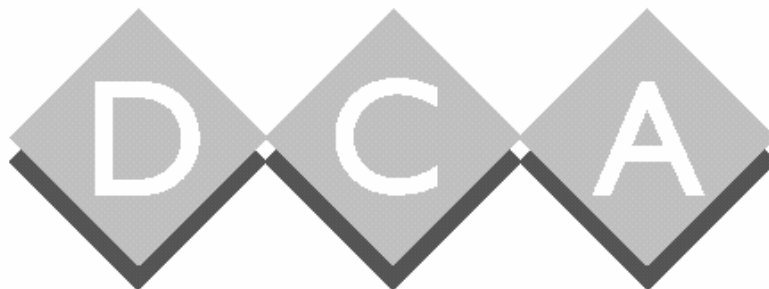


**ISLE OF WIGHT**  
**HOUSING NEEDS SURVEY**  
**UPDATE**  
**DRAFT FINAL REPORT**  
**2003**

report by  
**David Coultie Associates Limited**



# CONTENTS

<b>1</b>	<b>INTRODUCTION .....</b>	<b>3</b>
1.1	GOVERNMENT GUIDANCE .....	3
1.2	THE 2001 STUDY.....	3
1.3	THE UPDATE STUDY OBJECTIVES .....	3
1.4	DEFINITIONS .....	3
1.5	METHODOLOGY .....	4
<b>2</b>	<b>THE ISLE OF WIGHT HOUSING MARKET .....</b>	<b>5</b>
2.1	INTRODUCTION.....	5
2.2	NATIONAL PICTURE.....	5
2.3	REGIONAL PICTURE .....	5
2.4	THE HOUSING MARKET .....	6
2.5	POSTCODE LEVEL DATA.....	7
2.6	AVERAGE HOUSE PRICES / SALES LEVELS BY POSTCODE AREA.....	8
2.7	ACCESS SALES LEVELS IN THE ISLE OF WIGHT .....	9
2.8	THE PRIVATE RENTED SECTOR .....	10
2.9	CONCLUSIONS .....	11
<b>3</b>	<b>HOUSING COSTS AND INCOME .....</b>	<b>12</b>
3.1	INTRODUCTION.....	12
3.2	PURCHASE INCOME THRESHOLDS.....	12
3.3	RENTAL INCOME THRESHOLDS .....	13
3.4	SECONDARY RESEARCH.....	13
3.5	NEW EARNINGS SURVEY .....	13
<b>4</b>	<b>POPULATION GROWTH AND HOUSEHOLD FORMATION PROJECTIONS.....</b>	<b>17</b>
4.1	INTRODUCTION.....	17
4.2	DEMOGRAPHIC ANALYSIS .....	18
4.3	POPULATION PROJECTIONS.....	18
4.4	AGE STRUCTURE FORECAST 2001 - 2021 .....	19
4.5	FORECAST CHANGE IN HOUSEHOLDS 2001-2021 .....	20
4.6	SUMMARY.....	20
<b>5</b>	<b>HOUSING NEEDS ASSESSMENT MODEL .....</b>	<b>21</b>
5.1	AFFORDABLE HOUSING NEEDS REQUIREMENT .....	21
5.2	AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL .....	22
5.3	MODEL STRUCTURE .....	23
5.4	NEEDS ASSESSMENT .....	24

# 1 INTRODUCTION

## 1.1 Government Guidance

1.1.1 Government Guidance in Circular 6/98 and in the Good Practice Guidance for Local Housing Needs Assessment require that local authorities have robust and up to date assessments of the housing needs in their area. These are required to support the Housing Strategy and bids for resources and Local Plan policies for affordable housing provision.

## 1.2 The 2001 Study

1.2.1 DCA conducted a wide ranging needs assessment study in the Isle of Wight in May to November 2001. This study examined housing requirements in both market and social sectors.

## 1.3 The Update Study Objectives

1.3.1 The objectives of this update study were to re-analyse:-

- ◆ the change in the housing market locally to provide current house price and private sector rental costs to be able to re-assess income thresholds for access to market housing;
- ◆ the housing survey database and utilise the information into the Assessment Model recommended in the Good Practice Guidance issued in March 2000;
- ◆ the short, medium and longer term population forecasts for the Isle of Wight;
- ◆ prepare a report to provide an affordable need forecast to 2006;
- ◆ inform on-going Housing Strategy and support Local Plan policies for affordable housing and for negotiation in accordance with Circular 6/98 and PPG3.

## 1.4 Definitions

1.4.1 DCA work to a definition of housing requirements that encompasses demand, need and preferences. Households that can enter the general market without intervention of any sort can be defined as demand, whereas those households unable to enter the general market without some form of intervention can be defined as having a housing need. Our methodology enables us to identify this distinction by asking for both a household's characteristics in terms of size, current property condition and income and a household's views on suitability of current housing and preferences for moving or modification.

1.4.2 Affordability in our view is defined by the relationship between local incomes and the local general housing market. Our definition of affordable housing is as follows:-

*Affordable housing is that provided with subsidy, both for rent and low cost market housing, for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes.*

1.4.3 The types of affordable housing which comply with our definition are as follows:-

- ◆ *Units for rent, the major requirement;*
- ◆ *shared ownership with grant;*
- ◆ *shared equity where land value is retained to provide housing for sale at below market levels and where control of the 'equity discount' can be retained as long as they are needed;*
- ◆ *discounted market rented housing.*

1.4.4 The issue of affordability is central to our approach. Within the project, we capture a range of data on actual incomes and costs of housing and the likely level of incomes and the accessible costs of housing for moving or newly forming households. We also examine secondary data on incomes, house prices and rent levels. Thus a reliable indicator of affordability is derived that leads towards the identification of real options for meeting housing need.

## **1.5 Methodology**

1.5.1 The study consisted of the following elements:-

- i. analysis of the existing base of primary data gathered in 2001 which gathered information on housing needs to 2006 and is still currently valid;
- ii. A housing market survey utilising the Land Registry and Halifax databases and a telephone survey of estate agents on the cost of access level property and on the supply and cost of private rented housing;
- iii. Secondary data analysis drawing upon HIP and Housing Register data on the flow of social stock and need, 2001 Census, household and population projections and other national research.

1.5.2 As a database therefore the achieved sample of 4,378 is robust and three and a half times more than the 1,250 minimum recommended in the ODPM guidance.

## **2 THE ISLE OF WIGHT HOUSING MARKET**

### **2.1 Introduction**

- 2.1.1 This report was commissioned by the Council to provide an update on house prices in the Borough. It has been conducted on the same structure as that in the 2001 Housing Needs Survey although the data base used at that time is no longer available. Comparisons in prices over the period and the available data on income change have also been analysed.
- 2.1.2 Three data searches were commissioned to provide information on house price and sales volumes across the Isle of Wight:-
- ◆ from the Halifax, as the largest mortgage lender, analysing lending in the Region;
  - ◆ from the Land Registry, providing data on all sales in the area for the past year;
  - ◆ Estate Agency survey to assess access prices for new households in each sub-area.
- 2.1.3 The records include house price information by categories of dwellings, also included in the analysis is information about the volumes of sales of each type of dwelling.
- 2.1.4 This information sets the context for the key issue of the affordability of housing in the area, and in particular we can relate the analysis to the problems of low income evaluated through the household postal survey.

### **2.2 National Picture**

- 2.2.1 House price inflation in the second quarter of 2003 accelerated in most regions with an overall increase of 3.3%, above the 2.8% gain in the first quarter of 2003. However, this still remains well below the peak record in 1988 (34%). The overall sound UK economic background and the lowest mortgage rates since the 1950s have boosted housing demand in recent months and this trend should continue throughout the rest of the year.
- 2.2.2 UK house price inflation for the year ending 30<sup>th</sup> June 2003 was recorded by Halifax at 21.9% and Land Registry at 14.9%.

### **2.3 Regional Picture**

- 2.3.1 The annual rate of house price inflation in the Halifax Index in the South East Region at 30<sup>th</sup> June 2003 was 14.7%, below the UK average of 21.9%.
- 2.3.2 House prices in the South East Region show a slight fall, decreasing by -1.0% during the second quarter of 2003.
- 2.3.3 House prices in Hampshire rose over the last year by 21.6% as calculated by Land Registry.

## 2.4 The Housing Market

2.4.1 The Regional Market is shown in Table 2-1 below, which details the prices paid for the main categories of house types for the whole of the South East Region with comparisons against a different source of house price index data.

2.4.2 The Halifax data is based on actual sales of mortgaged properties and the information is a real indication of actual prices prevailing in the purchases being made in the South East Region. The Land Registry data incorporates all sales transactions in the Region and more specifically in the Isle of Wight.

**Table 2-1 Average Region & County House Prices - All Buyers 2003**

Property Type	South East Region		Hampshire County	
	Land Registry Average Price	Halifax Average Price	Land Registry Average Price	Land Registry % of sales
Terraced	151,254	164,607	150,592	29.9
Semi-detached	185,357	199,499	180,832	25.1
Detached	322,565	357,212	300,976	29.1
Bungalows	*	224,426	*	*
Flats & maisonettes	125,830	130,260	120,735	15.9
<b>All properties</b>	<b>194,923</b>	<b>212,605</b>	<b>197,127</b>	<b>100.0</b>

Source: Halifax House Price Index, 2<sup>nd</sup> Quarter 2003.

Land Registry Residential Property Price Report, 2<sup>nd</sup> Quarter 2003.

\* Land Registry figures do not identify bungalows separately.

2.4.3 Prices vary between the different data sources and we would expect the Land Registry figures to be lower in all cases given that these figures include non-mortgaged sales.

2.4.4 The table below examines average house prices for the Isle of Wight area recorded by the Land Registry in 2003 and 2001 and also the current volume of sales for the Isle of Wight and the increase in price by house type over the two year period.

**Table 2-2 Average House Prices and Sales for the Island - All Buyers 2003**

Property Type	Isle of Wight			
	2003		2001	Increase %
	Land Registry Average Price	Land Registry % of sales	Land Registry Average Price	
Terraced	117,423	21.8	76,615	53.3
Semi-detached	135,702	30.5	87,941	54.3
Detached	206,468	29.0	148,957	38.6
Flats & maisonettes	93,083	18.7	62,592	48.7
<b>All properties</b>	<b>144,299</b>	<b>100.0</b>	<b>99,327</b>	<b>45.3</b>

Source: Land Registry Residential Property Price Report

2<sup>nd</sup> Quarter 2003 / 2<sup>nd</sup> Quarter 2001.

- 2.4.5 Whilst the overall house price increase in the Isle of Wight is 45.3% over the last two years, the price of terraced houses and flats – the access level stock, have increased by 53.3% and 48.7% respectively. Prices of flats have increased by 17.9% and terraced houses by 21.4% in the last year to June 2003.
- 2.4.6 The largest volume of sales in the Isle of Wight was for semi-detached properties (30.5%) selling at an average price of £135,702. Detached houses average £206,468 and are 29% of sales. Terraced houses average £117,423 and are 21.8% of sales. Flats / maisonettes sell at an average price of £93,083 and account for 18.7% of sales. Due to the adequate volume of sales and lower cost of flats, we assess flats to be the main access property for first time buyers.
- 2.4.7 The sales levels of terraced properties (21.8%) and flats / maisonettes (18.7%) in 2003 are very similar to the 2001 levels at 21.6% and 19.7% respectively. Sales levels of semi-detached houses (30.5%) are up slightly on the 2001 level of 27.7%. Sales levels of detached houses (29%) in 2003 have dropped slightly since 2001, when they accounted for 31% of sales.

## 2.5 Postcode Level Data

- 2.5.1 In order to further analyse house prices in the area we have divided the Isle of Wight into postcode areas and the wards contained within them are listed below :-

**Table 2-3 Sub-area Breakdown**

Postcode		Sub-Areas
PO30 2	PO33 4	Rural Area  <i>Incl. Arreton, Bembridge, Brading, Chale, Brighstone</i>
PO30 3	PO34 5	
PO30 4	PO36 0	
PO33 1	PO38 2	
PO33 3	PO39 4	
PO30 1	PO31 7	Newport
PO30 2	PO32 6	
PO30 3	PO33 4	
PO30 4	PO50 5	
PO30 5		
PO31 7	PO31 8	Cowes
PO32 6		East Cowes
PO38 1	PO38 3	Ventnor
PO33 1	PO33 3	Ryde
PO33 2	PO33 4	
PO39 0	PO41 0	Freshwater / Totland
PO40 9		
PO36 8	PO37 7	Sandown / Lake / Shanklin
PO36 9	PO38 9	
PO37 6	PO39 0	

## 2.6 Average House Prices / Sales Levels by Postcode Area

2.6.1 The table below examines average house prices for the Postcode areas recorded by the Land Registry.

**Table 2-4 Average House Prices and Sales - All Buyers 2003**

Property Type	Rural		Newport		Cowes		East Cowes	
	Average Price	% Sales	Average Price	% Sales	Average Price	% Sales	Average Price	% Sales
Terraced	105,282	12.8	112,004	34.6	114,231	31.9	118,830	24.2
Semi-Detached	136,110	37.2	134,463	31.9	148,303	37.4	139,994	29.0
Detached	238,926	41.5	211,337	22.6	179,247	19.8	171,425	22.6
Flat / Maisonette	74,852	8.5	96,929	10.9	112,183	10.9	121,493	24.2
<b>All Properties</b>	<b>177,760</b>	<b>100.0</b>	<b>155,497</b>	<b>100.0</b>	<b>143,666</b>	<b>100.0</b>	<b>137,494</b>	<b>100.0</b>

Property Type	Ventnor		Ryde		Freshwater / Totland		Sandown / Lake / Shanklin	
	Average Price	% Sales	Average Price	% Sales	Average Price	% Sales	Average Price	% Sales
Terraced	103,500	10.5	101,834	17.3	200,637	18.6	120,477	11.3
Semi-Detached	120,347	26.3	116,793	32.7	142,203	25.6	135,689	27.8
Detached	191,578	42.1	209,886	26.8	214,944	48.8	201,799	28.5
Flat / Maisonette	87,125	21.1	112,651	23.2	55,233	7.0	88,175	32.4
<b>All Properties</b>	<b>144,556</b>	<b>100.0</b>	<b>138,524</b>	<b>100.0</b>	<b>175,483</b>	<b>100.0</b>	<b>139,143</b>	<b>100.0</b>

--nd--

Source: Land Registry Residential Property Price Report, 2<sup>nd</sup> Quarter 2003.

2.6.2 The postcode data shows a much more detailed range of house prices than the data for the whole of the Isle of Wight but it should be borne in mind that some areas and figures relate to low samples.

## 2.7 Access Sales Levels in the Isle of Wight

- 2.7.1 Access to the market is clearly dependent on availability, a factor, which is particularly critical for low income households who can only enter the market in any numbers where there is an adequate supply of affordable dwellings.
- 2.7.2 First-time buyers as new entrants to the Housing Market do not purchase houses at average prices as they do not have average incomes. Although average prices are useful for comparisons in general they are not the purchase levels used in assessing the ability of households to access local markets.
- 2.7.3 In broad terms new purchasers of either flats or terraced properties buy in the lowest quartile of prices i.e. the bottom 25%. We have therefore made the only comparison available from Land Registry data which is at Unitary Authority level for the Isle of Wight. In the Isle of Wight this is £96,000, 33.5% lower than the average of £144,299 in Table 2-2.
- 2.7.4 DCA have therefore undertaken a survey of the local estate agents to ascertain the cost of the cheapest units available both for private rent and for sale across 8 sub-areas. Because of the lack of supply available in the current housing market some samples are small.

**Table 2-5 Access Sales Levels in the Isle of Wight - October 2003**

Property Type	Rural	Newport	Cowes	East Cowes	Ventnor	Ryde	Freshwater / Totland	Sandown / Lake / Shanklin	Island-wide
	Access	Access	Access	Access	Access	Access	Access	Access	Access
1-Bed Flat	94,725	81,616	82,475	73,475	66,462	59,506	87,466	74,487	<b>77,526</b>
2-Bed Flat	100,000	101,930	131,333	93,750	83,193	82,450	172,475	104,975	<b>108,763</b>
2-Bed Terraced	97,475	106,633	109,491	117,500	112,988	93,280	142,500	113,725	<b>111,699</b>
3-Bed Terraced	103,475	116,616	128,475	131,150	121,317	114,225	153,125	119,950	<b>123,542</b>

Source: DCA House Price Survey October 2003.

- 2.7.5 Although the average price of a flat / maisonette according to the Land Registry survey is £93,083, access sales levels vary across the Isle of Wight with the lowest access price for a 1-bed property, starting at around £59,506 in Ryde and rising to £87,466 in Freshwater / Totland as can be seen in Table 2-5 above. 2-bed flats can be accessed at £82,450 in Ryde, £83,193 in Ventnor and up to £172,475 in Freshwater / Totland.
- 2.7.6 Terraced properties can be accessed at around £93,280 in Ryde rising to £142,500 in Freshwater / Totland for a 2-bed property. 3-bed terraced houses start at £103,475 in the Rural area and up to £131,150 in East Cowes.

## 2.8 The Private Rented Sector

- 2.8.1 We offer below a few comments on the private rented sector but must stress that the evidence available is largely empirical. We approached some of the main private renting agencies operating in the Isle of Wight and from the estate agency sources approached, we set out below the prevailing private sector rent levels.
- 2.8.2 It should be noted that the level of supply found for all types in the Freshwater / Totland area was particularly low and so this area has not been included for analysis in this section

**Table 2-6 Access Rent Levels in the Isle of Wight (£/month) - October 2003**

Property Type	Rural	Newport	Cowes	East Cowes
1-Bed Flat	350	300	340	350
2-Bed Flat	400	400	400	425
2-Bed Terraced	400	450	400	450
3-Bed Terraced	500	500	460	525

Property Type	Ventnor	Ryde	Sandown / Lake / Shanklin	Island -wide
1-Bed Flat	340	320	350	<b>336</b>
2-Bed Flat	450	400	375	<b>407</b>
2-Bed Terraced	475	400	450	<b>432</b>
3-Bed Terraced	500	495	500	<b>497</b>

*nd: no data available.*

*Source: DCA House Price Survey October 2003*

- 2.8.3 Access rental costs in the private rented sector vary by location within the Isle of Wight. The private rented sector can be accessed at £300 a month in Newport, £320 in Ryde, £340 in Ventnor and Cowes and £350 in Sandown / Lake / Shanklin and the Rural area. (see Table 2-6 above) for a one bedroom flat, the smallest unit. For a 2-bed flat, rents range from £375 per month in Sandown / Lake / Shanklin, £400 per month in Ryde, Rural, Newport, Cowes, £425 in East Cowes and £450 in Ventnor.
- 2.8.4 In the case of 2-bed terraced houses, we found that the access rent levels were £400 p.m. in the Rural area, Ryde and Cowes, £450 per month in Newport and Sandown / Lake / Shanklin and £475 per month in Ventnor. Access rent levels for 3-bed terraced houses start at £460 per month in Cowes, rising to £500 per month in Rural, Newport, Ventnor and Sandown / Lake / Shanklin.
- 2.8.5 There is evidence to suggest that landlords would not accommodate Housing Benefit / Income Support cases, however the decision does rest with the individual landlord concerned.
- 2.8.6 A range of property types are available in the sector as a whole and are found in a variety of locations within the Isle of Wight. It would appear that the difference in rent level between furnished and unfurnished property is marginal with respondents indicating they do charge only slightly more for furnished accommodation. They indicated that the difference in cost was marginal, although many agencies do not deal with furnished property due to the fire regulations involved.

## 2.9 Conclusions

- 2.9.1 The annual rate of house price inflation in the Halifax Index in the South East Region at 30<sup>th</sup> June 2003 was 14.7%, below the UK average of 21.9%.
- 2.9.2 The Land Registry average price for all dwellings in the Isle of Wight Borough during the year was £144,299.
- 2.9.3 The largest volume of sales in the Isle of Wight was for semi-detached (30.5%) selling at an average price of £135,702. Detached houses average £206,468 and are 29% of sales. Terraced houses average £117,423 and are 21.8% of sales. Flats / maisonettes sell at an average price of £93,083 and account for 18.7% of sales. Due to lowest cost and an adequate volume of sales, we assess flats to be the main access property for first time buyers.
- 2.9.4 The increase in the cost of terraced houses (53.3%) and flats / maisonettes (48.7%) is significantly in excess of wage inflation in the two year period. Access to market housing has therefore become more difficult for new households than it was in 2001 increasing the need for subsidised housing for rent or low cost homeownership.
- 2.9.5 Mortgage interest rates are at their lowest level for over 45 years and people who cannot enter the market under these circumstances may never be able to do so, short of some collapse in the market or a significant change in their income level. Further house price increases above wage inflation in 2003 would make access to market housing more difficult to achieve and would impact on households with marginal incomes most significantly.

### 3 HOUSING COSTS AND INCOME

#### 3.1 Introduction

3.1.1 The ability of a household to satisfy its own housing requirement is fundamentally a factor of the relationship between local house prices and household income. This section of the report assesses the income levels required to access the cheapest units available in reasonable supply from research detailed in Section 2 and the change in incomes from the previous survey in 2001 utilising data from national surveys.

#### 3.2 Purchase Income Thresholds

3.2.1 The cheapest access prices of the smallest units were assessed to enable threshold income levels to be calculated. These are based on 95% mortgage availability and a 3x gross income lending ratio.

3.2.2 Table 3-1 below outlines the income ranges needed to enter the market in the main settlements in the Isle of Wight.

**Table 3-1 Purchase Income Thresholds**

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
Rural	30,000	31,700	30,900
Newport	25,800	32,300	33,800
Cowes	26,100	41,600	34,700
East Cowes	23,300	29,700	37,200
Ventnor	21,050	26,300	35,800
Ryde	18,800	26,100	29,500
Freshwater / Totland	27,700	54,600	45,125
Sandown / Lake / Shanklin	23,600	33,200	36,000

3.2.3 The increase in average prices has a direct and significant impact on the income requirement to access owner occupation and the change from June 2001 to March 2003 is shown in Table 3-2

**Table 3-2 Income Requirements 2001 – 2003 (£)**

Property Type	June 2001 (£)	March 2003 (£)	Increase %
Terraced	24,260	35,370	45.8
Flats	19,820	29,500	48.8

*March 2000 prices relate to Land Registry Property Price report 2<sup>nd</sup> Quarter 2001  
March 2003 prices relate to DCA estate agent survey*

3.2.4 Table 3-2 above shows that for the whole of the Isle of Wight, incomes needed to access the Housing Market have increased significantly since 2001. The income needed to access terraced properties has increased to £35,370 (45.8%), and access to flats / maisonettes requires an income of £29,500 compared to £19,820 in 2001, an increase of 48.8%.

### 3.3 Rental Income Thresholds

- 3.3.1 We assessed the cheapest rental prices of the smallest units in order to calculate the rental income threshold levels. These are based on rent at 25% of gross income. Table 3-3 below shows the income levels needed to access the private rented market in the Isle of Wight.

**Table 3-3 Rental Income Thresholds**

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
Rural	16,800	19,200	19,200
Newport	14,400	19,200	21,600
Cowes	16,320	19,200	19,200
East Cowes	16,800	20,400	21,600
Ventnor	16,320	21,600	22,800
Ryde	15,360	19,200	19,200
Freshwater / Totland	16,800	18,000	21,600
Sandown / Lake / Shanklin	16,100	19,536	20,736

- 3.3.2 There is no comparable data for 2001 for which to compare the rental income requirements of the Isle of Wight.

### 3.4 Secondary Research

- 3.4.1 The Joseph Rowntree Foundation published the results of a study undertaken across the Country examining the ability of working households, both existing and new forming, to become homeowners. The study entitled '*Can Work – Can't Buy*' conducted by Professor Steve Wilcox uses the Halifax database for House Prices of the lowest quartile prices for 4/5 room dwellings and calculates affordability ratios based on working household incomes from the New Earnings Survey.
- 3.4.2 Table 3-4 highlights the data and house price to income ratio for Isle of Wight and the South East Region.

**Table 3-4 Purchase Income Thresholds**

Area	Working Households		
	2002 Prices £	Income £	Ratio
Isle of Wight	107,689	28,738	3.75
South East Region	152,555	38,478	3.96

Source : Joseph Rowntree Foundation December 2002

### 3.5 New Earnings Survey

- 3.5.1 Income data is always difficult to gather at local level and we utilise the New Earnings Survey. The data is analysed both at County and Local Authority level. Income data is not available from any source below Unitary Authority level.

- 3.5.2 The New Earnings Survey of full time employees reveals a decrease of almost 1% for the year to April 2002 for the Isle of Wight, with an average income of £19,255. According to **this** survey 24% of those in the 2001 sample earned less than £250 per week compared to almost 31% in the 2002 survey sample.
- 3.5.3 The small sample used in the Isle of Wight by the New Earnings survey may also have implications for the recorded decrease in income, where an increase would normally be expected over the period. The New Earnings Survey does show a 2% increase in incomes for the year up to 2001 in the Isle of Wight.
- 3.5.4 In comparison incomes in Hampshire have risen 6% from £24,270 in 2001 to £25,730 in 2002.
- 3.5.5 It is particularly important to examine the distribution of income rather than the average figure especially in relation to the proportions of households with the capacity to access the private sector market for rent or sale.
- 3.5.6 There is a wide distribution of earnings as detailed in Table 3-5 below:-

**Table 3-5 Distribution of Earnings – Isle of Wight**

Income (per week / per annum)	%	Cum %
Up to £180.1 / £9,365	10.0	10.0
£181.1 to £250 / £9,417 to £13,000	20.5	30.5
£251 to £350 / £13,001 to £18,200	32.5	63.0
£351 to £460 / £18,200 to £23,920	25.0	88.0
£461 to £595.4 / £23,921 to £30,961	2.0	90.0
More than £595.4 / £30,961	10.0	100.0

Source: New Earnings Survey 2002

- 3.5.7 Analysis shows that:
- the bottom 10% earn below £9,365
  - 31% earn under £13,000
  - 63% earn under £18,200
  - 88% earn under £23,920
  - 90% earn under £23,920
  - the top 10% earn over £30,961
- 3.5.8 The New Earnings Survey provides data on the spread of incomes, important in any Authority with diverse house prices and markets and shows that for Isle of Wight, at April 2002, 88% of households earned less than £23,920, 63% less than £18,200 and 31% below £13,000 per annum.
- 3.5.9 It is not possible to get further income breakdown within the Isle of Wight from the New Earnings Survey and the differences in house prices between Freshwater / Totland and Ryde for example, require quite different income levels to enable market access, as outlined in Table 3-1.

- 3.5.10 This assessment utilises all of the data from the 2001 survey of 4,378 households which incorporated income data from 3,134 households. This compares with a sample of 200 in the New Earnings survey for the Isle of Wight and 2,184 for the whole of Hampshire County
- 3.5.11 Access to the market has been based on the updated house price information detailed in Section 2. We have also undertaken an update analysis of the income levels of local households to be able to assess the proportion of people now able to access market housing.
- 3.5.12 The model utilises all of the data from the 2001 survey of 4,378 households. Table 3-6 and Table 3-7 highlight the revised incomes of existing and concealed households taken from the 2001 survey, with the increase of 2% applied to these incomes in order to determine the proportion of people now able to access market housing.

**Table 3-6 Incomes of Existing Households 2001 & 2003**

Annual Income 2001	Annual Income 2003	%
Below £5,000	Below £5,100	10.1
£5,000 - £10,000	£5,101 - £10,200	21.0
£10,001 - £15,000	£10,201 - £15,300	20.1
£15,001 - £20,000	£15,301 - £20,400	15.1
£20,000 - £25,000	£20,401 - £25,500	10.5
£25,001 - £30,000	£25,501 - £30,600	7.5
£30,001 - £35,000	£30,601 - £35,700	5.1
£35,001 - £40,000	£35,701 - £40,800	3.1
£40,001 - £50,000	£40,801 - £51,000	3.5
Above £50,000	Above £51,000	4.0
<b>Total</b>		<b>100.0</b>

*N.B Incomes for 2003 have been updated by 2% inflation*

**Table 3-7 Incomes of Concealed Households 2001 & 2003**

Annual Income 2001	Annual Income 2003	%
Below £7,500	Below £7,650	33.9
£7,501 - £10,000	£7,651 - £10,200	10.2
£10,001 - £12,500	£10,201 - £12,750	24.4
£12,501 - £15,000	£12,751 - £15,300	11.6
£15,001 - £17,500	£15,301 - £17,850	7.8
£17,501 - £20,000	£17,851 - £20,400	2.6
£20,001 - £22,500	£20,401 - £22,950	3.6
£22,501 - £25,000	£22,951 - £25,500	3.7
£25,501 - £27,500	£25,501 - £28,050	0.0
£27,501 - £30,000	£28,050 - £30,600	0.1
£30,001 - £35,000	£30,601 - £35,700	2.1
Above £35,000	Above £35,700	0.0
<b>Total</b>		<b>100.0</b>

*N.B Incomes for 2003 have been updated by 2% inflation*

- 3.5.13 House prices have risen significantly by between 48.7% for flats / maisonettes to 53.3% for terraced houses in the last two years since 2001. An income of £24,550 is needed to buy a one bed flat, £34,450 for a two bedroom flat and a two bedroom terraced house in the Isle of Wight would require an income of £35,370. These are the average income requirements against average prices by type for the Isle of Wight. Higher than average incomes are required in areas such as Freshwater / Totland and Cowes.
- 3.5.14 Similar rental cost variation applies in the private rented sector across the Isle of Wight Borough. Based on rent at 25% of gross income a one bed flat in Newport requires £14,400 per annum and £16,800 Rural, East Cowes and Freshwater / Totland. A 2-bed flat requires an income of £18,000 in Freshland / Totland and £21,600 in Ventnor. To rent a 2 bed terraced house would require an annual income of £19,200 in the Rural area, Cowes and Ryde, up to £22,800 in Ventnor.
- 3.5.15 Table 3-8 below outlines the incomes needed by concealed households to access the market through owner occupation, and the percentage of concealed households within the Isle of Wight that are able to purchase, using the 2003 income levels outlined in Table 3-7.

**Table 3-8 Concealed Households – Incomes needed to access the market through owner occupation and % unable to access**

	(£) income Needed	% of concealed households unable to purchase
Flats	18,800 / 54,600	88.9 – 100.0
Terraces	29,500 / 42,125	97.8 – 100.0

- 3.5.16 Using the income requirements outlined in Table 3-1 and Table 3-8 above shows that 88.9% of concealed households cannot access a 1-bed flat in Ryde and none of the concealed households can afford a 2-bed flat anywhere on the Island. Ability to purchase more expensive terraced houses is more limited. In Ryde 97.8% cannot afford to buy, this rises to all concealed households in areas such as East Cowes, Ventnor and Freshwater / Totland.
- 3.5.17 Table 3-9 below outlines the incomes needed by concealed households to access the market through private rented accommodation, also using the 2003 income levels.

**Table 3-9 Concealed Households – Incomes needed to access the market through private rent and % unable to access**

	(£) income Needed	% of concealed households unable to rent
Flats	14,400 – 21,600	76.0 – 92.2
Terraces	19,200 – 22,800	89.3 – 93.9

- 3.5.18 Using the income requirements outlined in Table 3-3 and Table 3-9 above shows that 76.0% of concealed households cannot rent a 1-bed flat in Newport and only 7.8% can rent a 2-bed flat in Ventnor. Ability to rent more expensive terraced houses is more limited. In Cowes, Ryde and the rural area 89.3% cannot afford to rent, this rises to 93.9% in Ventnor.
- 3.5.19 The increases in house prices over the last two years have excluded a large proportion of 'first-time buyers' from the owner occupied market. We believe therefore that the proportion of affordable housing provided on new sites should encompass more subsidised low cost market housing than would have been the case two years ago when it was a more marginal element of affordable need.

## 4 POPULATION GROWTH AND HOUSEHOLD FORMATION PROJECTIONS

### 4.1 Introduction

- 4.1.1 In this section of the report we provide a short background commentary to the demographic element in housing demand in the Isle of Wight. The purpose is two-fold. First, to provide a context in which the results of the postal questionnaire can be interpreted. Secondly, to give a more specific focus on the demand for affordable housing provision and to make projections for five and ten year periods.
- 4.1.2 Modelling housing needs is a very complex procedure and it is only very recently that attempts have been made to model local housing needs. Most of the established procedures are aimed at the provision of national level estimates of housing need, including:-
- ◆ simple estimates such as those provided by the ODPM, which measured the crude dwelling to household surplus (and concluded no additional building was necessary to meet need);
  - ◆ a second approach by the Audit Commission measured household growth minus expected private sector output;
  - ◆ Glen Bramley's work focused on local supply and demand to calculate for a particular point in time the proportion of new households unable to buy in the market (minus social sector re-lets);
  - ◆ Steve Wilcox described a 'Net Stock' approach which calculates net household increase and adds a factor for concealed households before deducting new private sector output to arrive at estimates of need in the social sector.
- 4.1.3 Kleinman and Whitehead have devised a so called 'Gross Flows' approach which looks at gross household formation, tenure choice, demand from in-migrants and deducts these from new social output and re-lets to yield a measure of social housing requirements.
- 4.1.4 How these national models translate to the local level is not at all clear. Kleinman and Whitehead have attempted a 'Gross Flows' analysis for Cambridge but relied entirely on secondary data for their estimates. This is a problem in the model particularly for the incorporation of measures of concealed households and factors relating to affordability are not considered directly but by modelling the tenure propensities of new households.
- 4.1.5 Our method emphasises the affordability issue and gives much greater weight to the issue of concealment of households than most of the 'national' level studies.
- 4.1.6 The affordability measure is derived from primary data collected in the household's surveys and from access to the Land Registry database on house prices and the concealment issue is also addressed through the survey findings.

## 4.2 Demographic Analysis

- 4.2.1 There are four basic components to changes in the number and composition of households. The aim of this section of the report is to highlight the issues which are relevant to the evaluation of housing needs in Isle of Wight particularly the changes in:-
- ◆ the age distribution of the population arising from births, deaths and ageing of the indigenous population;
  - ◆ family units such as marriage, divorce and child bearing patterns;
  - ◆ the number and composition of households arising from migration, particularly due to employment opportunities in the area;
  - ◆ the probabilities that family units form a separate household, particularly in response to changes in incomes in the labour market area.
- 4.2.2 In local area forecasting new household formation is mainly due to responses to income and employment opportunities. New household formation is also affected by life cycle patterns. This purely demographic influence on the number of households contributes to about 40% of the growth in the number of new households at any one time (Dicks, 1988; Ermisch, 1985).
- 4.2.3 The general demographic forecasts in the tables in this section follow the Office for National Statistics (ONS) population predictions (1996-based) which have been rebased to 2001 Census figures. The model generally uses available national data and follows closely the projections of household formation made by the ONS and the ODPM (1996-based).
- 4.2.4 The factors which combine to produce the population and household forecasts are:- population age-sex structures, headship rates, survival factors, infant mortality, fertility rates, base numbers of dwellings, vacancy rates, building / demolition programmes and the age-sex structure of migrants. The summary of this data is provided in the following tables with the population changes disaggregated for 5 year intervals from 2001 - 2021.

## 4.3 Population Projections

- 4.3.1 The projections in Table 4-1 are based on 1996 population estimates, which have been rebased to 2001 to take stock of the Census results. These figures are based on the assumptions outlined in Paras. 4.2.1 to 4.2.4 regarding mortality, fertility and migration etc.

**Table 4-1 Population Change in Isle of Wight, 2001 - 2021**

	2001	2006	2011	2016	2021	Change
Total Population	132,719	134,493	136,580	138,979	141,483	
Change		+ 1,774	+ 2,087	+ 2,399	+ 2,504	+ 8,764
% Change		+ 1.3	+ 1.6	+ 1.8	+ 1.8	+ 6.6

- 4.3.2 The table shows a rise in the population of Isle of Wight of about 8,764 over the forecast period (6.6%). The main rise in the population is forecast to occur between 2016 and 2021 (2,504; 1.8%).

## 4.4 Age Structure Forecast 2001 - 2021

- 4.4.1 The next stage in the forecast is to disaggregate the population data into age bands because there may be changes in the population structure with significant housing implications. Table 4-2 is based on the net migration model and for this purpose best represents the position.

**Table 4-2 Population Age Band Forecast, Isle of Wight, 2001 - 2021**

	2001	2006	2011	2016	2021	Change
0 – 19	29,917	29,620	28,785	28,030	27,596	- 2,321
20 – 29	11,719	11,373	11,994	12,167	11,862	+ 143
30 – 44	25,278	24,761	22,414	20,793	20,887	- 4,391
45 – 64	36,102	38,479	40,123	40,121	40,393	+ 4,291
65 +	29,703	30,609	33,436	37,600	40,454	+ 10,751
<b>Total</b>	<b>132,719</b>	<b>134,493</b>	<b>136,580</b>	<b>138,979</b>	<b>141,483</b>	<b>+ 8,764</b>
% Change		+ 1.3	+ 1.6	+ 1.8	+ 1.8	+ 6.6

*Percentage change is measured between 5 year bands, not the base population. This is a better representation of the incremental change.*

- 4.4.2 As we show above there will be an average rise in the population of Isle of Wight of about 0.3% per annum over the forecast period according to the forecast model. There is projected to be around 8,764 more people in Isle of Wight in 2021 than in 2001.
- 4.4.3 The 0-19 age group shows a large decrease overall (2,321; 7.8%). Numbers fall throughout the projected period, with the largest decrease forecast to occur between 2006 and 2011 (835; 2.8%).
- 4.4.4 The 20-29 age group, which comprises new households forming, shows a small rise over the forecast period, with 143 more individuals overall. Numbers fall slightly between 2001 and 2006 (345; 2.9%), then rise up to 2016 (794; 7.0%). The forecast then shows a further fall up to 2021 (305; 2.5%).
- 4.4.5 The 30-44 age group, the main economically active group shows a significant fall in numbers over the forecast period (4,391; 17.4%). Numbers fall continuously for the period up to 2021, with the largest decline occurring between 2006 and 2011 (2,347; 9.5%).
- 4.4.6 The 65+ retirement age group increases significantly over the forecast period (10,751; 36.2%). A steady rise is seen throughout the forecast period, with the largest rise projected to occur between 2011 and 2016 (4,164; 12.5%).

**Table 4-3 Numbers of 80+ in Isle of Wight, 2001 - 2021**

	2001	2006	2011	2016	2021	Change
80+	8,732	9,335	9,614	10,011	10,805	
Change		+ 603	+ 279	+ 397	+ 794	+ 2,073
% Change		+ 6.9	+ 2.9	+ 4.1	+ 7.9	+ 23.7

- 4.4.7 Table 4-3 above shows that the numbers in the 80+ age group increase by 2,073 people (23.7%) to 10,805 over the forecast period. Although an increase is seen across the forecast period, the largest increase is projected to occur between 2016 and 2021 (794; 7.9%).

## 4.5 Forecast Change in Households 2001-2021

- 4.5.1 Table 4-4 outlines the household formation forecasts for the Isle of Wight in the 20 year period from 2001 to 2021. The figures in Table 4-4 below are ODPM based on 1996 ONS Population figures and we consider these best available forecast on currently available data of household change in the Isle of Wight.

**Table 4-4 Forecast Change in Households in Isle of Wight - 2001-2021**

	2001	2006	2011	2016	2021	Change
Households	55,000	57,000	59,000	62,000	64,000	
Household change		+ 2,000	+ 2,000	+ 3,000	+ 2,000	+ 9,000
% change		+ 3.6	+ 3.5	+ 5.1	+ 3.2	+ 16.4

- 4.5.2 There have been significant changes in household formation over the last decade which result in much higher household numbers compared to population growth and average household size. There is a large increase in single person households through elderly people living longer, separation and divorce and young people forming single person households.

## 4.6 Summary

- ◆ The forecasts to 2021 are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.4 regarding mortality, fertility and migration etc, and are contained in population projections for Isle of Wight for the period 2001-2021 provided by Isle of Wight Council.
- ◆ The population is projected to increase by 8,764 people, 6.6% over the forecast period to 2021.
- ◆ Numbers in the 0-19 age group show a large fall over the forecast period, with 2,321 (7.8%) less individuals in 2021 than in 2001.
- ◆ Numbers in the 20-29 age group are projected to increase slightly (143; 1.2%). As this age range comprises new households forming this will have implications for future affordable housing need both in the short and longer term. As numbers are stable it is likely that the reasonably constant proportion of newly forming households will require affordable units each year.
- ◆ The 30-44 age group, the main economically active group, significantly falls in numbers from 2001 through to 2021 (4,391; 17.4%).
- ◆ The 65+ age group shows a significant rise in numbers overall. Over the forecast period there is an increase of 10,751 people; 36.2%, the main increase projected to occur between 2011 and 2016 (4,164; 12.5%).
- ◆ The "older" retirement group, those 80 and over, grows significantly by 23.7%, 2,073 more people by 2021. The largest increase occurring between 2016 and 2021 (794; 7.9%). This group represents 10,805 people in the Isle of Wight by 2021, who are much more likely to have care and support needs which should now be assessed in detail.

## 5 HOUSING NEEDS ASSESSMENT MODEL

### 5.1 Affordable Housing Needs Requirement

- 5.1.1 In this section, we calculate the overall affordable housing needs requirement on an annual basis. The need requirement calculation is structured from the survey data to take account of the key demand sources, households requiring subsidised housing, homeless households not assessed in the survey, households living in unsuitable housing whose needs can only be resolved in a different dwelling and concealed household formation emanating from demographic change.
- 5.1.2 Each category has been adjusted to ensure that proper account is taken of households who can access the owner occupied market without assistance (income >£18,800 / 37,200) and to eliminate any double counting between categories. The Private Rent Sector costs significantly exceed those in social rent. These are estimated at an access cost of £300 / £450 per month for the vast majority of households in this sector, requiring an annual income of at least £14,400 per annum for a one bed flat to £21,600 for two bed accommodation depending on location.
- 5.1.3 The model has been prepared in accordance with the ODPM Good Practice Guidance.

	<b>The Backlog of existing housing need is as follows:-</b>	
1.	Households living in unsuitable housing in the Isle of Wight who are planning to move in the next five years.	HNS 4.2.1
2.	Council / RSL tenant households living in unsuitable housing are excluded because a move would release a unit of affordable housing and it is therefore assumed that there would be no overall net effect.	HNS
3.	Households in unsuitable housing who can have their need resolved in situ, including private tenants.	HNS
4.	Proportion of existing households unable to buy or rent (HNS income data) i.e. income <£14,400 - £37,200 depending on location and need to move.	HNS 2003 update
5.	Priority homeless in temporary accommodation.	IOWC
<b>6.</b>	<b>Total Backlog need.</b>	
7.	Quota to progressively eliminate backlog over a 5-year period (20%) as recommended in ODPM guidance.	ODPM Guidance
<b>8.</b>	<b>Total net annual need.</b>	
	<b>Newly Arising Need is as follows:-</b>	
9.	Concealed households identified in the survey, annualised at the average level of those forming in the first two years.	HNS 5.3.6
10.	Percentage of households forming with a partner living elsewhere in the District	HNS 5.3.5
11.	Percentage of households registered on Waiting List	HNS 5.3.14
12.	Proportion unable to buy or rent (i.e. income < £14,400 / £37,200)	HNS 2003 update
13.	Ex-institutional population moving into community p.a.	IOWC
14.	Housing Register new applications 2002-2003 less cancellations from the register.	IOWC
15.	In-migrant households over the last year who live in social housing.	HNS
<b>16.</b>	<b>Total newly arising need.</b>	
	<b>Supply of Affordable Units is as follows:-</b>	
17.	Existing social stock re-lets from RSL's and the local authority net of transfers.	IOWC
18.	Increased vacancies and units taken out of management (demolition and Right To Buy).	IOWC
19.	Future new supply each year based on average level over next three years.	IOWC
20.	Total affordable supply per annum.	
21.	Total affordable need per annum.	
<b>22.</b>	<b>Overall annual shortfall.</b>	

## 5.2 Affordable Housing Needs Assessment Model

1.	Households in unsuitable housing		2,501
2.	MINUS - Council / RSL tenants	590	
3.	Cases where in-situ solution most appropriate	1,314	
		1,904	1,904
			597
4.	TIMES - Proportion unable to afford to buy or rent	(66%)	394
5.	PLUS - Backlog (non-households)		331
<b>6.</b>	<b>TOTAL BACKLOG NEED</b>		<b>725</b>
7.	TIMES - Quota to progressively reduce backlog	(20%)	
<b>8.</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>		<b>145</b>
<b><u>Newly Arising Need:</u></b>			
9.	New household formation (gross p.a.)	681	
10.	MINUS - Two person formation (31%) x 0.5	106	
		575	
11.	MINUS - Households registered on waiting list (24%)	138	
		437	
12.	TIMES - Proportion unable to buy or rent in market	(93%)	404
13.	PLUS - Ex-institutional population moving into community	0	0
14.	Existing households falling into priority need		1,054
15.	In-migrant households unable to afford market housing		14
<b>16.</b>	<b>TOTAL NEWLY ARISING NEED</b>		<b>1,472</b>
<b><u>Supply of Affordable Units:</u></b>			
17.	Supply of social re-lets p.a.		280
18.	MINUS - Increased vacancies (if applicable) and units taken out of management. Right To Buy	(50 x 4.3%)	2
			278
19.	PLUS - Committed units of new affordable supply		78
<b>20.</b>	<b>AFFORDABLE SUPPLY</b>		<b>356</b>
	Annual need to reduce backlog	145	
	Newly arising need	1,472	
<b>21.</b>	<b>TOTAL AFFORDABLE NEED</b>	<b>1,695</b>	<b>1,695</b>
	MINUS - Affordable supply		356
<b>22.</b>	<b>OVERALL ANNUAL SHORTFALL</b>		<b>1,239</b>

\* Elimination over a five year period is recommended in the Guidance for model purposes but the Council can make a Policy decision to do so over a longer period.

## 5.3 Model Structure

- 5.3.1 The model is structured on a ‘flows’ basis, taking account of recent experience over the previous three years and examining projections over the next two years. It has to be assumed that this ‘annualised’ data will occur each year to 2011. The primary data gathering will of course be undertaken again twice by 2011, but unless there are major changes, up or down, in house prices and incomes it is unlikely that there will be much variation in the overall situation.
- 5.3.2 The data from HIP returns for the three years to 31/3/2003 shows the following trends:-

**Table 5-1 2001 to 2003 Affordable Supply**

Supply	2001	2002	2003	Average
RSL Re-lets	<u>288</u>	<u>297</u>	<u>256</u>	<u>280</u>
	<b>288</b>	<b>297</b>	<b>256</b>	<b>280</b>
New Supply	133	61	41	78
Total Supply	<u>421</u>	<u>358</u>	<u>297</u>	<u>358</u>
Right to Buy	51	53	46	50

- 5.3.3 We have used a three year average of both re-lets and new supply in the Model. However, the level of new supply is a key factor for an authority with only 10.3% of RSL stock, compared to the average in England of 19.3%. New supply in 2002 / 03 was 41 units, less than the 3 year average of 78 and 5 less than the level of Right to Buy.
- 5.3.4 Although an average of re-lets and new supply total of 358 units is used in the Model the 2002 / 03 actual total is only 297 units, 61 units less than the 3 year average and an increase in new unit delivery is therefore critical to addressing increasing level of need as house prices rise beyond income growth.
- 5.3.5 The Council has a strategic objective to increase new delivery to 75, 150 then 200 units over the next three years. The Model however will now be maintained by the Council on an annual basis and this process will incorporate changes each year in actual levels of homelessness, re-lets, change in Waiting List numbers and in-migrant requiring social housing. It will also record actual achieved annual delivery figures so that each year it will monitor whether progress has been achieved in addressing affordable housing need.
- 5.3.6 The significantly increased scale of need is principally due to the large increase in the Waiting List, also identified in the increasing trend each year in homelessness. The Model does not take account of the whole Waiting List but only the new pressure on it each year from net registrations. The Council waiting list has since April 2003 been merged with Waiting List held by Housing Associations. It is normal that the vast majority of registration (around 90%) is on the Council Waiting List for all Authorities. Registration with Housing Associations tends to be low and incorporates a small duplication of households on both lists.
- 5.3.7 This would not appear to be the case in Isle of Wight although only the Council List was used in the main survey in 2001. The scale of need identified in that survey would appear to have underrepresented the real situation at that time. The Council are currently eliminating duplication within the new merged list and it is likely that the position in 2004 when the Model is updated, will show a further large increase in households falling into need.

## 5.4 Needs Assessment

- 5.4.1 The total affordable housing need annually is for 1,695 units. Re-lets of the existing social stock average 356 units, including lettings generated from new units each year, and is the major means of addressing the scale of need identified.
- 5.4.2 Even after allowing for this level of re-let supply, there will still be an annual affordable housing shortfall of 1,228 units a year. It is important however to appreciate that the future programme of new units are an expectation and not yet reality. These units will come from new sites, conversions and market purchase by RSL's to reduce the shortfall figure each year.
- 5.4.3 This level of demand exceeds the number of units likely to be able to be delivered resulting in growing levels of unmet need each year. The immediate future level of new affordable unit delivery is expected to be 75 units per annum, although only 41 units were delivered in 2003 the average of the last 3 years is 78 units. However, even if no reduction in the current backlog of need were to be achieved there would still be an annual requirement for 1,116 units per year to meet newly emerging need alone in addition to the flow from the existing social housing stock.
- 5.4.4 Essentially planning should be providing for balanced communities, which acknowledge the need for social compatibility if the problems of housing in the past are not to be repeated. Our significant experience of affordable subsidised housing in mixed developments, in over 170 Needs Assessments since 1990, leads us to recommend that the target of 30% recommended in 2001 survey should be increased to up to 40% of new units from the total of all sites negotiated. This proportion includes both affordable housing for rent and subsidised low cost market housing and targets may range higher or lower than this level on a site by site basis.
- 5.4.5 DCA have also conducted Housing Needs Assessments for 10 of the 13 Districts in Hampshire where significant levels of need have been identified with similar low levels of social stock to address it through existing unit re-lets. We have over the last 18 months been recommending increased targets of up to 40% for affordable housing negotiated through the Planning system.
- 5.4.6 The reality for a high proportion of Authorities in the South of England is that the whole of allocation for the next 8 years for 2011 could be justified as affordable housing and still not meet the total scale of need at local level. This is clearly not achievable or desirable and the key factor is still for all Authorities sustainable, balance developments and communities and this is an important aspect of recommending a total target at this scale.
- 5.4.7 RPG9 suggests that a total of 40% to 45% of units in the South East might be the level required to meet the scale of need. This was not however estimated on a basis of detail needs assessment studies which are the responsibility of Local Authorities.
- 5.4.8 In view of the scale of need and the inability of an adequate number of sites to address it particularly in the period to 2006, subsidised affordable units should be negotiated on all suitable sites. The Council should set a 'target' for each site taking into account existing supply, survey demand and other planning sustainability and economic factors.
- 5.4.9 In 2001 we assessed there was a need for at least 100 small units by 2006 required to meet the needs of households whose incomes were sufficient to enable them to access the market without any subsidy or discount. The changed relationship between incomes and prices will mean that this number will have reduced very significantly, although there is still a major requirement for small units in the stock.