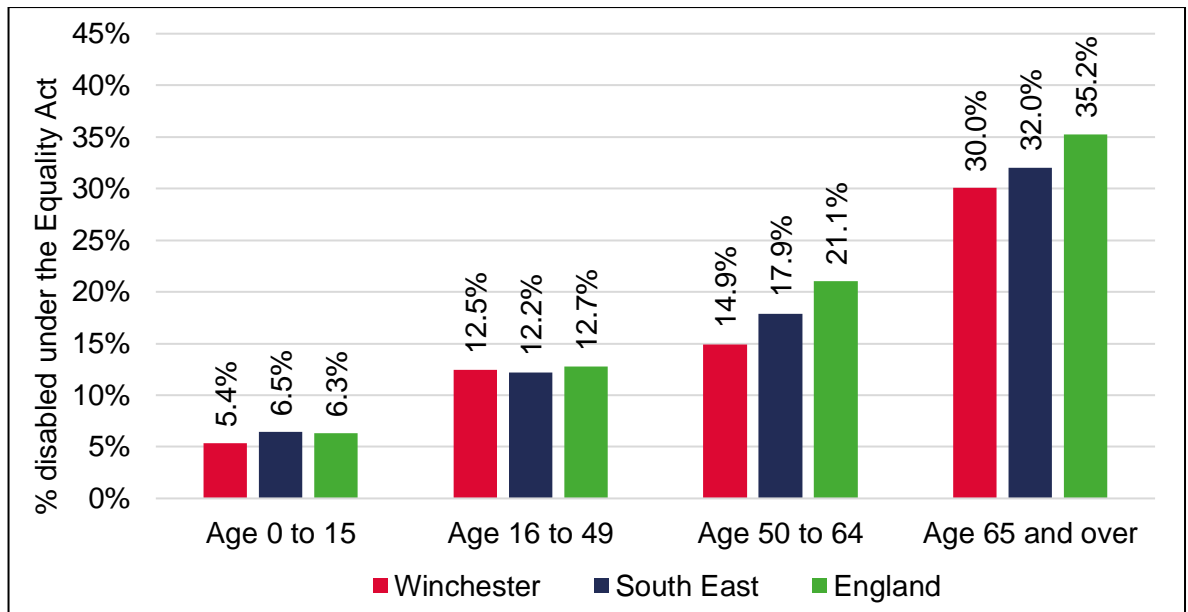
Table 5.4 Households and People with a Disability, 2021

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Winchester Town	5,263	30.6%	7,382	17.0%
Northern	5,203	27.0%	6,649	14.1%
Southern	4,270	28.0%	5,532	15.1%
Winchester District	14,740	28.5%	19,566	15.4%
Hampshire	177,182	30.1%	229,545	16.4%
South East	1,144,084	30.0%	1,496,340	16.1%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

- 5.15 As noted, it is likely that the age profile will impact upon the numbers of people with a disability, as older people tend to be more likely to have a disability. For older age groups in particular, the analysis also shows lower levels of disability in each age band within Winchester when compared with the regional and national position. Whilst the Census data on disabilities does not break down the type of disability, it is important to recognise that these can vary significantly, and include learning disabilities, mental health, dementia and physical disabilities.

Figure 13.2: Population with Disability by Age



Source: 2021 Census

Health Related Population Projections

- 5.16 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population. The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 5.17 Of particular note are the large increases in the number of older people with dementia (increasing by 70% from 2020 to 2040) and mobility problems (up 59% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 9% of total projected population growth.

**Table 5.5 Projected Changes to Population with a Range of Disabilities
– Winchester**

Disability	Age Range	2020	2040	Change	% Change
Dementia	65+	1,665	2,824	1,159	69.6%
Mobility problems	65+	4,274	6,785	2,511	58.8%
Autistic Spectrum Disorders	18-64	628	734	106	16.9%
	65+	210	309	100	47.5%
Learning Disabilities	15-64	1,681	1,952	270	16.1%
	65+	468	674	206	44.0%
Impaired mobility	16-64	3,644	3,937	292	8.0%

Source: POPPI/PANSI and Demographic Projections

- 5.18 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 5.19 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes which are accessible for those with disabilities and that will allow households to remain in the same property for longer as their needs change.

Need for Specialist Accommodation for Older People

- 5.20 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [ID: 63-010-20190626]

- 5.21 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The broad approach adopted herein is similar to that used in other research, including that by Hampshire County Council.
- 5.22 The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an

impact on specialist housing demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

- 5.23 There are a number of ‘models’ for considering older persons’ needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 5.24 Whilst there are no definitive rates, the PPG [63-004] notes that ‘the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)’. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the SHOP@ online toolkit although the base rates used for analysis are known.
- 5.25 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are ‘outdated’ but also noting that the rates from 2011/12 were ‘not substantiated’. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 5.26 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

5.27 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 5.6 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008) ¹¹	Housing in Later Life (2012) ¹²	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: *Housing LIN*

5.28 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. As set out, HCC are keen to see provision of extra care housing as an alternative to residential care;

¹¹ Based on the More Choice Greater Voice publication of 2008

(https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

¹²

https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

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- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and
 - The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer.

5.29 These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally and in Hampshire, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

5.30 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report.

5.31 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Winchester, the data shows better health in the older person population and so a reduction has been made to the prevalence rates.

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- 5.32 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Winchester is the 293rd most deprived local authority in England (out of 317) – i.e. a low level of deprivation – this suggests a greater proportion of market housing than a local authority in the middle of the range (for housing with support and housing with care).
- 5.33 Hampshire County Council has commissioned separate evidence on the need for Extra Care Housing which, in due course, may provide more specific evidence for this sector. This research, being undertaken with Housing LIN, can be used alongside the Study herein.
- 5.34 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation). Shared ownership provision is included by Housing LIN within the market category.
- 5.35 Overall, the analysis suggests that there will be a need for housing with support (retirement/sheltered housing) in the market sector, but there is sufficient supply of affordable housing. The analysis also points to a strong potential need for housing with care (e.g. extra-care) in both the market and rented affordable sectors (87% market housing).
- 5.36 The analysis also suggests a need for some additional nursing and residential care bedspaces, as the older population grows over the plan period, although need and supply are currently broadly in balance. A net need is shown over the plan period for 547 residential and nursing care bedspaces. Within this we would expect some closures of smaller care homes which no longer meet modern standards, together with delivery of high quality new-build provision.

Table 5.7 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2020-40 – Winchester District

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Addition al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	71	542	921	379	625	1,004
	Rented Affordable	42	1,445	537	-908	365	-543
Total (housing with support)		113	1,987	1,458	-529	990	461
Housing with care	Market	30	176	384	208	261	469
	Rented Affordable	11	165	141	-24	96	71
Total (housing with care)		41	341	525	184	356	540
Residential care bedspaces		36	332	467	135	317	451
Nursing care bedspaces		41	786	525	-261	356	95
Total bedspaces		77	1,118	991	-127	673	547

Source: Icen analysis (supply data from EAC)

- 5.37 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to ‘downsize’ which can help improve their quality of life.
- 5.38 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the ‘top-end’ of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

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- 5.39 The analysis above draws conclusions on the net need over the plan period. This does not necessarily imply that there is demand for existing schemes or that they are fit-for-purpose. Indeed the Council is undertaking a review of its existing Sheltered Housing Stock. The emerging evidence indicates that the majority of the Council's sheltered housing stock (with the exception of Makins Court and Richard Moss House) were built in the 1970s/80s and may not be consistent with contemporary design and accessibility design standards. The Council has been reviewing these issues, with a view to improving the quality and accessibility of schemes and enhancing the digital offer it provides within them. The gross need for new development may therefore be greater than the net need shown.
- 5.40 Extra care schemes should have regard to HAPPI Standards¹³ which offer an attractive alternative to a family home and are able to be adapted to households changing needs. The City Council is producing design briefs, building on the HAPPI standards, whilst additionally Hampshire County Council is developing design standards for schemes, both of which will be important to have regard to in the development of schemes.

Wheelchair User Housing

- 5.41 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitible' for wheelchair users and data about wheelchair users by tenure.
- 5.42 The table below shows at a national level the proportion of wheelchair user households by the age of household reference person. Nationally, around 3.4%

¹³ <https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/>

of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.

Table 5.8 Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100.0%
25-34	99.3%	0.3%	0.1%	0.2%	100.0%
35-49	98.2%	0.5%	0.1%	1.2%	100.0%
50-64	96.9%	0.7%	0.4%	2.0%	100.0%
65 and over	93.1%	0.9%	0.4%	5.6%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

- 5.43 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of the population. The data estimates a total of 1,217 wheelchair user households in 2020, and that this will rise to 1,650 by 2040.

Table 5.9 Estimated number of wheelchair user households (2020-40) – Winchester

	Prevalence rate (% of households)	Households 2020	Households 2040	Wheelchair user households (2020)	Wheelchair user households (2040)
24 and under	0.6%	1,611	2,022	9	12
25-34	0.6%	5,158	7,405	29	41
35-49	1.1%	12,491	14,546	140	163
50-64	1.6%	15,012	15,326	233	238
65 and over	4.8%	16,736	24,836	806	1,196
All households		51,008	64,134	1,217	1,650

Source: Icen analysis

- 5.44 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households.
- 5.45 Applying this proportion to the current number of wheelchair user households gives a current need for 304 additional wheelchair user homes. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair user households will already be in accommodation) then a further need for 108 homes in the 2020-40 period can be identified. Added together this leads to **a need estimate of 413 wheelchair user homes – equating to 21 dwellings per annum across the District.**

Table 5.10 Estimated need for wheelchair user homes, 2020-40

	Current need	Projected need (2020-40)	Total current and future need
Winchester	304	108	413

Source: Iceni analysis

5.46 In the context of constraints on the availability of Disabled Facilities Grants (DFGs), these figures should be regarded as a minimum level.

5.47 Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair user (including 2.2% using a wheelchair indoors), compared with 3.1% of owner-occupiers (0.7% indoors). These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 5.11 Proportion of wheelchair user households by tenure of household reference person – England

Tenure	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100.0%
Social sector	92.9%	1.6%	0.6%	4.8%	100.0%
Private renters	98.8%	0.1%	0.1%	0.9%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

5.48 To meet the identified need, the Council could seek a proportion (say 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (say 10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

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- 5.49 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs however this should be tested through a Whole Plan Viability Assessment.
- 5.50 It is worth noting that the Government has recently reported on a consultation (Raising Accessibility Standards for New Homes¹⁴) on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds.
- 5.51 The key outcome is: ‘Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes’. This change is due to shortly be implemented through a change to building regulations.
- 5.52 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating ‘M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand’.
- 5.53 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

¹⁴ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

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- 5.54 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 5.55 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Summary

- 5.56 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 5.57 The data shows that Winchester has an older age structure and slightly lower levels of disability when compared with the national average. The older person population shows high proportions of owner-occupation, and particularly outright owners who may have significant equity in their homes (74% of all older person households are outright owners).

5.58 The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2020-40 period include:

- a 45% increase in the population aged 65+ (potentially accounting for 43% of total population growth);
- an 70% increase in the number of people aged 65+ with dementia and 59% increase in those aged 65+ with mobility problems;
- a need for around 1,000 housing units with support (sheltered/retirement housing) – all in the market sector;
- a need for around 540 additional housing units with care (e.g. extra-care) – the majority in the market sector;
- a need for additional nursing and residential care bedspaces but current need and supply in broad balance; and
- a need for 400 dwellings to be for wheelchair users (meeting technical standard M4(3)).

5.59 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards, consistent with the ambitions set out in its Housing Strategy, and around 5%-10% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a tenth in the affordable sector).

5.60 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

5.61 In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

6. Needs of Looked after Children

- 6.1 A Written Ministerial Statement by the Minister of State for Housing and Planning on 23rd May 2023 has made clear that LPAs should determine whether it is appropriate for studies such as this to consider the accommodation needs of children in need of social services care (children in care). It advises that LPAs should give due weight to and be supportive of applications for accommodation for looked after children in their area that reflect local needs; and that local/ unitary and upper tier authorities should work with commissioners to assess local need.
- 6.2 The 'sufficiency duty' under the Children's Act (1989) requires local authorities to take steps to secure, as far as reasonably practical, sufficient accommodation within the Authority's area boundaries to meet the needs of children that the local authority is looking after and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation. The authority in these terms is Hampshire County Council (HCC). The County Council approved a Children's Services Sufficiency Duty Strategy in March 2023.¹⁵ The duty of 'sufficiency' that requires local authorities and Children's Trust partners to ensure that, through direct provision or commissioned services, a range of placements sufficient to meet the needs of all children in care are available locally or that there is a plan in place to move towards that position.
- 6.3 In addition, local authorities have a duty to accommodate homeless young people aged 16-17 and care leavers aged 18-20; and these are considerations in the allocation of social housing.
- 6.4 There is a strategic focus on seeking to avoid children being taken into care. Of looked after children, many (including most aged under 11) are accommodated in foster homes. Children's home provision is needed in particular for those with more complex needs.

¹⁵ <https://documents.hants.gov.uk/childrens-services/SufficiencyDutyStrategy.pdf>

6.5 HCC’s Sufficiency Strategy outlines that the population of looked after children (CLA) has remained stable as a percentage of population since 2018. However it identifies a need for increased provision moving forward to accommodate both demographic growth; to accommodate unaccompanied asylum seeker children; and to increase the proportion of children which HCC is able to accommodate within (rather than outside of) Hampshire. Its forecasts of needs to 2027 (on a county-wide basis) are shown below.

Table 6.1 Need for Children’s Home Spaces - Hampshire, 2021-2027

	2021	2026/7	Change
Children's Home Places: HCC In-House	22	32	10
Children's Home Places: Commissioned	157	209	52
Post-16 Placements	196	217	21
Total	375	458	83

Source: HCC Sufficiency Strategy

6.6 Need is managed on a County-wide basis; and therefore there is not specific data for Winchester District.

6.7 However Icenii would note that the demographic evidence also shows a growing population of children in Winchester District over the plan period. This, the need to accommodate unaccompanied asylum seeker children, and the benefits of increasing provision in Hampshire to reduce ‘out-of-area’ placements points to a clear need for additional provision.

Table 6.2 Changing Population of Children in Winchester District, 2020-40

	2020	2040	Change
Aged 0-10	14,699	17,854	3,155
Aged 11-17	10,963	11,527	564

Source: JGC Demographic Projections

6.8 The evidence points to a need for additional accommodation provision for looked-after children both in Hampshire and nationally. Quantitatively the Strategy indicates sufficient provision across Hampshire, however beds are purchased by other authorities alongside HCC; with just 20% of Hampshire’s residential

placements being within Hampshire. There are clear benefits from children being accommodated in areas with which they know and have existing links.

- 6.9 Children’s homes are not typically large, with normally between 1-4 children in a home as well as provision for staff to sleep and a number of communal rooms. They should typically include outdoor space within a garden and ideally provision for staff parking. Houses on through roads in suburban environments are thus particularly suitable.
- 6.10 Additional provision does not necessarily need to be new-build but will often involve conversion of existing C3 properties. Children’s homes would typically fall within a C2 use class. It should be noted that homes will need to include both bedrooms for children and for carers (so that for instance a 4-bed house could be for 3 children). There is a need for homes of varying sizes.
- 6.11 Based on our discussions with HCC in April 2024, homes will typically provide 3-4 bedrooms, but there is also a need for smaller homes for those with more complex needs, which might accommodate a single child but require homes with 2-3 beds (including to accommodate staff). Challenges associated with provision in Winchester include the higher housing costs in parts of the District, as well as greater difficulties in the City with staff recruitment. However there is a need for provision in settlements of a range of sizes.
- 6.12 Barriers to delivery including the need for certainty associated with conversion of properties to secure approval from Ofsted for new provision; and objections from surrounding residents in some instances. The evidence of need herein is a relevant planning consideration. The WMS makes clear that in two tier authorities as here, it expects local planning authorities to support these vital developments where appropriate, to ensure that children in need of accommodation are provided for in their communities.

7. Summary and Conclusions

- 7.1 The national market is uncertain and since 2020 after a period significant of inflationary pressures and changes to housing and fiscal policy that have driven house prices upwards, house prices are beginning to fall nationally. In Winchester, there is little indication yet that house prices are beginning to fall, however, the rate at which they had historically been increasing has slowed. Affordability has improved slightly; however, Winchester remains significantly less affordable overall when compared to the County, Region, and Country as of 2023, with a tight rental market adding to affordability pressures in the City.

Affordable Housing Need

- 7.2 This report provides an updated assessment of the need for affordable housing. It shows a need for 368 rented affordable homes per year in the Plan area (411 across the District per year).
- 7.3 The evidence indicates that at least 30% of rented affordable housing should be provided at social rents if it is viable to do so, with affordable rents capped at LHA levels to ensure that homes are genuinely affordable having regard to local incomes.
- 7.4 The evidence is less conclusive about the scale of affordable home ownership need: with a need shown for up to 147 homes per year. The affordable home ownership need is notably lower than that for rented affordable housing. Growth in the private rented sector does however point to many households being excluded from the owner-occupied sector.
- 7.5 **Iceni recommend that the Local Plan policy seek a balance of 75% rented affordable homes, and 25% affordable home ownership. Within the rented component, the Council should test, through its Whole Plan Viability evidence, the potential to achieve at least 30% of rented homes as social rented provision. The Council should also seek to cap affordable rents at**

Local Housing Allowance (LHA) levels to ensure that homes are genuinely affordable.

- 7.6 Funding should be used (where applicable) to augment the level of social rented provision. Affordable home ownership properties, the evidence suggests, should focus on shared ownership (particularly) and rent-to-buy homes.

Mix of Homes Needed

- 7.7 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+ bedroom homes. For general need rented affordable housing there is a clear need for a range of different sizes of homes, including 40% to have at least 3-bedrooms. Our recommended mix is set out below:

Table 7.1 Strategic Conclusions on Mix of Homes Needed

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	30%	20%	20%	55%
2-bedrooms		45%	40%	
3-bedrooms	45%	35%	30%	45%
4+-bedrooms	25%		10%	

Source: Icen Analysis

- 7.8 Affordable home ownership homes with 2 or more bedrooms, and rented properties with 3 or more bedrooms, should be focused on provision as houses (rather than flats).
- 7.9 The mix identified above could inform strategic policies. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing

mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

Need for Specialist Housing

- 7.10** The District is projected to see an increase of more than 12,000 people aged 65+ between 2020-40, an increase of 45%. Linked to this, large increase in the numbers of people with mobility problems and dementia is expected. **The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability.**
- 7.11 The analysis suggests that there will be a need for housing with support (retirement/sheltered housing) in the market sector, and whilst quantitatively there is sufficient supply of affordable housing, there are qualitative issues and higher quality affordable provision may be needed through either remodelling of existing schemes or new-build. The analysis also points to a strong potential need for housing with care (e.g. extra-care) in both the market and affordable sectors (87% market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces although need and supply are currently broadly in balance.

Table 7.2 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2020-40 – Winchester

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Addition al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	71	542	921	379	625	1,004
	Rented affordable	42	1,445	537	-908	365	-543
Total (housing with support)		113	1,987	1,458	-529	990	461
Housing with care	Market	30	176	384	208	261	469
	Rented affordable	11	165	141	-24	96	71
Total (housing with care)		41	341	525	184	356	540
Residential care bedspaces		36	332	467	135	317	451
Nursing care bedspaces		41	786	525	-261	356	95
Total bedspaces		77	1,118	991	-127	673	547

Source: Icen analysis (supply data from EAC)

- 7.12 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to ‘downsize’ which can help improve their quality of life.
- 7.13 The data estimates a total of 1,217 wheelchair user households in 2020, and that this will rise to 1,650 by 2040. Having regard to the potential to adapt some properties, the analysis identifies a need for at least 413 wheelchair user homes – equivalent to 21 per annum. **We recommend policies seeking around 5%-10% of homes meeting M4(3) – wheelchair user dwellings in the market sector; with 10% in the affordable sector.** These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

7.14 The evidence additionally shows a need for additional children's homes across Hampshire; which will typically be through conversions of existing detached residential properties. National Government has made clear that it expects local planning authorities to support these vital developments where appropriate, to ensure that children in need of accommodation are provided for in their communities.

A1. Housing Costs and Affordability

Local Prices and Rents

- A1.1 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- A1.2 The analysis below considers the entry-level costs of housing to both buy and rent across the District. The approach has been to analyse Land Registry, ONS and internet data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- A1.3 Data from the Land Registry shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £185,000 for a second-hand flat and rising to £575,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £335,000. The figures are all based on cost of existing homes in the market although new build prices are also considered when looking at potential costs of affordable home ownership properties.

Table A1.1 Estimated lower quartile cost of housing to buy by type (existing dwellings)

	Winchester
Flat/maisonette	£185,000
Terraced	£325,000
Semi-detached	£370,000
Detached	£575,000
All dwellings	£335,000

Source: Land Registry

A1.4 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £185,000 for a 1-bedroom home, rising to £565,000 for homes with 4-bedrooms.

Table A1.2 Estimated lower quartile cost of housing to buy by size (existing dwellings)

	Winchester
1-bedroom	£185,000
2-bedrooms	£275,000
3-bedrooms	£390,000
4-bedrooms	£565,000
All dwellings	£335,000

Source: Land Registry and Internet Price Search

A1.5 A similar analysis has been carried out for private rents. For this, reference has been made to Office for National statistics (ONS) data (which covers a 12-month period to March 2023) supplemented by a review of available properties through an internet search – these latter figures provide an indication of current costs to access the market, whereas the ONS data includes existing tenancies which may be at a lower rent. The analysis shows an average lower quartile cost (across all dwelling sizes) of £1,250 per month.

Table A1.3 Lower Quartile Market Rents

	Winchester
1-bedroom	£850
2-bedrooms	£1,250
3-bedrooms	£1,500
4-bedrooms	£2,000
All properties	£1,250

Source: ONS and internet private rental cost search

A1.6 It is of interest for this study to see how prices and rents vary by location. The table below shows an estimate of the overall lower quartile house price and private rent in each of the two sub-areas; this is based on Land Registry data for prices and analysis of online data on available lettings which has then been adjusted to be consistent with the data for the whole District. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in the National Park.

Table A1.4 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
LPA	£330,000	£1,210
National Park	£500,000	£1,605
DISTRICT	£335,000	£1,250

Source: Internet private rental cost search and Land Registry

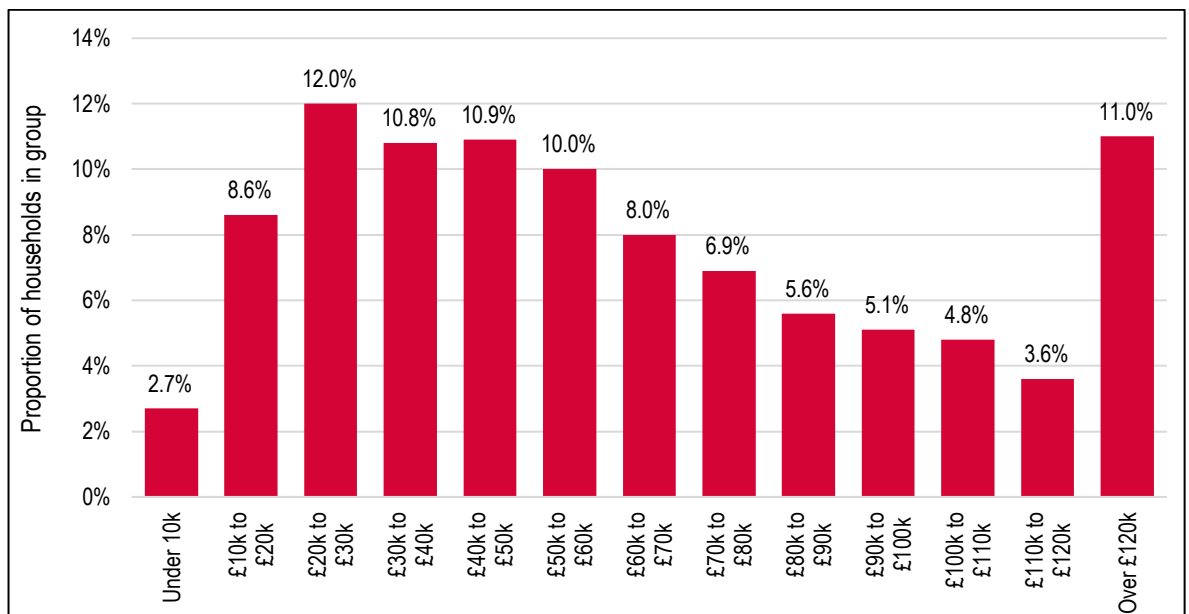
Household Income

A1.7 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes. Data has also been drawn from the

Annual survey of Hours and Earnings (ASHE) to consider changes since the ONS data was published.

A1.8 Drawing this data together an income distribution for the District has been constructed for 2023. The figure below shows that around a quarter of households have incomes below £30,000 with just over a fifth in the range of £30,000 to £50,000. Overall, the average (mean) income is estimated to be around £64,700, with a median income of £55,100; the lower quartile income of all households is estimated to be £31,500.

Figure A1.1: Distribution of household income (2023) – Winchester



Source: Icen analysis

A1.9 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each location, the table also shows the variance in incomes from the District average. There is some variation in the estimated incomes by area, with a notably higher average from households living in the National Park (£65,700 per annum).

Table A1.5 Estimated average (median) household income by sub-area (2023)

	Median income	As a % of District average
LPA	£54,000	98%
National Park	£65,700	119%
DISTRICT	£55,100	-

Source: *Iceni analysis*

Affordability Thresholds

- A1.10 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).
- A1.11 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).

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- A1.12 Lower quartile rent levels in Winchester are above average in comparison to other locations (ONS data points to a lower quartile rent of £945 in existing tenancies, compared with £850 across the South East and £650 nationally). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £1,250 pcm rent would imply a gross household income of about £50,000.
- A1.13 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- A1.14 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- A1.15 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their income. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- A1.16 The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable ‘gap’ in both areas. The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table A1.6 Estimated Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
LPA	£66,000	£48,400	£17,600
National Park	£100,000	£64,200	£35,800
DISTRICT	£67,000	£50,000	£17,000

Source: Based on Housing Market Cost Analysis

Key data sources used in affordable housing analysis

A1.17 The table below shows the main data sources used in the analysis of affordable housing need, this includes a brief description of how the data has been used.

Table A1.7 Affordable Housing Need analysis – key data sources

Data source	Uses
2021 Census	Used to look at a range of issues, including overcrowding (by tenure), concealed households, tenure profile,
MHCLG statutory homeless data	Households in temporary accommodation
ONS small area income data	Provides a baseline estimate of overall household incomes.
English Housing Survey	A wide range of data, including income distributions (fitted to income estimates for Winchester) and also to look at how incomes vary for different groups (e.g. by tenure and for newly-forming households)
Annual survey of Hours and Earnings	Provides an indication of how incomes have changed since ONS income data was published.
Land Registry	Provides an estimate of sales values, District-wide and for sub-areas
Internet market survey	Estimates of the cost of accessing private rented housing (by size) and to look at house prices (by size) – considered alongside Land Registry data. Source also used to look at newbuild costs.
Continuous Recording of Sales and Letting	Information about the turnover of social housing stock.
Local Authority Housing Statistics	Information about the turnover of social housing stock and number of households on the Housing Register
Regulator of Social Housing	Data on current rent levels in the social and affordable rented tenures (by size)
Valuation Office Agency	Data about Local Housing Allowance limits
ONS household projections	To provide estimates of the number of newly-forming households in each year of the projected need.
Department of Work and Pensions	Housing Benefit and Universal Credit (with a housing element) claimants living in private rented housing.
Household surveys carried out by Icen/JGC across the country	Provides an indication of the prevalence of different housing problems (such as tenancies ending in the private rented sector).