



# Fareham Borough Housing Need Assessment

Final Report Prepared on behalf of

**Fareham Borough Council**

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# 1 Introduction

This report provides evidence on the broad scale and nature of housing need within Fareham Borough. The purpose of this report is to identify the scale of housing need in the Borough as a whole, to inform the Council's affordable housing policies set out in its Core Strategy and the development of plans for the New Community North of Fareham (NCNF).

Whilst this report sets out how much affordable housing is likely to be required to address housing needs within the Borough, it does not assess whether it is viable to provide. The vast majority of new housing (and therefore new affordable housing) required within the Borough is likely to be provided at the New Community North of Fareham during the plan period. Whether it is viable to deliver the level of affordable housing identified in this report will therefore depend to a large extent on the feasibility of delivery at NCNF. A viability assessment is being undertaken in parallel for the New Community North of Fareham and this takes account of other requirements on the development including infrastructure provision.

Fareham Borough Council has undertaken a number of assessments of housing need in previous years, including as part of the Partnership for Urban South Hampshire (PUSH). These include the following studies:

- Fareham Housing Need Survey (2004): The survey identified a shortfall of around 495 affordable homes per annum within the Borough.
- PUSH Housing Market Assessment (2005): The HMA was undertaken in partnership with the 10 local authorities that make up the PUSH area, including Fareham. The HMA identified the geography of the housing markets within the PUSH area, the drivers of demand and supply and the overall scale of housing need within the sub-region.
- Fareham housing need and affordability research (2009): Fareham Borough Council commissioned research to analyse housing need and affordability within the Borough, alongside an assessment of the viability of affordable housing development.

These studies were undertaken using different methodologies and at different points in time. Nevertheless, each identified evidence of housing need within Fareham and the need for the development of new affordable housing.

This housing need assessment provides up to date evidence of housing need within the Borough in 2012 and assesses the scale of new affordable housing required over the plan period. This assessment broadly follows the methodology set out for estimating housing need in the CLG's Strategic Housing Market Assessment practice guidance.

The inputs in this housing need assessment are based on a variety of data sources which, in most cases, represent actual numbers and the real circumstances of individual households who have approached the local authority for assistance regarding their housing situation<sup>1</sup>. DTZ has also used projections based on historic trends to estimate the extent to which households will fall into need in the future. This approach reflects the objective of the CLG SHMA guidance to undertake housing needs assessment using secondary data as far as possible.

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1 As at June 2012

There are three main stages in the assessment of housing need:

1. Current need (often referred to as the backlog of housing need). Current need comprises three main groups of households:
  - Current occupiers of affordable housing in need i.e. existing tenants in need
  - Households from other tenures in need – predominately the private rented sector
  - Households without self-contained accommodation i.e. homeless households and households living with family/friends or multi-adult households sharing facilities.

Current need is established using the Council's waiting list and including only those households where housing need can be identified.

2. Newly arising need, which considers the number of new and existing households who are likely to fall into housing need in the future. This stage of the assessment is based upon:
  - New household formation and the proportion of newly forming households unable to rent in the market
  - Existing households falling into need

Newly arising need is estimated by using household projections, the affordability of private rents and the number of new households joining Council waiting list each year.

3. Supply of affordable homes to meet need, which seeks to establish the level of supply available to offset need and takes into account:
  - The number of units that will become available when existing tenants are re-housed (transfers within the social rented stock)
  - Re-lets within the existing stock, excluding transfers (which are counted above) but including new lets provided by new affordable housing units.
  - Any surplus social rented units e.g. long term vacant property
  - Any units that will be taken out of management e.g. demolitions, disposals

These components are taken together in order to estimate the shortfall of affordable housing within the Borough. It is important to note that this shortfall is an estimate which is sensitive to a number of assumptions about the future. It is therefore useful to produce a range of estimates to demonstrate how the level of housing need might vary depending on different factors eg the level of household growth, changes in affordability etc.

The rest of this report is structured as follows:

- Summary of housing need shortfall within Fareham
- Stage 1: Assessing current need
- Stage 2: Newly arising need
- Stage 3: Supply
- Overall shortfall of affordable housing
- Size requirements for affordable housing
- Intermediate housing demand
- Affordable rent
- Key points

## 1.1 Summary

Figure 1 summarises the assessment and suggests there is a need for an additional 171 affordable homes each year to address current and newly arising housing need within the Borough. This assumes that the 'backlog' of housing need will be addressed over 14 years. This was used as it is more realistic than the standard 5-year assumption made in housing need assessments. In particular, a 14 year period is appropriate as the backlog (waiting list) has built up over a longer time period and the Council's Core Strategy, which includes policies to address affordable housing through new delivery, covers the period up to 2026 (14 years). Section 2 considers the shortfall of affordable housing under different time horizons for addressing the backlog.

**Figure 1: Housing Need Assessment Summary**

<b>FAREHAM HOUSING NEED ESTIMATE Version 1</b>	
<b>Stage and Step in Calculation</b>	<b>Estimate</b>
<b>STAGE 1: CURRENT NEED</b>	
1.1 Current Occupiers of affordable housing in need	261
1.2 <i>plus</i> households from other tenures in housing need	1,514
1.3 <i>plus</i> Households without self-contained accommodation	109
1.4 <i>equals</i> Total current housing need (gross) (1.1 + 1.2 + 1.3)	1,884
1.5 <i>times</i> time period to address current need	14 years
1.6 <i>equals</i> annual requirement of units to reduce current need	<b>135</b>
<b>STAGE 2: NEWLY ARISING NEED</b>	
2.1 New household formation (per year)	400
2.2 <i>times</i> proportion of new households unable to rent in the open market	38%
2.3 <i>plus</i> existing households falling into need	125
2.4 <i>equals</i> Total newly arising need per year (2.1 x 2.2) + 2.3	<b>277</b>
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>	
3.1 Current occupiers of affordable housing	52
3.2 <i>plus</i> annual supply of social re-lets (net)	188
3.3 <i>plus</i> annual supply of intermediate housing available for re-let or re-sale at sub market levels	0
3.4 <i>plus</i> surplus stock	0
3.5 <i>plus</i> committed supply of new affordable units (per annum)	0
3.6 <i>minus</i> units to be taken out of management	0
3.7 <i>equals</i> annual supply of affordable units (3.1 + 3.2 + 3.3 + 3.4 + 3.5 - 3.6)	<b>240</b>
<b>NET SHORTFALL (OR SURPLUS) OF AFFORDABLE UNITS PER ANNUM</b>	
Overall shortfall (or surplus) (1.6 + 2.4 – 3.7) per annum	<b>171</b>

Note that Figure 1 excludes supply from the delivery of new affordable housing since it is uncertain and the objective of this assessment is to examine how much new affordable housing might be required.

Whilst the housing need assessment focuses on the level of affordable housing required to address needs within Fareham Borough, we also make an assessment of the needs of households in wards adjacent to the New Community North of Fareham. The NCNF is very close to several communities in the South of Winchester District and it is therefore appropriate that the development contributes to meeting needs within the South of Winchester.

## 2 Stage 1: Current Need (Backlog)

Stage 1 of the assessment considers the number of existing and hidden households who are currently in housing need. We have not assessed whether households are currently *in need* as part of this assessment unless they are registered on the authority's waiting lists. Current need comprises three main groups of households:

- Current occupiers of affordable housing in need i.e. existing social rented tenants in need
- Households from other tenures in need – predominately living in the private rented sector
- Households without self-contained accommodation i.e. homeless households and households living with family/friends temporarily or multi-adult households sharing facilities.

There are around 2,300 households registered on the Fareham Borough Council's housing waiting list (LetSelect) which represents around 5% of all households within the Borough.<sup>2</sup>

However, the estimate set out in Figure 1 includes only those applicant households whose circumstances fall within the housing need criteria set out in Table 5.1 of the CLG guidance i.e. households who are:

- Homeless or have insecurity of tenure
- Overcrowded
- Living in property too difficult to maintain
- Living in accommodation where they lack/share facilities such as a kitchen and/or bathroom
- Living in unsuitable dwellings without the means to repair or adapt
- In social need due to harassment or threats of harassment which cannot be resolved except through a move.

Fareham Borough Council allocates applicants to Bands according to their needs. Bands 0 to 2 broadly contain households experiencing the needs described above, with Band 0 being most acute and covering urgent homeless cases. Band 3 (451 households) has been excluded from the need assessment because these applicants do not have a clear need to move.

Figure 1 shows that in total there are 1,884 current applicants who fall into Bands 0-2 and are therefore in housing need. These households have been included in this assessment. Figure 1 breaks this figure down:

- 261 are existing social rented tenants in need of a transfer
- 1,514 are households from other tenures in housing need (predominately the private rented sector or sharing with other households)
- 109 homeless households or households without self contained accommodation.

The baseline assessment assumes that this backlog of households in need will be addressed over a 14 year period, consistent with the Council's Core Strategy. This equates to an annual backlog of 135 households.

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<sup>2</sup> Based on an estimate of 48,000 households in Fareham in 2012, using CLG 2008-based household projections

Figure 2 shows the impact of different time horizons to address the backlog of housing need. This demonstrates the potential to address housing need if new affordable housing supply is maintained over a long period of time and consistently over the plan period. It is interesting to note that, if 171 affordable homes were delivered each year over the plan period (to 2026) this would equate to 2,394 affordable homes over the plan period. This equates to 33% of housing completions in the Borough in the 14 years remaining to 2026.<sup>3</sup> This suggests that it would be possible to address the backlog of housing need in the Borough through new development planned over the period of the Core Strategy if it is possible to deliver one third of new housing as affordable housing.

**Figure 2: Affordable Housing Shortfall Under Different Time Horizons for Addressing the Backlog**

Scenario	Time period for addressing backlog	Backlog to be addressed each year	Overall affordable housing shortfall per annum
<b>A</b>	5 years (to 2017)	380	410
<b>B</b>	10 years (to 2022)	190	230
<b>C</b>	<b>14 years (to 2026)</b>	<b>140</b>	<b>170</b>
<b>D</b>	20 years (to 2032)	90	130

NB: rounded to nearest 10. Scenario C is the preferred option as it corresponds to the time horizon in the Borough Council's Core Strategy

It is worth noting that, although we have relied on waiting list to estimate housing need, there is wider evidence of housing need pressures within the Borough illustrated by data on homelessness, the use of temporary accommodation and the number of households in receipt of housing benefit. Figure 3 shows that the number of homeless households has remained relatively stable over the last 5 years, with slightly higher numbers in temporary accommodation. The rate of homelessness within the Borough (illustrated by homeless households per 1,000 households) is low compared to the South East and England as a whole with rates of 1.5 and 2.3 homeless households per 1,000 households respectively. It is important to emphasise that new affordable housing plays an important contribution to addressing homelessness by providing new lettings and allowing the Council to act swiftly to house homeless households without waiting for an existing social rented property to be released through a transfer.

**Figure 3: Homelessness and Temporary Accommodation within Fareham, last 5 years**

Year	Homeless households	Homeless households per 1,000 households	Households in Temporary Accommodation
2011/12	25	0.5	35
2010/11	23	0.5	35
2009/10	16	0.4	22
2008/09	37	0.7	24
2007/08	31	0.7	41

Source: CLG Housing Statistics Live Tables – Local Area Statistics

There are just under 4,000 households in receipt of housing benefit within Fareham in May 2012.<sup>4</sup> The majority live within the social rented sector (2,590 households) with 1,360 in the private rented sector. Overall, this provides an indication of the scale of households within the Borough who are unable to afford to access market housing.

<sup>3</sup> Based on the allocations set out in the Adopted Core Strategy and completions since, the Borough plans to deliver 7,190 new homes over the next 14 years to 2026 – 5,350 at the NCNF and 1,840 in the rest of the Borough

<sup>4</sup> Department for Work and Pensions data on Housing Benefit Claimants May 2012

It is important to note that this housing need assessment does not take account of the potential impact of welfare reform on the overall level of housing need. Changes to benefits include:

- The **LHA single room allowance**, which covers the rent of a room in a shared house, has been extended to those aged under 35 (those aged 25 years and over would previously have been eligible for housing benefit to cover the rent of a 1 bed property). This means that those aged 35 or under and in housing need will have to find additional resources to afford accommodation if they need independent accommodation. Some may be forced to live with parents, friends or family rather than finding independent accommodation. Others may not have this option and may end up in poor condition properties or they may move out of Fareham to find cheaper accommodation.
- The **LHA was set at the 30<sup>th</sup> percentile of market rents** rather than the 50<sup>th</sup> percentile (median average) in April 2011, with transitional arrangement running until December 2012. This means that households receiving the LHA to rent within the private sector may have to find extra resources to be able to afford rents within Fareham, unless they are able to find properties priced well below average levels. Our analysis of rents suggests that properties priced at or below LHA levels are in short supply.
- Reductions in benefit entitlements for those **under-occupying** will have implications for existing affordable housing tenants as well as new ones. With under-occupation by 1 bedroom resulting in a 14% reduction in housing benefit and 2 bedrooms by 25%, affordability will be adversely affected. Whether such reductions will encourage households to move to smaller accommodation in any scale is uncertain, particularly as such reductions will not affect pensioner households or working households not receiving benefits.
- Phased changes to the dependents allowance for those receiving housing benefit in the social rented sector will have completed by April 2013. This will affect households with dependents who are over the age of 18. These households experience a reduction (called an allowance) in their housing benefit in the expectation that those over the age of 18 can contribute to the rent. This allowance is being increased to catch up with RPI and will have the effect of reducing housing benefit for these households unless the dependents move out.

There are two key proposed changes to the benefit system which could have more dramatic impacts on the ability of households to afford suitable accommodation. These are the introduction of Universal Credit and a cap on the total benefits households can receive.

The introduction of a Universal Credit, planned for 2013, aims to bring together income support benefits for working age people into a single payment that is based on their overall needs.

**Universal Credit** is described in the Government's White Paper as 'an integrated working-age credit that will provide a basic allowance with additional elements for children, disability, housing and caring. It will support people both in and out of work, replacing Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance.'<sup>5</sup>

Universal Credit will improve work incentives by ensuring that support through benefits is reduced at a consistent and managed rate as people return to work and increase their working hours and earnings. People will generally keep more of their earnings than is currently the case. An IFS report found that the overall impact of UC was likely to improve the incentive to work and, initially, reduce child poverty. However, the IFS report claims that Universal Credit payments will not keep up with inflation (because of changes to the measure for calculating inflation for means tested benefits) and so in the long term will lead to growth in child poverty.

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<sup>5</sup> White Paper (November 2010) Universal Credit: welfare that works



The Government's White Paper states that the intention is that no-one will experience a reduction in the benefit they receive as a result of the introduction of Universal Credit. The indications from the Government are that the existing method of calculating housing benefit will be carried over into Universal Credit.

However, there are likely to be transitional issues for those used to having their housing benefit paid directly to landlords. This covers the majority of those who live in the social rented sector and receive housing benefit. These households will have to adapt to receiving a monthly credit which covers their overall entitlement, not just housing benefit, and the individual components of their entitlement may not be broken down which means they will have to budget for different costs including housing. Households on housing benefit (LHA) in the private rented sector already have to do this so it is proven that it can work. However, it will represent a major change for some in the social rented sector, many of whom are long standing tenants who have never had to manage paying rent before. There are risks that this will increase rent arrears with the implication that Registered Providers as landlords will spend more time chasing arrears and this could also impact on their ability to borrow and fund their activities.

Although the White Paper on the Universal Credit states that no-one will be worse off as a result of the introduction of UC, the **Welfare Reform Bill is separately taking forward the introduction of a cap on the total amount a non-working household can receive in benefits**. In the future (post 2013) benefit payments will be capped so that households do not receive more in benefits than the average working household earns.

There is little detail available on how this cap will be calculated and specifically, whether there will be different caps in different parts of the Country to reflect varied living costs. The Government's Equality Impact Assessment suggests that there will be different caps applied to different household types:

- Up to £350 per week for single adult households (£18,500 per annum). This equates to around £23,000 gross, for comparison with those who are earning and paying tax.
- Up to £500 per week for couple or lone parent households (£26,000 per annum). This equates to around £35,000 gross, for comparison with those who are earning and paying tax.

The EIA suggest that the cap of £500 per week will also apply to larger households with multiple children and the analysis in the EIA shows that the majority of 'capped' households will be those with more than three children. The cap will eventually be brought into Universal Credit but until then, local authorities will be expected to re-coup/adjust levels of housing benefit as a way of enforcing the cap.

If we apply the affordability threshold (33% of gross incomes on rent) to the proposed benefit cap for larger households, this implies households will have a maximum budget of £970 per month to spend on rent. This is based on a gross figure of £35,000 per annum. The net figure is £26,000 per annum and in practice means that households will need to spend 45% of their net income on rent.

It is difficult to quantify how many households in Fareham will be directly affected by these changes as the full implications are still not properly understood by the Government or Local Authorities. However, it is clear that some accommodation in the private rented sector used by Fareham Borough Council for homeless households will no longer be affordable. In addition there are some affordable homes and intermediate homes (particularly newly built 3 and 4 bedroom properties) owned by Registered Providers that are no longer affordable to people in receipt of benefits. It is likely that this will increase demand for existing social rented accommodation which is accessed through the waiting list. This HNA has not attempted to predict the likely impact of current welfare reforms on the demand for affordable housing. However, changes to welfare benefits are very likely to increase the demand for affordable housing by making it more difficult for low income households to access the private rented sector. The impact of these changes will need to be taken into account in any future updates of the HNA.

### 3 Stage 2: Newly Arising Need

Stage 2 of the housing needs assessment considers the number of new and existing households who are likely to fall into housing need in the future. This stage of the assessment is based upon:

- New household formation and the proportion of those households unable to rent in the market
- Existing households falling into need

The projected level of household growth in Fareham, based on CLG 2008 based household projections, is 400 households per annum. The projections cover the period 2008-2033 and anticipate an additional 10,000 households forming over this time horizon. In the period 2013-18, broadly the next 5 years and coinciding with the start of development at the New Community North of Fareham, the projections anticipate 2,000 forming within Fareham – a rate of 400 per annum. This is the level at which we assume household growth will take place. Given the uncertainties around economic growth and migration patterns and indeed future dwelling provision, household growth could be higher or lower than projected.

The assessment then estimates the number of these new households unable to afford to rent in the market place. The guidance recommends that the approach taken here is based on a comparison of minimum incomes required to access market housing against the distribution of incomes for newly forming households. However, while data on the distribution of incomes amongst the general household population is available, it is only possible to estimate the incomes of **newly forming** households. DTZ has used CACI household income data to provide the proportion of households unable to afford to *rent* market housing in Fareham.<sup>6</sup>

In Fareham the household income threshold required to rent a two bedroom property is £26,800 per annum. In practice, some households will need smaller or larger homes but we have used two bedroom rental costs as a proxy for the ability of households to afford in the market.<sup>7</sup> It is important to note that the incomes of new households are significantly lower than households as a whole.<sup>8</sup> However, in the absence of specific evidence on the incomes of new households in Fareham, we have used data for the general household population. This means that around 38% of households are unable to afford to rent in the open market. Combining estimates of household growth with the proportion of households unable to rent in the open market equates to 152 new households falling into need each year.<sup>9</sup>

In this assessment, we have only included new households unable to rent since these households have fewer options. Those unable to buy but able to rent could meet their own needs in the private rented sector and may also be eligible for intermediate housing options. This means that the housing need shortfall identified in this housing need assessment excludes many intermediate households. Demand for intermediate housing is considered separately in Section 6, using data from the Local HomeBuy Agent (HomesinHants).

The second component of the estimate of newly arising need is the number of *existing* households falling into need. The CLG guidance considers that this should be estimated by the net average number of households joining housing registers each year, i.e. the gross number of new applicants adjusted to reflect those applicants who are in need. We have used the average figure since 2008 – a year after Fareham's choice based letting system was adopted since figures pre 2008 will reflect the previous system. As Fareham

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<sup>6</sup> The CACI income data relates to 2012 households incomes in Fareham Borough as a whole.

<sup>7</sup> The income required to rent a 1 bedroom property by comparison is around £22,300.

<sup>8</sup> The Central Hampshire SHMA demonstrated that the incomes of new households are on average around two thirds of the incomes of households as a whole.

<sup>9</sup> If 1 bedroom properties were used instead of 2 bedroom properties as the threshold for rental affordability, this would mean 30% of new households were unable to afford to rent, equating to 120 new households falling into need each year.

has adopted a rolling review of the waiting list (where households are written to on the anniversary of their application to ascertain whether they remain in housing need) the overall number of households on the waiting list is up to date. We assume around 80% of new applicants will be registered in Bands 0-2 and can demonstrate housing need. This proportion is consistent with the proportion of waiting list applicants in these bands currently so we consider this a reasonable assumption to make. This equates to 125 households falling into need each year.

It is important to highlight that the housing need assessment is sensitive to assumptions about newly arising need. This element of the assessment is uncertain as it relies on projections of future household growth and assumptions about affordability. In practice, many of these households will be unable to form because they cannot afford to live independently and some will be forced to live in unsuitable or overcrowded conditions.

## 4 Stage 3: Affordable Housing Supply to Offset Need

Stage 3 in the assessment seeks to establish the level of supply available to offset need and takes into account:

- The number of units that will become available when existing tenants are re-housed (transfers within the social rented stock)
- Re-lets within the existing stock (excluding transfers which are considered above) and including new lettings to new affordable homes delivered through development
- Any surplus social rented units e.g. long term vacant property
- Any units that will be taken out of management e.g. demolitions, disposals.

Stage 3 excludes anticipated affordable housing supply from new development since this is uncertain and it is the purpose of the assessment to identify the quantity that might be required.

The rate at which transfer applicants are re-housed varies depending on turnover rates, allocation policies and the priority afforded to different categories of applicants. The assumption set out in the CLG guidance has been adopted. This assumes that those existing tenants (transfer applicants) in housing need identified in Stage 1 of the assessment will be re-housed and will therefore create a vacancy for another household in need (thus having a nil effect on the overall housing need figures). In Fareham, 52 dwellings will become available when existing tenants on the transfer list are re-housed each year.

Additional social rented re-lets (excluding lets to transfers which are included above) but including lets to new affordable homes provide further supply to address housing need. We have used past trends (lettings over the last 3 years) to estimate the supply of these re-lets. In Fareham, local authority and housing association lettings taken together, excluding transfers, give an estimated supply of 188 rented units per annum. The majority of homes that become available through lettings are existing properties as existing tenants move out. So it is assumed that this level of affordable housing supply will be available each year whether or not new affordable housing is delivered. However, it is important to note that the number of new affordable housing completions over the last three years has exceeded the annual target of 100 new affordable homes per annum and this has fed through into higher than average lettings in the Borough in recent years. The 3-year period used to estimate the re-let rate was a historic high point for the Borough and the next few years are likely to see fewer re-lets.

The latest figure on vacant social rented dwellings within Fareham across both local authority and housing association stock is 27 units (ELASH 2012<sup>10</sup>) which represents less than 1% of the social rented stock. The CLG guidance states that *'a certain level of voids is normal and allows for transfers and works on properties. However, if the rate is in excess of approximately 3 per cent and properties are vacant for considerable periods of time, these should be counted as surplus stock.'*<sup>11</sup> Voids within Fareham are therefore not considered as part of the available supply.

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<sup>10</sup> English Local Authority Statistics on Housing (which replaced the HSSA return)

<sup>11</sup> Page 48, Step 3.2 Analysis, Chapter 5, CLG (March 2007) Strategic Housing Market Assessments – Practice Guidance

## 5 The Shortfall of Affordable Housing

### 5.1 Fareham Borough

The largest proportion of the shortfall is due to the backlog of households in need on Fareham's waiting list. We have assumed that this backlog will be addressed over 14 years, consistent with the Core Strategy and development of the New Community North of Fareham. This equates to an annual shortfall of 171 affordable homes – a challenging but achievable target if consistently high levels of affordable housing can be delivered throughout the plan period.

### 5.2 Neighbouring Winchester Wards

Whilst the housing need assessment focuses on the level of affordable housing required to address needs within Fareham Borough, it is also relevant to consider needs in the wards neighbouring the Borough in Winchester District. The NCNF, which will provide the majority of Fareham's new affordable housing over the plan period, is very close to several communities in the South of Winchester District. It is therefore appropriate that the development contributes to meeting needs within the South of Winchester.

The wards adjacent to Fareham and the New Community are Whiteley, Wickham and Boarhunt and Southwick. Together, these account for around 6% of the household population of Winchester District.

DTZ recently updated the Winchester housing need assessment using the same methodology as for Fareham. By pro rating the shortfall in Winchester to the three wards adjacent to Fareham it is possible to estimate local needs which might be addressed through new affordable housing at NCNF. DTZ estimate that there is a need for between 5-25 affordable homes each year to address local needs in these communities, depending on whether the backlog is addressed over 14 years (in line with the Fareham Core Strategy) or 5 years (under standard housing need assessment assumptions).

These estimates may underestimate the actual demand for affordable housing at the NCNF from Winchester households. The three adjacent wards are relatively sparsely populated so they may not be expected to generate significant levels of housing need. However, if affordable housing at the NCNF was accessible to Winchester households in general there may be demand from other parts of the District, though the process for the allocation of affordable housing on the site would need to be agreed between the two Councils.

### 5.3 Size Requirements for Rented Homes

The housing need assessment has identified very high levels of need in relation to what can be addressed through new affordable housing development. This means that Fareham Borough Council need to continue to prioritise who they assist. The type, size and tenure of housing to address these priority needs may well be different to the generality of need identified. For example, households with children living in overcrowded conditions are likely to be a high priority for housing on the waiting list and this implies the need for family type accommodation. This contrasts to the need implied by looking at the generality of households on the waiting lists who need a 1 bed property. Figure 4 demonstrates that there are almost 1,000 families with children in priority need (Bands 0-2). This equates to over half of those on the waiting list in priority need. All need two or more bedrooms.

**Figure 4: Households on the Waiting List: Families with Children**

	2 Bed	3 Bed	4 Bed	Total
<b>Band 0 (priority)</b>	0	1	0	1
<b>Band 1 (priority)</b>	13	15	7	35
<b>Band 2 (priority)</b>	594	301	57	952
<b>Band 3</b>	153	107	15	275
<b>Band 4</b>	9	9	2	20
<b>Total</b>	769	433	81	1,283

Source: Fareham LetSelect.

In reality, even those households judged to need a 1 bed property may prefer a larger home but given the shortage of affordable housing, local authority allocation policies will provide households with only their minimum requirements. This means that households identified on waiting lists as needing a 1 bed property include couples, as well as single people. Many of these younger couples may go on to start a family and will therefore need re-housing in the short term.

Similarly, households containing two young children may be allocated a home with just two bedrooms, with the expectation that the children can share a bedroom. In contrast, in the market sector households may be able to choose more space to allow for the expansion of their household or to provide space for other activities, visitors etc.

In examining the size requirements of those identified as in housing need it is important to keep this rationing process in mind. Furthermore, small properties become available for re-let most frequently in Fareham both because they are more numerous and also because households living in these properties are more likely to move for the reasons discussed above. Similarly, larger properties are less numerous and are more likely to have been sold through Right to Buy, and households living in larger homes are less likely to move, having reached the 'top' of the housing ladder.

**Figure 5: Number of Households Requiring Different Sized Properties (General Needs)**

	Number of Bedrooms				Total
	1	2	3	4	
<b>Bands 0-2</b>	754	607	317	64	1,742
<b>Percentage</b>	43%	35%	18%	4%	100%

Source: Fareham LetSelect. Note: excluded older households specifically applying for sheltered housing

Overall, whilst the largest proportion of households need a 1 bedroom property, over half of households on Fareham's waiting list require a property with two or more bedrooms (Figure 5). 22% of households need a 3 bedroom home or larger.

The pattern of re-lets does not mirror the profile of need. There is a bias towards re-lets amongst two bedroom properties, with low levels of re-lets compared to the number of households in need for 1 bed and 4 bed properties. In practice, this means that, for every 1 bedroom property that becomes available for re-let there are around 15 households in need waiting for that property. The ratio is most acute for 4 bedroom properties because of limited supply (Figure 7).

**Figure 6: Number of Properties Available for Re-let by Size (excluding Sheltered Housing)**

	Number of Bedrooms				Total
	1	2	3	4	
<b>Number of Properties</b>	50	88	39	2	180
<b>Percentage</b>	28%	49%	22%	1%	100%

Source: Fareham Borough Council, average per annum for last 3 years

**Figure 7: Ratio of Household to Re-Lets by Size of Property (excluding Sheltered Housing)**

	Priority Need	Re-lets (3 year average)	Ratio of Households in Need to Re-lets
<b>1 bed</b>	754	49.7	15
<b>2 bed</b>	607	88.3	7
<b>3 bed</b>	317	39.3	8
<b>4 bed</b>	64	2.3	27
<b>Total</b>	1,742	179.7	10

Source: Fareham Borough Council, DTZ

It is worth noting that the pressure on the sheltered housing stock is much less severe. There are only 3 households in priority need (Bands 0-2) waiting for each sheltered unit that becomes available. Older people applying specifically for sheltered housing within the Borough have a much more realistic prospect of being housed than those in need of mainstream affordable housing.

**Figure 8: Ratio of Household to Re-Lets for Sheltered Housing**

Sheltered	Priority need	Re-lets	Ratio
1 bed	142	44	3

Source: Fareham Borough Council, DTZ

The waiting time for households needing different sized properties is also illustrative of the shortage of larger rented properties within the Borough:

- Households in Band 1 face the longest wait for 2 bedroom houses compared to other sized properties. Households in this band, which reflects urgent housing needs, wait for around 1 year for a 2 bedroom property, compared to up to 6 months for smaller accommodation.
- Households in Band 2 (less urgent circumstances but still in housing need) wait for 5-6 years for a 2 bedroom house and 3-4 years for a 3 bedroom house, compared to a 2-2.5 year wait for 1 and 2 bed flats.

## 6 Intermediate Housing Demand

Whilst the housing need assessment may capture a proportion of households who might be able to afford to access intermediate housing products the vast majority of households will need subsidised rented accommodation (or support to access the private rented sector through Housing Benefit). We have not been able to access information on the incomes of those on the waiting list and in housing need to verify what they are able to afford. However, our experience in working with other local authorities in Hampshire, where income data has been available, suggests that around 5-15% of households on Council waiting lists might be able to afford to rent in the private sector or access intermediate housing.

Nevertheless, there is a significant number of additional households who are interested in accessing intermediate housing products within Fareham. These households are largely unable to access home ownership and to some extent the private rented sector on the basis of their incomes.

HomesinHants is the Local HomeBuy Agent which covers Fareham and surrounding authority areas. HomesinHants keep a register of households who are actively interested in intermediate housing options. To be eligible, households must have incomes of less than £60,000.

The data in this section relates to households who wish to live within Fareham Borough and those that have expressed an interest to live in the wider sub-region of South Hampshire. Those currently wishing to live in areas outside of Fareham but within South Hampshire may change their minds when new high quality homes become available at the New Community North of Fareham.

There is substantial interest in intermediate affordable housing amongst households within Fareham. In May 2012, just under 300 households were actively interested in accessing such products.<sup>12</sup> The majority of these households are single or couple households without children but there is representation from all household groups, including families who are unable to access the size of homes they require either to buy or rent.

Figure 9 illustrates that the majority of these households require small – one and two bedroom properties although there is substantial interest in 3 bedroom homes also. It is important to keep in mind that many of these households can afford to rent in the private sector and therefore have a choice in the housing market – unlike those identified through the housing need assessment.

**Figure 9: Intermediate Households by Household Size in Fareham and South Hampshire**

Minimum Bedrooms Required	Fareham		South Hampshire	
	Number	%	Number	%
1 bedroom	80	27%	703	27%
2 bedroom	148	49%	1,429	54%
3 bedroom	70	23%	493	19%
4 bedroom	1	0%	19	1%
Total	299	100%	2,644	100%

Source: HomesinHants (May 2012)

The majority of households interested in intermediate products are currently living within the private rented sector, which includes those living with friends and family (Figure 10). This confirms that there is significant overlap between the private rented sector and intermediate sector. There is a small proportion of households interested in intermediate products who currently live within the social rented sector (8-9%). This indicates

<sup>12</sup> Data provided by HomesinHants



that there is potential for targeting products at these households, with the benefit that this could release social rented homes for those in priority need.

**Figure 10: Current Tenure of Households Interested in Intermediate Products**

Tenure	Fareham		South Hampshire	
	Number	%	Number	%
Owner Occupiers	18	6%	134	5%
Private Renters	225	75%	2,050	77%
Social Renters	24	8%	234	9%
Shared Owners	8	3%	61	2%
Others	24	8%	184	7%
Total	299	100%	2,663	100%

Source: HomesinHants (May 2012)

Many intermediate households are able to access the private rented sector and this sector has been meeting the needs of this intermediate market for many years. Data from HomesinHants suggests that around half of those interested in intermediate affordable housing can afford to access a suitably sized property within the private rented sector (Figure 11). It is interesting to note that affordability is consistent for those requiring 1, 2 and 3 bedroom properties – around half of those registered could afford to rent in the open market. This would be extended to around 70% of households under affordable rents set at 80% of open market values (Figure 12). Affordable rents would allow 65 intermediate households within Fareham to access the size of property they need. Most of these households are not on the Council's waiting list. The cost of renting under affordable rent and the implications for affordability are considered further in Section 7.

**Figure 11: Affordability of Renting for Intermediate Households in Fareham**

Number of Bedrooms Required	Number with Income to Rent	%	Income required to rent
1	38	48%	£22,300
2	76	51%	£26,300
3	33	47%	£34,700
4	0	0%	£45,600
Total	147	49%	

Source: DTZ, HomesinHants & Rightmove rental prices

**Figure 12: Affordability of 80% Market Rents for Intermediate Households in Fareham**

Number of Bedrooms Required	Number with Income to Rent	%	Income required to rent
1	58	73%	£17,800
2	106	72%	£21,500
3	48	69%	£27,800
4	0	0%	£36,500
Total	212	71%	

Source: DTZ, HomesinHants & Rightmove rental prices

However, lower quartile house prices at the end of 2011 were around £160,000 in Fareham, with the income required to buy a property on the open market around £52,000<sup>13</sup>. Therefore, few intermediate households can afford to buy in the open market, largely because of the relationship between house prices and incomes. Even for those that have sufficient incomes and deposit, access to finance – the more limited availability of mortgages – is further constraining the ability to access home ownership.

**Figure 13: Affordability of Home Ownership for Intermediate Households**

Lower Quartile Purchase Criteria	Fareham		South Hampshire	
	Number	%	Number	%
Deposit: £8,000 or above (savings)	79	26%	736	28%
Income: >£52,000	10	3%	82	3%
Both	10	3%	82	3%

Source: DTZ, Homes in Hants & CLG LQ House Price Statistics

13 This assumes that the household can borrow 3 times their income and has a deposit of at least 5% of the purchase price. We have assumed a 5% deposit as mortgages to those purchasing new homes are available under the Government's Indemnity scheme.

## 7 Affordable Rent

In 2010 the HCA published its framework document for the National Affordable Housing Programme. This introduced major changes to the operation of the NAHP for the period 2011-15. In particular it states that:

- HCA grant will not generally be available for affordable housing provided in accordance with local authority affordable housing policies contained in Development Plans and secured by means of section 106 agreements. The starting point for all assessments of the viability of development schemes will therefore be that no grant funding is available on sites subject to section 106 agreements.
- In recognising that withdrawal of grant aid would have an adverse effect on development viability, the government is focusing the NAHP on funding affordable rent – social housing let at higher rents than traditional social rented housing and on time limited tenancies of more than 2 years.

Affordable rent has been designed to provide landlords, registered providers and local authorities with scope to increase rents on new lettings. Landlords will also be able to offer affordable rented properties on flexible tenancies. Like social rented housing, affordable rent is intended to be for people in housing need on local authority waiting lists.

Government guidance states that affordable rents can be set at *up to 80%* of market rents but there is very little other guidance on how affordable rents should be determined. A key issue for authorities and for registered providers is what sort of people can be housed in the new affordable rent homes, taking account of their incomes and access to benefits. It might be that a significant number of those in housing need might not be able to afford rents set at 80% of market levels. There may be a need, as in London, to focus on seeking RPs and the HCA to agree to rents being set at below the 80% level, though this will have implications for the viability of affordable housing development.

This section:

- Examines rental levels within Fareham Borough in the market, affordable and social rented sectors
- Estimates the income required to rent within Fareham based on these rental levels
- Comments on the affordability of different levels of rents for households in Fareham.

### 7.1 Rents within Fareham

Data on market rents has been sourced from the property website Rightmove, which brings together advertised rental properties from the majority of local agents. We have cross checked these rents with local agents to ensure that they do not include further service charges etc. We have also cross checked the data with that provided by the Rent Service to determine the Local Housing Allowance.

Affordable rents have been calculated using market rents as the baseline. We have used the mean average market rent. We also calculated median rents and these were used to cross check the mean average and ensure that the mean was not being obscured by abnormally high or low outliers. In the vast majority of cases, the median and mean average market rents were identical or similar so we have used the mean to calculate affordable rents. There is no guidance on how affordable rents should be calculated (whether from mean or median or other market rents). An alternative would be to use lower quartile market rents as the base rent from which to determine affordable rents. This would ensure they remained below rents in the open market, but may present practical difficulties because of the challenge in collecting rental data and the sample size, particularly when looking at sub-Borough areas and different sized properties.

Affordable rents are initially calculated as 80% of market rents. We assume that any service charge is included in the rental value, as it is with the market rents in our sample. In practice, this might mean that providers need to reduce the headline affordable rent to ensure that, together with any service charge, this works out at less than 80% of the market rent for a particular sized property. Discussions with local Providers as part of the Viability Assessment confirmed that £15 per week to cover service charges (on flatted developments) was a reasonable assumption to make. The rents set out below therefore need to be considered inclusive of this service charge.

Figure 14 sets out the monthly cost of renting within Fareham. Open market rents start at £560 pcm for a 1 bedroom property and rise to £1,150 pcm for a four bedroom property. Figure 13 shows the impact on the cost of renting of the introduction of affordable rents. Affordable rents set at 50-60% of market rents are broadly equivalent to current social rents within the Borough.

**Figure 14: Rents (pcm) within Fareham**

	Market Rent	Affordable Rent (80%)	Affordable Rent (70%)	Affordable Rent (60%)	Affordable Rent (50%)	Social Rent
1 bed	£560	£450	£390	£340	£280	£350
2 bed	£680	£540	£480	£410	£340	£410
3 bed	£880	£700	£610	£530	£440	£440
4 bed	£1,150	£920	£810	£690	£580	£530
5 bed	£2,120	£1,700	£1,500	£1,270	£1,060	-

Source: Rightmove, RSR Guide to Local Rents (for average housing association gross rents, including service charge)  
Figures rounded to nearest £10.

The income required to rent is based on the assumption that a household can afford to pay up to 33% of their gross income in rental costs. The CLG's Strategic Housing Market Assessment guidance suggests 25-33% is used as a threshold for rental affordability when calculating housing need. We have used 33% because we believe it better reflects the fact that households are to prepared to stretch their incomes to afford housing costs. DTZ understands that most local authorities and Providers are using this benchmark to establish affordability, though the approach is different in London where Councils have used 40% of *net* incomes as the affordability threshold.

Figure 15 shows that the income needed to afford a 1 bedroom property on the open market within Fareham's private rented sector is around £22,300 per annum. There are some properties available for cheaper rents and which would require lower incomes, including studios, but these are limited in number. The income required to rent a family sized property (3 bedrooms or larger) starts at around £34,700. It is unsurprising that larger accommodation is unaffordable to many households within the Borough, since average incomes are around £40,000 (according to CACI modelled income data for Fareham in 2012).

**Figure 15: Income Required to Afford Rents (pcm) within Fareham**

	Market Rent	Affordable Rent (80%)	Affordable Rent (70%)	Affordable Rent (60%)	Affordable Rent (50%)	Social Rent
1 bed	£22,300	£17,800	£15,600	£13,400	£11,100	£13,900
2 bed	£26,800	£21,500	£18,800	£16,100	£13,400	£16,500
3 bed	£34,700	£27,800	£24,300	£20,800	£17,400	£17,700
4 bed	£45,600	£36,500	£31,900	£27,400	£22,800	£21,100
5 bed	£84,000	£67,200	£58,800	£50,400	£42,000	-

Source: Rightmove, RSR Guide to Local Rents. Figures rounded to nearest £10.

## 7.2 Household Incomes within Fareham

Figures 16 and 17 provide data on the income of households within Fareham<sup>14</sup>. These figures show that a substantial proportion of households would be unable to access the open market within the Borough, based on their current incomes. Affordable rents at 80% of market rents extend affordability to a small proportion of households but there remain around 30% of households who would need further subsidy. It is important to note that this does not take account of household savings or equity – some may have been fortunate to purchase property in the past when prices were lower and required lower incomes to buy. There will also be older households who have paid off their mortgages and, whilst they may have limited incomes they do not incur housing costs. Nevertheless, Figures 16 and 17 provide evidence, presented in different ways, that a substantial proportion of households – typically those with incomes under £20,000 per annum - require subsidised accommodation.

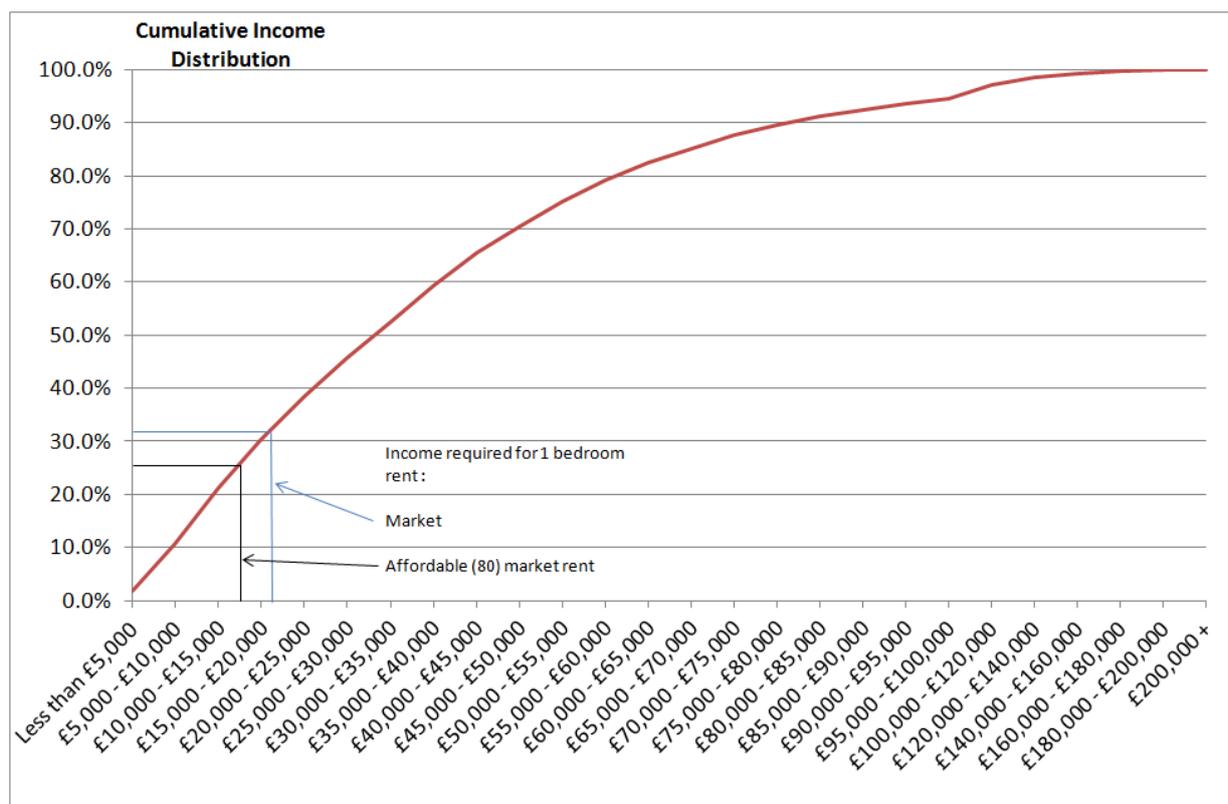
**Figure 16: Distribution of Households Incomes within Fareham**

Household Income	Number of Households	%	Cumulative	Comment
Less than £5,000	859	1.8%	1.8%	Likely to need subsidised rental properties
£5,000 - £10,000	4,267	9.0%	10.8%	
£10,000 - £15,000	4,892	10.3%	21.1%	
£15,000 - £20,000	4,395	9.3%	30.4%	Threshold for 1 bed affordable rent
£20,000 - £25,000	3,812	8.0%	38.4%	Threshold for 1 bed Market rent
£25,000 - £30,000	3,488	7.4%	45.8%	Able to access private rented sector and intermediate low cost home ownership products
£30,000 - £35,000	3,241	6.8%	52.6%	
£35,000 - £40,000	3,232	6.8%	59.4%	
£40,000 - £45,000	2,893	6.1%	65.5%	
£45,000 - £50,000	2,367	5.0%	70.5%	
£50,000 - £55,000	2,260	4.8%	75.3%	Threshold for home ownership
£55,000 - £60,000	1,861	3.9%	79.2%	Able to access home ownership providing household has sufficient deposit
£60,000 - £65,000	1,579	3.3%	82.6%	
£65,000 - £70,000	1,224	2.6%	85.1%	
£70,000 - £75,000	1,180	2.5%	87.6%	
£75,000 - £80,000	961	2.0%	89.7%	
£80,000 - £85,000	775	1.6%	91.3%	
£85,000 - £90,000	563	1.2%	92.5%	
£90,000 - £95,000	534	1.1%	93.6%	
£95,000 - £100,000	441	0.9%	94.5%	
£100,000 - £120,000	1,217	2.6%	97.1%	
£120,000 - £140,000	652	1.4%	98.5%	
£140,000 - £160,000	362	0.8%	99.2%	
£160,000 - £180,000	202	0.4%	99.7%	
£180,000 - £200,000	110	0.2%	99.9%	
£200,000 +	50	0.1%	100.0%	
<b>Total</b>	<b>47,419</b>	<b>100.0%</b>		

Source: CACI modelled household income data

<sup>14</sup> CACI Paycheck - modelled household income data for Fareham in 2012

**Figure 17: Cumulative Income Distribution, with Income Thresholds for Market and Affordable Rent**



Source: CACI modelled household income data

**Housing Benefit and Local Housing Allowance**

It is important to note that housing benefit may cover all or part of the rent where a household is eligible for it. Households living within Fareham Borough Council or housing association homes and receiving housing benefit will have their full rent covered or receive a discount on their rent depending on how much housing benefit they are entitled to. Those living in the private rented sector will receive the local housing allowance (LHA) for the size of property the household is entitled to. The LHA is set at the following levels within Fareham (as at June 2012) which is covered by two broad rental market areas:

**Figure 18: Local Housing Allowance Rates within Fareham**

	<b>Portsmouth BRMA</b>	<b>Southampton BRMA</b>
Shared room rate	£66.50 pw (£288 pcm)	£64.63 pw (£280 pcm)
1 bedroom rate	£115.30 pw (£500 pcm)	£115.38 pw (£500 pcm)
2 bedroom rate	£138.46 pw (£600 pcm)	£150.00 pw (£650 pcm)
3 bedroom rate	£167.31 pw (£725 pcm)	£178.85 pw (£775 pcm)
4 bedroom rate	£230.77 pw (£1,000 pcm)	£242.31 pw (£1,050 pcm)

This level of benefit may or may not cover the full rent of the property. The LHA level is calculated by the Rent Service from the distribution of market rents within the Borough and is set at the 30<sup>th</sup> percentile. It is clear from the analysis of market rents that the LHA rent levels that apply to Fareham would not cover the full rent for an average market property of any size, unless they can be secured at lower than average rents. However, the supply of properties at entry level rents is very limited within the Borough. Affordable rents set

at 80% of market rents, or below, would be affordable to those receiving the local housing allowance. However, if affordable rents are increased annually by RPI + 0.5% there is a risk, if the base rent is set too close to the LHA limit, that rents will exceed LHA limits during the course of the tenancy. Housing benefit (and eventually Universal Credit) will be increased in line with CPI rather than RPI in future.

For tenants in council accommodation or other social housing, the maximum housing benefit they can receive is the same as their 'eligible' rent. Eligible rent includes rent for the accommodation and charges for some services, such as lifts, communal laundry facilities or play areas. The amount of housing benefit a household is entitled to will depend on their personal and financial circumstances. It will also reflect the type of property and rent paid and whether the rent is reasonable for the particular property. The eligible rent may be limited to an amount that is reasonable for a suitably sized property in the area.

It is important to note that housing benefit levels are changing and will impact on the ability of low income households to afford to rent within Fareham. Recent and proposed changes are discussed in Section 2 of this report. It is difficult to quantify how many households in Fareham will be directly affected by these changes but it is clear that some accommodation in the private rented sector used by the Council for homeless households will no longer be affordable. In addition there are some affordable homes and intermediate homes (particularly newly built 3 and 4 bedroom properties) owned by Registered Providers that are no longer affordable to people in receipt of benefits.

## 8 Conclusions & Recommendations

### 8.1 Affordable Housing Shortfall

**Overall, the shortfall of affordable housing within Fareham is around 171 homes each year, or 2,394 in total over the plan period, based on the assumption of 14 years to address the backlog of housing need on the waiting list.** This compares to the total allocation of housing within the Borough of 7,190 homes over the next 14 years (513 homes per annum) (based on the allocations in the Core Strategy and completions since it was adopted).

There is likely to be limited additional need for affordable homes from households in Winchester living adjacent to Fareham and the NCNF, though DTZ expect there would be additional demand from Winchester residents if affordable housing at the NCNF was accessible to those in the rest of the District.

**To secure these affordable homes through new development would require 33% of all new housing to be delivered as affordable housing.** Whilst challenging, this level of affordable housing delivery is achievable if consistently high levels of affordable housing development are maintained over the plan period. Whether it is viable to deliver this level of affordable housing through new development is being tested by a separate viability assessment of the NCNF.

### 8.2 Tenure Considerations

**The main affordable housing need is for subsidised rental accommodation.** This could include social rent, affordable rent (providing rents are affordable to those in need) and access to the private rented sector with the support of Housing Benefit. It is unlikely that the vast majority of households identified through the housing need assessment will be able to access intermediate products, since the incomes of these households tend to be insufficient to afford anything other than a subsidised rent. The evidence is supportive of the need to secure the majority of new affordable housing as subsidised rental accommodation (likely to be termed affordable rent) in order to meet the needs of those in the Council's waiting list.

**There is *additional* demand for intermediate housing within Fareham, beyond the shortfall of affordable housing identified in the housing need assessment.** There are around 300 households who are actively interested in intermediate products and wish to live in Fareham and over 2,000 who would like to live in South Hampshire. By and large, these households are not registered on Fareham's waiting list although a percentage of them (8%) live in social rented housing in the Borough.

Very few of these intermediate households have incomes which would allow them to buy a lower quartile priced property in the open market, though half could afford to rent in the open market and so many of these households are not strictly 'in need' although their choices may be limited.

However, government is focusing all available funding for affordable housing on affordable rent – social housing let at higher rents than traditional social rented housing, with the flexibility to offer time limited tenancies of more than 2 years. Like social rented housing, affordable rent is intended to be for people in housing need on local authority waiting lists.

Evidence presented in this report suggests that affordable rents set at 80% of market rents or lower (including service charge) will fall within local housing allowance limits and should therefore be affordable to those on housing benefit. However, DTZ would caution that the Council and Providers need to consider how far rents might increase over time and whether this would take them above LHA limits. If affordable rents are increased annually by RPI + 0.5% there is a risk, if the base rent is set too close to the LHA limit, that rents will exceed LHA limits during the course of the tenancy. Housing benefit (and eventually Universal Credit) will



be increased in line with CPI rather than RPI in future. There needs to be enough 'headroom' in affordable rents in relation to LHA levels to allow rental growth without exceeding LHA limits.

### 8.3 Size of Homes Required

**Over half of those in priority need on the waiting list need a property with 2 or more bedrooms. Over half of those in priority need are families with children, all of whom need 2 bedrooms or more.**

The greatest *pressure* is on 1 bedroom and 4 bedroom properties – where significant numbers of households are waiting for each property that comes available through re-let. However, DTZ would caution against interpreting this as a need for significant numbers of new 1 bedroom properties given the inflexibility of these properties and the fact that many households will need to be re-housed into larger properties over time for example, couples who go on to start a family.

A related issue is the limited pressure on sheltered accommodation within the Borough. The majority of these are 1 bedroom properties yet the pressure on general needs 1 bedroom properties is five times greater (15 households waiting for every re-let compared to 3 households waiting for every sheltered re-let). It may be possible to reduce the pressure on the 1 bedroom stock through changes to the allocation or use of existing properties.

Waiting times for 2 and 3 bedroom houses are significantly higher than for 1 and 2 bedroom flats within the Borough. This is further evidence of the shortage of larger accommodation to meet needs.

DTZ would emphasise the importance of securing a proportion of larger homes through new development because they can help to create a chain of lettings and provide the opportunity to house more households in need.

Amongst intermediate households, around half would like a 2 bedroom property, with broadly equal proportions wanting 1 or 3 bedrooms. Evidence on the cost of renting and buying property within the Borough suggests that households with incomes of £15,000 - £50,000 may be able to rent in the open market but are likely to be unable to buy within the Borough (unless they have significant savings or financial assistance). Intermediate products which cater for households with this range of incomes are likely to be most suited to intermediate households within the Borough.