



# Sherfield English Housing Needs Assessment (HNA)

March 2021

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Sherfield English Neighbourhood Plan Housing Needs Assessment

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

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

# 1. Executive Summary

## 1.1 Conclusions- Tenure and Affordability

1. Sherfield English is characterised by a very high proportion of home ownership compared to the district and national levels. Likewise, the proportion of shared ownership is also considerably higher in Sherfield English. Correspondingly, the proportion of rented households both social and rent is significantly lower in Sherfield English compared to district and national levels.
2. During the intercensal period, the proportion of private rented tenure increased by 171.4%, with a lower but still significant 97.2% increase experienced in the same tenure across Test Valley. This is indicative of the declining affordability of home ownership.
3. Sherfield English has experienced considerable fluctuations in house prices between 2010 and 2019. Overall, the mean and median house prices have largely followed each other, although there is a significant departure in 2019 due to an anomaly in the transaction data. Mean house prices have risen by 31.6% compared to median houses which experienced a growth of 50.5%.
4. It is apparent that the household income required to buy an average market home for sale (£170,229), or even an entry-level home (£88,393), is notably higher than what would be available to those on average household incomes (£55,000). Those on lower quartile household incomes – even with two earners – have worse prospects for home ownership still. It appears that they are only able to afford social and affordable rent, whereas average earners can afford some rental properties.
5. In Sherfield English, entry level market dwellings appear cheaper than First Homes at 30% discount on new build median prices. A 30% discount on average prices would not be sufficient to extend home ownership to households on average incomes. A discount of 68% on average market homes would be appropriate for those on mean incomes. Whilst a discount of 41% would be required for entry level sale prices, however, it is unlikely that new homes would be built at the same price level as existing entry-level housing.
6. The mean income (£55,000) is below the purchasing threshold for all affordable home ownership tenures. The income required for Shared Ownership at the 25% level (£83,932) and Discounted Market Sale at -50% (£85,114) suggests that these tenures have the greatest potential to extend homeownership, however, the income required to afford these tenures is beyond the reach of those households on mean income. Likewise, none of the discounts/ products appear to have potential to extend homeownership to those on lower quartile incomes. It is therefore critical that any affordable home ownership housing is delivered as smaller and more affordable dwelling types that have a more realistic prospect of widening housing access to lower earners.
7. Average market rents are affordable for those on mean incomes but are not affordable for those on lower quartile incomes. Rent to Buy therefore represents a viable route to affordable home ownership to those on mean incomes, however, is likely to be out of reach to those on lower quartile incomes.
8. Rent to Buy may help attract younger households, families or working age people to the Neighbourhood Area, promoting a greater age range in the community.
9. The inability of those on lower quartile earnings to afford entry-level market rents, suggests that affordable and social rents are necessary to help those in most urgent need. The data would suggest affordable and social rents are largely unaffordable for those in single earning lower quartile households. However, it's important to caveat that the lower quartile earning data does not reflect housing benefits or other forms of financial assistance. For this reason, it is possible that many lower quartile households would also be able to meet their housing needs in privately rented rooms in shared houses using housing benefit.
10. When the SHMA affordable housing figures are pro-rated to Sherfield English based on its fair share of the population, this equates to a need for approximately 1.78 new affordable homes each year – approximately 14 in total over the plan period (rounded).

11. Data from Test Valley suggests that there are currently about eight households in Sherfield English unable to access affordable rented homes suitable to their needs<sup>1</sup>. When this starting figure is projected forward together with other considerations, it appears that there is a shortfall of 0.62 households in the Neighbourhood Plan area per annum, producing total need for affordable rented homes of five homes over the plan period. The overall figure is lower than current need because it is assumed that a small amount of turnover in the existing stock as current occupants vacate it for various reasons will be able to satisfy some of the newly emerging need.
12. An estimate for the potential demand for affordable home ownership products within Sherfield English has also been produced. The model used in this HNA estimates the number of households who can rent but can't buy on the basis of their incomes. The calculation suggests there is a need for one household per annum or eight affordable houses for sale over the plan period.
13. The recommendations of this chapter on the potential for providing affordable and low-cost tenures across the Neighbourhood Plan area largely align with those of the SHMA, which identified a requirement for around a third of homes to be affordable housing for sale and two-thirds being social/affordable rented housing.

## 1.2 Conclusions- Type and Size

14. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site specific factors which may justify a particular dwelling mix.
15. Sherfield English is characterised by a significantly higher proportion of detached properties and significantly lower proportions of semi-detached and terraced dwellings compared to local and national levels.
16. VOA data indicates that Sherfield English has a relatively high proportion of bungalows. In terms of size, Sherfield English has a significantly higher proportion of four or more-bedroom bungalows compared to Test Valley, these bungalows are generally too large to meet the needs of older people. The provision of smaller bungalows may allow older people to downsize helping to free up other types of housing for younger families.
17. Sherfield English also has a greater proportion of larger properties when compared to Test Valley. The total proportion of large dwellings (five rooms+) in Sherfield English is 84.6%, compared to 76.9% in Test Valley. By contrast, the total proportion of small properties (one - four rooms) in the NA is 15.4%, compared to 23.1% in Test Valley. Between 2001 and 2011, seven room households increased from 28 dwellings to 35 dwellings, eight or more room households increased from 90 dwellings to 119 dwellings. This suggests that most new housing over this period tended to be larger.
18. Looking at size in terms of the number of bedrooms, Sherfield English lags behind Test Valley in terms of smaller dwellings with three or fewer bedrooms. Sherfield English has a higher proportion of dwellings with four or more bedrooms compared to Test Valley. Four-bedroom dwellings represent the largest single household category in Sherfield English at 32.4%, followed closely by three-bedroom dwellings at 31.7%. In contrast, the largest category in Test Valley is three-bedroom dwellings at 41.4%, followed by four bedrooms at 22.3%.
19. The mid-2019 population estimate for Sherfield English parish was 721, indicating population growth of around 13 individuals since 2011. Sherfield English has a relatively older population when compared to the national and local averages, having a higher proportion of people in the 45-64, 65-84 and 85 and over age groups in 2011. Mid-2019 population estimates indicate that the population of the NA is aging.
20. The results of a life-stage modelling exercise suggest that new housing should focus on smaller dwellings between one and three bedrooms, suggesting few further large dwellings are needed. New development might involve the following share of dwelling sizes: 21.8% as one bedroom, 22.4% as two bedrooms, 55.8% as three bedrooms, 0% as four bedrooms and 0% as five or more bedrooms. These results align with the affordability chapter which established the need for more affordable homes, which tend to be smaller dwellings. The results also somewhat correlate with the findings of the Sherfield English NDP Survey 2019 which highlights two- and three-bedroom households as a priority.

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<sup>1</sup> This figure only equates to those who have registered their housing need with Test Valley Borough Council as of 18 December 2020 (provided in an e-mail from Elizabeth Wallington, Hampshire Home Choice Manager). Note, this does not include "hidden households" such as multi-generational families living together.



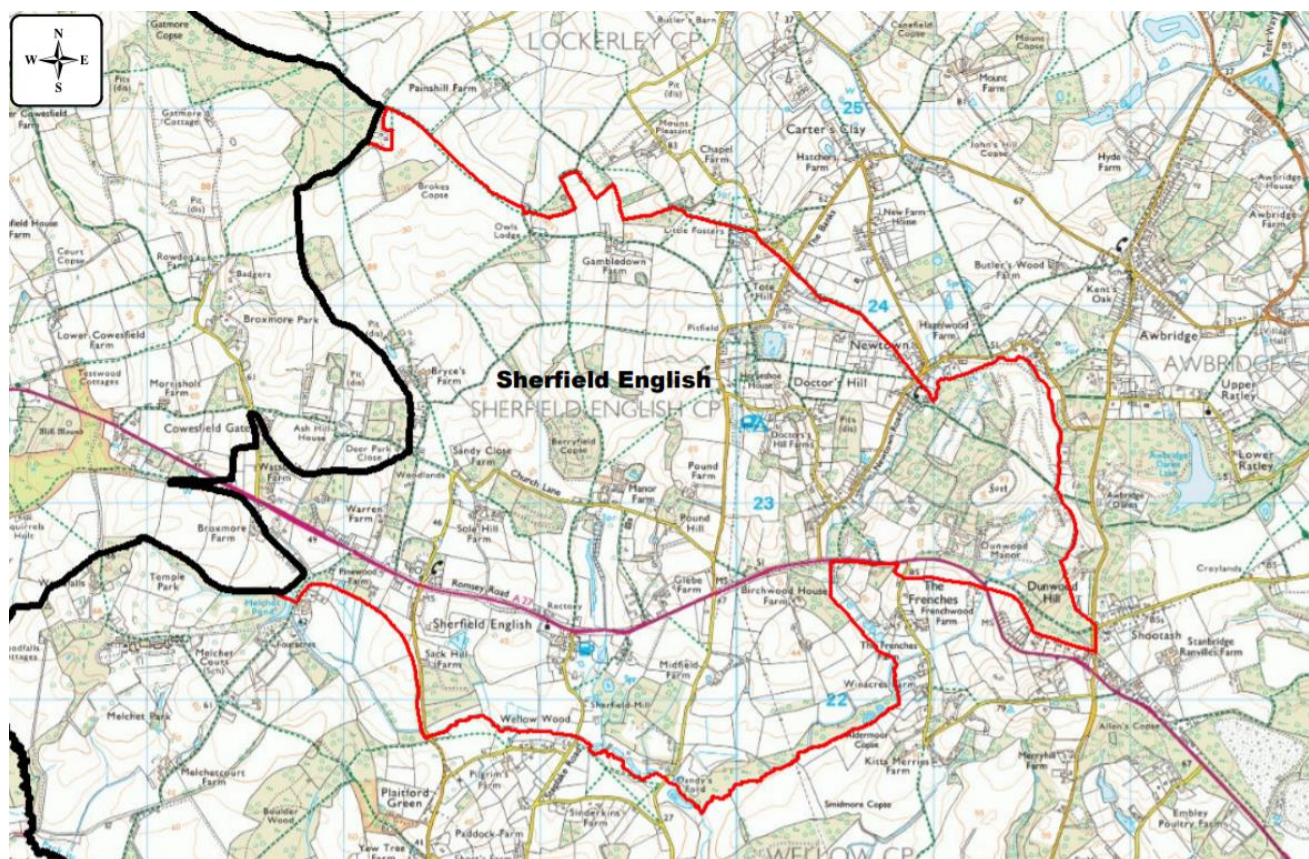
21. It's noted that this report is concerned with demand in the sense of need rather than in the sense of the preferences of potential occupants. The life-stage modelling exercise should be viewed alongside the intentions and priorities of the NG. For example, the NG may wish to balanced age profile of the parish by encourage more young families into the area. In this case the NG are justified in intervening in this default picture suggested by the secondary data in order to prioritise more affordable family homes.
22. We therefore recommend that a broad mix of housing is provided, including all sizes of dwellings. In line with the life-stage modelling, the focus should be on smaller dwellings (especially affordable smaller homes). This would permit older households in larger dwellings to downsize and allow newly forming households to access housing through smaller and more affordable dwellings. However, it's recommended that some larger dwellings also continue to be delivered in Sherfield English to meet any demand for larger homes in the area.

## 2. Context

### 2.1 Local context

23. Sherfield English is a Neighbourhood Plan area located in the Borough of Test Valley, South East England. The Neighbourhood Area (NA) was designated in 24<sup>th</sup> July 2017, the boundary aligns with that of the Civil Parish of Sherfield English.
24. The proposed Neighbourhood Plan period has not been agreed yet, although the Neighbourhood group have indicated that they wish to mirror the end date of the existing Local Plan, i.e. the Test Valley Borough Revised Local Plan 2011 – 2029. For the purposes of this HNA we will assume the NP starts in 2021 and extends to 2029, therefore comprising a planning period of eight years.
25. The NA is designated countryside<sup>2</sup>, primarily defined by a settlement pattern of dispersed hamlets and farmsteads. Sherfield English is located approximately 6 kilometres to the west of Romsey. The A36, located to approximately 5.5 kilometres to the west of Sherfield English provides connections to Totton, Salisbury and beyond.
26. A map of the Plan area appears below in Figure 2-1. Sherfield English covers approximately 852 hectares, the 2011 Census showing the Neighbourhood Plan area had a total of 708 residents. The Office for National Statistics (ONS) produces mid-year population estimates for parishes throughout the country. The mid-2019 population estimate for Sherfield English parish was 721, indicating population growth of around 13 individuals since 2011.

Figure 2-1: Map of the Sherfield English Neighbourhood Plan area<sup>3</sup>



Source: Test Valley Borough Council

27. The neighbourhood planners are stedy in exploring the need for Affordable Housing for sale (also known as affordable home ownership) and are therefore eligible for support under the Affordable Housing for sale element of the

<sup>2</sup> As set out in the Adopted Test Valley Borough Revised Local Plan 2011 - 2029

<sup>3</sup> Available at <https://www.testvalley.gov.uk/planning-and-building/planningpolicy/neighbourhood-planning/sherfield-english>

Neighbourhood Planning Technical Support programme. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

## 2.2 Planning policy context

28. In line with the Basic Conditions<sup>4</sup> of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.<sup>5</sup> Consequently, the relevant elements of the Local Plan are reviewed as part of this Housing Needs Assessment (HNA).
29. In the case of Sheffield English, the relevant local planning context is as follows:
30. The Test Valley Borough Revised Local Plan 2011 - 2029<sup>6</sup> was adopted in January 2016 replacing the former 2006 plan.
31. Following the Government's amendments to Planning Practice Guidance (PPG), regarding circumstances where affordable housing contributions should be sought, the Council agreed an updated approach to affordable housing policies. The Affordable Housing Supplementary Planning Document (SPD)<sup>7</sup>, adopted in September 2020, provides advice on how the Council's Local Plan affordable housing policies of COM7: Affordable Housing; COM8: Rural Exception Affordable Housing; and COM9: Community Led Development, of the Test Valley Borough Revised Local Plan DPD 2011 – 2029 (RLP), will be implemented. The Affordable Housing SPD replaces the COM7 Advice Note and the application of COM7 is covered in the Affordable Housing SPD.
32. Test Valley are currently preparing a new Local Plan for the borough. The first stage of this process, the Issues and Options Consultation was held between 6<sup>th</sup> July – 14<sup>th</sup> September 2018. In the summer of 2020, Test Valley held the second stage of consultation- Refined Issues and Options. The consultation document<sup>8</sup>, notes that the Plan Period for the next Local Plan cannot start at the end of the plan period of the current Local Plan, as an overlap in timescales is required to ensure no gap in the planning framework. A possible end date of 2036 is referenced in the Refined Issues and Options consultation document, although it's also acknowledged that the new plan could look forward to 2040, with a possible long term vision to 2050.

### 2.2.1 Policies in the adopted local plan<sup>9</sup>

**Table 2-2: Summary of Test Valley Borough Council adopted policies having relevance to Sheffield English Neighbourhood Plan Housing Needs Assessment**

Policy	Source	Provisions
Policy COM1 Housing Provision 2011 - 2029	Revised Local Plan DPD	This policy sets a minimum housing requirement for the Borough of 10,584 homes. The housing requirement has been further split to provide a figure 648 dwellings for The Rural Test Valley over the 18-year plan period, equating to 36 dwellings per annum. This is considered a minimum and would be made up of rural exception affordable housing, community led development or other applications coming forward.

<sup>4</sup> Available at <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

<sup>5</sup> However, this does not affect the potential for the evidence base underpinning the emerging local plan to inform or form part of the evidence base for the neighbourhood plan.

<sup>6</sup> Available at <https://www.testvalley.gov.uk/planning-and-building/planningpolicy/local-development-framework/development-plan>

<sup>7</sup> Available at <https://testvalley.gov.uk/planning-and-building/planningpolicy/supplementary-planning-documents/affordable-housing-supplementary-planning-document-ah-spd>

<sup>8</sup> Available at <https://www.testvalley.gov.uk/planning-and-building/planningpolicy/local-development-framework/next-local-plan-refined-issues-and-options-consultation-2020>

<sup>9</sup> Note that only those policies considered relevant to this Housing Needs Assessment have been reviewed, and that the policies reviewed may have been edited for relevance and/or clarity. As such, this summary of relevant policies should not be considered a full summary of the Local Plan in question.

<b>Policy</b>	<b>Source</b>	<b>Provisions</b>
Policy COM2 Settlement Hierarchy	Revised Local Plan DPD	<p>Table 7 of the Revised Local Plan sets out the settlement hierarchy for the Borough. Sherfield English is not identified as a settlement with a defined boundary and therefore is classed as countryside for the purpose of planning policy</p> <p>Table 7 sets out the following associated scale of development for the countryside:</p> <ul style="list-style-type: none"> <li>• Replacement dwellings</li> <li>• Re-use of buildings</li> <li>• Rural Affordable Housing sites</li> <li>• Community-led Development</li> </ul>
Policy COM7 Affordable Housing	Affordable Housing SPD	<p>This policy provides for a proportion of affordable housing on residential development sites to address the needs of Test Valley residents who cannot afford to buy their own home or afford private market rents.</p> <p>Annex 2 shows Sherfield English within the Designated Rural Area, here the council will negotiate a net gain of:</p> <ul style="list-style-type: none"> <li>• up to 40% of dwellings to be affordable on sites of 15 or more dwellings (or sites of 0.5ha or more);</li> <li>• up to 30% of dwellings to be affordable on sites of 10-14 dwellings (or sites of 0.30 -0.49ha);</li> <li>• a financial contribution equivalent to up to 20% of dwellings to be affordable on sites of 6-9 dwellings (or sites of 0.22-0.29 ha).</li> </ul> <p>Paragraph 5.108 of the explanatory text under this policy suggests that, within the overall proportion of Affordable Housing, the Council will seek to achieve 70% affordable rent/ social rent housing and 30% intermediate housing.</p>
Policy COM8 Rural Exception Affordable Housing	Affordable Housing SPD	<p>This policy provides a framework for the consideration of development proposals for rural affordable housing, provided on exception sites, as an exception to the general policy of restraint of residential development in the countryside.</p> <p>Development for rural affordable housing will be permitted provided that:</p> <ol style="list-style-type: none"> <li>a) the proposal is accompanied by evidence which demonstrates there is an unmet need within the parish for accommodation by households unable to afford open market housing where a member of each household has either: <ol style="list-style-type: none"> <li>i. been ordinarily resident in the parish or previously lived in the parish and has a strong family connection; or</li> <li>ii. a demonstrable need by virtue of their employment to live in the village or its immediate surroundings; or</li> <li>iii. a demonstrable need to live within the village either to support or be supported by a family member.</li> </ol> </li> <li>b) it is restricted in perpetuity to occupation by households with a member in housing need; and</li> <li>c) the proposed mix of housing meets the identified need.</li> </ol>

Policy	Source	Provisions
Policy COM9 Community Led Development	Affordable Housing SPD	<p>This policy supports the aims of the Localism Act 2011 by providing a framework to deliver development that can demonstrate extensive involvement by the local community. Various uses may be considered under this policy including open market and/or affordable housing.</p> <p>Community led development will be permitted if:</p> <ol style="list-style-type: none"> <li>a) the proposal is supported by evidence that there is a need for the development to maintain or enhance the sustainability of the settlement through the delivery of community benefit; and</li> <li>b) it is demonstrated that the community has been involved in the preparation of the proposal; and</li> <li>c) it is demonstrated that the community supports the proposal; and</li> <li>d) the proposal, if for residential development, helps meet the affordable housing need of the parish in accordance with the thresholds contained within policy COM7 and local evidence and restrictions contained within policy COM8.</li> </ol>

### 2.2.2 Quantity of housing to provide

33. The NPPF 2019 requires, through paragraphs 65 and 66, Local Authorities to provide neighbourhood groups with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
34. Test Valley Borough Council has not fulfilled that requirement by providing Sheffield English with a definitive or indicative figure of dwellings to be accommodated within the Neighbourhood Plan area by the end of the Plan period.
35. Given that Sheffield English is considered countryside for planning purposes it can be assumed to be a location that is not specifically targeted for growth. As such, future housing delivery will depend on windfall development or sites (including exception sites for Affordable Housing allocated in the Neighbourhood Plan). Given this context, it has been agreed with the Parish Council that the issue of the overall quantity of housing needed is outside of the scope of this assessment.
36. Note that the Government's August 2020 consultation proposals for 'Changes to the current planning system' include a temporary measure to lift the small sites threshold. This would mean that on sites of up to 40 or 50 units, developers would not need to contribute to Affordable Housing.<sup>10</sup> The purpose of this time-limited change (its duration is currently unknown) is to support small housebuilders as the economy recovers from the impact of Covid-19.
37. When the temporary period ends, the Affordable Housing requirement in the NA will revert to the relevant adopted Local Plan policy (COM7), which, in this case, requires Affordable Housing contributions on all sites delivering more than 10 dwellings (with various proportions sought depending on the size of the site).
38. In any instance, the affordable housing contributions policy position will have a limited impact on Sheffield English, as adopted Local Plan policy (COM2) only allows conversions and replacement dwellings within the designated countryside. Future housing delivery in Sheffield English is therefore unlikely to include the number of dwellings needed on a single site to trigger the either affordable housing contribution requirement.
39. It is also important to note that this temporary change to the Affordable Housing requirement does not impact sites allocated solely for Affordable Housing, or any Affordable Housing exception sites identified in the Local or Neighbourhood Plan.

<sup>10</sup> Available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>.

## 3. Approach

### 3.1 Research Questions

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

#### 3.1.1 Tenure and Affordability

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

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

#### 3.1.2 Type and Size

44. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community.
45. The aim of this research question is to provide neighbourhood planners with evidence on the types and sizes needed by the local community. This will help to shape future development so that it better reflects what residents need.

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

## 3.2 Relevant Data

### 3.2.1 Local authority evidence base

46. It is appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Sherfield English Neighbourhood Area is located within Test Valley Borough Council's planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA). In the case of Test Valley it is the South Hampshire SHMA<sup>11</sup> and the Test Valley SHMA<sup>12</sup>. The Test Valley SHMA takes the form of an addendum to and uses the same methodology as the South Hampshire SHMA which has been prepared jointly with other local authorities within the south Hampshire sub-region through the Partnership for Urban South Hampshire (PUSH) which covers the southern seven parishes of Southern Test Valley only. In April 2016, PUSH published its 'Objectively-Assessed Housing Need Update' (OAHNU) report, which in effect, is an update of the 2014 PUSH SHMA.
47. For the purpose of this HNA, data from Test Valley's own evidence base to support their housing policies has been considered applicable and relevant unless it conflicts with more locally specific and/or more recently-produced evidence. The housing market evidence draws upon a range of data including population and demographic projections, housing market transactions, and employment scenarios. As such, it contains a number of points of relevance when determining housing need within the Neighbourhood Plan area and has been referenced as appropriate.

### 3.2.2 Other relevant data

48. In addition to the Test Valley Borough Council evidence base, we have assessed other evidence to ensure our study is robust for the purposes of developing policy at the NP level and is locally specific. This includes data from both Census

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<sup>11</sup> South Hampshire Strategic Housing Market Assessment, Partnership for South Hampshire (PUSH), January 2014

<sup>12</sup> Test Valley Strategic Housing Market Assessment, Justin Gardner Consulting, January 2014

2001 and 2011, as well as from a wide range of other data sources, including:

- Land Registry data on prices paid for housing within the local market;
- Population and household projections produced by the Office of National Statistics (ONS);
- Sheffield English Neighbourhood Development Plan (NDP) Survey 2019; and
- Information on current property asking prices, for housing for sale or rent, from [home.co.uk](https://www.home.co.uk)

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

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

### 4.1 Introduction

49. This section examines the tenure of dwellings in the current stock and recent supply. It then considers the affordability of housing within the area to local households. Drawing on existing evidence and AECOM's estimates for the neighbourhood area, this section quantifies the need for affordable housing within the NA. This includes Affordable Housing for rent (typically social or affordable rents) and Affordable Housing to buy. The scale of need for these homes can justify policies that guide new developments to provide Affordable Housing.<sup>13</sup>

### 4.2 Definitions

50. Tenure refers to the legal arrangements in place that enable a household to live in their home; it determines householder rights and influences the level of payments to be made in return for these rights. Broadly speaking, tenure falls into two categories, Affordable Housing and Market Housing, depending on whether the household benefits from a subsidy of some sort to enable them to live in their home.
51. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, with capital letters, to denote those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and forms products designed to offer affordable routes to home ownership.<sup>14</sup>
52. The definition of Affordable Housing set out in the NPPF makes clear the Government's commitment to home ownership (broadening a definition which had previously referred only to social and intermediate housing to include a range of low-cost housing opportunities for those aspiring to own a home). As part of this effort, the Government has recently proposed to introduce First Homes to provide at least a 30% discount on new market housing for sale.<sup>15</sup> However, the NPPF and Homes England funding for Affordable Housing recognises the important role of affordable rent tenures for those unable to afford home ownership.

### 4.3 Current tenure profile

53. The current tenure pattern is a key characteristic of the local neighbourhood area. Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing. Table 4-1 overleaf presents Census data from 2011; this table shows the distribution of how households occupy their homes within Sherfield English, compared to the rest of Test Valley Borough Council and England.
54. Sherfield English is characterised by a very high proportion of home ownership compared to the district and national levels. Likewise, the proportion of shared ownership is also considerably higher in Sherfield English. Correspondingly, the proportion of rented households both social and rent is significantly lower in Sherfield English compared to district and national levels.

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<sup>13</sup> PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>14</sup> NPPF 2019.

<sup>15</sup> The latest consultation proposals, published in August 2020, state that 'The minimum discount for First Homes should be 30% from market price which will be set by an independent registered valuer' and 'Local authorities will have discretion to increase the discount to 40% or 50%. This would need to be evidenced in the local plan making process.'



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

Tenure	Sherfield English	Test Valley	England
Owned; total	80.7%	70.3%	63.3%
Shared ownership	2.7%	0.7%	0.8%
Social rented; total	7.3%	14.4%	17.7%
Private rented; total	7.3%	12.9%	16.8%

Sources: Census 2011, AECOM Calculations

55. In Table 4-2 below, we note the changes in tenure during the intercensal period. The most striking change in the NA is seen in the private rented tenure, which increased by 171.4%, with a lower but still significant 97.2% increase experienced in the same tenure across Test Valley. This is indicative of the declining affordability of home ownership. The proportion of owned, shared owned and social rented properties also grew in Sheffield English, at a higher rate than seen in Test Valley.

**Table 4-2: Rates of tenure change in Sheffield English, 2001-2011**

Tenure	Sherfield English	Test Valley	England
Owned; total	17.4%	2.7%	-0.6%
Shared ownership	40.0%	21.5%	30.0%
Social rented; total	90.0%	11.2%	-0.9%
Private rented; total	171.4%	97.2%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

## 4.4 Affordability

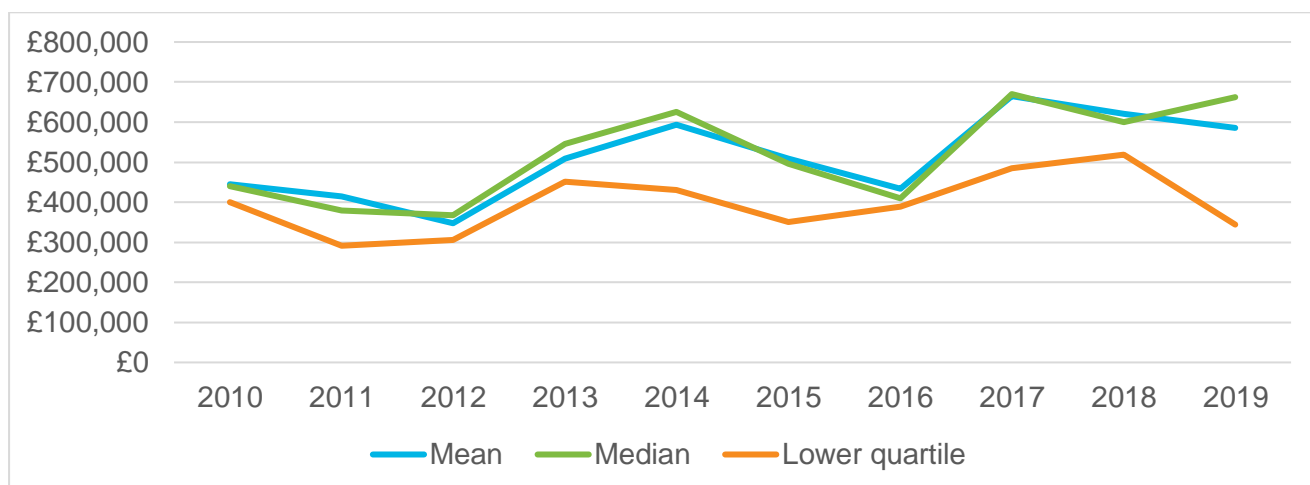
56. Having reviewed the tenure of the existing housing stock in Sheffield English and the findings of the SHMA, this report assesses the affordability of homes to those living in the Neighbourhood Plan area.
57. The following analysis considers house prices and rents in the neighbourhood area and whether these are affordable to local households on the basis of their incomes or earnings. Poor or worsening affordability or homes to rent or buy can indicate the need to provide Affordable Housing.

### 4.4.1 House prices

58. House prices provide an indication of the level of demand for homes within an area. The relationship between house prices and incomes determines whether housing is affordable to local households and, to a large extent, what tenure, type and size of home they occupy. Changes in affordability over time can indicate pressures in the housing market. As such, it is useful for the evidence base for plans to examine trends in prices and consider what this reveals about the local housing market.
59. Figure 4-1 on the following page looks at selected measures of house prices in Sheffield English. It shows considerable fluctuations in house prices over the ten-year period. Overall, the mean and median house prices have largely followed each other, although there is a significant departure in 2019. Between 2010 and 2019, mean houses experienced a price growth of 31.6% compared to median houses which experienced a growth of 50.5%. The discrepancy in 2019 can be explained by examining the data for this year, where we can see an individual transaction of £1,125,000, which is significantly greater than the average transaction of £351,400. Lower quartile prices were at their lowest point in 2011 at £291,375, peaking in 2018 at £518,750 before falling in 2019 to £345,750.
60. PPG makes clear that lower-quartile house prices may be used as a benchmark for entry-level home prices.<sup>16</sup> Entry-level properties are typically those with one or two bedrooms – either flats or houses.

<sup>16</sup> See Paragraph: 021 Reference ID: 2a-021-20190220, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

**Figure 4-1: House prices by quartile in Sheffield English between 2010 and 2019**



Source: Land Registry PPD

61. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). It shows that detached properties experienced a price growth at a significantly higher rate than that experienced for all types. It is important to note that some anomalies exist in the table below due to an abnormally high house prices and few homes sold of that type in some years (for example, only three detached dwellings were sold in 2010, at £655,000, £700,000, and £1,125,000).

**Table 4-3: House prices by type in Sheffield English, 2010-2019, 000's**

Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth
Detached	£441,000	£575,875	-	£584,167	£620,000	£605,200	£484,333	£818,571	£621,250	£831,333	88.5%
Semi-detached	£550,000	£206,100	£220,000	£228,000	-	-	-	£492,750	-	£655,000	19.1%
Terraced	-	£272,000	-	-	-	-	£432,500	£590,000	-	-	-
Flats	£416,667	£383,333	£390,000	£337,500	£387,000	£269,134	£280,000	£336,250	-	£182,500	-56.2%
<b>All Types</b>	£445,000	£413,770	£347,500	£508,813	£594,111	£509,181	£433,000	£664,833	£621,250	£585,667	31.6%

Source: Land Registry PPD

#### 4.4.2 Income

62. Household incomes determine the ability of households to exercise choice in the housing market, and consequently the level of need for affordable housing products. Two sources of data are used to examine household incomes in the NA.
63. The first source is locally specific but limited to the average total household income and the median net annual household income before housing costs (or take-home pay). This is the average household income estimates published by ONS<sup>17</sup> at the level of the Middle-layer Super Output Area (MSOA)<sup>18</sup>. In the case of Sheffield English the MSOA most suitable for use as a proxy for the Neighbourhood Plan area boundary is E02004826 (Test Valley 013). Further details

<sup>17</sup>Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2016>

<sup>18</sup> An MSOA is a statistical area defined for Census purposes. For further information on MSOAs, see <https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography>

on the extent of this MSOA, including a map, and why it was selected as a proxy for the Neighbourhood Plan area, are set out in Appendix A.

64. The average total household income before housing costs (equalised) across E02004826 (Test Valley 013) in 2018 was £55,000. This figure is typically used by mortgage lenders to assess a household's ability to afford to borrow.<sup>19</sup>
65. The second source of data is Lower Quartile (LQ) average earnings. This is helpful for understanding affordability challenges among those with lower than average earnings. However, this data relates to individual earnings and whilst this is an accurate representation of household incomes where households have one earner, it does not represent household income where there are two people earning. It is also only available at the District level.
66. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level. Although 2019 provisional data has been published, the revised 2018 data is considered more robust and is therefore used here.
67. Test Valley's gross LQ weekly earnings for 2018 was £14,548 per year. This is the LQ income before taxes (or benefits) for individual earners and so only correlates with the measure of household incomes above for single-person households. To estimate the income of LQ-earning households with two earners, the annual income is doubled, to £29,096

#### 4.4.3 Affordability Thresholds

68. In order to gain a clearer understanding of local affordability, it is also useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds'. Purchase thresholds denote the standard household income needed to access mortgage products, and income thresholds denote the maximum share of a family's income that should be spent on accommodation costs.
69. AECOM has determined thresholds for the income required to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in NPPF. These calculations are detailed in Appendix A. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations, but it is worth noting here that we have assumed that the maximum percentage of household income that should be spent on rent is 30% and that mortgage financing will be offered at a maximum of 3.5 times household income.
70. Table 4-4 overleaf shows the cost of different tenures and the annual income required to support these costs within Sheffield English. The income required column is the annual income needed to support ongoing housing costs, but does not reflect the cost of a deposit (which we have assumed to be 10% of the value to be purchased) or the possibility that households able to access market housing for purchase may already hold equity from an existing property.

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<sup>19</sup> Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

**Table 4-4: Affordability thresholds in Sheffield English (income required, £)**

Tenure	Mortgage Value	Rent	Income required	Affordable on average incomes? £55,000	Affordable on LQ earnings (single earner)? £14,548	Affordable on LQ earnings (2 earners)? £29,096
<b>Market Housing</b>						
NA Median House Price	£595,800	-	<b>£170,229</b>	No	No	No
LA New Build Mean House Price	£327,650		<b>£93,614</b>	No	No	No
NA LQ/Entry-level House Price	£309,375	-	<b>£88,393</b>	No	No	No
Average Market Rent	-	£13,056	<b>£43,520</b>	Yes	No	No
Entry-level Market Rent	-	£11,388	<b>£37,960</b>	Yes	No	No
<b>Affordable Home Ownership</b>						
Discounted Market Sale (-20%)	£529,600	-	<b>£136,183</b>	No	No	No
Discounted Market Sale (-30%)	£463,400	-	<b>£119,160</b>	No	No	No
Discounted Market Sale (-40%)	£397,200	-	<b>£102,137</b>	No	No	No
Discounted Market Sale (-50%)	£331,000	-	<b>£85,114</b>	No	No	No
Shared Ownership (50%)	£331,000	£8,275	<b>£112,698</b>	No	No	No
Shared Ownership (25%)	£148,950	£12,413	<b>£83,932</b>	No	No	No
<b>Affordable Rented Housing</b>						
Affordable Rent (average)	-	£7,353	<b>£29,413</b>	Yes	No	Marginal
Social Rent (average)	-	£5,704	<b>£22,816</b>	Yes	No	Yes

Source: AECOM Calculations

71. The income required to afford the different tenures is then benchmarked, in Figure 4-2 against the three measurements of household income set out above. These are the average total household income for E02004826 (Test Valley 013) at £55,000 and the lower quartile gross earnings for Test Valley for single-earners at £14,548 and dual-earning households at £29,096.
72. Taking into consideration the affordability thresholds set out above, it is apparent that the income required to buy an average market home for sale is significantly higher than what would be expected to be available to those on average household incomes. Those on lower quartile household incomes – even with two earners – have worse prospects for home ownership still. It appears that they are only able to afford social and affordable rent, whereas average earners can afford some rental properties.
73. Government policy aimed at tackling the housing crisis continues to attach high priority on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership<sup>20</sup>. In the case of Sheffield English, none of the identified affordable home ownership tenures appear appropriate to help implement this policy goal when compared to the mean income for the NA.
74. Table 4-4 shows that households with incomes between £37,960 and £88,393 are able to rent in the market but unable to buy. These households may need affordable home ownership options, though it is worth emphasising that this support would be benefiting higher earners generally, unless smaller and more affordable types of housing can be delivered within this range of products. With regard to these products and the discounts required, the following observations can be made:
  - The discount on the average market sale price required to enable households on average incomes to afford to buy is 68%.

<sup>20</sup> See the White Paper 'Fixing Our Broken Housing Market', at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590464/Fixing\\_our\\_broken\\_housing\\_market\\_-\\_print\\_ready\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf)

- Whether discounted market sale is affordable will depend whether properties are priced in relation to average, new build or entry level homes so developers will view discounts differently. New build homes are often more expensive than properties for sale in the second-hand stock. In this case, the average new build price for wider Test Valley is in fact lower than the median price of existing housing in Sherfield English. While this is largely a function of the large and detached homes that contribute to the average in the NA, it is also reasonable to expect that an average new build home in Sherfield English will be higher than the Test Valley average because of the higher value of land in the NA
  - The mean income (£55,000) is below the purchasing threshold for all affordable home ownership tenures. The income required for Shared Ownership at the 25% level (£83,932) and Discounted Market Sale at -50% (£85,114) suggests that these tenures have the greatest potential to extend homeownership, however, the income required to afford these tenures is beyond the reach of those households on mean income. Likewise, none of the discounts/products appear to have potential to extend homeownership to those on lower quartile incomes. Again, it is worth noting that average home prices have been used here and it remains possible that these products could widen housing access to lower earners if they are brought forward as smaller homes and as flats or terraces.
  - Discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a two bedroom home (assuming 70 sq m and a build cost of £1,500 per sq m) would be around £105,000.<sup>21</sup> This cost excludes any land value or developer profit.
  - The Government's proposed First Homes product would provide a minimum discount of 30% on new homes. New build prices are not available at the neighbourhood level because the number of transactions is too low. However, median average prices provide a reasonable proxy for the price of new homes. In Sherfield English a 30% discount on average prices would not be sufficient to extend home ownership to households on average incomes.
  - The income required to access Rent to buy is assumed to be similar to that required to afford market rents. In Sherfield English the income required to afford the average market rent is £43,520. Average market rents are affordable for those on mean incomes but are not affordable for those on lower quartile incomes. Rent to Buy therefore represents a viable route to affordable home ownership to those on mean incomes, however, is likely to be out of reach to those on lower quartile incomes.
  - The neighbourhood group may have limited control or influence on the level of discount to be sought or required of developers of discounted market sale properties. It may be possible to guide section 106 discussions through provisions in the Neighbourhood Plan, but it is advisable to discuss potential options in this area with the LPA
75. Table 4-5 overleaf shows what discounts are required in order for properties to be affordable to households on average incomes. In Sherfield English a discount a 68% discount on average market prices would be required for these homes to be affordable to households on average incomes. This discount is substantially higher than the 30% discount envisaged in the First Homes product. A discount of 41% on average new build market homes would be appropriate for those on mean incomes, if such prices can be sustained within the NA (which is doubtful).
76. The latest Government consultation on 'Changes to the current planning system'<sup>22</sup> proposes that Local Authorities will have discretion to increase the discount on First Homes to 40% or 50%, but that this would need to be evidenced in the Local Plan making process. Though it is expected that the decision to require a higher discount and the evidence supporting it would be undertaken at district- or borough-wide level, the evidence presented in this HNA may be helpful in advancing that discussion. The evidence gathered here suggests that seeking the highest possible discounts would be necessary in Sherfield English.

<sup>21</sup> This estimate is included for illustration purposes. £1,500 build cost per sq m is a reasonable estimate of current costs (mid 2020); 70 sq m for a 2 bedroom property is consistent with the Government's Nationally Described Space Standards

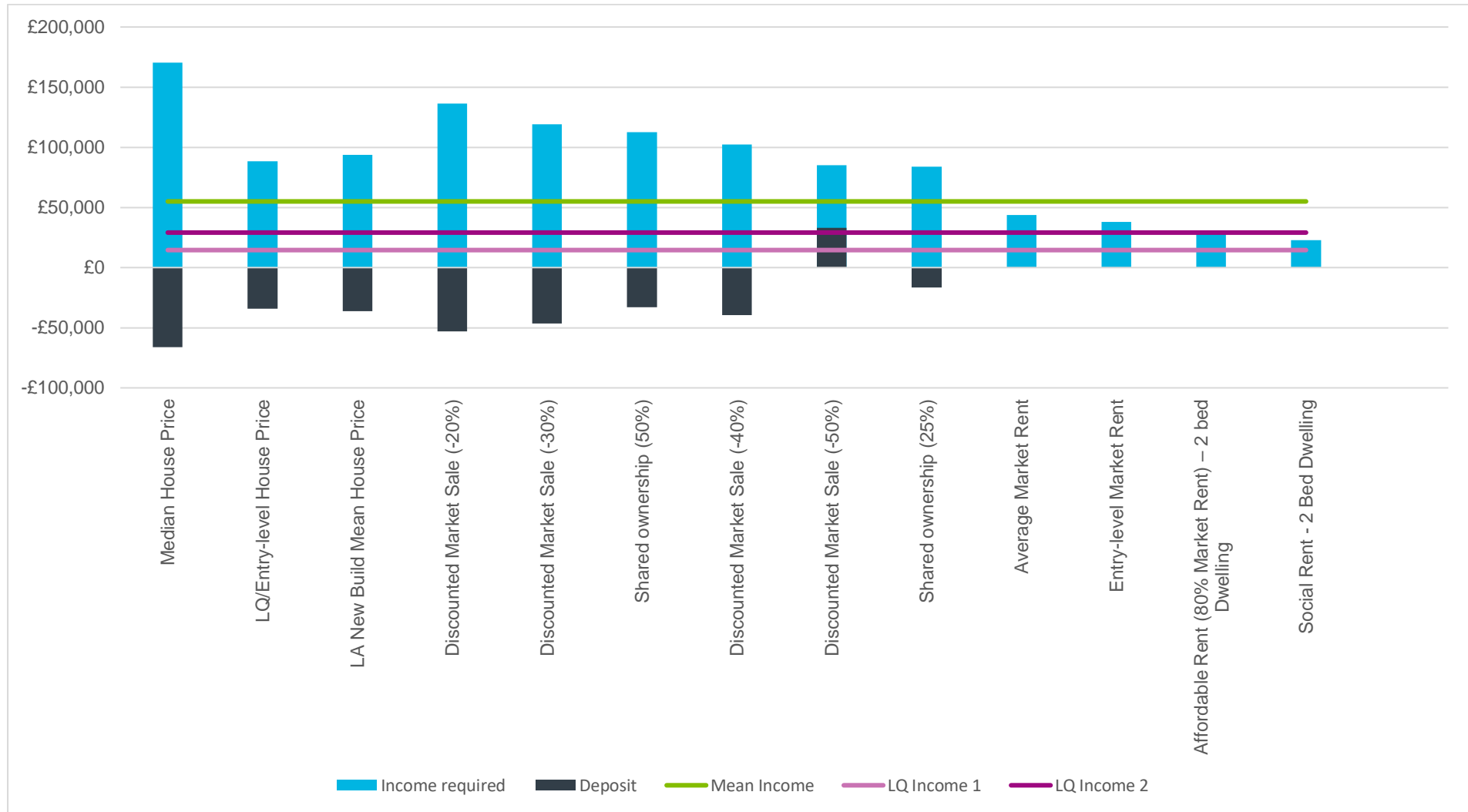
<sup>22</sup> Available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>.

**Table 4-5 Discount on Sale Price Required for Households on Mean Incomes to Afford**

<b>Mean household income in NA: £55,000</b>	
<b>Tenure/ product</b>	<b>Discount on sale price required</b>
Market sale (Average)	68%
New build market sale (Average for LA)	41%
Entry level (LQ)	38%

Source: Land Registry PPD; ONS MSOA total household income

Figure 4-2: Affordability thresholds in Sherfield English (income required, £)



Source: AECOM Calculations

## 4.5 Affordable housing- quantity needed

77. The starting point for understanding the need for affordable housing in Sherfield English is the relevant Strategic Housing Market Assessment (SHMA). The Test Valley SHMA is considered most relevant to this HNA as it considers the whole borough, whereas, the PUSH SHMA only considers the southern seven parishes of Southern Test Valley. The Test Valley SHMA study has been developed in accordance with Government Practice Guidance (CLG, August 2007 and August 2013). It provides the core outputs set out in this Guidance, sets out and justifies key assumptions, and has been informed by consultation with a number of stakeholders. The research focuses on a number of core areas, including: a review of housing markets; future housing requirements, an assessment of housing need and affordable requirements and a review of general market requirements.
78. The Test Valley SHMA identifies the need for 292 additional affordable homes each year in Test Valley as a whole (5,261 in the period 2013-31). This need is largely for social/affordable rent as it relates to households who live in unsuitable housing and who cannot afford to access market rents. A small proportion of these households may be able to afford shared ownership because in some cases it is more affordable than market rents, especially when available at a share of 25%.
79. When the SHMA figures are pro-rated to be based on its fair share of the population (0.61% of the LPA's population), this equates to 1.78 homes per annum (predominately for social/affordable rent) or 14 (rounded) homes over the Neighbourhood Plan period 2021-2029.
80. However, pro-rating District level estimates of affordable housing need to rural areas presents problems in practice. The District level figures are likely to represent higher needs in the urban areas of the District where there is a large social housing stock and larger numbers of households living in the PRS on housing benefit. Both of these factors tend to generate higher needs. By contrast, in rural villages like Sherfield English the lack of social housing means there is no need generated from households already living in the sector. Similarly, households who may need social housing often move away to areas where their needs are more likely to be met (either because there is social housing available or more private rented housing). This means it is difficult to identify need for social/affordable rented housing within Sherfield English.
81. To supplement the information from the SHMA, in Table 4-6 and Table 4-7 overleaf we have calculated, using PPG as a starting point,<sup>23</sup> an estimate of the total need for affordable housing for rent and sale housing in Sherfield English over the Plan period. It should, however, be noted that the accuracy of the findings generated by the model is only as strong as the evidence we have available to us. For example, Census 2011 data is increasingly outdated. However, given the test of proportionality for evidence supporting neighbourhood plans, and the need to be in conformity with Local Authority strategic policies, the calculations set out in Table 4-6 and Table 4-7 are considered a reasonable basis for understanding and planning for neighbourhood-level affordable housing need, particularly given that the results of Census 2021 will likely not be available until 2022 at the earliest.
82. It should also be noted that figures in Table 4-6 are largely dependent on information provided by Test Valley Borough Council in its capacity as manager of the local housing waiting list.
83. Home Choice data from Test Valley suggests there are currently about eight households in Sherfield English unable to access affordable rented homes suitable to their needs (as of 18<sup>th</sup> December 2020). Table 4-6 suggests that, a shortfall of 0.62 households in the Neighbourhood Plan area per annum, producing total need for affordable rented homes of five homes over the plan period.

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<sup>23</sup> Paragraphs 024-026 Reference ID: 2a-026-20140306, at <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>



**Table 4-6 Quantity of Affordable Housing for social/affordable rent needed in Sheffield English over the Plan period**

Stage and Step in Calculation		Total	Description
<b>STAGE 1: CURRENT NEED</b>			
1.1	Current households in need	8	The current number of households on Test Valley Affordable Housing register / waiting list who live in Sheffield English or have a local connection
1.2	Per annum	<b>1.0</b>	1.1 divided by the plan period 2021-2029
<b>STAGE 2: NEWLY ARISING NEED</b>			
2.1	New household formation	20.0	MHCLG 2018-based household projections for the LA between start and end of plan period. % increase applied to NA
2.2	Proportion of new households unable to rent in the market	11.6%	(Steps 1.1 + 2.2.1 + 2.2.2) divided by number of households in NA
2.2.1	Current number of social renters in NA	22	2011 Census + LA-level % increase
2.2.2	Number of private renters on housing benefits	3	Housing benefit caseload May 2018. Pro rata for NA.
2.3	New households unable to rent	2	Step 2.1 * Step 2.2
2.4	Per annum	<b>0.3</b>	Step 2.3 divided by plan period 2021-2029
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>			
3.1	Supply of social/affordable re-lets (including transfers) %	3%	Assumed proportion of stock re-let each year
3.2	Supply of social/affordable re-lets (including transfers)	<b>0.7</b>	Step 3.1 x NA social rented stock (2.2.1)
<b>NET SHORTFALL (OR SURPLUS) PER ANNUM</b>			
Overall shortfall (or surplus) per annum		<b>0.62</b>	Shortfall = (Step 1.2 + Step 2.4) – Step 3.2
Overall shortfall (or surplus) over the plan period		<b>5</b>	(Step 1.1 + Step 2.3) - Step 3.2 * plan period

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

84. Table 4-7 estimates potential demand for affordable home ownership products within Sheffield English. This estimate broadly counts households living in the private rented sector (PRS) who are not on housing benefit and new households likely to form over the plan period who are likely to enter the private rented sector (but not require housing benefit). The model aims to estimate the number of households who can rent but can't buy on the basis of their incomes. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model discounts 25% of these households, assuming a proportion will be renting out of choice. This leaves around one household per annum who may be interested in affordable home ownership (eight over the plan period).
85. It is important to keep in mind that the households identified in the estimate in Table 4-7 are, by and large, adequately housed in the private rented sector. They do not lack their own housing but would prefer to buy rather than rent.
86. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners to meet affordable housing needs in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that it is met to a greater extent if resources permit (eg the ability to allocate sites for affordable housing).
87. It is also important to remember that even after the Sheffield English, or indeed any other, Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.

88. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can meet affordable housing need, unless there is a specific policy on the housing supply-side (e.g. the identification of one or more housing exception sites over and above those required by the Local Plan).

**Table 4-7 Estimate of the potential demand for affordable housing for sale in Sheffield English over the Plan period**

Stage and Step in Calculation		Total	Description
<b>STAGE 1: CURRENT NEED</b>			
1.1	Current number of renters in NA	23.2	Census 2011 number of renters * national % increase to 2018
1.2	Percentage renters on housing benefit in LA	13.6%	% of renters in 2018 on housing benefit
1.3	Number of renters on housing benefits in NA	3	Step 1.1 * Step 1.2
1.4	Current need (households)	15.0	Current renters minus those on HB and minus 25% assumed to rent by choice
1.5	Per annum	<b>1.9</b>	Step 1.4 divided by plan period
<b>STAGE 2: NEWLY ARISING NEED</b>			
2.1	New household formation	20.0	LA household projections for plan period (2018 based) pro rated to NA
2.2	% of households unable to buy but able to rent	13.7%	(Step 1.4 + Step 3.1) divided by number of households in NA estimated in 2020
2.3	Total newly arising need	2.7	Step 2.1 * Step 2.2
2.4	Total newly arising need per annum	<b>0.2</b>	Step 2.3 divided by plan period
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>			
3.1	Supply of affordable housing	24	Number of shared ownership homes in NA (Census 2011 + LA new build to 2018/19 pro rated to NA)
3.2	Supply - intermediate resales	<b>1.2</b>	Step 3.1 * 5% (assume rate of re-sale)
<b>NET SHORTFALL (OR SURPLUS) PER ANNUM</b>			
	<b>Shortfall (per annum)</b>	<b>0.9</b>	Shortfall = (Step 1.5 + Step 2.4) – Step 3.2
	<b>Total NA need for Affordable Housing for sale in Sheffield English over the Plan period</b>	<b>8</b>	

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

#### 4.5.1 Additional SHMA findings

89. Figure 7.24 of the Test Valley SHMA (replicated overleaf as Figure 4-3) presents the estimated level of each tenure of affordable housing needed in each area of the borough. Sheffield English is located on the Central – rural area, identifying a requirement for around a third of homes to be affordable housing for sale and two-thirds being social/affordable rented housing. This recommendation informed the tenure split set out in paragraph 5.108 of the adopted Local Plan.

**Figure 4-3 Estimated level of Housing Need (per annum) by type of affordable housing (percentages), Test Valley SHMA**

<b>Figure 7.24: Estimated level of Housing Need (per annum) by type of affordable housing (percentages)</b>				
<b>Area</b>	<b>Intermediate</b>	<b>Affordable rent</b>	<b>Social rent</b>	<b>Total</b>
Andover	37.8%	13.3%	48.8%	100.0%
North – rural	29.1%	28.4%	42.5%	100.0%
Central – rural	30.5%	33.2%	36.3%	100.0%
Romsey	31.0%	21.9%	47.1%	100.0%
South - rural	33.2%	27.2%	39.6%	100.0%
Borough	33.6%	20.5%	45.8%	100.0%

Source: Housing Needs Analysis

#### 4.5.2 Affordable Housing Policies in Sheffield English

90. The Neighbourhood Plan may wish to develop policies in relation to the delivery of Affordable Housing within Sheffield English. Test Valley’s Local Plan policy in relation to Affordable Housing delivery requires 30% of all new homes on sites of 10-14 dwellings or 40% on sites of 15 dwellings or more to be delivered as Affordable Housing (Policy COM 7). This policy would apply in Sheffield English, subject to sites coming forward for development with 10 or more dwellings.
91. Note, however, that the Government’s August 2020 consultation proposals for ‘Changes to the current planning system’ include a temporary measure to lift the small sites threshold. This would mean that developers would not need to contribute to Affordable Housing on sites of up to 40 or 50 units. This represents a significant increase on the threshold sought in the Local Plan (cited above), and therefore may reduce the delivery of Affordable Housing on normal development sites during the temporary period in which it applies.
92. It is expected that this temporary period will be short and, being introduced to combat the economic impacts of Covid-19 on small builders, may have already elapsed by the time the Neighbourhood Plan is made. Nevertheless, it could have an impact on Affordable Housing delivery in the short term, and warrants the attention of the neighborhood planners as the Government consultation proceeds. For more detail on this proposal in relation to the overall quantity of housing expected in the NA during the Plan period and a link to the consultation document, see the ‘Quantity of housing to provide’ section at the start of this report (section 2.2.2).
93. Adopted local planning policy (COM2) only allows conversions and replacement dwellings within the designated countryside. As such no affordable homes are likely to be delivered through the application of this Policy COM 7. For this reason, the neighbourhood group may wish to consider identifying sites specifically for the provision of affordable housing. This would enable more substantial provision of Affordable Housing, and could also act as a suitable way forward if the Government’s proposal to temporarily lift the small sites Affordable Housing threshold is likely to have a significant impact on provision in the NA.
94. The neighbourhood group may wish to develop policies on the mix of Affordable Housing delivered in Sheffield English. It is not the role of the HNA to develop policy, as there are a wider set of factors which apply and need to be considered by the neighbourhood planners. However, the following evidence and considerations may be used as a starting point in the development of policy. On the balance of the evidence in this HNA, AECOM set out a judgement on the starting point for an appropriate tenure mix in Sheffield English.
  - A. **Evidence of need for Affordable Housing:** AECOM’s estimate of the potential demand for affordable home ownership options suggests there may be a need for these homes in Sheffield English to address the aspirations of households who can rent but can’t buy. AECOM’s estimate identified the potential demand for eight such homes over the plan period. AECOM’s estimate for social/affordable rented housing need over the plan is five homes.
  - B. **Can Affordable Housing needs be met in full?** The majority of Sheffield English’s new housing (unless an Affordable Housing exception site will be allocated) is expected to come forward in the form of conversions and replacements developments, those schemes are unlikely to be large enough to meet the threshold of 10 dwellings, above which the Affordable Housing policy applies. If that is the case, the potential delivery of

Affordable Housing is likely to be lower still. This suggests some form of prioritisation will be required. In most cases, Councils will wish to prioritise the delivery of social/affordable rented homes to meet acute needs. However, considerations can differ in rural areas and subject to other considerations.

- C. **Government policy (eg 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. Based on the findings of this HNA there is evidence to suggest that going beyond the 10% threshold in Sheffield English would impact on the ability to deliver social/affordable rented homes, and it should therefore be viewed as a maximum rather than a minimum.
- D. **Emerging policy:** the Government is currently consulting on the introduction of First Homes (to provide at least 30% discount on new build home prices). The most recent consultation outlines the Government's intention to require that a minimum of 25% of all Affordable Housing secured through developer contributions should be first homes.<sup>24</sup> The outcome of this consultation and the policy which emerges may shape the provision of different forms of Affordable Housing on new development sites, and the neighbourhood group will need to keep this emerging policy in mind when developing its Neighbourhood Plan policies.

The August 2020 proposals relating to First Homes convey the Government's intention to require that 25% of all Affordable Housing is delivered as First Homes. The 25% First Homes requirement is likely to displace other affordable home ownership products in the first instance. Those affordable home ownership products providing the lowest discount should be displaced first. However, affordable rented products may also be affected depending on the tenure mix sought (i.e. if more than 75% of affordable housing is intended as affordable rent, this would need to be reduced to a maximum of 75% affordable rent so that First Homes can constitute 25% of all affordable housing).

The August 2020 proposals also present options on how the make-up of the tenure mix of the remaining 75% of affordable housing is determined, with one option to maintain as far as possible the affordable rented proportions in the local plan, while a second option would allow greater flexibility. It is unknown at this time which option will be pursued.

- E. **Local Plan policy:** Test Valley's adopted Local Plan requires a tenure mix of 70% rented and 30% intermediate housing. The August 2020 proposals relating to First Homes convey the Government's intention to require that 25% of all Affordable Housing is delivered as First Homes, with which the Local Plan policy is capable of complying if the majority of the intermediate units are delivered as First Homes.
- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site specific level. Viability issues are recognised in the Council's adopted Local Plan and it is acknowledged that this may affect the provision of affordable housing and/or the mix of tenures provided.
- G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- H. **Existing tenure mix in Sheffield English:** evidence suggests there is a limited number social rented dwellings within the NA at present. Although there appears to be a significantly high proportion of shared ownership. This suggests that some provision of Affordable Homes for rent 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.
- I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in this 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

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<sup>24</sup>The original proposals are available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/864265/First\\_Homes\\_consultation\\_document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864265/First_Homes_consultation_document.pdf). The latest proposals are available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>. Note that the latest proposals are not final, and could potentially be subject to further change.

objective of the neighbourhood group and supported by the Council. It should be noted that registered providers may also likely prescribe a mix of housing based on what is in demand and manageable.

- J. **Wider policy objectives:** the neighbourhood group may wish to take account of broader policy objectives for Sherfield English and/or the wider District. These could include, but are not restricted to, policies to attract younger households, families or working age people to the Neighbourhood Area. These specific policy objectives may be explored to stop population decline and promote greater age range in the community, and may influence the mix of Affordable Housing provided.
95. In Table 4-8 overleaf, two alternative scenarios for the tenure mix of Affordable Housing in Sherfield English are presented. Note that we assume, in accordance with current practice, that most Affordable Housing will be brought forward through developer contributions. If the neighbourhood planners are considering delivering Affordable Housing through other means, the national policy requirements reflected here may not apply.
  96. The first scenario (Mix 1 – Indicative mix based on local needs) most closely reflects local needs in Sherfield English as identified in the HNA evidence, and also conforms to the target tenure split set out in the Local Plan, with 70% of affordable homes as rented tenures and 30% as routes to ownership.
  97. The second scenario (Mix 2 – Indicative mix with 25% First Homes requirement) keeps the same headline split, but in terms of the breakdown of intermediate tenures is aligned with the direction of travel in the Government's most recent policy proposals, in which it is intended that 25% of all Affordable Housing will be required to be provided as First Homes. This outcome is more likely than the first scenario, because the Government proposals are at an advanced stage of development. However, this is proposed here as one of two alternative scenarios in case the First Homes policy proposals do not progress. Given that First Homes have been found to be generally not affordable to local people in Sherfield English, if the Government proposal requiring 25% First Homes does not come forward as currently proposed, it is recommended that the neighbourhood planners revert to the other indicative mix as their starting point for policy development in this area.
  98. Note also that the Government proposals state that if First Homes are required at 25% of Affordable Housing that comes forward through developer contributions and this results in displacing other tenures within the affordable mix, the tenure products providing the lowest effective discount should be displaced in the first instance. In this case, shared ownership is displaced completely, with a further 20% of rent to buy also replaced by First Homes.
  99. Where the neighbourhood planners wish to develop policy that requires a different mix to that set out in the Local Plan, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. Liaising with the LPA will be particularly important where the Local Plan tenure split can be expected to be adjusted in light of the latest Government proposals, to ensure that the Neighbourhood Plan's approach in reflecting these changes is in line with the LPA approach. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-size circumstances in addition to this evidence.
  100. AECOM cannot provide guidance on the appropriate share of social/affordable rented homes as this will depend on the level of funding available to housing associations which will determine at what level rents can be set. Registered providers (eg housing associations) may be reluctant to deliver small numbers of homes where there are ongoing management costs involved. For this reason, the proportion of rented homes which can be secured may depend on the willingness of local housing association to maintain and manage small numbers of homes.
  101. Mix 2 put forward below aligns as closely as possible with emerging Government policy as currently proposed. If those proposals do not go forward, the recommended starting point for the tenure mix in the NA will be Mix 1 below. However, the considerations detailed above will remain relevant for determining a more appropriate mix in the light of national policy changes or other unexpected developments.

**Table 4-8 Indicative tenure split (Affordable Housing)**

Tenure	Mix 1. Indicative mix based on local needs	Mix 2. Indicative mix with 25% First Homes requirement	Considerations and uncertainties
<b>Routes to home ownership, of which</b>	<b>30</b>	<b>30</b>	Government proposing min 25% requirement for First Homes. Uncertainty over extent of requirement until policy finalised.
First Homes	0	25	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc
Shared ownership	5	0	Proposed changes to the model to allow purchases of 10% share <sup>25</sup> - impact on viability unknown RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to buy	25	5	Emerging product with popularity and effectiveness as yet unknown Impact of displacement by First Homes unknown
<b>Affordable Housing for rent, of which</b>	<b>70</b>	<b>70</b>	
Social rent	To be set by Registered Providers	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area Uncertain whether RPs willing to own/manage stock in this area
Affordable rent	To be set by Registered Providers	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area

Source: AECOM calculations

102. Assuming that the Government’s proposal that 25% of all affordable Housing should be First Homes is formalised, the neighbourhood group will need to take account of how this could impact on affordable housing polices (particularly the tenure mix) in the Neighbourhood Plan. The evidence gathered here suggests that this proposal would not impact on the ability of Sheffield English to accommodate those with the most acute needs i.e. those who require social/affordable rental housing. Notwithstanding this, the 25% requirement for First Homes could significantly reduce the ability to deliver Rent to Buy, the only AH ownership product affordable to those on median incomes.
103. The neighbourhood planners should note that the First Homes product has not been formally implemented, and should await the outcome of the Government consultation. However, First Homes is a new term for a form of tenure that might be available even if the new product isn’t formalised. Discounted market housing at equivalent discount levels can serve the same group. Looking at the affordability thresholds presented in Figure 4-2, it appears that entry level market dwellings are actually cheaper than First Homes at 30% discount on new build median prices. Newly built properties at equivalent sizes and price levels to the entry level homes in the existing stock could benefit some local people and improve affordability. However, a significant discount of approximately 40%, beyond the 30% discount envisioned by the First Homes product, is required to make average new build market homes affordable for those on mean incomes.
104. As average market rents are affordable for those on mean incomes, Rent to Buy represents the most viable route to affordable home ownership. Rent to Buy may help attract younger households, families or working age people to the Neighbourhood Area, promoting a greater age range in the community.

<sup>25</sup> <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

## 4.6 Conclusions- Tenure and Affordability

105. Sherfield English is characterised by a very high proportion of home ownership compared to the district and national levels. Likewise, the proportion of shared ownership is also considerably higher in Sherfield English. Correspondingly, the proportion of rented households both social and rent is significantly lower in Sherfield English compared to district and national levels.
106. During the intercensal period, the proportion of private rented tenure increased by 171.4%, with a lower but still significant 97.2% increase experienced in the same tenure across Test Valley. This is indicative of the declining affordability of home ownership.
107. Sherfield English has experienced considerable fluctuations in house prices between 2010 and 2019. Overall, the mean and median house prices have largely followed each other, although there is a significant departure in 2019 due to an anomaly in the transaction data. Mean house prices have risen by 31.6% compared to median houses which experienced a growth of 50.5%.
108. It is apparent that the income required to buy an average market home for sale (£170,229), or even an entry-level home (£88,393), is higher than what would be available to those on average household incomes (£55,000). Those on lower quartile household incomes – even with two earners – have worse prospects for home ownership still. It appears that they are only able to afford social and affordable rent, whereas average earners can afford some rental properties.
109. In Sherfield English, a 30% discount on average prices would not be sufficient to extend home ownership to households on average incomes. Entry level market dwellings appear cheaper than First Homes at 30% discount on new build median prices. Newly built properties at equivalent sizes and price levels to the entry level homes in the existing stock could benefit some local people and improve affordability. However, a significant discount of approximately 40%, beyond the 30% discount envisioned by the First Homes product, is required to make average new build market homes affordable for those on mean incomes. Whilst a discount of 68% is required on average market homes to make this product available to those on mean incomes.
110. The mean income (£55,000) is below the purchasing threshold for all affordable home ownership tenures. The income required for Shared Ownership at the 25% level (£83,932) and Discounted Market Sale at -50% (£85,114) suggests that these tenures have the greatest potential to extend homeownership, however, the income required to afford these tenures is beyond the reach of those households on mean income. Likewise, none of the discounts/ products appear to have potential to extend homeownership to those on lower quartile incomes. It is therefore critical that any affordable home ownership housing is delivered as smaller and more affordable dwelling types that have a more realistic prospect of widening housing access to lower earners.
111. Average market rents are affordable for those on mean incomes but are not affordable for those on lower quartile incomes. Rent to Buy therefore represents a viable route to affordable home ownership to those on mean incomes, however, is likely to be out of reach to those on lower quartile incomes.
112. The inability of those on lower quartile earnings to afford entry-level market rents, suggests that affordable and social rents are necessary to help those in most urgent need. The data would suggest affordable and social rents are largely unaffordable for those in single earning lower quartile households. However, it's important to caveat that the lower quartile earning data does not reflect housing benefits or other forms of financial assistance. For this reason, it is possible that many lower quartile households would also be able to meet their housing needs in privately rented rooms in shared houses using housing benefit.
113. When the SHMA affordable housing figures are pro-rated to Sherfield English based on its fair share of the population, this equates to a need for approximately 1.78 new affordable homes each year – approximately 14 in total over the plan period (rounded).
114. Data from Test Valley suggests that there are currently about eight households in Sherfield English unable to access affordable rented homes suitable to their needs. When this starting figure is projected forward together with other considerations, it appears that there is a shortfall of 0.62 households in the Neighbourhood Plan area per annum, producing total need for affordable rented homes of five homes over the plan period. The overall figure is lower than current need because it is assumed that a small amount of turnover in the existing stock as current occupants vacate it for various reasons will be able to satisfy some of the newly emerging need.
115. An estimate for the potential demand for affordable home ownership products within Sherfield English has also been produced. The model used in this HNA estimates the number of households who can rent but can't buy on the basis of

their incomes. The calculation suggests there is a need for one household per annum or eight affordable houses for sale over the plan period.

116. The recommendations of this chapter on the potential for providing affordable and low-cost tenures across the Neighbourhood Plan area largely align with those of the SHMA, which identified a requirement for around a third of homes to be affordable housing for sale and two-thirds being social/affordable rented housing.



## 5. RQ 2: Type and Size

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

### 5.1 Introduction

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

### 5.2 Existing types and sizes

#### 5.2.1 Background and definitions

119. Before beginning our consideration of dwelling type and size, it is important to understand how different types of households occupy their homes. Crucially, and unsurprisingly, household 'consumption' of housing (in terms of housing size) tends to increase alongside wages, with the highest earning households consuming relatively more (i.e. larger) housing than those on lower incomes. Similarly, housing consumption tends to increase, alongside wealth, income, and age, such that older households tend to have larger homes than younger households, often as a result of cost and affordability.
120. In this context, even smaller households (those with fewer than three inhabitants) may be able to choose to live in larger homes than they require, and would be defined in Census terms as under-occupying their homes. This is a natural feature of the housing market, and can distort considerations of future housing needs, with market dynamics and signals giving a very different picture to demographics, household type and size.
121. In order to understand the terminology surrounding dwelling size analysis, it is important to note that the number of rooms recorded in Census data excludes some rooms such as bathrooms, toilets and halls. Dwelling size data is collected by determining the number of rooms being occupied by each household. In the section that follows, 'dwelling sizes' can be translated as follows<sup>26</sup>:
- 1 room = bedsit
  - 2 rooms = flat/house with one bedroom and a reception room/kitchen
  - 3 rooms = flat/house 1-2 bedrooms and one reception room and/or kitchen
  - 4 rooms = flat/house with 2 bedroom, one reception room and one kitchen
  - 5 rooms = flat/house with 3 bedrooms, one reception room and one kitchen
  - 6 rooms = house with 3 bedrooms and 2 reception rooms and a kitchen, or 4 bedrooms and one reception room and a kitchen
  - 7+ rooms = house with 4 or more bedrooms
122. It is also useful to clarify the Census terminology around dwellings and households spaces. These can be confusing where different terminologies such as flats, apartments, shared and communal dwellings, and houses in multiple occupation, are used. Dwellings are counted in the Census by combining address information with Census returns on whether people's accommodation is self-contained.<sup>27</sup> As such, all dwellings are classified into either "shared" or "unshared" dwellings. Household spaces make up the individual accommodation units forming part of a shared dwelling.

<sup>26</sup> At <https://www.nomisweb.co.uk/census/2011/qs407ew>

<sup>27</sup> At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

123. The key measure of whether a dwelling is shared or unshared relates to the Census’ definition of a household. A household is defined as “One person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area.”<sup>28</sup> On this basis, where unrelated residents of a dwelling share rooms other than a kitchen, this would be considered a single household in an unshared dwelling, whilst where only a kitchen is shared, each resident would be considered their own household, and the dwelling would be considered shared.

### 5.2.2 Dwelling type

124. The 2011 Census shows that Sheffield English had 708 residents occupying 184 detached houses, 48 semi-detached, 9 terraced houses, and 31 flats. Compared with the Test Valley Borough Council, Sheffield English is characterised by a significantly higher proportion of detached properties. The proportion of semi-detached and terraced dwellings is significantly lower in Sheffield English compared to local and national levels. Finally, the proportion of flats in Sheffield English is similar to that found in Test Valley, albeit at a lower proportion than that found in England as a whole (see Table 5-1 below).

**Table 5-1: Accommodation type (households), Sheffield English 2011**

Dwelling type		Sherfield English	Test Valley	England
Whole house or bungalow	Detached	64.3%	38.7%	22.4%
	Semi-detached	16.8%	25.6%	31.2%
	Terraced	3.1%	22.5%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	10.8%	10.4%	16.4%
	Parts of a converted or shared house	0.7%	1.3%	3.8%
	In commercial building	0.0%	0.8%	1.0%

Source: ONS 2011, AECOM Calculations

### 5.2.3 Specific housing types

125. Bungalows can play an important role in meeting the current and future needs of older people and people with accessibility needs.

126. As the ONS Census data does not capture bungalows as a distinct type, we have used VOA data to investigate their presence in Sheffield English. However, the areas specified in VOA data do not align with the Sheffield English parish boundary, so the below data relates to the wider LSOA Test Valley 013A (E01023162), which covers a larger area than the Plan area itself is used as a reasonable proxy for Sheffield English. The overall proportion of bungalows in this area may be sufficiently similar to that of the Sheffield English NA to enable conclusions to be drawn. The result is presented in Table 5-2 overleaf. Note also that VOA data is rounded to the nearest 10 for each category.

The data shows that Sheffield English has a relatively high proportion of bungalows affordable housing contributions. In terms of size, Sheffield English has a significantly higher proportion of four or more-bedroom bungalows compared to Test Valley, these bungalows are generally too large to meet the needs of older people. The provision of smaller bungalows may allow older people to downsize helping to free up other types of housing for younger families.

<sup>28</sup> Ibid.

**Table 5-2 Number of bungalows by property size, 2020**

	Sherfield English (numbers)	Sherfield English (%)	Test Valley (numbers)	Test Valley (%)
<b>Total properties</b>	<b>720</b>	<b>100%</b>	<b>55,850</b>	<b>100%</b>
<b>Total Bungalows</b>	<b>150</b>	<b>20.8%</b>	<b>5,900</b>	<b>10.6%</b>
1 bedroom	10	6.7%	560	9.5%
2 bedrooms	60	40.0%	2300	39.0%
3 bedrooms	50	33.3%	2260	38.3%
4 bedrooms +	30	20.0%	720	12.2%
Unknown	0	0.0%	60	1.0%

Source: Valuation Office Agency, Council tax: stock of properties, 2019, Table CTSOP3.0 and Table CTSOP3.1

### 5.2.4 Dwelling size

127. Table 5-3 below sets out the distribution of the number of rooms by household space. The housing stock in Sheffield English is characterised by a greater proportion of larger properties when compared to Test Valley. Nine room or more homes exist at a greater share than any other size of dwelling in Sheffield English, compared to five room properties which represent the greatest share in Test Valley. The total proportion of large dwellings (five rooms+) in Sheffield English is 84.6%, compared to 76.9% found in Test Valley. By contrast, the total proportion of small properties (one - four rooms) in the NA is 15.4%, compared to 23.1% in Test Valley.

**Table 5-3: Number of rooms per household in Sheffield English, 2011**

Number of Rooms	2011	2011
	Sherfield English	Test Valley
1 Room	0.0%	0.3%
2 Rooms	1.2%	1.4%
3 Rooms	5.0%	7.2%
4 Rooms	9.3%	14.2%
5 Rooms	11.6%	23.3%
6 Rooms	13.5%	19.1%
7 Rooms	13.5%	12.4%
8 Rooms or more	13.9%	9.6%
9 Rooms or more	32.0%	12.4%

Source: ONS 2011, AECOM Calculations

128. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses (see Table 5-4 overleaf). The main change from the 2001 Census findings is the growth in three room households, which grew by 116.7% in Sheffield English compared to a growth of 16.9% in Test Valley. Whilst the increase in three room households appears significant in percentage terms, the raw data suggests there was minimal change in terms of the number of very small households in Sheffield English. Between 2001 and 2011, three room households rose from six dwellings to 13 dwellings. Perhaps more significant is the growth in very large household (seven, eight or rooms) in Sheffield English. Between 2001 and 2011, seven room households increased from 28 dwellings to 35 dwellings, eight or more room households increased from 90 dwellings to 119 dwellings. This suggests that most new housing over this period tended to consist of larger homes.

**Table 5-4: Rates of change in number of rooms per household in Sheffield English, 2001-2011**

Number of Rooms	Sherfield English	Test Valley	England
1 Room	0.0%	-35.5%	-5.2%
2 Rooms	0.0%	25.0%	24.2%
3 Rooms	116.7%	16.9%	20.4%
4 Rooms	-7.7%	7.0%	3.5%
5 Rooms	7.1%	-6.0%	-1.8%
6 Rooms	-10.3%	4.9%	2.1%
7 Rooms	25.0%	11.5%	17.9%
8 Rooms or more	32.2%	26.0%	29.8%

Source: ONS 2001-2011, AECOM Calculations

129. Returning to the most recent Census data, it is also useful to compare the figures for number of rooms with figures for the number of bedrooms for each household. Table 5-5 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that Sheffield English has a higher proportion of dwellings with four or more bedrooms compared to Test Valley. Four-bedroom dwellings represent the largest single household category in Sheffield English at 32.4%, followed closely by three-bedroom dwellings at 31.7%. In contrast, the largest category in Test Valley is three-bedroom dwellings at 41.4%, followed by four bedrooms at 22.3%. It's clear that Sheffield English lags behind Test Valley in terms of smaller dwellings with three or fewer bedrooms.

**Table 5-5: Number of bedrooms in household spaces in Sheffield English, 2011**

Bedrooms	Sherfield English		Test Valley		England	
<b>All categories: no. of bedrooms</b>	<b>259</b>	<b>100.0%</b>	<b>47,626</b>	<b>100.0%</b>	<b>22,063,368</b>	<b>100.0%</b>
No. bedrooms	0	0.0%	71	0.1%	54,938	0.2%
1 bedroom	10	3.9%	4,067	8.5%	2,593,893	11.8%
2 bedrooms	46	17.8%	9,954	20.9%	6,145,083	27.9%
3 bedrooms	82	31.7%	19,731	41.4%	9,088,213	41.2%
4 bedrooms	84	32.4%	10,608	22.3%	3,166,531	14.4%
5 or more bedrooms	37	14.3%	3,195	6.7%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

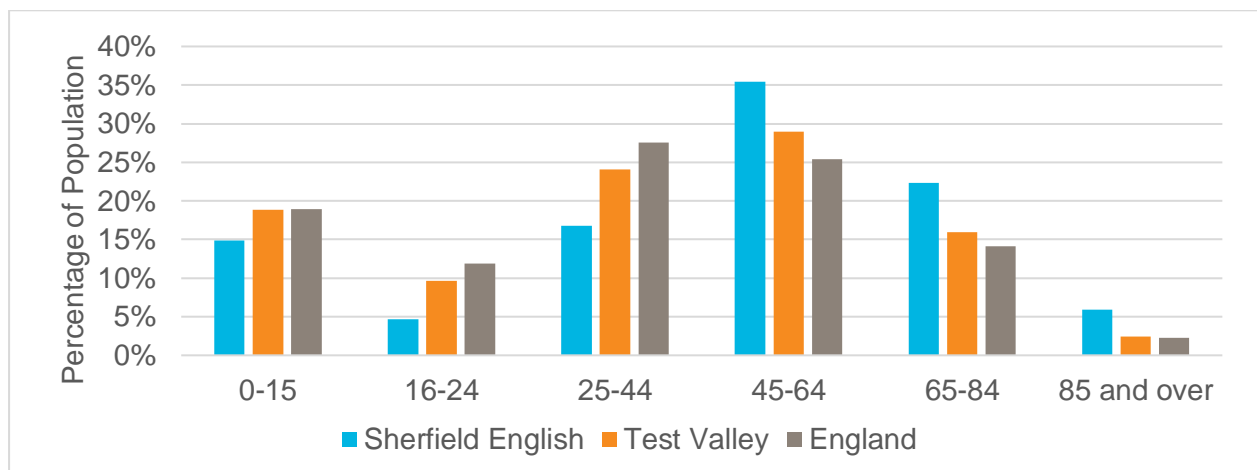
## 5.3 Household composition and age structure

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

### 5.3.1 Age structure

131. The 2011 Census data reveals that Sheffield English has a relatively older population when compared to the national and local averages. Sheffield English has a lower proportion of people in the 0-15, 16-24 and 25-44 age groups, whilst having a higher proportion of people in the 45-64, 65-84 and 85 and over age groups compared to local and national levels (see Figure 5-1 overleaf).

**Figure 5-1: Age structure in Sheffield English, 2011**



Source: ONS 2011, AECOM Calculations

132. This data can be brought up to date using ONS mid-year population estimates for 2019. The mid-2019 population estimate for Sheffield English parish was 721, indicating population growth of around 13 individuals since 2011.
133. It is worth noting that ONS advise exercising particular caution with population estimates by single year of age, as patterns of variance and bias mean the data is relatively less accurate. The single year data for Sheffield English in mid-2019 has been grouped into age bands to match the 2011 Census, and a side-by-side comparison is given in Table 5-6 below. The 45-64 age group remains the single largest age group in Sheffield English, despite declining by 6.8% between 2011 and 2019. The greatest change can be seen in the 16-24 and 85 and over age groups, which increased by 27.3% and 28.6% respectively. However, it's worth noting that these two bands have relatively low starting bases compared to other age groups. Perhaps more significant are the changes in the 0-15 group, which decreased by 21%, and the 65-84 group, which increased by 24.7%. Taken together, these figures indicate that the population of the NA is aging. An ageing population has implications on future demand for housing. In particular, it is likely that more adaptable and specialised housing will be needed.
134. Only the age structure of the population can be brought up to date in this way. The age or life-stage of household groups, which form the basis of the analysis of future dwelling size needs, is not estimated each year. The 2011 Census therefore remains the most accurate basis to use in those areas, and the brief comparison here demonstrates that the change from 2011-2019 has not been so significant as to invalidate the 2011 household data.

**Table 5-6: Rate of change in age structure of Sheffield English population, 2011-2019**

Age group	Sheffield English		
	2011 Pop.	2019 Pop.	Rate of Change
0-15	105	83	-21.0%
16-24	33	42	27.3%
25-44	119	111	-6.7%
45-64	251	234	-6.8%
65-84	158	197	24.7%
85 and over	42	54	28.6%

Source: ONS 2011, ONS mid-2019 population estimates, AECOM Calculations

### 5.3.2 Household composition

135. Household composition (i.e. the mix of adults and children in a dwelling) is a critical factor in driving the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period. In assessing Census data on household composition, we see that Sheffield English differs from the Local Authority in that there are fewer one-person

households and a greater proportion of one family households (Table 5-7). With regard to one person households, Sherfield English has a lower portion of those aged 65 and over, suggesting fewer elderly people live alone than in couples or families in the NA (the reverse of the picture across Test Valley as a whole). Looking at one family households, we can see these are less likely to have dependent and non-dependent children than their counterparts Borough-wide. There is a significant cohort of families without children in Sherfield English.

136. Note that non-dependent children refer to households in which adult children are living at home, or students still call their primary residence despite living for most of the year near to university. Though this category can often indicate the relative unaffordability of entry-level homes in an area as many such young people may wish to move out and form their own households if they were financially able.

**Table 5-7: Household composition (by household), Sherfield English, 2011**

Household composition		Sherfield English	Test Valley	England
<b>One person household</b>	<b>Total</b>	<b>20.5%</b>	<b>24.9%</b>	<b>30.2%</b>
	Aged 65 and over	9.7%	12.0%	12.4%
	Other	10.8%	12.9%	17.9%
<b>One family only</b>	<b>Total</b>	<b>72.2%</b>	<b>69.2%</b>	<b>61.8%</b>
	All aged 65 and over	18.5%	10.3%	8.1%
	With no children	24.7%	22.1%	17.6%
	With dependent children	22.0%	27.5%	26.5%
	All children Non-Dependent <sup>29</sup>	6.9%	9.3%	9.6%
<b>Other household types</b>	<b>Total</b>	<b>7.3%</b>	<b>5.9%</b>	<b>8.0%</b>

Source: ONS 2011, AECOM Calculations

137. Again, it is relevant to consider rates of change in this indicator during the period between Censuses. Between 2001 and 2011, the proportion of one person households in Sherfield English increased at a significantly greater rate than across Test Valley and England (see Table 5-8). Within one person households, there was a significant growth in those aged 65 and over, reflecting the NA's aging population. The proportion of one family households also increased significantly in Sherfield English compared to the other geographies. Within this category, only those households with all children non-dependent declined, compared to the other types of one family households that increased at rates beyond that experienced across Test Valley and England. Other household types (such as multi-family and shared households) also increased in Sherfield English, albeit at a much lower rate than both wider geographies.

**Table 5-8: Rates of change in household composition, Sherfield English, 2001-2011**

Household composition		Sherfield English	Test Valley	England
<b>One person household</b>	<b>Total</b>	23.3%	10.5%	8.4%
	Aged 65 and over	25.0%	0.9%	-7.3%
	Other	21.7%	21.2%	22.7%
<b>One family only</b>	<b>Total</b>	19.1%	5.6%	5.4%
	All aged 65 and over	65.5%	18.0%	-2.0%
	With no children	30.6%	6.5%	7.1%
	With dependent children	3.6%	0.3%	5.0%
	All children non-dependent	-25.0%	7.6%	10.6%
<b>Other household types</b>	<b>Total</b>	26.7%	28.1%	28.9%

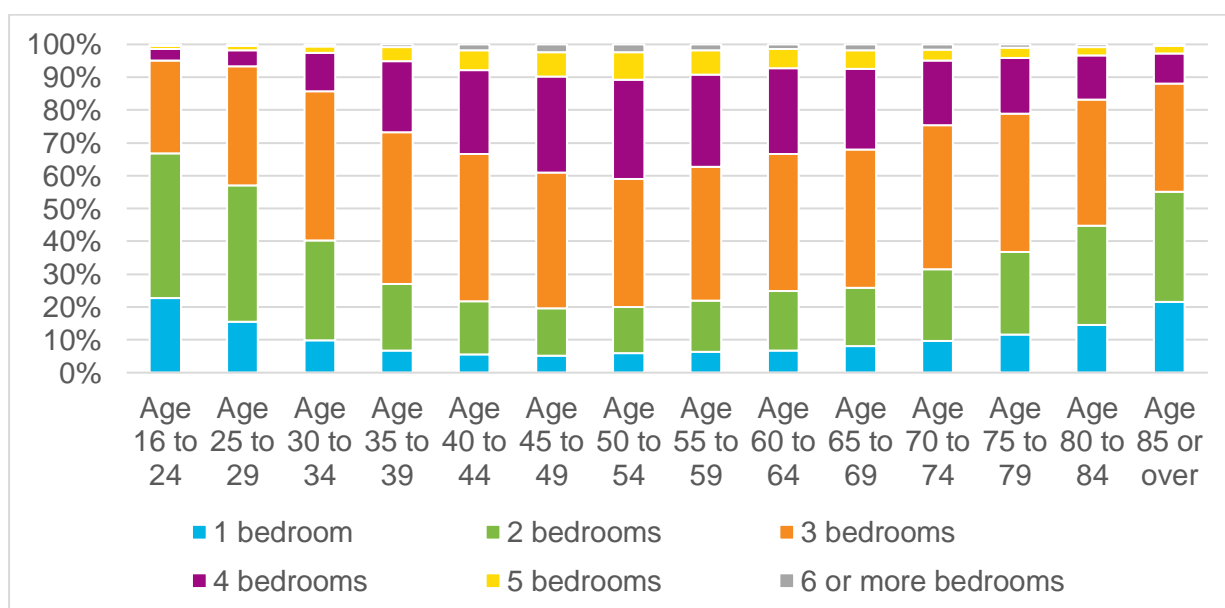
Source: ONS 2001-2011, AECOM Calculations

<sup>29</sup> Refers to households containing children who are older than 18 e.g students or young working people living at home.

## 5.4 Dwelling mix determined by life-stage modelling

138. Recognising the fact that households of different ages may have different housing needs, the housing mix needed to meet demographic change by the end of the Plan period is estimated by an approach based on current occupation patterns – that is, the propensity of households of different ages to occupy different types of accommodation – will persist into the future. For example, projected growth in households aged under 24 will lead to an increase in the need for the type of housing currently occupied by households of that age.
139. It is important to keep in mind that this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the propensity of households to occupy more or less space than they ‘need’. This approach also embeds existing patterns of occupancy which may or may not be desirable. This is particularly important to keep in mind in areas where housing affordability has worsened because it means that many households are forced to occupy less space than they need or want.
140. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for ‘head of household’) is available at neighbourhood level. For this reason, Local Authority (LA) -level data needs to be used as the closest proxy.
141. Figure 5-2 below sets out the relationship in the 2011 Census at LA level between the age of the HRP and the size of dwelling occupied. This provides the starting point for determining the most appropriate dwelling size mix by the end of the Neighbourhood Plan period. The data shows that smaller one- and two-bedroom properties are more popular amongst households where the HRP is aged between 16 and 29. Larger properties become more popular than smaller properties as we move into the 30 and beyond age group. In households where the HRP is aged 50 and over, smaller one- and two-bedroom properties become progressively more popular, although there is still a significantly high level of households in this age group occupying larger properties of three bedrooms or more. It’s only when we get to the 85 and over age group where the proportion of those living in smaller one and two-bedroom properties is greater than those living in larger properties. This may indicate a lack of opportunity and/or reluctance to down or ‘rightsized’.

**Figure 5-2: Age of household reference person by dwelling size in Test Valley Borough Council, 2011**



Source: ONS 2011, AECOM Calculations

142. Household projections provided by MHCLG are then used to understand the future distribution of households by the age of the HRP. Again, this data is only available at the Local Authority level and for the years 2018 and 2043. Therefore, the distribution of households by the age of the HRP would be in 2029 (i.e. the end of the Neighbourhood Plan period is estimated (red in the table). The data is presented in Table 5-9 overleaf. The Local Authority level data is the best available proxy for which projections data is available. As previously noted, the NA already has a relatively older population, therefore, ageing in future may not be as marked as the LA projections expect.

**Table 5-9: Projected distribution of households by age of HRP, Test Valley Borough Council**

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	948	4,578	19,380	9,194	13,526
2018	936	4,912	18,976	9,612	16,940
2029	933	5,128	19,149	9,814	20,649
2043	929	5,404	19,370	10,070	25,370

Source(s): MHCLG 2018-based household projections, ONS 2011, AECOM Calculations

143. It is then necessary to extrapolate from this Local Authority-level data an estimate of the corresponding change in the age structure of the population in Sheffield English. To do so, the percentage increase expected for each group across Test Valley Borough Council, derived from the data presented above was mapped to the population of Sheffield English. The results of this calculation are detailed in Table 5-10 below:

**Table 5-10: Projected distribution of households by age of HRP, Sheffield English**

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	1	14	98	58	88
2018	1	15	96	61	110
2029	1	16	97	62	134
% change 2011-2029	-1.6%	12.0%	-1.2%	6.7%	52.7%

Source: AECOM Calculations

144. Finally, having established the likelihood shown by households at different life-stages towards dwellings of different sizes in Figure 5-2, and the approximate number of households in Test Valley Borough Council and Sheffield English falling into each of these stages by the end of the Plan period in 2029, it is possible to estimate how the housing stock might evolve in terms of size over the Neighbourhood Plan period in response to demographic change (see Table 5-11 below).

145. The table takes in turn each projected age group in 2029, estimating how many of the households in that age bracket will want or need to occupy each size of dwelling. This is repeated for each age bracket and added together to arrive at an estimation of what proportion of each size of dwelling will be required overall.

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

Size	Age of HRP 16 to 24	Age of HRP under 35	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total households requiring dwelling sizes
Households 2029	1	16	97	62	134	-
1 bedroom	0	2	6	4	16	28
2 bedrooms	0	5	15	10	33	65
3 bedrooms	0	7	41	26	55	128
4 bedrooms	0	1	26	17	24	69
5+ bedrooms	0	0	8	5	7	20

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



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

147. Table 5-12 below indicates that, by 2029, the size distribution of dwellings should be more focused on the smaller end of the size spectrum. In comparison with 2011, the proportions of homes with one, two and three bedrooms should increase by 2029. The proportions of homes with four and five or more bedrooms should decrease.

**Table 5-12: 2011 housing sizes compared to ideal distribution at end of Plan period, Sheffield English**

Number of bedrooms	2011		2029	
	Count	Percentage	Count	Percentage
1 bedroom	10	3.9%	28	9.1%
2 bedrooms	46	17.8%	65	20.8%
3 bedrooms	82	31.7%	128	41.4%
4 bedrooms	84	32.4%	69	22.1%
5 or more bedrooms	37	14.3%	20	6.6%
Total households	259	100.0%	310	100.0%

Source: Census 2011, AECOM Calculations

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

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

Number of bedrooms	2011	2029	Change to housing mix	Recommended split
1 bedroom	10	28	18	21.8%
2 bedrooms	46	65	19	22.4%
3 bedrooms	82	128	46	55.8%
4 bedrooms	84	69	-15	0.0%
5 or more bedrooms	37	20	-17	0.0%

Source: AECOM Calculations

149. The result of this life-stage modelling exercise is to suggest that, in terms of demographic change, new development might involve the following share of dwelling sizes: 21.8% as one bedroom, 22.4% as two bedrooms, 55.8% as three bedrooms, 0% as four bedrooms and 0% as five or more bedrooms. This will enable both younger households to find affordable first homes, and older households to downsize if they wish to. These results somewhat correlate with the findings of the Sheffield English NDP Survey 2019 which highlights two to three bedroom households as a priority.

150. Note that the changes to the housing mix given above for four- and five or more-bedroom dwellings are negative numbers. Because in light of the national and local housing shortage, it is rarely advisable or practicable to remove dwellings from the available stock, as would otherwise be suggested here for dwellings with three or more bedrooms, we have instead set the recommended split at 0% rather than a negative number, and rebalanced the other sizes as percentages of the additional dwellings they represent in total. In other words, the interim results of the life-stage modelling suggest that there will be no need for further four- and five or more-bedroom dwellings over the Neighbourhood Plan period. It is important to stress that there may be other good reasons to provide a particular size or type of dwelling in the NA, for example changing trends nationwide, including growing demand for homeworking space; the need to improve the mix of homes in a particular location; improving choice; or meeting needs in the wider housing market area.

151. Note that only the percentage mix in the right-hand column is relevant to the purposes of this HNA and the neighbourhood planning process. The actual numbers of dwellings required to adjust the size mix do not reflect that actual quantity of housing needed in the NA and are simply a step in the calculation necessary to produce a percentage split. As a general point, this dwelling mix in percentage terms stands alone from the overall quantity of housing needed or allocated over the Plan period, and could equally apply to windfall development, allocations beyond the plan period, or any other source of housing supply.

152. As previously noted, this exercise is based on LA projections and may not fully reflect the future demographic change in the NA. That said, this exercise produces a baseline scenario for demographic change in line with existing trends and size preferences. It should be viewed alongside the intentions and priorities of the NG. For example, the NG may wish to balance the age profile of the parish by encourage more young families into the area. In this case the NG are justified in intervening in this default picture to prioritise more affordable family homes.

## 5.5 Conclusions- Type and Size

153. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site specific factors which may justify a particular dwelling mix.
154. Sherfield English is characterised by a significantly higher proportion of detached properties and significantly lower proportions of semi-detached and terraced dwellings compared to local and national levels.
155. VOA data indicates that Sherfield English has a relatively high proportion of bungalows. In terms of size, Sherfield English has a significantly higher proportion of four or more-bedroom bungalows compared to Test Valley, these bungalows are generally too large to meet the needs of older people. The provision of smaller bungalows may allow older people to downsize helping to free up other types of housing for younger families.
156. Sherfield English also has a greater proportion of larger properties when compared to Test Valley. The total proportion of large dwellings (five rooms+) in Sherfield English is 84.6%, compared to 76.9% in Test Valley. By contrast, the total proportion of small properties (one - four rooms) in the NA is 15.4%, compared to 23.1% in Test Valley. Between 2001 and 2011, seven room households increased from 28 dwellings to 35 dwellings, eight or more room households increased from 90 dwellings to 119 dwellings. This suggests that most new housing over this period tended to be larger.
157. Looking at size in terms of the number of bedrooms, Sherfield English lags behind Test Valley in terms of smaller dwellings with three or fewer bedrooms. Sherfield English has a higher proportion of dwellings with four or more bedrooms compared to Test Valley. Four-bedroom dwellings represent the largest single household category in Sherfield English at 32.4%, followed closely by three-bedroom dwellings at 31.7%. In contrast, the largest category in Test Valley is three-bedroom dwellings at 41.4%, followed by four bedrooms at 22.3%.
158. Sherfield English has a relatively older population when compared to the national and local averages. The mid-2019 population estimate for Sherfield English parish was 721, indicating population growth of around 13 individuals since 2011.
159. In 2011, Sherfield English had a lower proportion of people in the 0-15, 16-24 and 25-44 age groups, whilst having a higher proportion of people in the 45-64, 65-84 and 85 and over age groups compared to local and national levels. The rate of change in these age groups since 2011 indicates that the population of the NA is aging.
160. The results of a life-stage modelling exercise suggest that new housing should focus on smaller dwellings between one and three bedrooms, suggesting few further large dwellings are needed. New development might involve the following share of dwelling sizes: 21.8% as one bedroom, 22.4% as two bedrooms, 55.8% as three bedrooms, 0% as four bedrooms and 0% as five or more bedrooms. These results align with the preceding chapter which established the need for more affordable homes, which tend to be smaller dwellings.
161. It's noted that this report is concerned with demand in the sense of need rather than in the sense of the preferences of potential occupants. Likewise, the life-stage modelling exercise is the result of a statistical exercise embedding existing trends and should be consider a starting point for policy development. The NG are not tied to the results of the life-stage modelling exercises. For example, the NG may wish to balanced age profile of the parish by encourage more young families into the area. In this case the NG are justified in intervening in this default picture to prioritise more affordable family homes.
162. We recommend that a broad mix of housing is provided, including all sizes of dwellings. In line with the life-stage modelling, the focus should be on smaller dwellings (especially affordable smaller homes). This would permit older households in larger dwellings to downsize and allow newly forming households to access housing through smaller and more affordable dwellings. However, it's recommended that some larger dwellings also continue to be delivered in Sherfield English to meet any demand for larger homes in the area.

## 6. Conclusions

### 6.1 Overview

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

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

Issue	Source(s) (see Chapter 3)	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	AECOM Calculations, Census 2001 and 2011, SHMA, Land Registry PPD	<p>Sherfield English is characterised by a very high proportion of home ownership compared to the district and national levels. Likewise, the proportion of shared ownership is also considerably higher in Sherfield English. Correspondingly, the proportion of rented households both social and rent is significantly lower in Sherfield English. During the intercensal period, the proportion of private rented tenure increased by 171.4%, with a lower but still significant 97.2% increase experienced in the same tenure across Test Valley. This is indicative of the declining affordability of home ownership.</p> <p>Sherfield English has experienced considerable fluctuations in house prices. Overall, the mean and median house prices have largely followed each other, although there is a significant departure in 2019 due to the effects of a significantly high transaction.</p> <p>The mean income (£55,000) is below the purchasing threshold for all affordable home ownership tenures. The income required for Shared Ownership at the 25% level (£83,932) and Discounted Market Sale at -50% (£85,114) suggests that these tenures have the greatest potential to extend homeownership, however, the income required to afford these tenures is beyond the reach of those households on mean income. Likewise, none of the discounts/ products appear to have potential to extend homeownership to those on lower quartile incomes.</p> <p>Entry level market dwellings appear cheaper than First Homes (30% discount on new build median prices). A 30% discount on average prices wouldn't be sufficient to extend home ownership to those on average incomes. A 68% discount is required on average market homes to make this product available to those on mean incomes. Whilst a discount of 41% would be required for new market dwellings, however, it is unlikely that new homes would be built at these prices.</p> <p>Rent to Buy represents a viable route to affordable home ownership to those on mean incomes, however, is likely to be out of reach to those on lower quartile incomes. Affordable and social rent appear to be the most affordable tenures for those on lower earnings. However, LQ households may be able to privately rent using housing benefit.</p>	<p>The SHMA affordable housing figures pro-rated to Sherfield English equates to a need for approximately 1.78 new affordable homes each year – approximately 14 in total over the plan period (rounded).</p> <p>LPA data suggest 8 households are unable to access affordable rented homes. When this starting figure is projected forward together with other considerations, it appears that there is a shortfall of 0.62 households in the Neighbourhood Plan area per annum, producing total need for affordable rented homes of five homes over the plan period. We calculated a need for eight affordable homes for sale.</p> <p>In the context of potentially limited Affordable Housing delivery unless an exception site is planned, our calculations suggest a greater need to provide affordable homes for rent compared to affordable routes to ownership. The findings of this chapter on the potential for providing affordable and low-cost tenures across the Neighbourhood Plan area largely align with those of the SHMA, which identified a requirement for around a third of homes to be affordable housing for sale and two-thirds being social/affordable rented housing.</p> <p>Two indicative tenure mixes have been provided. Mix 1 (based on local needs) proposes 30% of affordable home ownership, with a focus on rent to buy, as this is considered the most affordable tenure. The remaining 70% is delivered as affordable housing for rent. Mix 2 proposes the same over all tenure split, although rent to buy has been significantly displaced to accommodate for a first homes requirement of 25%.</p>

Issue	Source(s) (see Chapter 3)	Summary of evidence and data assessed	Conclusions and recommendations
Housing type and size	AECOM Calculations, ONS 2001-2011, ONS 2011, SHMA, Housing Market Model, MHCLG 2014- based household projections	<p>Sherfield English is characterised by a significantly higher proportion of detached properties and lower proportion of semi-detached and terraced dwellings. The proportion of flats in Sherfield English is similar to that found in Test Valley, albeit at a lower proportion than that found in England as a whole.</p> <p>Sherfield English is correspondingly, characterised by a greater proportion of larger properties when compared to Test Valley.</p> <p>VOA data indicates that Sherfield English has a relatively high proportion of bungalows. In terms of size, the NA has a significantly higher proportion of four or more-bedroom bungalows compared to Test Valley, these bungalows are generally too large to meet the needs of older people.</p> <p>The total proportion of large dwellings (five rooms+) in Sherfield English is 84.6%, compared to 76.9% found in Test Valley. By contrast, the total proportion of small properties (one - four rooms) in the NA is 15.4%, compared to 23.1% in Test Valley. Over the Census period, Sherfield English experienced growth in very large household (seven, eight or rooms) in Sherfield English. This suggests that most new housing over this period tended to be larger.</p> <p>Sherfield English lags behind Test Valley in terms of smaller dwellings with three or fewer bedrooms. Sherfield English has a higher proportion of dwellings with four or more bedrooms compared to Test Valley.</p> <p>The mid-2019 population estimate for Sherfield English parish was 721, indicating population growth of around 13 individuals since 2011.</p> <p>Sherfield English has a relatively older population when compared to the national and local averages, having a higher proportion of people in the 45-64, 65-84 and 85 and over age groups in 2011.</p> <p>Mid-2019 population estimates indicate that the population of the NA is aging.</p>	<p>The results of a life-stage modelling exercise suggest that new housing should focus on smaller dwellings between one and three bedrooms, suggesting fewer large dwellings are needed. New development might involve the following share of dwelling sizes: 21.8% as one bedroom, 22.4% as two bedrooms, 55.8% as three bedrooms, 0% as four bedrooms and 0% as five or more bedrooms These results align with the preceding chapter which established the need for more affordable homes, which tend to be smaller dwellings.</p> <p>The life-stage modelling exercise should be viewed alongside the intentions and priorities of the NG. For example, the NG may wish to balance the age profile of the parish by encourage more young families into the area. In this case the NG are justified in intervening in this default picture to prioritise more affordable family homes.</p> <p>We recommend that a broad mix of housing is provided rather than preventing specific sizes of dwellings altogether. In line with the life-stage modelling, the focus should be on smaller dwellings (especially affordable smaller homes). This would permit older households in larger dwellings to downsize and allow newly forming households to access housing through smaller and more affordable dwellings. However, it's recommended that some larger dwellings also continue to be delivered in Sherfield English to meet any demand for larger homes in the area.</p>

## 6.2 Recommendations for next steps

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

- All Neighbourhood Planning Basic Conditions, but in particular the following: Condition A, namely that the Neighbourhood Plan has regard to national policies and advice contained in guidance issued by the Secretary of State; Condition D, that the making of the Neighbourhood Plan contributes to the achievement of sustainable development; and Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;

- The views of Test Valley Borough Council – in particular in relation to the quantity of housing that should be planned for;
- The views of local residents;
- The views of other relevant local stakeholders, including housing developers and estate agents;
- The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Test Valley Borough Council, including but not limited to the Strategic Housing Land Availability Assessment (SHLAA);
- The recommendations and findings of this study; and
- The impact of the Government's Standard Methodology on calculating housing need for Test Valley Borough Council and the neighbourhood plan areas within it.

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

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

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

## Appendix A : Calculation of Affordability Thresholds

### A.1 Assessment geography

168. As noted in the Tenure and Affordability chapter above, affordability thresholds can only be calculated on the basis of data on incomes across the Neighbourhood Plan area. Such data is available at MSOA level but not at the level of neighbourhood plan areas.

169. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Plan area. In the case of Sheffield English, it is considered that MSOA E02004826 (Test Valley 013) is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. A map of E02004826 (Test Valley 013) appears below in Figure 6-1. This MSOA was chosen as it overlaps with the extent of the Neighbourhood Plan area, though it does also cover a wide area beyond the NA boundary.

**Figure 6-1: MSOA E02004826 (Test Valley 013) used as a best-fit geographical proxy for the Neighbourhood Plan area**



Source: ONS

### A.2 Market housing

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

171. The operation of the housing market is, in most circumstances, the best means of addressing the demand for different types of housing for sale. For this reason, it is important that planning policy does not place unnecessary burdens on the market preventing its ability to respond to demand, because this is the principal way equilibrium is achieved in the market and thus house price growth kept in check.

172. In this sense, the notion of development viability is essential. It is important not to deter development in the context of clear housing need; to do so will not only frustrate the delivery of new housing but also may deprive the community of resources for infrastructure improvements.

173. To determine affordability in market housing, the assessment considers two primary indicators: income thresholds,

which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds, which denote the standard household income required to access mortgage products.

### i) Market sales

174. The starting point for calculating the affordability of a dwelling for sale (i.e. the purchase threshold) from the perspective of a specific household is the loan to income ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5.
175. To produce a more accurate assessment of affordability, both the savings available for a deposit and the equity in the home from which the buyer is moving (if not a first-time buyer) should be taken into account. However, this data is not available for Sheffield English. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
176. The value of an entry-level dwelling is considered the best representation of the segment of market housing most likely to be accessible to those on lower incomes.<sup>30</sup> The value of an entry level dwelling used here is the lower quartile average house price from sales data from Land Registry over the year 2019.
177. The calculation is therefore:
- Value of an 'entry level dwelling' = £342,750;
  - Purchase deposit = £34,375 @10% of value;
  - Value of dwelling for mortgage purposes = £309,375;
  - Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;
  - **Purchase threshold = £88,393.**

### ii) Private Rented Sector (PRS)

178. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. Households are deemed able to afford a private rented property if the lower quartile private rent does not exceed 30% of gross household income.
179. It is assumed that lower quartile private rent equates to the average rent paid in the Neighbourhood Plan area for a two-bedroom dwelling (enough living space for two or three individuals). In order to be in conformity with the Government guidance on overcrowding,<sup>31</sup> such a home would require three habitable rooms (a flat or house with two bedrooms).
180. The property website [Home.co.uk](http://Home.co.uk) shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within the SO51 postcode area, which covers a larger area than the Plan area itself but can be used as a reasonable proxy for it. Moreover, because it forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.
181. According to [home.co.uk](http://home.co.uk), there are eight two-bed properties currently listed for rent across SO51, with an average price of £949 per calendar month.
182. It is possible to derive from this data the estimated income threshold for private rental sector dwellings in the Neighbourhood Plan area; the calculation is therefore:
- Annual entry-level rent = £949 x 12 = £11,388;
  - Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = £37,960;
  - **Income threshold (private rental sector) = £37,960.**

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<sup>30</sup> 'Entry-level dwelling' can be understood to comprise a property that costs the average value of dwellings falling into the lower quartile of house prices in the Neighbourhood Plan area, as set out in the Tenure and Affordability chapter above.

<sup>31</sup> This is based on the concept of the 'room standard', which indicates a dwelling is legally overcrowded if two people of the opposite sex have to share a room to sleep in (this does not apply when couples share a room). See: [http://england.shelter.org.uk/housing\\_advice/repairs/overcrowding](http://england.shelter.org.uk/housing_advice/repairs/overcrowding)

183. The NPPF 2019 acknowledges that build-to-rent dwellings have a role to play in providing affordable market homes and may meet affordable housing need where they include a component of affordable private rent.

### A.3 Affordable Housing

184. There are a range of tenures that constitute the definition of Affordable Housing within the 2019 NPPF: social rent and affordable rent, discounted market sales housing, and other affordable routes to home ownership.

185. This variety of tenures reflects an ambition by the Government to provide a pathway to home ownership for more households, as well as introducing market principles into the provision of subsidised housing for rent. The aim is to divide affordable housing into a series of products designed to appeal to different sectors of the market and, by changing eligibility criteria, bring rents closer in line with people’s ability to pay.

186. We consider each of the affordable housing tenures in turn.

#### i) Social rent

187. Rents in socially rented properties reflect a ‘formula rent’ based on a combination of individual property values and average earnings in each area, resulting in substantial discounts to market rents. As such, this tenure is suitable for the needs of those on low incomes and is subject to strict eligibility criteria.

188. To determine social rent levels, data and statistical return from Homes England is used. This data is only available at the LPA level so must act as a proxy for Sheffield English. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Test Valley Borough Council in the table below. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This HNA uses two bedroom homes in the main report tables to illustrate affordability of this tenure. These homes are a good proxy for affordability in this tenure as they are typically the most numerous property size.

**Table A-1: Social rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£95.10	£109.20	£119.10	£129.72	<b>£109.69</b>
Annual average	£4,945	£5,678	£6,193	£6,745	<b>£5,704</b>
Income needed	£19,781	£22,714	£24,773	£26,982	<b>£22,816</b>

Source: Homes England, AECOM Calculations

#### ii) Affordable rent

189. Affordable rent is controlled at no more than 80% of the local market rent. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000). Even an 80% discount on the market rent may not be sufficient to ensure that households can afford it, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for Test Valley Borough Council (above). Again, it is assumed that no more than 30% of income should be spent on rent.

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

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£110.59	£141.45	£161.27	£197.97	<b>£141.41</b>
Annual average	£5,751	£7,355	£8,386	£10,294	<b>£7,353</b>
Income needed	£23,003	£29,422	£33,544	£41,178	<b>£29,413</b>

Source: Homes England, AECOM Calculations



### iii) Intermediate tenures

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

#### Discounted Market Homes

191. In paragraph 64 of the NPPF 2019, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership”. The most recent proposals for ‘Changes to the current planning system’ suggest that 25% of all Affordable Housing should be First Homes – the Government’s new flagship discounted market sale product. When the NPPF is next updated, it is expected that the 10% requirement referenced above may be replaced by the First Homes requirement.

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

193. Applying a discount of 30% - as in the Government’s proposed First Homes product – provides an approximate selling price of £463,400 (30% discount on median average prices of £595,800). Allowing for a 10% deposit further reduces the value of the property to £417,060. The income threshold at a loan to income ratio of 3.5 is £119,160.

194. In practice, developers are likely to price these homes in relation to new build prices, particularly in locations where discounting in relation to entry level prices may not make these homes viable to develop in relation to build costs. When new build prices are discounted by 30% they may not offer any discount on entry level prices.

195. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 20%, 40% and 50% discounted home. This would require an income threshold of £136,183, £102,137 and £85,114 respectively.

#### Shared ownership

196. Shared ownership involves the purchaser buying an initial share in a property typically of between 25% and 75% and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the leaseholder can be varied by ‘staircasing’. Generally, staircasing will be upward, thereby increasing the share owned over time.

197. In exceptional circumstances (for example, as a result of financial difficulties, and where the alternative is repossession), and at the discretion of the provider, shared owners may staircase down, thereby reducing the share they own. Shared equity is available to first-time buyers, people who have owned a home previously and council and housing association tenants with a good credit rating whose annual household income does not exceed £80,000.

198. To determine the affordability of shared ownership, calculations are based on the median house price of £662,000.<sup>32</sup> The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).

199. A 25% equity share of £662,000 is £165,500, from which a 10% deposit of £16,550 is deducted. The mortgage value of £148,950 (£165,500 - £16,550) is then divided by 3.5. To secure a mortgage of £148,950, an annual income of £42,557 (£148,950/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £496,500. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £12,413 and requires an income of £41,375 (multiplied by 3.33 so that no more than 30% of income is spent on rent). Therefore, an income of around **£83,932** (£42,557 + £41,375) is required to afford a 25% shared equity purchase of an entry-level home. The same calculations were undertaken for equity shares of 50% and 75%, producing income thresholds of **£112,698** and **£141,463** respectively.

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<sup>32</sup> It is important to note that current shared ownership models are only available for new build homes, which are assumed to cost more than this average taken from all open market housing, which also includes property re-sale.

## Appendix B : Housing Needs Assessment Glossary

### Adoption

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

### Affordability

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

### Affordability Ratio

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

### Affordable Housing (NPPF Definition)

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

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

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

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

### Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>33</sup>.

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<sup>33</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

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

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

### **Annual Monitoring Report**

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

### **Basic Conditions**

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

### **Backlog need**

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

### **Bedroom Standard<sup>34</sup>**

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

### **Co-living**

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

### **Community Led Housing/Community Land Trusts**

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

### **Community Right to Build Order<sup>35</sup>**

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

### **Concealed Families (Census definition)<sup>36</sup>**

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

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<sup>34</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

<sup>35</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>36</sup> See [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

### **Equity Loans/Shared Equity**

An equity loan which acts as a second charge on a property. For example, a household buys a £200,000 property with a 10% equity loan (£20,000). They pay a small amount for the loan and when the property is sold e.g. for £250,000 the lender receives 10% of the sale cost (£25,000). Some equity loans were available for the purchase of existing stock. The current scheme is to assist people to buy new build.

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

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

### **Fair Share**

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

### **First Homes**

The Government is consulting on the introduction of First Homes as a new form of discounted market homes which will provided a discount of at least 30% on the price of 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. New developments are likely to be required to provide 25% of Affordable Housing as First Homes.

### **Habitable Rooms**

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

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

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

### **Housing Market Area**

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

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

### **Housing Needs**

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

### **Housing Needs Assessment**

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

### **Housing Products**

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

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

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

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

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

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

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

### **Income Threshold**

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

### **Intercensal Period**

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

### **Intermediate Housing**

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

### **Life Stage modelling**

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

### **Life-time Homes**

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

### **Life-time Neighbourhoods**

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

### **Local Development Order**

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

### **Local Enterprise Partnership**

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

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

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

### **Local Planning Authority**

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

### **Local Plan**

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

### **Lower Quartile**

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

### **Lower Quartile Affordability Ratio**

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

### **Market Housing**

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

### **Mean (Average)**

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

### **Median**

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

### **Median Affordability Ratio**

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

### **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>37</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

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

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

### **Neighbourhood plan**

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

### **Older People**

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

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

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

### **Overcrowding**

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

### **Planning Condition**

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

### **Planning Obligation**

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

### **Purchase Threshold**

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

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<sup>37</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

## **Proportionate and Robust Evidence**

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

## **Private Rented**

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

## **Retirement Living or Sheltered Housing**

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

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

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

## **Rightsizing**

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

## **Rural Exception Sites**

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

## **Shared Ownership**

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

## **Sheltered Housing<sup>38</sup>**

Sheltered housing (also known as retirement housing) means having your own flat or bungalow in a block, or on a small estate, where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their own front doors. There are many different types of scheme, both to rent and to buy. They usually contain between 15 and 40 properties, and range in size from studio flats (or 'bedsits') through to 2 and 3 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')

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<sup>38</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>



to call help if needed. Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage the scheme and help arrange any services residents need. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden.

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

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

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

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

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

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

### **Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>39</sup>

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<sup>39</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

