

## **Note for Inspector – Housing Need Assessment Evidence and Methodology**

### ***What the “right” housing need figure is (using the data in the HNA rather than any new data)***

All housing need assessments are **estimates** of need based on a range of assumptions and data from a **specific point in time**. We have shown how the estimate might vary as these assumptions are changed and hence the different figures presented. We have also separated out estimates of the need for subsidised rental accommodation and intermediate accommodation. Given the recent increase in the numbers of households in housing need (Affordable Housing Policies Supplement A Para 4.2 – BP2a) **if the HNA model was to be re-run today the annual net shortfall would be higher.**

The usual assumption made in HNAs is that any backlog of households in need is addressed over a 5 year period. Using this approach in Winchester the shortfall identified is 371 affordable homes for each of the 5 years (provided at subsidised rents). This figure is comparable to other housing need assessments undertaken across the Country **using the CLG’s SHMA methodology. This equates to 67% of the Council’s proposed housing target of 550 new homes per annum (over 5 years).**

**There is additional ‘need’ for intermediate housing.** There are an additional 738 intermediate households – either registered with Homes in Hants or the City Council. If this current level of ‘demand’ for intermediate housing is spread over 5 years this would equate to an additional 148 intermediate affordable homes each year. Taken together, the need for subsidised rental accommodation and intermediate homes equates to around **519 affordable homes per annum**, as in Local Plan Part 1 updated paragraph 5.20 (assuming the backlog of housing need is addressed over a 5 year period).

In DTZ’s experience in undertaking HNAs and reviewing those done by others, assuming the ‘backlog’ of households in need will be addressed over a 5 year period tends to result in very high shortfalls of housing need with no realistic prospect of addressing it in that time period. It also means that the housing need figure relates to a 5 year period when plans are typically made for the longer term. This is why DTZ looked at the impact of addressing need over a longer time period (Figure 7.3 in the SHMA report [EB124] identifies the shortfall of subsidised rental accommodation over longer time periods).

Figure 7.3 shows the shortfall if the subsidised rented backlog is addressed over 10-15 years. With new affordable housing of 140 per annum the level of subsidised rented housing need could be brought into balance with the level of supply over 10 years, or 60 per annum over 15 years. This, however, is an estimate of possible future affordable housing supply. Supply in recent years has been less than 100 homes per year. However, it has been assumed that all new affordable housing is delivered as subsidised rented accommodation (when in practice it has been and is likely to continue to be a mixture of social/affordable [subsidised] rent and intermediate housing).

Again, there would be additional ‘need’ for intermediate housing. A crude estimate would suggest the need for around 74 additional intermediate homes each year if the 738 intermediate households are treated as a backlog and housed over a 10 year period, or **50 additional intermediate homes each year** if the 738 intermediate households are housed over a 15 year period.

**Therefore, using the CLG SHMA methodology (and incorporating intermediate housing) there is a need for 519 affordable homes per year to meet the backlog within 5 years. Extending time horizons to 10 years would give a figure of approximately 214 homes per year, and 110 homes per year over a 15 year time horizon. However, it should be noted that, the further time horizons are extended the more difficult it is to arrive at accurate estimates.**

### ***What the “right” methodology is:***

**The HNA methodology used in Fig 7.1 of the SHMA is consistent with the CLG’s SHMA guidance** (<http://www.communities.gov.uk/publications/planningandbuilding/strategichousingmarket>). It is therefore consistent with other assessments done across the Country. The only difference with our approach is that we have shown what the impact would be if key assumptions are varied. Not all HNAs have done this.

Like all projections, it is difficult to estimate what will happen over the medium to long term and so, by their nature, the figures generated by housing need assessments have a degree of uncertainty. However, WCC have updated their HNA regularly since the original assessment in 2007 and relatively consistent figures have been produced each time, though the precise estimates vary depending on the number of households on the waiting list at that point in time and the latest household projections.

***Policy Implications:***

As Mr Cobbold stated in response to a question from the Inspector about the scale of housing need, the HNA shows that **WCC need as much affordable housing as can be secured over the plan period** – the more can be achieved the quicker the backlog can be resolved.

Notwithstanding that, as noted above, 67% of the Council's proposed housing target of would need to be delivered as affordable housing to meet just subsidised rented needs in 5 years, the Viability Study has concluded that **40% is generally deliverable on market led sites**, hence the target in Policy CP3. It is worth noting that, not only are current policy requirements being met generally on the types of sites considered in the Viability Study, but also on larger sites. S106 Agreements requiring 40% affordable housing are in place at West of Waterlooville and North of Winchester.

There is clearly a significant backlog of housing need and newly arising need. There is little point in increasing yet further the time that people need to live in unsuitable housing. Therefore it is sensible to set the most ambitious requirements, which are realistic and viable, in order to try to meet housing needs as quickly as reasonably possible. **The Council's approach is to maximise affordable housing provision.**

Affordable housing will be delivered by Registered Providers and by WCC itself, for instance on land it owns and sites considered in relation to Policy CP4, in addition to that delivered through Policy CP3, **so any target set for affordable housing in CP3 should not be viewed as a limit on what can be provided.**

In terms of the overall quantum of new housing planned for, Winchester City Council have set out the basis on which it is planning for around 11,000 new homes over the plan period (which would potentially provide 220 affordable dwellings a year if the full 40% provision were achieved on all sites). In arriving at this planned level of provision the City Council has taken a wide variety of factors into account including population requirements, labour force requirements, housing need, land supply, environmental and other constraints, infrastructure requirements, etc.

***In conclusion:***

Using the CLG HNA methodology and taking account of intermediate housing needs **it is clear that there is justification for setting targets in Policy CP3 of at least 40% affordable housing.** The Viability Study, however, leads to a policy position of 40% rather than an alternative target. Alternative scenarios described above using longer time horizons do nothing to suggest that less ambitious targets should be set. If the targets succeed in meeting affordable housing needs within 10-15 years, this would fit with the timescale for reviewing the Plan and enable the targets to be revised accordingly. **Policy CP4 and the proactive action planned by the Council, including its own house building programme, will deliver additional affordable housing in order to maximise provision and meet housing needs as quickly as is reasonably possible.**

The planning system's role is to balance interests in order to arrive at sustainable solutions, rather than to exclusively promote one interest at the expense of another. To do so would undermine the principles of sustainable development. Paragraphs 7.6 – 7.13 of the Affordable Housing Background Paper provide further explanation on that rationale for the Policies in this respect. Consequently, it is considered there is no justification to increase the overall housing supply targets as a result of high levels of housing need, or conversely to reduce the affordable housing target simply because it may be possible to meet need in 10-15 years.

**Simon Maggs, Winchester City Council**

**Chris Cobbold, Director, DTZ**