



Sutton, East Cambridgeshire Housing Needs Assessment (HNA)

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Quality information

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List of acronyms used in the text:

AH	Affordable Housing (NPPF definition)
ECDC	East Cambridgeshire District Council
ECLP	East Cambridgeshire Local Plan (adopted 2015)
HNA	Housing Needs Assessment
HRF	Housing Requirement Figure
HRP	Household Reference Person
LHN	Local Housing Need
LPA	Local Planning Authority
LTHPD	Long-Term Health Problem or Disability
MHCLG	Ministry for Housing, Communities and Local Government (formerly DCLG)
NA	Neighbourhood (Plan) Area
NDO	Neighbourhood Development Order
NDP	Neighbourhood Development Plan
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RQ	Research Question
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
SIR	Single Issue Review
SNP	Sutton Neighbourhood Plan
SNPWP	Sutton Neighbourhood Plan Working Party
VOA	Valuation Office Agency

1. Executive Summary

1.1 Conclusions- Tenure and Affordability

Affordability considerations and tenure options

1. Sutton's current tenure mix is characterised by significantly higher rates of home ownership than the wider District and England. Sutton has relatively low levels of renting (compared with District and national averages). The level of shared ownership is relatively small at 1.5% but this is higher than the national average (0.8%). The rates of social and private renting are much lower in Sutton compared to the District and England. Between 2001 and 2011, the parish saw a 190% increase in private renting. This trend points to declining affordability of home ownership, which is borne out in the house price data.
2. Home values have steadily increased over the last ten years, with the result that the average entry-level home now costs just around £67,000 more than it did in 2011. The average price growth rate for all housing in Sutton between 2011 and 2020 was 54%.
3. AECOM has estimated the annual income required to afford various tenures of housing in the parish – each of which is explained in detail in appendix A. These thresholds are compared to local incomes to determine which options are the most appropriate for local people going forward. The average household income in Sutton is £49,400, and the lower quartile income (per person) for East Cambridgeshire is £15,717 per year.
4. The analysis shows that a household would need an income comfortably above the average (or a very large deposit) to qualify for a mortgage even for an entry-level home in the parish. Home ownership through the mainstream market is therefore not an option for the majority of local people.
5. Private renting is affordable for households on average income with entry level market rents marginally accessible to households with two lower quartile earners. Broadly speaking, anyone earning between £31,760 and £54,000 can afford to rent but not to buy. These households may benefit from affordable home ownership options such as shared ownership, discounted market housing (including the First Homes product), and rent to buy, all of which are found to be suitable in Sutton. To the extent that subsidised discounts above minimum mandated levels can be achieved, this would be beneficial here.
6. The above products bring home ownership within reach of average and just below average earners, but lower earners will still need affordable rented housing.
7. The new First Homes product will provide a minimum discount of 30% on new homes. New build prices are not available at the neighbourhood level because the number of transactions is too low. However, median average prices provide a reasonable proxy for the price of new homes. In Sutton, a 30% discount on average prices would be sufficient to extend home ownership to households on average incomes. This suggests the new First Homes product would be a valuable addition to the dwelling mix in the parish. Whilst 40-50% discounted First Homes will widen access to households with incomes below average, a 50% discount would still be insufficient for households with two lower earners.
8. The evidence summarised above is derived from calculations using overall or entry-level average house prices. Such averages naturally disguise a variety of possibilities, and it remains plausible that smaller homes, particularly flats, could be delivered at price levels that would be affordable to lower earners in Sutton. Equally, if mainly large luxury homes come forward, these findings may be overly optimistic.

Quantity of Affordable Housing needed

9. This HNA estimates a 3 dwellings per annum (dpa) surplus AH for rent and a shortfall of 7.5 dpa AH for sale in Sutton over the plan period 2022-2036. This suggests that in an ideal situation, unconstrained by the expected quantity of new development overall, all new AH provision should be AH for sale. However, given the HRF and AH plan policies are unlikely to provide sufficient AH in Sutton a mix of 65% AH for sale and 35% for rent is proposed herein. The mix proposed includes the 25% First Homes requirement, followed by 20% shared ownership tenures on the basis that double earning LQ households may be able to afford lower share options (e.g. 10-20%). Similarly, 20% Rent-to-buy tenures are proposed to help those on lower than average incomes access home ownership. Whilst the HNA predicts a surplus of AH rented housing, the mix proposes 35% AH for rent to meet the needs of households currently in need in Sutton as soon as possible, leaving newly arising need in future to be met by turnover in the existing stock. Furthermore, there is a clear need for Affordable Housing across East Cambridgeshire as a whole (as evidenced in the

OAN), and it is reasonable to expect Sutton to satisfy some of that need (whether from local households or those elsewhere in the district).

10. With regards to the expected delivery of Affordable Housing in Sutton and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. Using the housing requirement figure (HRF) for the area (150 dwellings) and applying Local Plan policy expectation results in 29 affordable homes (AH) for sale and 16 AH for rent. The former represents only about a third of the HNA calculated need of around 91 units (7.5/annum) over the plan period. It is recommended that the policy requirement be met wherever possible, and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites) to be explored. It is not recommended that the Local Plan policy requirement be exceeded in the neighbourhood plan because such steps are rarely accepted by planning inspectors on the grounds 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, furthermore, 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.
11. 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, and implemented by the LPA. 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 tried and tested ways of boosting the supply of affordable housing above the minima indicated by Local Plan policy.

1.2 Conclusions- Type and Size

12. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any Local Authority strategies or plans) and site specific factors which may justify a particular dwelling mix.
13. In terms of dwelling types, the 2011 Census shows that there were 1,641 households in Sutton, living in 759 detached houses, 569 semi-detached, 292 terraced houses, and 51 flats. Compared with East Cambridgeshire, Sutton is characterised by a relatively high proportion of detached and semi-detached homes and a much smaller proportion of flats.
14. Overall, the housing stock in Sutton contains a higher proportion of medium and large homes and fewer smaller properties when compared to the wider District. The most prevalent are 5 room followed by 6 room and 7 room dwellings. The least common dwellings in Sutton are smaller 2-3 room dwellings.
15. The 2011 Census data reveals that Sutton has a similar demographic profile to the rest of District with the 25-44 and 45-64 cohorts forming the largest proportion of the population, followed by the 0-15 age group. The 16-24 cohort is underrepresented in Sutton and the District compared to England as a whole. Some of those residents in the age group have entered older groups since the last Census. Some of those residents in the middle-aged and older cohorts at the time of the census would have entered into the older age groups (65+) now, and may have different housing needs through the plan period, potentially engendering additional demand for downsizing and accessible housing.
16. This is further supported by studying the changes in the population of older age groups between 2001-2011. During this period, the proportion of people between the ages of 65-84 increased by 37.3%, which is twice the rate of at which this age group grew at District level and four times the rate seen at national level.
17. The results of a life-stage modelling exercise, which looks at the sizes of dwelling occupied by different age groups and projects the growth and decline of those age groups over the Plan period in order to understand what should be built, suggests that new development might benefit from a focus on smaller sized dwellings, particularly 2 bedroom properties. These are predicted to be increasingly in demand towards the end of the plan period to meet the needs of the growing 65+ cohort. Smaller properties would also serve to provide entry level, cheaper options suited to younger residents.
18. Based on the predicted demographic change, new development might involve the following share of dwelling sizes: 23% as 1 bedroom, 47% as two bedrooms, 18% as three bedrooms, 0% as four bedrooms and 12% as 5 or more bedrooms.

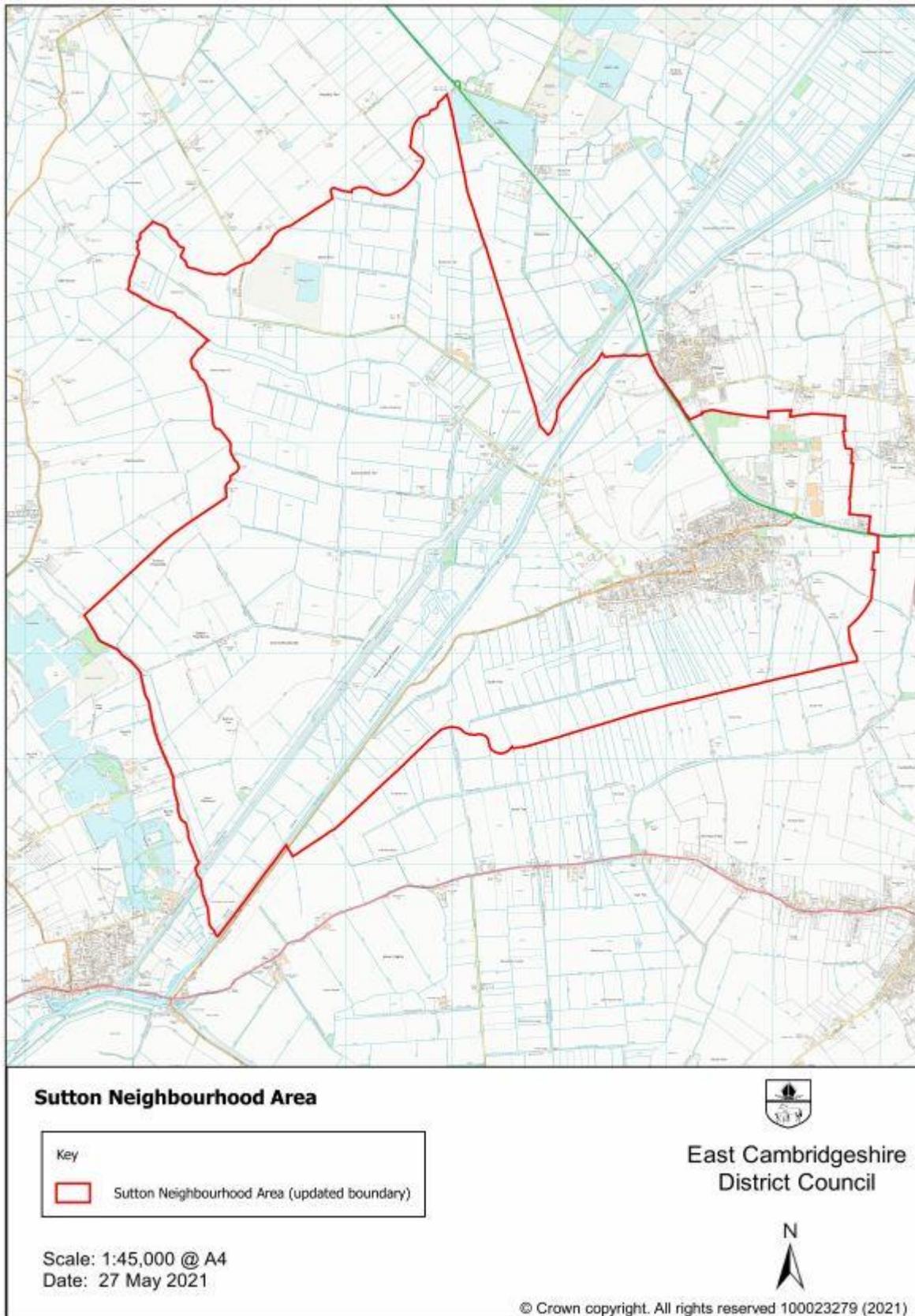
19. It is important to caveat this finding by stating that the suggested size mix is the product of a modelling exercise that relies on existing data, assumptions, and existing patterns or 'trends'. It should be used with a degree of caution, and it should be combined with more qualitative evidence regarding local residents' needs and the community's larger goals.

2. Context

2.1 Local context

20. Sutton is a Neighbourhood Plan area located in East Cambridgeshire. The Neighbourhood Area (NA) boundary aligns with that of the civil Parish of Sutton which includes the village of Sutton, Sutton Gault and surrounding countryside. Sutton Parish was designated a Neighbourhood Area on the 8th January 2015. The neighbourhood area was subsequently amended in May 2021 following an amendment to the parish boundary (Figure 2-1).
21. The proposed Neighbourhood Plan period starts in 2022 and extends to 2036, therefore comprising a planning period of 14 years.
22. Sutton or Sutton-in-the-Isle is a civil parish in East Cambridgeshire, 7 miles west of Ely, and about 16 miles north of Cambridge. The Neighbourhood Area, the whole Parish of Sutton in the Isle, comprises the large village of Sutton, the outlying hamlet of Sutton Gault, farmland on the 'Isle' and low lying 'Fen' to the south and west. Sutton is intercepted by the B1381 which runs through the parish (north east to south west), linking it to the A142 and A1123. The A14 lies 8 miles to the south west of the parish. The "in-the-Isle" suffix refers to the fact that the village is part of the Isle of Ely, once an island in the Fens and also an administrative county until 1965.
23. For Census purposes, the Neighbourhood Plan area is made up, like the rest of England, of statistical units called Output Areas (OAs). The Plan area equates to the following OAs, which have been used throughout as a statistical proxy for the NA boundary and which can be interrogated for data from both the 2001 and the 2011 Censuses:
 - E01018055
 - E01018056
24. The statistics show that in the 2011 Census the Neighbourhood Plan area had a total of 3,952 residents. The original parish boundary has changed slightly since 2011 but the census data remains a good approximation for the NP area.
25. A map of the Plan area appears below in Figure 2-1.
26. The Parish Council are interested in exploring the need for Affordable Housing for sale (also known as affordable home ownership) and are therefore eligible for support under the Affordable Housing for sale element of the Neighbourhood Planning Technical Support programme. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

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



Source: www.eastcambs.gov.uk

2.2 Planning policy context

27. In line with the NPPF and the Basic Conditions² of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.³ Consequently, the relevant elements of the Local Plan are reviewed as part of this Housing Needs Assessment (HNA). The
28. In the case of Sutton, the relevant local planning context is as follows:
29. East Cambridgeshire District Council's Local Plan (ECLP), adopted in April 2015,⁴ covering the period up to 2031. The ECLP replaced the East Cambridgeshire Core Strategy (2009).
30. East Cambridgeshire District Council (ECDC) is currently undertaking a review of the adopted ECLP. In this single issue review (SIR) ECDC is reviewing the amount of housing growth in the county.⁵The SIR is currently at the initial consultation stage (reg.18).

2.2.1 Policies in the adopted local plan⁶

31. Table 2-1 summarises policies within the Local Plan that are of relevance to Sutton.

Table 2-2-1: Summary of East Cambridgeshire District Council's adopted policies having relevance to Sutton Neighbourhood Plan Housing Needs Assessment

Policy	Source	Provisions
Growth-2 Locational strategy	ECLP	<p>The majority of growth is focused on the market town of Ely, Soham and Littleport, with limited housing growth in villages. Development is to take place within 'development envelopes' around main built-up areas to prevent sprawl. Outside defined development envelopes, development will be strictly controlled, having regard to the need to protect the countryside and the setting of towns and villages. In such locations, development will be restricted to the main categories listed in the policy. These include;</p> <ul style="list-style-type: none"> • Community-based development such as affordable housing, small business, and renewable energy schemes. • Affordable housing exception sites • Dwellings for essential rural workers • Residential care homes
Growth-4 Delivery of growth	ECLP	<p>Land will be allocated to enable delivery of 6,500 dwellings on the edge of towns and villages including 50 units in Sutton at North of The Brook (SUT1)</p>
Growth-6 Community-led development	ECLP	<p>Supports community-led development including affordable housing, small business and renewable energy schemes. The affordable housing (AH) element may be permitted outside development envelopes as an exception where:</p> <ul style="list-style-type: none"> • The site is well related to a settlement which offers range of services/ facilities and there is good access by foot/cycle. • No significant harm would be done to character of setting of the settlements and countryside • The scheme includes a range of dwelling sizes, types and tenures appropriate to identified local need.

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

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

⁴ Available at https://www.eastcambs.gov.uk/sites/default/files/Local%20Plan%20April%202015%20-%20front%20cover%20and%20inside%20front%20cover_0.pdf

⁵ Available at <https://www.eastcambs.gov.uk/sites/default/files/East%20Cambridgeshire%20Local%20Plan%20-%20Stage%201%20consultation%20%28Reg%2018%29%20March%202021.pdf>

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

Policy	Source	Provisions
HOU-1 Housing mix	ECLP	Developments of 10 or more dwellings should provide an appropriate mix of types and sizes to contribute to needs identified in the most recent evidence available relating to the locality. Developments of 50 or more units will be expected to provide a proportion of dwellings suited to elderly or disabled people (Lifetime Homes) Developments of 100 or more units are expected to provide minimum 5% self-build properties
HOU-3 Affordable housing provision	ECLP	All new open market housing developments of more than 10 units, in the north of the district (includes Sutton) will be required to provide 30% AH provision (subject to viability). The mix of tenure and sizes will be determined according to local circumstances. AH is normally to be provided onsite except in exceptional circumstances agreed with the District Council. In such cases offsite provision or financial contribution towards it would be required.
HOU-4 Affordable housing exception sites	ECLP	AH development on exception sites may be permitted on sites outside settlement boundaries where; <ul style="list-style-type: none"> • There is an identified local need that cannot otherwise be met. • The site is well related to a village offering range of services/ facilities and good access on foot/cycle. • No significant harm would be caused to the character or setting of settlement and countryside • Development is of an appropriate scale to identified local AH need. • The AH is made available to people in local housing need at an affordable cost for the life of the property.
ECLP Part two Village/ Town visions; Paragraph 8.34 Sutton	ECLP	States that 342 (net) new dwellings were built in period 2001-2013 and estimates 173 new dwellings (commitments) in Sutton over the period 2013-2031 (excludes rural exception and windfall sites)
SUT-1 Housing allocation, land north of The Brook		Allocates 2.5 ha of land in Sutton for residential development for 50 dwellings. This would require 30% AH provision. The development must provide a mix of dwelling types and sizes to reflect current and future needs in Sutton.

Source: East Cambridgeshire Local Plan (Adopted April 2015)

2.2.2 Policies in the emerging local plan

32. ECDC is currently undertaking a Single Issue Review (SIR) of the ECLP (adopted 2015). The review was triggered by the need to re-examine the level of housing growth (Policy Growth-1), to ensure there is sufficient housing land supply and to ensure the ECLP remains up to date. The SIR focuses on this one aspect of the Local Plan only and the vast majority of the ECLP 2015 will not be amended. The SIR is currently in consultation (26 March-7 May 2021). The ECLP policy GROWTH-1 will be updated to include a revised housing requirement of approximately 8,922, though this figure will be finalised as the SIR process progresses. This requirement will be split into two elements, first for the period 2011-21, and second for the period 2021-31. The SIR consultation does not include make specific reference to Sutton therefore it is unknown (at time of producing this HNA) what the implications of the SIR would be in terms of housing growth in Sutton.

2.2.3 Quantity of housing to provide

33. The NPPF 2019 requires, through paragraphs 65 and 66, Local Authorities to provide neighbourhood groups with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
34. **Can Affordable Housing needs be met in full?** The adopted ECLP allocates 50 dwellings in Sutton, however, the ECLP is currently undergoing a review which is likely to result in a new HRF for Sutton as the village is expected to

remain a priority area for growth in the emerging plan review. ECDC informed the Parish Council⁷ in November 2018 that the housing requirement for Sutton NA could be around a minimum of 150 dwellings of the period 2017-2036.

35. 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 below).

⁷ Source: Sutton Neighbourhood Plan (Made version 30th May 2019), available at <https://www.eastcambs.gov.uk/sites/default/files/Made%20Sutton%20Neighbourhood%20Plan%20May%202019%20SMALL%20FILE.pdf>
And <https://www.eastcambs.gov.uk/sites/default/files/HousingReqLetterSutton.pdf>

3. Approach

3.1 Research Questions

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

3.1.1 Tenure and Affordability

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

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

3.1.2 Type and Size

40. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community. Sutton has a 'made' Neighbourhood Plan (adopted May 2019) which allocates 333 dwellings. The Parish is experiencing considerable growth and the Parish Council is looking for AH for sale as part of the overall housing provision. This HNA will help inform the SNP review in terms of quantity and type of AH provision in Sutton.
41. The aim of this research question is to provide Parish Council with evidence on the types and sizes needed by the local community. This will help to shape future development so that it better reflects what residents need.

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

3.2 Relevant Data

3.2.1 Local authority evidence base

42. It is appropriate for neighbourhood plans to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Sutton Neighbourhood Area is located within East Cambridgeshire's planning area, we therefore turned to the relevant Local Housing Need Assessment (LHNA), which is known as the East Cambridgeshire's Objectively Assessed Housing Need (October 2016)⁸.
43. For the purpose of this HNA, data from East Cambridgeshire's own evidence base to support their housing policies has been considered applicable and relevant unless it conflicts with more locally specific and/or more recently-produced evidence. The housing market evidence draws upon a range of data including population and demographic projections, housing market transactions, and employment scenarios. As such, it contains a number of points of relevance when determining housing need within the Neighbourhood Plan area and has been referenced as appropriate.

⁸ East Cambridgeshire Objectively Assessed Housing Need (October 2016) available at http://cambridgeshire.wpengine.com/wp-content/uploads/2017/12/ECDC_OAN-Update_20-10-2016.pdf

3.2.2 Other relevant data

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

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

RQ1: What Affordable Housing (eg social housing, affordable rented, shared ownership, intermediate rented) and other market tenures should be planned for in the housing mix over the Neighbourhood Plan period?

4.1 Introduction

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

4.2 Definitions

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

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

48. The definition of Affordable Housing set out in the NPPF makes clear the Government's commitment to home ownership (broadening a definition which had previously referred only to social and intermediate housing to include a range of low-cost housing opportunities for those aspiring to own a home). As part of this effort, the Government has recently proposed to introduce First Homes to provide at least a 30% discount on new market housing for sale.¹¹ However, the NPPF and Homes England funding for Affordable Housing recognises the important role of affordable rent tenures for those unable to afford home ownership.

4.3 Current tenure profile

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

50. The majority of households in Sutton are owner-occupiers (76.8%), followed by social renters (11.6%) and private renters (9%). There are very few shared ownership homes (1.5%). The distribution across tenures in Sutton follows a similar pattern to that observed for the wider area and England as a whole; but with a larger proportion of owner occupation and smaller proportion of renters (social and private). The dominance of the owner-occupied sector is common to other rural areas across the country and is also a feature of places with relatively older populations. However, the tenure of the housing stock will impact on the ability of different households to live in Sutton, and the dominance of ownership may limit the ability of those on lower incomes to live here.

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

¹⁰ NPPF 2019.

¹¹ The 'minimum discount for First Homes should be 30% from market price which will be set by an independent registered valuer' and 'Local authorities will have discretion to increase the discount to 40% or 50%. This would need to be evidenced in the local plan making process.' Further details available at: <https://www.gov.uk/guidance/first-homes>.

Table 4-1 Tenure (households) in Sutton, 2011

Tenure	Sutton	East Cambridgeshire	England
Owned; total	76.8%	68.5%	63.3%
Shared ownership	1.5%	1.5%	0.8%
Social rented; total	11.6%	14.3%	17.7%
Private rented; total	9.0%	13.2%	16.8%

Sources: Census 2011, AECOM Calculations

51. In Table 4-2 we note the changes in tenure during the intercensal period. The largest change observed is in the proportion of shared ownership tenures, up by up to 300% for Sutton, albeit from a small starting base of 6 units. The increase is replicated in East Cambridgeshire (298%), whereas, an increase of 30% is observed for England. The next biggest increase is observed in the private rented sector, up 190% in Sutton compared to 93% for East Cambridgeshire and 82% for England. The substantial increase in the private rented sector usually indicates increasingly unaffordable ownership options. The social rented sector also rose by 28% in Sutton compared to a smaller increase of 15% for East Cambridgeshire and a small decline of -0.9% for England.

Table 4-2: Tenure Changes 2001-2011

Tenure	Sutton	East Cambridgeshire	England
Owned; total	15.7%	9.9%	-0.6%
Shared ownership	300.0%	298.4%	30.0%
Social rented; total	28.4%	15.7%	-0.9%
Private rented; total	190.2%	93.6%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

4.4 Affordability

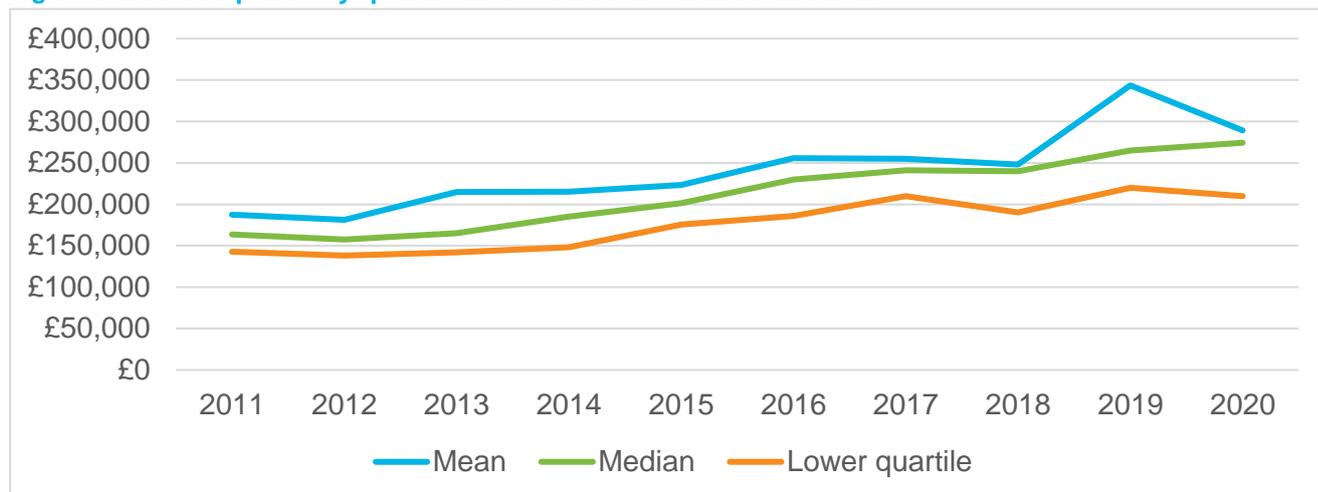
52. Having reviewed the tenure of the existing housing stock in Sutton, this report assesses the affordability of homes to those living in the Neighbourhood Plan area.
53. The following analysis considers house prices and rents in the neighbourhood area and whether these are affordable to local households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

4.4.1 House prices

54. 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.
55. Figure 4-1 below looks at selected measures of house prices in Sutton. It shows that whilst house prices have fluctuated, the overall trend shows average house prices steadily increasing in Sutton over the previous 10 years.
56. PPG makes clear that lower-quartile house prices may be used as a benchmark for entry-level home prices.¹² Entry-level properties are typically those with one or two bedrooms – either flats or houses.

¹² See Paragraph: 021 Reference ID: 2a-021-20190220, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Figure 4-1: House prices by quartile in Sutton between 2011 and 2020



Source: Land Registry PPD

57. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). It shows that the average house prices (all types) in Sutton increased by just over 54% over the previous 10 years. Semi-detached property prices increased by the largest percentage growing by 62.6%, whilst average prices paid for Flats declined by around 46%. However, the latter maybe unrepresentative due to the relatively small number of transactions.

Table 4-3: House prices by type in Sutton, 2011-2020, £000's

Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth
Detached	241.2	237.7	299.0	299.8	288.0	326.6	319.0	333.9	358.5	362.4	50.3%
Semi-detached	159.8	147.5	171.2	171.9	193.0	238.0	233.0	238.9	249.0	259.9	62.6%
Terraced	140.0	126.7	134.4	160.5	171.1	187.7	198.1	196.2	211.5	216.6	54.8%
Flats	122.8	101.0	104.5	121.4	98.0	135.8	139.4	70.0	126.7	66.5	-45.9%
All Types	187.3	181.3	214.7	215.4	223.4	255.9	254.8	247.9	343.5	289.2	54.4%

Source: Land Registry PPD

4.4.2 Income

58. 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.
59. The first source is locally specific but limited to the average total household income and the median net annual household income before housing costs (or take-home pay). This is the average household income estimates published by ONS¹³ at the level of the Middle-layer Super Output Area (MSOA)¹⁴. In the case of Sutton the MSOA most suitable for use as a proxy for the Neighbourhood Plan area boundary is E02003733. Further details on the extent of this MSOA, including a map, and why it was selected as a proxy for the Neighbourhood Plan area, are set out in Appendix A.
60. The average total household income before housing costs (equalised) across E02003733 in 2018 was £49,400. This figure is typically used by mortgage lenders to assess a household's ability to afford to borrow.¹⁵

¹³Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2016>

¹⁴ An MSOA is a statistical area defined for Census purposes. For further information on MSOAs, see <https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography>

¹⁵ Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

61. The second source of data is Lower Quartile (LQ) average earnings. This is helpful for understanding affordability challenges among those with lower than average earnings. However, this data relates to individual earnings and whilst this is an accurate representation of household incomes where households have one earner, it does not represent household income where there are two people earning. It is also only available at the District level.
62. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level. Although 2019 provisional data has been published, the revised 2018 data is considered more robust and is therefore used here.
63. East Cambridgeshire's gross LQ annual earnings for 2019 was £15,717 per year. This is the LQ income before taxes (or benefits) for individual earners and so only correlates with the measure of household incomes above for single-person households. To estimate the income of LQ-earning households with two earners, the annual income is doubled, to £31,434

4.4.3 Affordability Thresholds

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

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

Tenure	Mortgage Value	Rent	Income required	Affordable on average incomes? £49,400	Affordable on LQ earnings (single earner)? £15,717	Affordable on LQ earnings (2 earners)? £31,434
Market Housing						
NA Median House Price	£246,870	-	£70,534	No	No	No
LA New Build Mean House Price	£329,194	-	£94,055	No	No	No
NA LQ/Entry-level House Price	£189,000	-	£54,000	No	No	No
Average Market Rent	-	£11,424	£38,080	Yes	No	No
Entry-level Market Rent	-	£9,528	£31,760	Yes	No	Marginal
Affordable Home Ownership						
Discounted Market Sale (-20%)	£219,440	-	£56,427	No	No	No
Discounted Market Sale (-30%)	£192,010	-	£49,374	Yes	No	No
Discounted Market Sale (-40%)	£164,580	-	£42,321	Yes	No	No
Discounted Market Sale (-50%)	£137,150	-	£35,267	Yes	No	No
Shared Ownership (50%)	£137,150	£3,429	£46,696	Yes	No	No
Shared Ownership (25%)	£61,718	£5,143	£34,777	Yes	No	No
Affordable Rented Housing						
Affordable Rent (average)	-	£6,566	£26,262	Yes	No	Yes
Social Rent (average)	-	£5,332	£21,328	Yes	No	Yes

Source: AECOM Calculations

67. The income required to afford the different tenures is then benchmarked in Figure 4-2 against the three measurements of household income set out above. These are the average total household income for E02003733 at £49,400 and the lower quartile gross earnings for East Cambridgeshire for single-earners at £15,717 and dual-earning households at £31,434.
68. Taking into consideration the affordability thresholds set out above, it is apparent that a household would need an income comfortably above the average (or a very large deposit) to qualify for a mortgage even for an entry-level home. Home ownership through the mainstream market is not an option for the majority of local people.
69. Private renting is affordable for households on average incomes but unaffordable to households with two lower quartile earners. Households with two lower quartile earners can afford social and affordable rents, but are unable to access any other tenures, including any of the routes to affordable home ownership. Moreover, households in which there is only one lower quartile earner appear unable to afford any tenures at all. Many such individuals will, if unable to secure a small social rented dwelling or secure additional subsidy, need to live in a room in a shared house using housing benefit.
70. Government policy aimed at tackling the housing crisis continues to attach high priority on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.¹⁶
71. Table 4-4 shows that anyone earning between £31,760 and £54,000 can afford to rent but not to buy, these households may benefit from affordable home ownership options. With regard to these products and the discounts required, the following observations can be made:
 - The discount on the average market sale price required to enable households on average incomes to afford to buy is 30%. For dual earning lower quartile households to be able to afford market sale price, a discount of 55% would be required, while single earning households will need a discount of 78%.

¹⁶ See the White Paper 'Fixing Our Broken Housing Market', at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

- Whether discounted market sale is affordable will depend whether properties are priced in relation to average, new build or entry level homes so developers will view discounts differently. New build homes are often more expensive than properties for sale in the second-hand stock. Due to the limited PPD data for new build properties in Sutton it is not possible to provide robust new build prices at the NA level. Therefore, LPA level (East Cambridgeshire) prices have been included in the table above. Average new-build properties in East Cambridgeshire (average price £365,771) are more expensive than average house prices (£274,300). Average new-build properties in East Cambridgeshire (average price £365,771) are more expensive than average market house prices (£274,300). This is partly due to 57% of new build stock being detached and Semi-detached dwellings which tend to be more expensive.
 - Discounts on new build or average prices may make homes no more affordable than entry level properties in the existing stock. However, this is not the case in Sutton where a 30% discounted average home (at £192,010) is less expensive than the lower quartile house price in the existing stock (at £210,000).
 - Apart from 20% discounted homes all intermediate ownership tenures are affordable to average income earning households. However, it is evident that even the 25% shared ownership route is beyond the affordability threshold for LQ earning households. Ownership share tenures of less than 25% (e.g. 20%) would be affordable to double earning LQ households. For single earning LQ households, 10% shared ownership tenures maybe be appropriate.
 - Government has recently announced that the minimum equity share for shared ownership will fall to 10% of the property value.¹⁷ If this can be delivered in the NA, the income required would be £27,626. This is lower than that indicated for a 25% share here, making shared ownership easier to access for more people. However, while the income threshold for a 10% equity shared ownership home is lower, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them. 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.
 - 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 £105,000.¹⁸ This cost excludes any land value or developer profit.
 - The new First Homes product will provide a minimum discount of 30% on new homes. New build prices are not available at the neighbourhood level because the number of transactions is too low. However, median average prices provide a reasonable proxy for the price of new homes. In Sutton, a 30% discount on average prices would be sufficient to extend home ownership to households on average incomes. This suggests the new First Homes product would be a valuable addition to the dwelling mix in the parish. Whilst 40-50% discounted First Homes will widen access to households with incomes below average, a 50% discount would still be insufficient for households with two lower earners.
 - The income required to access rent to buy is assumed to be the same as that required to afford market rents. At just under £32,000 for an entry-level home (though the new build premium might result in higher rents in practice), this is more affordable than discounted market housing or shared ownership.
72. It is pertinent to point out that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can meet affordable housing need. 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 neighbourhood plans. Having said that,

¹⁷ The previous minimum equity share was 25%. This change takes 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>.

¹⁸ This estimate is included for illustration purposes. £1,500 build cost per sq m is a reasonable estimate of current costs (mid 2020); 70 sq m for a 2 bedroom property is consistent with the Government's Nationally Described Space Standards

neighbourhood plans may be able to vary the types of affordable housing that will be expected, or to allocate additional sites that will provide affordable housing (e.g. housing exception sites over and above those required by the Local Plan).

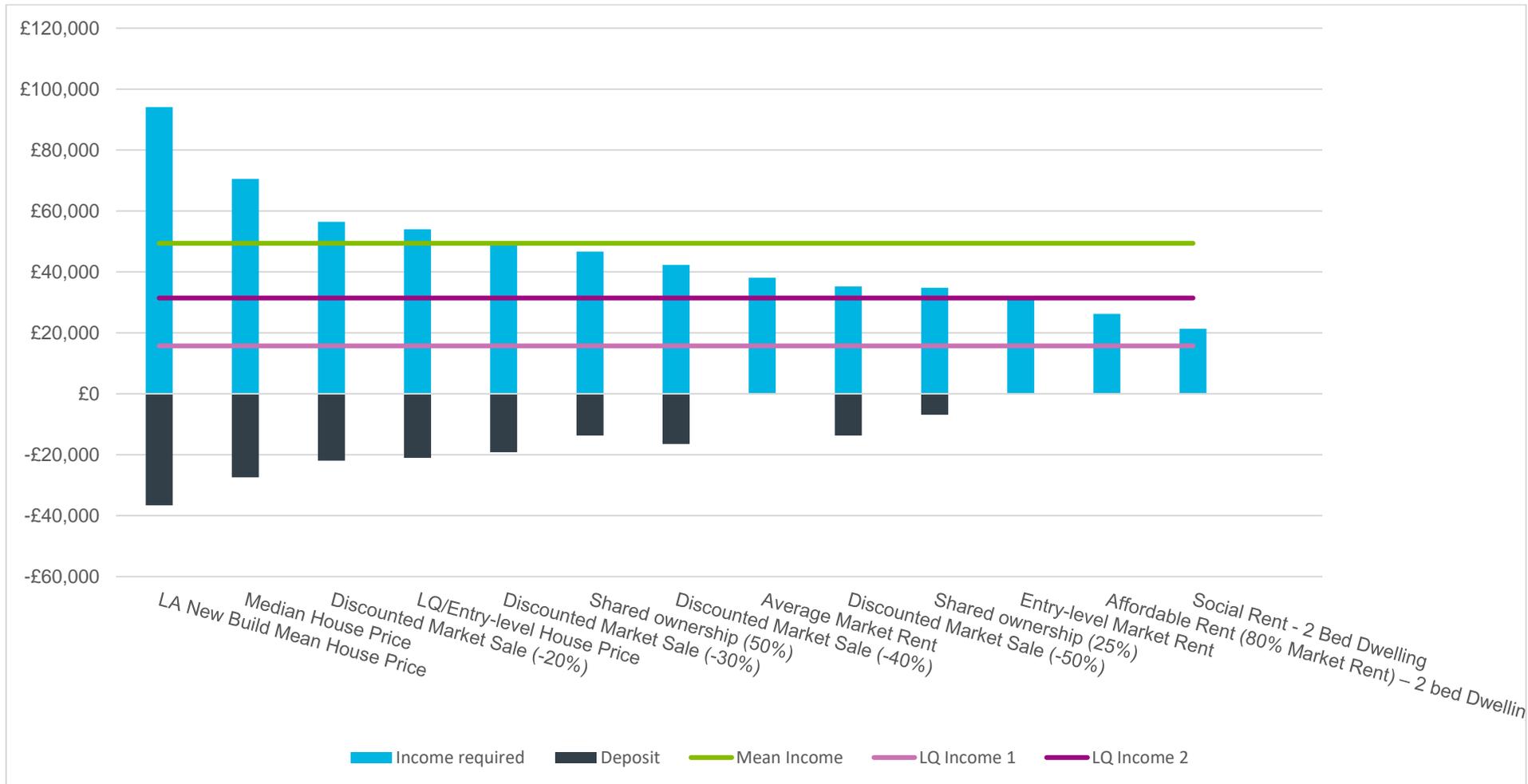
73. Table 4.5 below shows what discounts are required in order for properties to be affordable to households on average incomes. A discount of 30% on average market sale homes would make these affordable to households on average incomes. However, a discount of 47% would be required for new build market homes to render them affordable to average income households. Therefore, it is unlikely that 30% discounted, new build First homes, would provide an affordable route to ownership for the target market for such products in Sutton.
74. Local Authorities and neighbourhood plans will have discretion to increase the discount on First Homes to 40% or 50%, but that this would need to be evidenced in the Local Plan making process. Though it is expected that the decision to require a higher discount and the evidence supporting it would be undertaken at district- or borough-wide level, the evidence presented in this HNA may be helpful in advancing that discussion. The evidence gathered here suggests that while 30% discounts are theoretically sufficient to serve average earning households, this is only just true (with a margin of error of a few hundred pounds). A 40% discount level would ensure that average earning households are genuinely able to afford the product and could potentially widen access to those on slightly lower than average incomes.

Table 4.5 % Discount on Sale Price Required for Households on Mean Incomes to Afford

Mean household income in NA:	£49,400
Tenure/ product:	Discount on sale price required:
- <i>Market sale (Average)</i>	30%
- <i>New build market sale (Average for LA)</i>	47%
- <i>Entry level sale (LQ)</i>	9%

Source: Land Registry PPD; ONS MSOA total household income

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



Source: AECOM Calculations

4.5 Affordable housing- quantity needed

75. The starting point for understanding the need for affordable housing in Sutton is the relevant Strategic Housing Market Assessment/ Objectively Assessed Housing Need Assessment (SHMA/LHNA). Two reports were produced for ECDC to assess housing need. The East Cambridgeshire Objectively Assessed Housing Need¹⁹ October 2016 (OAN) provides an updated OAN for the period 2014 to 2036, which builds on the existing SHMA 2013. This study estimates the need for affordable housing in the District based on analysis of the Council’s waiting list and analysis of other data sets in line with Planning Practice Guidance at the time. The OAN identifies a need for 2,854 additional affordable dwellings between 2014 and 2036 or 129.7 dwellings per annum (dpa) in East Cambridgeshire as a whole. The OAN does not provide a recommendation on an AH tenure split (rental/ ownership).
76. When the OAN figures are pro-rated to Sutton based on its share of the East Cambridgeshire population (4.7%), this equates to 6 homes per annum or 84 homes over the Neighbourhood Plan period (2022-2036). However, pro-rating District level estimates of affordable housing need to rural areas presents problems in practice. The District level figures are likely to represent higher needs in the urban areas of the District where there is a large social housing stock and larger numbers of households living in the PRS on housing benefit. Both of these factors tend to generate higher needs. By contrast, in rural villages like Sutton the lack of social housing means there is no need generated from households already living in the sector. Similarly, households who may need social housing often move away to areas where their needs are more likely to be met (either because there is social housing available or more private rented housing). This means it is difficult to identify need for social/affordable rented housing within Sutton.

4.5.1 Affordable rented housing

77. The starting point for a more localised assessment of the need for affordable rented housing is the number of Sutton households currently applying for Affordable Housing on the East Cambridgeshire housing register. ECDC have advised that there were 20 households living in the parish on the register as of May 2021. The breakdown in terms of priority banding 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 Sutton, May 2021

Number	Banding	Comment
2	A	Urgent or medical need
3	B	Unsuitable number of bedrooms
5	C	Housing conditions
10	D	Low need

78. In Table 4-7 below we have calculated, using PPG as a starting point,²⁰ an estimate of the total need for affordable rented housing in Sutton 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 in Table 4-7 are considered a reasonable basis for understanding and planning for neighbourhood-level affordable housing need.
79. The result of this calculation is a surplus of 3 units per year (or 42 over the plan period). This is initially surprising given the fact that there are currently estimated to be around 20 households in need.

¹⁹ East Cambridgeshire Objectively Assessed Housing Need (October 2016) available at http://cambridgeshire.wpengine.com/wp-content/uploads/2017/12/ECDC_OAN-Update_20-10-2016.pdf

²⁰ Paragraphs 024-026 Reference ID: 2a-026-20140306, at <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>

Table 4-7 Quantity of need for Affordable Housing for rent in Sutton over the Plan period.

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current number of renters in NA	20.0	Neighbourhood level data supplied by ECDC
1.2 Per annum	1.4	1.1 divided by the plan period 2022-2036
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	155.9	MHCLG 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	13.6%	(1.1 + 2.2.1 + 2.2.2) divided by number of households in NA
2.2.1 current number of social renters in NA	199	2011 Census + LA-level % increase (MHCLG, Live Table 100)
2.2.2 current number of private renters on housing benefits	27	Housing benefit caseload May 2018. Pro rata for NA.
2.3 New households unable to rent	21	2.1 * 2.2
2.4 Per annum	1.5	2.3 divided by plan period 2022-2036
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of social/affordable re-lets (including transfers) %	3%	Assumed proportion of stock re-let each year
3.2 Supply of social/affordable re-lets (including transfers)	6.0	3.1 x NA social rented stock (2.2.1)
NET SHORTFALL (OR SURPLUS) OF RENTED UNITS PER ANNUM		
Overall shortfall (or surplus) per annum	-3.0	1.2 + 2.4 - 3.2

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

80. However, what this model is saying is that the estimated quantity of newly arising need each year is likely to be satisfied by turnover in the existing stock. We assume that roughly 3% of the occupants of Sutton's social rented stock will vacate their property in any given year, as they move to a new location, pass away, or cease to become eligible as their income rises. 3% of the existing stock is approximately 6 units of Affordable Housing. We estimate that around 1.5 households will fall into need each year, in addition to 1.4 units required to satisfy current need (which is spread across the Plan period in order to give an annualized figure). So a combined around 3 households need housing per year, while 6 units might be expected to come vacant in the same year, leaving a surplus of 3 per year.
81. An important caveat to this finding is that there are demonstrably households currently in need in Sutton (around 20), and to 'spread them out' over the Plan period suggests that some of them can be accommodated in a few years' time once a sufficient surplus has been built up. While possible, this is not favourable to the individuals involved. In practice, it would be better to frontload any future Affordable Housing provision to meet those needs as soon as possible, leaving newly arising need in future to be met by turnover in the existing stock. Furthermore, there is a clear need for Affordable Housing across East Cambridgeshire as a whole (evidenced in the OAN), and it is reasonable to expect Sutton to satisfy some of that need (whether from local households or those elsewhere in the district).
82. 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 2 bedrooms while the applicant household might require 4 bedrooms, may be located in an inappropriate location, or be otherwise unsuitable.
83. As such, it is recommended that Sutton seeks to deliver 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 (as established in the OAN document) if Sutton's households are already accommodated.

4.5.2 Affordable home ownership

84. Turning now to Affordable Housing providing a route to home ownership, Table 4-8 below estimates the potential demand in Sutton. This model aims to estimate the number of households who can rent but can't buy on the basis of their incomes. It counts households currently living in or expected to enter the private rented sector who are not on housing benefit.
85. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model discounts 25% of these households, assuming a proportion will be renting out of choice. This leaves around 7.5 households per annum who may be interested in affordable home ownership (105 over the plan period).
86. Again, this assumes a rate of turnover in the existing stock will satisfy some need (roughly 1.6 units per year). However, the potential current and future demand is so large as to far exceed supply through turnover, meaning that additional provision is required.

Table 4-8: Estimate of the potential demand for affordable housing for sale in Sutton

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current number of renters in NA	180.4	Census 2011 number of renters x national % increase to 2018
1.2 Percentage renters on housing benefit in LA	15.1%	% of renters in 2018 on housing benefit (based on LA proportion)
1.3 Number of renters on housing benefits in NA	27	1.1 x 1.2
1.4 Current need (households)	114.8	Current renters minus those on HB and minus 25% assumed to rent by choice
1.5 Per annum	8.2	1.4/ plan period
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	155.9	LA household projections for plan period (2018 based) pro rated to NA
2.2 % of households unable to buy but able to rent	8.1%	(Step 1.4 + Step 3.1) divided by number of households in NA estimated in 2020
2.3 Total newly arising need	12.7	2.1 x 2.2
2.4 Total newly arising need per annum	1.0	2.3/ plan period
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of affordable housing	33	Number of shared ownership homes in NA (Census 2011 + new build to 2018/19)
3.2 Supply - intermediate resales	1.6	3.1 x 5% (assume rate of re-sale)
NET SHORTFALL (OR SURPLUS) PER ANNUM		
Shortfall (per annum)	7.5	Shortfall = (Step 1.5 + Step 2.4) – 3.2

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

87. It is important to keep in mind that the households identified in the estimate in Table 4-8 are, by and large, adequately housed in the private rented sector. They do not lack their own housing but would prefer to buy rather than rent.
88. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood plans to meet affordable housing needs in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood plans 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).
89. It is also important to remember that even after the Sutton, or indeed any other, Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than the NP qualifying bodies.
90. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can meet affordable housing need, unless there is a specific policy on the housing supply-side (e.g. the identification of one or more housing exception sites over and above those required by the Local Plan).

4.5.3 Affordable Housing Policies in Sutton

91. The Parish Council may wish to develop policies in relation to the delivery of Affordable Housing within Sutton. East Cambridgeshire's Local Plan policy in relation to Affordable Housing delivery requires 30% of all new homes on sites of 10 dwellings or more to be delivered as Affordable Housing (HOU-3). The policy adds that the mix of tenure and sizes is to be determined according to local circumstances. This policy would apply in Sutton, subject to sites coming forward for development with 10 or more dwellings. Policy SUT-1 allocates a 2.5 ha site (land North of The Brook) for 50 new dwellings. The latter should therefore deliver around 15 AH units. However, this may change as ECDC is currently undertaking a local plan review which is likely to include a new allocation in Sutton.
92. Table 4-9 at the end of this chapter estimates the number of affordable homes likely to come forward based on the overall housing requirement for the NA and the application of affordable housing policies.
93. The neighbourhood group may wish to develop policies on the mix of Affordable Housing delivered in Sutton. It is not the role of the HNA to develop policy, as there are a wider set of factors which apply and need to be considered by the neighbourhood plan. However, the following evidence and considerations may be used as a starting point in the development of policy. On the balance of the evidence in this HNA, AECOM set out a judgement on the starting point for an appropriate tenure mix in Sutton.
 - A. **Evidence of need for Affordable Housing:** AECOM's estimate of the potential demand for affordable home ownership options suggest there may be a need for these homes in Sutton to address the aspirations of households who can rent but can't buy. The estimate further suggests that Sutton has limited long-term need for affordable rented housing. However, 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 20 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.
 - B. **Can Affordable Housing needs be met in full?** The adopted ECLP allocates 50 dwellings in Sutton, however, the ECLP is currently undergoing a review which is likely to result in a new HRF for Sutton as the village is expected to remain a priority area for growth in the emerging plan review. ECDC informed the Parish Council²¹ in November 2018 that the housing requirement for Sutton NA could be around a minimum of 150 dwellings of the period 2017-2036. An HRF of 150 units would provide around 45 AH units (assuming all sites are for 10 or more units) which equates to around 3.2 units per year. This would not meet the of 7.5 dpa need for affordable home ownership tenures estimated herein. Whilst in most cases, Councils will wish to prioritise the delivery of social/affordable rented homes to meet acute needs, the situation may be different in rural areas like Sutton where AH needs may be subject to other considerations.
 - C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Based on the findings of this HNA there is no evidence that this is the case in Sutton. Indeed, there is a strong case to increase the proportion above this mandated minimum.
 - D. **First Homes scheme:** The Government's First Homes scheme (to provide at least 30% discount on new build home prices) requires minimum of 25% of all Affordable Housing secured through developer contributions to be First Home tenures. This may have the effect of displacing other products in any established tenure mix, and will reduce the amount of social or affordable rent if this was proposed to be more than 75% of Affordable Housing.

This 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. That is not the case in East Cambridgeshire.

After the 25% First Homes requirement has been met, the remaining 75% of Affordable Housing units should as a first priority protect the provision for social rent set out in the Local Plan. The remaining units should then be allocated to other tenure products in the relative proportions set out in the Local Plan. In this case, no particular products are specified.
 - E. **Local Plan policy:** East Cambridgeshire's adopted Local Plan does not specify a tenure mix (rented versus ownership tenures) stating that *'the precise mix in terms of tenure and house sizes of affordable housing*

²¹ Source: Sutton Neighbourhood Plan (Made version 30th May 2019), available at <https://www.eastcambs.gov.uk/sites/default/files/Made%20Sutton%20Neighbourhood%20Plan%20May%20202019%20SMALL%20FILE.pdf>

within a scheme will be determined by local circumstances at the time of planning permission, including housing need, development costs and the availability of subsidy'. (HOU-3). Similarly, the OAN does not specify an AH tenure split.

- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site specific level. Viability issues are recognised in the Council's adopted Local Plan and it is acknowledged that this may affect the provision of affordable housing and/or the mix of tenures provided.
 - G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
 - H. **Existing tenure mix in Sutton:** Sutton has a smaller proportion of social renting compared to the wider district and England as a whole indicating a potential under-supply. The parish (and wider District) rate of shared ownership remains at just 1.5% so retains the potential for further growth. Therefore, it is evident that there is a need for affordable home ownership options in the neighbourhood, and a further supply of affordable rents could help accommodate those with acute needs.
 - I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in this area.
 - J. **Wider policy objectives:** the neighbourhood group may wish to take account of broader policy objectives for Sutton and/or the wider District. These could include, but are not restricted to, policies to attract younger households, families or working age people to the Neighbourhood Area. These wider considerations may influence the mix of Affordable Housing provided.
94. On the basis of the consideration above, Table 4-9 below proposes an indicative Affordable Housing tenure mix that might be sought through Neighbourhood Plan policy. Note that we assume, in accordance with current practice, that most Affordable Housing will be brought forward through developer contributions. If the neighbourhood plan is considering delivering Affordable Housing through other means, the national policy requirements reflected here may not apply.
95. The indicative mix is primarily a response to the fact that HRF provided by ECDC for Sutton will go some way towards fulfilling the AH need but is unlikely to fully meet it and there is limited long-term need for affordable rent and potentially a high demand for affordable home ownership products. That said, it is not advisable to limit affordable rented provision entirely in case circumstances change and because there are currently households on the waiting list.
96. The mix proposed includes the 25% First Homes requirement, followed by 20% shared ownership tenures on the basis that double earning LQ households may be able to afford lower share options (e.g. 10-20%). Similarly, 20% Rent-to-buy tenures are proposed to help those on lower than average incomes access home ownership. Whilst the HNA predicts a surplus of AH rented housing, the mix proposes 35% AH for rent to meet the needs of households currently in need in Sutton as soon as possible, leaving newly arising need in future to be met by turnover in the existing stock. Furthermore, there is a clear need for Affordable Housing across East Cambridgeshire as a whole (as evidenced in the OAN), and it is reasonable to expect Sutton to satisfy some of that need (whether from local households or those elsewhere in the district).
97. Where the qualifying body wish to develop policy that requires a different mix to that set out in the Local Plan, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. Liaising with the LPA will be particularly important where the Local Plan tenure split can be expected to be adjusted in light of the latest Government proposals, to ensure that the Neighbourhood Plan's approach in reflecting these changes is in line with the LPA approach. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.
98. AECOM cannot provide guidance on the appropriate share of social/affordable rented homes as this will depend on the level of funding available to housing associations which will determine at what level rents can be set. Registered providers (eg housing associations) may be reluctant to deliver small numbers of homes where there are ongoing management costs involved. For this reason, the proportion of rented homes which can be secured may depend on the willingness of local housing association to maintain and manage small numbers of homes.

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

Tenure	Indicative mix	Considerations and uncertainties
Routes to home ownership, of which	65%	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc
Shared ownership	20%	Proposed changes to the model to allow purchases of 10% share ²² - 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
Affordable Housing for rent, of which	35%	
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

99. Now that the Government's First Homes scheme, requiring 25% of all affordable Housing to be provided as First Homes is formalised, the neighbourhood group will need to take account of how this could impact on affordable housing policies (particularly the tenure mix) in the Neighbourhood Plan. The evidence gathered here suggests that this proposal would not impact on the ability of Sutton to accommodate those with the most acute needs
100. It is recommended that consideration is also given to alternative mechanisms capable of helping to meet local need, where appropriate (i.e. rural/entry-level exception sites or community led housing etc.).

4.6 Conclusions- Tenure and Affordability

Affordability considerations and tenure options

101. Sutton's current tenure mix is characterised by significantly higher rates of home ownership than the wider District and England. Sutton has relatively low levels of renting (compared with District and national averages). The level of shared ownership is relatively small at 1.5% but this is higher than the national average (0.8%). The rates of social and private renting are much lower in Sutton compared to the District and England. Between 2001 and 2011, the parish saw a 190% increase in private renting. This trend points to declining affordability of home ownership, which is borne out in the house price data.
102. Home values have steadily increased over the last ten years, with the result that the average entry-level home now costs just around £67,000 more than it did in 2011. The average price growth rate for all housing in Sutton between 2011 and 2020 was 54%.

²² <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

103. AECOM has estimated the annual income required to afford various tenures of housing in the parish – each of which is explained in detail in appendix A. These thresholds are compared to local incomes to determine which options are the most appropriate for local people going forward. The average household income in Sutton is £49,400, and the lower quartile income (per person) for East Cambridgeshire is £15,717 per year.
104. The analysis shows that a household would need an income comfortably above the average (or a very large deposit) to qualify for a mortgage even for an entry-level home in the parish. Home ownership through the mainstream market is therefore not an option for the majority of local people. FG
105. Private renting is affordable for households on average income with entry level market rents marginally accessible to households with two lower quartile earners. Broadly speaking, anyone earning between £31,760 and £54,000 can afford to rent but not to buy. These households may benefit from affordable home ownership options such as shared ownership, discounted market housing (including the First Homes product), and rent to buy, all of which are found to be suitable in Sutton. To the extent that subsidised discounts above minimum mandated levels can be achieved, this would be beneficial here.
106. The above products bring home ownership within reach of average and just below average earners, but lower earners will still need affordable rented housing.
107. The new First Homes product will provide a minimum discount of 30% on new homes. New build prices are not available at the neighbourhood level because the number of transactions is too low. However, median average prices provide a reasonable proxy for the price of new homes. In Sutton, a 30% discount on average prices would be sufficient to extend home ownership to households on average incomes. This suggests the new First Homes product would be a valuable addition to the dwelling mix in the parish. Whilst 40-50% discounted First Homes will widen access to households with incomes below average, a 50% discount would still be insufficient for households with two lower earners.
108. The evidence summarised above is derived from calculations using overall or entry-level average house prices. Such averages naturally disguise a variety of possibilities, and it remains plausible that smaller homes, particularly flats, could be delivered at price levels that would be affordable to lower earners in Sutton. Equally, if mainly large luxury homes come forward, these findings may be overly optimistic.

Quantity of Affordable Housing needed

109. This HNA estimates a 3 dpa surplus of AH for rent and a shortfall of 7.5 dpa AH for sale in Sutton over the plan period 2022-2036. This suggests that in an ideal situation, unconstrained by the expected quantity of new development overall, all new AH provision should be for sale. However, given the HRF and AH plan policies are unlikely to provide sufficient AH in Sutton a mix of 65% AH for sale and 35% AH for rent is proposed herein. The mix proposed includes the 25% First Homes requirement, followed by 20% shared ownership tenures on the basis that double earning LQ households may be able to afford lower share options (e.g. 10-20%). Similarly, 20% Rent-to-buy tenures are proposed to help those on lower than average incomes access home ownership. Whilst the HNA predicts a surplus of AH rented housing, the mix proposes 35% AH for rent to meet the needs of households currently in need in Sutton as soon as possible, leaving newly arising need in future to be met by turnover in the existing stock. Furthermore, there is a clear need for Affordable Housing across East Cambridgeshire as a whole (as evidenced in the OAN), and it is reasonable to expect Sutton to satisfy some of that need (whether from local households or those elsewhere in the district).
110. Table 4-10 below summarises Sutton'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 each of the tenure mixes proposed in this HNA were rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the 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 Sutton

	Step in Estimation	Delivery expectation
A	Provisional capacity figure	150
B	Affordable housing quota (%) in LPA's Local Plan	30%
C	Potential total Affordable Housing in NA (A x B)	45
D	Rented % (e.g. social/ affordable rented)	35%
E	Rented number (C x D)	15.8
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	65%
G	Affordable home ownership number (C x F)	29.3

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

111. Based on a HRF of 150, Table 4-10 shows the expected delivery of AH for sale would be around 29 units which represents only about a third of the HNA calculated need of around 91 units (7.5/annum) over the plan period. It is recommended that the policy requirement be met wherever possible, and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites) to be explored. It is not recommended that the Local Plan policy requirement be exceeded in the neighbourhood plan because such steps are rarely accepted by planning inspectors on the grounds 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, furthermore, 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.
112. 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, and implemented by the LPA. 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 tried and tested ways of boosting the supply of affordable housing above the minima indicated by Local Plan policy.

5. RQ 2: Type and Size

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

5.1 Introduction

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

5.2 Existing types and sizes

5.2.1 Background and definitions

115. Before beginning our consideration of dwelling type and size, it is important to understand how different types of households occupy their homes. Crucially, and unsurprisingly, household 'consumption' of housing (in terms of housing size) tends to increase alongside wages, with the highest earning households consuming relatively more (i.e. larger) housing than those on lower incomes. Similarly, housing consumption tends to increase, alongside wealth, income, and age, such that older households tend to have larger homes than younger households, often as a result of cost and affordability.
116. In this context, even smaller households (those with fewer than three inhabitants) may be able to choose to live in larger homes than they require, and would be defined in Census terms as under-occupying their homes. This is a natural feature of the housing market, and can distort considerations of future housing needs, with market dynamics and signals giving a very different picture to demographics, household type and size.
117. In order to understand the terminology surrounding dwelling size analysis, it is important to note that the number of rooms recorded in Census data excludes some rooms such as bathrooms, toilets and halls. Dwelling size data is collected by determining the number of rooms being occupied by each household. In the section that follows, 'dwelling sizes' can be translated as follows²³:
- 1 room = bedsit
 - 2 rooms = flat/house with one bedroom and a reception room/kitchen
 - 3 rooms = flat/house 1-2 bedrooms and one reception room and/or kitchen
 - 4 rooms = flat/house with 2 bedroom, one reception room and one kitchen
 - 5 rooms = flat/house with 3 bedrooms, one reception room and one kitchen
 - 6 rooms = house with 3 bedrooms and 2 reception rooms and a kitchen, or 4 bedrooms and one reception room and a kitchen
 - 7+ rooms = house with 4 or more bedrooms
118. It is also useful to clarify the Census terminology around dwellings and household spaces. These can be confusing where different terminologies such as flats, apartments, shared and communal dwellings, and houses in multiple occupation, are used. Dwellings are counted in the Census by combining address information with Census returns on whether people's accommodation is self-contained.²⁴ As such, all dwellings are classified into either "shared" or "unshared" dwellings. Household spaces make up the individual accommodation units forming part of a shared dwelling.

²³ At <https://www.nomisweb.co.uk/census/2011/qs407ew>

²⁴ At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

119. The key measure of whether a dwelling is shared or unshared relates to the Census' definition of a household. A household is defined as "One person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area."²⁵ On this basis, where unrelated residents of a dwelling share rooms other than a kitchen, this would be considered a single household in an unshared dwelling, whilst where only a kitchen is shared, each resident would be considered their own household, and the dwelling would be considered shared.

5.2.2 Dwelling type

120. The 2011 Census shows that there were 1,641 households in Sutton, living in 759 detached houses, 569 semi-detached, 292 terraced houses, and 51 flats. Compared with East Cambridgeshire, Sutton is characterised by a larger proportion of Detached and semi-detached homes and a much smaller proportion of flats (see Table 5-1 below).

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

Dwelling type		Sutton	East Cambridgeshire	England
Whole house or bungalow	Detached	45.3%	42.4%	22.4%
	Semi-detached	33.9%	31.8%	31.2%
	Terraced	17.4%	17.6%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	2.1%	5.7%	16.4%
	Parts of a converted or shared house	0.5%	1.1%	3.8%
	In commercial building	0.5%	0.6%	1.0%

Source: ONS 2011, AECOM Calculations

5.2.3 Dwelling size

121. Table 5-2 below sets out the distribution of the number of rooms by household space. The housing stock in Sutton is characterised by prevalence of medium sized homes (5-6 rooms) with these constituting 45% of the stock, which is higher than the corresponding proportion of these in the wider District (41%). Smaller properties (up to 4 rooms) form 19% of the stock in Sutton, lower than the equivalent level in the District (25%). Larger properties (7+ rooms) represent 35% of stock in Sutton compared to 33% in East Cambridgeshire as a whole. Overall, the housing stock in Sutton contains a higher proportion of medium and large homes and fewer smaller properties when compared to the wider District.

²⁵ Ibid.

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

Number of Rooms	2011	2011
	Sutton	East Cambridgeshire
1 Room	0.0%	0.2%
2 Rooms	1.1%	1.4%
3 Rooms	4.1%	6.3%
4 Rooms	13.9%	17.1%
5 Rooms	24.2%	22.3%
6 Rooms	21.0%	19.3%
7 Rooms	13.0%	12.1%
8 Rooms or more	11.6%	9.6%
9 Rooms or more	11.0%	11.6%

Source: ONS 2011, AECOM Calculations

122. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses (Table 5-3). The main change observed is the growth of larger properties (7+ rooms) and medium properties (5-6 rooms). The former grew by 56% in Sutton compared with 69% in wider District and 48% in England and the latter grew by 46% compared with only 16% in the wider District and only 2% in England. The substantial percentage changes overserved in the 1 and 2 room properties are based on very few actual numbers in reality (1 room units changed from 3 to zero and 2 room units increased from 8 to 18). Overall, the trend, in terms of number of dwellings are the increase in 6 room dwellings (up by 107 units) and 8+ room properties (up by 93 units).

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

Number of Rooms	Sutton	East Cambridgeshire	England
1 Room	-100.0%	-36.8%	-5.2%
2 Rooms	125.0%	42.2%	24.2%
3 Rooms	23.6%	21.2%	20.4%
4 Rooms	26.7%	4.4%	3.5%
5 Rooms	1.3%	2.2%	-1.8%
6 Rooms	45.1%	15.4%	2.1%
7 Rooms	22.3%	29.0%	17.9%
8 Rooms or more	33.3%	40.3%	29.8%

Source: ONS 2001-2011, AECOM Calculations

123. Returning to the 2011 Census data, it is also useful to compare the figures for number of rooms with figures for the number of bedrooms for each household. Table 5-4 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that 3 bedroom homes form the largest proportion of housing stock in Sutton (44%) which also the case in wider District (40%) and England (41%). The next largest category in Sutton is 4 bedroom homes (24%) which is higher than the corresponding proportion in the District (20%) and England (14%). By contrast small properties of 1 and 2 bedrooms are underrepresented in Sutton (5% and 22% respectively) compared to the District (7% and 26%) and England (12% and 28%).

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

Bedrooms	Sutton		East Cambs.		England	
All categories: no. of bedrooms	1,641	100.0%	34,614	100.0%	22,063,368	100.0%
No. bedrooms	1	0.1%	48	0.1%	54,938	0.2%
1 bedroom	79	4.8%	2,514	7.3%	2,593,893	11.8%
2 bedrooms	369	22.5%	9,103	26.3%	6,145,083	27.9%
3 bedrooms	723	44.1%	13,887	40.1%	9,088,213	41.2%
4 bedrooms	391	23.8%	6,918	20.0%	3,166,531	14.4%
5 or more bedrooms	78	4.8%	2,144	6.2%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

124. LPA Annual Monitoring data²⁶ shows the sizes of dwellings developed in East Cambridgeshire since the 2011 Census. It reveals that 3 bedroom properties represent the largest proportion new housing in the District (32%) closely followed by 4 bedroom plus properties (30%). The next largest size is 2 bedroom dwellings (Table 5-5). This shows that the delivery since 2011 has helped diversify the housing stock in the East Cambridgeshire by reducing the imbalance somewhat, particularly with regards to adding more 1 bedroom dwellings.

Table 5-5 Gross completions by dwelling size 2011-2020

Number of Bedroom	East Cambridgeshire
1 Bed	8.93%
2 Bed	27.04%
3 Beds	32.24%
4+ Beds	30.35%
Other (unknown Beds)	1.43%

Source: ECDC Annual monitoring report 2019-20

5.3 Household composition and age structure

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

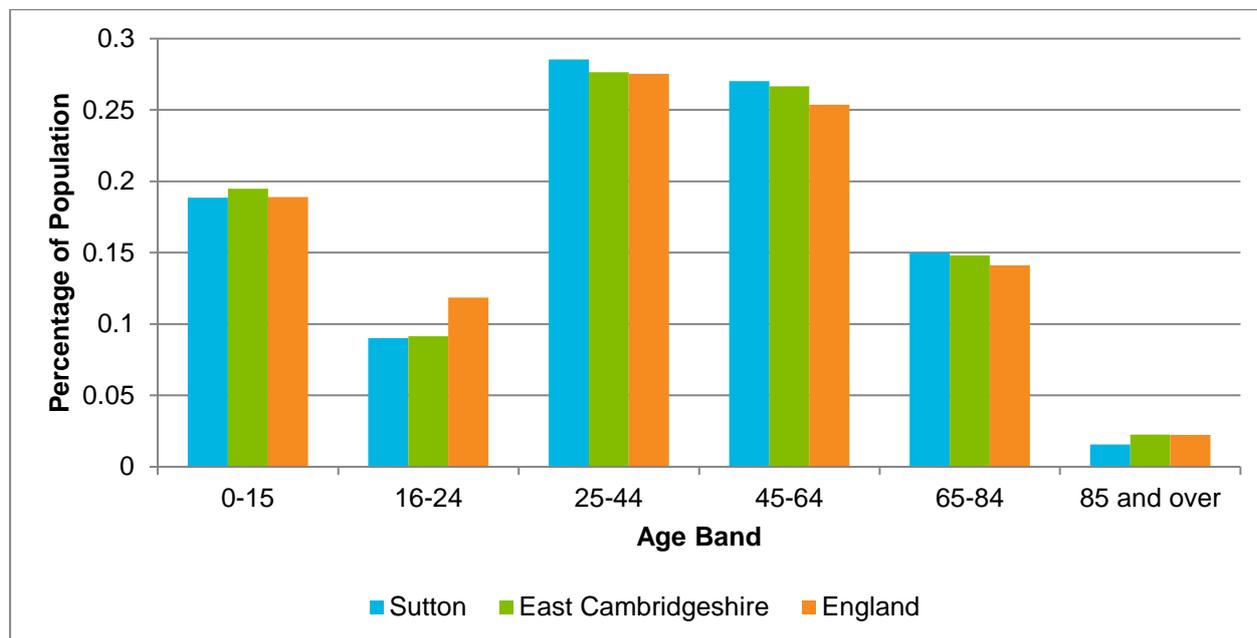
5.3.1 Age structure

126. The 2011 Census data reveals (Figure 5-1) that the parish population profile was similar to that of the wider District with the 25-44 (29%) and 45-64 cohorts (27%) forming the largest groups, followed by the 0-15 cohort (19%). The 65 plus

²⁶ Available at <https://www.eastcambs.gov.uk/sites/default/files/AMR%202020%20-Final%20VersionAC.pdf>

age groups constitute 17% of the total. Notably, the 16-24 cohort is underrepresented in Sutton and the wider district (9%) when compared with England as a whole (12%). Conversely, the 45-65 (29%) and 65-84 (15%) age groups are somewhat overrepresented in Sutton when compared to the national average (25% and 14% respectively).

Figure 5-1: Age structure in Sutton, 2011



Source: ONS 2011, AECOM Calculations

127. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001 Sutton’s population grew by 17.5% with the biggest increases observed in the older age groups; the 65-84 (37.3%) and 85 plus (21.6%). The former cohort grew at almost twice the rate observed for the wider District and 4 times that at national level. In contrast the 16-24 cohort grew by 10% - significantly less than the corresponding rate for East Cambridgeshire and England. Also of note, is the growth of the 25-44 cohort which increased by 12.9% which is significantly more than the corresponding rate for the District (8.1%) and England (1.4%) (see Table 5-4 below).

Table 5-4: Rate of change in the age structure of Sutton population, 2001-2011

Age group	Sutton	East Cambridgeshire	England
0-15	11.9%	12.1%	1.2%
16-24	10.2%	15.8%	17.2%
25-44	12.9%	8.1%	1.4%
45-64	19.7%	20.3%	15.2%
65-84	37.3%	17.4%	9.1%
85 and over	21.6%	31.7%	23.7%

Source: ONS 2001-2011, AECOM Calculations

5.3.2 Household composition

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

129. In assessing Census data on household composition (Table 5-7), we note the following observations:

- The largest percentage of households in Sutton are families with dependent children (28.5%). There is a relatively high percentage of couples with no children (24.3%) and a relatively low percentage of families with non-dependent children.
- Compared to East Cambridgeshire, there is a smaller percentage of older (65 plus) one person households in Sutton (10.2%) but the percentage of 65 plus family households (10.6%) is slightly higher than the corresponding percentage for the District (9.5%).
- Compared to East Cambridgeshire, Sutton has a smaller percentage of one person households.

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

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

Household composition		Sutton	East Cambridgeshire	England
One person household	Total	23.6%	25.7%	30.2%
	Aged 65 and over	10.2%	11.9%	12.4%
	Other	13.3%	13.8%	17.9%
One family only	Total	71.5%	69.0%	61.8%
	All aged 65 and over	10.6%	9.5%	8.1%
	With no children	24.3%	22.6%	17.6%
	With dependent children	28.5%	28.1%	26.5%
	All children Non-Dependent ²⁷	8.1%	8.7%	9.6%
Other household types	Total	4.9%	5.3%	8.0%

Source: ONS 2011, AECOM Calculations

131. Again, it is relevant to consider rates of change in this indicator during the period between Censuses (Table 5-8). Between 2001 and 2011, the main changes in household composition were as follows:

- The percentage of one person households grew by 49.4%, over double the corresponding rate observed at District level and 6 times that at national level. Within this category, the percentage of older households increased by 15.9% and 'Other' households increased by 92.1%, both of which are substantially higher than the levels observed at District and national levels.
- The percentage of older couples (aged 65 and over) increased by 19.2% while the percentage of households (younger couples) without children increased by 17.4%.
- Households with non-dependent children declined by 7.6% over the period, in contrast with the increases seen at District (12.9%) and national (10.6%) levels.
- Households with dependent children increased by 26.1% over the time period, which is greater than the increases observed in both of the wider geographies.
- Finally, the percentage of 'Other' household types increased by 20.9%, which is a greater percentage increase at District level but smaller than that observed nationally.

²⁷ Refers to households containing children who are older than 18 e.g. students or young working people living at home.

Table 5-6: Rates of change in household composition, Sutton, 2001-2011

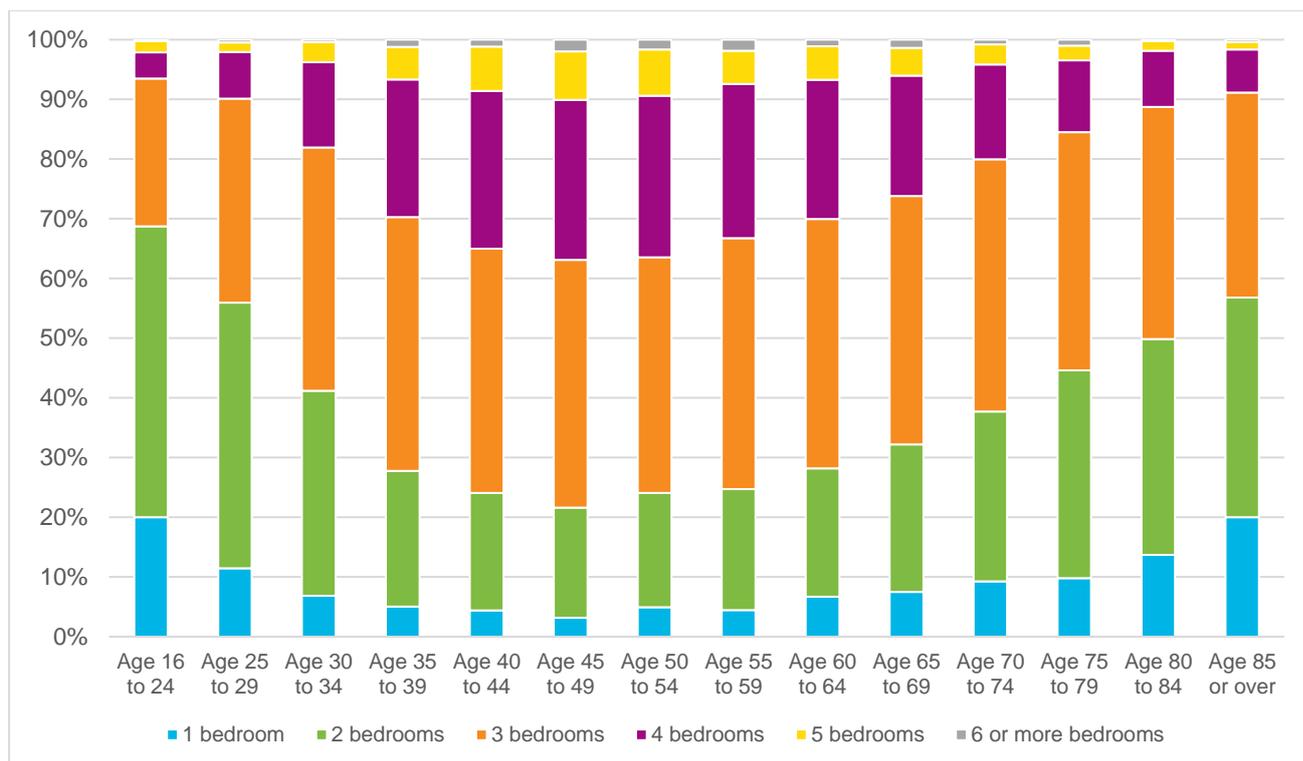
Household type		Percentage change, 2001-2011		
		Sutton	East Cambridgeshire	England
One person household	Total	49.4%	23.2%	8.4%
	Aged 65 and over	15.9%	2.3%	-7.3%
	Other	92.1%	49.5%	22.7%
One family only	Total	17.3%	14.0%	5.4%
	All aged 65 and over	19.2%	4.6%	-2.0%
	With no children	17.4%	12.6%	7.1%
	With dependent children	26.1%	19.1%	5.0%
	All children non-dependent	-7.6%	12.9%	10.6%
Other household types	Total	20.9%	14.4%	28.9%

Source: ONS 2001-2011, AECOM Calculations

5.4 Dwelling mix determined by life-stage modelling

132. Recognising the fact that households of different ages may have different housing needs, the housing mix needed to meet demographic change by the end of the Plan period is estimated by an approach based on current occupation patterns – that is, the propensity of households of different ages to occupy different types of accommodation – will persist into the future. For example, projected growth in households aged under 24 will lead to an increase in the need for the type of housing currently occupied by households of that age.
133. It is important to keep in mind that this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the propensity of households to occupy more or less space than they ‘need’. This approach also embeds existing patterns of occupancy which may or may not be desirable. This is particularly important to keep in mind in areas where housing affordability has worsened because it means that many households are forced to occupy less space than they need or want.
134. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for ‘head of household’) is available at neighbourhood level. For this reason, LA-level data needs to be used as the closest proxy.
135. Figure below sets out the relationship in the 2011 Census at East Cambridgeshire level between the age of the HRP and the size of dwelling occupied. This provides the starting point for determining the most appropriate dwelling size mix by the end of the Neighbourhood Plan period. The data shows that 3 bedroom homes are favoured by all age groups except the younger age groups (16-24 and 25-29) and the oldest age group (85 plus), which favour 2 bedroom properties. The next most popular category is 4 bedroom dwellings and this is favoured by the groups spanning ages 35 to 64. As for 1 bedroom homes these are generally less popular and more favoured by the youngest (16-24) and oldest (85 plus) age groups.

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



Source: ONS 2011, AECOM Calculations

136. Household projections provided by MHCLG are then used to understand the future distribution of households by the age of the HRP. Again, this data is only available at the Local Authority level and for the years 2018 and 2043. Therefore, the distribution of households by the age of the HRP would be in 2036, i.e. the end of the Neighbourhood Plan period, is estimated (red in the table). The data is presented in Table 5-7 below.

Table 5-7: Projected distribution of households by age of HRP, East Cambridgeshire

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	800	4,637	13,770	6,075	9,332
2018	744	3,909	14,481	6,446	11,521
2036	745	4,108	13,473	6,988	15,999
2043	746	4,186	13,081	7,199	17,741

Source(s): MHCLG 2018-based household projections, ONS 2011, AECOM Calculations

137. It is then necessary to extrapolate from this Local Authority-level data an estimate of the corresponding change in the age structure of the population in Sutton. To do so, the percentage increase expected for each group across East Cambridgeshire, derived from the data presented above was mapped to the population of Sutton. The results of this calculation are detailed in Table 5-8 below. It is evident that the projected population growth is exclusively driven by the 55 and over age groups with all the younger age groups declining.

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

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	31	222	681	297	410
2018	29	187	716	315	506
2036	29	197	666	342	703
% change 2011-end of Plan period	-7%	-11%	-2%	15%	71%

Source: AECOM Calculations

138. Finally, having established the likelihood shown by households at different life-stages towards dwellings of different sizes in Figure , and the approximate number of households in East Cambridgeshire and Sutton falling into each of these stages by the end of the Plan period in 2036, it is possible to estimate how the housing stock might evolve in terms of size over the Neighbourhood Plan period in response to demographic change (see Table 5-9 below).
139. The table takes in turn each projected age group in 2036, estimating how many of the households in that age bracket will want or need to occupy each size of dwelling. This is repeated for each age bracket and added together to arrive at an estimation of what proportion of each size of dwelling will be required overall.

Table 5-9: Ideal dwelling size distribution in Sutton by the end of the Plan period, based on modelled household life-stages (totals may not sum due to rounding)

Size	Age of HRP 16 to 24	Age of HRP under 35	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total households requiring dwelling sizes
Households 1,936	29	197	666	342	703	-
1 bedroom	6	17	29	19	80	151
2 bedrooms	14	75	133	71	220	514
3 bedrooms	7	75	274	143	280	779
4 bedrooms	1	23	172	84	97	377
5+ bedrooms	1	6	58	24	26	115

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

140. It is now possible to compare the 2011 housing mix in terms of size with the projected requirement based on the estimates set out in Table 5-9 above, modelling the change in the age structure of the population in Sutton.
141. Table 5-10 below indicates that, by 2036, the size distribution of dwellings should be as follows: 3 bedroom homes should still dominate but at lower proportion of the overall mix at 40%. The next most prevalent would be 2 bedroom properties increasing to make up 26.5% of total mix. This would be followed by 4 bedroom properties at a reduced share of the total (19.5%). One bedroom properties rise to just under 8%, a substantial increase from the 2011 base. A slight increase in larger, 5 or more, bedroom properties is also warranted by the end of the plan period.

Table 5-10: 2011 housing sizes compared to ideal distribution at end of Plan period, Sutton

Number of bedrooms	2011		2036	
1 bedroom	79	4.8%	151	7.8%
2 bedrooms	369	22.5%	514	26.5%
3 bedrooms	723	44.1%	779	40.2%
4 bedrooms	391	23.8%	377	19.5%
5 or more bedrooms	78	4.8%	115	6.0%
Total households	1,641	100.0%	1,936	100.0%

Source: Census 2011, AECOM Calculations

142. Table 5-11 below sets out the estimated misalignment between future demand for housing, based on the modelled preferences of households at different life-stages, and the current stock available in the Neighbourhood Plan area.

Table 5-11: Future potential misalignments of supply and demand for housing, Sutton

Number of bedrooms	2011	2036	Change to housing mix	Recommended Split
1 bedroom	79	151	72	23.1%
2 bedrooms	369	514	145	46.7%
3 bedrooms	723	779	56	18.1%
4 bedrooms	391	377	-14	0.0%
5 or more bedrooms	78	115	37	12.1%

Source: AECOM Calculations

143. The result of this life-stage modelling exercise is to suggest that, in terms of demographic change, new development might involve the following share of dwelling sizes: 23% as 1 bedroom, 47% as two bedrooms, 18% as three bedrooms, 0% as four bedrooms and 12% as 5 or more bedrooms.
144. Note that the change to the housing mix given above for 4 bedroom dwellings is a negative number. Because in light of the national and local housing shortage, it is rarely advisable or practicable to remove dwellings from the available stock, as would otherwise be suggested here for dwellings with 4 bedrooms, we have instead set the recommended split at 0% rather than a negative number, and rebalanced the other sizes as percentages of the additional dwellings they represent in total. In other words, the interim results of the life-stage modelling suggest that there will be no need for further 4 bedroom dwellings over the Neighbourhood Plan period. It is important to stress that there may be other good reasons to provide a particular size or type of dwelling in the NA, for example the need to improve the mix of homes in a particular location, improving choice or meeting needs in the wider housing market area.
145. Note that only the percentage mix in the right-hand column is relevant to the purposes of this HNA and the neighbourhood planning process. The actual numbers of dwellings required to adjust the size mix do not reflect that actual quantity of housing needed in the NA and are simply a step in the calculation necessary to produce a percentage split. As a general point, this dwelling mix in percentage terms stands alone from the overall quantity of housing needed or allocated over the Plan period, and could equally apply to windfall development, allocations beyond the plan period, or any other source of housing supply.

5.5 SHMA findings

146. The OAN does not forecast housing types needed referring instead to the Cambridgeshire SHMA 2013. The latter based its forecast on the 2001 Census and existing stock at the time. It forecast that the biggest need (up to 2031) would be for 49% of 4-5 room dwellings (i.e. 2-3 bedroom properties) and 37% larger properties of 4 and 5 or more bedrooms. In terms smaller dwellings, the SHMA forecast a need of 13%, 1-2 bedroom dwellings.

5.6 Conclusions- Type and Size

147. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any Local Authority strategies or plans) and site specific factors which may justify a particular dwelling mix.
148. In terms of dwelling types, the 2011 Census shows that there were 1,641 households in Sutton, living in 759 detached houses, 569 semi-detached, 292 terraced houses, and 51 flats. Compared with East Cambridgeshire, Sutton is characterised by a relatively high proportion of detached and semi-detached homes and a much smaller proportion of flats.
149. Overall, the housing stock in Sutton contains a higher proportion of medium and large homes and fewer smaller properties when compared to the wider District. The most prevalent are 5 room followed by 6 room and 7 room dwellings. The least common dwellings in Sutton are smaller 2-3 room dwellings.
150. The 2011 Census data reveals that Sutton has a similar demographic profile to the rest of District with the 25-44 and 45-64 cohorts forming the largest proportion of the population, followed by the 0-15 age group. The 16-24 cohort is underrepresented in Sutton and the District compared to England as a whole. Some of those residents in the age group have entered older groups since the last Census. Some of those residents in the middle-aged and older cohorts at the time of the census would have entered into the older age groups (65+) now, and may have different housing needs through the plan period, potentially engendering additional demand for downsizing and accessible housing.
151. This is further supported by studying the changes in the population of older age groups between 2001-2011. During this period, the proportion of people between the ages of 65-84 increased by 37.3%, which is twice the rate of at which this age group grew at District level and four times the rate seen at national level.
152. The results of a life-stage modelling exercise, which looks at the sizes of dwelling occupied by different age groups and projects the growth and decline of those age groups over the Plan period in order to understand what should be built, suggests that new development might benefit from a focus on smaller sized dwellings, particularly 2 bedroom properties. These are predicted to be increasingly in demand towards the end of the plan period to meet the needs of the growing 65+ cohort. Smaller properties would also serve to provide entry level, cheaper options suited to younger residents.
153. Based on the predicted demographic change, new development might involve the following share of dwelling sizes: 23% as 1 bedroom, 47% as two bedrooms, 18% as three bedrooms, 0% as four bedrooms and 12% as 5 or more bedrooms.
154. It is important to caveat this finding by stating that the suggested size mix is the product of a modelling exercise that relies on existing data, assumptions, and existing patterns or 'trends'. It should be used with a degree of caution, and it should be combined with more qualitative evidence regarding local residents' needs and the community's larger goals.

6. Conclusions

6.1 Overview

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

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

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Quantity of affordable housing to plan for	<p>Using the East Cambridgeshire OAN as a starting point and prorating the District’s AH need to Sutton a figure of 6 affordable homes per annum is derived equating to 84 homes over the Neighbourhood Plan period (2022-2036).</p> <p>The AH for rent model used produces a surplus of 3 units per year (or 42 over the plan period) indicating that the estimated quantity of newly arising need each year is likely to be satisfied by turnover in the existing stock. The AECOM model for AH for sale calculates a need of 7.5 affordable home ownership tenures per year (105 over the plan period). This suggest there may be a need for these homes in Sutton to address the aspirations of households who can rent but can’t buy. The modelling suggest that Sutton has limited long-term need for affordable rented housing. However, there are currently households in need in Sutton as evidenced by the AH waiting list. Therefore, it would be prudent to frontload any future AH provision to meet those needs as soon as possible and Sutton should seek to deliver some affordable rented housing, particularly early in the Plan period.</p> <p>The parish (and wider District’s) rate of shared ownership grew by 300% in the intercensal period and is almost twice national average for England but remains at just 1.5%. Therefore, it is evident that there is a need for affordable home ownership options in the neighbourhood, and a further supply of affordable rents could help accommodate those with acute needs.</p> <p>The Local Plan’s AH policies and the HRF of 150 are likely to deliver around 50 AH units which (2.6 dpa). This would not meet the 7.5 dpa need for affordable home ownership tenures.</p> <p>On the basis of the above considerations an indicative AH tenure mix of 65% AH ownership tenures and 35% AH for rent, is proposed. This based the fact that HRF provided by ECDC for Sutton will not meet the AH, there is limited long-term need for affordable rent and potentially a high demand for affordable home ownership products. It is suggested that the AH ownership tenures comprise 25% First Homes, 20% shared ownership and 20% rent-to-buy tenures.</p>	<p>The HNA estimates there is a surplus of 3 affordable homes for rent per year and a shortfall of 7.5 AH for sale per years in Sutton.</p> <p>Based on the HRF and the ECDC Local Plan AH polices around 45 AH are likely to be delivered over the plan period which will not meet the calculated demand for 105 AH for sale.</p> <p>The HNA proposes an indicative mix of 65% AH for sale and 35% AH for rent. The AH for sale portion is comprised of 25% First Homes, 20% Shared Ownership and 20% rent-to-buy tenures.</p>

<p>Housing tenure and affordability</p>	<p>Sutton’s current tenure mix is characterised high rates of home ownership with relatively low levels of renting (compared with District and national averages). The level of shared ownership is relatively small at 1.5% but higher than the national average (0.8%). Between 2001 and 2011, the parish saw a 190% increase in private renting. This trend points to declining affordability of home ownership, which is borne out in the house price data.</p> <p>Average price growth rate for all housing in Sutton grew by 54% between 2011 and 2020 was 54%.</p> <p>The average household income in Sutton is £49,400, and the lower quartile income (per person) for East Cambridgeshire is £15,717 per year. The affordability threshold analysis shows that a household would need an income comfortably above the average (or a very large deposit) to qualify for a mortgage even for an entry-level home in the parish. Home ownership through the mainstream market is therefore not an option for the majority of local people.</p> <p>Private renting is affordable for households on average income with entry level market rents only marginally affordable to households with two lower quartile earners. Broadly speaking, anyone earning between £31,760 and £54,000 can afford to rent but not to buy. These households may benefit from affordable home ownership options such as shared ownership, discounted market housing (including the First Homes product), and rent to buy, all of which are found to be suitable in Sutton. To the extent that subsidised discounts above minimum mandated levels can be achieved, this would be beneficial here. Whilst intermediate ownership products bring home ownership within reach of average and just below average earners, lower earners will still need affordable rented housing.</p> <p>Intermediate ownership tenures discounted by 30%-50% are affordable to average income households. However, even the 25% shared ownership route is beyond the affordability threshold for LQ earning households. Ownership share tenures of less than 25% (e.g. 20%) would be affordable to double earning LQ households. For single earning LQ households, 10% shared ownership tenures maybe be appropriate.</p> <p>The income required to access rent to buy is assumed to be the same as that required to afford market rents. At just under £32,000 for an entry-level home (though the new build premium might result in higher rents in practice), this is more affordable than discounted market housing or shared ownership.</p> <p>Local Authorities and neighbourhood plans will have discretion to increase the discount on First Homes to 40% or 50%. Although the discount and the evidence supporting it would be undertaken at district-wide level. The evidence presented in this HNA may be helpful in advancing that discussion. The HNA suggests that while 30% discounts are theoretically sufficient to serve average earning households, this is only just true (with a margin of error of a few hundred pounds). A 40% discount level would ensure that average earning households are genuinely able to afford the</p>	<p>The housing stock in Sutton is dominated by the owner-occupied sector with a smaller rented sector compared to the wider District. The rate of private renting increased substantially in the intercensal period accompanied by an increase in property prices indicating declining affordability.</p> <p>Average market sales are unaffordable to households earning average incomes. Whilst private rents are unaffordable to double LQ income households who can marginally afford entry level rents.</p> <p>Discounted market housing including First Homes provide affordable ownership options in the parish for those on average and just below average incomes.</p> <p>Lower share of ownership such as 10 and 20% may be affordable to households on below average incomes including double earning LQ (20%) and single LQ earners (10%). Rent-to-buy would also offer an affordable route to home ownership in Sutton, which is likely to be more affordable than discounted market housing and shared ownership tenures.</p> <p>The HNA suggests a 40% discount level for First Homes would ensure that average earning households are genuinely able to afford the product and could potentially widen access to those on slightly lower than average incomes.</p>
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Issue	Summary of evidence and data assessed	Conclusions and recommendations
	<p>product and could potentially widen access to those on slightly lower than average incomes.</p>	
<p>Housing type and size</p>	<p>Compared with East Cambridgeshire, Sutton housing stock is characterised by a relatively high proportion of detached and semi-detached homes and a much smaller proportion of flats. There is a higher proportion of medium and large homes and fewer smaller properties when compared to the wider District. The most prevalent properties are 5 room followed by 6 room and 7 room dwellings. The least common dwellings in Sutton are smaller 2-3 room ones.</p> <p>The 2011 Census data reveals that Sutton has a similar demographic profile to the rest of District with the 25-44 and 45-64 cohorts forming the largest proportion of the population, followed by the 0-15 age group. The 16-24 age group is underrepresented in Sutton and the District compared to England as a whole. Some of those residents in the age group have entered older groups since the last Census. Some of those residents in the middle-aged and older cohorts at the time of the census would have entered into the older age groups (65+) now, and may have different housing needs through the plan period, potentially engendering additional demand for downsizing and accessible housing. This is further supported by studying the changes in the population of older age groups between 2001-2011. During this period, the proportion of people between the ages of 65-84 increased by 37.3%; which is twice the rate of at which this age group grew at District level and four times the rate seen at national level.</p> <p>The results of a life-stage modelling exercise, which looks at the sizes of dwelling occupied by different age groups and projects the growth and decline of those age groups over the Plan period in order to understand what should be built, suggests that new development might benefit from a focus on smaller sized dwellings, particularly 2 bedroom properties. These are predicted to be increasingly in demand towards the end of the plan period to meet the needs of the growing 65+ cohort. Smaller properties would also serve to provide entry level, cheaper tenures suited to younger residents and young families.</p> <p>New development might involve the following share of dwelling sizes: 23% as 1 bedroom, 47% as two bedrooms, 18% as three bedrooms, 0% as four bedrooms and 12% as 5 or more bedrooms.</p>	<p>Sutton's housing stock is dominated by medium to large detached and semi-detached properties with a smaller proportion (compared to District and England) of smaller 2-3 room properties.</p> <p>Demographically, the parish has an increasingly ageing population, with a rapidly growing 65+ age group. The HNA modelling suggests that new development should focus on smaller 2 bedroom properties. These are predicted to be increasingly in demand towards the end of the plan period to meet the needs of the growing 65+ cohort. Smaller properties would also serve to provide entry level, more affordable dwellings suited to younger residents and young families.</p> <p>The following dwelling size mix is recommended: 23% as 1 bedroom, 47% as two bedrooms, 18% as three bedrooms, 0% as four bedrooms and 12% as 5 or more bedrooms.</p>

6.2 Recommendations for next steps

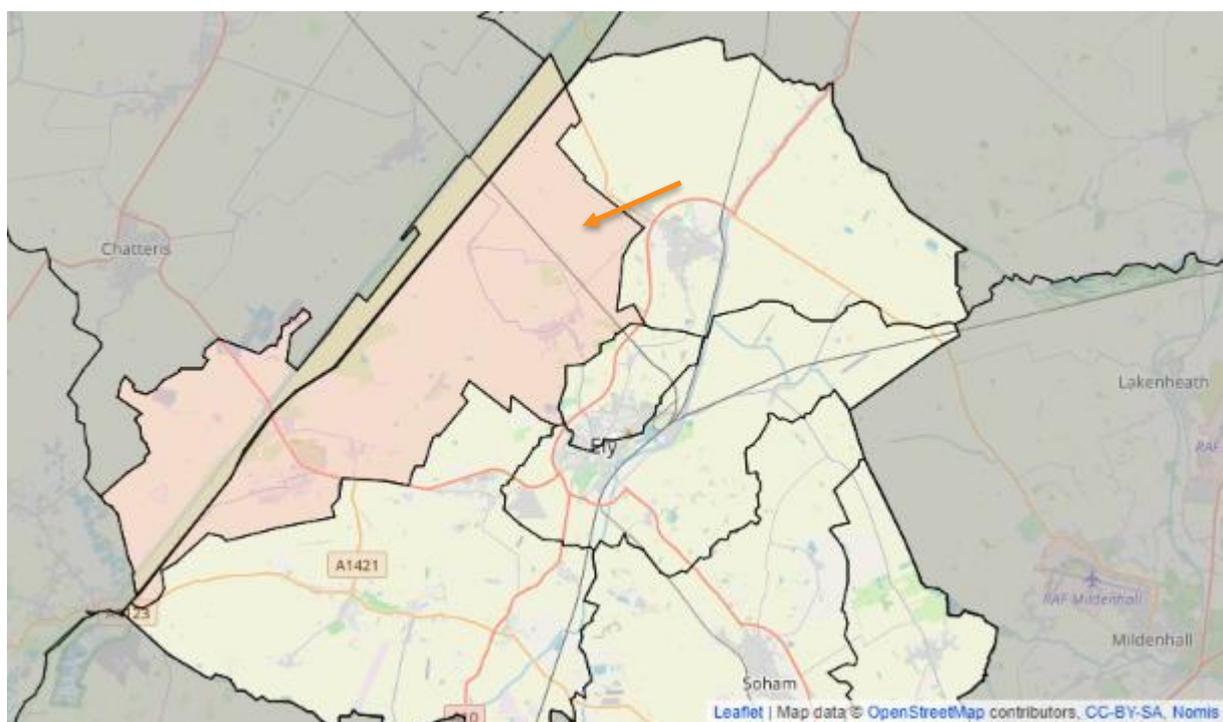
156. This Neighbourhood Plan housing needs assessment aims to provide Sutton with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that the Parish Council should, as a next step, discuss the contents and conclusions with East Cambridgeshire District Council with a view to agreeing and formulating draft housing policies, bearing the following in mind:
- All Neighbourhood Planning Basic Conditions, but in particular the following: Condition A, namely that the Neighbourhood Plan has regard to national policies and advice contained in guidance issued by the Secretary of State; Condition D, that the making of the Neighbourhood Plan contributes to the achievement of sustainable development; and Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;
 - The views of ECDC – in particular in relation to the quantity of housing that should be planned for;
 - The views of local residents;
 - The views of other relevant local stakeholders, including housing developers and estate agents;
 - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by ECDC, including but not limited to the Strategic Housing Land Availability Assessment (SHLAA) and Objectively Assessed Housing Need 2016 (OAN);
 - The recommendations and findings of this study; and
 - The impact of the Government's Standard Methodology on calculating housing need for ECDC and the neighbourhood plan areas within it.
157. 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.
158. 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, ECDC or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
159. At the same time, monitoring on-going demographic or other trends over the Neighbourhood Plan period will help ensure the continued relevance and credibility of its policies.

Appendix A : Calculation of Affordability Thresholds

A.1 Assessment geography

160. As noted in the Tenure and Affordability chapter above, affordability thresholds can only be calculated on the basis of data on incomes across the Neighbourhood Plan area. Such data is available at MSOA level but not at the level of neighbourhood plan areas.
161. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Plan area. In the case of Sutton, it is considered that MSOA E02003733 is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. A map of E02003733 appears below in A-1. This MSOA was chosen as it overlaps to the greatest extent with the Neighbourhood Plan area.

Figure A-1: MSOA E02003733 used as a best-fit geographical proxy for the Neighbourhood Plan area



Source: ONS

A.2 Market housing

162. Market dwellings are accessible to people on higher incomes. Choices in the housing market are driven principally by spending power, life stage, and personal taste.
163. The operation of the housing market is, in most circumstances, the best means of addressing the demand for different types of housing for sale. For this reason, it is important that planning policy does not place unnecessary burdens on the market preventing its ability to respond to demand, because this is the principal way equilibrium is achieved in the market and thus house price growth kept in check.
164. In this sense, the notion of development viability is essential. It is important not to deter development in the context of clear housing need; to do so will not only frustrate the delivery of new housing but also may deprive the community of resources for infrastructure improvements.
165. To determine affordability in market housing, the assessment considers two primary indicators: income thresholds, which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds, which denote the standard household income required to access mortgage products.

i) Market sales

166. The starting point for calculating the affordability of a dwelling for sale (i.e. the purchase threshold) from the perspective of a specific household is the loan to income ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5.
167. To produce a more accurate assessment of affordability, both the savings available for a deposit and the equity in the home from which the buyer is moving (if not a first-time buyer) should be taken into account. However, this data is not available for Sutton. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
168. The value of an entry-level dwelling is considered the best representation of the segment of market housing most likely to be accessible to those on lower incomes.²⁸ The value of an entry level dwelling used here is the lower quartile average house price from sales data from Land Registry over the year 2019.

169. The calculation is therefore:

Value of an 'entry level dwelling' = £210,000;

Purchase deposit = £210,000 @ 10% of value; (£21,000)

Value of dwelling for mortgage purposes = £189,000;

Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;

Purchase threshold = £54,000.

ii) Private Rented Sector (PRS)

170. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. Households are deemed able to afford a private rented property if the lower quartile private rent does not exceed 30% of gross household income.
171. It is assumed that lower quartile private rent equates to the average rent paid in the Neighbourhood Plan area for a two-bedroom dwelling (enough living space for two or three individuals). In order to be in conformity with the Government guidance on overcrowding,²⁹ such a home would require three habitable rooms (a flat or house with two bedrooms).
172. The property website Home.co.uk shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within the CB6 2 postcode area, which covers a larger area than the Plan area itself but can be used as a reasonable proxy for it. Moreover, because it forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.
173. According to home.co.uk, there are 5 two-bed properties currently listed for rent across CB6 2, with an average price of £794 per calendar month.
174. It is possible to derive from this data the estimated income threshold for private rental sector dwellings in the Neighbourhood Plan area; the calculation is therefore:
- Annual entry-level rent = £794 x 12 = £9,528;
- Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = £31,728;
- Income threshold (private rental sector) = £31,728.**
175. The NPPF 2019 acknowledges that build-to-rent dwellings have a role to play in providing affordable market homes and may meet affordable housing need where they include a component of affordable private rent.

²⁸ 'Entry-level dwelling' can be understood to comprise a property that costs the average value of dwellings falling into the lower quartile of house prices in the Neighbourhood Plan area, as set out in the Tenure and Affordability chapter above.

²⁹ This is based on the concept of the 'room standard', which indicates a dwelling is legally overcrowded if two people of the opposite sex have to share a room to sleep in (this does not apply when couples share a room). See: http://england.shelter.org.uk/housing_advice/repairs/overcrowding

A.3 Affordable Housing

176. There are a range of tenures that constitute the definition of Affordable Housing within the 2019 NPPF: social rent and affordable rent, discounted market sales housing, and other affordable routes to home ownership.
177. This variety of tenures reflects an ambition by the Government to provide a pathway to home ownership for more households, as well as introducing market principles into the provision of subsidised housing for rent. The aim is to divide affordable housing into a series of products designed to appeal to different sectors of the market and, by changing eligibility criteria, bring rents closer in line with people's ability to pay.
178. We consider each of the affordable housing tenures in turn.

i) Social rent

179. Rents in socially rented properties reflect a 'formula rent' based on a combination of individual property values and average earnings in each area, resulting in substantial discounts to market rents. As such, this tenure is suitable for the needs of those on low incomes and is subject to strict eligibility criteria.
180. To determine social rent levels, data and statistical return from Homes England is used. This data is only available at the LPA level so must act as a proxy for Sutton. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for East Cambridgeshire in the table below.
181. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This HNA uses two bedroom homes in the main report tables to illustrate affordability of this tenure. These homes are a good proxy for affordability in this tenure as they are typically the most numerous property size.

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£87.94	£100.16	£110.38	£122.71	£102.54
Annual average	£4,573	£5,208	£5,740	£6,381	£5,332
Income needed	£18,292	£20,833	£22,959	£25,524	£21,328

Source: Homes England, AECOM Calculations

ii) Affordable rent

182. Affordable rent is controlled at no more than 80% of the local market rent. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000). Even an 80% discount on the market rent may not be sufficient to ensure that households can afford it, particularly when they are dependent on benefits. 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%.
183. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for ECDC (above). Again it is assumed that no more than 30% of income should be spent on rent.

Table A-2: Affordable rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£104.57	£118.17	£137.54	£191.04	£126.26
Annual average	£5,438	£6,145	£7,152	£9,934	£6,566
Income needed	£21,751	£24,579	£28,608	£39,736	£26,262

Source: Homes England, AECOM Calculations

iii) Intermediate tenures

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

Discounted Market Homes

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

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

187. Applying a discount of 30% - as in the Government’s new First Homes product – provides an approximate selling price of £192,010 (30% discount on median average prices of £274,300). Allowing for a 10% deposit further reduces the value of the property to £172,809. The income threshold at a loan to income ratio of 3.5 is £49,374.

188. In practice, developers are likely to price these homes in relation to new build prices, particularly in locations where discounting in relation to entry level prices may not make these homes viable to develop in relation to build costs. When new build prices are discounted by 30% they may not offer any discount on entry level prices.

189. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 20%, 40% and 50% discounted home. This would require an income threshold of £56,427, £42,321 and £35,267 respectively.

Shared ownership

190. 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 leaseholder can be varied by 'staircasing'. Generally, staircasing will be upward, thereby increasing the share owned over time.

191. 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.

192. To determine the affordability of shared ownership, calculations are based on the median house price of £274,300.³⁰ The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).

193. A 25% equity share of £274,300 is £68,575, from which a 10% deposit of £6,857.50 is deducted. The mortgage value of £61,717.50 (£68,575 - £6,857.50) is then divided by 3.5. To secure a mortgage of £61,717, an annual income of £17,634 (£61,717/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £5,143 and requires an income of £17,127 (multiplied by 3.33 so that no more than 30% of income is spent on rent). Therefore, an income of around **£34,760** (£17,634 + £17,127) is required to afford a 25% shared equity purchase of an entry-level home. The same calculations were undertaken for equity shares of 50% and 75%, producing income thresholds of **£46,696** and **£58,610** respectively.

³⁰ It is important to note that current shared ownership models are only available for new build homes, which are assumed to cost more than this average taken from all open market housing, which also includes property re-sale.

Appendix B : Housing Needs Assessment Glossary

Adoption

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

Affordability

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

Affordability Ratio

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

Affordable Housing (NPPF Definition)

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

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

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

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

Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods³¹.

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.

³¹ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

Annual Monitoring Report

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

Basic Conditions

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

Backlog need

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

Bedroom Standard³²

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

Co-living

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

Community Led Housing/Community Land Trusts

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

Community Right to Build Order³³

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)³⁴

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

³² See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

³³ See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

³⁴ See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

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

Extra Care Housing or Housing-With-Care

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

Fair Share

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

First Homes

The Government is consulting on the introduction of First Homes as a new form of discounted market homes which will provide a discount of at least 30% on the price of new homes. The intention is that these homes are available to first time buyers as a priority but other households will be eligible depending on agreed criteria. New developments are likely to be required to provide 25% of Affordable Housing as First Homes.

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 annualization 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 years³⁵, 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

³⁵ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

will be excluded from NDOs, however. These are minerals and waste development, types of development that, regardless of scale, always need Environmental Impact Assessment, and Nationally Significant Infrastructure Projects.

Neighbourhood plan

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

Older People

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

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

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

Overcrowding

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

Planning Condition

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

Planning Obligation

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

Purchase Threshold

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

Proportionate and Robust Evidence

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

Private Rented

The Census tenure private rented includes a range of different living situations in practice, such as private rented/ other including households living "rent free". Around 20% of the private rented sector are in this category, which will have included some benefit claimants whose housing benefit at the time was paid directly to their landlord. This could mean people whose

rent is paid by their employer, including some people in the armed forces. Some housing association tenants may also have been counted as living in the private rented sector because of confusion about what a housing association is.

Retirement Living or Sheltered Housing

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

Residential Care Homes and Nursing Homes

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

Rightsizing

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

Rural Exception Sites

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

Shared Ownership

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

Sheltered Housing³⁶

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

Strategic Housing Land Availability Assessment

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

³⁶ See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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.³⁷

³⁷ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

