

# Three Parishes Housing Needs Assessment (HNA)

June 2020

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Revision	Revision date	Details	Authorized	Name	Position
1	February 2020	First draft	AO	Akwesi Osei	Graduate Planner
2	February 2020	Internal review	PA	Paul Avery	Housing Research Consultant
3	May 2020	Group review	PN	Paul Nash	Councillor, Adderley Parish Council
5	June 2020	Locality review	JW	John Wilkinson	Neighbourhood Planning Officer
5	June 2020	Final report	PA	Paul Avery	Housing Research Consultant

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**List of acronyms used in the text:**

AH	Affordable Housing (NPPF definition)
AMH	Affordable Market Housing
HNA	Housing Needs Assessment
HNF	Housing Need Figure
Housing LIN	Housing Learning and Improvement Network
HRP	Household Reference Person
LHN	Local Housing Need
LPA	Local Planning Authority
LQAR	Lower Quartile Affordability Ratio
LTHPD	Long-Term Health Problem or Disability
MAR	Median Affordability Ratio
MH	Market Housing
MHCLG	Ministry for Housing, Communities and Local Government (formerly DCLG)
NA	Neighbourhood (Plan) Area
NDO	Neighbourhood Development Order
NDP	Neighbourhood Development Plan
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RQ	Research Question
SDC	Shropshire District Council
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
TPNPSG	Three Parishes Neighbourhood Plan Steering Group
VOA	Valuation Office Agency

# 1. Executive Summary

## 1.1 Conclusions- Tenure and Affordability

1. The vast majority of households in Three Parishes are owner-occupiers (71.3%). This is followed by the private rented sector (17.9%), and the social rented sector (6.8%). The social rented sector is small by comparison with the district (6.8% against 13.5%). The dominance of the owner occupied sector is common to other rural areas across the Country and is also a feature of places with relatively older populations. However, the tenure of the housing stock will impact on the ability of different households to live in Three Parishes, broadly limiting the ability of those on lower incomes from living in the NA because of the more limited availability of social and private rented housing.
2. Between 2001 and 2011, the largest change in the NA was seen in shared ownership dwellings, a substantial increase of 100%, with a lesser but still notable 31.7% increase experienced in the wider District. Private rented homes also increased by 43.2% and social rented homes by 25%. Meanwhile, home ownership only increased by 10.2% in the NA, although this is still greater than the smaller increase of 5.8% in the District. The faster growth in private renting likely indicates that the increasing cost of home ownership is driving households into the more affordable private rented sector as an alternative.
3. House prices have grown by 21% overall. However, closer analysis reveals that growth was only experienced by detached properties, with a significant 60.4% growth in house prices. Semi-detached and terraced homes experienced a decline of -15.6% and -13.8% respectively. There were too few flat sales to enable any comparison of this dwelling type.
4. The approximate median and lower quartile incomes in the NA are £39,400 and £20,500 respectively. Comparing these affordability thresholds with the costs of each tenure, it is clear that the most affordable forms of tenure are social rent and affordable rent, both of which are affordable to those on lower quartile incomes.
5. The total estimated Affordable Housing need over the Plan period 2018-2036 is 76 affordable rented homes and 86 (rounded) affordable home ownership dwellings. This is subject to change based on the amended Shropshire SHMA, or further evidence relating to affordable housing need, such as the planned household survey.
6. In terms of the most appropriate mix of tenures within Affordable Housing, it is important to reference Shropshire's policy, as set out in the adopted Local Plan. Policy CS11 recommends 33% of housing should be Affordable Housing. This should be split between 20% social rented and 13% intermediate affordable tenures. This equates to 61% of the Affordable Housing tenure split being social rent and the remaining 39% for intermediate housing tenures.
7. This balance is close to the results of the exercise above (53% affordable rented homes and 47% affordable housing for sale). However, it is suggested that the tenure split stated in the Local Plan is adhered to as it provides a higher proportion of social rented homes which should be prioritised, especially if not all of this housing tenure can be delivered due to the low expected delivery of Affordable Housing in the NA.

## 1.2 Conclusions- Type and Size

8. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site-specific factors which may justify a particular dwelling mix.
9. Compared with the LPA, Three Parishes is characterised by a significantly higher proportion of detached homes (61.1% compares with 39.5% across Shropshire). Meanwhile there is a lower proportion of terraced homes and flats in the NA compared to the wider District (4.2% compared with 16.8% and 1.1% compared with 6.6% respectively), with a similar proportion of semi-detached homes. The housing stock in Three Parishes is characterised by generally large dwellings, with high proportions of properties with 5 to 6 rooms or larger compared with the District and correspondingly fewer small dwellings. 86.7% of homes in Three Parishes are larger 5+ bedroom properties, compared to 76.1% of homes in the wider District.
10. The 2011 Census data reveals that in line with District and National proportions, Three Parishes has a high proportion of people aged 45 to 64 (32% in Three Parishes compared to 28% in Shropshire and 25% nationally). The proportion of older people between 65-84 in the Three parishes is slightly less than the wider District at 16% against 18% in Shropshire, although it is expected to increase as the large 45 to 64 cohort ages during the Plan period.

11. New development provides an opportunity to build dwellings that would be appropriate to the needs and financial capabilities of both young households and older households who may wish to downsize, such as two- and three-bedroom homes.
12. In the context of Three Parishes' comparatively large stock of dwellings overall, the evidence reviewed here may warrant a Neighbourhood Plan policy to prioritise the provision of modest sized with of 2 and 3 bedrooms. In terms of demographic change, new development might involve the following share of dwelling sizes: 22.7% as 1 bedroom, 38.5% as two bedrooms and 38.8% as three bedrooms.
13. In terms of the types of dwellings required, some unmet demand for generally more affordable dwelling types, such as terraced homes and flats, should be addressed. The size recommendation for three-bedroom homes would help to achieve this.
14. Note that the Plan period may shift forward to an end date of 2038. The key inputs to this model are the existing size mix in the NA and the occupation patterns across Shropshire, as well as the demographic profile of Three Parishes at the end of the Plan period. Changing the Plan period end date by two years from 2036 to 2038 will not impact either of the first two inputs, and will only marginally change the third input. Because wide age categories for household life stages are used (usually of around a decade), the ageing of the population by only two years is highly unlikely to make any measurable change to the recommended dwelling size mix. As such, if the Plan period end date does change, it is AECOM's view that the recommended mix will still apply.

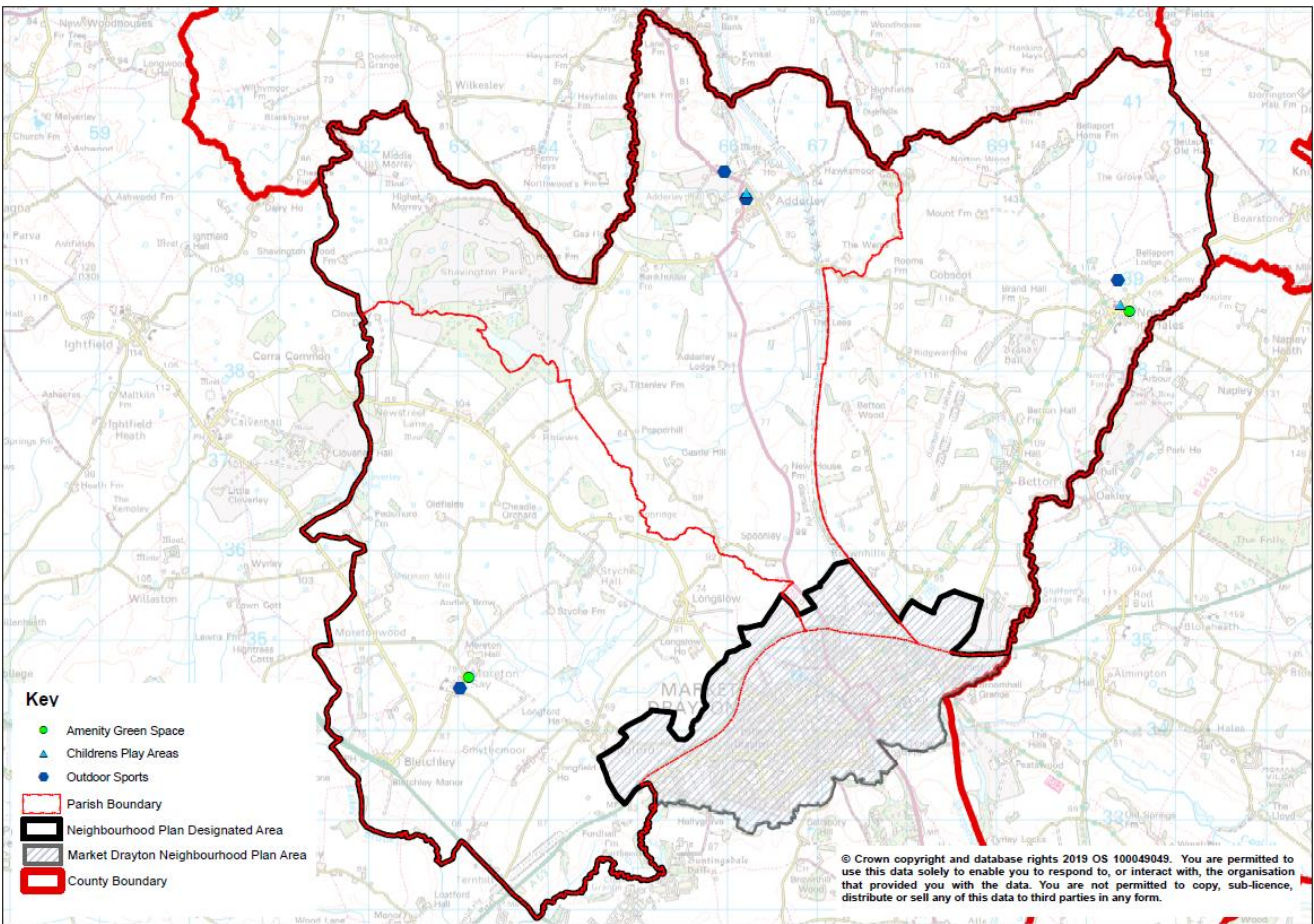


## 2. Context

### 2.1 Local context

15. Three Parishes is a Neighbourhood Plan area located in Shropshire, West Midlands. The Neighbourhood Area (NA) boundary comprises of the three parishes of Adderley, Moreton Say and Norton In Hales. However, the southern tips of these three parishes are excluded from the NA investigated in the study, as they are covered by the NA for neighbouring Market Drayton (as shown in Figure 2-1)
16. The proposed Neighbourhood Plan period starts in 2016 and extends to 2036, therefore comprising a planning period of 20 years. However, it is understood that the Local Plan period end date is likely to change to 2038. This report is drafted using the original Neighbourhood Plan period to 2036, with notes added regarding the implications for relevant conclusions were the Neighbourhood Plan period to change to mirror the later end date.
17. The Three Parishes NA has some local amenities including a village hall, and some public transport options. The NA is 10 miles away from Crewe and 20 miles away from Shrewsbury.
18. For Census purposes, the Neighbourhood Plan area is made up, like the rest of England, of statistical units called Output Areas (OAs). The Plan area equates to the following OAs, which have been used throughout as a statistical proxy for the NA boundary and which can be interrogated for data from the 2001 Census:
  - 39UCGR0001
  - 39UCGR0003
  - 39UCGR0004
  - 39UCHD0001
19. Data drawn from the 2011 census was drawn from the Adderley, Moreton Say and Norton In Hales parish boundaries and these boundaries constitute the same area as the OAs listed above.
20. The statistics show that in the 2011 Census the Neighbourhood Plan area had a total of 1,477 residents.
21. A map of the Plan area and also the Parish boundaries appears below in Figure 2-1.

Figure 2-1: Map of the Three Parishes Neighbourhood Plan area



Source: *ThreeParishPlan.com*

22. The neighbourhood planners are interested in exploring the need for Affordable Housing for sale and are therefore eligible for support under the Affordable Housing for sale element of the Neighbourhood Planning Technical Support programme. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

## 2.2 Planning policy context

23. In line with the Basic Conditions of Neighbourhood Planning<sup>1</sup> (NP), Neighbourhood Development Plans (NDPs) are required to be in general conformity with strategic policies in the adopted Local Plan. Consequently, there is a requirement for the relevant Local Plan to be reviewed as part of this Housing Needs Assessment (HNA).
24. The Shropshire Local Plan sets out detailed planning policies for the area for the period up to 2026. The Local Plan is currently made up of the Core Strategy Development Plan Document (DPD)<sup>2</sup>, adopted in 2011, and the Site Allocations and Management of Development DPD<sup>3</sup> (henceforth referred to as SAMDev), adopted in 2015.
25. Shropshire Council (SC) is currently undertaking a partial review of the local plan, to ensure that the plan can be updated as necessary to respond to the 2019 National Planning Policy Framework (NPPF).<sup>4</sup> Upon completion, the Local Plan partial review will provide the most up-to-date planning policy for Shropshire, for the period from 2016 to 2036.
26. However, given that the Local Plan partial review has not yet reached adoption, the adopted Local Plan is the document with which the NP must conform. Both the Core Strategy and the SAMDev DPDs of the adopted Shropshire Local Plan have therefore been assessed below for policies relevant to housing need. It should be noted that not every policy is quoted, and of those referenced below, not every provision of each policy is necessarily considered relevant for the purposes of this assessment; as such, they have been edited appropriately.

### 2.2.1 Core Strategy (adopted 2011)

27. **Policy CS1: Strategic Approach**, within the Core Strategy, plans for 27,500 new homes across Shropshire from 2006 to 2026, 9,000 of which will be affordable housing. In terms of the distribution of this development across Shropshire, Shrewsbury will accommodate approximately 25%, the Market Towns and other Key Centres will accommodate approximately 40%, and the Rural areas (within which Three Parishes is located) will accommodate approximately 35%. The policy also states that the SAMDev DPD will make provision for housing and employment needs in the towns, Key Centres and rural areas having regard to the differing pressures, opportunities and constraints in the spatial zones, and that broadly this means there will be 5,500 – 6,050 dwellings in North East Shropshire (which includes the Three Parishes).
28. **Policy CS4: Community Hubs and Community Clusters** of the Core Strategy summaries the sustainable development plans for rural areas. Private and public investment in these rural areas will be focused into community hubs and community clusters, and market housing development should provide a suitable mix of housing which caters for local needs, including contributions to affordable housing.
29. **Policy CS11: Type and Affordability of Housing** sets out the strategy for achieving a balance in the size, type, tenure, and affordability of new housing, to create mixed, balanced and inclusive communities within Shropshire. This policy has an overall target of 33% local needs affordable housing from all sources for the first five years of the plan period, comprised of 20% social-rented and 13% intermediate affordable housing. The policy also states that specialist housing should be provided (including nursing homes, residential and extra care facilities) and housing developments should be designed to be capable of adaptation to accommodate lifestyle changes (including the needs of elderly and disabled people).

### 2.2.2 Site Allocations and Management of Development (SAMDev) Plan (adopted 2015)

30. Building on the Core Strategy, **Policy S11: Market Drayton Town Development Strategy**, within the SAMDev document classifies Adderley as a community hub with a housing guideline of around 14 dwellings over the period to 2026. This will be delivered through infilling, groups of houses and conversions which may be acceptable on suitable sites within the development boundary identified on the Policies Map.
31. Moreton Say is also designated as a community cluster with Bletchley, Longford and Longslow. The settlements of Bletchley, Longford, Longslow and Moreton Say are a Community Cluster providing limited future housing growth of approximately 20 dwellings over the period to 2026 to provide for small scale development and the potential redevelopment of a brownfield site in Bletchley (Powa Pak Yard). This will be delivered through infilling, groups of

<sup>1</sup> See <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

<sup>2</sup> See <https://www.shropshire.gov.uk/planning-policy/local-planning/core-strategy/>

<sup>3</sup> See <https://www.shropshire.gov.uk/planning-policy/local-planning/samdev-plan-2006-2026/>

<sup>4</sup> See <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

houses and conversions on suitable sites within the development boundary for the village of Moreton Say, together with limited infilling, conversions and small groups of houses which may be acceptable on suitable sites within the villages of Bletchley, Longford and Longslow.

32. **Policy MD7a: Managing Housing Development in the Countryside** states that new market housing will be strictly controlled outside of Shrewsbury, the Market Towns, Key Centres and Community Hubs and Community Clusters. However, suitably designed and located exception site dwellings and residential conversions will be positively considered where they meet evidenced local housing needs and other relevant policy requirements.

### 2.2.3 Quantity of housing to provide

33. The NPPF 2019 requires, through paragraphs 65 and 66, Local Authorities to provide neighbourhood groups with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
34. Shropshire has indirectly fulfilled that requirement by providing Three Parishes with a housing requirement figure of up to 34 dwellings (14 in Adderley and 20 in the other two parishes as well as other parishes beyond the NA, but not including Noreton-in-Hales) to be accommodated within the Neighbourhood Plan area by 2026. However, no equivalent figure is known to have been provided for the new Plan period (ending in 2036, and with the possibility of being updated to 2038 or another date) of the revised Local Plan or the Three Parishes Neighbourhood Plan.
35. In agreement with the neighbourhood planners, the question of how many houses to plan for is outside the scope of this Housing Needs Assessment. The issue of quantity has therefore been excluded from the Research Questions (see Chapter 3 below).

### 3. Approach

#### 3.1 Research Questions

36. Research Questions, abbreviated to 'RQ;' are formulated at the start of the project through discussion with the neighbourhood group. They serve to direct the research and provide the structure for the HNA.
37. The RQs relevant to this study, as discussed and agreed with Three Parishes, are set out below.

##### 3.1.1 Tenure and Affordability

38. The neighbourhood planning group would like to understand the needs of the community for housing of varying tenures, as well as the relative affordability of those tenures that should be provided to meet local need now and into the future.
39. This evidence will allow Three Parishes to establish the right conditions for new development to come forward that is affordable, both in the broader sense of market housing attainable for first-time buyers, and as Affordable Housing for those who may be currently priced out of the market.

***RQ 1: What quantity and tenures of Affordable Housing should be planned for over the Neighbourhood Plan period?***

##### 3.1.2 Type and Size

40. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community. It has been identified by Shropshire Council that smaller family housing is needed in the NA to encourage younger families to stay in the NA. The group are therefore interested in what sizes will meet the needs of all residents.
41. The aim of this research question is to provide neighbourhood planners with evidence on the types and sizes needed by the local community. This will help to shape future development so that it better reflects what residents need.

***RQ 2: What type (terrace, semi, bungalows, flats and detached) and size (number of bedrooms) of housing is appropriate for the Plan area over the Neighbourhood Plan period?***

#### 3.2 Relevant Data

##### 3.2.1 Local authority evidence base

42. It is appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Three Parishes Neighbourhood Area is located within Shropshire's planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA), which is known as the Shropshire SHMA (2014).
43. For the purpose of this HNA, data from Shropshire's own evidence base to support their housing policies has been considered applicable and relevant unless it conflicts with more locally specific and/or more recently-produced evidence. The housing market evidence draws upon a range of data including population and demographic projections, housing market transactions, and employment scenarios. As such, it contains a number of points of relevance when determining housing need within the Neighbourhood Plan area, and has been referenced as appropriate.

##### 3.2.2 Other relevant data

44. In addition to the Shropshire evidence base, we have assessed other evidence to ensure our study is robust for the purposes of developing policy at the NP level and is locally specific. This includes data from both Census 2001 and 2011, as well as from a wide range of other data sources, including:
  - Land Registry data on prices paid for housing within the local market;
  - Population and household projections produced by the Office of National Statistics (ONS) and
  - Information on current property asking prices, for housing for sale or rent, from [home.co.uk](http://home.co.uk).



## 4. RQ 1: Tenure and Affordability

***RQ 1: What Affordable Housing (eg social housing, affordable rented, shared ownership, intermediate rented) and other market tenures should be planned for in the housing mix over the Neighbourhood Plan period?***

### 4.1 Introduction

45. Tenure refers to the legal arrangements in place that enable a household to live in their home; it determines householder rights and influences the level of payments to be made in return for these rights. Broadly speaking, tenure falls into two categories, Affordable Housing and Market Housing, depending on whether the household benefits from a subsidy of some sort to enable them to live in their home.
46. This section will examine the tenure of dwellings in the current stock and recent supply. Then, looking at affordability, make an assessment on whether continuation of these trends would meet future needs. This section also investigates whether there are misalignments between the supply of different tenures of housing and local need. Such misalignments can justify policies that guide new developments to prioritise certain tenures, to bring supply and demand into better alignment.<sup>5</sup>

### 4.2 Definitions

47. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, abbreviated to 'AH'. AH comprises those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and forms of AH designed to offer affordable routes to home ownership.<sup>6</sup>
48. The definition of Affordable Housing set out in the NPPF makes clear the Government's commitment to home ownership (broadening the definition of AH which had previously referred only to social and intermediate housing to include a range of low-cost housing opportunities for those aspiring to own a home). However, it still recognises the important role of social, affordable, and private rent tenures for those not currently seeking home ownership.
49. In paragraph 64 of the NPPF, the Government introduces a recommendation that "*where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership*". In line with PPG,<sup>7</sup> the assumption should be that a 'major housing development' can be defined as a site of 10 dwellings or more, and that affordable home ownership includes shared ownership homes, and homes available for discount market sale.
50. The Government has proposed to introduce First Homes to provide at least a 30% discount on new market housing for sale. However, the NPPF and Homes England funding for Affordable Housing recognises the important role of affordable rented tenures for those unable to afford home ownership.<sup>8</sup>

### 4.3 Current tenure profile

51. In order to set a baseline for the examination of tenure, it is necessary to present a picture of the Neighbourhood Plan area based on the most recent reliable data. Table 4-1 below presents Census data from 2011; this table shows the distribution of how households occupy their homes within Three Parishes, compared to the rest of Shropshire and England.
52. The vast majority of households in Three Parishes are owner-occupiers (71.3%). This is followed by the private rented sector (17.9%), and the social rented sector (6.8%). The social rented sector is small by comparison with the district (6.8% against 13.5%). The dominance of the owner occupied sector is common to other rural areas across the Country and is also a feature of places with relatively older populations. However, the tenure of the housing stock will impact on the ability of different households to live in Three Parishes, broadly limiting the ability of those on lower incomes from

<sup>5</sup> PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>6</sup> NPPF 2019.

<sup>7</sup> PPG 031 Reference ID: 23b-031-20161116, available at <https://www.gov.uk/guidance/planning-obligations>

<sup>8</sup> The government consultation on First Homes is available here: <https://www.gov.uk/government/consultations/first-homes>

living in the NA because of the more limited availability of social and private rented housing.

**Table 4-1: Tenure (households) in Three Parishes, 2011**

Tenure	Three Parishes	Shropshire	England
Owned; total	71.3%	69.2%	63.3%
Shared ownership	1.0%	0.6%	0.8%
Social rented; total	6.8%	13.5%	17.7%
Private rented; total	17.9%	15.0%	16.8%

Sources: Census 2011, AECOM Calculations

53. In Table 4-2, we note the changes in tenure between 2001 and 2011. The largest change in the NA was seen in shared ownership dwellings, a substantial increase of 100% (though from an extremely low base), with a lesser but still notable 31.7% increase experienced in the wider District. Private rented homes also increased by 43.2% and social rented homes by 25%. Meanwhile, home ownership only increased by 10.2% in the NA, although this is still greater than the smaller increase of 5.8% in the District. The growth of the PRS in Three Parishes over the period and the small increase in home ownership are likely indicators of the rising cost of home ownership as house prices increase and more households are forced to turn to private renting as an alternative.

**Table 4-2: Rates of tenure change in Three Parishes, 2001-2011**

Tenure	Three Parishes	Shropshire	England
Owned; total	10.2%	5.8%	-0.6%
Shared ownership	100.0%	31.7%	30.0%
Social rented; total	25.0%	9.4%	-0.9%
Private rented; total	43.2%	80.9%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

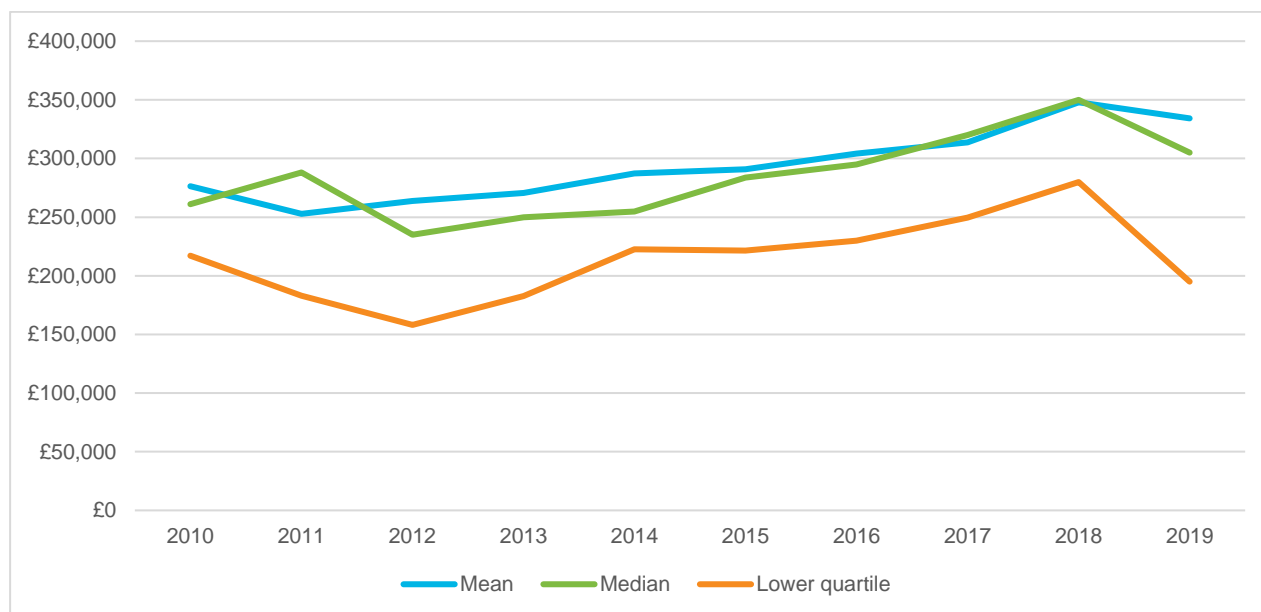
## 4.4 Affordability by tenure

54. Having reviewed the tenure of the existing housing stock in Three Parishes, this report turns to assessing future provision over the Neighbourhood Plan period.
55. In order to understand whether the tenure profile of the current stock reflects the needs of the population currently and over the Plan period, the starting point is to consider whether this profile provides different market segments access to dwellings of a suitable type and size, given their household composition.

### 4.4.1 House prices

56. In line with PPG, lower-quartile house prices may be used as a benchmark for entry-level home prices.<sup>9</sup> An entry-level dwelling can also be understood as one suitable for a household comprising two or three individuals. In order to be in conformity with Government guidance on overcrowding, such a home would require three habitable rooms (i.e. comprise a flat or house with one or two bedrooms). Entry-level properties can therefore also be understood as one or two-bedroom flats/houses.
57. Figure 4-1 on the following page looks at selected measures of house prices in Three Parishes. It shows that there has been some slight fluctuation over the last decade, but overall growth in prices. The mean and median both saw price drops in 2012 followed by a period of steady growth until 2019 when prices dropped again. Lower quartile house prices followed the same trend, but the lower quartile house price in 2019 dropped below the lower quartile house price in 2010. This may be due to a lack of sales of smaller cheaper homes in the years between 2012 and 2018, followed by the sale of cheap flats in 2019 which has resulted in a low lower quartile price for 2019.

<sup>9</sup> See Paragraph: 021 Reference ID: 2a-021-20190220, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

**Figure 4-1: House prices by quartile in Three Parishes between 2010 and 2019**

Source: Land Registry PPD

58. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). It shows that house prices have grown by 21% overall. Closer analysis reveals that growth was only experienced by detached properties, with a significant 60.4% growth in house prices. Yet this figure is in fact inflated by the sale of one detached home for £1.2m in 2019 (out of nine sales in total). If that outlying transaction is excluded, the price growth for detached homes over the period falls to 29.1% (from 60%) and the overall average house price growth falls to 6.1% (from 21%). The 2018 average of £383,000 is also higher than period years but does not deviate from the trend of rising prices since 2015. Semi-detached and terraced homes experienced a decline of -15.6% and -13.8% respectively over the period. There were too few flat sales to enable any meaningful comparison of this dwelling type.
59. It is also apparent from the data that terraced houses tend to be more valuable than (typically larger) semi-detached homes. A possible reason for the relatively high price of terraces could be that 16 of the 30 terraced homes sold between 2010 and 2019 were labelled by Land Registry as new build homes – which tend to be higher in value than second-hand homes. A second reason is that there were six sales of semi-detached homes in 2019, two of which were sold for £98.5k and £87k. In the whole of the last ten years, these are two of the three lowest-priced semi-detached houses to have sold in Three Parishes. The other lower-priced semi-detached home was sold in 2018, and was one of only four sales that year. This accounts for the fact that average semi-detached prices in 2018 and 2019 are lower than all previous years.
60. In summary, many terraces are new builds and command a premium price for that reason, while recent years have seen some of the lowest value semi-detached homes be sold. The former accounts for the high price of terraces and the latter for the low price of semi-detached homes.
61. As a general point, house prices in small areas are sensitive to the sample size. These price changes are based on small samples when broken down by type and single year and so should be used with caution. Averages over a longer period of time and across all types are likely to be more accurate and this data is also included.
62. Price growth over an extended period becomes less accurate when comparing the median in one year to another. The median is given for all property types in Figure 5-1.
63. It is also worth emphasising that the average price by property type over time is presented here simply as contextual information for the reader. It does not have a direct impact on the main conclusions of the chapter, which are to compare selected measures of local incomes to the estimated income required for households to afford various housing tenures, and to estimate the total need for affordable housing.



**Table 4-3: House prices by type in Three Parishes, 2009-2018,000's**

Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth
Detached	£292K	£254K	£292K	£309K	£331K	£291K	£320K	£340K	£383K	£468K	60.4%
Semi-detached	£228K	£227K	£228K		£213K	£277K	£255K	£235K	£153K	£192K	-15.6%
Terraced	£389K	£310K	£380K	£149K	£263K	£420K	£322K	£321K	£320K	£335K	-13.8%
Flats				£156K		£175K	£164K			£151K	-3.0%
<b>All Types</b>	<b>£276K</b>	<b>£252K</b>	<b>£263K</b>	<b>£270K</b>	<b>£287K</b>	<b>£290K</b>	<b>£304K</b>	<b>£313K</b>	<b>£347K</b>	<b>£334K</b>	<b>21.0%</b>

Source: Land Registry PPD

#### 4.4.2 Income

64. Household incomes determine the ability of households to exercise choice in the housing market, and consequently the level of need for affordable housing products. Two sources of data are used to examine household incomes in the NA.
65. The first source is locally specific but limited to the average total household income. This is the average household income estimates published by ONS<sup>10</sup> at the level of the Middle-layer Super Output Area (MSOA)<sup>11</sup>. In the case of Three Parishes the MSOA most suitable for use as a proxy for the Neighbourhood Plan area boundary is MSOA E02006016. Further details on the extent of this MSOA, including a map, and why it was selected as a proxy for the Neighbourhood Plan area, are set out in Appendix A.
66. The total annual household income across E02006016 in 2014/15 was £39,400. This is the figure commonly used by mortgage lenders to assess how much a household can borrow in order to buy a home.<sup>12</sup>
67. The second source of data is Lower Quartile (LQ) average earnings. This is helpful for understanding affordability challenges among those with lower than average earnings. However, this data relates to individual earnings and whilst this is an accurate representation of household incomes where households have one earner, it needs to be doubled to represent household incomes where there are two people earning. It is also only available at the District level. It is derived from ONS Ratio of house price to residence-based earnings (lower quartile and median), 2002 to 2018 dataset.
68. Shropshire's gross LQ gross annual residence-based earnings is £20,500 per year for single earners and £41,000 for dual earners.

#### 4.4.3 Affordability Thresholds

69. In order to gain a clearer understanding of local affordability, it is also useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds'. Purchase thresholds denote the standard household income needed to access mortgage products, and income thresholds denote the maximum share of a family's income that should be spent on accommodation costs.
70. AECOM has determined thresholds for entry-level market purchase and private rent and the full range of Affordable Housing tenures as set out in NPPF across Three Parishes. There are: social rent; affordable rent set at 80%, shared ownership at 25%, 50%, and 75%; discounted market sale; rent to buy and estimated social rent levels. These calculations are detailed in Appendix AA. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations, but it is worth noting here that we have assumed that the maximum percentage of household income that should be spent on rent is 25% and that mortgage financing will be offered at a maximum of 3.5 times household income. Table 4-4 shows the cost of different tenures and the annual income required to support these costs within Three Parishes. The income required column is the annual income needed to support ongoing

<sup>10</sup>Available at

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2016>

<sup>11</sup> An MSOA is a statistical area defined for Census purposes. For further information on MSOAs, see

<https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography>

<sup>12</sup> Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

housing costs, but does not reflect the cost of a deposit (which we have assumed to be 10% of the value to be purchased) or the possibility that households able to access market housing for purchase may already hold equity from an existing property.

**Table 4-4: Affordability thresholds in Three Parishes (income required, £)**

Tenure	Cost of purchase	Annual rent	Annual Income required <sup>13</sup>
Entry-level Market Sale	£175,500	N/A	£50,143
Shared ownership (75%)	£131,625	£4,875	£42,482
Discounted market sale (20%)	£140,400	N/A	£40,114
Shared ownership (50%)	£87,750	£9,750	£34,821
Shared ownership (25%)	£43,875	£14,625	£27,161
Entry-level Market Rent	N/A	£6,744	£26,976
Affordable Rent	N/A	£5,395	£21,581
Social Rent - 3 Bed Dwelling	N/A	£4,949	£19,795
Social Rent - 2 Bed Dwelling	N/A	£4,528	£18,111

Source: AECOM Calculations

71. The income required to afford the different tenures is then benchmarked, in Figure 4-2 against the three measurements of household income set out above. These are the average net household income before housing costs for E02006016 at £39,400 and the lower quartile gross household income for Shropshire at £20,500 for single earners and £41,000 for dual earners.
72. Taking into consideration the affordability thresholds set out above, it is apparent that the income required to buy an average entry-level market home for sale is higher than what is available to those on median household incomes. Turning to properties for purchase through affordable routes to home ownership tenures, i.e. those aimed at households unable to afford to buy in the market, the purchase threshold is sufficient to meet their needs.
73. Single earning households on lower quartile incomes are unable to afford any of the tenures reviewed here except for social and affordable rent.
74. Government policy aimed at tackling the housing crisis continues to focus on helping those on lower quartile incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.<sup>14</sup> In the case of Three Parishes, the figure below suggests that the most appropriate tenure to help implement this policy goal locally is shared ownership. Shared ownership, even at 50% equity, provides a route to home ownership to the majority of households in the NA.
75. The Government recently published a consultation document on the introduction of First Homes which are intended to provide at least a 30% discount on the price of new homes.<sup>15</sup> Furthermore, the consultation indicates that there may be a requirement to provide a proportion of Affordable Housing as First Homes (ranging from 40-80%). In the case of Three Parishes, analysis of prices, rents and incomes suggest that there is scope to provide Affordable Housing in the NA to support households on lower incomes, including affordable home ownership options which may extend homeownership to some households on lower incomes. However it is acknowledged that large discounts would be needed, and that this may not necessarily be viable.
76. The rent to buy tenure, which enables a household to save a proportion of their rent as a deposit to eventually buy the property, is only affordable where average rental prices are affordable. In Three Parishes, this is not the case for the vast majority of households.

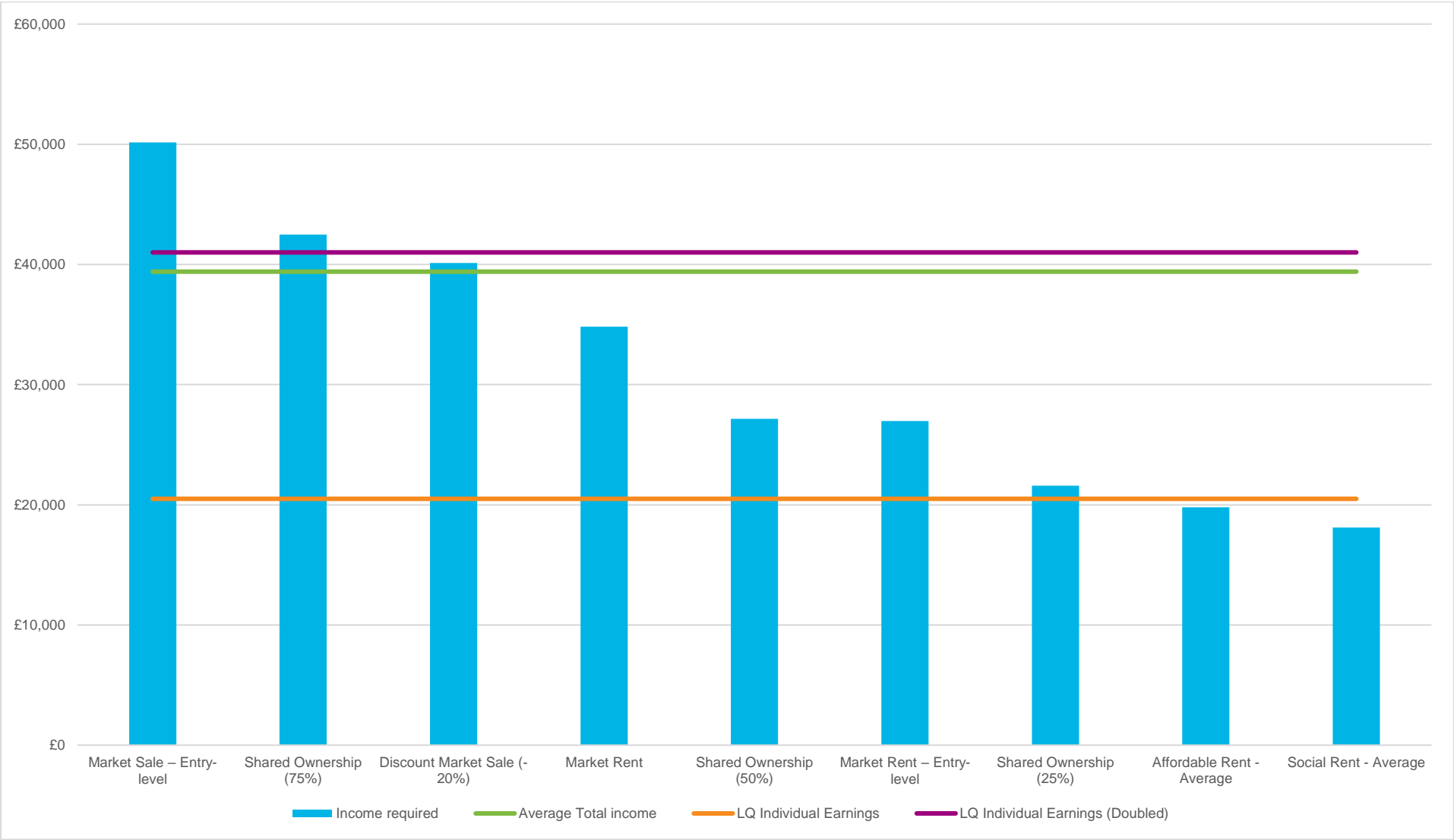
<sup>13</sup> On top of deposit assumed at 10% (see Appendix A).

<sup>14</sup> See the White Paper 'Fixing Our Broken Housing Market', at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590464/Fixing\\_our\\_broken\\_housing\\_market\\_-\\_print\\_ready\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf)

<sup>15</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/864265/First\\_Homes\\_consultation\\_document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864265/First_Homes_consultation_document.pdf)

Figure 4-2: Affordability thresholds in Three Parishes (income required, £)



Source: AECOM Calculations

## 4.5 Affordable housing- quantity needed

77. The Shropshire SHMA (2014) provides evidence on the need for Affordable Housing across the District. This is the latest study for the Shropshire area, which informed the currently adopted Local Plan. It is anticipated that this may be replaced in the near future with a more up-to-date evidence base to support the emerging Local Plan review. If this does occur, the conclusions presented below that are derived directly from the SHMA may need to change.
78. The Shropshire SHMA 2014 identified the need for 469 - 997 affordable homes per annum in Shropshire. The range of affordable housing reflects the different measurements of homelessness used in the affordable housing quantity calculations. The lower estimate only includes those accepted as statutorily homeless whilst the higher estimate figure also includes those presenting themselves as homeless, in other words, self-declared new housing need. This range can be pro-rated to the Three Parishes (at a rate of 0.38%, which is the percentage of Shropshire's overall housing need attributed to Three Parishes (34 units out of total need of 9,000)) and equates to 1.8-3.8 affordable homes per annum.
79. Whilst the SHMA presents a range of figures, it is suggested that the higher figure of 3.8 affordable homes per annum is used to ensure that the affordable housing need has not been underestimated. There is a lack of evidence to support using the lower figure based on statutorily homelessness alone. Furthermore, as this figure dates from 2014, it is likely that the lower figure is too low to be used for the NA plan period 2016-2036. The total over the Plan period for Three Parishes would therefore be 76 affordable rented dwellings, but may be lowered to 36 (1.8 x 20) if other evidence, such as the household survey, indicates that Three Parishes' affordable housing need is lower than that for wider Shropshire. Again, it is worth noting that these figures may be updated as and when the newer SHMA is published. If the Plan period is extended by two years, 3.8 per year can simply be multiplied by 22 years rather than 20 years to give a figure of 83.6.
80. It is notable that this degree of need would, if delivered, triple the current quantity of 40 socially rented homes in Three Parishes, which is a potentially extreme change. As a general point, assessing affordable housing needs in rural areas is a difficult task. Pro rating LA level needs to the rural area may not be appropriate because a) the needs generally arise in urban areas and b) it is often more appropriate to provide affordable housing in urban areas or larger settlements where there are services, public transport links and economies of scale for housing associations who will manage and maintain the properties. However, when rural housing needs are estimated at the local level, they often underestimate the level of need. Households in rural areas may not register on the LA waiting list (because of the perceived lack of housing) and there is often hidden need which is not evident from the analysis of data. This is why some neighbourhoods undertake a rural housing needs survey. Other planning factors could impact on the affordable housing need in Three Parishes.
81. AECOM's review of the SHMA suggests that the Affordable Housing need identified is focused on households living in unsuitable housing and unable to afford to rent in the market. There is some additional analysis on the role of intermediate housing but the SHMA does not quantify the need (or rather, potential demand) for Affordable Housing from households who can afford to rent but cannot afford to buy and would prefer to do so. The needs and aspirations of this group have become a priority of Government in recent years and is now reflected in revisions to the NPPF which include affordable home ownership products within the definition of Affordable Housing.
82. In order to provide an estimate for those who cannot afford to buy in the market in Three Parishes, to complement the SHMA's calculation for those who require affordable rented products, AECOM has produced an additional estimate.
83. Table 4-5 estimates the number of households who might need affordable home ownership. This is a simplified assessment of the needs of these households but considered reasonable and proportionate for the purposes of neighbourhood planning. These are households who can afford to rent in the market but cannot afford to buy and may prefer to do so. These households are additional to the 5 households per annum identified in the SHMA (although there may be some overlap at the margins). This estimate suggests there may be potential demand for around 4 affordable home ownership dwellings per annum over the plan period, or 80 in total. This calculation has been repeated as if the Plan period is extended to 2016-2038, with a result of 4.05 dwellings per year or 81 over the extended Plan period.
84. The group of people in question here is entirely different to those needing affordable rented tenures (described above). While those in need of affordable rented housing are in urgent need of accommodation and have no other options, those in need of affordable home ownership products are simply those households who can afford to rent in the open market but may aspire to buy. They are already housed but would prefer a different tenure. As such, this assessment of 'need' should more properly be termed 'potential demand'. The responsibility to deliver the full need identified is much lower, as all of these households are by definition adequately housed in the rented sector. The result is simply an indication of the size of that group, rather than a target that must be delivered.

85. The total estimated Affordable Housing need over the Plan period 2016-2036 is therefore 76 affordable rented homes and 80 affordable home ownership dwellings. The former estimate is derived from calculations presented in the SHMA, and the latter estimate is derived from Table 4-5 below.

**Table 4-5 : Estimate of the need for affordable home ownership housing, Three Parishes**

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current number of renters in NA	129.2	The number of renters in Three Parishes as of the 2011 Census, multiplied by the national % rate of increase between 2011 and 2018
1.2 Percentage renters on housing benefit in LA	18.0%	% of renters in Shropshire in 2018 on housing benefit
1.3 Number of renters on housing benefits in NA	23.3	Stage 1.1 multiplied by stage 1.2
1.4 Current need (households)	79.4	The current number of renters in Three Parishes, minus those assumed to be on housing benefit, and minus 25% assumed to rent by choice
1.5 Per annum	<b>4.0</b>	Stage 1.4 divided by the plan period
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	72.3	The projected growth in new households in Shropshire to 2036 (presented in ONS household projections), prorated to Three Parishes
2.2 % of households unable to buy but able to rent	14.0%	Current % of households in private rented sector in Three Parishes
2.3 Total newly arising need	10.1	Stage 2.1 multiplied by 2.2
2.4 Total newly arising need per annum	<b>0.46</b>	Stage 2.3 divided by the plan period
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>		
3.1 Supply of affordable housing	8.6	Number of shared ownership homes in Three Parishes currently (Census 2011 + new build to 2018/19)
3.2 Supply - intermediate resales	<b>0.4</b>	Stage 3.1 multiplied by 5% (the assumed rate of re-sale)
<b>NET SHORTFALL (OR SURPLUS) PER ANNUM</b>		
<b>Shortfall (per annum)</b>	<b>4.0</b>	<b>Shortfall = (Step 1.5 + Step 2.4) – 3.2</b>

Source: AECOM model, using Census 2011, English Housing Survey 2018, CLG 2014 based household projections and net additions to affordable housing stock. Figures may not sum due to rounding.

86. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy, and implemented by the Local Planning Authority. It should be noted, that despite the current absence of a housing requirement figure and a draft affordable housing policy from the emerging local plan (though it is likely to be in a similar range to the figure of up to 34 for the older Local Plan period), it is unlikely that the housing requirement figure will be high enough to enable the Three Parishes to deliver 76 affordable rented homes and 80 affordable home ownership dwellings over the plan period.
87. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all tried and tested ways of boosting the supply of affordable housing above the minima indicated by Local Plan policy.
88. It is important to state there is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners for it to be met in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners, as outlined above, that can help ensure that it is met to a greater extent if resources permit.
89. It is also important to remember that even after the Three Parishes, or indeed any other, Neighbourhood Plan is adopted, the assessment of need for affordable housing, its allocation to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.
90. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can meet affordable housing need, unless there is a specific policy on the housing supply-side (e.g. the identification of one or more housing exception sites over and above those required by the Local Plan).

### 4.5.1 Tenure Split within Affordable Housing

91. In terms of the most appropriate mix of tenures within Affordable Housing, it is important to reference Shropshire's affordable housing policy, as set out in the adopted Local Plan. Policy CS11 recommends 33% of housing should be affordable housing. This should be split between 20% social rented and 13% intermediate affordable tenures. This equates to 61% of the affordable housing tenure split being social rent and the remaining 39% for intermediate housing tenures.
92. This balance is close to the results of the exercise above (53% affordable rented homes and 47% affordable housing for sale). However, it is suggested that the tenure split stated in the Local Plan is adhered to as it provides a higher proportion of social rented homes which should be prioritised, especially if not all of this housing tenure can be delivered due to the low level of expected delivery.
93. It is important to note that this tenure mix is based on the current adopted local plan. The QB should monitor the emerging local plan and seek to adjust the tenure mix if this changes in the emerging local plan. Moreover, the adopted local plan is specific in the affordable housing tenure splits and omits other affordable housing tenures such as affordable rent which is also affordable to those on lower quartile incomes. If local planning policy does change during the plan period to enable the delivery of affordable rent, this can also be delivered alongside social rent to provide a further avenue toward affordable housing for those on the lowest incomes.
94. The recommended tenure split for Three Parishes, based on the calculations above and Shropshire policy, is presented in Table 4-6 below. Each headline tenure category is also broken down into sub-tenures in accordance with the evidence arising from the affordability analysis earlier in this chapter.

**Table 4-6: Recommended tenure split (Affordable Housing)**

<b>Routes to home ownership, of which</b>	<b>39%</b>
Shared ownership	39%
<b>Affordable Housing for rent, of which</b>	<b>61%</b>
Social rent	61%

*Source: AECOM calculations*

95. Our affordability analysis and estimate of the demand for affordable home ownership also point to the role that shared ownership can play in meeting the needs of those in Three Parishes who do not require social rented accommodation but are unable to meet the unusually high cost of market renting for the size and type of home they need. For these reasons, the provision of shared ownership should be promoted. Note that the precise ownership share to be offered in shared ownership products is not something that it is in the power of neighbourhood planning policies to enforce.
96. While AECOM has made suggestions for the split of different products within the tenure split, though this should be considered indicative as it will be subject to wider considerations of costs, viability and the availability of funding for particular products.
97. Indeed, the precise mix of affordable homes at the site specific level will be influenced by factors other than the scale of need. The mix will be influenced by viability considerations, the views of Registered Providers including whether they wish to manage small numbers of affordable homes in a rural location, the existing stock mix and other policy objectives. It is important to state that the estimates of need in this HNA or elsewhere do not directly determine affordable housing policies because of these wider policy considerations.
98. The tenure split in Table 4-6 should be considered a guideline for the ideal mix of tenures to be delivered within the NA. As such, it will be a useful point of reference when planning applications are considered but may not represent sufficient justification for the tenure split to be enforced precisely through a Neighbourhood Plan policy.
99. Where the neighbourhood planners wish to craft policy that enforces this split more rigidly, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. Another option is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-size circumstances in addition to this evidence.
100. Note that the Government is also consulting on First Homes and may require that a substantial proportion of affordable homes are provided as First Homes. The consultation document is consulting on a range of 40, 60 or 80%. The neighbourhood group will need to take account of this emerging policy and how it could impact on affordable



housing policies (particularly the tenure mix) in the Neighbourhood Plan. The indicative tenure split above suggests that in order to appropriately meet local need, discounted market sale housing including First Homes is unlikely to form a valuable part of the tenure mix, given that large discounts, which may threaten viability, may be required.

101. If Government requires 40-80% of all affordable housing delivered through new market led developments as First Homes this would impact on the ability of Three Parishes to accommodate those with acute needs within the area (including those in need of affordable housing for rent, if such need arises in future or turnover in the existing stock is lower than what is estimated here). Therefore, it is recommended that consideration is also given to alternative mechanisms capable of helping to meet local need, where appropriate (i.e. rural/entry-level exception sites or community led housing etc.). However, the group should note that the First Homes product has not been formally implemented and should monitor the outcomes of the Government consultation closely.

## 4.6 Conclusions- Tenure and Affordability

102. The vast majority of households in Three Parishes are owner-occupiers (71.3%). This is followed by the private rented sector (17.9%), and the social rented sector (6.8%). The social rented sector is small by comparison with the district (6.8% against 13.5%). The dominance of the owner occupied sector is common to other rural areas across the Country and is also a feature of places with relatively older populations. However, the tenure of the housing stock will impact on the ability of different households to live in Three Parishes, broadly limiting the ability of those on lower incomes from living in the NA because of the more limited availability of social and private rented housing.
103. Between 2001 and 2011, the largest change in the NA was seen in shared ownership dwellings, a substantial increase of 100%, with a lesser but still notable 31.7% increase experienced in the wider District. Private rented homes also increased by 43.2% and social rented homes by 25%. Meanwhile, home ownership only increased by 10.2% in the NA, although this is still greater than the smaller increase of 5.8% in the District. The faster growth in private renting likely indicates that the increasing cost of home ownership is driving households into the more affordable private rented sector as an alternative.
104. House prices have grown by 21% overall. However, closer analysis reveals that growth was only experienced by detached properties, with a significant 60.4% growth in house prices. Semi-detached and terraced homes experienced a decline of -15.6% and -13.8% respectively. There were too few flat sales to enable any comparison of this dwelling type.
105. The approximate median and lower quartile incomes in the NA are £39,400 and £20,500 respectively. Comparing these affordability thresholds with the costs of each tenure, it is clear that the most affordable forms of tenure are social rent and affordable rent, both of which are affordable to those on lower quartile incomes.
106. The total estimated Affordable Housing need over the Plan period 2018-2036 is 76 affordable rented homes and 80 affordable home ownership dwellings.
107. In terms of the most appropriate mix of tenures within Affordable Housing, it is important to reference Shropshire's policy, as set out in the adopted Local Plan. Policy CS11 recommends 33% of housing should be Affordable Housing. This should be split between 20% social rented and 13% intermediate affordable tenures. This equates to 61% of the Affordable Housing tenure split being social rent and the remaining 39% for intermediate housing tenures.
108. This balance is close to the results of the exercise above (53% affordable rented homes and 47% affordable housing for sale). However, it is suggested that the tenure split stated in the Local Plan is adhered to as it provides a higher proportion of social rented homes which should be prioritised, especially if not all of this housing tenure can be delivered due to the low expected delivery of Affordable Housing in the NA.
109. The final recommended affordable housing tenure split is:

<b>Routes to home ownership, of which</b>	<b>39%</b>
Shared ownership	39%
<b>Affordable Housing for rent, of which</b>	<b>61%</b>
Social rent	61%

110. Table 4-7 below summarises Three Parishes's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period.

This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation, and shows the precise quantities of affordable housing for rent and sale that would be delivered if the tenure split proposed in this HNA were rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighborhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.

**Table 4-7: Estimated delivery of Affordable Housing in Three Parishes**

A	Housing requirement figure (period to 2026)	34
B	Affordable housing quota (%) in LPA's Local Plan	33%
C	Potential total Affordable Housing in NA (A x B)	11
D	Rented % (eg social/ affordable rented)	61%
E	Rented number (C x D)	7
F	Discounted market homes % (eg First Homes)	39%
G	Discounted market homes number (C x F)	4

*Source: AECOM estimate based on LPA's affordable housing policies, AECOM's indicative tenure mix*



## 5. RQ 2: Type and Size

**RQ 2: What type (terrace, semi, bungalows, flats and detached) and size (number of bedrooms) of housing is appropriate for the Plan area over the Neighbourhood Plan period?**

### 5.1 Introduction

111. The Three Parishes Neighbourhood Plan will need to include policies informed by evidence on what sizes and types of housing would be best suited to the local community. This will help ensure that future developments give local people options within the housing market at all stages of life.
112. PPG recommends a consideration of the existing housing provision and its suitability, having regard to demographic shifts in age and household composition, to address future, as well as current community need. For this reason, we firstly consider the type and size of the existing housing stock in Three Parishes. Demographic shifts in age and household composition will then be considered. Finally, the future demand for housing by size and type is determined by the way different household types currently occupy their dwellings in the LPA, and then applying demographic projections of how the Neighbourhood Plan area population is likely to change by the end of the Plan period.

### 5.2 Existing types and sizes

#### 5.2.1 Background and definitions

113. Before beginning our consideration of dwelling type and size, it is important to understand how different types of households occupy their homes. Crucially, and unsurprisingly, household 'consumption' of housing (in terms of housing size) tends to increase alongside wages, with the highest earning households consuming relatively more (i.e. larger) housing than those on lower incomes. Similarly, housing consumption tends to increase, alongside wealth, income, and age, such that older households tend to have larger homes than younger households, often as a result of cost and affordability.
114. In this context, even smaller households (those with fewer than three inhabitants) may be able to choose to live in larger homes than they require, and would be defined in Census terms as under-occupying their homes. This is a natural feature of the housing market, and can distort considerations of future housing needs, with market dynamics and signals giving a very different picture to demographics, household type and size.
115. In order to understand the terminology surrounding dwelling size analysis, it is important to note that the number of rooms recorded in Census data excludes some rooms such as bathrooms, toilets and halls. Dwelling size data is collected by determining the number of rooms being occupied by each household. In the section that follows, 'dwelling sizes' can be translated as follows<sup>16</sup>:
- 1 room = bedsit
  - 2 rooms = flat/house with one bedroom and a reception room/kitchen
  - 3 rooms = flat/house 1-2 bedrooms and one reception room and/or kitchen
  - 4 rooms = flat/house with 2 bedroom, one reception room and one kitchen
  - 5 rooms = flat/house with 3 bedrooms, one reception room and one kitchen
  - 6 rooms = house with 3 bedrooms and 2 reception rooms and a kitchen, or 4 bedrooms and one reception room and a kitchen
  - 7+ rooms = house with 4 or more bedrooms
116. It is also useful to clarify the Census terminology around dwellings and households spaces. These can be confusing where different terminologies such as flats, apartments, shared and communal dwellings, and houses in multiple occupation, are used. Dwellings are counted in the Census by combining address information with Census returns on whether people's accommodation is self-contained.<sup>17</sup> As such, all dwellings are classified into either "shared" or "unshared" dwellings. Household spaces make up the individual accommodation units forming part of a shared dwelling.
117. The key measure of whether a dwelling is shared or unshared relates to the Census' definition of a household. A household is defined as "*One person living alone or a group of people (not necessarily related) living at the same*

<sup>16</sup> At <https://www.nomisweb.co.uk/census/2011/qs407ew>

<sup>17</sup> At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

*address who share cooking facilities and share a living room or sitting room or dining area.*<sup>18</sup> On this basis, where unrelated *residents* of a dwelling share rooms other than a kitchen, this would be considered a single household in an unshared dwelling, whilst where only a kitchen is shared, each resident would be considered their own household, and the dwelling would be considered shared.

### 5.2.2 Dwelling type

118. The 2011 Census shows that there were 615 households in Three Parishes, living in 376 detached houses, 185 semi-detached, 26 terraced houses, and 22 flats. Compared with the LPA, Three Parishes is characterised by a significantly higher proportion of detached homes. Meanwhile there is a lower proportion of terraced homes and flats in the NA compared to the wider District, with a similar rate of semi-detached homes (see Table 5-1 below).

**Table 5-1: Accommodation type (households), Three Parishes 2011**

Dwelling type		Three Parishes	Shropshire	England
Whole house or bungalow	Detached	61.1%	39.5%	22.4%
	Semi-detached	30.1%	33.4%	31.2%
	Terraced	4.2%	16.8%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	1.1%	6.6%	16.4%
	Parts of a converted or shared house	2.0%	1.8%	3.8%
	In commercial building	0.5%	1.1%	1.0%

Source: ONS 2011, AECOM Calculations

### 5.2.3 Dwelling size

119. Table 5-2 below sets out the distribution of the number of rooms by household space. The housing stock in Three Parishes is characterised by generally large dwellings, with high proportions of properties with 5 to 6 rooms or larger. This theme is broadly reflected at the LA level, but to a lesser extent. 86.7% of homes in Three Parishes are larger 5+ bedroom properties, compared to 76.1% of homes in the wider District.

**Table 5-2: Number of rooms per household in Three Parishes, 2011**

Number of Rooms	2011	2011
	Three Parishes	Shropshire
1 Room	0.3%	0.2%
2 Rooms	0.7%	1.7%
3 Rooms	3.2%	6.3%
4 Rooms	9.1%	15.7%
5 Rooms	15.0%	21.1%
6 Rooms	16.4%	20.9%
7 Rooms	18.6%	13.2%
8 Rooms or more	12.7%	9.5%
9 Rooms or more	24.0%	11.4%

Source: ONS 2011, AECOM Calculations

120. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses. There are some significant changes observable in the 2011 Census findings. Firstly, smaller homes of 1

<sup>18</sup> Ibid.

room decreased by -33.3% (albeit from three 1-room homes to two in 2011). Significant decreases were also experienced in homes of 5-6 rooms ( -9.2% and -9.3% respectively).

121. Meanwhile, homes of 3 and 7 rooms experienced notable growth between 2001 and 2011 (280.8% and 64.2% respectively). Although homes of 3 rooms increased only by 14 homes to a total of 19 homes in 2011 of this size.
122. Growth trends in the wider District have been positive in all room categories, except in the smallest homes of 1 room. The greatest increases were in homes of 3 and 8 rooms, with notable increase in homes of 2 and 7 rooms.

**Table 5-3: Rates of change in number of rooms per household in Three Parishes, 2001-2011**

Number of Rooms	Three Parishes	Shropshire	England
1 Room	-33.3%	-31.9%	-5.2%
2 Rooms	33.3%	18.2%	24.2%
3 Rooms	280.0%	20.6%	20.4%
4 Rooms	22.7%	3.8%	3.5%
5 Rooms	-9.2%	0.0%	-1.8%
6 Rooms	-9.3%	2.6%	2.1%
7 Rooms	64.2%	19.6%	17.9%
8 Rooms or more	8.0%	32.0%	29.8%

Source: ONS 2001-2011, AECOM Calculations

123. Returning to the most recent Census data, it is also useful to compare the figures for number of rooms with figures for the number of bedrooms for each household. Table 5-4 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that at the local, district and national level the majority of homes have 2 to 4 bedrooms. However, Three Parishes has a much higher proportion of dwellings with 4 bedrooms than the District and national average.

**Table 5-4: Number of bedrooms in household spaces in Three Parishes, 2011**

Bedrooms	Three Parishes		Shropshire		England	
<b>All categories: no. of bedrooms</b>	<b>592</b>	<b>100.0%</b>	<b>129,674</b>	<b>100.0%</b>	<b>22,063,368</b>	<b>100.0%</b>
No. bedrooms	0	0.0%	217	0.2%	54,938	0.2%
1 bedroom	12	2.0%	9,683	7.5%	2,593,893	11.8%
2 bedrooms	106	17.9%	32,547	25.1%	6,145,083	27.9%
3 bedrooms	235	39.7%	56,371	43.5%	9,088,213	41.2%
4 bedrooms	160	27.0%	23,108	17.8%	3,166,531	14.4%
5 or more bedrooms	79	13.3%	7,748	6.0%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

## 5.3 Household composition and age structure

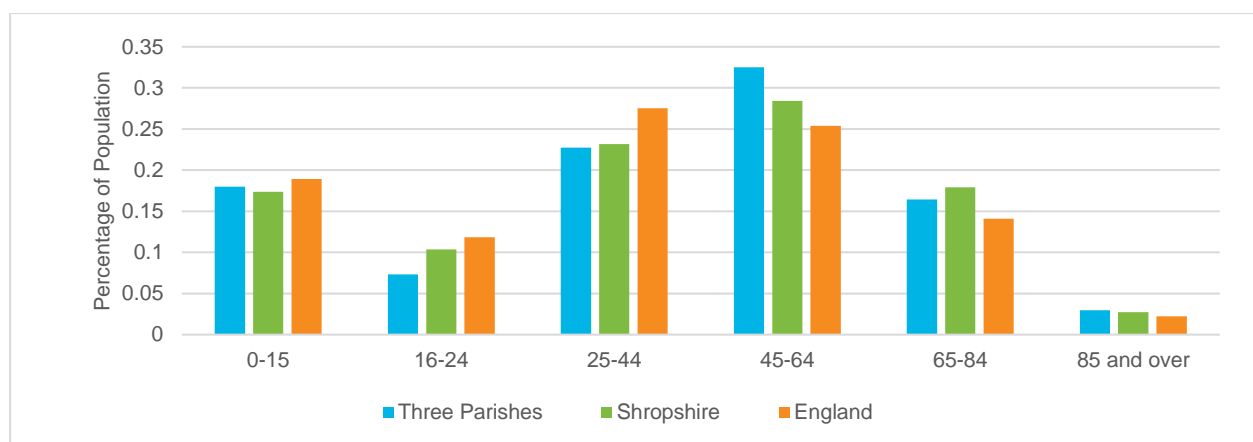
124. Having established the current stock profile of Three Parishes and identified recent changes in its composition, the evidence assembled below examines the composition and age structure of households in the 2011 Census and in future years. Through a consideration of the types of households projected to form over the Neighbourhood Plan period, and the mix of age groups suggested by demographic projections, it becomes possible to consider the type and size of housing needed in the Neighbourhood Plan area by the end of the planning period.

### 5.3.1 Age structure

125. The 2011 Census data reveals that in line with District and National proportions, Three Parishes has a high proportion of people aged 45 to 64 (32% in Three Parishes compared to 28% in Shropshire and 25% nationally). The proportion

of older people between 65-84 in the Three parishes is slightly less than the wider District at 16% against 18% in Shropshire (see Figure 5-1 below), but the large cohort of people aged 45-64 may be expected to grow to retirement age over the Plan period.

**Figure 5-1: Age structure in Three Parishes, 2011**



Source: ONS 2011, AECOM Calculations

126. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001 NA population has increased in all categories, with the exception of those aged 25-44 (see Table 5-5 below). This may suggest that those aged 25-44 may look elsewhere to live, suggesting that housing demand in the NA is linked to employment opportunities as well as the lack of suitable mid-sized homes.
127. Significant growth of 31.4% was experienced in the 65-84 age category, which is higher than the 22% increase in this category in the wider district. However, in the 85 and over category, there was only a 10% increase in the NA, compared to 35.4% increase in Shropshire.

**Table 5-5: Rate of change in the age structure of Three Parishes population, 2001-2011**

Age group	Three Parishes	Shropshire	England
0-15	5.6%	-1.6%	1.2%
16-24	6.9%	17.1%	17.2%
25-44	-4.5%	-6.0%	1.4%
45-64	9.1%	15.4%	15.2%
65-84	31.4%	22.0%	9.1%
85 and over	10.0%	35.4%	23.7%

Source: ONS 2001-2011, AECOM Calculations

### 5.3.2 Household composition

128. Household composition (i.e the mix of adults and children in a dwelling) is a critical factor in driving the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period.
129. In assessing Census data on household composition, we see that Three Parishes differs from the LPA in that about a fifth of households contain only one person compared to 28.9% in Shropshire. In the NA, 76.4% of households consists of one family only, compared to 65.9% in the wider District. A significant proportion of households consist of one family with no children (27.7% in the NA and 20.3% in the District). This again reflects that the NA contains generally larger homes, which are more likely to be occupied by families than individuals. This data is presented in Table 5-6 below.
130. Note that non-dependent children refer to households in which adult children are living at home, or students still call their primary residence despite living for most of the year near to university. Though this category can often indicate the relative unaffordability of entry-level homes in an area as many such young people may wish to move out and form their own households if they were financially able.

**Table 5-6: Household composition (by household), Three Parishes, 2011**

Household composition		Three Parishes	Shropshire	England
<b>One person household</b>	<b>Total</b>	19.4%	28.9%	30.2%
	Aged 65 and over	9.1%	13.9%	12.4%
	Other	10.3%	15.0%	17.9%
<b>One family only</b>	<b>Total</b>	76.4%	65.9%	61.8%
	All aged 65 and over	11.5%	11.0%	8.1%
	With no children	27.7%	20.3%	17.6%
	With dependent children	26.0%	24.7%	26.5%
	All children Non-Dependent <sup>19</sup>	11.1%	9.9%	9.6%
<b>Other household types</b>	<b>Total</b>	4.2%	5.2%	8.0%

Source: ONS 2011, AECOM Calculations

131. Again, it is relevant to consider rates of change in this indicator during the period between Censuses. Between 2001 and 2011, the main changes in household composition were were a significant increase in the number of one person households, most of which occurred in the under 65 age group (see Table 5-7).
132. There have been positive rates of change in all categories, with the exception of family households with dependent children which experienced a minor decline of -1.9%.

**Table 5-7: Rates of change in household composition, Three Parishes, 2001-2011**

Household type		Percentage change, 2001-2011		
		Three Parishes	Shropshire	England
<b>One person household</b>	<b>Total</b>	25.0%	15.2%	8.4%
	Aged 65 and over	10.2%	2.9%	-7.3%
	Other	41.9%	29.6%	22.7%
<b>One family only</b>	<b>Total</b>	9.2%	7.7%	5.4%
	All aged 65 and over	15.3%	11.6%	-2.0%
	With no children	8.6%	9.6%	7.1%
	With dependent children	-1.9%	2.6%	5.0%
	All children non-dependent	40.4%	13.2%	10.6%
<b>Other household types</b>	<b>Total</b>	150.0%	24.2%	28.9%

Source: ONS 2001-2011, AECOM Calculations

## 5.4 Dwelling mix determined by life-stage modelling

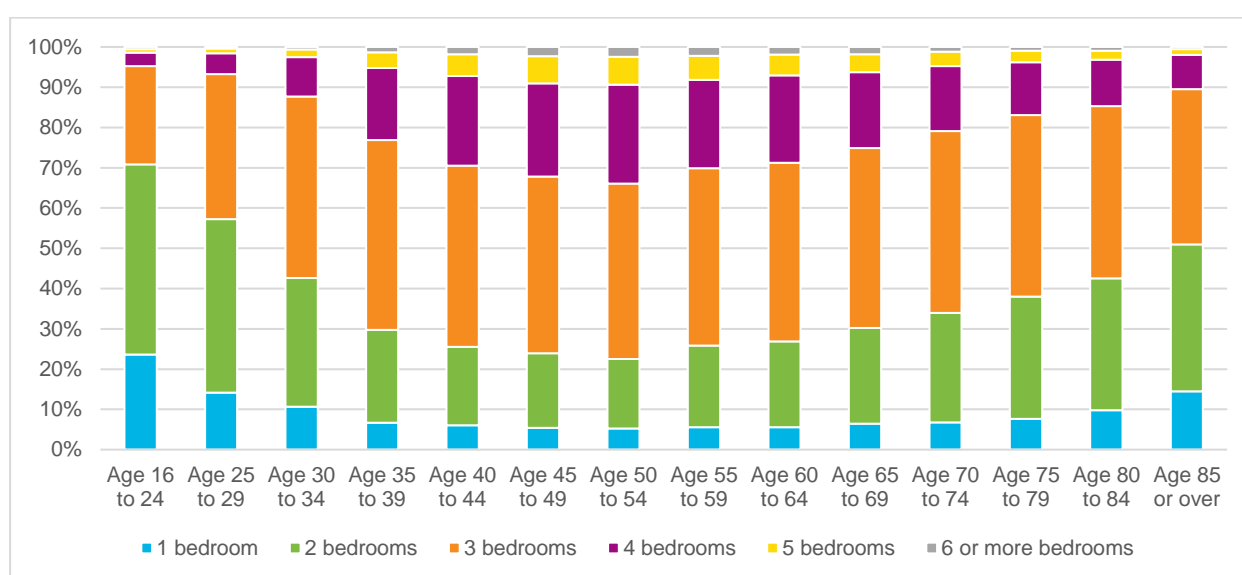
133. Recognising the fact that households of different ages may have different housing needs, the housing mix needed to meet demographic change by the end of the Plan period is estimated by an approach based on current occupation patterns – that is, the propensity of households of different ages to occupy different types of accommodation – will persist into the future. For example, projected growth in households aged under 24 will lead to an increase in the need for the type of housing currently occupied by households of that age. It is important to keep in mind that this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the propensity of households to occupy more or less space than they

<sup>19</sup> Refers to households containing children who are older than 18 e.g students or young working people living at home.

'need'. This approach also embeds existing patterns of occupancy which may or may not be desirable. This is particularly important to keep in mind in areas where housing affordability has worsened because it means that many households are forced to occupy less space than they need or want.

134. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for 'head of household') is available at neighbourhood level. For this reason, LPA-level data needs to be used as the closest proxy.
135. Figure 5-2 below sets out the relationship in the 2011 Census at LPA level between the age of the HRP and the size of dwelling occupied. This provides the starting point for determining the most appropriate dwelling size mix by the end of the Neighbourhood Plan period. The data shows that that 3-bedroom dwellings are the most common house size for all age categories above 30.
136. 2-bedroom properties are far more common amongst younger age groups (below 30), but this pattern declines into the middle-aged categories. The popularity of 3 bed, 4 bed and 5 bed properties follows a pattern roughly inverse to that seen for 2 bed and one bed properties, being more common amongst with middle-aged households.

**Figure 5-2: Age of household reference person by dwelling size in Shropshire, 2011**



Source: ONS 2011, AECOM Calculations

137. Household projections provided by MHCLG are then used to understand the future distribution of households by the age of the HRP. Again, this data is only available at the LPA level and for the years 2014 and 2039. Therefore, the distribution of households by the age of the HRP would be in 2036 is estimated, i.e. the end of the Neighbourhood Plan period (red in the table). The data is presented in Table 5-8 below.

**Table 5-8: Projected distribution of households by age of HRP, Shropshire**

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	2,871	13,116	47,773	24,948	40,966
2014	3,100	13,123	45,908	23,776	47,450
2036	2,821	10,857	43,560	23,103	72,185
2039	2,783	10,548	43,240	23,011	75,558

Source(s): MHCLG 2014-based household projections, ONS 2011, AECOM Calculations

138. It is then necessary to extrapolate from this LPA-level data an estimate of the corresponding change in the age structure of the population in Three Parishes. To do so, the percentage increase expected for each group across Shropshire, derived from the data presented above was mapped to the population of Three Parishes. The results of this calculation are detailed in Table 5-9 below. It is immediately apparent that all age groups are expected to decline apart from those aged 65 and over, who are expected to significantly increase in number and drive the overall growth of the population.

**Table 5-9: Projected distribution of households by age of HRP, Three Parishes**

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	6	35	241	137	173
2014	6	35	232	131	200
2036	6	29	220	127	305
% change 2011-2036	-2%	-17%	-9%	-7%	76%

Source: AECOM Calculations

139. To complement the two stages in Table 5-10 below sets out the distribution of dwellings of different sizes according to the age of the HRP as they appeared in Census 2011. This provides the basis for a modelled estimate of the proportion of dwelling sizes that will be occupied by each age band across Shropshire by the end of the plan period.

**Table 5-10: Age of household reference person to size, grouped, Shropshire, Census 2011**

Size	Age of HRP 16 to 24	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
1 bedroom	23.7%	12.2%	5.8%	5.6%	8.5%
2 bedrooms	47.2%	36.9%	19.3%	20.8%	29.2%
3 bedrooms	24.4%	41.1%	44.7%	44.2%	43.7%
4 bedrooms	3.4%	7.7%	22.3%	21.8%	14.4%
5+ bedrooms	1.4%	2.1%	7.9%	7.6%	4.3%

Source(s): MHCLG 2014-based household projections, ONS 2011, AECOM Calculations

140. Finally, having established the likelihood shown by households at different life-stages towards dwellings of different sizes, and the approximate number of households in Shropshire and Three Parishes falling into each of these stages by the end of the Plan period in 2036, it is possible to estimate how the housing stock might evolve in terms of size over the Neighbourhood Plan period in response to demographic change (see Table 5-11 below).
141. The table takes in turn each projected age group in 2036, estimating how many of the households in that age bracket will want or need to occupy each size of dwelling. This is repeated for each age bracket and added together to arrive at an estimation of what proportion of each size of dwelling will be required overall.

**Table 5-11: Likely dwelling size distribution in Three Parishes by the end of the Plan period, based on modelled household life-stages (totals may not sum due to rounding)**

Size	Age of HRP 16 to 24	Age of HRP under 35	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total households requiring dwelling sizes
Households 2036	6	29	220	127	305	-
1 bedroom	1	4	13	7	26	<b>50</b>
2 bedrooms	3	11	42	26	89	<b>171</b>
3 bedrooms	1	12	98	56	133	<b>301</b>
4 bedrooms	0	2	49	28	44	<b>123</b>
5+ bedrooms	0	1	17	10	13	<b>41</b>

Source: Census 2011, AECOM Calculations. Figures may not sum due to rounding

142. It is now possible to compare the 2011 housing mix in terms of size with the projected requirement based on the estimates set out in Table 5-11 above modelling the change in the age structure of the population in Three Parishes.



143. Table 5-12 below indicates that, by 2036, the size distribution of dwellings should decline in size compared to what currently exists. There should be slightly more 1- ,2- and 3-bedroom homes, and a lower proportion of larger homes of 4 or more bedrooms.

**Table 5-12: 2011 housing sizes compared to likely distribution at end of Plan period, Three Parishes**

Number of bedrooms	2011		2036	
1 bedroom	12	2.0%	50	7.4%
2 bedrooms	106	17.9%	171	24.9%
3 bedrooms	235	39.7%	301	43.8%
4 bedrooms	160	27.0%	123	17.9%
5 or more bedrooms	79	13.3%	41	5.9%
Total households	<b>592</b>	<b>100.0%</b>	<b>686</b>	<b>100.0%</b>

Source: Census 2011, AECOM Calculations

144. Table 5-13 below sets out the estimated misalignment between future demand for housing, based on the modelled preferences of households at different life-stages, and the current stock available in the Neighbourhood Plan area.

**Table 5-13: Future potential misalignments of supply and demand for housing, Three Parishes**

Number of bedrooms	2011	2036	Change to housing mix	Recommended split
1 bedroom	12	50	38	22.7%
2 bedrooms	106	171	65	38.5%
3 bedrooms	235	301	66	38.8%
4 bedrooms	160	123	-37	0.0%
5 or more bedrooms	79	41	-38	0.0%

Source: AECOM Calculations

The interim result of the life-stage modelling exercise show that, in terms of demographic change, new development might involve the following share of dwelling sizes: 22.7% of as 1 bedroom, 38.5% as two bedrooms and 38.8% as three bedrooms.

145. Note that the changes to the housing mix given above for 4 and 5-bedroom dwellings are negative numbers. Because in light of the national and local housing shortage, it is rarely advisable or practicable to remove dwellings from the available stock, as would otherwise be suggested here for dwellings with three or more bedrooms, we have instead set the recommended split at 0% rather than a negative number, and rebalanced the other sizes as percentages of the additional dwellings they represent in total. In other words, the interim results of the life-stage modelling suggest that there will be no need for further 4 and 5-bedroom dwellings over the Neighbourhood Plan period.
146. It is important to stress that there may be other good reasons to provide a particular size or type of dwelling in the NA, for example the need to improve the mix of homes in a particular location, improving choice or meeting needs in the wider housing market area. As such, the broad guidelines presented above should be interpreted and applied with a large degree of flexibility.

#### 5.4.1 Adjustment of model results

147. However, it is important to caveat the result of this model, because it is based on past trends and existing supply. Future supply, not just demographic profile, can influence occupancy patterns. For instance, it may be that the construction of attractive options for older households eg bungalows could enable some older people to downsize whilst remaining in their existing community, but in the absence of such accommodation, these older households will remain in their larger family sized homes. For this reason, it is useful to verify the results with respect to occupancy trends at the national level (England and Wales) which evens out any particular local bias. This would give the following split (Table 5-14).



**Table 5-14: Nationally-adjusted future potential misalignments of supply and demand for housing, Three Parishes**

Number of bedrooms	2018	2036	Change to housing mix	Recommended split
1 bedroom	12	78	66	32.3%
2 bedrooms	106	183	77	38.1%
3 bedrooms	235	295	60	29.6%
4 or more bedrooms	160	100	-60	0.0%

Source: AECOM Calculations

148. A direct comparison between the two recommended splits above (based first on District occupation patterns and second on national occupation patterns) is given in Table 5-15 below.

**Table 5-15: District-based and nationally-adjusted recommended housing size mixes compared, Three Parishes**

Number of bedrooms	District-based mix	Nationally-adjusted figure
1 bedroom	22.7%	32.3%
2 bedrooms	38.5%	38.1%
3 bedrooms	38.8%	29.6%
4 or more bedrooms	0.0%	0.0%

Source: AECOM Calculations

149. This recommended split implies that slightly more 1-bedroom homes are needed at the expenses of homes of 3 or more bedrooms. However, this result is most likely due to the occupation of one-bedroom properties being much higher in cities and other kinds of settlements captured in the national data, than in the occupation patterns of the District, where homes in rural areas are generally larger. Therefore, the substantial demand for 1-bedroom properties identified earlier may be inflated by a lack of two- and three-bedroom dwellings. Providing more of these will supply smaller family homes for younger households and enable older households to downsize.
150. The adjusted results here should not replace the initial District-based findings above, but are worth bearing in mind when planning for future development, and justify the application of the recommended dwelling mix with a degree of flexibility. Instead it is recommended that the district-based split is applied. The recommended split is therefore, 22.7% of dwellings in new developments should have 1 bedroom, 38.5% as two bedrooms and 38.8% as three bedrooms.
151. Note that the Plan period may shift forward to an end date of 2038. The key inputs to this model are the existing size mix in the NA and the occupation patterns across Shropshire, as well as the demographic profile of Three Parishes at the end of the Plan period. Changing the Plan period end date by two years from 2036 to 2038 will not impact either of the first two inputs, and will only marginally change the third input. Because wide age categories for household life stages are used (usually of around a decade), the ageing of the population by only two years is highly unlikely to make any measurable change to the recommended dwelling size mix. As such, if the Plan period end date does change, it is AECOM's view that the recommended mix will still apply.

## 5.5 Conclusions- Type and Size

152. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site-specific factors which may justify a particular dwelling mix.
153. Compared with the LPA, Three Parishes is characterised by a significantly higher proportion of detached homes (61.1% compares with 39.5% across Shropshire). Meanwhile there is a lower proportion of terraced homes and flats in the NA compared to the wider District (4.2% compared with 16.8% and 1.1% compared with 6.6% respectively), with a similar proportion of semi-detached homes. The housing stock in Three Parishes is characterised by generally large dwellings,

with high proportions of properties with 5 to 6 rooms or larger compared with the District and correspondingly fewer small dwellings. 86.7% of homes in Three Parishes are larger 5+ bedroom properties, compared to 76.1% of homes in the wider District.

154. The 2011 Census data reveals that in line with District and National proportions, Three Parishes has a high proportion of people aged 45 to 64 (32% in Three Parishes compared to 28% in Shropshire and 25% nationally). The proportion of older people between 65-84 in the Three parishes is slightly less than the wider District at 16% against 18% in Shropshire, although it is expected to increase as the large 45 to 64 cohort ages during the Plan period.
155. New development provides an opportunity to build dwellings that would be appropriate to the needs and financial capabilities of both young households and older households who may wish to downsize, such as two- and three-bedroom homes.
156. In the context of Three Parishes' comparatively large stock of dwellings overall, the evidence reviewed here may warrant a Neighbourhood Plan policy to prioritise the provision of modest sized with of 2 and 3 bedrooms. In terms of demographic change, new development might involve the following share of dwelling sizes: 22.7% as 1 bedroom, 38.5% as two bedrooms and 38.8% as three bedrooms.
157. In terms of the types of dwellings required, some unmet demand for generally more affordable dwelling types, such as terraced homes and flats, should be addressed. The size recommendation for three-bedroom homes would help to achieve this.
158. Note that the Plan period may shift forward to an end date of 2038. The key inputs to this model are the existing size mix in the NA and the occupation patterns across Shropshire, as well as the demographic profile of Three Parishes at the end of the Plan period. Changing the Plan period end date by two years from 2036 to 2038 will not impact either of the first two inputs, and will only marginally change the third input. Because wide age categories for household life stages are used (usually of around a decade), the ageing of the population by only two years is highly unlikely to make any measurable change to the recommended dwelling size mix. As such, if the Plan period end date does change, it is AECOM's view that the recommended mix will still apply.

## 6. Conclusions

### 6.1 Overview

159. Table 6-1 below sets out in full the conclusions and recommendations of this Neighbourhood Plan housing needs assessment, based on the evidence reviewed and analysed.

**Table 6-1: Summary of study findings specific to Three Parishes with a potential impact on Neighbourhood Plan housing policies**

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	<p>The vast majority of households in Three Parishes are owner-occupiers (71.3%). This is followed by the private rented sector (17.9%), and the social rented sector (6.8%). The social rented sector is small by comparison with the district (6.8% against 13.5%). The dominance of the owner occupied sector is common to other rural areas across the Country and is also a feature of places with relatively older populations. However, the tenure of the housing stock will impact on the ability of different households to live in Three Parishes, broadly limiting the ability of those on lower incomes from living in the NA because of the more limited availability of social and private rented housing.</p> <p>Between 2001 and 2011, the largest change in the NA was seen in shared ownership dwellings, a substantial increase of 100%, with a lesser but still notable 31.7% increase experienced in the wider District. Private rented homes also increased by 43.2% and social rented homes by 25%. Meanwhile, home ownership only increased by 10.2% in the NA, although this is still greater than the smaller increase of 5.8% in the District. The faster growth in private renting likely indicates that the increasing cost of home ownership is driving households into the more affordable private rented sector as an alternative.</p> <p>House prices have grown by 21% overall. However, closer analysis reveals that growth was only experienced by detached properties, with a significant 60.4% growth in house prices. Semi-detached and terraced homes experienced a decline of -15.6% and -13.8% respectively. There were too few flat sales to enable any comparison of this dwelling type.</p> <p>The approximate median and lower quartile incomes in the NA are £39,400 and £20,500 respectively. Comparing these affordability thresholds with the costs of each tenure, it is clear that the most affordable forms of tenure are social rent and affordable rent, of which, only social rent homes are affordable to those on lower quartile incomes.</p>	<p>The total estimated Affordable Housing need over the Plan period 2018-2040 is 76 affordable rented homes and 80 affordable home ownership dwellings.</p> <p>In terms of the most appropriate mix of tenures within Affordable Housing, it is important to reference Shropshire's policy, as set out in the adopted Local Plan. Policy CS11 recommends 33% of housing should be Affordable Housing. This should be split between 20% social rented and 13% intermediate affordable tenures. This equates to 61% of the Affordable Housing tenure split being social rent and the remaining 39% for intermediate housing tenures.</p> <p>This balance is close to the results of the exercise above (53% affordable rented homes and 47% affordable housing for sale). However, it is suggested that the tenure split stated in the Local Plan is adhered to as it provides a higher proportion of social rented homes which should be prioritised, especially if not all of this housing tenure can be delivered due to the low expected delivery of Affordable Housing in the NA.</p>

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing type and size	<p>This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site-specific factors which may justify a particular dwelling mix.</p> <p>Compared with the LPA, Three Parishes is characterised by a significantly higher proportion of detached homes. Meanwhile there is a lower proportion of terraced homes and flats in the NA compared to the wider District, with a similar proportion of semi-detached homes. The housing stock in Three Parishes is characterised by generally large dwellings, with high proportions of properties with 5 to 6 rooms or larger compared with the District and correspondingly fewer small dwellings.</p> <p>The 2011 Census data reveals that in line with District and National proportions, Three Parishes has a high proportion of people aged 45 to 64 (32% in Three Parishes compared to 28% in Shropshire and 25% nationally). The proportion of older people between 65-84 in the Three parishes is slightly less than the wider District at 16% against 18% in Shropshire, although it is expected to increase as the large 45 to 64 cohort ages during the Plan period.</p>	<p>New development provides an opportunity to build dwellings that would be appropriate to the needs and financial capabilities of both young households and older households who may wish to downsize, such as two- and three-bedroom homes.</p> <p>In the context of Three Parishes' comparatively large stock of dwellings overall, the evidence reviewed here may warrant a Neighbourhood Plan policy to prioritise the provision of modest sized with of 2 and 3 bedrooms. In terms of demographic change, new development might involve the following share of dwelling sizes: 22.7% as 1 bedroom, 38.5% as two bedrooms and 38.8% as three bedrooms.</p> <p>In terms of the types of dwellings required, some unmet demand for generally more affordable dwelling types, such as terraced homes and flats, should be addressed. The size recommendation for three-bedroom homes would help to achieve this.</p>

## 6.2 Recommendations for next steps

160. This Neighbourhood Plan housing needs assessment aims to provide Three Parishes with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that the neighbourhood planners should, as a next step, discuss the contents and conclusions with Shropshire with a view to agreeing and formulating draft housing policies, bearing the following in mind:

- All Neighbourhood Planning Basic Conditions, but in particular the following: Condition A, namely that the Neighbourhood Plan has regard to national policies and advice contained in guidance issued by the Secretary of State; Condition D, that the making of the Neighbourhood Plan contributes to the achievement of sustainable development; and Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;
- The views of Shropshire – in particular in relation to the quantity of housing that should be planned for;
- The views of local residents;
- The views of other relevant local stakeholders, including housing developers and estate agents;
- The numerous supply-side considerations, including local environmental constraints, the location and

characteristics of suitable land, and any capacity work carried out by Shropshire, including but not limited to the Strategic Housing Land Availability Assessment (SHLAA);

- The recommendations and findings of this study; and
- The impact of the Government's Standard Methodology on calculating housing need for Shropshire and the neighbourhood plan areas within it.

161. This assessment has been provided in good faith by AECOM consultants on the basis of housing data, national guidance and other relevant and available information current at the time of writing.

162. Bearing this in mind, it is recommended that the Neighbourhood Plan steering group should monitor carefully strategies and documents with an impact on housing policy produced by the Government, Shropshire or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.

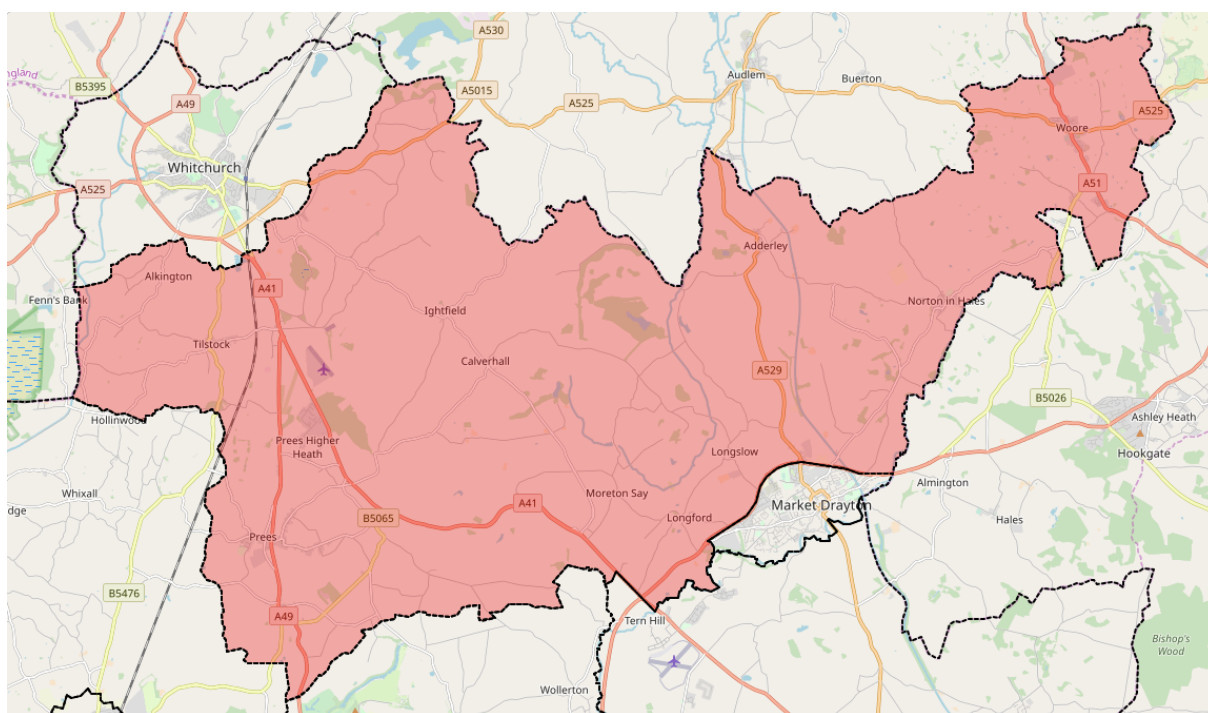
163. At the same time, monitoring on-going demographic or other trends over the Neighbourhood Plan period will help ensure the continued relevance and credibility of its policies.

## Appendix A : Calculation of Affordability Thresholds

### A.1 Assessment geography

164. As noted in the Tenure and Affordability chapter above, affordability thresholds can only be calculated on the basis of data on incomes across the Neighbourhood Plan area. Such data is available at MSOA level but not at the level of neighbourhood plan areas.
165. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Plan area. In the case of Three Parishes, it is considered that MSOA E02006016 is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. A map of MSOA E02006016 appears below in Figure 6-1.

**Figure 6-1: MSOA E02006016 used as a best-fit geographical proxy for the Neighbourhood Plan area**



Source: ONS

### A.2 Market housing

166. Market dwellings are accessible to people on higher incomes. Choices in the housing market are driven principally by spending power, life stage, and personal taste.
167. The operation of the housing market is, in most circumstances, the best means of addressing the demand for different types of housing for sale. For this reason, it is important that planning policy does not place unnecessary burdens on the market preventing its ability to respond to demand, because this is the principal way equilibrium is achieved in the market and thus house price growth kept in check.
168. In this sense, the notion of development viability is essential. It is important not to deter development in the context of clear housing need; to do so will not only frustrate the delivery of new housing but also may deprive the community of resources for infrastructure improvements.
169. To determine affordability in market housing, the assessment considers two primary indicators: income thresholds, which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds, which denote the standard household income required to access mortgage products.

## i) Market sales

170. The starting point for calculating the affordability of a dwelling for sale (i.e. the purchase threshold) from the perspective of a specific household is the loan to income ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5.
171. To produce a more accurate assessment of affordability, both the savings available for a deposit and the equity in the home from which the buyer is moving (if not a first-time buyer) should be taken into account. However, this data is not available for Three Parishes. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
172. The value of an entry-level dwelling is considered the best representation of the segment of market housing most likely to be accessible to those on lower incomes.<sup>20</sup> The value of an entry level dwelling used here is the lower quartile average house price from sales data from Land Registry over the year 2018.
173. The calculation is therefore:
- Value of an 'entry level dwelling' = £195,000;
  - Purchase deposit = £19,500 @10% of value;
  - Value of dwelling for mortgage purposes = £175,500;
  - Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;
  - **Purchase threshold = £50,143.**

## ii) Private Rented Sector (PRS)

174. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. Households are deemed able to afford a private rented property if the lower quartile private rent does not exceed 25% of gross household income.
175. It is assumed that lower quartile private rent equates to the average rent paid in the Neighbourhood Plan area for a two-bedroom dwelling (enough living space for two or three individuals). In order to be in conformity with the Government guidance on overcrowding,<sup>21</sup> such a home would require three habitable rooms (a flat or house with two bedrooms).
176. The property website [Home.co.uk](http://Home.co.uk) shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within the TF9 postcode area, which covers a larger area than the Plan area itself but can be used as a reasonable proxy for it. Moreover, because it forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.
177. According to [home.co.uk](http://home.co.uk), there are 7 two-bed properties currently listed for rent across the TF9 postcode area, with an average price of £562 per calendar month.
178. It is possible to derive from this data the estimated income threshold for private rental sector dwellings in the Neighbourhood Plan area; the calculation is therefore:
- Annual rent = £562 x 12 = £6,744;
  - Multiplied by 4 (so that no more than 25% of income is spent on rent) = £26,976;
  - **Income threshold (private rental sector) = £26,976.**
179. The NPPF 2019 acknowledges that build-to-rent dwellings have a role to play in providing affordable market homes and may meet affordable housing need where they include a component of affordable private rent.

<sup>20</sup> 'Entry-level dwelling' can be understood to comprise a property that costs the average value of dwellings falling into the lower quartile of house prices in the Neighbourhood Plan area, as set out in the Tenure and Affordability chapter above.

<sup>21</sup> This is based on the concept of the 'room standard', which indicates a dwelling is legally overcrowded if two people of the opposite sex have to share a room to sleep in (this does not apply when couples share a room). See: [http://england.shelter.org.uk/housing\\_advice/repairs/overcrowding](http://england.shelter.org.uk/housing_advice/repairs/overcrowding)



## A.3 Affordable Housing

180. There are a range of tenures that constitute the definition of Affordable Housing within the 2019 NPPF: social rent and affordable rent, discounted market sales housing, shared ownership and other affordable routes to home ownership.
181. This variety of tenures reflects an ambition by the Government to provide a pathway to home ownership for more households, as well as introducing market principles into the provision of subsidised housing for rent. The aim is to divide affordable housing into a series of products designed to appeal to different sectors of the market and, by changing eligibility criteria, bring rents closer in line with people's ability to pay.
182. We consider each of the affordable housing tenures in turn.

### i) Social rent

183. Rents in socially rented properties reflect a 'formula rent' based on a combination of individual property values and average earnings in each area, resulting in substantial discounts to market rents. As such, this tenure is suitable for the needs of those on low incomes and is subject to strict eligibility criteria.
184. To determine social rent levels, data and statistical return from Homes England is used. This data is only available at the LPA level so must act as a proxy for Three Parishes. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Shropshire in the table below.
185. To determine the income needed, it is assumed that no more than 25% of income should be spent on rent.

**Table A-1: Social rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent PCM	£75	£87	£95	£101	£88
Annual average	£3,901	£4,528	£4,949	£5,254	£4,596
Income needed	£15,602	£18,111	£19,795	£21,016	£18,385

Source: Homes England, AECOM Calculations

### ii) Affordable rent

186. Affordable rent is controlled at no more than 80% of the local market rent. As demonstrated in this report, the annual entry-level rent in Three Parishes is £6,744. In the event of a 20% reduction in rent to £5,395, the income threshold would reduce to an estimated £21,581. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000). Even an 80% discount on the market rent may not be sufficient to ensure that households can afford it, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.

### iii) Intermediate tenures

187. Intermediate housing includes homes for sale and rent provided at a cost above social rent, but below market levels, subject to the criteria in the affordable housing definition above. They can include shared equity (shared ownership and equity loans), other low-cost homes for sale and intermediate rent, but not affordable rented housing.

#### Discounted market housing

188. Whether to treat discounted market sale homes as affordable housing or not depends on whether lowering the asking price of new build homes of a size and type suitable to first time buyers by 20% would bring them within reach of people currently unable to access market housing for purchase.
189. To provide a conservative assessment of the suitability of discounted market sale homes, it is appropriate to apply the value we have estimated for an entry-level dwelling, namely £195,000.
190. Applying a discount of 20% provides an approximate selling price of £156,000. Allowing for a 10% deposit further reduces the value of the property to £140,400. The income threshold at a loan to income ratio of 3.5 is £40,114.



191. In practice, developers are likely to price such homes in relation to new build prices. When these are discounted by 20% they may not offer any discount on entry level prices in the existing dwelling stock.

### **Shared ownership**

192. Shared ownership involves the purchaser buying an initial share in a property typically of between 25% and 75% and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the leaseholder can be varied by 'staircasing'. Generally, staircasing will be upward, thereby increasing the share owned over time.
193. In exceptional circumstances (for example, as a result of financial difficulties, and where the alternative is repossession), and at the discretion of the provider, shared owners may staircase down, thereby reducing the share they own. Shared equity is available to first-time buyers, people who have owned a home previously and council and housing association tenants with a good credit rating whose annual household income does not exceed £80,000.
194. To determine the affordability of shared ownership, calculations are based on the lower quartile house price of £195,000.<sup>22</sup> The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 25% of the income on rent (as for the income threshold for the private rental sector).
195. A 25% equity share of £195,000 is £48,750, from which a 10% deposit of £4,875 is deducted. The mortgage value of £43,875 (£48,750 - £4,875) is then divided by 3.5. To secure a mortgage of £43,875, an annual income of £12,536 (£43,875/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £146,250. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £3,656 and requires an income of £14,625 (multiplied by 4 so that no more than 25% of income is spent on rent). Therefore, an income of around £27,161 (£12,536 + £14,625) is required to afford a 25% shared equity purchase of an entry-level home.
196. A 50% equity share of £195,000 is £97,500, from which a 10% deposit of £9,750 may be deducted. The mortgage cost of £87,750 (£97,500 - £9,750) is then divided by 3.5. To secure a mortgage of £87,750, an annual income of £25,071 (£87,750 / 3.5) is therefore needed. In addition to the mortgage costs, rent is charged on the remaining 50% shared ownership equity, comprising the unsold value of £97,500. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which corresponds to £2,438, requiring an income of £9,750 (multiplied by 4 so that no more than 25% of income is spent on rent). Therefore, an annual income of around £34,821 (£25,071 + £9,750) is required to afford a 50% shared equity purchase of an entry-level home.
197. A 75% equity share of £195,000 is £146,250, from which a 10% deposit of £14,625 can be deducted. The mortgage cost of £131,625 (£146,250 - £14,625) is then divided by 3.5. To secure a mortgage of £131,625, an annual income of £37,607 (£131,625 / 3.5) is therefore needed. In addition to the mortgage costs, rent is charged on the remaining 25% shared ownership equity, comprising the unsold value of £48,750. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which corresponds to £1,219, requiring an income of £4,875 (multiplied by 4 so that no more than 25% of income is spent on rent). Therefore, an annual income of around £42,482 (£37,607 + £4,875) is required to afford a 75% shared equity purchase of an entry-level home.

<sup>22</sup> It is important to note that this is based on new build sales only. The current shared ownership models are only available for new build homes, with the assumed cost therefore differing from the cost of open market housing, which also includes property re-sale.

## Appendix B : Housing Needs Assessment Glossary

### Adoption

This refers to the final confirmation of a local plan by a local planning authority.

### Affordability

The terms 'affordability' and 'affordable housing' have different meanings. 'Affordability' is a measure of whether housing may be afforded by certain groups of households. 'Affordable housing' refers to particular products outside the main housing market.

### Affordability Ratio

Assessing affordability involves comparing housing costs against the ability to pay. The ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing. The Ministry for Housing, Community and Local Governments publishes quarterly the ratio of lower quartile house price to lower quartile earnings by local authority (LQAR) as well as median house price to median earnings by local authority (MAR) e.g. income = £25,000, house price = £200,000. House price: income ratio = £200,000/£25,000 = 8, (the house price is 8 times income).

### Affordable Housing (NPPF Definition)

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

c) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

### Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>23</sup>.

### Age-Restricted General Market Housing

A type of housing which is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens but does not include support or care services.

<sup>23</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

## Annual Monitoring Report

A report submitted to the Government by local planning authorities assessing progress with and the effectiveness of a Local Development Framework.

## Basic Conditions

The Basic Conditions are the legal tests that are considered at the examination stage of neighbourhood development plans. They need to be met before a plan can progress to referendum.

## Backlog need

The backlog need constitutes those households who are eligible for Affordable Housing, on account of homelessness, overcrowding, concealment or affordability, but who are yet to be offered a home suited to their needs.

## Bedroom Standard<sup>24</sup>

The bedroom standard is a measure of occupancy (whether a property is overcrowded or under-occupied, based on the number of bedrooms in a property and the type of household in residence). The Census overcrowding data is based on occupancy rating (overcrowding by number of rooms not including bathrooms and hallways). This tends to produce higher levels of overcrowding/ under occupation. A detailed definition of the standard is given in the Glossary of the EHS Household Report.

## Co-living

Co-living denotes people who do not have family ties sharing either a self-contained dwelling (i.e., a 'house share') or new development akin to student housing in which people have a bedroom and bathroom to themselves, but share living and kitchen space with others. In co-living schemes each individual represents a separate 'household'.

## Community Led Housing/Community Land Trusts

Housing development, provision and management that is led by the community is very often driven by a need to secure affordable housing for local people in the belief that housing that comes through the planning system may be neither the right tenure or price-point to be attractive or affordable to local people. The principle forms of community-led models include cooperatives, co-housing communities, self-help housing, community self-build housing, collective custom-build housing, and community land trusts. By bringing forward development which is owned by the community, the community is able to set rents and/or mortgage payments at a rate that it feels is appropriate. The Government has a range of support programmes for people interested in bringing forward community led housing.

## Community Right to Build Order<sup>25</sup>

A community right to build order is a special kind of neighbourhood development order, granting planning permission for small community development schemes, such as housing or new community facilities. Local community organisations that meet certain requirements or parish/town councils are able to prepare community right to build orders.

## Concealed Families (Census definition)<sup>26</sup>

The 2011 Census defined a concealed family as one with young adults living with a partner and/or child/children in the same household as their parents, older couples living with an adult child and their family or unrelated families sharing a household. A single person cannot be a concealed family; therefore one elderly parent living with their adult child and family or an adult child returning to the parental home is not a concealed family; the latter are reported in an ONS analysis on increasing numbers of young adults living with parents.

## Equity Loans/Shared Equity

An equity loan which acts as a second charge on a property. For example, a household buys a £200,000 property with a 10% equity loan (£20,000). They pay a small amount for the loan and when the property is sold e.g. for £250,000 the lender

<sup>24</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

<sup>25</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>26</sup> See [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

receives 10% of the sale cost (£25,000). Some equity loans were available for the purchase of existing stock. The current scheme is to assist people to buy new build.

### **Extra Care Housing or Housing-With-Care**

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

### **Fair Share**

'Fair share' is an approach to determining housing need within a given geographical area based on a proportional split according to the size of the area, the number of homes in it, or its population.

### **Habitable Rooms**

The number of habitable rooms in a home is the total number of rooms, excluding bathrooms, toilets and halls.

### **Household Reference Person (HRP)**

The concept of a Household Reference Person (HRP) was introduced in the 2001 Census (in common with other government surveys in 2001/2) to replace the traditional concept of the head of the household. HRPs provide an individual person within a household to act as a reference point for producing further derived statistics and for characterising a whole household according to characteristics of the chosen reference person.

### **Housing Market Area**

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.

The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.

### **Housing Needs**

There is no official definition of housing need in either the National Planning Policy Framework or the National Planning Practice Guidance. Clearly, individuals have their own housing needs. The process of understanding housing needs at a population scale is undertaken via the preparation of a Strategic Housing Market Assessment (see below).

### **Housing Needs Assessment**

A Housing Needs Assessment (HNA) is an assessment of housing needs at the Neighbourhood Area level.

### **Housing Products**

Housing products simply refers to different types of housing as they are produced by developers of various kinds (including councils and housing associations). Housing products usually refers to specific tenures and types of new build housing.

### **Housing Size (Census Definition)**

Housing size can be referred to either in terms of the number of bedrooms in a home (a bedroom is defined as any room that was intended to be used as a bedroom when the property was built, any rooms permanently converted for use as bedrooms); or in terms of the number of rooms, excluding bathrooms, toilets halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted. If two rooms have been converted into one they are counted as one room. Rooms shared between more than one household, for example a shared kitchen, are not counted.

### **Housing Type (Census Definition)**

This refers to the type of accommodation used or available for use by an individual household (i.e. detached, semi-detached, terraced including end of terraced, and flats). Flats are broken down into those in a purpose-built block of flats, in parts of a converted or shared house, or in a commercial building.

### **Housing Tenure (Census Definition)**

Tenure provides information about whether a household rents or owns the accommodation that it occupies and, if rented, combines this with information about the type of landlord who owns or manages the accommodation.

### **Income Threshold**

Income thresholds are derived as a result of the annualisation of the monthly rental cost and then asserting this cost should not exceed 35% of annual household income.

### **Intercensal Period**

This means the period between the last two Censuses, i.e. between years 2001 and 2011.

### **Intermediate Housing**

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low-cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as 'low-cost market' housing, may not be considered as affordable housing for planning purposes.

### **Life Stage modelling**

Life Stage modelling is forecasting need for dwellings of different sizes by the end of the Plan period on the basis of changes in the distribution of household types and key age brackets (life stages) within the NA. Given the shared behavioural patterns associated with these metrics, they provide a helpful way of understanding and predicting future community need. This data is not available at neighbourhood level so LPA level data is employed on the basis of the NA falling within its defined Housing Market Area.

### **Life-time Homes**

Dwellings constructed to make them more flexible, convenient adaptable and accessible than most 'normal' houses, usually according to the Lifetime Homes Standard, 16 design criteria that can be applied to new homes at minimal cost: <http://www.lifetimehomes.org.uk/>.

### **Life-time Neighbourhoods**

Lifetime neighbourhoods extend the principles of Lifetime Homes into the wider neighbourhood to ensure the public realm is designed in such a way to be as inclusive as possible and designed to address the needs of older people, for example providing more greenery and more walkable, better connected places.

### **Local Development Order**

An Order made by a local planning authority (under the Town and Country Planning Act 1990) that grants planning permission for a specific development proposal or classes of development.

### **Local Enterprise Partnership**

A body, designated by the Secretary of State for Communities and Local Government, established for the purpose of creating or improving the conditions for economic growth in an area.

### **Local housing need (NPPF definition)**

The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 60 of this Framework).

### **Local Planning Authority**

The public authority whose duty it is to carry out specific planning functions for a particular area. All references to local planning authority apply to the District Council, London Borough Council, County Council, Broads Authority, National Park Authority or the Greater London Authority, to the extent appropriate to their responsibilities.

**Local Plan**

This is the plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies or other planning policies form part of the Local Plan and are known as 'Development Plan Documents' (DPDs).

**Lower Quartile**

The bottom 25% value, i.e. of all the properties sold, 25% were cheaper than this value and 75% were more expensive. The lower quartile price is used as an entry level price and is the recommended level used to evaluate affordability; for example for first time buyers.

**Lower Quartile Affordability Ratio**

The Lower Quartile Affordability Ratio reflects the relationship between Lower Quartile Household Incomes and Lower Quartile House Prices, and is a key indicator of affordability of market housing for people on relatively low incomes.

**Market Housing**

Market housing is housing which is built by developers (which may be private companies or housing associations, or Private Registered Providers), for the purposes of sale (or rent) on the open market.

**Mean (Average)**

The mean or the average is, mathematically, the sum of all values divided by the total number of values. This is the more commonly used "average" measure as it includes all values, unlike the median.

**Median**

The middle value, i.e. of all the properties sold, half were cheaper and half were more expensive. This is sometimes used instead of the mean average as it is not subject to skew by very large or very small statistical outliers.

**Median Affordability Ratio**

The Lower Quartile Affordability Ratio reflects the relationship between Median Household Incomes and Median House Prices, and is a key indicator of affordability of market housing for people on middle-range incomes.

### **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>27</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

### **Neighbourhood Development Order (NDO)**

An NDO will grant planning permission for a particular type of development in a particular area. This could be either a particular development, or a particular class of development (for example retail or housing). A number of types of development will be excluded from NDOs, however. These are minerals and waste development, types of development that, regardless of scale, always need Environmental Impact Assessment, and Nationally Significant Infrastructure Projects.

### **Neighbourhood plan**

A plan prepared by a Parish or Town Council or Neighbourhood Forum for a particular neighbourhood area (made under the Planning and Compulsory Purchase Act 2004).

### **Older People**

People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family housing and the full range of retirement and specialised housing for those with support or care needs.

### **Output Area/Lower Super Output Area/Middle Super Output Area**

An output area is the lowest level of geography for publishing statistics, and is the core geography from which statistics for other geographies are built. Output areas were created for England and Wales from the 2001 Census data, by grouping a number of households and populations together so that each output area's population is roughly the same. 175,434 output areas were created from the 2001 Census data, each containing a minimum of 100 persons with an average of 300 persons. Lower Super Output Areas consist of higher geographies of between 1,000-1,500 persons (made up of a number of individual Output Areas) and Middle Super Output Areas are higher than this, containing between 5,000 and 7,200 people, and made up of individual Lower Layer Super Output Areas. Some statistics are only available down to Middle Layer Super Output Area level, meaning that they are not available for individual Output Areas or parishes.

### **Overcrowding**

There is no single agreed definition of overcrowding, however, utilising the Government's bedroom standard, overcrowding is deemed to be in households where there is more than one person in the household per room (excluding kitchens, bathrooms, halls and storage areas). As such, a home with one bedroom and one living room and one kitchen would be deemed overcrowded if three adults were living there.

### **Planning Condition**

A condition imposed on a grant of planning permission (in accordance with the Town and Country Planning Act 1990) or a condition included in a Local Development Order or Neighbourhood Development Order.

### **Planning Obligation**

A legally enforceable obligation entered into under section 106 of the Town and Country Planning Act 1990 to mitigate the impacts of a development proposal.

### **Purchase Threshold**

Purchase thresholds are calculated by netting 10% off the entry house price to reflect purchase deposit. The resulting cost is divided by 4 to reflect the standard household income requirement to access mortgage products.

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<sup>27</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

## **Proportionate and Robust Evidence**

Proportionate and robust evidence is evidence which is deemed appropriate in scale, scope and depth for the purposes of neighbourhood planning, sufficient so as to meet the Basic Conditions, as well as robust enough to withstand legal challenge. It is referred to a number of times in the PPG and its definition and interpretation relies on the judgement of professionals such as Neighbourhood Plan Examiners.

## **Private Rented**

The Census tenure private rented includes a range of different living situations in practice, such as private rented/ other including households living “rent free”. Around 20% of the private rented sector are in this category, which will have included some benefit claimants whose housing benefit at the time was paid directly to their landlord. This could mean people whose rent is paid by their employer, including some people in the armed forces. Some housing association tenants may also have been counted as living in the private rented sector because of confusion about what a housing association is.

## **Retirement Living or Sheltered Housing**

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

## **Residential Care Homes and Nursing Homes**

Housing for older people comprising of individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

## **Rightsizing**

Households who wish to move into a property that is a more appropriate size for their needs can be said to be rightsizing. This is often used to refer to older households who may be living in large family homes but whose children have left, and who intend to rightsize to a smaller dwelling. The popularity of this trend is debatable as ties to existing communities and the home itself may outweigh issues of space. Other factors, including wealth, health, status and family circumstance also need to be taken into consideration, and it should not be assumed that all older households in large dwellings wish to rightsize.

## **Rural Exception Sites**

Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable dwellings without grant funding.

## **Shared Ownership**

Housing where a purchaser part buys and part rents from a housing association or local authority. Typical purchase share is between 25% and 75%, and buyers are encouraged to buy the largest share they can afford. Generally applies to new build properties, but re-sales occasionally become available. There may be an opportunity to rent at intermediate rent level before purchasing a share in order to save/increase the deposit level

## **Sheltered Housing<sup>28</sup>**

Sheltered housing (also known as retirement housing) means having your own flat or bungalow in a block, or on a small estate, where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their own front doors. There are many different types of scheme, both to rent and to buy. They usually contain between 15 and 40 properties, and range in size from studio flats (or 'bedsits') through to 2 and 3 bed roomed. Properties in most schemes are designed to make life a little easier for older people - with features like raised electric sockets, lowered worktops, walk-in showers, and so on. Some will usually be designed to accommodate

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<sup>28</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>



wheelchair users. And they are usually linked to an emergency alarm service (sometimes called 'community alarm service') to call help if needed. Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage the scheme and help arrange any services residents need. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden.

### **Strategic Housing Land Availability Assessment**

A Strategic Housing Land Availability Assessment (SHLAA) is a document prepared by one or more local planning authorities to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the Plan period. SHLAAs are sometimes also called LAAs (Land Availability Assessments) or HELAAs (Housing and Economic Land Availability Assessments) so as to integrate the need to balance assessed housing and economic needs as described below.

### **Strategic Housing Market Assessment (NPPF Definition)**

A Strategic Housing Market Assessment (SHMA) is a document prepared by one or more local planning authorities to assess their housing needs under the 2012 version of the NPPF, usually across administrative boundaries to encompass the whole housing market area. The NPPF makes clear that SHMAs should identify the scale and mix of housing and the range of tenures the local population is likely to need over the Plan period. Sometimes SHMAs are combined with Economic Development Needs Assessments to create documents known as HEDNAs (Housing and Economic Development Needs Assessments).

### **Specialist Housing for the Elderly**

Specialist housing for the elderly, sometimes known as specialist accommodation for the elderly, encompasses a wide range of housing types specifically aimed at older people, which may often be restricted to those in certain older age groups (usually 55+ or 65+). This could include residential institutions, sometimes known as care homes, sheltered housing, extra care housing, retirement housing and a range of other potential types of housing which has been designed and built to serve the needs of older people, including often providing care or other additional services. This housing can be provided in a range of tenures (often on a rented or leasehold basis).

### **Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>29</sup>

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<sup>29</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

