



Leavenheath Housing Needs Assessment (HNA)

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Quality information

Prepared by

Amani Bhobe –
Graduate Social Consultant

Checked by

Paul Avery – Senior Consultant

Approved by

Paul Avery – Senior Consultant

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4	July 2020	Methodology update	LW	Lucy Wildsmith	Graduate Consultant
5	July 2020	Locality Review	AO	Annabel Osborne	Neighbourhood Planning Officer

Prepared for:

Leavenheath Parish Council

Prepared by:

AECOM

Aldgate Tower
2 Leman Street
London
E1 8FA
aecom.com

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List of acronyms used in the text:

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

1. Executive Summary

1.1.1 Tenure and Affordability

1. In terms of the current tenure profile of the neighbourhood at the time of the 2011 Census, 88.71% of households in Leavenheath own their homes outright, which is higher than the percentage for Babergh (71.9%) and England (63.3%). 2.5% of the homes in Leavenheath are socially rented, which is lower than in both comparator geographies. Leavenheath also has a lower percentage of private rented homes than its wider geographies—7.7% of households in the NA privately rent their homes, as compared to 12.6% in Babergh and 16.8% in England as a whole. There was no shared ownership in the neighbourhood area in 2011.
2. Between 2001-2011, there were some noteworthy changes in the neighbourhood area: firstly, there was an increase in private renting in the neighbourhood area, while the growth was from a low base, it is significant since it potentially indicates that more households elected to rent in the absence of sufficiently affordable home ownership options. Secondly, there were an overall decrease in shared ownership: there were 3 shared ownership homes in the NA in 2001, which decreased to 0 in 2011. Social rent increased slightly over this period, both in Leavenheath and Babergh, while decreasing in England overall.
3. In terms of changes in household prices in the neighbourhood area, between 2010-2019, our analysis shows that over the last 10 years (to the end 2019), median house prices in the postcode have increased slightly, increasing from 2010 to 2012 and then experiencing a decline between 2012-2013. Between 2013 and 2017, there was a relatively steady growth in median prices, with a dip between 2014-2015. Mean house prices increased by 43.9% over the period, and median prices increased by 68.3%. Lower quartile prices (entry-level properties usually with one or two bedrooms) experienced an increase of 79.6% over the period. The price of an average (mean) property in the NA was £154,965 at the end of 2019. A lower quartile (entry level) property was priced at £119,000 at the end of 2019.
4. Furthermore, in terms changes in house prices by type, it is worth noting that the price of detached homes increased by 49%, followed by the price of terraced homes, which increased by 45%. Next, the price of semi-detached homes decreased by 25% over this same period. The overall price growth was 68.3% in the neighbourhood area.
5. In order to gain a clearer understanding of local affordability, it is also useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds'. Purchase thresholds denote the standard household income needed to access mortgage products, and income thresholds denote the maximum share of a family's income that should be spent on accommodation costs. For our calculations, the income required to afford the different tenures was then benchmarked against three measurements of incomes which were set out in the chapter.
6. It is apparent that the income required to buy an average market home for sale is higher than those on median household incomes can afford. The income required to buy an average entry-level home for sale is also higher than what would be available to those on lower quartile household income. Furthermore, the inability of those on lower quartile earnings to afford entry-level market rents, affordable rent and social rent suggests that these tenures might not extend accessible housing options to those on lower quartile household incomes, unless there are two members that are earning or additional subsidy is provided.
7. In terms of quantity of affordable housing needed, a pro-rating exercise of the need for affordable rented housing identified in the SHMA estimates that the NA needs 1.14 affordable homes for rent per annum or 17 over the plan period. With regards to affordable housing for sale, AECOM's estimate identified the potential demand for 2.6 homes per annum or 39 homes over the plan period. The relationship between these two estimates in percentage terms is roughly 70% ownership and 30% rented. However, based on other important factors, we recommend a different indicative tenure split within Affordable Housing.
8. We recommend an indicative tenure split of 72/28 (affordable housing for rent/affordable home ownership). This split is in line with NPPF Guidance, by ensuring that 10% of all housing is Affordable Housing for ownership. Furthermore, this split is also consistent with the proposed split set out in the existing adopted local plan, which gives 75/25). By following a 72/28 split, the NP group will be able to prioritise affordable rented housing, which AECOM recommends the group prioritise given that delivery expectations are limited and there is a significant scale of need. Furthermore, this split also permits 28% of delivery to be provided as ownership products, which the NA would greatly benefit from given that there is currently no shared ownership in the NA and that shared ownership as well as first homes are both affordable for median earners. It is important to note that the indicative tenure split provided in this report is to be viewed as rough guidance based off our calculations. The group can define a different or rounded tenure split in accordance with their wider objectives.

9. Evidence on the affordability of different affordable home ownership products suggest that discounted market homes (including proposed First Homes at a 30% discount) would extend some, albeit limited, home ownership in the neighbourhood area. However, on comparing discounted market sales and shared ownership tenure options, it is evident that shared ownership is a more accessible product—the income required to access even the 25% ownership option is much lower than the income required to access a discounted market sale product (30% discount). This tells us that shared ownership might offer home ownership to a larger group of people on a range of median incomes.
10. Furthermore, given the increase in the proportion of private renters in the NA, AECOM also suggests that the group consider whether Rent-to-Buy might be a suitable product in this area. Rent to Buy offers households the opportunity to rent in the PRS (at a discount) whilst saving towards a deposit to purchase the home after a defined period. This product has the potential to extend home ownership to those households who are unable to buy because they have insufficient savings. Given shared ownership might offer home ownership to a lot more individuals than discounted market sale, it is worth strongly considering as the primary route to home ownership, followed by rent to buy and discounted market sales.

1.1.2 Type and Size

11. The 2011 Census shows that there were 600 households in Leavenheath, living in 432 detached houses, 78 semi-detached, 94 terraced houses, and 8 flats. Compared with Babergh, Leavenheath is characterised by a large percentage of detached homes and very few flats, maisonettes or apartments. Whole houses or bungalows comprise over 82.7% of the neighbourhood area's dwellings.
12. The housing stock in Leavenheath is characterised by a high percentage of homes with nine or more rooms, and no one-room homes. Similar to Babergh, the neighbourhood area has a low share of one to three room homes. Homes with four-six rooms are common, but homes with nine-rooms are the most popular. Relative to Babergh, the NA has a higher stock of large homes, that is, homes with seven to nine rooms.
13. Between 2001 and 2011, the main change was that the percentage of four-room homes increased by 230% whilst three-room homes increased by 116.7%. The number of four-rooms increased from 30 in 2001 to 99 in 2011, while the number of three-room homes increased from 6 in 2001 to 13 in 2011. Furthermore, 2011 Census tells us that Leavenheath has fewer one-bedroom dwellings than the wider geographies and no homes without bedrooms.
14. In terms of demographics, 2011 Census data reveals that Leavenheath has a higher number of people between the ages of 45-84 than both wider geographies and a lower percentage of people in the population aged 16-44. Leavenheath's population of those falling under the age of 85 is lower than Babergh and England. However, since there is a large number of people in age group 45-84, the number of people likely to enter the retirement age over the Plan period (or have already done so since the last census) is likely to be larger than its comparator geographies.
15. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001, the NA population has seen a substantial increase in the population of older people—Leavenheath experienced an increase of 433.3% over this period. That is, the population of individuals aged 85 and over increased from 6 in 2001 to 32 in 2011. This is a much greater change than is seen in its wider geographies, despite being from a low base.
16. In terms of household composition, Leavenheath has a higher percentage of one-family households than its comparator geographies, with correspondingly fewer people living in one-person households. Of the 72.8% of one family households, 27.8% have no children, which is higher than the percentage of households without children in both Babergh (21.6%) and England (17.6%). Slightly less than half (12.7%) of all residents in one-person households are aged 65 and above, which is consistent with the age profile of the NA.
17. Between 2001-2011, the main changes in household composition were (i) an overall increase in preference for other types of households (316.7%), which could be interpreted as increasing numbers of people living in shared or multi-family households and (ii) an increase in one-person households consisting of those aged below 65.
18. The result of the HNA modelling suggests that by 2036, the size distribution of dwellings should be focused on delivering more three-bedroom homes as a priority. The NA should also increase the supply of one-bedroom homes and may consider discouraging the supply of homes with four or more bedrooms.
19. It is worth noting that our recommendations are primarily the result of a model. Given that Leavenheath is a low density neighbourhood that might not require as many smaller homes as our calculations set out, if smaller dwellings are not found to be appropriate by the NP group, they could be de-emphasised in the dwelling mix.
20. This model, however, operates on the assumption that households can and will wish to move freely around the stock of existing housing, which is not a realistic prospect. It is natural, then, that demand should continue for some larger

dwellings. The provision of larger homes should not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the neighbourhood plan may be used to influence the size mix of housing coming forward, the neighbourhood planners should consider how to increase options for smaller homes.

21. With respect to specialist housing for older people, Leavenheath is forecast to have an over-75 population of 299 by the end of the Plan period, an estimated increase of 158 people from the 2011 Census. As per our calculations, this produces a need for 40 specialist dwellings.

1.1.3 Securing a Local Connection

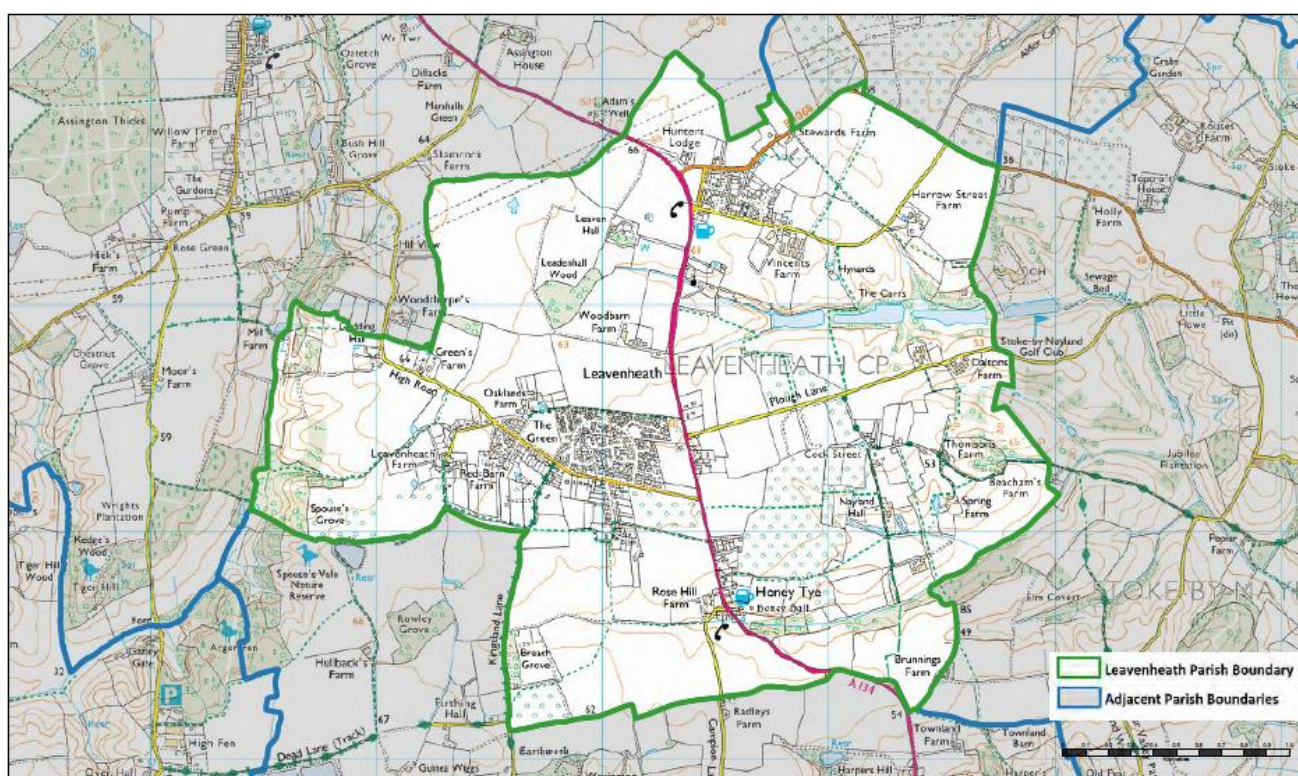
22. The starting point for exploring the potential to apply policies or mechanisms at Neighbourhood Plan level seeking to maximise the proportion of newly built homes secured for local people with a genuine connection to the NA is a review of relevant local and national policy on this issue.
23. No test of local connection is normally applied at any level of the planning system, either in national or local policy, to market housing. National policy does, however, permit some market housing to be offered only to certain sections of the market. For example, NPPF paragraph 79 permits new isolated homes in the open countryside where there is an essential need for rural workers to live at or near their place of work.
24. However, for affordable housing, many, if not most, local authorities already apply a local connection test as part of their housing allocation policy. A "local connection" is defined as being either the place of normal residence (current or previous), the place of employment, a place with family connections or a place offering the ability to meet special circumstances.
25. In light of the various powers available to them, therefore, it is important to note that, where a local authority already applies a local connection test to affordable housing, seeking or looking to encourage such a policy within a Neighbourhood Plan has the potential to put it in conflict with Local Plan policies (which is to be avoided, in line with the Basic Conditions of neighbourhood planning).
26. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can manage or direct affordable housing need, including through the application of a local connection test.
27. In the case of Leavenheath, there is no specific policy regarding local connection in the Joint Local Plan.
28. As such, because Babergh is not already applying a local connection test in how it allocates affordable housing, there may be potential to work with them to develop one for Leavenheath through the Neighbourhood Plan. In so doing, the mechanism should be designed to have appropriate regard to all relevant legislation and, in practice, would need to be managed and applied by Babergh rather than by neighbourhood planners themselves, recognising that it is only local authorities that have been given the power by the 1996 Act to apply such a mechanism.
29. However, assuming Babergh is open to the development of such a mechanism, then neighbourhood planners should work closely with Council officers and members to develop one, using relevant existing mechanisms as a precedent, and the resulting local connection policy, one the text has been agreed with Babergh, should be set out in the neighbourhood plan.

2. Context

2.1 Local context

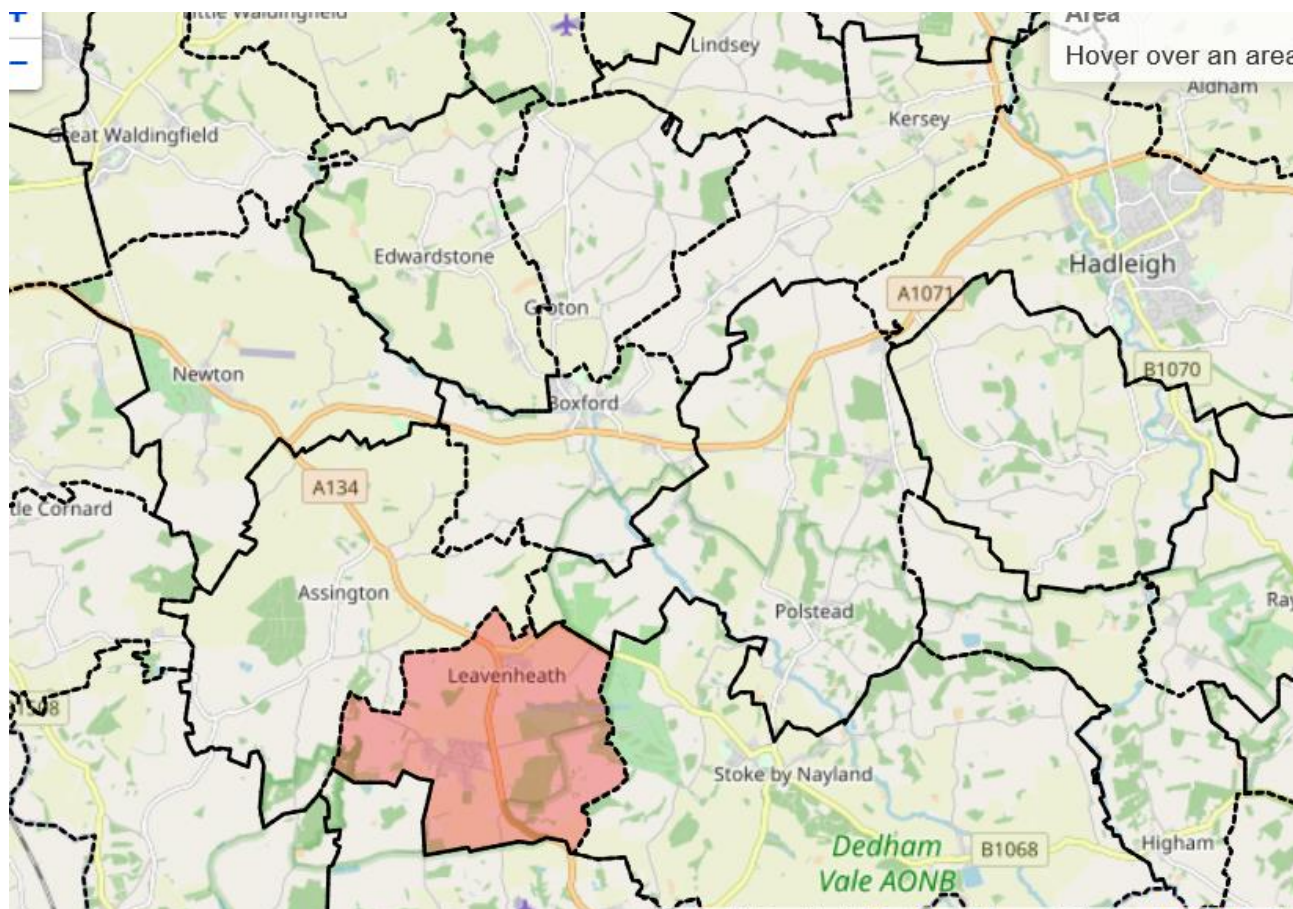
30. Leavenheath is a Neighbourhood Plan area located in Babergh, Mid Suffolk. The Neighbourhood Area (NA) boundary comprises three hamlets and was designated on 8 May 2019. The designated area coincides with the parish boundary.
31. The proposed Neighbourhood Plan period starts in 2021 and extends to 2036, therefore comprising a planning period of 15 years. As per the 2011 Census, the NA had a population of 1,370.
32. The area gets its name after the 'Leaven Heath' which is patch of green area between the neighbourhood areas of Boxford, Bures, Nayland and Polstead. To the south, the neighbourhood area is covered by the Dedham Vale AONB and a part of the Arger Fen SSSI (Site of Special Scientific Interest). Located to the east of neighbourhood area are a set of four ponds ('The Carrs') which connect to River Stour. Passing through Colchester and Sudbury, there is one bus service runs through the neighbourhood area.
33. A map of the Plan area appears below in Figure 2-1. A map of the parish area selected for calculations appears in Figure 2-2.

Figure 2-1: Map of the Leavenheath Neighbourhood Plan area¹



Source: <https://www.babergh.gov.uk/assets/Neighbourhood-Planning/Leavenheath-NP-Area-Map.pdf>

Figure 2-2: Map of Selected Area



Source: Census 2011

34. The neighbourhood planners are interested in exploring the need for Affordable Housing for sale (also known as affordable home ownership) and are therefore eligible for support under the Affordable Housing for sale element of the Neighbourhood Planning Technical Support programme. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

2.2 Planning policy context

35. In line with the Basic Conditions² of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.³ Consequently, the relevant elements of the Local Plan are reviewed as part of this Housing Needs Assessment (HNA).
36. In the case of Leavenheath, the relevant local planning context is as follows:
37. The current Babergh Core Strategy, adopted in 2014, sets out detailed planning policies for the area, for the period of 2011 to 2031. Babergh District Council (BDC) is working with Mid Suffolk District Council to develop a new Joint Local Plan for the Babergh and Mid Suffolk districts, which will replace the current Babergh Core Strategy. Upon completion, the Joint Local Plan will provide the most up-to-date planning policy for the area, for the period up until 2036.
38. It is relevant to note that the Babergh and Mid Suffolk Joint Local Plan--Preferred Options Consultation (Reg 18) was approved by Babergh Full Council on 25th June 2019 and Mid Suffolk Full Council on 27th June 2019. However, given that the Joint Local Plan is still under review, both the Core Strategy and the emerging Local Plan are reviewed below.

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

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

2.2.1 Policies in the adopted local plan⁴

Table 2-2: Summary of Mid Suffolk adopted policies having relevance to Leavenheath Neighbourhood Plan Housing Needs Assessment⁵

Policy	Source	Provisions
Policy CS1: Applying the Presumption in favour of Sustainable Development	Babergh Core Strategy (2014)	According to this policy, BDC will take a positive approach when considering development proposals, reflecting the presumption in favour of sustainable development contained in the National Planning Policy Framework.
Policy CS2: Settlement Pattern	Babergh Core Strategy (2014)	This policy directs new development to the towns / urban areas and to the Core Villages and the Hinterland villages within Babergh. In the countryside, development is only permitted in exceptional circumstances, where the need is justified and proven. Leavenheath is classified as a Hinterland village.
Policy CS3: Strategy for Growth and Development	Babergh Core Strategy (2014)	This policy makes provision for 5,975 new dwellings within Babergh District over the plan period, with 2,200 dwellings planned between 2011 and 2016 and a further 4,875 dwellings between 2017 and 2036. In terms of new land allocation numbers, provision will be made for 2,500 new dwellings, 1,050 of which will be delivered in the Core and Hinterland villages.
Policy CS11: Strategy for Development for Core and Hinterland Villages	Babergh Core Strategy (2014)	This policy states that development within Hinterland Villages will be approved where proposals demonstrate a close functional relationship to the existing settlement
Policy CS18: Mix and Types of Dwellings	Babergh Core Strategy (2014)	This policy ensures that the mix, type and size of housing development reflects the established need within Babergh district. Any development on strategic housing sites or mixed-use developments with a substantial residential element will be required to make provision for the needs of vulnerable or identified groups of people.
Policy CS19: Affordable Homes	Babergh Core Strategy (2014)	This policy states all residential development will be required to provide 35% affordable housing in order to promote inclusive and mixed communities. However, individual targets may be set in Core and Hinterland Villages in Area Action Plans and Site Allocation DPDs. Where proposed development includes only one or two dwellings, or where affordable homes cannot be provided on site, a commuted sum will be required.
Policy CS20: Rural Exception	Babergh Core Strategy (2014)	This policy states that BDC will take a flexible approach to the location of rural exception sites, allowing proposals adjacent, or well related, to the settlement development boundaries of Core and Hinterland Villages, where the type, size, and character is appropriate and in line with identified needs.

⁴ Note that only those policies considered relevant to this Housing Needs Assessment have been reviewed, and that the policies reviewed may have been edited for relevance and/or clarity. As such, this summary of relevant policies should not be considered a full summary of the Local Plan in question.

⁵ Available at: [<https://www.babergh.gov.uk/assets/Strategic-Planning/Babergh-Core-Strategy/CORE-STRATEGY-AND-POLICIES-FINAL-Feb-2014.pdf>]

2.2.2 Policies in the emerging local plan⁶

Table 2-3: Summary of Mid Suffolk emerging policies having relevance to Leavenheath Neighbourhood Plan Housing Needs Assessment⁷

Policy	Source	Provisions
Policy SP01: Housing Needs	Joint Local Plan (June 2019)	The Joint Local Plan (JLP) will seek to deliver a minimum of 7,560 additional dwellings (420 dwellings per annum) within the Babergh district over the plan period (2018 – 2036).
Policy SP02: Affordable Housing	Joint Local Plan (June 2019)	The JLP approach will seek to retain and deliver a 35% requirement for affordable housing on relevant sites of ten or more dwellings or sites of 0.5ha or more. Proposals which provide a greater amount of affordable housing than this will also be permitted, subject to the relevant Joint Local Plan policies. In exceptional circumstances, where it is evidenced and justified, and the Council is satisfied that the provision of affordable housing is not viable, the Council may agree to vary the requirement for affordable housing. A viability assessment will be required to demonstrate this.
Policy SP03: Settlement Hierarchy	Joint Local Plan (June 2019)	In all cases the scale and location of development will depend upon the role of settlements within the settlement hierarchy and the spatial distribution, the capacity of existing physical and social infrastructure or new/enhanced infrastructure, as well as having regard to the built and natural environment.
Policy SP04: Housing Spatial Distribution	Joint Local Plan (June 2019)	From April 2018 to March 2036, 10% or 894 of the 9,343 total dwellings to be delivered in Babergh will be delivered in Hinterland Villages. 585 of the 894 homes to be delivered in Babergh are dwellings that have outstanding planning permission as of the 1st April 2018, with 309 remaining.
Policy SP04: Neighbourhood Plans	Joint Local Plan (June 2019)	In order to assist with delivery of the overall district housing need requirements, designated Neighbourhood Plan areas will be expected to plan to deliver the minimum housing requirements between 2018 and 2036. Neighbourhood Plan documents can seek to exceed these requirements, should the unique characteristics and planning context of the designated area enable so. The figure allocated to Leavenheath is 44.
Policy LP06: Supported and Needs Housing	Special (June 2019)	Scheme composition for proposals of ten units or more or sites of 0.5ha or more must accommodate 35% affordable housing to meet affordable housing need. Moreover, proposals for ten units or more or sites of 0.5ha or more must accommodate 3% for bungalows if appropriate for the scheme. The bungalows provided will be required to remain in perpetuity through the removal of permitted development rights. Therefore, it may be necessary for the Local Planning Authority to apply conditions and/or request in a planning obligation/legal agreement.

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

⁷ Available at: [<https://www.babergh.gov.uk/planning/planning-policy/new-joint-local-plan/joint-local-plan-preferred-options-july-2019/>]

Policy	Source	Provisions
Policy LP07: Affordable Housing	Joint Local Plan (June 2019)	<p>The Joint Local Plan will seek to retain and deliver 35% requirement for affordable housing on relevant sites of ten or more units or sites of 0.5ha or more. 984 dwellings in Babergh are to be for affordable rent / social rent, and 506 for Babergh and 583 for Mid Suffolk are to be for shared ownership and 496 for Babergh and 430 for Mid Suffolk are to be for discounted home ownership/starter homes. Neighbourhood Plans may set requirements for a greater proportion of affordable housing where this is supported by evidence of need and a viability assessment.</p> <p>Where major development involves housing, 10% of the housing must be available for affordable home ownership as part of the overall affordable housing contribution from the site. Unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing.</p>

2.2.3 Quantity of housing to provide

39. The NPPF 2019 requires, through paragraphs 65 and 66, LPAs to provide neighbourhood groups with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
40. Mid-Suffolk have fulfilled this requirement by setting Leavenheath a minimum housing requirement of 44 new homes over the Plan period. As such, the question of how many houses to plan for is outside the scope of this HNA; for this reason, the issue of quantity has been excluded from the RQs (see Chapter 3 below).

3. Approach

3.1 Research Questions

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

3.1.1 Tenure and Affordability

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

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

3.1.2 Type and Size

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

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

3.1.3 Securing a Local Connection

47. The neighbourhood planning group is keen to ensure that, to the extent permissible by relevant legislation and the planning system, housing can be provided to households in need that can demonstrate a genuine local connection to the Neighbourhood Plan area; for example, who already live there, who work there, or who have family connections to it. As such, AECOM has considered this issue as one of the RQs.

RQ 3: What mechanisms are available and/or could be applied to maximise the provision of new homes that are provided for people and households with a genuine local connection to the Neighbourhood Plan area?

3.2 Relevant Data

3.2.1 Local authority evidence base

48. It is appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Leavenheath Neighbourhood Area is located within Babergh's planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA) which is known as the Ipswich and Waverly SHMA (June 2019)⁸.
49. For the purpose of this HNA, data from Babergh's own evidence base to support their housing policies has been considered applicable and relevant unless it conflicts with more locally specific and/or more recently produced evidence. The housing market evidence draws upon a range of data including population and demographic projections, housing market transactions, and employment scenarios. As such, it contains a number of points of relevance when determining housing need within the Neighbourhood Plan area and has been referenced as appropriate.

⁸ Available at: [<https://www.babergh.gov.uk/assets/Strategic-Planning/Current-Evidence-Base/Ipswich-and-Waveney-Housing-Market-Areas-Strategic-Housing-Market-Assessment-Part-1-May-2017.pdf>]

3.2.2 Other relevant data

50. In addition to the Mid Suffolk evidence base, we have assessed other evidence to ensure our study is robust for the purposes of developing policy at the NP level and is locally specific. This includes data from both Census 2001 and 2011, as well as from a wide range of other data sources, including:

- Land Registry data on prices paid for housing within the local market;
- Population and household projections produced by the Office of National Statistics (ONS);
- Information on current property asking prices, for housing for sale or rent, from [home.co.uk](https://www.home.co.uk);
- The Housing Learning and Improvement Network (LIN)'s SHOP@ tool for estimating the need for differing types of specialist dwellings for older people; and
- Neighbourhood-level survey and consultation work giving further detail. In the case of Leavenheath, this comprises the 2019 Household Survey for the Leavenheath Neighbourhood Plan.

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

RQ 1: 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?

4.1 Introduction

51. This section examines the tenure of dwellings in the current stock and recent supply. It then considers the affordability of housing within the area to local households. Drawing on existing evidence and AECOM's estimates for the neighbourhood area, this section quantifies the need for affordable housing within the NA. This includes Affordable Housing for rent (typically social or affordable rents) and Affordable Housing to buy. The scale of need for these homes can justify policies that guide new developments to provide Affordable Housing.⁹

4.2 Definitions

52. Tenure refers to the legal arrangements in place that enable a household to live in their home; it determines householder rights and influences the level of payments to be made in return for these rights. Broadly speaking, tenure falls into two categories, Affordable Housing and Market Housing, depending on whether the household benefits from a subsidy of some sort to enable them to live in their home.

53. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, with capital letters. Affordable Housing comprises those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and forms of AH designed to offer affordable routes to home ownership.¹⁰

54. The definition of Affordable Housing set out in the NPPF makes clear the Government's commitment to home ownership (broadening the definition of AH which had previously referred only to social and intermediate housing to include a range of low-cost housing opportunities for those aspiring to own a home). The Government has proposed to introduce First Homes to provide at least a 30% discount on new market housing for sale. However, the NPPF and Homes England funding for Affordable Housing recognises the important role of affordable rent tenures for those unable to afford home ownership.

4.3 Current tenure profile

55. The current tenure pattern is a key characteristic of the local neighbourhood area. Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing. Table 4-1 below presents Census data from 2011; this table shows the distribution of how households occupy their homes within Leavenheath compared to the rest of Babergh and England.

56. The data shows us that 88.71% of households in Leavenheath own their homes outright, which is higher than the percentage for Babergh (71.9%) and England (63.3%). 2.5% of the homes in Leavenheath are socially rented, which is lower than in both comparator geographies. Leavenheath also has a lower percentage of private rented homes than its wider geographies—7.7% of households in the NA privately rent their homes, as compared to 12.6% in Babergh and 16.8% in England as a whole. There were no shared ownership dwellings in the neighbourhood area in 2011.

⁹ PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

¹⁰ NPPF 2019.

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

Tenure	Leavenheath	Babergh	England
Owned; total	88.7%	71.9%	63.3%
Shared ownership	0.0%	0.5%	0.8%
Social rented; total	2.5%	13.1%	17.7%
Private rented; total	7.7%	12.6%	16.8%

Sources: Census 2011, AECOM Calculations

57. In Table 4-2, we note the changes in tenure during the intercensal period. The most significant changes were as follows: (i) there was a 228.6% increase in private renting in the neighbourhood area, and (ii) there was a 100% decrease in shared ownership. While these figures indicate drastic changes, this is because the changes occurred from a low base—that is, in 2001, there were 14 private rented dwellings, which increased to 46 in 2011 causing the high rate of change. However, the increase in private rent, despite being from a low base, indicates that more households were able to afford market rents over the period, or perhaps elected to occupy that tenure in the absence of sufficiently affordable home ownership options.
58. Similarly, there were 3 shared ownership homes in the NA in 2001, which decreased to 0 in 2011. What is significant here is that the decrease in shared ownership is, in fact, a deviation from the regional and national trends—in Babergh, shared ownership increased by 18.7% and in England as a whole, it increased by 30%. The decline in Leavenheath may be a result of the occupiers of shared ownership dwellings buying them outright. It is also worth noting that Leavenheath saw an increase in total home ownership over the period—both the NA and Babergh deviated from the national trend in this regard, which experienced a decrease in home ownership over the same period. Social rent also increased over this period, both in Leavenheath and Babergh, while decreasing in England overall.

Table 4-2: Rates of tenure change in Leavenheath, 2001-2011

Tenure	Leavenheath	Babergh	England
Owned; total	23.4%	2.3%	-0.6%
Shared ownership	-100.0%	18.7%	30.0%
Social rented; total	15.4%	7.6%	-0.9%
Private rented; total	228.6%	101.4%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

4.4 Affordability

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

4.4.1 SHMA findings

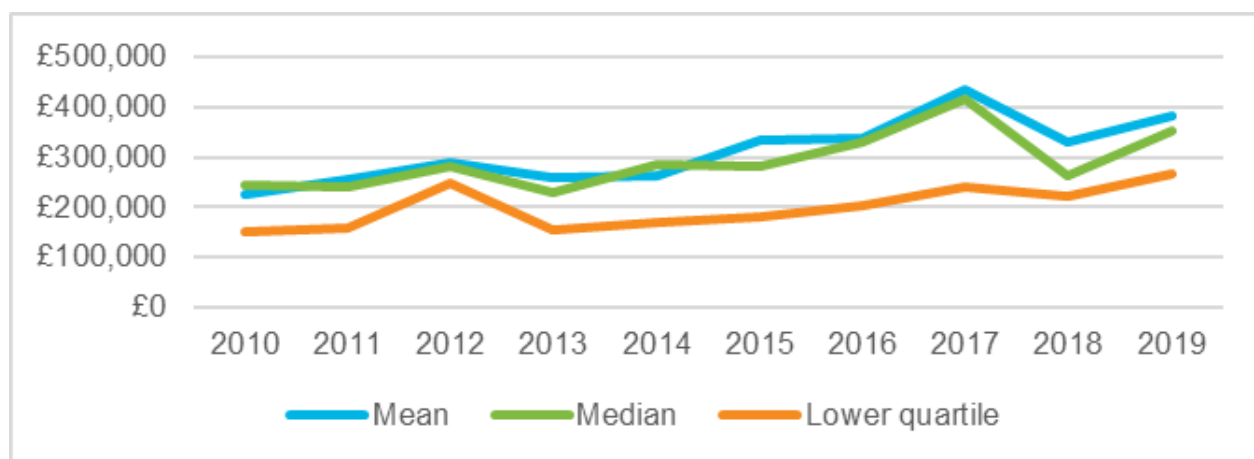
61. Relevant findings from the SHMA are summarised below:
- The SHMA stated that of the various districts assessed, Babergh is one of the most unaffordable and has “poor affordability, worse than England and worse than the rest of the HMA”.
 - The SHMA also found that house prices in the district have risen rapidly—much faster than the national average. Babergh was also found to be the least affordable of the client authorities, well in excess of the national average.

4.4.2 House prices

62. 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.

63. Figure 4-1 on the following page looks at selected measures of house prices in Leavenheath. The data is drawn from transactions in the CO6 postcode area rather than the specific boundaries of the neighbourhood area because of the very low number of transactions. It shows that over the last 10 years (to the end 2019), median house prices in the postcode have increased slightly, increasing from 2010 to 2012 and then experiencing a decline between 2012-2013. Between 2013 and 2017, there was a relatively steady growth in median prices, with a dip between 2014-2015. Mean house prices increased by 43.9% over the period, and median prices increased by 68.3%. Lower quartile prices (entry-level properties usually with one or two bedrooms) experienced an increase of 79.6% over the period. The price of an average (mean) property in the NA was £154,965 at the end of 2019. A lower quartile (entry level) property was priced at £119,000 at the end of 2019.

Figure 4-1: House prices by quartile in Leavenheath between 2010-2019



Source: Land Registry PPD

64. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). Between 2010-2019, there were a range of changes: first, the price of detached homes increased by 49%, followed by the price of terraced homes, which increased by 45%. Next, the price of semi-detached homes decreased by 25% over this same period. Given there is insufficient information regarding the price of flats in the NA, it is not possible to analyse the prices of flats in the postcode area. The overall price growth was 68.3% in the area.

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

Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth
Detached	£270k	£316k	£309k	£332k	£321k	£354k	£421k	£429k	£429k	£402k	48.8%
Semi-detached	£186k	£224k	£190k	£157k	£166k	£290k	£260k	£322k	£224k	£140k	-24.8%
Terraced	£147k	£152k		£154k	£170k	£183k	£193k	£206k	£212k	£214k	45.0%
Flats											
All Types	£227k	£255k	£290k	£259k	£262k	£334k	£338k	£435k	£330k	£382k	68.3%

Source: Land Registry PPD

4.4.3 Income

65. 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.

66. The first source is locally specific but limited to the average total household income. This is derived from the average household income estimates published by ONS¹¹ at the level of the Middle-layer Super Output Area (MSOA)¹². In the case of Leavenheath the MSOAs most suitable for use as a proxy for the Neighbourhood Plan area boundary is E02006235.

¹¹ Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2016>

¹² An MSA is a statistical area defined for Census purposes. For further information on MSAs, see <https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography>

67. Further details on the extent of this MSOA, including a map, and why it was selected as a proxy for the Neighbourhood Plan area, are set out in Appendix A.
68. The average total household income before housing costs across E02006235 in 2018 was £49,400. This figure is typically used by mortgage lenders to assess a household's ability to afford to borrow.¹³
69. The second source of data is Lower Quartile (LQ) average earnings. This is helpful for understanding affordability challenges among those with lower than average earnings. However, this data relates to individual earnings and whilst this is an accurate representation of household incomes where households have one earner, it does not represent household income where there are two people earning. It is also only available at the District level.
70. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level. Although 2019 provisional data has been published, the revised 2018 data is considered more robust and is therefore used here.
71. Babergh's gross LQ weekly earnings for 2018 was approximately £12,293 per year. This is the LQ income before taxes (or benefits) for individual earners and so only correlates with the measure of household incomes above for single-person households. To estimate the income of LQ-earning households with two earners, the annual income is doubled, to £24,586.

4.4.4 Affordability Thresholds

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

¹³ Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

Table 4-4: Affordability thresholds in Leavenheath (income required, £)

Tenure	Mortgage Value	Rent	Income required	Affordable on mean incomes? £49,400	Affordable on LQ 1 incomes? £12,293	Affordable on LQ 2 incomes? £24,586
Market Housing						
Median House Price	£317,250	-	£90,643	No	No	No
LA New Build Mean House Price	£303,863	-	£86,818	No	No	No
LQ/Entry-level House Price	£241,650	-	£69,043	No	No	No
Average Market Rent	-	£12,588	£41,918	Yes	No	No
Entry-level Market Rent	-	£10,140	£33,766	Yes	No	No
Affordable Home Ownership						
Discounted Market Sale (-20%)	£282,000	-	£72,514	No	No	No
Discounted Market Sale (-30%)	£246,750	-	£63,450	No	No	No
Discounted Market Sale (-40%)	£211,500	-	£54,386	No	No	No
Shared Ownership (50%)	£45,321	£14,673	£59,994	No	No	No
Shared Ownership (25%)	£22,661	£22,009	£44,670	Yes	No	No
Affordable Rented Housing						
Affordable Rent	-	£5,913	£19,692	Yes	No	Yes
Social Rent	-	£4,958	£16,509	Yes	No	Yes

Source: AECOM Calculations

74. The income required to afford the different tenures is then benchmarked, in Figure 4-2 against the three measurements of household income set out above. These are the average total household income for E02006235 at £49,400 and the lower quartile gross earnings for Babergh for single-earners at £12,293 and dual-earning households at £24,586.
75. Taking into consideration the affordability thresholds set out above, it is apparent that the income required to buy an average market home for sale is higher than those on median household incomes can afford. The income required to buy an average entry-level home for sale is also higher than what would be available to those on lower quartile household incomes.
76. Table 5-4 shows that households with incomes between £33,766 and £69,043 are able to rent in the market but struggle to buy. These households may need affordable home ownership options. There are a range of affordable routes to home ownership tenures, i.e. those aimed at households unable to afford to buy in the market. For those on mean incomes the most suitable forms of tenure would be Shared Ownership (at 25%). Rent to Buy is likely to be affordable to households able to afford average market rents and therefore may offer an affordable route to home ownership for households able to afford these rents.
77. The following observations in relation to discounted market products can be made:
 - The minimum discount on the average market sale price required to enable households on mean incomes to afford to buy is around 50%. None of the thresholds (20%, 30% and 40% considered above) would bring discounted market homes within reach of this income group. 50% is a rate of discount that it may be unrealistic to expect developers to be able to deliver, but discounts of 40% or more (if viable) would at least go some way towards bridging the affordability gap.
 - The above point also assumes that the discounts on market prices are set with reference to average existing prices. If, as is sometimes the case, developers set the discounted price with reference to new build prices, even greater discounts may be required. In this case it appears that new build prices across the district are in fact lower than average prices in Leavenheath's existing stock, meaning that similar discount levels would be required. It is likely, however, that new build prices at a more localised level (data that was not available for the purpose of this HNA) would be higher.

- Discounts on new build or average prices may therefore make homes no more affordable than entry level properties in the existing stock, and not have the desired effect of widening housing access to people who can afford to rent but not to buy.
- The product which would extend home ownership to the widest group is Shared Ownership at the lowest share (25%), though this would only bring them within reach of those on median incomes.
- 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 £105,000.¹⁴ This cost excludes any land value or developer profit.
- The Government’s proposed First Homes product would provide a minimum discount of 30% on new homes. New build prices are not available at the neighbourhood level because the number of transactions is too low. However, median average prices provide a reasonable proxy for the price of new homes. In Leavenheath, a 30% discount on average prices would be not sufficient to extend home ownership to households on median incomes.
- The income required to access Rent to buy is the same as that required to afford market rents (£41,918). Given that this income is lower than both the mean income, this could represent a suitable option for affordable home ownership in the NA.
- It is important to caveat that the Neighbourhood Plan is limited in its ability to control or influence the level of discount achieved on market sale properties. The LPA should have a role here, and it may be useful for the neighbourhood group to discuss this issue with them, given that high discounts appear to be necessary to make relevant products meaningfully affordable to local people.

78. Government policy aimed at tackling the housing crisis continues to attach high priority on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.¹⁵

79. Table 4-5 shows what discounts are required in order for properties to be affordable to households on average incomes. For new build homes, a discount of just over 40% would be needed in order for those on median incomes to be able to afford them. This is obviously higher than the 30% discount envisaged in the First Homes product.

Table 4-4: % Discount on Sale Price Required for Households on Mean Incomes to Afford

Mean household income in NA:	£49,400
Tenure/ product:	Discount on sale price required:
Market sale (Average)	45.5%
New build market sale (Average for LA)	43.1%
Entry level sale (LQ)	28.5%

Source: Land Registry PPD; ONS MSOA total household income

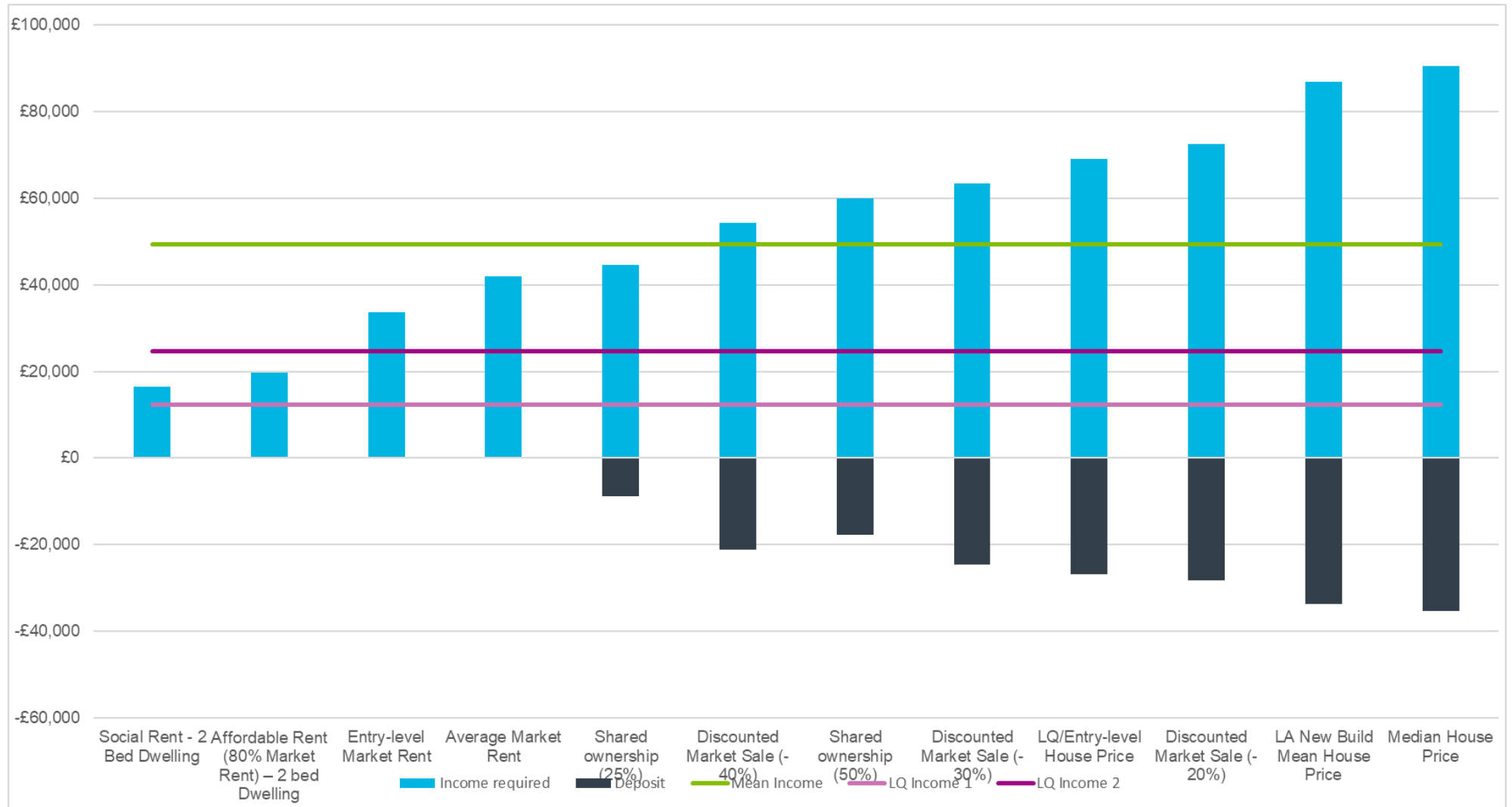
80. Finally, the inability of those on (single) lower quartile earnings to afford entry-level market rents, affordable rent and social rent suggests that these tenures might not extend accessible housing options to those on lower quartile household incomes, unless there are two members that are earning or additional subsidy is provided.

81. Government policy aimed at tackling the housing crisis continues to attach high priority on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership. In the case of Leavenheath, the figure below suggests that the most appropriate tenures to help implement this policy goal locally are shared ownership at lower equity shares.

¹⁴ This estimate is included for illustration purposes. £1,500 build cost per sq m is a reasonable estimate of current costs (mid 2020); 70 sq m for a 2 bedroom property is consistent with the Government’s Nationally Described Space Standards

¹⁵ See the White Paper ‘Fixing Our Broken Housing Market’, at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

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



Source: AECOM Calculations

4.5 Affordable housing- quantity needed

82. The starting point for understanding the need for affordable housing in Leavenheath is the relevant Strategic Housing Market Assessment (SHMA). A SHMA was undertaken for Babergh in 2017. This study estimates the need for affordable housing in the District based on analysis of the Council's waiting list and analysis of other data sets in line with Planning Practice Guidance at the time. The SHMA identifies the need for 73 additional affordable homes each year in Babergh as a whole¹⁶. This need is largely for social/affordable rent as it relates to households who live in unsuitable housing and who cannot afford to access market rents. A small proportion of these households may be able to afford shared ownership because in some cases it is more affordable than market rents, especially when available at a share of 25%.
83. When the SHMA figures are pro-rated to Leavenheath based on its fair share of the population (1.56% of the LPA's population), this equates to 1.14 homes per annum or 17.1 homes over the Neighbourhood Plan period 2021-2036 (predominately for social/affordable rent).
84. However, pro-rating District level estimates of affordable housing need to rural areas presents problems in practice. The District level figures are likely to represent higher needs in the urban areas of the District where there is a large social housing stock and larger numbers of households living in the PRS on housing benefit. Both of these factors tend to generate higher needs. By contrast, in rural villages like Leavenheath, 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 that it is difficult to precisely identify the need for social/affordable rented housing within Leavenheath.
85. To supplement the estimate for affordable rented housing derived from the SHMA above, Figure 4-6 below estimates potential demand for affordable home ownership products within Leavenheath. This estimate broadly counts households living in the private rented sector (PRS) who are not on housing benefit and new households likely to form over the plan period who are likely to enter the private rented sector (but not require housing benefit). The model aims to estimate the number of households who can rent but can't buy on the basis of their incomes. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model discounts 25% of these households, assuming a proportion will be renting out of choice. The calculation produces an estimate of around 2.6 household per annum who may be interested in affordable home ownership (39 over the plan period).
86. It is important to keep in mind that the households identified in the estimate in Figure 4-6 are, by and large, adequately housed in the private rented sector. They do not lack their own housing but would prefer to buy rather than rent.
87. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners to meet affordable housing needs in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that it is met to a greater extent if resources permit (e.g. the ability to allocate sites for affordable housing).
88. It is also important to remember that even after Leavenheath, or indeed any other, Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.
89. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can meet affordable housing need, unless there is a specific policy on the housing supply-side (e.g. the identification of one or more housing exception sites over and above those required by the Local Plan).

¹⁶ Available at: [<https://www.babergh.gov.uk/assets/Strategic-Planning/Current-Evidence-Base/SHMA-Pt2-Sept-2017-2.pdf>], see paragraph 7.4

Figure 4-6: Estimate of the potential demand for affordable housing for sale in Leavenheath

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current number of renters in NA	56.1	Census 2011 number of renters x national % increase to 2018
1.2 Percentage renters on housing benefit in LA	16.2%	% of renters in 2018 on housing benefit (based on LA proportion)
1.3 Number of renters on housing benefits in NA	9.1	1.1 x 1.2
1.4 Current need (households)	35.3	Current renters minus those on HB and minus 25% assumed to rent by choice
1.5 Per annum	2.4	1.4/ plan period
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	79.2	LA household projections for plan period (2014 based) pro-rated to NA
2.2 % of households unable to buy but able to rent	5.8%	Current % of households in PRS
2.3 Total newly arising need	4.6	2.1 x 2.2
2.4 Total newly arising need per annum	0.4	2.3/ plan period
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of affordable housing	1.7	Number of shared ownership homes in NA (Census 2011 + new build to 2018/19)
3.2 Supply - intermediate resales	0.1	3.1 x 5% (assume rate of re-sale)
NET SHORTFALL (OR SURPLUS) PER ANNUM		
Shortfall (per annum)	2.6	Shortfall = (Step 1.5 + Step 2.4) – 3.2

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

4.5.1 Affordable Housing Policies in Leavenheath

90. The Neighbourhood Plan may develop policies in relation to the delivery of Affordable Housing within Leavenheath. Babergh’s Local Plan policy in relation to Affordable Housing (Policy LP07) states that the Joint Local Plan will seek to retain and deliver 35% requirement for affordable housing on relevant sites of ten or more units or sites of 0.5ha or more.
91. On small scale developments, such as those expected to come forward over the plan period, only small numbers of affordable homes are likely to be delivered through the application of this policy. For this reason, the neighbourhood group may wish to consider identifying sites specifically for the provision of affordable housing. This would enable more substantial provision of Affordable Housing.
92. The neighbourhood group may wish to develop policies on the mix of Affordable Housing delivered in Leavenheath. It is not the role of the HNA to develop policy, as there are a wider set of factors which apply and need to be considered by the neighbourhood planners. However, the following evidence and considerations may be used as a starting point in the development of policy.
 - A. **Evidence of need for Affordable Housing:** AECOM’s estimate of the potential demand for affordable home ownership options suggest there may be a need for these homes in Leavenheath to address the aspirations of households who can rent but can’t buy. AECOM’s estimate identified the potential demand for 2.6 homes per annum or 39 homes over the plan period. Additionally, with regards to affordable housing for rent, AECOM’s estimate identified need for 1.14 affordable homes for rent per annum or 17 over the plan period. The relationship between these two estimates in percentage terms is roughly 70% ownership and 30% rented. As per our analysis, households in the NA might be able to buy, especially when presented sufficient discounts or shared ownership tenure options. Thus, whilst some may be interested in and eligible for affordable home ownership, they may have other options and are not necessarily in housing need.
 - B. **Can Affordable Housing needs be met in full?** The HRF for Leavenheath is 44. Given the LPA requires at least 35% of homes delivered to be affordable housing, roughly 15.4 affordable dwellings can be expected to be delivered during the Plan Period. It is of further relevance to note that not all of the sites expected to be

delivered in the NA will exceed the threshold required for the affordable housing policy to be implemented, thereby making the delivery of 15 homes the best-case outcome, which may not be achieved. Given AECOM identified the total need for 56 affordable homes, this level of housing delivery would not allow affordable housing needs to be met in full.

- C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Given that 35% of all housing in Babergh should be Affordable Housing, and affordable home ownership is a sub-category of Affordable housing, making affordable home ownership 10% of all housing would require that it forms at least 28% of Affordable Housing as a whole. Based on the findings of this HNA, we anticipate expected affordable housing delivery to be 15 dwellings. Given 28% of 15 is roughly 4, this would mean there will only be 11 homes available for rent. Given that we anticipate an affordable rented need for 17 units, the 11 homes that will be delivered will not meet the same need. Thus, based on the findings of this HNA, we find that exceeding the 10% threshold in Leavenheath would prejudice the provision of much needed affordable rented homes.
- D. **Emerging policy:** The Government is currently consulting on the introduction of First Homes (to provide at least 30% discount on new build home prices). Proposals include the requirement to provide 40, 60 or 80% of Affordable Housing as First Homes.¹⁷ The outcome of this consultation and the policy which emerges may shape the provision of different forms of Affordable Housing on new development sites, prioritising the provision of discounted market sale homes. The neighbourhood group will need to keep this emerging policy in mind when developing its Neighbourhood Plan policies.
- E. **Local Plan policy:** Babergh's emerging Local Plan does not specify a tenure mix. As per the Core Strategy (2014), it is recommended that Babergh maintain a tenure split of 75% social rented and 25% intermediate housing.
- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site-specific level. Viability issues are recognised in the Council's adopted/emerging Local Plan and it is acknowledged that this may affect the provision of affordable housing and/or the mix of tenures provided.
- G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- H. **Existing tenure mix in Leavenheath:** Our analysis revealed that there is a low amount of social rent in Leavenheath (social rent makes up only 2.5% of the tenures in the NA). We also found that there is no shared ownership in the neighbourhood area. 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 this area.
- J. **Wider policy objectives:** the neighbourhood group may wish to take account of broader policy objectives for Leavenheath and/or the wider District. These could include, but are not restricted to, policies to attract younger households, families or working age people to the Neighbourhood Area. These wider considerations may influence the mix of Affordable Housing provided.
93. Figure 4-4 provides a broad split, based on the evidence in this report and AECOM's judgement on the balance of wider factors. We recommend an indicative tenure split of 72/28 (affordable housing for rent/affordable home ownership). This split is in line with NPPF Guidance, by ensuring that 10% of all housing is Affordable Housing for ownership. Furthermore, this split is also consistent with the proposed split set out in the existing adopted local plan, which gives 75/25). By following a 72/28 split, the NP group will be able to prioritise affordable rented housing, which AECOM recommends the group prioritise given that delivery expectations are limited and there is a significant scale of need. Furthermore, this split also permits 28% of delivery to be provided as ownership products,

¹⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864265/First_Homes_consultation_document.pdf

which the NA would greatly benefit from given that there is currently no shared ownership in the NA and that shared ownership as well as first homes are both affordable for median earners.

94. Where the neighbourhood planners wish to develop policy that requires a different mix to that set out in the Local Plan, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. In the case of Leavenheath, it is thus worth noting that since the current plan provides a split of 75/25, the neighbourhood group is not required to theoretically justify the tenure split suggested by AECOM given how similar the indicative split is to that which is provided in the local plan. However, given the emerging local plan will soon replace the current plan and furthermore, given that it does not specify a tenure split, creating a 72/28 policy in the neighbourhood plan will ensure the future of the neighbourhood is secured and that the neighbourhood group can pursue such a split to meet future housing needs.
95. Evidence on the affordability of different affordable home ownership products suggest that discounted market homes (including proposed First Homes at a 30% discount) would extend some, albeit limited, home ownership in this area. However, on comparing discounted market sales and shared ownership tenure options, it is evident that shared ownership should be prioritised in the NA—the income required to access even the 25% ownership option is much lower than the income required to access a discounted market sale product (30% discount). This tells us that shared ownership might offer home ownership to a larger group of people on a range of median incomes. However, our analysis in the sections above found there was a 100% decline in shared ownership in the intercensal period. In 2011, there were 0 shared ownership dwellings in the NA. Given shared ownership might offer home ownership to a lot more individuals than discounted market sale, it is worth strongly considering as a route to home ownership.
96. Next, given the increase in the proportion of private renters in the NA, AECOM also suggests that the group consider whether Rent to Buy might be a suitable product in this area. Rent to Buy offers households the opportunity to rent in the PRS (at a discount) whilst saving towards a deposit to purchase the home after a defined period. This product has the potential to extend home ownership to those households who are unable to buy because they have insufficient savings.
97. AECOM cannot provide guidance on the appropriate share of social/affordable rented homes as this will depend on the level of funding available to housing associations which will determine at what level rents can be set. Registered providers (e.g. housing associations) may be reluctant to deliver small numbers of homes where there are ongoing management costs involved. For this reason, the proportion of rented homes which can be secured may depend on the willingness of local housing association to maintain and manage small numbers of homes.
98. Where the neighbourhood planners wish to craft policy that enforces this or a different split more rigidly, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. Another option is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of size-by-size circumstances in addition to this evidence.
99. It is also worth noting that the split provided in this report is to be viewed as rough guidance based off our calculations. The group can define a different or rounded tenure split in accordance with their wider objectives.

Table 4-4: Indicative tenure split (Affordable Housing)

Routes to home ownership, of which	28%
Discounted market sale	8%
Shared ownership	10%
Rent to buy	10%
Affordable Housing for rent, of which	72%
Social rent	To be confirmed by RPs
Affordable rent	To be confirmed by RPs

Source: AECOM calculations

4.6 Conclusions- Tenure and Affordability

100. In terms of the current tenure profile of the neighbourhood at the time of the 2011 Census, 88.71% of households in Leavenheath own their homes outright, which is higher than the percentage for Babergh (71.9%) and England (63.3%). 2.5% of the homes in Leavenheath are socially rented, which is lower than in both comparator geographies. Leavenheath also has a lower percentage of private rented homes than its wider geographies—7.7% of households in the NA privately rent their homes, as compared to 12.6% in Babergh and 16.8% in England as a whole. There was no shared ownership in the neighbourhood area in 2011.
101. Between 2001-2011, there were some noteworthy changes in the neighbourhood area: firstly, there was an increase in private renting in the neighbourhood area, while the growth was from a low base, it is significant since it potentially indicates that more households elected to rent in the absence of sufficiently affordable home ownership options. Secondly, there was an overall decrease in shared ownership: there were 3 shared ownership homes in the NA in 2001, which decreased to 0 in 2011. Social rent increased slightly over this period, both in Leavenheath and Babergh, while decreasing in England overall.
102. In terms of changes in household prices in the neighbourhood area, between 2010-2019, our analysis shows that over the last 10 years (to the end 2019), median house prices in the postcode have increased slightly, increasing from 2010 to 2012 and then experiencing a decline between 2012-2013. Between 2013 and 2017, there was a relatively steady growth in median prices, with a dip between 2014-2015. Mean house prices increased by 43.9% over the period, and median prices increased by 68.3%. Lower quartile prices (entry-level properties usually with one or two bedrooms) experienced only an increase of 79.6% over the period. The price of an average (mean) property in the NA was £154,965 at the end of 2019. A lower quartile (entry level) property was priced at £119,000 at the end of 2019.
103. Furthermore, in terms of changes in house prices by type, it is worth noting that the price of detached homes increased by 49%, followed by the price of terraced homes, which increased by 45%. Next, the price of semi-detached homes decreased by 25% over this same period. The overall price growth was 68.3% in the neighbourhood area.
104. In order to gain a clearer understanding of local affordability, it is also useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds'. Purchase thresholds denote the standard household income needed to access mortgage products, and income thresholds denote the maximum share of a family's income that should be spent on accommodation costs. For our calculations, the income required to afford the different tenures was then benchmarked against three measurements of incomes which were set out in the chapter.
105. It is apparent that the income required to buy an average market home for sale is higher than those on median household incomes can afford. The income required to buy an average entry-level home for sale is also higher than what would be available to those on lower quartile household income. Furthermore, the inability of those on lower quartile earnings to afford entry-level market rents, affordable rent and social rent suggests that these tenures might not extend accessible housing options to those on lower quartile household incomes, unless there are two members that are earning or additional subsidy is provided.
106. In terms of quantity of affordable housing needed, a pro-rating exercise of the need for affordable rented housing identified in the SHMA estimates that the NA needs 1.14 affordable homes for rent per annum or 17 over the plan period. With regards to affordable housing for sale, AECOM's estimate identified the potential demand for 2.6 homes per annum or 39 homes over the plan period. The relationship between these two estimates in percentage terms is roughly 70% ownership and 30% rented. However, based on other important factors, we recommend a different indicative tenure split within Affordable Housing.
107. We recommend an indicative tenure split of 72/28 (affordable housing for rent/affordable home ownership). This split is in line with NPPF Guidance, by ensuring that 10% of all housing is Affordable Housing for ownership. Furthermore, this split is also consistent with the proposed split set out in the existing adopted local plan, which gives 75/25). By following a 72/28 split, the NP group will be able to prioritise affordable rented housing, which AECOM recommends the group prioritise given that delivery expectations are limited and there is a significant scale of need. Furthermore, this split also permits 28% of delivery to be provided as ownership products, which the NA would greatly benefit from given that there is currently no shared ownership in the NA and that shared ownership as well as first homes are both affordable for median earners.
108. Evidence on the affordability of different affordable home ownership products suggest that discounted market homes (including proposed First Homes at a 30% discount) would extend some, albeit limited, home ownership in the neighbourhood area. However, on comparing discounted market sales and shared ownership tenure options, it is evident that shared ownership is a more accessible product—the income required to access even the 25% ownership

option is much lower than the income required to access a discounted market sale product (30% discount). This tells us that shared ownership might offer home ownership to a larger group of people on a range of median incomes. However, our analysis in the sections above found there was a 100% decline in shared ownership in the intercensal period. In 2011, there were 0 shared ownership dwellings in the NA.

109. Furthermore, given the increase in the proportion of private renters in the NA, AECOM also suggests that the group consider whether Rent-to-Buy might be a suitable product in this area. Rent to Buy offers households the opportunity to rent in the PRS (at a discount) whilst saving towards a deposit to purchase the home after a defined period. This product has the potential to extend home ownership to those households who are unable to buy because they have insufficient savings. Given shared ownership might offer home ownership to a lot more individuals than discounted market sale, it is worth strongly considering as the primary route to home ownership, followed by rent to buy and discounted market sales.
110. Table 4-5 below summarises Leavenheath'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 precise quantities of affordable housing for rent and sale that would be delivered if the tenure split proposed in this HNA were rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighborhood 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 4-5: Estimated delivery of Affordable Housing in Leavenheath

A	Minimum housing requirement	44
B	Affordable housing quota (%) in LPA's Local Plan	35%
C	Potential total Affordable Housing in NA (A x B)	15
D	Rented % (e.g. social/ affordable rented)	72%
E	Rented number (C x D)	11
F	Discounted market homes % (e.g. First Homes)	28%
G	Discounted market homes number (C x F)	4

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

5. RQ 2: Type and Size

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

5.1 Introduction

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

5.2 Existing types and sizes

5.2.1 Background and definitions

113. Before beginning our consideration of dwelling type and size, it is important to understand how different types of households occupy their homes. Crucially, and unsurprisingly, household 'consumption' of housing (in terms of housing size) tends to increase alongside wages, with the highest earning households consuming relatively more (i.e. larger) housing than those on lower incomes. Similarly, housing consumption tends to increase, alongside wealth, income, and age, such that older households tend to have larger homes than younger households, often as a result of cost and affordability.
114. In this context, even smaller households (those with fewer than three inhabitants) may be able to choose to live in larger homes than they require and would be defined in Census terms as under-occupying their homes. This is a natural feature of the housing market, and can distort considerations of future housing needs, with market dynamics and signals giving a very different picture to demographics, household type and size.
115. In order to understand the terminology surrounding dwelling size analysis, it is important to note that the number of rooms recorded in Census data excludes some rooms such as bathrooms, toilets and halls. Dwelling size data is collected by determining the number of rooms being occupied by each household. In the section that follows, 'dwelling sizes' can be translated as follows¹⁸:
- 1 room = bedsit
 - 2 rooms = flat/house with one bedroom and a reception room/kitchen
 - 3 rooms = flat/house 1-2 bedrooms and one reception room and/or kitchen
 - 4 rooms = flat/house with 2-bedroom, one reception room and one kitchen
 - 5 rooms = flat/house with 3 bedrooms, one reception room and one kitchen
 - 6 rooms = house with 3 bedrooms and 2 reception rooms and a kitchen, or 4 bedrooms and one reception room and a kitchen
 - 7+ rooms = house with 4 or more bedrooms
116. It is also useful to clarify the Census terminology around dwellings and households spaces. These can be confusing where different terminologies such as flats, apartments, shared and communal dwellings, and houses in multiple occupation, are used. Dwellings are counted in the Census by combining address information with Census returns on

¹⁸ At <https://www.nomisweb.co.uk/census/2011/qs407ew>

whether people's accommodation is self-contained.¹⁹ As such, all dwellings are classified into either "shared" or "unshared" dwellings. Household spaces make up the individual accommodation units forming part of a shared dwelling.

117. The key measure of whether a dwelling is shared or unshared relates to the Census' definition of a household. A household is defined as "One person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area."²⁰ On this basis, where unrelated residents of a dwelling share rooms other than a kitchen, this would be considered a single household in an unshared dwelling, whilst where only a kitchen is shared, each resident would be considered their own household, and the dwelling would be considered shared.

5.2.2 Dwelling type

118. The 2011 Census shows that there were 600 households in Leavenheath, living in 432 detached houses, 78 semi-detached, 94 terraced houses, and 8 flats. Compared with the LPA, Leavenheath is characterised by a large percentage of detached homes and very few flats, maisonettes or apartments. Whole houses or bungalows comprise over 82.7% of the neighborhood area's dwellings, which is higher than the overall percentage of houses in both wider geographies. Compared to England as a whole, both Leavenheath and Babergh have a very low percentage of flats and a relatively high percentage of detached homes, reflecting its rural location and low-density housing profile.

119. As per the results of the 2019 Household Survey conducted by the Leavenheath Neighbourhood Development Plan group (LNDP Group), 50.6% of all respondents reported living in detached houses. Bungalows were the next most common type of dwelling (31.6%) in the neighbourhood plan area. The two datasets are thus well-aligned.

Table 5-1: Accommodation type (households), Leavenheath, 2011

Dwelling type		Leavenheath	Babergh	England
Whole house or bungalow	Detached	70.5%	41.6%	22.4%
	Semi-detached	12.7%	29.4%	31.2%
	Terraced	15.3%	21.7%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	0.5%	5.5%	16.4%
	Parts of a converted or shared house	0.3%	0.9%	3.8%
	In commercial building	0.5%	0.8%	1.0%

Source: ONS 2011, AECOM Calculations

5.2.3 Dwelling size

120. Table 5-2 below sets out the distribution of the number of rooms by household space. The housing stock in Leavenheath is characterised by a high percentage of homes with nine or more rooms, and no one-room homes. Similar to Babergh, the neighbourhood area has a low share of one to three room homes. Homes with four-six rooms are similarly common—homes with nine-rooms are the most popular, followed by five-room homes. Relative to Babergh, the NA has a higher stock of large homes, that is, homes with seven to nine rooms.

¹⁹ At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

²⁰ Ibid.

Table 5-2: Number of rooms per household in Leavenheath, 2011

Number of Rooms	Leavenheath	Babergh
1 Room	0.0%	0.2%
2 Rooms	0.2%	1.3%
3 Rooms	2.2%	5.3%
4 Rooms	16.5%	15.9%
5 Rooms	17.8%	24.5%
6 Rooms	15.8%	19.5%
7 Rooms	14.2%	12.6%
8 Rooms or more	14.3%	9.6%
9 Rooms or more	19.0%	11.2%

Source: ONS 2011, AECOM Calculations

121. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses. The main change from the 2001 Census findings is that the percentage of four-room homes increased by 230% whilst three-room homes increased by 116.7%. The number of homes with four-rooms increased from 30 in 2001 to 99 in 2011, while the number of three-room homes increased from 6 in 2001 to 13 in 2011. Furthermore, while Babergh and England as a whole both experienced a decrease in the number of one-room dwellings over the period, Leavenheath saw no change in that regard. Another important finding is that the increase in the number of dwellings with seven-and eight-rooms or more—Leavenheath experienced a 29% increase, which while lower than changes in its comparator geographies, is still indicative of the building of larger homes in general.
122. Other notable changes were as follows: (i) the number of two-room homes decreased by 66.7% in Leavenheath, while they increased in Babergh and England and (ii) the number of homes with six-rooms increased by 75%, which is much higher than in Babergh and England. The overall trend in the rate of change speaks to an increase in medium-large sized homes in the neighbourhood area, while small homes continued to form a small proportion of new development.

Table 5-3: Rates of change in number of rooms per household in Leavenheath, 2001-2011

Number of Rooms	Leavenheath	Babergh	England
1 Room	0.0%	-29.1%	-5.2%
2 Rooms	-66.7%	17.9%	24.2%
3 Rooms	116.7%	17.2%	20.4%
4 Rooms	230.0%	-1.9%	3.5%
5 Rooms	-11.6%	-4.5%	-1.8%
6 Rooms	75.9%	10.8%	2.1%
7 Rooms	13.3%	16.6%	17.9%
8 Rooms or more	15.6%	23.4%	29.8%

Source: ONS 2001-2011, AECOM Calculations

123. Returning to the most recent Census data, it is also useful to compare the figures for number of rooms with figures for the number of bedrooms for each household. Table 5-4 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that Leavenheath has fewer one-bedroom dwellings than the wider geographies and no studio homes (recorded in the Census as having no bedrooms). It also shows that there is relatively higher number of dwellings with two-bedrooms in the NA (32.3%) as compared to Babergh (25.4%) and England (27.9%). Additionally, there is also a relatively higher percentage of dwellings with five or more bedrooms in the NA (8.7%) as compared to Babergh (6.0%) and England (4.6%).

Table 5-4: Number of bedrooms in household spaces in Leavenheath, 2011

Bedrooms	Leavenheath		Babergh		England	
All categories: Number of bedrooms	600	100.0%	37,522	100.0%	22,063,368	100.0%
No bedrooms	0	0.0%	48	0.1%	54,938	0.2%
1 bedroom	13	2.2%	2,361	6.3%	2,593,893	11.8%
2 bedrooms	194	32.3%	9,525	25.4%	6,145,083	27.9%
3 bedrooms	154	25.7%	15,756	42.0%	9,088,213	41.2%
4 bedrooms	187	31.2%	7,576	20.2%	3,166,531	14.4%
5 or more bedrooms	52	8.7%	2,256	6.0%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

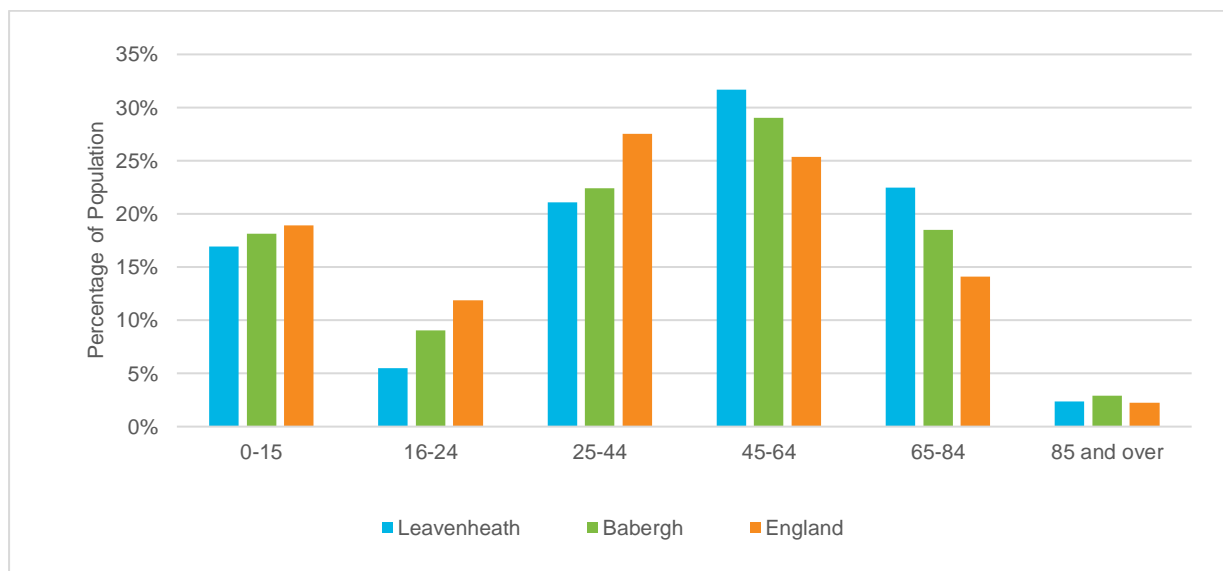
5.3 Household composition and age structure

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

5.3.1 Age structure

125. 2011 Census data reveals that Leavenheath has a higher number of people between the ages of 45-84 than both wider geographies and a lower percentage of people between the ages of 16-44. Leavenheath’s population of those falling under the age of 85 is lower than Babergh and England. However, since there is a large number of people in age group 45-84, the number of people likely to enter the retirement age over the Plan period (or have already done so since the last census) is likely to be larger than its comparator geographies. Based on the data below, it can be said that Leavenheath has an ageing population—this trend can only be expected to accelerate going forward, especially since the number of individuals between the ages of 0-24 are relatively low (see Figure 5.1 below).

Figure 5-1: Age structure in Leavenheath, 2011



Source: ONS 2011, AECOM Calculations

126. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001, the NA population has seen a substantial increase in the population of older people—Leavenheath experienced an increase of 433.3% over this period. That is, the population of individuals aged 85 and over increased from 6 in 2001 to 32 in 2011. This is a much higher change than is seen in its wider geographies, despite being from a low base. Furthermore, while Babergh experienced a decrease in the number of individuals between the ages of 25-44, Leavenheath experienced an increase in the same regard. It is worth noting that the percentage of people between the

age of 65-84 is much higher than in Babergh and England—this indicates that the NA has a rapidly aging population and will likely experience pressures in accommodating the needs of such a demographic in the future (see 5-5 below).

Table 5-5: Rate of change in the age structure of Leavenheath population, 2001-2011

Age group	Leavenheath	Babergh	England
0-15	12.1%	-2.1%	1.2%
16-24	0.0%	6.4%	17.2%
25-44	23.5%	-8.2%	1.4%
45-64	6.1%	10.7%	15.2%
65-84	47.4%	20.0%	9.1%
85 and over	433.3%	39.5%	23.7%

Source: ONS 2001-2011, AECOM Calculations

5.3.2 Household composition

127. Household composition (i.e. the mix of adults and children in a dwelling) is a critical factor in driving the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period.
128. Note that non-dependent children refer to households in which adult children are living at home, or students still call their primary residence despite living for most of the year near to university. Though this category can often indicate the relative unaffordability of entry-level homes in an area as many such young people may wish to move out and form their own households if they were financially able.
129. From Table 5-7 below, we see that Leavenheath has a higher percentage of one-family households than its comparator geographies, with correspondingly fewer people living in one-person households. Within the 72.8% of one family households, 27.8% have no children, which is higher than the percentage of households without children in both Babergh (21.6%) and England (17.6%). Slightly less than half of all residents in one-person households are aged 65 and above, which is consistent with the age profile of the NA.

Table 5-6: Household composition (by household), Leavenheath, 2011

		Leavenheath	Babergh	England
One-person household	Total	23.0%	28.2%	30.2%
	Aged 65 and over	12.7%	14.1%	12.4%
	Other	10.3%	14.0%	17.9%
One family only	Total	72.8%	67.8%	61.8%
	All aged 65 and over	15.5%	11.7%	8.1%
	With no children	27.8%	21.6%	17.6%
	With dependent children	22.3%	25.2%	26.5%
	All children Non-Dependent	7.2%	9.2%	9.6%
Other household types	Total	4.2%	4.1%	8.0%

Source: ONS 2011, AECOM Calculations

130. Again, it is relevant to consider rates of change in this indicator during the period between Censuses. Between 2001 and 2011, Leavenheath experienced a growth in the number of one-person households—this was a much greater increase than seen in its comparator geographies over the same period. Furthermore, the proportion of people aged 65 and above living in one-person households increased by 65.2%, which is higher than the rate for England (-7.3%) and Babergh (1.8%). Consistent with its profile as an ageing neighbourhood, the proportion of one family households occupied by those 65 and above increased by 15.3%. Furthermore, the proportion of one family households with non-dependent children decreased by 6.5% over the same period, whereas households with no children and dependent children increased by 30.5% and 9.8% respectively. This is consistent with the age profile outlined in the sections above.
131. Thus, the main changes in household composition were (i) an overall increase in preference for other types of households (316.7%), which could be interpreted as increasing numbers of people living in shared or multi-family

households and (ii) an increase in one-person households consisting of 'others' rather than those aged 65 and above. However, the growth in 'other' household types is from a low base—other household types increased from 6 in 2001 to 25 in 2011. This should be noted.

132. It is worth noting that 54% of the respondents for the LNDP Household Survey (2019) reported living in two-person households. The average across the 237 households surveyed was 2.2 people per household. This characteristic might be expected to become more pronounced if the trend to increasing numbers of one-person households continues.

Table 5-7: Rates of change in household composition, Leavenheath, 2001-2011

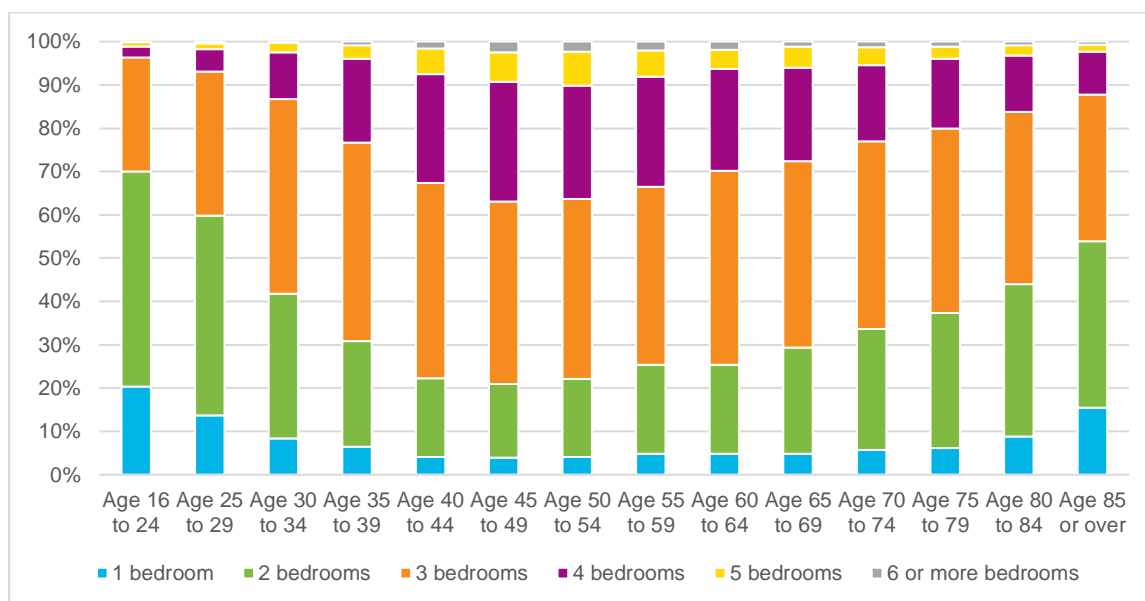
Household type		Percentage change, 2001-2011		
		Leavenheath	Babergh	England
One person household	Total	76.9%	11.7%	8.4%
	Aged 65 and over	65.2%	1.8%	-7.3%
	Other	93.8%	23.7%	22.7%
One family only	Total	15.3%	5.5%	5.4%
	All aged 65 and over	12.0%	9.2%	-2.0%
	With no children	30.5%	8.2%	7.1%
	With dependent children	9.8%	1.1%	5.0%
Other household types	All children non-dependent	-6.5%	7.2%	10.6%
	Total	316.7%	17.4%	28.9%

Source: ONS 2001-2011, AECOM Calculations

5.4 Dwelling mix determined by life-stage modelling

133. Recognising the fact that households of different ages may have different housing needs, the housing mix needed to meet demographic change by the end of the Plan period is estimated by an approach based on current occupation patterns – that is, the propensity of households of different ages to occupy different types of accommodation – will persist into the future. For example, projected growth in households aged under 24 will lead to an increase in the need for the type of housing currently occupied by households of that age.
134. It is important to keep in mind that this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the propensity of households to occupy more or less space than they 'need'. This approach also embeds existing patterns of occupancy which may or may not be desirable. This is particularly important to keep in mind in areas where housing affordability has worsened because it means that many households are forced to occupy less space than they need or want.
135. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for 'head of household') is available at neighbourhood level. For this reason, LPA-level data needs to be used as the closest proxy.
136. Figure 5-2 below sets out the relationship in the 2011 Census at LPA level between the age of the HRP and the size of dwelling occupied. This provides the starting point for determining the most appropriate dwelling size mix by the end of the Neighbourhood Plan period. The data shows that three-bedroom homes were the most popular dwelling type, preferred by eleven of the fourteen age bands considered here—being the most popular option for those between the ages of 30-84. Homes with six or more bedrooms are the least popular, across age bands, whilst five-bedroom homes are similarly unpopular on either ends of the age ranges, with some popularity between the ages of 40-74. The second more popular dwelling type is the two-bedroom home, followed by one-bedroom homes.

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



Source: ONS 2011, AECOM Calculations

137. Household projections provided by MHCLG are then used to understand the future distribution of households by the age of the HRP. Again, this data is only available at the LPA level and for the years 2014 and 2039. Therefore, the distribution of households by the age of the HRP would be in is estimated, i.e. the end of the Neighbourhood Plan period

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

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	700	3,401	13,700	7,598	12,123
2014	702	3,321	13,200	6,897	14,356
2036	638	2,802	11,726	6,663	22,568
2039	629	2,731	11,524	6,631	23,688

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

138. It is then necessary to extrapolate from this LPA-level data an estimate of the corresponding change in the age structure of the population in Leavenheath. To do so, the percentage increase expected for each group across Babergh, derived from the data presented above was mapped to the population of Leavenheath. The results of this calculation are detailed in Table 5-9 below:

Table 5-9: Projected distribution of households by age of HRP, Leavenheath

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	5	38	202	141	214
2014	5	37	195	128	253
2036	5	31	173	124	398

Source: AECOM Calculations

139. To complement the two stages in Table 5-9, Table 5-10 below sets out the distribution of dwellings of different sizes according to the age of the HRP as they appeared in Census 2011. This provides the basis for a modelled estimate of the proportion of dwelling sizes that will be occupied by each age band across Babergh by the end of the plan period.

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

Size	Age of HRP 16 to 24	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
1 bedroom	20.3%	10.6%	4.5%	4.9%	7.6%
2 bedrooms	49.8%	38.7%	19.1%	20.5%	30.4%
3 bedrooms	26.3%	40.1%	43.5%	43.1%	41.1%
4 bedrooms	2.4%	8.4%	25.0%	24.5%	16.4%
5+ bedrooms	1.2%	2.1%	8.0%	7.1%	4.5%

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

140. Finally, having established the likelihood shown by households at different life-stages towards dwellings of different sizes, and the approximate number of households in Babergh and Leavenheath falling into each of these stages by the end of the Plan period in 2036, it is possible to estimate how the housing stock might evolve in terms of size over the Neighbourhood Plan period in response to demographic change (see Table 5-11 below).
141. The table takes in turn each projected age group in 2036, estimating how many of the households in that age bracket will want or need to occupy each size of dwelling. This is repeated for each age bracket and added together to arrive at an estimation of what proportion of each size of dwelling will be required overall.

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

Size	Age of HRP 16 to 24	Age of HRP under 35	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total households requiring dwelling sizes
Population	5	31	173	124	398	-
1 bedroom	1	3	8	6	30	48
2 bedrooms	2	12	33	25	121	194
3 bedrooms	1	13	75	53	164	306
4 bedrooms	0	3	43	30	66	142
5+ bedrooms	0	1	14	9	18	41

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

142. It is now possible to compare the 2011 housing mix in terms of size with the projected requirement based on the estimates set out in Table 5-11 above modelling the change in the age structure of the population in Leavenheath.
143. Table 5-12 below indicates that, by 2036, the size distribution of dwellings should be focused on delivering more three-bedroom homes. The NA should also increase the supply of one-bedroom homes and may consider limiting or discouraging the supply of homes with four-five bedrooms.

Table 5-12: 2011 housing sizes compared to likely distribution at end of Plan period, Leavenheath

Number of bedrooms	2011	2036
1 bedroom	13 2.2%	48 6.6%
2 bedrooms	194 32.3%	194 26.5%
3 bedrooms	154 25.7%	306 41.9%
4 bedrooms	187 31.2%	142 19.4%
5 or more bedrooms	52 8.7%	41 5.6%
Total households	600 100.0%	731 100.0%

Source: Census 2011, AECOM Calculations

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

Table 5-13: Future potential misalignments of supply and demand for housing, Leavenheath

Number of bedrooms	2011	2036	Change to housing mix	Recommended split
1 bedroom	13	48	35	18.8%
2 bedrooms	194	194	0	0.0%
3 bedrooms	154	306	152	81.2%
4 bedrooms	187	142	-45	0.0%
5 or more bedrooms	52	41	-11	0.0%

Source: AECOM Calculations

145. The result of the life-stage modelling exercise is that, in terms of demographic change, new development might involve the following share of dwelling sizes: 18% as 1 bedroom, 81% as three bedrooms, and no further dwellings of other sizes.
146. It is worth noting that our recommendations are primarily the result of a model. Given that Leavenheath is a low density neighbourhood that might not require as many smaller homes as our calculations set out, if smaller dwellings are not found to be appropriate by the NP group, they could be de-emphasised in the dwelling mix.
147. Note that the changes to the housing mix given above for four-bedroom and five or more-bedroom dwellings are negative numbers. Because in light of the national and local housing shortage, it is rarely advisable or practicable to remove dwellings from the available stock, as would otherwise be suggested here for dwellings with three or more bedrooms, we have instead set the recommended split at 0% rather than a negative number, and rebalanced the other sizes as percentages of the additional dwellings they represent in total. In other words, the interim results of the life-stage modelling suggest that there will be no need for further two-, four-, and five or more bedroom dwellings over the Neighbourhood Plan period.
148. It is important to stress that there may be other good reasons to provide a particular size or type of dwelling in the NA, for example the need to improve the mix of homes in a particular location, improving choice or meeting needs in the wider housing market area. Note that only the percentage mix in the right-hand column is relevant to the purposes of this HNA and the neighbourhood planning process. The actual numbers of dwellings required to adjust the size mix do not reflect that actual quantity of housing needed in the NA and are simply a step in the calculation necessary to produce a percentage split. As a general point, this dwelling mix in percentage terms stands alone from the overall quantity of housing needed or allocated over the Plan period, and could equally apply to windfall development, allocations beyond the plan period or any other source of housing supply.

5.5 Specialist Accommodation

5.5.1 Introduction

149. In the Planning Practice Guidance (PPG), the Government states that plans need to provide for specialist housing for older people where a need exists. Innovative and diverse housing models will need to be considered where appropriate.
150. It is important to note that, as stated in the PPG, the need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the overall (i.e. the total) housing need figure. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.
151. It is appropriate to consider the need for specialist housing for older aged 75+ since this is the age at which the need for care and support generally increases. The needs of this sector of the population have been assessed through two methods. The first is a tenure-led projection, based on the tenure of dwellings typically occupied by people in this age group. The second is based on the Housing Learning and Improvement Network's (HLIN) Strategic Housing for Older People (SHOP) tool, which is based on best practice nationally and sets a recommended level of provision per 1,000 of the population aged 75 and over. In this HNA, we will use the latter to provide an understanding of future need for specialist housing within the NA.
152. Housing needs assessments cover the need for houses that fall into Use Class C3 (private dwellings). Any assessment of need for residences that fall into Use Class C2 (residential institutions, which include prisons, boarding schools and some care homes for the elderly) would be a separate exercise outside the scope of a standard HNA. Unfortunately, however, the dividing line between care homes for older people that fall into use class C2 and those where

accommodation is counted as C3 is blurred. In some cases, residential homes, particularly those where independent living is emphasised and care provision is more limited, will be counted as C3. However, in other cases, particularly where care provision is higher, they will be counted as C2. There is no hard and fast rule; clear differentiation between the two has not been set in government policy.

153. As such, existing and future specialist housing for older people may be either C2 or C3, but the important point is that it is not possible to state definitively at the time of assessment whether any new provision forecast to be needed on the basis of current evidence will fall into use class C2 or C3. The distinction is important because accommodation in C2 buildings does not count towards the overall housing target for the neighbourhood plan areas whereas C3 accommodation units do. Therefore, it is not possible to state at this point the extent of overlap, if any, between the overall quantity of specialist housing forecast to be required and the overall housing quantity figure for the plan area.

5.5.2 Approach

154. In accordance with NPPF guidance, this section applies a three-stage process to determine the potential need for specialist housing for older people, based on tenures, projections of the future population of older people in the Neighbourhood Plan area, and Census data relating to mobility limitations and overall health. These are then compared with rates of provision that have been recommended by the Housing Learning and Improvement Network (HLIN), as well as with existing rates of provision.

155. Clearly, this calculation represents an assumption, with the actual decision for an older or disabled person to enter specialist housing highly dependent on individual circumstances. As already noted, the actual proportion of older people that can be considered in need of specialist housing is affected both by overall levels of health as well as by individual lifestyle choices, given that the vast majority continue to live in their own homes for their whole lives.

156. The charity Age UK suggests that “inaccessible housing should not force anyone out of their home or local community against their wishes. That it is much better to have ‘pull factors’ that attract older people towards housing alternatives. The tenure of properties available is a key factor in the extent to which older people will wish to move in later life.

5.5.3 Current Supply of Specialist Housing for Older People

157. When determining a final target for the need for specialist dwellings, it is necessary first to take account of current supply. There are several ways to do this. Data may be available within Babergh’s housing evidence base. Alternatively, data may be collated manually on the amount of specialist housing within a given area using the search function on the Elderly Accommodation Counsel’s Website: <http://www.housingcare.org>.

158. It is important to note that bed spaces in communal establishments such as live-in care homes are not included in the calculation below. This is because for the purposes of the UK planning system, such institutions occupy a different land-use class from other housing (use class C2, which comprises residential institutions, versus C3, which comprises private dwellings). However, all other types of specialist housing for older people fall within use class C3 and, as such, are within the scope of this Housing Needs Assessment. Having said this, we will note the existing provision of such institutional accommodation where it exists in Leavenheath.

159. The 2011 Census highlights the number of residents living in different types of communal establishments. Within the Leavenheath plan area, it identified 0 residents living in care²¹.

5.5.4 Housing LIN-recommended provision

160. To estimate the scale of future need for specialist housing, the first step is to review data on the tenure of households aged 55-75 across Babergh, as this is the smallest geography for which tenure by age bracket data is available. We take this age cohort-based approach because it is these households which, over the next 20 years, will be reaching the age of 75+, and are most likely to demand specialist housing provision. We will then use the existing tenure split within this cohort to project forward the need for specialist housing according to different tenures.

161. The projection is based on the premise that those currently occupying their own home will also wish to remain owner-occupiers for as long as practicably possible in future, even if they later wish to downsize or need to move into specialist

²¹ Available at: [KS405EW: <https://www.nomisweb.co.uk/query/construct/summary.asp?menuopt=200&subcomp=>]

accommodation. Equally, those who currently rent, either in the private or social sectors, are projected to need affordable rented accommodation of some kind.

162. According to Table 5-15 below, the majority of households aged 55-75 own their home, most of whom own the property outright. There is a low incidence of private renting in this age group: the majority of those who do not own their own homes live in social rented accommodation. Only a very marginal percentage of individuals live rent-free.

Table 5-15: Tenure of households aged 55-75 in Babergh, 2011

All owned	Owned outright	Owned with a mortgage or loan or shared ownership	All rented	Social rented	Private rented	Living rent free
82.2%	61.2%	21.1%	17.8%	9.9%	6.4%	1.5%

163. The next step is to project how the overall number of older people in Leavenheath is likely to change in future, by extrapolating from the ONS Sub-National Population Projections for Babergh at the end of the Plan period. The figure must be extrapolated from the borough or district-level data because such projections are not available at NA level. The results are set out in Table 5-16 below.

Table 5-16: Modelled projection of the 75+ population in Leavenheath by end of Plan period

Age group	2011		2036	
	Leavenheath (Census)	Babergh (Census)	Leavenheath (AECOM Calculation)	Babergh (ONS SNPP 2014)
All ages	1,370	87,740	1,534	98,260
75+	141	8,746	299	18,546
%	10.3%	10.0%	19.5%	18.9%

164. This calculation indicates that the number of older residents in the NA is likely to increase significantly, from 141 to 299 over the Plan period.
165. In order to determine the number of specialist dwellings required in the future, we have utilised the Housing Learning and Improvement Network's (HLIN) Strategic Housing for Older People (SHOP) tool. Table 5-16 reproduces the key table from the Strategic Housing for Older People (SHOP) toolkit. The table serves as a guide, based on best practice research, to the numbers of specialist dwellings for older people that should be provided given the increase in their numbers over the Plan period, and how these should be split into the different tenures.

Table 5-17: Recommended provision of specialist housing for older people from the SHOP toolkit

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

166. As seen in Table 5-16, Leavenheath is forecast to have an over-75 population of 299 by the end of the Plan period, an estimated increase of 158 people from the 2011 Census. According to the HLIN recommendations this should mean there will be need for specialist accommodation as follows:

- Conventional sheltered housing to rent = $60 \times [158/1000] = 9.48$

- Leasehold sheltered housing = $120 \times [158/1000] = 18.96$
- Enhanced sheltered housing (divided 2:1 between that for rent and that for sale) = $20 \times [158/1000] = 3.16$
- Extra care housing for rent = $15 \times [158/1000] = 2.37$
- Extra care housing for sale = $30 \times [158/1000] = 4.74$
- Housing based provision for dementia = $6 \times [158/1000] = 0.948$

167. This produces an overall total of 39.65, that is, 40 specialist dwellings. Table 5-18 below sets out the HLIN recommendations.

Table 5-18: HLIN estimate of specialist housing need in Leavenheath by the end of the Plan period

Type	Affordable	Market	Total
Housing with care (e.g. extra care)	Includes: enhanced sheltered housing for rent + extra care housing for rent + housing-based provision for dementia	Includes: enhanced sheltered housing for sale + extra care housing for sale	11.22
	8.058	3.16	
Sheltered housing	Conventional sheltered housing for rent	Leasehold sheltered housing	28.44
	9.48	18.96	
Total	18	22	40

Source: Housing LIN, AECOM Calculations (totals may not sum due to rounding)

168. The neighbourhood planners should seek to maximise the potential for meeting the need for specialist housing for older people within Leavenheath itself, as it is important that older people with evolving housing needs have access to suitable options within their existing communities and in close proximity to friends and family. However, given the scale of the need identified, it may also be considered whether some of that need could be met elsewhere. There is no specific requirement or obligation to provide the specialist accommodation need arising from Leavenheath entirely within the NA boundary.
169. While it is important to maximise the accessibility of all new housing, it is particularly important for specialist housing for the elderly to be provided in sustainable, accessible locations, for several reasons, as follows:
- so that residents, who often lack cars of their own are able to access local services and facilities, such as shops and doctor’s surgeries on foot;
 - so that any staff working there have the choice to access their workplace by more sustainable transport modes; and
 - so that family members and other visitors have the choice to access relatives and friends living in specialist accommodation by more sustainable transport modes.
 - Alongside the need for specialist housing to be provided in accessible locations, another important requirement is for cost effectiveness and economies of scale. This can be achieved by serving the specialist older people’s housing needs arising from a number of different locations and/or neighbourhood plan areas from a single, centralised point (i.e. what is sometimes referred to as a ‘hub-and-spoke’ model).
 - It is considered that Leavenheath’s position in the settlement hierarchy makes it a relatively suitable location for specialist accommodation on the basis of the accessibility criteria above, but local households could also utilize supply available in nearby large towns.
 - Wherever the specialist housing need is to be accommodated, partnership working with specialist developers is recommended, so as to introduce a greater degree of choice into the housing options for elderly people who wish to leave their family homes in their old age.

170. Given that most older people will live within the mainstream housing stock and may receive care and support in their own homes, the Parish Council may also wish to consider the extent to which new housing provision is built to accessible and adaptable standards.

5.6 Conclusions- Type and Size

171. The 2011 Census shows that there were 600 households in Leavenheath, living in 432 detached houses, 78 semi-detached, 94 terraced houses, and 8 flats. Compared with Babergh, Leavenheath is characterised by a large percentage of detached homes and very few flats, maisonettes or apartments. Whole houses or bungalows comprise over 82.7% of the neighbourhood area's dwellings.
172. The housing stock in Leavenheath is characterised by a high percentage of homes with nine or more rooms, and no one-room homes. Similar to Babergh, the neighbourhood area has a low share of one to three room homes. Homes with four-six rooms are common, but homes with nine-rooms are the most popular. Relative to Babergh, the NA has a higher stock of large homes, that is, homes with seven to nine rooms.
173. Between 2001 and 2011, the main change was that the percentage of four-room homes increased by 230% whilst three-room homes increased by 116.7%. The number of four-rooms increased from 30 in 2001 to 99 in 2011, while the number of three-room homes increased from 6 in 2001 to 13 in 2011. Furthermore, 2011 Census tells us that Leavenheath has fewer one-bedroom dwellings than the wider geographies and no homes without bedrooms.
174. In terms of demographics, 2011 Census data reveals that Leavenheath has a higher number of people between the ages of 45-84 than both wider geographies and a lower percentage of people in the population aged 16-44. Leavenheath's population of those falling under the age of 85 is lower than Babergh and England. However, since there is a large number of people in age group 45-84, the number of people likely to enter the retirement age over the Plan period (or have already done so since the last census) is likely to be larger than its comparator geographies.
175. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001, the NA population has seen a substantial increase in the population of older people—Leavenheath experienced an increase of 433.3% over this period. That is, the population of individuals aged 85 and over increased from 6 in 2001 to 32 in 2011. This is a much higher change than is seen in its wider geographies, despite being from a low base.
176. In terms of household composition, Leavenheath has a higher percentage of one-family households than its comparator geographies, with correspondingly fewer people living in one-person households. Of the 72.8% of one family households, 27.8% have no children, which is higher than the percentage of households without children in both Babergh (21.6%) and England (17.6%). Slightly less than half (12.7%) of all residents in one-person households are aged 65 and above, which is consistent with the age profile of the NA.
177. Between 2001-2011, the main changes in household composition were (i) an overall increase in preference for other types of households (316.7%), which could be interpreted as increasing numbers of people living in shared or multi-family households and (ii) an increase in one-person households consisting of those aged below 65.
178. The result of the HNA modelling suggests that by 2036, the size distribution of dwellings should be focused on delivering more three-bedroom homes as a priority. The NA should also increase the supply of one-bedroom homes and may consider discouraging the supply of homes with four or more bedrooms.
179. It is worth noting that our recommendations are primarily the result of a model. Given that Leavenheath is a low density neighbourhood that might not require as many smaller homes as our calculations set out, if smaller dwellings are not found to be appropriate by the NP group, they could be de-emphasised in the dwelling mix.
180. This model, however, operates on the assumption that households can and will wish to move freely around the stock of existing housing, which is not a realistic prospect. It is natural, then, that demand should continue for some larger dwellings. The provision of larger homes should not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the neighbourhood plan may be used to influence the size mix of housing coming forward, the neighbourhood planners should consider how to increase options for smaller homes.
181. With respect to specialist housing for older people, Leavenheath is forecast to have an over-75 population of 299 by the end of the Plan period, an estimated increase of 158 people from the 2011 Census. As per our calculations, this produces a need for 40 specialist dwellings.

6. RQ 3: Securing a Local Connection

RQ 3: What mechanisms are available and/or could be applied to maximise the provision of new homes that are provided for people and households with a genuine local connection to the Neighbourhood Plan area?

6.1 Introduction

182. The neighbourhood planning group is keen to ensure that, to the extent permissible by relevant legislation and the planning system, housing can be provided to households in need that can demonstrate a genuine local connection to the Neighbourhood Plan area; for example, who already live there, who work there, or who have family connections to it. This issue is explored in detail in this chapter.

6.2 Existing policy

183. The starting point for exploring the potential to apply policies or mechanisms at Neighbourhood Plan level seeking to maximise the proportion of newly built homes secured for local people with a genuine connection to the NA is a review of relevant local and national policy on this issue.

6.2.1 Market housing

184. It should be noted that no test of local connection is normally applied at any level of the planning system, either in national or local policy, to market housing. In other words, it is not possible in law or policy to require a local connection for occupants of homes being offered on the open market for purchase by owner-occupiers, or for Build to Rent if the tenure will be market rent (i.e. the private rental sector rather than any of the affordable rent tenures).

185. National policy does, however, permit some market housing to be offered only to certain sections of the market. For example, NPPF paragraph 79 permits new isolated homes in the open countryside where there is an essential need for rural worker(s), including worker(s) taking majority control of a farm business, to live permanently at or near their place of work.

186. Many other examples exist in planning law of occupancy conditions, i.e. where market housing is permitted in circumstances where it otherwise would not be, subject to the housing being occupied by a specific type of worker or resident. However, this is not the same as requiring a local connection, because there is no guarantee that, for example, a rural worker or a farmer would always be able to prove a local connection.

187. In cases such as these, where market housing is provided on condition of restricted occupancy, the condition is normally secured through a legally-binding planning agreement (usually referred to as a Section 106 condition)²² which requires the occupancy condition to be applied in perpetuity. This means the dwellings provided can legally never be sold unconditionally on the open market.

6.2.2 Affordable housing

188. Many, if not most, local authorities already apply a local connection test as part of their housing allocation policy for Social Rented and other forms of Affordable Housing. They were given the power to do this under Section 199 of the Housing Act 1996²³. The Act defines a “local connection” as being either the place of normal residence (current or previous), the place of employment, a place with family connections or a place offering the ability to meet special circumstances.

189. The National Custom and Self Build Association (NACSBA)²⁴ provides further useful detail on the power of local authorities in this regard. It is important to note there is no obligation for local authorities to apply such a policy, and as such they have significant discretion on how they use this power.

²² Further information on planning obligations, including Section 106 agreements, is available at <https://www.gov.uk/guidance/planning-obligations>

²³ Available at <https://www.legislation.gov.uk/ukpga/1996/52/contents>

²⁴ <http://righttobuildtoolkit.org.uk/briefing-notes/local-connection-issues/#>

190. Another, related, mechanism used by many local authorities is the Local Lettings Plan. Local Lettings Plans are agreed plans for the allocation and letting of homes within an agreed community/location or across a type of property and may also use a local connection test. The stated aim is to ensure the provision of balanced, mixed communities.
191. Local lettings plans may be applied on a per-scheme basis and can apply to both rented and owner occupied forms of affordable housing (e.g. shared ownership). The Chartered Institute of Housing (CIH) provides useful guidance for local authorities establishing (or being encouraged to establish) a local lettings policy or plan, which suggests that proposals should set out clear objectives backed up by evidence. It outlines how the proposals should achieve those objectives, as well as the need for any impact assessments and evidence of consultation with local people on the proposals²⁵.

6.2.3 Implications for neighbourhood plans

192. In light of the various powers available to them, it is important to note that, where a local authority already applies a local connection test to affordable housing, seeking or looking to encourage such a policy within a Neighbourhood Plan has the potential to put it in conflict with Local Plan policies (which is to be avoided, in line with the Basic Conditions of neighbourhood planning). This is because the local authority may well resist the application of constraints, additional obligations and/or alternative mechanisms, considering that this could negatively affect its ability to address housing need at the district level.
193. This reflects the fact that even after a Neighbourhood Plan is adopted, the assessment of need for affordable housing, its allocation to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.
194. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can manage or direct affordable housing need, including through the application of a local connection test.

6.2.4 Babergh policy on local connection

195. In the case of Leavenheath, there is no specific policy regarding local connection in the Joint Local Plan and in the Core Strategy.

6.3 Potential neighbourhood plan response

6.3.1 Developing a new or improving an existing local connection test

196. Because Babergh is not already applying a local connection test in how it allocates affordable housing, there may be potential to work with them to develop one for Leavenheath through the Neighbourhood Plan. In so doing, the mechanism should be designed to have appropriate regard to all relevant legislation and, in practice, would need to be managed and applied by Babergh rather than by neighbourhood planners themselves, recognising that it is only local authorities that have been given the power by the 1996 Act to apply such a mechanism.
197. However, assuming Babergh is open to the development of such a mechanism, then neighbourhood planners should work closely with Council officers and members to develop one, using relevant existing mechanisms as a precedent²⁶, and the resulting local connection policy, once the text has been agreed with Babergh, should be set out in the neighbourhood plan.

6.3.2 Boosting the supply of affordable housing

198. Another effective mechanism open to neighbourhood planners to ensure that housing is provided to those with a local connection (either instead of or alongside work on the local connection test) is on the supply side. This involves boosting the local supply of affordable housing to maximise the chances of those with a local connection being allocated an affordable home in the Neighbourhood Plan area. Exception sites are the key tool in this regard.
199. The NPPF supports two kinds of exception sites. The first of these are entry-level exception sites (suitable for first time buyers (or those looking to rent their first home), as set out in paragraph 71. Such sites should be on land which is not

²⁵See <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Allocations%20and%20Local%20Flexibility.pdf>

²⁶ For example, these could be the tests applied by other neighbouring or nearby local authorities.

already allocated for housing and should comprise entry-level homes that offer one or more types of affordable housing (as per the NPPF definition), and be adjacent to existing settlements and proportionate in size to them. The size restriction is defined as not larger than one hectare or exceeding 5% of the size of the existing settlement.

200. Entry-level exception sites should not be permitted in National Parks (or within the Broads Authority), Areas of Outstanding Natural Beauty or land designated as Green Belt.
201. The second type of exception site supported by the NPPF is known as a rural exception site, as set out in paragraph 77, and defined in the NPPF glossary as 'small sites used for affordable housing in perpetuity where sites would not normally be used for housing'. Such sites can only be provided in rural areas and should be located where housing will enhance or maintain the vitality of rural communities, especially where this will support local services.
202. Where there are groups of smaller settlements, development in one village may support services in a village nearby. Additionally, NPPF paragraph 145 indicates that such sites, unlike most other development, may be developed within the Green Belt. The NPPF further states that rural exception sites should 'address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection.'
203. A proportion of market homes may be allowed on the rural exception site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.
204. Therefore, exception sites permit development on small sites adjoining villages and towns, often with relatively low land value, to provide for significant quantities of affordable housing, while minimising the policy or viability barriers that such sites would face if delivered by the private market.
205. Neighbourhood plans may identify and support both types of exception site, even if they are not identified in an adopted Local Plan, subject to the agreement of the LPA. If a suitable exception site can be identified where the land is already owned by the Parish Council and/or a community land trust, so much the better, as it means that neighbourhood planners can retain control of when the site is delivered, its size, and the quantity, type and tenure of the housing to be provided.
206. However, as indicated by the term 'exception site', such sites should be promoted only in response to a clearly identified need arising from a local community which cannot otherwise be met.

6.4 Conclusions- Securing a Local Connection

207. The starting point for exploring the potential to apply policies or mechanisms at Neighbourhood Plan level seeking to maximise the proportion of newly built homes secured for local people with a genuine connection to the NA is a review of relevant local and national policy on this issue.
208. No test of local connection is normally applied at any level of the planning system, either in national or local policy, to market housing. National policy does, however, permit some market housing to be offered only to certain sections of the market. For example, NPPF paragraph 79 permits new isolated homes in the open countryside where there is an essential need for rural workers to live at or near their place of work.
209. However, for affordable housing, many, if not most, local authorities already apply a local connection test as part of their housing allocation policy. A "local connection" is defined as being either the place of normal residence (current or previous), the place of employment, a place with family connections or a place offering the ability to meet special circumstances.
210. In light of the various powers available to them, therefore, it is important to note that, where a local authority already applies a local connection test to affordable housing, seeking or looking to encourage such a policy within a Neighbourhood Plan has the potential to put it in conflict with Local Plan policies (which is to be avoided, in line with the Basic Conditions of neighbourhood planning).
211. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can manage or direct affordable housing need, including through the application of a local connection test.
212. In the case of Leavenheath, there is no specific policy regarding local connection in the Joint Local Plan.
213. As such, because Babergh is not already applying a local connection test in how it allocates affordable housing, there may be potential to work with them to develop one for Leavenheath through the Neighbourhood Plan. In so doing, the mechanism should be designed to have appropriate regard to all relevant legislation and, in practice, would need to be

managed and applied by Babergh rather than by neighbourhood planners themselves, recognising that it is only local authorities that have been given the power by the 1996 Act to apply such a mechanism.

214. However, assuming Babergh is open to the development of such a mechanism, then neighbourhood planners should work closely with Council officers and members to develop one, using relevant existing mechanisms as a precedent , and the resulting local connection policy, one the text has been agreed with Babergh, should be set out in the neighbourhood plan.

7. Conclusions

7.1 Overview

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

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

Issue	Source(s) (see Chapter 3)	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	Chapter 4	<p>In terms of the current tenure profile of the neighbourhood, 88.71% of households in Leavenheath own their homes outright.</p> <p>Between 2001-2011, there were some noteworthy changes in the neighbourhood area: firstly, there was an increase in private renting in the neighbourhood area, while the growth from a low base, it is significant since it indicates that more households were able to afford market rents over the period, or perhaps elected to occupy that tenure in the absence of sufficiently affordable home ownership options. Secondly, there were an overall decrease in shared ownership: there were 3 shared ownership homes in the NA in 2001, which decreased to 0 in 2011.</p> <p>In order to access affordability thresholds, we use two sources of income data to support our calculations. These are the average total household income for E02006235 at £49,400 and the lower quartile gross earnings for Babergh for single-earners at £12,293 and dual-earning households at £24,586. Our analysis found that the income required to buy an average market home for sale is higher than those on median household incomes. The income required to buy an average entry-level home for sale is similarly higher for those on lower quartile household incomes.</p>	<p>In terms of quantity of affordable housing needed, a pro-rating exercise of the need for affordable rented housing identified in the SHMA estimates that the NA needs 1.14 affordable homes for rent per annum or 17 over the plan period. With regards to affordable housing for sale, AECOM's estimate identified the potential demand for 2.6 homes per annum or 39 homes over the plan period. The relationship between these two estimates in percentage terms is roughly 70% ownership and 30% rented.</p> <p>We recommend an indicative tenure split of 72/28 (affordable housing for rent/affordable home ownership). This split is in line with NPPF Guidance, by ensuring that 10% of all housing is Affordable Housing for ownership. Furthermore, this split is also consistent with the proposed split set out in the existing adopted local plan (which gives 75/25). By following a 72/28 split, the NP group will be able to prioritise affordable rented housing, which AECOM recommends the group prioritise given that delivery expectations are limited and there is a significant scale of need.</p>

Issue	Source(s) (see Chapter 3)	Summary of evidence and data assessed	Conclusions and recommendations
Housing Type and Size	Chapter 5	<p>The 2011 Census shows that there were 600 households in Leavenheath, living in 432 detached houses, 78 semi-detached, 94 terraced houses, and 8 flats. Compared with the LPA, Leavenheath is characterised by a large percentage of detached homes and very few flats, maisonettes or apartments. Whole houses or bungalows comprise over 82.7% of the neighbourhood area’s dwellings.</p> <p>The housing stock in Leavenheath is characterised by a high percentage of homes with nine or more rooms, and no one-room homes. Similar to Babergh, the neighbourhood area has a low share of one to three room homes. Homes with four-six rooms are similarly common—homes with nine-rooms are the most popular, followed by five-room homes</p> <p>In terms of demographics, 2011 Census data reveals that Leavenheath has a higher number of people between the ages of 45-84 than both wider geographies and a lower percentage of people in the working age population (16-44). Leavenheath’s population of those falling under the age of 85 is lower than Babergh and England. However, since there is a large number of people in age group 45-84, the number of people likely to enter the retirement age over the Plan period (or have already done so since the last census) is likely to be larger than its comparator geographies.</p>	<p>The result of the HNA modelling suggests that by 2036, the size distribution of dwellings should be focused on delivering more three-bedroom homes as a priority. The NA should also increase the supply of one-bedroom homes and may consider discouraging the supply of homes with four or more bedrooms. It is worth noting that our recommendations are primarily the result of a model. Given that Leavenheath is a low-density neighbourhood and might not require as many smaller homes as our calculations set out, if smaller dwellings are not found to be appropriate by the NP group, they could be de-emphasised in the dwelling mix.</p> <p>This model, however, operates on the assumption that households can and will wish to move freely around the stock of existing housing, which is not a realistic prospect. It is natural, then, that demand should continue for some larger dwellings. The provision of larger homes should not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the neighbourhood plan may be used to influence the size mix of housing coming forward, the neighbourhood planners should consider how to increase options for smaller homes.</p> <p>With respect to specialist housing for older people, Leavenheath is forecast to have an over-75 population of 299 by the end of the Plan period, an estimated increase of 158 people from the 2011 Census. As per our calculations, this produces a need for 40 specialist dwellings.</p>

Issue	Source(s) (see Chapter 3)	Summary of evidence and data assessed	Conclusions and recommendations
Securing a Local Connection	Chapter 6	<p>No test of local connection is normally applied at any level of the planning system, either in national or local policy, to market housing. National policy does, however, permit some market housing to be offered only to certain sections of the market. For example, NPPF paragraph 79 permits new isolated homes in the open countryside where there is an essential need for rural workers to live at or near their place of work.</p> <p>However, for affordable housing, many, if not most, local authorities already apply a local connection test as part of their housing allocation policy. A “local connection” is defined as being either the place of normal residence (current or previous), the place of employment, a place with family connections or a place offering the ability to meet special circumstances.</p>	<p>In the case of Leavenheath, there is no specific policy regarding local connection in the Joint Local Plan.</p> <p>As such, because Babergh is not already applying a local connection test in how it allocates affordable housing, there may be potential to work with them to develop one for Leavenheath through the Neighbourhood Plan. In so doing, the mechanism should be designed to have appropriate regard to all relevant legislation and, in practice, would need to be managed and applied by Babergh rather than by neighbourhood planners themselves, recognising that it is only local authorities that have been given the power by the 1996 Act to apply such a mechanism.</p> <p>However, assuming Babergh is open to the development of such a mechanism, then neighbourhood planners should work closely with Council officers and members to develop one, using relevant existing mechanisms as a precedent, and the resulting local connection policy, once the text has been agreed with Babergh, should be set out in the neighbourhood plan.</p>

7.2 Recommendations for next steps

216. This Neighbourhood Plan housing needs assessment aims to provide Leavenheath 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 Mid Suffolk with a view to agreeing and formulating draft housing policies, bearing the following in mind:
- All Neighbourhood Planning Basic Conditions, but in particular the following: Condition A, namely that the Neighbourhood Plan has regard to national policies and advice contained in guidance issued by the Secretary of State; Condition D, that the making of the Neighbourhood Plan contributes to the achievement of sustainable development; and Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;
 - The views of Babergh– in particular in relation to the quantity of housing that should be planned for;
 - The views of local residents;
 - The views of other relevant local stakeholders, including housing developers and estate agents;
 - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Babergh, including but not limited to the Strategic Housing Land Availability Assessment (SHLAA);
 - The recommendations and findings of this study; and
 - The impact of the Government's Standard Methodology on calculating housing need for Babergh, and the neighbourhood plan areas within it.
217. 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.
218. 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, Babergh or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
219. 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.

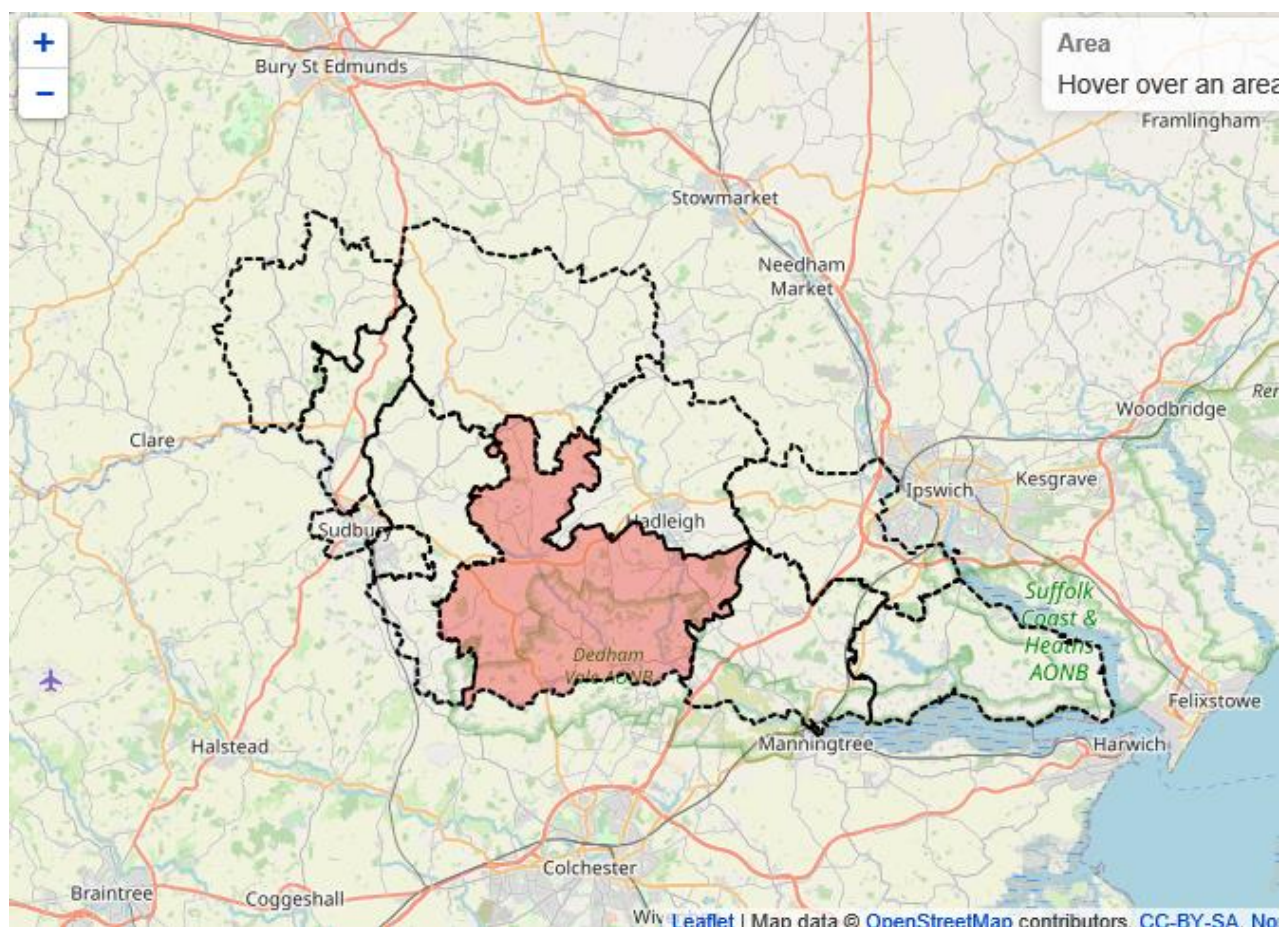
Appendix A : Calculation of Affordability Thresholds

A.1 Assessment geography

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

221. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Plan area. In the case of Leavenheath, it is considered that MSOA E02006235 is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. A map of E02006235 appears below in Figure 8-1.

Figure 8-1: MSOA E02006235 used as a best-fit geographical proxy for the Neighbourhood Plan area



Source: ONS

A.2 Market housing

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

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

224. In this sense, the notion of development viability is essential. It is important not to deter development in the context of

clear housing need; to do so will not only frustrate the delivery of new housing but also may deprive the community of resources for infrastructure improvements.

225. To determine affordability in market housing, the assessment considers two primary indicators: income thresholds, which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds, which denote the standard household income required to access mortgage products.

i) Market sales

226. 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.

227. To produce a more accurate assessment of affordability, both the savings available for a deposit and the equity in the home from which the buyer is moving (if not a first-time buyer) should be taken into account. However, this data is not available for Leavenheath. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.

228. The value of an entry-level dwelling is considered the best representation of the segment of market housing most likely to be accessible to those on lower incomes.²⁷ The value of an entry level dwelling used here is the lower quartile average house price from sales data from Land Registry over the year 2019.

229. The calculation is therefore:

- Value of an 'entry level dwelling' = £268,500
- Purchase deposit = £268,500 @ 10% of value;
- Value of dwelling for mortgage purposes = £241,650
- Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;
- **Purchase threshold = £69,043**

ii) Private Rented Sector (PRS)

230. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. Households are deemed able to afford a private rented property if the lower quartile private rent does not exceed 30% of gross household income.

231. It is assumed that lower quartile private rent equates to the average rent paid in the Neighbourhood Plan area for a two-bedroom dwelling (enough living space for two or three individuals). In order to be in conformity with the Government guidance on overcrowding,²⁸ such a home would require three habitable rooms (a flat or house with two bedrooms).

232. The property website Home.co.uk shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within the CO6 postcode area, which covers a larger area than the Plan area itself but can be used as a reasonable proxy for it. Moreover, because it forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.

233. According to home.co.uk, there are 7 two-bed properties currently listed for rent across CO6, with an average price of £845 per calendar month.

234. It is possible to derive from this data the estimated income threshold for private rental sector dwellings in the Neighbourhood Plan area; the calculation is therefore:

235. Annual rent = £845 x 12 = £10,140

²⁷ 'Entry-level dwelling' can be understood to comprise a property that costs the average value of dwellings falling into the lower quartile of house prices in the Neighbourhood Plan area, as set out in the Tenure and Affordability chapter above.

²⁸ This is based on the concept of the 'room standard', which indicates a dwelling is legally overcrowded if two people of the opposite sex have to share a room to sleep in (this does not apply when couples share a room). See: http://england.shelter.org.uk/housing_advice/repairs/overcrowding

236. Multiplied by 4 (so that no more than 30% of income is spent on rent) = £33,766;

237. **Income threshold (private rental sector) = £33,766.**

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

A.3 Affordable Housing

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

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

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

i) Social rent

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

243. 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 Leavenheath. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Babergh in the table below.

244. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This HNA uses two-bedroom homes in the main report tables to illustrate affordability of this tenure. These homes are a good proxy for affordability in this tenure as they are typically the most numerous property size.

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent PCM	£80.95	£92.97	£102.80	£112.64	£95.34
Annual average	£4,209	£4,834	£5,346	£5,857	£4,958
Income needed	£14,017	£16,099	£17,801	£19,505	£16,509

Source: Homes England, AECOM Calculations

ii) Affordable rent

245. Affordable rent is controlled at no more than 80% of the local market rent. As demonstrated in this report, the annual entry-level rent in Leavenheath is £10,140. In the event of a 20% reduction in rent to £8,112, the income threshold would reduce to an estimated £27,012. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000). Even an 80% discount on the market rent may not be sufficient to ensure that households can afford it, particularly when they are dependent on benefits. RPs 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%.

iii) Intermediate tenures

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

Discounted Market Homes

247. In paragraph 64 of the NPPF 2019, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership”.
248. Whether to treat discounted market sale homes as affordable housing or not depends on whether discounting the asking price of new build homes of a size and type suitable to first time buyers would bring them within reach of people currently unable to access market housing for purchase.
249. Applying a discount of 20% provides an approximate selling price of £282,000 (20% discount on median average prices). Allowing for a 10% deposit further reduces the value of the property to £253,800. The income threshold at a loan to income ratio of 3.5 is £72,514. In practice, developers are likely to price these homes in relation to new build prices, particularly in locations where discounting in relation to entry level prices may not make these homes viable to develop in relation to build costs. When new build prices are discounted by 20% they may not offer any discount on entry level prices.
250. The Government is consulting on proposals to introduce First Homes which would provide a minimum discount of 30% on new market homes for eligible households.

Shared ownership

251. Shared ownership involves the purchaser buying an initial share in a property typically of between 25% and 75% and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the leaseholder can be varied by 'staircasing'. Generally, staircasing will be upward, thereby increasing the share owned over time.
252. 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.
253. To determine the affordability of shared ownership, calculations are based on the median house price of £352,500.²⁹ The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 25% of the income on rent (as for the income threshold for the private rental sector).
254. A 25% equity share of £352,500 is £88,125, from which a 10% deposit of £8,813 is deducted. The mortgage value of £79,313 (£88,125 - £8,813) is then divided by 3.5. To secure a mortgage of £79,313, an annual income of £22,661 (£79,313/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £264,375. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £6,609 and requires an income of £22,009 (multiplied by 4 so that no more than 25% of income is spent on rent). Therefore, an income of around £44,670 (£22,661 + £22,009) is required to afford a 25% shared equity purchase of an entry-level home. The same calculations were undertaken for equity shares of 50% and 75%, producing income thresholds of £44,847 and £56,302 respectively.

²⁹ It is important to note that this is based on new build sales only. The current shared ownership models are only available for new build homes, with the assumed cost therefore differing from the cost of open market housing, which also includes property re-sale.

Appendix B : Housing Needs Assessment Glossary

Adoption

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

Affordability

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

Affordability Ratio

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

Affordable Housing (NPPF Definition)

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

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

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

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

Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods³⁰.

Age-Restricted General Market Housing

³⁰ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

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

Annual Monitoring Report

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

Basic Conditions

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

Backlog need

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

Bedroom Standard³¹

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

Co-living

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

Community Led Housing/Community Land Trusts

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

Community Right to Build Order³²

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)³³

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.

³¹ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

³² See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

³³ See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

Equity Loans/Shared Equity

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

Extra Care Housing or Housing-With-Care

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

Fair Share

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

First Homes

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

Habitable Rooms

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

Household Reference Person (HRP)

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

Housing Market Area

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

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

Housing Needs

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

Housing Needs Assessment

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

Housing Products

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

Housing Size (Census Definition)

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

Housing Type (Census Definition)

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

Housing Tenure (Census Definition)

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

Income Threshold

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

Intercensal Period

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

Intermediate Housing

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

Life Stage modelling

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

Life-time Homes

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

Life-time Neighbourhoods

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

Local Development Order

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

Local Enterprise Partnership

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

Local housing need (NPPF definition)

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

Local Planning Authority

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

Local Plan

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

Lower Quartile

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

Lower Quartile Affordability Ratio

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

Market Housing

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

Mean (Average)

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

Median

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

Median Affordability Ratio

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

Mortgage Ratio

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years³⁴, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

Neighbourhood Development Order (NDO)

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

Neighbourhood plan

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

Older People

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

Output Area/Lower Super Output Area/Middle Super Output Area

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

Overcrowding

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

Planning Condition

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

Planning Obligation

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

Purchase Threshold

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

³⁴ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

Proportionate and Robust Evidence

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

Private Rented

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

Retirement Living or Sheltered Housing

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

Residential Care Homes and Nursing Homes

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

Rightsizing

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

Rural Exception Sites

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

Shared Ownership

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

Sheltered Housing³⁵

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

³⁵ See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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

Strategic Housing Land Availability Assessment

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

Strategic Housing Market Assessment (NPPF Definition)

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

Specialist Housing for the Elderly

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

Social Rented Housing

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.³⁶

³⁶ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

