

Ingham Housing Needs Assessment (HNA)

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Quality information

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List of acronyms used in the text:

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

1. Executive Summary

1.1 Tenure and Affordability

1. Most of Ingham's residents own their own homes, a characteristic that is especially apparent when compared to its wider geographies. There is a relatively low amount of both social and private rent in the neighbourhood area. The rate of shared ownership in Ingham, West Lindsey and England is similarly low. However, the most significant aspect of the tenure profile remains the high percentage of owned homes in the NA, indicating that people in the neighbourhood area prefer to own rather than rent.
2. Between 2001 and 2011, the number of private rented homes increased by 115.8%, which is higher than the growth rates in both West Lindsey and England. Home ownership increased by 51.7% over the same period—a higher the growth rate than in West Lindsey and England. There was no change in the growth of shared ownership and social rent in the NA.
3. Between 2008 and 2017, house prices in the NA increased by 34.5%. The greatest price increase was seen in the case of semi-detached homes, which increased by 39% over the period. The average price for terraced homes experienced the lowest increase, that is, an increase of only 0.5% over the time period (partly a result of the low sample size).
4. In order to gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. In our analysis, we used three measurements: these are the average total household income for E02005496 at £34,400 and the lower quartile gross earnings for West Lindsey for single-earners at £11,393 and dual-earning households at £22,786. The income required to afford the different tenures is then benchmarked, against the three measurements of household income set out here.
5. Taking into consideration the affordability thresholds, we found that the income required to buy an average market home for sale is higher than what is expected to be available to those on median and lower quartile household incomes. Additionally, we found that the inability of those on lower quartile earnings to afford average market rents, affordable rent and social rent suggests that these tenures are largely inaccessible and provide inadequate options to low income households unless additional subsidy is provided.
6. Next, we determined the quantity of affordable housing required in the NA, both for rent and sale. The calculations suggest that 6.27 units of affordable rented housing will be needed per year in Ingham during the plan period, and there will be potential demand for 1.3 affordable home ownership dwellings per year. In total, over the plan period 2020-2040, this equates to 125 units of affordable rented housing and 26 affordable home ownership dwellings. The relationship between these two estimates in percentage terms is roughly 82% rented and 18% ownership.
7. Two indicative tenure mixes have been provided, which could serve as a guideline for the breakdown of Affordable Housing tenures in Ingham based on various considerations and evidence. Mix 1 (indicative mix based on local needs) proposes that 80% of affordable homes be provided as rented tenures, and the remaining 20% delivered as affordable routes to home ownership. This mix aligns with the Local Plan in prioritising the most acute needs as far as possible. Mix 2 (indicative mix with 25% First Homes requirement) proposes that 75% of affordable homes be provided as rented tenures, with the remaining 25% as affordable home ownership, with First Homes forming the totality of the affordable home ownership. This aligns with the direction of proposed national policy, which includes a mandated minimum level of delivery of the Government's new First Homes affordable home ownership product. If that proposal does not go forward as envisaged, it is recommended that the neighbourhood planners revert to the more diversified Mix 1.

1.2 Type and Size

8. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site-specific factors which may justify a particular dwelling mix.
9. In summary, the data shows that there were 396 households in Ingham overall; Ingham and West Lindsey share a similar housing stock split, with much greater levels of detached housing in comparison to national levels. Engagement with the neighbourhood group highlights the strong support across the village population to deliver bungalows. The data shows a slight shortfall in bungalows in comparison to West Lindsey and therefore, it could be

argued that policy is needed to address this through any new developments, in particular through 2- and 3-bedroom bungalows. However, this data set should be considered with the two caveats in paragraph 79.

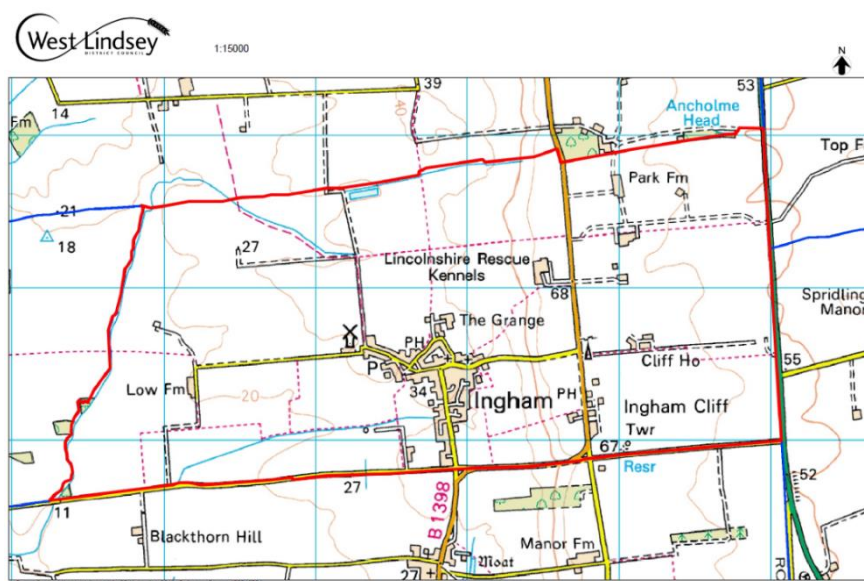
10. With regards to bungalows in the neighbourhood area, we have used Valuation Office Agency data to investigate their presence in Ingham. There are some caveats to note with this data, firstly the numbers are rounded to 10, so in an instance where 0 is recorded as a number of bungalows, this could in fact be anywhere between 0 - 4. Secondly, the data is only available at a geographic level of LSOA (one geographic scale larger than OAs), this means that the Ingham data is not accurate to the Neighborhood Plan area, unlike the ONS Census data. However, particularly in a more rural context, it is reasonable to assume that these figures give a general indication of the numbers of bungalows found in Ingham, as we do not expect a greatly varied local context, at this step change in geographic area. With these caveats in mind, the data indicates that in comparison to the LPA, Ingham does have a slight shortfall in bungalows in terms of overall stock. Whilst they account for 22.6% of West Lindsey's housing stock, they only account for 16.9% of Ingham's, therefore it could be argued that policy is needed to address this through any new developments, in particular through 2- and 3-bedroom bungalows, where the shortfall between Ingham and West Lindsey is most prominent. With regards to the locating these new developments, this well received in the West End Character Area of the village, which is already characterised by bungalows and smaller households.
11. In terms of age structure, Ingham has a greater proportion of 45-64 year olds (32%) in comparison to West Lindsey (30%) and England (25%). Whilst, in general there is a good balance of demographics, the higher proportion of 45-64-year olds will require different housing needs through the plan period, this may involve downsizing to more accessible housing types. When viewing Ingham's changing age structure, Table 5-6 demonstrates that the increase in older age groups, those 65+, has already been experienced at a dramatic rate, whilst table 5-8 highlights the influence this has on household composition and the impact this could have on housing need over the plan period. This does provide further weight to the village's preference for bungalows and the need to address the shortfall in smaller households required for downsizing.
12. The neighbourhood group has highlighted an objective to deliver more affordable housing and in particular housing that is affordable for young people. It is interesting to note that the 25 – 44 age category is the only category that did not experience significant growth between the census years. This age group would best represent first time buyers and young people seeking to access the property ladder through affordable means, delivering smaller households could be an alternative approach to non-official affordable dwellings which could encourage and support young people to purchase in Ingham. Given the conservation restrictions in the Main Central Character Area, it may be more suitable for policy to direct such housing to the Lincoln Road Character area.
13. Finally, whilst there are differences in the results between the two approaches to life stage modelling, the main point to stress is that both models emphasise growth in smaller household sizes rather than households made up of 4 or more bedrooms, this could be used as supporting evidence to deliver non-official affordable housing types (i.e. smaller in size) which also may be more suited to increasing the proportion of bungalows in the housing stock.

1. Context

1.1 Local context

14. Ingham is a Neighbourhood Plan area located 10 miles north of Lincoln, in West Lindsey District Council, Central Lincolnshire. The Neighbourhood Area (NA) boundary is comprised of the Ingham Parish only and was designated in February 2017.
15. The proposed Neighbourhood Plan period starts in 2020 and extends to 2040, therefore comprising a planning period of 20 years. This is in alignment with Central Lincolnshire Local Plan review.
16. Ingham Parish is located 10 miles north of Lincoln on the B1398 road, which runs parallel with the A15 to the east of the Parish. Ingham, itself, orientates itself around the T-junction between High Street and Lincoln Road. The village was characterised by the RAF Ingham base in the Second World War. Whilst this is no longer in use, RAF Scampton, located to the south of the village, is home to the No 1 Air Control Centre and employs 600 individuals.
17. In terms of accessible public transport, Ingham's closest train stations are Saxilby, 8.5 miles to the south west, and Lincoln train station, 9 miles directly south. Lincoln train station is serviced by the LNER route direct to London Kings Cross. Both stations are serviced by the Eastern Midlands Railway line to Doncaster and the Northern Rail route to Sheffield.
18. The NA aligns exactly with the Ingham Civil Parish red line boundary, so for the purpose of this report the 2011 Census and Land Registry data sets were sourced for Ingham Civil Parish. However, for the purpose of the 2001 census data, the Neighbourhood Plan area is made up, like the rest of England, of statistical units called Output Areas (OAs). The Plan area equates precisely to the following OAs, which have been used throughout as a statistical proxy for the NA boundary and which can be interrogated for data from the 2001 Census:
 - 32UHGU0006;
 - 32UHGU0007; and
 - 32UHGU0008.
19. The statistics show that in the 2011 Census the Neighbourhood Plan area had a total of 912 residents.
20. A map of the Plan area appears below in Figure 2-1.

Figure 1-1: Map of the Ingham Neighbourhood Plan area¹



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

¹ Email Correspondence with Gavin Monks, Clerk/RFO Ingham Parish Council, received 15/05/2020

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

1.2 Planning policy context

22. In line with the Basic Conditions² of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.³ Consequently, the relevant elements of the Local Plan are reviewed as part of this Housing Needs Assessment (HNA).
23. In the case of Ingham, the relevant local planning context is as follows:
24. The West Lindsey Local Plan was formally replaced by the Central Lincolnshire Local Plan in April 2017. The Central Lincolnshire Local Plan covers the combined authorities of West Lindsey, City of Lincoln and North Kesteven, with a total population of 290,500.⁴ As part of the requirement of the latest National Planning Practice Guidance local planning authorities must complete a review of the plan document every 5 years. The first formal stage of this has already been undertaken, in 2019, for the Central Lincolnshire Local Plan, resulting in the publication of the Issues and Options Consultation Report. Therefore, the adopted Local Plan of April 2017 is still the most up to date version, to consider for this HNA.
25. The Local Plan is a strategic policy document which shapes development, regeneration and growth in Central Lincolnshire until 2036. The document sets out a series of policies to deliver homes, jobs, services and facilities across the authority and strives to tackle health inequalities, community deprivation, infrastructure deficit and low skills, all of which are currently experienced within the authority boundaries.⁵

1.2.1 Policies in the adopted local plan⁶

Table 1-2: Summary of Central Lincolnshire adopted policies having relevance to Ingham Neighbourhood Plan Housing Needs Assessment

Policy	Provisions
Policy LP1: A presumption in favour of sustainable development	This policy sets out a general principle of sustainable growth across Central Lincolnshire. It stresses delivering benefits for all sectors of the community and the requirement for development proposals to deliver economic, social and environmental benefits.
Policy LP2: The spatial strategy and settlement hierarchy	This policy explains the general vision and reasoning behind the spatial strategy, in essence to deliver sustainable growth. It also sets out the settlement hierarchy which will assist investment decisions on developments, infrastructure and facilities. This notes that Ingham is identified as a 'Medium Village', stating that unless promoted through a neighbourhood plan these settlements will: <ul style="list-style-type: none"> • Accommodate a limited amount of development; • Have no sites allocated within the Local Plan; and • Only in appropriate locations development proposals will be on sites of up to 9 dwellings or 0.25 hectares of employment use.
Policy LP3: Level and Distribution of Growth	Sets out the overall aim to deliver 36,960 new dwellings and the creation of 11,894 net new jobs by 2036. Noting that these will be delivered across four spatial areas: Lincoln Strategy Area, Gainsborough, Sleaford and 'Elsewhere'. 12% of the new homes will be delivered in the 'Elsewhere' category, which Ingham sits within.
Policy LP4: Growth in Villages	In principle, settlements within categories 5-6 (Ingham is considered a category 5 hierarchy) of the settlement hierarchy will be permitted to grow by 10% in terms of the number of dwellings over the plan period.

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

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

⁴ Available at: <https://www.n-kesteven.gov.uk/central-lincolnshire/>

⁵ Central Lincolnshire Local Plan (2017), Available at: <https://www.n-kesteven.gov.uk/central-lincolnshire/>

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

Policy	Provisions
Policy LP10: Meeting accommodation needs	This policy requires developers to deliver housing that contributes to meeting the housing need as identified in the Strategic Housing Market Assessment (SHMA). Importantly it highlights that they need to deliver dwellings that cater for people’s changing circumstances, such as ageing and reduced mobility.
Policy LP11: Affordable Housing	The policy sets out the thresholds/criteria where developments will need to deliver affordable housing. Affordable housing will be sought in development sites of 11 units or more or on sites with a total floorspace that exceeds 1,000 m ² . It then sets out the percentage that will be sought, which is split between different spatial categories, Ingham is considered as ‘elsewhere’, where 20% affordable housing will be sought if the site qualifies. It has a section on rural affordable housing noting that where there is a need and clear local support for affordable housing this should be facilitated.
Policy LP55: Development in the Countryside	This policy sets out the guidance for different types of development within the countryside, given Central Lincolnshire’s prominently rural context. Setting out requirements proposals will have to meet for new dwellings in the countryside including: <ul style="list-style-type: none"> • Must occupancy a rural operation; • Evidence of the need for the dwelling; • Details of the rural operation that will be supported by the dwelling; and • Number of workers that will occupy the dwelling.

Source: Central Lincolnshire Local Plan (2017)

1.2.2 Quantity of housing to provide

26. The NPPF 2019 requires, through paragraphs 65 and 66, Local Authorities to provide neighbourhood groups with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period upon request.
27. A housing requirement figure (HRF) for Ingham has not been sought or provided at this time, and it is understood that the site allocation process at the Neighbourhood Plan level is intended as the main driver of the issue of housing numbers.
28. The question of how many houses to plan for is therefore outside the scope of this Housing Needs Assessment, and the issue of quantity has been excluded from the Research Questions (see Chapter 3 below).
29. Note that the Government’s August 2020 consultation proposals for ‘Changes to the current planning system’ include a temporary measure to lift the small sites threshold. This would mean that on sites of up to 40 or 50 units, developers would not need to contribute to Affordable Housing. The purpose of this time-limited change (its duration is currently unknown) is to support small housebuilders as the economy recovers from the impact of Covid-19.
30. It is important to note here because the housing requirement or total quantity of development expected for Ingham is unlikely to far exceed the number of dwellings that would need to be delivered on a single site in order for Affordable Housing contributions to be required. It is therefore unlikely that any Affordable Housing will be built on normal development sites in the NA while this temporary change applies.
31. When the temporary period ends, the Affordable Housing requirement in the NA will revert to the relevant adopted Local Plan policy, which, in this case, requires Affordable Housing contributions on all sites delivering more than 11 dwellings. It is also important to note that this temporary change does not impact sites allocated solely for Affordable Housing, or any Affordable Housing exception sites identified in the Local or Neighbourhood Plan. Finally, given that the Ingham Neighbourhood Plan is yet to be made, it is possible that the temporary period will have already elapsed by the time that it comes into force. The neighbourhood planners are advised to take note of this proposal as it evolves through the consultation process.

2. Approach

2.1 Research Questions

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

2.1.1 Tenure and Affordability

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

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

2.1.2 Type and Size

36. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community. There is a preference from within the community to deliver bungalows and housing for young people. Furthermore, the Ingham Neighbourhood Plan area initially been divided into three character areas. Whilst this is more of a consideration for design policies of the Neighborhood Plan, the HNA can provide additional commentary on the type and size best suited for each character area.
37. The aim of this research question is to provide neighbourhood planners with evidence on the types and sizes needed by the local community. This will help to shape future development so that it better reflects what residents need.

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

2.2 Relevant Data

2.2.1 Local authority evidence base

38. It is appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Ingham Neighbourhood Area is located within West Lindsey's planning area, we therefore turned to the relevant Strategic Housing Market Assessment, which for West Lindsey is the Central Lincolnshire SHMA (2012). However, given the SHMA is very dated, it is considered too old to use.
39. For the purpose of this HNA, data from West Lindsey's own evidence base to support their housing policies has been considered applicable and relevant unless it conflicts with more locally specific and/or more recently-produced evidence. The housing market evidence draws upon a range of data including population and demographic projections, housing market transactions, and employment scenarios. As such, it contains a number of points of relevance when determining housing need within the Neighbourhood Plan area and has been referenced as appropriate.

2.2.2 Other relevant data

40. In addition to the local authority evidence base, we have assessed other evidence to ensure our study is robust for the purposes of developing policy at the NP level and is locally specific. This includes data from both Census 2001 and 2011, as well as from a wide range of other data sources, including:
 - Land Registry data on prices paid for housing within the local market;
 - Population and household projections produced by the Office of National Statistics (ONS);
 - Information on current property asking prices, for housing for sale or rent, from [home.co.uk](https://www.home.co.uk); and
 - Valuation Office Agency (VOA) data on local housing stock by dwelling type.

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

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

4.1 Introduction

41. This section examines the tenure of dwellings in the current stock and recent supply. It then considers the affordability of housing within the area to local households. Drawing on existing evidence and AECOM's estimates for the neighbourhood area, this section quantifies the need for affordable housing within the NA. This includes Affordable Housing for rent (typically social or affordable rents) and Affordable Housing to buy. The scale of need for these homes can justify policies that guide new developments to provide Affordable Housing.⁷

4.2 Definitions

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

43. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, abbreviated to 'AH'. AH comprises those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and forms of AH designed to offer affordable routes to home ownership.⁸

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

4.3 Current tenure profile

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

46. As seen in the table below, most of Ingham's residents own their own homes. Compared to its wider geographies, the NA's rate of 80.5% home ownership is notably high. There is a relatively low amount of both social and private rent in the NA compared to West Lindsey and England. The rate of shared ownership across all three geographies is similarly low. The most significant aspect of the tenure profile remains the high percentage of owned homes in the NA.

⁷ PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

⁸ NPPF 2019.

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

Tenure	Ingham	West Lindsey	England
Owned; total	80.5%	72.6%	63.3%
Shared ownership	0.8%	1.0%	0.8%
Social rented; total	6.2%	11.1%	17.7%
Private rented; total	10.5%	13.7%	16.8%

Sources: Census 2011, AECOM Calculations

47. In Table 4-2, we note the changes in tenure during the intercensal period. Between 2001 and 2011, the number of private rented homes increased by 115.8%, which is higher than the growth rates in both West Lindsey and England. However, the increase is from a relatively low base (as per the 2011 Census, there were 19 private rented homes in 2001 and 41 in 2011). Next, home ownership increased by 51.7% over the same period--compared to West Lindsey and England, the growth rate was much higher in the NA. From Table 4-1, it is evident that a higher proportion of individuals in Ingham buy rather than rent, and the increase demonstrates that the pattern remained constant between 2001 and 2011. As per the 2011 Census, owned homes increased from 207 in 2001 to 314 in 2011. There was no change in the growth of shared ownership and social rent in the neighbourhood area.

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

Tenure	Ingham	West Lindsey	England
Owned; total	51.7%	13.7%	-0.6%
Shared ownership	0.0%	138.6%	30.0%
Social rented; total	0.0%	6.3%	-0.9%
Private rented; total	115.8%	92.4%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

4.4 Affordability

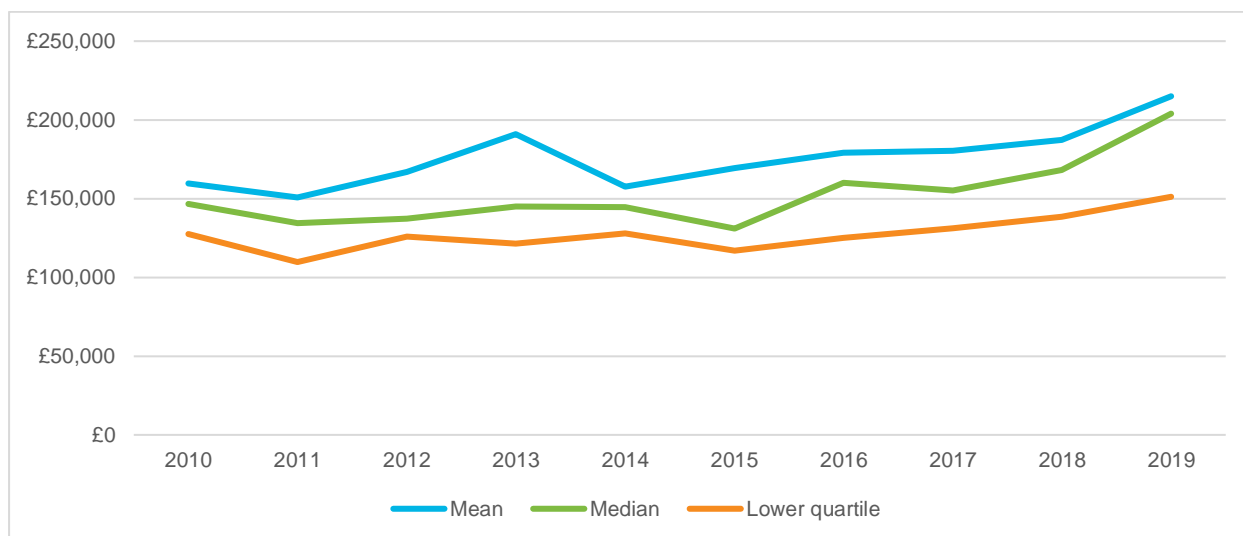
48. Having reviewed the tenure of the existing housing stock in Ingham, this report assesses the affordability of homes to those living in the Neighbourhood Plan area.
49. The following analysis considers house prices and rents in the neighbourhood area and whether these are affordable to local households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

4.4.1 House prices

50. 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.
51. PPG makes clear that lower-quartile house prices may be used as a benchmark for entry-level home prices.⁹ Entry-level properties are typically those with one or two bedrooms – either flats or houses
52. Figure 4-1 on the following page looks at selected measures of house prices in Ingham. It shows that mean prices experienced an initial decrease between 2010-2011 but increased rapidly in the years that followed. However, in 2013, there was a temporary decline in prices until 2014, after which prices continued to increase. Over the same period, median prices declined between 2010-2011, before increasing at a steady rate up to 2014. Between 2014-2015, median prices declined again, before increasing between 2015 and 2016. In the years that followed, median prices experienced a slow increase.
53. As for lower quartile prices, aside from a decline between 2010-2011 and 2014-2015, prices increased at a relatively steady rate.

⁹ See Paragraph: 021 Reference ID: 2a-021-20190220, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Figure 4-1: House prices by quartile in Ingham between 2010 and 2018



Source: Land Registry PPD

54. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). Between 2008 and 2017, house prices in the NA increased by 34.5% overall. The greatest price increase was seen in the case of semi-detached homes, which increased by 39% over the period. The price for terraced homes experienced the lowest increase, that is, an increase of only 0.5% over the time period, although the comparatively few sales of this property type means that average prices are relatively volatile over time and the 10-year growth rate does not provide the full picture.

Table 4-3: House prices by type in Ingham, 2009-2018, 000's

Type	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth
Detached	£208k	£190k	£217k	£282k	£214k	£238k	£219k	£249k	£257k	£275k	32.2%
Semi-detached	£140k	£183k	£170k	£124k	£105k	£144k	£154k	£143k	£175k	£195k	39.2%
Terraced	£140k	£113k	£114k	£140k	£114k	£117k	£127k	£158k	£154k	£141k	0.5%
Flats	-	-	£147k	£162k	£150k	£122k	£138k	£118k	£131k	£181k	20.0%
All Types	£160k	£151k	£167k	£191k	£158k	£169k	£179k	£180k	£187k	£215k	34.5%

Source: Land Registry PPD

4.4.2 Income

55. 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.

56. The first source is locally specific but limited to the average total household income and the median net annual household income before housing costs (or take-home pay). This is the average household income estimates published by ONS¹⁰ at the level of the Middle-layer Super Output Area (MSOA)¹¹. In the case of Ingham the MSOA most suitable for use as a proxy for the Neighbourhood Plan area boundary is E02005496. Further details on the

¹⁰Available at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/smallareaincomeestimatesformiddlelayersuperoutputareasenlandandwales>

¹¹ An MSOA is a statistical area defined for Census purposes. For further information on MSOAs, see <https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography>

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

57. In 2018, the average household income before housing costs across E02005496 was £32,900. The gross annual household income across E02005496 in 2018 was £44,200. The latter figure is typically used by mortgage lenders to assess a household's ability to afford to borrow.¹²
58. The second source of data is Lower Quartile (LQ) average earnings. This is helpful for understanding affordability challenges among those with lower than average earnings. However, this data relates to individual earnings and whilst this is an accurate representation of household incomes where households have one earner, it does not represent household income where there are two people earning. It is also only available at the District level.
59. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level. Although 2019 provisional data has been published, the revised 2018 data is considered more robust and is therefore used here.
60. West Lindsey's gross LQ weekly earnings for 2018 was £217 or approximately £11,393 per year. This is the LQ income before taxes (or benefits) for individual earners and so only correlates with the measure of household incomes above for single-person households. To estimate the income of LQ-earning households with two earners, the annual income is doubled, to £22,786.

4.4.3 Affordability Thresholds

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

¹² Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

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

Tenure	Mortgage Value	Rent	Income required	Affordable on mean incomes? £44,200	Affordable on LQ 1 incomes? £11,393	Affordable on LQ 2 incomes? £22,786
Market Housing						
Median House Price	£183,578	-	£52,451	No	No	No
LA New Build Mean House Price	£285,271	-	£81,506	No	No	No
LQ/Entry-level House Price	£136,069	-	£38,877	Yes	No	No
Average Market Rent ¹³	-	£8,844	£29,451	Yes	No	No
Affordable Home Ownership						
Discounted Market Sale (-20%)	£163,180	-	£41,961	Yes	No	No
Discounted Market Sale (-30%)	£142,783	-	£36,716	Yes	No	No
Discounted Market Sale (-40%)	£122,385	-	£31,470	Yes	No	No
Discounted Market Sale (-50%)	£101,988	-	£26,255	Yes	No	No
Shared Ownership (50%)	£26,225	£8,490	£34,716	Yes	No	No
Shared Ownership (25%)	£13,113	£12,736	£25,848	Yes	No	No
Affordable Rented Housing						
Affordable Rent	-	£4,928	£16,409	Yes	No	Yes
Social Rent	-	£4,168	£13,881	Yes	No	Yes

Source: AECOM Calculations

63. The income required to afford the different tenures is then benchmarked, in Figure 4-2 against the three measurements of household income set out above. These are the average total household income for E02005496 at £44,200 and the lower quartile gross earnings for West Lindsey for single-earners at £11,393 and dual-earning households at £22,786.
64. Taking into consideration the affordability thresholds set out above, it is apparent that the income required to buy an average market home for sale is higher than what would be available to those on median household incomes and lower quartile household incomes.
65. Table 4-4 shows that households with incomes between £29,451 and £38,877 are able to rent in the market but unable to buy. These households may need affordable home ownership options. Government policy aimed at tackling the housing crisis continues to attach high priority on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.¹⁴
66. There are a range of affordable routes to home ownership tenures, i.e. those aimed at households unable to afford to buy in the market. From Table 4-4, it is evident that all of the above affordable home ownership options would be accessible to those on average incomes. However, for those on lower quartile household incomes, neither the range of discounted market home options nor the shared ownership products would be accessible, even when two members may be earning.
67. The following observations can be made on this subject:
- The discount on the average market sale price required to enable households on mean incomes to afford to buy is 16%.
 - Whether discounted market sale is affordable will depend whether properties are priced in relation to average, new build or entry level homes so developers will view discounts differently. New build homes are often more expensive

¹³ It is relevant to note that we have used average market rent figures in place of entry level market rent given it was not possible to robustly disaggregate the average by size on home.co.uk.

¹⁴ See the White Paper 'Fixing Our Broken Housing Market', at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

than properties for sale in the second-hand stock, and this is evidently the case for Ingham. Given it is not possible to provide robust new build prices at the NA level, LPA prices have been used. LPS new build prices would require a much more substantial discount to be affordable to average earners, so the benchmark at which the available discount is set may be particularly important in this case.

- Discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a 2 bedroom home (assuming 70 sq m and a build cost of £1,500 per sq m) would be around £105,000.¹⁵ This cost excludes any land value or developer profit.
 - For those on average incomes, discounted market sale and shared ownership options will both extend homeownership. However, for those on LQ incomes, these products will not extend home ownership, even to households on LQ Incomes with two earners.
 - It is important to note that NP and neighbourhood groups have limited influence level over the levels of discount achieved on market sale properties.
68. The Government’s proposed First Homes product would provide a minimum discount of 30% on new homes. New build prices are not available at the neighbourhood level because the number of transactions is too low. However, median average prices provide a reasonable proxy for the price of new homes. A 30% discount on average prices would be sufficient to extend home ownership to households on median incomes.
69. Table 4-5 shows what discounts are required in order for properties to be affordable to households on average incomes. It is clear that a discount of 46% would be required for new homes to be affordable to households on average incomes, which is higher than the 30% discount envisaged in the First Homes product, but within the range of the 40% and 50% discounts permitted in the scheme where local needs justify this. Our calculations indicate that entry level sales are affordable without discounts, however homes are unlikely to be built at entry level sale prices.

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

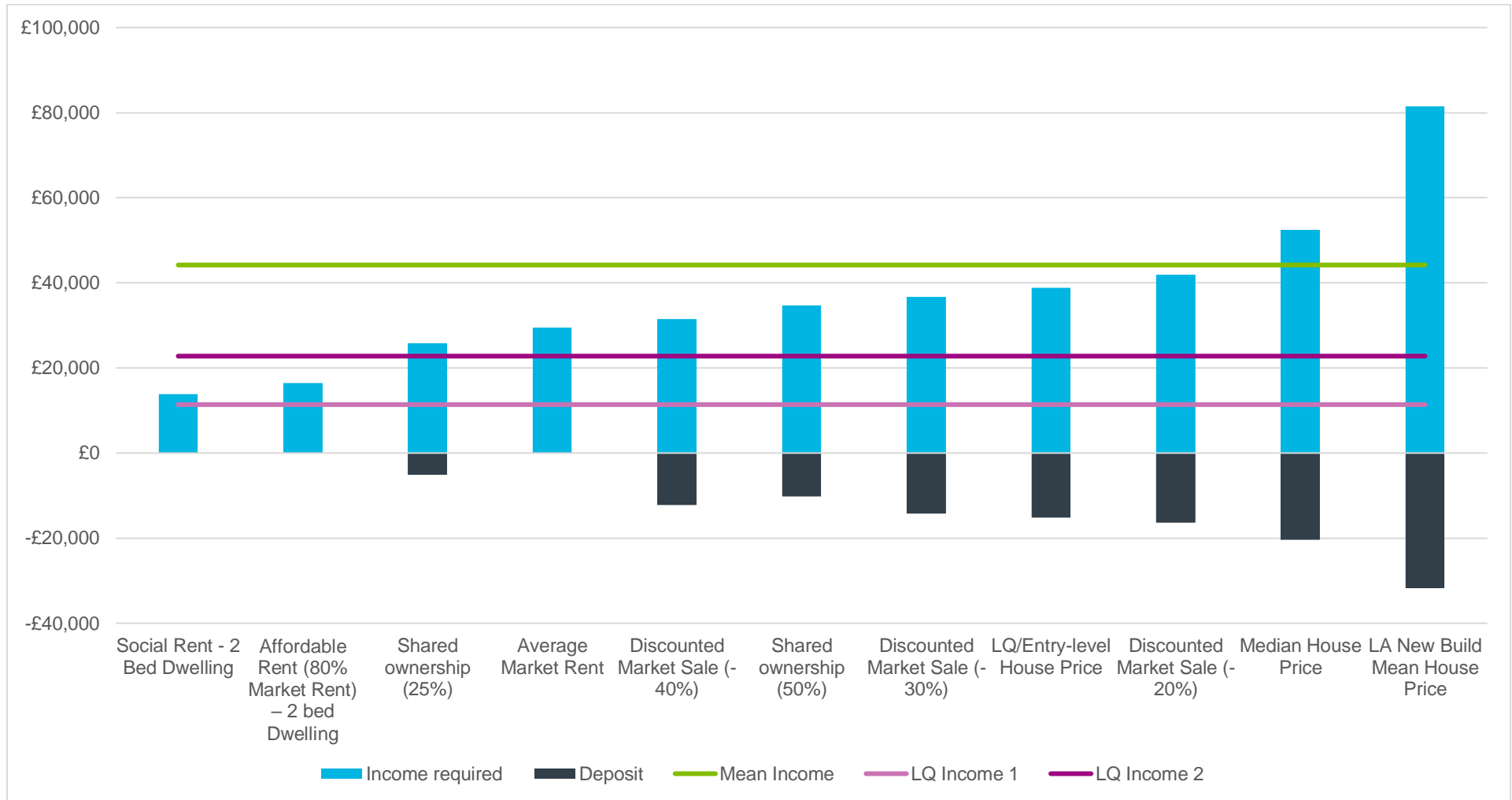
Mean household income in NA:	£44,200
Tenure/ product:	Discount on sale price required:
- <i>Market sale (Average)</i>	16%
- <i>New build market sale (Average for LA)</i>	46%
- <i>Entry level sale (LQ)</i>	-14% (Discount not required)

Source: Land Registry PPD; ONS MSOA total household income

70. The latest Government consultation on ‘Changes to the current planning system’ proposes that Local Authorities will have discretion to increase the discount on First Homes to 40% or 50%, but that this would need to be evidenced in the Local Plan making process. Though it is expected that the decision to require a higher discount and the evidence supporting it would be undertaken at district- or borough-wide level, the evidence presented in this HNA may be helpful in advancing that discussion. The evidence gathered here suggests that seeking the highest possible discounts would not be necessary in Ingham.
71. Similarly, shared ownership products are not affordable to households on LQ incomes, even where there are two earners. As seen in Table 4-4, even a 25% share is unaffordable to households on LQ incomes.
72. The income required to access Rent to Buy is the same as that required to afford market rents - £29,451 in this case. Compared to the (higher) costs of shared ownership and discounted market housing, Rent to Buy is likely to represent one of the more affordable routes to home ownership.
73. Finally, the inability of those on lower quartile earnings to afford average market rents, affordable rent and social rent suggests that these tenures are largely inaccessible and provide inadequate options to those on lower quartile household incomes, unless there are two members that are earning, or additional subsidy is provided. Households on lower quartile earnings can also not access any of the affordable home ownership options.

¹⁵ This estimate is included for illustration purposes. £1,500 build cost per sq m is a reasonable estimate of current costs (mid 2020); 70 sq m for a 2 bedroom property is consistent with the Government’s Nationally Described Space Standards

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



Source: AECOM Calculations

4.5 Affordable housing- quantity needed

74. The usual starting point for understanding the need for affordable housing in a neighbourhood area is the relevant Strategic Housing Market Assessment (SHMA). A SHMA for Central Lincolnshire (including West Lindsey) was undertaken in 2012. However, given the SHMA is dated, we have calculated, using PPG as a starting point,¹⁶ an estimate of the total need for affordable rented housing in Ingham over the Plan period. It should, however, be noted that the accuracy of the findings generated by the model is only as strong as the evidence we have available to us. For example, Census 2011 data is increasingly out-of-date. However, given the test of proportionality for evidence supporting neighbourhood plans, and the need to be in conformity with Local Authority strategic policies, the calculations set out in Table 4-5 are considered a reasonable basis for understanding and planning for neighbourhood-level affordable housing need.
75. The table shows that there are currently about 6.27 households in Ingham unable to access affordable rented homes suitable to their needs. There are currently 118 households in need, and there is likely to be an increased annual need from 1.20 households per year. As per the calculations, this is likely to lead to a shortfall of 6.27 rented units per year or 125 units over the plan period.

Table 4-7: Estimate of the potential demand for affordable housing for rent in Ingham

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current households in need	118	Latest waiting list data available from West Lindsey (as of June 2020). (Bands 1-3, individuals living in or with a local connection to Ingham)
1.2 Per annum	5.90	1.1 divided by the plan period 2020-2040
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	57.95	MHCLG 2014-based household projections for the LA between start and end of plan period. % increase applied to NA
2.2 Proportion of new households unable to rent in the market	41.54 %	(1.1 + 2.2.1 + 2.2.2) divided by number of households in NA
2.2.1 Current number of social renters in NA	27.70	2011 Census + LA-level % increase (MHCLG, Live Table 100)
2.2.2 Number of private renters on housing benefits	27.49	Housing benefit caseload May 2018. Pro rata for NA.
2.3 New households unable to rent	24.07	2.1 * 2.2
2.4 Per annum	1.20	2.3 divided by plan period 2020-2030
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of social/affordable re-lets (including transfers) %	3.00%	Assumed proportion of stock re-let each year
3.2 Supply of social/affordable re-lets (including transfers)	0.83	3.1 x NA social rented stock (2.2.1)
NET SHORTFALL (OR SURPLUS) OF RENTED UNITS PER ANNUM		
Overall shortfall (or surplus) per annum	6.27	1.2 + 2.4 - 3.2

Source: AECOM model, using Census 2011, West Lindsey's Waiting List Figures (June 2020). Figures may not sum due to rounding.

76. While Figure 4-7 primarily identifies the need for affordable housing for households who are unable to afford to rent in the market, there is an additional group of households who can afford to rent but cannot afford to buy and would prefer to do so.
77. Table 4-8 estimates potential demand for affordable home ownership products within Ingham. This estimate broadly counts households living in the private rented sector (PRS) who are not on housing benefit and new households likely to form over the plan period who are likely to enter the private rented sector (but not require housing benefit). The model aims to estimate the number of households who can rent but can't buy on the basis of their incomes. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model

¹⁶ Paragraphs 024-026 Reference ID: 2a-026-20140306, at <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>

discounts 25% of these households, assuming a proportion will be renting out of choice. This leaves around 1.13 household per annum who may be interested in affordable home ownership (23 over the plan period).

78. It is important to keep in mind that the households identified in the estimate in Figure 4-6 are, by and large, adequately housed in the private rented sector. They do not lack their own housing but would prefer to buy rather than rent.
79. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners to meet affordable housing needs in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that it is met to a greater extent if resources permit (e.g. the ability to allocate sites for affordable housing).
80. It is also important to remember that even after the or indeed any other, Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.
81. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can meet affordable housing need, unless there is a specific policy on the housing supply-side (e.g. the identification of one or more housing exception sites over and above those required by the Local Plan).

Figure 4-8: Estimate of the potential demand for affordable housing for sale in Ingham

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current number of renters in NA	50.0	Census 2011 number of renters x national % increase to 2018
1.2 Percentage renters on housing benefit in LA	38.9 %	% of renters in 2018 on housing benefit (based on LA proportion)
1.3 Number of renters on housing benefits in NA	19.4	1.1 x 1.2
1.4 Current need (households)	22.9	Current renters minus those on HB and minus 25% assumed to rent by choice
1.5 Per annum	1.1	1.4/ plan period
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	58.0	LA household projections for plan period (2014 based) pro-rated to NA
2.2 % of households unable to buy but able to rent	6.4%	Current % of households in PRS
2.3 Total newly arising need	3.7	2.1 x 2.2
2.4 Total newly arising need per annum	0.17	2.3/ plan period
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of affordable housing	3.8	Number of shared ownership homes in NA (Census 2011 + new build to 2018/19)
3.2 Supply - intermediate resales	0.2	3.1 x 5% (assume rate of re-sale)
NET SHORTFALL (OR SURPLUS) PER ANNUM		
Shortfall (per annum)	1.13	Shortfall = (Step 1.5 + Step 2.4) – 3.2

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

4.5.1 Affordable Housing Policies in Ingham

82. The Neighbourhood Plan may wish to develop policies in relation to the delivery of Affordable Housing within Ingham. West Lindsey's Local Plan policy in relation to Affordable Housing delivery requires 20% of all new homes on sites marked 'elsewhere', that is, sites that lie outside of the Lincoln Strategy Area, to be delivered as Affordable Housing (Policy LP11). This policy would apply in Ingham, subject to sites coming forward for development with 11 or more dwellings.
83. Note, however, that the Government's August 2020 consultation proposals for 'Changes to the current planning system' include a temporary measure to lift the small sites threshold. This would mean that developers would not need to contribute to Affordable Housing on sites of up to 40 or 50 units. This represents a significant increase on

the threshold sought in the Local Plan (cited above), and therefore may reduce the delivery of Affordable Housing on normal development sites during the temporary period in which it applies.

84. It is expected that this temporary period will be short and, being introduced to combat the economic impacts of Covid-19 on small builders, may have already elapsed by the time the Neighbourhood Plan is made. Nevertheless, it could have an impact on Affordable Housing delivery in the short term, and warrants the attention of the neighborhood planners as the Government consultation proceeds. For more detail on this proposal in relation to the overall quantity of housing expected in the NA during the Plan period and a link to the consultation document, see the 'Quantity of housing to provide' section at the start of this report (section 2.2.3).
85. The neighbourhood group may wish to develop policies on the mix of Affordable Housing delivered in Ingham. It is not the role of the HNA to develop policy, as there are a wider set of factors which apply and need to be considered by the neighbourhood planners. However, the following evidence and considerations may be used as a starting point in the development of policy. On the balance of the evidence in this HNA, AECOM set out a judgement on the starting point for an appropriate tenure mix in Ingham.
- A. **Evidence of need for Affordable Housing:** AECOM's estimate of the potential demand for affordable home ownership options suggest there may be a need for these homes in Ingham to address the aspirations of households who can rent but can't buy. The calculations suggest that 6.27 units of affordable rented housing will be needed per year in Ingham during the plan period, and there will be potential demand for 1.3 affordable home ownership dwellings per year. In total, over the plan period 2020-2040, this equates to 125 units of affordable rented housing and 26 affordable home ownership dwellings. The relationship between these two estimates in percentage terms is roughly 82% rented and 18% ownership. As per our analysis, households in the NA might be able to buy, especially when presented sufficient discounts, Rent-to-Buy or shared ownership tenure options. Thus, whilst some may be interested in and eligible for affordable home ownership, they may have other options and are not necessarily in urgent housing need.
- B. **Can Affordable Housing needs be met in full?** There is no housing requirement for Ingham so it is not possible to determine whether likely affordable housing delivery will be sufficient to meet the needs identified here.
- C. **Government policy (eg NPPF) requirements:** Current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. Since the Local Plan requires 20% of all homes to be affordable, at least 50% of Affordable Housing would need to be routes to home ownership in order for such products to total more than 10% of all housing. Given our analysis in the sections above identified a high need for affordable housing for rent, going beyond the 10% threshold would significantly jeopardise the delivery of affordable homes. This threshold should thus be regarded as a maximum and not exceeded, in order to protect the provision of rented homes.
- Emerging policy:** the Government is currently consulting on the introduction of First Homes (to provide at least 30% discount on new build home prices). The most recent consultation outlines the Government's intention to require that a minimum of 25% of all Affordable Housing secured through developer contributions should be first homes. The outcome of this consultation and the policy which emerges may shape the provision of different forms of Affordable Housing on new development sites, and the neighbourhood group will need to keep this emerging policy in mind when developing its Neighbourhood Plan policies.
- The August 2020 proposals relating to First Homes convey the Government's intention to require that 25% of all Affordable Housing is delivered as First Homes. The 25% First Homes requirement is likely to displace other affordable home ownership products in the first instance. Those affordable home ownership products providing the lowest discount should be displaced first. However, affordable rented products may also be affected depending on the tenure mix sought (i.e. if more than 75% of affordable housing is intended as affordable rent, this would need to be reduced to a maximum of 75% affordable rent so that First Homes can constitute 25% of all affordable housing). As yet, it is unclear whether there will be any flexibility over this 25% requirement to take account of local circumstances.
- D. **Local Plan policy:** The Local Plan does not mention a specific tenure mix.
- E. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site specific level. Viability issues are recognised in the Council's adopted/emerging Local Plan and it is acknowledged that this may affect the provision of affordable housing and/or the mix of tenures provided.
- F. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood

group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.

- G. **Existing tenure mix in Ingham:** The evidence suggests there is a need for affordable housing in the NA. As per our analysis in the sections above, while there might be a sufficient stock of social rent, our analysis of existing tenures in the NA indicate there is very little shared ownership in the NA. Furthermore, given our estimate of need is higher for rent than ownership, and the income thresholds show LQ earners have very limited options, our analysis found that while there is demand for affordable home ownership, there is an acute need for affordable housing for rent. However, increasing affordable home ownership options would offer a wider choice of homes for local residents who can rent but cannot buy and, importantly, may allow those on lower incomes including newly forming households and younger families to remain in or move to the area. However, given that our analysis found a higher annual need for AH for rent, we recommend this be prioritised.
- H. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in this area.
- I. **Wider policy objectives:** the neighbourhood group may wish to take account of broader policy objectives for Ingham and/or the wider District. These could include, but are not restricted to, policies to attract younger households, families or working age people to the Neighbourhood Area. These wider considerations may influence the mix of Affordable Housing provided.
86. In Table 4-4 below, two alternative scenarios for the tenure mix of Affordable Housing in Ingham are presented. Note that we assume, in accordance with current practice, that most Affordable Housing will be brought forward through developer contributions. If the neighbourhood planners are considering delivering Affordable Housing through other means, the national policy requirements reflected here may not apply.
87. The first scenario (Mix 1 – Indicative mix based on local needs) most closely reflects local needs in Ingham as identified in the HNA evidence. Our analysis identified a need for 6.27 affordable rented homes per year, which is higher than the annual need for affordable home ownership at 1.3 per annum. Given there is an acute need for affordable housing for rent, this should be prioritised. Since needs may change in future it is advisable to keep delivering affordable rented housing at a reasonable proportion.
88. While the NPPF requires that 10% of all homes should be affordable ownership, it is clear in this case that this requirement negatively impinges on the ability of Ingham's more urgent needs to be met. Roughly 80% of affordable need is for rented options, and these options are the only tenures that are affordable to households with either one or two lower quartile owners. To set affordable rented tenures at just 50% of the affordable mix would not be in line with local needs. On this basis a split of 80% rented and 20% ownership tenures is proposed. Because this recommendation makes use of an exclusion within the NPPF to bypass one of its proposals, it is recommended that the neighbourhood planners liaise with the LPA if they intend to bring forward this or a similar mix in the Neighbourhood Plan.
89. There is a range of affordable housing options for those on median incomes, ranging from discounted market homes to shared ownership and rent to buy housing products, so these have been weighted relatively evenly in the split below. However, the extent to which each of these different products are prioritised will depend on the wider considerations (e.g. viability) and emerging Government requirements.
90. The second scenario (Mix 2 – Indicative mix with 25% First Homes requirement) is aligned with the direction of travel in the Government's most recent policy proposals, in which it is intended that 25% of all Affordable Housing will be required to be provided as First Homes. This outcome is more likely than the first scenario, because the Government proposals are at an advanced stage of development. However, this is proposed here as one of two alternative scenarios in case the First Homes policy proposals do not progress. If the Government proposal requiring 25% First Homes does not come forward as currently proposed, it is recommended that the neighbourhood planners revert to the other indicative mix as their starting point for policy development in this area, so as to provide a more diversified tenure mix.
91. Note also that the Government proposals state that if First Homes are required at 25% of Affordable Housing that comes forward through developer contributions and this results in displacing other tenures within the affordable mix, the tenure products providing the lowest effective discount should be displaced in the first instance. In this case, the requirement for 25% of affordable housing to be First Homes leaves little room for other tenures offering a route to home ownership without further disadvantaging more urgently needed affordable rented supply.
92. Where the neighbourhood planners wish to develop policy that requires a different mix to that set out in the Local Plan, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. Liaising with the LPA will be

particularly important where the Local Plan tenure split can be expected to be adjusted in light of the latest Government proposals, to ensure that the Neighbourhood Plan’s approach in reflecting these changes is in line with the LPA approach. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-size circumstances in addition to this evidence.

- 93. AECOM cannot provide guidance on the appropriate share of social/affordable rented homes as this will depend on the level of funding available to housing associations which will determine at what level rents can be set. Registered providers (eg housing associations) may be reluctant to deliver small numbers of homes where there are ongoing management costs involved. For this reason, the proportion of rented homes which can be secured may depend on the willingness of local housing association to maintain and manage small numbers of homes.
- 94. Mix 2 put forward below aligns as closely as possible with emerging Government policy as currently proposed. If those proposals do not go forward, the recommended starting point for the tenure mix in the NA will be Mix 1 below. However, the considerations detailed above will remain relevant for determining a more appropriate mix in the light of national policy changes or other unexpected developments.

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

Tenure	Mix 1. Indicative mix based on local needs	Mix 2. Indicative mix with 25% First Homes requirement	Considerations and uncertainties
Routes to home ownership, of which	20%	25%	Government proposing min 25% requirement for First Homes. Uncertainty over extent of requirement until policy finalised.
First Homes ¹⁷	6%	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc
Shared ownership	7%	0%	Proposed changes to the model to allow purchases of 10% share ¹⁸ - impact on viability unknown RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to buy	7%	0%	Emerging product with popularity and effectiveness as yet unknown Impact of displacement by First Homes unknown
Affordable Housing for rent, of which	80%	75%	
Social rent	To be set by Registered Providers	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area Uncertain whether RPs willing to own/manage stock in this area
Affordable rent	To be set by Registered Providers	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area

Source: AECOM Calculations

- 95. Assuming that the Government’s proposal that 25% of all affordable Housing should be First Homes is formalised, the neighbourhood group will need to take account of how this could impact on affordable housing policies (particularly the tenure mix) in the Neighbourhood Plan. The evidence gathered here suggests that this proposal

¹⁷ In the event that the First Homes product does not go forward at all, the proportion of Affordable Housing allotted to First Homes in Mix 1 could be re-allocated to discounted market sales housing if this is available at broadly equivalent discounts, or to other forms of affordable home ownership also recommended in the table.

¹⁸ <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

would not significantly impact on the ability of Ingham to accommodate those with the most acute needs, though the potential proportion of affordable rented supply would decrease by 5%.

96. However, the neighbourhood planners should note that the First Homes product has not been formally implemented and should await the outcome of the Government consultation.

4.6 Conclusions- Tenure and Affordability

97. Most of Ingham's residents own their own homes, a characteristic that is especially apparent when compared to its wider geographies. There is a relatively low amount of both social and private rent in the neighbourhood area. The rate of shared ownership in Ingham, West Lindsey and England is similarly low. However, the most significant aspect of the tenure profile remains the high percentage of owned homes in the NA, indicating that people in the neighbourhood area prefer to own rather than rent.
98. Between 2001 and 2011, the number of private rented homes increased by 115.8%, which is higher than the growth rates in both West Lindsey and England. Home ownership increased by 51.7% over the same period—a higher the growth rate than in West Lindsey and England. There was no change in the growth of shared ownership and social rent in the NA.
99. Between 2008 and 2017, house prices in the NA increased by 34.5%. The greatest price increase was seen in the case of semi-detached homes, which increased by 39% over the period. The average price for terraced homes experienced the lowest increase, that is, an increase of only 0.5% over the time period (partly a result of the low sample size).
100. In order to gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. In our analysis, we used three measurements: these are the average total household income for E02005496 at £34,400 and the lower quartile gross earnings for West Lindsey for single-earners at £11,393 and dual-earning households at £22,786. The income required to afford the different tenures is then benchmarked, against the three measurements of household income set out here.
101. Taking into consideration the affordability thresholds, we found that the income required to buy an average market home for sale is higher than what is expected to be available to those on median and lower quartile household incomes. Additionally, we found that the inability of those on lower quartile earnings to afford average market rent, affordable rent and social rent suggests that these tenures are largely inaccessible and provide inadequate options to low income households unless additional subsidy is provided.
102. Next, we determined the quantity of affordable housing required in the NA, both for rent and sale. The calculations suggest that 6.27 units of affordable rented housing will be needed per year in Ingham during the plan period, and there will be potential demand for 1.3 affordable home ownership dwellings per year. In total, over the plan period 2020-2040, this equates to 125 units of affordable rented housing and 26 affordable home ownership dwellings. The relationship between these two estimates in percentage terms is roughly 82% rented and 18% ownership.
103. Two indicative tenure mixes have been provided, which could serve as a guideline for the breakdown of Affordable Housing tenures in Ingham based on various considerations and evidence. Mix 1 (indicative mix based on local needs) proposes that 80% of affordable homes be provided as rented tenures, and the remaining 20% delivered as affordable routes to home ownership. This mix aligns with the Local Plan in prioritising the most acute needs as far as possible. Mix 2 (indicative mix with 25% First Homes requirement) proposes that 75% of affordable homes be provided as rented tenures, with the remaining 25% as affordable home ownership, with First Homes forming the totality of the affordable home ownership. This aligns with the direction of proposed national policy, which includes a mandated minimum level of delivery of the Government's new First Homes affordable home ownership product. If that proposal does not go forward as envisaged, it is recommended that the neighbourhood planners revert to the more diversified Mix 1.

5. RQ 2: Type and Size

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

5.1 Introduction

104. The Ingham Neighbourhood Plan will need to include policies informed by evidence on what sizes and types of housing would be best suited to the local community. This will help ensure that future developments give local people options within the housing market at all stages of life.

105. PPG recommends a consideration of the existing housing provision and its suitability, having regard to demographic shifts in age and household composition, to address future, as well as current community need. For this reason, we firstly consider the type and size of the existing housing stock in Ingham. Demographic shifts in age and household composition will then be considered. Finally, the future demand for housing by size and type is determined by the way different household types currently occupy their dwellings in the LPA, and then applying demographic projections of how the Neighbourhood Plan area population is likely to change by the end of the Plan period.

5.2 Existing types and sizes

5.2.1 Background and definitions

106. Before beginning our consideration of dwelling type and size, it is important to understand how different types of households occupy their homes. Crucially, and unsurprisingly, household 'consumption' of housing (in terms of housing size) tends to increase alongside wages, with the highest earning households consuming relatively more (i.e. larger) housing than those on lower incomes. Similarly, housing consumption tends to increase, alongside wealth, income, and age, such that older households tend to have larger homes than younger households, often as a result of cost and affordability.

107. In this context, even smaller households (those with fewer than three inhabitants) may be able to choose to live in larger homes than they require, and would be defined in Census terms as under-occupying their homes. This is a natural feature of the housing market, and can distort considerations of future housing needs, with market dynamics and signals giving a very different picture to demographics, household type and size.

108. In order to understand the terminology surrounding dwelling size analysis, it is important to note that the number of rooms recorded in Census data excludes some rooms such as bathrooms, toilets and halls. Dwelling size data is collected by determining the number of rooms being occupied by each household. In the section that follows, 'dwelling sizes' can be translated as follows¹⁹:

- 1 room = bedsit
- 2 rooms = flat/house with one bedroom and a reception room/kitchen
- 3 rooms = flat/house 1-2 bedrooms and one reception room and/or kitchen
- 4 rooms = flat/house with 2 bedroom, one reception room and one kitchen
- 5 rooms = flat/house with 3 bedrooms, one reception room and one kitchen
- 6 rooms = house with 3 bedrooms and 2 reception rooms and a kitchen, or 4 bedrooms and one reception room and a kitchen
- 7+ rooms = house with 4 or more bedrooms

109. It is also useful to clarify the Census terminology around dwellings and households spaces. These can be confusing where different terminologies such as flats, apartments, shared and communal dwellings, and houses in multiple occupation, are used. Dwellings are counted in the Census by combining address information with Census returns on whether people's accommodation is self-contained.²⁰ As such, all dwellings are classified into either "shared" or "unshared" dwellings. Household spaces make up the individual accommodation units forming part of a shared dwelling.

¹⁹ At <https://www.nomisweb.co.uk/census/2011/qs407ew>

²⁰ At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

110. The key measure of whether a dwelling is shared or unshared relates to the Census’ definition of a household. A household is defined as “One person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area.”²¹ On this basis, where unrelated residents of a dwelling share rooms other than a kitchen, this would be considered a single household in an unshared dwelling, whilst where only a kitchen is shared, each resident would be considered their own household, and the dwelling would be considered shared.

5.2.2 Dwelling type

111. The 2011 Census data shows that there were 396 households in Ingham, living in 230 detached houses, 97 semi-detached, 62 terraced houses and 4 flats. This shows that in comparison to higher level geographies, Ingham has a greater proportion of detached houses, 58.1% compared to West Lindsey’s 50.1% and the national figure of 22.4%. This is not too surprising given that detached houses are more likely to exist in rural areas where land tends to be more available. It is worth noting the lack of flats in the Neighborhood Plan area and the four that are present are part of commercial buildings, this is in stark contrast to the 21.2% of the national housing stock that is made up of flats.

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

Dwelling type		Ingham	West Lindsey	England
Whole house or bungalow	Detached	58.1%	50.1%	22.4%
	Semi-detached	24.5%	26.8%	31.2%
	Terraced	15.7%	16.9%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	0.0%	3.6%	16.4%
	Parts of a converted or shared house	0.0%	0.6%	3.8%
	In commercial building	1.0%	0.7%	1.0%

Source: ONS 2011, AECOM Calculations

5.2.3 Specific housing types

112. The neighbourhood group have made it clear that there is strong support across the village population to deliver bungalows. Not only is this type of housing seen as important to meet the current and future needs of older people and people with accessibility needs, but it is also a form of housing that would be in keeping with the village feel and design.

113. As the ONS Census data does not capture bungalows as a distinct type, we have used Valuation Office Agency data to investigate their presence in Ingham. The result is presented in Table 5-2 below. There are some caveats to note with this data, firstly the numbers are rounded to 10, so in an instance where 0 is recorded as a number of bungalows, this could in fact be anywhere between 0 - 4. Secondly, the data is only available at a geographic level of LSOA (one geographic scale larger than OAs), this means that the Ingham data is not accurate to the Neighborhood Plan area, unlike the ONS Census data. However, particularly in a more rural context, it is reasonable to assume that these figures give a general indication of the numbers of bungalows found in Ingham, as we do not expect a greatly varied local context, at this step change in geographic area.

114. With these caveats in mind, the data indicates that in comparison to the LPA, Ingham does have a slight shortfall in bungalows in terms of overall stock (see Table 5-2). Whilst they account for 22.6% of West Lindsey’s housing stock, they only account for 16.9% of Ingham’s, therefore it could be argued that this should be addressed through any new developments, in particular through 2- and 3-bedroom bungalows, where the shortfall between Ingham and West Lindsey is most prominent. With regards to the locating these new developments, bungalows could be well received in the West End Character Area of the village, which is already characterised by bungalows and smaller households.

²¹ Ibid.

Table 5-2: Number of bungalows by property size, 2018

	Ingham (numbers)	Ingham (%)	West Lindsey (numbers)	West Lindsey (%)
1 bedroom	10	1.5%	420	1%
2 bedrooms	50	7.7%	4,050	9.4%
3 bedrooms	50	7.7%	4,550	10.6%
4 bedrooms +	10	1.5%	650	1.5%
Unknown	0	0%	30	0.1%
Total	110	16.9%	9,690	22.6%
Total properties	650	100%	42,950	100%

Source: Valuation Office Agency, Council tax: stock of properties, 2018, Table CTSOP3.0

5.2.4 Dwelling size

115. Table 5-3 below sets out the distribution of the number of rooms by household space. The housing stock in Ingham is characterised by large houses (5 – 7 rooms), which make up 84.4% of Ingham's housing stock. This is not too dissimilar to the LPA level where 80.2% of the housing stock are large homes. There is a severe lack of very small households (1-3 rooms) in Ingham, at 2.6% of the housing stock. Whilst this is closely aligned with the number found in West Lindsey (4.8%), this could be a barrier in helping young people get onto the property ladder. The neighbourhood group have highlighted an objective to deliver more affordable housing and in particular housing that is affordable for young people.

116. Given that the size of sites is unlikely to be conducive to significant numbers of dwellings, making it difficult to trigger a requirement for affordable housing, delivering smaller households could be an alternative approach to delivering more affordable mainstream dwellings which could encourage and support young people to purchase in Ingham. Given the conservation restrictions in the Main Central Character Area, it may be more suitable for policy to direct such housing to the Lincoln Road Character area.

117. In comparison to West Lindsey, Ingham does have a fairly significant proportion of very large housing (8 rooms or more). 32% of housing in Ingham is considered very large in comparison to 18.7% in West Lindsey. Whilst it is understandable that West Lindsey's proportion of very large housing may be less because it incorporates larger settlements within its figures. It does highlight that Ingham is well stocked for large and very large housing and there is not a need to expand these types of housing further.

Table 5-3: Number of rooms per household in Ingham, 2011

Number of Rooms	Ingham 2011	West Lindsey 2011
1 Room	0	18
2 Rooms	2	237
3 Rooms	8	1583
4 Rooms	51	5753
5 Rooms	75	9065
6 Rooms	85	8245
7 Rooms	56	5034
8 Rooms or more	46	3765
9 Rooms or more	67	4685

Source: ONS 2011, AECOM Calculations

118. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses. The evolution of Ingham's housing mix from the 2001 Census points to a reduction in very small households, with a 20% decline in households with 3 rooms. However, it is worth highlighting the small sample size makes the percentage change seem more significant than it actually is; in actual terms this is 10 households changing to 8. Nevertheless, this pattern diverges dramatically from what is experienced at higher geographies, with West Lindsey experiences a 25.5% increase in 3 room households and a 4.9% increase in 2 room

households, at a national level this changes to 24.2% and 20.4% respectively. This could provide further evidence of the need to deliver smaller households in the neighborhood area.

119. The increase in 4 - 7 room households in Ingham is the most significant takeaway from table 5-4. 4 room households increase by 96.2% (from 26 to 51 households) in comparison to 8.6% and 3.5% at the higher geographies. This dramatic rise across the larger household categories could be explained by the national trend of building larger executive homes and a general trend of new developments in the area. Whilst the 20% reduction in 3 room households suggest that extensions and conversions have contributed to the uplift in larger sized dwellings. It is clear that the majority of new development (which could include extension and conversions) between 2001 and 2011 resulted in a greater number of large homes. This should be taken into consideration when planning the dwelling mix sought in future development.

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

Number of Rooms	Ingham	West Lindsey	England
1 Room	0.0%	-60.0%	-5.2%
2 Rooms	0.0%	4.9%	24.2%
3 Rooms	-20.0%	25.5%	20.4%
4 Rooms	96.2%	8.6%	3.5%
5 Rooms	70.5%	0.5%	-1.8%
6 Rooms	73.5%	10.4%	2.1%
7 Rooms	86.7%	25.9%	17.9%
8 Rooms or more	43.0%	52.2%	29.8%

Source: ONS 2001-2011, AECOM Calculations

120. Returning to the most recent Census data, it is also useful to compare the figures for number of rooms with figures for the number of bedrooms for each household. Table 5-5 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data further emphasises the fact that dwellings in Ingham are generally larger than those across West Lindsey and England as a whole.

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

Bedrooms	Ingham		West Lindsey		England	
All categories: no. of bedrooms	390	100.0%	38,385	100.0%	22,063,368	100.0%
No bedrooms	0	0.0%	33	0.1%	54,938	0.2%
1 bedroom	13	3.3%	1,597	4.2%	2,593,893	11.8%
2 bedrooms	86	22.1%	9,618	25.1%	6,145,083	27.9%
3 bedrooms	171	43.8%	17,256	45.0%	9,088,213	41.2%
4 bedrooms	88	22.6%	7,569	19.7%	3,166,531	14.4%
5 or more bedrooms	32	8.2%	2,312	6.0%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

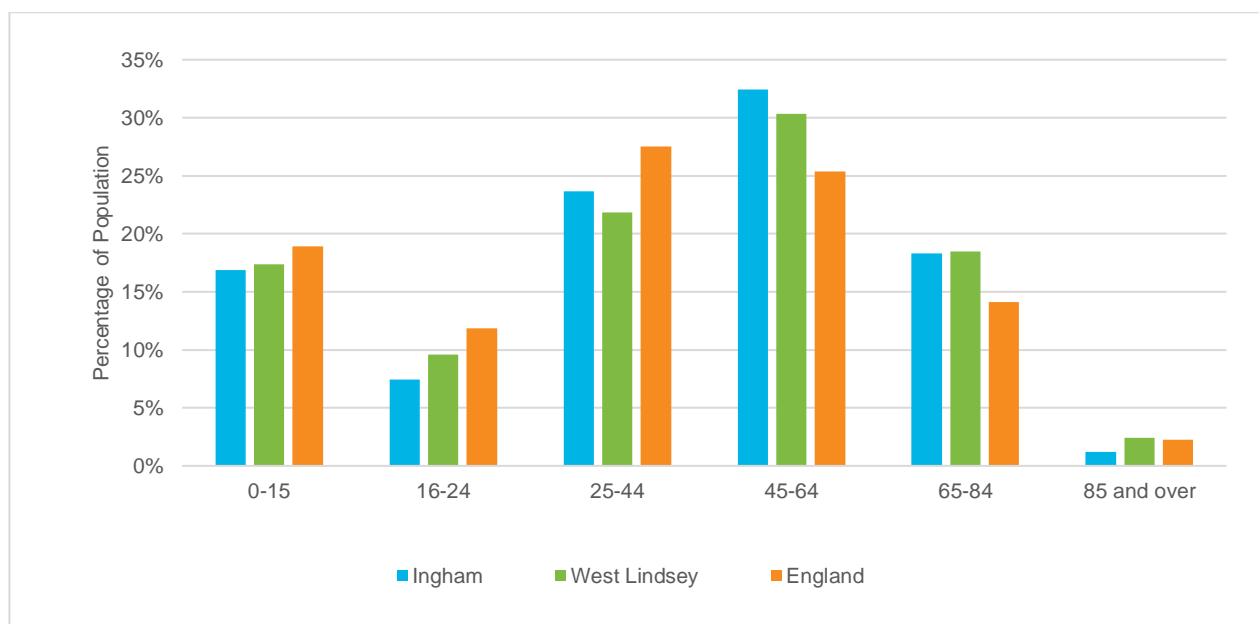
5.3 Household composition and age structure

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

5.3.1 Age structure

122. The 2011 Census data reveals that the age structure in Ingham approximately follows that experienced in West Lindsey (see Figure 5-1 below). The figures worth highlighting are the slightly lower percentage of 16-24 age category in the neighbourhood area compared to the higher-level geographies. 7% of Ingham’s population sits within the 16-24 age category in comparison to 10% and 12% for West Lindsey and England respectively. Further to this, Ingham has a greater proportion of 45-64 year olds (32%) in comparison to West Lindsey (30%) and England (25%). Whilst, in general, there is a good balance of demographics, the higher proportion of 45-64 year olds may require different housing needs through the plan period, potentially involving higher demand for downsizing and accessible housing. This does provide further weight to the village’s preference for bungalows and the need to address the shortfall in smaller households.

Figure 5-1: Age structure in Ingham, 2011



Source: ONS 2011, AECOM Calculations

123. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001 the NA population has seen significant increases across the age groups in comparison to the higher level geographies (see Table 5-6 below). This would correlate with the increases also experienced in households during the same period. Table 5-6 does demonstrate that the increase in older age groups, those 65+, has already been experienced at a dramatic rate. Whilst in actual terms the 85 and over age group has increased from 3 individuals to 11 individuals, it does emphasize the importance of preparing the housing stock for downsizing and to be better suited to single person occupancy.

124. The other interesting point is that despite large increase across nearly all age groups, this is not experienced in the 25-44 age category. This age group would best represent first time buyers and young people seeking to access the property ladder, this could also point to people of this age group leaving the neighbourhood plan area to seek more suitable avenues into property ownership or employment. This further adds the argument that there is a need to deliver smaller households in order to make Ingham more viable and affordable for young people.

Table 5-6: Rate of change in the age structure of Ingham population, 2001-2011

Age group	Ingham	West Lindsey	England
0-15	48.1%	-1.2%	1.2%
16-24	88.9%	23.3%	17.2%
25-44	8.5%	-3.4%	1.4%
45-64	75.1%	21.9%	15.2%
65-84	209.3%	27.6%	9.1%
85 and over	266.7%	36.0%	23.7%

Source: ONS 2001-2011, AECOM Calculations

5.3.2 Household composition

125. Household composition (i.e. the mix of adults and children in a dwelling) is a critical factor in driving the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period.

126. In assessing Census data on household composition, we see that Ingham does not differ greatly from the LPA in that there are similar levels of one person households aged 65 and over, and one family households all aged 65 and over. There are a greater proportion of total one family households compared to national levels (Table 5-7). However, interestingly Ingham contains a higher proportion of one family households with no children (25.6%) than West Lindsey (22.7%) and England (17.6%).

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

Table 5-7: Household composition (by household), Ingham, 2011

Household composition		Ingham	West Lindsey	England
One person household	Total	24.6%	27.3%	30.2%
	Aged 65 and over	12.1%	13.3%	12.4%
	Other	12.6%	14.0%	17.9%
One family only	Total	71.0%	68.5%	61.8%
	All aged 65 and over	11.5%	11.5%	8.1%
	With no children	25.6%	22.7%	17.6%
	With dependent children	25.1%	25.3%	26.5%
	All children Non-Dependent ²²	8.7%	9.0%	9.6%
Other household types	Total	4.4%	4.2%	8.0%

Source: ONS 2011, AECOM Calculations

128. Again, it is relevant to consider rates of change in this indicator during the period between Censuses. Between 2001 and 2011, the main changes in household composition were the dramatic increase in one person households aged 65 and over, which further indicates the point made above, that a demand for single occupancy households is already evident (see Table 5-8). Furthermore, the increase in one family households all aged 65 and over, exaggerates the priority to deliver housing that attracts young people to ensure a balanced demographic mix throughout the plan period. Both these figures heavily indicate an ageing population, that will need be catered for and will shape demand during the plan period.

129. It is worth highlighting that due to the small population size (912) and the increase in development during the ten-year period within Ingham, the figures presented in Table 5.8 will be more dramatic than those experienced at LPA and national levels.

Table 5-8: Rates of change in household composition, Ingham 2001-2011

Household type		Percentage change, 2001-2011		
One person household	Total	84.6%	26.5%	8.4%
	Aged 65 and over	176.5%	7.9%	-7.3%
	Other	40.0%	51.1%	22.7%
One family only	Total	53.0%	13.0%	5.4%

²² Refers to households containing children who are older than 18 e.g students or young working people living at home.

	All aged 65 and over	164.7%	13.4%	-2.0%
	With no children	26.6%	20.5%	7.1%
	With dependent children	50.8%	6.2%	5.0%
	All children non-dependent	70.0%	15.0%	10.6%
Other household types	Total	142.9%	22.6%	28.9%

Source: ONS 2001-2011, AECOM Calculations

5.4 Dwelling mix determined by life-stage modelling

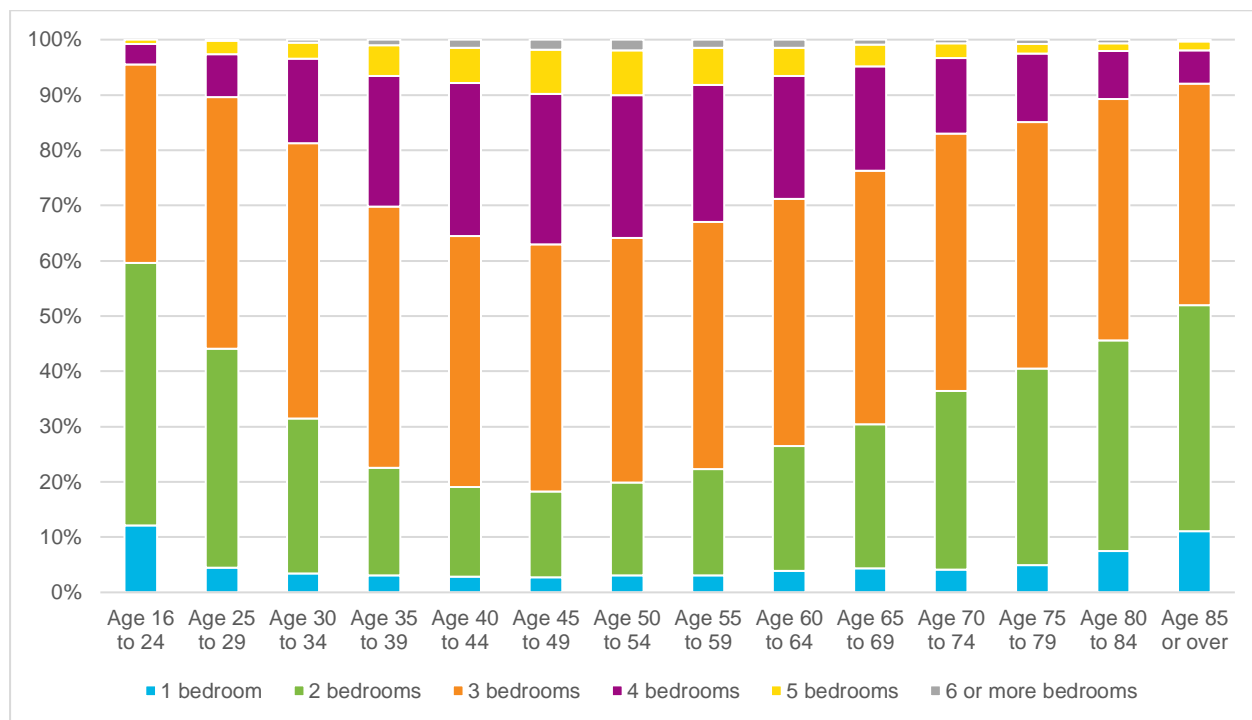
130. Recognising the fact that households of different ages may have different housing needs, the housing mix needed to meet demographic change by the end of the Plan period is estimated by an approach based on current occupation patterns – that is, the propensity of households of different ages to occupy different types of accommodation – will persist into the future. For example, projected growth in households aged under 24 will lead to an increase in the need for the type of housing currently occupied by households of that age.

131. It is important to keep in mind that this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the propensity of households to occupy more or less space than they 'need'. This approach also embeds existing patterns of occupancy which may or may not be desirable. This is particularly important to keep in mind in areas where housing affordability has worsened because it means that many households are forced to occupy less space than they need or want.

132. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for 'head of household') is available at neighbourhood level. For this reason, LPA-level data needs to be used as the closest proxy.

133. Figure 5-2 below sets out the relationship in the 2011 Census at LPA level between the age of the HRP and the size of dwelling occupied. This provides the starting point for determining the most appropriate dwelling size mix by the end of the Neighbourhood Plan period. The data shows that 2 bedroom households are the most common for those aged 16-24. 3 bedroom properties remain the most common dwelling size for all other demographic groups. It is also worth highlighting that 1- and 2-bedroom properties steadily decrease to below 20% of the share at the 45 – 49 age group and then steadily rise throughout the age categories until they account for 52% of the households in the 85 and over category, pointing to a demand for downsizing in later life.

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



Source: ONS 2011, AECOM Calculations

134. Household projections provided by MHCLG are then used to understand the future distribution of households by the age of the HRP. This data is only available at the LPA level and for the years 2014 and 2039. Therefore, the distribution of households by the age of the HRP would be in 2040 is estimated, i.e. the end of the Neighbourhood Plan period (red in the table). The data is presented in Table 5-9 below.

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

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	975	3,536	14,221	7,679	11,974
2014	1,037	3,748	13,671	7,346	13,892
2039	1,336	3,728	14,039	6,781	20,640
2040	1,348	3,727	14,053	6,759	20,910

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

135. It is then necessary to extrapolate from this LPA-level data an estimate of the corresponding change in the age structure of the population in Ingham. To do so, the percentage increase expected for each group across West Lindsey, derived from the data presented above, was mapped to the population of Ingham. The results of this calculation are detailed in Table 5-10 below:

Table 5-10: Projected distribution of households by age of HRP, Ingham

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	0	32	160	78	120
2014	0	34	154	75	139
2040	0	34	158	69	210
% change 2011-2040	38.3%	5.4%	-1.2%	-12.0%	74.6%

Source: AECOM Calculations

136. To complement the two stages in Table 5-11 below sets out the distribution of dwellings of different sizes according to the age of the HRP as they appeared in Census 2011. This provides the basis for a modelled estimate of the proportion of dwelling sizes that will be occupied by each age band across West Lindsey by the end of the plan period.

Table 5-11: Age of household reference person to size, grouped, West Lindsey, Census 2011

Size	Age of HRP 16 to 24	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
1 bedroom	12.1%	3.9%	2.9%	3.5%	5.8%
2 bedrooms	47.5%	33.2%	16.8%	21.0%	33.3%
3 bedrooms	35.8%	47.9%	45.2%	44.7%	44.7%
4 bedrooms	3.7%	11.9%	26.3%	23.5%	13.1%
5+ bedrooms	0.8%	3.1%	8.8%	7.4%	3.2%

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

137. Finally, having established the likelihood shown by households at different life-stages towards dwellings of different sizes, and the approximate number of households in West Lindsey and Ingham falling into each of these stages by the end of the Plan period in 2040, it is possible to estimate how the housing stock might evolve in terms of size over the Neighbourhood Plan period in response to demographic change (see Table 5-12 below).

138. The table takes in turn each projected age group in 2040, estimating how many of the households in that age bracket will want or need to occupy each size of dwelling. This is repeated for each age bracket and added together to arrive at an estimation of what proportion of each size of dwelling will be required overall.

Table 5-12: Likely dwelling size distribution in Ingham by the end of the Plan period, based on modelled household life-stages (totals may not sum due to rounding)

Size	Age of HRP 16 to 24	Age of HRP under 35	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total households requiring dwelling sizes
Households 2040	0	34	158	69	210	-
1 bedroom	0	1	5	2	12	20
2 bedrooms	0	11	27	14	70	122
3 bedrooms	0	16	72	31	94	212
4 bedrooms	0	4	42	16	27	89
5+ bedrooms	0	1	14	5	7	27

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

139. It is now possible to compare the 2011 housing mix in terms of size with the projected requirement based on the estimates set out in Table 5-12 above modelling the change in the age structure of the population in Ingham.

140. Table 5-13 below indicates that ideally, by 2040, the size distribution of dwellings should generate a decrease in households with five or more bedrooms, with the focus of growth in 2 and 3 bedroom households (of 41.9% and 24% respectively). 1 bedroom households should also form a moderately higher proportion of the dwelling mix.

Table 5-13: 2011 housing sizes compared to likely distribution at end of Plan period, Ingham

Number of bedrooms	2011		2040	
1 bedroom	13	3.3%	20	4.3%
2 bedrooms	86	22.1%	122	25.9%
3 bedrooms	171	43.8%	212	45.1%
4 bedrooms	88	22.6%	89	19.0%
5 or more bedrooms	32	8.2%	27	5.7%
Total households	390	100.0%	470	100.0%

Source: Census 2011, AECOM Calculations

141. Table 5-14 below sets out the estimated misalignment between future demand for housing, based on the modelled preferences of households at different life-stages, and the current stock available in the Neighbourhood Plan area.

Table 5-14: Future potential misalignments of supply and demand for housing, Ingham

Number of bedrooms	2011	2040	Change to housing mix	Recommended split
1 bedroom	13	20	7	8.7%
2 bedrooms	86	122	36	42.0%
3 bedrooms	171	212	41	48.0%
4 bedrooms	88	89	1	1.4%
5 or more bedrooms	32	27	-5	0.0%

Source: AECOM Calculations

142. The interim result of the life-stage modelling exercise show that, in terms of demographic change, new development might involve the following share of dwelling sizes: 8.7% as 1 bedroom, 42% as 2 bedrooms, 48% as 3 bedrooms and 1.4% as 4 bedrooms.

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

5.4.1 Adjustment of model results

144. However, it is important to caveat the result of this model, because it is based on past trends and existing supply. Future supply, not just demographic profile, can influence occupancy patterns. For instance, it may be that the construction of attractive options for older households e.g. bungalows could enable some older people to downsize whilst remaining in their existing community, but in the absence of such accommodation, these older households will remain in their larger family sized homes. For this reason, it is useful to verify the results with respect to occupancy trends at the national level (England and Wales) which evens out any particular local bias. This would give the following split (Table 5-15):

Table 5-15: Nationally-adjusted future potential misalignments of supply and demand for housing, Ingham

Number of bedrooms	2018	2040	Change to housing mix	Recommended split
1 bedroom	13	177	164	13.8%
2 bedrooms	86	423	337	28.3%
3 bedrooms	171	675	504	42.4%
4 bedrooms	88	232	144	12.1%
5 or more bedrooms	32	70	38	3.2%

Source: AECOM Calculations

145.A direct comparison between the two recommended splits above (based first on District occupation patterns and second on national occupation patterns) is given in Table 5-166 below.

Table 5-16: District-based and nationally-adjusted recommended housing size mixes compared, Ingham

Number of bedrooms	District-based mix	Nationally-adjusted figure
1 bedroom	8.7%	13.8%
2 bedrooms	42.0%	28.3%
3 bedrooms	48.0%	42.4%
4 bedrooms	1.4%	12.1%
5 or more bedrooms	0.0%	3.2%

Source: AECOM Calculations

146.This recommended split based on nationally-adjusted figures suggests a more even split across all house sizes. It puts greater emphasises on the need for 1 bedroom households, which has been supported by the Neighbourhood Plan group. However, it implies that 2 bedroom households should make up 28.3% of Ingham’s housing stock in comparison to the 42% proportion set out in the district based calculations. This is explained by the fact that the occupation of 1 bedroom properties is much higher in cities and other kinds of settlements captured in the national data, than in the occupation patterns of the District, where homes in its rural areas are generally larger. Therefore, the substantial demand for 2 bedroom properties identified earlier may be inflated by a lack of 2 and 3 bedroom dwellings. Providing more of these will supply smaller family homes for younger households and enable older households to downsize.

147.The adjusted results here should not replace the initial findings above, but are worth bearing in mind when planning for future development, and justify the application of the recommended dwelling mix in Table 5-14 with a degree of flexibility.

5.5 Conclusions- Type and Size

148.This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site specific factors which may justify a particular dwelling mix.

149.The data shows that there were 396 households in Ingham overall at the time of the 2011 Census. Ingham and West Lindsey share a similar housing stock split, with much greater levels of detached housing in comparison to national levels. Engagement with the neighbourhood group highlights the strong support across the village population to deliver bungalows. The data shows a slight shortfall in bungalows in comparison to West Lindsey and therefore, it could be argued that policy is needed to address this through any new developments, in particular through 2 and 3 bedroom bungalows. However, this data set should be considered with the two caveats with the data, firstly the numbers are rounded to 10, secondly, the data is only available at a geographic level of LSOA (one geographic scale larger than OAs).

150. In terms of age structure, Ingham has a greater proportion of 45-64 year olds (32%) in comparison to West Lindsey (30%) and England (25%). Whilst in general there is a good balance of demographics, the higher proportion of 45-64 year olds will require different housing needs through the plan period, such as options for downsizing and more accessible housing types. A significant increase in the population aged over 65 has already occurred between 2001 and 2011, with further ageing anticipated during the Plan period. This does provide further weight to the village's preference for bungalows and the need to address the shortfall in smaller households required for downsizing.
151. The data indicates that in comparison to the LPA, Ingham has a slight shortfall in bungalows in terms of overall stock. Whilst they account for 22.6% of West Lindsey's housing stock, they only account for 16.9% of Ingham's, therefore it could be argued that policy is needed to address this through any new developments, in particular through 2- and 3-bedroom bungalows, where the shortfall between Ingham and West Lindsey is most prominent. With regards to the locating these new developments, they may be well-suited to the West End Character Area of the village, which is already characterised by bungalows and smaller households.
152. The neighbourhood group has highlighted an objective to deliver more affordable housing and in particular housing that is affordable for young people. It is interesting to note that the 25 – 44 age category is the only category that did not experience significant growth between the census years. This age group would best represent first time buyers and young people seeking to access the property ladder. Delivering smaller households could be an alternative approach to subsidised Affordable Housing. Given the conservation restrictions in the Main Central Character Area, it may be more suitable for policy to direct such housing to the Lincoln Road Character area.
153. Finally, two models regarding the size of dwellings needed over the Plan period (in terms of the number of bedrooms) emphasise a need for growth in smaller dwelling sizes rather than those containing 4 or more bedrooms, this could be used as supporting evidence to deliver non-official affordable housing types (i.e. smaller in size) which also may be more suited to increasing the proportion of bungalows in the housing stock.
154. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site specific factors which may justify a particular dwelling mix.

6. Conclusions

6.1 Overview

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

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

Issue	Source(s) (see Chapter 3)	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	Chapter 4	<p>In terms of the current tenure profile of the neighbourhood, a high percentage Ingham's residents own their own homes, especially in comparison to its wider geographies. There is a relatively low amount of both social and private rent in the neighbourhood area. The rate of shared ownership in Ingham and England is similar, whereas shared ownership is marginally higher in West Lindsey.</p> <p>Between 2008 and 2017, house prices in the NA increased by 34.5%. The greatest price increase was seen in the case of semi-detached homes, which increased by 39% over the period.</p> <p>In order to gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. In our analysis, we used three measurements: these are the average total household income for E02005496 at £34,400 and the lower quartile gross earnings for West Lindsey for single-earners at £11,393 and dual-earning households at £22,786.</p>	<p>Our calculations for the quantity of affordable housing required in the NA suggest that 6.27 units of affordable rented housing will be needed per year in Ingham during the plan period, and there will be potential demand for 1.3 affordable home ownership dwellings per year.</p> <p>Two indicative tenure mixes have been provided, which could serve as a guideline for the breakdown of Affordable Housing tenures in Ingham based on various considerations and evidence. Mix 1 (indicative mix based on local needs) proposes that 80% of affordable homes be provided as rented tenures, and the remaining 20% delivered as affordable routes to home ownership. This mix aligns with the Local Plan in prioritising the most acute needs as far as possible. Mix 2 (indicative mix with 25% First Homes requirement) proposes that 75% of affordable homes be provided as rented tenures, with the remaining 25% as affordable home ownership, with First Homes forming the totality of the affordable home ownership. This aligns with the direction of proposed national policy, which includes a mandated minimum level of delivery of the Government's new First Homes affordable home ownership product. If that proposal does not go forward as envisaged, it is recommended that the neighbourhood planners revert to the more diversified Mix 1.</p>

Issue	Source(s) (see Chapter 3)	Summary of evidence and data assessed	Conclusions and recommendations
Housing type and size	see Chapter 5	<p>Ingham has 396 households, split between 230 detached houses, 97 semi-detached, 62 terraced houses and 4 flats. This shows that in comparison to higher level geographies, Ingham has a greater proportion of detached houses, 58.1% compared to West Lindsey's 50.1% and the national figure of 22.4%.</p> <p>There is a slight shortfall in bungalows in comparison to the LPA and a wealth of large to very large households in Ingham which is evidenced by the growth in 4 – room households between the 2001 and 2011 Census. With 5 – 7 room households all experiencing a 70% or more growth rate between the census years, which is in alignment with a wider national pattern of a preference for larger executive home building during this period.</p> <p>In terms of age structure, in general there is balanced demographics, with higher proportion of 45-64 year olds in Ingham (32%) in comparison to West Lindsey (30%) and England (25%). It is interesting to note that the 25 – 44 age category is the only category that did not experience significant growth between the census years.</p>	<p>It should be stated that there is a preference within the village for bungalows and more affordable housing types that can be prioritised from young people.</p> <p>The data shows a slight shortfall in bungalows compared to LPA levels, which could support policy to address that shortfall. This should also be considered alongside the fact that Ingham is well stocked in large to very large households and given the fact that the sites brought forward are unlikely to trigger the need for affordable housing. There is an opportunity to offer non-official affordable stock through smaller dwelling sizes; which in turn could be more suited to the delivery of bungalows.</p> <p>Catering for an ageing population may require different housing needs through the plan period, this may involve downsizing to more accessible housing types. Whilst the changing age structure between the census years demonstrates an increase in the 65+ age group. This does provide further weight to the village's preference for bungalows and the need to address the shortfall in smaller households required for downsizing.</p>

6.2 Recommendations for next steps

157. This Neighbourhood Plan housing needs assessment aims to provide Ingham 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 West Lindsey with a view to agreeing and formulating draft housing policies, bearing the following in mind:

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

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

158. 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.

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

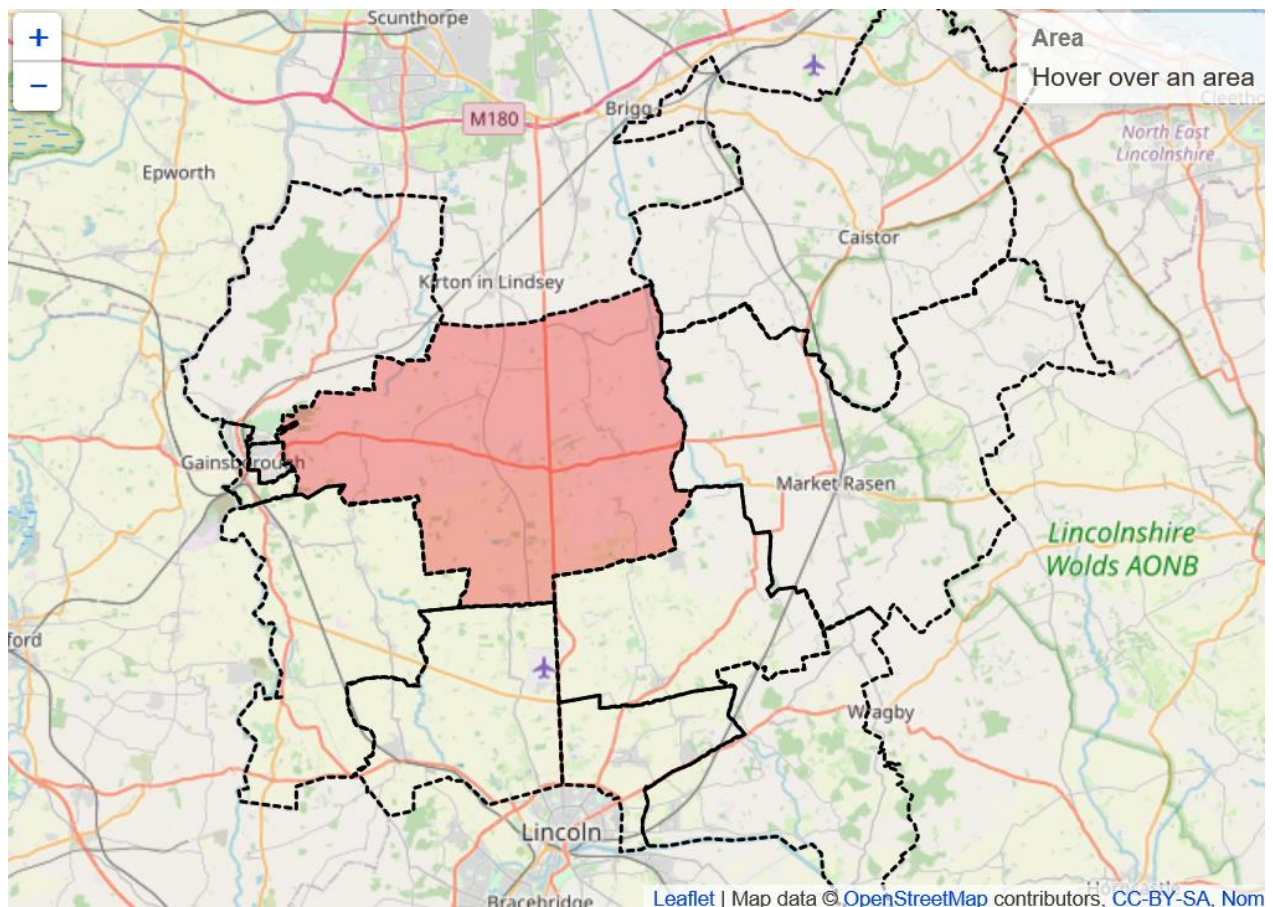
Appendix A : Calculation of Affordability Thresholds

A.1 Assessment geography

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

161. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Plan area. In the case of Ingham, it is considered that MSOA E2005496 is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. A map of E2005496 appears below in Figure 6-1.

Figure 6-1: MSOA E2005496 used as a best-fit geographical proxy for the Neighbourhood Plan area



Source: ONS

A.2 Market housing

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

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

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

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

i) Market sales

166. 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.

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

168. The value of an entry-level dwelling is considered the best representation of the segment of market housing most likely to be accessible to those on lower incomes.²³ The value of an entry level dwelling used here is the lower quartile average house price from sales data from Land Registry over the year 2018.

169. The calculation is therefore:

- Value of an 'entry level dwelling' = £151,188;
- Purchase deposit = £15,119 @10% of value;
- Value of dwelling for mortgage purposes = £136,069;
- Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;
- **Purchase threshold = £38,877.**

ii) Private Rented Sector (PRS)

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

171. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within the LN1 postcode area, which covers a larger area than the Plan area itself but can be used as a reasonable proxy for it. Moreover, because it forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.

172. According to [home.co.uk](https://www.home.co.uk), the average monthly rent in the neighbourhood area is £737.

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

- Annual rent = £737 x 12 = £8,844
- Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = £29,451
- **Income threshold (private rental sector) = £29,451**
- The NPPF 2018 acknowledges that build-to-rent dwellings have a role to play in providing affordable market homes and may meet affordable housing need where they include a component of affordable private rent.

A.3 Affordable Housing

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

²³ 'Entry-level dwelling' can be understood to comprise a property that costs the average value of dwellings falling into the lower quartile of house prices in the Neighbourhood Plan area, as set out in the Tenure and Affordability chapter above.

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

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

i) Social rent

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

178. 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 Ingham. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for West Lindsey in the table below.

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

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent PCM	£66.51	£80.29	£84.94	£92.90	£80.16
Annual average	£3,459	£4,175	£4,417	£4,831	£4,168
Income needed	£11,517	£13,903	£14,708	£16,087	£13,881

Source: Homes England, AECOM Calculations

ii) Affordable rent

180. Affordable rent is controlled at no more than 80% of the local market rent. As demonstrated in this report, the annual entry-level rent in Ingham is £9,348. In the event of a 20% reduction in rent to £7,479, the income threshold would reduce to an estimated £24,903. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000). Even an 80% discount on the market rent may not be sufficient to ensure that households can afford it, particularly when they are dependent on benefits. RPs in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.

iii) Intermediate tenures

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

iv) Discounted Market Homes

182. In paragraph 64 of the NPPF 2019, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership”.

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

184. Applying a discount of 20% provides an approximate selling price of £163,180 (20% discount on median average prices of £203,975). Allowing for a 10% deposit further reduces the value of the property to £146,862. The income threshold at a loan to income ratio of 3.5 is £41,961.
185. In practice, developers are likely to price these homes in relation to new build prices, particularly in locations where discounting in relation to entry level prices may not make these homes viable to develop in relation to build costs. When new build prices are discounted by 20% they may not offer any discount on entry level prices.
186. The Government is consulting on proposals to introduce First Homes which would provide a minimum discount of 30% on new market homes for eligible households.

v) Shared ownership

187. Shared ownership involves the purchaser buying an initial share in a property typically of between 25% and 75% and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the leaseholder can be varied by 'staircasing'. Generally, staircasing will be upward, thereby increasing the share owned over time.
188. 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.
189. To determine the affordability of shared ownership, calculations are based on the lower quartile house price of £203,975.²⁴ The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).
190. A 25% equity share of £203,975 is £50,994, from which a 10% deposit of £5,099 is deducted. The mortgage value of £45,894 (£50,994 - £5,099) is then divided by 3.5. To secure a mortgage of £45,894, an annual income of £13,113 (£45,894/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £152,981. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £3,825 and requires an income of £12,736 (multiplied by 3.33 so that no more than 30% of income is spent on rent). Therefore, an income of around £25,848 (£13,113 + £12,736) is required to afford a 25% shared equity purchase of an entry-level home. The same calculations were undertaken for equity shares of 50% and 75%, producing income thresholds of £34,716 and £43,583 respectively.

²⁴ It is important to note that this is based on new build sales only. The current shared ownership models are only available for new build homes, with the assumed cost therefore differing from the cost of open market housing, which also includes property re-sale.

Appendix B : Housing Needs Assessment Glossary

Adoption

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

Affordability

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

Affordability Ratio

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

Affordable Housing (NPPF Definition)

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

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

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

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

Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods²⁵.

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.

²⁵ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

Annual Monitoring Report

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

Basic Conditions

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

Backlog need

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

Bedroom Standard²⁶

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

Co-living

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

Community Led Housing/Community Land Trusts

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

Community Right to Build Order²⁷

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)²⁸

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

²⁶ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

²⁷ See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

²⁸ See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

receives 10% of the sale cost (£25,000). Some equity loans were available for the purchase of existing stock. The current scheme is to assist people to buy new build.

Extra Care Housing or Housing-With-Care

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

Fair Share

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

First Homes

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

Habitable Rooms

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

Household Reference Person (HRP)

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

Housing Market Area

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

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

Housing Needs

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

Housing Needs Assessment

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

Housing Products

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

Housing Size (Census Definition)

Housing size can be referred to either in terms of the number of bedrooms in a home (a bedroom is defined as any room that was intended to be used as a bedroom when the property was built, any rooms permanently converted for use as bedrooms); or in terms of the number of rooms, excluding bathrooms, toilets halls or landings, or rooms that can only be used for storage.

All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted. If two rooms have been converted into one they are counted as one room. Rooms shared between more than one household, for example a shared kitchen, are not counted.

Housing Type (Census Definition)

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

Housing Tenure (Census Definition)

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

Income Threshold

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

Intercensal Period

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

Intermediate Housing

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

Life Stage modelling

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

Life-time Homes

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

Life-time Neighbourhoods

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

Local Development Order

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

Local Enterprise Partnership

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

Local housing need (NPPF definition)

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

Local Planning Authority

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

Local Plan

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

Lower Quartile

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

Lower Quartile Affordability Ratio

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

Market Housing

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

Mean (Average)

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

Median

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

Median Affordability Ratio

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

Mortgage Ratio

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years²⁹, 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.

²⁹ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

Neighbourhood plan

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

Older People

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

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

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

Overcrowding

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

Planning Condition

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

Planning Obligation

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

Purchase Threshold

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

Proportionate and Robust Evidence

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

Private Rented

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

Retirement Living or Sheltered Housing

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

Residential Care Homes and Nursing Homes

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

Rightsizing

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

Rural Exception Sites

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

Shared Ownership

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

Sheltered Housing³⁰

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

Strategic Housing Land Availability Assessment

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

³⁰ See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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.³¹

³¹ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

