

# Loddon and Chedgrave

Housing Needs Assessment (HNA)

August 2022

## Quality information

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## Table of Contents

1. Executive Summary.....	6
Research Questions.....	6
Findings of RQ 1: Tenure and Affordability and the Need for Affordable Housing .....	6
Tenure Profile .....	6
House Prices.....	6
Affordability Thresholds.....	6
Affordable housing- quantity needed.....	7
Affordable Tenure Split .....	8
Findings of RQ 2: Type and Size.....	8
Existing Types and Sizes .....	8
Age and Household Composition.....	9
Suggested Future Dwelling Size Mix.....	9
Findings of RQ 3: Second Homes.....	10
2. Context.....	12
Local context.....	12
The Housing Market Area Context .....	13
Planning policy context.....	14
Policies in the adopted local plan .....	15
Policies in the emerging local plan .....	18
Quantity of housing to provide.....	20
3. Approach.....	21
Research Questions.....	21
Tenure and Affordability.....	21
Type and Size .....	21
Second Homes.....	22
Relevant Data .....	22
4. RQ 1: Tenure, Affordability and the Need for Affordable Housing.....	23
Introduction .....	23
Current tenure profile .....	24
Affordability.....	25
House prices .....	25
Income .....	26
Affordability Thresholds.....	27
Affordable housing- quantity needed.....	33
Affordable Rented Housing .....	33
Affordable Home Ownership .....	35
Affordable Housing policy guidance .....	38
Conclusions- Tenure and Affordability .....	42
Tenure Profile .....	42
House Prices.....	43
Affordability.....	43
Future affordable housing .....	44
5. RQ 2: Type and Size.....	46
Introduction .....	46
Existing types and sizes.....	46

Background and definitions .....	46
Dwelling type .....	48
Dwelling size .....	48
Age and household composition .....	49
Age structure .....	49
Household composition .....	51
Occupancy ratings.....	52
Dwelling mix determined by life-stage modelling.....	53
Suggested future dwelling size mix .....	53
SHMA Findings .....	57
Conclusions- Type and Size .....	57
Existing Types and Sizes .....	57
Age and Household Composition .....	58
Suggested Future Dwelling Size Mix.....	58
6. RQ 3: Second Homes.....	60
Introduction .....	60
Second and Holiday Homes Data .....	60
Policy Considerations.....	64
Conclusions- Second homes.....	65
7. Next Steps .....	66
Recommendations for next steps.....	66
Appendix A : Calculation of Affordability Thresholds.....	67
A.1 Assessment geography .....	67
A.2 Market housing .....	68
i) Market sales .....	68
ii) Private Rented Sector (PRS).....	69
A.3 Affordable Housing .....	70
i) Social rent.....	70
ii) Affordable rent.....	71
iii) Affordable home ownership .....	71
Appendix B : Housing Needs Assessment Glossary .....	75

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

DLUHC	Department for Levelling Up, Housing and Communities (formerly MHCLG)
DMPD	Development Management Policies Document
GNLP	Greater Norwich Local Plan
HMA	Housing Market Area
HNA	Housing Needs Assessment
HRF	Housing Requirement Figure (the total number of homes the NA is expected to plan for, usually supplied by LPAs)
HLIN	Housing Learning and Improvement Network
HRP	Household Reference Person
JCS	Joint Core Strategy
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LPA	Local Planning Authority
NA	Neighbourhood (Plan) Area
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RQ	Research Question
SHMA	Strategic Housing Market Assessment
SPD	Supplementary Planning Documents
SSAPD	Site Specific Allocations and Policies Document
VOA	Valuation Office Agency

# 1. Executive Summary

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

## Research Questions

### Findings of RQ 1: Tenure and Affordability and the Need for Affordable Housing

#### Tenure Profile

2. At the time of the 2011 Census, Loddon and Chedgrave had a lower proportion of home ownership compared to South Norfolk, although both were significantly above the national average. Loddon and Chedgrave also had a lower proportion of shared ownership compared to South Norfolk, though the NA's shared ownership provision was in line with the average across England. The NA and England had similar proportions of social rented tenures, with both averages significantly higher than that found across South Norfolk. In contrast, the NA had a lower level of private rented tenure compared to South Norfolk and England.
3. Since 2011, there have been 289 dwelling completions in the NA according to completions data. Affordable Housing made up 30% of this new housing in Loddon and Chedgrave.

#### House Prices

4. There has been an overall rise in house prices between 2012 and 2021. The greatest change can be seen in mean prices, which grew by 66.6%. The median house price, increased by 56.5%, whereas, the lower quartile growth was slightly lower at 56.4%. Looking at the median price for each individual house type we can see that detached properties experienced the greatest growth at 95.1%, remaining the overall most expensive dwelling type. Flats experienced the next highest growth at 85.2%, whilst terraced and semi-detached experienced more modest growths of 58.1% and 36.0%, respectively. Again, prices for all four dwelling types peaked in 2021.

#### Affordability Thresholds

5. Table 1.1 overleaf summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. Average incomes (£49,000) cannot access median market homes. The median house price would require an annual income 55.7% higher than the current average. Therefore, market housing is likely to remain out of reach to most.
6. There is a 'can rent, can't buy' cohort, earning between around £27,520 and £61,000 per year who are able to afford to rent privately but cannot afford home ownership. This

group may benefit from the range of affordable home ownership products such as First Homes and shared ownership.

**Table 1-1 Affordability thresholds in Loddon and Chedgrave (income required, £)**

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £46,900	Affordable on LQ earnings (single earner)? £15,172	Affordable on LQ earnings (2 earners)? £30,344
<b>Market Housing</b>						
Median House Price	£255,600	-	£73,029	No	No	No
NA New Build Median House Price	£306,000		£87,429	No	No	No
LQ/Entry-level House Price	£216,450	-	£61,843	No	No	No
Average Market Rent	-	£12,504	£41,680	Yes	No	No
Entry-level Market Rent	-	£8,256	£27,520	Yes	No	Yes
<b>Affordable Home Ownership</b>						
First Homes (-30%)	£128,970	-	£36,849	Yes	No	No
First Homes (-40%)	£110,546	-	£31,584	Yes	No	No
First Homes (-50%)	£92,121	-	£26,320	Yes	No	Yes
Shared Ownership (50%)	£92,121	£2,559	£34,850	Yes	No	No
Shared Ownership (25%)	£46,061	£3,838	£25,955	Yes	No	No
Shared Ownership (10%)	£18,424	£4,606	£20,618	Yes	No	Yes
<b>Affordable Rented Housing</b>						
Affordable Rent	-	£5,836	£19,434	Yes	No	Yes
Social Rent	-	£4,651	£15,487	Yes	Marginal	Yes

*Source: AECOM Calculations*

7. Rent to Buy maybe a viable route to affordable home ownership to those earning mean incomes, however, is likely to be out of reach to those on lower quartile incomes.
8. A First Homes discount of at least 30% appears sufficient to bring a new entry-level home within reach of the average earning household. First Homes at 50% discount level appear to be affordable for dual lower income households. In order for single quartile earners to be able to access discounted market sales, a discount of well over 50% would be required.
9. Shared ownership appears to be more affordable than First Homes, but is broadly accessible to the same groups. While the income threshold for a 10% equity shared ownership home may be within the reach of dual lower income households, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.
10. Affordable rented housing (particularly social rent) is essential for accommodating those on the lowest incomes in Loddon and Chedgrave, who can afford few other options.

### **Affordable housing- quantity needed**

11. AECOM calculations have estimated the need for Affordable Housing in Loddon and Chedgrave. This suggests that, over the plan period, the need for affordable rented

housing would be met through natural turnover in the existing stock. However, there is currently a minimum of 34 households on the local authority Housing Register in need of affordable rented housing so it is important that the delivery of this tenure is continued. It is also estimated that the need for affordable home ownership products in the NA is 149 dwellings across the plan period.

12. When looking at future development due to come forward, if the Local Plan target of 33% Affordable Housing was achieved on the allocated sites, up to around 79 affordable homes might be expected in the NA based on the housing allocations of 240 dwellings. This figure may be slightly higher when windfall housing developments are taken into consideration, though many of which are likely to be below the 10 dwelling threshold for Affordable Housing. It is expected that the level of predicted Affordable Housing delivery in the NA would not be sufficient to satisfy the total potential demand for Affordable Housing identified in this report.

### **Affordable Tenure Split**

13. We recommend an Affordable Housing tenure split of 30% affordable rented products and 70% affordable home ownership products is proposed for Loddon and Chedgrave. In relation to the split of affordable home ownership tenures, it is suggested that this is delivered as: 25% First Homes (in line national policy), 25% Shared Ownership and 20% as Rent to Buy.
14. It is recommended that First Homes are delivered at a 50% discount as this makes the product accessible to dual lower quartile earning households. Similarly, shared ownership delivered at both 25% and 10% equity would extend to this group.
15. The expected level of delivery, based on emerging LPA's affordable housing policies, does not meet the overall quantity of demand identified in estimates of the need for Affordable Housing. Although the level of delivery for affordable rented housing would be sufficient if taking into account turnover, as discussed previously in the report, it would be sensible to still bring forward affordable rented housing, especially early in the plan period, to address the backlog. Based on this level of delivery, the need for affordable home ownership would not be met. However, this need is not as acute as affordable rented housing as it is assumed that on the whole these households are adequately housed in the private rented sector.
16. As there is a clear need for Affordable Housing in the NA, we recommend that every effort should be made to maximise delivery where viable.

## **Findings of RQ 2: Type and Size**

### **Existing Types and Sizes**

17. According to 2021 VOA data, semi-detached units are the most prevalent dwellings in Loddon and Chedgrave, compared to South Norfolk where detached units have the highest representation. Loddon and Chedgrave has a much greater proportion of bungalows than the wider District, and especially than England as a whole. The NA has a higher proportion of flats than the district, although both rates are significantly below the national average.

18. The mix of dwelling sizes in terms of bedrooms in Loddon and Chedgrave remains relatively unchanged since 2011. No matter what comparison is used (completions or VOA) we can see that proportions across 2011 and 2021 follow largely the same trends, with three-bedroom dwellings remaining the most common in the NA.
19. In 2021, Loddon and Chedgrave had a generally smaller stock of homes than South Norfolk, with a particularly low share of 4+ bedroom homes by comparison. In contrast, the NA mix would be considered generally larger compared to the national average.

### **Age and Household Composition**

20. At the time of the 2011 Census, the NA population was generally older than the county and national averages. The population has continued to age since 2011.
21. Between 2011 and 2020, the 65-84 age band recorded the largest growth in actual numbers, whereas the largest proportional change is seen in the 85 and over age band which increased by 20.0%. The 45-64 age band remains the largest single age band in Loddon and Chedgrave, increasing by 9.9%. The 25-44 age group increased by 9.7%, whereas the remaining younger age groups experienced declines.
22. In 2011 Loddon and Chedgrave had a higher proportion of one person households than the district or country. Of the NA's family households, the majority are younger than 65 and more of them have dependent children than do not. These characteristics are broadly in line with the picture at wider geographies.
23. The proportion of households with 'non-dependent children' grew by 2.4% between 2001 and 2011 in the parish – a slower rate than averages recorded across South Norfolk (12.6%) and England (10.6%). 'Non-dependent children' refers to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university.
24. Loddon and Chedgrave has a high rate of under-occupancy: 78.9% of people lived in a home with at least one extra bedroom in 2011. Indeed, extreme under-occupancy (+2 rating) is strongly correlated with age, with older age groups much more likely to under-occupy their homes. The percentage of people living in homes with fewer bedrooms than they might be expected to need is relatively low. Around 48 people (1.3%) may have been (or still be) living in inadequate housing conditions in the parish.

### **Suggested Future Dwelling Size Mix**

25. A modelling exercise has been undertaken to estimate the dwelling size needs of the parish at the end of the Neighbourhood Plan period. The results of a modelling exercise suggests that new development of all tenures might involve the following share of dwelling sizes:
  - 0.1% as one bedroom,
  - 28.5% as two bedrooms,
  - 39.7% as three bedrooms,
  - 25.3% as four bedrooms and
  - 6.4% as five or more bedrooms.

26. The results of the life-stage modelling suggest that there will be essentially no need for further one-bedroom dwellings over the Neighbourhood Plan period. However, South Norfolk data suggests of the 34 households on the Housing Need Register, 15 need one-bedroom dwellings. Although, this registered figure may be biased towards the need for smaller homes because of the size of property households are entitled to, rather than what they would occupy if they had the resources.
27. It is generally not advisable to restrict the supply of specific size categories too strictly. These results are a starting point for thinking about how best to address the more nuanced needs of the future population. The above point in particular may present a justification for increasing the provision of one-bedroom homes above the very low rate recommended by the HNA model.
28. Furthermore, affordability is a serious challenge in Loddon and Chedgrave. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation. Neighbourhood Plan policies can provide a steer on this, clearly setting out the expectations of the community, even if final decisions will be made through negotiations with the Local Planning Authority.
29. It would be unwise for any new housing to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to mid-sized homes (two to four bedroom) but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

### **Findings of RQ 3: Second Homes**

30. In 2011, Loddon and Chedgrave contained 1,645 households and 1,721 dwellings in 2011, implying that there were 76 dwellings with no usual resident household. This means that 4.4% of dwellings had no usual residents, compared to 3.3% across South Norfolk and around 4.0% nationally.
31. When looking at holiday lets eligible for business rates specifically, it is estimated that in 2020/2021, there were approximately 152 premises in the Loddon and Chedgrave categorised as 'other'. Of these, based on Borough level calculations, 11.9% were specifically classified as holiday homes (self-catering), totalling 18 properties.
32. Between 2011 and 2021, the number of properties assumed to be categorised as holiday lets in Loddon and Chedgrave is estimated to have more than doubled.
33. The rate of change in the number of holiday home properties liable for business rates likely expresses the degree of growth in the number of holiday homes overall to some extent, but it might equally express a change in the intensity with which the current holiday homes are let throughout the year. Therefore, the increase between 2011 and

2021 are likely not to be solely an increase in second homes but could also include the transfer of personal second homes into commercial holiday lets.

34. Based on dwelling completions data to 2021 and ONS mid-2020 population estimates, it is calculated that in 2020/2021 there were 210 dwellings with no usual resident in Loddon and Chedgrave, assumed to be primarily second homes. This accounts for 10.4% of dwellings in the NA, a significant increase on the proportion in 2011 of 4.4%.
35. The demand for second homes in the NA is likely to have had an adverse effect on affordability for local people. There is a clear difference in the potential income between the private rented sector and holiday lets identified in the NA. The calculated average monthly cost of a holiday let in Loddon and Chedgrave is £3,220 compared to the average monthly cost of a private rented dwelling of £1,042. This highlights a clear incentive for property owners to rent their properties as holiday lets as opposed to in the private rented sector.
36. AECOM suggest there may be cause to apply a Principal Residence Policy or similar in the NA. As this policy is developed, if new data becomes available (e.g. Census 2021 or additional data sources quantifying levels of second home ownership), the group may wish to refine the policy to adapt to any changes in the scale of the market.

## 2. Context

### Local context

37. Loddon and Chedgrave is a Neighbourhood Area located in the District of South Norfolk, in the East of England. The Neighbourhood Area (NA) boundary was designated in February 2022, aligning with both existing Civil Parish boundaries of Loddon and Chedgrave. A map of the Plan area appears below in Figure 2-1.

**Figure 2-1: Map of the Loddon and Chedgrave Neighbourhood Area<sup>1</sup>**



Source: South Norfolk Council

38. The NA covers approximately 1,723 hectares, encompassing the small village of Chedgrave, the small town of Loddon and their hinterland. The NA is bisected by the River Chet, a tributary of the River Yare in the Norfolk Broads. A small portion of land within the north east of the NA is located within the Broads Authority. The parish straddles the A146 which links two of East Anglia's largest population centres, Norwich (approximately 10 miles to the north west of the NA) and Lowestoft (approximately 16 miles to the south east of the NA).

39. The proposed Neighbourhood Plan period aligns with the emerging Greater Norwich Local Plan (GNLP), starting in 2018 and extending to 2038, therefore comprising a planning period of 20 years. The evidence supplied in this report will look forward to the

<sup>1</sup> Available at <https://www.southnorfolkandbroadland.gov.uk/downloads/download/756/loddon-and-chedgrave-neighbourhood-plan>

Plan end date of 2038, but where possible will also provide annualised figures which can be extrapolated to a different term if the Plan period changes.

40. The statistics show that in the 2011 Census the NA had a total of 3,699 residents, formed into 1,645 households and occupying 1,721 dwellings. Data provided by South Norfolk Council<sup>2</sup> indicates that 289 additional dwellings have been completed within the NA between 2011 and 2021 (comprising 280 dwellings in Loddon and 9 dwellings in Chedgrave).
41. Whilst South Norfolk are unable to provide precise demographic data relating to the completed dwellings, other data sources can provide an indication of current population figures. The Office for National Statistics (ONS) produces mid-year population estimates for parishes and wards throughout the country. The mid-2020 population estimate for Loddon and Chedgrave is 4,049 – indicating a population growth of around 350 individuals since 2011. This estimated scale of population growth appears low when compared to the completions data. However, this is often the case with an ageing population, as fewer people occupy the existing homes due to mortality, young people moving out, and fewer births. It is also worth noting that this ONS figure is an estimate only, based on data which is mostly available at local authority level such as administrative registers of births and deaths, data on moves between local authorities, small-area population estimates and official population projections, and not based on a survey count. It is also worth noting that recent completions may not be fully occupied yet.

## **The Housing Market Area Context**

42. Whilst this HNA focuses on the Loddon and Chedgrave neighbourhood area it is important to keep in mind that neighbourhoods are not self-contained housing market areas. Housing market areas are usually wider than local authority areas and often stretch across a number of districts or boroughs. This is because housing market areas are inherently linked to the labour market, employment patterns and travel to work areas. In the case of Loddon and Chedgrave, the neighbourhood area sits within the Central Norfolk Housing Market Area which covers South Norfolk Council, North Norfolk District Council, Breckland District Council, Broadland District Council and Norwich City Council. This means that when households who live in these authorities move home, the vast majority move within this geography.
43. A Strategic Housing Market Assessment (SHMA) was undertaken for Central Norfolk in June 2017. This study identifies a need for 830 additional affordable homes each year in Central Norfolk as a whole between 2015 and 2036. However, the SHMA does not disaggregate Affordable Housing need even down to Local Authority level.
44. At the neighbourhood scale it is not possible to be definitive about housing need and demand because neighbourhoods, including Loddon and Chedgrave, are closely linked to other areas. In the case of Loddon and Chedgrave, changes in need or demand in settlements nearby are likely to impact the neighbourhood. Loddon and Chedgrave is

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<sup>2</sup> As provided in an e-mail from Victoria West, South Norfolk Council, April 2022

located approximately 10 miles south east of Norwich City, meaning that the NA may be impacted by development in Norwich and the urban fringe.

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

## Planning policy context

46. Neighbourhood Plans are required to be in general conformity with adopted strategic local policies.<sup>3</sup> In the case of Loddon and Chedgrave, the relevant adopted Local Plan for South Norfolk consists of:

- **The Joint Core Strategy (JCS)**<sup>4</sup> - adopted March 2011, which sets out an overall strategy for growth for South Norfolk and its neighbouring districts. It was produced by SNC together with Broadland District Council, Norwich City Council and Norfolk County Council under the umbrella of the Greater Norwich Development Partnership. Amendments applying primarily to Broadland District were adopted January 2014;
- **Site Specific Allocations and Policies Document (SSAPD)**<sup>5</sup> - adopted October 2015, which designates land for housing, employment and other uses;
- **The Development Management Policies Document (DMPD)**<sup>6</sup> - adopted October 2015, which is used to assess specific development proposals;
- **Area Action Plans for Wymondham and Long Stratton**<sup>7</sup> - adopted October 2015 and May 2016 respectively; and
- **Supplementary Planning Documents (SPDs)**<sup>8</sup>, adopted at various times, such as the Place-Making Guide (adopted 2012).

47. The relevant emerging Local Plan for Loddon and Chedgrave is the Greater Norwich Local Plan (GNLP), which sets out the strategy for development across South Norfolk, Broadland and Norwich, covering the period 2018-2038. The Regulation 19 Publication Stage for the emerging GNLP took place between 1<sup>st</sup> February 2021 and 15<sup>th</sup> March 2021, with submission to the Secretary of State on 30<sup>th</sup> July 2021<sup>9</sup>. Following the required

<sup>3</sup> A description of the Basic Conditions of Neighbourhood Planning is available at <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

<sup>4</sup> Available at: <https://www.southnorfolkandbroadland.gov.uk/downloads/download/64/joint-core-strategy-dpd>

<sup>5</sup> Available at: <https://www.southnorfolkandbroadland.gov.uk/downloads/download/93/site-specific-allocations-and-policies-document>

<sup>6</sup> Available at: <https://www.southnorfolkandbroadland.gov.uk/downloads/download/100/development-management-policies-document>

<sup>7</sup> Available at: <https://www.southnorfolkandbroadland.gov.uk/downloads/download/101/wymondham-area-action-plan> and

<https://www.southnorfolkandbroadland.gov.uk/downloads/download/102/long-stratton-area-action-plan>

<sup>8</sup> Available at: <https://www.southnorfolkandbroadland.gov.uk/supplementary-planning-documents/supplementary-planning-documents-south-norfolk-1>

<sup>9</sup> Available at: <https://www.gnlp.org.uk/evidence-library>

period of examination, it is expected that the GNLP will be adopted in September 2022.

## Policies in the adopted local plan

48. Table 2-1 below summarises adopted Local Plan policies that are relevant to housing need and delivery in Loddon and Chedgrave.

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

Policy	Provisions
Policy 4: Housing delivery	Allocations will be made to deliver at least 36,820 new homes between 2008 and 2026. The supporting text breaks down this total by district area. For the part of South Norfolk outside of the Norwich Policy Area (where the parish is located), this equates to:
JCS March 2011	<ul style="list-style-type: none"> <li>• 1,328 current commitments (2008).</li> <li>• 1,040-1,580 new allocations (to 2026).</li> <li>• 2,368-2,908 new commitments (to 2026).</li> <li>• A total of 4,736-5,816.</li> </ul>

Development proposals are required to create balanced communities and meet the needs of the area as set out in the most up to date housing needs evidence. A proportion of Affordable Housing and an appropriate tenure mix will be sought on all sites for 5 or more dwellings (or 0.2 ha or larger). The precise proportion sought will be based on the latest housing needs evidence, subject to viability. At JCS adoption, the proportion of new housing required to be affordable was as follows:

- 20% on sites for 5-9 dwellings (or 0.2-0.4ha).
- 30% on sites for 10-15 dwellings (or 0.4-0.6ha).
- 33% on sites for 16 or more dwellings (or over 0.6ha), with an approximate target of 85% social rent and 15% intermediate tenures within the affordable mix.

In appropriate locations, sites that would otherwise not be released for development may be considered for schemes that meet an identified local need for Affordable Housing in perpetuity.

The supporting text states that the requirement for Affordable Housing 2008-2026 is estimated to be 11,860 (which equates to around 33% of the overall requirement). It also identifies a long-term tenure mix of around 60% social rent to 40% intermediate tenures within the affordable mix. Mixed tenure housing with care will be required in highly accessible locations. Examples include Norwich and the major growth locations. Loddon and Chedgrave is not listed.

Policy	Provisions
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Policy 14: Main town	The supporting text to Policies 9 to 19 outlines the settlement hierarchy for the scale and distribution of growth. In descending order of suitability for development, the hierarchy is as follows:
----------------------	--

- |                   |   |
|-------------------|---|
| JCS<br>March 2011 | <ul style="list-style-type: none"> <li>• The Norwich urban area</li> <li>• Main towns</li> <li>• Key service centres</li> <li>• Service villages</li> <li>• Other villages</li> </ul> |
|-------------------|---|

Loddon/Chedgrave is classified as a key service centre. Allocations for a minimum of 100-200 dwellings are made for Loddon/Chedgrave.

The supporting text states that Loddon/Chedgrave is close to the Broads and development must ensure there is no detrimental impact, including no significant detrimental effect on the Broadland SPA, Broadland Ramsar and Broads SAC.

Policy 17: Smaller communities and the countryside	17: In the countryside and villages not identified in the settlement rural hierarchy, Affordable Housing to meet identified local needs may be permitted in locations adjacent to villages as an exception to general policy. Other development, including the appropriate replacement of existing buildings, will be permitted where it can clearly be demonstrated to further the objectives of the JCS.
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JCS  
March 2011

Policy LOD Land north of George Lane	1: 11.6 hectare site located to the north of George Lane close to the main of A146 road, identified with potential to accommodate approximately 200 dwellings.
--------------------------------------	--

SSAPD  
October 2015

Policy DM 1.3: The sustainable location of new development	Requires that all new development be located on allocated sites or within the development boundaries of settlements, and of a scale proportionate to the level of growth planned in that location.
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DMPD	Development in the countryside outside of development boundaries will only be granted if supported in relevant policies or demonstrates overriding economic, social or environmental benefits.
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DMPD  
October 2015

<b>Policy</b>	<b>Provisions</b>
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Policy DM 2.10:	The conversion of countryside buildings to residential use will only be supported where this does not result in the loss of a farm building of suitable for continued use or where its loss would result in the buildings in the construction of a replacement building. Such buildings should have countryside for adequate dimensions to accommodate residential use without the non-agricultural need for major extensions, additional buildings or significant changes in appearance.
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DMPD

October 2015

Policy DM 3.1:	All housing proposals are expected to contribute to a range of Meeting housing dwellings types and sizes to meet the needs of different households requirements and identified in the current Strategic Housing Market Assessment.
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DMPD

October 2015

Policy DM 3.2:	Proposals for affordable housing in the countryside may be supported Meeting rural where they can help meet proven local needs, are well-related to housing needs existing development, and remain affordable in perpetuity.
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DMPD

October 2015

## Policies in the emerging local plan

49. Table 2-2 below summarises emerging Local Plan policies that are relevant to housing need and delivery in Loddon and Chedgrave.

**Table 2-2: Summary of relevant emerging policies in the emerging GNL**

Policy	Provisions
Policy 1 – The Sustainable Growth Strategy	<p>Allocates sites for a minimum of 49,492 new homes to be delivered in Greater Norwich between 2018 and 2038, thereby exceeding the identified need for 40,550 new homes in the same period.</p> <p>The settlement hierarchy presented in the JCS is updated such that the two lowest tiers (service villages and other villages) are grouped together in a new lowest tier:</p> <ol style="list-style-type: none"> <li>1. Norwich urban area;</li> <li>2. Main towns;</li> <li>3. Key service centres (Including Loddon/Chedgrave);</li> <li>4. Village clusters.</li> </ol> <p>Most of the housing, employment, and infrastructure growth is focussed in the Strategic Growth Area.</p> <p>Key Service Centres are expected to accommodate housing growth of 3,679 between 2018 and 2038 (comprising an existing deliverable commitment of 2,984 dwellings and 695 new allocations).</p> <p>Proposals for additional windfall housing delivery within settlement boundaries are to be considered acceptable in principle at appropriate scales and locations where they would not have an impact on the existing scale and character of the settlement.</p>

Policy	Provisions
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Policy 5 – Homes	Residential proposals should address the need for homes for all sectors of the community having regard to the latest housing evidence, including a variety of homes in terms of tenure and cost.
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Major residential development proposals (of 10 dwellings or more) will provide:

- At least 33% affordable housing on-site (unless the site is allocated in a Neighbourhood Plan for a different percentage of affordable housing). This may also differ for brownfield sites where the applicant can demonstrate that particular circumstances justify the need for a viability assessment at decision-making stage;
- Affordable housing on-site except where exceptional circumstances justify off-site provision;
- A mix of affordable housing sizes, types, and tenures in agreement with the local authority, taking account of the most up-to-date local evidence of housing need. This will include 10% of the affordable homes being available for affordable home ownership where this meets local needs.

To meet changing needs by providing accessible and adaptable homes, proposals for major housing development are required to provide at least 20% of homes to the Building Regulation M4(2)[1] standard or any successor. Specialist older people’s housing will also be expected to provide 33% affordable housing or 28% in the city centre.

At least 5% of plots on residential proposals of 40 dwellings or more (except flats) should provide serviced self/custom-build plots.

Policy 7.3 – Key Service Areas	Key Service Areas are to provide a minimum of 3,679 homes.
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Loddon / Chedgrave’s total deliverable housing commitment 2018-2038 is 446 dwellings. This is comprised of the 240 new allocations (across two sites) and existing deliverable commitments providing for 206 homes.

Other residential development is acceptable elsewhere within the settlement boundaries if it is otherwise policy-compliant.

<b>Policy</b>	<b>Provisions</b>
Policy 7.5 – Small Scale Windfall Housing Development	Small scale residential development will be permitted adjacent to a development boundary or on sites within or adjacent to a recognisable group of dwellings where: <ul style="list-style-type: none"> <li>• Cumulative development permitted under this policy will be no more than 5 dwellings in larger parishes (which includes Loddon and Chedgrave) during the lifetime of the plan; and</li> <li>• The proposal reflects the form and character of the settlement; and</li> <li>• The proposal would result in no adverse impact on the landscape and natural environment; and</li> <li>• The proposal accords with other relevant Local Plan policies.</li> </ul> Positive consideration will be given to self and custom build.
Sites Plan Policy GNL0312	Land to the east of Beccles Road, Loddon (approx. 7.70 ha) is allocated for residential development. This site is likely to accommodate at least 180 homes.
Sites Plan Policy GNL0463R	Land off Langley Road, Chedgrave (approx. 5.58 ha) is allocated for residential development. This site is likely to accommodate at least 60 homes and open space.

## Quantity of housing to provide

50. The NPPF 2021 (paragraphs 66 and 67) requires Local Authorities to provide neighbourhood groups upon request with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
51. This requirement has fulfilled in Loddon and Chedgrave, with a minimum figure of 240 dwellings to be accommodated through two site allocations by the end of the Plan period.<sup>10</sup>
52. Given that the NPPF requirement has already been fulfilled, the question of how many houses to plan for has been answered. It is therefore outside the scope of this Housing Needs Assessment. The issue of quantity has been excluded from the Research Questions (see Chapter 3).

<sup>10</sup> See Sites Plan Policies GNL0312 and GNL0463R within Greater Norwich Local Plan (GNLP) - Regulation 19 Publication.

## 3. Approach

### Research Questions

53. The following research questions were formulated at the outset of the research through discussion with the Loddon and Chedgrave Neighbourhood Plan Steering Group. They serve to direct the research and provide the structure for the HNA.

### Tenure and Affordability

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

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

### Type and Size

57. The Steering Group is seeking to determine what size and type of housing would be best suited to the local community.
58. 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.
59. While this study is not able to advise on space standards or home configurations, it may reveal imbalances between the available stock and demographic trends.
60. Note, however, that the evidence gathered here takes the current population as its starting point and projects forward trends that exist today. It therefore risks embedding features of the housing stock and occupation patterns that the community may actually wish to change. In that sense, the findings in this report might be viewed as the baseline scenario on top of which the community's objectives and primary evidence should be layered to create a more complete picture and vision for the future.

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

## Second Homes

61. The neighbourhood planning group have indicated that holiday rentals are an issue in the NA. It has been suggested that homes are rented out for short term lets during winter and week-long holiday lets in the summer. Holiday lets and homes that are vacant for part of the year are perceived to have an impact on housing affordability as well as the vitality and economic resilience of the local community.
62. Through this research question we will review the evidence relating to the presence and growth of second home ownership in Loddon and Chedgrave, and draw out any relevant connections to the affordability conclusions made in the preceding chapters and other considerations.

***RQ 3: What is the scale and potential impact of the second home sector on the Loddon and Chedgrave housing market, and how might this be addressed through policy?***

## Relevant Data

63. This HNA assesses a range of evidence to ensure its findings are robust for the purposes of developing policy at the Neighbourhood Plan level and is locally specific. This includes data from the 2011 Census and a range of other data sources, including:
  - Other Office of National Statistics (ONS) datasets providing more up-to-date demographic information;
  - ONS population and household projections for future years;
  - Valuation Office Agency (VOA) data on the current stock of housing;
  - Land Registry data on prices paid for housing within the local market;
  - Rental prices from Home.co.uk;
  - Local Authority housing waiting list data; and
  - Central Norfolk - Strategic Housing Market Assessment (SHMA) (June 2017).
64. More recent data sources for the population and existing housing stock will be used wherever possible in this report. However, Census datasets providing, for example, the breakdown of households (as opposed to individuals) by age and the tenure of dwellings, cannot accurately be brought up to date in this way. Such patterns are instead generally assumed to persist to the present day.

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

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

### Introduction

65. This section approaches the question of affordability from two perspectives. First, it examines what tenure options are currently available in the parish and which of them might be most appropriate going forward, based on the relationship between how much they cost and local incomes. Second, it estimates the quantity of Affordable Housing that might be required during the Neighbourhood Plan period. The scale of need for these homes can justify planning policies to guide new development.
66. Tenure refers to the way a household occupies their home. Broadly speaking, there are two categories of tenure: market housing (such as homes available to purchase outright or rent from a private landlord) and Affordable Housing (including subsidised products like social rent and shared ownership). We refer to Affordable Housing, with capital letters, to denote the specific tenures that are classified as affordable in the current NPPF. A relatively less expensive home for market sale may be affordable but it is not a form of Affordable Housing.
67. The definition of Affordable Housing set out in the NPPF 2021 makes clear the Government's commitment to home ownership by broadening the definition to include a range of low-cost housing opportunities for those aspiring to own a home. As part of this effort, the Government has recently introduced a new product called First Homes.<sup>11</sup>
68. Because the First Homes product is new and expected to be an important part of the strategy for improving access to home ownership, it is worth summarising its key features and implications:
- First Homes should be available to buy with a minimum discount of 30% below their full market value (i.e. the value of an equivalent new home);
  - The discount level can be set higher than 30% – at 40% or 50% – where this can be suitably evidenced. The setting and justifying of discount levels can happen at neighbourhood as well as local authority scale;
  - After the discount is applied the initial sale price must not exceed £250,000 (or £420,000 in Greater London), and lower caps can be set locally;

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

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

## Current tenure profile

69. The current tenure profile is a key feature of the Neighbourhood Area (NA). Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing.

70. Table 4-1 presents data on tenure in Loddon and Chedgrave compared with South Norfolk and England from the 2011 Census, which is the most recent available source of this information. Loddon and Chedgrave has a lower proportion of home ownership compared to South Norfolk, although both are significantly above the national average. Loddon and Chedgrave also has a lower proportion of shared ownership compared to South Norfolk, though the NA's shared ownership provision is in line with the average across England. The NA and England have similar proportions of social rented tenure, with both averages significantly higher than that found across South Norfolk. In contrast, the NA has a lower level of private rented tenure compared to South Norfolk and England.

**Table 4-1 Tenure (households) in Loddon and Chedgrave, 2011**

Tenure	Loddon and Chedgrave	South Norfolk	England
Owned	71.5%	74.9%	63.3%
Shared ownership	0.8%	1.0%	0.8%
Social rented	16.6%	11.3%	17.7%
Private rented	9.0%	11.2%	16.8%

Sources: Census 2011, AECOM Calculations

71. In 2011 Loddon and Chedgrave had 286 Affordable Housing units, comprising 273 social rented units and 13 share ownership dwellings. Since 2011, there have been 289 dwelling completions in the NA according to South Norfolk Council completions data,

287 of these units have been delivered through the implementation of two planning approvals (see Table 4-2). Without taking into consideration any loss of stock since 2011, as this figure is unknown, through processes such as Right to Buy, Right to Acquire, and fully staircasing shared ownership properties, this data suggests that up to 374 households presently live in Affordable Housing in Loddon and Chedgrave.

**Table 4-2 Tenure Breakdown of Completions since 2011 in Loddon and Chedgrave**

Permission Reference	Tenure		
	Market Housing	Social Rented	Intermediate
2011/1184	65	6	16
2016/0853	134	56	10
<b>Total</b>	<b>199</b>	<b>62</b>	<b>26</b>

Sources: South Norfolk Council completions data

72. There is no current data on the proportion of housing that is rented because the choice to let out a property does not require planning permission or other changes that would be recorded centrally. The 2021 Census will provide the most robust and up-to-date picture of this when the results are released in the coming months.

## Affordability

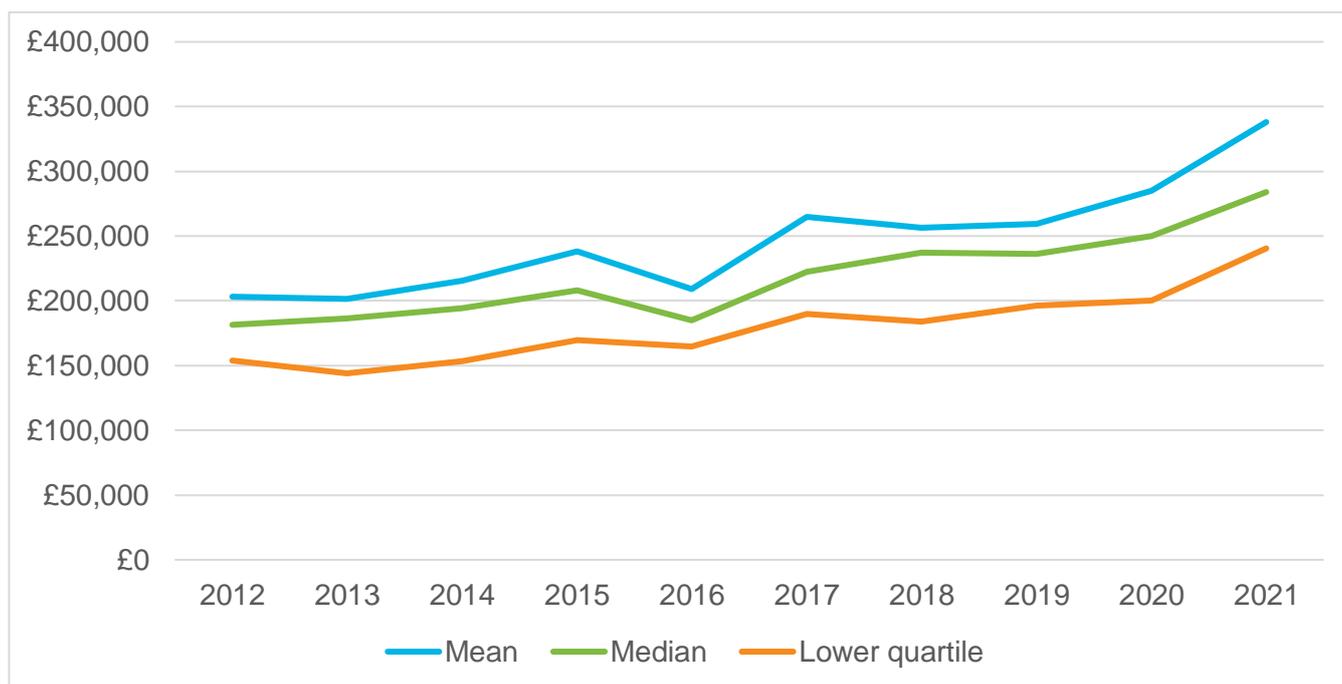
### House prices

73. 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.

74. Figure 4-1 looks at the average and lower quartile house prices in Loddon and Chedgrave based on sales price data published by the Land Registry. It shows that there was an overall rise in house prices across all three measures, with all three peaking in 2021. The mean, which captures the average of all house prices, both high and low, remains higher than the median throughout as the few outlying data points on the high end cause it to increase. The median remains lower as it is the middle number when the data is sorted from smallest to largest. As expected, the lower quartile price, which represents the bottom 25% value of all properties sold remained lower than both the median and mean prices.

75. The mean house price experienced the greatest growth over this period, increasing by 66.6% from £202,952 in 2012 to £338,046 in 2021. The median increased from £181,500 in 2012 to £284,000 in 2021, indicating 56.5% growth. Lower quartile price growth was slightly lower at 56.4%, increasing from £153,750 in 2012 to £240,500 in 2021.

**Figure 4-1 House prices by quartile in Loddon and Chedgrave, 2012-2021**



Source: Land Registry PPD

76. Table 4-3 breaks down house prices by type, presenting the median within each type. It shows that the greatest level of growth was in detached dwellings at 95.1%, near double the increase experienced across all types. Detached dwellings are also the most expensive dwelling type overall. Flats experienced the next highest growth at 85.2%, with prices fluctuating slightly year on year, which is this likely due to the smaller sample size compared to other types. Terraced and semi-detached experienced more modest growth rates of 58.1% and 36.0%, respectively. Again, prices for all four dwelling types peaked in 2021.

**Table 4-3 Median house prices by type in Loddon and Chedgrave, 2012-2021**

Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth
Detached	£205,000	£245,000	£245,000	£260,000	£240,000	£310,995	£315,000	£335,000	£332,500	£400,000	95.1%
Semi-detached	£187,500	£173,498	£197,000	£167,500	£187,500	£200,500	£230,000	£231,000	£230,000	£255,000	36.0%
Terraced	£155,000	£123,750	£169,500	£173,500	£170,000	£197,500	£177,000	£201,250	£209,500	£245,000	58.1%
Flats	£74,500	£60,000	£95,995	£90,000	£98,750	£102,000	£95,795	£95,000	£90,000	£138,000	85.2%
<b>All Types</b>	<b>£181,500</b>	<b>£186,248</b>	<b>£194,495</b>	<b>£207,998</b>	<b>£185,000</b>	<b>£222,500</b>	<b>£237,000</b>	<b>£236,000</b>	<b>£250,000</b>	<b>£284,000</b>	<b>56.5%</b>

Source: Land Registry PPD

## Income

77. 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.

78. The first source is ONS’s estimates of incomes in small areas. This is locally specific but limited to the overall average income (i.e. it does not provide the average income of lower

earners). The average total household income before housing costs locally was £46,900 in 2018. A map of the area to which this data applies is provided in Appendix A.

79. The second source is ONS's annual estimates of UK employee earnings. This provides lower quartile average earnings (i.e. the income of the lowest 25% of earners). However, it is only available at the Local Authority level. It also relates to individual earnings. While this is an accurate representation of household incomes where there is only one earner, it does not represent household income where there are two or more people earning. South Norfolk's gross individual lower quartile annual earnings were £15,172 in 2020. To estimate the income of households with two lower quartile earners, this figure is doubled to £30,344.
80. It is immediately clear from this data that there is a large gap between the spending power of average earning households and those earning the lowest 25% of incomes, particularly where the household in question has one earner only.

## **Affordability Thresholds**

81. To gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds': the estimated amount of annual income required to cover the cost of rent or a mortgage given local housing prices.
82. AECOM has determined thresholds for the income required in Loddon and Chedgrave to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in the NPPF. These calculations are detailed and discussed in more detail in Appendix A.
83. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations, but it is worth noting here that we have assumed that the maximum percentage of household income that should be spent on rent is 30% and that mortgage financing will be offered at a maximum of 3.5 times household income. These are standard assumptions across housing needs assessments at neighbourhood and local authority scale although different approaches are sometimes taken and a case can be made for alternatives.
84. The mortgage multiplier is particularly variable, with multipliers up to 4.5 or even above 5 times income increasingly available, although the actual average in practice tends to be lower, particularly where applicants are dual earning. The Financial Conduct Authority uses 3.5 or more as its standard assumption for single applicants and 2.75 or more for dual applicants. The percentage of income to be spent on rent also varies considerably for individuals, and it is increasingly common for households to dedicate a larger proportion of their earnings to rent. When considering affordability it is considered good practice to be conservative, and the 30% benchmark is used as ONS's current standard assumption. While larger mortgages and higher rents may be feasible for individuals, this creates vulnerability to changing economic circumstances and may not be a possibility for many people with the most acute housing needs. Different assumptions

would, however, alter the picture of affordability that emerges here. This is another reason to interpret the findings with a degree of flexibility.

85. Table 4-4 summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. The income required column assumes the household already has access to a deposit (which we have assumed to be 10% of the value to be purchased) but does not reflect the possibility that households may already hold equity from an existing property. Although these factors may be crucial to whether housing will be affordable, they are highly dependent on individual circumstances that cannot be anticipated here.

86. The same information is presented as a graph in Figure 2-1 on a subsequent page, with selected measures from the table presented for clarity.

**Table 4-4 Affordability thresholds in Loddon and Chedgrave (income required, £)**

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £46,900	Affordable on LQ earnings (single earner)? £15,172	Affordable on LQ earnings (2 earners)? £30,344
<b>Market Housing</b>						
Median House Price	£255,600	-	£73,029	No	No	No
NA New Build Median House Price	£306,000	-	£87,429	No	No	No
LQ/Entry-level House Price	£216,450	-	£61,843	No	No	No
Average Market Rent	-	£12,504	£41,680	Yes	No	No
Entry-level Market Rent	-	£8,256	£27,520	Yes	No	Yes
<b>Affordable Home Ownership</b>						
First Homes (-30%)	£128,970	-	£36,849	Yes	No	No
First Homes (-40%)	£110,546	-	£31,584	Yes	No	No
First Homes (-50%)	£92,121	-	£26,320	Yes	No	Yes
Shared Ownership (50%)	£92,121	£2,559	£34,850	Yes	No	No
Shared Ownership (25%)	£46,061	£3,838	£25,955	Yes	No	No
Shared Ownership (10%)	£18,424	£4,606	£20,618	Yes	No	Yes
<b>Affordable Rented Housing</b>						
Affordable Rent	-	£5,836	£19,434	Yes	No	Yes
Social Rent	-	£4,651	£15,487	Yes	Marginal	Yes

Source: AECOM Calculations

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

### Market housing for purchase and rent

88. Thinking about housing for purchase on the open market, it appears that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. Market housing, even with the benefit of a higher than average income, is likely to remain out of reach to most. The median house price would require an annual income 55.7% higher than the current average.
89. Private renting is generally affordable to average earners. Households made up of two lower quartile earners cannot afford the given rental thresholds. Affordability is improved if households are able or willing to dedicate a larger proportion of their incomes to rental costs, although this has repercussions for other quality of life aspects and cannot be assumed to suit all individuals' circumstances.

### Affordable home ownership

90. There is a relatively large group of households in Loddon and Chedgrave who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £27,520 per year (at which point entry-level rents become affordable) and £61,843 (at which point entry-level market sale homes become affordable). This 'can rent, can't buy' cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
91. First Homes are to be offered at a discount of at least 30% on equivalent market prices (i.e. new build, entry-level properties). Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate.
92. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. A discount of 30% appears sufficient to bring a new entry-level home within reach of the average earning household. Only First Homes at 50% discount level appears affordable for dual lower quartile income households. In order for single lower quartile earners to be able to access discounted market sales, a discount of well over 50% would be required.
93. As detailed in Appendix A, the median price for entry-level new builds across the NA is £204,714 (this figure has also been used as a starting point in Table 4-5). Table 4-5 shows how the required discounts for First Homes (in relation to three income groups) would vary depending on how pricing is benchmarked.

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

House price benchmark	Mean household income	Single earner	LQ	Dual earning household	LQ
NA Median house price	36%	79%		58%	
NA New build median house price	46%	83%		65%	
NA Entry-level house price	24%	75%		51%	

Source: Land Registry PPD; ONS MSOA total household income

94. Shared ownership appears to be more affordable than First Homes but is broadly accessible to the same groups. Government has recently announced that the minimum equity share for shared ownership will fall to 10% of the property value.<sup>12</sup> If this is delivered in the NA, it will make shared ownership easier to access for more people, including dual lower income households. However, while the income threshold for a 10% equity shared ownership home is lower, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.
95. The transition from 10% to 100% ownership would be long, and during this period the rent on the 90% unsold value would not be subsidised, meaning that monthly costs for occupants will remain relatively high and the build-up of equity will be relatively slow. This product would therefore only be a realistic route to full ownership for households prepared to take a long-term view.
96. The income required to access Rent to Buy, a product designed to allow residents to transition from renting to ownership by allowing a discount on the market rent to be used to save a deposit, is assumed to be the same as that required to afford market rents (i.e. £41,680). On that basis, Rent to Buy would be less affordable than First Homes and shared ownership.
97. These three products need to be considered in relation to what they offer occupants in the long term beyond simply being affordable to access or not.
- First Homes allow for a greater ownership stake in the property, enabling occupiers to benefit from price appreciation over time. Monthly outgoings are also limited to mortgage costs alone, which tend to be cheaper than renting.
  - Shared ownership at high equity shares performs a similar function to First Homes, but there are additional costs associated with the rented portion.
  - Shared ownership at low equity shares can usually be accessed by lower earning households (than First Homes) and requires a smaller deposit. However, this is a potentially less attractive route to eventual ownership because monthly outgoings remain high. The occupant has to pay a significant monthly rent as well as service charges and other costs, so it can be harder for them to save funds to buy out a greater share in the property over time.
  - Rent to Buy requires no deposit, thereby benefitting those with sufficient incomes but low savings. It is more attractive than renting but results in a much slower accumulation of the funds that can provide an eventual route to ownership than the other tenures discussed above.
98. In conclusion, all of these products would provide value to different segments of the local population, with shared ownership at a lower than 25% equity share potentially allowing lower earning households to get a foot on the housing ladder, while Rent to

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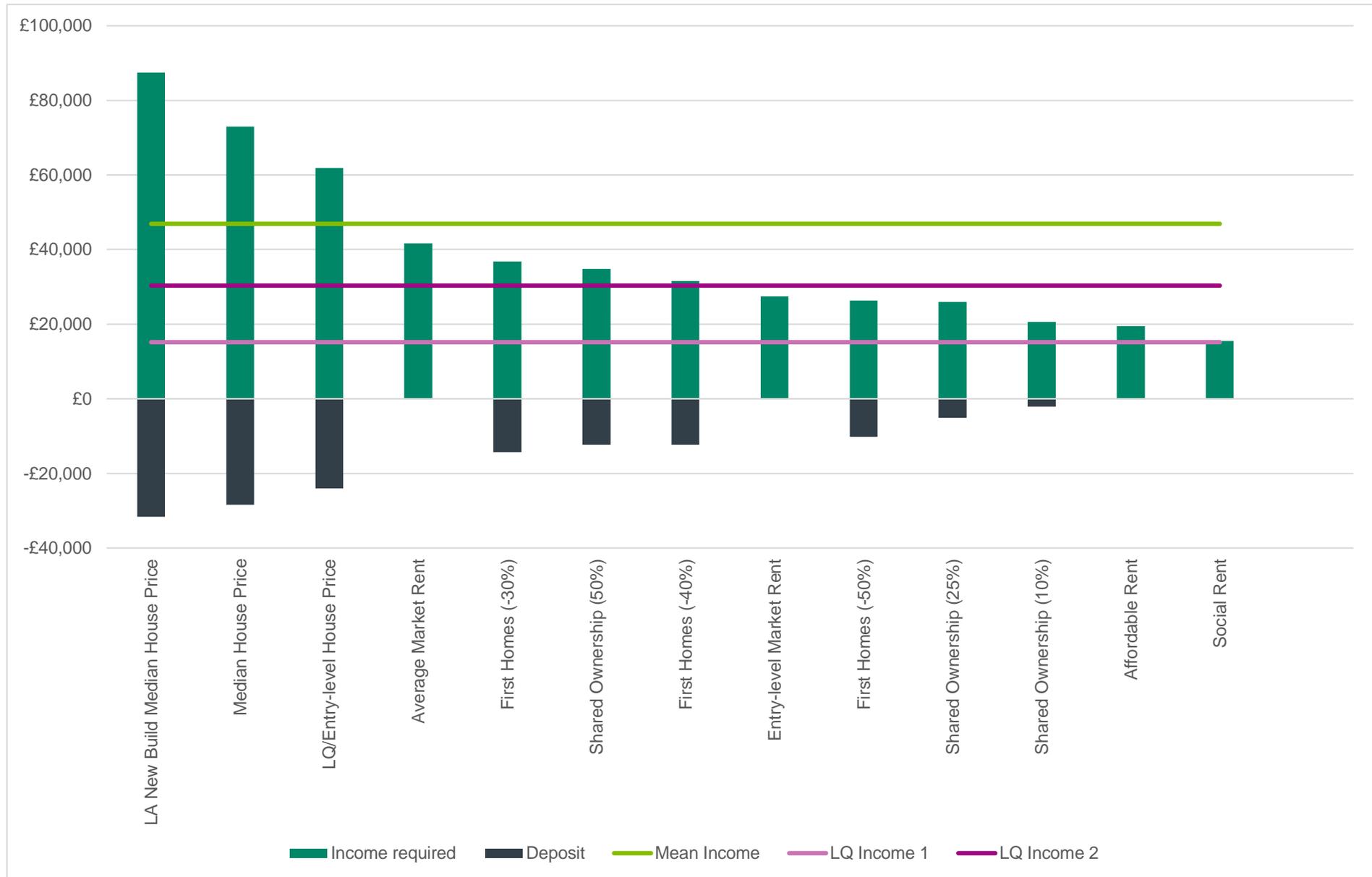
<sup>12</sup> The previous minimum equity share was 25%. This change took effect from 28 June 2021 and transitional arrangements are in place for planning policy documents that are prepared during the implementation timeframe. Changes are also introduced to make the process of staircasing to full ownership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

Buy is helpful to those with little or no savings for a deposit, and First Homes may provide a better long-term investment to those who can afford to access it.

### **Affordable rented housing**

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

**Figure 4-2 Affordability thresholds in Loddon and Chedgrave, income required (additional cost of deposit in black)**



Source: AECOM Calculations

## Affordable housing- quantity needed

101. The starting point for understanding the need for affordable housing in Loddon and Chedgrave is the relevant Strategic Housing Market Assessment (SHMA). A SHMA was undertaken for Central Norfolk Housing Market Area (HMA) in June 2017, which covers the following local authority areas:

- South Norfolk Council;
- North Norfolk District Council;
- Breckland District Council;
- Broadland District Council; and
- Norwich City Council.

102. This study identifies a need for 830 additional affordable homes each year in Central Norfolk as a whole between 2015 and 2036. It is possible to determine Loddon and Chedgrave's share of that overall need with reference to population statistics. However, because the SHMA does not disaggregate Affordable Housing need even down to Local Authority level, this would be a very blunt measure of the NA's specific needs<sup>13</sup>.

### Affordable Rented Housing

103. Instead, the need is estimated through models specific to the NA. The starting point for assessing the need for affordable rented housing is the number of Loddon and Chedgrave households currently applying for Affordable Housing on the South Norfolk housing register. South Norfolk Council have advised that there were 34 households living in the NA on the register as of April 2022. The breakdown in terms of location and bedrooms required is provided in Table 4-6 below. It is worth noting that these figures represent a snapshot in time. It is not known if the current snapshot is consistent over time.

**Table 4-6 Affordable Housing register applicants living in Loddon and Chedgrave, April 2022**

Type	Loddon	Chedgrave
Sheltered housing	4	2
1 bedroom (non-sheltered)	10	5
2 bedrooms	8	1
3 bedrooms	1	1
4+ bedrooms	2	0
<b>Total</b>	<b>25</b>	<b>9</b>

Source: South Norfolk Council, Housing Register Data, April 2022

104. In Table 4-7 we have calculated, using PPG as a starting point,<sup>14</sup> an estimate of the need for affordable rented housing in Loddon and Chedgrave per year

<sup>13</sup> Generally speaking, pro-rating Local Authority level estimates of Affordable Housing need presents problems in practice anyway. The Local Authority level figures are likely to smooth over differences in need between urban and rural areas, where the size of the housing stock and numbers of households living in the private rented sector on housing benefit differ greatly.

<sup>14</sup> Paragraphs 024-026 Reference ID: 2a-026-20140306, at <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>

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 here are considered a reasonable basis for understanding and planning for neighbourhood-level affordable housing need.

105. It should also be noted that figures in Table 4-7 are largely dependent on information provided by South Norfolk in its capacity as manager of the local housing waiting list.
106. The table shows that there may be expected to be a surplus of approximately two units per year (approximately 41 units over the Plan period).
107. This result may initially be surprising since there is understood to be a current backlog of need (in the region of 34 households). The reason for the affordable rented housing need being met over the long-term with the presumed existing stock, is that model uses an estimated rate of turnover of 3%. We estimate that 5.7 households will fall into need each year, in addition to 1.7 units required to satisfy current need (which is spread across the Plan period in order to give an annualized figure). So a combined 7.4 households need housing per year, while it can be expected that around 9.5 units will come vacant in any given year as their current occupants move to a new location, pass away or cease to be eligible as their circumstances change. This satisfies the projected newly arising need as well as some of the backlog, leaving a surplus of 2.1 units per year.
108. An important caveat to this finding is that there are almost certainly households currently in need in the NA, and to 'spread them out' over the Plan period suggests that some of them can be accommodated in 20 years' time once a sufficient surplus has been built up through new supply and turnover of the existing stock. While possible, this is not favourable to the individuals involved. In practice, it would be better to frontload any future affordable rented provision to meet those needs as soon as possible, leaving newly arising need in future to be met by turnover in the existing stock.
109. A further caveat worth emphasizing is that one unit of Affordable Housing does not necessarily service one household worth of need, since the unit might have two bedrooms while the applicant household might require four bedrooms, may be located in an inappropriate location, or be otherwise unsuitable.
110. As such, it is recommended that Loddon and Chedgrave considers encouraging the delivery of some affordable rented housing, particularly early in the Plan period, with the understanding that if this results in oversupply in future years, the vacancies created when existing occupants leave their properties may need to satisfy new need from elsewhere in the district.

**Table 4-7 Estimate of need for Affordable Housing for rent in Loddon and Chedgrave**

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current households in need	34.0	Latest waiting list data from SNC.
1.2 Per annum	1.7	Step 1.1 divided by the plan period to produce an annualised figure.
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	548.6	DLUHC 2018-based household projections for the LA between start and end of plan period. % increase applied to NA.
2.2 Proportion of new households unable to rent in the market	20.8%	(Steps 1.1 + 2.2.1 + 2.2.2) divided by number of households in NA.
2.2.1 Current number of social renters in parish	316.0	2011 Census social rented occupancy + LA % increase.
2.2.2 Number of private renters on housing benefits	33.0	Housing benefit caseload May 2018. Pro rata for NA.
2.3 New households unable to rent	114.4	Step 2.1 x Step 2.2.
2.4 Per annum	5.7	Step 2.3 divided by plan period.
<b>STAGE 3: TURNOVER OF AFFORDABLE HOUSING</b>		
3.1 Supply of social/affordable re-lets (including transfers) %	3.0%	Assumed proportion of stock re-let each year.
3.2 Supply of social/affordable re-lets (including transfers)	9.5	Step 3.1 x NA social rented stock (2.2.1).
<b>NET SHORTFALL (OR SURPLUS) OF RENTED UNITS PER ANNUM</b>		
Overall shortfall (or surplus) per annum	-2.1	Step 1.2 + Step 2.4 - Step 3.2

Source: AECOM model, using Census 2011, South Norfolk Housing Register, English Housing Survey 2018, DLUHC 2018 based household projections and net additions to affordable housing stock. 2018 is the latest reliable data for some datasets so is used throughout for consistency. Figures may not sum due to rounding.

### Affordable Home Ownership

111. Turning now to Affordable Housing providing a route to home ownership, Table 4-8 estimates the potential demand in Loddon and Chedgrave. This model aims to estimate the number of households that might wish to own their own home but cannot afford to – the ‘can rent, can’t buy’ group described in the previous section. The model is consistent with methods used at Local Authority scale in taking as its starting point households currently living in or expected to enter the private rented sector who are not on housing benefit.

112. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model also discounts 25% of households potentially in need, assuming a proportion

will be renting out of choice. This assumption is based on consistent results from surveys and polls at the national level which demonstrate that most households (typically 80% or more) aspire to home ownership.<sup>15</sup> No robust indicator exists for this area or a wider scale to suggest aspirations may be higher or lower in the NA.

113. The result of the calculation is 7.4 households per annum who may be interested in affordable home ownership (or 148.7 for the entirety of the Plan period).
114. Again, this assumes a rate of turnover in the existing stock will satisfy some need, though this is extremely minimal because of the lack of shared ownership in the NA currently.
115. It is important to keep in mind that the households identified in this estimate are, by and large, adequately housed in the private rented sector, Affordable Housing, or living in other circumstances. They do not necessarily lack their own housing but would prefer to buy rather than rent. They have been included in the national planning definition of those in need of Affordable Housing, but their needs are less acute than those on the waiting list for affordable rented housing.

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<sup>15</sup> <http://www.ipsos-mori-generations.com/housing.html>

**Table 4-8 Estimate of the potential demand for affordable housing for sale in Loddon and Chedgrave**

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current number of renters in parish	180.4	Census 2011 number of renters x national % increase to 2018.
1.2 Percentage renters on housing benefit in LA	18.3%	% of renters in 2018 on housing benefit.
1.3 Number of renters on housing benefits in parish	33.0	Step 1.1 x Step 1.2.
1.4 Current need (households)	110.6	Current renters minus those on housing benefit and minus 25% assumed to rent by choice. <sup>16</sup>
1.5 Per annum	<b>5.5</b>	Step 1.4 divided by plan period.
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	548.6	LA household projections for plan period (2018 based) pro rated to NA.
2.2 % of households unable to buy but able to rent	7.3%	(Step 1.4 + Step 3.1) divided by number of households in NA.
2.3 Total newly arising need	40.0	Step 2.1 x Step 2.2.
2.4 Total newly arising need per annum	<b>3.1</b>	Step 2.3 divided by plan period.
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>		
3.1 Supply of affordable housing	23.4	Number of shared ownership homes in parish (Census 2011 + LA new build to 2018/19 pro rated to NA).
3.2 Supply - intermediate resales	<b>1.2</b>	Step 3.1 x 5% (assumed rate of re-sale).
<b>NET SHORTFALL (OR SURPLUS) PER ANNUM</b>		
Overall shortfall (or surplus) per annum	<b>7.4</b>	(Step 1.5 + Step 2.4) - Step 3.2.

Source: AECOM model, using Census 2011, English Housing Survey 2018, DLUHC 2018 based household projections and net additions to affordable housing stock. 2018 is the latest reliable data for some datasets so is used throughout for consistency. Figures may not sum due to rounding.

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

<sup>16</sup> The assumption of approximately 25% preferring to rent and 75% preferring to buy is AECOM's judgement, based on national level polls which consistently reveal that most households who prefer home ownership eg <http://www.ipsos-mori-generations.com/housing.html> and informed by our experience across numerous neighbourhood level HNAs. The assumption is based on the fact that some households choose to rent at certain stages in their life (e.g. when young, when needing flexibility in employment market, or when new migrants move into an area). While most households prefer the added security and independence of owning their own home, private renting is nevertheless a tenure of choice at a certain points in many households' journey through the housing market. The actual percentage of preference will differ between areas, being higher in large metropolitan areas with younger households and more new migrants, but lower in other areas. 25% is used as a reasonable proxy and for consistency across HNAs and similar assumptions are used in some larger scale assessments such as LHNAs and SHMAs. If the neighbourhood planning group feel this is not an appropriate assumption in their particular locality they could use the results of a local residents survey to refine or confirm this calculation.

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

## Affordable Housing policy guidance

118. Greater Norfolk's emerging policy on this subject, *Policy 5 – Homes*, requires 33% of all new housing to be affordable. Given that Affordable Housing made up just 30% of new housing in Loddon and Chedgrave over the last decade according to South Norfolk completions figures, it is understood that this target has not been fully met on sites in the NA.
119. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be evidence of need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.
120. How the Affordable Housing that comes forward through mainstream development sites is broken down into specific tenures – such as the balance between rented tenures and routes to home ownership – is not fully specified in the emerging Local Plan, instead to be informed by the latest evidence. However, it does specify that at least 10% of Affordable Housing should be delivered as affordable home ownership. The HNA can supply more localized evidence, and this section summarises the factors that might be taken into account before proposing a suggested Affordable Housing tenure mix that might be suitable for Loddon and Chedgrave specifically.
121. The following evidence and considerations may be used as a starting point in the development of policy concerning the Affordable Housing mix:
- A. **Evidence of need for Affordable Housing:** This study estimates that Loddon and Chedgrave has limited long-term need for affordable rented housing and quite a high potential demand for affordable home ownership.
- The relationship between the model figures suggests that all future provision of Affordable Housing in the plan period should offer a route to ownership. However, these tenure options are not directly equivalent: the need for affordable rented housing expresses the identified need of a group with acute needs and no alternative options; the need for affordable home ownership tenures expresses potential demand from a group who are generally adequately housed in rented accommodation and may not be able to afford the deposit to transition to ownership.
- It is not recommended to strictly limit the future provision of affordable rented housing for the following reasons: there is currently a backlog of need from 34 households; the wider district continues to have need; and economic circumstances could change or the assumptions for turnover in the stock used here may not be borne out in practice. Therefore, a

provision of affordable rented housing should still be brought forward in the NA in the plan period.

However, there is justification to seek a higher proportion of affordable home ownership than the minimum 30% sought in the GNLP. Furthermore, a majority of affordable home ownership products have been found to be helpful in widening housing access to those earning at and below the average locally.

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

If the Emerging Local Plan target of 33% were achieved on every site, up to around 79 affordable homes might be expected in the NA. The two allocated sites in the Emerging Local Plan are over the Affordable Housing threshold of 10 dwellings and would therefore be expected to deliver Affordable Housing at this proportion. It is likely that any further windfall or speculative development would come forward in the form of small infill developments, with these schemes unlikely to be large enough to meet the 10-dwelling threshold above which the Affordable Housing policy applies.

However, the expected level of Affordable Housing delivery in the NA is still not sufficient to satisfy the total potential demand for Affordable Housing identified here. As a result, even though the model suggests over time the current and arising need for affordable rented housing would be met by the current stock, affordable rented housing should still retain a significant place in the tenure mix to ensure that the most acute needs are met as a priority.

- C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. For 10% of all housing to be affordable ownership in South Norfolk, where 33% of all housing should be affordable, 30.3% of Affordable Housing should be for affordable ownership. It's worth highlighting that the emerging Local Plan does not provide a firm tenure split.

There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Based on the findings of this HNA There is no evidence that meeting the 10% threshold in Loddon and Chedgrave would prejudice the provision of much needed affordable rented homes.

- D. **Local Plan policy:** As noted above, the emerging Local Plan does not seek a tenure split but outlines that 10% of affordable homes will need to be available for affordable home ownership where this meets local needs.
- E. **First Homes policy:** the Government recently concluded a consultation on the introduction of First Homes (to provide at least 30% discount on new build home prices). The proposals have now been enacted through a

ministerial statement. A minimum of 25% of all Affordable Housing secured through developer contributions are now required to be First Homes.

This new minimum requirement may have the effect of displacing other products in any established tenure mix, and will reduce the amount of social or affordable rent if this was proposed to be more than 75% of Affordable Housing.

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

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

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

- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site-specific level. Viability issues are recognised in the Local Plan and it is acknowledged that this may affect the provision of affordable housing, the mix of tenures provided and the discounts that can be sought on First Homes properties.
- G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood planning group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- H. **Existing tenure mix in Loddon and Chedgrave:** According to 2011 data, Loddon and Chedgrave's proportion of social renting (16.6%) was significantly higher than the district (11.3%) but lower than the national rate (17.7%). The parish rate of shared ownership (0.8%) was in line with the national trend but remained lower than the district rate (1.0%). When looking at the current stock of Affordable Housing in the parish, the most accurate method is to add completions figures from 2011 to 2022 to the

2011 Census stock. This gives an estimated social rental stock of 335 dwellings, with 39 shared ownership properties. This is estimated to account for 19.3% of housing in the NA.

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

- I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in the parish. The funding arrangements available to housing associations will determine rent levels.
  - J. **Wider policy objectives:** the neighbourhood planning group may wish to take account of broader policy objectives for Loddon and Chedgrave and/or the wider district. These could include, but are not restricted to, policies to attract younger households, families or working age people to the NA. These wider considerations may influence the mix of Affordable Housing provided.
122. On the basis of the considerations above, Table 4-9 proposes an indicative Affordable Housing tenure mix that might be sought through Neighbourhood Plan policy.
  123. This indicative mix is chiefly a response to the fact that Loddon and Chedgrave is expecting a significant volume of development in the Plan period, combined with the understanding that there is limited long-term need for affordable rent and potentially very high demand for affordable home ownership products. It is not advisable to limit affordable rented provision entirely in case circumstances change and because there are currently households on the waiting list. But there is scope to boost the provision of tenures by providing an affordable route to ownership, which this analysis has found to be broadly affordable to local people on average and below-average incomes.
  124. This mix should be viewed as a starting point, based primarily on secondary evidence, which should be reconsidered in light of considerations F to J above, and in particular the views and objectives of the community.
  125. Where the neighbourhood planning group wish to develop policy that deviates from that outlined in the Local Plan – either by differing from the headline split between renting and ownership or by specifying a greater level of detail around sub-tenures, it is important that they liaise with South Norfolk to gather more detailed income and viability information, and to ensure that departures from the local policy context have their support.
  126. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.

**Table 4-9 Indicative tenure split (Affordable Housing)**

<b>Tenure</b>	<b>Indicative mix</b>	<b>Considerations and uncertainties</b>
<b>Routes to home ownership, of which</b>	<b>70%</b>	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	25%	Recently confirmed changes to the model to allow purchases of 10% share - impact on viability unknown. RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to Buy	20%	Emerging product with popularity and effectiveness as yet unknown. Impact of displacement by First Homes unknown.
<b>Affordable Housing for rent, of which</b>	<b>30%</b>	
Social rent	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area. Uncertain whether RPs willing to own/manage stock in this area.
Affordable rent	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area.

Source: AECOM calculations

## Conclusions- Tenure and Affordability

### Tenure Profile

127. At the time of the 2011 Census, Loddon and Chedgrave had a lower proportion of home ownership compared to South Norfolk, although both were significantly above the national average. Loddon and Chedgrave also had a lower proportion of shared ownership compared to South Norfolk, though the NA's shared ownership provision was in line with the average across England. The NA and England had similar proportions of social rented tenures, with both averages significantly higher than that found across South Norfolk. In contrast, the NA had a lower level of private rented tenure compared to South Norfolk and England.

128. The 2021 Census will provide the most robust and up-to-date picture. However, since 2011, there have been 289 dwelling completions in the NA according to completions data. Affordable Housing made up 30% of this new housing in Loddon and Chedgrave.

## House Prices

129. There has been an overall rise in house prices between 2012 and 2021. The greatest change can be seen in mean prices, which grew by 66.6%. The median house price, increased by 56.5%, whereas, the lower quartile growth was slightly lower at 56.4%. Looking at the median price for each individual house type we can see that detached properties experienced the greatest growth at 95.1%, remaining the overall most expensive dwelling type. Flats experienced the next highest growth at 85.2%, whilst terraced and semi-detached experienced more modest growths of 58.1% and 36.0%, respectively. Again, prices for all four dwelling types peaked in 2021.

## Affordability

130. By benchmarking the incomes required to afford the different tenures in the neighbourhood area, we determined the following:

131. Those on average incomes (£49,900) cannot access median or entry-level homes market homes. The median house price would require an annual income 55.7% higher than the current average. Therefore, market housing is likely to remain out of reach to most.

132. Private renting is generally affordable to average earners, whilst households made up of two lower quartile earners cannot afford the given rental thresholds. Therefore, Rent to Buy may be a viable route to affordable home ownership to those earning mean incomes, however, is likely to be out of reach to those on lower quartile incomes.

133. There is a 'can rent, can't buy' cohort, earning between around £27,520 and £61,000 per year who are able to afford to rent privately but cannot afford home ownership. This group may benefit from the range of affordable home ownership products such as First Homes and shared ownership.

134. The income required to afford First Homes has been tested against the implications of 30%, 40% and 50% discount levels. A discount of at least 30% appears sufficient to bring a new entry-level home within reach of the average earning household. First Homes at 50% discount level appear to be affordable for dual lower-income households. In order for single quartile earners to be able to access discounted market sales, a discount of well over 50% would be required.

135. The discount on the average market sale price required to enable households on mean incomes to afford median priced homes is 36%. For single earner households on lower quartile incomes, a discount of 79% would be required, while dual-earners would need a discount of 58%.

136. Shared ownership appears to be more affordable than First Homes, but is broadly accessible to the same groups. While the income threshold for a 10% equity shared ownership home may be within the reach of dual lower income households, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.

137. Affordable rented housing (particularly social rent) is essential for accommodating those on the lowest incomes in Loddon and Chedgrave, who can afford few other options.

### **Future affordable housing**

138. AECOM calculations have estimated the need for Affordable Housing in Loddon and Chedgrave. This suggests that, over the plan period, the need for affordable rented housing would be met through natural turnover in the existing stock. However, there is currently a minimum of 34 households on the local authority Housing Register in need of affordable rented housing so it is important that the delivery of this tenure is continued. It is also estimated that the need for affordable home ownership products in the NA is 149 dwellings across the plan period.
139. When looking at future development due to come forward, if the Local Plan target of 33% Affordable Housing was achieved on the allocated sites, up to around 79 affordable homes might be expected in the NA based on the housing allocations of 240 dwellings. This figure may be slightly higher when windfall housing developments are taken into consideration, though many of which are likely to be below the 10 dwelling threshold for Affordable Housing. It is expected that the level of predicted Affordable Housing delivery in the NA would not be sufficient to satisfy the total potential demand for Affordable Housing identified in this report.
140. Based on the analysis in the report, an Affordable Housing tenure split of 30% affordable rented products and 70% affordable home ownership products is proposed for Loddon and Chedgrave. In relation to the split of affordable home ownership tenures, it is suggested that this is delivered as: 25% First Homes (in line national policy), 25% Shared Ownership and 20% as Rent to Buy.
141. It is recommended that First Homes are delivered at a 50% discount as this makes the product accessible to dual lower quartile earning households. Similarly, shared ownership delivered at both 25% and 10% equity would extend to this group.
142. Table 4-10 summarises Loddon and Chedgrave's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation, and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighbourhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.

**Table 4-10 Estimated delivery of Affordable Housing in Loddon and Chedgrave**

	<b>Step in Estimation</b>	<b>Expected delivery</b>
A	Provisional capacity figure	240
B	Affordable housing quota (%) in LPA's Local Plan	33%
C	Potential total Affordable Housing in NA (A x B)	79
D	Rented % (e.g. social/ affordable rented)	30%
E	Rented number (C x D)	24
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	70%
G	Affordable home ownership number (C x F)	55

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

143. This expected level of delivery does not meet the overall quantity of demand identified in estimates of the need for Affordable Housing. Although the level of delivery for affordable rented housing would be sufficient if taking into account turnover, as discussed previously in the report, it would be sensible to still bring forward affordable rented housing, especially early in the plan period, to address the backlog. Based on this level of delivery, the need for affordable home ownership would not be met. However, this need is not as acute as affordable rented housing as it is assumed that on the whole these households are adequately housed in the private rented sector.
144. The recommendation is that the policy requirement be met wherever possible and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites) to be explored. If the group considered exceeding the Local Plan policy requirement in the neighbourhood plan then it must be noted that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.
145. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all ways of boosting the supply of affordable housing.

## 5. RQ 2: Type and Size

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

### Introduction

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

### Existing types and sizes

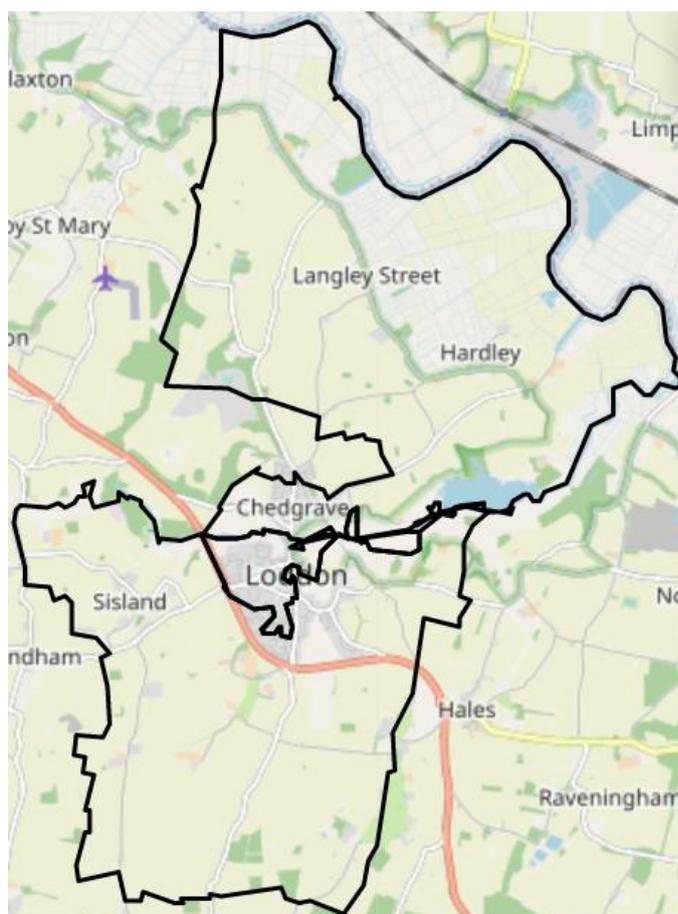
#### Background and definitions

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

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

152. As noted in the Context section of this report, there is no perfect data source for the current mix of dwellings in the NA. For some aspects, such as the size mix of homes, adding together Census figures and completions data for the intervening period is highly accurate. For others, such as the type mix of homes, this method is not available and Valuation Office Agency (VOA) must be used. VOA data is available at LSOA level at the smallest scale. It's worth highlighting that the neighbourhood plan boundary doesn't fully align with LSOA boundaries, although a combination of LSOAs - E01026879, E01026911 and E01026912 cover the majority of Loddon and Chedgrave (Figure 5-1). The most appropriate combination of approaches is used in this section.

**Figure 5-1 LSOAs (E01026879, E01026911 and E01026912) used as a best-fit geographical proxy for the Neighbourhood Area**



Source: ONS

## Dwelling type

153. Census 2011 data is presented in Table 5-1, alongside the raw VOA figures (which counts the stock of properties according to council tax banding), however, this unfortunately cannot be used to fully understand the changes between 2011 and 2020 because Census data counts bungalows within each of the other categories rather than independently (hence the apparent decline in the number of semi-detached properties), and because the VOA data relates to a slightly larger proxy area. Note also that VOA data is rounded to the nearest 10 in each dwelling category.

**Table 5-1 Accommodation type, Loddon and Chedgrave, 2011 and 2021**

Dwelling type	2011 (Census)	2021 (VOA)
Bungalow	-	19.9%
Flat	7.6%	9.0%
Terrace	18.2%	16.4%
Semi-detached	29.8%	27.9%
Detached	44.2%	24.4%
Unknown/other	-	2.5%
Total	100%	100%

Source: ONS 2011, VOA 2021, AECOM Calculations

154. It is helpful to compare the NA dwelling mix (using VOA proxy) with the wider District and the country. Table 5-2 shows that semi-detached units are the most prevalent dwellings in Loddon and Chedgrave, compared to South Norfolk were detached units have the highest representation. Loddon and Chedgrave has a much greater proportion of bungalows than the wider District, and especially than England as a whole. Although not a given, bungalows can represent an appealing offering for older people and those with mobility challenges. The NA has a higher proportion of flats than the district, although both rates are significantly below the national average.

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

Dwelling type	Loddon and Chedgrave	South Norfolk	England
Bungalow	19.9%	12.2%	9.4%
Flat	9.0%	6.8%	23.0%
Terrace	16.4%	17.8%	26.4%
Semi-detached	27.9%	25.3%	23.8%
Detached	24.4%	36.0%	15.9%
Unknown/other	2.5%	1.9%	1.4%

Source: VOA 2021, AECOM Calculations

## Dwelling size

155. Turning to dwelling size, Table 5-3 presents the dwelling size mix of Loddon and Chedgrave in 2011, updated to the present day based on completions data provided by South Norfolk Council. It is important to note that the completions data includes a very high proportion of 'unknown' sized dwellings. Another

limitation is that this completions data does not include changes to dwellings, such as extensions, which is reflected in the VOA. As such VOA data has also been provided for comparison.

156. No matter what comparison is used we can see that proportions across 2011 and 2021 follow largely the same trends, with three-bedroom dwellings remaining the most popular in the NA.

**Table 5-3 Dwelling size (bedrooms), Loddon and Chedgrave, 2011 and 2021**

Number of bedrooms	2011 (Census)	Completions 2011-2021 (South Norfolk)	2021 (Census completions)	total + 2021 (VOA)			
Studio	2	0.1%	-	2	0.1%	-	-
1	139	8.4%	3	142	7.3%	190	9.69%
2	406	24.7%	14	420	21.7%	470	23.98%
3	734	44.6%	11	745	38.5%	880	44.90%
4+	364	22.1%	6	370	19.1%	420	21.43%
Unknown	0	0.0%	255	255	13.2%	0	0.00%
Total	1,645	100.0%	289	1,934	100.0%	1,960	100.0%

Source: ONS 2011, VOA 2021, AECOM Calculations

157. Again, it is useful to look at the percentage breakdown of dwelling sizes in comparison with the wider district and country. VOA data has been used for Loddon and Chedgrave for consistency in the comparison with South Norfolk and England. Table 5-4 shows that Loddon and Chedgrave has a generally smaller stock of homes than South Norfolk, with a particularly low share of 4+ bedroom homes by comparison. In contrast, the NA mix would be considered generally larger compared to the national average.

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

Number of bedrooms	Loddon and Chedgrave	South Norfolk	England
1	9.7%	4.6%	12.3%
2	24.0%	21.9%	28.1%
3	44.9%	43.0%	43.4%
4+	21.4%	30.1%	15.5%

Source: VOA 2021, AECOM Calculations

## Age and household composition

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

### Age structure

159. Table 5-5 shows the most recent estimated age structure of the NA population, alongside 2011 Census figures. In 2011, the greatest proportion of the

population was aged 45-64 at 27.5%. The direction of travel in population change between 2011 and 2020 is towards ageing: the largest growth in actual numbers is in the 65-84 age band, whereas the largest proportional change is seen in the 85 and over age band, which increased by 20%. The 45-64 age band remains the largest single age band in Loddon and Chedgrave, increasing by 9.9% between 2011 and 2020. The 25-44 age group increased by 9.7%, whereas the remaining younger age groups experienced declines.

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

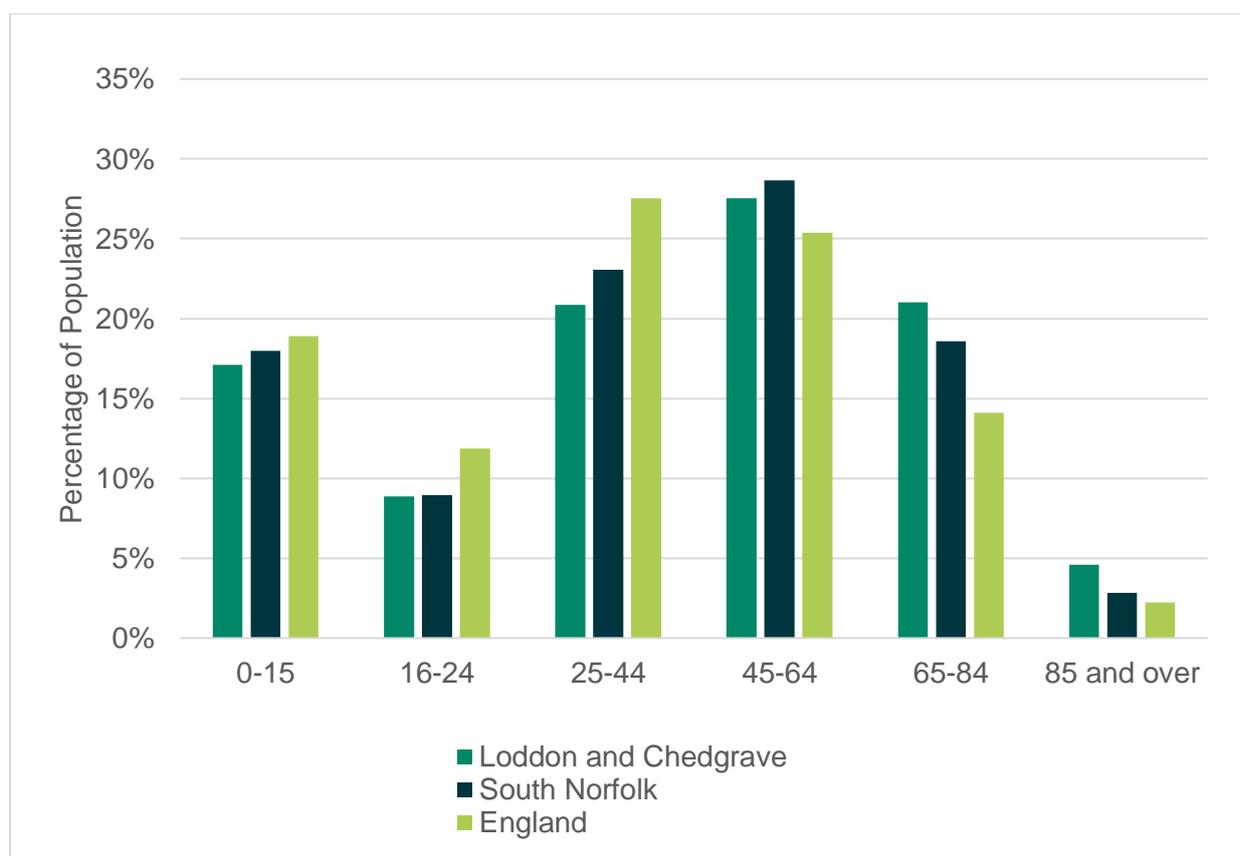
161. It is also worth noting that only the age structure of the population (individuals) can be brought up to date in this way. The life stage of households, which forms the basis of the subsequent analysis of future dwelling size needs, is not estimated each year. The 2011 Census therefore remains the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

**Table 5-5 Age structure of Loddon and Chedgrave population, 2011 and 2020**

Age group	2011 (Census)		2020 (ONS, estimated)		Rate of Change
	Pop.	%	Pop.	%	%
0-15	633	17.1%	631	15.6%	-0.3%
16-24	328	8.9%	322	8.0%	-1.8%
25-44	772	20.9%	847	20.9%	9.7%
45-64	1018	27.5%	1119	27.6%	9.9%
65-84	778	21.0%	926	22.9%	19.0%
85 and over	170	4.6%	204	5.0%	20.0%
<b>Total</b>	<b>3,699</b>	<b>100%</b>	<b>4,049</b>	<b>100%</b>	<b>9.5%</b>

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

162. For context, it is useful to look at the parish population structure alongside that of the district and country. Figure 5-2 (using 2011 Census data) shows that the NA population was generally older than the county and national averages. Farnham Royal has a higher proportion of people in the 65-84 and 85 and over age groups compared to South Norfolk and England. Whilst the proportion of people in the 16-24 age group is comparable between the NA and South Norfolk, the NA has smaller shares in the 0-15 and 25-44 age groups compared to the averages across South Norfolk and England. Loddon and Chedgrave had a lower proportion in the 45-64 age group compared to South Norfolk, although both geographies have a higher rate in this group than the national average.

**Figure 5-2 Age structure in Loddon and Chedgrave, 2011**

Source: ONS 2011, AECOM Calculations

## Household composition

163. Household composition (i.e. the combination and relationships of adults and children in a dwelling) is an important factor in the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period. Table 5-6 shows that Loddon and Chedgrave had a higher proportion of one person households than the district or country. Of the NA's family households, the majority are younger than 65 and more of them have dependent children than do not. These characteristics are broadly in line with the picture at wider geographies.
164. Note that non-dependent children refer to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university. A marked increase in this category can be taken to indicate the relative unaffordability of entry-level homes, where young people are financially unable to move out and form their own households. While the data is quite old at this point, it is interesting to observe that this category grew by 2.4% between 2001 and 2011 in the parish – a slower rate than the district (12.6%) and national (10.6%) averages.

**Table 5-6 Household composition, Loddon and Chedgrave, 2011**

Household composition		Loddon and Chedgrave	South Norfolk	England
<b>One person household</b>	<b>Total</b>	<b>31.6%</b>	<b>26.3%</b>	<b>30.2%</b>
	Aged 65 and over	18.8%	13.5%	12.4%
	Other	12.7%	12.8%	17.9%
<b>One family only</b>	<b>Total</b>	<b>64.5%</b>	<b>69.5%</b>	<b>61.8%</b>
	All aged 65 and over	12.7%	12.5%	8.1%
	With no children	18.9%	22.8%	17.6%
	With dependent children	25.0%	25.4%	26.5%
	With non-dependent children <sup>17</sup>	7.8%	8.8%	9.6%
<b>Other household types</b>	<b>Total</b>	<b>4.0%</b>	<b>4.3%</b>	<b>8.0%</b>

Source: ONS 2011, AECOM Calculations

## Occupancy ratings

165. The tendency of households to over- or under-occupy their homes is another relevant consideration to the future size needs of the NA. A person is considered to under-occupy their home when there are more bedrooms in their home than a family of their size and composition would normally be expected to need. This is expressed as an occupancy rating of +1 or +2, indicating that there is one surplus bedroom or at least two surplus bedrooms (respectively). Over-occupancy works in the same way, with a rating of -1 indicating at least one bedroom too few.
166. In Loddon and Chedgrave, a combined 78.9% of people lived in a home with at least one extra bedroom in 2011, with 43.2% living in a home with two or more extra bedrooms. It is useful to cross-reference this data by age bracket, presented in Table 5-7 below. Extreme under-occupancy (+2 rating) is strongly correlated with age, with older age groups much more likely to under-occupy their homes. This is likely because such households tend to be small (i.e. after children have moved out) but remain in homes large enough for families either by preference or for a lack of more suitable options nearby.
167. The percentage of people living in homes with fewer bedrooms than they might be expected to need is low at 1.3%, indicating that around 48 people (1.3% multiplied by 3,699) may have been (or still be) living in inadequate housing conditions in the parish. Overoccupancy, is most common in family households aged under 65 with dependent children.

<sup>17</sup> Refers to households containing children who are older than 18 e.g students or young working people living at home.

**Table 5-7 Occupancy rating by age in Loddon and Chedgrave, 2011**

Household type	+2 rating	+1 rating	0 rating	-1 rating
Family 65+	65.6%	33.0%	1.4%	0.0%
Single person 65+	48.7%	31.6%	19.7%	0.0%
Family under 65 - no children	71.1%	24.8%	4.2%	0.0%
Family under 65 - dependent children	19.2%	44.2%	34.2%	2.4%
Family under 65 - adult children	25.6%	47.3%	26.4%	0.8%
Single person under 65	36.4%	34.4%	29.2%	0.0%
All households	43.2%	35.0%	20.4%	1.3%

Source: ONS 2011, AECOM Calculations

## Dwelling mix determined by life-stage modelling

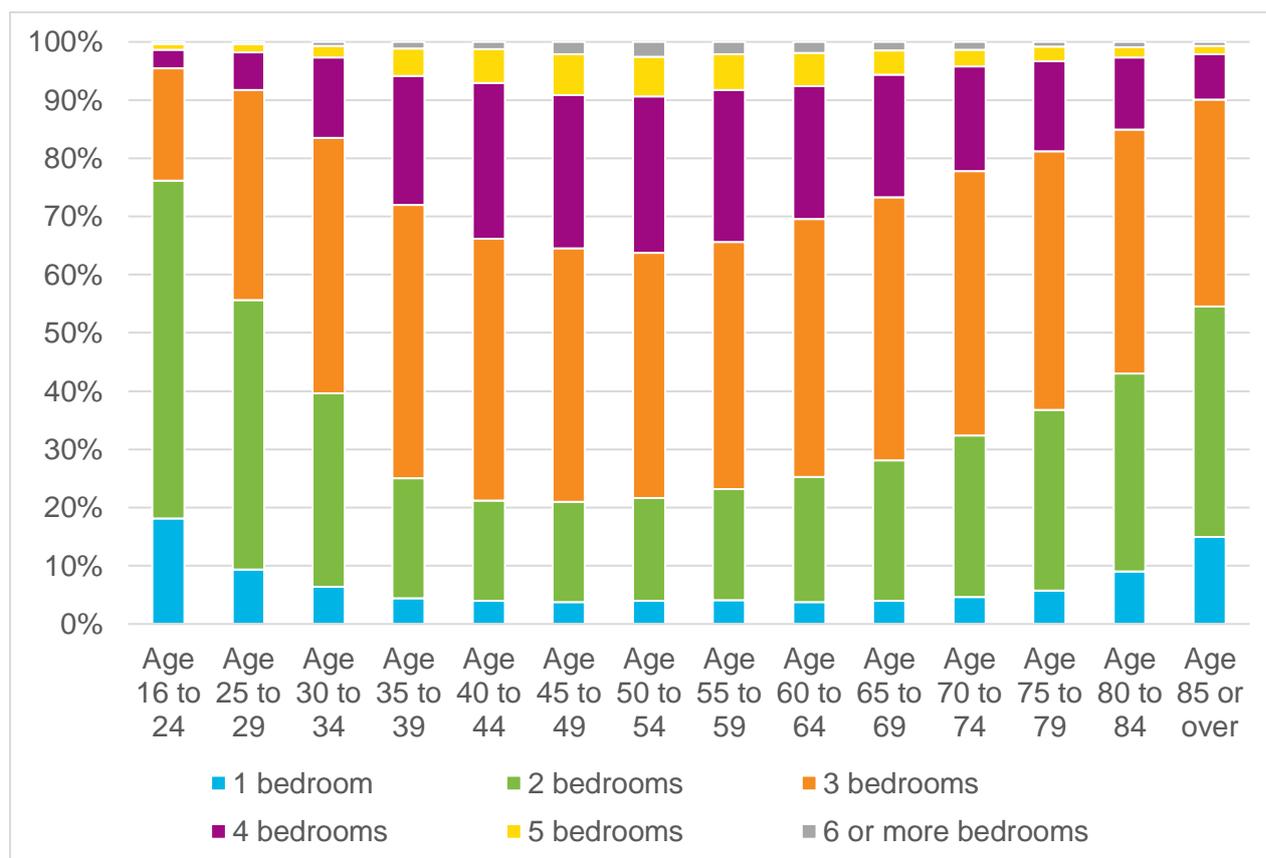
### Suggested future dwelling size mix

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

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

- The model also assumes that today's occupation patterns persist into the future, which is not a given, particularly with the change in preferences for home working space and other features arising from the Covid-19 pandemic. However, there is no better indication of what those patterns might look like. It is considered more appropriate to adjust the end mix that results from this model to reflect such trends than to build further speculative assumptions into the model.
  - Finally, this 'ideal' future mix of dwelling sizes can be compared to the current stock of housing in the NA. From this we can identify how future development might best fill the gaps.
    - The 2011 dwelling size mix is used for consistency, so any imbalances in new development since then may justify adjustments to the final results.
169. It is important to keep in mind that housing need is not an exact science and this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the tendency of households to occupy more or less space than they 'need'. It also does not anticipate changes in how people may wish to occupy their homes in response to social and technological change.
170. The approach therefore embeds existing patterns of occupancy which may or may not be desirable. As such, it is appropriate for the result of this model to be taken as a baseline scenario – what would occur if current trends persisted. It may well be the intention of the community to intervene to produce a different outcome more in line with their interpretation of emerging trends and their place- and community-shaping objectives. Layering these factors on top of the indicative picture provided by this model is considered entirely appropriate for the purpose of drafting neighbourhood plan policy.
171. Before presenting the results of this exercise, it may be interesting to review two of the inputs described above.
172. The first, given as Figure 5-3, sets out the relationship between household life stage and dwelling size for South Norfolk in 2011. This shows how the youngest households occupy the smallest dwellings, before rapidly taking up larger homes as their families expand, and then more gradually downsizing to smaller homes again as they age.

**Figure 5-3 Age of household reference person by dwelling size in South Norfolk, 2011**



Source: ONS 2011, AECOM Calculations

173. The second dataset of note is the result of applying Local Authority level household projections to the age profile of Loddon and Chedgrave households in 2011 and the updated estimates of household numbers described in the bullets above. Table 5-8 makes clear that population growth can be expected to be driven by the oldest households, with the 65 and over category nearly doubling from 2011 levels to become by far the dominant group at 47.6% of the projected total, while all other groups experience much gentler growth.

**Table 5-8 Projected distribution of households by age of HRP, and Chedgrave**

Year	Age of HRP and under 24	Age of HRP 24 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	21	115	582	293	634
2038	24	147	730	363	1,147
% change 2011-2038	17%	28%	25%	24%	81%

Source: AECOM Calculations

174. The final result of this exercise is presented in Table 5-9. The model suggests that in terms of demographic change, new development might involve the following share of dwelling sizes: 0.1% as one bedroom, 28.5% as two bedrooms, 39.7% as three bedrooms, 25.3% as four bedrooms and 6.4% as five or more bedrooms.

**Table 5-9 Suggested dwelling size mix to 2038, Loddon and Chedgrave**

<b>Number of bedrooms</b>	<b>Current mix (2011)</b>	<b>Target mix (2038)</b>	<b>Balance of new housing to reach target mix</b>
1 bedroom	8.4%	5.8%	0.1%
2 bedrooms	24.7%	25.9%	28.5%
3 bedrooms	44.6%	43.1%	39.7%
4 bedrooms	17.0%	19.6%	25.3%
5 or more bedrooms	5.2%	5.6%	6.4%

Source: AECOM Calculations

175. It is never advisable to overly restrict future housing delivery to selected size categories. The result of this model is a relatively blunt measure of what could be beneficial given population change and existing imbalances in housing options. It is a starting point for thinking about how best to address the more nuanced needs of the future population.
176. The preceding chapter found that affordability is a serious challenge in the NA. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation. This is especially relevant in the size mix as it covers all tenures of housing. Whilst the smaller one-bedroom dwellings may be less popular on the open market, Table 5-9 also accounts for the size of affordable dwellings, for which the need is often for smaller dwellings. In the case of Loddon and Chedgrave, of the 34 households on the Housing Register, 15 need one-bedroom dwellings and 9 need two-bedroom dwellings.
177. To best meet the needs of the large cohort of older households expected to be present by the end of the Plan period, it should be considered whether the existing options are well tailored to older people's requirements in terms of space, flexibility, quality, location and accessibility. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms.
178. More generally, it would be unwise for any new housing that does come forward to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to mid-sized homes (two to four bedrooms) but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

## SHMA Findings

179. The Central Norfolk Strategic Housing Market Assessment (SHMA) 2017 highlights a number of findings relevant to the type and size of housing in the NA. These are outlined below:

- Based on the bedroom standard, it is estimated that 946 owner-occupied, 737 private rented, and 1,364 social rented households in Central Norfolk were overcrowded in 2015. This indicates that overcrowding is most prominent in social rented sector.
- Figure 5-4 reproduced from the Central Norfolk SHMA, gives an indication of the required size mix for market and affordable housing across South Norfolk. This suggests that the majority of housing delivered is three-bedroom. This is in line with AECOM's suggestion for Loddon and Chedgrave. Whilst the SHMA breaks down the housing mix into market and affordable, which is not within the scope of this HNA, the housing need split of the Housing Register could be used to inform Affordable Housing size split in the NA.

**Figure 5-4: SHMA Figure 83 Reproduced - Housing Mix of OAN for Market**

		Market Housing	Affordable Housing	TOTAL
<b>SOUTH NORFOLK</b>				
Flat	1 bedroom	188	475	663
	2+ bedrooms	175	149	324
House	2 bedrooms	1,245	1,216	2,461
	3 bedrooms	7,521	1,145	8,666
	4 bedrooms	2,950	165	3,115
	5+ bedrooms	797	45	842
<b>TOTAL</b>		<b>12,877</b>	<b>3,195</b>	<b>16,072</b>

*Central Norfolk SHMA 2017 (original source ORS Housing Model)*

## Conclusions- Type and Size

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

### Existing Types and Sizes

181. According to Valuation Office Agency (VOA) 2021 data, semi-detached units are the most prevalent dwellings in Loddon and Chedgrave, compared to South Norfolk where detached units have the highest representation. Loddon and Chedgrave has a much greater proportion of bungalows than the wider District, and especially than England as a whole. The NA has a higher proportion of

flats than the district, although both rates are significantly below the national average.

182. The mix of dwelling sizes in terms of bedrooms in Loddon and Chedgrave remains relatively unchanged since 2011. No matter what comparison is used (completions or VOA) we can see that proportions across 2011 and 2021 follow largely the same trends, with three-bedroom dwellings remaining the most common in the NA.
183. In 2021, Loddon and Chedgrave had a generally smaller stock of homes than South Norfolk, with a particularly low share of 4+ bedroom homes by comparison. In contrast, the NA mix would be considered generally larger compared to the national average.

### **Age and Household Composition**

184. The age structure of the population is a key indicator of the future need for housing. At the time of the 2011 Census, the NA population was generally older than the county and national averages. The population has continued to age since 2011.
185. Between 2011 and 2020, the 65-84 age band recorded the largest growth in actual numbers, whereas the largest proportional change is seen in the 85 and over age band which increased by 20.0%. The 45-64 age band remains the largest single age band in Loddon and Chedgrave, increasing by 9.9%. The 25-44 age group increased by 9.7%, whereas the remaining younger age groups experienced declines.
186. In 2011 Loddon and Chedgrave had a higher proportion of one person households than the district or country. Of the NA's family households, the majority are younger than 65 and more of them have dependent children than do not. These characteristics are broadly in line with the picture at wider geographies.
187. The proportion of households with 'non-dependent children' grew by 2.4% between 2001 and 2011 in the parish – a slower rate than averages recorded across South Norfolk (12.6%) and England (10.6%). 'Non-dependent children' refers to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university.
188. Loddon and Chedgrave has a high rate of under-occupancy: 78.9% of people lived in a home with at least one extra bedroom in 2011. Indeed, extreme under-occupancy (+2 rating) is strongly correlated with age, with older age groups much more likely to under-occupy their homes. The percentage of people living in homes with fewer bedrooms than they might be expected to need is relatively low. Around 48 people (1.3%) may have been (or still be) living in inadequate housing conditions in the parish.

### **Suggested Future Dwelling Size Mix**

189. The results of a modelling exercise, which looks at the sizes of dwelling occupied by households at different life stages and projects the growth and

decline of those household age groups over the Plan period, suggests that new development of all tenures might involve the following share of dwelling sizes:

- 0.1% as one bedroom,
- 28.5% as two bedrooms,
- 39.7% as three bedrooms,
- 25.3% as four bedrooms and
- 6.4% as five or more bedrooms.

190. For comparison purposes, data presented in the Tenure and Affordability chapter suggests that of the 34 households on the Housing Need Register, 15 need one-bedroom dwellings and 9 need two-bedroom dwellings. Although, this registered figure may be biased towards the need for smaller homes because of the size of property households are entitled to, rather than what they would occupy if they had the resources.

191. The interim results of the life-stage modelling suggest that there will be essentially no need for further one bedroom dwellings over the Neighbourhood Plan period. It is generally not advisable to restrict the supply of specific size categories too strictly. These results are a starting point for thinking about how best to address the more nuanced needs of the future population. The above point in particular may present a justification for increasing the provision of one-bedroom homes above the very low rate recommended by the HNA model.

192. Furthermore, affordability is a serious challenge in Loddon and Chedgrave. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation. Neighbourhood Plan policies can provide a steer on this, clearly setting out the expectations of the community, even if final decisions will be made through negotiations with the Local Planning Authority.

193. It would be unwise for any new housing to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to mid-sized homes (two to four bedroom) but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

## 6. RQ 3: Second Homes

***RQ 3: What is the scale and potential impact of the second home sector on the Loddon and Chedgrave housing market, and how might this be addressed through policy?***

### Introduction

194. Neighbourhood Plan policies controlling second home ownership are typically evidenced by demonstrating a high or rapidly increasing rate of second home ownership within a context of acute affordability challenges and/or serious constraints in the availability of overall housing.
195. The existence of second or holiday homes is not necessarily a problem in and of itself. It becomes a problem when it creates intense competition for local home buyers (or renters), inflates prices, or reduces the resident population to the extent that local services, employment, and community vitality are impacted. Loddon and Chedgrave clearly exhibits these wider challenges, with affordability issues, as demonstrated in Chapter 4, as well as potential development constraints i.e. the neighbouring Boards Ramsar, SPA and SAC.
196. This section of the HNA gathers the limited available data on the rate of second home ownership in Loddon and Chedgrave that may be used to support policy decisions in this area.

### Second and Holiday Homes Data

197. Before looking at second home ownership levels in the NA, it is important to understand the levels of second home ownership, and specifically holiday lets, across the country. According to the English Housing Survey 2018-2019, 2.4 million households in England reported having at least 1 additional residence, with 772,000 of these second homes (including homes primarily used as holiday homes, holiday lets, or working away from home). It was also noted that 57% of second homes were in the UK. Therefore, it could be estimated in 2018/19 that there were at least 440,040 second homes in the UK from households in England, assuming each of 772,000 households above had just 1 additional home.
198. The impact of this nationally is more simply understood as a percentage of all dwellings. There were an estimated 28.9 million dwellings in the UK in 2019<sup>18</sup>, meaning that second homes (of which the households that owned them lived in England) in the UK accounted for around 1.5% of total dwellings. The UK second home ownership levels would of course be higher than this when also taking into account second homes owned by households in Wales, Scotland, and Northern Ireland.

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<sup>18</sup> Collated dwelling stock data from GOV.UK, GOV.WALES, National Records of Scotland, and Northern Ireland Department of Finance.

199. Turning to the NA specifically, Loddon and Chedgrave contained 1,645 households and 1,721 dwellings in 2011, implying that there were 76 dwellings (or 'household spaces') with no usual resident household. 4.4% of dwellings therefore had no usual residents.
200. For comparison, the rate of dwellings that had no usual residents across South Norfolk as a whole in 2011 was lower at 3.3% of all dwellings. This may be due to the fact that the majority of South Norfolk district stretches inland, away from the Broads, where the prominence of second home ownership is likely to be lower (especially for holiday rental purposes).
201. For England, the rate was 4.0%. it is worth noting that across the country (or even the local authority area), dwellings will be empty for different reasons (including being uninhabitable), not just second home ownership. Due to the location of the NA (directly adjacent to the Broads) it is assumed that the majority of dwellings without usual residents are second homes, either personal or for holiday let.
202. Another way of gauging the number of holiday homes is to look at the number of properties paying business rates (instead of council tax) in that category<sup>19</sup>. This data is correct to the time of writing but has a number of limitations:
- Most importantly, it only gives an indication of the number of commercially rented holiday homes. A holiday let needs to be available for rent 140 days of the year to reach the threshold for business rates. So only the third subcategory of second/holiday homes below would be captured:
    - Second homes that are never rented and only used by the owner;
    - Holiday homes used by the owner primarily, but also available to rent for part of the year (under 140 days) or rented out informally;
    - Holiday homes with a stronger commercial purpose, available to rent more than 140 days per year.
  - In January 2022 the Government tightened the rules on second homes and business rates. This means that as well as being available for rent for at least 140 days a year, from April 2023, second homeowners will have to prove that holiday lets are being rented out for a minimum of 70 days a year to access small business rates relief<sup>20</sup>.
  - It is likely that the holiday homes counted in the business rates data would also be captured as dwellings with no usual residents in the Census, since owners of second homes, including those rented out for holiday lets, are obliged to fill in a Census return. This indicator is therefore only useful for context and for any indication it may give of growth over time.
  - This data is only provided for medium and lower super output areas. The data discussed below therefore refers to a combination of LSOAs (E01026879,

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<sup>19</sup> Source: Table SOP\_OA5.1: <https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-including-business-floorspace-2021>

<sup>20</sup> Available here: <https://www.gov.uk/government/news/gove-closes-tax-loophole-on-second-homes>

E01026911 and E01026912) which don't align with the neighbourhood plan boundary but cover the majority of Loddon and Chedgrave.

203. There are 160 premises with an 'other' business use across the LSOAs in 2021, which indicates any premises not used as retail, office, or industry. The 'other' sector covers a variety of business uses and its makeup will vary according to the nature of the location. Pro-rating this figure specifically to Loddon and Chedgrave using population estimates (the NA is 94.89% of the LSOAs' combined population<sup>21</sup>) gives a figure of 152 dwellings with a business rate of 'other' in the NA. It is worth noting that this just gives an indication of scale compared to the LSOA figure and is not necessarily a completely accurate figure as proportions may not be split exactly based on population levels of the parishes in the LSOA.
204. Across South Norfolk, there were 1,760 ratable premises in the 'other' sector in 2020/2021<sup>22</sup>, of which 210 were category 131 holiday homes (self-catering)<sup>23</sup>. That is 11.9% of 'other' premises. It might therefore be estimated that 11.9% of the 152 'other' units in the NA are holiday homes, equating to 18 properties. It is worth noting here, as discussed above, that there may be some difference in second home ownership across the District. Therefore, the percentage of dwellings in the 'other' sector that are classified as holiday homes (self-catering) is likely to be higher within the NA than across the wider District.
205. The second and holiday home market is likely to have changed significantly between 2011 and today. On the approximate and limited basis that the number of properties in the 'other' band for business rates in the Loddon and Chedgrave combined LSOAs has grown by 166.7% since 2011 (from 60 to 160), we can estimate that the number of 'other' properties in the NA grew from 57 to 152 (pro-rating using mid-2020 population estimates). Assuming in line with the South Norfolk proportions of 'other' units that 11.9% are holiday homes, this means that we can estimate that the number of holiday homes in Loddon and Chedgrave grew from 7 to 18 between 2011 and 2021. As mentioned above, this only accounts for properties that are registered for business rates and are therefore commercially let out as holiday homes. It is also assumed to be a minimum figure for holiday lets as it is based on the local authority level proportions of holiday lets within the 'other' business rates category. South Norfolk consists of a wide range of settlements, some of which would be unlikely to have holiday lets, meaning the NA proportion is likely to be higher.
206. This estimate of growth requires a caveat. The rate of change in the number of holiday home properties liable for business rates likely expresses the degree of growth in the number of holiday homes overall to some extent, but it might equally express a change in the intensity with which the current holiday homes are let throughout the year (for instance as a result of the introduction of sites

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<sup>21</sup> Based on ONS Mid-Year 2020 population estimates which suggests a total population of 4,267 across LSOAs - E01026879, E01026911 and E01026912

<sup>22</sup> Source Table SOP7.1. Available at: <https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-including-business-floorspace-2021>

<sup>23</sup> Source SCAT\_AREAS\_N\_all. Available at: <https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-including-business-floorspace-2021>

like Airbnb). The Steering Group identified Airbnb rentals in the NA as an issue, noting that in winter people do short term lets and in the summer months they are week-long holiday lets. Therefore, the increase between 2011 and 2021 is likely not to be solely an increase in second homes, but also include the transfer of personal second homes into commercial holiday lets. The data cannot reflect on any trends in the number of second homes that are not let out or not enough to meet the business rates threshold. There is the potential that the Covid-19 pandemic has also had an impact, limiting the number of days it was possible to let out second homes through 2020 and 2021 due to national lockdowns and restrictions. This may therefore have meant that some second homes that were originally let out enough to be eligible to pay business rates were not in these years.

207. In order to estimate the overall levels of second home ownership in the NA, not just those eligible for business rates, the difference between the number of households and the number of dwellings in the NA needs to be considered. Based on the 2011 Census data and the housing completions data provided by South Norfolk, it is assumed there were 2,010 dwellings in Loddon and Chedgrave in 2021. Mid-2020 population estimates indicate that the population rose between 2011 and 2020 to 4,049 residents. Taking the 2011 average household size of 2.25 it can be calculated that there were roughly 1,800 households in Loddon and Chedgrave in 2020. If in 2020/2021 there were 2,010 dwellings and 1,800 households in the NA then this implies that there were 210 dwellings (or 'household spaces') with no usual resident household. 10.4% of dwellings therefore had no usual residents and could be assumed to be second homes. This is an increase on the proportion of assumed second homes in 2011, which accounted for 4.4% of all dwellings.
208. It is worth noting that this is an estimate of the proportion of second homes in the NA, based on ONS population estimates and the estimated number of dwellings in the NA in 2021. It is however the most accurate way of establishing second home ownership in Loddon and Chedgrave in the present day. The release of the 2021 Census in the coming months will provide further clarity on the number of dwellings in the NA with no usual resident household.
209. It is clear that with fairly high levels of second home ownership in the NA, and the demand for second homes, has had an adverse effect on affordability for local people. It may be worth assessing here the difference in potential income between private landlords and holiday lets in Loddon and Chedgrave. In order to undertake this comparison, the number of whole property holiday lets available for a week rental in peak holiday season (July and August) 2022 was established from holiday rental site Airbnb<sup>24</sup>. At this time there were 14 entire property lets available. There is the caveat with this finding that not all holiday lets will be listed on this site, and that some high demand properties may already be fully booked for summer 2022 and therefore not listed. It was then determined the average letting price, which could then be compared to the

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<sup>24</sup> Search of properties as of 23<sup>rd</sup> June 2022

average rental price of private rented properties in Loddon and Chedgrave. This process is outlined below:

- Median nightly cost of Loddon and Chedgrave holiday let (July/August 2022) from Airbnb properties = £115
- Average weekly cost of above =  $£115 * 7 = £805$
- Average monthly cost of above =  $£805 * 4 = £3,220$
- Average monthly cost of private rented dwelling in the NA<sup>25</sup> = £1,042

210. These calculations show that if a holiday let was rented back-to-back, as it is assumed it would be in the summer months, the income (exclusive of any related costs) associated with the holiday let would be 209% greater than associated with longer term private rental. This may go some way to explain the potentially increasing presence of holiday lets in the NA.

211. Although the potential income difference is clear to see above, there are other factors to be taken into consideration. These include the fact that holiday lets may not be occupied for the whole year, as well as running and maintenance costs (which would be associated with both holiday lets and private rentals), and the greater amount of work potentially required with holiday lets in terms of weekly cleaning and booking administration.

## Policy Considerations

212. The affordability evidence establishes a clear context of poor and worsening affordability in Loddon and Chedgrave that prevents local people from moving to homes better suited to their needs within the neighbourhood and prevents younger households without significant financial help from accessing suitable housing.

213. It is not possible to establish a precise causal link between second home ownership and declining affordability because rising prices and declining affordability is affected by other factors such as economic growth at the national level. However, given the scale of second home ownership in the NA, AECOM suggest that it is highly likely that the second homes market is a factor in the price in prices and declining affordability in the area. Furthermore, there are substantial financial incentives to let properties to holiday makers rather than long term tenants in the private rented sector. The private rented sector in the NA is small compared to the wider district and is likely constrained by the growth of the holiday let and second home market. In the context where new housing development is limited, all other things being equal, the expansion of second homes and holiday lets will reduce the availability of housing for households wishing to live in the area. Reduced availability (or supply) when demand is the same or growing, leads to increased prices and rents.

214. AECOM suggests there may be cause to apply a Principal Residence Policy or similar in the NA. As this policy is developed, if new data becomes available (e.g. Census 2021 or additional data sources quantifying levels of second home

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<sup>25</sup> As of May 2022– covering the private rented sector proxy area discussed in the Appendix.

ownership), the group may wish to refine the policy to adapt to any changes in the scale of the market.

## Conclusions- Second homes

215. This section of the HNA considers the current extent of second home ownership in Loddon and Chedgrave and related trends. It finds that:

- In 2011, Loddon and Chedgrave contained 1,645 households and 1,721 dwellings, implying that there were 76 dwellings with no usual resident household. This means that 4.4% of dwellings had no usual residents, compared to 3.3% across South Norfolk and around 4.0% nationally.
- When looking at holiday lets eligible for business rates specifically, it is estimated that in 2020/2021, there were approximately 152 premises in the Loddon and Chedgrave categorised as 'other'. Of these, based on Borough level calculations, 11.9% were specifically classified as holiday homes (self-catering), totalling 18 properties.
- Between 2011 and 2021, the number of properties assumed to be categorised as holiday lets in Loddon and Chedgrave is estimated to have more than doubled.
- The rate of change in the number of holiday home properties liable for business rates likely expresses the degree of growth in the number of holiday homes overall to some extent, but it might equally express a change in the intensity with which the current holiday homes are let throughout the year. Therefore, the increase between 2011 and 2021 are likely not to be solely an increase in second homes but could also include the transfer of personal second homes into commercial holiday lets.
- Based on dwelling completions data to 2021 and ONS mid-2020 population estimates, it is calculated that in 2020/2021 there were 210 dwellings with no usual resident in Loddon and Chedgrave, assumed to be primarily second homes. This accounts for 10.4% of dwellings in the NA, a significant increase on the proportion in 2011 of 4.4%.
- The demand for second homes in the NA is likely to have had an adverse effect on affordability for local people. There is a clear difference in the potential income between the private rented sector and holiday lets identified in the NA. The calculated average monthly cost of a holiday let in Loddon and Chedgrave is £3,220 compared to the average monthly cost of a private rented dwelling of £1,042. This highlights a clear incentive for property owners to rent their properties as holiday lets as opposed to in the private rented sector.
- AECOM suggest there may be cause to apply a Principal Residence Policy or similar in the NA. As this policy is developed, if new data becomes available (e.g. Census 2021 or additional data sources quantifying levels of second home ownership), the group may wish to refine the policy to adapt to any changes in the scale of the market.

## 7. Next Steps

### Recommendations for next steps

216. This Neighbourhood Plan housing needs assessment aims to provide Loddon and Chedgrave 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 South Norfolk with a view to agreeing and formulating draft housing policies, bearing the following in mind:
- All Neighbourhood Planning Basic Conditions, but in particular Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;
  - The views of South Norfolk;
  - The views of local residents;
  - The views of other relevant local stakeholders, including housing developers and estate agents; and
  - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by South Norfolk.
217. This assessment has been provided in good faith by AECOM consultants on the basis of housing data, national guidance and other relevant and available information current at the time of writing.
218. Bearing this in mind, it is recommended that the Neighbourhood Plan steering group should monitor carefully strategies and documents with an impact on housing policy produced by the Government, South Norfolk or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
219. At the same time, monitoring on-going demographic or other trends over the Neighbourhood Plan period will help ensure the continued relevance and credibility of its policies.

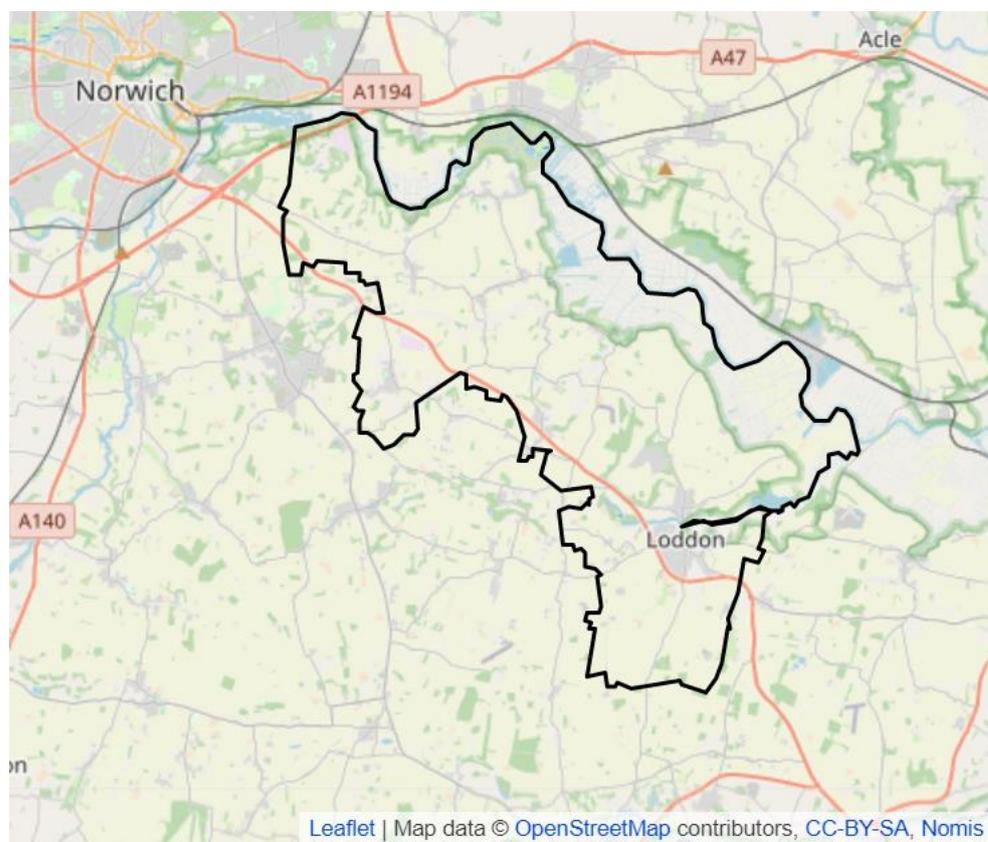
# Appendix A : Calculation of Affordability Thresholds

## A.1 Assessment geography

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

221. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Area. In the case of Loddon and Chedgrave, it is considered that MSOA South Norfolk 008 (E02005604) is the closest realistic proxy for the Neighbourhood Area boundary when looking at income data, and as such, this is the assessment geography that has been selected. A map of MSOA South Norfolk 008 appears in Figure A-1. This MSOA has been chosen as it overlaps with the entire Neighbourhood Area, although it does extend to a wider area (see below).

**Figure A-1: MSOA South Norfolk 008 used as a best-fit geographical proxy for the Neighbourhood Area**



Source: ONS

## A.2 Market housing

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

### i) Market sales

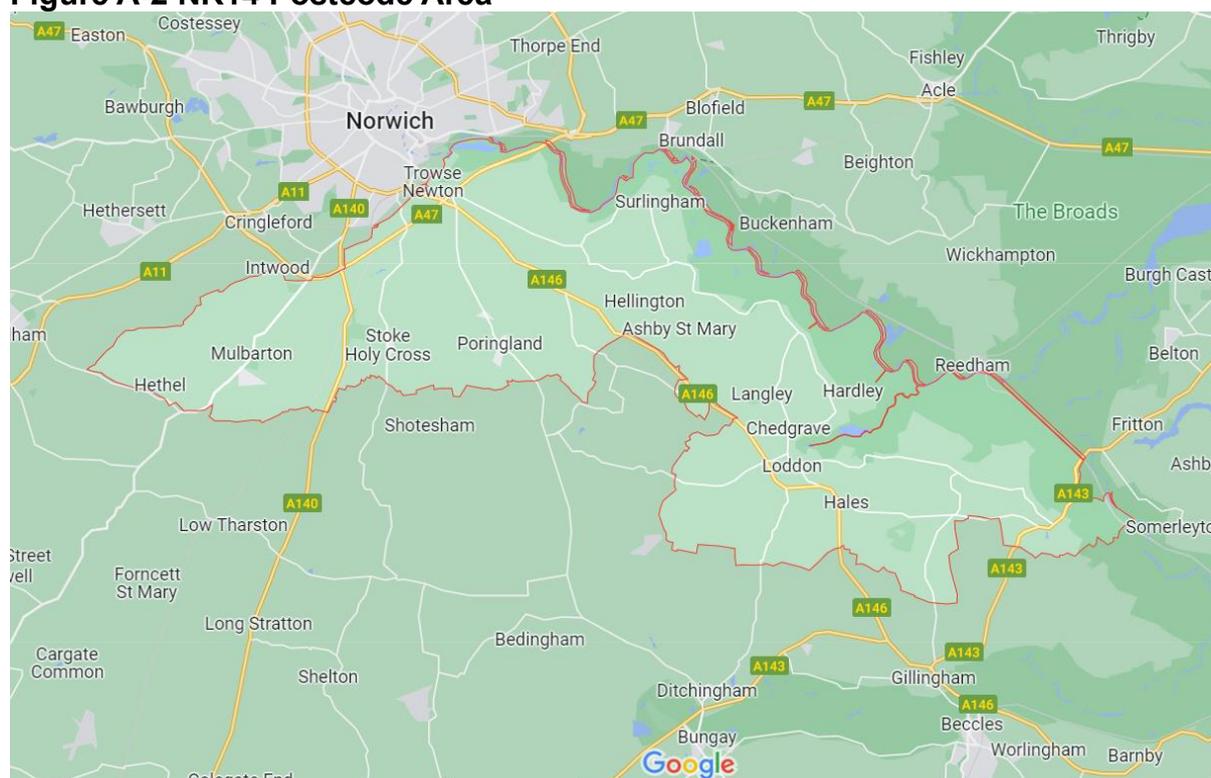
224. The starting point for calculating the affordability of a dwelling for sale (i.e. the purchase threshold) from the perspective of a specific household is the loan to income ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5.
225. To produce a more accurate assessment of affordability, the savings required for a deposit should be taken into account in addition to the costs of servicing a mortgage. However, unlike for incomes, data is not available for the savings available to households in Loddon and Chedgrave, and the precise deposit a mortgage provider will require of any buyer will be determined by their individual circumstances and the state of the mortgage market. An assumption is therefore made that a 10% purchase deposit is required and is available to the prospective buyer. In reality it is possible that the cost of the deposit is a greater barrier to home ownership than the mortgage costs.
226. The calculation for the purchase threshold for market housing is as follows:
- Value of a median NA house price (2021) = £284,000;
  - Purchase deposit at 10% of value = £28,400;
  - Value of dwelling for mortgage purposes = £255,600;
  - Divided by loan to income ratio of 3.5 = purchase threshold of **£73,029**.
227. The purchase threshold for an entry-level dwelling is a better representation of affordability to those with lower incomes or savings, such as first-time buyers. To determine this threshold, the same calculation is repeated but with reference to the lower quartile rather than the median house price. The lower quartile average in 2021 was £240,500, and the purchase threshold is therefore **£61,843**.
228. Finally, it is worth assessing the purchase threshold for new build homes, since this most closely represents the cost of the new housing that will come forward in future. Land Registry records two sales of new build properties in the NA in 2021. As this sample size is too small, data from transactions between 2019 and 2021 has been used as a proxy. There were 30 sales of newly built homes across Loddon and Chedgrave between 2019 and 2021. The median price was £340,000 (compared to £315,750 the median price for a new build in South

Norfolk between in 2021), ranging from £204,714 for an average terraced unit to £397,828 for an average detached house (no transactions for flats were recorded). These figures give a reasonable indication of how much newly built housing might cost in the NA in future. The purchase threshold for entry-level new build homes based on an average of £204,714 is therefore **£87,429**. This will be used as the benchmark for the value of shared ownership and First Homes tenure products.

## ii) Private Rented Sector (PRS)

229. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. It is assumed here that rented housing is affordable if the annual rent does not exceed 30% of the household's gross annual income.
230. This is an important assumption because it is possible that a household will be able to afford tenures that are deemed not affordable in this report if they are willing or able to dedicate a higher proportion of their income to housing costs. It is becoming increasingly necessary for households to do so. However, for the purpose of planning it is considered more appropriate to use this conservative lower benchmark for affordability on the understanding that additional households may be willing or able to access housing this way than to use a higher benchmark which assumes that all households can afford to do so when their individual circumstances may well prevent it.
231. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Area. The best available data is derived from properties available for rent within the NR14 postcode area (see Figure A-2), 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.
232. According to [home.co.uk](https://www.home.co.uk), there were 16 properties for rent at the time of search in May 2022, with an average monthly rent of £1,042 (£12,504 annually). There were six two-bed properties listed, with an average price of £688 per calendar month.
233. The calculation for the private rent income threshold for entry-level (2 bedroom) dwellings is as follows:
- Annual rent = £688 x 12 = £8,256;
  - Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of **£27,520**.
234. The calculation is repeated for the overall average to give an income threshold of **£41,680**.

**Figure A-2 NR14 Postcode Area**



Source: Google

## A.3 Affordable Housing

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

### i) Social rent

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

237. 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 Loddon and Chedgrave. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for South Norfolk in the Table A-2.

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

**Table A-1: Social rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£77.95	£86.83	£95.87	£111.40	<b>£89.44</b>
Annual average	£4,053	£4,515	£4,985	£5,793	<b>£4,651</b>
Income needed	£13,498	£15,035	£16,601	£19,290	<b>£15,487</b>

Source: Homes England, AECOM Calculations

## ii) Affordable rent

239. Affordable rent is controlled at no more than 80% of the local market rent. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000).

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

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

242. Comparing this result with the average two-bedroom annual private rent above indicates that affordable rents in the NA are actually closer to 70.6% of market rates than the maximum of 80%, a feature that is necessary to make them achievable to those in need.

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

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£94.84	£111.17	£128.73	£159.18	<b>£112.23</b>
Annual average	£4,932	£5,781	£6,694	£8,277	<b>£5,836</b>
Income needed	£16,422	£19,250	£22,291	£27,564	<b>£19,434</b>

Source: Homes England, AECOM Calculations

## iii) Affordable home ownership

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

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

### **First Homes**

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

246. The starting point for these calculations is therefore the estimated cost of new build entry-level housing in Loddon and Chedgrave noted above of £204,714.

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

- Value of a new home (NA average) = £204,714;
- Discounted by 30% = £143,300;
- Purchase deposit at 10% of value = £14,330;
- Value of dwelling for mortgage purposes = £128,970;
- Divided by loan to income ratio of 3.5 = purchase threshold of **£36,849**.

248. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 40% and 50% discounted First Home. This would require an income threshold of **£31,584** and **£26,320** respectively.

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

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

### **Shared ownership**

251. Shared ownership involves the purchaser buying an initial share in a property, typically of between 25% and 75% (but now set at a minimum of 10%), and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share

owned by the occupant can be increased over time through a process known as 'staircasing'.

252. In exceptional circumstances (for example, as a result of financial difficulties, and where the alternative is repossession), and at the discretion of the provider, shared owners may staircase down, thereby reducing the share they own. Shared equity is available to first-time buyers, people who have owned a home previously and council and housing association tenants with a good credit rating whose annual household income does not exceed £80,000.
253. To determine the affordability of shared ownership, calculations are again based on the estimated costs of new build entry-level housing as discussed above. The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The rental component is estimated at 2.5% of the value of the remaining (unsold) portion of the price. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).
254. The affordability threshold for a 25% equity share is calculated as follows:
- A 25% equity share of £204,714 is £51,179;
  - A 10% deposit of £5,118 is deducted, leaving a mortgage value of £46,061;
  - This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £13,160;
  - Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £153,536;
  - The estimated annual rent at 2.5% of the unsold value is £3,838;
  - This requires an income of £12,794 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
  - The total income required is **£25,955** (£13,160 plus £12,794).
255. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of **£20,618** and **£34,850** respectively.
256. The income threshold for shared ownership at 10%, 25% and 50% equity shares remain below the £80,000 cap for eligible households

### **Rent to Buy**

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

### **Help to Buy (Equity Loan)**

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

# Appendix B : Housing Needs Assessment Glossary

## **Adoption**

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

## **Affordability**

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

## **Affordability Ratio**

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

## **Affordable Housing (NPPF Definition)**

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

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

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

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

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

### **Affordable rented housing**

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>26</sup>.

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

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

### **Annual Monitoring Report**

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

### **Basic Conditions**

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

### **Backlog need**

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

### **Bedroom Standard<sup>27</sup>**

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

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<sup>26</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

<sup>27</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

## **Co-living**

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

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

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

## **Community Right to Build Order<sup>28</sup>**

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

## **Concealed Families (Census definition)<sup>29</sup>**

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

## **Equity Loans/Shared Equity**

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

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<sup>28</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>29</sup> See [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

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

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

## **Fair Share**

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

## **First Homes**

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

## **Habitable Rooms**

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

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

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

## **Housing Market Area**

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

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

## **Housing Needs**

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

## **Housing Needs Assessment**

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

## **Housing Products**

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

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

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

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

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

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

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

## **Income Threshold**

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

## **Intercensal Period**

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

## **Intermediate Housing**

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

## **Life Stage modelling**

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

## **Life-time Homes**

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

## **Life-time Neighbourhoods**

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

## **Local Development Order**

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

## **Local Enterprise Partnership**

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

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

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

## **Local Planning Authority**

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

## **Local Plan**

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

## **Lower Quartile**

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

## **Lower Quartile Affordability Ratio**

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

## **Market Housing**

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

## **Mean (Average)**

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

## **Median**

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

## **Median Affordability Ratio**

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

## **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>30</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

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

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

## **Neighbourhood plan**

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

## **Older People**

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

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

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

## **Overcrowding**

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

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<sup>30</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

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

### **Planning Condition**

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

### **Planning Obligation**

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

### **Purchase Threshold**

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

### **Proportionate and Robust Evidence**

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

### **Private Rented**

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

### **Retirement Living or Sheltered Housing**

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

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

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

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

## **Rightsizing**

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

## **Rural Exception Sites**

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

## **Shared Ownership**

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

## **Sheltered Housing<sup>31</sup>**

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

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<sup>31</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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

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

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

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

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

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

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

### **Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>32</sup>

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<sup>32</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

