

Edith Weston

Housing Needs Assessment (HNA)

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Quality information

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List of acronyms used in the text:

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

1. Executive Summary

1. Edith Weston Parish Council, commissioned from Locality a Housing Needs Assessment (HNA) to inform their emerging Neighbourhood Plan. In consultation with the neighbourhood planning group, we developed three research questions (RQs) for the HNA to answer. The RQs serve to direct our research into the key neighbourhood-level issues and provide the structure for the study.

Research Questions

Findings of RQ 1: Quantity

Key Findings

2. Rutland's LHN figure, using the standard method, is calculated as 38 net additional dwellings per year. According to ONS mid-year population estimates for 2020, there were 1,330 people living in Edith Weston, or 3.29% of the 40,476 people in Rutland. Therefore, applying this percentage to Rutland's LHN of 38 gives an indicative HNF for Edith Weston of 1 dwelling (1.23 rounded) per annum, or 22 dwellings over the Neighbourhood Plan period 2023-2041.
3. Policy CS9 establishes broad quantum of housing development to be spread across the settlement hierarchy over the planning period. This includes a minimum of 20% of new housing for Local Service Centres, which is equivalent to 600 dwellings over the 2006-2026 plan period, or 30 dwellings per annum, however, the policy does not specify amounts for individual Local Centres. Edith Weston's share of this allocation (based on population share) equals approximately 90 dwellings over the adopted plan period between 2006 and 2026, or 3.0% of the total 3,000 allocation for Rutland. Applying 3.0% to Rutland's LHN of 38 equates to 1 dwelling (1.14 rounded) for Edith Weston per annum or 21 dwellings between 2023 and 2041. This figure is taken forward to calculate an overall Housing Need Figure (HNF) as it complies with the PPG requirement that the local authority's strategy for the scale and pattern of development is taken into consideration.
4. As the Neighbourhood Plan period begins in 2023 no recent completions have been deducted from the overall quantity figure. Likewise, AECOM recommends that dwelling commitments (i.e. planning permissions that are yet to be implemented) can be discounted from the overall quantity figure; only once they are completed.
5. In conclusion, this HNA recommends an **overall HNF of 21 dwellings, which equates to approximately 1.14 dwellings per year between 2023 and 2041.**
6. The neighbourhood group need to continue to engage with the LPA to confirm the final housing figure for the Neighbourhood Plan. Should Rutland provide a housing requirement figure for the NA this would supersede the provisional calculation within this HNA.

Findings of RQ 2: Tenure and Affordability and the Need for Affordable Housing

Key Findings

7. Affordability is a serious and worsening challenge in the Edith Weston, with many forms of occupancy clearly out of reach for local people and the products that have been designed to widen access to ownership could have a limited impact. In this context, the greatest priority should be to deliver and protect affordable rented housing.
8. In 2011 Edith Weston had a very high proportion of Private Rented dwellings, representing nearly half of all tenures in the NA. As a result, the proportion of other tenures in the NA were all significantly lower than the local and national levels.

House Prices

9. There has been considerable fluctuations in house prices between 2012 and 2021, although the general trend is towards rising house prices.
10. When comparing transactions across 2012-2014 to those recorded across 2019-2021 we can see that the mean house price increased from £403,555 to £560,444 (38.9% increase), the median price increased from £245,500 to £390,000 (58.8% increase) and the lower quartile price increased from £150,250 to £191,000 (27.1% increase).

Affordability Thresholds

11. Table 1-1 overleaf summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. Average incomes (£51,300) cannot access median market homes. Market housing is therefore out of reach to most.

Table 1-1 Affordability thresholds in Edith Weston (income required, £)

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £51,300	Affordable on LQ earnings (single earner)? £18,043	Affordable on LQ earnings (2 earners)? £36,086
Market Housing						
Median House Price	£351,000	-	£100,286	No	No	No
LA New Build Median House Price	£216,000		£61,714	No	No	No
LQ/Entry-level House Price	£171,900	-	£49,114	Yes	No	No
Average Market Rent	-	£12,600	£42,000	Yes	No	No
Entry-level Market Rent	-	£11,544	£38,480	Yes	No	No
Affordable Home Ownership						
First Homes (-30%)	£245,700	-	£70,200	No	No	No
First Homes (-40%)	£210,600	-	£60,171	No	No	No
First Homes (-50%)	£175,500	-	£50,143	Yes	No	No
Shared Ownership (50%)	£175,500	£4,875	£66,393	No	No	No
Shared Ownership (25%)	£87,750	£7,313	£49,446	Yes	No	No
Shared Ownership (10%)	£35,100	£8,775	£39,279	Yes	No	No
Affordable Rented Housing						
Affordable Rent	-	£5,778	£19,242	Yes	No	Yes
Social Rent	-	£4,748	£15,810	Yes	Yes	Yes

Source: AECOM Calculations

12. There is a need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.
13. Rent to Buy is viable to those earning just average incomes, however, is out of reach to LQ incomes.
14. First Homes at a 50% discount appear to be affordable for those on average incomes. For LQ earners to be able to access discounted market sales, a discount of over 50% would be required.
15. Shared ownership (at 10% and 25% equity) appear to be more affordable than First Homes.
16. Affordable rent (particularly social rent) is essential, accommodating those on the lowest incomes. Social rents are cheaper and give residents much greater protection from eviction compared to those renting privately or through a housing association.

Affordable housing- quantity needed

17. The SHMA suggests a need for 29 affordable rented dwellings and 53 affordable home ownership dwellings over the Neighbourhood Plan period (2023-2041). This exceeds Edith Weston's indicative HNF (21 dwellings), it is therefore unlikely that the Neighbourhood Plan will be able to fully accommodate the AH need identified here.
18. The SHMA figures suggests a split of 35.4% affordable rented to 64.6% affordable

ownership. However, those seeking affordable home ownership dwellings, are generally adequately housed in rented accommodation.

Affordable Tenure Split

19. We recommend a 70% rent to 30% ownership affordable tenure split, prioritising those in the most acute need. We recognise it would be advantageous to propose a higher proportion of affordable rent (i.e. 80% in line with adopted Local Policy), however flexibility is needed to accommodate the 25% First Homes requirement as well as other, potentially more affordable, intermediate tenures such as Shared Ownership.
20. As there is a clear need for Affordable Housing in the NA, we recommend that every effort should be made to maximise delivery where viable.

Findings of RQ 3: Type and Size

Key Findings

21. A modelling exercise has been undertaken to estimate the dwelling size needs of the parish at the end of the Neighbourhood Plan period.
22. It may well be the intention of the community to intervene to produce a different outcome more in line with their interpretation of emerging trends and their place- and community-shaping objectives.

Existing Types and Sizes

23. Edith Weston has a significantly high proportion of semi-detached properties, comprising nearly half of all homes. Compared to Rutland, Edith Weston has a lower proportion of small dwellings (one – four rooms) and a higher proportion of large dwellings (five plus rooms). Looking at number of bedrooms, Edith Weston has a lower proportion of one-bedroom dwellings compared to Rutland. Two- and three-bedroom dwellings are most prevalent in the NA, both at individually higher rates compared to Rutland and England. Edith Weston has a significantly lower proportion of four-bedroom dwellings compared to Rutland, although interestingly the proportion of five-bedroom dwellings is similar between the NA and county.

Age and Household Composition

24. Edith Weston has a relatively young population, in 2011 25-44 year olds represent the largest single age group (high proportion of 39.4%). The young population is likely driven by the life-stage of RAF personnel. The 25-44 band remain the largest single age group in 2020 (despite a minor decline of 0.9%). However, the direction of travel in population change is towards ageing: the largest proportional change is seen in the 85 and over age band which increased by 55.6%. In 2011 Edith Weston had a higher proportion of family households than both wider areas. Of these families, there are significantly more with dependent children compared to the local and national levels, reflecting the younger age profile of the parish. The NA has a high rate of under-occupancy, 79% lived in a home with at least one extra bedroom in 2011.

Suggested Future Dwelling Size Mix

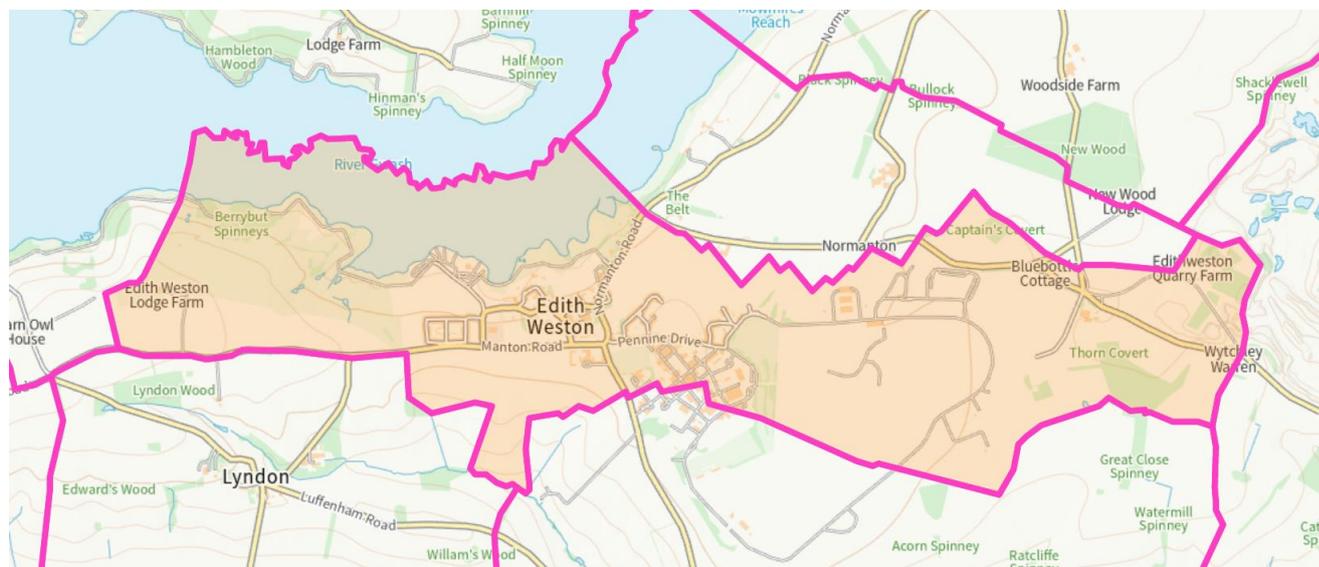
25. Modelling exercise suggests that new development of all tenures might involve the following share of dwelling sizes:
- 20.9% as one bedroom,
 - 8.1% as two bedrooms,
 - 17.6% as three bedrooms,
 - 52.1% as four bedrooms, and
 - 1.3 % as five or more bedrooms.
26. The modelling exercise results suggest that there should be a particular focus on providing more four-bedroom dwellings. However, affordability is a serious and worsening challenge in the NA. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
27. Whilst the modelling exercise also suggests that 20.9% of new dwellings should be one bedroom, it's recognised that the increased flexibility of two bedrooms, weighed up against the relatively small extra cost and extra space, may offer a strong argument for providing two bedroom dwellings instead of one bedroom dwellings. It is generally not advisable to restrict the supply of specific size categories too strictly. These results are a starting point for thinking about how best to address the more nuanced needs of the future population. Those wishing to move within or relocate to the NA will have a range of circumstances and preferences, and they should be offered choices.
28. This study provides an indication of the likely need for different types and sizes of homes based on demographic change. It is generally not advisable to restrict the supply of specific size categories too strictly, and it would be unwise for any new housing to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. The evidence presented here represents a starting point for further thought and consultation.

2. Context

Local context

29. Edith Weston is a Neighbourhood Area located in Rutland, in the East Midlands of England.
30. The village of Edith Weston lies on the south shore of Rutland Water approximately five miles (eight kilometres) to the south east of Oakham and approximately six miles (ten kilometres) to the south west of Stamford. Oakham and Stamford railway stations are located on Birmingham–Peterborough line, providing links to Peterborough, Melton Mowbray, Leicester and Birmingham New Street, amongst other locations. There has been a military presence in the parish since the 1940s. The St. George’s Barracks MOD site, which is currently home to the 16th Regiment, lies within the south of the parish.
31. Edith Weston Parish Council are currently undertaking a review of an existing Neighbourhood Plan, adopted by Rutland County Council on 9th June 2014.
32. The previously adopted Neighbourhood Area (NA) boundary largely comprised the Edith Weston parish boundary, with the exclusion of the land that falls within the security boundary fence of St. George's Barracks. An updated NA boundary was designated by Rutland County Council on 21st May 2021, which aligns with the entire Parish of Edith Weston boundary (including the previously excluded St. George's Barracks site). A map of the Plan area appears below in Figure 2-1.

Figure 2-1: Map of the Edith Weston Neighbourhood Area (indicated by highlighted area)



Source: Ordnance Survey

33. The proposed Neighbourhood Plan review period starts in 2023 and extends to 2041, therefore comprising a planning period of 18 years. The evidence supplied in this report will look forward to the Plan end date of 2041, but where possible will also provide annualised figures which can be extrapolated to a different term if the Plan period changes.

34. The statistics show that in the 2011 Census the NA had a total of 1,359 residents, formed into 371 households and occupying 409 dwellings. Data provided by Rutland County Council¹ indicates that six additional dwellings have been completed within the NA between 2011 and 2022, with two outstanding commitments at the time of writing.
35. The Office for National Statistics (ONS) produces mid-year population estimates for parishes and wards throughout the country. The mid-2020 population estimate for Edith Weston is 1,330 – indicating a slight decrease in population of around 29 individuals since 2011. The suggested population decline appears to contrast the growth expected in relation to the completions data, however, this may be a function of ageing as fewer people in total occupy a similar number of houses as children leave home and people pass away. It is also worth noting that this figure is an estimate only, based on data which is mostly available at local authority level such as administrative registers of births and deaths, data on moves between local authorities, small-area population estimates and official population projections, and not based on a survey count.

The Housing Market Area Context

36. Whilst this HNA focuses on Edith Weston neighbourhood area it is important to keep in mind that neighbourhoods are not self contained housing market areas. Housing market areas are usually wider than local authority areas and often stretch across a number of counties or boroughs. This is because housing market areas are inherently linked to the labour market, employment patterns and travel to work areas. In the case of Edith Weston, the parish sits within a housing market area which covers the Peterborough HMA as detailed in the Rutland County Council Strategic Housing Market Assessment (SHMA)^[1]. The Peterborough HMA includes five local authorities, Boston, Peterborough, Rutland, South Holland and South Kesteven. This means when households who live in these authorities move home, the vast majority move within this geography.
37. At the neighbourhood scale it is not possible to be definitive about housing need and demand because neighbourhoods, including Edith Weston, are closely linked to other areas. In the case of Edith Weston, changes in need or demand in settlements nearby are likely to have an impact on the neighbourhood.
38. In summary, Edith Weston functions within a wider strategic area. As well as fostering good working relationships with the local planning authority (Rutland County Council), it is therefore useful to think about the *role* of the neighbourhood within the wider area. This HNA can provide evidence to understand this role and the specific features of the neighbourhood within this wider context. Neighbourhood Plans can have a significant impact in shaping their neighbourhoods, enhancing the positive role the neighbourhood play within the wider housing market, or developing policies to change entrenched patterns and improve housing outcomes in the neighbourhood and wider area.

¹ As provided in an e-mail from Kerry Andrews, Rutland County Council, April 2022

^[1] Strategic Housing Market Assessment (SHMA) Update and addendum, available at: <https://www.rutland.gov.uk/my-services/planning-and-building-control/planning/the-local-plan/the-new-local-plan/local-plan-evidence-base/housing/>

Planning policy context

39. Neighbourhood Plans are required to be in general conformity with adopted strategic local policies.² In the case of Edith Weston, the relevant adopted Local Plan for Rutland up to 2026 consists of:
- Core Strategy Development Plan Document (DPD) (Adopted July 2011)
 - Site Allocations and Policies DPD (Adopted October 2014)
 - Minerals Core Strategy and Development Control Policies DPD (Adopted October 2011)
40. Rutland had been working towards reviewing and updating the plan, extending the period to 2036 and combining the three documents into a single Local Plan. The Rutland Local Plan 2018-2036, was submitted to the Secretary of State for Examination on 3rd February 2020, however, at a Special Council meeting held on 1st September 2021 members of the cabinet voted to withdraw the plan from the examination process. This decision came after councillors voted to refuse funding from the government's Housing Infrastructure Fund (HIF). The Rutland Local Plan 2018-2036 had proposed a garden village of approximately 2,215 new homes for the former St George's Barracks site, which was included on the basis that Rutland County Council had been awarded a HIF grant by Homes England. Without this funding, the garden community proposal is not viable, which Rutland considered to undermine the viability and soundness of the wider local plan.
41. Work is now progressing on a new Rutland Local Plan, expected to cover a plan period from 2023 to 2041. Rutland issued a 'Call for Sites' in February 2022, one of the very first steps in the process to develop a new Local Plan where individuals, landowners and developers are asked to suggest sites which they think may be suitable for future development. A new timeline for the preparation of this new local plan (presented at the Special Council meeting – 1st September 2021) anticipates adoption in July 2025.

Policies in the adopted local plan

42. Table 2-1 summarises adopted Local Plan policies that are relevant to housing need and delivery in Edith Weston.

Table 2-1: Summary of relevant adopted policies in the adopted Rutland Local Plan

Policy	Source	Provisions
Policy CS3 The Settlement Hierarchy	Core Strategy	Establishes a settlement hierarchy for Rutland. Edith Weston is identified as a 'Local Service Centre'.

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

Policy	Source	Provisions
Policy CS4 The location of development	Core Strategy	<p>Sets out that development in Rutland will be directed towards the most sustainable locations in accordance with the settlement hierarchy of Oakham, Uppingham, Local Service Centres, Smaller Service Centres and Restraint Villages. The rest of Rutland, including settlements not identified in settlement categories will be designated as countryside.</p> <p>Local Service Centres can accommodate a level of growth mainly through small scale allocated sites, affordable housing sites, infill developments and conversion or reuse of redundant suitable rural buildings, approximately 24 dwellings per annum in this settlement category (as a whole) up to 2026.</p> <p>Development in the Countryside will be strictly limited to that which has an essential need to be located in the countryside and will be restricted to particular types of development to support the rural economy and meet affordable housing need.</p>
Policy CS9 Provision and distribution of new housing	Core Strategy	<p>Sets out that provision will be made for 3,000 new dwellings across Rutland over the period 2006-2026.</p> <p>By 1st April 2010 at least 1,930 new dwellings will be made available in accordance with the following distribution:</p> <ul style="list-style-type: none"> • About 70% of new housing (about 1,350 new dwellings) will be located within and adjoining Oakham and Uppingham. • About 20% of new housing will be located within and adjoining the Local Service Centres (about 390 dwellings or 24 per annum) • The remaining 10% new housing will be located within the Smaller Service Centres and Restraint Villages in the form of affordable housing, conversion and re-use of buildings and on previously developed land (about 190 dwellings or 12 per annum).
Policy CS10 Housing density and mix	Core Strategy	<p>New housing developments of 10 dwellings or more will be expected to provide a range of housing types, sizes and tenures, to meet the general and specialist needs for housing as identified in the Strategic Housing Market Assessment.</p>

Policy	Source	Provisions
Policy CS11 Affordable housing	Core Strategy	Establishes a target for the provision of affordable housing of at least 40 affordable homes per year through developer contributions and other opportunities in the period 2009-2026.

A minimum target of 35% affordable housing provision will apply to all new housing developments of 5 and above dwellings or sites of 0.15 hectares or greater.

A general guideline approximately 80% of affordable housing should be for rent and 20% intermediate housing (affordable home ownership). This may be varied to reflect local circumstances and national economic conditions and/or where evidenced by local housing needs studies.

Small sites for affordable housing may be permitted within or adjoining villages as an exception to normal policies of restraint provided that they:

- a) are justified by evidence of need from a local needs survey;
- b) meet the needs for affordable housing of households who are currently resident, or have a local connection as defined in the Council's published housing allocations policy;
- c) wherever possible have reasonable access to at least a basic range of services appropriate to the form of housing proposed;
- d) have appropriate safeguards in place to ensure that the housing will remain affordable to successive occupiers in perpetuity.

Policy	Source	Provisions
Policy SP6 Housing in the countryside	Site Allocatio ns and Policies DPD	<p>Sets out that new housing development will not be permitted in the countryside except where:</p> <ul style="list-style-type: none"> a) it can be demonstrated to be essential to the operational needs of agriculture, forestry or an established enterprise requiring a rural worker to live permanently at or near to their place of work in the countryside; or b) affordable housing would meet an identified local housing need as set out in Core Strategy Policy CS11 (Affordable housing); these sites may also include small numbers of market homes where exceptionally permitted by Policy SP10 (Market housing within rural exception sites). <p>The development itself, or cumulatively with other development, should not adversely affect any nature conservation sites, or the character and landscape of the area, or cultural heritage.</p>
Policy SP9 Affordable housing	Site Allocatio ns and Policies DPD	<p>Establishes criteria for affordable housing. This includes providing a combination of sizes and tenures to meet proven local need. Affordable home ownership is expected to be at an affordability level appropriate for people in need at the location.</p>
Policy SP10 Market housing within rural exception sites	Site Allocatio ns and Policies DPD	<p>Sets out criteria for when the Council will consider an element of market housing within a rural exception site in order to cross-subsidise affordable housing.</p>

3. Approach

Research Questions

43. The following research questions were formulated at the outset of the research through discussion with the Edith Weston Neighbourhood Plan Parish Council. They serve to direct the research and provide the structure for the HNA.

Quantity

44. Edith Weston does not currently benefit from a specific housing requirement figure (HRF) provided by Rutland through the Local Plan process. Rutland have set out an indicative housing requirement of 520 homes for 10 large villages, including Edith Weston. However, Rutland haven't advised how these 520 homes will be distributed between the villages.
45. As such, the Parish Council have asked AECOM to calculate a potential HRF in line with national policy and best practice. This quantity figure does need to be caveated in the sense that it has the potential to differ from any HRF provided by Rutland after the completion of this report, and that in line with national policy, the Rutland HRF will supersede that calculated by AECOM (if it comes to a different figure).
46. With all this in mind, an appropriate RQ for this study is as follows:

RQ 1: What quantity of housing in the Neighbourhood Area should be planned for over the Plan period?

Tenure and Affordability

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

RQ 2: What quantity and tenures of Affordable Housing should be planned for over the Neighbourhood Plan period?

Type and Size

50. The Parish Council is seeking to determine what size and type of housing would be best suited to the local community.
51. 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.
52. While this study is not able to advise on space standards or home configurations, it may reveal imbalances between the available stock and demographic trends.
53. Note, however, that the evidence gathered here takes the current population as its starting point and projects forward trends that exist today. It therefore risks embedding features of the housing stock and occupation patterns that the community may actually wish to change. In that sense, the findings in this report might be viewed as the baseline scenario on top of which the community's objectives and primary evidence should be layered to create a more complete picture and vision for the future.

RQ 3: What type (terrace, semi, bungalows, flats and detached) and size (number of bedrooms) of housing is appropriate for the Plan area over the Neighbourhood Plan period?

Relevant Data

54. This HNA assesses a range of evidence to ensure its findings are robust for the purposes of developing policy at the Neighbourhood Plan level and is locally specific. This includes data from the 2011 Census and a range of other data sources, including:
 - Other Office of National Statistics (ONS) datasets providing more up-to-date demographic information;
 - ONS population and household projections for future years;
 - Land Registry data on prices paid for housing within the local market;
 - Rental prices from Home.co.uk;
 - Local Authority housing waiting list data; and
 - Rutland County Council SHMA July 2019 (with an addendum in February 2020).
55. More recent data sources for the population and existing housing stock will be used wherever possible in this report. However, Census datasets providing, for example, the breakdown of households (as opposed to individuals) by age and the tenure of dwellings, cannot be accurately brought up to date in this way. Such patterns are instead generally assumed to persist to the present day.

4. RQ 1: Quantity

RQ 1: What quantity of housing in the Neighbourhood Area should be planned for over the Plan period?

Introduction

56. The NPPF (paragraph 66) states that strategic policy-making authorities “should establish a housing requirement figure for their whole area which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the Plan period. Within this overall requirement, strategic policies should also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations”.
57. NPPF paragraph 67 states that “Where it is not possible to provide a requirement figure for a neighbourhood area³ the local planning authority should provide an indicative figure, if requested to do so by the neighbourhood planning body”. This ‘indicative’ figure should (amongst other things) “take into account factors such as the latest evidence of local housing need, the population of the neighbourhood area and the most recently available planning strategy of the planning authority.”⁴
58. Rutland have set out an indicative housing requirement of 520 homes for 10 large villages, including Edith Weston. However, Rutland haven’t advised how these 520 homes will be distributed between the villages. Given that no indicative housing requirement figure has been provided specific to Edith Weston at the time of writing there is the potential to calculate an objectively assessed Housing Need Figure (HNF) for the Neighbourhood Area.
59. In calculating this HNF, it should be noted that paragraphs 66 and 67 place specific obligations on strategic or local planning authorities and no other parties (i.e. AECOM is not obliged to follow directly paragraphs 66 and 67). That said, AECOM’s calculation will be of most use as a starting point if it can seek to mirror the NPPF suggested approach as closely as possible, and so this is the reasonable approach that has been taken
60. The Planning Practice Guidance⁵ states “Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations”.
61. A housing need figure is a ‘policy-off’ figure. This means that, while it takes account of the factors set out paragraph 67 of the NPPF and dwelling completions over the course of the Plan period, it is an expression of total housing demand unconstrained by the limits

³ For example, this could be where a neighbourhood area has been designated at a late stage in the strategic policy-making process, or after strategic policies have been adopted; or in instances where strategic policies for housing are out of date.

⁴ NPPF, paragraph 67, available at <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

⁵ Paragraph: 001 Reference ID: 2a-001-20190220 at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

of the land available to build on. It is also unconstrained by the impact of policies that either facilitate or obstruct development. A policy-off figure can then be reviewed in light of further evidence including environmental constraints, land availability, relevant Local and Neighbourhood Plan objectives and policies, to formulate a 'policy-on' Neighbourhood Plan housing requirement figure.

62. This is the difference between the Housing Need Figure (HNF) calculated here and the Housing Requirement Figure (HRF) that the Neighbourhood Plan may take forward based upon it, or which may be provided by the LPA. The HNA figure represents need rather than a requirement.
63. The number of new dwellings that should be planned for in the Neighbourhood Area over the Plan period (the Housing Need Figure or HNF) is estimated using a four-step approach seeking to reflect the maximum extent the National Planning Policy Framework (NPPF) 2021, Planning Practice Guidance (PPG) advice, and the April 2021 Government response to its consultation on 'Changes to the current planning system'.⁶ This is set out in the box overleaf.

⁶ Available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system/outcome/government-response-to-the-local-housing-need-proposals-in-changes-to-the-current-planning-system>.

Step 1: “the population of the neighbourhood area”

The HNF for the Neighbourhood Area should take as its starting point the housing target for the Local Planning Authority (LPA) in which it sits. The baseline for our calculation for NA is therefore a share of the current LPA Local Housing Need (LHN) figure that reflects the share of the county population living in the Plan area.

NPPF requires Local Authorities, and anyone calculating LHN in their place, to use the ‘standard method’ for calculating the minimum number of homes that a local authority should plan for in an area. The standard method is a simple and transparent way of calculating a baseline of need that can be applied consistently across the country using publicly available datasets. It produces a starting point for planning and not the final housing requirement.

The standard method was set out in PPG in February 2019.⁷ In August 2020, the Government released a consultation document detailing proposed changes to the standard method that aim to make use of more recent data, achieve a better distribution of homes across the country, and smooth out potential areas of volatility.⁸ However, the majority of these changes were abandoned following the consultation. The only change made was an ‘urban centres uplift’ which increases the need figures for the most densely populated urban counties in the country, which is not relevant in this case.

Step 2: “most recently available planning strategy of the planning authority”

The NPPF guidance then states that the initial needs figure for neighbourhood plans should reflect “the overall strategy for the pattern and scale of development and any relevant allocations,”⁹ and “the most recently available planning strategy of the local planning authority.”¹⁰

This means introducing Local Authority spatial policy, housing targets, and assessments of housing need at different scales to estimate a more locally appropriate proportion of the LHN that should be provided in NA. This will often result in a slightly different figure to that produced in Step 1.

Step 3: Dwelling completions

Next, any dwellings that have already been completed over the Plan period to the present date should be deducted from the total in order to provide a HNF for the remainder of the Plan period and an annual HNF that reflects past under- or over-delivery. While it is appropriate to consider existing commitments (i.e. dwellings with planning permission, but not yet completed)

⁷ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

⁸ <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>, pages 8-18.

⁹ NPPF, paragraph 65, page 18.

¹⁰ Ibid.

at this point, they should not be deducted from the total until they are completed.

Step 4: the Local Authority

The NPPF makes it clear that the Local Authority should provide housing numbers to designated neighbourhood planning areas within their area where requested to do so. To this extent, AECOM is performing a similar role to that required of the Local Authority in providing a HNF to the Neighbourhood Area. With this in mind, it is important the group share the HNF and underlying methodology once they have received the final version of this document with the LPA to seek confirmation it is aligned with their current planning strategy, in particular those circumstances which may justify an uplift to the HNF set out in PPG.¹¹

64. Employing this methodology, the Housing Needs Figure for the Neighbourhood Area may be calculated as follows:

Standard method (Step 1)

65. Firstly, the Local Housing Need (LHN) for the county is calculated using the standard method outlined in Planning Policy Guidance, before taking the population of the Neighbourhood Area, and calculating the proportion of the total population of the LPA area that it represents. This percentage will then be used to determine the share of the LPA target that should be apportioned to the Neighbourhood Area.

66. The Rutland LHN figure, using the standard method, is calculated as follows¹²:

67. **Stage one** is to set the baseline, by calculating the projected average annual household growth in Rutland over a 10-year period, beginning with the current year, using the most recent ONS household projections:

- According to Rutland's 2014-based household projection, total household growth will be 943 households between 2022 and 2032. This equates to an annual average of 94.2 households.

68. **Stage two** is to adjust this annual average using the most recent ONS median workplace-based affordability ratios,¹³ which provides the ratio of house prices to earnings in various geographies. For each 1% increase in the ratio above 4, projected household growth should be increased by a quarter of a percent:

- Rutland's 2021 median affordability ratio is 12.12. Using the formula outlined in

¹¹ Paragraph: 010 Reference ID: 2a-010-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

¹² Paragraph: 004 Reference ID: 2a-004-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

¹³ Available at

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

PPG to calculate the adjustment factor¹⁴ of 1.5075 results in a minimum annual figure of 142 dwellings (rounded).

69. **Stage three** is to apply a cap which limits the magnitude of increase an LPA can face (in stage two above). How this is calculated depends on the current status of relevant strategic policies for housing. There are two options depending on whether those policies were adopted within the last five years or are older:

- Option 1: where the relevant strategic policies were adopted within the last five years (at the point of making the calculation), the LHN is capped at 40% above the average annual housing requirement figure set out in the existing policies. This also applies where the relevant strategic policies have been reviewed by the authority within the 5-year period and have been found not to require updating.
- Option 2: where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the LHN is capped at 40% above whichever is the higher of:
 - a) the annual average projected household growth for the area over the 10-year period identified in Stage One above; or
 - b) The average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).
- The relevant strategic policy in this case is Policy CS9 - Provision and distribution of new housing, in the Core Strategy DPD (adopted July 2011). As this document was not adopted within the last five years, the second option above is applied.
 - For a) the average annual projected household growth is 94.2, as identified above.
 - For b) the housing requirement figure in Policy CS9 - Provision and distribution of new housing, of the Core Strategy DPD is for 3,000 new homes over the Plan period 2006-2026, which equates to an annual average of 150 dwellings.
- Thus, the cap is applied to b) and not a). A cap of 40% above b) is therefore $94.2 \times 1.4 = 37.68$.
- The cap of 38 dwellings (rounded) is less than the figure of 142 dwellings (Stage two), and therefore limits the adjustment for affordability in stage two. The minimum LHN for Rutland is therefore 38 net additional dwellings per year.

70. Having derived Rutland's LHN, we now calculate Edith Weston's initial share of that target based on population statistics alone, by determining what proportion of Rutland's population currently reside in Edith Weston and applying that percentage to Rutland's LHN.

71. According to the latest ONS mid-year population estimates for 2020, there were 1,330 people living in Edith Weston, or 3.29% of the 40,476 people in Rutland. Therefore, applying this percentage to Rutland's LHN of 38 gives an indicative HNF for Edith

¹⁴ Paragraph: 004 Reference ID: 2a-004-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Weston of approximately 1.23 dwellings per annum, or 22 dwellings (22.29 rounded) over the 18 year Neighbourhood Plan period (2023-2041).

Latest available LPA planning strategy (Step 2)

72. However, as stated in NPPF guidance, it is important to acknowledge the relevant policies in the most recently available¹⁵ development plan document for the LPA. The policies reflect the overall strategy for the pattern and scale of development and any relevant allocations. This requires producing a HNF for the Neighbourhood Area that takes into account the Local Authority's spatial strategy, and therefore may differ from the initial HNF calculated above. In Rutland, this document is the Core Strategy DPD (adopted July 2011). Edith Weston is designated as one of seven 'Local Service Centres' in 'Policy CS3 - The Settlement Hierarchy'. The overall strategy for the pattern and scale of development is outlined in 'Policy CS4 – The location of development'.
73. 'Policy CS9 - Provision and distribution of new housing', establishes broad quantum of housing development to be spread across the settlement hierarchy over the planning period. This policy states by 1st April 2010 at least 1,930 new dwellings will be made available across the county, with about 20% of this target located within and adjoining the Local Service Centres. However, the policy does not specify amounts for individual Local Centres or the expected distribution after 2010. Applying this 20% target to the overall provision for Rutland between 2006-2026 (3,000 dwellings) is equivalent to 600 dwellings across all Local Centres, or 30 dwellings per annum.
74. It is therefore necessary to calculate Edith Weston's fair share of this figure. To do this we compare the populations of each parish associated with the individual Local Service Centres which includes: Edith Weston, Cottesmore, Empingham, Greetham, Ketton, Market Overton, and Ryhall. These seven parishes had a total combined population of approximately 9,063 people at the time of the 2011 Census. Edith Weston (1,359 population) represents approximately 15.0% of the total population between the Local Centres. Therefore, Edith Weston's indicative share of the Local Service Centres allocation would be $(600 \times 0.15) = 90$ dwellings over the adopted Local Plan, or 4 dwellings (4.499 rounded) per year.
75. We determined that Edith Weston's share of all dwellings that come under Local Service Centre category is 90 dwellings. On this basis, Edith Weston's share of the total housing need figure for Rutland of 3,000 dwellings is 3.0%. Applying 3.0% to the Rutland's LHN of 38 equates to 1 dwelling (1.14 rounded) for Edith Weston per annum.
76. This is similar to the result of Step 1 above, and it is appropriate to take forward this figure because it complies with the PPG requirement that the local authority's strategy for the scale and pattern of development is taken into consideration.
77. Therefore, Edith Weston's indicative requirement would be 21 (20.52 rounded) dwellings between 2023 and 2041, or 1 dwelling (1.14 rounded) per year.

¹⁵ This is the exact word used in the NPPF, i.e. not necessarily 'adopted'. In the case of Rutland, the Rutland Local Plan 2018-2036 isn't considered an 'available' planning strategy as it has been withdrawn. Therefore the Local Plan 2026 is used which also happens to be the most recently 'adopted' planning strategy.

Past dwelling completions (Step 3)

78. The next step is to subtract any net completions of new dwellings that occur since the beginning of the Neighbourhood Plan period. As the Edith Weston Neighbourhood Plan period begins in 2023 there are no completions to deduct.
79. Data provided by Rutland County Council¹⁶, suggests there are two dwelling commitments (i.e. planning permissions that are yet to be implemented) within the NA. However, AECOM recommends that commitments should not yet be discounted from the overall quantity figure; it is only once they are completed that this can take place.

Final Housing Need Figure

80. Based on the evidence above, this HNA recommends an overall HNF of **21 dwellings, which equates to 1.14 dwellings per year between 2023 and 2041.**
81. The housing figure for Rutland is derived from the Government's Standard Methodology and is likely to change annually as the Government publish new affordability data each year and new household projections approximately every two years. This could impact the number of homes required in Rutland and any indicative housing requirement figure provided by Rutland for neighbourhood areas.
82. That figure has been broken down with the aim of allocating an appropriate share to Edith Weston with reference to the strategy for the pattern and scale of new development across the county as expressed in the latest local development plan, which takes into account the sustainability and suitability of the county's various settlements for growth. This process relies on interpretations and assumptions made by AECOM.
83. At the time the final Neighbourhood Plan housing requirement figure is provided by Rutland, it can be considered to supersede the provisional calculation within this study. Consequently, there is a need for the neighbourhood group to continue to engage with the LPA to confirm the final housing figure for the Neighbourhood Plan.

¹⁶ As provided in an e-mail from Kerry Andrews, Rutland County Council, April 2022

5. RQ 2: Tenure, Affordability and the Need for Affordable Housing

RQ 2: What Affordable Housing (eg social housing, affordable rented, shared ownership, discounted market sale, intermediate rented) and other market tenures should be planned for in the housing mix over the Neighbourhood Plan period?

Introduction

84. This section approaches the question of affordability from two perspectives. First, it examines what tenure options are currently available in the parish and which of them might be most appropriate going forward, based on the relationship between how much they cost and local incomes. Second, it estimates the quantity of Affordable Housing that might be required during the Neighbourhood Plan period. The scale of need for these homes can justify planning policies to guide new development.
85. Tenure refers to the way a household occupies their home. Broadly speaking, there are two categories of tenure: market housing (such as homes available to purchase outright or rent from a private landlord) and Affordable Housing (including subsidised products like social rent and shared ownership). We refer to Affordable Housing, with capital letters, to denote the specific tenures that are classified as affordable in the current NPPF. A relatively less expensive home for market sale may be affordable but it is not a form of Affordable Housing.
86. The definition of Affordable Housing set out in the NPPF 2021 makes clear the Government's commitment to home ownership by broadening the definition to include a range of low-cost housing opportunities for those aspiring to own a home. As part of this effort, the Government has recently introduced a new product called First Homes.¹⁷
87. Because the First Homes product is new and expected to be an important part of the strategy for improving access to home ownership, it is worth summarising its key features and implications:
- First Homes should be available to buy with a minimum discount of 30% below their full market value (i.e. the value of an equivalent new home);
 - The discount level can be set higher than 30% – at 40% or 50% – where this can be suitably evidenced. The setting and justifying of discount levels can happen at neighbourhood as well as local authority scale;
 - After the discount is applied the initial sale price must not exceed £250,000 (or £420,000 in Greater London), and lower caps can be set locally;

¹⁷ The shape that the new First Homes product will take is set out in a Ministerial Statement issued in May 2021, available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>. The relevant update to PPG is available here: <https://www.gov.uk/guidance/first-homes#contents>.

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

Current tenure profile

88. The current tenure profile is a key feature of the Neighbourhood Area (NA). Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing.
89. Table 5-1 presents data on tenure in Edith Weston compared with Rutland and England from the 2011 Census, which is the most recent available source of this information.
90. Edith Weston is characterised by a very high proportion of Private Rented accommodation, which represents nearly half of all the homes in the NA. As a result of this, the portion of Owned, Shared Ownership and Social Rent are all significantly lower than the local and national levels.
91. There is no current data on the proportion of housing that is rented because the choice to let out a property does not require planning permission or other changes that would be recorded centrally. The 2021 Census will provide the most robust and up-to-date picture of this when the results are released in the coming months. In the meantime, a review of the planning applications associated with the completions data suggests no new affordable dwellings were delivered since 2011.

Table 5-1 Tenure (households) in Edith Weston, 2011

Tenure	Edith Weston	Rutland	England
Owned	43.7%	70.4%	63.3%
Shared ownership	0.3%	1.1%	0.8%
Social rented	6.5%	11.2%	17.7%
Private rented	49.1%	15.6%	16.8%

Sources: Census 2011, AECOM Calculations

Affordability

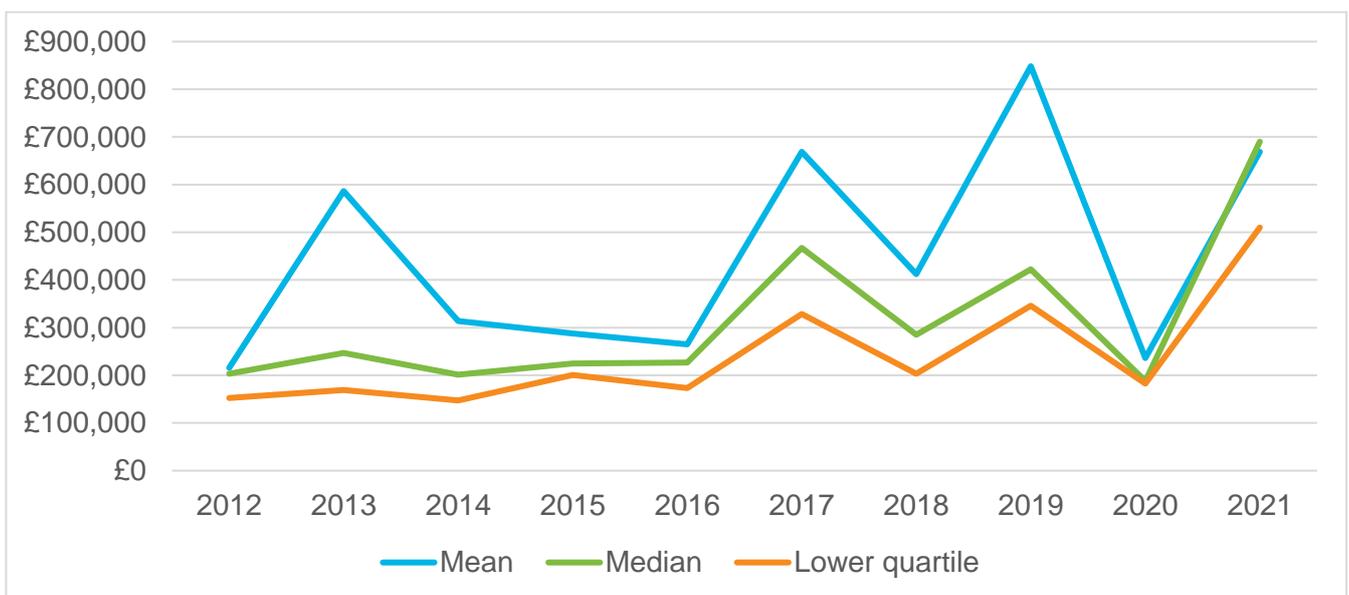
House prices

92. 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.

93. Figure 5-1 looks at selected measures of house prices in Edith Weston. It shows considerable fluctuations in house prices over the previous ten-year period (2012 to 2021 inclusive). These fluctuations may be a result of the relatively small sample size with only 80 transactions recorded over this period, representing an average of 8 transactions per year. The fluctuations are particularly noticeable in the mean price which captures the average of all the house prices, both high and low. The few outlying data points on the high end cause the mean to increase, making it higher than the median which represents the middle number in a sequence arranged smallest to largest. Given these fluctuations, we've chosen to compare three-year averages at the beginning and end of the period to give an indication of house price changes between 2012 and 2021. We have also used a three-year average for the affordability calculations detailed in Appendix A.

94. The general trend is towards rising house prices. When comparing transactions across 2012-2014 to those recorded across 2019-2021 we can see that the mean house price increased from £403,555 to £560,444 (38.9% increase), the median price increased from £245,500 to £390,000 (58.8% increase) and the lower quartile price increased from £150,250 to £191,000 (27.1% increase).

Figure 5-1: House prices by quartile in Edith Weston, 2012-2021



Source: Land Registry PPD

95. Table 5-2 breaks down house prices by type, presenting the median within each type.

Again, it shows considerable fluctuations in house prices over the previous ten-year period (2012 to 2021 inclusive).

96. It is important to note that some anomalies exist in the table due to abnormally high or low house prices and few homes sold of certain types in some years. For example, only six detached dwellings were sold in 2019, at £180,000, £330,000, £395,000, £450,000, £1,860,000 and £1,875,000. Likewise, in 2021 there were only five transactions comprising four detached dwellings (£385,000, £510,000 £690,000 and £995,000) and one semi-detached dwelling (£765,000). In terms of flats, there were no transactions recorded over the entire period. This is perhaps unsurprising, as this housing type is uncommon within a rural parish setting.

Table 5-2: Median house prices by type in Edith Weston, 2012-2021

Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Detached	£325,000	£450,000	£485,000	£459,500	£439,500	£600,000	£535,000	£1,860,000	£367,500	£600,000
Semi-detached	£131,000	£150,500	£155,000	£225,000	£190,000	£256,565	£245,750	-	£186,000	£765,000
Terraced	£203,500	£250,000	£138,475	£200,500	£218,500	£400,000	£206,250	£330,000	£183,500	-
Flats	-	-	-	-	-	-	-	-	-	-
All Types	£203,500	£247,000	£201,500	£225,000	£226,750	£467,500	£285,000	£422,500	£188,000	£690,000

Source: Land Registry PPD

Income

97. 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.

98. The first source is ONS's estimates of incomes in small areas. This is locally specific but limited to the overall average income (i.e. it does not provide the average income of lower earners). The average total household income before housing costs locally was £51,300 in 2018. A map of the area to which this data applies is provided in Appendix A.

99. The second source is ONS's annual estimates of UK employee earnings. This provides lower quartile average earnings (i.e. the income of the lowest 25% of earners). However, it is only available at the Local Authority level. It also relates to individual earnings. While this is an accurate representation of household incomes where there is only one earner, it does not represent household income where there are two or more people earning. Rutland's gross individual lower quartile annual earnings were £18,043 in 2021¹⁸. To estimate the income of households with two lower quartile earners, this figure is doubled to £36,086.

100. It is immediately clear from this data that there is a large gap between the spending power of average earning households and those earning the lowest 25% of incomes, particularly where the household in question only has one earner.

¹⁸ Earnings and hours worked, place of residence by local authority: ASHE Table 8 - 2021 Provisional Edition

Affordability Thresholds

101. To gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds': the estimated amount of annual income required to cover the cost of rent or a mortgage given local housing prices.
102. AECOM has determined thresholds for the income required in Edith Weston to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in the NPPF. These calculations are detailed and discussed in more detail in Appendix A.
103. 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.
104. Table 5-3 summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. The income required column assumes the household already has access to a deposit (which we have assumed to be 10% of the value to be purchased) but does not reflect the possibility that households may already hold equity from an existing property. Although these factors may be crucial to whether housing will be affordable, they are highly dependent on individual circumstances that cannot be anticipated here.
105. The same information is presented as a graph in Table 5-3 on a subsequent page, with selected measures from the table presented for clarity.

Table 5-3 Affordability thresholds in Edith Weston (income required, £)

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £51,300	Affordable on LQ earnings (single earner)? £18,043	Affordable on LQ earnings (2 earners)? £36,086
Market Housing						
Median House Price	£351,000	-	£100,286	No	No	No
LA New Build Median House Price	£216,000		£61,714	No	No	No
LQ/Entry-level House Price	£171,900	-	£49,114	Yes	No	No
Average Market Rent	-	£12,600	£42,000	Yes	No	No
Entry-level Market Rent	-	£11,544	£38,480	Yes	No	No
Affordable Home Ownership						
First Homes (-30%)	£245,700	-	£70,200	No	No	No
First Homes (-40%)	£210,600	-	£60,171	No	No	No
First Homes (-50%)	£175,500	-	£50,143	Yes	No	No
Shared Ownership (50%)	£175,500	£4,875	£66,393	No	No	No
Shared Ownership (25%)	£87,750	£7,313	£49,446	Yes	No	No
Shared Ownership (10%)	£35,100	£8,775	£39,279	Yes	No	No
Affordable Rented Housing						
Affordable Rent	-	£5,778	£19,242	Yes	No	Yes
Social Rent	-	£4,748	£15,810	Yes	Yes	Yes

Source: AECOM Calculations

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

Market housing for purchase and rent

107. Thinking about housing for purchase on the open market, it appears that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit or equity from an existing property. Market housing, even with the benefit of a higher than average income, is likely to remain out of reach to most. The median house price would require an annual income 95.5% higher than the current average.

108. Private renting is generally only affordable to average earners. Households made up of two lower quartile earners cannot afford the given rental thresholds. Affordability is improved if households are able or willing to dedicate a larger proportion of their

incomes to rental costs, although this has repercussions for other quality of life aspects and cannot be assumed to suit all individuals' circumstances.

Affordable home ownership

109. There is a relatively large group of households in Edith Weston who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £38,480 per year (at which point entry-level rents become affordable) and £49,114 (at which point entry-level market sale homes become affordable). This 'can rent, can't buy' cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
110. First Homes are to be offered at a discount of at least 30% on equivalent market prices (i.e. new build, entry-level properties). Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate.
111. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. Only First Homes at 50% discount level appears affordable for those on average incomes. In order for lower quartile earners to be able to access discounted market sales, a discount of well over 50% would be required.
112. Table 5-4 shows the discount required for First Homes to be affordable to the three income groups. Because it is not possible to estimate the cost of a typical First Home due to a lack of data on new build entry-level house prices in the NA, it is worth considering the discounts required for some additional price benchmarks. The table above uses median house prices in the NA as the best proxy for the cost of a newly built entry-level home in the area, because this reflects the local market and accounts for the price premium usually associated with newly built housing (which would bring the price closer to the price of median existing homes than existing entry-level homes). However, it is worth thinking about First Homes in relation to the cost of new build prices in the wider area, and of entry-level existing prices locally to get a more complete picture. The discount levels required for these alternative benchmarks are given below.
113. As Table 5-4 shows, in order to access a First Home based on the median house price, households on mean income would require a discount of 49%, single earner households on lower quartile incomes would require a discount of 82%, and dual-earners would need a discount of 64%.

Table 5-4: Discount on sale price required for households to afford First Homes

Tenure/product	Mean Income	LQ Income x1	LQ Income x2
NA Median house price	49%	82%	64%
LA New build median house price	17%	71%	42%
NA Entry-level house price	0%	63%	27%

Source: Land Registry PPD; ONS MSOA total household income

114. Shared ownership (particular 10% and 25% equity) appears to be more affordable than First Homes. Government has recently announced that the minimum equity share for

shared ownership will fall to 10% of the property value.¹⁹ If this is delivered in the NA, it will make shared ownership easier to access for more people. However, while the income threshold for a 10% equity shared ownership home is lower, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.

115. The transition from 10% to 100% ownership would be long, and during this period the rent on the 90% unsold value would not be subsidised, meaning that monthly costs for occupants will remain relatively high and the build-up of equity will be relatively slow. This product would therefore only be a realistic route to full ownership for households prepared to take a long-term view.
116. The income required to access Rent to Buy is assumed to be the same as that required to afford market rents. In this case, this income required to access entry level rents is £38,480 and average market rent is £42,000. Rent to Buy may be a suitable option for those earning average incomes who wish to access home ownership. However, given average rents (and entry level rents) are not affordable to households on LQ incomes, even with two earners, Rent to Buy is still not enough for LQ income households, who are likely to require affordable rented provision.
117. These three products need to be considered in relation to what they offer occupants in the long term beyond simply being affordable to access or not.
 - First Homes allow for a greater ownership stake in the property, enabling occupiers to benefit from price appreciation over time. Monthly outgoings are also limited to mortgage costs alone, which tend to be cheaper than renting.
 - Shared ownership at high equity shares performs a similar function to First Homes, but there are additional costs associated with the rented portion.
 - Shared ownership at low equity shares can usually be accessed by lower earning households (than First Homes) and requires a smaller deposit. However, this is a potentially less attractive route to eventual ownership because monthly outgoings remain high. The occupant has to pay a significant monthly rent as well as service charges and other costs, so it can be harder for them to save funds to buy out a greater share in the property over time.
 - Rent to Buy requires no deposit, thereby benefitting those with sufficient incomes but low savings. It is more attractive than renting but results in a much slower accumulation of the funds that can provide an eventual route to ownership than the other tenures discussed above.
118. In conclusion, such products appear do little to help households on lower earnings within the NA, even where there are two earners. Lower income households appear unable to afford any market tenure, including entry level rent. These products would provide value average earning households, with shared ownership at a 25% or lower

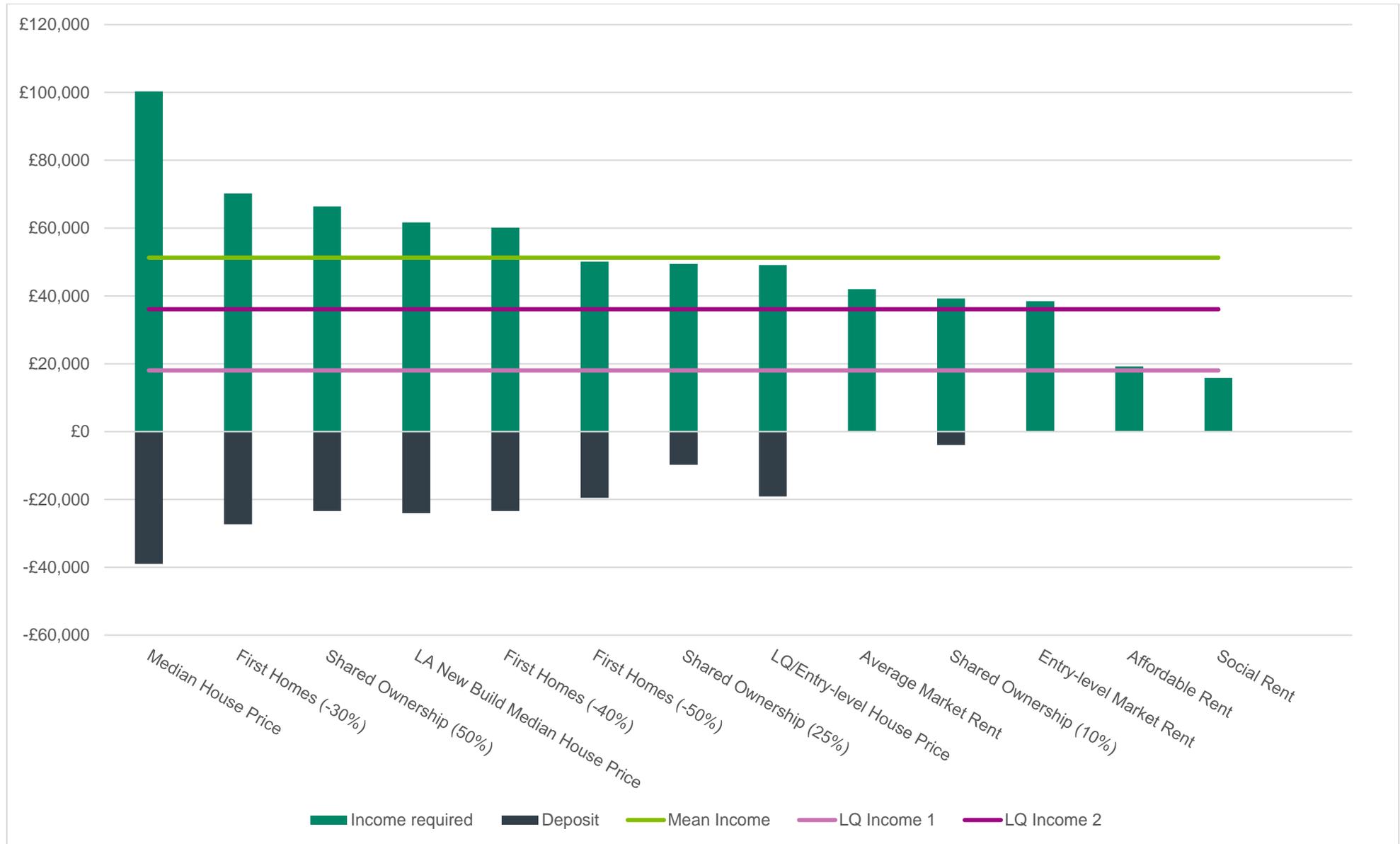
¹⁹ The previous minimum equity share was 25%. This change took effect from 28 June 2021 and transitional arrangements are in place for planning policy documents that are prepared during the implementation timeframe. Changes are also introduced to make the process of staircasing to full ownership more gradual with lower minimum increments of 1%. The ministerial statement confirming and detailing the changes is available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>.

equity share potentially allowing these households to get a foot on the housing ladder, while Rent to Buy is helpful to those with little or no savings for a deposit, and First Homes (especially at 50% discount) may provide a better long-term investment to those who can afford to access it.

Affordable rented housing

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

Figure 5-2 Affordability thresholds in Edith Weston, income required (additional cost of deposit in black)



Source: AECOM Calculations

Affordable housing- quantity needed

121. The starting point for understanding the need for affordable housing in Edith Weston is the relevant Strategic Housing Market Assessment (SHMA). A SHMA was undertaken for Rutland County Council in July 2019 (with an addendum in February 2020). This SHMA provides an update to a previous SHMA (March 2017) for the Peterborough HMA, which includes Peterborough, Rutland, South Holland, South Kesteven and Boston.
122. The SHMA Update 2019 analysis is split between a ‘traditional’ need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the ‘additional’ category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home). The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given to estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.
123. The SHMA Update 2019 identifies an annual need for 44 ‘traditional’ affordable homes. When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) the SHMA Update 2019 highlights that a number of households are likely to be able to afford to rent privately but cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. The SHMA Update 2019 notes that it is therefore difficult to robustly identify an overall need for affordable home ownership products. Nevertheless, the SHMA Update 2019 analysis suggests that there is a need for around 81 affordable home ownership homes per annum in the 2018-36 period.
124. When the SHMA Update 2019 figures are pro-rated to Edith Weston based on its fair share of the population (3.29% of the LPA’s population²⁰), this equates to approximately:
- 1 (1.4 rounded) affordable rented dwelling per annum or **26** homes over the Neighbourhood Plan period.
 - 3 (2.7 rounded) affordable home ownership dwellings per annum or **48** (47.9) homes over the Neighbourhood Plan period.
125. These SHMA Update 2019 figures combined (74 dwellings) exceed the Edith Weston’s indicative housing need figure of 21 dwellings calculated in Chapter 4 of this report. It is therefore unlikely that the Neighbourhood Plan will be able to fully accommodate the Affordable Housing need identified here. Indeed, the SHMA notes that the overall need for Affordable Housing across Rutland is similarly high, stating that: “*provision of new affordable housing is an important*

²⁰ Based on ONS mid-year population estimates for 2020

and pressing issue in the County". The SHMA recognises that the amount of affordable housing delivered will be limited to the amount that can viably be provided. As such, the SHMA concludes that affordable housing delivery should be maximised where opportunities arise.

126. Pro-rating County level estimates of affordable housing need to rural areas presents problems in practice. The County level figures are likely to represent higher needs in the urban areas of the County 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 Edith Weston 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 Edith Weston.
127. It is important to keep in mind that the households identified in the affordable home ownership SHMA estimate are, by and large, adequately housed in the private rented sector, Affordable Housing, or living in other circumstances. They do not necessarily lack their own housing but would prefer to buy rather than rent. They have been included in the national planning definition of those in need of Affordable Housing, but their needs are less acute than those on the waiting list for affordable rented housing.
128. There is no policy or legal obligation on the part either of the Local Authority or Neighbourhood Plan to meet affordable housing needs in full, though there are tools available to the Steering Group that can help ensure that it is met to a greater extent if resources permit (e.g. the ability to allocate sites for affordable housing).
129. It is also important to remember that even after the Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need, and the management of the housing waiting list all remain the responsibility of the Local Authority rather than the neighbourhood planning group.

Affordable Housing policy guidance

130. Rutland's adopted policy on this subject Policy CS11: Affordable Housing requires a minimum of 35% of new housing to be affordable on sites of 5 units and above or on sites of 0.15 hectares and above. Given that there was no new Affordable Housing in Edith Weston over the last decade, as suggested by Rutland completions figures, it is understood that this target is not usually met on sites in the NA.
131. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.

132. How the Affordable Housing that comes forward through mainstream development sites is broken down into specific tenures – such as the balance between rented tenures and routes to home ownership – is specified in adopted Policy 11 which states that 80% of the affordable units provided should be social rented, with the remainder 20% as intermediate affordable dwellings. The HNA can supply more localized evidence, and this section summarises the factors that might be taken into account before proposing a suggested Affordable Housing tenure mix that might be suitable for Edith Weston specifically.
133. The following evidence and considerations may be used as a starting point in the development of policy concerning the Affordable Housing mix:

- A. **Evidence of need for Affordable Housing:** This study, based on the SHMA, estimates that Edith Weston requires roughly 29 units of affordable rented housing and 53 units of affordable home ownership over the Plan period. The relationship between these figures suggest that 35.4% of Affordable Housing should be rented and 64.6% should offer a route to ownership. Both forms of Affordable Housing appear to be valuable in meeting the needs of people on various incomes. However, as noted above, these figures are not directly equivalent: the former expresses the identified need of a group with acute needs and no alternative options; the latter expresses potential demand from a group who are generally adequately housed in rented accommodation and may not be able to afford the deposit to transition to ownership.

Given the wider affordability issues present in Edith Weston an affordable housing tenure split of 35.4% affordable rented to 64.6% affordable ownership would not be appropriate. Instead, it's recommended that the tenure split prioritises those in the most acute need.

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

Based on the indicative HRF provided in Chapter 4 (21 dwellings) if the Local Plan target of 35% were achieved on every site, up to around 7 affordable homes might be expected in the NA. The affordable housing need identified here exceeds the overall indicative HRF for Edith Weston. It is therefore unlikely that the Neighbourhood Plan will be able to fully accommodate the Affordable Housing need identified here

If the majority of Edith Weston's HRF is expected to come forward in the form of small infill developments, those schemes are unlikely to be large enough to meet the threshold of 5 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 is not sufficient to satisfy the total potential demand for Affordable Housing identified here.

As a result, affordable rented housing should have a higher weighting in the tenure mix to ensure that the most acute needs are met as a priority. But given the historic delivery rates it is reasonable to assume that supply

will be limited and affordable rented accommodation should be prioritised. The 80% rented 20% ownership guideline mix in the Local Plan may offer an appropriate benchmark, however, this split must be revised given the latest national policy limitations referenced below.

- C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. For 10% of all housing to be affordable ownership in Rutland, where 35% of all housing should be affordable, 28.6% of Affordable Housing should be for affordable ownership. This does not comply with the guideline tenure split sought in the Local Plan (i.e 20 % intermediate accommodation).

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, in the context of large housing need and potential limited delivery, going beyond the 10% threshold would impact on the ability to deliver urgently social/affordable rented homes. It is not known whether or not Rutland would argue that the county as a whole justifies an exception to this policy expectation.

- D. **Local Plan policy:** As noted above, the adopted Local Plan seeks a tenure split of 80% affordable rented and 20% intermediate accommodation.

- E. **First Homes policy:** the Government recently concluded a consultation on the introduction of First Homes (to provide at least 30% discount on new build home prices). The proposals have now been enacted through a ministerial statement. A minimum of 25% of all Affordable Housing secured through developer contributions are now required to be First Homes.

This new minimum requirement may have the effect of displacing other products in any established tenure mix, and will reduce the amount of social or affordable rent if this was proposed to be more than 75% of Affordable Housing. This would have an impact in Edith Weston as the adopted Local Plan seeks 80% affordable rented.

After the 25% First Homes requirement has been met, the remaining 75% of Affordable Housing units should as a first priority protect the provision for social rent set out in the Local Plan. The remaining units should then be allocated to other tenure products in the relative proportions set out in the Local Plan.

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

registered providers which have relied on shared ownership to cross subsidise affordable rented housing and uncertainty over whether First Homes could replace this model.

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

F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site-specific level. Viability issues are recognised in the Local Plan and it is acknowledged that this may affect the provision of affordable housing, the mix of tenures provided and the discounts that can be sought on First Homes properties.

G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood planning group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.

H. **Existing tenure mix in Edith Weston:** As per the evidence presented in this chapter, Edith Weston has a lower proportion of shared ownership and social rented tenures compared to Rutland.

This suggests that some provision of Affordable Housing would offer a wider choice of homes for local residents and, importantly, may allow those on lower incomes including newly forming households and younger families to remain in or move to the area.

I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in the parish. The funding arrangements available to housing associations will determine rent levels.

J. **Wider policy objectives:** the neighbourhood planning group may wish to take account of broader policy objectives for Edith Weston and/or the wider county. These could include, but are not restricted to, policies to attract younger households, families or working age people to the NA. These wider considerations may influence the mix of Affordable Housing provided.

134. On the basis of the considerations above, Table 5-5 proposes an indicative Affordable Housing tenure mix that might be sought through Neighbourhood Plan policy.

135. The recommended indicative 70/30 split complies with various minimum requirements mandated nationally. This indicative mix is chiefly a response to the expectation that the delivery of Affordable Housing will be lower than the needs identified here. In this context, affordable rented tenures should be prioritised to a greater extent than affordable ownership.

136. Given the affordability thresholds presented earlier, we recognise it would be advantageous to propose an even higher proportion of affordable rent (i.e. 80% in line with adopted Local Policy). However, the national 'First Homes' policy essentially restricts the proportion of affordable rent we can recommend. As at least 25% of affordable housing for ownership is required for 'First Homes' it is sensible to increase the proportion of intermediate accommodation to ensure there is flexibility to facilitate other, potentially more affordable, intermediate tenures. For example, the affordability thresholds for Edith Weston suggest that Shared Ownership (at 25 % and 10% equity) is more affordable than First Homes discounted at 50%, increasing the proportion of affordable rent reduces the amount Shared Ownership that could be facilitated. Rent to Buy does not feature in the recommended mix as it was considered less affordable than Shared Ownership at 10% equity.
137. This recommended mix should be viewed as a starting point, based primarily on secondary evidence, which should be reconsidered in light of considerations F to J above, and in particular the views and objectives of the community.
138. Where the neighbourhood planning group wish to develop policy that deviates from that outlined in the Local Plan – either by differing from the headline split between renting and ownership or by specifying a greater level of detail around sub-tenures, it is important that they liaise with Rutland to gather more detailed income and viability information, and to ensure that departures from the local policy context have their support.
139. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.

Table 5-5 Indicative tenure split (Affordable Housing)

Tenure	Indicative mix	Considerations and uncertainties
Routes to home ownership, of which	30%	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	5%	Recently confirmed changes to the model to allow purchases of 10% share - impact on viability unknown. RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to Buy	0%	Emerging product with popularity and effectiveness as yet unknown. Impact of displacement by First Homes unknown.

Affordable Housing for rent, of which	70%	
Social rent	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area. Uncertain whether RPs willing to own/manage stock in this area.
Affordable rent	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area.

Source: AECOM calculations

Conclusions- Tenure and Affordability

140. At the time of the 2011 Census, Edith Weston had a very high proportion of Private Rented dwellings, representing nearly half of all homes in the NA. As a result, the proportion of other tenures in the NA were all significantly lower than the local and national levels.
141. In terms of house prices, there has been considerable fluctuations in house prices between 2012 and 2021, although the general trend is towards rising house prices. When comparing transactions across 2012-2014 to those recorded across 2019-2021 we can see that the mean house price increased from £403,555 to £560,444 (38.9% increase), the median price increased from £245,500 to £390,000 (58.8% increase) and the lower quartile price increased from £150,250 to £191,000 (27.1% increase).
142. By benchmarking the incomes required to afford the different tenures in the neighbourhood area, we determined the following:
143. Those on average incomes (£51,900) cannot access median or entry-level homes market homes. The median house price would require an annual income 95.5% higher than the current average. Therefore, market housing is likely to remain out of reach to most not already on the property ladder.
144. Private renting is generally only accessible to those on average incomes, while average lower quartile earners cannot afford the entry level rental thresholds. Therefore, Rent to Buy (a subsidised tenure product similar to renting) may 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.
145. There is a 'can rent, can't buy' cohort, earning between around £38,480 and £49,114 per year who are able to afford to rent privately but cannot afford home ownership. This group may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
146. The income required to afford First Homes has been tested against the implications of 30%, 40% and 50% discount levels. Only First Homes at 50% discount level appears affordable for those on average incomes. In order for lower quartile earners to be able to access discounted market sales, a discount of well over 50% would be required. This is beyond the scope of the product,

so the maximum level of 50% should be sought from the perspective of affordability, with development viability implications also considered together with Rutland council.

147. Shared ownership (particularly at 10% and 25% equity) appears to be more affordable than First Homes. While the income threshold for a 10% equity shared ownership home may be within the reach of median earners, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.
148. Affordable rented housing (particularly social rent) is essential for accommodating those on the lowest incomes in Edith Weston, who can afford few other options.
149. When calculations presented in the SHMA are pro-rated to Edith Weston based on its fair share of the population (3.64% of Rutland's population), Edith Weston can be assumed to have a need for 29 affordable rented dwellings and 53 affordable home ownership dwellings over the Neighbourhood Plan period (2023-2041). These SHMA Update 2019 figures combined (82 dwellings) represents approximately 54% of Edith Weston's indicative housing need figure of 129 dwellings calculated in Chapter 4 of this report. It is therefore unlikely that the Neighbourhood Plan will be able to fully accommodate the Affordable Housing need identified here. Note, this figure is based on the wider district's need and does not necessarily reflect the lower need and suitability for affordable housing in more rural areas.
150. Based on a list of considerations presented in the 'policy guidance' section of this chapter, we recommend that an appropriate balance between affordable rented tenures and affordable home ownership within the Affordable Housing that comes forward on mainstream development sites would be 70% rent to 30% ownership. This prioritises affordable rented tenures to a greater extent than affordable ownership and complies with various minimum requirements mandated nationally.
151. We recognise it would be advantageous to propose a higher proportion of affordable rent (i.e. 80% in line with adopted Local Policy). However, the national policy which stipulates that 'First Homes' should make up at least 25% of the affordable housing requirement essentially restricts the proportion of affordable rent we can recommend. The reason is that flexibility is needed to accommodate the 25% First Homes requirement as well as other, potentially more affordable, intermediate tenures such as Shared Ownership (particularly at 25 % and 10% equity).
152. Table 5-6 summarises Edith Weston's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation, and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to

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

Table 5-6 Estimated delivery of Affordable Housing in Edith Weston

	Step in Estimation	Expected delivery
A	Provisional capacity figure	21
B	Affordable housing quota (%) in LPA's Local Plan	35%
C	Potential total Affordable Housing in NA (A x B)	7 (7.18)
D	Rented % (e.g. social/ affordable rented)	70%
E	Rented number (C x D)	5 (5.03)
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	30%
G	Affordable home ownership number (C x F)	2 (2.15)

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

153. The expected level of delivery based on LPA's affordable housing policies does not meet the demand for affordable housing identified in the SHMA (53 dwellings).
154. It is recommended that the policy requirement be met wherever possible, and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites) to be explored. If the group considered exceeding the Local Plan policy requirement in the neighbourhood plan then it must be noted that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.
155. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all ways of boosting the supply of affordable housing.

6. RQ 3: Type and Size

RQ 3: What type (terrace, semi, bungalows, flats and detached) and size (number of bedrooms) of housing is appropriate for the Plan area over the Neighbourhood Plan period?

Introduction

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

Existing types and sizes

Background and definitions

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

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

162. As noted in the Context section of this report, there is no perfect data source for the current mix of dwellings in the NA. For some aspects, such as the size mix of homes, adding together Census figures and completions data for the intervening period is highly accurate. For others, such as the type mix of homes, this method is not available. The most appropriate combination of approaches is used in this section.

Dwelling type

163. The 2011 Census shows that Edith Weston had 1,359 residents occupying 127 detached houses, 197 semi-detached, 74 terraced houses, and 7 flats. Compared with the Rutland, Edith Weston is characterised by a significantly higher proportion of semi-detached properties, representing nearly half of all dwellings within the NA. Edith Weston has a lower proportion of detached dwellings compared to Rutland, although both recorded levels are above the national average. Edith Weston has a lower proportion of flats compared to Rutland and England. Finally, the proportion of terraced dwellings in Edith Weston is similar to that found across Rutland, albeit at a lower proportion than that found in England as a whole.

Table 6-1: Accommodation type, Edith Weston, 2011

Dwelling type		Edith Weston	Rutland	England
Whole house or bungalow	Detached	31.1%	46.5%	22.4%
	Semi-detached	48.2%	27.3%	31.2%
	Terraced	18.1%	18.0%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	1.5%	5.5%	16.4%
	Parts of a converted or shared house	0.0%	1.1%	3.8%
	In commercial building	0.2%	1.0%	1.0%

Source: ONS 2011, AECOM Calculations

164. The 2021 Census will provide an up-to-date picture of the current dwelling stock in Edith Weston when the results are released in the coming months. In the meantime we can turn to other sources, such as completions data. Rutland County Council's records show that six dwellings have been completed in Edith Weston since 2011. A review of the associated planning applications suggests these completions all comprised detached dwellings, thereby raising the proportion slightly in the direction of Rutland's mix.

Dwelling size

165. Table 6-2 below sets out the distribution of the number of rooms by household space. Across the neighbourhood and wider county, the overall balance in terms of numbers of rooms tends to be weighted towards large size homes, with five rooms or more representing 83.6% of households in Edith Weston and 81.0% in Rutland. Compared to Rutland, Edith Weston has a lower proportion of small dwellings (one – four rooms) and a higher proportion of large dwellings (five plus rooms).

Table 6-2 Number of rooms per household in Edith Weston, 2011

Number of Rooms	2011	
	Edith Weston	Rutland
1 Room	0.3%	0.1%
2 Rooms	0.8%	1.1%
3 Rooms	2.2%	5.1%
4 Rooms	13.2%	12.6%
5 Rooms	28.6%	20.4%
6 Rooms	23.2%	19.4%
7 Rooms	9.2%	12.6%
8 Rooms	10.0%	11.6%
9 Rooms or more	12.7%	17.1%

Source: ONS 2011, AECOM Calculations

166. It is also useful to compare the figures for number of rooms with figures for the number of bedrooms for each household. Table 6-3 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that Edith Weston has a lower proportion of one-bedroom dwellings compared to Rutland. Two- and three-bedroom dwellings are most prevalent in Edith Weston, both at higher rates compared to Rutland and England. Edith Weston has a significantly lower proportion of four-bedroom dwellings compared to Rutland, although interestingly the proportion of five-bedroom dwellings is similar across the NA and county.

Table 6-3: Number of bedrooms in household spaces in Edith Weston, 2011

Bedrooms	Edith Weston		Rutland		England	
Total	371	100.0%	15,002	100.0%	22,063,368	100.0%
No bedrooms	1	0.3%	25	0.2%	54,938	0.2%
1 bedroom	9	2.4%	817	5.4%	2,593,893	11.8%
2 bedrooms	100	27.0%	3,109	20.7%	6,145,083	27.9%
3 bedrooms	171	46.1%	6,116	40.8%	9,088,213	41.2%
4 bedrooms	54	14.6%	3,528	23.5%	3,166,531	14.4%
5+ bedrooms	36	9.7%	1,407	9.4%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

167. Again, data from dwelling completions can provide an indication of current trends. The six completions since 2011 are broken down as following: 1no. studio dwelling, 4no. four-bedroom dwellings and 1no. five-bedroom dwelling.

Age and household composition

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

Age structure

169. Table 6-4 shows the most recent estimated age structure of the NA population, alongside 2011 Census figures. The table suggest that Edith Weston has a relatively young population, with 25-44 year olds representing the largest single age group across 2011 and 2020 (despite a minor decline of 0.9%). However, the direction of travel in population change is towards ageing: the largest proportional change is seen in the 85 and over age band which increased by 55.6%, whereas the largest change in actual numbers can be seen in the 0-15 age group which decreased by 77 individuals. Of the remaining age groups, 65-84 experienced a significant increase of 39.8%, whilst the 45-64 and 65-84 age bands had lower increases of 4.5% and 1.9% respectively.

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

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

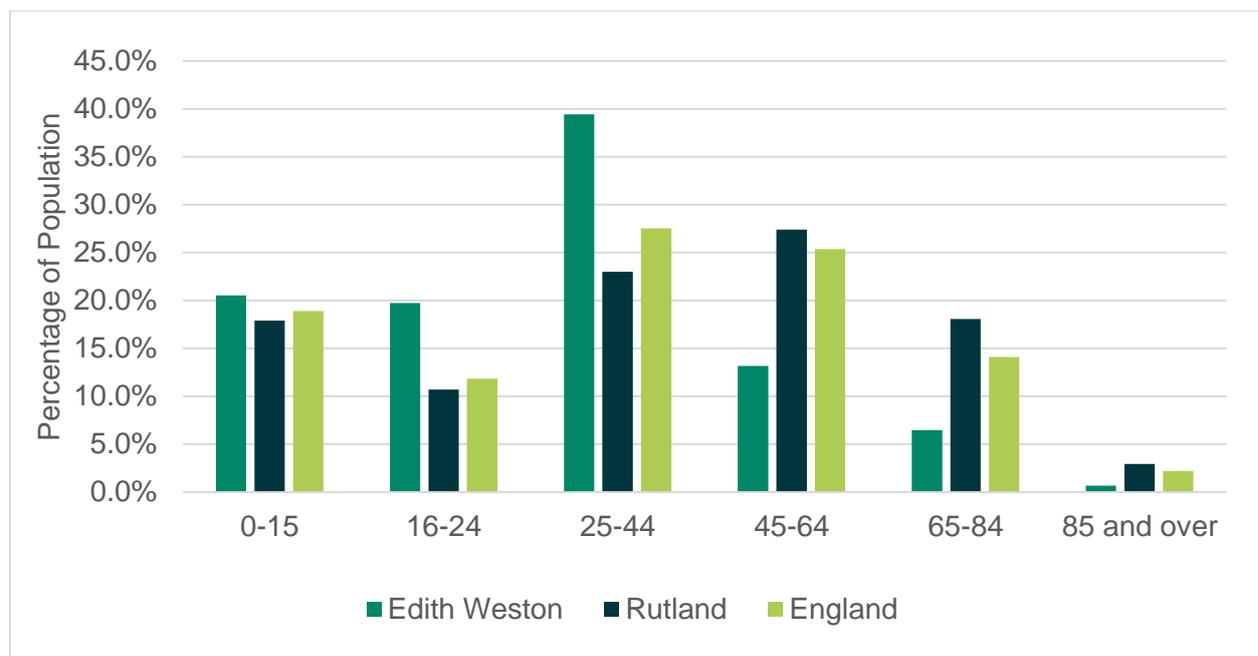
Table 6-4: Age structure of Edith Weston population, 2011 and 2020

Age group	2011 (Census)		2020 (ONS, estimated)		Rate of Change
	Pop.	%	Pop.	%	
0-15	279	20.5%	202	15.2%	-27.6%
16-24	268	19.7%	273	20.5%	1.9%
25-44	536	39.4%	531	39.9%	-0.9%
45-64	179	13.2%	187	14.1%	4.5%
65-84	88	6.5%	123	9.2%	39.8%
85 and over	9	0.7%	14	1.1%	55.6%
Total	1,359	100%	1,330	100%	-2.1%

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

172. For context, it is useful to look at the parish population structure alongside that of the county and England. Figure 6-1 (using 2011 Census data) shows that the NA population was generally younger than the local and national averages. As noted above 25-44 year olds represent the largest single age group in Edith Weston, at a significantly high proportion of 39.4%. Compared to Rutland and England, Edith Weston has a greater share of the population in the 0-15, 16-24 and 25-44 age groups and significantly lower shares in the 45-64, 65-84 and 85 and over and age groups. This young population is likely driven by the life-stage of RAF personnel who generally tend to be younger.

Figure 6-1 Age structure in Edith Weston, 2011



Source: ONS 2011, AECOM Calculations

Household composition

173. Household composition (i.e. the combination and relationships of adults and children in a dwelling) is an important factor in the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period. Table 6-5 shows that Edith Weston has a higher proportion of family households than both wider areas, with correspondingly fewer people living alone or in other household types (such as shared accommodation). Of these families, there are significantly more with dependent children compared to the local and national levels, reflecting the younger age profile of the parish.

174. Edith Weston has a lower proportion of non-dependent children compared to Rutland and England. Note that non-dependent children refer to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university.

Table 6-5 Household composition, Edith Weston, 2011

Household composition		Edith Weston	Rutland	England
One person household	Total	14.8%	27.4%	30.2%
	Aged 65 and over	5.1%	14.3%	12.4%
	Other	9.7%	13.1%	17.9%
One family only	Total	82.7%	68.9%	61.8%
	All aged 65 and over	7.3%	13.1%	8.1%
	With no children	24.5%	22.3%	17.6%
	With dependent children	46.9%	25.2%	26.5%
	All children Non-Dependent ²¹	4.0%	8.4%	9.6%
Other household types	Total	2.4%	3.7%	8.0%

Source: ONS 2011, AECOM Calculations

Occupancy ratings

175. The tendency of households to over- or under-occupy their homes is another relevant consideration to the future size needs of the NA. A person is considered to under-occupy their home when there are more bedrooms in their home than a family of their size and composition would normally be expected to need. This is expressed as an occupancy rating of +1 or +2, indicating that there is one surplus bedroom or at least two surplus bedrooms (respectively). Over-occupancy works in the same way, with a rating of -1 indicating at least one bedroom too few.
176. In Edith Weston, a combined 79% of people lived in a home with at least one extra bedroom in 2011, with 37% living in a home with two or more extra bedrooms. The percentage of people living in homes with fewer bedrooms than they might be expected to need is low at 3%, indicating that around 40 people (3% multiplied by 1,359) may have been (or still be) living in inadequate housing conditions in the parish.
177. It is useful to cross-reference this data by age bracket, presented in Table 6-6 below. Extreme under-occupancy (+2 rating) is strongly correlated with age, with older age groups much more likely to under-occupy their homes. This is likely because such households tend to be small (i.e. after children have moved out) but remain in homes large enough for families either by preference or for a lack of more suitable options nearby.

²¹ Refers to households containing children who are older than 18 e.g students or young working people living at home.

Table 6-6: Occupancy rating by age in Edith Weston, 2011

Household type	+2 rating	+1 rating	0 rating	-1 rating
Family 65+	77.8%	14.8%	7.4%	0.0%
Single person 65+	36.8%	42.1%	21.1%	0.0%
Family under 65 - no children	61.5%	37.4%	1.1%	0.0%
Family under 65 - dependent children	16.1%	50.6%	29.9%	3.4%
Family under 65 - adult children	46.7%	20.0%	26.7%	6.7%
Single person under 65	50.0%	44.4%	5.6%	0.0%
All households	37%	42%	18%	3%

Source: ONS 2011, AECOM Calculations

Dwelling mix determined by life-stage modelling

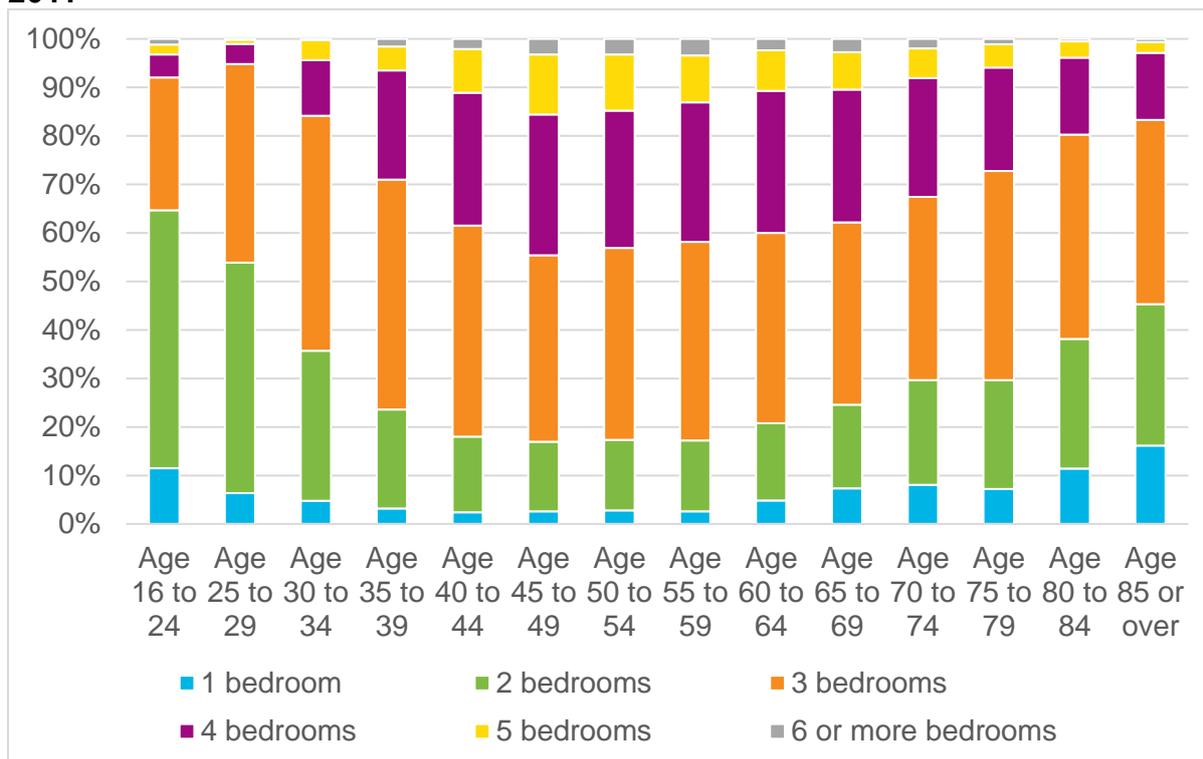
Suggested future dwelling size mix

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

- The starting point is the age distribution of Edith Weston households in 2011.
 - The life stage of a household is determined by the age of the household reference person (HRP), a more modern term for the head of household.
 - As noted above, household life stages are not estimated annually, so the older Census data must be used.
- This life stage data is then projected forward to the end of the Plan period by applying the growth rates for each household age group as suggested by the latest household projections. This allows for an estimate of how the parish population might evolve in future.
 - ONS household projections are produced every two years but are only available at Local Authority level. The growth rates are therefore applied to the 2011 starting household age profile of the NA.
- Next, we turn to a Census dataset that shows the occupation patterns or preferences of each household life stage (e.g. what proportion of households aged under 24 tend to live in 1 bedroom homes as opposed to 2, 3 or 4 bedroom homes). This data is mapped to the distribution of the projected NA population for each life stage and each dwelling size category to form a picture of what mix of homes might be appropriate in future.
 - This occupation data is again only available at Local Authority scale, so it does risk embedding any unusual characteristics present in the area.

- The model also assumes that today's occupation patterns persist into the future, which is not a given, particularly with the change in preferences for home working space and other features arising from the Covid-19 pandemic. However, there is no better indication of what those patterns might look like. It is considered more appropriate to adjust the end mix that results from this model to reflect such trends than to build further speculative assumptions into the model.
 - Finally, this 'ideal' future mix of dwelling sizes can be compared to the current stock of housing in the NA. From this we can identify how future development might best fill the gaps.
 - The 2011 dwelling size mix is used for consistency, so any imbalances in new development since then may justify adjustments to the final results.
179. It is important to keep in mind that housing need is not an exact science and this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the tendency of households to occupy more or less space than they 'need'. It also does not anticipate changes in how people may wish to occupy their homes in response to social and technological change.
180. The approach therefore embeds existing patterns of occupancy which may or may not be desirable. As such, it is appropriate for the result of this model to be taken as a baseline scenario – what would occur if current trends persisted. It may well be the intention of the community to intervene to produce a different outcome more in line with their interpretation of emerging trends and their place- and community-shaping objectives. Layering these factors on top of the indicative picture provided by this model is considered entirely appropriate for the purpose of drafting neighbourhood plan policy.
181. Before presenting the results of this exercise, it may be interesting to review two of the inputs described above.
182. The first, given as Figure 6-2 below, sets out the relationship between household life stage and dwelling size for Rutland in 2011. This shows how the youngest households occupy the smallest dwellings, before rapidly taking up larger homes as their families expand, and then more gradually downsizing to smaller homes again as they age.

Figure 6-2: Age of household reference person by dwelling size in Rutland, 2011



Source: ONS 2011, AECOM Calculations

183. The second dataset of note is the result of applying Local Authority level household projections to the age profile of Edith Weston households in 2011 and the updated estimates of household numbers described in the bullets above. Table 6-7 below makes clear that population growth can be expected to be driven by the oldest households, with the largest growth seen in the 65 and over age category, which increases by 92% from 2011, whilst the 55 to 64 group increases by 21%. There are more modest increases in the 25 to 34 and 35 to 54 groups, increasing by 4% and 3% respectively. In contrast there is a 9% decline in the 24 and under group.

Table 6-7: Projected distribution of households by age of HRP, Edith Weston

Year	Age of HRP and under 24	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	12	105	144	51	59
2041	11	109	148	62	113
% change 2011-2041	-9%	4%	3%	21%	92%

Source: AECOM Calculations

184. The final result of this exercise is presented in Table 6-8 below. The model suggests that in terms of demographic change, new development might involve the following share of dwelling sizes: 20.9% as one bedroom, 8.1% as two bedrooms, 17.6% as three bedrooms, 52.1% as four bedrooms and 1.3% as five or more bedrooms.

Table 6-8 Suggested dwelling size mix to 2041, Edith Weston

Number of bedrooms	Current mix (2011)	Target mix 2041	Balance of new housing to reach target mix
1 bedroom	2.4%	5.5%	20.9%
2 bedrooms	27.0%	23.9%	8.1%
3 bedrooms	46.1%	41.5%	17.6%
4 bedrooms	14.6%	20.8%	52.1%
5+ bedrooms	9.7%	8.3%	1.3%

Source: AECOM Calculations

185. The result of this model is a relatively blunt measure of what could be beneficial given population change and existing imbalances in housing options. It is a starting point for thinking about how best to address the more nuanced needs of the future population.
186. The results of the life-stage modelling suggest there should be a particular focus on providing more four-bedroom dwellings over the Neighbourhood Plan period. Indeed, Census data suggests in 2011 Edith Weston had a lower proportion of four-bedroom dwellings compared to Rutland. However, the preceding chapter found that affordability is a serious and worsening challenge in the NA. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
187. Table 6-8 suggests that 20.9% of new housing should consist of one-bedroom dwellings. This appears to be a significant increase, however, it should be viewed within the context of the relatively low existing one bedroom dwelling stock in the NA (2.4% according to the 2011 Census).
188. One-bedroom dwellings can typically only accommodate a single person or couples. Likewise, a large proportion of traditional specialist housing for elderly people only has one bedroom. However, older people usually have a strong preference for two-bedroom or even larger dwellings, even when their needs suggest a requirement for one bedroom. Two-bedroom dwellings provide for the option of separate bedrooms for couples, or for family/friends or overnight carers coming to stay.
189. Normally, two-bedroom dwellings can also accommodate small families. This increased flexibility (compared to one-bedroom dwellings), weighed up against the relatively small extra cost and extra space associated with building a two-bedroom dwelling, may offer a strong argument for providing or providing two bedroom dwellings instead of one bedroom dwellings. One-bedroom homes also typically come forward as flats, which may not be seen as appropriate in a rural area like Edith Weston.
190. To best meet the needs of the large cohort of older households expected to be present by the end of the Plan period, it should also be considered whether the

existing options are well tailored to older people's requirements in terms of space, flexibility, quality, location and accessibility. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms.

191. More generally, it would be unwise for any new housing that does come forward to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. The evidence in this section represents a starting point for further thought and consultation.

Conclusions- Type and Size

192. The 2011 Census shows that Edith Weston is characterised by a significantly higher proportion of semi-detached properties, representing nearly half of all dwellings within the NA. Edith Weston has a lower proportion of detached dwellings compared to Rutland, although both recorded levels are above the national average. Edith Weston has a lower proportion of flats compared to Rutland and England. Finally, the proportion of terraced dwellings in Edith Weston is similar to that found across Rutland, albeit at a lower proportion than that found in England as a whole.
193. Edith Weston has a lower proportion of small dwellings (one – four rooms) and a higher proportion of large dwellings (five plus rooms) compared to Rutland. Looking at number of bedrooms, Edith Weston has a lower proportion of one-bedroom dwellings compared to Rutland. Two- and three-bedroom dwellings are most prevalent in Edith Weston, both at higher rates compared to Rutland and England. Edith Weston has a significantly lower proportion of four-bedroom dwellings compared to Rutland, although interestingly the proportion of five-bedroom dwellings is similar across the NA and county.
194. The age structure of the population is a key indicator of the future need for housing. Edith Weston has a relatively young population, in 2011 25-44 year olds represent the largest single age group in Edith Weston, at a significantly high proportion than the county of 39.4%. Compared to Rutland and England, Edith Weston has a greater share of the population in the 0-15, 16-24 and 25-44 age groups and significantly lower shares in the 45-64, 65-84 and 85 and over and age groups. This young population is likely driven by the life-stage of RAF personnel who generally tend to be younger.
195. The 25-44 year olds represent the largest single age group across 2011 and 2020 (despite a minor decline of 0.9%). However, the direction of travel in population change is towards ageing: the largest proportional change is seen in the 85 and over age band which increased by 55.6%.
196. Looking at household composition, in 2011 Edith Weston had a higher proportion of family households than both wider areas, with correspondingly

fewer people living alone or in other household types (such as shared accommodation). Of these families, there are significantly more with dependent children compared to the local and national levels, reflecting the younger age profile of the parish.

197. Edith Weston has a relatively high rate of under-occupancy: 79% of people lived in a home with at least one extra bedroom in 2011. The percentage of people living in homes with fewer bedrooms than they might be expected to need is relatively low. Around 40 people (3%) may have been (or still be) living in inadequate housing conditions in the parish.
198. The results of a modelling exercise, which looks at the sizes of dwelling occupied by households at different life stages and projects the growth and decline of those household age groups over the Plan period, suggests that new development of all tenures might involve the following share of dwelling sizes:
 - 20.9% as one bedroom,
 - 8.1% as two bedrooms,
 - 17.6% as three bedrooms,
 - 52.1% as four bedrooms and
 - 1.3% as five or more bedrooms.
199. The results of the life-stage modelling suggest there should be a particular focus on providing more four-bedroom dwellings. However, affordability is a serious and worsening challenge in the NA. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
200. Whilst the modelling exercise for all tenures suggests 20.9% of new dwellings should be one bedroom, it's recognised that the increased flexibility of two bedrooms, weighed up against the relatively small extra cost and extra space, may offer a strong argument for providing two bedroom dwellings instead of one bedroom dwellings.
201. Affordability is a serious and worsening challenge in Edith Weston. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation. Neighbourhood Plan policies can provide a steer on this, clearly setting out the expectations of the community, even if final decisions will be made through negotiations with the Local Planning Authority.
202. It is generally not advisable to restrict the supply of specific size categories too strictly, and it would be unwise for any new housing to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range

of choices. The evidence in this section represents a starting point for further thought and consultation.

203. This study provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the parish or on any particular site. These include the specific characteristics of the nearby stock of housing (such as its condition and design), the role of the NA or site within the wider housing market area (linked to any Local Authority strategies or plans) and site-specific factors which may justify a particular dwelling mix.

7. Conclusions

Overview

204. Table 7-1 sets out in full the conclusions and recommendations of this Neighbourhood Plan housing needs assessment, based on the evidence reviewed and analysed.

Table 7-1 Summary of study findings specific to Edith Weston with a potential impact on Neighbourhood Plan housing policies

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Quantity of housing to plan for	<p>Rutland’s LHN figure, using the standard method, is calculated as 38 net additional dwellings per year.</p> <p>According to ONS mid-year population estimates for 2020, there were 1,330 people living in Edith Weston, or 3.29% of the 40,476 people in Rutland. Therefore, applying this percentage to Rutland’s LHN of 38 gives an indicative HNF for Edith Weston of 1 dwelling (rounded) per annum, or 22 dwellings over the Neighbourhood Plan period 2023-2041.</p> <p>Policy CS9 establishes broad quantum of housing development to be spread across the settlement hierarchy over the planning period. This includes a minimum of 20% of new housing for Local Service Centres, which is equivalent to 600 dwellings over the 2006-2026 plan period, or 30 dwellings per annum, however, the policy does not specify amounts for individual Local Centres. Edith Weston’s share of this allocation (based on population share) equals approximately 90 dwellings over the adopted plan period between 2006 and 2026, or 3.0% of the total 3,000 allocation for Rutland.</p>	<p>Applying 3.0% to Rutland’s LHN of 38 equates to 1 dwelling (1.14 rounded) for Edith Weston per annum or 21 dwellings between 2023 and 2041. This figure is taken forward to calculate an overall Housing Need Figure (HNF) as it complies with the PPG requirement that the local authority’s strategy for the scale and pattern of development is taken into consideration.</p> <p>As the Neighbourhood Plan period begins in 2023 no recent completions have been deducted from the overall quantity figure. Likewise, AECOM recommends that dwelling commitments (i.e. planning permissions that are yet to be implemented) can be discounted from the overall quantity figure; only once they are completed.</p> <p>In conclusion, this HNA recommends an overall HNF of 21 dwellings, which equates to approximately 1.14 dwellings per year between 2023 and 2041.</p> <p>The neighbourhood group need to continue to engage with the LPA to confirm the final housing figure for the Neighbourhood Plan. Should Rutland provide a housing requirement figure for the NA this would supersede the provisional calculation within this HNA.</p>

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	<p>In 2011 Edith Weston had a very high proportion of Private Rented dwellings, representing nearly half of all tenures in the NA. As a result, the proportion of other tenures in the NA were all significantly lower than the local and national levels.</p> <p>There has been considerable fluctuations in house prices between 2012 and 2021, although the general trend is towards rising house prices.</p> <p>When comparing transactions across 2012-2014 to those recorded across 2019-2021 we can see that the mean house price increased from £403,555 to £560,444 (38.9% increase), the median price increased from £245,500 to £390,000 (58.8% increase) and the lower quartile price increased from £150,250 to £191,000 (27.1% increase).</p> <p>Average incomes (£51,300) cannot access median market homes. Market housing is therefore out of reach to most.</p>	<p>Regarding affordable tenures:</p> <ul style="list-style-type: none"> • Rent to Buy is viable to those earning just average incomes, however, is out of reach to LQ incomes. • First Homes at a 50% discount appear to be affordable for those on average incomes. For LQ earners to be able to access discounted market sales, a discount of over 50% would be required. • Shared ownership (at 10% and 25% equity) appear to be more affordable than First Homes. • Affordable rent (particularly social rent) is essential, accommodating those on the lowest incomes. Social rents are cheaper and give residents much greater protection from eviction compared to those renting privately or through a housing association. <p>The SHMA suggests a need for 29 affordable rented dwellings and 53 affordable home ownership dwellings over the Neighbourhood Plan period (2023-2041). This exceeds Edith Weston's indicative HNF (21 dwellings). It is therefore unlikely that the Neighbourhood Plan will be able to fully accommodate the AH need identified here.</p> <p>The SHMA figures suggests a split of 35.4% affordable rented to 64.6% affordable ownership. However, those seeking affordable home ownership dwellings, are generally adequately housed in rented accommodation. Given the wider affordability issues present in Edith Weston we recommend a 70% rent to 30% ownership affordable tenure split, prioritising those in the most acute need. We recognise it would be advantageous to propose a higher proportion of affordable rent (i.e. 80% in line with adopted Local Policy), however flexibility is needed to accommodate the 25% First Homes requirement as well as other, potentially more affordable, intermediate tenures such as Shared Ownership.</p> <p>As there is a clear need for Affordable Housing in the NA, we recommend that every effort should be made to maximise delivery where viable.</p>

Housing type and size	<p>Edith Weston has a significantly high proportion of semi-detached properties, comprising nearly half of all homes. Compared to Rutland, Edith Weston has a lower proportion of small dwellings (one – four rooms) and a higher proportion of large dwellings (five plus rooms). Looking at number of bedrooms, Edith Weston has a lower proportion of one-bedroom dwellings compared to Rutland. Two- and three-bedroom dwellings are most prevalent in the NA, both at individually higher rates compared to Rutland and England. Edith Weston has a significantly lower proportion of four-bedroom dwellings compared to Rutland, although interestingly the proportion of five-bedroom dwellings is similar between the NA and county.</p> <p>Edith Weston has a relatively young population, in 2011 25-44 year olds represent the largest single age group (high proportion of 39.4%). The young population is likely driven by the life-stage of RAF personnel. The 25-44 band remain the largest single age group in 2020 (despite a minor decline of 0.9%). However, the direction of travel in population change is towards ageing: the largest proportional change is seen in the 85 and over age band which increased by 55.6%. In 2011 Edith Weston had a higher proportion of family households than both wider areas. Of these families, there are significantly more with dependent children compared to the local and national levels, reflecting the younger age profile of the parish. The NA has a high rate of under-occupancy, 79% lived in a home with at least one extra bedroom in 2011.</p>	<p>Modelling exercise suggests that new development of all tenures might involve the following share of dwelling sizes:</p> <ul style="list-style-type: none"> • 20.9% as one bedroom, • 8.1% as two bedrooms, • 17.6% as three bedrooms, • 52.1% as four bedrooms, and • 1.3 % as five or more bedrooms. <p>The modelling exercise results suggest that there should be a particular focus on providing more four-bedroom dwellings. However, affordability is a serious and worsening challenge in the NA. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.</p> <p>Whilst the modelling exercise also suggests that 20.9% of new dwellings should be one bedroom, it's recognised that the increased flexibility of two bedrooms, weighed up against the relatively small extra cost and extra space, may offer a strong argument for providing two bedroom dwellings instead of one bedroom dwellings. It is generally not advisable to restrict the supply of specific size categories too strictly. These results are a starting point for thinking about how best to address the more nuanced needs of the future population. Those wishing to move within or relocate to the NA will have a range of circumstances and preferences, and they should be offered choices.</p> <p>This study provides an indication of the likely need for different types and sizes of homes based on demographic change. It is generally not advisable to restrict the supply of specific size categories too strictly, and it would be unwise for any new housing to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. The evidence presented here represents a starting point for further thought and consultation.</p>
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Recommendations for next steps

205. This Neighbourhood Plan housing needs assessment aims to provide Edith Weston 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 Rutland with a view to agreeing and formulating draft housing policies, bearing the following in mind:

- All Neighbourhood Planning Basic Conditions, but in particular Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;
- The views of Rutland;
- The views of local residents;
- The views of other relevant local stakeholders, including housing developers and estate agents; and
- The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Rutland.

206. 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.

207. 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, Rutland or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.

208. 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.

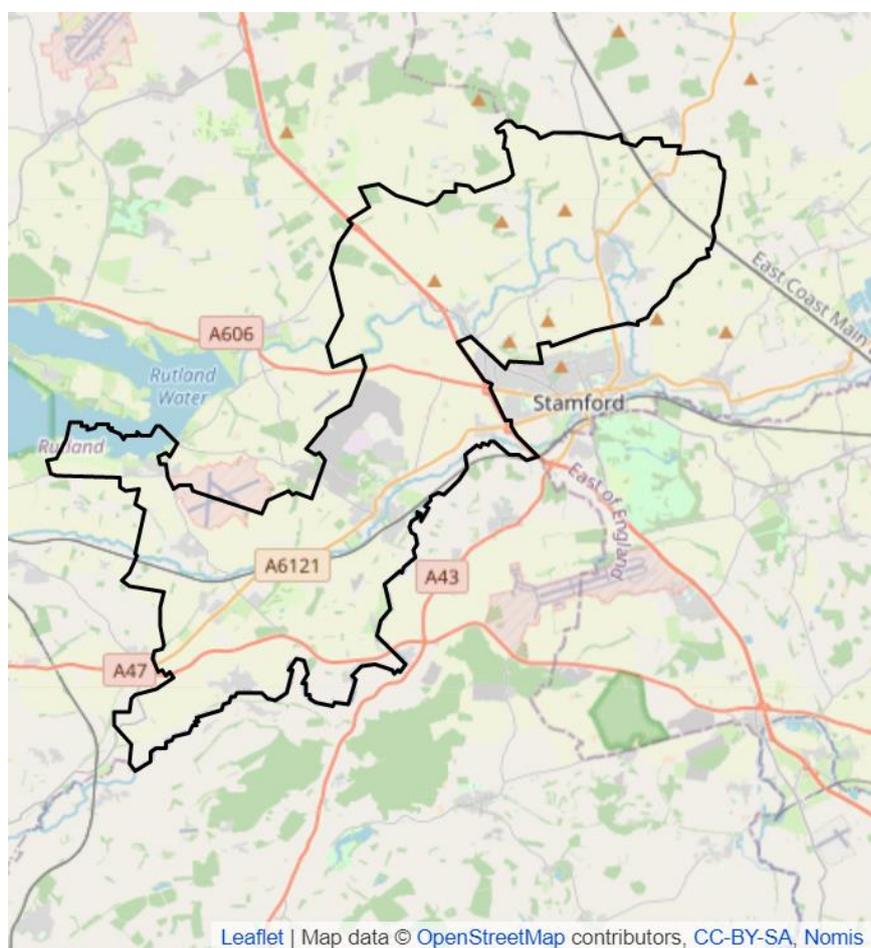
Appendix A : Calculation of Affordability Thresholds

A.1 Assessment geography

209. As noted in the Tenure and Affordability chapter above, affordability thresholds can only be calculated on the basis of data on incomes across the Neighbourhood Area. Such data is available at MSOA level but not at the level of Neighbourhood Areas.

210. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Area. In the case of Edith Weston, it is considered that MSOA Rutland 004 (E02002866) is the closest realistic proxy for the Neighbourhood Area boundary, and as such, this is the assessment geography that has been selected. A map of Rutland 004 (E02002866) appears in Figure A-1. This MSOA was chosen as it overlaps to the greatest extent with the Neighbourhood Area, including most of the village of Edith Weston which contains the majority of the Neighbourhood Area population.

Figure A-1: MSOA Rutland 004 (E02002866) used as a best-fit geographical proxy for the Neighbourhood Area



Source: ONS

A.2 Market housing

211. Market housing is not subsidised and tends to be primarily accessible to people on higher incomes.
212. To determine affordability in market housing, this assessment considers two primary indicators: income thresholds, which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds, which denote the standard household income required to access mortgage products.

i) Market sales

213. 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.
214. To produce a more accurate assessment of affordability, the savings required for a deposit should be taken into account in addition to the costs of servicing a mortgage. However, unlike for incomes, data is not available for the savings available to households in Edith Weston, and the precise deposit a mortgage provider will require of any buyer will be determined by their individual circumstances and the state of the mortgage market. An assumption is therefore made that a 10% purchase deposit is required and is available to the prospective buyer. In reality it is possible that the cost of the deposit is a greater barrier to home ownership than the mortgage costs.
215. In Edith Weston there has been considerable fluctuations in house prices over the previous ten-year period (2012 to 2021 inclusive). These fluctuations may be a result of the relatively small sample size with only 80 transactions recorded over this period, representing an average of 8 transactions per year. Given these fluctuations, we have used a three-year average for the median NA house price below.
216. The calculation for the purchase threshold for market housing is as follows:
- Value of a median NA house price (2019-2021) = £390,000;
 - Purchase deposit at 10% of value = £39,000;
 - Value of dwelling for mortgage purposes = £351,000;
 - Divided by loan to income ratio of 3.5 = purchase threshold of **£100,286**.
217. The purchase threshold for an entry-level dwelling is a better representation of affordability to those with lower incomes or savings, such as first-time buyers. To determine this threshold, the same calculation is repeated but with reference to the lower quartile rather than the median house price. The lower quartile average across 2019-2021 was £191,000, and the purchase threshold is therefore **£49,114**.

218. Finally, it is worth assessing the purchase threshold for new build homes, since this most closely represents the cost of the new housing that will come forward in future. Land Registry records only 3 sales of new build properties in the NA between 2012 and 2021. As this sample size is too small, data from Rutland transactions as a whole has been used as a proxy. There were 35 sales of newly built homes across Rutland in 2020. The median price was £240,000 (compared to £183,666 the median price for a new build in Edith Weston between 2012 and 2021), ranging from £237,000 for an average flat to £362,450 for an average detached house. These figures give a reasonable indication of how much newly built housing might cost in the NA in future. The purchase threshold new build homes based on an average of £240,000 is therefore **£61,714**.

ii) Private Rented Sector (PRS)

219. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. It is assumed here that rented housing is affordable if the annual rent does not exceed 30% of the household's gross annual income.

220. This is an important assumption because it is possible that a household will be able to afford tenures that are deemed not affordable in this report if they are willing or able to dedicate a higher proportion of their income to housing costs. It is becoming increasingly necessary for households to do so. However, for the purpose of planning it is considered more appropriate to use this conservative lower benchmark for affordability on the understanding that additional households may be willing or able to access housing this way than to use a higher benchmark which assumes that all households can afford to do so when their individual circumstances may well prevent it.

221. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Area. The best available data is derived from properties available for rent within the LE15 postcode area (Figure 7-1), 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.

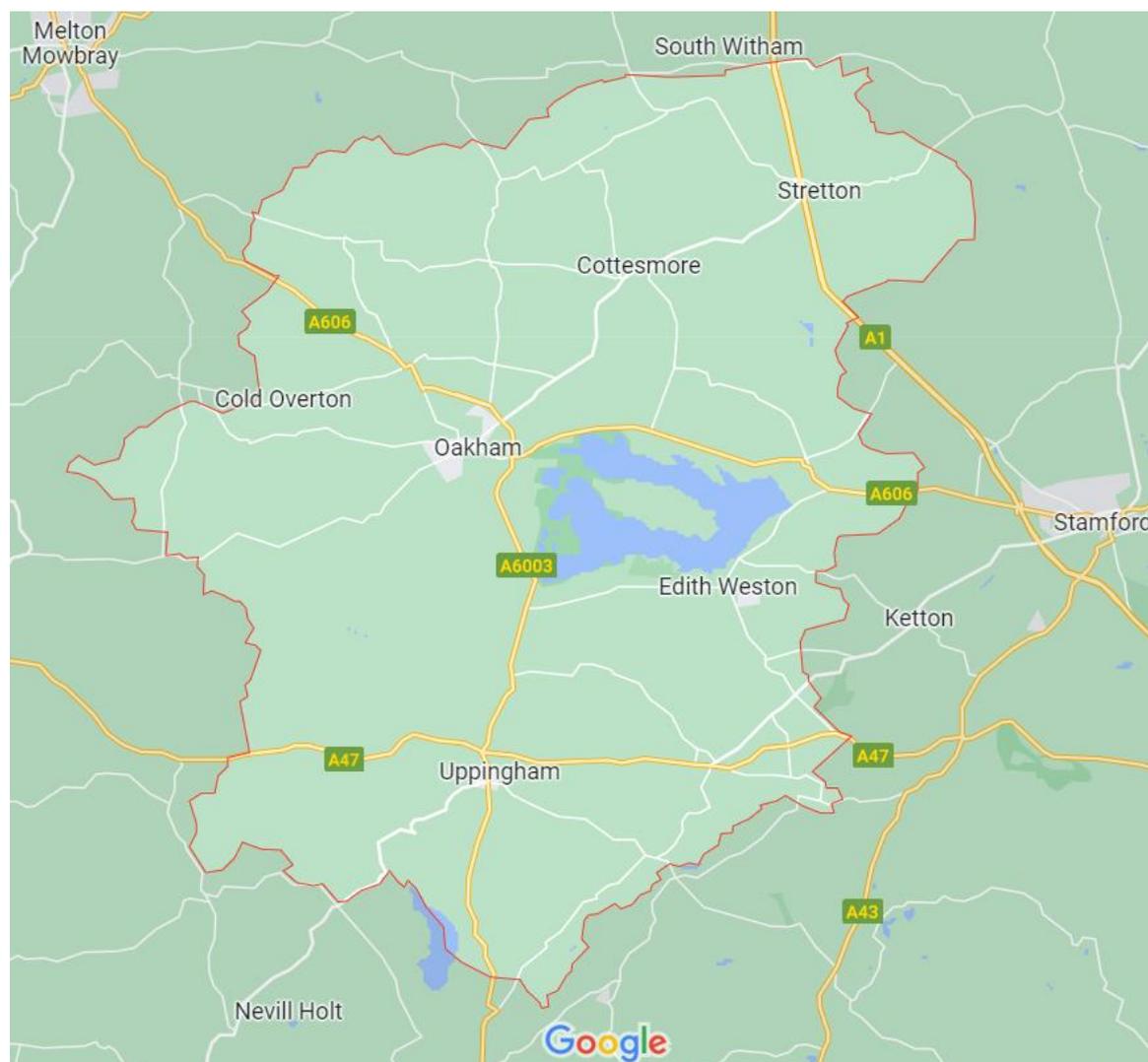
222. According to [home.co.uk](https://www.home.co.uk), there were 37 properties for rent at the time of search in April, 2022, with an average monthly rent of £1,050. There were 15 two-bed properties listed, with an average price of £962 per calendar month.

223. The calculation for the private rent income threshold for entry-level (2 bedroom) dwellings is as follows:

- Annual rent = £962 x 12 = £11,544;
- Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of **£38,480**.

224. The calculation is repeated for the overall average to give an income threshold of **£42,000**.

Figure 7-1 LE15 Postcode Area



Source Google Maps

A.3 Affordable Housing

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

i) Social rent

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

227. 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 Edith Weston. This data provides information about rents and the size and type

of stock owned and managed by private registered providers and is presented for Rutland in the table below.

228. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This is an assumption only for what might generally make housing affordable or unaffordable – it is unrelated to the eligibility criteria of Affordable Housing policy at Local Authority level. The overall average across all property sizes is taken forward as the income threshold for social rent.

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£80.26	£93.53	£94.65	£111.33	£91.30
Annual average	£4,174	£4,864	£4,922	£5,789	£4,748
Income needed	£13,898	£16,196	£16,390	£19,278	£15,810

Source: Homes England, AECOM Calculations

ii) Affordable rent

229. 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).

230. Even an 80% discount on the market rent may not be sufficient to ensure that households can afford this tenure, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.

231. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for Rutland. Again it is assumed that no more than 30% of income should be spent on rent, and the overall average is taken forward.

232. Comparing this result with the average two bedroom annual private rent above indicates that affordable rents in the NA are actually closer to 50% of market rates than the maximum of 80%, a feature that is necessary to make them achievable to those in need.

Table A-2: Affordable rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£84.29	£105.84	£112.07	£138.76	£111.12
Annual average	£4,383	£5,504	£5,828	£7,216	£5,778
Income needed	£14,596	£18,327	£19,406	£24,028	£19,242

Source: Homes England, AECOM Calculations

iii) Affordable home ownership

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

234. In paragraph 65 of the NPPF 2021, 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 recently issued Ministerial Statement and updates to PPG state that 25% of all Affordable Housing should be First Homes – the Government’s new flagship discounted market sale product. When the NPPF is next updated, it is expected that the 10% affordable home ownership requirement referenced above may be replaced by the First Homes requirement.

First Homes

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

236. As noted above, there is a lack of data on new build prices in the NA. Therefore, the median house price in the NA between 2019 and 2021 is used as a proxy for the price of new build entry-level housing in the NA (i.e. assuming that new build entry-level homes will cost around the same as a median existing home, because of the premium usually associated with new housing).

237. The starting point for these calculations is therefore £390,000 the median house price in Edith Weston in between 2019 and 2021.

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

- Value of a new home (NA average) = £390,000;
- Discounted by 30% = £273,000;
- Purchase deposit at 10% of value = £27,000;
- Value of dwelling for mortgage purposes = £245,700;
- Divided by loan to income ratio of 3.5 = purchase threshold of **£70,200**.

239. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 40% and 50% discounted First Home. This would require an income threshold of **£60,171** and **£50,143** respectively.

240. All of the income thresholds calculated here for First Homes are below the cap of £80,000 above which households are not eligible. However, the 30%

discounted price is above £250,000 which would fail to meet the criteria. Therefore, either a greater discount is justified, developers would need to bring the price down, or smaller or lower value properties would need to be delivered than our assumed benchmark.

241. Note that discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a 2 bedroom home (assuming 70 sq m and a build cost of £1,500 per sq m) would be around £105,000. This cost excludes any land value or developer profit. This would not appear to be an issue in Edith Weston.

Shared ownership

242. Shared ownership involves the purchaser buying an initial share in a property, typically of between 25% and 75% (but now set at a minimum of 10%), and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the occupant can be increased over time through a process known as 'staircasing'.

243. 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.

244. To determine the affordability of shared ownership, calculations are again based on the estimated costs of new build housing in the NA as discussed above (using the median house price in the NA between 2019 and 2021 as a proxy - because of the premium usually associated with new housing). The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The rental component is estimated at 2.5% of the value of the remaining (unsold) portion of the price. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).

245. The affordability threshold for a 25% equity share is calculated as follows:

- A 25% equity share of £390,000 is £39,000;
- A 10% deposit of £3,900 is deducted, leaving a mortgage value of £35,100;
- This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £10,029;
- Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £351,000;

- The estimated annual rent at 2.5% of the unsold value is £8,775;
- This requires an income of £29,250 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
- The total income required is **£39,279** (£10,029 plus £29,250).

246. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of **£49,446** and **£66,393** respectively.

247. The income threshold for shared ownership at 10%, 25% and 50% equity shares remain below the £80,000 cap for eligible households.

Rent to Buy

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

Help to Buy (Equity Loan)

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

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

Appendix B : Housing Needs Assessment Glossary

Adoption

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

Affordability

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

Affordability Ratio

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

Affordable Housing (NPPF Definition)

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

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

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

c) Other affordable routes to home ownership: 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 methods²².

Age-Restricted General Market Housing

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

Annual Monitoring Report

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

Basic Conditions

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

Backlog need

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

Bedroom Standard²³

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.

²² The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

²³ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

Co-living

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

Community Led Housing/Community Land Trusts

Housing development, provision and management that is led by the community is very often driven by a need to secure affordable housing for local people in the belief that housing that comes through the planning system may be neither the right tenure or price-point to be attractive or affordable to local people. The 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 Order²⁴

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)²⁵

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

Equity Loans/Shared Equity

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

²⁴ See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

²⁵ See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

Extra Care Housing or Housing-With-Care

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

Fair Share

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

First Homes

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

Habitable Rooms

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

Household Reference Person (HRP)

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

Housing Market Area

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

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

Housing Needs

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

Housing Needs Assessment

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

Housing Products

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

Housing Size (Census Definition)

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

Housing Type (Census Definition)

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

Housing Tenure (Census Definition)

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

Income Threshold

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

Intercensal Period

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

Intermediate Housing

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

Life Stage modelling

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

Life-time Homes

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

Life-time Neighbourhoods

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

Local Development Order

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

Local Enterprise Partnership

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

Local housing need (NPPF definition)

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

Local Planning Authority

The public authority whose duty it is to carry out specific planning functions for a particular area. All references to local planning authority apply to the County 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 years²⁶, 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

²⁶ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

living room and one kitchen would be deemed overcrowded if three adults were living there.

Planning Condition

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

Planning Obligation

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

Purchase Threshold

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

Proportionate and Robust Evidence

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

Private Rented

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

Retirement Living or Sheltered Housing

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

Residential Care Homes and Nursing Homes

Housing for older people comprising of individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually

include support services for independent living. This type of housing can also include dementia care homes.

Rightsizing

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

Rural Exception Sites

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

Shared Ownership

Housing where a purchaser part buys and part rents from a housing association or local authority. Typical purchase share is between 25% and 75% (though this was lowered in 2021 to a minimum of 10%), and buyers are encouraged to buy the largest share they can afford. Generally applies to new build properties, but re-sales occasionally become available. There may be an opportunity to rent at intermediate rent level before purchasing a share in order to save/increase the deposit level

Sheltered Housing²⁷

Sheltered housing (also known as retirement housing) means having your own flat or bungalow in a block, or on a small estate, where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their own front doors. There are many different types of scheme, both to rent and to buy. They usually contain between 15 and 40 properties, and range in size from studio flats (or 'bedsits') through to 2 and 3 bed roomed. Properties in most schemes are designed to make life a little easier for older people - with features like raised electric sockets, lowered worktops, walk-in showers, and so on. Some will usually be designed to accommodate wheelchair users. And they are usually linked to an emergency alarm service (sometimes called 'community alarm service') to call help if needed. Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage the scheme and help arrange any services residents need. Managed schemes will also

²⁷ See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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

Strategic Housing Land Availability Assessment

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

Strategic Housing Market Assessment (NPPF Definition)

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

Specialist Housing for the Elderly

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

Social Rented Housing

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.²⁸

²⁸ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

