

Denmead

Housing Needs Assessment  
(HNA)

June 2022

Quality information

<b>Prepared by</b>	<b>Checked by</b>	<b>Approved by</b>
Fraser Young Graduate Environmental Consultant	Paul Avery Principal Housing Consultant	Paul Avery Principal Housing Consultant

Revision History

<b>Revision</b>	<b>Revision date</b>	<b>Details</b>	<b>Authorized</b>	<b>Name</b>	<b>Position</b>
1	June 2022	First Draft	FY	Fraser Young	Graduate Environmental Consultant
2	June 2022	Internal Review	PA	Paul Avery	Principal Housing Consultant
3	September 2022	Group Review	SY	Sarah Young	Operations Manager
4		Locality Review			
5		Final Report			

Prepared for: Denmead Neighbourhood Plan Steering Group

Prepared by:

AECOM Infrastructure & Environment UK Limited  
Aldgate Tower  
2 Leman Street  
London E1 8FA  
United Kingdom  
aecom.com

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

DLUHC	Department for Levelling Up, Housing and Communities (formerly MHCLG)
HMA	Housing Market Area
HNA	Housing Needs Assessment
HRF	Housing Requirement Figure (the total number of homes the NA is expected to plan for, usually supplied by LPAs)
HLIN	Housing Learning and Improvement Network
HRP	Household Reference Person
LHN	Local Housing Need
LPA	Local Planning Authority
NA	Neighbourhood (Plan) Area
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RQ	Research Question
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

# 1. Executive Summary

## Conclusions- Tenure and Affordability

1. In 2011, the majority of households in Denmead owned their own home (82.3%). This proportion is above the share of homeowners in the District (67.5%) and England (63.3%). Contrastingly, there are an additional 0.7% of shared owners, a lower share than the District and England as a whole according to the 2011 Census. However, there remains some degree of uncertainty regarding the current split between social and affordable rented housing, as completions data since 2021 is not broken down into market and affordable data.
2. Median house price growth was 54.7% between 2012 and 2021. Lower quartile prices (the cheapest 25% of homes sold) increased by 44.8% which equates to growth of £82,000 in absolute terms. This growth illustrates the difficulty that younger households and first-time buyers face in accessing home ownership over time.
3. Average market rents are also unaffordable to households on average incomes and below. Average income households are likely to be able to afford entry level rents but there are few of these properties available at any time. Social/affordable rents are critical to meeting the needs of households on lower incomes who are unable to afford market rents.
4. Affordable home ownership products have the potential to extend home ownership to households currently priced out of the market, but large discounts are required to reach households on average incomes. First Homes would need to be discounted by 40% in order to be affordable to households on average incomes. Shared ownership is required at smaller shares of 10-25% to reach these households (with 10% also being able to extend ownership to two lower quartile earners).
5. The latest evidence on the scale of need for affordable housing, the Winchester SHMA 2020, suggests there is need for 15.2 Affordable Rented homes each year and an additional 0.96 affordable home ownership properties each year in Denmead on the basis of its share of the District population to meet needs of households who cannot afford to rent or to buy.
6. It is recommended that, within the Affordable Housing that comes forward in future years, 70% should be in rented tenures and 30% should offer a route to ownership.
7. Table 4-6 summarises Denmead's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighbourhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.

8. The provision of First Homes at 25% of the affordable housing component will mean that there is limited scope to provide other forms of affordable home ownership. AECOM suggests the group discuss this issue with Winchester District and understand how the Council is planning to incorporate First Homes into its tenure mix.
9. This expected level of delivery would not be sufficient to meet all of the need identified in estimates of the need for affordable housing. This underlines the importance that the affordable housing policy requirement (40%) is met wherever possible in order to maximise delivery. The neighbourhood planning group may also wish to explore further avenues for delivering greater quantities of Affordable Housing (such as exception sites). It is not recommended that the Local Plan policy requirement be exceeded in the neighbourhood plan because such steps are rarely accepted by planning inspectors on the grounds that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could, furthermore, have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.
10. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all ways of boosting the supply of affordable housing.

## **Conclusions- Type and Size**

1. This study 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 parish or on any particular site. These include the specific characteristics of the nearby stock of housing (such as its condition and design), the role of the NA or site within the wider housing market area (linked to any Local Authority strategies or plans) and site-specific factors which may justify a particular dwelling mix.
2. The age structure of the population of Denmead has been shifting towards older groups in the population in recent years, in line with the ageing of the population. Denmead has an older bias to its population compared to Winchester District and England as a whole.
3. However, families with children account for around one quarter of households so remain an important group in the NA, though the population of younger people and households has fallen over time.
4. The housing stock in the NA has a large share of detached properties (33.8%) with additional 15.9% bungalows (both detached and semis). This larger bias to the stock is confirmed in the data on the size of dwellings which shows that properties with 3 or more bedrooms account for around two thirds of homes. A key issue highlighted by the

Denmead Neighbourhood Plan Steering Group is the need for bungalows which can be used by the elderly for downsizing. However, recent development has typically seen larger executive homes being built. The 2021 totals reinforce this concern by highlighting that the overall number of larger 3- and 4-bedroom dwellings drastically outweigh the number of smaller 1- and 2-bedroom dwellings, however the completions data provided by Winchester City Council (Table 5.4), demonstrate that more 2-3 bedroom homes have been built, with very few 4+ bedrooms over the 2011-2021 period.

5. There is a small share of flats in Denmead (12.1%) and just 6.6% of homes have 1 bedroom. This suggests there is limited availability of smaller properties for those who might need or only be able to afford them.
6. Modelling future dwelling requirements suggests that there is a need for new smaller to mid-sized homes, particularly relating to 2-bedroom homes where the requirement balance of new housing to reach target mix is 33.6%. This is consistent with the Winchester SHMA evidence. However, evidence on the previous chapter on house prices and affordability suggests that the provision of some smaller properties may help to achieve affordability improvements alongside the provision of affordable housing.



## 2. Context

### Local context

7. Denmead is a Neighbourhood Area (NA) located in the local government district of Winchester, Hampshire. The NA boundary covers the majority of Denmead Parish but excludes part of the Parish inside the administrative area of the South Down National Park Authority and also excludes a small section of the Parish in its southeast corner that forms part of the 'West of Waterlooville' strategic housing development scheme. The NA designation was approved by WCC on 17 September 2012 and the DNP is being prepared by a working party of Denmead Parish Council (DPC), which is the qualifying body for making the neighbourhood plan.
8. The proposed Neighbourhood Plan period starts in 2011 and extends to 2038, therefore comprising a planning period of 27 years. The evidence supplied in this report will look forward to the Plan end date of 2038, but where possible will also provide annualised figures which can be extrapolated to a different term if the Plan period changes.
9. Denmead is situated 12 miles North of Portsmouth, 17 miles southeast of Winchester, and from approximately 1200AD was not a clearly defined settlement site but rather a number of scattered farms and cottages part of the Forest of Bere, which stretched from the Meon Valley in the West to Havant in the East. The South Downs National Park also lies just to the north of the village, although outside the designated NA. In terms of amenities, there is a restaurant, deli/café, Co-op, post office, chemist, two schools (Denmead Infant School and Denmead Junior School) in addition to a Church (All Saints' Church).
1. The Denmead Parish Council (DPC) boundary and the NA were identified from boundary maps available on Winchester City Council's (WCC) website.<sup>1</sup>
2. For Census purposes, the Neighbourhood Area is made up, like the rest of England, of statistical units called Output Areas (OAs). The Plan area equates to the following OAs, which have been used throughout as a statistical proxy for the NA boundary and which can be interrogated for data from both the 2001 and the 2011 Censuses:
  - E01023232 Lower Super Output Area (LSOA)
  - E01023234 Lower Super Output Area (LSOA)
  - E01023233 Lower Super Output Area (LSOA)
  - E01023231 Lower Super Output Area (LSOA)
3. This data area aligns with the parish boundary according to the map below, not the NA boundary. However, it cannot be broken down in a way which reflects the NA boundary, so this serves as the best available proxy.
4. The statistics show that in the 2011 Census the NA had a total of 6,728 residents, formed into 2,727 households and occupying 2,831 dwellings. The Office for National Statistics (ONS) produces mid-year population estimates for parishes and wards throughout the country. The mid-2020 population estimate for Denmead is 7,633 – indicating population

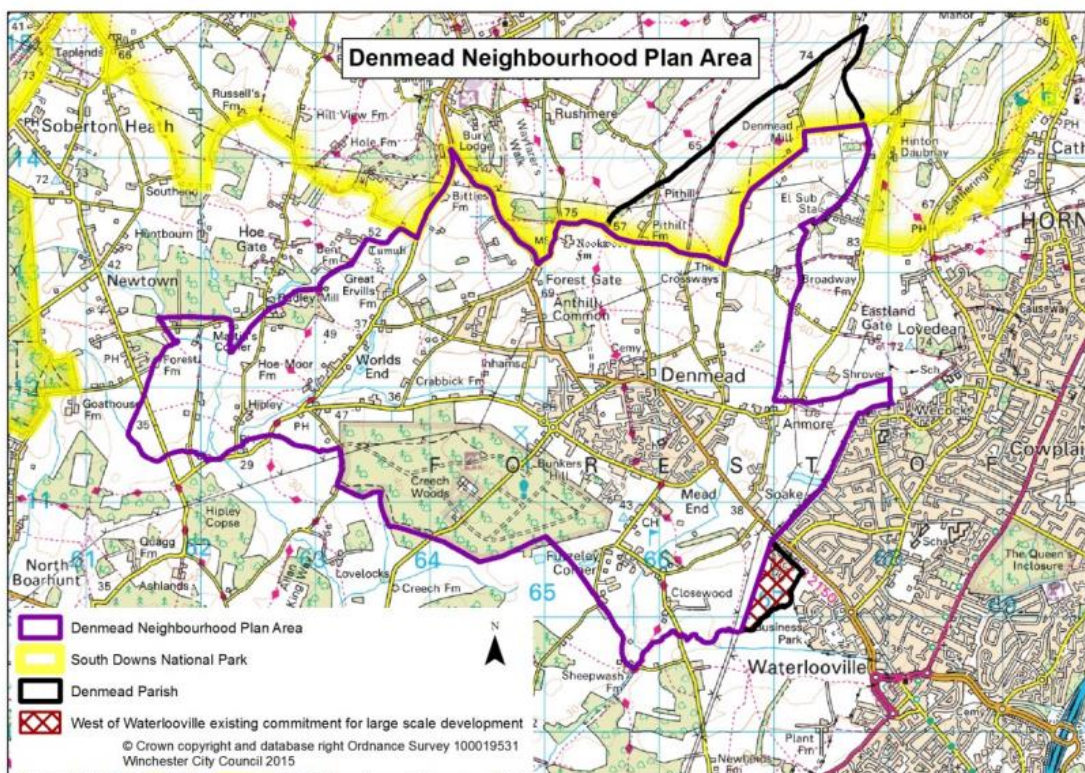
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<sup>1</sup> Winchester City Council (2022) Denmead Parish Boundary Available at: [Home - Winchester City Council](#)

growth of around 905 individuals (13.5%) since 2011. It is worth noting that this figure is an estimate only, based on data which is mostly available at local authority level such as administrative registers of births and deaths, data on moves between local authorities, small-area population estimates and official population projections, and not based on a survey count.

5. Data provided by Winchester City Council reveals that 275 (net) dwellings have been completed in Denmead Parish between 2011-2021. It may be concluded that 275 dwellings are sufficient to support Denmead’s estimated population growth stated in the previous paragraph (905 individuals), if 3-4-person households are taken as the average, although this is greater than the average household size in the Census and therefore suggests that the latest estimate of population growth may be an overestimate.
6. A map of the Plan area appears below in Figure 2-1.

**Figure 2-1: Map of the Denmead Neighbourhood Area**



Source: Winchester City Council

## The Housing Market Area Context

7. Whilst this HNA focuses on Denmead neighbourhood area it is important to keep in mind that neighbourhoods are not self-contained housing market areas. Housing market areas are usually wider than local authority areas and often stretch across a number of districts or boroughs. This is because housing market areas are inherently linked to the labour market, employment patterns and travel to work areas. In the case of Denmead, the Parish sits within a housing market area which covers the southern part of Winchester District Southern Test Valley (Romsey and Southern-rural sub-areas) is identified as

forming part of the PUSH sub-region<sup>2</sup> (which incorporates Denmead and other towns in the South of Winchester) with the remaining three subareas (Andover, Central-Rural and North-Rural) being part of a Northern Test Valley sub-market. This means that when households who live in these authorities move home, the vast majority move within this geography. The housing market area also has links to other neighbouring areas however, including East Hampshire and the South Downs National Park area. The latter is not a self-contained housing market but can be seen as a distinctive submarket.

8. At the neighbourhood scale it is not possible to be definitive about housing need and demand because neighbourhoods, including Denmead, are closely linked to other areas. In the case of Denmead, changes in need or demand in settlements nearby, particularly Winchester City, is likely to impact on the neighbourhood.
9. In summary, Denmead functions within a wider strategic area. As well as fostering good working relationships with the local planning authority, Winchester City Council, it is therefore useful to think about the *role* of the neighbourhood within the wider area. This HNA can provide evidence to understand this role and the specific features of the neighbourhood within this wider context. Neighbourhood Plans can have a significant impact in shaping their neighbourhoods, enhancing the positive role the neighbourhood plays within the wider housing market, or developing policies to change entrenched patterns and improve housing outcomes in the neighbourhood and wider area.

## Planning policy context

10. Neighbourhood Plans are required to be in general conformity with adopted strategic local policies.<sup>3</sup> In the case of Denmead, the relevant adopted Local Plan for Winchester District consists of:
  - The Local Plan Part 1 Joint Core Strategy (adopted 2013)
  - The Local Plan Part 2 Development Management and Site Allocations (adopted 2017)

## Policies in the adopted local plan

11. Table 2-1 below summarises adopted Local Plan policies that are relevant to housing need and delivery in Denmead.

**Table 2-1: Summary of relevant adopted policies in the Winchester District Local Plan (Part 1 Joint Core Strategy (2013) and Part 2 Development Management and Site Allocations (2017))**

Policy	Provisions
DS1 – Development Strategy and Principles	The policy specifies that the Market Towns and Rural Areas ( <b>which includes Denmead</b> ) will make provision for about 2,500 new homes and support economic and community development that serves local needs in the most accessible and sustainable locations, promotes the vitality

<sup>2</sup> Winchester District Council (2020) Strategic Housing Market Assessment Available at: [Winchester District SHMA Report FINAL \(1\).pdf](#)

<sup>3</sup> A description of the Basic Conditions of Neighbourhood Planning is available at <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

Policy	Provisions
	<p>and viability of communities, and maintains their rural character and individual settlement identity.</p> <p>Applying a town centres first approach to retail, leisure or other development proposals that are high attracters of people, in accordance with the following hierarchy of centres:</p> <ul style="list-style-type: none"> <li>● Sub-regional town centre – Winchester</li> <li>● Town centre – Whiteley</li> <li>● District centres – Bishops Waltham, New Alresford, Wickham</li> <li>● Local centres – <b>Denmead</b>, Kings Worthy, and in Winchester Oliver’s Battery, Stockbridge Road/Andover Road, Weeke;</li> </ul>
MTRA1 – Development Strategy Market Towns and Rural Area	<p>The policy states that the spatial planning vision for the Market Towns and Rural Area will be achieved through:</p> <ul style="list-style-type: none"> <li>● identifying and providing for the needs of each settlement, to fulfil its needs relative to its role and function;</li> <li>● the provision of new homes to meet the local housing needs of the settlements in this spatial area. A range of housing types, sizes and tenures, including affordable housing, should be provided to meet a range of requirements, including those of older persons and people with disabilities and support needs to ensure social inclusion;</li> <li>● retention or redevelopment of existing employment land and premises, and development of new sites or buildings, to provide and improve local employment opportunities for both existing and new businesses and to support entrepreneurship;</li> <li>● the retention and improvement of rural shops and community facilities, including expansion at an appropriate scale in keeping with the location and the community they serve and their role in the hierarchy of retail centres;</li> <li>● development proposals which maintain and enhance important local character and built or natural features and retain settlement identity;</li> <li>● development should be of an appropriate scale so as not to exceed the capacity of existing services and infrastructure or should be accompanied by any required improvements to physical and community infrastructure provision, including rural transport initiatives and communications technology.</li> </ul>
MTRA 2 – Market Towns and Larger Villages	<p>The policy supports the evolution of the larger settlements in the Market Towns and Rural Area to maintain and improve their role and function and to meet a range of local development needs. This includes provision of around 250 homes in <b>Denmead</b>.</p>



Policy	Provisions
	<p>Housing, employment, retail and services should be accommodated through development and redevelopment opportunities within existing settlement boundaries in the first instance.</p> <p>Sites outside settlement boundaries will only be permitted where, following an assessment of capacity within the built-up area, they are shown to be needed, or to meet a community need or realise local community aspirations identified through a Neighbourhood Plan or other process which demonstrates clear community support.</p> <p>All new development should be appropriate in scale and design and conserve each settlement's identity, countryside setting, key historic characteristics and local features, particularly as identified in Village Design Statements, the District Landscape Assessment or other guidance. Development should protect areas designated for their local, national, or international importance, such as Gaps and the South Downs National Park</p>
CP1 – Housing Provision	<p>Provision will be made within the District for the provision of about 12,500 dwellings (net) in the period April 2011 to March 2031, distributed between the three spatial areas as follows: Winchester Town 4,000 dwellings South Hampshire Urban Areas 6,000 dwellings Market Towns and Rural Area 2,500 dwellings (which includes Denmead). Around 8,000 of this total will be within major developments at North Winchester (2,000), West of Waterlooville (2,500) and North Whiteley (3,500).</p>
CP 2 – Housing Provision and Mix	<p>The policy states that new residential development should meet a range of community housing needs and deliver a wide choice of homes, with priority being given to the provision of new affordable housing.</p> <p>Development should provide a range of dwelling types, tenures and sizes and, as appropriate to the site size, location and characteristics, this should include a mix of market homes for sale, affordable homes and homes attractive to the private rented sector, particularly on larger sites.</p> <p>Specialist forms of accommodation such as extra care housing for older persons and homes for those with disabilities and support needs should be provided, where appropriate, taking into account local housing needs.</p> <p>A majority of homes should be in the form of 2 and 3 bed houses, unless local circumstances indicate an alternative approach should be taken, including where there is an imbalance of housing types and sizes in particular parts of the District.</p>
CP 3 – Affordable Housing	<p>The policy states that all development which increases the supply of housing will be expected to provide 40% of the gross number of dwellings</p>

Policy	Provisions
Provision on Market Led Housing Sites	<p>as affordable housing, unless this would render the proposal economically unviable.</p> <p>Normally, 70% of the affordable homes should be for rent (with rent levels being determined having regard to local incomes of those living in priority housing need), with the balance being Intermediate Affordable Housing.</p> <p>Affordable housing should be provided on-site, indiscernible from and well-integrated with market housing, unless off-site provision would better meet priority housing needs and support the creation of inclusive and mixed communities.</p> <p>On sites of less than 5 dwellings a financial contribution in lieu of on-site provision will be accepted.</p> <p>Affordable housing should remain available for as long as a need exists. In considering housing proposals the aim will be to balance housing needs, the economics of provision and local circumstances.</p>
CP4 – Affordable Housing on Exception Sites to Meet Local Needs	<p>The policy states that in order to maximise affordable housing provision to meet identified affordable housing needs the Local Planning Authority will exceptionally grant permission or allocate sites for the provision of affordable housing to meet the specific local needs of particular settlements, on land where housing development would not normally be permitted, and in addition to general housing provision in Policy CP1. This will include meeting community aspirations identified through a Neighbourhood Plan to provide affordable housing where this is consistent with other policies in this Local Plan.</p> <p>Development will only be permitted where:</p> <ul style="list-style-type: none"> <li>• the proposal is suitable in terms of its location, size and tenure to meet an identified local housing need that cannot be met within the policies applying to the settlement to which that need relates;</li> <li>• the scheme is of a design and character appropriate to its location and avoids harm to the character of the area or to other planning objectives, taking account of the policy objective to maximise affordable housing provision;</li> <li>• the affordable housing is secured to meet long-term affordable housing needs, and will remain available in perpetuity (subject to any legislative requirements);</li> <li>• Subject to the needs of the local community the affordable homes should be for rent (with rent levels being determined by reference to local incomes of those in priority housing need). In exceptional circumstances a modest element of other tenures may be allowed on the most suitable identified sites in order to enable a development to proceed, providing no less than 70% of the homes proposed meet</li> </ul>

Policy	Provisions
CP18 – Settlement Gaps	<p>priority local affordable housing needs. In these circumstances the applicant should demonstrate that the proposal has community support and that alternative forms of housing are required due to the economics of provision. The quantity, tenure and type of that housing should be limited to that which allows the affordable housing development to proceed.</p> <hr/> <p>The Local Planning Authority will retain the generally open and undeveloped nature of the following defined settlement gaps: <b>Denmead</b> – Waterlooville.</p> <p>The policy states that within these areas, only development that does not physically or visually diminish the gap will be allowed. Gaps provide a key opportunity to provide green infrastructure around the District, in addition to shaping and maintaining the settlement pattern. They are a valuable tool and the principle of maintaining gaps in these locations is retained. Any detailed review of the boundaries of these gaps will be undertaken in future Local Plan Part 2 or a Neighbourhood Plan, in accordance with the principles contained in the PUSH Policy Framework for Gaps.</p> <p>Across the District there are a number of areas of undeveloped land which help to define and retain the separate identity of settlements, an aspect highly valued by many communities, and the concept of gaps is an established spatial planning tool locally. It is also an important element sub-regionally and the Partnership for Urban South Hampshire (PUSH) has specifically produced guidance to ensure a consistent approach is taken across the sub-region in terms of criteria for designation – ‘Policy Framework for Gaps’.</p>
DM1 – Location of New Development	<p>Development that accords with the Development Plan will be permitted within the defined boundaries of the settlements, including <b>Denmead</b>. Outside of these areas, countryside policies will apply and only development appropriate to a countryside location will be permitted, as specified in Policies MTRA4, MTRA5, DM10 – DM13, etc.</p>
DM2 – Dwelling Sizes	<p>In order to provide for a suitable mix of housing, in accordance with Policy CP2, all new dwellings constructed in the District should exceed a minimum gross internal floor area of 39 sq.m. Affordable dwellings should meet the relevant ‘nationally described space standards’ in full and, where practical and viable, be constructed to Part M4 Category 2 of the Building Regulations standards.</p>
Policy CP14	<p>The Effective Use of Land In order to ensure that scarce development land is used effectively, the Local Planning Authority will support higher densities on sites which have good access to facilities and public transport, particularly within the urban areas. The development potential</p>

Policy	Provisions
	of all sites should be maximised, and will be balanced against the need to promote high quality design. The primary determinant of the acceptability of a scheme will be how well the design responds to the general character of the area.

Source: Winchester District Local Plan Part 1 and Part 2

## Policies in the emerging local plan

- Table 2-2 below summarises emerging Local Plan policies that are relevant to housing need and delivery in Denmead. The new Local Plan is at a relatively early stage and as such there are no draft policies or preferred options to examine. However, the Strategic Issues and Priorities Consultation sets out 9 key areas of focus for the new Local Plan. These include ‘Homes for All (4)’ and ‘Living Well’ (7) which are relevant to the development of housing policies in the Local Plan and to the Denmead Neighbourhood Plan and HNA.

**Table 2-2: Summary of relevant emerging policies in the Winchester District Strategic Issues and Priorities 2018-2039**

Policy	Provisions
Homes for All (Key area of focus 4)	<p>This area of focus highlights a number of issues informing this area of policy, including worsening affordability of housing; the need to boost housing supply; balancing climate change challenges; providing specialist housing; providing the right homes for the community, and recognising increased trends in working from home.</p> <p>The Government’s Standard Method calculates the need for 14,000 homes in the District (700 per annum) over the plan period. The consultation document states that most of these homes are already allocated or permitted, leaving a shortfall for the new Local Plan of 2,700 homes. The new Local Plan is considering four strategic options for the provision of homes over the plan period, and each has different implications for Denmead.</p> <p>Options 1-3 imply a continuation of the NA’s role in the provision of housing, with the majority of development focused on Winchester or on strategic sites and reflecting the existing settlement hierarchy. Option 4 implies a greater housing requirement for the market towns and rural area of the District (which includes Denmead) under a more dispersed pattern of new development. This might imply a higher level of development in <b>Denmead</b> as one of the larger settlements in the market towns and rural area in the south of the District.</p>



<b>Policy</b>	<b>Provisions</b>
Living Well (Key area of focus 7)	This area of policy covers a wide range of issues but includes the identification of the concern that new homes should be large enough for everyone of working age to work from homes.

## **Quantity of housing to provide**

13. The NPPF 2021 (paragraphs 66 and 67) requires Local Authorities to provide neighbourhood planning groups upon request with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
14. Winchester District has fulfilled that requirement by providing Denmead with the requirement to provide 250 dwellings over the Local Plan period (2011 to 2031)<sup>4</sup>. This level of housing provision equates to 12.5 homes each year. However, the emerging Local Plan is at an early stage and so a new figure for the neighbourhood area may emerge as the new Local Plan is developed.
15. The LPA have provided a snapshot of current permissions. The number of permissions that are currently outstanding approximates 66 properties, which mainly consist of small residential properties or large residential properties on existing agricultural land. 2-bedroom Houses or Flats account for the majority of current permissions with 25 properties (18 of which are located at Parklands) however the permissions also include a 5-bed residential care property which is currently under construction.

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<sup>4</sup> As confirmed in policy MTRA 2 in the adopted Local Plan.

## 3. Approach

### Research Questions

16. The following research questions were formulated at the outset of the research through discussion with the Denmead Neighbourhood Plan Steering Group. They serve to direct the research and provide the structure for the HNA.

### Tenure and Affordability

17. The Steering Group would like to understand the needs of the community for housing of varying tenures, as well as the relative affordability of those tenures that should be provided to meet local need now and into the future.
18. This evidence will allow Denmead 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.
19. The neighbourhood planners are interested in exploring the need for Affordable Housing for sale (also known as affordable home ownership) and are therefore eligible for support under the Affordable Housing for sale element of the Neighbourhood Planning Technical Support programme. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

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

### Type and Size

20. The Steering Group is seeking to determine what size and type of housing would be best suited to the local community. There is a perceived shortage of smaller dwellings with recent development skewed towards larger dwellings and the smaller homes in the existing stock often extended to provide larger accommodation. For example, recent development has been larger executive homes and when mid-sized homes are built, it is typical for 3-beds to be extended to 5-beds.
21. The aim of this research question is to provide the Steering Group 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.
22. While this study is not able to advise on space standards or home configurations, it may reveal imbalances between the available stock and demographic trends.
23. Note, however, that the evidence gathered here takes the current population as its starting point and projects forward trends that exist today. It therefore risks embedding features of the housing stock and occupation patterns that the community may actually wish to change. In that sense, the findings in this report might be viewed as the baseline

scenario on top of which the community's objectives and primary evidence should be layered to create a more complete picture and vision for the future.

***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?***

## Relevant Data

24. This HNA assesses a range of evidence to ensure its findings are robust for the purposes of developing policy at the Neighbourhood Plan level and is locally specific. This includes data from the 2011 Census and a range of other data sources, including:
- Other Office of National Statistics (ONS) datasets providing more up-to-date demographic information;
  - ONS population and household projections for future years;
  - Valuation Office Agency (VOA) data on the current stock of housing;
  - Land Registry data on prices paid for housing within the local market;
  - Rental prices from Home.co.uk; and
  - The Winchester SHMA 2020 (Iceni consultants).<sup>5</sup>
25. More recent data sources for the population and existing housing stock will be used wherever possible in this report. However, Census datasets providing, for example, the breakdown of households (as opposed to individuals) by age and the tenure of dwellings, cannot be accurately brought up to date in this way. Such patterns are instead generally assumed to persist to the present day.

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<sup>5</sup> Winchester District Council (2020) SHMA Available at: [Winchester District SHMA Report FINAL \(2\).pdf](#)

## 4. RQ 1: Tenure, Affordability and the Need for Affordable Housing

***RQ1: What Affordable Housing (e.g. social housing, affordable rented, shared ownership, discounted market sale, intermediate rented) and other market tenures should be planned for in the housing mix over the Neighbourhood Plan period?***

### Introduction

26. This section approaches the question of affordability from two perspectives. First, it examines what tenure options are currently available in the parish and which of them might be most appropriate going forward, based on the relationship between how much they cost and local incomes. Second, it estimates the quantity of Affordable Housing that might be required during the Neighbourhood Plan period. The scale of need for these homes can justify planning policies to guide new development.
27. Tenure refers to the way a household occupies their home. Broadly speaking, there are two categories of tenure: market housing (such as homes available to purchase outright or rent from a private landlord) and Affordable Housing (including 20 recognized products like social rent and shared ownership). We refer to Affordable Housing, with capital letters, to denote the specific tenures that are classified as affordable in the current NPPF. A relatively less expensive home for market sale may be affordable but it is not a form of Affordable Housing.
28. The definition of Affordable Housing set out in the NPPF 2021 makes clear the Government's commitment to home ownership by broadening the definition to include a range of low-cost housing opportunities for those aspiring to own a home. As part of this effort, the Government has recently introduced a new product called First Homes.<sup>6</sup>
29. Because the First Homes product is new and expected to be an important part of the strategy for improving access to home ownership, it is worth summarizing its key features and implications:
  - First Homes should be available to buy with a minimum discount of 30% below their full market value (i.e., the value of an equivalent new home);
  - The discount level can be set higher than 30% – at 40% or 50% – where this can be suitably evidenced. The setting and justifying of discount levels can happen at neighbourhood as well as local authority scale;
  - After the discount is applied the initial sale price must not exceed £250,000 (or £420,000 in Greater London), and lower caps can be set locally;

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<sup>6</sup> The shape that the new First Homes product will take is set out in a Ministerial Statement issued in May 2021, available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>. The relevant update to PPG is available here: <https://www.gov.uk/guidance/first-homes#contents>.

- Purchasers must be first-time buyers with an income less than £80,000 (or £90,000 in Greater London), and First Homes can be prioritised for local people and/or key workers;
- They will be subject to legal restrictions ensuring the discount is retained for future occupants, and renting out or sub-letting will not normally be permitted;
- In addition to setting the discount level, local authorities and neighbourhood planning groups can apply additional criteria, such as a lower income cap, local connection test or prioritisation for key workers through adopted plans, emerging policy or Supplementary Planning Documents.
- 25% of all homes delivered through section 106 developer contributions on sites enabled through the planning process should be sold as First Homes. In simpler terms, 25% of all subsidised Affordable Housing on mainstream housing developments should be First Homes. This is likely to mean that First Homes will take the place of shared ownership housing in many circumstances, and in some cases may also displace social or affordable rented homes.

## Current tenure profile

30. The current tenure profile is a key feature of the Neighbourhood Area (NA). Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing.
31. Table 4-1 below presents data on tenure in Denmead compared with Winchester District and England from the 2011 Census, which is the most recent available source of this information.
32. In 2011, the majority of households in Denmead owned their own home (82.3%). This proportion is above the share of homeowners in the District (67.5%) and England (63.3%). Contrastingly, the 0.7% of households in shared ownership is a lower share than the District and England as a whole.
33. The NA has a relatively small proportion of social rented housing compared to Winchester and England at just 8.3% of households. The private rented sector is also small by comparison to the District and England at just 7.7% of households. It is likely to have grown since 2011, in line with national trends. The size of both the social and private rented sectors suggests that opportunities for renting affordable housing or using housing benefit in a private rented dwelling may be constrained in Denmead. It may be important to consider whether rental properties in the NA are let quickly, which may indicate that there is pressure in this market.
34. Although the Local Authority have provided a breakdown of new homes built since 2011 this unfortunately does not distinguish by tenure, so it is not possible to update the split between market and affordable housing. There is also no current data on the proportion of housing that is rented because the choice to let out a property does not require

planning permission or other changes that would be recorded centrally. The 2021 Census will provide the most robust and up-to-date picture of this when the results are released in the coming months. However, it is interesting to observe the change recorded between the 2001 and 2011 Census: in Denmead the private rented sector expanded by 140% in that period, a rate of growth that exceeded growth in Winchester District (79%) and England as a whole (82%) substantially. Interestingly, the proportion and number of shared ownership properties also expanded over the same period by 111%. The number of social rented properties also increased by 10% (2001-2011), in contrast to England as a whole where the number fell (-1%). There was only modest growth in Winchester District (5%).

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

Tenure	Denmead	Winchester	England
Owned	82.3%	67.5%	63.3%
Shared ownership	0.7%	0.9%	0.8%
Social rented	8.3%	15.5%	17.7%
Private rented	7.7%	14.1%	16.8%

Sources: Census 2011, AECOM Calculations

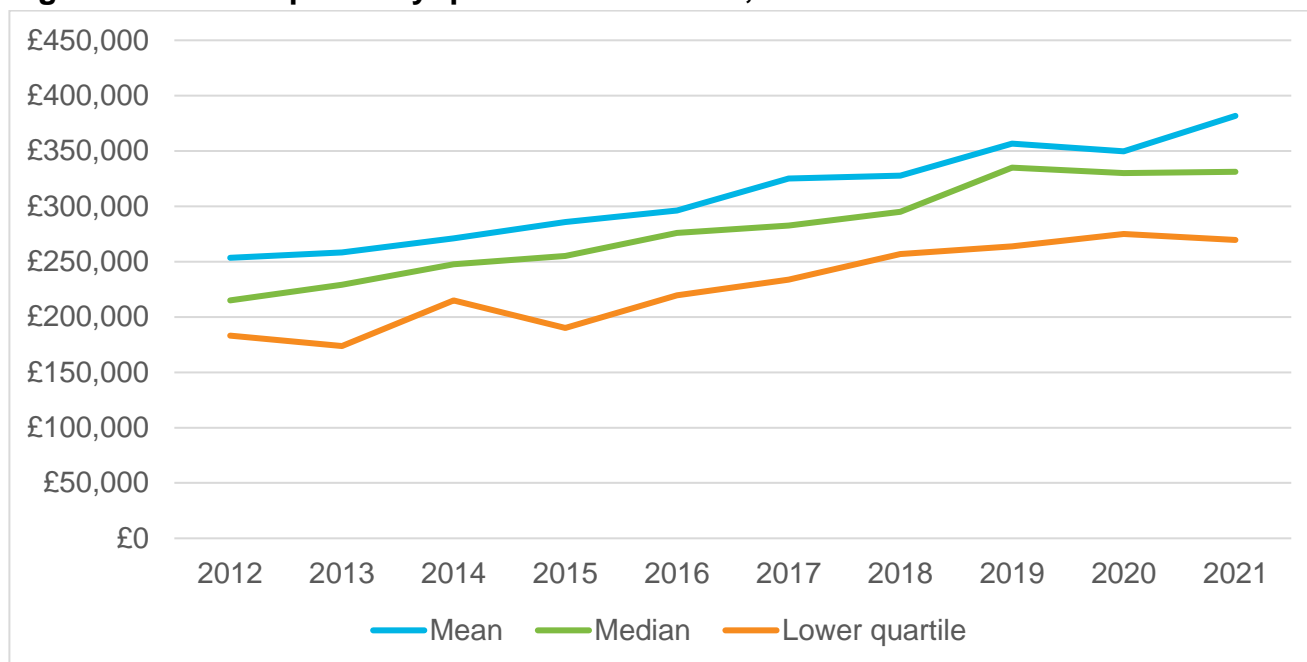
## Affordability

### House prices

35. House prices provide an indication of the level of demand for homes within an area. The relationship between house prices and incomes determines whether housing is affordable to local households and, to a large extent, what tenure, type and size of home they occupy. Changes in affordability over time can indicate pressures in the housing market. As such, it is useful for the evidence base for plans to examine trends in prices and consider what this reveals about the local housing market.
36. A recent issue highlighted by the Denmead Neighbourhood Plan Steering Group is that starting prices can be as high as £300,000 and so young people are unable to get mortgages.
37. Figure 4-1 looks at the average and lower quartile house prices in Denmead based on sales price data published by the Land Registry. It shows that average house prices, whether measured as the mean or median, have risen substantially since 2012. Mean average prices have risen by 51.3% but because this captures the average of all the house prices, both high and low, the few outlying data points on the high end (with some properties sold for over £2 million in the NA) cause the mean to increase, making it higher than the median. Median house price growth was 54.7% over the same period. However, on both measures, the absolute increase was around £118,000.
38. Lower quartile prices (the cheapest 25% of homes sold) increased by 44.8% which equates to growth of £82,000 in absolute terms. This growth illustrates the difficulty that younger households and first-time buyers face in accessing home ownership over time. Prices in Denmead are higher than England and Wales as a whole but lower than the District average. The mean average in England and Wales was £324,790 in 2020

compared to £555,570 for Winchester District and £347,724 in Denmead. However, in 2021 new build average prices in the NA (£452,495) are substantially above the district average (£360,000) and levels for the country as a whole (£311,001).

**Figure 4-1: House prices by quartile in Denmead, 2012-2021**



Source: Land Registry PPD

39. Table 4-2 below breaks down house prices by type, presenting the median within each type – note that the median average overall price is lower than the mean because of the inclusion of very high-priced outliers included in the mean calculation. It shows that the average price of flats has increased by the lowest rate over the period at 32.4% growth. Unsurprisingly, the price of detached houses is highest, with average prices around £332k in 2021.

**Table 4-2: Median house prices by type in Denmead, 2012-2021**

Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth
Detached	£312K	£346K	£328K	£340K	£375K	£430K	£410K	£421K	£412K	£455K	45.8%
Semi-detached	£205K	£228K	£240K	£257K	£289K	£292K	£288K	£300K	£300K	£305K	48.8%
Terraced	£182K	£221K	£235K	£245K	£252K	£262K	£270K	£265K	£284K	£270K	48.4%
Flats	£137K	£155K	£155K	£159K	£175K	£195K	£179K	£190K	£193k	£182K	32.4%
<b>All Types</b>	<b>£215K</b>	<b>£229K</b>	<b>£249K</b>	<b>£255K</b>	<b>£278K</b>	<b>£283K</b>	<b>£299K</b>	<b>£334K</b>	<b>£328K</b>	<b>£332K</b>	<b>54.1%</b>

Source: Land Registry PPD

## 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 ONS's estimates of incomes in small areas. This is locally specific but limited to the overall average income (i.e. it does not provide the average income of lower earners). The average total household income before housing costs locally was £53,100 in 2018. A map of the area to which this data applies is provided in Appendix A. It is worth noting that E02004842 is the MSOA that overlaps to the greatest extent with the Neighbourhood Area. It encompasses the entire NA plus a small additional neighbouring parish.
42. The second source is ONS's annual estimates of UK employee earnings. This provides lower quartile average earnings (i.e. the income of the lowest 25% of earners). However, it is only available at the Local Authority level. It also relates to individual earnings. While this is an accurate representation of household incomes where there is only one earner, it does not represent household income where there are two or more earners. Winchester's gross individual lower quartile annual earnings were £20,279 in 2020. To estimate the income of households with two lower quartile earners, this figure is doubled to £40,558.
43. It is immediately clear from this data that there is a large gap between the spending power of average earning households and those earning the lowest 25% of incomes, particularly where the household in question has one earner only.

## **Affordability Thresholds**

44. To gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds': the estimated amount of annual income required to cover the cost of rent, or a mortgage given local housing prices.
45. AECOM has determined thresholds for the income required in Denmead to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in the NPPF. These calculations are detailed and discussed in more detail in Appendix A.
46. 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 30% and that mortgage financing will be offered at a maximum of 3.5 times household income.
47. These are standard assumptions across housing needs assessments at neighbourhood and local authority scale although different approaches are sometimes taken, and a case can be made for alternatives. The mortgage multiplier is particularly variable, with multipliers up to 4.5 or even above 5 times income increasingly available, although the actual average in practice tends to be lower, particularly where applicants are dual earning. The Financial Conduct Authority uses 3.5 or more as its standard assumption for single applicants and 2.75 or more for dual applicants. The percentage of income to be spent on rent also varies considerably for individuals, and it is increasingly common for households to dedicate a larger proportion of their earnings to rent. When considering affordability it is considered good practice to be conservative, and the 30% benchmark



is used as ONS's current standard assumption. While larger mortgages and higher rents may be feasible for individuals, this creates vulnerability to changing economic circumstances and may not be a possibility for many people with the most acute housing needs. Different assumptions would, however, alter the picture of affordability that emerges here. This is another reason to interpret the findings with a degree of flexibility.

48. Table 4-3 summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. The income required column assumes the household already has access to a deposit (which we have assumed to be 10% of the value to be purchased) but does not reflect the possibility that households may already hold equity from an existing property. Although these factors may be crucial to whether housing will be affordable, they are highly dependent on individual circumstances that cannot be anticipated here.

49. The same information is presented as a graph in Fig on a subsequent page, with selected measures from the table presented for clarity.

**Table 4-3: Affordability thresholds in Denmead (income required, £)**

Tenure	Mortgage Value	Rent	Income required	Affordable on mean incomes?	Affordable on LQ 1 incomes?	Affordable on LQ 2 incomes?
<b>Market Housing</b>						
Median House Price	£298,125	-	<b>£85,179</b>	No	No	No
LA New Build Median House Price	£324,000		<b>£92,571</b>	No	No	No
LQ/Entry-level House Price	£242,663	-	<b>£69,332</b>	No	No	No
Average Market Rent	-	£18,492	<b>£61,640</b>	No	No	No
Entry-level Market Rent	-	£12,528	<b>£41,760</b>	Yes	No	No
<b>Affordable Home Ownership</b>						
First Homes (-30%)	£208,688	-	<b>£59,625</b>	No	No	No
First Homes (-40%)	£178,875	-	<b>£51,107</b>	Yes	No	No
First Homes (-50%)	£149,063	-	<b>£42,589</b>	Yes	No	No
Shared Ownership (50%)	£149,063	£4,141	<b>£56,391</b>	No	No	No
Shared Ownership (25%)	£74,531	£6,211	<b>£41,998</b>	Yes	No	No
Shared Ownership (10%)	£29,813	£7,453	<b>£33,362</b>	Yes	No	Yes
<b>Affordable Rented Housing</b>						
Affordable Rent	-	£8,685	<b>£28,919</b>	Yes	No	Yes
Social Rent	-	£6,209	<b>£20,675</b>	Yes	No	Yes

Source: AECOM Calculations

50. Before considering each tenure category in turn, it is important to stress that these affordability thresholds have been calculated to give a sufficiently robust indication of the costs of various tenures to inform Neighbourhood Plan policy choices. These figures rely on existing data and assumptions, and it is not possible to estimate every possible permutation. The income figures also disguise a large degree of variation. For simplicity the analysis below speaks in terms of tenure products being 'affordable' or 'not affordable' for different groups, but individual circumstances and the location,

condition and other factors of specific properties in each category have a large impact. These conclusions should therefore be interpreted flexibly.

### **Market housing for purchase and rent**

51. Thinking about housing for purchase on the open market, it appears that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. Market housing, even with the benefit of a higher-than-average income, is likely to remain out of reach to most. The median house price would require an annual income of £85,500, which is over 61% higher than the average household income in the neighbourhood area.
52. Private renting is generally only affordable to average earners with regards to entry-level rents and only affordable to higher earners for average market rents. Households made up of one lower quartile earner cannot afford the given rental thresholds and two lower quartile earners can marginally afford entry level rent. Affordability is improved if households are able or willing to dedicate a larger proportion of their incomes to rental costs, although this has repercussions for other quality of life aspects and cannot be assumed to suit all individuals' circumstances.

### **Affordable home ownership**

53. There is a relatively large group of households in Denmead who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £41,760 per year (at which point entry-level rents become affordable) and £69,332 (at which point entry-level market sale homes become affordable). This 'can rent, can't buy' cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
54. First Homes are to be offered at a discount of at least 30% on equivalent market prices (i.e. new build, entry-level properties). Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate.
55. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. It is important to note that any discount which brings market homes below the price of existing entry level properties would extend the opportunity of home ownership to more households. As such, First Homes discounted at 40% or more would be capable of extending home ownership to households currently unable to afford to buy on the market, including to average incomes in this NA. However, 50% would be marginally affordable to households on two lower quartile incomes but this would potentially have knock on effects on viability of sites for delivering other forms of AH (such as social/affordable rents). First Homes at 40% discount are likely to be affordable only to those on incomes of £51,300, and those offered at 50% discount are affordable to average household incomes in Denmead approximating £42,750.
56. Table 4-4 shows the discount required for First Homes to be affordable to the three income groups. Because it is not possible to estimate the cost of a typical First Home due to a lack of data on new build entry-level house prices in the NA, it is worth

considering the discounts required for some additional price benchmarks. The table above uses median house prices in the NA as the best proxy for the cost of a newly built entry-level home in the area, because this reflects the local market and accounts for the price premium usually associated with newly built housing (which would bring the price closer to the price of median existing homes than existing entry-level homes).

57. However, it is worth thinking about First Homes in relation to the cost of new build prices in the wider area, and of entry-level existing prices locally to get a more complete picture. The discount levels required for these alternative benchmarks are given below.

**Table 4-4: Discount on sale price required for households to afford First Homes**

Tenure/ product:	Mean Income	LQ Income 1	LQ Income 2
NA Median House Price	38%	76%	53%
LA New Build Median House Price	43%	78%	56%
NA Entry-level House Price	22%	70%	40%

Source: Land Registry PPD; ONS MSOA total household income

58. Shared ownership appears to be similarly affordable to First Homes but is broadly accessible to the same groups. Government has recently announced that the minimum equity share for shared ownership will fall to 10% of the property value.<sup>7</sup> If this is delivered in the NA, it will make shared ownership easier to access for more people. However, while the income threshold for a 10% equity shared ownership home is lower, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.
59. The transition from 10% to 100% ownership would be long, and during this period the rent on the 90% unsold value would not be subsidised, meaning that monthly costs for occupants will remain relatively high and the build-up of equity will be relatively slow. This product would therefore only be a realistic route to full ownership for households prepared to take a long-term view.
60. The income required to access Rent to Buy, a product designed to allow residents to transition from renting to ownership by allowing a discount on the market rent to be used to save a deposit, is assumed to be the same as that required to afford market rents. However, affordability to local households would depend on how rents are set. If Rent to Buy is offered at a discount to *entry level* rents, this would be comparable to most First Homes and Shared Ownership options. Further, discounts on *average* rents would make Rent to Buy less affordable by removing affordability to households on average incomes. On that basis, First Homes and shared ownership are more affordable options. However, for some households, the availability of a deposit rather than income level is the key barrier to accessing home ownership. Rent to Buy may offer a useful product to meet the needs of some households, therefore.
61. These three products need to be considered in relation to what they offer occupants in the long term beyond simply being affordable to access or not.

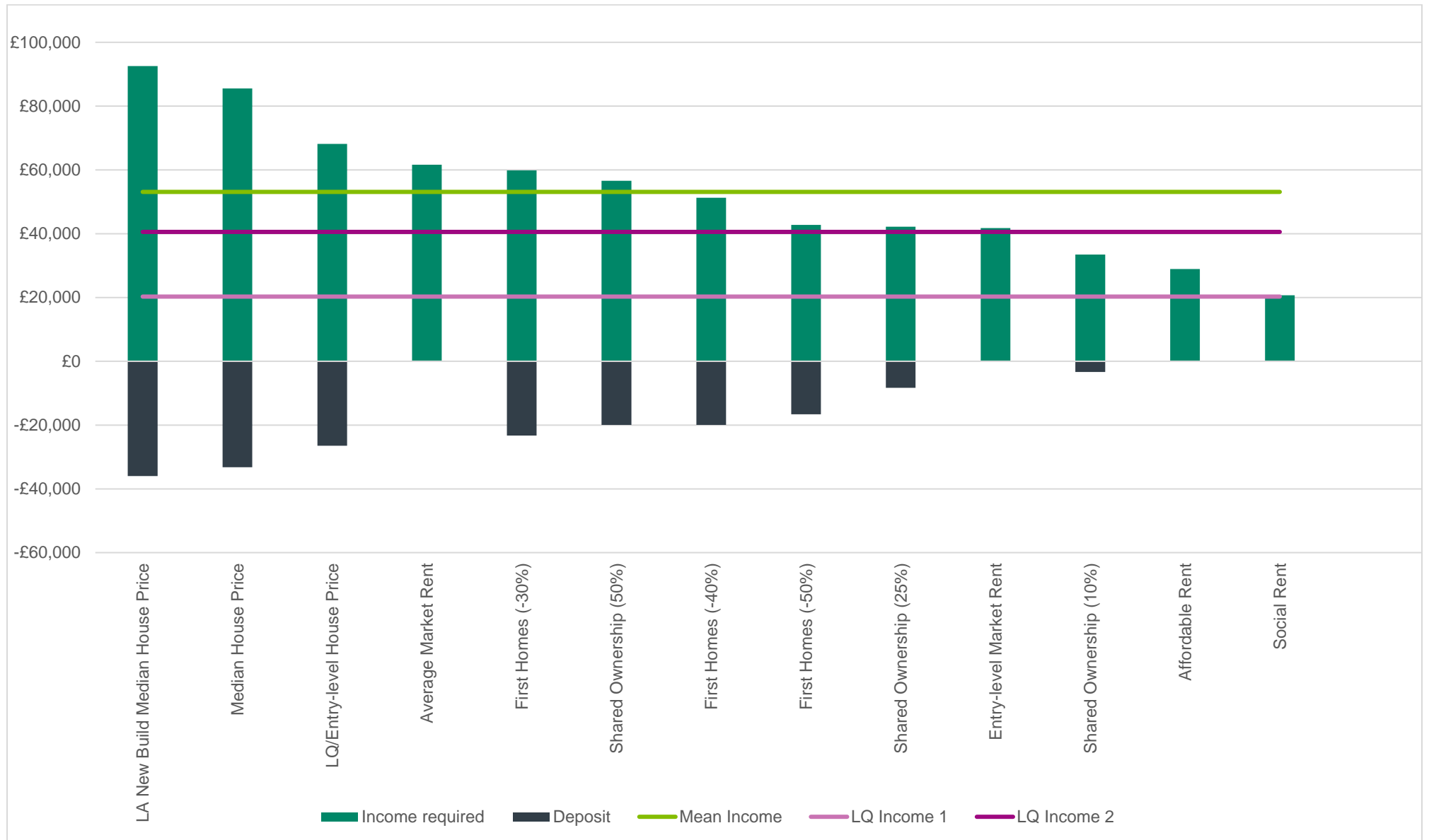
<sup>7</sup> The previous minimum equity share was 25%. This change took effect from 28 June 2021 and transitional arrangements are in place for planning policy documents that are prepared during the implementation timeframe. Changes are also introduced to make the process of staircasing to full ownership more gradual with lower minimum increments of 1%. The ministerial statement confirming and detailing the changes is available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>.

- First Homes allow for a greater ownership stake in the property, enabling occupiers to benefit from price appreciation over time. Monthly outgoings are also limited to mortgage costs alone, which tend to be cheaper than renting.
  - Shared ownership at high equity shares performs a similar function to First Homes, but there are additional costs associated with the rented portion.
  - Shared ownership at low equity shares can usually be accessed by lower earning households (than First Homes) and requires a smaller deposit. However, this is a potentially less attractive route to eventual ownership because monthly outgoings remain high. The occupant has to pay a significant monthly rent as well as service charges and other costs, so it can be harder for them to save funds to buy out a greater share in the property over time.
  - Rent to Buy requires no deposit, thereby benefitting those with sufficient incomes but low savings. It is more attractive than renting but results in a much slower accumulation of the funds that can provide an eventual route to ownership than the other tenures discussed above.
62. In conclusion, all of these products would provide value to different segments of the local population, with shared ownership at 25% or lower equity share potentially allowing lower earning households to get a foot on the housing ladder, while Rent to Buy may be helpful to those with little or no savings for a deposit, and First Homes (especially at 50% discount) may provide a better long-term investment to those who can afford to access it.

### **Affordable rented housing**

63. Affordable rented housing is generally affordable to households with two lower earners depending on their household size (average earning households are unlikely to be eligible). Households with a single lower earner appear unable to afford the majority of the tenures considered, however the smallest socially rented units are marginally affordable. Many such individuals will, if unable to secure a social rented dwelling require additional subsidy through Housing Benefit to access housing.
64. The evidence in this chapter suggests that the affordable rented sector performs a vital function in Denmead as the only option for a large segment of those in the greatest need. Social rents are cheaper and would therefore leave households on lower earnings better off and better able to afford their other living costs, such as food and fuel etc. Where households are supported by housing benefit the difference in the cost of affordable and social rents may be irrelevant as the level of housing benefit flexes according to the rent. This means that households supported by housing benefit may be no better off in social rented accommodation because they receive a lower rate of housing benefit to cover their rent.

**Figure 4-2: Affordability thresholds in Denmead, income required (additional cost of deposit in black)**



Source: AECOM Calculations

## Affordable housing- quantity needed

65. The starting point for understanding the need for affordable housing in Denmead is the relevant Strategic Housing Market Assessment (SHMA), with a SHMA undertaken for Winchester in 2020. This study estimates the need for affordable housing in the District based on analysis of the Council's waiting list and analysis of other data sets in line with Planning Practice Guidance at the time.
66. The SHMA identifies the need for 220 homes each year for households in Winchester District who cannot afford market housing. The figure for the Southern Sub Area, within which the NA lies, is 63 per annum. This need is largely for social/affordable rent as it relates to households who live in unsuitable housing and who cannot afford to access market rents.
67. When the SHMA figures are pro-rated to the NA based on its fair share of the population (24.15% of the Southern sub area population, based on mid-2020 population projections), this equates to 15.2 homes per annum (predominately for social/affordable rent) or 214.4 homes over the Neighbourhood Plan period (2022-2038).
68. However, pro-rating District level estimates of affordable housing need to rural areas presents problems in practice. The District level figures are likely to represent higher needs in the urban areas of the District where there is a large social housing stock and larger numbers of households living in the PRS on housing benefit. Both of these factors tend to generate higher needs. By contrast, in rural villages like Denmead the lack of social housing means there is no need generated from households already living in the sector. Similarly, households who may need social housing often move away to areas where their needs are more likely to be met (either because there is social housing available or more private rented housing). This means it is difficult to identify need for social/affordable rented housing within Denmead.
69. Turning to Affordable Housing providing a route to home ownership, the SHMA also estimates the potential demand in Winchester District as 123 homes per annum. The figure for the Southern Sub Areas is estimated at only 4 per annum. Again, pro-rating the local authority figure to the population of Denmead suggests the annual need or potential demand for approximately one (0.96) affordable home ownership homes per annum.
70. It is important to keep in mind that the households identified in this estimate are, by and large, adequately housed in the private rented sector, Affordable Housing, or living in other circumstances. They do not necessarily lack their own housing but would prefer to buy rather than rent. They have been included in the national planning definition of those in need of Affordable Housing, but their needs are less acute than those on the waiting list for affordable rented housing.
71. There is no policy or legal obligation on the part either of the Local Authority or Neighbourhood Plan to meet affordable housing needs in full, though there are

options available to the Steering Group that can help ensure that it is met to a greater extent if resources permit (e.g. the ability to allocate sites for affordable housing).

72. It is also important to remember that even after the Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need, and the management of the housing waiting list all remain the responsibility of the Local Authority rather than the neighbourhood planning group.

## Additional SHMA findings

73. The SHMA identified three submarkets within Winchester District on the basis of similar house price patterns and household movements. Denmead is within the Southern sub area. Winchester City is considered a separate submarket. The SHMA's household income estimates for the Southern sub area are £60,300 (mean average), £45,800 (median average) and £26,500 (lower quartile). The recommended discounts required for market, affordable home ownership, and social rents are also illustrated below in Table 4-5.

**Table 4-5. Discount on sale price required for households to afford First Home**

		Northern	Southern	Town	District
Market	1-bedroom	4%	4%	5%	4%
	2-bedrooms	23%	23%	26%	24%
	3-bedrooms	39%	40%	39%	39%
	4+-bedrooms	34%	33%	31%	33%
	TOTAL	100%	100%	100%	100%
Affordable Home ownership	1-bedroom	17%	25%	24%	19%
	2-bedrooms	34%	44%	37%	36%
	3-bedrooms	37%	31%	23%	30%
	4+-bedrooms	13%	1%	14%	14%
	TOTAL	100%	100%	100%	100%
Social/affordable rented	1-bedroom	40%	42%	43%	43%
	2-bedrooms	34%	30%	32%	32%
	3-bedrooms	23%	25%	22%	22%
	4+-bedrooms	2%	2%	2%	2%
	TOTAL	100%	100%	100%	100%

Source: Winchester SHMA

## Affordable Housing policy guidance

74. Winchester District's adopted policy on this subject CP3 requires 40% of all new housing to be affordable. Data on housing delivery in recent years provided by the Council does not break down by tenure so it is not possible to state whether this requirement is generally achieved in Denmead.
75. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasising that the HNA finds there to be robust evidence of need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.

76. How the Affordable Housing that comes forward through mainstream development sites is broken down into specific tenures – such as the balance between rented tenures and routes to home ownership – is also specified in CP3 in the adopted Local Plan. The policy states that ‘70% of the affordable homes should be for rent (with rent levels being determined having regard to local incomes of those living in priority housing need), with the balance being Intermediate Affordable Housing.’ The HNA can supply more localised evidence, and this section summarises the factors that might be taken into account before proposing a suggested Affordable Housing tenure mix that might be suitable for Denmead specifically.

77. The following evidence and considerations may be used as a starting point in the development of policy concerning the Affordable Housing mix:

A. **Evidence of need for Affordable Housing:** This study estimates that Denmead requires roughly 15.2 units of affordable rented housing and approximately one (0.96) unit of affordable home ownership per annum over the Plan period. Both forms of Affordable Housing appear to be valuable in meeting the needs of people on various incomes.

The relationship between these figures suggests that affordable rented housing should be prioritized over affordable home ownership. However, as noted above, these figures are not directly equivalent: the former expresses the identified need of a group with acute needs and no alternative options; the latter expresses potential demand from a group who are generally adequately housed in rented accommodation and may not be able to afford the deposit to transition to ownership.

If the quantity of new housing overall were unlimited, 93.4% rented to 6.6% affordable home ownership may be an appropriate affordable tenure mix. However, this is not likely and also not strictly necessary.

B. **Can Affordable Housing needs be met in full?** How far the more urgently needed affordable rented housing should be prioritized in the tenure mix depends on the quantity of overall housing delivery expected.

If the Local Plan target of 40% were achieved on every site, up to around 100 affordable homes might be expected in the NA over the current Local Plan Period (2011-2038) – or 3.7 affordable homes each year on average. This level of potential affordable housing delivery would not be sufficient to meet all of the need identified for Denmead (derived from the Winchester SHMA).

As a result, affordable rented housing should have a higher weighting in the tenure mix to ensure that the most acute needs are met as a priority. The 70% rented 30% ownership guideline mix in the Local Plan may offer an appropriate benchmark.

C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. For 10% of all housing to be affordable ownership in Winchester District,



where 40% of all housing should be affordable, 25% of Affordable Housing should be for affordable ownership. This complies with the guideline tenure split sought in the Local Plan (70% affordable rent: 30% affordable home ownership).

There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Based on the findings of this HNA, there is no evidence that meeting the 10% threshold in Denmead would prejudice the provision of much needed affordable rented homes.

- D. **Local Plan policy:** As noted above, the adopted Local Plan seeks a tenure split of 70% affordable rented and 30% affordable home ownership/intermediate housing.
- E. **First Homes policy:** the Government recently concluded a consultation on the introduction of First Homes (to provide at least 30% discount on new build home prices). The proposals have now been enacted through a ministerial statement. A minimum of 25% of all Affordable Housing secured through developer contributions are now required to be First Homes.

This new minimum requirement may have the effect of displacing other products in any established tenure mix and will reduce the amount of social or affordable rent if this was proposed to be more than 75% of Affordable Housing. This should not be the case in Winchester District since the Local Plan already requires 30% of affordable homes to be provided as affordable home ownership.

National policy dictates that after the 25% First Homes requirement has been met, the remaining 75% of Affordable Housing units should as a first priority protect the provision for social rent set out in the relevant Local Plan, with any remaining units allocated to other tenure products in the relative proportions set out in the Local Plan.

AECOM is aware that some Local Planning Authorities are considering 'top slicing' their affordable housing quota to provide 25% First Homes and then allocating the remaining proportion according to their existing policy tenure split. If this was done in Winchester District the remaining 75% of the affordable housing provision would then be apportioned 70% to affordable rent and 30% to affordable home ownership. If this approach is taken, all other things being equal, it would reduce the provision of rented forms of affordable housing since it would effectively protect the provision of other forms of affordable home ownership alongside First Homes. Some LPAs are considering this approach because of the existing business models of registered providers which have relied on shared ownership to cross subsidise affordable rented housing and uncertainty over whether First Homes could replace this model.

This guidance generally applies to district-level policy, and there may still be potential for a neighbourhood plan tenure mix to deviate from how the other tenures are rebalanced if appropriate.

- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site-specific level. Viability issues are recognized in the Local Plan and it is acknowledged that this may affect the provision of affordable housing, the mix of tenures provided and the discounts that can be sought on First Homes properties.
- G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood planning group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- H. **Existing tenure mix in Denmead:** Denmead has a relatively small stock of social/affordable rented housing compared to the district as a whole and to England according to 2011 data. Winchester City has a large proportion of social and private rented housing and so it is likely that households who need affordable housing are more likely to be housed in the wider local authority area. The shared ownership stock was also small but has grown substantially from 2001 to 2011. This suggests that some provision of Affordable Housing would offer a wider choice of homes for local residents and, importantly, may allow those on lower incomes including newly forming households and younger families to remain in or move to the area.
- There is some uncertainty regarding the overall split between social and affordable rented housing at present, as completions data since 2011 is not broken down into market and affordable data.
- I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in the parish. The funding arrangements available to housing associations will determine rent levels.
- J. **Wider policy objectives:** the neighbourhood planning group may wish to take account of broader policy objectives for Denmead and/or the wider district. These could include, but are not restricted to, policies to attract younger households, families or working age people to the NA. These wider considerations may influence the mix of Affordable Housing provided.
78. On the basis of the considerations above, Table 4-6 proposes an indicative Affordable Housing tenure mix that might be sought through Neighbourhood Plan policy.
79. This indicative mix is mainly a response to the expectation that the delivery of Affordable Housing will be lower than the needs identified here. In this context, affordable rented tenures are likely to be prioritised in order to meet acute needs. The Local Plan guideline mix of 70% rented to 30% ownership appears to offer a suitable benchmark, which also complies with the various minimum requirements mandated nationally.

80. The requirement to provide 25% affordable housing as First Homes leads to displacement of other forms of affordable home ownership in this location. There is some scope to provide additional shared ownership within the existing tenure mix but this is likely to yield very few units. Rent to Buy may be a useful product to enable households with limited deposits to access home ownership, but there is little scope to provide it within the existing tenure mix if First Homes accounts for the vast majority of affordable home ownership.
81. This mix should be viewed as a starting point, based primarily on secondary evidence, which should be reconsidered in light of considerations F to J above, and in particular the views and objectives of the community.
82. Where the neighbourhood planning group wish to develop policy that deviates from that outlined in the Local Plan – either by differing from the headline split between renting and ownership or by specifying a greater level of detail around sub-tenures, it is important that they liaise with Winchester City Council to gather more detailed income and viability information, and to ensure that departures from the local policy context have their support.
83. Another option when developing Neighbourhood Plan policies on tenure splits 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-site circumstances in addition to this evidence.

**Table 4-6 Indicative tenure split (Affordable Housing)**

<b>Tenure</b>	<b>Indicative mix</b>	<b>Considerations and uncertainties</b>
<b>Routes to home ownership, of which</b>	<b>30%</b>	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	5%	Recently confirmed changes to the model to allow purchases of 10% share – impact on viability unknown. RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to Buy	0%	Emerging product with popularity and effectiveness as yet unknown. Impact of displacement by First Homes unknown.
<b>Affordable Housing for rent, of which</b>	<b>70%</b>	
Social rent	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area. Uncertain whether RPs willing to own/manage stock in this area.

Affordable rent	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area.
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Source: AECOM calculations

## Conclusions- Tenure and Affordability

84. In 2011, the majority of households in Denmead owned their own home (82.3%). This proportion is above the share of homeowners in the District (67.5%) and England (63.3%). Contrastingly, there are an additional 0.7% of shared owners, a lower share than the District and England as a whole according to the 2011 Census. However, there remains some degree of uncertainty regarding the current split between social and affordable rented housing, as completions data since 2021 is not broken down into market and affordable data.
85. Median house price growth was 54.7% between 2012 and 2021. Lower quartile prices (the cheapest 25% of homes sold) increased by 44.8% which equates to growth of £82,000 in absolute terms. This growth illustrates the difficulty that younger households and first-time buyers face in accessing home ownership over time.
86. Average market rents are also unaffordable to households on average incomes and below. Average income households are likely to be able to afford entry level rents but there are few of these properties available at any time. Social/affordable rents are critical to meeting the needs of households on lower incomes who are unable to afford market rents.
87. Affordable home ownership products have the potential to extend home ownership to households currently priced out of the market, but large discounts are required to reach households on average incomes. First Homes would need to be discounted by 40% in order to be affordable to households on average incomes. Shared ownership is required at smaller shares of 10-25% to reach these households (with 10% also being able to extend ownership to two lower quartile earners).
88. The latest evidence on the scale of need for affordable housing, the Winchester SHMA 2020, suggests there is need for 15.2 Affordable Rented homes each year and an additional 0.96 affordable home ownership properties each year in Denmead on the basis of its share of the District population to meet needs of households who cannot afford to rent or to buy.
89. It is recommended that, within the Affordable Housing that comes forward in future years, 70% should be in rented tenures and 30% should offer a route to ownership.
90. Table 4-7 summarises Denmead's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly

enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighbourhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.

91. The provision of First Homes at 25% of the affordable housing component will mean that there is limited scope to provide other forms of affordable home ownership. AECOM suggests the group discuss this issue with Winchester District and understand how the Council is planning to incorporate First Homes into its tenure mix.

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

	Step in Estimation	Expected delivery
A	Local Plan requirement (2011-2031)	250
B	Affordable housing quota (%) in LPA's Local Plan	40%
C	Potential total Affordable Housing in NA (A x B)	100
D	Rented % (e.g. social/ affordable rented)	70%
E	Rented number (C x D)	70
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	30%
G	Affordable home ownership number (C x F)	30

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

92. This expected level of delivery would not be sufficient to meet all of the need identified in estimates of the need for affordable housing. This underlines the importance that the affordable housing policy requirement (40%) is met wherever possible in order to maximise delivery. The neighbourhood planning group may also wish to explore further avenues for delivering greater quantities of Affordable Housing (such as exception sites). It is not recommended that the Local Plan policy requirement be exceeded in the neighbourhood plan because such steps are rarely accepted by planning inspectors on the grounds that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could, furthermore, have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.

93. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using

community development orders, identifying exception sites or developing community land trusts are all ways of boosting the supply of affordable housing.

## 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?***

### Introduction

94. The evidence in this chapter is intended to give a snapshot of the existing dwelling stock in Denmead in terms of type and size, as well as some of the population characteristics that tend to influence housing needs. From this, it is possible to develop an understanding of what sort of housing would be appropriate going forward.
95. It is worth emphasising that this evidence assumes that existing demographic and occupation patterns will persist into the future. It can therefore be thought of as the baseline or default scenario, into which the community may wish to intervene – for example to attract a different or more balanced demographic. The recommendations in this chapter, particularly the final suggested size mix, are a starting point that may be adjusted in light of other community objectives and primary evidence.

### Existing types and sizes

#### Background and definitions

96. Before beginning to explore issues of dwelling type and size, it is important to note that the demand for housing by size and type tends to be determined primarily by wealth – with those having more buying power choosing to occupy larger homes, and often preferring detached properties to denser types, such as flats.
97. This study is concerned primarily with need rather than demand. Need for homes of different sizes is chiefly determined by the number of people occupying the home. In the strict sense, there is no ‘need’ for dwellings of any particular type, other than the specific needs of those with certain disabilities for level access properties, for example.
98. The best proxy for the number of people in a household is age or ‘life stage’, with younger and then older households tending to have one or two people, and those in between these poles more likely to have larger families including children. Life stage is therefore a main indicator considered here for the size of housing needed. But it is worth pointing out that wealth is also correlated with age, so it is not possible to attain a pure view of what is needed from the secondary data alone.
99. It is also useful to clarify the terminology around dwellings and households. Dwellings are counted in the Census by combining address information with Census returns on whether people’s accommodation is self-contained. As such,

all dwellings are classified as either shared or unshared dwellings. Households are groups of people who live together as a coherent unit (such as a family), and a dwelling is shared where there is more than one household occupying it (e.g. two families or a group of individual students). Hence, there is usually a different number of households and dwellings in any given area. The number of dwellings can also exceed that of households in areas with large numbers of holiday or second homes.

100. As noted in the Context section of this report, there is no perfect data source for the current mix of dwellings in the NA. This section uses data from the Census 2011 and updates type and size of dwellings by drawing on 2021 Valuation Office Agency (VOA) data. The VOA data, which is available at LSOA level, is not a perfect match for the NA boundary but matches with the parish boundary which has been used for data gathering throughout this report and is likely to provide a reasonable picture of the current mix of dwellings. Because a small area of the NA is excluded from the VOA data, on the basis of a best fit of LSOAs to the parish boundary, only percentage figures are quoted rather than absolute numbers in this section.

## Dwelling type

101. As of 2021, the largest proportion of dwellings in Denmead are detached homes (33.8%). Bungalows are counted separately in the latest VOA data and many of them are likely to be detached (given the apparent decline from the Census, where bungalows are not counted separately), so the overall proportion of detached properties is likely to be higher still. 15.9% of properties in the NA are bungalows. It should be noted that the steering group feel the percentage of bungalows given is high – since there have been many conversions into / extensions to become chalet bungalows and 2 storey dwellings, however this data is currently unavailable.
102. The VOA data suggests that there is a small proportion of flats in the NA (12.1% of the stock) and that the share of flats in the area may have risen since 2011 (7.0%).
103. Census 2011 data is also presented, but this unfortunately cannot be used to fully understand the changes between 2011 and 2020 because Census data counts bungalows within each of the other categories rather than independently (hence the apparent decline in the number of detached and semi-detached properties).

**Table 5-1: Accommodation type, Denmead, 2011 and 2021**

Dwelling type	2011 (Census)	2021 (VOA)
Bungalow	-	15.9%
Flat	7.0%	12.1%
Terrace	15.5%	17.1%
Semi-detached	28.4%	19.1%
Detached	47.2%	33.8%
Unknown/other	-	2.0%



Source: ONS 2011, VOA 2021, AECOM Calculations

104. Winchester City Council have also provided completions data, which breaks down dwellings in the area into either 'Flats' or 'Houses'. This data indicates a split approximating 2:5 in favour of Houses.
105. Table 5-2 compares Denmead with Winchester and England as a whole. The data suggests that broadly, the proportion of detached properties is higher in the NA compared to Winchester and substantially above the share of these properties at the national level.
106. The neighbourhood area has a substantial proportion of bungalows when compared to Winchester and England as a whole. The proportion of terraces and semidetached homes is similar to Winchester, but the share of flats is small by comparison. This suggests a bias towards larger properties in the NA and a limited share of smaller property types.

**Table 5-2: Accommodation type, various geographies, 2021**

Dwelling type	Denmead	Winchester	England
Bungalow	15.9%	10.4%	9.2%
Flat	12.1%	17.6%	23.7%
Terrace	17.1%	21.5%	26.1%
Semi-detached	19.1%	19.9%	23.7%
Detached	33.8%	27.3%	15.8%
Unknown/other	2.0%	3.3%	1.4%

Source: VOA 2021, AECOM Calculations

## Dwelling size

107. Winchester City Council have provided completions data, which breaks down dwellings in the area into number of bedrooms. This has been added to the 2011 baseline (census) data to give an overall 2021 total and indicates that the number of larger 3- and 4-bedroom dwellings (1,096 and 815, respectively) outweigh the number of smaller 1- and 2-bedroom dwellings (243 and 642, respectively). A key issue highlighted by the Denmead Neighbourhood Plan Steering Group is the need for smaller dwellings which can be used by the elderly for downsizing. However, recent development has typically seen larger executive homes being built as illustrated in the Table below.

**Table 5-4: Dwelling size (bedrooms), Denmead, 2011 and 2021**

Number of bedrooms	2011 (Census)	Completions 2011-2021	Current 2021 total	2021 (VOA)
Studio	2	~	2	~
1	188	55	243	220
2	537	105	642	810
3	1,039	57	1,096	1400
4	793	22	815	800
5+	168	4	172	110

Source: ONS 2011, VOA 2021, AECOM Calculations

108. In broad terms, the 2011 Census data and the VOA 2021 data suggest that Denmead is dominated by larger 3 bed plus properties, which account for more than two thirds of the stock in both 2021 and 2011. There is a small share of small (1 bed) properties which appears to have increased in number by nearly a third in the last 10 years (but remain at just 6.6% of the stock according to VOA 2021 data). There has also been an increase in larger dwelling sizes over the same period including 3 and 4 bedrooms in the NA.

Again, it is useful to look at the percentage breakdown of dwelling sizes in comparison with the wider district and country. The table below illustrates that Denmead has a lower percentage of 1-bedroom dwellings compared to Winchester and England as a whole. This trend is consistent across with the percentage of 2 bed dwellings in Denmead being marginally lower than the Winchester and England averages, however Denmead exhibits a higher percentage of 4-bedroom homes.

**Table 5-3: Dwelling size (bedrooms), various geographies, 2021**

Number of bedrooms	Denmead	Winchester	England
1	6.6%	10.0%	12.6%
2	24.3%	25.5%	28.4%
3	41.9%	38.4%	43.0%
4	24.0%	18.9%	12.1%
5+	3.3%	7.0%	3.3%
Unknown	0.0%	0.3%	0.6%

Source: VOA 2021, AECOM Calculations

## Age and household composition

109. Having established the current stock profile of Denmead and identified recent changes to it, the evidence gathered below examines the composition and age structure of households living in the NA. Many of these indicators have a bearing on what housing might be needed in future years.

### Age structure

110. Table 5-5 below shows the most recent estimated age structure of the NA population (2020), alongside 2011 Census figures (note again that these figures relate to the parish rather than the NA). The ONS 2020 parish estimates suggest that the largest group of households in the NA is the 45-64 age group, followed by the 25-44 age group. There is an older bias to the population, with just 7.6% of the population in the 16-24 age group.

111. It is relevant to note that the proportion of people in the younger age groups (children aged 0-15, young people aged 16-24) appears to have fallen between 2011 and 2020. The same is true for the younger working age group 25-44. In contrast, the two oldest age groups have increased in size. A key issue highlighted by the Denmead Neighbourhood Plan Steering Group is that adult children are not able to afford to remain in the parish.

112. Note that ONS advises exercising caution with population estimates by single year of age (from which this 2020 data has been derived), as patterns of variance and bias make it relatively less accurate compared to Census data.

113. It is also worth noting that only the age structure of the population (individuals) can be brought up to date in this way. The life stage of households, which forms the basis of the subsequent analysis of future dwelling size needs, is not estimated each year. The 2011 Census therefore remains the most accurate basis to use in those areas, and the brief comparison here demonstrates that the change from 2011-2020 has not been so significant as to invalidate the 2011 household data used in modelling later in this chapter.

**Table 5-5: Age structure of Denmead population, 2011 and 2020**

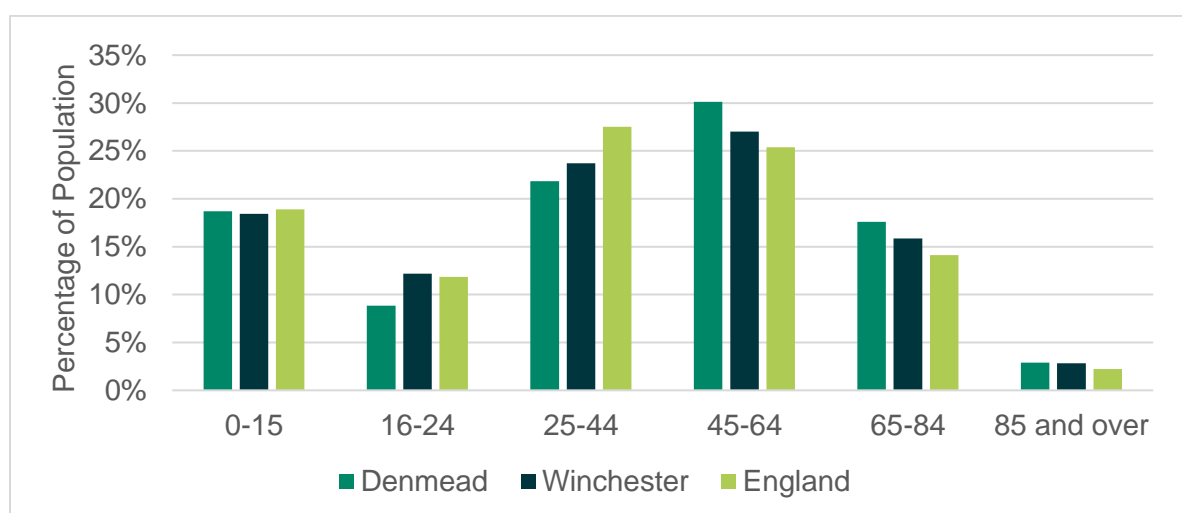
Age group	2011 (Census)		2020 (ONS, estimated)	
0-15	1,260	18.7%	1,367	17.9%
16-24	595	8.8%	579	7.6%
25-44	1471	21.8%	1,589	20.8%
45-64	2,030	30.1%	2,217	29.0%
65-84	1,186	17.6%	1,573	20.6%
85 and over	194	2.9%	308	4.0%

Source: ONS 2011, ONS mid-2020 population estimates, AECOM Calculations

114. For context, it is useful to look at the parish population structure alongside that of the wider local authority area and country. Figure 5-1 below (using 2011 Census data) shows that Denmead has a smaller share of younger to middle aged people (16-24 and 25-44) than Winchester and England as a whole. The presence of Winchester City within a short distance of the parish is likely to draw many younger people away from the NA when they are able to live independently or when attending higher education and accessing employment.

115. Unsurprisingly, the bias towards older people (65-84 years) compared to Winchester and England as a whole is pronounced. Moreover the percentage of 85 and over is higher than the national average. This is a feature in common with many villages and more rural areas of the country but raises issues and policy challenges in the provision of housing and public services.

**Figure 5-1: Age structure in Denmead, 2011**



Source: ONS 2011, AECOM Calculations

## Household composition

116. Household composition (i.e. the combination and relationships of adults and children in a dwelling) is an important factor in the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period. With regards to household composition, there is a pronounced split between family's and single persons in Denmead with 71.3% of one family against only 23.5% of one person households.
117. Table 5-7 shows that the largest proportion of households are families with dependent children (27.2% of households in 2011). It is important to keep this in mind given the trends towards an ageing population – families remain a core group within the area. However, this proportion is below the share across both Winchester and England and the data on the age of the population in 2020 suggests that this group is likely to have fallen in size since 2011.
118. Older households (aged 65 +) make up a substantial proportion of the household population with 13.6% single older households and 11.7% older couples. These proportions are likely to have grown since 2011, in line with the population trends described above.

**Table 5-6: Household composition, Denmead, 2011**

Household composition		Denmead	Winchester	England
<b>One person household</b>	<b>Total</b>	23.5%	27.4%	30.2%
	Aged 65 and over	13.6%	13.4%	12.4%
	Other	9.9%	14.0%	17.9%
<b>One family only</b>	<b>Total</b>	71.3%	65.8%	61.8%
	All aged 65 and over	11.7%	10.6%	8.1%
	With no children	22.6%	20.9%	17.6%
	With dependent children	27.2%	26.6%	26.5%
	With non-dependent children <sup>8</sup>	9.7%	7.7%	9.6%
<b>Other household types</b>	<b>Total</b>	5.2%	6.8%	8.0%

Source: ONS 2011, AECOM Calculations

119. Note that non-dependent children refer to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university. A marked increase in this category can be taken to indicate the relative unaffordability of entry-level homes, where young people are financially unable to move out and form their own households. While the data is quite old at this point, it is interesting to observe that this category grew by 24.5% between 2001 and 2011 in the parish, a faster rate

<sup>8</sup> Refers to households containing children who are older than 18 e.g students or young working people living at home.

than Winchester average and the level in England. This suggests there may be some additional challenges for younger people in accessing affordable housing; though it could also be explained by the larger housing stock in the parish and the ability of parents to continue accommodating grown up children for longer.

## Occupancy ratings

120. The tendency of households to over- or under-occupy their homes is another relevant consideration to the future size needs of the NA. A person is considered to under-occupy their home when there are more bedrooms in their home than a family of their size and composition would normally be expected to need. This is expressed as an occupancy rating of +1 or +2, indicating that there is one surplus bedroom or at least two surplus bedrooms (respectively). Over-occupancy works in the same way, with a rating of -1 indicating at least one bedroom too few.

121. The occupancy rating data, presented in the table below, reveals an overall trend of underoccupancy in the NA, with approximately 82% of households having at least one unused bedroom. The 'Family 65+' and 'Family under 65 – no children' households are most likely to have a +2-occupancy rating. These statistics point towards the possibility that larger housing within Denmead is being occupied by the people with the most wealth and/or by older people who have remained within family homes after children have moved out to other locations or smaller properties.

**Table 5-7: Occupancy rating by age in Denmead, 2011**

Household type	+2 rating	+1 rating	0 rating	-1 rating
Family 65+	68.8%	23.1%	8.1%	0.0%
Single person 65+	40.5%	34.6%	24.9%	0.0%
Family under 65 - no children	77.0%	19.1%	3.9%	0.0%
Family under 65 - dependent children	30.0%	44.1%	24.1%	1.7%
Family under 65 - adult children	36.7%	42.8%	18.9%	1.5%
Single person under 65	52.0%	32.8%	15.1%	0.0%
All households	48.9%	32.7%	17.2%	1.1%

Source: ONS 2011, AECOM Calculations

## Dwelling mix determined by life-stage modelling

### Suggested future dwelling size mix

122. As noted above, there is a strong link between the life stage of a household and the size of dwelling that household can be expected to need. The final part of this chapter presents the results of a model that aims to estimate the dwelling size needs of the parish at the end of the Neighbourhood Plan period. The steps involved in this model are not presented in full, but can be summarised – along with the underpinning assumptions and some limitations – as follows:

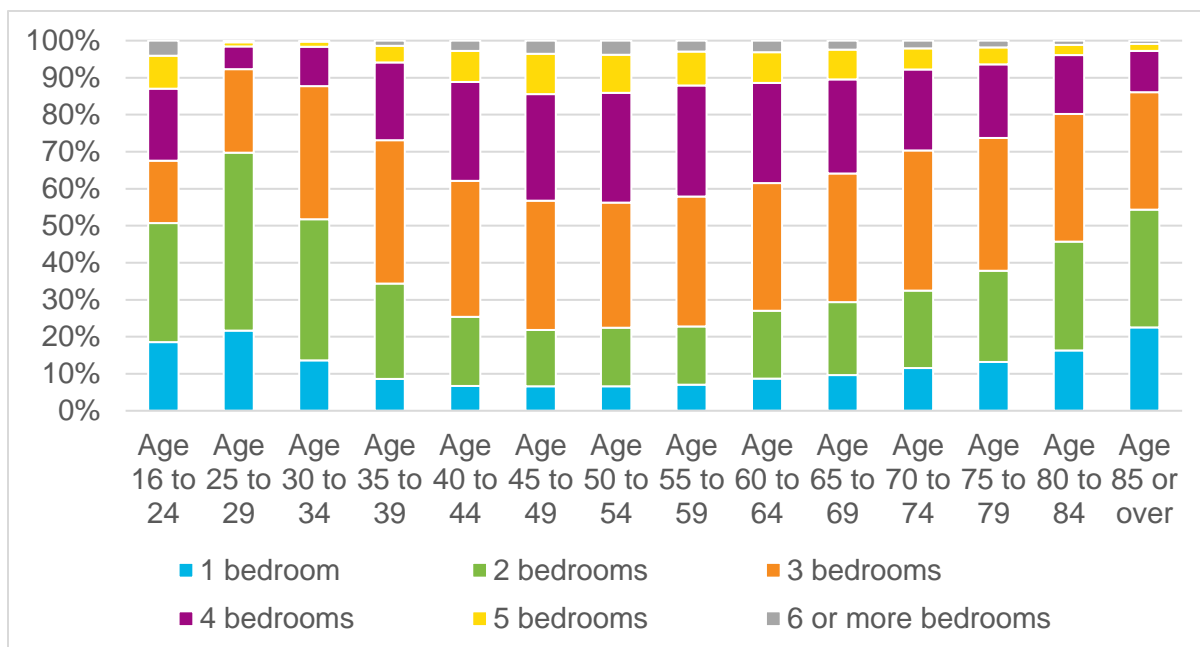
- The starting point is the age distribution of Denmead households in 2011.

- The life stage of a household is determined by the age of the household reference person (HRP), a more modern term for the head of household.
  - As noted above, household life stages are not estimated annually, so the older Census data must be used.
  - This life stage data is then projected forward to the end of the Plan period by applying the growth rates for each household age group as suggested by the latest household projections. This allows for an estimate of how the parish population might evolve in future.
    - ONS household projections are produced every two years but are only available at Local Authority level. The growth rates are therefore applied to the 2011 starting household age profile of the NA.
  - Next, we turn to a Census dataset that shows the occupation patterns or preferences of each household life stage (e.g. what proportion of households aged under 24 tend to live in 1 bedroom homes as opposed to 2, 3 or 4 bedroom homes). This data is mapped to the distribution of the projected NA population for each life stage and each dwelling size category to form a picture of what mix of homes might be appropriate in future.
    - This occupation data is again only available at Local Authority scale, so it does risk embedding any unusual characteristics present in the area.
    - The model also assumes that today’s occupation patterns persist into the future, which is not a given, particularly with the change in preferences for home working space and other features arising from the Covid-19 pandemic. However, there is no better indication of what those patterns might look like. It is considered more appropriate to adjust the end mix that results from this model to reflect such trends than to build further speculative assumptions into the model.
  - Finally, this ‘ideal’ future mix of dwelling sizes can be compared to the current stock of housing in the NA. From this we can identify how future development might best fill the gaps.
    - The 2011 dwelling size mix is used for consistency, so any imbalances in new development since then may justify adjustments to the final results.
123. It is important to keep in mind that housing need is not an exact science and 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 tendency of households to occupy more or less space than they ‘need’. It also does not anticipate changes in how people may wish to occupy their homes in response to social and technological change.
124. The approach therefore embeds existing patterns of occupancy which may or may not be desirable. As such, it is appropriate for the result of this model to be

taken as a baseline scenario – what would occur if current trends persisted. It may well be the intention of the community to intervene to produce a different outcome more in line with their interpretation of emerging trends and their place- and community-shaping objectives. Layering these factors on top of the indicative picture provided by this model is considered entirely appropriate for the purpose of drafting neighbourhood plan policy.

- 125. Before presenting the results of this exercise, it may be interesting to review two of the inputs described above.
- 126. The first, given as Figure 5-2, sets out the relationship between household life stage and dwelling size for Winchester District in 2011. This shows how the youngest households occupy the smallest dwellings, before rapidly taking up larger homes as their families expand, and then more gradually downsizing to smaller homes again as they age.

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



Source: ONS 2011, AECOM Calculations

- 127. There is a trend amongst the youngest age group, whereby a large proportion are living in larger dwellings. This may be due to students and HMOs linked to the university in Winchester which attracts a lot of younger people to the area.
- 128. The second dataset of note is the result of applying Local Authority level household projections to the age profile of Denmead households in 2011 and the updated estimates of household numbers described in the bullets above. Table 5-8 below makes clear that population growth can be expected to be driven by the oldest households, with 45% growth in households age 65+ between 2018 and 2038. In 2038, older households (aged 65) are expected to make up 45.4% of households in Denmead compared to 32.3% in 2011. Generally, younger households are expected to decline in number and in their share of the household population.

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

Year	Age of HRP and under 24	Age of HRP 24 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	32	227	1,075	511	882
End of Plan period (2038)	33	212	1,008	564	1,512
% change 2011 - 2038	3%	-7%	-6%	10%	71%

Source: AECOM Calculations

129. The final result of this exercise is presented in Table 5-9 below. The model suggests that a range of different property sizes is required to meet demographic changes in light of the existing stock. In short, new homes of all sizes apart from 4 bedrooms are needed to meet the NA's needs in the future. Despite the existing bias towards 3 bedroom and larger properties, this model suggests substantial provision of mid-sized properties (particularly 2-bedroom homes) is needed, as well as a significant proportion of 1-bedroom homes. It is important to emphasise that this estimate reflects existing patterns of occupancy across Winchester, including the fact that most older households live in larger properties. As such, as the older population grows, they are expected to continue to occupy larger homes. The provision of smaller dwellings should, however, allow them to downsize if they wish, freeing up larger dwellings for families.

**Table 5-9: Suggested dwelling size mix to 2038, Denmead**

Number of bedrooms	Current mix (2011)	Target mix (2038)	Balance of new housing to reach target mix
1 bedroom	6.9%	11.1%	28.1%
2 bedrooms	19.7%	22.6%	33.6%
3 bedrooms	38.1%	34.8%	18.8%
4 bedrooms	29.1%	22.6%	0.0%
5 or more bedrooms	6.2%	8.8%	19.5%

Source: AECOM Calculations

130. The result of this model is a relatively blunt measure of what could be beneficial given population change and existing imbalances in housing options. It is a starting point for thinking about how best to address the more nuanced needs of the future population.

131. For example, the young starter families and downsizing older households mentioned above may both need 'mid-sized' homes but are likely to have extremely different requirements and degrees of purchasing power. There is limited scope for Neighbourhood Planning policy to influence the more detailed characteristics of new housing, but additional guidance and prioritisation could be informed by further primary research.



132. The preceding chapter found that affordability is a serious and worsening challenge in the NA. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms could help to address this situation.
133. To best meet the needs of the large cohort of older households expected to be present by the end of the Plan period, it should be considered whether the existing options are well tailored to older people's requirements in terms of space, flexibility, quality, location and accessibility. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms.
134. More generally, it would be unwise for any new housing that does come forward to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that a full range of different sized homes is provided, but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

### **The SHMA findings**

135. As discussed in the previous chapter, the Winchester SHMA 2020 also sets out estimates of the size mix of different homes needed over the plan period, by tenure, across Winchester and its sub areas. These estimates suggest that in the Southern Sub Area, which contains Denmead, in the market sector, demand is skewed towards 3 and 4 bed homes (almost three quarters of households). In the affordable sector, the majority of households need (or rather are entitled to) smaller homes, with those looking for affordable home ownership needing or wanting mid-sized properties. This evidence is consistent with the analysis in this HNA which suggests a range of sizes are required to meet different needs and demand.
136. However, lettings of affordable rented homes in Denmead appear to be biased towards smaller properties and bungalows with 1-2 bedrooms. There may be some acute need for larger, family sized accommodation which is not being met locally. This may merit some prioritisation of larger homes amongst the affordable housing that is delivered. Further discussion with the LPA on this matter is advisable.

## **Conclusions- Type and Size**

137. This study 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 parish or on any particular site. These include the specific characteristics of the nearby stock of housing (such as its condition and design), the role of the NA or site within the wider housing market area (linked to any Local Authority strategies or plans) and site-specific factors which may justify a particular dwelling mix.

138. The age structure of the population of Denmead has been shifting towards older groups in the population in recent years, in line with the ageing of the population. Denmead has an older bias to its population compared to Winchester District and England as a whole.
139. However, families with children account for around one quarter of households so remain an important group in the NA, though the population of younger people and households has fallen over time.
140. The housing stock in the NA has a large share of detached properties (33.8%) with additional 15.9% bungalows (both detached and semis). This larger bias to the stock is confirmed in the data on the size of dwellings which shows that properties with 3 or more bedrooms account for around two thirds of homes. A key issue highlighted by the Denmead Neighbourhood Plan Steering Group is the need for bungalows which can be used by the elderly for downsizing. However, recent development has typically seen larger executive homes being built. The 2021 totals reinforce this concern by highlighting that the overall number of larger 3- and 4-bedroom dwellings drastically outweigh the number of smaller 1- and 2-bedroom dwellings, however the completions data provided by Winchester City Council (Table 5.4), demonstrate that more 2-3 bedroom homes have been built, with very few 4+ bedrooms over the 2011-2021 period.
141. There is a small share of flats in Denmead (12.1%) and just 6.6% of homes have 1 bedroom. This suggests there is limited availability of smaller properties for those who might need or only be able to afford them.
142. Modelling future dwelling requirements suggests that there is a need for new smaller to mid-sized homes, particularly relating to 2-bedroom homes where the requirement balance of new housing to reach target mix is 33.6%. This is consistent with the Winchester SHMA evidence. However, evidence on the previous chapter on house prices and affordability suggests that the provision of some smaller properties may help to achieve affordability improvements alongside the provision of affordable housing.

## 6. Next Steps

### Recommendations for next steps

143. This Neighbourhood Plan housing needs assessment aims to provide Denmead 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 Winchester City Council with a view to agreeing and formulating draft housing policies, bearing the following in mind:
- All Neighbourhood Planning Basic Conditions, but in particular 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 Winchester City Council;
  - The views of local residents;
  - The views of other relevant local stakeholders, including housing developers and estate agents; and
  - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Winchester City Council.
144. 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.
145. Bearing this in mind, it is recommended that the Neighbourhood Plan steering group should carefully monitor strategies and documents with an impact on housing policy produced by the Government, Winchester City Council or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
146. 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.

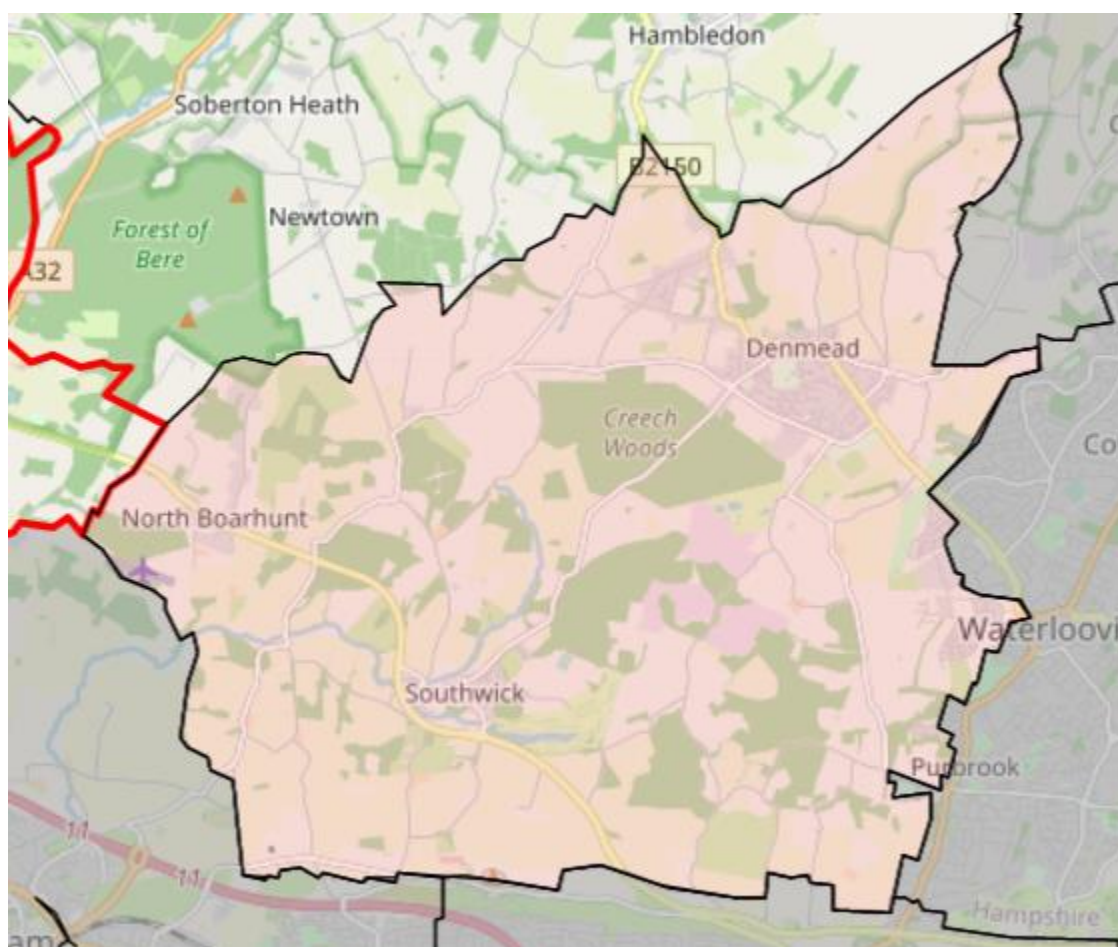
# Appendix A : Calculation of Affordability Thresholds

## A.1 Assessment geography

147. 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 Area. Such data is available at MSOA level but not at the level of Neighbourhood Areas.

148. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Area. In the case of Denmead, it is considered that MSOA E02004842 is the closest realistic proxy for the Neighbourhood Area boundary when looking at income data, and as such, this is the assessment geography that has been selected. A map of MSOA E02004842 appears in Figure A-1. E02004842 is the MSOA that overlaps to the greatest extent with the Neighbourhood Area.

**Figure A-1: MSOA E02004842 used as a best-fit geographical proxy for the Neighbourhood Area**



Source: ONS

## A.2 Market housing

149. Market housing is not subsidised and tends to be primarily accessible to people on higher incomes.
150. To determine affordability in market housing, this 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

151. 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.
152. To produce a more accurate assessment of affordability, the savings required for a deposit should be taken into account in addition to the costs of servicing a mortgage. However, unlike for incomes, data is not available for the savings available to households in Denmead, and the precise deposit a mortgage provider will require of any buyer will be determined by their individual circumstances and the state of the mortgage market. An assumption is therefore made that a 10% purchase deposit is required and is available to the prospective buyer. In reality it is possible that the cost of the deposit is a greater barrier to home ownership than the mortgage costs.
153. The calculation for the purchase threshold for market housing is as follows:
  - Value of a median NA house price (2021) = £331,250;
  - Purchase deposit at 10% of value = £33,125;
  - Value of dwelling for mortgage purposes = £298,125
  - Divided by loan to income ratio of 3.5 = purchase threshold of £85,175.
154. The purchase threshold for an entry-level dwelling is a better representation of affordability to those with lower incomes or savings, such as first-time buyers. To determine this threshold, the same calculation is repeated but with reference to the lower quartile rather than the median house price. The lower quartile average in 2021 was £265,000 and the purchase threshold is therefore £68,143.
155. Finally, it is worth assessing the purchase threshold for new build homes, since this most closely represents the cost of the new housing that will come forward in future. Land Registry records 10 sales of new build properties in the NA in 2021. The sample size is therefore considered too small to be reliable at this scale. As such, the new build prices for homes in the whole local authority area are used. It is likely that new build prices across the local authority area are slightly higher than those in the NA but provide a reasonable proxy for new build

prices in Denmead. The average price of a new build property in the district was £360,000 with a purchase threshold of £92,571.

## ii) Private Rented Sector (PRS)

156. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. It is assumed here that rented housing is affordable if the annual rent does not exceed 30% of the household's gross annual income.
157. This is an important assumption because it is possible that a household will be able to afford tenures that are deemed not affordable in this report if they are willing or able to dedicate a higher proportion of their income to housing costs. It is becoming increasingly necessary for households to do so. However, for the purpose of planning it is considered more appropriate to use this conservative lower benchmark for affordability on the understanding that additional households may be willing or able to access housing this way than to use a higher benchmark which assumes that all households can afford to do so when their individual circumstances may well prevent it.
158. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Area. This data was cross checked with rental properties on Rightmove (end Jan 2022) given the small sample size.
159. According to [home.co.uk](https://www.home.co.uk), there were 17 properties for rent at the time of search in June 2022, with an average monthly rent of £1,541. The most realistic benchmarks to consider are 2-bed properties, with an average price of £1,044 per calendar month.
160. The calculation for the private rent income threshold for entry-level (2 bedroom) dwellings is as follows:
- Annual rent = £1,044 x 12 = £12,528;
  - Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of £41,760.
161. The calculation is repeated for the overall average to give an income threshold of £61,640.

## A.3 Affordable Housing

162. There are a range of tenures that constitute the definition of Affordable Housing within the NPPF 2021: social rent and affordable rent, discounted market sales housing, and other affordable routes to home ownership. More recently, a new product called First Homes has been introduced in 2021. Each of the affordable housing tenures are considered below.

### i) Social rent

163. Rents in socially rented properties reflect a formula based on 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 the lowest incomes and is subject to strict eligibility criteria.

164. 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 Denmead. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Winchester City Council in the Table A-1.
165. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This is an assumption only for what might generally make housing affordable or unaffordable – it is unrelated to the eligibility criteria of Affordable Housing policy at Local Authority level. The overall average across all property sizes is taken forward as the income threshold for social rent.

**Table A-1: Social rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£105	£121	£135	£148	<b>£119.4</b>
Annual average	£5,481	£6,275	£7,011	£7,695	£6,209
Income needed	£18,251	£20,897	£23,345	£25,624	£20,675

Source: Homes England, AECOM Calculations

## ii) Affordable rent

166. Affordable rent is controlled at no more than 80% of the local market rent. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000).
167. Even an 80% discount on the market rent may not be sufficient to ensure that households can afford this tenure, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.
168. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for Winchester. Again it is assumed that no more than 30% of income should be spent on rent, and the overall average is taken forward.
169. Comparing this result with the average 2-bedroom annual private rent above indicates that affordable rents in the NA are actually closer to 70% of market rates than the maximum of 80%, a feature that is necessary to make them accessible to those in need.

**Table A-2: Affordable rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£131	£161	£189	£259	<b>£167</b>
Annual average	£6,821	£8,363	£9,823	£13,476	£8,685
Income needed	£22,715	£27,848	£32,710	£44,874	£28,919

Source: Homes England, AECOM Calculations

### iii) Affordable home ownership

170. Affordable home ownership tenures include products for sale and rent provided at a cost above social rent, but below market levels. The three most widely available are discounted market housing (a subset of which is the new First Homes product), shared ownership, and Rent to Buy. These are considered in turn below.

171. In paragraph 65 of the NPPF 2021, the Government introduces a recommendation that “where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership.” The recently issued Ministerial Statement and updates to PPG state that 25% of all Affordable Housing should be First Homes – the Government’s new flagship discounted market sale product. When the NPPF is next updated, it is expected that the 10% affordable home ownership requirement referenced above may be replaced by the First Homes requirement.

#### First Homes

172. Whether to treat discounted market housing as affordable or not depends on whether discounting the asking price of new build homes of a size and type suitable to first time buyers would bring them within reach of people currently unable to buy market housing.

173. The starting point for these calculations is therefore the estimated cost of median house prices in the NA. These are used as a proxy for new build prices because of insufficient sample size at the local level. As noted above, the median price in Denmead in 2021 was £332,500.

174. For the minimum discount of 30% the purchase threshold can be calculated as follows:

- Value of a new home (NA average) = £332,500;
- Discounted by 30% = £232,750;
- Purchase deposit at 10% of value = £23,275;
- Value of dwelling for mortgage purposes = £209,475
- Divided by loan to income ratio of 3.5 = purchase threshold of £59,850.



175. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 40% and 50% discounted First Home. This would require an income threshold of £51,300 and £42,750 respectively.
176. All of the income thresholds calculated here for First Homes are below the cap of £80,000 above which households are not eligible. All of the discounted values are also below the price cap of £250,000.
177. Note that discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a 2-bedroom home (assuming 70 sq m and a build cost of £1,500 per sq m) would be around £105,000. This cost excludes any land value or developer profit. This would not appear to be an issue in Denmead.

### **Shared ownership**

178. Shared ownership involves the purchaser buying an initial share in a property, typically of between 25% and 75% (but now set at a minimum of 10%) 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 occupant can be increased over time through a process known as 'staircasing'.
179. 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.
180. To determine the affordability of shared ownership, calculations are again based on the NA median house price as a proxy for NA new build house price as discussed above. 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 rental component is estimated at 2.5% of the value of the remaining (unsold) portion of the price. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).
181. The affordability threshold for a 25% equity share is calculated as follows:
  - A 25% equity share of £332,500 is £83,125;
  - A 10% deposit of £8,313 is deducted, leaving a mortgage value of £74,813;
  - This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £21,375;

- Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £249,375;
- The estimated annual rent at 2.5% of the unsold value is £6,234;
- This requires an income of £20,781 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
- The total income required is £42,156 (£21,375 plus £20,781).

182. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of £33,2488 and £56,604 respectively. The income thresholds are below the £80,000 cap for eligible households.

### **Rent to Buy**

183. Rent to Buy is a relatively new and less common tenure, which through subsidy allows the occupant to save a portion of their rent, which is intended to be used to build up a deposit to eventually purchase the home. It is therefore estimated to cost the same as private rents – the difference being that the occupant builds up savings with a portion of the rent.

### **Help to Buy (Equity Loan)**

184. The Help to Buy Equity Loan is not an affordable housing tenure but allows households to afford market housing through a loan provided by the government. With a Help to Buy Equity Loan the government lends up to 20% (40% in London) of the cost of a newly built home. The household must pay a deposit of 5% or more and arrange a mortgage of 25% or more to make up the rest. Buyers are not charged interest on the 20% loan for the first five years of owning the home.

185. It is important to note that this product widens access to market housing but does not provide an affordable home in perpetuity.

# 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 =  $\frac{£200,000}{£25,000} = 8$ , (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 are housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and

Rent to Buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision or refunded to Government or the relevant authority specified in the funding agreement.

### **Affordable rented housing**

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>9</sup>.

### **Age-Restricted General Market Housing**

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

### **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, over-crowding, concealment or affordability, but who are yet to be offered a home suited to their needs.

### **Bedroom Standard<sup>10</sup>**

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

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<sup>9</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

<sup>10</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-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 principal forms of community-led models include cooperatives, co-housing communities, self-help housing, community self-build housing, collective custom-build housing, and community land trusts. By bringing forward development, which is owned by the community, the community is able to set rents and/or mortgage payments at a rate that it feels is appropriate. The Government has a range of support programmes for people interested in bringing forward community led housing.

## **Community Right to Build Order<sup>11</sup>**

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

## **Concealed Families (Census definition)<sup>12</sup>**

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

## **Equity Loans/Shared Equity**

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

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<sup>11</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>12</sup> See [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

## **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.

## **First Homes**

The Government has recently confirmed the introduction of First Homes as a new form of discounted market housing which will provide a discount of at least 30% on the price of new homes. These homes are available to first time buyers as a priority, but other households will be eligible depending on agreed criteria. New developments will be required to provide 25% of Affordable Housing as First Homes. A more detailed explanation of First Homes and its implications is provided in the main body of the HNA.

## **Habitable Rooms**

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

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

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

## **Housing Market Area**

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

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

## **Housing Needs**

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

## **Housing Needs Assessment**

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

## **Housing Products**

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

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

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

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

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

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

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

## **Income Threshold**

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

## **Intercensal Period**

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

## **Intermediate Housing**

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

## **Life Stage modelling**

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

## **Life-time Homes**

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

## **Life-time Neighbourhoods**

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

## **Local Development Order**

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

## **Local Enterprise Partnership**

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

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

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



## **Local Planning Authority**

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

## **Local Plan**

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

## **Lower Quartile**

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

## **Lower Quartile Affordability Ratio**

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

## **Market Housing**

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

## **Mean (Average)**

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

## **Median**

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

## **Median Affordability Ratio**

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

## **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>13</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

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

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

## **Neighbourhood plan**

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

## **Older People**

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

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

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

## **Overcrowding**

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

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<sup>13</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

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.

### **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% (though this was lowered in 2021 to a minimum of 10%), and buyers are encouraged to buy the largest share they can afford. Generally applies to new build properties, but re-sales occasionally become available. There may be an opportunity to rent at intermediate rent level before purchasing a share in order to save/increase the deposit level

## **Sheltered Housing<sup>14</sup>**

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

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<sup>14</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden.

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

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

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

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

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

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

### **Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>15</sup>

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<sup>15</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

