

Thurcaston & Cropston

Housing Needs Assessment (HNA)

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Quality information

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List of acronyms used in the text:

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

1. Executive Summary

1. Thurcaston & Cropston is a Neighbourhood Area located in the local authority area of Charnwood Borough Council. The Neighbourhood Area boundary covers the area administered by Thurcaston & Cropston Parish Council.
2. The Office for National Statistics mid-2020 population estimate for Thurcaston & Cropston is 1,992 individuals, showing a decrease of 82 individuals since the 2011 Census.
3. There has been little development in Thurcaston & Cropston since 2011, with Charnwood Borough Council providing completions data from 2011 to 2022 which showed the development of 7 dwellings. Of these, none were delivered as Affordable Housing. The total quantity of dwellings in the NA is estimated to be 893.
4. This Executive Summary details the conclusions of each chapter of the report, addressing the two key research questions formulated at the outset of the research.

Conclusions- Tenure and Affordability

Current dwelling stock

5. In 2011, the vast majority of housing in Thurcaston & Cropston was owner occupied, with 91.2% of households owning their own home, significantly higher than nationally (63.3%). There was a distinct lack of social rented housing, with just 1.6% of households socially renting their home in the NA, compared to 11.8% across the Borough, and 17.7% nationally. Since 2011, 7 dwellings have been built in Thurcaston & Cropston, none of which were Affordable Housing.
6. The median and the lower quartile house prices in the NA peaked in 2021 at £390,000 and £277,000 respectively. This is a house price growth of 47.3% between 2012 and 2021 for the median and a house price growth of 30.5% for the lower quartile in the same time period. In 2021, the overall median house price for the Borough was 39.4% lower than the NA median, suggesting affordability challenges in Thurcaston & Cropston may be greater than across Charnwood as a whole.

Affordability

7. Local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. Private renting is generally affordable to average earners. Households made up of two lower quartile earners can afford the given rental thresholds for entry-level market housing and may marginally be able to afford average market rents.
8. Turning to affordable home ownership, First Homes at all discount levels are accessible to households on average incomes in the NA. However, no other groups are able to access this form of home ownership. Therefore, it is recommended that First Homes are delivered at 30% discount in Thurcaston & Cropston to make the product accessible to a significant group of households with incomes too low to afford market housing, whilst ensuring that viability can be maintained for other forms of Affordable Housing to be

brought forward. Shared ownership appears to be slightly more affordable than First Homes, with shared ownership at 10% equity affordable to households with two lower quartile earners. Rent to Buy is helpful to those with little or no savings for a deposit.

9. Affordable rented housing is generally affordable to households with two lower earners depending on their household size. However, households with a single lower earner appear unable to afford any of the tenures considered except potentially the smallest socially rented units.

Affordable Housing need

10. The starting point for understanding the need for affordable housing in Thurcaston & Cropston is the Charnwood Borough Housing Needs Assessment. This study estimates the need for affordable rented housing in the Borough. When prorated to the NA, this identifies a need for approximately 75 units of affordable rented housing over the plan period. In addition, AECOM calculates the potential demand for affordable home ownership products, at 35 dwellings over the plan period. It is worth noting that there is no policy or legal obligation on the part of either the Local Authority or Neighbourhood Plan to meet Affordable Housing needs in full.
11. AECOM suggests an indicative mix for Affordable Housing, with it suggested that 67% of Affordable Housing is delivered as affordable rented tenures and the remaining 33% delivered as affordable home ownership products. Within the affordable home ownership category, First Homes should represent 25% of the affordable mix, in line with national policy, delivered at a 30% discount. The remaining 8% is suggested to be delivered as shared ownership to provide variety. If delivered at 10% equity, this would make it accessible to households with two lower quartile earners. Rent to Buy does not feature in this tenure mix as it is considered more appropriate to protect the provision of affordable rented tenures.
12. Table 4-7 summarises Thurcaston & Cropston's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighbourhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.
13. The expected level of delivery does not meet the quantity of demand identified in estimates of the need for affordable housing. It is therefore recommended that the policy requirement be met wherever possible, and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites and community-led housing schemes) to be explored. If the group considered exceeding the Local Plan policy requirement in the neighbourhood plan then it must be noted that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially

viable in the NA. Raising the percentage of Affordable Housing required could have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.

14. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all ways of boosting the supply of affordable housing.

Conclusions- Type and Size

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

Current dwelling stock

16. In 2011, the NA was dominated by detached dwellings, at 66.5% of the stock, with this remaining the most prominent category in 2021. The proportion of both flats and terraced dwellings, which were already low in 2011, fell slightly in this time. In 2021 the NA had a significantly higher proportion of bungalows than both Charnwood and England. The proportion of detached dwellings was also well above the levels in the comparator areas, with this type of dwelling likely to be larger and more expensive.
17. Turning to dwelling size, the greatest proportion of dwellings in 2011 were 4-bedroom, at 36.1%, closely followed by 3-bedroom dwellings at 35.4%. Between 2011 and 2021, the proportion of smaller 1-bedroom and 2-bedroom dwellings decreased slightly in the NA. The proportion of 3-bedroom and 5-bedroom dwellings increased whilst the proportion of 4-bedroom dwellings decreased. The proportion of smaller dwellings in Thurcaston & Cropston was well below the proportions seen across Charnwood and England, emphasising the lack of smaller, likely more affordable, dwellings in the NA.

Demographics

18. In 2011 the majority of the population were aged 45-64, at 34.7%. This age category remains dominant when looking at mid-2020 population estimates, although to a lesser extent. In this time there was an increase in the proportion of people aged 65-84 and 85+. The younger age categories remained relatively stable with slight declines in each of the categories covering the aged 0-44. The total population in the NA declined by 82 people, around 4.0%. Local authority level 2021 Census data (the smallest scale currently available) show that between 2011 and 2021 there was a 10.7% increase in the population of Charnwood Borough, not in line with more localised trends.

19. Within the plan period growth can be expected to be driven by the oldest households: it is expected that the number households with a household reference person aged 65 and over will increase by 71% between 2011 and the end of the plan period. These older households would account for 44.6% of households in 2037, compared to 36.0% in 2011.
20. Under-occupancy is prevalent in Thurcaston & Cropston, with 90.7% of households living in a dwelling with at least one extra bedroom. This is most common in households with families all aged over 65 and families aged under 65 with no children. This suggests that larger housing is not necessarily occupied by households with the most family members, but by households with the most wealth or by older people who have chosen not to, or been unable to, downsize to smaller properties.

Future housing mix

21. AECOM modelling suggests that at the end of the plan period, the dominant dwelling type should remain 3-bedroom, although to a much greater extent than in 2011. It is also recommended that the proportion of larger dwellings is significantly reduced in Thurcaston & Cropston, with the proportion of smaller dwellings increased. In order to reach this target mix by the end of the plan period, the model suggests that the majority of new dwellings are brought forward as 3-bedroom, at 52.0%, suitable for families. It is suggested that the remainder of the dwellings are delivered as smaller 1-bedroom and 2-bedroom dwellings, with no delivery of larger dwellings, although complete prohibition of larger homes is not entirely necessary.
22. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms. However, there may therefore be a strong justification to continue supplying larger homes despite their abundance because a different kind of larger home is needed to accommodate growing families with less buying power.
23. It is recommended that priority is given to smaller and mid-sized homes but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

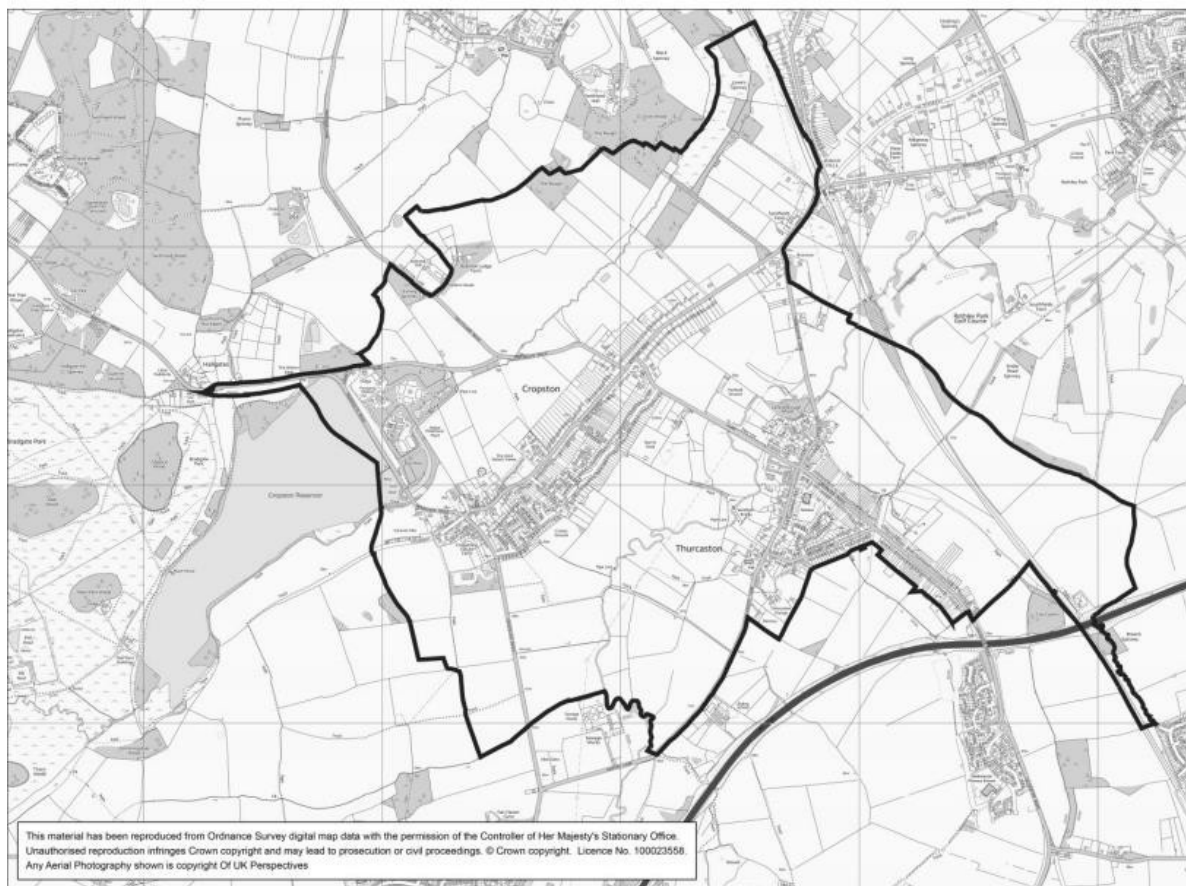
2. Context

Local context

24. Thurcaston & Cropston is a Neighbourhood Area located in Charnwood Borough, East Midlands. The Neighbourhood Area (NA) boundary aligns with the parish boundary for Thurcaston & Cropston.
25. The proposed Neighbourhood Plan period starts in 2022 and extends to 2037, therefore comprising a planning period of 15 years. The evidence supplied in this report will look forward to the Plan end date of 2037, but where possible will also provide annualised figures which can be extrapolated to a different term if the Plan period changes.
26. Thurcaston & Cropston is a parish in Charnwood Borough, Leicestershire, comprised of the larger village of Thurcaston and smaller settlement of Cropston. The NA is located approximately 5 miles north of Leicester and around 7 miles south of Loughborough. The A46 runs to the south of the parish, a major national road connecting Somerset in the South West to Lincolnshire in the East Midlands. In terms of amenities, the services in the NA are relatively limited but it has a primary school, church, and a number of pubs.
27. For Census purposes, the NA is made up, like the rest of England, of statistical units called Output Areas (OAs). These make up Lower Layer Super Output Areas (LSOAs), which in turn make up Middle Layer Super Output Areas (MSOAs). The Plan area equates to the following LSOA and OAs, which have been used throughout as a statistical proxy for the NA boundary and which can be interrogated for data from both the 2001 and the 2011 Censuses:
 - LSOA E01025736;
 - OA E00130588; and
 - OA E00130592.
 - In 2001 the OAs were referred to as OA 31UCHC0014 and OA 31UCHC0018.
28. The statistics show that in the 2011 Census the NA had a total of 2,074 residents, formed into 861 households and occupying 886 dwellings. The Office for National Statistics (ONS) produces mid-year population estimates for parishes and wards throughout the country. The mid-2020 population estimate for Thurcaston & Cropston is 1,992 – indicating population decline of around 82 individuals since 2011. It is worth noting that this figure is an estimate only, based on data which is mostly available at local authority level such as administrative registers of births and deaths, data on moves between local authorities, small-area population estimates and official population projections, and not based on a survey count.
29. Completion data provided by Charnwood Borough Council showed that since 2011 there have been 7 dwellings completed in Thurcaston & Cropston, none of which were for Affordable Housing. This does not necessarily align with the decline in population between 2011 and 2020 if looking solely at population change (a decrease of 82 individuals between 2011 and 2020).

30. A map of the Plan area appears below in Figure 2-1.

Figure 2-1: Map of the Thurcaston & Cropston Neighbourhood Area¹



Source: Thurcaston & Cropston Neighbourhood Plan (Made)

The Housing Market Area Context

31. Whilst this HNA focuses on Thurcaston & Cropston neighbourhood area it is important to keep in mind that neighbourhoods are not self-contained housing market areas. Housing market areas are usually wider than local authority areas and often stretch across a number of districts or boroughs. This is because housing market areas are inherently linked to the labour market, employment patterns and travel to work areas. In the case of Thurcaston & Cropston, based on the Charnwood Housing Needs Assessment, the parish sits solely within the Charnwood Borough. This means that when households who live in these authorities move home, the vast majority move within this geography. The housing market area also has links to other neighbouring areas however, including the wider Leicestershire County area, with Charnwood Borough bordering 6 of the other 7 local authorities in the county (North West Leicestershire, Melton, Harborough, Blaby, Hinckley & Bosworth, and Leicester).

32. At the neighbourhood scale it is not possible to be definitive about housing need and demand because neighbourhoods, including Thurcaston & Cropston, are closely linked

¹ Available at

https://www.charnwood.gov.uk/files/documents/thurcaston_and_cropston_neighbourhood_plan_referendum_version/Thurcaston%20and%20Cropston%20Neighbourhood%20Plan%20Referendum%20Version.pdf

to other areas. In the case of Thurcaston & Cropston, changes in need or demand in settlements nearby are likely to impact on the neighbourhood. For example, Leicester City Council are expected to build a development of c.3,500 dwellings up to the parish border of Thurcaston & Cropston. In addition, the north of Birstall Sustainable Urban Extension is a proposed garden suburb expected to be developed just east of Thurcaston & Cropston.

33. In summary, Thurcaston & Cropston functions within a wider strategic area. As well as fostering good working relationships with the local planning authority (Charnwood Borough Council), it is therefore useful to think about the *role* of the neighbourhood within the wider area. This HNA can provide evidence to understand this role and the specific features of the neighbourhood within this wider context. Neighbourhood Plans can have a significant impact in shaping their neighbourhoods, enhancing the positive role the neighbourhood play within the wider housing market, or developing policies to change entrenched patterns and improve housing outcomes in the neighbourhood and wider area.

Planning policy context

34. Neighbourhood Plans are required to be in general conformity with adopted strategic local policies.² In the case of Thurcaston & Cropston, the relevant Local Plans for Charnwood consist of the below.
35. The adopted Local Plan for Charnwood Borough is the Charnwood Local Plan 2011 to 2038 Core Strategy, which was adopted in November 2015. Sitting alongside this document is the Housing Supplementary Planning Document, adopted in May 2017. The Core Strategy identifies that Thurcaston may be suitable for some small scale infill development to meet local needs because it is a village with four or more key services or facilities, with bus access to a Service Centre, town, or the City. Cropston is identified as a Small Village / Hamlet, with few services or facilities. It is therefore identified as a poor location for new development. However, Neighbourhood Plans can identify small-scale development where this meets an identified local need.
36. The emerging Local Plan was submitted for examination on 3rd December 2021, with hearing sessions commencing on 28th June 2022. The latest published version of this document is the Charnwood Local Plan 2021-2037 Pre-Submission Draft (July 2021). Both Thurcaston and Cropston remain in the same place in the settlement hierarchy as they were in the adopted Local Plan.
37. In addition to the adopted and emerging Local Plans for Charnwood, the made Neighbourhood Plan³ for Thurcaston & Cropston is also relevant context and covers the period 2015-2028. There are two housing policies in the made plan, focussing on development and housing mix. The former (Policy T&C4) outlines that development proposals for infill and redevelopment sites of 5 dwellings or below (within the limits of

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

³ Available at https://www.charnwood.gov.uk/files/documents/thurcaston_and_cropston_neighbourhood_plan_referendum_version/Thurcaston%20and%20Cropston%20Neighbourhood%20Plan%20Referendum%20Version.pdf

development for Thurcaston) will be sympathetically considered. Turning to housing mix (Policy T&C5), the made Neighbourhood Plan supports the provision of smaller homes for young families, young people, and older persons looking to downsize. It is also outlined that new housing should be providing for a recognised need.

Policies in the adopted local plan

38. Table 2-1 below summarises adopted Local Plan policies that are relevant to housing need and delivery in Thurcaston & Cropston. Due to the late stage of the emerging Local Plan for Charnwood, more weighting is applied to the emerging Local Plan in this HNA.

Table 2-1: Summary of relevant adopted policies in the Charnwood Local Plan 2011 to 2038 Core Strategy⁴ and Housing Supplementary Planning Document (SPD)⁵.

Policy	Provisions
CS1: Development Strategy	<p>Charnwood will make provision for at least 13,940 new homes between 2011 and 2038.</p> <p>The settlement hierarchy is as follows:</p> <ul style="list-style-type: none"> • Leicester Principal Urban Area; • Loughborough and Shepshed; • Service Centres; • Other Settlements (including Thurcaston); and • Small Villages and Hamlets (including Cropston). <p>‘Other Settlements’ will provide for at least 500 new homes within settlement boundaries, responding positively to small-scale opportunities within defined limits to development.</p> <p>‘Small Villages and Hamlets’ will respond positively to development that meets a specific local social or economic need, including where this need is identified by a Neighbourhood Plan or other appropriate community-led strategy.</p>
CS3: Strategic Housing Needs	<p>The Council have a target of 30% Affordable Housing in Thurcaston and 40% Affordable Housing in Cropston on sites of 5 or more dwellings.</p> <p>The Council will seek an appropriate mix of types, tenures, and sizes of homes, having regard to identified housing needs and the character of the area.</p> <p>The Council seek all new housing to be built as ‘Lifetime Homes’ where feasible.</p>

⁴ Available at https://www.charnwood.gov.uk/files/documents/adopted_core_strategy1/Charnwood%20Local%20Plan%202011%20-%202028%20Core%20Strategy%20Adopted%20November%202015.pdf

⁵ Available at https://www.charnwood.gov.uk/files/documents/housing_supplementary_planning_document_2017/SPD%20Update.pdf

Policy	Provisions
	<p>The Council will work with partners to deliver small-scale rural exception sites in accordance with Policy CS1 that meet an identified local need.</p>
<p>SPD – HSPD1: Threshold when Affordable Housing will be Required</p>	<p>Core Strategy Policy CS3 is the starting point for determining whether affordable housing will be sought from a development. The percentage targets will be sought in accordance with the policy as amended by the National Planning Practice Guidance as an important material consideration. Affordable housing will not be sought on sites of 10 dwellings or less whilst this national guidance is in place. In the event that the national guidance is withdrawn Policy CS3 will apply in its unaltered form as adopted by the Council.</p>
<p>SPD – HSPD2: Tenure Mix of Affordable Housing</p>	<p>The preferred tenure mix for all developments providing affordable housing in the Borough is:</p> <ul style="list-style-type: none"> • Social or affordable rent – 77% • Intermediate (shared ownership) – 23%
<p>SPD – HSPD 6: Commuted Sums</p>	<p>The Council’s clear preference is for Affordable Housing to be provided on-site as part of sustainable and mixed communities. Exceptional circumstances which may justify the use of a commuted sum include:</p> <ul style="list-style-type: none"> • Lack of a registered provider who is willing to acquire and/or manage the affordable homes; or • Where there is a preference from the local housing authority for local affordable housing need to be met in an alternative location. <p>All sums received will be used for the provision of affordable housing in the Borough.</p>
<p>SPD – HSPD 7: Rural Exception Sites</p>	<p>The Council will positively consider Rural Exception Sites in settlements including Thurcaston & Cropston to meet local housing needs in perpetuity.</p> <p>Proposals for rural exception sites must be supported by a Housing Needs Survey which demonstrates local housing need having regard to the Local Lettings Policy.</p> <p>The affordable homes provided will be allocated in accordance with the Boroughwide Housing Allocations Policy to ensure they meet the needs of current residents or those who have an existing family or employment connection to the village but are unable to access market housing.</p>

Source: Charnwood Borough Council

Policies in the emerging local plan

39. Table 2-2 below summarises emerging Local Plan policies that are relevant to housing need and delivery in Thurcaston & Cropston.

Table 2-2: Summary of relevant emerging policies in the Charnwood Local Plan 2021-37 Pre-Submission Draft (July 2021)⁶

Policy	Provisions
DS1: Development Strategy	<p>The housing requirement for Charnwood is 17,776 homes between 2021 and 2037 and provision for at least 19,461 new homes will be made.</p> <p>The pattern for the development of new homes includes 934 (5%) in 'Other Settlements', which includes Thurcaston, and 18 (0%) in 'Small Villages and Hamlets', which includes Cropston.</p>
DS3: Housing Allocations	<p>The following sites are allocated for housing relating to Thurcaston & Cropston:</p> <p>HA69 – The former Rectory and Land at Thurcaston – 31 homes.</p>
DS3(HA69): The former Rectory and Land at Thurcaston	<p>The Council will support development proposals at site HA69 that are accompanied by a Design and Access Statement, or similar document, that sets out how the development will maintain and enhance the significance of the heritage assets within and adjacent to the site and their settings.</p> <p>Further detail is outlined in the full policy.</p>
OS1: Other Settlements	<p>The Council will support development that:</p> <ul style="list-style-type: none"> delivers allocations in accordance with Policy DS3 or sustainable development that is in accordance with the pattern of development outlined in Policy DS1 and which supports our vision and objectives including making effective use of land; is small-scale and within defined Limits to Development; ensures the timely and coordinated delivery of infrastructure to support sustainable communities, in accordance with Policy INF1, including contributing to expanded primary school provision in Cossington; supports the provision of community services and facilities that meet proven local needs as identified by a neighbourhood plan or other community led plan;

⁶ Available at https://www.charnwood.gov.uk/files/documents/charnwood_local_plan_2021_37_pre_submission_draft_july_2021/Charnwood%20Local%20Plan%202021-37%20Pre-Submission%20Draft%20July%202021.pdf

Policy	Provisions
C1: Countryside	<ul style="list-style-type: none"> • safeguards existing services and facilities; and • contributes to local priorities as identified in neighbourhood plans. <p>The Council will manage development in areas of Countryside to protect its largest undeveloped character.</p> <p>The development of isolated homes in the Countryside will be supported if one or more of the following circumstances apply:</p> <ul style="list-style-type: none"> • there is an essential need for a rural worker, including those taking majority control of a farm business, to live permanently at or near their place of work in the countryside; • the development would represent the optimal viable use of a heritage asset or would be appropriate enabling development to secure the future of heritage assets; • the development would re-use a redundant or disused building and enhance its immediate setting; • the development would involve the subdivision of an existing residential dwelling; or • the design is of exceptional quality, in that it: <ul style="list-style-type: none"> - is truly outstanding or innovative, reflecting the highest standards in architecture, and would help to raise standards of design more generally in rural areas; and - would significantly enhance its immediate setting and be sensitive to the defining characteristics of the local area.
H1: Housing Mix	<p>The Council will seek a mix of house types, tenures, and sizes that meet the overall needs of the Borough in line with the most up to date evidence.</p>
H4: Affordable Housing	<p>The Council will seek 30% Affordable Housing from all major housing developments with the exception of brownfield sites where 10% Affordable Housing will be sought.</p> <p>On greenfield sites, 67% of Affordable Housing should be for rent, and 33% for affordable home ownership.</p> <p>On brownfield sites, 50% of Affordable Housing should be for rent, and 50% for affordable home ownership.</p> <p>Contributions will not be sought from self-build or custom housebuilding developments.</p>

Policy	Provisions
H5: Rural Exception Sites	<p>The Council will support the provision of small-scale developments in rural areas for Affordable Housing outside Limits to Development as an exception where:</p> <ul style="list-style-type: none">• the housing is demonstrated to meet an identified local need for Affordable Housing as set out in a Housing Needs Survey; and• development is adjacent, or otherwise well-related, to a rural settlement, and respects the character of the settlement and its landscape setting. <p>The homes must remain available as Affordable Housing in perpetuity.</p>

Source: Charnwood Borough Council

Quantity of housing to provide

40. The NPPF 2021 (paragraphs 66 and 67) requires Local Authorities to provide neighbourhood groups upon request with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
41. Charnwood Borough Council has fulfilled that requirement by providing Thurcaston & Cropston with a definitive figure of 33 dwellings to be accommodated within the Neighbourhood Area by the end of the Plan period⁷. This figure is comprised of an allocation of 31 dwellings, plus a 5% uplift for windfall development, which is intended to allocated to a small site.

⁷ As confirmed in a Teams meeting with the Steering Group and consultant, 27th June 2022.

3. Approach

Research Questions

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

Tenure and Affordability

43. The Steering Group would like to understand the needs of the community for housing of varying tenures, as well as the relative affordability of those tenures that should be provided to meet local need now and into the future.
44. This evidence will allow Thurcaston & Cropston 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 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?

Type and Size

45. The Steering Group is seeking to determine what size and type of housing would be best suited to the local community. The Steering Group are currently concerned that there is a high proportion of larger dwellings in the NA, especially compared to the surrounding area, furthering affordability challenges.
46. The aim of this research question is to provide the Steering Group with evidence on the types and sizes needed by the local community. This will help to shape future development so that it better reflects what residents need.
47. While this study is not able to advise on space standards or home configurations, it may reveal imbalances between the available stock and demographic trends.
48. Note, however, that the evidence gathered here takes the current population as its starting point and projects forward trends that exist today. It therefore risks embedding features of the housing stock and occupation patterns that the community may actually wish to change. In that sense, the findings in this report might be viewed as the baseline scenario on top of which the community's objectives and primary evidence should be layered to create a more complete picture and vision for the future.

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

Relevant Data

49. This HNA assesses a range of evidence to ensure its findings are robust for the purposes of developing policy at the Neighbourhood Plan level and is locally specific. This includes data from the 2011 Census and a range of other data sources, including:
- Other Office of National Statistics (ONS) datasets providing more up-to-date demographic information;
 - ONS population and household projections for future years;
 - Valuation Office Agency (VOA) data on the current stock of housing;
 - Land Registry data on prices paid for housing within the local market;
 - Rental prices from Rightmove.co.uk;
 - Local Authority housing waiting list data; and
 - Charnwood Borough Council Housing Needs Assessment, September 2020⁸.
50. More recent data sources for the population and existing housing stock will be used wherever possible in this report. However, Census datasets providing, for example, the breakdown of households (as opposed to individuals) by age and the tenure of dwellings, cannot be accurately brought up to date in this way. Such patterns are instead generally assumed to persist to the present day.

⁸ Available at https://www.charnwood.gov.uk/files/documents/eb_hsq_1_housing_needs_assessment_jg_consulting_2020/EB-HSG-1%20Housing%20Needs%20Assessment%2C%20JG%20Consulting%202020.pdf

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?

Introduction

51. This section approaches the question of affordability from two perspectives. First, it examines what tenure options are currently available in the parish and which of them might be most appropriate going forward, based on the relationship between how much they cost and local incomes. Second, it estimates the quantity of Affordable Housing that might be required during the Neighbourhood Plan period. The scale of need for these homes can justify planning policies to guide new development.
52. Tenure refers to the way a household occupies their home. Broadly speaking, there are two categories of tenure: market housing (such as homes available to purchase outright or rent from a private landlord) and Affordable Housing (including subsidised products like social rent and shared ownership). We refer to Affordable Housing, with capital letters, to denote the specific tenures that are classified as affordable in the current NPPF. A relatively less expensive home for market sale may be affordable but it is not a form of Affordable Housing.
53. The definition of Affordable Housing set out in the NPPF 2021 makes clear the Government's commitment to home ownership by broadening the definition to include a range of low-cost housing opportunities for those aspiring to own a home. The NPPF defines Affordable Housing as *'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'*⁹. The full document further outlines the tenures included in this definition. Those outlined in Table 4-1 would fall under this NPPF definition of Affordable Housing (although First Homes is not outlined in the NPPF, it is considered to meet the definition of 'affordable housing' for planning purposes¹⁰).

⁹ Available here -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005759/NPPF_July_2021.pdf

¹⁰ See <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>

Table 4-1: Breakdown of Affordable Housing tenures

Tenure	Rent/Ownership	Brief Description
Social Rent	Rent	<p>This tenure is owned by local authorities (what used to be called Council housing) and private registered providers (also known as housing associations).</p> <p>Guideline target rents are determined through the national rent regime and are typically the lowest-cost form of housing available.</p> <p>Households must be eligible on the basis of incomes and other circumstances, and there are usually waiting lists.</p>
Affordable Rent	Rent	<p>This is similar to Social Rent (above). Affordable Rent is not subject to the national rent regime but must have a rent of no more than 80% of the local market.</p> <p>Households must be eligible on the basis of incomes and other circumstances, and there are usually waiting lists.</p>
Rent to Buy	Combination	<p>Rent to Buy is a relatively uncommon tenure. Subsidy allows the occupant to save a portion of their rent to be used to build up a deposit to eventually purchase the home.</p>
Shared Ownership	Ownership	<p>An affordable home ownership product where a purchaser buys part (generally between 25% and 75%, but can be as little at 10%) of the value of the property. The remaining (un-owned part) is rented from a housing association or local authority.</p> <p>This Generally applies to new build properties, but re-sales occasionally become available.</p>
First Homes	Ownership	<p>First Homes are an affordable home ownership product introduced in 2021. Discounts on the market price can be set at 30%, 40%, or 50%.</p> <p>New developments will be required to provide 25% of the Affordable Housing as First Homes. This product is discussed in more detail in the commentary following this table.</p>

54. As part of the effort to expand home ownership, the Government introduced the First Homes product in 2021.¹¹ Because the First Homes product is new and expected to be an important part of the strategy for improving access to home ownership, it is worth summarising its key features and implications:

¹¹ The shape that the new First Homes product will take is set out in a Ministerial Statement issued in May 2021, available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>. The relevant update to PPG is available here: <https://www.gov.uk/guidance/first-homes#contents>.

- First Homes should be available to buy with a minimum discount of 30% below their full market value (i.e. the value of an equivalent new home);
- The discount level can be set higher than 30% – at 40% or 50% – where this can be suitably evidenced. The setting and justifying of discount levels can happen at neighbourhood as well as local authority scale;
- After the discount is applied the initial sale price must not exceed £250,000 (or £420,000 in Greater London), and lower caps can be set locally;
- Purchasers must be first-time buyers with an income less than £80,000 (or £90,000 in Greater London), and First Homes can be prioritised for local people and/or key workers;
- They will be subject to legal restrictions ensuring the discount is retained for future occupants, and renting out or sub-letting will not normally be permitted;
- In addition to setting the discount level, local authorities and neighbourhood planning groups can apply additional criteria, such as a lower income cap, local connection test or prioritisation for key workers through adopted plans, emerging policy or Supplementary Planning Documents.
- 25% of all homes delivered through section 106 developer contributions on sites enabled through the planning process should be sold as First Homes. In simpler terms, 25% of all subsidised Affordable Housing on mainstream housing developments should be First Homes. This is likely to mean that First Homes will take the place of shared ownership housing in many circumstances, and in some cases may also displace social or affordable rented homes.

Current tenure profile

55. The current tenure profile is a key feature of the NA. Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing.
56. Table 4-2 presents data on tenure in Thurcaston & Cropston compared with Charnwood and England from the 2011 Census, which is the most recent available source of this information. The table shows that the vast majority of housing in Thurcaston & Cropston was owner occupied in 2011, with 91.2% of households owning their own home. This is significantly higher than Charnwood Borough as a whole, at 72.1%, and the country (63.3%). Due to this dominance, the proportion of households living in other tenures is significantly below both Borough and national levels. This is most prominent when looking at social rented housing, with just 1.6% of households socially renting their home in the NA, compared to 11.8% across the Borough, and 17.7% nationally. This suggests a severe lack of provision in relation to social and affordable rented housing. The private rented sector is also much smaller than the comparator areas.
57. Completion data provided by Charnwood Borough Council indicated that 100% of

development in the NA since 2011 has been for market housing, with no provision of Affordable Housing. This will have decreased the proportion of Affordable Housing in Thurcaston & Cropston since 2011. In addition, there may have been the loss of some social/affordable rented housing stock through demolition or schemes such as Right to Buy and Right to Acquire.

58. The 2021 Census will provide the most robust and up-to-date picture of this when the results are released in the coming months. However, it is interesting to observe the change recorded between the 2001 and 2011 Census. The most notable change in this time was in the proportion of households living in the social rented sector in Thurcaston & Cropston, which fell by 48.1% compared to just 0.9% nationally. Due to the high levels of home ownership in the NA, and the decline in the social rented sector, it may be that these properties were lost through Right to Buy. There is no current data on the proportion of housing that is rented because the choice to let out a property does not require planning permission or other changes that would be recorded centrally. However, between 2001 and 2011 this sector grew at a slightly faster rate in the NA than nationally, although to a lesser extent than the Borough.

Table 4-2: Tenure (households) in Thurcaston & Cropston, 2011

Tenure	Thurcaston & Cropston	Charnwood	England
Owned	91.2%	72.1%	63.3%
Shared ownership	0.5%	0.8%	0.8%
Social rented	1.6%	11.8%	17.7%
Private rented	4.6%	14.1%	16.8%

Sources: Census 2011, AECOM Calculations

Affordability

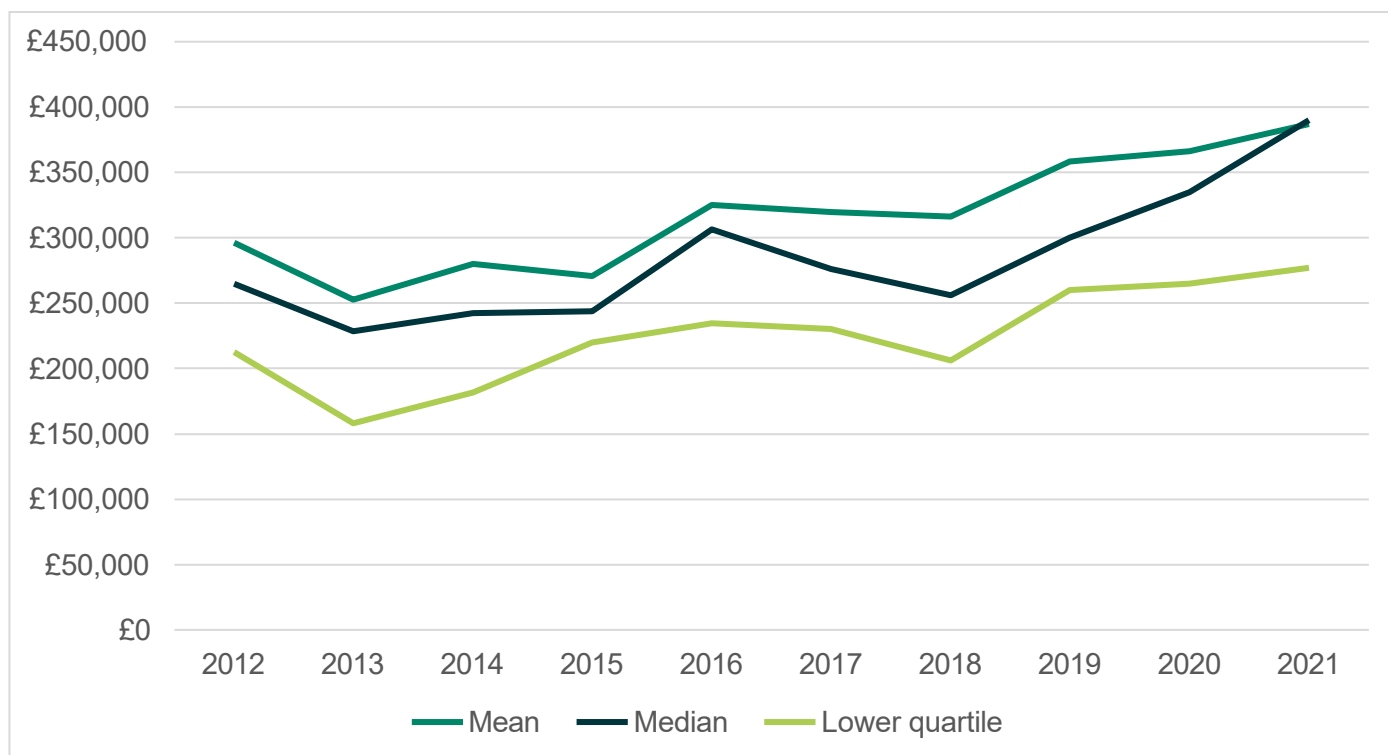
House prices

59. 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.
60. Figure 4-1 looks at the average and lower quartile house prices in Thurcaston & Cropston based on sales price data published by the Land Registry. It shows that there has been quite a lot of fluctuation in house prices in the NA in the last decade. Consistently, the mean, which captures the average of all house prices, remains above the median, which is the middle number when you sort the data from smallest to largest. This is due to the mean capturing the few outlying data points on the high end, causing it to increase. The relatively high level of fluctuation is likely due to limited sample sizes in small NAs such as Thurcaston & Cropston, with 312 transactions noted between 2012 and 2021. Factors such as the size of dwelling, location within the NA, the condition of the property, and the type of dwelling all impact on house prices.

61. The median and the lower quartile house prices generally follow the same trend, but the median house price increases at a much more significant rate between 2018 and 2021. Both peak in 2021 at £390,000 and £277,000 respectively. There has been house price growth of 47.3% between 2012 and 2021 for the median and growth of 30.5% for the lower quartile in the same time period. It is also important to compare these figures to the Charnwood Borough median and lower quartile house prices to see how the NA fits into the wider market.

62. Land Registry data shows that in 2021, the overall median house price for the Borough was 39.4% lower than the NA median, with the Charnwood lower quartile house price sitting 34.1% lower than the NA lower quartile. This suggests that the affordability challenges in Thurstaston & Cropston may be greater than across Charnwood as a whole due to much higher average house prices currently.

Figure 4-1: House prices by quartile in Thurstaston & Cropston, 2012-2021



Source: Land Registry PPD

63. Table 4-3 breaks down house prices by type, presenting the median within each type. It shows that there was fluctuation in house prices across all categories, likely due to small sample sizes mentioned above and other factors, such as size and condition of the property, impacting on price. Detached house prices are consistently the highest and peak in 2021 at £435,000 (45.0% growth since 2012) whilst semi-detached house prices reach their highest in 2020 at £315,000. There is a significant price difference between 2021 detached house prices and 2021 semi-detached and terraced prices, with the former £156,500 and £207,000 higher respectively. There are too few flat transactions to draw any meaningful conclusions on price trends.

Table 4-3: Median house prices by type in Thurcaston & Cropston, 2012-2021

Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth
Detached	£300,000	£272,550	£250,000	£270,000	£322,500	£335,000	£325,000	£370,000	£400,000	£435,000	45.0%
Semi-detached	£200,500	£167,500	£196,500	£248,750	£274,000	£230,000	£234,000	£275,300	£315,000	£278,500	38.9%
Terraced	£242,250	£125,000	£115,000	£160,000	£175,000	£195,000	£165,000	£240,000	£190,000	£228,000	-5.9%
Flats	-	£115,000	-	-	-	-	£132,500	-	£134,000	£120,000	-
All Types	£264,750	£228,500	£242,475	£243,750	£306,250	£276,000	£256,250	£300,000	£335,000	£390,000	47.3%

Source: Land Registry PPD

Income

64. 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.
65. The first source is ONS's estimates of incomes in small areas. This is locally specific but limited to the overall average income (i.e. it does not provide the average income of lower earners). The average total household income locally was £60,600 in 2018. A map of the area to which this data applies is provided in Appendix A.
66. The second source is ONS's annual estimates of UK employee earnings. This provides lower quartile average earnings (i.e. the income of the lowest 25% of earners). However, it is only available at the Local Authority level. It also relates to individual earnings. While this is an accurate representation of household incomes where there is only one earner, it does not represent household income where there are two or more people earning. Charnwood's gross individual lower quartile annual earnings were £16,626 in 2020. To estimate the income of households with two lower quartile earners, this figure is doubled to £33,252.
67. It is immediately clear from this data that there is a large gap between the spending power of average earning households and those earning the lowest 25% of incomes, particularly where the household in question has one earner only.

Affordability Thresholds

68. To gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds': the estimated amount of annual income required to cover the cost of rent or a mortgage given local housing prices.
69. AECOM has determined thresholds for the income required in Thurcaston & Cropston to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in the NPPF. These calculations are detailed and discussed in more detail in Appendix A.
70. 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.

These are standard assumptions across housing needs assessments at neighbourhood and local authority scale although different approaches are sometimes taken and a case can be made for alternatives.

71. The mortgage multiplier is particularly variable, with multipliers up to 4.5 or even above 5 times income increasingly available, although the actual average in practice tends to be lower, particularly where applicants are dual earning. The Financial Conduct Authority uses 3.5 or more as its standard assumption for single applicants and 2.75 or more for dual applicants. The percentage of income to be spent on rent also varies considerably for individuals, and it is increasingly common for households to dedicate a larger proportion of their earnings to rent. When considering affordability it is considered good practice to be conservative, and the 30% benchmark is used as ONS's current standard assumption. While larger mortgages and higher rents may be feasible for individuals, this creates vulnerability to changing economic circumstances and may not be a possibility for many people with the most acute housing needs. Different assumptions would, however, alter the picture of affordability that emerges here. This is another reason interpret the findings with a degree of flexibility.
72. Table 4-4 summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. The income required column assumes the household already has access to a deposit (which we have assumed to be 10% of the value to be purchased) but does not reflect the possibility that households may already hold equity from an existing property. Although these factors may be crucial to whether housing will be affordable, they are highly dependent on individual circumstances that cannot be anticipated here.
73. The same information is presented as a graph in Figure 4-2 on a subsequent page, with selected measures from the table presented for clarity.

Table 4-4: Affordability thresholds in Thurcaston & Cropston (income required, £)

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £60,600	Affordable on LQ earnings (single earner)? £16,626	Affordable on LQ earnings (2 earners)? £33,252
Market Housing						
Median House Price	£351,000	-	£100,286	No	No	No
NA Estimated New Build Entry Level House Price	£263,261		£75,217	No	No	No
LQ/Entry-level House Price	£249,300	-	£71,229	No	No	No
Average Market Rent	-	£10,038	£33,460	Yes	No	Marginal
Entry-level Market Rent	-	£9,380	£31,266	Yes	No	Yes
Affordable Home Ownership						
First Homes (-30%)	£184,283	-	£52,652	Yes	No	No
First Homes (-40%)	£157,956	-	£45,130	Yes	No	No
First Homes (-50%)	£131,630	-	£37,609	Yes	No	No
Shared Ownership (50%)	£131,630	£3,656	£49,797	Yes	No	No
Shared Ownership (25%)	£65,815	£5,485	£37,086	Yes	No	No
Shared Ownership (10%)	£26,326	£6,582	£29,460	Yes	No	No
Affordable Rented Housing						
Affordable Rent	-	£5,543	£18,457	Yes	No	Yes
Social Rent	-	£5,003	£16,661	Yes	Marginal	Yes

Source: AECOM Calculations

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

Market housing for purchase and rent

75. Thinking about housing for purchase on the open market, it appears that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. Market housing, even with the benefit of a higher than average income, is likely to remain out of reach to most. The median house price would require an annual income 65.5% higher than the current average.

76. Private renting is generally affordable to average earners. Households made up of two lower quartile earners can afford the given rental thresholds for entry-level market housing and may marginally be able to afford average market rents. Affordability is improved if households are able or willing to dedicate a larger proportion of their incomes

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

Affordable home ownership

77. There is a relatively large group of households in Thurcaston & Cropston who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £31,266 per year (at which point entry-level rents become affordable) and £71,229 (at which point entry-level market sale homes become affordable). This 'can rent, can't buy' cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
78. First Homes are to be offered at a discount of at least 30% on equivalent market prices (i.e. new build, entry-level properties). Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate.
79. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. First Homes at all discount levels are accessible to households on average incomes in the NA. However, no other groups are able to access this form of home ownership. Therefore, it is recommended that First Homes are delivered at 30% discount in Thurcaston & Cropston. This will make the product accessible to a significant group of households with incomes too low to afford market housing, whilst ensuring that viability can be maintained for other forms of Affordable Housing to be brought forward. Products such as shared ownership, discussed later in this report, may be appropriate for households on lower incomes. A 30% discount would make home ownership accessible to households earning between £52,652 and £71,229.
80. Table 4-5 shows the discount required for First Homes to be affordable to four income groups. The cost of a typical First Home is calculated using an estimate for new build entry-level housing in the NA, as outlined in the Appendix. It is also worth considering the discounts required for some additional price benchmarks. The table above uses the calculated NA new build entry-level house price as the best estimate for the cost of a newly built entry-level home in the area, because this reflects the local market and accounts for the price premium usually associated with newly built housing. However, it is worth thinking about First Homes in relation to the cost of new build prices in the wider area, as well as median and entry-level existing prices locally to get a more complete picture. The discount levels required for these alternative benchmarks are given below.

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

House price benchmark	Mean household income	Single LQ earner	Dual LQ earning household
NA Median house price	40%	83%	67%
NA Estimated New Build Entry Level House Price	19%	78%	56%
NA Entry-level house price	15%	77%	53%
LA Median New Build House Price	6%	74%	48%

Source: Land Registry PPD; ONS MSOA total household income

81. Shared ownership appears to be slightly more affordable than First Homes, with shared ownership at 10% equity affordable to households with two lower quartile earners. Government has recently announced that the minimum equity share for shared ownership will fall to 10% of the property value.¹² If this is delivered in the NA, it will make shared ownership easier to access for more people. However, while the income threshold for a 10% equity shared ownership home is lower, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.
82. The transition from 10% to 100% ownership would be long, and during this period the rent on the 90% unsold value would not be subsidised, meaning that monthly costs for occupants will remain relatively high and the build-up of equity will be relatively slow. This product would therefore only be a realistic route to full ownership for households prepared to take a long-term view.
83. The income required to access Rent to Buy, a product designed to allow residents to transition from renting to ownership by allowing a discount on the market rent to be used to save a deposit, is assumed to be the same as that required to afford market rents. On that basis, First Homes and shared ownership are less affordable options, except for shared ownership at 10% equity, which is more affordable.
84. These three products need to be considered in relation to what they offer occupants in the long term beyond simply being affordable to access or not.
 - First Homes allow for a greater ownership stake in the property, enabling occupiers to benefit from price appreciation over time. Monthly outgoings are also limited to mortgage costs alone, which tend to be cheaper than renting.
 - Shared ownership at high equity shares performs a similar function to First Homes, but there are additional costs associated with the rented portion.
 - Shared ownership at low equity shares can usually be accessed by lower earning households (than First Homes) and requires a smaller deposit. However, this is a potentially less attractive route to eventual ownership because monthly outgoings

¹² The previous minimum equity share was 25%. This change took effect from 28 June 2021 and transitional arrangements are in place for planning policy documents that are prepared during the implementation timeframe. Changes are also introduced to make the process of staircasing to full ownership more gradual with lower minimum increments of 1%. The ministerial statement confirming and detailing the changes is available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>.

remain high. The occupant has to pay a significant monthly rent as well as service charges and other costs, so it can be harder for them to save funds to buy out a greater share in the property over time.

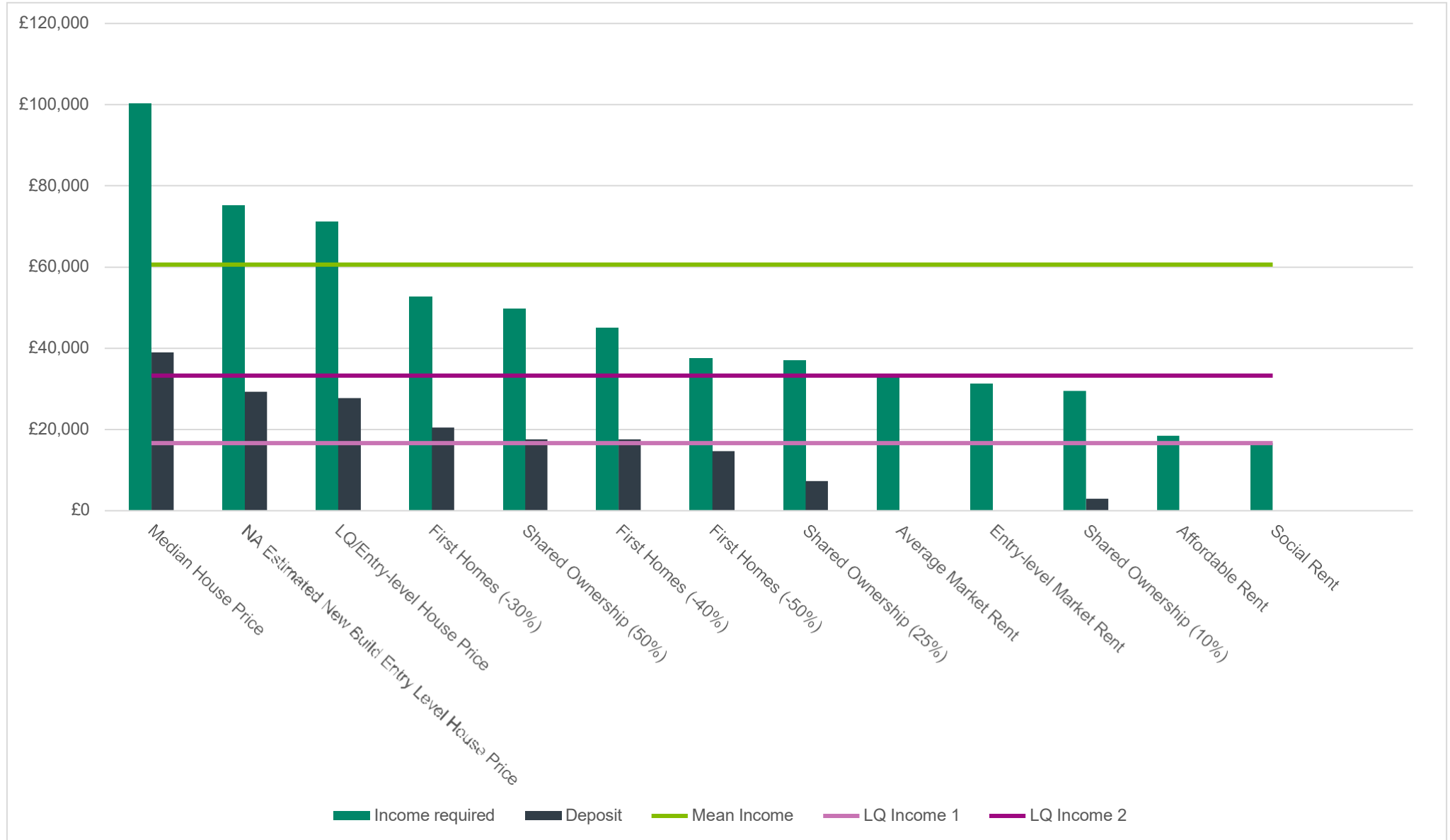
- Rent to Buy requires no deposit, thereby benefitting those with sufficient incomes but low savings. It is more attractive than renting but results in a much slower accumulation of the funds that can provide an eventual route to ownership than the other tenures discussed above.

85. In conclusion, all of these products would provide value to different segments of the local population, with shared ownership at 10% equity share potentially allowing lower earning households to get a foot on the housing ladder, while Rent to Buy is helpful to those with little or no savings for a deposit, and First Homes potentially providing a better long-term investment to those who can afford to access it.

Affordable rented housing

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

Figure 4-2: Affordability thresholds in Thurcaston & Cropston, income required (additional cost of deposit in black)



Source: AECOM Calculations

Affordable housing- quantity needed

88. The starting point for understanding the need for affordable housing in Thurcaston & Cropston is the relevant local authority level Housing Needs Assessment. A Housing Needs Assessment was undertaken for Charnwood Borough in 2020¹³. This study estimates the need for affordable housing in the Borough 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 Housing Needs Assessment identifies the net need for 476 additional affordable/social rented homes in Charnwood Borough as a whole per annum.
89. When this local authority level figure is prorated to Thurcaston & Cropston based on its fair share of the population (1.06% of the LPA's population), this equates to 5 homes per annum for social/affordable rent. This would be 75 homes over the Neighbourhood Plan period 2022-2037. The study does break the Borough down into sub areas, with Thurcaston & Cropston falling within the South West Charnwood Forest sub area, with a net need for 12 affordable rented dwellings per annum. There is no clear way to break the sub area down into NAs or parishes so it is more accurate to work from the entire Borough figure when looking at Thurcaston & Cropston.
90. Pro-rating Borough level estimates of affordable housing need to rural areas presents problems in practice. The Borough level figures are likely to represent higher needs in the urban areas of the Borough 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 Thurcaston & Cropston the lack of social housing means there is no need generated from households already living in the sector. Similarly, households who may need social housing often move away to areas where their needs are more likely to be met (either because there is social housing available or more private rented housing). This means it is difficult to identify need for social/affordable rented housing within Thurcaston & Cropston.
91. When looking at affordable home ownership, the Charnwood Housing Needs Assessment finds that across the Borough, there is no real net need for these products. The gross need across the Borough is calculated as 338 dwellings per annum. However, the study comes to the conclusion that there is a net surplus (of 7 dwellings per annum) of affordable home ownership products across Charnwood Borough. This is based on the assumption that around half of the lowest priced 25% of existing dwellings would meet the needs of those currently private renting (the target group for affordable home ownership products). Some lower quartile priced properties may be affordable to some households who need affordable home ownership. However, AECOM expect that the extent of this is limited for the following reasons:

¹³ Available at

https://www.charnwood.gov.uk/files/documents/cd630_charnwood_housing_needs_assessment/CD6.30%20Charnwood%20Housing%20Needs%20Assessment.pdf

- The majority of these households have insufficient deposits and deposit requirements are not reduced substantially enough at the cheaper end of the market;
 - Properties priced at lower quartile levels tend to be small and will not be suitable for all households (e.g. families);
 - These properties may be concentrated in urban locations rather than spread equally across the Borough (including in the NA itself); and
 - The lowest priced properties may be in poor condition and/or requiring substantial investment to ensure they are habitable.
92. Due to the study's findings and assumptions regarding the need for affordable home ownership products, AECOM has undertaken calculations to estimate the potential demand for affordable home ownership products in Thurcaston & Cropston. This model aims to estimate the number of households that might wish to own their own home but cannot afford to – the 'can rent, can't buy' group described in the previous section. The model is consistent with methods used generally at Local Authority scale in taking as its starting point households currently living in or expected to enter the private rented sector who are not on housing benefit.
93. 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 also discounts 25% of households potentially in need, assuming a proportion will be renting out of choice. This assumption is based on consistent results for surveys and polls at the national level which demonstrate that most households (typically 80% or more) aspire to home ownership.¹⁴ No robust indicator exists for this area or a wider scale to suggest aspirations may be higher or lower in the NA.
94. The result of the calculation is 2.3 households per annum who may be interested in affordable home ownership in the NA (or 35 for the entirety of the Plan period). This assumes a rate of turnover in the existing stock will satisfy some need, though this is extremely minimal because of the lack of shared ownership in the NA currently.
95. It is important to keep in mind that the households identified in this estimate are, by and large, adequately housed in the private rented sector, Affordable Housing, or living in other circumstances. They do not necessarily lack their own housing but would prefer to buy rather than rent. They have been included in the national planning definition of those in need of Affordable Housing, but their needs are less acute than those on the waiting list for affordable rented housing.

¹⁴ <http://www.ipsos-mori-generations.com/housing.html>

Table 4-6: Estimate of the potential demand for affordable housing for sale in Thurcaston & Cropston

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current number of renters in parish	48.8	Census 2011 number of renters x national % increase to 2018.
1.2 Percentage renters on housing benefit in LA	15.6%	% of renters in 2018 on housing benefit.
1.3 Number of renters on housing benefits in parish	7.6	Step 1.1 x Step 1.2.
1.4 Current need (households)	30.9	Current renters minus those on housing benefit and minus 25% assumed to rent by choice. ¹⁵
1.5 Per annum	2.1	Step 1.4 divided by plan period.
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	169.8	LA household projections for plan period (2018 based) pro rated to NA.
2.2 % of households unable to buy but able to rent	3.9%	(Step 1.4 + Step 3.1) divided by number of households in NA.
2.3 Total newly arising need	6.6	Step 2.1 x Step 2.2.
2.4 Total newly arising need per annum	0.5	Step 2.3 divided by plan period.
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of affordable housing	4.0	Number of shared ownership homes in 2011 (no Affordable Housing built in NA since)
3.2 Supply - intermediate resales	0.2	Step 3.1 x 5% (assumed rate of re-sale).
NET SHORTFALL PER ANNUM		
Overall shortfall per annum	2.3	(Step 1.5 + Step 2.4) - Step 3.2.
Overall shortfall over the plan period	34.8	(Step 1.4 + Step 2.3) – Step 3.2 * number of years to end of plan period

Source: AECOM model, using Census 2011, English Housing Survey 2018, DLUHC 2018 based household projections and net additions to affordable housing stock. 2018 is the latest reliable data for some datasets so is used throughout for consistency.

96. There is no policy or legal obligation on the part either of the Local Authority or Neighbourhood Plan to meet affordable housing needs in full, though there are tools available to the Steering Group that can help ensure that it is met to a greater extent if resources permit (e.g. the ability to allocate sites suitable for

¹⁵ The assumption of approximately 25% preferring to rent and 75% preferring to buy is AECOM's judgement, based on national level polls which consistently reveal that most households who prefer home ownership eg <http://www.ipsos-mori-generations.com/housing.html> and informed by our experience across numerous neighbourhood level HNAs. The assumption is based on the fact that some households choose to rent at certain stages in their life (e.g. when young, when needing flexibility in employment market, or when new migrants move into an area). While most households prefer the added security and independence of owning their own home, private renting is nevertheless a tenure of choice at a certain points in many households' journey through the housing market. The actual percentage of preference will differ between areas, being higher in large metropolitan areas with younger households and more new migrants, but lower in other areas. 25% is used as a reasonable proxy and for consistency across HNAs and similar assumptions are used in some larger scale assessments such as LHNAs and SHMAs. If the neighbourhood planning group feel this is not an appropriate assumption in their particular locality they could use the results of a local residents survey to refine or confirm this calculation.

affordable housing, exploring options for rural exception sites, or encouraging affordable community-led development).

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

Affordable Housing policy guidance

98. Charnwood Borough Council's emerging policy on this subject H4: Affordable Housing requires 30% of all new housing on greenfield sites to be affordable. This is 10% on brownfield sites but for the purposes of this report, due to the rural location of the NA, it will be assumed that development will be greenfield and therefore that the Affordable Housing requirement is 30%. Given that there has been no delivery of Affordable Housing in Thurcaston & Cropston over the last decade according to Charnwood Borough Council's completions figures, it is understood that sites are usually too small to meet the threshold for Affordable Housing to be required in the NA.
99. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.
100. How the Affordable Housing that comes forward through mainstream development sites is broken down into specific tenures – such as the balance between rented tenures and routes to home ownership. On greenfield sites the emerging policy for Charnwood is to deliver 67% rented and 33% affordable home ownership products. The HNA can supply more localised evidence, and this section summarises the factors that might be taken into account before proposing a suggested Affordable Housing tenure mix that might be suitable for Thurcaston & Cropston specifically.
101. The following evidence and considerations may be used as a starting point in the development of policy concerning the Affordable Housing mix:
 - A. **Evidence of need for Affordable Housing:** This study estimates that Thurcaston & Cropston requires roughly 75 units of affordable rented housing and 35 units of affordable home ownership over the Plan period. Both forms of Affordable Housing appear to be valuable in meeting the needs of people on various incomes.

The relationship between these figures suggests that 68% of Affordable Housing should be rented and 32% should offer a route to ownership. However, as noted above, these figures are not directly equivalent: the former expresses the identified need of a group with acute needs and no alternative options; the latter expresses potential demand from a group who are generally adequately housed in rented accommodation and may not be able to afford the deposit to transition to ownership.

If the quantity of new housing overall were unlimited, 68% to 32% may be an appropriate affordable tenure mix. However, this may not be strictly necessary.

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

If the Local Plan target of 30% were achieved on every site, up to around 10 affordable homes might be expected in the NA, based on the housing requirement figure of 33 dwellings (including 2 windfall). Based on past delivery, it is expected that the majority of Thurcaston & Cropston's HRF will come forward on smaller sites, where Affordable Housing policy may not apply (Policy outlines it as being applicable on 'all major housing developments'). This is not sufficient to satisfy the total potential demand for Affordable Housing identified here.

As a result, affordable rented housing should have a higher weighting in the tenure mix than affordable home ownership products to ensure that the most acute needs are met as a priority. The 67% rented 33% ownership guideline mix in the Local Plan may offer an appropriate benchmark, being very similar to the split of need identified.

- C. Government policy (e.g. NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. For 10% of all housing to be affordable ownership in Thurcaston & Cropston, where 30% of all housing should be affordable, 1/3 of Affordable Housing should be for affordable ownership. This complies with the guideline tenure split sought in the emerging Local Plan. When looking at brownfield sites, where 10% of housing is required to be affordable, 100% of delivery would need to be for affordable home ownership products, which is not in line with emerging policy which requires a 50/50 split between rented and home ownership.

There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Based on the findings of this HNA, there is evidence that on brownfield sites especially, meeting the 10% threshold in Thurcaston & Cropston would prejudice the provision of much needed affordable rented homes.

- D. Local Plan policy:** As noted above, the emerging Local Plan seeks a tenure split of 67% rented and 33% affordable home ownership on greenfield sites. This aligns very closely with the split of need identified in Thurcaston & Cropston. On brownfield sites, this split is advised as 50/50.
- E. First Homes policy:** the Government recently concluded a consultation on the introduction of First Homes (to provide at least 30% discount on new build home prices). The proposals have now been enacted through a ministerial statement. A minimum of 25% of all Affordable Housing secured through developer contributions are now required to be First Homes.

This new minimum requirement may have the effect of displacing other products in any established tenure mix and will reduce the amount of social or affordable rent if this was proposed to be more than 75% of Affordable Housing. This is not the case in Charnwood Borough.

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

AECOM is aware that some Local Planning Authorities are considering 'top slicing' their affordable housing quota to provide 25% First Homes and then allocating the remaining proportion according to their existing policy tenure split. If this was done in Charnwood Borough, the remaining 75% of the affordable housing provision would then be apportioned 67% to affordable rent and 33% to affordable home ownership. If this approach is taken, all other things being equal, it would reduce the provision of rented forms of affordable housing since it would effectively protect the provision of other forms of affordable home ownership alongside First Homes. Some LPAs are considering this approach because of the existing business models of registered providers which have relied on shared ownership to cross subsidise affordable rented housing and uncertainty over whether First Homes could replace this model.

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

- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site-specific level. Viability issues are recognised in the Local Plan and it is acknowledged that this may affect the provision of affordable housing, the mix of tenures provided and the discounts that can be sought on First Homes properties.
- G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood planning group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- H. **Existing tenure mix in Thurcaston & Cropston:** Due to there being no Affordable Housing completions between 2011 and present in the NA, it is assumed that the stock remains the same, or smaller, than in 2011. The proportion of social/affordable rented housing in 2011 was very small in Thurcaston & Cropston, at just 1.6% of housing compared to 11.8% across the Borough and 17.7% nationally. The evidence therefore suggests that there is very limited Affordable Housing within the NA at present. Some provision of Affordable Housing would therefore offer a wider choice of homes for local residents and, importantly, may allow those on lower

incomes including newly forming households and younger families to remain in or move to the area.

- I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in the parish. The funding arrangements available to housing associations will determine rent levels.
 - J. **Wider policy objectives:** the neighbourhood planning group may wish to take account of broader policy objectives for Thurcaston & Cropston and/or the wider district. These could include, but are not restricted to, policies to attract younger households, families or working age people to the NA. These wider considerations may influence the mix of Affordable Housing provided.
102. On the basis of the considerations above, Table 4-6 proposes an indicative Affordable Housing tenure mix that might be sought through Neighbourhood Plan policy.
 103. This indicative mix is chiefly a response to the expectation that the delivery of Affordable Housing will be significantly lower than the needs identified here and the fact that the existing stock of social/affordable rent in the NA is very low. In this context, affordable rented tenures should be prioritised. It is suggested that 67% of Affordable Housing is delivered as affordable rented tenures and the remaining 33% delivered as affordable home ownership products. This aligns with both the Local Plan guideline split and national requirements.
 104. Within the affordable home ownership category, First Homes should represent 25% of the affordable mix, in line with national policy. It is recommended that in Thurcaston & Cropston these are delivered at a 30% discount as it makes the product accessible to households on mean incomes. Increasing the discount does not make it accessible to further groups and keeping the discount at 30% may increase the viability of the delivery of affordable rented dwellings. The remaining 8% is suggested to be delivered as shared ownership to provide variety. If delivered at 10% equity, this would make it accessible to households with two lower quartile earners. Rent to Buy does not feature in this tenure mix as it is considered more appropriate to protect the provision of affordable rented tenures.
 105. This mix should be viewed as a starting point, based primarily on secondary evidence, which should be reconsidered in light of considerations F to J above, and in particular the views and objectives of the community.
 106. Where the neighbourhood planning group wish to develop policy that deviates from that outlined in the Local Plan – either by differing from the headline split between renting and ownership or by specifying a greater level of detail around sub-tenures, it is important that they liaise with Charnwood Borough Council to gather more detailed income and viability information, and to ensure that departures from the local policy context have their support.

107. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.

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

Tenure	Indicative mix	Considerations and uncertainties
Routes to home ownership, of which	33%	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	8%	Recently confirmed changes to the model to allow purchases of 10% share - impact on viability unknown. RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to Buy	0%	Emerging product with popularity and effectiveness as yet unknown. Impact of displacement by First Homes unknown.
Affordable Housing for rent, of which	67%	
Social rent	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area. Uncertain whether RPs willing to own/manage stock in this area.
Affordable rent	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area.

Source: AECOM calculations

Conclusions- Tenure and Affordability

Current dwelling stock

108. In 2011, the vast majority of housing in Thurcaston & Cropston was owner occupied, with 91.2% of households owning their own home, significantly higher than nationally (63.3%). There was a distinct lack of social rented housing, with just 1.6% of households socially renting their home in the NA, compared to 11.8% across the Borough, and 17.7% nationally. Since 2011, 7 dwellings have been built in Thurcaston & Cropston, none of which were Affordable Housing.

109. The median and the lower quartile house prices in the NA peaked in 2021 at £390,000 and £277,000 respectively. This is a house price growth of 47.3%

between 2012 and 2021 for the median and a house price growth of 30.5% for the lower quartile in the same time period. In 2021, the overall median house price for the Borough was 39.4% lower than the NA median, suggesting affordability challenges in Thurcaston & Cropston may be greater than across Charnwood as a whole.

Affordability

110. Local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. Private renting is generally affordable to average earners. Households made up of two lower quartile earners can afford the given rental thresholds for entry-level market housing and may marginally be able to afford average market rents.
111. Turning to affordable home ownership, First Homes at all discount levels are accessible to households on average incomes in the NA. However, no other groups are able to access this form of home ownership. Therefore, it is recommended that First Homes are delivered at 30% discount in Thurcaston & Cropston to make the product accessible to a significant group of households with incomes too low to afford market housing, whilst ensuring that viability can be maintained for other forms of Affordable Housing to be brought forward. Shared ownership appears to be slightly more affordable than First Homes, with shared ownership at 10% equity affordable to households with two lower quartile earners. Rent to Buy is helpful to those with little or no savings for a deposit.
112. Affordable rented housing is generally affordable to households with two lower earners depending on their household size. However, households with a single lower earner appear unable to afford any of the tenures considered except potentially the smallest socially rented units.

Affordable Housing need

113. The starting point for understanding the need for affordable housing in Thurcaston & Cropston is the Charnwood Borough Housing Needs Assessment. This study estimates the need for affordable rented housing in the Borough. When pro-rated to the NA, this identifies a need for approximately 75 units of affordable rented housing over the plan period. In addition, AECOM calculates the potential demand for affordable home ownership products, at 35 dwellings over the plan period.
114. AECOM suggests an indicative mix for Affordable Housing, with it suggested that 67% of Affordable Housing is delivered as affordable rented tenures and the remaining 33% delivered as affordable home ownership products. Within the affordable home ownership category, First Homes should represent 25% of the affordable mix, in line with national policy, delivered at a 30% discount. The remaining 8% is suggested to be delivered as shared ownership to provide variety. If delivered at 10% equity, this would make it accessible to households with two lower quartile earners. Rent to Buy does not feature in this tenure mix as it is considered more appropriate to protect the provision of affordable rented tenures.

115. Table 4-7 summarises Thurcaston & Cropston’s position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighbourhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.

Table 4-7: Estimated delivery of Affordable Housing in Thurcaston & Cropston

	Step in Estimation	Expected delivery
A	Provisional capacity figure	33
B	Affordable housing quota (%) in LPA’s Local Plan – for greenfield sites	30%
C	Potential total Affordable Housing in NA (A x B)	10
D	Rented % (e.g. social/ affordable rented)	70%
E	Rented number (C x D)	7
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	30%
G	Affordable home ownership number (C x F)	3

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

116. This expected level of delivery does not meet the quantity of demand identified in estimates of the need for affordable housing. It is therefore recommended that the policy requirement be met wherever possible, and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites and community-led housing schemes) to be explored. If the group considered exceeding the Local Plan policy requirement in the neighbourhood plan then it must be noted that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.

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

developing community land trusts are all ways of boosting the supply of affordable housing.

5. RQ 2: Type and Size

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

Introduction

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

Existing types and sizes

Background and definitions

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

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

124. As noted in the Context section of this report, there is no perfect data source for the current mix of dwellings in the NA. Due to the completion data provided by Charnwood Borough Council not breaking down the data into the type or size of dwellings, Valuation Office Agency (VOA) data has been relied upon to update the housing stock for Thurstaston & Cropston. It should be noted that VOA data is available at LSOA level at its smallest scale, and the NA is made up of an LSOA and 2 OAs. Therefore, the VOA data covers a slightly larger area than the NA, although the percentage figures are likely to be representative.

Dwelling type

125. Table 5-1 breaks down the dwelling types in Thurstaston & Cropston in both 2011 and 2021. In 2011, the NA was dominated by detached dwellings, at 66.5% of the stock. It should be noted that Census data does not record bungalows independently but counts them within the other categories. This likely inflates the figures for detached and semi-detached dwellings, hence the apparent decline to 2021. In 2021, it is expected that the majority of dwellings were still detached. The proportion of both flats and terraced dwellings, which were already low, fell slightly in this time. The data also shows that 21.5% of dwellings were bungalows.

Table 5-1: Accommodation type, Thurstaston & Cropston, 2011 and 2021

Dwelling type	2011 (Census)	2021 (VOA)
Bungalow	-	21.5%
Flat	1.4%	0.8%
Terrace	6.7%	6.2%
Semi-detached	25.3%	17.7%
Detached	66.5%	52.3%
Unknown/other	-	1.5%

Source: ONS 2011, VOA 2021, AECOM Calculations

126. Comparing the mix with the wider Borough and country, the NA has a significantly higher proportion of bungalows than both Charnwood and England. Additionally, the proportion of detached dwellings is well above the levels in the comparator areas, with this type of dwelling likely to be larger and more expensive. The smaller proportion of semi-detached dwellings (17.7%), especially compared with the Borough (30.4%) may suggest a lack of suitable, more affordable, family housing. There is also a distinct lack of flats and terraced dwellings in the NA, although for the former this is usual in rural areas.

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

Dwelling type	Thurcaston & Cropston	Charnwood	England
Bungalow	21.5%	10.9%	9.2%
Flat	0.8%	11.6%	23.7%
Terrace	6.2%	21.7%	26.1%
Semi-detached	17.7%	30.4%	23.7%
Detached	52.3%	23.8%	15.8%
Unknown/other	1.5%	1.7%	1.4%

Source: VOA 2021, AECOM Calculations

Dwelling size

127. Turning to dwelling size, Table 5-3 shows that in 2011, the greatest proportion of dwellings were 4-bedroom, at 36.1%, closely followed by 3-bedroom dwellings at 35.4%. The proportion of the smallest 1-bedroom dwellings was very low, at just 2.6% of the stock. Between 2011 and 2021, the proportion of smaller 1-bedroom and 2-bedroom dwellings decreased slightly in the NA. The proportion of 3-bedroom and 5-bedroom dwellings increased whilst the proportion of 4-bedroom dwellings decreased significantly. This could be in part due to the makeup of development in the last decade, due to households changing the size of their dwelling (e.g. extending a 4-bedroom dwelling or knocking through rooms to make larger rooms but a 3-bedroom dwelling), or a feature of the additional homes captured by the wider proxy area.

Table 5-3: Dwelling size (bedrooms), Thurcaston & Cropston, 2011 and 2021

Number of bedrooms	2011 (Census)	2021 (VOA)
Studio	0.3%	-
1	2.6%	1.6%
2	16.6%	15.4%
3	35.4%	41.5%
4	36.1%	28.5%
5+	8.9%	13.0%

Source: ONS 2011, VOA 2021, AECOM Calculations

128. Again, it is useful to look at the percentage breakdown of dwelling sizes in comparison with the wider Borough and country. Table 5-4 shows that the proportion of smaller 1-bedroom and 2-bedroom dwellings in Thurcaston & Cropston is well below the proportions seen across Charnwood and England, emphasising the lack of smaller, likely more affordable, dwellings in the NA. In addition, the proportion of larger 4+ bedroom dwellings is well above the levels for the comparator areas. When looking at mid-sized 3-bedroom dwellings, the proportion in the NA (41.5%) is slightly below levels for England (43.0%), and more significantly below the proportion in the stock in Charnwood (47.6%), perhaps indicating a lack of family housing.

Table 5-4: Dwelling size (bedrooms), various geographies, 2021

Number of bedrooms	Thurcaston & Cropston	Charnwood	England
1	1.6%	8.3%	12.6%
2	15.4%	25.0%	28.4%
3	41.5%	47.6%	43.0%
4	28.5%	15.1%	12.1%
5+	13.0%	3.5%	3.3%

Source: VOA 2021, AECOM Calculations

Age and household composition

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

Age structure

130. Table 5-5 shows the most recent estimated age structure of the NA population, alongside 2011 Census figures. It shows that in 2011 the largest group of the population were aged 45-64, at 34.7%. This age category remains dominant when looking at mid-2020 population projections, although to a lesser extent. This is likely due to the natural aging of the population, with an increase in the proportion of people aged 65-84 and 85+ in this time. The younger age categories remain relatively stable with slight declines in each of the categories covering the aged 0-44. Overall, it is clear that between 2011 and 2020 the population of Thurcaston & Cropston aged.

131. The total population declined by 82 people, around 4.0%. The 2021 Census will provide the most up to date age breakdown of the NA when it is released at local levels in the coming months. Local authority level Census data for 2021 showed that between 2011 and 2021 there was a 10.7% increase in the population of Charnwood Borough. Therefore, the decline in population noted in Thurcaston & Cropston is not in line with local authority trends. This may be due to challenges with affordability in the area meaning that adult children have to move away from the NA to find suitable housing.

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

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

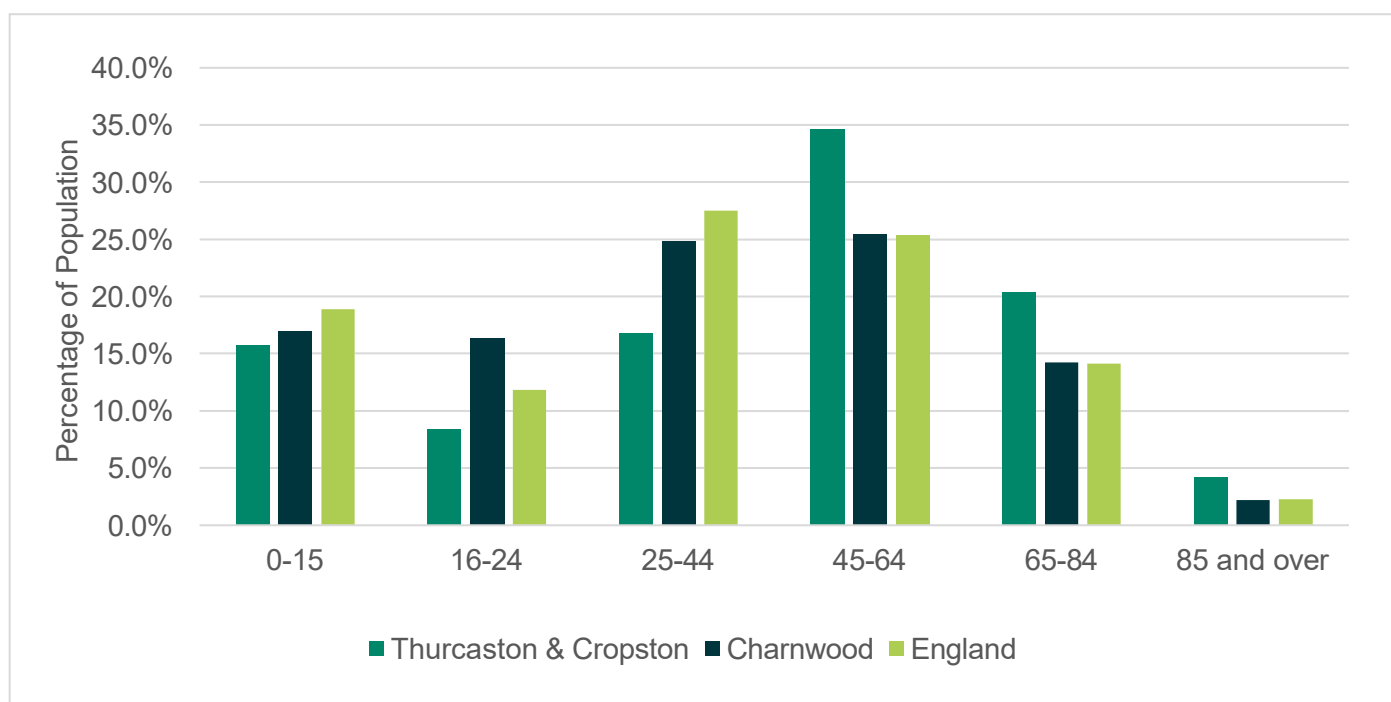
Table 5-5: Age structure of Thurcaston & Cropston population, 2011 and 2020

Age group	2011 (Census)		2020 (ONS, estimated)	
	Count	Percentage	Count	Percentage
0-15	327	15.8%	289	14.5%
16-24	173	8.3%	143	7.2%
25-44	347	16.7%	302	15.2%
45-64	719	34.7%	635	31.9%
65-84	422	20.3%	490	24.6%
85 and over	86	4.1%	133	6.7%
Total	2,074	-	1,992	-

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

134. For context, it is useful to look at the parish population structure alongside that of the Borough and country. Figure 5-2 (using 2011 Census data) shows that the proportion of the population in the 16-24 and 25-44 age categories in the NA is significantly below both Borough and national levels. The peak in the 16-24 age category for Charnwood is likely due to Loughborough University and the large proportion of students living in the Borough area. The proportion of the population aged 45+ is above both national and Borough levels (which align closely), with the most significant difference in the 45-64 age category. A good proportion of this age category would in the present day be aged 65+ and contributing to the aging population identified in the table above.

Figure 5-2: Age structure in Thurcaston & Cropston, 2011



Source: ONS 2011, AECOM Calculations

Household composition

135. Household composition (i.e. the combination and relationships of adults and children in a dwelling) is an important factor in the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period. Table 5-6 shows that there were fewer single person households in the NA compared to the wider Borough and country. Despite this, Thurcaston & Cropston had a greater

proportion of single person households aged over 65, further exemplifying the aging population. Due to the smaller proportion of single person households in the NA, there was a greater proportion of family households. The proportion of households with dependent and non-dependent children in Thurcaston & Cropston was relatively in line with both comparator areas. There was however a significantly higher proportion in the NA of family households aged 65 and over and of family households with no children. This may relate to the affordability challenges discussed earlier in the report, with older retired couples or couples without the expenses relating to children more able to afford to live in the NA, with owner occupation by far the dominant tenure and high house prices for the Borough.

Table 5-6: Household composition, Thurcaston & Cropston, 2011

Household composition		Thurcaston & Cropston	Charnwood	England
One person household	Total	22.2%	28.1%	30.2%
	Aged 65 and over	14.6%	12.0%	12.4%
	Other	7.5%	16.1%	17.9%
One family only	Total	75.4%	64.5%	61.8%
	All aged 65 and over	15.3%	9.4%	8.1%
	With no children	24.5%	19.0%	17.6%
	With dependent children	25.9%	26.1%	26.5%
	With non-dependent children ¹⁶	9.6%	10.0%	9.6%
Other household types	Total	2.4%	7.4%	8.0%

Source: ONS 2011, AECOM Calculations

Occupancy ratings

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

137. Under-occupancy is prevalent in Thurcaston & Cropston, with Table 5-7 showing that 90.7% of households living in a dwelling with at least one extra

¹⁶ Refers to households containing children who are older than 18 e.g students or young working people living at home.

bedroom. This is most common in households with families all aged over 65 (97.7% under-occupancy) and families aged under 65 with no children (97.6% under-occupancy). This suggests that larger housing is not being occupied by households with the most family members, but by households with the most wealth or by older people who have chosen not to, or been unable to, downsize to smaller properties. There is some over-occupancy in the NA, in households with both dependent and adult children. The latter may be indicative of affordability challenges in Thurcaston & Cropston, with adult children potentially unable to afford to leave family homes despite overcrowding.

Table 5-7: Occupancy rating by age in Thurcaston & Cropston, 2011

Household type	+2 rating	+1 rating	0 rating	-1 rating
Family 65+	74.2%	23.5%	2.3%	0.0%
Single person 65+	57.1%	36.5%	6.3%	0.0%
Family under 65 - no children	87.2%	10.4%	2.4%	0.0%
Family under 65 - dependent children	46.2%	35.0%	15.7%	3.1%
Family under 65 - adult children	41.0%	45.8%	10.8%	2.4%
Single person under 65	58.5%	29.2%	12.3%	0.0%
All households	62.5%	28.2%	8.1%	1.2%

Source: ONS 2011, AECOM Calculations

Dwelling mix determined by life-stage modelling

Suggested future dwelling size mix

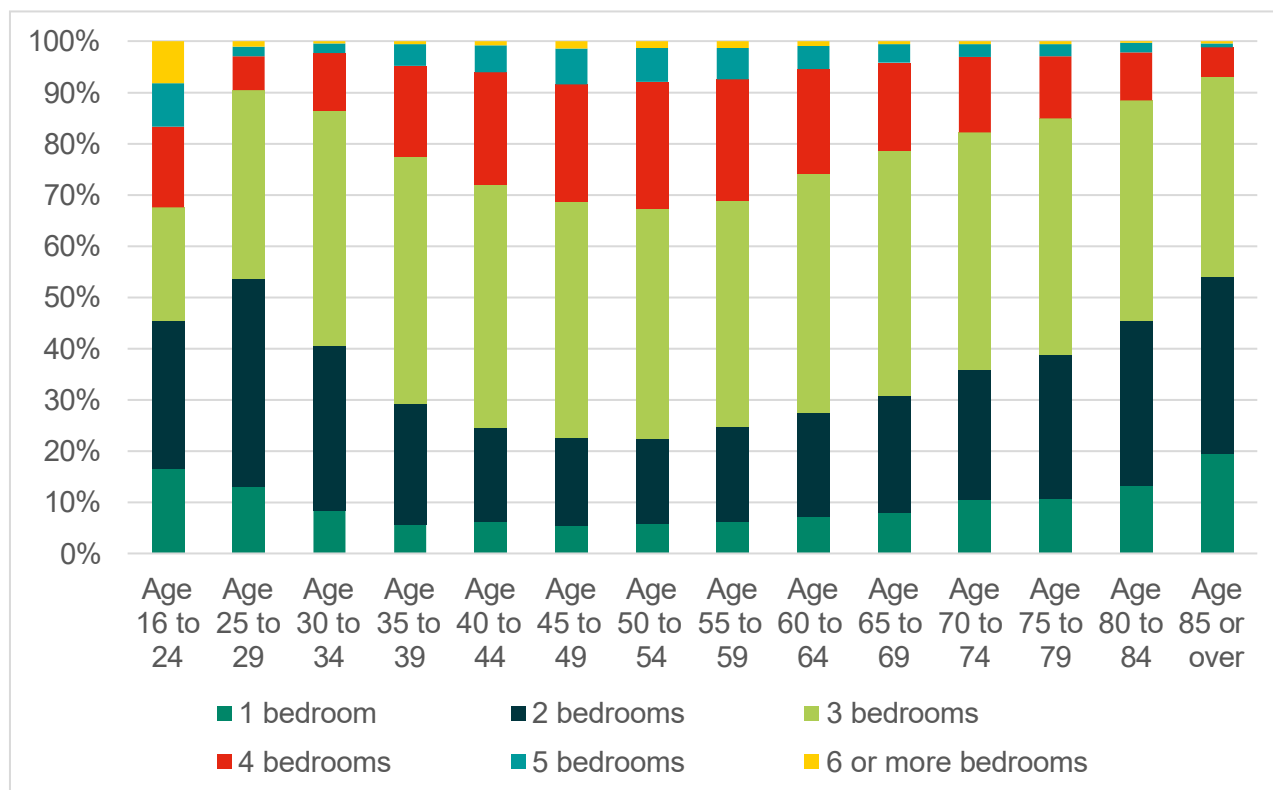
138. As noted above, there is a strong link between the life stage of a household and the size of dwelling that household can be expected to need. The final part of this chapter presents the results of a model that aims to estimate the dwelling size needs of the parish at the end of the Neighbourhood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

- The starting point is the age distribution of Thurcaston & Cropston households in 2011.
 - The life stage of a household is determined by the age of the household reference person (HRP), a more modern term for the head of household.
 - As noted above, household life stages are not estimated annually, so the older Census data must be used.
- This life stage data is then projected forward to the end of the Plan period by applying the growth rates for each household age group as suggested by the latest household projections. This allows for an estimate of how the parish population might evolve in future.
 - ONS household projections are produced every two years but are only available at Local Authority level. The growth rates are therefore applied to the 2011 starting household age profile of the NA.

- Next, we turn to a Census dataset that shows the occupation patterns or preferences of each household life stage (e.g. what proportion of households aged under 24 tend to live in 1 bedroom homes as opposed to 2, 3 or 4 bedroom homes). This data is mapped to the distribution of the projected NA population for each life stage and each dwelling size category to form a picture of what mix of homes might be appropriate in future.
 - This occupation data is again only available at Local Authority scale, so it does risk embedding any unusual characteristics present in the area.
 - The model also assumes that today's occupation patterns persist into the future, which is not a given, particularly with the change in preferences for home working space and other features arising from the Covid-19 pandemic. However, there is no better indication of what those patterns might look like. It is considered more appropriate to adjust the end mix that results from this model to reflect such trends than to build further speculative assumptions into the model.
 - Finally, this 'ideal' future mix of dwelling sizes can be compared to the current stock of housing in the NA. From this we can identify how future development might best fill the gaps.
 - The 2011 dwelling size mix is used for consistency, so any imbalances in new development since then may justify adjustments to the final results.
139. It is important to keep in mind that housing need is not an exact science and this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the tendency of households to occupy more or less space than they 'need'. It also does not anticipate changes in how people may wish to occupy their homes in response to social and technological change.
140. The approach therefore embeds existing patterns of occupancy which may or may not be desirable. As such, it is appropriate for the result of this model to be taken as a baseline scenario – what would occur if current trends persisted. It may well be the intention of the community to intervene to produce a different outcome more in line with their interpretation of emerging trends and their place- and community-shaping objectives. Layering these factors on top of the indicative picture provided by this model is considered entirely appropriate for the purpose of drafting neighbourhood plan policy.
141. Before presenting the results of this exercise, it may be interesting to review two of the inputs described above.
142. The first, given as Figure 5-2, sets out the relationship between household life stage and dwelling size for Charnwood in 2011. Generally, the youngest households occupy the smallest dwellings, before rapidly taking up larger homes as their families expand, and then more gradually downsizing to smaller homes again as they age. In the case of Charnwood, there is a much broader

spread of dwelling sizes than would be expected for households with a household reference person aged 16-24. This is likely due to Loughborough University being located in Charnwood Borough, with student households living in HMOs likely to account for the larger than expected proportion of young people living in larger houses.

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



Source: ONS 2011, AECOM Calculations

143. The second dataset of note is the result of applying Local Authority level household projections to the age profile of Thurcaston & Cropston households in 2011 and the updated estimates of household numbers described in the bullets above. Table 5-8 makes clear that population growth can be expected to be driven by the oldest households: it is expected that the number of households with a household reference person aged 65 and over will increase by 71% between 2011 and the end of the plan period. These older households would account for 44.6% of all households in 2037, compared to 36.0% in 2011. Growth is expected in all age categories, although at a significantly lower level, with the next greatest amount of growth in households with a household reference person aged 25 to 34, at 25%, potentially indicating an increase in family households.

Table 5-8: Projected distribution of households by age of HRP, Thurcaston & Cropston

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	2	28	324	197	310
2037	2	35	382	240	530
% change 2011-2037	14%	25%	18%	22%	71%

Source: AECOM Calculations

144. The final result of this exercise is presented in Table 5-9. The model suggests that at the end of the plan period, the dominant dwelling type should remain 3-bedroom, although to a much greater extent than in 2011. It is also recommended that the proportion of larger dwellings is significantly reduced in Thurcaston & Cropston, with the proportion of smaller dwellings increased. In order to reach this target mix by the end of the plan period, the model suggests that the majority of new dwellings are brought forward as 3-bedroom, at 52.0%, suitable for families. It is suggested that the remainder of the dwellings are delivered as smaller 1-bedroom and 2-bedroom dwellings, with no delivery of larger dwellings, although the complete prohibition of larger homes is not entirely necessary, as explained in the paragraphs below.

Table 5-9: Suggested dwelling size mix to 2037, Thurcaston & Cropston

Number of bedrooms	Current mix (2011)	Target mix (2037)	Balance of new housing to reach target mix
1 bedroom	2.6%	8.8%	18.1%
2 bedrooms	16.6%	23.5%	29.9%
3 bedrooms	35.4%	45.5%	52.0%
4 bedrooms	36.1%	17.4%	0.0%
5 or more bedrooms	8.9%	4.9%	0.0%

Source: AECOM Calculations

145. It is never advisable to restrict future housing delivery to selected size categories only. The result of this model is a relatively blunt measure of what could be beneficial given population change and existing imbalances in the current housing options in Thurcaston & Cropston. It is a starting point for thinking about how best to address the more nuanced needs of the future population.

146. The preceding chapter found that affordability is a serious challenge in the NA. While the provision of Affordable Housing is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.

147. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms. However, it may not be realistic to expect growing families to be able to afford the larger detached homes that are currently under-occupied in the parish. There may therefore be a strong justification to continue supplying larger homes despite their abundance because a different kind of larger home is needed to accommodate growing families with less buying power. This is too speculative to quantify in a percentage size mix but is among the good reasons not to inhibit any size of dwelling entirely.
148. More generally, it would be unwise for any new housing that does come forward to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to smaller and mid-sized homes but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

The Charnwood HNA findings

149. The following findings from the Charnwood Housing Needs Assessment may be relevant to the type and size of housing in Thurcaston & Cropston:
- The study suggests a recommended size mix for new housing across the Borough for different tenures. It suggests that the greatest proportion of new market development should be mid-sized 3-bedroom dwellings, in line with AECOM modelling.
 - The Charnwood profile is not directly comparable to the AECOM model as, firstly, it is not specific to the NA, and secondly, it breaks down the suggested size mix into different tenures, whilst AECOM's model looks at the overall mix of housing required. The Charnwood model may be helpful when looking specifically at the size split for Affordable Housing. It is also recommended that the split of need from the Housing Register for Thurcaston & Cropston is taken into consideration for affordable/social rented dwellings.

Table 5-10: Borough Suggested Size Mix, Taken from Charnwood Housing Needs Assessment ‘Figure 4: Suggested Mix of Housing by Size and Tenure (new homes)’

Figure 4: Suggested Mix of Housing by Size and Tenure (new homes)				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	Up to 10%	20-30%	45-55%	15-25%
Affordable home ownership	10-20%	35-45%	30-40%	5-15%
Affordable housing (rented)	25-30%	35-45%	20-30%	Up to 10%

Source: Charnwood Housing Needs Assessment

Conclusions- Type and Size

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

Current dwelling stock

151. In 2011, the NA was dominated by detached dwellings, at 66.5% of the stock, with this remaining the most prominent category in 2021. The proportion of both flats and terraced dwellings, which were already low in 2011, fell slightly in this time. In 2021 the NA had a significantly higher proportion of bungalows than both Charnwood and England. The proportion of detached dwellings was also well above the levels in the comparator areas, with this type of dwelling likely to be larger and more expensive.

152. Turning to dwelling size, the greatest proportion of dwellings in 2011 were 4-bedroom, at 36.1%, closely followed by 3-bedroom dwellings at 35.4%. Between 2011 and 2021, the proportion of smaller 1-bedroom and 2-bedroom dwellings decreased slightly in the NA. The proportion of 3-bedroom and 5-bedroom dwellings increased whilst the proportion of 4-bedroom dwellings decreased. The proportion of smaller dwellings in Thurcaston & Cropston was well below the proportions seen across Charnwood and England, emphasising the lack of smaller, likely more affordable, dwellings in the NA.

Demographics

153. In 2011 the majority of the population were aged 45-64, at 34.7%. This age category remains dominant when looking at mid-2020 population estimates, although to a lesser extent. In this time there was an increase in the proportion of people aged 65-84 and 85+. The younger age categories remained relatively stable with slight declines in each of the categories covering the aged 0-44. The total population in the NA declined by 82 people, around 4.0%. Local authority level 2021 Census data (the smallest scale currently available) show

that between 2011 and 2021 there was a 10.7% increase in the population of Charnwood Borough, not in line with more localised trends.

154. Within the plan period growth can be expected to be driven by the oldest households: it is expected that the number households with a household reference person aged 65 and over will increase by 71% between 2011 and the end of the plan period. These older households would account for 44.6% of households in 2037, compared to 36.0% in 2011.
155. Under-occupancy is prevalent in Thurcaston & Cropston, with 90.7% of households living in a dwelling with at least one extra bedroom. This is most common in households with families all aged over 65 and families aged under 65 with no children. This suggests that larger housing is not necessarily occupied by households with the most family members, but by households with the most wealth or by older people who have chosen not to, or been unable to, downsize to smaller properties.

Future housing mix

156. AECOM modelling suggests that at the end of the plan period, the dominant dwelling type should remain 3-bedroom, although to a much greater extent than in 2011. It is also recommended that the proportion of larger dwellings is significantly reduced in Thurcaston & Cropston, with the proportion of smaller dwellings increased. In order to reach this target mix by the end of the plan period, the model suggests that the majority of new dwellings are brought forward as 3-bedroom, at 52.0%, suitable for families. It is suggested that the remainder of the dwellings are delivered as smaller 1-bedroom and 2-bedroom dwellings, with no delivery of larger dwellings, although complete prohibition of larger homes is not entirely necessary.
157. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms. However, there may therefore be a strong justification to continue supplying larger homes despite their abundance because a different kind of larger home is needed to accommodate growing families with less buying power.
158. It is recommended that priority is given to smaller and mid-sized homes but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

6. Next Steps

Recommendations for next steps

159. This Neighbourhood Plan housing needs assessment aims to provide Thurcaston & Cropston 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 Charnwood Borough Council with a view to agreeing and formulating draft housing policies, bearing the following in mind:
- All Neighbourhood Planning Basic Conditions, but in particular 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 Charnwood Borough Council;
 - The views of local residents;
 - The views of other relevant local stakeholders, including housing developers and estate agents; and
 - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Charnwood Borough Council.
160. 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.
161. 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, Charnwood Borough Council or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
162. 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.

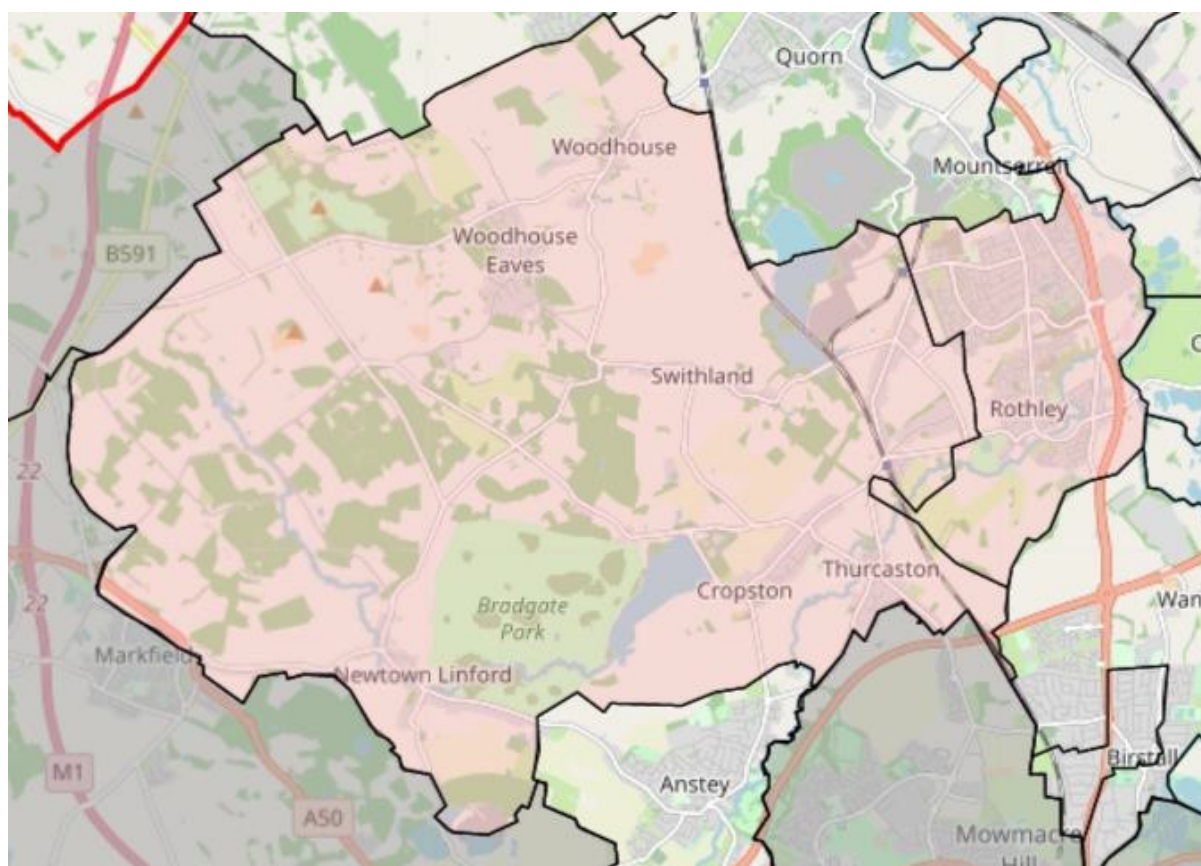
Appendix A : Calculation of Affordability Thresholds

A.1 Assessment geography

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

164. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Area. In the case of Thurcaston & Cropston, it is considered that MSOA E02005360 is the closest realistic proxy for the Neighbourhood Area boundary when looking at income data, and as such, this is the assessment geography that has been selected. This MSOA covers not only the Neighbourhood Area, but also the settlements of Rothley, Woodhouse, Woodhouse Eaves, and Newtown Linford. A map of MSOA E02005360 appears in Figure A-1.

Figure A-1: MSOA E02005360 used as a best-fit geographical proxy for the Neighbourhood Area



Source: ONS

A.2 Market housing

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

i) Market sales

167. 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.
168. To produce a more accurate assessment of affordability, the savings required for a deposit should be taken into account in addition to the costs of servicing a mortgage. However, unlike for incomes, data is not available for the savings available to households in Thurcaston & Cropston, and the precise deposit a mortgage provider will require of any buyer will be determined by their individual circumstances and the state of the mortgage market. An assumption is therefore made that a 10% purchase deposit is required and is available to the prospective buyer. In reality it is possible that the cost of the deposit is a greater barrier to home ownership than the mortgage costs.
169. The calculation for the purchase threshold for market housing is as follows:
 - Value of a median NA house price (2021) = £390,000;
 - Purchase deposit at 10% of value = £39,000;
 - Value of dwelling for mortgage purposes = £351,000;
 - Divided by loan to income ratio of 3.5 = purchase threshold of £100,286.
170. The purchase threshold for an entry-level dwelling is a better representation of affordability to those with lower incomes or savings, such as first-time buyers. To determine this threshold, the same calculation is repeated but with reference to the lower quartile rather than the median house price. The lower quartile average in 2021 was £277,000, and the purchase threshold is therefore £71,229.
171. Finally, it is worth assessing the purchase threshold for new build homes, since this most closely represents the cost of the new housing that will come forward in future. Land Registry recorded no sales of new build properties in the NA in 2021. Therefore, an estimated NA new build entry-level house price was calculated by determining the uplift in prices at local authority level between all housing in the Borough in 2021 and new build prices in the Borough in 2021. This indicated that new build prices across Charnwood were 5.6% higher than

the sale prices of existing stock. This uplift was then applied to the 2021 NA lower quartile house price to give an estimate for the NA new build entry-level house price, of £292,512, which is used in the calculations for First Homes and shared ownership. The purchase threshold for this is £75,217.

ii) Private Rented Sector (PRS)

172. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. It is assumed here that rented housing is affordable if the annual rent does not exceed 30% of the household's gross annual income.
173. This is an important assumption because it is possible that a household will be able to afford tenures that are deemed not affordable in this report if they are willing or able to dedicate a higher proportion of their income to housing costs. It is becoming increasingly necessary for households to do so. However, for the purpose of planning it is considered more appropriate to use this conservative lower benchmark for affordability on the understanding that additional households may be willing or able to access housing this way than to use a higher benchmark which assumes that all households can afford to do so when their individual circumstances may well prevent it.
174. The property website Rightmove.co.uk shows rental values for property in the Neighbourhood Area. The best available data is derived from properties available for rent within half a mile radius of the NA.
175. According to Rightmove.co.uk, there were 10 properties for rent at the time of search in June 2022, with an average monthly rent of £837. There were 6 entry-level (1-bed and 2-bed) properties listed, with an average price of £782 per calendar month.
176. The calculation for the private rent income threshold for entry-level (1 and 2 bedroom) dwellings is as follows:
- Annual rent = £782 x 12 = £9,380;
 - Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of £31,266.
177. The calculation is repeated for the overall average to give an income threshold of £33,460.

A.3 Affordable Housing

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

i) Social rent

179. Rents in socially rented properties reflect a formula based on property values and average earnings in each area, resulting in substantial discounts to market rents. As such, this tenure is suitable for the needs of those on the lowest incomes and is subject to strict eligibility criteria.
180. 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 Thurcaston & Cropston. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Charnwood in Table A-1.
181. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This is an assumption only for what might generally make housing affordable or unaffordable – it is unrelated to the eligibility criteria of Affordable Housing policy at Local Authority level. The overall average across all property sizes is taken forward as the income threshold for social rent.

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£83.91	£95.39	£104.44	£120.54	£96.22
Annual average	£4,363	£4,960	£5,431	£6,268	£5,003
Income needed	£14,530	£16,518	£18,085	£20,873	£16,661

Source: Homes England, AECOM Calculations

ii) Affordable rent

182. Affordable rent is controlled at no more than 80% of the local market rent. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000).
183. Even an 80% discount on the market rent may not be sufficient to ensure that households can afford this tenure, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.
184. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for Charnwood. Again it is assumed that no more than 30% of income should be spent on rent, and the overall average is taken forward.
185. Comparing the result for 2-bedroom dwellings with the average entry-level (1-bedroom and 2-bedroom) annual private rent above indicates that affordable

rents in the NA are actually closer to 58.6% of market rates than the maximum of 80%, a feature that is necessary to make them achievable to those in need.

Table A-2: Affordable rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£90.68	£105.79	£118.22	£130.48	£106.59
Annual average	£4,715	£5,501	£6,147	£6,785	£5,543
Income needed	£15,702	£18,319	£20,471	£22,594	£18,457

Source: Homes England, AECOM Calculations

iii) Affordable home ownership

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

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

First Homes

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

189. The starting point for these calculations is therefore the estimated cost of new build entry-level housing in the NA, discussed above, of £292,512, with a purchase threshold of £75,217.

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

- Value of a new home (estimated NA new build entry-level) = £292,512;
- Discounted by 30% = £204,758;
- Purchase deposit at 10% of value = £20,476;
- Value of dwelling for mortgage purposes = £184,283;
- Divided by loan to income ratio of 3.5 = purchase threshold of £52,652.

191. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 40% and 50% discounted First Home. This would require an income threshold of £45,130 and £37,609 respectively.
192. All of the income thresholds calculated here for First Homes are below the cap of £80,000 above which households are not eligible. The discounted prices are also all below the £250,000 cap.
193. Note that discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a 2 bedroom home (assuming 70 sq. m and a build cost of £1,750 per sq. m¹⁷) would be around £122,500¹⁸. This cost excludes any land value or developer profit. This would not appear to be an issue in Thurcaston & Cropston.

Shared ownership

194. Shared ownership involves the purchaser buying an initial share in a property, typically of between 25% and 75% (but now set at a minimum of 10%), and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the occupant can be increased over time through a process known as 'staircasing'.
195. 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.
196. To determine the affordability of shared ownership, calculations are again based on the estimated costs of new build housing as discussed above. The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The rental component is estimated at 2.5% of the value of the remaining (unsold) portion of the price. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).
197. The affordability threshold for a 25% equity share is calculated as follows:
 - A 25% equity share of £292,512 is £73,128;
 - A 10% deposit of £7,313 is deducted, leaving a mortgage value of £65,815;

¹⁷ It is estimated that in 2022, build costs for a house are between £1,750 and £3,000 per square metre - <https://urbanistarchitecture.co.uk/cost-to-build-a-house-uk/>

¹⁸ This is a guideline estimate and will likely vary based on the dwelling size, whether a single house or flats is being built, and the location, among other factors. It is simply used to illustrate that viability must also be a consideration when looking at discounted market housing.

- This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £18,804;
- Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £219,384;
- The estimated annual rent at 2.5% of the unsold value is £5,485;
- This requires an income of £18,282 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
- The total income required is £37,086 (£18,804 plus £18,282).

198. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of £29,460 and £49,797 respectively.

199. These income thresholds are all below the cap of £80,000 for eligible households.

Rent to Buy

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

Help to Buy (Equity Loan)

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

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

Appendix B : Housing Needs Assessment Glossary

Adoption

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

Affordability

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

Affordability Ratio

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

Affordable Housing (NPPF Definition)

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

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

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

c) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and

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

Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods¹⁹.

Age-Restricted General Market Housing

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

Annual Monitoring Report

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

Basic Conditions

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

Backlog need

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

Bedroom Standard²⁰

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.

¹⁹ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

²⁰ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

Co-living

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

Community Led Housing/Community Land Trusts

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

Community Right to Build Order²¹

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)²²

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

Equity Loans/Shared Equity

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

²¹ See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

²² See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

Extra Care Housing or Housing-With-Care

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

Fair Share

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

First Homes

First Homes is another form of discounted market housing which will provide a discount of at least 30% on the price of new homes, introduced in 2021. These homes are available to first time buyers as a priority but other households will be eligible depending on agreed criteria. New developments will be required to provide 25% of Affordable Housing as First Homes. A more detailed explanation of First Homes and its implications is provided in the main body of the HNA.

Habitable Rooms

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

Household Reference Person (HRP)

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

Housing Market Area

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

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

Housing Needs

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

Housing Needs Assessment

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

Housing Products

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

Housing Size (Census Definition)

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

Housing Type (Census Definition)

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

Housing Tenure (Census Definition)

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

Income Threshold

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

Intercensal Period

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

Intermediate Housing

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

Life Stage modelling

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

Life-time Homes

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

Life-time Neighbourhoods

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

Local Development Order

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

Local Enterprise Partnership

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

Local housing need (NPPF definition)

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

Local Planning Authority

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

Local Plan

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

Lower Quartile

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

Lower Quartile Affordability Ratio

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

Market Housing

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

Mean (Average)

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

Median

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

Median Affordability Ratio

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

Mortgage Ratio

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years²³, 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

²³ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

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

Planning Condition

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

Planning Obligation

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

Purchase Threshold

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

Proportionate and Robust Evidence

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

Private Rented

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

Retirement Living or Sheltered Housing

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

Residential Care Homes and Nursing Homes

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

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

Rightsizing

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

Rural Exception Sites

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

Shared Ownership

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

Sheltered Housing²⁴

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

²⁴ See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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

Strategic Housing Land Availability Assessment

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

Strategic Housing Market Assessment (NPPF Definition)

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

Specialist Housing for the Elderly

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

Social Rented Housing

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.²⁵

²⁵ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

