Neighbourhood Planning

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Housing Needs Assessments at Neighbourhood Plan Level

A toolkit for neighbourhood planners

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Introduction

Purpose of this toolkit

More and more neighbourhood planners are seeking to understand the specific housing requirements of their neighbourhood and to work out the share of wider housing growth they should plan for, including the quantity (only where your local planning authority are unable to provide you with a requirement figure) and type of new housing across their areas. To do this, neighbourhood plan housing policies need to be underpinned by robust, objectively assessed data on local housing need.

This toolkit is aimed at neighbourhood planners. It explains how neighbourhood planners, including parish and town councils and neighbourhood forums, can produce housing need assessments (HNAs) for their neighbourhood area, why they may need to do so, and the resources necessary to undertake this work.[1]

This toolkit has been drafted by AECOM for Locality. AECOM have extensive knowledge and experience of providing housing needs advice to neighbourhood planners as part of their work with Locality for the Ministry of Housing, Communities and Local Government (MHCLG) on the neighbourhood planning support programme. The AECOM approach is to apply the relevant components of the Government's Planning Practice Guidance (PPG) advice for housing needs assessment[2] at a neighbourhood plan level. Further detail on the approach to neighbourhood planning and the housing component specifically is provided in the Government's PPG[3].

A housing needs assessment is just one part of the neighbourhood plan's evidence base. As such, it is not itself a policy document - only the neighbourhood plan itself sets housing policy. The evidence in the HNA will need to be balanced with other evidence, in particular on the viability of different policy objectives, to develop policies in your Neighbourhood Plan which are achievable and realistic. However, as a part of the evidence base, it is in your interest to ensure that any HNA you carry out or commission is clear, consistent, defensible, and has been carried out in line with the National Planning Policy Framework (NPPF) and the PPG. This will help ensure that your housing policies informed by the HNA are considered robust by the independent examiner at the neighbourhood plan examination, thus enabling the plan to proceed to referendum.

It is important to state upfront that the process of determining housing need, as demonstrated by this toolkit, is relatively complex; delivering a robust, defensible HNA requires detailed, technical work. As such a familiarity with the planning system, statistical analysis and/or economics are all positive advantages for those tasked with

[1] Groups that are eligible for Technical Support are able to commission a housing need assessment through this route. This toolkit is aimed at groups that wish to undertake a housing need assessment themselves.

[2] Available online at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

[3] See PPG Paragraph: 105 Reference ID: 41-105-20190509 at https://www.gov.uk/guidance/neighbourhood-planning--2

the assessment process. As the HNA has the potential to be one of the most scrutinised parts of your evidence base, if it is carried out by a non-specialist, it is recommended that it is reviewed by a housing needs specialist, potentially at your local planning authority (LPA), before completion. A glossary which provides a definition of the technical terms used in this toolkit is included in Appendix D.

Do you need a housing needs assessment?

Not every neighbourhood plan needs a housing needs assessment and it is not a compulsory requirement. In many cases, however, you will need an HNA if it has identified housing as an important issue for the neighbourhood plan to address. When determining whether your neighbourhood plan needs a housing needs assessment, there is a simple question to ask:

Do we need to know how many homes, and/or what type of homes, to plan for?

It is important to state at the outset that your LPA should provide you with a housing requirement for your area. It is only in exceptional circumstances that the HNA will be used to provide a housing requirement at the neighbourhood level. In most cases, the overall requirement for homes in the area will have been established and the HNA should focus on the type of housing needed, in terms of tenure, type, size and the need for specialist accommodation for specific groups.

You should speak to your LPA about the status of the local plan housing targets for your neighbourhood area when considering an HNA. Your LPA should be proactive in providing this information[4].

If the local planning authority has fulfilled its requirements by providing a housing requirement figure or an indicative figure upon request, there is no reason or requirement for the HNA to undertake an alternative calculation. This reflects the fact that the NPPF (paragraphs 65 and 66) set requirements only for strategic planning authorities and no other parties.

If your Local Planning Authority has not provided you with a definitive or indicative housing requirement figure, either through an up-to-date Local Plan or otherwise (e.g. through you requesting a figure), an HNA may be able to provide this. It is recommended that the group seek the LPAs support if they are to develop their own housing requirement.

If you wish to challenge the local authority's definitive or indicative Housing Requirement Figure for any reason, then this should be done by means of representations through the Local Plan process, and not through the Housing Needs

[4] Planning Practice Guidance Paragraph: 009 Reference ID: 41-009-20190509 and Paragraph: 103 Reference ID: 41-103-20190509, both at https://www.gov.uk/guidance/neighbourhood-planning--2

Assessment. The HNA is a technical, impartial document that presents and analyses existing data (including any Housing Requirement Figure) rather than challenging it.

If there is a housing requirement for your neighbourhood but insufficient information on the type (e.g. tenure, type and size) of housing needed, then a housing needs assessment can start to provide the answers you need.

The benefits of having a housing needs assessment include:

- Ensuring that the housing delivered by the neighbourhood plan meets the needs of the existing community and future residents, including, for example, affordable housing and housing for older people;
- An agreed benchmark for local housing quantity (where the LPA are unable to provide you with an overall figure) and type, providing objective answers to the politically contentious question of how many and what type of houses to build;
- Increased certainty for the plan area community, the local authority and local developers on the degree to which your plan area will change and develop over the plan period; and
- An important starting point for the site allocations process, which tells you how much land will be required for new housing. In other words, the HNA shows the demand for new housing, whereas Site Assessment shows the supply of available land. It is important to keep the demand and supply analyses completely separate, i.e. through a two-stage process, so neither is constrained by the other[5]. The final housing requirement selected for the neighbourhood plan should then bring together both the demand and the supply side work, reflecting the LPAs housing requirement for the area if this has been provided.

The remainder of this toolkit will take you through the process of developing your own neighbourhood plan housing needs assessment. It will:

- Explain the process of producing a housing needs assessment at neighbourhood plan level;
- Set out the types of data that should be considered;
- Describe how assessment findings should be used;
- Explain how the approach can be modified to make it more appropriate for your neighbourhood, and the circumstances in which this may be necessary;

[5] For the purposes of a Housing Needs Assessment, this means formulating an estimate of housing need independent of whether there is land available to meet that need. Likewise, for the purposes of a Site Assessment exercise, you should determine the extent of suitable land independent of the estimate of housing need. The PPG emphasises the importance of keeping the processes separate (Paragraph: 001 Reference ID: 2a-001-20190220 at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments).

- Explain how your local authority can help you assess housing need for your area; and
- Provide examples of housing needs assessment carried out by AECOM at neighbourhood plan level as part of the neighbourhood planning support programme.

Carrying out a neighbourhood housing needs assessment

Overview of the project

Establishing future need for housing is not an exact science. As such, no single approach provides a definitive answer. However, a process that gathers a wide range of relevant data, and then makes balanced, reasonable judgements based on that data, is likely to be on the right lines.

For HNAs at a neighbourhood level, much of the existing data you need will cover your local planning authority or a housing market area[6], both of which are much larger than any neighbourhood plan area. As such, one particularly important consideration is the extent to which the neighbourhood diverges from the local authority or housing market average.

This reflects the fact that a single town, village or neighbourhood virtually never forms its own housing market and must therefore be assessed in the context of its wider market. For example, does it have more or fewer older people, or larger dwellings, than its local authority or housing market area average? Both considerations would help inform conclusions on the type of housing needed.

Building on this point, HNA at neighbourhood level is best thought of as a review of existing data already freely available from a range of sources to establish how many and what type of homes to plan for. As such, it is usually possible and desirable, to produce a fit-for-purpose HNA without spending time or money on primary evidence gathering. HNAs should draw on available existing (secondary) data and information to provide evidence of housing needs in the area. Primary research (e.g. survey) is only recommended where it is necessary to fill important gaps in the evidence base after existing data has been reviewed and analysed. For example, in some rural areas, where local authority waiting lists may not provide a clear indication of affordable housing needs, it may be useful to undertake a housing needs survey. Appendix B provides further detail on undertaking housing needs surveys.

Using the PPG as a basis for assessment

The Government's planning practice guidance (PPG) provides advice on the evidence that is needed to support a neighbourhood plan; such evidence includes HNAs. It states that while there are prescribed documents that must be submitted with a neighbourhood plan, there is no 'tick box' list of evidence required for neighbourhood planning. Proportionate, robust evidence should support the choices made and the

[6] England is divided into a number of individual housing market areas, in most cases larger than local authority districts. For example, the whole of London is usually considered a single housing market area. Each area is defined based on its shared characteristics. Definitions and measurements of housing market areas differ, but the key criterion they share is that they are considered a single 'area of search' by homebuyers looking to buy or move to a new house.

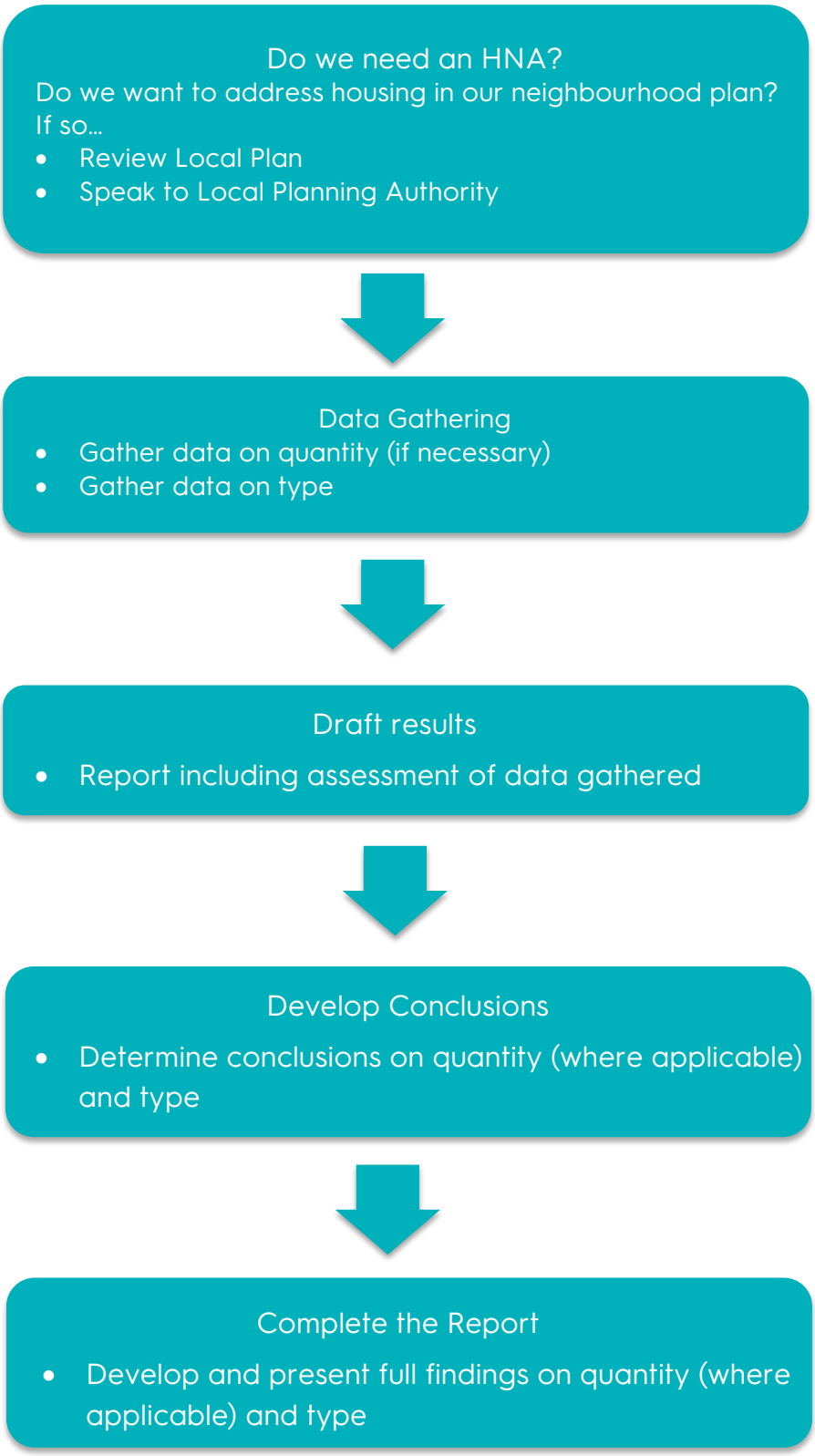
approach taken. The evidence should be drawn upon to explain succinctly the intention and rationale of the policies in the draft neighbourhood plan[7].

[7] PPG Paragraph: 040 Reference ID: 41-040-20160211 at https://www.gov.uk/guidance/neighbourhood-planning--2

Summary of process

Figure 1 below provides an overview in graphic form of the entire HNA process as explained in this document.

Figure 1: Process diagram of housing needs assessment at neighbourhood plan level



Key resources needed

Gathering, presenting and interpreting data about the local housing market will give you the evidence you need to underpin your neighbourhood plan's housing policies. As such, up-to-date, objective and relevant data is at the heart of any robust HNA. There are several key data sources you should consider in any neighbourhood plan HNA. These include, but are not limited to, the sources set out in Table 1.

In general terms, the wider the range of sources consulted, the more robust the resulting HNA. The PPG references several sources of data that can be used when identifying the need for different types of housing[8].

Table 1 sets out the range of data sources with the potential to inform your neighbourhood-level HNA, including but not limited to those referenced by the PPG. It focuses on sources that shed light on the tenure, type and size of homes needed. In exceptional cases where the HNA is assessing the overall need (i.e. quantity) for housing, the group should use the Government's standard method and apply this to the neighbourhood area. The recommended approach for applying this approach at the neighbourhood area is described further on in this section.

[8] The PPG references or suggests specific data to use for housing needs assessment in the following paragraphs, all at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments: Paragraph: 017 Reference ID: 2a-017-20190220, Paragraph: 020 Reference ID: 2a-020-20190220, Paragraph: 021 Reference ID: 2a-021-20190220, Paragraph: 022 Reference ID: 2a-022-20190220.

Table 1: Data sources that can inform a neighbourhood plan Housing Needs Assessment

Data source	Comments on using data	Recommended or optional?
Most recent local authority Strategic Housing Market Assessment (SHMA) and/or Local Housing Needs Assessment (LHNA)[9]	If the SHMA and/or LHNA was produced after the publication of the National Planning Policy Framework (NPPF)10 (first version 2012) and/or informs a Local Plan adopted post-NPPF, it can be considered a useful source of information on housing needs. If the SHMA is older it may be out of date and as such given less weight relative to more up-to-date data sources. Some SHMAs and LHNAs include maps and tables showing information on tenure, type and population at a sub-market level within the local authority, helping you see how your area may differ from the local authority average and how it relates to the LPA and market area as a whole. Note that the updated NPPF (2019) includes a wider definition of Affordable Housing. As such, many SHMAs and local plans produced before this date do not consider the wider need (or potential demand) for affordable home ownership as well as more traditional types of affordable housing such as social rent. This gap, and how to address it, is dealt with further on in this toolkit.	Recommended for assessment of housing tenure, type and size.
Adopted local authority Core Strategy/ Local Plan	Neighbourhood planners should review the local authority's Core Strategy/Local Plan in terms of policies relevant to housing. Note that the Basic Conditions of neighbourhood planning11 (specifically, Basic Condition E) give, for the purposes of neighbourhood planning, significant weight to any adopted Core Strategy/Local Plan, even if adopted pre-NPPF.	Recommended for all policy areas

[9] The assessment of housing need at a Local Authority level was formerly known as a SHMA but following the introduction of the standard method is now known as an LHNA.
[10] Available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf
[11] PPG Paragraph: 065 Reference ID: 41-065-20140306 at https://www.gov.uk/guidance/neighbourhood-planning--2

Emerging local authority Core Strategy/ Local Plan	The weight any emerging Core Strategy/Local Plan carries in planning terms depends on how far it has progressed (the closer to adoption, the greater the weight). In practice, it is not normally problematic (and therefore it is recommended, if possible) to ensure alignment of evidence and policy at neighbourhood level with both adopted and emerging Local Plans.	Recommended
(in London only) The adopted and/or the emerging London Plan	The PPG states that in London, any method for calculating quantity of housing to provide at neighbourhood plan level should have regard to the policies within the Spatial Development Strategy, i.e. the adopted London Plan.	Recommended for all policy areas if the neighbourhood plan area is within Greater London[12]
Local housing waiting list	The local housing waiting list gives an idea of the number of households locally that need affordable housing13, and whether or not this is in line with your local authority's policies on providing affordable housing. In some cases, the housing waiting list is available for a geographically smaller area than the local authority administrative area, which can be helpful. The waiting list is normally held by the local authority housing department or its housing management organisation. You may need the help of planning officers in accessing the data and in understanding how the list, which is only a snapshot in time, can help inform future need over the plan period.	Recommended for assessment of tenure, type and size

[12] The adopted and emerging London Plans are available online at https://www.london.gov.uk/what-we-do/planning/london-plan

[13] See section on affordable housing later in this toolkit for more details on affordable housing and calculating affordable housing need.

Data from Census 2011 [14]	You can use the full range of demographic and housing information from Census 2011 to inform directly the type, tenure and mix of new housing required, by relating future housing need to the existing demographic and housing characteristics of the neighbourhood area. Whilst dated, Census 2011 remains a sound basis for analysis since many trends, particularly demographic trends such as ageing, are gradual. In many (but not all) cases, it is possible to gather and compare like-for-like data from the 2001 Census against the 2011 Census so that you can discern trends over time27. The most important Census datasets for the purposes of a neighbourhood-level HNA include: • households; • household composition and size; • population age structure; • rooms per household[15]; • persons per room; • tenure; • accommodation type; • shared dwellings; • concealed families; • rates of long-term health problems; and • distance travelled to work. A particularly helpful way of presenting the data is a three-column format, showing clearly differences and similarities between the same data at neighbourhood plan area level (column one), local authority level (column two), and England level (column three).	Recommended for assessment of tenure, type and size[16] Census 2011 can be crossed checked with more recent national trends in the English Housing Survey
Local house prices	Websites aimed at homebuyers, such as Zoopla or Home.co.uk, can provide you with detailed information at a range of geographies on average house prices, and this data can inform your assessment of relative demand at neighbourhood	Recommended for analysis of tenure and affordability

[14] Available at www.nomisweb.co.uk
[15] PPG Paragraph: 020 Reference ID: 2a-020-20190220 (overcrowding), at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

	level compared with the local authority or postcode area average. The Land Registry website provides detailed data about house prices at a range of geographies and can be broken down by housing type. This can be used to inform your assessment of relative demand at neighbourhood level over time and compared to local authority and national trends.	
Local rental prices	A number of websites aimed at homebuyers, such as Zoopla or Home.co.uk, can provide you with detailed information at a range of geographies on average rental prices, and this data can inform your assessment of relative demand at neighbourhood level compared with the local authority or postcode area average.	Recommended for analysis of tenure and affordability
Local incomes	Household income data is difficult to collect at localised levels but is useful in establishing what local people can afford in terms of the tenure, type and size of their homes. Average (median) incomes are modelled by ONS at the Middle Super Output Area (MSOA)17 level. Groups can use the relevant MSOA as a proxy for their neighbourhood area. Groups can also refer to lower quartile earnings provided by the Annual Survey of Hours and Earnings at the local authority level to give an indication of the earnings and incomes of those on low incomes.	Recommended for analysis of tenure and affordability
Median Workplace-Based Affordability Ratios	This is the measure used in the Government's standard method for calculating the need for housing overall. However, it is also useful to show affordability of housing at the local level and how it is changing over time.	Recommended for analysis of tenure and affordability

[17] See Glossary for definition

Estate agent interview	Interviews with estate agents can provide you with qualitative and anecdotal evidence that can usefully complement more qualitative data sources, enabling any trends uncovered previously to be verified or challenged. They also act as a further source of neighbourhood-level knowledge to complement the local authority level data. However, estate agents may take an optimistic view of demand and growth, so this data should be used cautiously.	Optional

Using and presenting Census data

There is flexibility in terms of the format in which you present the above suggested data sources, as well as on the conclusions inferred from them. However, it seems logical to present data sources on quantity and then type of housing one by one, then bring the data together in a final section. You can then make appropriate judgements and draw appropriate conclusions based on that data.

Table 2 below is an anonymised real-life example of how to illustrate the rate of change in the age structure of the population of a neighbourhood plan area[18], demonstrating the advantages of presenting neighbourhood data alongside the same data at a local authority and national level to highlight the particular characteristics of the neighbourhood plan area as clearly as possible.

In the case of Table 2, which is based on the trend between 2001 and 2011 sourced from the Censuses, the neighbourhood plan area has a population ageing more rapidly than the local authority and national average, which would tend to indicate a need for housing suitable for older people.

[18] The real-life datasets presented in this chapter have been anonymised.

Table 2: Rate of change in population age structure, 2001-2011

Age group	Neighbourhood plan area	Local authority	England
0-15	-13%	-4.6%	1.2%
16-24	-5.3%	18.6%	17.2%
25-44	-18.6%	3.6%	1.4%
45-64	14.2%	10.1%	15.2%
65-84	4.5%	-1%	9.1%
85 and over	29.6%	7.4%	23.7%

Sources: ONS, Census 2001 and Census 2011

Table 3 below supports the data in Table 2 by projecting forward the age groups over the Plan period based on sub-national population projections. Here, the absolute numbers are of more interest than the proportions relative to larger geographies, which has already been established in Table 2, so Table 3 covers the neighbourhood plan area only and shows growth in all age bands over 45, and a corresponding decrease in age bands under 45. Note how this adds detail to the data: age groups 25-44, for example, would tend to demand family-sized housing, (which could indicate a need for family sized homes e.g. with 3 or more bedrooms) alongside the smaller homes for those who may wish to downsize in later life.

Table 3: Projected age band change in neighbourhood plan area, 2011-2028

Age group	2011		2028	
	Population	Percentage of total population	Projected population	Percentage of total population
0-15	2,395	17.5%	1,910	14.1%
16-24	1,190	8.7%	1,086	8.0%
25-44	3,232	23.6%	2,276	16.8%
45-64	4,122	30.2%	5,167	38.0%
65-84	2,295	16.8%	2,472	18.2%
85 and over	434	3.2%	674	5.0%

Sources: Census 2011, MHCLG Sub-National Population Projections

Many neighbourhood plan areas correspond exactly with ward or parish boundaries. Where this is the case, you will find data gathering relatively straightforward, as Census 2011 data is normally available at ward and parish level. However, parish-based geographies are not available for some Census 2001 data, complicating attempts to determine a ten-year trend between 2001 and 2011.

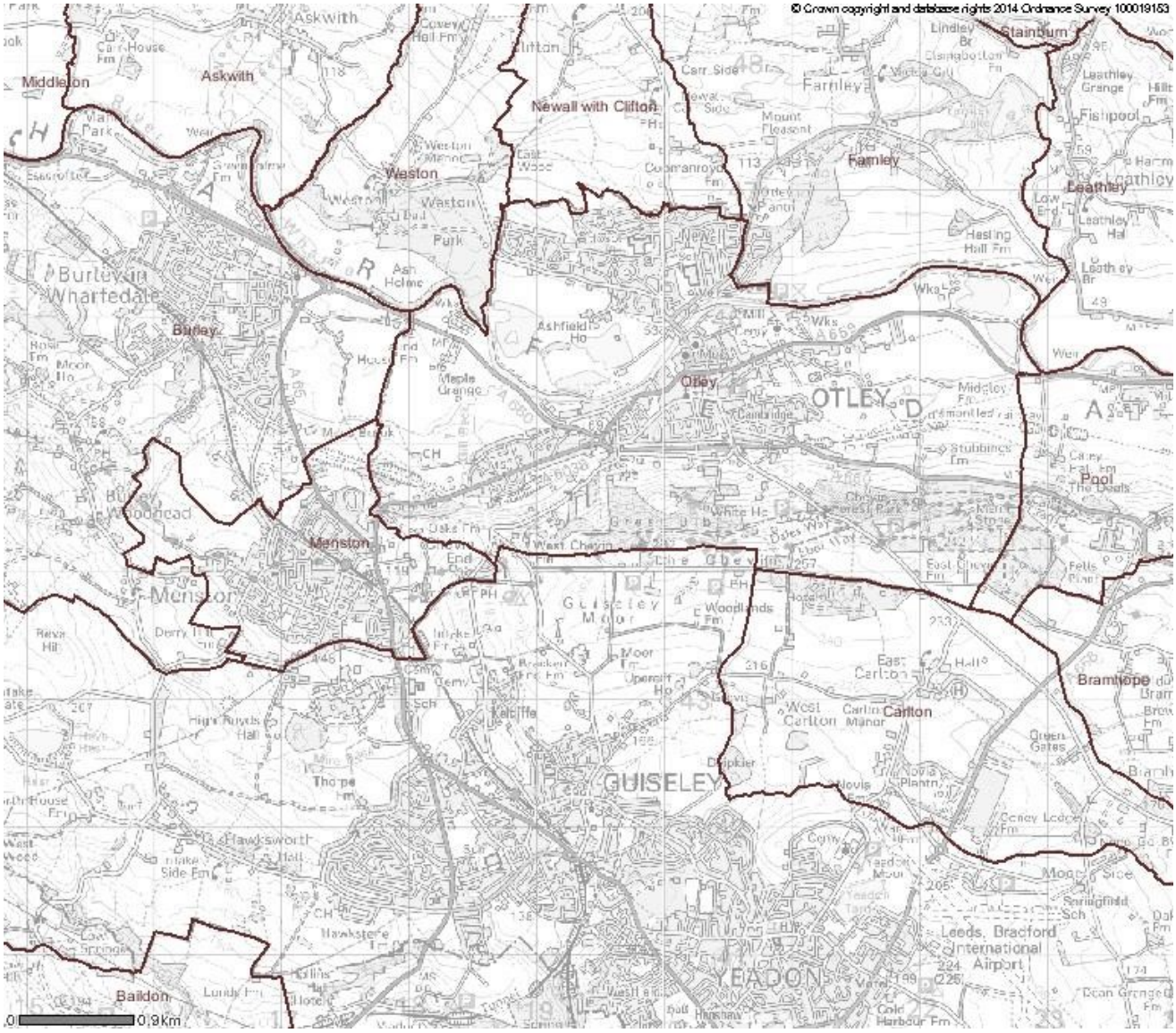
In these cases, or in cases where your neighbourhood plan area does not correspond with administrative boundaries, you will need to choose a 'best fit' study area from the Office for National Statistics (ONS) statistical hierarchy, which normally[19] allows for direct comparison between 2001 and 2011 Census data.

If you are a non-specialist, navigating the different ONS area size boundaries MSOAs, Lower Super Output Areas (LSOAs) and Output Areas (OAs)[20] can be daunting. However, your local authority will be well-placed to advise you on how to identify the 'best fit' statistical boundaries to use for data gathering purposes for your area, and then how to gather data using these geographies using the Nomis website[21].

A case study of using the ONS hierarchy is provided by AECOM's work on Otley Neighbourhood Plan in Yorkshire. The Neighbourhood Plan boundary closely matched the Otley parish boundary (illustrated in Figure 2). However, because information at parish level is not available for the 2001 Census, to compare data between 2001 and 2011 (and thus determine relevant trends), the ONS MSOAs (in this case, named Leeds 003 and Leeds 004) had to be used as a proxy for the parish boundary (Figure 3). In this case, these two MSOAs corresponded exactly to the parish boundary, but unfortunately this is not always the case.

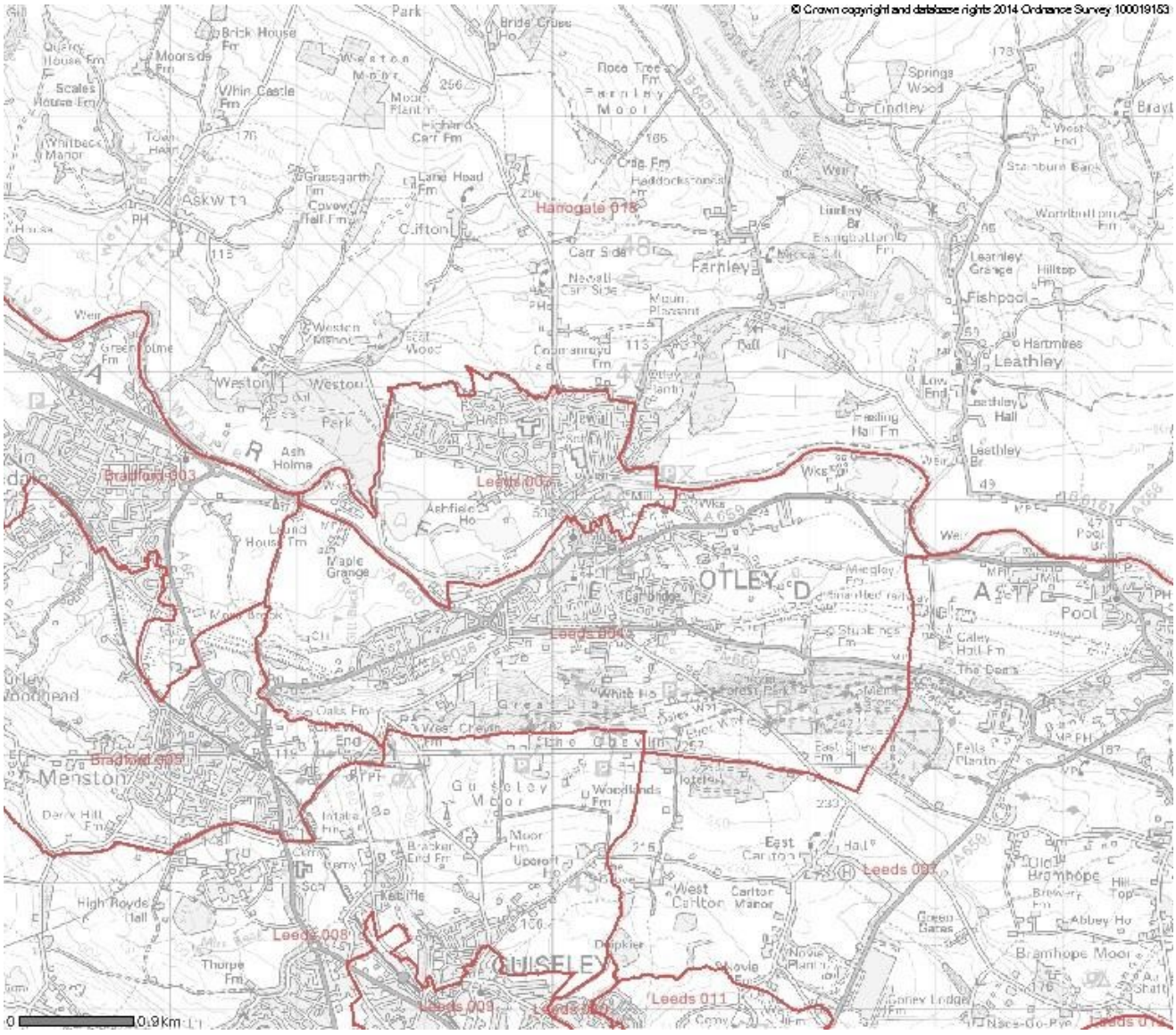
[19] There are a few locations where the ONS statistical hierarchy boundaries changed between Censuses 2001 and 2011. Where this is the case, the local authority, which regularly uses the ONS statistical hierarchy for planning purposes, is well-placed to advise on the best option.
[20] See Glossary for definition
[21] https://www.nomisweb.co.uk/

Figure 2: Otley parish boundary (centre), a close proxy for Otley neighbourhood plan boundary



Source: Nomis

Figure 3: Leeds 003 and Leeds 004 (centre), two MSOAs coinciding with Otley parish boundary which enable 2001 Census data to be collected



Source: Nomis

Using and presenting data from the SHMA and/or LHNA

SHMAs and LHNAs can be large documents, potentially daunting for the non-specialist. In many cases they can be 200 or more pages long, meaning it can be difficult to know where to start and what to include.

The key to reviewing them quickly and efficiently is knowing what can be disregarded for the purposes of a neighbourhood-level assessment. This normally includes:

- Definition of the housing market area (HMA), i.e. the extent of its boundaries (this can take several pages or even multiple chapters). Groups do not need to spend large amounts of time reviewing this but should note how the neighbourhood area

fits within the wider housing market and whether it has a specific role and function within this market;

- Determination of the quantity of housing needed across the HMA. As a housing requirement figure should be provided by the LPA, usually based on the SHMA/LHNA as well as other evidence, the group should not need to revisit the SHMA evidence in detail;
- Assessments across or characteristics of the LPA as a whole, rather than sub-areas within it;
- Any assessment of Census 2011 and 2001 data, assuming that as per this toolkit, neighbourhood planners will be gathering Plan-area specific Census data themselves.

Rather, what can and should be reviewed and summarised is the following:

- Any conclusions arising from data that is useful and relevant for your purposes (whether on dwelling type and size, affordability and the need for affordable housing, or specialist housing) and that you would not otherwise have access to, e.g.

-a household survey commissioned specifically for the SHMA/LHNA;

-data on developments since the 2011 Census; and/or

-interviews with local estate agents and/or developers, which can often provide important anecdotal data.

- Any conclusions on sub-areas within the housing market, thus reviewing analysis of the sub-area within which the neighbourhood plan area is located.

Quantity of housing needed

The 2019 NPPF and the introduction of the standard method for assessing housing need (i.e. the quantity of housing needed) have between them significantly streamlined the process of determining the quantity of housing to be provided in a neighbourhood plan.

Local planning authority requirement

The first step for anyone seeking to understand what is now known as the Housing Requirement Figure (HRF) for a neighbourhood plan is to determine if the relevant local planning authority has already fulfilled its obligations for the neighbourhood plan area under NPPF paragraphs 65 and/or 66.

NPPF paragraph 65 requires local planning authorities to develop strategic policies setting out a housing requirement for (each of their) designated neighbourhood areas. Once the strategic policies have been adopted, these figures should not need re-testing at the neighbourhood plan examination, unless there has been a significant change in circumstances that affects the requirement.

NPPF paragraph 66 states that, in cases where it is not possible to provide a requirement figure for a neighbourhood area (because a neighbourhood area is designated at a late stage in the strategic policy-making process, or after strategic policies have been adopted, or in instances where strategic policies for housing are out of date), the local planning authority should provide an indicative figure, if requested to do so by the neighbourhood planning body. This figure should consider factors such as the latest evidence of local housing need, the population of the neighbourhood area and the most recently available planning strategy of the local planning authority.

If the local planning authority has fulfilled its paragraph 65 and 66 requirements by providing a housing requirement figure or an indicative figure upon request, there is no reason or requirement for the HNA to undertake an alternative calculation. This reflects the fact that paragraphs 65 and 66 set requirements only for strategic planning authorities and no other parties.

If you wish to challenge the local authority's definitive or indicative Housing Requirement Figure for any reason, which of course you have a right to do as a consultee, then this should be done by means of representations through the Local Plan process, and not through the Housing Needs Assessment. The HNA is a technical, impartial document that presents and analyses existing data (including any Housing Requirement Figure) rather than challenging it.

In cases where the local planning authority have indicated that they will provide a housing requirement figure in the near future, it is advisable to wait for that figure rather than proceed with a pre-emptive calculation in the HNA. This is because the housing requirement figure provided by the local planning authority will immediately supersede any interim figure produced in the HNA. An interim figure can still be calculated to give

you an idea of the scale of housing need to plan for in the meantime, but any difference between the two figures will not provide grounds to dispute the local planning authority's figure when it is provided.

The PPG provides further detail on these important NPPF requirements. It states that "neighbourhood planning bodies are encouraged to plan to meet their housing requirement, and where possible to exceed it. Where neighbourhood planning bodies intend to exceed their housing requirement figure, proactive engagement with their local planning authority can help to assess whether the scale of additional housing numbers is considered to be in general conformity with the strategic policies."[22]

Planning to exceed an existing housing requirement figure involves allocating sites for a higher number of dwellings than the figure; it does not necessarily involve specifying a new, higher target in the neighbourhood plan. The appropriate step in the HNA is therefore to identify the reasons why additional growth would help to meet identified local needs, rather than to undertake an alternative calculation. You can then discuss this justification, along with supply-side factors such as the availability of sites, with the local planning authority to determine whether exceeding the given figure would be appropriate and, if so, by how much.

The PPG also sets out what happens in cases where the local planning authority does not provide a housing requirement figure for a designated neighbourhood area that wishes to plan for housing[23].

It states: "Where strategic policies do not already set out a requirement figure, the National Planning Policy Framework expects an indicative figure to be provided to neighbourhood planning bodies on request. However, if a local planning authority is unable to do this, then the neighbourhood planning body may exceptionally need to determine a housing requirement figure themselves, taking account of relevant policies, the existing and emerging spatial strategy, and characteristics of the neighbourhood area. The neighbourhood planning toolkit on housing needs assessment may be used for this purpose. Neighbourhood planning bodies will need to work proactively with the local planning authority through this process, and the figure will need to be tested at examination of the neighbourhood plan, as neighbourhood plans must be in general conformity with strategic policies of the development plan to meet the 'basic conditions'."

As a last resort in the exceptional circumstance that your local authority is unwilling or unable to fulfil its NPPF requirements under paragraphs 65 and 66, you will have to calculate a housing requirement figure of your own. As indicated in the passage from PPG quoted above, this toolkit provides a guide for calculating a figure yourself. This is detailed in Appendix A and provides a worked example.

[22] PPG, Paragraph: 103 Reference ID: 41-103-20190509, at https://www.gov.uk/guidance/neighbourhood-planning--2
[23] Ibid.

Type and size of dwellings

A neighbourhood plan can benefit from policies informed by robust data on what sizes and types of housing would be best suited to the needs of the local community. This is an area of evidence and policy development where the neighbourhood planners can add significant value. However, it is important to emphasise that this is not a precise science. Neighbourhood planners should avoid over precision, particularly since any policies on housing mix involve judgements which balance a number of factors including viability.

However, local needs are constantly in flux – particularly so over a plan period that might last around 15 years. It is therefore helpful for an HNA not only to look at how well existing housing provision is suited to the current population profile, but also how that profile is projected to evolve in future and what housing supply is needed to serve it best.

Throughout what follows, note that it is good practice to compare neighbourhood plan area findings with those observed at the local authority and national levels, as well as to compare the results of the 2001 and 2011 censuses to discern trends over time.

A good place to start is an assessment of the existing stock of housing and how it is occupied in the neighbourhood plan area, which can be done almost entirely with reference to census data. Key questions to answer include the following:

- What sizes of dwelling (in terms of number of rooms and bedrooms) currently exist in the neighbourhood plan area?
- Are they generally larger or smaller than local authority and national averages?
- How do the proportions of different dwelling types (detached, semi-detached, etc.) compare with the local authority and national averages?
- How have the proportions of dwelling sizes and types changed between the 2001 and 2011 censuses? Has recent development made the average dwelling smaller or larger?

Next, also relying primarily on census data, the demographic profile of the neighbourhood plan area can be examined:

- What is the age structure of the population, and how does it differ from the local authority and national averages?
- How has the age structure of the population changed between 2001 and 2011? Is the neighbourhood plan area ageing faster or slower than the wider local authority area?

- How does household composition in the neighbourhood plan area compare with the local authority and national averages, in terms of the proportion of one-person households to families and the proportion of families with or without children?
- How has household composition evolved between 2001 and 2011?

Having established this context, you will then be able to investigate how the existing stock of dwellings should change to accommodate the future needs of the community. The most robust way of doing this to understand what size of dwellings different age groups tend to occupy at present and apply those preferences to the future population profile of the neighbourhood plan area.

Although this process is concerned chiefly with the size of new dwellings, the observations listed above, relating to household composition and so forth, will provide valuable context and nuance that can be referenced when drawing your conclusions.

The first step is to determine what sizes of dwelling (in terms of the number of bedrooms) tend to be occupied by people at different stages of life at the local authority level[24]. For example, as young households age they typically begin to occupy larger dwellings, before some downsize in later life. Presenting this information in a table for a range of age brackets provides a detailed picture of what dwelling sizes are best suited to households at different life-stages, within the limitations of the housing choices available to them. An example is provided in Table 4 below.

Table 4: Age of household reference person (HRP)[25] to dwelling size, grouped

Size	Age 16 to 24	Age 25 to 34	Age 35 to 54	Age 55 to 64	Age 65 and over
1 bedroom	20.6%	11.2%	8.3%	9.9%	12.8%
2 bedrooms	50.9%	39.8%	23.5%	27.9%	37.0%
3 bedrooms	24.1%	40.4%	46.6%	44.0%	40.5%
4 bedrooms	3.2%	6.5%	16.5%	14.3%	7.7%
5+ bedrooms	1.3%	2.0%	5.1%	3.9%	1.9%
Total	100%	100%	100%	100%	100%

The next step is to estimate the future population profile of the neighbourhood plan area. Household projections provided by MHCLG will be able to tell you the estimated population of each age bracket for the final year in your plan period[26]. However, this data is only available at local authority level and higher, so you will need to apply the

[24] Taken from the most recent census, the dataset concerned with the age of the household reference person (or head of household) by dwelling size. This data is only available at the scale of the local authority, which should be used as a proxy and is anyway good practice because the neighbourhood area may produce a small sample size that is more strongly impacted by the abundance of particular dwelling sizes.

[25] See Glossary for definition

[26] Available at https://www.gov.uk/government/collections/household-projections

growth rate for each age bracket in the local authority to the current population of the neighbourhood plan area.

To take a worked example:

- The 2011 census counted 10,000 households headed by those aged 25-34 in the local authority
- Household projections show that by the end of the plan period there are expected to be 11,000 such households in the local authority
- This represents a growth rate of 10%
- The 2011 census counted 100 households headed by those aged 25-34 in the neighbourhood plan area
- Applying the growth rate of the local authority – which is the closest available proxy – gives a projection for the neighbourhood area of 110 households headed by those aged 25-34 at the end of the plan period
- This is repeated for each life-stage to give a complete projection of the population profile of the neighbourhood plan area at the end of the plan period

Once this has been done, the projected number of households in the neighbourhood plan area falling into each age group at the end of the plan period can be multiplied by the dwelling size occupation patterns you gathered in the previous step. The figures for each size of dwelling should then be added together to give a total indication of how many dwellings of each size are required to meet the expected needs of the future population. An example (carrying forward the same percentages as in the above example) is provided in Table 5 below. As an illustration, of the 19 households aged 25-34 expected to live in the neighbourhood by the end of the plan period, 2 households are expected to need a one-bedroom home, 7 households will need a two-bedroom home etc.

Table 5: Ideal dwelling size distribution by the end of the plan period, based on modelled household life-stages (totals may not sum precisely due to rounding)

Size	Age 16 to 24	Age 25 to 34	Age 35 to 54	Age 55 to 64	Age 65 and over	Total households requiring each dwelling size
Households	4	19	113	89	277	502
1 bedroom	1	2	9	9	35	57
2 bedrooms	2	7	27	25	103	164
3 bedrooms	1	8	53	39	112	213
4 bedrooms	0	1	19	13	21	54
5+ bedrooms	0	0	6	3	5	15

These results can then be compared with the housing stock that currently exists in the area, in terms of both actual numbers and the proportions of all dwellings they represent. It might be found, for instance, that two-bedroom properties currently represent 10% of all dwellings but, in order to accommodate the needs and preferences of a rapidly ageing population, more than 15% of all dwellings should have two bedrooms by the end of the plan period.

To determine how new development should be broken down by dwelling size to best accommodate the future population, the final step is to subtract the current housing stock profile from the projection of future needs. The difference should be represented as a percentage, as in the example (Table 6) below.

Table 6: The misalignment of supply and demand for dwelling sizes

Number of bedrooms	2011 actuals	Projected need at end of plan period	Required change to housing mix	Split of new development required
1 bedroom	13	57	44	43.0%
2 bedrooms	115	164	49	48.1%
3 bedrooms	209	213	4	3.9%
4 bedrooms	49	54	5	5.1%
5+ bedrooms	20	15	-5	0.0%

Note that in light of the national and local housing shortage, it is rarely advisable or practical to remove dwellings from the available stock, as would otherwise be suggested here for dwellings with five or more bedrooms. The recommended percentage for any dwelling size with a negative result should instead be set at 0%, and the other sizes rebalanced as percentages of the additional dwellings they represent in total.

The percentage recommended split in the final column of the table above is the important outcome of this process; the actual numbers of dwellings required to adjust the size mix do not reflect the actual quantity of housing needed in the neighbourhood plan area. As a general point, the dwelling mix always stands alone from the overall quantity of housing needed or allocated over the plan period, and could equally apply to windfall development, allocations beyond the plan period, or any other source of housing supply.

It is also important to caveat the results of this process in the sense that they are based on assumptions and projections. Though a relatively precise percentage split is produced, it should always be viewed with a large degree of flexibility to give broad indications of requirements rather than precise results. To take the example data above, it would not be correct for the HNA to propose that neighbourhood planning policy should seek to limit the future provision of larger homes entirely. This is because such

rigidity does not allow for the inevitable evolution of needs and circumstances over the plan period, and because the model unrealistically assumes that the housing market is completely efficient (for instance, that all people who would be expected to need smaller homes but currently occupy larger ones can and will move to a new house – an unlikely prospect).

This process can be modified and repeated to various ends. For example, using data about what sizes of dwellings different age groups tend to occupy at the national – rather than local authority – level can help to sense-check your results. It can also be repeated with dwelling types rather than sizes, but it should be recognised that type is more a matter of preference than need, and any imbalances identified would not usually justify a planning policy response.

Finally, this analysis provides you with evidence based on the demographic needs of the population compared to the existing housing mix. There are a range of other considerations that the group (and LPA) could take into consideration in developing policies on the mix of new homes to provide through new development. These include, but are not limited to:

- The role of the neighbourhood in the wider market area. For example, rural hinterlands often function as the suburbs of their adjacent towns. As a result, they often have a pattern of larger homes, with smaller properties focused in urban areas. These different patterns may be a problem if they contribute to unsustainable travel patterns, or if the large homes in more rural areas prevent lower income households from accessing housing. However, these differences are not always a problem and the distinctiveness of different areas may be a positive feature of the housing market area as a whole. These considerations therefore need to be balanced with the demographic driven evidence of needs at a localised level weighed against the perspective of the wider needs of the local authority and market area.

- The availability of different types and sizes of sites for development. To some extent, the mix of housing provided will be influenced by the type and location of sites available. Sites in densely developed urban areas may lend themselves to higher density forms of housing including flats and terraces. Conversely, sites on the edge of settlements are sometimes better suited to lower density forms of housing, reflecting the transition in build forms from urban to rural areas.

- The viability of development sites. The mix of homes will be influenced by the specific nature of the site in terms of the build costs, any remediation or abnormal development costs, infrastructure requirements and other policy requirements. On some sites, a particular form of housing may be more viable than others because it generates higher values or sales rates and helps to overcome higher development costs.

Affordable housing

Experience suggests that the first step in dealing with the complex issue of affordable housing in neighbourhood planning is to define it clearly. The definition of affordable housing that should be used throughout the development of a neighbourhood plan is that provided by the glossary within the 2019 NPPF, as follows:

"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) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016[27] and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **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. The Government is consulting on the introduction of First Homes which will offer discounted market sales housing at a discount of at least 30% compared to new homes.

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

[27] Available online at http://www.legislation.gov.uk/ukpga/2016/22/contents/enacted

housing provision or refunded to Government or the relevant authority specified in the funding agreement."

Although it is complex, you should use the above definition of affordable housing throughout your neighbourhood planning process to avoid confusion or ambiguity. This definition will ensure clarity and consistency with local authority and national planning documents[28]. This Government definition can be contrasted with (and should not be confused with) the non-technical (or colloquial) definition of affordable housing as 'housing sold on the open market that is cheaper than average'. Sometimes (but not always), this latter category of housing is referred to as 'affordable market housing' to distinguish it more clearly from the NPPF definition of 'affordable housing'.

If you define affordable housing clearly at the start of the process, this allows for clarity of evidence-gathering. For example, if you were to ask neighbourhood residents for their views on whether affordable housing is needed locally, the response could be very different depending on which definition is used, which then may have a significant impact on your affordable housing conclusions.

AECOM suggest a useful distinction is made between the two different forms of affordable housing and the groups that need it:

- Affordable housing for rent which is needed by households who cannot afford to access market housing without subsidy. These households often lack their own homes, and some are experiencing acute housing need (e.g. homeless or living in temporary accommodation). They typically need social or affordable rented housing; though a small proportion may be able to afford affordable home ownership products if they are provided at significant discounts.
- Affordable home ownership to meet the aspirations of households who, by and large, can afford to rent in the market but cannot afford to buy. These households may not lack their own housing and are typically living in the private rented sector, but they would prefer to buy their own home.

The range of affordable housing as outlined in the Government's definition covers the needs of these two groups. AECOM recommends, in developing evidence on the need for affordable housing in the neighbourhood area, the group makes a distinction between these two groups given the different nature of their needs.

[28] For the same reasons, standard planning definitions of terms such as 'dwelling' and 'household' should also be used throughout the neighbourhood planning process. These are listed at https://www.gov.uk/guidance/definitions-of-general-housing-terms

Developing an indication of need for affordable housing

If you consider that it would be helpful to understand the characteristics of the affordable housing need in your neighbourhood plan area, it is useful to understand the general pattern of affordability within the neighbourhood area. This can be done by examining the relationship between local house prices and incomes, in line with PPG advice[29].

A useful starting point is the relationship between the prices of the most affordable market housing and the lowest incomes in the area. These are known as 'lower quartile' data, reflecting the fact that in both cases, it is the bottom 25% of the market that is being investigated. The relationship between lower quartile house prices and incomes is expressed in the Lower Quartile Affordability Ratio (LQAR).

While the LQAR is a relatively crude measure of affordability, as it does not take account of the cost of servicing mortgage debt, it is a useful basic measure for benchmarking affordability changes over time. Further, PPG makes clear that lower-quartile house prices may be used as a benchmark for entry-level home prices[30], so the LQAR is particularly useful in terms of determining the ability of younger people to afford local housing[31].

The Land Registry's Price Paid Data (PPD) gives house prices over recent years and breaks them down by house type. The lower quartile price is the level at which the cheapest 25% of properties are available and can also be understood as the median of the cheapest 50% of properties.

For the LQAR, the lower quartile house price is simply divided by the lower quartile income to obtain a number in single or double digits. A ratio of 12, for example, means that a lower quartile dwelling costs 12 times local lower quartile incomes. This can be compared with regional and national averages, and trends can be observed over time to see if affordability is increasing or decreasing.

Whilst the LQAR is a useful measure of affordability over time and between places, in practice, households on the lowest incomes are unlikely to be able to access home ownership in many locations. For this reason, it is useful to examine *average* local incomes since it might be a reasonable expectation that households on average incomes would be able to afford to access home ownership. This can be measured with

[29] See Paragraph: 021 Reference ID: 2a-021-20190220, at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments
[30] Ibid.

[31] An entry-level dwelling can also be understood as one suitable for a household comprising two or three individuals. To be in conformity with Government guidance on overcrowding, such a home would require three habitable rooms (i.e. comprise a flat or house with one or two bedrooms). Entry-level properties therefore equate to one or two-bedroom flats/houses.

reference to average total household income estimates published by ONS[32] at the level of the MSOA[33].

To gain a clearer understanding of local affordability more widely, it can also be useful to compare local income levels (both average and lower quartile) with the incomes needed to afford different housing tenures.

A list of tenures it is recommended to consider, along with notes and relevant data sources, is presented in Table 7 below.

[32]Available at https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2016

[33] An MSOA is a statistical area defined for Census purposes. For further information on MSOAs, see https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography

Table 7: Tenures to examine in terms of local affordability

Tenure	Notes to aid analysis	Data sources
Lower quartile market housing for purchase	It is worth considering the costs and conditions of mortgage financing: A cash deposit will be required and can be estimated to as 10% of the value of the property. Mortgage lenders are then generally only willing to lend up to a certain loan-to-income ratio, which might be conservatively estimated to 3.5 for the purposes of an HNA. Therefore, an entry-level dwelling house costing £180,000 can be assumed to require a deposit of £18,000, as well as an annual household income of £51,429 (£180,000 / 3.5).	Land registry.
Entry-level private rented housing	Entry-level private rented housing can be understood as the cheapest 25% of rented properties, these are typically smaller properties (e.g. 1 and 2 bedroom). Households are considered able to afford rental property if the annual rent does not exceed a certain proportion of their annual income. It is common practice to assume households should spend no more than 25-35% of their income on rent.	Rightmove and/or home.co.uk data on agreed rents in the neighbourhood plan area, or best-fit postcode(s). A wider area can be used if the sample size is too small to give robust results. The income threshold can be compared with that used in the SHMA, where that has been included, to ensure consistency.

Affordable rented housing	The cost of this tenure is at least 20% below market rents (by number of bedrooms). To give an indication of the cost of this tenure, 20% can be subtracted from the income required to access entry level private rented housing. In practice, affordable rents are set by registered providers (e.g. housing associations) by reference to the cost of market rents (i.e. at least a 20% discount) and the level of housing benefit that households have access to. Some registered providers apply larger discounts to their larger homes (3 and 4 beds) to ensure that they are accessible to those reliant on housing benefit.	HNA calculation of entry-level private rented housing. LPA may be able to provide more accurate rental prices for affordable rent locally.
Social rented housing	Rents in this tenure are regulated and set in accordance with the Rent Standard. Rent levels are set by a reference to a formula. The aim of the formula-based approach is to ensure that similar rents are paid for similar properties. The current formula is devised on the basis that social rents take account of: • the condition and location of a property • local earnings • number of bedrooms in a property. Data is available for all property sizes, as well as a weighted overall average, which is the figure that should be used.	The Statistical Data Return from the Regulator of Social Housing[34], only available at local authority level. This will need to be used as a proxy for the neighbourhood plan area.

[34] Available at https://www.gov.uk/government/collections/statistical-data-return-statistical-releases See the latest year's Data Tool (Local Authority View), select the relevant local authority from the dropdown menu, and refer to Table 9.

Discounted market homes e.g. First Homes	A discounted market home is a new build home which has been discounted by at least 20% compared to market prices. The Government is consulting on the introduction of First Homes, which would set the minimum discount at 30%. These homes may also only be eligible to first-time buyers and other defined groups. Whether these homes are a viable option in your area, depends on whether applying a discount (e.g. 30% of more) to the price of market housing brings the price sufficiently to those who are unable to afford to buy. The Government is consulting on a requirement that a certain percentage of affordable housing should be provided as First Homes (e.g. 40, 60 or 80%).	HNA calculation of average priced market home. Average rather than entry level is used because these are new build homes and unlikely to be priced in relation to LQ/ entry level properties

Shared ownership	Shared ownership involves the purchaser buying an initial share in a property, typically of between 25% and 75%, and paying rent on the share retained by the provider. The same assumptions used above also apply here: an average priced dwelling is used; a 10% deposit and 3.5 loan-to-income ratio apply on the purchased share; and it can be assumed a typical household can afford to spend no more than 25% of their earnings on the rented portion. In addition, an assumption must be made regarding the price of the rent charged. A reasonable estimate is that annual rent will be charged at 2.5% per annum of value of the rented portion. The income required to afford this tenure is therefore a combination of that needed to pay for the rent and that needed to pay for the mortgage. In addition, because shared ownership may be available with varying ownership percentages, the calculation can be repeated for a 25%, 50% and 75% share of the property.	HNA calculation of average priced market home. Average rather than entry level is used because these are new build homes and unlikely to be priced in relation to LQ/ entry level properties
Rent to buy	Rent to buy is aimed at households who cannot afford to buy in the market either in whole or in part because they do not have enough of a deposit to access a mortgage. Households are eligible for Rent to Buy if they can afford market rents. They are then given a 20% discount on the market rent so that they can save towards a deposit. They have the option to purchase their home within a defined period (up to 7 years).	HNA calculation of market rents

With the aid of this information, it is possible to see which tenures (if any) are affordable to those on average and lower quartile incomes and whether they should be encouraged when planning for housing in future. These findings should be compared

with equivalent information in the SHMA, and an ideal tenure split can then be estimated.

On the basis of the evidence gathered, you might, for example, determine that 70% of future affordable housing should be social or affordable rent (due to the fact that these are the only options for those on lower quartile incomes) and that the remainder be affordable routes to home ownership such as shared ownership (due to an increase in the take-up of this tenure in the inter-Census period and its accessibility to those on median incomes).

Quantity of Affordable Housing needed

Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy, and implemented by the local planning authority.

It is relatively easy to estimate the quantity of affordable housing that could be provided over the plan period, by multiplying the housing need/requirement figure for the neighbourhood plan area (as provided by the local authority or calculated in the HNA) by the percentage requirement for affordable housing set out in the relevant local plan policy. For example, if the housing requirement figure is 200 and the Local Plan requires 30% of all new development to be provided as affordable housing, 60 affordable dwellings can be expected to be delivered.

However, this estimate will rarely be achieved in full because most Local Plan affordable housing policies only apply to developments providing a minimum number of dwellings. In many more rural neighbourhood planning areas, small infill plots are a major source of housing delivery but may not meet this threshold.

However, if you are concerned that the affordable housing needs of the neighbourhood plan area will not be met, it is possible to estimate what quantity of affordable housing will be required over the plan period. In exceptional circumstances you may be able to raise the percentage affordable housing requirement or the dwelling threshold at which affordable housing policies apply. However, it should again be emphasised that this policy choice requires extremely robust and compelling evidence to justify and close liaison with the LPA. More commonly, you may use this evidence to develop an appropriate mix of affordable housing (e.g. social and affordable rent and affordable home ownership options) in your area that best reflects needs. You may also use this evidence to justify other policies which seek to boost the delivery of affordable housing e.g. policies that support rural exception or entry level exception sites.

To estimate the quantity of affordable housing needed over the plan period AECOM recommends distinguishing between households who cannot afford to rent in the market and typically need social/affordable rent and households who can rent but cannot afford to buy and would prefer to do so. The needs of these groups are

different, though there is some overlap at the margins, and the neighbourhood plan and LPA's local plan may attach different priorities to meeting their needs.

i) Estimating the needs of households who cannot afford market housing

The Government's PPG provides detailed guidance on estimating the needs of those who cannot afford to rent in the market. This guidance is based on a well-established methodology that has been in use for decades. Most SHMAs/LHNAs follow this guidance to produce an estimate of the need for affordable housing (predominately social/affordable rented housing) at the local authority level.

AECOM recommends the neighbourhood group consults the relevant SHMA/LHNA as a starting point. The net shortfall of affordable housing identified for the LPA in the relevant SHMA can usually be applied at the neighbourhood level to give an indication of needs. This can be done by pro rating the LPA figure to the neighbourhood area i.e. assuming the neighbourhood has a 'share' of the LPA's affordable housing needs based on its share of the LPA's population.

If you wish to attempt to estimate a more localised figure, you can use the guidance in the PPG and apply it to the neighbourhood area. It may be possible to achieve a more locally specific estimate of need if data is available on the number of households on the waiting list in the Parish or neighbourhood area and the number of social/affordable rented homes that are re-let each year in the neighbourhood. This data may be provided by the LPA but it is not always available.

ii) Estimating the needs of households who can afford to rent but cannot afford to buy

The Government attaches high priority to helping households access affordable home ownership. This is reflected in the definition of affordable housing contained in the NPPF. However, there is limited guidance on estimating the needs of these households. They are unlikely to be on the local authority waiting list or to be counted in traditional affordable housing need assessments because they can, by and large, afford to rent in the market.

It is therefore useful to estimate the scale of this group. This estimate provides a figure for the potential demand for affordable home ownership homes in the area. It is important to recognise that these households have more choice in the housing market than those who lack their own housing and/or cannot afford market rents.

It is useful to think of this group as those that can afford to rent but cannot afford to buy. If you have established the cost of buying and renting in your neighbourhood area and the income required to afford these tenures, you can estimate the income range of households who fall into this group. For example, if households need an income of £60,000 to afford an entry level home to buy or £30,000 for an entry level rented home, those with incomes of £30,000-£60,000 represent potential demand for affordable home ownership products. If affordable home ownership products can be provided to

households in this income range, they are likely to be successful in extending home ownership to those who are currently price out of the market.

If the SHMA/LHNA covering your area was produced very recently (2019 onwards) it may provide a separate estimate of the need for affordable home ownership homes which you can use to estimate the potential demand in your area (again, by calculating your share based on the population in your neighbourhood). If this is not the case, it is possible to produce a simple estimate of potential demand using the following steps. These mirror the approach in the PPG for estimating the needs of households who cannot afford market housing):

a) Estimate the 'backlog' or pent up demand from households living in the private rented sector using the number of households in the PRS in 2011 in the neighbourhood. You can increase this figure by the percentage growth in the PRS at the national level since 2011 (data available in the English Housing Survey) to achieve a more up to date figure. Subtract any households on housing benefit who are living in the PRS. AECOM also recommend subtracting at least 25% of the remaining households since not all households in the PRS want to buy and some may prefer the flexibility of renting. This figure provides the current need for affordable home ownership and can be divided by the number of years in the plan period in order to achieve an annualised figure.

b) Estimate the number of new households who will form over the plan period and need or want affordable home ownership. Use MHCLG household projections for the local authority area to estimate how many households will form in your area in each year of the plan period. Again, you can do this by assuming your neighbourhood will receive its share of the growth at the local authority level, based on its share of the population. You then need to estimate how many of these households will be able to rent but unable to buy. AECOM suggest you use the proportion of households living in the PRS in your neighbourhood currently (same data as Step a) as this provides a good proxy. You may have access to local income data which provides a breakdown of the number of households with different income levels. This can be used instead to establish how many households can afford to rent but cannot buy and applied to future household projections.

c) Estimate the supply of affordable home ownership homes each year. AECOM recommend accessing data on the stock of shared ownership homes in the neighbourhood in 2011 (Census). You can find out if any new affordable home ownership homes have been built in your area since 2011 by asking your LPA. It can be assumed that 5% of this stock becomes available for resale each year. This is a reasonable assumption of turnover within the owner-occupied sector.

d) By adding (a) and (b) together and subtracting (c), you can produce an annualised estimate of the potential demand for affordable home ownership homes in your neighbourhood. It is important to state that this is a simplified

estimate of potential demand which is designed to fill in a gap in the evidence on the need for this housing.

Your analysis on the affordability of different affordable home ownership products can be used alongside this estimate to indicate which products might extend home ownership furthest. For example, if an affordable home ownership product is only marginally cheaper than accessing market housing it is unlikely to extend home ownership to most of those households identified here.

It is important to realise that these estimates do not overlap entirely with, or supersede, the overall housing need/requirement figure for the neighbourhood plan area. Estimates of affordable housing needs can often be higher than the total housing requirement figure, particularly where large backlogs of need have been identified.

There is no policy or legal obligation on the part either of the local authority or neighbourhood planners for the identified quantity of need to be met in full, either within or outside the neighbourhood plan area. However, evidence of affordable housing need identified in your HNA may support specific policies in your neighbourhood plan.

Policy implications – what could you do?

Having identified the need for different forms of affordable housing there are three main policy areas that you may wish to consider. Appendix C provides some example policies:

- Affordable housing targets and thresholds;
- Allocating sites specifically for affordable housing and/or supporting affordable housing exception sites;
- Affordable housing tenure mix.

It is important to emphasise that policies developed on the basis of estimates of affordable housing need will need to be balanced against other considerations, in particular the viability of delivering affordable housing.

Affordable housing targets and thresholds

In AECOM's experience, neighbourhood plans rarely set, or need to set, a target of their own for affordable housing provision that is different to the local plan (i.e. the percentage of new housing that should be affordable). This is for several reasons, as follows:

- You only need to set a target where there is no up-to-date adopted plan at local authority level or where the adopted plan has no policy on affordable housing provision. However, in some cases, the LPA may be supportive of achieving a higher proportion of affordable housing in some neighbourhoods if this can be justified by

the evidence, including viability assessment. As such, you should discuss this with your LPA;

- Setting an affordable housing target is a complex task needing detailed technical assessment of local affordable need, how it might project into the future, and how it would impact on development viability, and this could be difficult to justify in light of the fact that, generally speaking, neighbourhood plan-level evidence should be proportionate, and that neighbourhood plans are developed by volunteers whose time may be limited;

- Setting any affordable housing target differing from that at local authority level risks conflicting with the local plan, and thus your plan potentially failing the Basic Conditions test for neighbourhood planning.

- If you seek to address the previous bullet point by setting an affordable housing target that does not differ from the local authority target, this would be a simple restatement of existing policy, which is unnecessary.

Where you feel affordable need locally is higher than provided for by the local authority target, several options to meet that need are available. These include, for example, affordable housing exception sites (further details below) or joint working with the local authority to consider directing affordable housing provision from other parts of the local authority with a lower level of need to the neighbourhood plan area, recognising that the need for affordable housing is usually not evenly distributed across any local authority area[35].

Allocating a site for affordable housing and supporting affordable housing exception sites

Where there is evidence of high need for affordable housing that is unlikely to be met through affordable housing policies applied to new housing development, groups may wish to consider allocating sites for affordable housing in order to boost supply. In some neighbourhoods it may be possible to identify and allocate sites for affordable housing which are in addition to those identified and allocated to deliver the overall housing requirement. This should be possible providing the sites meet the LPA's local plan policies and can be delivered viably. The challenge will be in identifying a willing landowner. In some neighbourhoods, the local authority or even parish council may own land or property, so this is an avenue worth exploring.

It is also possible to bring forward other sites for affordable housing, but these sites are not allocated in advance, they are 'exception sites'. These sites are in locations where

[35] For more information about meeting affordable housing need through off-site provision, see Section 106 affordable housing requirements: Review and appeal (DCLG, 2013) available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/192641/Section_106_affordable_housing_requirements_-_Review_and_appeal.pdf

general housing development would not normally be permitted but an exception can be made for affordable housing.

The NPPF defines two types of affordable housing exception sites: entry-level exception sites and rural exception sites.

Entry-level exception sites are defined as sites that provide entry-level homes suitable for first time buyers (or equivalent, for those looking to rent). The NPPF (paragraph 71) states that such sites should be comprised of entry-level homes that offer one or more types of affordable housing and applies a number of supply-side constraints that collectively determine which sites may or may not be suitable, depending on location and size. Entry-level exception sites are particularly suitable for neighbourhood plan areas where there is evidence of a high level of younger people who are not able to afford homes on the open market.

By contrast, rural exception sites are defined by the NPPF as small sites used for affordable housing in perpetuity where sites would not normally be used for housing. They seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection.

A proportion of market homes may be allowed on rural exception sites at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

The limitations on how neighbourhood plan-level evidence and policies can address the issue of affordable housing reflect the fact that the neighbourhood planning system was not designed with the aim of replacing or changing the existing obligations on local planning authorities to provide affordable housing to those in need across their areas. Local authorities have a duty to manage and monitor the local list of households in need of affordable housing and to deliver the housing to meet their needs. This obligation not only applied before the introduction of neighbourhood planning but also it has not been affected in any way by its establishment.

Despite the limitations applying to neighbourhood plan-level affordable housing policy, in cases where the demand-side evidence shows a high level of affordable housing need, a neighbourhood plan can be an ideal means of promoting an affordable housing exception site. Note that the separate question of the precise location for the exception site is a matter for the supply-side evidence base (i.e. the Site Assessment[36] process).

Affordable housing tenure mix

The neighbourhood group may wish to develop policies on the mix of affordable housing i.e. the proportion of affordable homes provided for rent and the proportion provided for affordable home ownership. Again, it is likely that a policy on tenure mix is

[36] Locality's neighbourhood planning site assessment toolkit is available at https://neighbourhoodplanning.org/toolkits-and-guidance/assess-allocate-sites-development/

included in the local plan. However, the local plan may allow flexibility depending on local circumstances. If you wish to develop a tenure mix policy that is different to that set out in the local plan you should discuss this with the LPA.

The following evidence and considerations may be used as a starting point in the development of policy:

A. Evidence of need for affordable housing: what do the separate estimates of affordable housing need suggest about the balance of needs in your area. Bear in mind that you are comparing acute needs (for social/affordable rent) with potential demand for affordable home ownership.

B. Can affordable housing needs be met in full? You can compare the estimate of affordable housing need to your housing requirement figure (if you have one) and local plan affordable housing policies. If it is unlikely that sufficient affordable housing will be delivered over the plan period to meet identified needs, this suggests some form of prioritisation will be required. However, considerations can differ depending on local considerations.

C. Government policy (e.g. NPPF) requirements: current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. There can be exceptions to this requirement if it would prevent the delivery of other forms of affordable housing. However, the Government is consulting on the introduction of First Homes (to provide at least 30% discount on new build home prices). Proposals include the requirement to provide 40-80% of Affordable Housing as First Homes. The outcome of this consultation and the policy which emerges will shape the provision of different forms of affordable housing on new development sites, prioritising the provision of discounted market sale homes. The neighbourhood group will need to keep this emerging policy in mind when developing Neighbourhood Plan policies.

D. Local Plan policy: The LPAs adopted or emerging local plan is likely to require or recommend a tenure mix. In some cases, policies may be flexible, with tenure mix agreed at the site-specific level. The LPA may be supportive of a specific local tenure mix policy that is different to, or builds upon the flexibility offered in, the local plan. You should discuss this with the LPA.

E. Viability: HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site-specific level. In fact, housing need assessments should be objective and separate from assessments of viability or other constraints. Viability issues are usually examined in the development of an LPA's local plan and policies typically acknowledge that this may affect the provision of affordable housing and/or the mix of tenures provided.

F. 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 group may

wish to keep an open mind about the mix of affordable housing so that it can take up any opportunities to secure funding if they become available.

G. Existing tenure mix in the neighbourhood area: evidence may show that there is no affordable housing (either to rent or for sale) within the neighbourhood area. This could suggest 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. Conversely, your neighbourhood may be dominated by social renting which may mean you wish to widen choice locally by providing home ownership options – either affordable or market housing.

H. Views of registered providers: it is not within the scope of the HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in your area. Some housing associations may be reluctant to take on small numbers of homes in rural areas because of the extra cost involved in managing this stock. However, there may be specialist providers who are willing to provide this housing and so the delivery of social/affordable rented homes should not be ruled out if it is an objective of the neighbourhood group and supported by the LPA.

I. Wider policy objectives: the neighbourhood group may wish to take account of broader policy objectives for your neighbourhood and/or your LPA. These could include, but are not restricted to, policies to attract younger households, families or working age people to the Neighbourhood Area. These wider considerations may influence the mix of affordable housing provided.

Specialist housing for older people, disabled people and other groups

The PPG on planning for housing for older and disabled people is a helpful guide for HNAs where evidence suggests that understanding the specific housing needs of this section of the population is important. It sets the context and provides advice as to the issues to consider, as well as links to useful resources.

Specialist housing for older people

It should be noted at the outset that older people typically occupy a broad range of accommodation types and tenures depending on their individual needs and aspirations, including both mainstream market housing. This section of the toolkit considers the need for more specialist accommodation where older people can access care and support to live independently. The two most common types of specialist accommodation for older people are sheltered housing and extra care housing, and each of these can be provided on for rent or sale, with or without some form of financial assistance.

Offering older people a wider range and better quality of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems. Therefore, an understanding of how the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking[37]. Furthermore, in the PPG, the Government states that plans should provide for specialist housing for older people where an identified need exists[38].

There are various ways in which the need for such housing can be identified in an HNA, but a particularly simple and effective one, which referenced in planning guidance, relies on the Strategic Housing for Older People (SHOP) tool provided by the Housing Learning and Improvement Network[39]. This tool is based on national best practice and works by setting a recommended level of provision per 1,000 of the older population.

The table below, reproduced from the Housing Learning and Improvement Network (HLIN), serves as a guide to the numbers of specialist dwellings for older people that should be provided over the Plan period (based on the SHOP assumptions), and how these should be split into different tenures. It is important to note that the SHOP assumptions aim to boost the provision of specialist housing for older people compared to the current rates of provision.

[37] See Paragraph: 012 Reference ID: 63-012-20190626 at https://www.gov.uk/guidance/housing-for-older-and-disabled-people#identifying-the-housing-requirements-of-older-and-disabled-people
[38] Ibid.
[39] Available at https://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPv2/

Table 8: Recommended provision of specialist housing for older people from the SHOP toolkit

FORM OF PROVISION	ESTIMATE OF DEMAND PER THOUSAND OF THE RELEVANT 75+ POPULATION
Conventional sheltered housing to rent	60
Leasehold sheltered housing	120
Enhanced sheltered housing (divided 50:50 between that for rent and that for sale)[36]	20
Extra care housing for rent	15
Extra care housing for sale	30
Housing based provision for dementia	6

Source: Housing Learning and Improvement Network

To apply the estimates provided in the SHOP tool to the neighbourhood plan area, it is first necessary to estimate the population of people who will be aged 75 and over by the end of the plan period. This is done by using the ONS Sub-National Population Projections for the local authority in which the neighbourhood plan area sits (because such projections are not available at a smaller scale). The difference between the population of those aged 75 given in the most recent Census and in the projection for the final year of the plan period can be calculated as a percentage. This percentage growth rate can then be applied to the current population of those aged 75 and over in the neighbourhood plan area to estimate the population at the end of the plan period.

This projected population figure is then divided by 1,000, because the SHOP tool is based on the rate per 1,000 of the older population. The result of that calculation – which may be a decimal less than one – should then be multiplied by each of the demand estimates given in the SHOP tool. For example, if there are projected to be 500 people over the age of 75 at the end of the plan period, this is divided by 1,000 to give the decimal 0.5, which is in turn multiplied by 60 to give a result of 30 conventional sheltered housing to rent units, by 120 to give 60 leasehold sheltered housing units, and so on.

Having established an estimate of the scale of total need, current supply should then be considered. There are several ways to do this: information may be available in the local authority's housing evidence base, or data may be collated manually using the search function on the Elderly Accommodation Counsel's Website[40]. Ideally, you should deduct the number of specialist housing units conforming to the definitions of each type and tenure in the SHOP tool to identify any obvious gaps in supply.

[40] Available at http://www.housingcare.org

It is important to note that bed spaces in communal establishments such as live-in care homes are not included in any of these calculations. This is because for the purposes of the UK planning system, such institutions occupy a different land-use class from other housing (use class C2, which comprises residential institutions, versus C3, which comprises private dwellings). However, all other types of specialist housing for older people fall within use class C3 and, as such, are within the scope of neighbourhood plan-level needs assessments[41].

The result of this exercise will be the number of net additional specialist housing units that need to be added to the current stock levels to reach your estimate of demand at the end of the plan period. This number can also be broken down by type and tenure.

It is important to note that, as stated in the PPG, the need for housing for particular groups of people (here, older people) may well exceed, or be proportionally high in relation to, the overall housing need figure. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected number of new households, the latter of which forms the baseline for the standard method[42].

Although, in the words of PPG, the need to provide housing for older people is critical,[43] it should also be recognised that neighbourhood plan areas in rural parishes are not always appropriate locations for large-scale provision. Accessibility and proximity to important amenities and services are also factors to be considered. Sometimes it will be more appropriate to concentrate new provision of specialist accommodation in a neighbouring larger settlement, closer to services and facilities such as shops and medical centres, and more easily accessible by sustainable modes of transport.

Furthermore, the development of specialist accommodation has different costs and revenues to mainstream housing and so policies aimed at the provision of specialist schemes should also consider the viability of development to ensure policies are realistic and achievable.

Specialist housing for people with disabilities

The NPPF states that people have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.

[41] For a full description of Planning Use Classes, refer to https://www.planningportal.co.uk/info/200130/common_projects/9/change_of_use
[42] See Paragraph: 017 Reference ID: 2a-017-20190220, at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments
[43] See Paragraph: 001 Reference ID: 63-001-20190626, at https://www.gov.uk/guidance/housing-for-older-and-disabled-people

The starting point for any assessment of the housing needs of people with disabilities should be the SHMA/LHNA and other relevant documents produced by the LPA. Information on the needs of disabled people, particularly the different groups this includes can be hard to come by at the LPA level, let alone for specific neighbourhoods. Your LPA will be able to advise if there is specific information you should consider that is relevant to your area.

There is some relatively straightforward analysis that you can do for your neighbourhood which should shed light on broad needs amongst disabled people and should give you an indication of whether needs in your area appear to be greater than in the LPA as a whole, which might merit specific policies in the neighbourhood plan.

Using Census data, it is possible to examine the proportion of the current population with disabilities, and to model how that population is likely to change in future. This presents a reasonable statistical basis with which to begin to plan for the housing needs of those with disabilities.

It is important to keep in mind that disabled people with mobility and accessibility limitations are typically older and there is a large degree of overlap with the needs of the older population. It is therefore important to bear in mind when considering the housing needs of both groups that there is a risk that many households will be counted twice.

A good resource is the most recent Census data on people with a long-term health problem or disability (LTHPD), which is defined as a condition that limits that person's day-to-day activities and has lasted or is expected to last at least 12 months. The Census data is broken down by whether the respondent's activities are perceived to be limited 'a lot' or 'a little'. This data should be presented for the neighbourhood planning area and compared with wider trends at the local authority and national scales.

It is also interesting to analyse Census data that shows which housing tenures are occupied by people with LTHPDs and compare this with the tenure profile of all households in the area. It may be found, for instance, that people with severe mobility limitations rely to a greater degree on socially rented accommodation, suggesting that if this segment of the population is projected to expand over the plan period the supply of specialist or highly accessible socially rented homes should also be increased.

Moving on to consider the prevalence of long-term disabilities and mobility limitations by age group (using the same data set) tends to reveal a strong correlation that should be acknowledged and, ideally, compared with trends at wider geographies.

It is useful to then project forward the current population profile of the neighbourhood plan area to the end of the plan period, using the same method described in the sections on type and size and specialist housing for older people above. Having done so, the rates of LTHPD for each group can be applied to the projected population, and the total increase in the number of people likely to require specialist homes to meet their needs can be determined. Note that these datasets relate to population rather than

households, and therefore that need per person does not precisely equate to need per household.

Another measure which can be used to estimate the scale of disability within the population is the number and proportion of Disability Living Allowance (DLA) claimants. DLA is a non-contributory, non-means-tested and tax-free contribution towards the disability-related extra costs of severely disabled people who claim help with those costs before the age of 65. DLA therefore provides an indication of the number of people in younger, working age groups who are disabled and who have personal care needs, mobility needs or both.

Recording the proportion of DLA claimants can therefore be helpful in determining the exact proportion of the disabled population in the neighbourhood plan area relative to local authority and national proportions[44]. Neighbourhood planners should note that sometimes benefit entitlements change over time and that these datasets may not provide a complete picture of need.

The key outcome of this part of an HNA should be an understanding of the prevalence of those with disabilities within the population compared to other areas, and the projected level of growth in that population. There is no precise way of converting these findings into a quantity of specialist housing that needs to be provided, but a neighbourhood plan can act upon this information by ensuring that some effort is made to actively accommodate people with such needs. In addition to the provision of specialist housing units, other responses include policy provisions to mandate certain standards of accessibility and adaptability for future development.

[44] To determine the proportion of the population who are DLA claimants, data for the population as a whole from the 2011 Census needs to be gathered. However, as the number or proportion of DLA claimants was not recorded in the Census, the number of claimants from May 2011, i.e. the closest point to the Census for which data is available, needs to be cross-referenced with the Census data. Additionally, data on DLA claimants is only available by ward, which will need to be used as the closest available proxy.

The needs of other groups

An HNA is not limited to looking at the needs of any groups in particular. Older and disabled people are just two of the most important and well-researched of a broad and expanding list of demographic types. As long as appropriate data exists, an HNA can present and examine evidence that can, in turn, be used to inform policy decisions addressing the housing needs of any specific group in the neighbourhood plan.

Second homes

In some neighbourhood plan areas, second homes are an important local issue. Residents may be concerned that provision of second or holiday homes that are occupied for only part of the year are making housing unaffordable or otherwise less accessible for local people. In other areas, although the issue may not be second or holiday homes, neighbourhood residents may wish for new properties to be marketed to the local community first before being offered to the open market. Either way, residents may feel that there could be an impact on the housing need figure.

This was an issue raised by the Inspector at the Cornwall Local Plan inquiry in 2015, and his statement of how to plan for the impact of second/holiday homes is helpful[45]: 'the acquisition of future new dwellings as holiday/second homes would remove those dwellings from the stock available for [local] needs…[and] it is reasonable to assume that the proportion of holiday homes will not decline over the plan period'.

On this basis, the Inspector calculated, based on past trends, that a seven per cent uplift in the overall housing target across Cornwall was justified in this instance to make up for those new houses 'lost' from the overall provision through use as second or holiday homes. Although the proportional size of the uplift will differ by location, this is nevertheless useful as a practical example of the general approach you can take- namely, to meet local needs at the same time as allowing for a proportion of second home development. Your local authority should be able to help you calculate a reasonable proportion to apply for your own circumstances.

More recently, case law[46] (arising from the St Ives neighbourhood plan in Cornwall) has upheld the ability of a neighbourhood plan to include restrictions on the occupation of second homes where there is evidence that the second homes market is having a detrimental impact on settlement sustainability. While in theory this judgement opens the way for any neighbourhood plan with a robust enough evidence base to seek to restrict second homes provision, in practice it is not this simple. Firstly, the judgement has not been reflected in subsequent updates to national planning policy and guidance, so it continues to have weight only as case law. Neither the NPPF nor the PPG place any kind of restriction on the provision of second or holiday homes. Secondly, this policy appears to have led to a decrease in house building (and consequent increase in the price of

[45] From the Inspector's Preliminary Findings (May 2015) available online at http://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf
[46] https://cornerstonebarristers.com/cmsAdmin/uploads/final-rlt-v-cornwall.pdf

homes in the existing stock). Policy development will need to consider this as a potential risk.

On this basis, it is not generally recommended that you promote policy explicitly restricting second home ownership. If you nevertheless choose to do so, then not only will you have to assemble an evidence base demonstrating that human rights are being infringed that is robust enough to withstand legal challenge, but also you will need to ensure your local planning authority is supportive and willing to take the policy to court, as was the case for Cornwall Council at St Ives.

Homes for local people

Equally, any proposals for new market properties to be offered to local residents before being sold on the open market (through planning policy or condition) is not supported by national policy. Although in theory your neighbourhood plan could encourage (rather than require) local developers to market their homes in this way, it is highly unlikely that a developer would voluntarily seek to impose restrictions on the sale of their houses.

However, at local authority level, statutory guidance[47] reiterates that Councils have discretion to determine who qualifies for an allocation of social (i.e. affordable rather than market) housing, including those with a local connection and working/community contribution. Many Councils have used these powers to prioritise low income households with a family member in work and those deemed to be making a 'community contribution'. Furthermore, rural and entry level exception sites provide a means of boosting the supply of affordable housing delivery for local people.

In conclusion, it appears that there is little flexibility in planning policy on the issue of second homes or restricting market homes for local use only. Restrictive policies in relation to market housing are best avoided completely, and instead, your neighbourhood plan should seek to meet the housing needs of both local people and future incomers, with an uplift to allow for additional dwellings for local people or new incomers if required by local circumstances.

Accommodation for students

Student housing can be an issue if your plan area is close to a college or university. Neighbourhood plans needing to address this issue often benefit from dialogue with the education institution on future expansion plans over the plan period, and the extent to which students normally live on or are expected to live on campus, or in the local private rented sector. If the latter, then planning for Houses in Multiple Occupation (HMOs) may be important, and your Local Planning Authority may already have

[47] Allocation of accommodation: guidance for local housing authorities in England (DCLG, 2012) available at https://www.gov.uk/government/publications/allocation-of-accommodation-guidance-for-local-housing-authorities-in-england

policies on the issue. Buckingham Neighbourhood Plan[48] is a good example of how to take account of student housing within calculations of overall housing need.

Drawing conclusions on characteristics of housing needed

If you have gathered a wide range of data from the Census and other sources on local demographic composition and the characteristics of local households, you can extrapolate this into judgements of the characteristics of housing needed, including:

Relative proportions of dwellings by size (i.e. number of bedrooms);

- Tenure of housing;
- Type (i.e. detached, terraced, or apartments);
- Specialised need (e.g. housing for older people, for families or for those who mainly work from home).

Sub-national population projections (SNPPs)[49], which form the basis for household projections, can be disaggregated by age band and thus, in theory, you can model the relevant housing types required by 'mapping' future population age bands to the housing they prefer to occupy (as revealed by Census data). This is particularly useful in determining the provision of housing for older people, as supported by the PPG.[50]

An approach allowing for greater flexibility and hence increased accuracy over the plan period as a whole could be for you to set broad policy parameters to guide new housing development (based on HNA conclusions), within which applications could be assessed on a case-by-case basis. For example, rather than seeking 30% of all new dwellings to be two-bedroom units (an approach which risks being overtaken by events during the plan period), a policy could instead support 'a significant proportion of two-bedroom units, having regard to the supply of such units at the time of application'. As there is an inverse relationship between accuracy and flexibility for this kind of conclusion, there are pros and cons to either approach.

Where a more flexible approach is preferred, requiring developers to take into account the dwelling type, size and tenure needed at the time of development, then policy

[48] See, for example, the Buckingham Neighbourhood Plan Evidence Base document available online at http://www.aylesburyvaledc.gov.uk/sites/default/files/page_downloads/Appendix-1-Evidence-Base-Submission-March-2015.pdf , which informed the final Neighbourhood Plan available at https://www.aylesburyvaledc.gov.uk/sites/default/files/page_downloads/BNDP%20Made%20Version%20October%202015%20Rev%20A.pdf

[49] Available at https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections

[50] PPG Paragraph: 004 Reference ID: 63-004-20190626, at https://www.gov.uk/guidance/housing-for-older-and-disabled-people

application can be informed by your monitoring data measuring the characteristics and number of dwellings developed up to that point in the plan period.

Presenting conclusions on characteristics of housing needed

It may also help to present conclusions on housing characteristics in a table. Sample Table 4 overleaf is an (anonymised) real-life example of how to present conclusions on housing type. Again, you may find it helpful to base your analysis on a range of factors (or trends) emerging from the data gathered, and for each factor presenting the sources for the judgement made, the possible impact on housing need and the conclusion (effectively, a policy recommendation). The aim is for a transparent, logical progression (moving from left to right across the table) from evidence base to policy.

Table 9: Summary of factors specific to neighbourhood plan area with a potential impact on type of new dwelling

Market indicator	Source(s)	Possible impact on housing needed	Conclusion
Increase in older person households	SHMA, Census, household projections	Evidence from Census, SHMA and household projections (increasing numbers of older people but relatively low level of long-term sick/disabled) suggests housing for independent living for older people likely to be in demand.	Provide range of dwelling sizes, including smaller dwellings (1-2 bedrooms) suitable for older people
Need for family-sized households	SHMA, Census	Families likely to need and/or afford medium-sized and larger homes. Conflicting evidence between SHMA and Census on rate of family housing growth, but both indicate increased level of growth, so prudent to plan for a proportion of family households	Provide range of dwelling sizes, including medium-sized and larger (3-4 bedroom) dwellings for families, which would also be suitable for the higher than average number of people who work from home evidenced by Census data.
Potential for specialist care housing for older people	Census, SHMA	Evidence suggests that specialist facilities for older people may be in demand due to the rapidly ageing population. Equally, as a small town with a range of services and facilities, neighbourhood plan area is well-placed as a location for this kind of housing.	Support the provision of a range of specialist housing for the elderly, ideally close to services and facilities

How assessment findings should be used

Housing needs assessment is just one part of your evidence base informing housing policy. On this point, the PPG states[51] that 'housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.'

In other words, once your housing needs assessment is complete, you should have a picture of the demand-side housing evidence- at which point the supply-side also needs to be assessed.

In the case of housing, supply-side work at local authority or neighbourhood level may include documents such as infrastructure studies, Green Belt studies and any other information on environmental constraints such as flood risk, heritage designations, AONBs and so on.

With their experience in developing planning and housing policy by bringing together evidence on the demand and the supply side, local authority planning officers should be well-placed to advise you on how to balance the various considerations applying within your area.

The difference between demand-side and supply-side evidence can often be significant. For example, small, desirable settlements in the Green Belt outside major conurbations may have a high level of housing demand but almost no capacity to meet it. As such, it is important to bear in mind that even if your housing needs assessment indicates a high level of demand, physical constraints may prevent significant new housing development if supply-side analysis indicates that there is insufficient land. Nevertheless, there will be an expectation that every effort has been made to identify and then meet local need.

Conversely, if a neighbourhood has a relatively low level of housing need and enough land to accommodate that need, your group could benefit from advice from the Local Planning Authority (or consultants) in determining the most appropriate strategy to apply, which may or may not include a Site Assessment as a separate, follow-on exercise from a Housing Needs Assessment.

Just like SHMAs at housing market level, HNAs comprise a snapshot in time, and will need monitoring and updating in line with new demographic data and policy at local authority and national level. Registering for your local authority consultation or planning policy mailing lists, and/or for alerts from MHCLG when planning policy or guidance changes, could be helpful. This will ensure future iterations of your plan are based on fully up-to-date evidence.

[51] Paragraph: 001 Reference ID: 2a-001-20190220 at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

Presenting the results

The completed Housing Needs Assessment is best presented to relevant parties as a printable document in Microsoft Word or PDF format. Keeping an audit trail of the various data presented in the final document is also recommended, for example Excel tables of extracts from the Census, PDF copies of local authority documents and so on. It is also usually helpful to present or discuss draft or interim results with other parties who can give feedback and suggest amendments to the HNA. Equally, the HNA should be retained and referred to even after the neighbourhood plan is adopted and updated as part of ongoing plan revision.

Appendix A: Calculating your own housing need figure with worked example

Calculating your own housing need figure

The first step in calculating your own housing **requirement** is to calculate a housing **need** figure.

A housing need figure is a policy-off figure. This means that, except for taking into account any new dwellings that have already been completed in your plan period (as these may be used to offset the needs identified in the plan period), it is an expression of total housing demand unconstrained by the limits of the land available to build on. In the words of the PPG, "housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations"[52].

Once the policy-off housing need figure has been calculated, it can be reviewed against further evidence including environmental constraints, land availability, and relevant Local/Neighbourhood Plan objectives and policies to determine a policy-on housing requirement figure. This is not done through the HNA but through policy development after the HNA and other components of the evidence have been completed.

The most logical, sensible and robust way to calculate a housing need figure for your neighbourhood plan is to follow an approach which reflects the Government's standard method for calculating housing need.[53]

A four-step approach is recommended on the basis that it aligns to the greatest extent with the NPPF and the PPG (the latter of which sets out the standard method in detail and provides a worked example of how it can be applied at local authority level). The four-step approach is set out in the box overleaf and a worked example is provided subsequently.

[52] PPG: Paragraph: 001 Reference ID: 2a-001-20190220 at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

[53] PPG: Paragraph: 014 Reference ID: 2a-014-20190220

Four-step process for calculating a minimum housing need figure at neighbourhood level

Step 1: Determine your share of the Local Plan requirement, based on the population of the neighbourhood area

1a) The housing need figure for the neighbourhood plan should take as its starting point the housing target or requirement for the relevant local planning authority in which it sits.

It is important to work down from this housing target/requirement because it is based on population projections and affordability data that are only available at the local authority scale or higher.

The local authority target or requirement can be found in the latest Local Plan. If the Local Plan was adopted before January 2019, the housing target is likely to have been determined under previous planning policy and guidance. If this is the case, speak to your local authority about whether they intend to produce an up to date figure or whether the Local Plan requirement remains valid.

The new way of calculating need at local authority level is called the standard method. This calculation takes the most recent MHCLG-approved household population projection for the relevant local authority, applies to it an uplift based on the most recent ONS affordability ratio for that area, and then applies a cap to that number if certain conditions are met (see worked example in this Appendix).[54]

1b) The baseline for your calculation is your 'share' of the current local authority housing target or housing need figure produced by the standard method, based on the population of the neighbourhood plan area. For instance, if the local authority annual housing target is 200 dwellings and 10% of the local authority population live in the neighbourhood plan area, your baseline figure will be 20 dwellings. However, this share of the local authority housing requirement may need to be adjusted to take into account strategic polices (Stage 2)

Step 2: Review the most recently available local authority planning strategy

The NPPF states that the housing need figure for neighbourhood plans should reflect "the overall strategy for the pattern and scale of development and any relevant allocations,"[55] and "the most recently available planning strategy of the local planning authority."[56]

This means reviewing the Local Plan for information about the intended distribution of development across the local authority area. Examples of such information include policies that set targets for specific areas, and settlement hierarchies that classify different settlements in terms of their sustainability for future development.

[54] https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments
[55] NPPF, paragraph 65.
[56] Ibid.

You are looking for an indication of what proportion of the total local authority housing target is appropriate for the neighbourhood area. This proportion can then be applied to the overall target, or the LHN figure you have calculated yourself. If no indication is given, or it is not quantified in some way, you should check with your local planning authority for guidance and, if no guidance is given, simply rely on the baseline figure in Step 1b above.

Step 3: Review dwelling commitments and completions

Next, any dwellings that have already been completed over the neighbourhood plan period to the present date (or to the last date for which data is available) should be deducted from the total to provide a housing need figure for the remainder of the Plan period that reflects past under- or over-delivery. This data can usually be found in the local planning authority's Annual Monitoring Reports (AMRs).

Outstanding housing commitments (planning permissions that have been granted but where construction is still underway or has not begun) can be considered here as well. However, they should not be discounted from the housing need figure until they are completed.

Provided the data needed is available, a windfall allowance can also be deducted. Windfall development is housing delivery outside of the site allocation process; while it cannot be planned for, it can be expected and incorporated as long as there has been a consistent record of such delivery in recent years. This is explained further in PPG[57]. The local authority should also be able to provide monitoring data on the number of homes completed by windfall development.

Step 4: Liaise with your local planning authority

The NPPF makes it clear that the local authority should provide housing numbers to designated neighbourhood planning areas where requested to do so. With this in mind, it is important that you get confirmation from the relevant local authority that any housing figure calculated aligns broadly with their current planning strategy.

Worked example

Employing the Government's standard method, a worked example of estimating the housing requirement for an anonymised neighbourhood plan area, which we have named Newtown, within a Local Authority named Newshire, is presented below.

[57] Paragraph: 023 Reference ID: 3-023-20190722, at https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment

For the purposes of this exercise, the current year is 2019 and the neighbourhood planning period is 2014-2034.

Step 1: Determine the population of the neighbourhood area

In this case, the Local Plan was adopted in 2012 and the LHN for the local authority must be calculated from scratch.

The LHN, using the standard method[58], is calculated as follows:

Firstly, take the projected average annual household growth in the local authority over a ten-year period, beginning with the current year, using the most recent ONS household projections.

According to Newshire's 2014-based household projection[59], total household growth will be 4,148 households between 2019 and 2029, equivalent to 415 (rounded) dwellings per year.

This annual average must then be adjusted using the most recent ONS median workplace-based affordability ratios[60], which provide the ratio of house prices to earnings in various geographies and represent a nationally consistent indication of market demand and affordability. A higher ratio means housing is less affordable and the LHN should be increased. For each 1% increase in the ratio above 4, projected household growth should be increased by a quarter of a percent.

Newshire's 2018 median affordability ratio is 9.91. Using the formula outlined in PPG to calculate the adjustment factor[61] results in an adjustment factor of 1.369. The minimum annual housing figure of 415 dwellings is then multiplied by 1.369. This results in 568 (rounded) dwellings per annum.

In line with PPG, the next step is to apply a cap which limits the magnitude of increase to the LHN from the affordability adjustment. How this is calculated depends on the current status of relevant strategic policies for housing. There are two options depending on whether those policies were adopted within the last five years or are older:

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[58] Explained in detail at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

[59] Table 406 in the file available at https://www.gov.uk/government/collections/household-projections Note that PPG advises that the 2014-based household projections be used in place of the newer 2016-based projections, which employed a new methodology that is not deemed appropriate for this purpose. When the 2018-based household projections are released in 2020 these will likely provide the appropriate data for this calculation. This will be confirmed in the PPG.

[60] Available at https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian. Only the ratio for the most recent calendar year for which information is given should be used.

[61] The formula is as follows: $Adjustment\ factor = \left(\frac{Local\ affordability\ ratio\ -4}{4}\right) x\ 0.25 + 1$ The full calculation for this step is as follows: ((9.91 – 4) / 4) x 0.25 +1 = 1.369.

1) Where the relevant strategic policies were adopted within the last five years (at the point of making the calculation), the LHN is capped at 40% above the average annual housing requirement figure set out in the existing policies. This also applies where the relevant strategic policies have been reviewed by the authority within the 5-year period and have been found not to require updating.

2) Where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the LHN is capped at 40% above whichever is the higher of:

    a) The average annual projected household growth for the area over the 10-year period identified in the first step of the calculation; or

    b) The average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).

The relevant strategic policy in the case of Newshire is Policy S1 in the Local Plan (adopted in 2012). As this document was not adopted within the last five years, the second scenario above is applied and the LHN is capped at 40% above whichever is higher of a) or b) above.

    a) The average annual projection for household growth is 415. 40% above this figure is 581.

    b) The housing requirement figure in Policy S1 is for 6,000 new homes over the Local Plan period 2012-2027, which equates to an annual average of 400. 40% above this figure is 560.

As the higher of the two, a) is used as the cap. However, 581 is higher than 568 and therefore does not limit the adjustment for affordability. The LHN for Newshire is therefore 568 net additional dwellings per year.

Having derived Newshire's LHN, we now calculate Newtown's share of that target, by determining what proportion of Newshire's population currently reside in Newtown and applying that percentage to Newshire's LHN.

At the time of the most recent Census, there were 2,000 people living in Newtown, or 5% of the 40,000 people in Newshire. Therefore, applying this percentage to Newshire's LHN of 568 gives an indicative figure for Newtown of 28 (rounded) dwellings per annum (568 x 5% = 28.4)[62].

[62] Twenty years is here given as an example of a typical planning period length- however, others may be shorter or longer. In most, but not all, cases, it makes sense to align the neighbourhood plan period with that of the adopted or emerging Local Plan.

Step 2: Review the most recently available local authority planning strategy

As stated in the NPPF, it is important to acknowledge the relevant policies in the 'most recently available'[63] development plan document for the District, which reflect the overall strategy for the pattern and scale of development and any relevant allocations.

In Newshire, as we have seen, this document is the Local Plan (adopted in 2012). The overall strategy for the pattern and scale of development is outlined in Policy S2. Within it, Newtown is designated as one of five Secondary Settlements (below two Primary Settlements in the hierarchy, which are allocated a higher share of new development). Policy S2 allocates 1,800 of the overall requirement of 6,000 over the planning period (2012-2027) to the five Secondary Settlements, including Newtown.

Because the Local Plan does not share this 1,800-dwelling target among each of the five Secondary Settlements, it is necessary to calculate what Newtown's share of that target should be with reference to the respective populations of the five Secondary Settlements. These are as follows[64]:

[63] This is the exact wording used in NPPF paragraph 66, i.e. not necessarily most recently 'adopted'. In the case of Newshire, the most recently available planning strategy is still at an early stage of development (both in terms of overall housing quantity and in terms of distribution across settlements), and so it cannot be considered 'available' for the purposes of the NPPF definition. For local authorities whose emerging plan is at a stage sufficiently advanced to be used for this step, it can be considered the most recently 'available' strategy, even if not yet adopted.

[64] This population data is taken from the 2011 Census.

Table 10: Population of the five Secondary Settlements in the worked example

Settlement	Population	Percentage of total
Newtown	2,000	20%
Settlement 2	1,800	18%
Settlement 3	1,500	15%
Settlement 4	2,200	22%
Settlement 5	2,500	25%
Total	10,000	100%

Newtown contains 20% of the total population living in the Secondary Settlements and, in the absence of more detailed guidance in the Local Plan, should therefore be expected to provide roughly 20% of the 1,800 dwellings allocated to the five Secondary Settlements in total, or 360 dwellings. This is 6% of the overall Local Plan target of 6,000 for Newshire.

However, the reason for calculating Newtown's share of the Local Plan target is simply to gain an understanding of where Newtown sits within the overall planning strategy for the local authority area. We therefore only take forward this proportion (6%), and not the actual number of dwellings (360).

Next, we apply Newtown's share of development as implied in the Local Plan to our new LHN figure for Newshire, which reflects up-to-date PPG methodology of calculating housing need: 6% of 568 is 34 (rounded) dwellings per annum, or 680 over the twenty-year neighbourhood plan period. This is 6 dwellings per year higher than the baseline figure of 28 dwellings per year that resulted from Step 1.

We can now see that the planning strategy for the local authority places greater emphasis on Newtown as a location able to support sustainable development than a straightforward calculation based on its proportion of the Newshire population would suggest. This may be because the local authority is predominantly rural and much of the population live in villages that are perhaps protected by green belt or do not offer sufficient infrastructure or services to support further growth.

While the Primary Settlements at the top of the settlement hierarchy are earmarked for the highest concentration of new development, a slightly increased share of housing growth is allocated to the Secondary Settlements as well, allowing more constrained and less suitable rural areas to accept slightly less new development

It is therefore reasonable to proceed with the figure of 34 dwellings per year that results from Step 2 and reflects the most recently available strategy for the pattern and scale of development across the local authority.

Step 3: Review dwelling commitments and completions

The next step is to subtract any net completions of new dwellings that have occurred since the beginning of the Neighbourhood Plan period and to consider commitments.

Newshire's Annual Monitoring Reports (AMRs) since 2014 show completions recorded in Newtown parish. According to the AMRs reviewed, there were 200 dwelling completions within the Neighbourhood Plan area between 2014 and the current year of 2019. There are also 40 outstanding commitments (planning permissions that are yet to be implemented) and 10 dwellings that are currently under construction.

While completions and dwellings currently under construction are discounted from the overall quantity figure, it is recommended that commitments should not be deducted at this stage. Rather, they should count towards the achievement of the housing target as and when they are built out. Newtown's 50 outstanding commitments do, however, mean that land for 50 houses has already been identified and does not need to be found or allocated in the neighbourhood plan.

The result of this step, then, is to deduct 200 dwellings from the twenty-year target of 680. This results in a residual housing need figure of 480 over the remainder of the plan period. As there are 15 years left in the plan period to 2034, this equates to 32 dwellings per year for its remainder.

Step 4: Local authority and the final housing need figure

Based on the evidence presented above, the HNA recommends an overall housing need figure of 680 dwellings, which equates to 34 dwellings per year over the plan period of 2014 to 2034, or a residual figure of 480 dwellings, or 32 dwellings per year over the remainder of the plan period.

The local housing need figure for Newshire is derived from the Government's standard methodology and is likely to change annually as new affordability data is published each year and new household projections approximately every two years. This could impact on the number of homes required in Newshire and any indicative housing requirement figure provided for neighbourhood areas, including Newtown.

If a housing requirement figure for Newtown is provided by Newshire at a later date, it can be considered to supersede the provisional calculation within the HNA. Consequently, there is a need for the neighbourhood group to continue to engage with the LPA to confirm the final housing figure for the neighbourhood plan.

Appendix B: Housing Need Surveys

Surveys will not usually be necessary to complement, or add value to, the HNA. An HNA will generate the robust data you require in most cases. However, it is recognised that some groups may need to undertake such surveys to fill important gaps in the evidence base. Establishing a more realistic assessment of affordable housing needs in rural areas may require primary research.

You may have included a rural exception site policy in your Neighbourhood Plan or decide to use the one in the Local Plan. This may require you to provide more detailed information on housing needs than can be provided in an HNA. A Housing Needs Survey should provide the necessary detailed information to design the scheme and for it to gain planning permission.

Unlike a Housing Needs Assessment, a local Housing Needs Survey can collect more detailed information on individuals' housing needs to demonstrate the level and nature of affordable housing that should be built on your rural exception site. This requirement reflects the purpose of rural exception sites, to provide affordable housing to meet the local housing need of rural communities. The survey results will be used by the local planning authority to: help you find a suitable site; make a decision on your planning application; and draft the accompanying Section 106 Planning Agreement. The evidence is also used by the housing association, or community housing group, to make sure the properties they build meet the specific affordable housing needs of your community.

The same information can be used to influence the tenure of affordable housing provided on a market led scheme. It can also provide the evidence you can use to ask the Local Planning Authority to attach a local connection occupancy clause to the Section 106 Agreement. This will ensure that the affordable homes are let to people who currently live in your community or have recently been resident or work in your community.

Housing Needs Surveys are independent surveys carried out by communities with the help of a Rural Housing Enabler (RHE) or the housing enabler at your local authority. To find the Rural Housing Enabler for your area click here. The RHE Network has also produced some Guidance on what you should expect to be included in a Housing Needs Survey.[65]

If you chose to go down this route, you should also look at the Locality Social survey toolkit[66] for some hints and tips on how to successfully produce a survey that is effective, produces the data hoped for, and is also relative simple to analyse.

[65] http://ruralhousingalliance.net/our-publications/

[66] https://neighbourhoodplanning.org/toolkits-and-guidance/write-conduct-social-surveys-gather-data-neighbourhood-plan/

Top tips for a successful survey

Designing questions:

- Only ask what you need to ask. Too many open questions can mean it takes a very long time to analyse responses!
- Do your homework: have similar questions been asked before (e.g. during the census) – if so, do you really need to repeat?
- Do not ask leading questions;
- Closed questions (with pre-defined answers) are quick and easy to answer and easy to analyse. However, it is useful to have some open questions to add a richness to the research.

Layout

- Keep it simple

Length

- The longer the survey, the lower the response rate – so keep it to the point;
- Short, but not too short – ask enough questions to get the data you need.

Pilot surveys

- Trial it on a few people before you roll it out to make sure people understand what you are asking them. Failing to do this can lead to unusable data.

There are pros and cons to different survey types:

- Postal surveys: reach a wide group of people, but have lower response rates (as low as 20%);
- Online surveys (e.g. Survey Monkey[67]): can reach a wide group of people, but not suitable for every demographic. Data from many online surveys can be dropped straight into Excel, reducing the time it takes to analyse because it removes time consuming manual data input work;
- Face to face interviews: asking people survey questions in person. Have a higher response rate, but more resource intensive;

[67] https://www.surveymonkey.com/

- Phone interviews: Asking survey questions over the phone can be cold and impersonal, so people will often say no. Lower response rate, but can be cheaper than other approaches

You may wish to wrap your housing need survey into a wider residential survey that asks questions on a much wider range of topics (e.g. heritage, design etc.). Having a survey covering multiple topics avoids having to conduct lots of surveys and lowers the risk of consultation fatigue.

It is also worth talking to your local authority affordable housing officer (if there is one), or wider housing team about your plans to undertake a housing needs survey. Some local authorities, as part of their duty to support, prepare housing surveys on behalf of neighbourhood planning groups, which could save you time and money.

Examples of questions for a housing needs survey

It is up to a you which questions you want to ask, and they should be tailored to the local circumstances. However, here are some example questions from existing housing needs surveys:

- Is any member of your household currently on the housing register (i.e. the waiting list for socially rented housing)? Yes/No.
- If Yes, please state the length of time on the waiting list (Years/months)
- Does any member of your household need to move out of the property? Underline your response: Yes, a member of the household currently wants or needs to move out/ No, but a member of the household may want or need to move out in the next 5 years/ No, it is unlikely that any of the household may want or need to move out in the next 5 years
- If you answered yes, or possibly yes in the future, what type of household member(s) will want or need to move out? Underline your response: A single adult/ An adult couple/ A family with children/ A single older person/ An older couple/ Other (please specify)
- If answered yes, why is the current property unsuitable for the household member(s) moving? Please underline all that apply: Too big/ Too small/ Too expensive/ Too difficult or costly to maintain/ Unsuitable for health or mobility requirements/ Want or need to live independently/ Want or need to move for work reasons/ Want or need to move out to be closer to family/ Other reasons (please specify):……
- What do you think the neighbourhood plan should do to ensure homes are more affordable?

- Allocate land for more (number each of the housing types below from 1 to 5 in order or preference, where 1 is most preferred and 5 is least preferred):

    - Social rented homes
    - Discounted market housing (sold at at least 20% below market value)
    - Co-housing or co-op schemes
    - Shared equity homes
    - Self-build homes

  If none of the above, please suggest some alternative approaches to ensuring more homes are affordable:……

Appendix C: Example policies

This appendix provides generic examples of affordable housing policies. These have been taken from made neighbourhood plans but have been anonymised and tweaked slightly for the purposes of this toolkit. As you will see, most of these policies refer to affordable housing in general terms and not specific affordable housing products. However, as Policy 2b notes, it is possible to drill down to specific products (in this case referring to shared ownership). However, when seeking to do this, additional evidence (e.g. viability studies) may be required in addition to the traditional forms of evidence such as HNAs and close liaison with your LPA will be essential.

Rather than applying policies to individual sites, it may however be more sensible and flexible to instead have a generic overarching policy for the wider neighbourhood area that sets out a general percentage of affordable housing required on sites that are bringing forward a certain number of homes (e.g. 40% of homes must be affordable housing on sites that are bringing forward 10 or more homes). That way, the affordable housing requirements will automatically kick in for your allocation policies (provided the sites in question are bringing forward the minimum number of required houses to trigger the affordable housing percentage requirements). Again, if including detailed policies like this, you may need to gather more detailed evidence than a traditional HNA would provide, and/or build a greater degree of flexibility into your policies. It is worth discussing this with your LPA. This is especially true if your affordable housing policies diverge from those within the local plan, or the emerging local plan.

Policy text is usually structured in the following way:

- Generic supporting text – sets the scene to the policy and provides some useful brief background;
- Policy – the content of the policy itself (usually in a box);
- Policy justification – explains why the policy is needed for the neighbourhood area.

It is important that you cross refer to the evidence gathered through your housing needs assessment and/or housing needs survey, or any other evidence gathered, to demonstrate why your affordable housing policies are needed. Failure to evidence your policies will likely lead to them being deleted by the examiner.

It is also recommended that you review the affordable housing policies in the local plan. You may be content with these and they may be sufficiently detailed and in such cases you would not need to develop your own affordable housing policies. Or alternatively there may be a policy void. Or the local plan may include affordable housing policies, but they may be vague, and you may want to build on them.

Example policies

General affordable housing

Policy 1a – provision of affordable housing

This is an example of a more specific policy which could be needed in cases where, for example, there is a Local Plan affordable housing policy, but it is not very detailed:

> Housing developments of [XXX] or more dwellings will be expected to provide a minimum of [XXX]% affordable housing on the site, which should be well-integrated with any market housing provision. In cases where the [XXX]% calculation results in a part unit then either the number of affordable units will be rounded up to the next whole unit or a financial contribution will be sought towards offsite provision equivalent to providing [XXX]% on-site affordable housing provision.
>
> On housing developments of less than [XXX], and in other circumstances where on-site provision is not practicable, a commuted payment towards off-site provision elsewhere in the Plan area will be required, equivalent to providing 30% on-site affordable housing provision.
>
> Proposals for housing development that do not provide the required level of affordable housing will be required to provide clear evidence to demonstrate the financial or other reasons why the appropriate levels of affordable housing cannot be provided. Any such proposals will be considered on their individual merits and against other policies in the Plan.

Policy 1b – provision of affordable housing

This example could again be helpful where Local Authority policy is silent or not as detailed. This is also a good example of drilling down into specific affordable housing products, specifying the type of affordable housing product (in this case shared ownership).

> Proposals for residential development that result in a net gain of [XXX] or more dwellings, or more than a gross residential floorspace of [XXX]m2, will be required to include an affordable housing element subject, where appropriate, to the assessed viability of the development.
>
> The requirement is for at least [xxx]% Affordable Housing but proposals must consider and address the current evidence of housing need; the mix of affordable housing may vary site-by-site on the basis of the evidence but will approximate to [xxx]% affordable rented and [xxx]% shared ownership.

This is a good example of a policy that has been designed with flexibility in mind. For example, while it sets specific percentages, it notes that when applying this policy, it is

necessary to also consider 'the current evidence of housing need' and the mix will be determined 'on the basis of evidence'. This way it builds in flexibility for a change in circumstances over the neighbourhood plan period. This is perhaps a sensible approach to take because the market may change over the lifetime of the plan and something that appears viable now, may not be viable in the future. Such caveats in the policy allow for the current context to be given consideration.

Similarly, your evidence may not be strong enough to be so definitive (e.g. you have done an HNA but limited follow up research looking at viability for example). Therefore, adding caveats and flexibility into your policy wording may make it easier for your policies to successfully go through examination.

Exception sites

Neighbourhood plans are useful for supporting exception sites (small sites used for affordable housing in perpetuity, where sites would not normally be used for housing) where the Local Plan has not already done so. In some cases, a more general policy on exception sites will be needed, for example where there is no specific suitable or available land identified at the time of neighbourhood plan preparation, but there is local support for provision. Some examples of potential exception site policies are provided below based on the level of information available. It is possible to use existing evidence from the LPA to help justify the need for exception sites in your neighbourhood plan area.

Policy 2a – use of exception sites

This is an example of a general provision, where it is not known where the exception site will be at the time of writing the plan.

> Support the construction of [XXX] affordable residential units over the first five years, following the making of the Plan, on small exception sites adjoining the settlement limit.
>
> The development of exception sites should be in accordance with relevant policies in this Plan and the Local Plan. In particular, these developments should reflect the character and scale of the village and be physically integrated with it in terms of design, scale and pedestrian access.
>
> Cross subsidy through the provision of open market housing on the scheme will be allowed only where it ensures the delivery of the affordable housing and shall comprise the minimum number of open market dwellings necessary to ensure the delivery of affordable housing as part of the same development proposal, to be demonstrated by a viability appraisal of the full scheme.

Generic Policy 2b – use of exception sites.

This example provides specific criteria and could be used where there is a greater level of certainty on where the exception site will be.

> The Housing Development Boundary will be limited to the area shown in map [xxx] unless the development is to provide 100% affordable dwellings on a site outside the Housing Development Boundary (a rural exception site and/or redevelopment of brownfield land). Housing Development within the Green Belt will only be supported as a Rural Exception Site providing affordable homes for local people in housing need.
>
> At least 35% of the affordable dwellings must be designed for older people and those of impaired mobility or single bedroom dwellings in

order to meet the need identified in the Housing Needs Assessment (HNA) or more recent independent evidence.

Local connections

Policy 3a – securing a local connection

This policy example could be used to reinforce affordable housing allocation decisions at local authority level where there is evidence that local people cannot access affordable housing.

> In all new housing developments providing affordable housing the occupancy of all affordable homes will be prioritised for households with a local connection with the neighbourhood plan area, as defined by the Local Authority Housing Allocations Scheme and any relevant planning policy guidance.

Policy 3b – securing a local connection on an exception site

This policy can be used to ensure any demand from local people for affordable housing is met by local supply.

> Proposals for small-scale affordable housing development that is within or well related to an existing settlement will be supported, provided the initial and future occupation of all affordable homes is controlled by means of a Planning Obligation to ensure that each home remains as affordable housing for people with a local connection in perpetuity, whereby a local connection is defined by people with a demonstrable connection to the village thus:

- The occupants currently live in the village and/or;
- The occupants have immediate family in the village (immediate is parents and or children); and/or
- The occupants are employed in the village and have been for a minimum of 3 years; and/or
- The occupants are employed as key workers in the village, i.e. teachers, care workers, nurses, firemen, police.

> Should future vacancies arise, the same criteria will be required. In the event that a vacancy arises in an affordable home and there is no household that meets the criteria of this policy, then the definition of local connection will be extended to neighbouring parishes.
>
> In the event that there is no household from that extended area that meets the criteria of this policy, then the allocation may be made available to the Local Authority General Housing Needs Register.

Community housing

Policy 4 – community housing.

This policy is an example that could be used where groups wish to encourage community housing.

> Proposals for community-owned housing developments (such as those delivered via Community Land Trusts) that respond to demonstrated local housing needs will be supported.

As with the examples above for exception sites, this policy could be made more specific in cases where suitable and available land for a scheme has been identified.

Managing the level of second home/holiday home ownership in a neighbourhood area

Policy 5 – linking holiday home restrictions to provision of affordable housing

This example policy could be used in areas with a high level of second homes to secure additional affordable housing for local people in cases where further second homes are proposed.

> An affordable housing contribution will be sought from proposals to remove holiday occupancy restrictions from two or more existing dwellings.

Phasing and implementation of affordable housing

Policy 6 – phasing and implementation of affordable housing

This example policy would ensure a delivery focus, seeking to ensure that affordable housing proposed or promised is actually built.

> All proposals for affordable housing will require a Phasing and Implementation Plan, which should include:
>
> a. Timing for the transfer of land, on which the affordable housing is to be built, to the Parish Council; ideally prior to construction commencing;
>
> b. Provision of affordable housing in accordance with the recommendations of the Housing Needs Assessment constructed to the specifications and standards of the Parish Council appointed Housing Association.
>
> c. Ownership conditions of the Affordable Housing units and details of a transfer of ownership on a pre-agreed 'at cost basis' to the Housing Association. The timings to include details for completion of the

affordable housing; for example, that 50% of the affordable units are completed by the time half the open market housing is occupied;

c. Timing for the transfer of land to be maintained as public open space, to the Parish Council following landscaping and finalisation of maintenance arrangements but before the first occupation of any dwelling.

All to be achieved by way of a legal agreement, which could be entered into under S106, or by a separate side agreement.

Before you start writing plan policies, we recommend you read the neighbourhood plan policy writing toolkit[68]. It sets out what you should and shouldn't do when writing planning policies to help you make it through examination as smoothly as possible.

[68] https://neighbourhoodplanning.org/toolkits-and-guidance/write-planning-policies-neighbourhood-plan/

Appendix D: Glossary of housing needs assessment terms

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 house 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 ONS publishes quarterly the ratio of lower quartile house price to lower quartile earnings by local authority (LQAR) as well as median house price to median earnings by local authority (MAR) e.g. income = £25,000, house price = £200,000. House price: income ratio = £200,000/£25,000 = 8, (the house price is 8 times income).

Affordable Housing (NPPF Definition)

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

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

b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) 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.

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

Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with 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[69].

Age-Restricted General Market Housing

A type of housing 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.

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

Backlog need

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

Bedroom Standard[70]

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.

Community Led Housing/Community Land Trusts

Housing development, provision and management that is led by the community is very often driven by a need to secure affordable housing for local people in the belief that housing that comes through the planning system may be neither the right tenure or price-point to be attractive or affordable to local people. The principle forms of community-led models include cooperatives, co-housing communities, self-help housing, community self-build housing, collective custom-build housing, and community land trusts. By bringing forward development which is owned by the community, the community can 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[71]

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 can prepare community right to build orders.

Concealed Families (Census definition)[72]

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

[70] See https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report
[71] See https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary
[72] See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

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.

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 can 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 known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Share of growth

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 is consulting on the introduction of First Homes as a new form of discounted market homes which will be provided at least 30% discount on new homes. The intention is that these homes are available to first time buyers as a priority but other households will be eligible depending on agreed criteria. Where market led developments are required to provide affordable housing, these new developments may be required to provide a set proportion of affordable housing as First Homes (40-80%).[73]

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

[73] https://www.gov.uk/government/consultations/first-homes

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 PPG. 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, such as Shared Ownership or First Homes.

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 through 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 based on 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: 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 minimum 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[74], 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). Many types of development will be excluded from NDOs, however, such as minerals and waste development, and Nationally Significant Infrastructure Projects.

Neighbourhood plan

A plan prepared by a Parish or Town Council or Neighbourhood Forum for a 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.

[74] See https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/

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 several 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 multiple individual Output Areas) and Middle Super Output Areas are higher than this, containing between 5,000 and 7,200 people, and made up of individual Lower Layer Super Output Areas. Some statistics are only available down to Middle Layer Super Output Area level, meaning that they are not available for individual Output Areas or parishes.

Overcrowding

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

Planning Condition

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

Planning Obligation

A legally enforceable obligation 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 to meet the Basic Conditions, as well as robust enough to withstand legal challenge. Its definition and interpretation rely 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.

Rural Exception Sites

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

Shared Ownership

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

Sheltered Housing[75]

[75] See http://www.housingcare.org/jargon-sheltered-housing.aspx

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 bedroomed. 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 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) 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.[76]

[76] See http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing

Neighbourhood Planning

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