

Scopwick and Kirkby Green Housing Needs Assessment (HNA)

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Quality information

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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 |
| NK | North Kesteven |
| NP | Neighbourhood Plan |
| NPPF | National Planning Policy Framework |
| ONS | Office for National Statistics |
| PPG | Planning Practice Guidance |
| PRS | Private Rented Sector |
| QB | Qualifying Body |
| RQ | Research Question |
| SHLAA | Strategic Housing Land Availability Assessment |
| SHMA | Strategic Housing Market Assessment |
| SKG | Scopwick and Kirkby Green |
| VOA | Valuation Office Agency |

1. Executive Summary

1.1 Introduction

Scopwick and Kirkby Green in North Kesteven commissioned through Locality a Housing Needs Assessment (HNA) to inform their Neighbourhood Plan. In consultation with the neighbourhood planning group, we developed two research questions (RQs) for the HNA to answer. The RQs serve to direct out research into the key neighbourhood-level issues and provide the structure for the study.

1.2 Research Questions

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

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

1.3 Findings of RQ1: Tenure and Affordability

- i. Home ownership is the most abundant form of tenure in Scopwick and Kirkby Green, accounting for nearly 70% of households, followed by private rented which accounts for 17% of households. Over the intercensal period, the private rental sector has grown significantly (160%), probably as a result of disproportionate increase in housing prices.
- ii. House prices have climbed slowly over the past 10 years, increasing by an average of 26%. The greatest increase in price lies between detached and terraced homes, indicating that these are the types most sought after. The SHMA highlights the relatively low rate of vacant properties in North Kesteven showing that there are a limited 'low demand' properties potentially exacerbating affordability issues in the area.
- iii. In terms of affordability thresholds, the average income is £32,700 and the lower quartile income is £12,384 for single-person households and £24,768 for dual-person households.
- iv. Comparing these thresholds to the incomes required for each form of tenure reveals issues surrounding affordability in the NA. Those on average incomes are at the margins of being able to afford entry level home ownership, while those on single-household lower quartile incomes cannot afford any of the tenures (and are likely to need subsidised housing or housing benefit).
- v. Feedback from the Scopwick and Kirkby Green Household Questionnaire confirms this, with many residents citing a lack of affordable housing, particularly for younger people.
- vi. Affordable housing calculations reveal that 50 dwellings are needed for affordable rent over Scopwick and Kirkby Green's plan period while 11 dwellings are needed for affordable home ownership. The overall housing requirement for SKG is around 28 homes over the plan period and so these estimates of need far exceed what is likely to be delivered, unless for example, additional sites are identified for affordable homes.
- vii. Based on this analysis, it is suggested that for Scopwick and Kirkby Green, 80% of tenures be affordable rented (split between 30% affordable and 50% social rented) and 20% be affordable owned (shared ownership at 25%). This recognises the importance of delivering homes which are affordable to those on the lowest incomes, given the limited choices available to these households. It also includes some provision for affordable home ownership products which can extend home ownership, particularly to younger households. It is important to note however that this tenure split should be considered a guideline for the ideal mix of tenures within an NA.
- viii. It is important to realise that these affordable housing estimates do not overlap entirely with, or supersede, the overall Housing Requirement Figure for the Neighbourhood Plan area. Rather, they have an unspecified degree of overlap with it. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners for them to be met in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that need is met to a greater extent if resources permit.

- ix. It is also important to remember that even after the SKG, 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.
- x. 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).

1.4 Findings of RQ2: Type and Size

- xi. 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.
- xii. Detached houses currently dominate the housing stock in SKG followed by semi-detached. The intercensal period has mostly seen an increase in dwellings of 5 rooms or more.
- xiii. In terms of demographic change, the analysis suggests that all age groups, bar 16-24, are steadily increasing, some at higher rates than others such as the 85 and overs, however generally the trends mirror what can be seen at national level. In terms of household composition there is large increase in families with dependent children suggesting the area has a number of homes that can accommodate this type of household.
- xiv. The data shows the majority of North Kesteven residents under the age of 30 live in one, two or three-bed dwellings, and the proportion of households occupying these smaller dwellings decline as households reach middle-age before rebounding as households downsize in retirement.
- xv. The occupation of one-bedroom dwellings is consistently low throughout all age categories, in accordance with the fact that only 3.4% of dwellings in North Kesteven contain just one bedroom.
- xvi. A life-stage modelling exercise shows that, in terms of demographic change, new development might involve the following share of dwelling sizes: 6% as 1 bedroom, 9% as two bedrooms, 85% as three bedrooms, 0% as four bedrooms and 0% as 5 or more bedrooms.
- xvii. These results align with feedback from the Scopwick and Kirkby Green Household Questionnaire, which suggests 2-4 bed family homes are most desirable amongst residents.
- xviii. However, this recommendation should be applied with a high degree of flexibility because it may not be reasonable in practice to so severely limit the provision of dwellings with four or more bedrooms, and in fact, such a restriction has the potential to negatively impact the viability of sites that could help to deliver Affordable Housing or other community priorities. It should also be noted that this report is concerned with demand in the sense of need rather than in the sense of the preferences of potential occupants, which will likely include demand for larger homes. There may also be good reasons to deliver larger properties in the NA as part of a housing mix strategy in the newly merged district as a whole.

2. Context

2.1 Local context

2. Scopwick and Kirkby Green (SKG) is a Neighbourhood (Plan) Area (NA) located in North Kesteven, Lincolnshire. The NA boundary is identical to the Parish boundary and was designated on 16th July 2018.
3. The proposed Neighbourhood Plan period starts in 2018 and extends to 2036, therefore comprising a planning period of 18 years.
4. SKG is located to the south east of Lincoln and the north east of Sleaford. The B1191 runs through both Scopwick and Kirkby Green villages and connects them to the A15. A small area of the NA falls within flood zone 3 following the pattern of the stream. Metheringham Quarry Site of Special Scientific Interest (SSSI) lies to the north of the NA boundary. In addition, Scopwick Conservation Area covers almost the whole of Scopwick village.
5. The statistics show that in the 2011 Census the NA had a total of 815 residents.
6. A map of the Plan area appears below in Figure 2.1.

Figure 2-1: Map of the Scopwick and Kirkby Green Neighbourhood Plan area¹



Source: North Kesteven District Council, Scopwick and Kirkby Green Neighbourhood Plan page

7. The Qualifying Body (QB), Scopwick and Kirkby Green Parish Council, are seeking a Housing Needs Assessment (HNA) to determine the quantum and tenure of affordable housing to come forward. They are seeking to allocate more housing than required by the Local Plan and have an interest in affordable housing. On these grounds the QB is eligible for support under the Discounted Housing element of the program. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

¹ Available at <https://www.n-kesteven.gov.uk/residents/living-in-your-area/localism-your-community/neighbourhood-plans/scopwick-and-kirkby-green-neighbourhood-plan/scopwick-and-kirkby-green-designation-stage/>

2.2 Planning policy context

8. In line with the Basic Conditions² of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.³ Consequently, the relevant elements of the Local Plan are reviewed as part of this Housing Needs Assessment (HNA).
9. In the case of Scopwick and Kirkby Green, the relevant local planning context is as follows:
10. Central Lincolnshire covers the combined authorities of the City of Lincoln, West Lindsey and North Kesteven – where SKG is located. The Central Lincolnshire Local Plan⁴, adopted in 2017, sets out planning policies and allocations for the growth and regeneration of Central Lincolnshire over the next 20 years.
11. The emerging Central Lincolnshire Local Plan Review Issues and Options Consultation document⁵ was published in June 2019. It is a comprehensive review of the current adopted Local Plan to ensure it complies with updated national policy. Given the infancy of this plan there are no written policies to highlight in this report. However, it is advised the neighbourhood planning group monitor this as updates on affordable housing and entry level exception sites are likely to come forward.

2.2.1 Policies in the adopted local plan⁶

Table 2-2: Summary of North Kesteven adopted policies having relevance to Scopwick and Kirkby Green Neighbourhood Plan Housing Needs Assessment

| Policy | Source | Provisions |
|--|--|---|
| LP2: The Spatial Strategy and Settlement Hierarchy | Central Lincolnshire Local Plan (2017) | Both Scopwick and Kirkby Green are defined as 'Small Villages' meaning housing proposals would be limited to 4 dwellings unless otherwise promoted through a Neighbourhood Plan or clear local community support. |
| LP4: Growth in Villages | Central Lincolnshire Local Plan (2017) | Both Scopwick and Kirkby Green are permitted to grow by 10% in terms of the number of dwellings over the plan period. |
| LP10: Meeting Accommodation Needs | Central Lincolnshire Local Plan (2017) | Developers are expected to provide housing solutions that contribute to meeting the housing needs identified in the SHMA and other local evidence. |
| LP11: Affordable Housing | Central Lincolnshire Local Plan (2017) | Housing development sites over 11 dwellings will have to provide 20% affordable housing in the NA. Rural affordable housing may be permitted as an exception to policies in the Local Plan. |
| LP37: Sb-division and multi-occupation of dwellings within Lincoln | Central Lincolnshire Local Plan (2017) | Conversion or change of use of existing dwellings and buildings in other uses to self-contained flats or shared accommodation will be supported under a number of conditions. |

Source: Central Lincolnshire Local Plan

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

³ However, this does not affect the potential for the evidence base underpinning the emerging local plan to inform or form part of the evidence base for the neighbourhood plan.

⁴ Available at <https://www.n-kesteven.gov.uk/central-lincolnshire/local-plan/>

⁵ Available at <https://central-lincs.inconsult.uk/consult.ti/CLLP.Issues.Options/consultationHome>

⁶ Note that only those policies considered relevant to this Housing Needs Assessment have been reviewed, and that the policies reviewed may have been edited for relevance and/or clarity. As such, this summary of relevant policies should not be considered a full summary of the Local Plan in question.

2.2.2 Quantity of housing to provide

12. The NPPF 2018 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.
13. North Kesteven has fulfilled that requirement by stipulating a 10% increase in the number of dwellings in SKG by the end of the Local Plan period. Based on the current figure of 282 dwellings, recorded in the 2011 Census, this equates to 28 dwellings (some of which have already been accounted for).⁷ It should be noted that with the current plan under review, this indicative housing quantity figure is subject to change.
14. Given that the NPPF requirement has already been fulfilled, the question of how many houses to plan for has been answered. It is therefore outside the scope of this Housing Needs Assessment. The issue of quantity has been excluded from the Research Questions (see Chapter 3 below).

⁷ As confirmed in Policy LP4 in the Central Lincolnshire Local Plan (2017).

3. Approach

3.1 Research Questions

15. Research Questions (RQs), are formulated at the start of the project through discussion with the Parish Council. They serve to direct the research and provide the structure for the HNA.
16. The RQs relevant to this study, as discussed and agreed with Scopwick and Kirkby Green, are set out below.

3.1.1 Tenure and Affordability

17. The Parish Council 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.
18. This evidence will allow Scopwick and Kirkby Green 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 Affordable Housing (eg social housing, affordable rented, shared ownership) and other market tenures should be planned for in the housing mix over the Neighbourhood Plan period?

3.1.2 Type and Size

19. The Parish Council is seeking to determine what size and type of housing would be best suited to the local community. The Parish Council highlighted that a current trend in the area to build large 4, 5, 6 bed houses, occupied by retirees could damage the vibrancy of the area if it were to co
20. 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

21. It is appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Scopwick and Kirkby Green Neighbourhood Area is located within North Kesteven's planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA), which is known as the Central Lincolnshire Strategic Housing Market Assessment.
22. For the purpose of this HNA, data from North Kesteven'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

23. In addition to the North Kesteven 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);
 - Information on current property asking prices, for housing for sale or rent, from [home.co.uk](https://www.home.co.uk);
 - Neighbourhood-level survey and consultation work giving further detail. In the case of Scopwick and Kirkby Green, this comprises a local questionnaire.

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

24. 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.
25. 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.⁸

4.2 Definitions

26. 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.⁹
27. 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.
28. 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,¹⁰ 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.

4.3 Current tenure profile

29. 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. Home ownership is the most common form of tenure in SKG, with over 68% of households falling into this category, which is higher than national average yet lower than the district average. This is followed by private rented (17%) which follows the same pattern of higher than national average but lower than district average. This is likely due to two factors: historic ownership of a number of houses in the area by a landed estate and the tendency for RAF personnel to let out properties while on postings abroad. Social rented (11%) is higher than the district average yet lower than the national average. Shared ownership is the least common category, making up only 0.4% of households.
30. Table 4-1 below presents Census data from 2011; this table shows the distribution of how households occupy their

⁸ PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

⁹ NPPF 2019.

¹⁰ PPG 031 Reference ID: 23b-031-20161116, available at <https://www.gov.uk/guidance/planning-obligations>

homes within Scopwick and Kirkby Green, compared to the rest of North Kesteven and England.

31. Home ownership is the most common form of tenure in SKG, with over 68% of households falling into this category, which is higher than national average yet lower than the district average. This is followed by private rented (17%) which follows the same pattern of higher than national average but lower than district average. This is likely due to two factors: historic ownership of a number of houses in the area by a landed estate and the tendency for RAF personnel to let out properties while on postings abroad. Social rented (11%) is higher than the district average yet lower than the national average. Shared ownership is the least common category, making up only 0.4% of households.

Table 4-1: Tenure (households) in Scopwick and Kirkby Green, 2011

| Tenure | Scopwick | North Kesteven | England |
|-----------------------|----------|----------------|---------|
| Owned; total | 68.8% | 74.4% | 63.3% |
| Shared ownership | 0.4% | 0.5% | 0.8% |
| Social rented; total | 11.0% | 10.2% | 17.7% |
| Private rented; total | 17.4% | 13.5% | 16.8% |

Sources: Census 2011, AECOM Calculations

32. In Table 4-2, we note the changes in tenure during the intercensal period. The most apparent change has been in the private rented sector, which has increased by 157%. This could be explained by the fact that home ownership has become a less affordable option and more people have turned to the rental market as a cheaper alternative. Similar trends are visible at district and national level. Home ownership, SKGs most popular form of tenure, has seen an increase of a much larger degree than nationally. While the level of shared ownership has seen no change, nationally there has been a significant increase. It should be noted that such significant fluctuations in all tenures at local level is likely a reflection of low absolute figures, given that SKGs housing stock is relatively small, and of the development of new housing between 2001-2011.

Table 4-2: Rates of tenure change in Scopwick and Kirkby Green, 2001-2011

| Tenure | Scopwick | North Kesteven | England |
|-----------------------|----------|----------------|---------|
| Owned; total | 19.0% | 14.9% | -0.6% |
| Shared ownership | 0.0% | 1.8% | 30.0% |
| Social rented; total | -11.4% | 2.4% | -0.9% |
| Private rented; total | 157.9% | 160.7% | 82.4% |

Sources: Censuses 2001 and 2011, AECOM Calculations

4.4 Affordability by tenure

33. Having reviewed the tenure of the existing housing stock in Scopwick and Kirkby Green this report turns to assessing future provision over the Neighbourhood Plan period.
34. 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

35. When looking at the prices of market housing, the most important indicator is the average price of an entry-level dwelling, since these are the homes most likely to be accessible to those on low incomes. PPG makes clear that

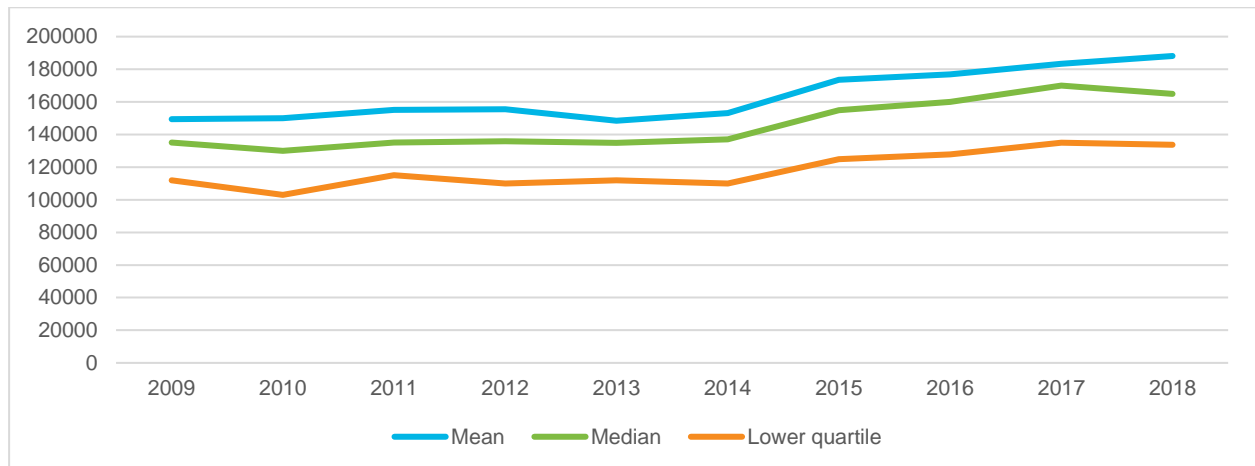
lower-quartile house prices may be used as a benchmark for entry-level home prices.¹¹

36. 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.

¹¹ See Paragraph: 021 Reference ID: 2a-021-20190220, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

37. Figure 4-1 looks at selected measures of house prices in Scopwick and Kirkby Green, including entry-level homes represented by the orange line. It shows that between 2009 and 2018 house prices were generally stable with a slight increasing trend, reflecting the national increase in house prices across this period.

Figure 4-1: House prices by quartile in Scopwick and Kirkby Green between 2009 and 2018



Source: Land Registry PPD

38. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). It shows that the category that has seen the largest growth is detached houses (35%) followed by terraced houses (32%), indicating that these may be the most sought-after dwelling types in SKG – or that more new houses falling into these categories (which tend to be sold at higher prices) have been built over the period. Again, it is worth applying these figures with caution, however, given that a relatively small sample size has been used. This is particularly true of flats, the average price of which is volatile because such a small number of flats (four were recorded in SKG in 2011) are available that the average annual price is strongly influenced by which particular units happen to be sold in each year. The SHMA highlights that in North Kesteven vacant properties are low, relative to national levels. This demonstrates a comparatively strong demand for stock that could also exacerbate affordability issues in the area.
- 39.

Table 4-3: House prices by type in Scopwick and Kirkby Green, 2008-2017

| Type | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Growth |
|---------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|
| Detached | £174,620 | £187,142 | £182,585 | £188,624 | £180,882 | £186,271 | £208,912 | £210,228 | £219,184 | £236,129 | 35.2% |
| Semi-detached | £120,027 | £115,573 | £123,276 | £117,589 | £119,395 | £126,057 | £135,204 | £141,551 | £145,764 | £146,299 | 21.9% |
| Terraced | £97,673 | £90,012 | £102,493 | £94,565 | £99,354 | £100,103 | £112,108 | £116,801 | £104,745 | £129,613 | 32.7% |
| Flats | £117,500 | £112,106 | £115,000 | £84,188 | £108,545 | £125,075 | £140,306 | £135,571 | £144,490 | £131,450 | 11.9% |
| All Types | £149,365 | £149,925 | £155,039 | £155,527 | £148,439 | £153,049 | £173,564 | £176,860 | £183,391 | £188,139 | 26.0% |

Source: Land Registry PPD

4.4.2 Income

40. 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.
41. The first source is locally specific but limited to the average total household income and the median net annual household income before housing costs (or take-home pay). This is the average household income estimates

published by ONS¹² at the level of the Middle-layer Super Output Area (MSOA)¹³. In the case of Scopwick and Kirkby Green the MSOA most suitable for use as a proxy for the Neighbourhood Plan area boundary is North Kesteven 007. 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.

42. The average net annual household income before housing costs (equalised) across North Kesteven 007 in 2015/16 was £25,300, while the average total annual income was £32,700.¹⁴
43. The second source of data provides the Lower Quartile (LQ) average income that is helpful for understanding affordability challenges among those with lower than average incomes, but it is only available at the District level and so is less locally-specific.
44. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level. Although 2018 provisional data has been published, the revised 2017 data is considered more robust and is therefore used here.
45. North Kesteven's gross LQ weekly income for 2017 was £237.50, or approximately £12,383.96 per year. This is the LQ income before taxes for individual earners and so only correlates with the measure of household incomes above for single-person households. To estimate the income of LQ-earning households with two earners, we have doubled the annual income to £24,767.92.
46. This LQ figure of is a helpful indication of what those in the lowest income brackets are able to put towards their housing costs, although it is important to note two caveats. First, this figure applies to the wider District and may therefore differ from actual LQ income levels within the NA itself. Second, it is an indication of gross rather than net incomes, and so the actual amount of income received after taxes and expenses will likely differ.

4.4.3 Affordability Thresholds

47. 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.
48. 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 Scopwick and Kirkby Green. These are: social rent; affordable rent set at 80%, shared ownership at 25%, 50%, and 75%, discounted market sale and rent to buy and estimated social rent levels. These calculations are detailed in Appendix A. The Government has set out its intention to bring forward First Homes which provide a discount on open market sale. A proportion of new homes will be required to be provided as First Homes. 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 Scopwick and Kirkby Green. The income required column is the annual income needed to support ongoing 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.

¹²Available at

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

¹³ 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>

¹⁴ 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.

Table 4-4: Affordability thresholds in Scopwick and Kirkby Green (income required, £)

| Tenure | Cost of purchase | Annual rent | Annual Income required ¹⁵ |
|-------------------------------|------------------|-------------|--------------------------------------|
| Average Market Sale | £188,139 | N/A | £48,378 |
| Entry-level Market Sale | £120,263 | N/A | £34,361 |
| Market Rent | N/A | £8,385 | £33,540 |
| Shared ownership (75%) | £90,197 | £3,341 | £29,111 |
| Discounted market sale (-20%) | £96,210 | N/A | £27,489 |
| Entry-level Market Rent | N/A | £6,747 | £26,987 |
| Shared ownership (50%) | £60,131 | £6,681 | £23,862 |
| Affordable Rent | N/A | £5,226 | £20,904 |
| Shared ownership (25%) | £30,066 | £10,022 | £18,612 |
| Social Rent - average | N/A | £4,465 | £17,859 |

Source: AECOM Calculations¹⁶

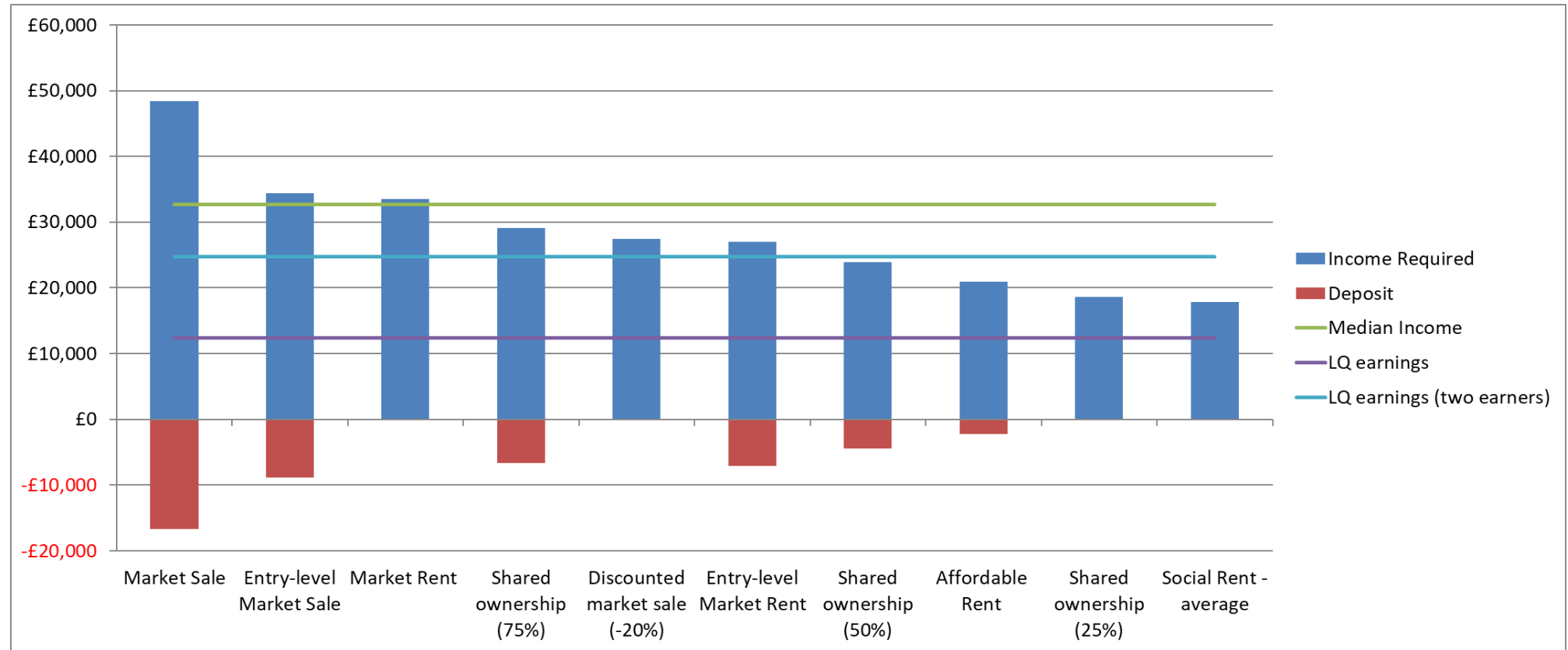
49. The income required to afford the different tenures is then benchmarked, in Figure 4-2 against the two measurements of household income set out above. These are total median average household income for North Kesteven 007: £32,700 and the lower quartile gross household income for North Kesteven: £12,384 for single-person households and £24,768 for dual-person households.
50. Entry level market sale homes are at the margins of being affordable to those on median incomes. All forms of affordable home ownership appear affordable to households on median incomes if these properties are discounted in relation to entry level homes. However, affordability issues within the NA remain.
51. All forms of tenure are out of reach for single-earning households on a lower quartile income. Even traditionally affordable options such as social and affordable rent are above the threshold, though they may be affordable with housing benefit.
52. The prices and costs in Table 4-4 however should be treated with caution. Affordable home ownership products are likely to be priced against new builds rather than existing entry level homes (as done here). Furthermore, in this location it may be the case that the price of entry-level market sale is not actually high enough above build costs to make it financially viable to build. AECOM has not undertaken viability analysis but this is likely to be an important consideration in the delivery of affordable home ownership homes in this location.
53. Government policy aimed at tackling the housing crisis continues to focus on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.¹⁷ In the case of Scopwick and Kirkby Green, Shared Ownership at 25% is likely to extend home ownership to the largest group. However, other forms of affordable home ownership would extend home ownership to those on median incomes providing they are priced at a discount to entry level market housing. More substantial discounts would be needed if affordable home ownership products are priced at a discount to average prices or new build homes. The Government has announced its intention to introduce First Homes, where discounts of around 30% will be available on new homes. AECOM suggest that the neighbourhood group keep this emerging policy under review.

¹⁵ On top of deposit assumed at 10% (see Appendix A).

¹⁶ It is acknowledged that the two data sources used to compare income and property price figures vary in their publication date. Whilst this is not ideal, our understanding is that using the most up to date information sources presents a more accurate picture of local affordability

¹⁷ 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

Figure 4-2: Affordability thresholds in Scopwick and Kirkby Green (income required, £)



Source: AECOM Calculations

4.5 Affordable housing – quantity needed

54. Beginning with affordable housing for rent, we turn first to the SHMA which provides a calculation of affordable housing need for the local area, in line with PPG guidance. This figure relates only to households in need of affordable rent and not those seeking affordable home ownership. For comparison with the SMHA figure (prorated for Scopwick) we have included a separate estimate using more recent data.
55. Following this, we have estimated the need for affordable home ownership products in Scopwick. As this was not considered in the SHMA, our calculation stands alone.

4.5.1 SHMA calculations – affordable housing for rent

56. At Local Authority level, the SHMA identifies an annual backlog of -45 affordable dwellings across North Kesteven. This indicates that there is in fact no backlog, but a surplus equating to 45 dwellings per year when spread across the next five years (the period that the SHMA suggests the backlog can be addressed). It also shows a need for 337 affordable dwellings per year to meet newly arising need in the future. Combining these figures results in a net annual affordable housing need of 292 dwellings as shown in the table below. It should be noted that this figure is assumed to be for affordable rented tenures only.

Figure 4-3: Net annual affordable housing imbalance across Central Lincolnshire

| Step | Methodology / Source | Lincoln | North Kesteven | West Lindsey | Central Lincolnshire |
|---|---------------------------|------------|----------------|--------------|----------------------|
| 7.1 Shortfall in affordable housing to meet current 'backlog' housing need (annual) | 3.1 | 230 | -45 | 51 | 236 |
| 7.2 Newly arising (future) need (net annual) | 6.1 | 158 | 337 | 181 | 676 |
| 7.3 Net annual affordable housing need | 3.1 + 6.1 (annual) | 388 | 292 | 231 | 911 |

Source: Central Lincolnshire SHMA, 2015

57. For North Kesteven we can therefore assume a net need for 292 affordable homes per annum over the next five years, to clear the existing backlog and meet future newly arising household need. Once the backlog is cleared, only newly arising need will need to be met (so the current surplus is no longer taken into account), requiring 337 affordable units annually for the remainder of the plan period.
58. To produce an affordable quantity figure for the NA alone, we must break down these two housing need figures, using population data from the Census. According to the 2011 Census, Scopwick and Kirkby Green has a population of 815 while North Kesteven has a population of 107,766. Therefore, Scopwick and Kirkby Green's 'share' of North Kesteven's population is 0.76% (815÷107,766).

59. We can now use this percentage to work out Scopwick and Kirkby Green's 'share'¹⁸ of affordable housing need:
- $292 \times 0.007563... = 2.2$ dwellings per year for the next 5 years to meet the current backlog
 - $2.2 \times 5 = 11$ dwellings over the next 5 years
 - $337 \times 0.007563... = 2.5$ dwellings per year for the remainder of the plan period (13 years)
 - $2.5 \times 13 = 33$ (rounded) dwellings for the remainder of the plan period
 - $11 + 33 = 44$ dwellings in total needed for affordable rent over the plan period
60. The approach the SHMA has taken in assuming that the affordable housing backlog identified can be cleared over a five-year period is no longer reflected in current guidance, nor frequently borne out in practice. For this reason, we have adjusted these calculations, averaging backlog over the entire plan period rather than just a 5-year period (while also including newly arising need).
61. This produces a figure of 321 dwellings per annum in North Kesteven, or 2.4 dwellings per annum if pro-rated for Scopwick and Kirkby Green. This is 43 (rounded) dwellings over the plan period.
62. The SHMA also includes 'committed supply' within its calculations. As supply is not a component of need, it is considered more appropriate to deduct this from total identified need as and when the additional units are delivered. Removing this produces a figure of 364 dwellings per annum or 2.8 dwellings per annum pro-rated for Scopwick and Kirkby Green. This is 50 (rounded) dwellings over the plan period.
63. For comparison with this later result from the SHMA (which is considered the most accurate), Table 4-5 below also estimates the need for affordable housing for rent in Scopwick and Kirkby Green.

4.5.2 AECOM calculations – affordable housing for rent

Table 4-5: Affordable housing for rent in Scopwick and Kirkby Green

| Stage and Step in Calculation | Total | Description |
|---|------------|---|
| STAGE 1: CURRENT NEED | | |
| 1.1 Current households in need | 2.3 | Latest waiting list data available from MHCLG Local authority housing statistics data return (households in priority need). Pro rated for the NA. Neighbourhood level data not available from LA. |
| Overcrowded households | 5.0 | Overcrowded in NA in Census 2011 |
| 1.2 Per annum | 0.1 | 1.1 divided by the plan period 2018-2036 |
| STAGE 2: NEWLY ARISING NEED | | |
| 2.1 New household formation | 39.6 | MHCLG 2014-based household projections for the LA between start and end of plan period. % increase applied to NA |
| 2.2 Proportion of new households unable to rent in the market | 18.8% | (1.1 + 2.2.1 + 2.2.2) divided by number of households in NA |
| 2.2.1 Current number of social renters in NA | 41 | 2011 Census + LA-level % increase (MHCLG, Live Table 100) |
| 2.2.2 Number of private renters on housing benefits | 14 | Housing benefit caseload May 2018. Pro rata for NA. |
| 2.3 New households unable to rent | 7 | 2.1 * 2.2 |
| 2.4 Per annum | 0.4 | 2.3 divided by plan period 2018-2036 |
| STAGE 3: SUPPLY OF AFFORDABLE HOUSING | | |
| 3.1 Supply of social/affordable re-lets (including transfers) % | 3% | Assumed proportion of stock re-let each year |

¹⁸ It is acknowledged that calculating affordability need using a pro-rata method has its limitations however there is currently no robust alternative to this

| | | |
|--|-------------|--|
| 3.2 Supply of social/affordable re-lets (including transfers) | 1.2 | 3.1 x NA social rented stock (2.2.1) |
| NET SHORTFALL (OR SURPLUS) OF RENTED UNITS PER ANNUM | | |
| Overall shortfall (or surplus) per annum | -0.4 (0) | 1.2 + 2.4 - 3.2 |
| Overall shortfall (or surplus) over plan period | 0 | Shortfall per annum x plan period (18) |

64. In comparing the SHMA's figure for affordable rented housing over the plan period (50), with our own (0), there is clearly a stark contrast, which is worth explaining in more detail.
65. Firstly, the SHMA examines housing need only at district level. The resulting figure from this (once prorated to the NA) is therefore reflective of housing needs across the entire district. In comparison, our own calculations examine housing need at neighbourhood level, using locally specific data. This results in two different figures: one reflective of the LA (including more urban areas) and one of the NA.
66. The key difference between the two figures is that one is positive, whilst the other is effectively zero. The latter figure could be the result of several factors associated with more rural areas: an adequate supply of affordable housing for rent in the NA compared to local needs, an overestimation of re-let turnover, or an underestimation of households in need. In less densely populated areas, housing stock, particularly affordable rented, tends to experience lower turnover meaning that the estimated 3% re-let rate may in fact be lower. Furthermore, fewer households than are in need tend to register on the housing wait list, assuming there to be limited stock within the NA (a Rural Housing Needs Survey would be able to identify these need more fully).
67. Taken at face value, this zero figure could imply that there is no more affordable need for rent in the Neighbourhood area. It may also be more suitable for those on lower incomes to seek affordable housing within more urban areas, closer to public transport, employment and other facilities.
68. However realistically, it is not advisable to limit the development of affordable housing within an area. Therefore greater emphasis should be placed upon the figure produced by the SHMA. As well as meeting current housing needs within the NA, this could also encourage residents from neighboring settlements to move to the area. A healthier figure would also encourage development from housing associations who are less likely to build in limited numbers due to the maintenance required.

4.5.3 AECOM calculations – affordable housing for sale

69. Next, in Table 4-6 below, we estimate the need for affordable home ownership products for households who can afford to rent in the market but cannot afford to buy their own homes.

Table 4-6: Affordable home ownership in Scopwick and Kirkby Green

| Stage and Step in Calculation | Description |
|-------------------------------|--|
| CURRENT NEED (BACKLOG) | <ol style="list-style-type: none"> 1. Growth in the private rented sector in North Kesteven between 2001 and 2011 was 3,812 households. This represents potential need from households who would have bought their own homes but were unable to afford to and therefore turned to the private rental market instead. However, some of these households will not be able to afford Affordable Housing for sale products and will be living in private rented accommodation using housing benefit. Of the 6,184 private renting households at the time of the 2011 census, 4,525 were on housing benefit (as provided in ONS housing benefit caseload data to May 2018). That is a rate of 73.17%. The figure of 3,812 households is reduced by that rate to give a result of 1,022.76. 2. This figure is increased by the percentage growth in private renting households between 2011 and 2018. This figure is derived from data for England as a proxy, taken from the English Housing Survey. In 2018 the percentage of all households that were private renters was 20.2%, which represents growth of 16.09% on the figure of 17.4% in 2011. The figure of 1,022.76 households above is therefore increased by 16.09%, resulting in a figure of 1,187.32 households. 3. This result is then divided by the 18 years in the Scopwick and Kirkby Green Neighbourhood Plan period, giving an annualised current need figure for North Kesteven of 65.96. 4. This is prorated at a rate of 0.77% for Scopwick and Kirkby Green to give a result of 0.5079 |

| | |
|------------------------------------|--|
| FUTURE NEED (NEWLY ARISING) | <p>5. ONS 2014-based household projections for North Kesteven show 55,814 households in 2036. That is 9,842 households higher than the 45,972 households present at the time of the 2011 Census, or an annual increase of 393.68 households over the 25 years between the 2011 Census and the end of the Plan period in 2036.</p> <p>6. The number of households in private rented housing in North Kesteven at the time of the 2011 Census was 6,184. 4,525 of those households were on housing benefit (as provided in ONS housing benefit caseload data to May 2018) and are discounted here. The remaining 1,659 are added to total backlog need for North Kesteven identified above of 1,187.32 to produce a result of 2,846.32, which is then divided by the estimated number of households in North Kesteven currently. According to the household projections, this is 49,800. The rate of Affordable Housing for sale need is therefore 5.72%.</p> <p>7. This percentage is then applied to the of households that will form per annum over the plan period as above (393.68) to produce future annualised need of 22.5.</p> <p>8. This is prorated at a rate of 0.77% for Scopwick and Kirkby Green to give a result of. 0.17.</p> |
| SUPPLY (CURRENT ONLY) | <p>4. There was 1 household living in a shared ownership dwelling (the only representation of Affordable Housing for ownership captured in the Census) in Scopwick and Kirkby Green in 2011.</p> <p>5. It is assumed that 5% of stock is sold each year. $5\% \times 1$ produces an annual supply figure of 0.05 households.</p> |
| SHORTFALL PER ANNUM | <p>6. $0.51 + 0.17 - 0.05 = 0.63$</p> <p>7. Over the Plan period, this amounts to need for 11.34 (11) households (rounded).</p> |
| SHORTFALL OVER PLAN PERIOD | Shortfall = $0.63 \times 18 = 11.34$ (11 homes rounded) |

70. In terms of the quantity of Affordable Housing needed, it is important to reference North Kesteven's affordable housing policy, as set out in the Local Plan, which recommends 20% of dwellings to be of affordable tenures (provided that 11 or more dwellings are delivered). If SKG's housing target of 28 dwellings over the Plan period is met, it can be expected that approximately 5-6 new Affordable Housing units will be delivered. This is clearly insufficient compared with the need identified here for 50 affordable rented units and 11 affordable owned units. Furthermore, if the majority of new housing is delivered through windfall development on small sites dispersed around the NA, many of these sites will not meet the requirement of providing 11 or more dwellings and so the number of Affordable Housing units will be lower still.
71. It is important to realise that these figures do not overlap entirely with, or supersede, the overall Housing Requirement Figure for the Neighbourhood Plan area. Rather, they have an unspecified degree of overlap with it. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners for them to be met in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that need is met to a greater extent if resources permit.
72. These include using community development orders, developing community land trusts, and identifying affordable housing exception sites. Despite the limitations applying to neighbourhood plan-level affordable housing policy, in cases where the demand-side evidence shows a high level of affordable housing need, a neighbourhood plan can be an ideal means of promoting an affordable housing exception site. Note that the separate question of the precise location for the exception site is a matter for the supply-side evidence base, i.e. the Site Assessment process).
73. Entry-level exception sites are defined as sites that provide entry-level homes suitable for first time buyers (or equivalent, for those looking to rent), and are particularly suitable for neighbourhood plan areas where there is evidence of a high level of younger people who are not able to afford homes on the open market. By contrast, rural exception sites are defined by the NPPF as small sites used for affordable housing in perpetuity where sites would not normally be used for housing. They 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. They can only be provided in designated rural areas.
74. It is also important to remember that even after the SKG, 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.

75. 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).

4.5.4 Tenure Split within Affordable Housing

76. Based on the estimates for the quantity of affordable housing above, the recommended split between rented and owned tenures would imply at 50:11 or 82% to 18%.
77. In line with Paragraph 64 of the NPPF, at least 10% of the homes provided in a development¹⁹ should be available for affordable home ownership. As Figure 4-2 shows, shared ownership at 25% is the most affordable form of intermediate tenure but other affordable home ownership products would also extend homeownership to those on median incomes. It should be noted, however, that the recommendation here is only an indication of what would serve the community best, and its deliverability will depend on viability and what providers are able to deliver. The precise ownership share to be offered is not something that it is in the power of neighbourhood planning policies to enforce.
78. The NPPF also specifies that exceptions to the 10% affordable home ownership requirement are permissible when such development will “significantly prejudice the ability to meet the identified affordable housing needs of specific groups”- in other words, in cases where the development of affordable home ownership dwellings would reduce the provision of other types of affordable housing such as social and affordable rented homes. Based on the findings of this chapter, there is evidence that going beyond the 10% threshold in Scopwick and Kirkby Green would prejudice the provision of much needed affordable rented homes.
79. In Table 4-7 below, we take forward this estimate and further break down the tenure split into its component parts based on the analysis of affordability thresholds above. On the basis of the SHMA and further calculations by AECOM, it is recommended that 80% of tenures be rented and 20% of tenures be owned (% shared ownership). This is on the basis that households in need of social/affordable rented homes have limited other choices.
80. In the context that there is likely to be limited affordable housing delivery in this NA, based on an overall housing requirement of 28 homes, social/affordable rented homes are likely to be the priority. However, affordable home ownership homes could widen home ownership to households on median incomes so they should form part of the mix. Furthermore, if the Neighbourhood Plan considers the delivery of affordable housing a priority, it may wish to identify additional sites solely for the delivery of affordable housing. This would give greater scope to deliver affordable homes and may merit consideration of a wider mix of tenures or products ie a greater number of affordable home ownership properties.
81. The tenure split in Table 4-5 should be considered a guideline for the ideal mix of tenures to be delivered within the NA. However, the more detailed breakdown based on the conclusions of our affordability analysis relies on a number of unscientific assumptions. 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.
82. Where the neighbourhood planners wish to develop policy that requires a different mix, 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.

Table 4-5: Recommended tenure split (Affordable Housing)

| Routes to home ownership, of which | 20% |
|--|------------|
| Shared ownership at 25% | 10% |
| Discounted market sale | 10% |
| Affordable Housing for rent, of which | 80% |

¹⁹ The NPPF is clear that the 10% forms a part of the overall affordable housing contribution from the site.

| | |
|-----------------|-----|
| Social rent | 50% |
| Affordable rent | 30% |

Source: AECOM calculations

83. Given that shared ownership is recommended as a key affordable route to home ownership, it is worth looking at the scheme in more detail. Despite being introduced back in the 1970s, shared ownership has only recently become established. This is due to the scheme being relaunched in recent years with a substantial boost to development from 2009 as private developers sold unsold market homes to registered providers during the financial crisis. As a form of tenure, it is generally more affordable than buying and on a par or cheaper than renting privately – both in the NA and the Country as a whole. Shared ownership is particularly known for being an affordable option for those seeking to get on the housing ladder such as newly forming households and families. Given that Scopwick and Kirkby Green is home to these households and has an extremely low current rate of provision of shared ownership, this tenure is likely to be of interest in the NA.
84. It is also popular due to the increased choice, control and security it offers in comparison to other tenures. However it should be noted that there are some issues with shared ownership which affect its affordability. For example, buyers of shared ownership flats have to pay service charges which are not fixed and can increase unpredictably. Buyers are also responsible for the maintenance of the property, however small their share in the property. Staircasing (buying a greater share) can also be costly. Given that the purchase of the additional share will rise as market values rise. Furthermore, the discount attained through renting the remaining share can in certain locations be similar to the difference in price between a new build and existing dwelling, meaning that a new shared ownership dwelling is often no more affordable than an existing dwelling offered for market sale.

4.6 Conclusions- Tenure and Affordability

85. Home ownership is the most abundant form of tenure in Scopwick and Kirkby Green, accounting for nearly 70% of households, followed by private rented which accounts for 17% of households. Over the intercensal period, the private rental sector has grown significantly (160%), probably as a result of disproportionate increase in housing prices.
86. House prices have climbed slowly over the past 10 years, increasing by an average of 26%. The greatest increase in price lies between detached and terraced homes, indicating that these are the types most sought after. The SHMA highlights the relatively low rate of vacant properties in North Kesteven showing that there are a limited 'low demand' properties potentially exacerbating affordability issues in the area.
87. In terms of affordability thresholds, the average income is £32,700 and the lower quartile income is £12,384 for single-person households and £24,768 for dual-person households.
88. Comparing these thresholds to the incomes required for each form of tenure reveals issues surrounding affordability in the NA. Those on lower quartile incomes have very constrained choices. Those on median incomes may be able to afford entry level market prices, but affordable home ownership would extend home ownership to more households.
89. Feedback from the Scopwick and Kirkby Green Household Questionnaire confirms this, with many residents citing a lack of affordable housing, particularly for younger people.
90. Based on this analysis, it is suggested that for Scopwick and Kirkby Green, 80% of tenures be affordable rented (AECOM has suggested a split between 30% affordable and 50% social rented but this will need to be determined by consideration of viability and funding availability) and 20% be affordable ownership. It is important to note however that this tenure split should be considered a guideline for the ideal mix of tenures within an NA.
91. Affordable housing calculations reveal that 50 dwellings are needed for affordable rent over Scopwick and Kirkby Green's plan period while 11 dwellings are needed for affordable home ownership. The estimate of 50 affordable rented dwellings is prorated from the SHMA, while an AECOM calculation suggests that need and supply are broadly balanced. On balance, there is likely to be some need for social/affordable rent given evidence of affordability. If it is possible to deliver affordable housing through new market development (or affordable housing only exception sites) it would be reasonable to prioritise the provision of these homes because they meet the most urgent needs. AECOM also suggest a proportion of shared ownership and discounted market sale homes could extend home ownership and widen the choice of housing available, particularly for younger households.
92. It is important to realise that these figures do not overlap entirely with, or supersede, the overall Housing Requirement Figure for the Neighbourhood Plan area. Rather, they have an unspecified degree of overlap with it.

There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners for them to be met in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that need is met to a greater extent if resources permit.

93. It is also important to remember that even after the SKG, 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.
94. 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).

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

95. The Scopwick and Kirkby Green 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.
96. 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 Scopwick and Kirkby Green. 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

97. 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.
98. 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.
99. 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 follows²⁰:
 - 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
100. 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.²¹ 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

²⁰ At <https://www.nomisweb.co.uk/census/2011/qs407ew>

²¹ At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

dwelling.

101. 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 address who share cooking facilities and share a living room or sitting room or dining area."*²² 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

102. The 2011 Census shows that there were 282 households in Scopwick and Kirkby Green, living in 164 detached houses, 90 semi-detached, 26 terraced houses, and 4 flats. Scopwick and Kirkby Green is characterised by significantly more houses than flats which is consistent with both the Local Authority (LA) and national trends. The largest percentage of houses are detached houses which is consistent with the LA but contrasts with national levels which presents semi-detached houses as the highest percentage (see Table 5-1 below).

Table 5-1: Accommodation type (households), Scopwick and Kirkby Green 2011

| Dwelling type | | Scopwick | North Kesteven | England |
|-------------------------------|--|----------|----------------|---------|
| Whole house or bungalow | Detached | 54.8% | 54.5% | 22.4% |
| | Semi-detached | 30.1% | 30.0% | 31.2% |
| | Terraced | 8.7% | 10.3% | 24.5% |
| Flat, maisonette or apartment | Purpose-built block of flats or tenement | 0.0% | 3.3% | 16.4% |
| | Parts of a converted or shared house | 1.0% | 0.5% | 3.8% |
| | In commercial building | 0.3% | 0.5% | 1.0% |

Source: ONS 2011, AECOM Calculations

5.2.3 Dwelling size

103. Table 5-2 below sets out the distribution of the number of rooms by household space. The housing stock in SKG is dominated houses containing 4 or more rooms. The high concentration of 5 and 6 room houses is reflected at the wider LA level. A notable difference is that SKG has a much higher percentage of 9 room houses and while the LA generally follows this trend the LA has a higher percentage of houses with 1, 2, 3 and 4 rooms than SKG.

²² Ibid.

Table 5-2: Number of rooms per household in Scopwick and Kirkby Green, 2011

| Number of Rooms | 2011 Scopwick | 2011 North Kesteven |
|-----------------|------------------|------------------------|
| 1 Room | 0.0% | 0.1% |
| 2 Rooms | 0.4% | 0.7% |
| 3 Rooms | 2.8% | 3.2% |
| 4 Rooms | 13.8% | 15.7% |
| 5 Rooms | 21.3% | 25.1% |
| 6 Rooms | 19.1% | 21.0% |
| 7 Rooms | 12.8% | 13.3% |
| 8 Rooms or more | 11.7% | 9.9% |
| 9 Rooms or more | 18.1% | 11.0% |

Source: ONS 2011, AECOM Calculations

104. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses. The main change from the 2001 Census findings is that there has been a significant increase in houses with 8 rooms or more as well as a relatively significant decrease in houses with 3 rooms, which may be a result of demolitions and extensions within this very uncommon category.
105. There has been a similarity in trends between all three geographies for houses with 1, 2, 6, 7 and 8 or more rooms, however opposing trends are demonstrated for houses with 3, 4, and 5 rooms.

Table 5-3: Rates of change in number of rooms per household in Scopwick and Kirkby Green, 2001-2011

| Number of Rooms | Scopwick | North Kesteven | England |
|-----------------|----------|----------------|---------|
| 1 Room | 0.0% | -31.3% | -5.2% |
| 2 Rooms | 0.0% | 21.1% | 24.2% |
| 3 Rooms | -27.3% | 28.1% | 20.4% |
| 4 Rooms | -2.5% | 2.4% | 3.5% |
| 5 Rooms | 11.1% | -1.5% | -1.8% |
| 6 Rooms | 1.9% | 17.6% | 2.1% |
| 7 Rooms | 24.1% | 36.6% | 17.9% |
| 8 Rooms or more | 58.5% | 61.5% | 29.8% |

Source: ONS 2001-2011, AECOM Calculations

106. Returning to the most recent Census data, it is also useful to consider 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 SKG has a fairly similar breakdown of dwelling size proportions as North Kesteven and England, although slightly more dwellings with 4 or more bedrooms and fewer dwellings with 3 bedrooms.

Table 5-4: Number of bedrooms in household spaces in Scopwick and Kirkby Green, 2011

| Bedrooms | Scopwick | | North Kesteven | | England | |
|--|------------|---------------|----------------|---------------|-------------------|---------------|
| All categories: no. of bedrooms | 282 | 100.0% | 45,972 | 100.0% | 22,063,368 | 100.0% |
| No. bedrooms | 1 | 0.4% | 61 | 0.1% | 54,938 | 0.2% |
| 1 bedroom | 8 | 2.8% | 1,545 | 3.4% | 2,593,893 | 11.8% |
| 2 bedrooms | 83 | 29.4% | 11,542 | 25.1% | 6,145,083 | 27.9% |
| 3 bedrooms | 95 | 33.7% | 21,206 | 46.1% | 9,088,213 | 41.2% |
| 4 bedrooms | 67 | 23.8% | 9,170 | 19.9% | 3,166,531 | 14.4% |
| 5 or more bedrooms | 28 | 9.9% | 2,448 | 5.3% | 1,014,710 | 4.6% |

Source: ONS 2011, AECOM Calculations

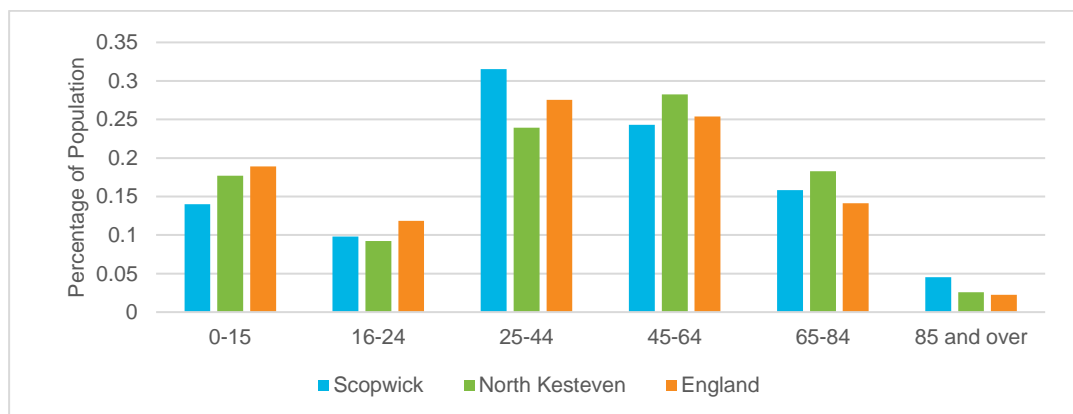
5.3 Household composition and age structure

107. Having established the current stock profile of Scopwick and Kirkby Green 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

108. The 2011 Census data reveals that on the whole SKG has a similar profile as both North Kesteven and England. However, a slightly larger percentage of the population in SKG falls within 25-44 and 85 and over age categories than in both the wider areas. There is a slightly lower percentage of the population in SKG that falls within 0-15 and 45-64 age groups than in both wider areas. The age group 16-24 in SKG accounts for a slightly greater percentage of the population than North Kesteven but slightly lower than that in England. Lastly, the age group 65-84 accounts for a lower percentage of the population compared to North Kesteven but slightly than that in England (see Figure 5-1 below). From this overall picture it is evident that SKG should not be expected to age as fast as North Kesteven over the coming decades.

Figure 5-1: Age structure in Scopwick and Kirkby Green, 2011



Source: ONS 2011, AECOM Calculations

109. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001 NA population has seen a decline in those aged 16-24, potentially suggesting those seeking higher education and employment opportunities are moving out of the area. All other age groups have seen an increase in population, most significantly in age category 85 and over. This is likely to have implications when looking at future housing need as there will be increasing need from older people that often require specific types of housing (see Table 5-5 below).
110. Interestingly, there has been a significant increase in those aged 25-44 compared to district and national levels. This could be a sign that relative to other areas SKG is a relatively affordable place for young families to buy or rent.

Table 5-5: Rate of change in the age structure of Scopwick and Kirkby Green population, 2001-2011

| Age group | Scopwick | North Kesteven | England |
|-------------|----------|----------------|---------|
| 0-15 | 18.8% | 4.6% | 1.2% |
| 16-24 | -8.0% | 24.6% | 17.2% |
| 25-44 | 14.7% | -0.9% | 1.4% |
| 45-64 | 19.3% | 23.6% | 15.2% |
| 65-84 | 21.7% | 28.7% | 9.1% |
| 85 and over | 48.0% | 53.4% | 23.7% |

Source: ONS 2001-2011, AECOM Calculations

5.3.2 Household composition

111. 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.
112. In assessing Census data on household composition, we see that Scopwick and Kirkby Green is similar to the LPA and England in most aspects (Table 5-6). However, one difference is that at both district and national levels one family households with dependent children make up the largest percentage, however in SKG the highest percentage is one family households with no children.

Table 5-6: Household composition (by household), Scopwick and Kirkby Green, 2011

| Household composition | | Scopwick | North Kesteven | England |
|------------------------------|--|----------|----------------|---------|
| One person household | Total | 28.0% | 26.2% | 30.2% |
| | Aged 65 and over | 11.3% | 13.3% | 12.4% |
| | Other | 16.7% | 12.9% | 17.9% |
| One family only | Total | 69.1% | 69.5% | 61.8% |
| | All aged 65 and over | 14.2% | 12.1% | 8.1% |
| | With no children | 27.3% | 23.0% | 17.6% |
| | With dependent children | 25.2% | 26.2% | 26.5% |
| | All children Non-Dependent ²³ | 2.5% | 8.2% | 9.6% |
| Other household types | Total | 2.8% | 4.3% | 8.0% |

Source: ONS 2011, AECOM Calculations

113. 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 the drastic increase in families with dependent children and the drastic decrease in families with non-dependent children and those aged 65 and over (see Table 5-7). This could indicate that there is a surplus of large family sized homes (as suggested by the size evidence above) and a lack of smaller homes for families who have older children and want to downsize.

²³ Refers to households containing children who are older than 18 e.g students or young working people living at home.

114. Interestingly, families that are all aged over 65 and other household types are the only categories that have increased in SKG but decreased nationally.

Table 5-7: Rates of change in household composition, Scopwick and Kirkby Green, 2001-2011

| Household type | | Percentage change, 2001-2011 | | |
|------------------------------|----------------------------|------------------------------|----------------|---------|
| | | Scopwick | North Kesteven | England |
| One person household | Total | 14.5% | 24.7% | 8.4% |
| | Aged 65 and over | -20.0% | 11.7% | -7.3% |
| | Other | 62.1% | 41.7% | 22.7% |
| One family only | Total | 21.9% | 14.7% | 5.4% |
| | All aged 65 and over | 25.0% | 14.2% | -2.0% |
| | With no children | 22.2% | 17.9% | 7.1% |
| | With dependent children | 51.1% | 10.6% | 5.0% |
| | All children non-dependent | -61.1% | 20.7% | 10.6% |
| Other household types | Total | -27.3% | 44.9% | 28.9% |

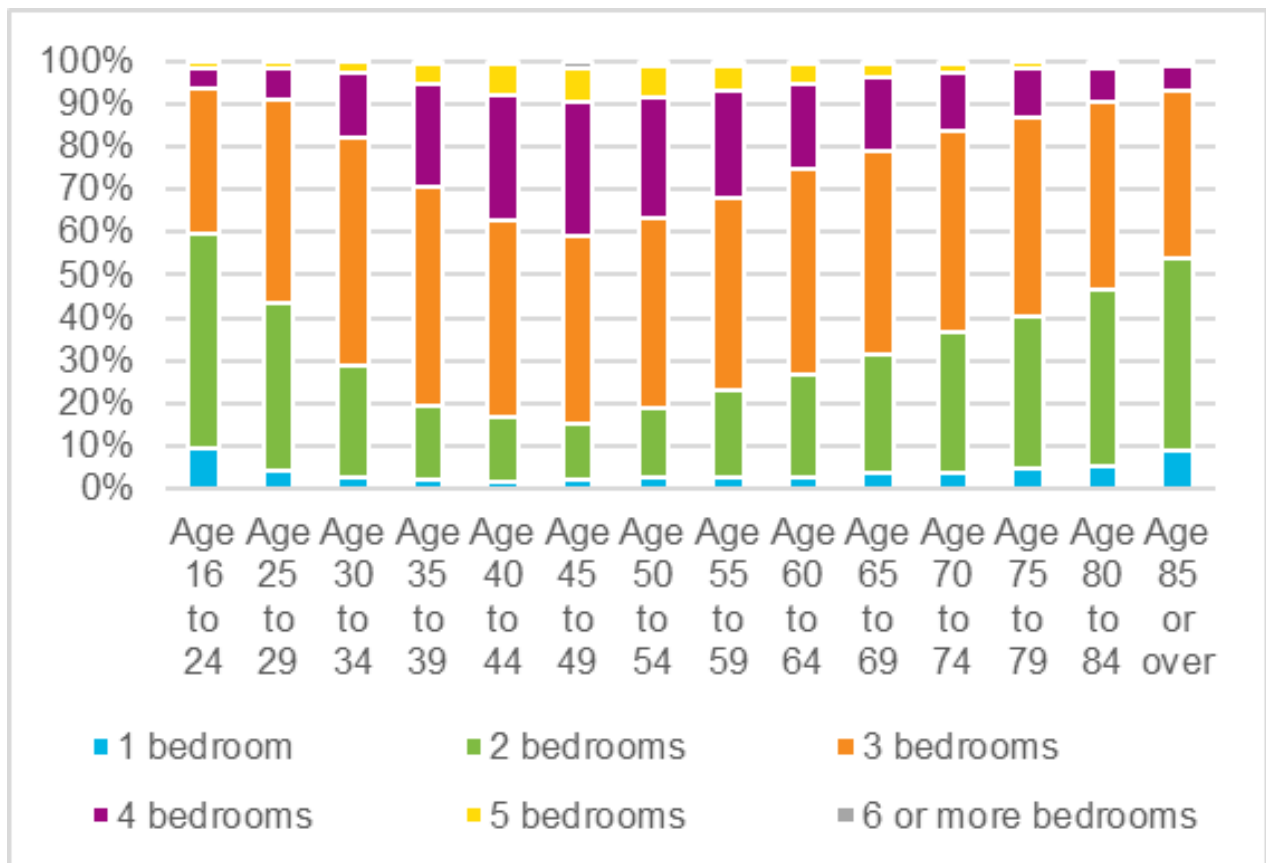
Source: ONS 2001-2011, AECOM Calculations

5.4 Dwelling mix determined by life-stage modelling

115. 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 '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.
116. 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.

117. 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 the majority of North Kesteven residents under the age of 30 live in one, two or three-bed dwellings, with the proportion of households occupying these smaller dwellings decline as households reach middle-age and then rebounding around retirement age.
118. Three- bedroom dwellings account for a large proportion of households in all age categories. The occupation of one-bedroom dwellings is consistently low throughout all age categories, in accordance with the fact that only 3.4% of dwellings in North Kesteven contain just one bedroom.

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



Source: ONS 2011, AECOM Calculations

119. 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, what 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, North Kesteven

| 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 | 993 | 4,659 | 17,556 | 8,254 | 14,510 |
| 2014 | 1,016 | 5,191 | 17,292 | 7,725 | 16,438 |
| 2036 | 1,077 | 5,208 | 17,455 | 7,869 | 23,929 |
| 2039 | 1,086 | 5,210 | 17,477 | 7,889 | 24,951 |

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

120. 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 Scopwick and Kirkby Green. To do so, the percentage increase expected for each group across North Kesteven, derived from the data presented above, is mapped to the population of Scopwick and Kirkby Green. The results of this calculation are detailed in Table 5-9 below. It is immediately apparent that the 65 and over age group is projected to expand significantly, while all other categories remain broadly stable. It is these 65 and over households, therefore, who will exert the greatest influence on the size mix of dwellings required over the Plan period.

Table 5-9: Projected distribution of households by age of HRP, Scopwick and Kirkby Green

| 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 | 3 | 20 | 115 | 54 | 90 |
| 2014 | 3 | 22 | 113 | 51 | 102 |
| 2036 | 3 | 22 | 114 | 51 | 148 |
| % change 2011-2036 | 8% | 12% | -1% | -5% | 65% |

Source: AECOM Calculations

121. 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 North Kesteven by the end of the plan period.

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

| Size | Age of HRP 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 | 9.3% | 3.4% | 2.3% | 2.8% | 5.0% |
| 2 bedrooms | 50.1% | 32.1% | 15.2% | 22.1% | 34.8% |
| 3 bedrooms | 33.9% | 50.4% | 45.9% | 46.7% | 45.5% |
| 4 bedrooms | 4.7% | 11.9% | 28.4% | 22.2% | 12.1% |
| 5+ bedrooms | 2.0% | 2.3% | 8.2% | 6.2% | 2.6% |

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

122. Finally, having established the likelihood shown by households at different life-stages towards dwellings of different sizes, and the approximate number of households in North Kesteven and Scopwick and Kirkby Green 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).
123. 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.
124. It is again apparent that 65 and older households are the dominant demographic group. Their slightly different preferences to the second biggest age group (35-54) are also clearly visible: while both groups require a similar number of 3 bedroom homes (52 and 68), over 65 households need 52 2 bedroom homes (compared with 17 for 35-54 year olds, and only require 18 4 bedroom homes (compared with 32 for the younger group). Demand for downsizing is therefore more prominent in the model than demand for large family homes.

Table 5-11: Likely dwelling size distribution in Scopwick and Kirkby Green 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 | 3 | 22 | 114 | 51 | 148 | - |
| 1 bedroom | 0 | 1 | 3 | 1 | 7 | 13 |
| 2 bedrooms | 2 | 7 | 17 | 11 | 52 | 89 |
| 3 bedrooms | 1 | 11 | 52 | 24 | 68 | 156 |
| 4 bedrooms | 0 | 3 | 32 | 11 | 18 | 65 |
| 5+ bedrooms | 0 | 1 | 9 | 3 | 4 | 17 |

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

125. 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 Scopwick and Kirkby Green.
126. Table 5-12 below indicates that, by 2036, the size distribution of dwellings should ideally be weighted much more towards the medium and smaller end of the size spectrum with particular focus on two and three-bedroom dwellings. This reflects both the growing demand for smaller downsizing properties noted above, and a response to the current prominence of larger homes.

Table 5-12: 2011 housing sizes compared to likely distribution at end of Plan period, Scopwick and Kirkby Green

| Number of bedrooms | 2011 | | 2036 | |
|--------------------|------|--------|------|--------|
| 1 bedroom | 8 | 2.8% | 13 | 3.7% |
| 2 bedrooms | 83 | 29.4% | 89 | 26.3% |
| 3 bedrooms | 95 | 33.7% | 156 | 46.0% |
| 4 bedrooms | 67 | 23.8% | 65 | 19.0% |
| 5 or more bedrooms | 28 | 9.9% | 17 | 5.0% |
| Total households | 282 | 100.0% | 340 | 100.0% |

Source: Census 2011, AECOM Calculations

127. 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, Scopwick and Kirkby Green

| Number of bedrooms | 2011 | 2036 | Change to housing mix | Recommended split |
|--------------------|------|------|-----------------------|-------------------|
| 1 bedroom | 8 | 13 | 5 | 6.2% |
| 2 bedrooms | 83 | 89 | 6 | 8.7% |
| 3 bedrooms | 95 | 156 | 61 | 85.1% |
| 4 bedrooms | 67 | 65 | -2 | 0.0% |
| 5 or more bedrooms | 28 | 17 | -11 | 0.0% |

Source: AECOM Calculations

128. The interim result of the life-stage modelling exercise shows that, in terms of demographic change, new development might involve the following share of dwelling sizes: 6% as 1 bedroom, 9% as two bedrooms, 85% as three bedrooms, 0% as four bedrooms and 0% as 5 or more bedrooms.
129. Note that only the percentage mix in the right-hand column is relevant to the purposes of this HNA and the neighbourhood planning process. The actual numbers of dwellings required to adjust the size mix do not reflect that actual quantity of housing needed in the NA and are simply a step in the calculation necessary to produce a percentage split. As a general point, this dwelling mix in percentage terms stands alone from the overall quantity of housing needed or allocated over the Plan period, and could equally apply to windfall development, allocations beyond the plan period, or any other source of housing supply.

5.4.1 Adjustment of model results

130. 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, Scopwick and Kirkby Green

| Number of bedrooms | 2011 | 2036 | Change to housing mix | Recommended split |
|--------------------|------|------|-----------------------|-------------------|
| 1 bedroom | 8 | 44 | 36 | 36.3% |
| 2 bedrooms | 83 | 97 | 14 | 14.4% |
| 3 bedrooms | 95 | 144 | 49 | 49.2% |
| 4 bedrooms | 67 | 43 | -24 | 0.0% |
| 5 or more bedrooms | 28 | 12 | -16 | 0.0% |

Source: AECOM Calculations

131. 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, Scopwick and Kirkby Green

| Number of bedrooms | District-based mix | Nationally-adjusted figure |
|--------------------|--------------------|----------------------------|
| 1 bedroom | 6.2% | 36.3% |
| 2 bedrooms | 8.7% | 14.4% |
| 3 bedrooms | 85.1% | 49.2% |
| 4 bedrooms | 0.0% | 0.0% |
| 5 or more bedrooms | 0.0% | 0.0% |

Source: AECOM Calculations

132. This recommended split implies that at both national and district level the split should follow fairly similar trends with the most need for three-bedroom dwellings and the lack of need for dwellings of more than four bedrooms. 1 and 2 bedroom dwellings are required more when using national level data rather than the district. This is explained by 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.

133. The adjusted results here should not replace the initial findings above, but are worth bearing in mind when planning for future development. The district-based mix is likely to be more representative of housing need in SKG given its more localised approach and general characteristics of the district.
134. Even so, it should be applied with a high degree of flexibility because it may not be reasonable in practice to so severely limit the provision of dwellings with four or more bedrooms, and in fact, such a restriction has the potential to negatively impact the viability of sites that could help to deliver Affordable Housing or other community priorities. It should also be noted that this report is concerned with demand in the sense of need rather than in the sense of the preferences of potential occupants, which will likely include demand for larger homes. There may also be good reasons to deliver larger properties in the NA as part of a housing mix strategy in the newly merged district as a whole.

5.5 Conclusions- Type and Size

135. 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.
136. Detached houses currently dominate the housing stock in SKG followed by semi-detached. The intercensal period has mostly seen an increase in dwellings of 5 rooms or more.
137. In terms of demographic change, the analysis suggests that all age groups, bar 16-24, are steadily increasing, some at higher rates than others such as the 85 and overs, however generally the trends mirror what can be seen at national level. In terms of household composition there is large increase in families with dependent children suggesting the area has a number of homes that can accommodate this type of household.
138. The data shows the majority of North Kesteven residents under the age of 30 live in one, two or three-bed dwellings, and the proportion of households occupying these smaller dwellings decline as households reach middle-age before rebounding as households downsize in retirement.
139. The occupation of one-bedroom dwellings is consistently low throughout all age categories, in accordance with the fact that only 3.4% of dwellings in North Kesteven contain just one bedroom.
140. A life-stage modelling exercise shows that, in terms of demographic change, new development might involve the following share of dwelling sizes: 6% as 1 bedroom, 9% as two bedrooms, 85% as three bedrooms, 0% as four bedrooms and 0% as 5 or more bedrooms.
141. These results align with feedback from the Scopwick and Kirkby Green Household Questionnaire, which suggests 2-4 bed family homes are most desirable amongst residents.
142. However, this recommendation should be applied with a high degree of flexibility because it may not be reasonable in practice to so severely limit the provision of dwellings with four or more bedrooms, and in fact, such a restriction has the potential to negatively impact the viability of sites that could help to deliver Affordable Housing or other community priorities. It should also be noted that this report is concerned with demand in the sense of need rather than in the sense of the preferences of potential occupants, which will likely include demand for larger homes. There may also be good reasons to deliver larger properties in the NA as part of a housing mix strategy in the newly merged district as a whole.

6. Conclusions

6.1 Overview

143. 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 Scopwick and Kirkby Green with a potential impact on Neighbourhood Plan housing policies

| Issue | Source(s) | Summary of evidence, conclusions and recommendations |
|----------------------------------|-----------|--|
| Housing tenure and affordability | Chapter 4 | <ul style="list-style-type: none"> Home ownership is the most abundant form of tenure in Scopwick and Kirkby Green, accounting for nearly 70% of households, followed by private rented which accounts for 17% of households. Over the intercensal period, the private rental sector has grown significantly (160%), probably as a result of disproportionate increase in housing prices. House prices have climbed slowly over the past 10 years, increasing by an average of 26%. The greatest increase in price lies between detached and terraced homes, indicating that these are the types most sought after. The SHMA highlights the relatively low rate of vacant properties in North Kesteven showing that there are a limited 'low demand' properties potentially exacerbating affordability issues in the area. In terms of affordability thresholds, the average income is £32,700 and the lower quartile income is £12,384 for single-person households and £24,768 for dual-person households. Comparing these thresholds to the incomes required for each form of tenure reveals issues surrounding affordability in the NA. Those on average incomes are at the margin of affording entry level home ownership. Those on single-household lower quartile incomes cannot afford any of the tenures without housing benefit. Feedback from the Scopwick and Kirkby Green Household Questionnaire confirms this, with many residents citing a lack of affordable housing, particularly for younger people. Based on this analysis, it is suggested that for Scopwick and Kirkby Green, 80% of tenures be affordable rented and 20% be affordable owned (shared ownership and discounted market sale). This recognises the priority that is likely to be given to meeting urgent needs given limited local housing delivery. It is important to note however that this tenure split should be considered a guideline for the ideal mix of tenures within an NA. Affordable housing calculations reveal that 50 dwellings are needed for affordable rent over Scopwick and Kirkby Green's plan period while 11 dwellings are needed for affordable home ownership. It is important to realise that these figures do not overlap entirely with, or supersede, the overall Housing Requirement Figure for the Neighbourhood Plan area. Rather, they have an unspecified degree of overlap with it. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners for them to be met in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that need is met to a greater extent if resources permit. It is also important to remember that even after the SKG, 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. 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). |

| Issue | Source(s) | Summary of evidence, conclusions and recommendations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------|-----------|---|-----------------------|-------------------|------|-----------------------|-------------------|-----------|---|----|---|------|------------|----|----|---|------|------------|----|-----|----|-------|------------|----|----|----|------|--------------------|----|----|-----|
| Housing type and size | Chapter 5 | <ul style="list-style-type: none">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.Detached houses currently dominate the housing stock in SKG followed by semi-detached. The intercensal period has mostly seen an increase in dwellings of 5 rooms or more.In terms of demographic change, the analysis suggests that all age groups, bar 16-24, are steadily increasing, some at higher rates than others such as the 85 and overs, however generally the trends mirror what can be seen at national level. In terms of household composition there is large increase in families with dependent children suggesting the area has a number of homes that can accommodate this type of household.The data shows the majority of North Kesteven residents under the age of 30 live in one, two or three-bed dwellings, and the proportion of households occupying these smaller dwellings decline as households reach middle-age before rebounding as households downsize in retirement.The occupation of one-bedroom dwellings is consistently low throughout all age categories, in accordance with the fact that only 3.4% of dwellings in North Kesteven contain just one bedroom.A life-stage modelling exercise shows that, in terms of demographic change, new development might involve the following share of dwelling sizes: 6% as 1 bedroom, 9% as two bedrooms, 85% as three bedrooms, 0% as four bedrooms and 0% as 5 or more bedrooms.These results align with feedback from the Scopwick and Kirkby Green Household Questionnaire, which suggests 2-4 bed family homes are most desirable amongst residents.However, this recommendation should be applied with a high degree of flexibility because it may not be reasonable in practice to so severely limit the provision of dwellings with four or more bedrooms, and in fact, such a restriction has the potential to negatively impact the viability of sites that could help to deliver Affordable Housing or other community priorities. It should also be noted that this report is concerned with demand in the sense of need rather than in the sense of the preferences of potential occupants, which will likely include demand for larger homes. There may also be good reasons to deliver larger properties in the NA as part of a housing mix strategy in the newly merged district as a whole. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <table><tr><th>Number bedrooms</th><th>of 2011</th><th>2036</th><th>Change to housing mix</th><th>Recommended split</th></tr><tr><td>1 bedroom</td><td>8</td><td>13</td><td>5</td><td>6.2%</td></tr><tr><td>2 bedrooms</td><td>83</td><td>89</td><td>6</td><td>8.7%</td></tr><tr><td>3 bedrooms</td><td>95</td><td>156</td><td>61</td><td>85.1%</td></tr><tr><td>4 bedrooms</td><td>67</td><td>65</td><td>-2</td><td>0.0%</td></tr><tr><td>5 or more bedrooms</td><td>28</td><td>17</td><td>-11</td><td>0.0%</td></tr></table> <p>Source: AECOM Calculations</p> | Number bedrooms | of 2011 | 2036 | Change to housing mix | Recommended split | 1 bedroom | 8 | 13 | 5 | 6.2% | 2 bedrooms | 83 | 89 | 6 | 8.7% | 3 bedrooms | 95 | 156 | 61 | 85.1% | 4 bedrooms | 67 | 65 | -2 | 0.0% | 5 or more bedrooms | 28 | 17 | -11 |
| Number bedrooms | of 2011 | 2036 | Change to housing mix | Recommended split | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 bedroom | 8 | 13 | 5 | 6.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 bedrooms | 83 | 89 | 6 | 8.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 bedrooms | 95 | 156 | 61 | 85.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 bedrooms | 67 | 65 | -2 | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 or more bedrooms | 28 | 17 | -11 | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | |

6.2 Recommendations for next steps

144. This Neighbourhood Plan housing needs assessment aims to provide Scopwick and Kirkby Green 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 North Kesteven 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 North Kesteven – 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 North Kesteven, 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 North Kesteven and the neighbourhood plan areas within it.
145. 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.
146. 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, North Kesteven or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
147. 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

148. 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.
149. 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 Scopwick and Kirkby Green, it is considered that MSOA North Kesteven 007 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 North Kesteven appears below in Figure 6-1. The boundary of the MSOA directly correlates with the Neighbourhood Plan boundary, therefore the most logical MSOA to use.

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



Source: ONS

A.2 Market housing

150. Market dwellings are typically accessible to people on higher incomes. Choices in the housing market are driven principally by spending power, life stage, and personal taste.
151. 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.
152. 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.
153. 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

154. 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.
155. 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 Scopwick and Kirkby Green. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
156. 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.²⁴ 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.
157. The calculation is therefore:
- Value of an 'entry level dwelling' = £133,625;
 - Purchase deposit = £13,363 @10% of value;
 - Value of dwelling for mortgage purposes = £120,263;
 - Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;
 - **Purchase threshold = £34,361.**

ii) Private Rented Sector (PRS)

158. 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 for households with incomes of less than £40,000 per annum, or 30% of gross household income for households with incomes of more than £40,000 per annum.
159. 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,²⁵ such a home would require three habitable rooms (a flat or house with two bedrooms).
160. The property website [Home.co.uk](https://www.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 LN4 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.
161. According to [home.co.uk](https://www.home.co.uk), there are 9 two-bed properties currently listed for rent across the LN4 postcode area, with an average price of £562 per calendar month.
162. 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.**
163. The NPPF 2018 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.

²⁴ '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.

²⁵ 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

A.3 Affordable Housing

164. There are a range of tenures that constitute the definition of Affordable Housing within the 2018 NPPF: social rent and affordable rent, discounted market sales housing, and other affordable routes to home ownership.
165. 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.
166. We consider each of the affordable housing tenures in turn.

i) Social rent

167. 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.
168. 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 Scopwick and Kirkby Green. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for North Kesteven in the table below.
169. 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 | £72 | £86 | £95 | £110 | £87 |
| Annual average | £3,748 | £4,465 | £4,956 | £5,738 | £4,550 |
| Income needed | £14,993 | £17,859 | £19,824 | £22,953 | £18,200 |

Source: Homes England, AECOM Calculations

ii) Affordable rent

170. Commentators have repeatedly raised concerns about Affordable Rent not constituting a realistic form of AH, given that in many areas it reduces rent to levels that are still beyond the means of the target group, i.e. those on incomes substantially below the mean.
171. To determine Affordable Rent prices we can also use the Local Housing Allowance rates, which, in the case of the Lincoln BRMA, gives a rate of £100.22 a week or £5,225.77 per year. This produces an income threshold of £20,904.

iii) Intermediate tenures

172. 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.

Shared ownership

173. 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.
174. 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.

175. To determine the affordability of shared ownership, calculations are based on the lower quartile house price of £133,625.²⁶ 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).
176. A 25% equity share of £133,625 is £33,406, from which a 10% deposit of £3,341 is deducted. The mortgage value of £30,066 (£33,406 - £3,341) is then divided by 3.5. To secure a mortgage of £30,066, an annual income of £8,590 (£30,066/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £100,219. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £2,505 and requires an income of £10,022 (multiplied by 4 so that no more than 25% of income is spent on rent). Therefore, an income of around **£18,612** (£8,590 + £10,022) is required to afford a 25% shared equity purchase of an entry-level home.
177. A 50% equity share of £133,625 is £66,813, from which a 10% deposit of £6,681 may be deducted. The mortgage cost of £60,131 (£66,813 - £6,681) is then divided by 3.5. To secure a mortgage of £60,131, an annual income of £17,180 (£60,131 / 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 £66,813. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which corresponds to £1,670, requiring an income of £6,681 (multiplied by 4 so that no more than 25% of income is spent on rent). Therefore, an annual income of around **£23,862** (£17,180 + £6,681) is required to afford a 50% shared equity purchase of an entry-level home.
178. A 75% equity share of £133,625 is £100,219, from which a 10% deposit of £10,022 can be deducted. The mortgage cost of £90,197 (£100,219 - £10,022) is then divided by 3.5. To secure a mortgage of £90,197, an annual income of £25,771 (£90,197 / 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 £33,406. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which corresponds to £835, requiring an income of £3,341 (multiplied by 4 so that no more than 25% of income is spent on rent). Therefore, an annual income of around **£29,111** (£25,771 + £3,341) is required to afford a 75% shared equity purchase of an entry-level home.

²⁶ 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 methods²⁷.

Age-Restricted General Market Housing

²⁷ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

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.

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 Standard²⁸

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 Order²⁹

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)³⁰

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.

²⁸ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

²⁹ See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

³⁰ See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

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 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 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 years³¹, 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.

³¹ 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 Housing³²

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

³² See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

raised electric sockets, lowered worktops, walk-in showers, and so on. Some will usually be designed to accommodate 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.³³

³³ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

