

A photograph of a rural village scene. In the foreground, a grassy field is partially obscured by a large blue diagonal shape. A road curves through the middle ground, with several houses and trees in the background. The houses are white with brown roofs, and there are some picnic tables on the side of the road. The sky is clear and blue.

# Sarratt Housing Needs Assessment (HNA)

January 2020

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

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

## 1. Executive Summary

### 1.1 Tenure

1. The tenure profile of Sarratt is dominated by home ownership at 82% of all households, with the remaining households evenly split between private and social renting. The number of social rented dwellings declined between 2001 and 2011, likely due to take-up of the Right to Buy scheme, while private renting has become slightly more common.
2. House prices have grown steadily over the past ten years (to 2018), with semi-detached homes experiencing moderately greater price rises than other types.
3. The median gross annual household income across the Sarratt area in 2015/16 was £59,200, while the lower quartile earnings of single-earning households across Three Rivers in 2018 was £15,815, meaning that dual-earning households on lower quartile incomes can be estimated to have gross total earnings of £31,630.
4. These income levels are compared against the estimated levels of income needed to afford various tenures of housing in Sarratt. Single-earning households on lower quartile incomes are unable to afford any of the housing tenures under consideration, and so will be in need of social rented accommodation (the most affordable tenure) or other options allowing them to make use of housing benefits and other forms of support.
5. For dual-earning households on LQ incomes, most tenures are within reach if those households are able to spend a slightly higher proportion of their incomes than 30% (used in the estimated here) on housing costs. For this group it is also apparent that shared ownership dwellings and starter homes are an achievable option that would also help bridge the wide affordability gap between social renting and private renting (which is unusually costly in Sarratt).
6. Those on median incomes appear to be able to afford all tenures in Sarratt. However, it should be noted that entry-level market purchase and two-bedroom market rent were under consideration, but higher value market homes were not. Many of these will remain unaffordable to median earners.
7. Bringing this evidence together, it is apparent that social rented homes for those on the lowest incomes are the greatest priority in Sarratt, while the supply of affordable routes to home ownership (currently very rare in the area) would also serve a very useful function in the market. The continued provision of entry-level market homes should be encouraged, as homes for purchase appear to be within reach of local people, although renting remains expensive – possibly due to a lack of supply that would be counteracted if more new homes were put up for rent at entry-level prices.
8. The South West Hertfordshire SHMA (2016) identified the need for 357 affordable rented homes per annum in Three Rivers from 2013-2036. Pro-rating this figure to Sarratt (at a rate of 2.12%, which is the percentage of the Three Rivers population who live in the NA) gives an estimate of 7.6 affordable homes per annum over the Plan period needed in Sarratt.
9. An additional estimate undertaken in the HNA calculates that demand for affordable routes to home ownership from households who cannot afford to buy their own home but cannot afford to rent amounts to 3 households per annum over the Plan period.
10. The total estimated Affordable Housing need over the Plan period 2020-2036 is therefore 122 (rounded) affordable rented homes and 48 affordable home ownership dwellings. Given Three Rivers's strategy for housing delivery, which suggests that new development in Sarratt should be minimal, it is unlikely that this scale of need will be satisfied through Affordable Housing contributions from market housing delivery. The Parish Council may therefore consider whether delivering Affordable Housing through other means, such as an exception site, may be desirable.
11. The recommended tenure split for Sarratt, based on the HNA and SHMA calculations, and Three Rivers policy, is for 70% of Affordable Housing to be for social or affordable rent, and 30% to be for affordable home ownership products.

### 1.2 Type and Size

12. In terms of Sarratt's existing stock of housing, the data shows that the proportion of detached homes is more than double that of Three Rivers or the national average, while all other dwelling types exist at correspondingly lower proportions. For example, Sarratt has less than a third the proportion of flats as Three Rivers.
13. Strongly linked to this finding is the fact that Sarratt has generally larger dwellings than Three Rivers, with greater proportions of all size categories above six rooms, and lower proportions of all smaller dwelling sizes. In particular, Sarratt has a persistent lack of one- and two-room units.
14. In terms of demographics, Sarratt has a substantially higher percentage of residents over the age of 45, and a lower percentage of those 44 or younger, compared to Three Rivers and the national average. Though Census data shows

that this trend has been exacerbated since 2001, the current population of those around the age of 65 is likely to result in yet more apparent ageing over the Plan period.

15. Seen in the context of Sarratt's comparatively large stock of dwellings, trends towards older households and single occupancy may warrant a Neighbourhood Plan policy intervention to restrict the future supply of larger dwellings to some extent. It may also be the case that the declining number of families in Sarratt is a function of the limited number of dwellings that are both appropriately-sized and affordable to younger families, so it may be beneficial also to encourage the provision of mid-sized housing suitable for this demand segment.
16. 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, corroborates this finding. The recommended size mix of new housing focuses on dwellings of three bedrooms (around 50%) and those with one (20%) and two (30%) bedrooms, further suggesting that no further large dwellings are needed.
17. This model, however, operates on the assumption that households can and will wish to move freely around the stock of existing housing, which is not a realistic prospect. It is natural, then, that demand should continue for some larger dwellings. The provision of larger homes should not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the neighbourhood plan may be used to influence the size mix of housing coming forward, smaller homes should be the priority.
18. 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 required for Sarratt 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 Planning Authority strategies) and site-specific factors which may justify a particular dwelling mix.
19. In terms of the types of dwellings required, some unmet demand for generally more affordable dwelling types presently lacking in Sarratt, such as terraced homes, should be addressed. The size recommendation for two- and two-bedroom homes would help to achieve this. It is also advisable to promote the delivery of bungalows or other forms of age appropriate housing in order to meet the needs of the ageing population and to reflect the fact that other smaller dwelling types, such as apartments, may not in practice be popular market propositions in a rural parish like Sarratt.

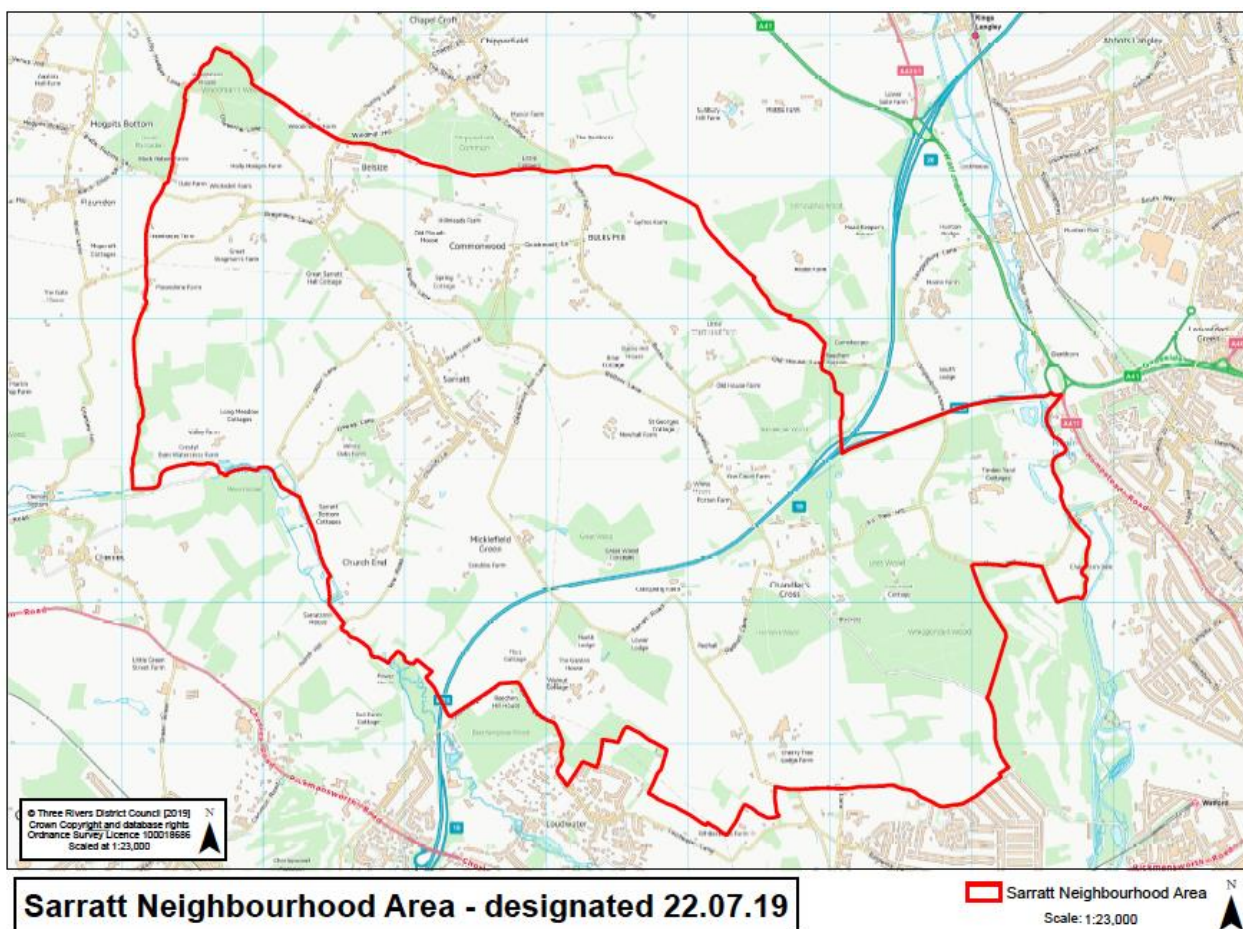


## 2. Context

### 2.1 Local context

20. Sarratt is a Neighbourhood Plan area located in the district of Three Rivers, Hertfordshire. The Neighbourhood Area (NA) boundary follows the existing boundary of Sarratt Parish and was designated in July 2019.
21. The proposed Neighbourhood Plan period starts in 2020 and extends to 2036, therefore comprising a planning period of 16 years.
22. Sarratt Parish is the largest parish by area in Three Rivers District, and includes the villages of Sarratt, Belsize, Chandlers Cross, Commonwood, Micklefield and Bucks Hill. Bisected by the M25 motorway, the whole of the parish is classified as Green Belt with a section of the parish along the Chess Valley forming part of the Chilterns AONB. Sarratt also has two Conservation Areas: The Green and Church End.
23. Within the parish there are two schools (Sarratt Village School and York House Preparatory School), as well as the King George V sports and recreation field, a community owned village shop and post office, and six public houses.
24. The parish is located 6.4km north of Rickmansworth and is 1.6km north of the M25 London orbital motorway. Junction 18 (M25) is on the Chorleywood Road (the A404), 3.2km from the parish. Sarratt is located 32 miles north-west of London.
25. The statistics show that in the 2011 Census the Neighbourhood Plan area had a total of 1,849 residents.
26. A map of the Plan area appears below in Figure 2-1.

**Figure 2-1: Map of the Sarratt Neighbourhood Plan area<sup>1</sup>**



Source: Sarratt Neighbourhood Area Designation Notification

<sup>1</sup> Available at <https://www.threerivers.gov.uk/egcl-page/sarratt-neighbourhood-area>.



## 2.2 Planning policy context

27. In line with the Basic Conditions<sup>2</sup> of neighbourhood planning, neighbourhood plans are required to be in general conformity with adopted strategic local policies.<sup>3</sup> Consequently, the relevant elements of the Local Plan are reviewed as part of this Housing Needs Assessment (HNA).
28. In the case of Sarratt, the relevant Local Plan for Three Rivers consists of:
  - i. The Core Strategy (adopted October 2011);
  - ii. The Development Management Policies LDD (adopted July 2013); and
  - iii. The Site Allocations LDD (adopted November 2014).
29. A process to produce a new Local Plan for Three Rivers is ongoing, with the preparatory work on a revised Local Plan beginning in 2015 with the commissioning of the Strategic Housing Market Area Assessment (SHMA) and the Functional Economic Market Area Assessment, both published in 2016.
30. In Spring 2018, Three Rivers, Dacorum, Hertsmere, St Albans and Watford Councils gave formal endorsement to begin work on a Joint Strategic Plan (JSP) for South West Hertfordshire. By working together, the South West Herts Councils intend to be in a stronger position to deliver and better fund essential transport, health services and educational facilities that local people want to see alongside new homes and jobs.
31. Each Council will still be responsible for preparing its own Local Plan but the JSP will provide the platform to consider how the challenges of growth in the wider South West Hertfordshire area can be addressed in the longer term (i.e. to 2050).

### 2.2.1 Policies in the adopted local plan<sup>4</sup>

**Table 2-2: Summary of Three Rivers District Council adopted policies having relevance to Sarratt Neighbourhood Plan Housing Needs Assessment**

| Policy                                                       | Source                                  | Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PSP4-<br>Development in<br>Villages<br>(Bedmond,<br>Sarratt) | Three Rivers Core<br>Strategy 2011-2026 | <p>Development in villages will be controlled to protect the character, landscape, heritage and wildlife of the wider countryside, and the openness of the Green Belt. It will be designed and inclusive, keeping in scale with its location.</p> <p>Some small-scale development in or on the edge of villages will be allowed to meet local community and business needs, seeking to tackle deprivation in these villages particularly related to housing.</p> <p>Development will allocate and release sites solely for affordable housing using a Rural Exception Site Policy approach to accommodate households which contain current residents or have an existing family or employment connection in perpetuity. These will be identified through a subsequent Site Allocations document.</p> <p>The Villages will provide approximately 1% of the District's housing requirements over the Plan period to include affordable housing to meet local needs as informed by the 2010 SHMA, 2009 Development Economics Study and 2010 SHLAA.</p> |

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

<sup>3</sup> 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.

<sup>4</sup> 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CP2- Housing Supply          | Three Rivers Core Strategy 2011-2026 | <p>The Council will identify sufficient land for housing in the District to meet the Three Rivers housing target of 180 dwellings per year until 2026.</p> <p>Housing provision will be made primarily from within the existing urban area (approximately 75% of total housing development between 2001-2026) and also from housing sites at the most sustainable locations on the edge of existing settlements, in the Green Belt (approximately 25% of total supply between 2001-2026).</p> <p>60% of the housing requirements will be met in the Key Centres as defined in the settlement hierarchy, likely achieved in part through significant development at Leavesden Aerodrome and South Oxhey.</p> <p>In identifying sites for future development, the Site Allocations Development Plan Document will set out an indicative phasing strategy for the development of sites.</p> <p>The supply of housing post-2026 will need to be reassessed at a later date within the context of a review of the Core Strategy taking into account housing needs and capacity.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| CP3- Housing Mix and Density | Three Rivers Core Strategy 2011-2026 | <p>The Council will require housing proposals to take into account the range of housing needs, in terms of size and type of dwellings as identified by the SHMA and subsequent updates. New development will also provide a range of house types and sizes to reflect the existing and future needs of the Three Rivers population and the characteristics of housing in the area.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| CP4- Affordable Housing      | Three Rivers Core Strategy 2011-2026 | <p>In order to increase the provision of affordable homes in the District and meet local housing need as informed by the Strategic Housing Market Assessment, the Council will:</p> <ol style="list-style-type: none"> <li>In view of the identified and pressing need for affordable housing in the District, seek an overall provision of around 45% of all new housing as affordable housing, incorporating a mix of tenures. All new development resulting in a net gain of one or more dwellings will be expected to contribute to the provision of affordable housing</li> <li>As a guide, seek 70% of the affordable housing provided to be social rented and 30% to be intermediate</li> <li>Allocate specific sites, at higher or lower proportions of affordable housing depending on site circumstances, location and density of development. In some cases a target of 50% or above may be appropriate. Site specific targets will be set through the Site Allocations Development Plan Document</li> <li>Require the affordable housing provided to reflect the mix of size and type required for future housing, as identified in the Strategic Housing Market Assessment and subsequent updates and Council priorities for provision which is currently for family sized dwellings to meet the most urgent housing needs in the District</li> <li>In most cases require affordable housing provision to be made on site, but in relation to small sites delivering between one and nine dwellings, consider the use of commuted payments towards provision off site. Such payments will be broadly equivalent in value to on-site provision but may vary depending on site circumstances and viability</li> <li>Permit small-scale affordable housing within and immediately adjacent to the village core areas of Sarratt and Bedmond on the basis of need through the release and allocation of Rural Exception Sites. Allocations will be made through the Site Allocations Development Plan Document.</li> </ol> |
| CP11- Green Belt             | Three Rivers Core Strategy 2011-2026 | <p>The Council will maintain the general extent of the Metropolitan Green Belt in the District and where appropriate, make minor revisions through the Site Allocations Development Plan Document to the detailed Green Belt boundaries around the main urban area, to accommodate development needs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## 3. Approach

### 3.1 Research Questions

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

#### 3.1.1 Tenure and Affordability

34. The neighbourhood planning group would like to understand the needs of the community for housing of varying tenures, as well as the relative affordability of the tenures that should be provided to meet local need now and into the future.
35. This evidence will allow Sarratt 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

36. The Parish Council is seeking to determine what size and type of housing would be best suited to the local community. The Parish Council sees a need for affordable, smaller homes to suit the needs of young families and those wishing to downsize.
37. The aim of this research question is to provide 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

38. It is appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Sarratt Neighbourhood Area is located within Three Rivers District Council's planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA), which is known as the 2016 South West Hertfordshire Strategic Housing Market Assessment.
39. For the purpose of this HNA, data from Three Rivers'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.

### 3.2.2 Other relevant data

40. In addition to the Three Rivers District Council evidence base, we have assessed other evidence to ensure our study is robust for the purposes of developing policy at the NP level and is locally specific. This includes data from both Census 2001 and 2011, as well as from a wide range of other data sources, including:
  - Land Registry data on prices paid for housing within the local market;
  - Population and household projections produced by the Office of National Statistics (ONS);
  - Information on current property asking prices, for housing for sale or rent, from [home.co.uk](https://www.home.co.uk);
  - Neighbourhood-level survey and consultation work giving further detail. In the case of Sarratt, this comprises the Sarratt Parish Plan Survey 2018.

## 4. RQ 1: Tenure and Affordability

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

### 4.1 Introduction

41. 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.
42. This section will examine the tenure of dwellings in the current stock and recent supply. Then, looking at affordability, it will make an assessment on whether continuation of these trends would meet future needs. We will also investigate whether there are misalignments between the supply of different tenures of housing and local need. Such misalignments can justify policies that guide new developments to prioritise certain tenures, to bring supply and demand into better alignment.<sup>5</sup>

### 4.2 Definitions

43. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, abbreviated to 'AH'. AH comprises those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and forms of AH designed to offer affordable routes to home ownership.<sup>6</sup>
44. The definition of Affordable Housing set out in the NPPF makes clear the Government's commitment to home ownership, but recognises the important role of social, affordable, and private rent tenures for those not currently seeking home ownership.
45. The revisions seek to broaden the definition of AH (which had previously referred only to social and intermediate housing) to include a range of low-cost housing opportunities for those aspiring to own a home, including starter homes.
46. In paragraph 64 of the NPPF, 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*". In line with PPG,<sup>7</sup> the assumption should be that a 'major housing development' can be defined as a site of 10 dwellings or more, and that affordable home ownership includes starter homes, shared ownership homes, and homes available for discount market sale.

### 4.3 Current tenure profile

47. In order to set a baseline for our examination of tenure, it is necessary to present a picture of the Neighbourhood Plan area (NA) based on the most recent reliable data. Table 4-1 below presents Census data from 2011; this table shows the distribution of how households occupy their homes in Sarratt, compared to the rest of Three Rivers and England.
48. As seen at higher level geographies, the vast majority of homes in Sarratt are owned. However, the rate of ownership is 10 percentage points higher than in Three Rivers and 20 higher than across England. Accordingly, rates of social and private renting are much lower in Sarratt than both wider areas. Sarratt is, however, unusual in that the share of social renting households is significantly higher than that of private renting households. The relative lack of private rented stock may contribute to affordability challenges for those households who are not eligible for financial support but also cannot afford to buy, and for those who would otherwise be able to rent in Sarratt using housing benefit. The lack of rented supply may also be a contributor to the relatively high cost of renting in Sarratt, which is explored in Appendix A.

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<sup>5</sup> PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>6</sup> NPPF 2019.

<sup>7</sup> PPG 031 Reference ID: 23b-031-20161116, available at <https://www.gov.uk/guidance/planning-obligations>

**Table 4-1: Tenure (households), 2011**

| Tenure                | Sarratt | Three Rivers | England |
|-----------------------|---------|--------------|---------|
| Owned; total          | 81.7%   | 72.7%        | 63.3%   |
| Shared ownership      | 0.5%    | 0.6%         | 0.8%    |
| Social rented; total  | 7.7%    | 15.1%        | 17.7%   |
| Private rented; total | 7.4%    | 10.6%        | 16.8%   |

Sources: Census 2011, AECOM Calculations

49. Table 4-2 below shows the changes in the way households have occupied housing in Sarratt during the intercensal period. While rates of ownership are stable, as across Three Rivers and England, Sarratt has seen a significant decline in social renting (possibly due to the Right to Buy scheme removing units from the stock) and an increase in private renting of a similar scale. While social rented accommodation is falling across the country, it is falling much faster in Sarratt, meaning that the options for those on the lowest incomes are becoming scarcer faster than elsewhere. Rate of private renting have not increased as fast in Sarratt as elsewhere. The growth in shared ownership is, however, relatively similar. Though it is worth noting that Sarratt's growth rate of 33.3% only represents an increase from three to four dwellings.

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

| Tenure                | Sarratt | Three Rivers | England |
|-----------------------|---------|--------------|---------|
| Owned; total          | 0.2%    | -0.4%        | -0.6%   |
| Shared ownership      | 33.3%   | 47.0%        | 30.0%   |
| Social rented; total  | -14.1%  | 0.3%         | -0.9%   |
| Private rented; total | 16.0%   | 140.0%       | 82.4%   |

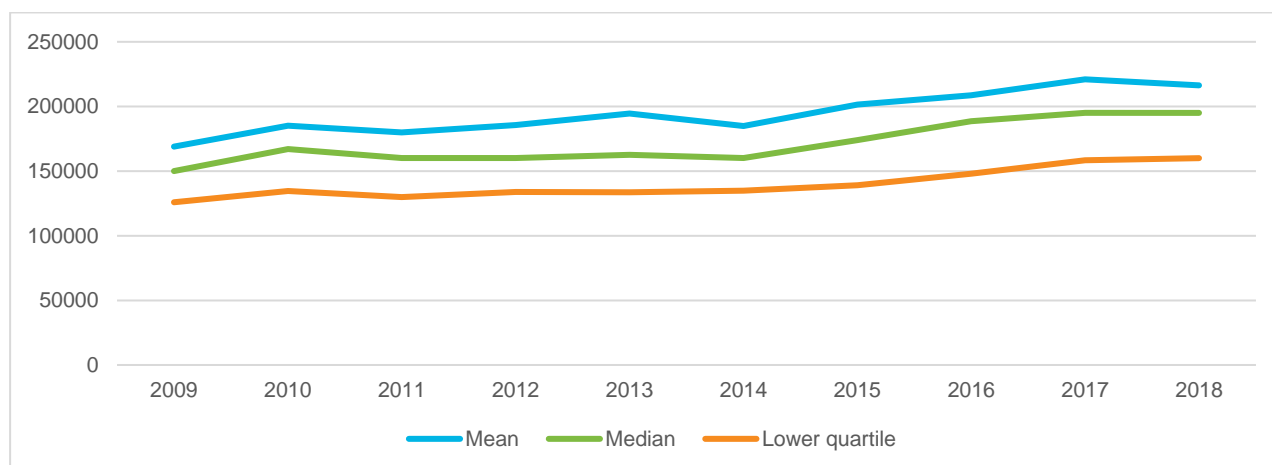
Sources: Censuses 2001 and 2011, AECOM Calculations

## 4.4 Affordability

### 4.4.1 House prices

50. Before considering the affordability of various tenures in relation to local incomes, the price of market housing should be established – in particular the costs of entry-level dwellings. An entry-level dwelling can be understood as one suitable for a household comprising two or three individuals. In order to be in conformity with Government guidance on overcrowding, such a home would require three habitable rooms (i.e. a flat or house with one or two bedrooms). Entry-level properties can therefore also be understood as one or two-bedroom flats/houses.
51. Figure 4-1 below examines selected measures of house prices in Sarratt. It shows that house prices in all categories have steadily but gently increased over the 10-year period, leading to a gradual decline in affordability.

**Figure 4-1: Average house prices Sarratt between 2009 and 2018**



Source: Land Registry PPD

52. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). From this it is clear that the detached houses that make up nearly 60% of all homes in Sarratt are the most expensive house type by far. Semi-detached houses, however, have appreciated in price the fastest. The price evolution of flats over time has been relatively volatile. This is due to the fact that there are only 52 flats in the NA, so the average sales price in each year is highly skewed by which particular flats happen to be sold in a given year.

**Table 4-3: House prices by type in the Sarratt plan area, 2008-2017**

| Type             | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | Growth       |
|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Detached         | £254,453        | £282,581        | £260,702        | £261,742        | £302,818        | £287,290        | £304,947        | £300,250        | £329,931        | £311,917        | 22.6%        |
| Semi-detached    | £162,524        | £177,820        | £170,530        | £163,859        | £176,700        | £177,229        | £191,348        | £193,232        | £211,232        | £215,623        | 32.7%        |
| Terraced         | £142,587        | £153,784        | £153,411        | £150,591        | £148,414        | £156,641        | £161,676        | £160,857        | £171,507        | £178,952        | 25.5%        |
| Flats            | £104,206        | £110,773        | £123,064        | £111,381        | £110,215        | £110,824        | £118,357        | £115,069        | £113,854        | £107,239        | 2.9%         |
| <b>All Types</b> | <b>£168,924</b> | <b>£185,038</b> | <b>£180,000</b> | <b>£185,574</b> | <b>£194,537</b> | <b>£184,828</b> | <b>£201,454</b> | <b>£208,540</b> | <b>£220,975</b> | <b>£216,271</b> | <b>28.0%</b> |

Source: Land Registry PPD

#### 4.4.2 Income

53. Household incomes determine the ability of households to exercise choice in the housing market, and consequently the level of need for affordable housing products. As such, two sources of data for household incomes in the NA have been used.
54. The first is locally specific but limited to the median total household income. This is the average household income estimates published by ONS at the level of the Middle-layer Super Output Area (MSOA). In the case of Sarratt the MSOA most suitable for use as a proxy for the Neighbourhood Plan area boundary is E02004958. 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.
55. The median gross annual household income across the MSOA in 2015/16 was £59,200.
56. The second source of data provides the Lower Quartile (LQ) average income that is helpful for understanding affordability challenges among those with lower than average incomes, but it is only available at district level and so is less locally-specific. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level in 2018.
57. Three Rivers's gross LQ annual income for 2018 was £15,815. 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 £31,630.

#### 4.4.3 Affordability Thresholds

58. 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.
59. Thresholds have been determined for: entry-level market purchase; entry-level private rent; shared ownership at 25%, 50%, and 75%; affordable rent set at 80% of private rents, and social rent. These calculations are detailed in Appendix A. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations, but is worth noting here that we have assumed that the maximum percentage of household income that should be spent on rent is 30% and that mortgage financing will be offered at a maximum of 3.5 times household income. These assumptions will not apply in all circumstances, and it is perhaps more realistic to expect that most households will spend a higher percentage than 30% of their incomes on housing costs.
60. Table 4-4 below shows the annual cost of different tenures and the income and deposit required to support these costs within Sarratt.



**Table 4-4: Affordability thresholds in Sarratt**

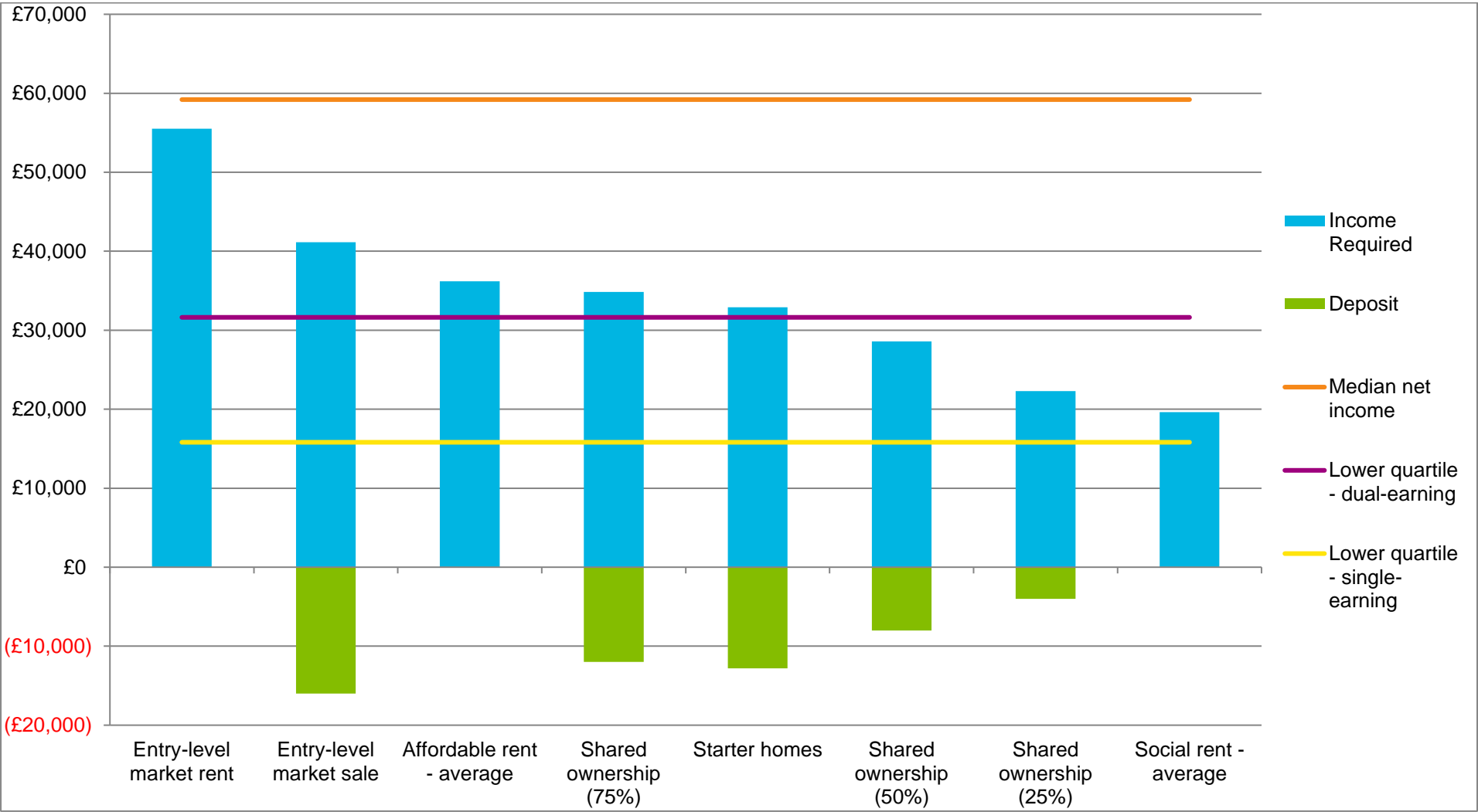
| Tenure                  | Cost of purchase | Annual rent | Income required | Deposit required |
|-------------------------|------------------|-------------|-----------------|------------------|
| Entry-level market rent |                  | £16,668     | £55,504         |                  |
| Entry-level market sale | £160,000         |             | £41,143         | £16,000          |
| Affordable rent – 2 bed |                  | £10,866     | £36,184         |                  |
| Shared ownership (75%)  | £120,000         | £1,000      | £34,857         | £12,000          |
| Starter Homes           | £128,000         |             | £32,914         | £12,800          |
| Shared ownership (50%)  | £80,000          | £2,000      | £28,570         | £8,000           |
| Shared ownership (25%)  | £40,000          | £3,000      | £22,286         | £4,000           |
| Social rent – 2 bed     |                  | £5,895      | £19,629         |                  |

Source: AECOM Calculations

61. The income required to afford the different tenures is then benchmarked, in Figure 4-2 below, against the three measurements of household income set out previously. These are the median gross household income for the local area at £59,200 and the lower quartile gross household earnings for Three Rivers at £15,815 for single-person households and £31,630 for dual-earning households.
62. Looking at the affordability thresholds set out in the table and graph, it is apparent that single-earning households on lower quartile incomes are unable to afford any of the housing tenures under consideration. However, the lower quartile income data is gross, and therefore does not reflect housing benefits or other forms of financial assistance. For this reason it is possible that many such single-person households would also be able to meet their housing needs in 1 bedroom social rented dwellings or privately rented rooms in shared houses using housing benefit (though neither appear to be well-supplied in Sarratt at present).
63. For dual-earning households on LQ incomes, most tenures are within reach were those households able to spend a slightly higher proportion of their incomes on housing costs. For this group it is also apparent that shared ownership dwellings and starter homes are an achievable option that would also help bridge the wide affordability gap between social renting and private renting (which is unusually costly in Sarratt).
64. While market housing for rent is the least accessible tenure, the cost of market sale is relatively affordable, and certainly within reach of those on median incomes.
65. Bringing this evidence together, it is apparent that social rented homes for those on the lowest incomes are the greatest priority in Sarratt, while the supply of affordable routes to home ownership (currently very rare in the area) would also serve a very useful function in the market. The continued provision of entry-level market homes should be encouraged, as homes for purchase appear to be within reach of local people, although renting remains expensive – possibly due to a lack of supply that would be counteracted if more new homes were put up for rent at entry-level prices.
66. Government policy aimed at tackling the housing crisis continues to focus 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.<sup>8</sup> In the case of Sarratt, the most appropriate tenure to help implement this policy goal locally is shared ownership, while starter homes also appear to be affordable. As explored in greater detail in Appendix A, the cost of starter homes may be higher still in practice due to ambiguity in the way that prices are set, and it is worth bearing in mind that the price of a lower quartile dwelling used as a baseline throughout this analysis includes existing housing and so may not reflect the price premium normally associated with new build housing.

<sup>8</sup> 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](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf)

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



Source: AECOM Calculations

#### 4.4.4 Affordable Housing- quantity needed

67. The South West Hertfordshire SHMA (2016) provides evidence on the need for Affordable Housing within Three Rivers. This study identified the need for 357 affordable homes per annum in Three Rivers from 2013-2036. This figure can be pro-rated to Sarratt (at a rate of 2.12%, which is the percentage of the Three Rivers population who live in the NA) and equates to 7.6 affordable homes per annum.
68. AECOM's review of this SHMA suggests that the Affordable Housing need identified is focused on households living in unsuitable housing and unable to afford to rent in the market. There is some additional analysis on the role of intermediate housing but the SHMA does not quantify the need (or rather, potential demand) for Affordable Housing from households who can afford to rent but cannot afford to buy and would prefer to do so. The needs and aspirations of this group have become a priority of Government in recent years and is now reflected in revisions to the NPPF which include affordable home ownership products within the definition of Affordable Housing.
69. In order to provide an estimate for those who cannot afford to buy in the market in Sarratt, to complement the SHMA's calculation for those who require affordable rented products, AECOM has produced an additional estimate.
70. Table 4-5 estimates the number of households who might need affordable home ownership. This is a simplified assessment of the needs of these households but considered reasonable and proportionate for the purposes of neighbourhood planning. These are households who can afford to rent in the market but cannot afford to buy and may prefer to do so. These households are additional to the 7.6 households per annum identified in the SHMA (although there may be some overlap at the margins). This estimate suggests there may be potential demand for around 3 affordable home ownership dwellings per annum over the plan period.
71. The total estimated Affordable Housing need over the Plan period 2020-2036 is therefore 122 (rounded) affordable rented homes and 48 affordable home ownership dwellings.

**Table 4-5 : Estimate of the need for affordable home ownership housing, Sarratt**

| Stage and Step in Calculation                      | Total      | Description                                                                 |
|----------------------------------------------------|------------|-----------------------------------------------------------------------------|
| <b>STAGE 1: CURRENT NEED</b>                       |            |                                                                             |
| 1.1 Current number of renters in NA                | 710.7      | Census 2011 number of renters x national % increase to 2018                 |
| 1.2 Percentage renters on housing benefit in LA    | 17.3%      | % of renters in 2018 on housing benefit (based on LA proportion)            |
| 1.3 Number of renters on housing benefits in NA    | 12.2       | 1.1 x 1.2                                                                   |
| 1.4 Current need (households)                      | 43.9       | Current renters minus those on HB and minus 25% assumed to rent by choice   |
| 1.5 Per annum                                      | 2.7        | 1.4/ plan period                                                            |
| <b>STAGE 2: NEWLY ARISING NEED</b>                 |            |                                                                             |
| 2.1 New household formation                        | 181.8      | LA household projections for plan period (2014 based) pro rated to NA       |
| 2.2 % of households unable to buy but able to rent | 5.9%       | Current % of households in PRS                                              |
| 2.3 Total newly arising need                       | 10.7       | 2.1 x 2.2                                                                   |
| 2.4 Total newly arising need per annum             | 0.6        | 2.3/ plan period                                                            |
| <b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>       |            |                                                                             |
| 3.1 Supply of affordable housing                   | 6.1        | Number of shared ownership homes in NA (Census 2011 + new build to 2018/19) |
| 3.2 Supply - intermediate resales                  | 0.3        | 3.1 x 5% (assume rate of re-sale)                                           |
| <b>NET SHORTFALL (OR SURPLUS) PER ANNUM</b>        |            |                                                                             |
| <b>Shortfall (per annum)</b>                       | <b>3.0</b> | <b>Shortfall = (Step 1.5 + Step 2.4) – 3.2</b>                              |

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.

72. 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 Local Planning Authority. It should be noted that Sarratt and other villages are expected to deliver just 1% of Three Rivers's housing needs overall, and so this avenue to Affordable Housing provision is unlikely to meet the scale of need identified here and in the SHMA.

73. 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.
74. It is important to state there is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners for it to be met in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners, as outlined above, that can help ensure that it is met to a greater extent if resources permit.
75. It is also important to remember that even after the Sarratt, or indeed any other, Neighbourhood Plan is adopted, the assessment of need for affordable housing, its allocation to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.
76. 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 Tenure Split

77. In terms of the tenure split, it is important to reference Three Rivers's affordable housing policy, as set out in the adopted Local Plan, which recommends a balance within any affordable housing provision of 70% Social Rent or Affordable Rent and 30% affordable home ownership.
78. This balance very closely aligns with the results of the exercise above and that presented in the SHMA. Those calculations produced a need for 122 affordable rented units and 48 affordable ownership units over the Plan period. As a proportion of the total of 170 Affordable Housing units, the balance between those figures is 71.7% to 28.3%.
79. The recommended tenure split for Sarratt, based on the calculations above and Three Rivers policy, is presented in Table 4-6 below. Each headline tenure category is also broken down into sub-tenures in accordance with the evidence arising from the affordability analysis earlier in this chapter.

**Table 4-6: Recommended tenure split (Affordable Housing)**

|                                              |            |
|----------------------------------------------|------------|
| <b>Routes to home ownership, of which</b>    | <b>30%</b> |
| Discounted market sale e.g. starter homes    | 10%        |
| Shared ownership                             | 20%        |
| <b>Affordable Housing for rent, of which</b> | <b>70%</b> |
| Social rent                                  | 50%        |
| Affordable rent                              | 20%        |

Source: AECOM calculations

80. The emphasis on affordable rented housing is further justified by the fact that households needing social/affordable rent have little other choice and have the most urgent housing needs. This group includes homeless households and families living in temporary accommodation. Social/affordable rented housing meets the need of households on the lowest incomes. It is likely to be the priority for affordable housing delivery in Sarratt, and the analysis above showed that single-earners on lower quartile incomes can only afford social rented accommodation. For this reason the balance between social and affordable rent in the table above is weighted towards social rented provision.
81. However, our affordability analysis and estimate of the demand for affordable home ownership also point to the role that shared ownership and forms of discounted market housing can play in meeting the needs of those in Sarratt who do not require social rented accommodation but are unable to meet the unusually high cost of market renting for the size and type of home they need. For these reasons, the provision of affordable routes to home ownership should be promoted. Because shared ownership appeared to be the most accessible intermediate tenure in the affordability analysis, it is weighted higher in the above table than Start Homes and other forms of discounted market housing. Note that the precise ownership share to be offered in shared ownership products is not something that it is in the power of neighbourhood planning policies to enforce.
82. While AECOM has made suggestions for the split of different products within the tenure split, though this should be considered indicative as it will be subject to wider considerations of costs, viability and the availability of funding for particular products.

83. Indeed, the precise mix of affordable homes at the site specific level will be influenced by factors other than the scale of need. The mix will be influenced by viability considerations, the views of Registered Providers including whether they wish to manage small numbers of affordable homes in a rural location, the existing stock mix and other policy objectives. It is important to state that the estimates of need in this HNA or elsewhere do not directly determine affordable housing policies because of these wider policy considerations.
84. The tenure split in Table 4-6 should be considered a guideline for the ideal mix of tenures to be delivered within the NA. As such, it will be a useful point of reference when planning applications are considered but may not represent sufficient justification for the tenure split to be enforced precisely through a Neighbourhood Plan policy.
85. Where the neighbourhood planners wish to craft policy that enforces this split more rigidly, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. Another option is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.

## 4.6 Conclusions - Tenure and Affordability

86. The current tenure profile of Sarratt is dominated by home ownership at 82% of all households, with the remaining households evenly split between private and social renting. The number of social rented dwellings declined between 2001 and 2011, likely due to take-up of the Right to Buy scheme, while private renting has become slightly more common.
87. House prices have grown steadily over the past ten years (to 2018), with semi-detached homes experiencing moderately greater price rises than other types.
88. The median gross annual household income across the Sarratt area in 2015/16 was £59,200, while the lower quartile earnings of single-earning households across Three Rivers in 2018 was £15,815, meaning that dual-earning households on lower quartile incomes can be estimated to have gross total earnings of £31,630.
89. These income levels are compared against the estimated levels of income needed to afford various tenures of housing in Sarratt. Single-earning households on lower quartile incomes are unable to afford any of the housing tenures under consideration, and so will be in need of social rented accommodation (the most affordable tenure) or other options allowing them to make use of housing benefits and other forms of support.
90. For dual-earning households on LQ incomes, most tenures are within reach if those households are able to spend a slightly higher proportion of their incomes than 30% (used in the estimated here) on housing costs. For this group it is also apparent that shared ownership dwellings and starter homes are an achievable option that would also help bridge the wide affordability gap between social renting and private renting (which is unusually costly in Sarratt).
91. Those on median incomes appear to be able to afford all tenures in Sarratt. However, it should be noted that entry-level market purchase and two-bedroom market rent were under consideration, but higher value market homes were not. Many of these will remain unaffordable to median earners.
92. Bringing this evidence together, it is apparent that social rented homes for those on the lowest incomes are the greatest priority in Sarratt, while the supply of affordable routes to home ownership (currently very rare in the area) would also serve a very useful function in the market. The continued provision of entry-level market homes should be encouraged, as homes for purchase appear to be within reach of local people, although renting remains expensive – possibly due to a lack of supply that would be counteracted if more new homes were put up for rent at entry-level prices.
93. The South West Hertfordshire SHMA (2016) identified the need for 357 affordable rented homes per annum in Three Rivers from 2013-2036. Pro-rating this figure to Sarratt (at a rate of 2.12%, which is the percentage of the Three Rivers population who live in the NA) gives an estimate of 7.6 affordable homes per annum over the Plan period needed in Sarratt.
94. An additional estimate undertaken in the HNA calculates that demand for affordable routes to home ownership from households who cannot afford to buy their own home but cannot afford to rent amounts to 3 households per annum over the Plan period.
95. The total estimated Affordable Housing need over the Plan period 2020-2036 is therefore 122 (rounded) affordable rented homes and 48 affordable home ownership dwellings. Given Three Rivers's strategy for housing delivery, which suggests that new development in Sarratt should be minimal, it is unlikely that this scale of need will be satisfied through Affordable Housing contributions from market housing delivery. The Parish Council may therefore consider whether delivering Affordable Housing through other means, such as an exception site, may be desirable.

96. The recommended tenure split for Sarratt, based on the HNA and SHMA calculations, and Three Rivers policy, is for 70% of Affordable Housing to be for social or affordable rent, and 30% to be for affordable home ownership products.

## 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

97. The Sarratt Neighbourhood Plan may include policies informed by evidence on what sizes and types of housing would be best suited to the local community. This will help ensure that future developments give local people options within the housing market at all stages of life.
98. Planning Practice Guidance (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 Sarratt. Demographic shifts in age and household composition will then be considered. Finally, the future demand for housing by size and type is determined by applying future demographic projections to the way different household types occupy their dwellings currently.

### 5.2 Existing types and sizes

#### 5.2.1 Background and definitions

99. 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.
100. 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.
101. 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 follows<sup>9</sup>:
- 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
102. It is also useful to clarify the Census terminology around dwellings and households spaces. These can be confusing where different terminologies such as flats, apartments, shared and communal dwellings, and houses in multiple occupation, are used. Dwellings are counted in the Census by combining address information with Census returns on whether people's accommodation is self-contained.<sup>10</sup> 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.
103. 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."<sup>11</sup> On this basis, where

<sup>9</sup> At <https://www.nomisweb.co.uk/census/2011/qs407ew>

<sup>10</sup> At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

<sup>11</sup> Ibid.



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

104. The 2011 Census shows that there were 788 households in Sarratt, living in 482 detached houses, 161 semi-detached, 118 terraced houses, and 53 flats. Table 5-1 below shows that the housing type mix in Sarratt is very different from that of Three Rivers and England. Sarratt has more than double the percentage of detached houses – the Parish's most common dwelling type by far – than either Three Rivers or England. Accordingly, the percentage of every other dwelling type in Sarratt is much lower than the two comparator areas. In particular, Sarratt's proportion of flats is less than a third of the England and district averages.

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

| Dwelling type                 |                                          | Sarratt | Three Rivers | England |
|-------------------------------|------------------------------------------|---------|--------------|---------|
| Whole house or bungalow       | Detached                                 | 57.8%   | 26.3%        | 22.4%   |
|                               | Semi-detached                            | 19.3%   | 35.0%        | 31.2%   |
|                               | Terraced                                 | 14.1%   | 19.1%        | 24.5%   |
| Flat, maisonette or apartment | Purpose-built block of flats or tenement | 4.3%    | 16.7%        | 16.4%   |
|                               | Parts of a converted or shared house     | 1.3%    | 1.1%         | 3.8%    |
|                               | In commercial building                   | 0.8%    | 1.0%         | 1.0%    |

Source: ONS 2011, AECOM Calculations

### 5.2.3 Dwelling size

105. Table 5-2 below sets out the distribution of the number of rooms by household space. The housing stock in Sarratt is characterised by generally larger dwellings than that of Three Rivers, with greater proportions than the district of all size categories with seven or more rooms, and lower proportions of two- to six- room dwellings. Most striking is the percentage of dwellings with nine or more rooms, of which Sarratt has more than double than the district.

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

| Number of Rooms | 2011<br>Sarratt | 2011<br>Three Rivers |
|-----------------|-----------------|----------------------|
| 1 Room          | 0.0%            | 0.4%                 |
| 2 Rooms         | 0.6%            | 2.1%                 |
| 3 Rooms         | 7.4%            | 9.6%                 |
| 4 Rooms         | 10.7%           | 17.6%                |
| 5 Rooms         | 14.5%           | 21.5%                |
| 6 Rooms         | 17.6%           | 19.2%                |
| 7 Rooms         | 13.2%           | 10.9%                |
| 8 Rooms or more | 11.2%           | 7.8%                 |
| 9 Rooms or more | 24.9%           | 10.8%                |

Source: ONS 2011, AECOM Calculations

106. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses. The evolution of Sarratt's dwelling mix in terms of size again diverges strongly from trends observed for the wider geographies of Three Rivers and England. One notable change from the 2001 Census is that Sarratt's proportion of two-room dwellings decreased by 16.7%, whereas the comparator geographies saw notable growth in this category. However, a similar trend was observed for five-room dwellings. It is remarkable overall how many dwelling size categories experienced a decrease between 2001 and 2011 in Sarratt. This is most likely due to a low rate of new building, combined with the extension and reconfiguration of existing dwellings.

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

| Number of Rooms | Sarratt | Three Rivers | England |
|-----------------|---------|--------------|---------|
| 1 Room          | 0.0%    | -18.6%       | -5.2%   |
| 2 Rooms         | -16.7%  | 17.3%        | 24.2%   |
| 3 Rooms         | 18.4%   | 20.4%        | 20.4%   |
| 4 Rooms         | -13.4%  | 0.3%         | 3.5%    |
| 5 Rooms         | -24.0%  | -2.1%        | -1.8%   |
| 6 Rooms         | 1.5%    | -5.9%        | 2.1%    |
| 7 Rooms         | -13.3%  | 13.2%        | 17.9%   |
| 8 Rooms or more | 19.3%   | 21.2%        | 29.8%   |

Source: ONS 2001-2011, AECOM Calculations

107. Returning to the most recent Census data, it is also useful to consider data pertaining to the number of bedrooms in each dwelling. Table 5-4 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data further emphasises the fact that dwellings in Sarratt are generally larger than those across Three Rivers and England as a whole.

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

| Bedrooms                               | Sarratt |        | Three Rivers |        | England    |        |
|----------------------------------------|---------|--------|--------------|--------|------------|--------|
| <b>All categories: no. of bedrooms</b> | 788     | 100.0% | 35,108       | 100.0% | 22,063,368 | 100.0% |
| No. bedrooms                           | 0       | 0.0%   | 55           | 0.2%   | 54,938     | 0.2%   |
| 1 bedroom                              | 58      | 7.4%   | 3,848        | 11.0%  | 2,593,893  | 11.8%  |
| 2 bedrooms                             | 155     | 19.7%  | 8,576        | 24.4%  | 6,145,083  | 27.9%  |
| 3 bedrooms                             | 260     | 33.0%  | 13,902       | 39.6%  | 9,088,213  | 41.2%  |
| 4 bedrooms                             | 196     | 24.9%  | 5,974        | 17.0%  | 3,166,531  | 14.4%  |
| 5 or more bedrooms                     | 119     | 15.1%  | 2,753        | 7.8%   | 1,014,710  | 4.6%   |

Source: ONS 2011, AECOM Calculations

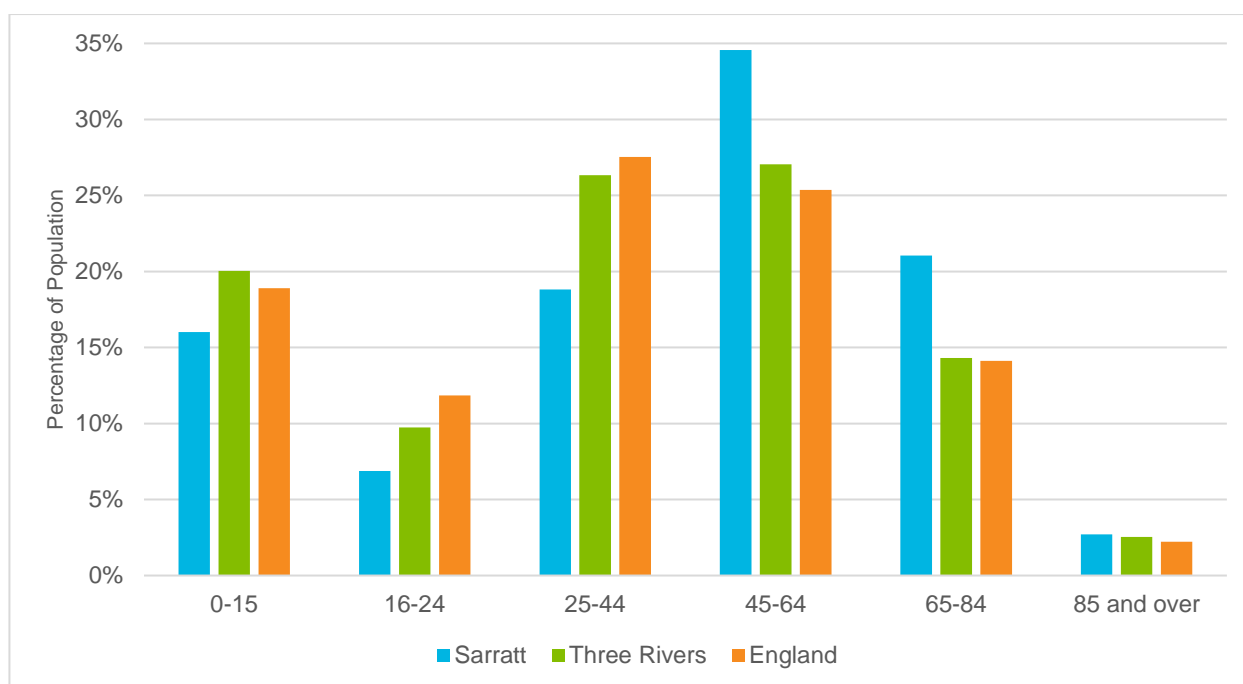
## 5.3 Household composition and age structure

108. Having established the current stock profile of Sarratt 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 size of housing needed in the Neighbourhood Plan area by the end of the planning period.

### 5.3.1 Age structure

109. The 2011 Census data reveals that Sarratt has a higher percentage of people over the age of 45 than both wider geographies, and a lower percentage of people aged 44 or younger (see Figure 5-1 below). Sarratt's proportion of those between 45-84 is substantially larger than Three Rivers, whereas it is substantially lower in the 25-44 bracket.

**Figure 5-1: Age structure in Sarratt, 2011**



Source: ONS 2011, AECOM Calculations

110. In terms of the changing age structure of the population, Census data shows that since 2001 Sarratt's population has seen a modest decline in its proportion of children and young adults (see Table 5-5 below). Most noticeable is the 25-44 range, which shrunk at a rate of more than four times that of Three Rivers.
111. Interestingly, there has been only a slight increase in those aged between 65 and 84 as compared with wider geographies. However, given the large population of those aged 45-84 currently, these age groups can be expected to expand significantly in future (or to already have done so during the nine years since the 2011 Census).

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

| Age group   | Sarratt | Three Rivers | England |
|-------------|---------|--------------|---------|
| 0-15        | -3.6%   | 2.4%         | 1.2%    |
| 16-24       | -7.3%   | 13.7%        | 17.2%   |
| 25-44       | -14.5%  | -3.6%        | 1.4%    |
| 45-64       | 3.2%    | 13.9%        | 15.2%   |
| 65-84       | 5.4%    | 5.6%         | 9.1%    |
| 85 and over | 4.2%    | 19.1%        | 23.7%   |

Source: ONS 2001-2011, AECOM Calculations

### 5.3.2 Household composition

112. Household composition (ie. the mix of adults and children in a dwelling) is an important factor in driving the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period.
113. In assessing Census data on household composition, we see that Sarratt differs from Three Rivers in that there are more households with families aged 65 or over and with no children, and fewer single person households under the age of 65 (Table 5-6). Note that non-dependent children refer to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university.

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

| Household composition        |                                          | Sarratt | Three Rivers | England |
|------------------------------|------------------------------------------|---------|--------------|---------|
| <b>One person household</b>  | <b>Total</b>                             | 25.5%   | 27.7%        | 30.2%   |
|                              | Aged 65 and over                         | 14.5%   | 12.6%        | 12.4%   |
|                              | Other                                    | 11.0%   | 15.1%        | 17.9%   |
| <b>One family only</b>       | <b>Total</b>                             | 68.0%   | 66.1%        | 61.8%   |
|                              | All aged 65 and over                     | 13.1%   | 8.9%         | 8.1%    |
|                              | With no children                         | 20.8%   | 16.5%        | 17.6%   |
|                              | With dependent children                  | 23.9%   | 29.8%        | 26.5%   |
|                              | All children Non-Dependent <sup>12</sup> | 10.3%   | 10.9%        | 9.6%    |
| <b>Other household types</b> | <b>Total</b>                             | 6.5%    | 6.2%         | 8.0%    |

Source: ONS 2011, AECOM Calculations

114. Again, it is relevant to consider rates of change in this indicator during the period between Censuses. Between 2001 and 2011 the proportion of one person households in Sarratt increased at a slower rate than Three Rivers, while the number of family households declined overall while remaining stable at both wider geographies (see Table 5-7 below).
115. Although the trend in Sarratt is therefore towards more single occupancy of households, it is perhaps surprising that the growth in this category is driven by those aged under 65. This is also the case at both wider geographies.
116. Sarratt's population of other household types (such as multi-family and shared households) grew at the same time as that category expanded in both the District and England. This is understood to be due to the rising frequency of house sharing and student living across the country and especially in cities – though this trend that is not frequently seen in rural areas.

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

| Household type               |                            | Percentage change, 2001-2011 |              |         |
|------------------------------|----------------------------|------------------------------|--------------|---------|
|                              |                            | Sarratt                      | Three Rivers | England |
| <b>One person household</b>  | <b>Total</b>               | 3.6%                         | 8.5%         | 8.4%    |
|                              | Aged 65 and over           | -4.2%                        | -8.9%        | -7.3%   |
|                              | Other                      | 16.0%                        | 29.3%        | 22.7%   |
| <b>One family only</b>       | <b>Total</b>               | -5.0%                        | 2.8%         | 5.4%    |
|                              | All aged 65 and over       | -15.6%                       | -7.2%        | -2.0%   |
|                              | With no children           | -9.4%                        | -4.6%        | 7.1%    |
|                              | With dependent children    | 9.9%                         | 8.7%         | 5.0%    |
|                              | All children non-dependent | -10.0%                       | 9.3%         | 10.6%   |
| <b>Other household types</b> | <b>Total</b>               | 18.6%                        | 13.7%        | 28.9%   |

Source: ONS 2001-2011, AECOM Calculations

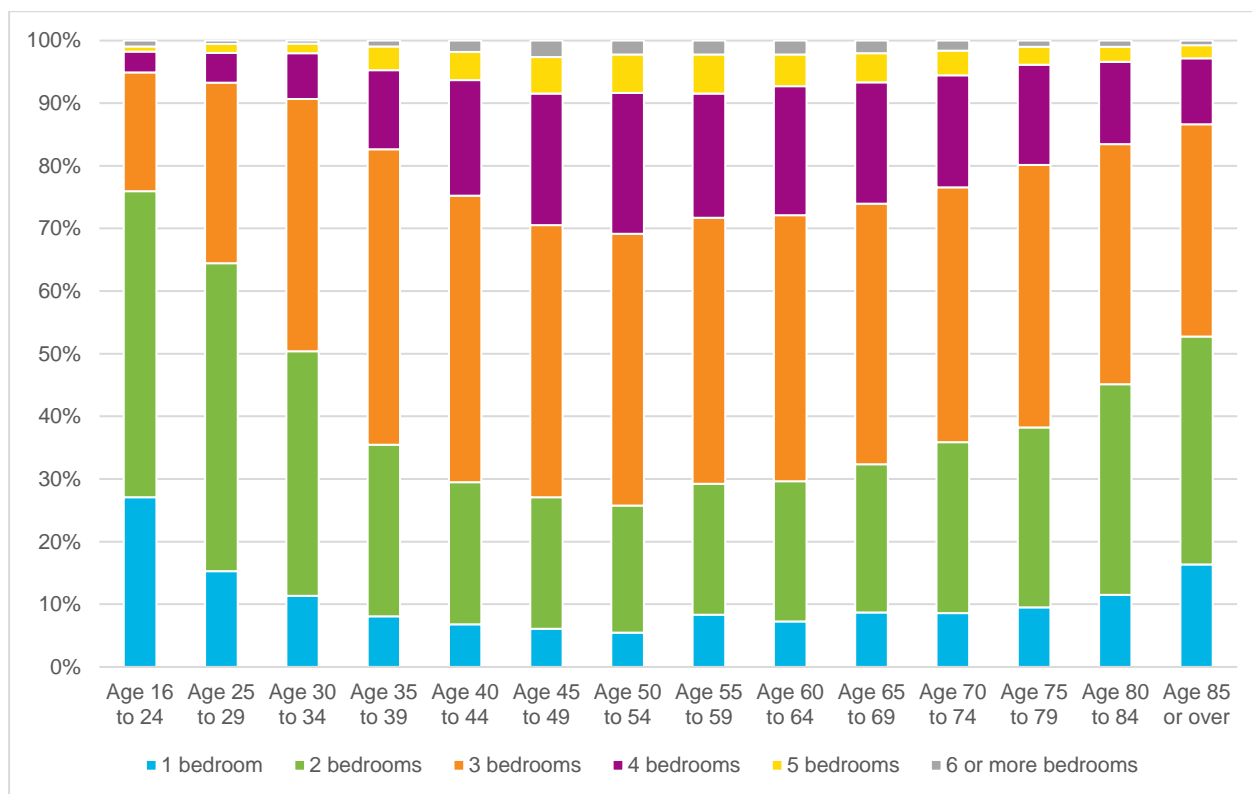
117. Seen in the context of Sarratt's comparatively large stock of dwellings, the trends towards ageing and single occupancy point toward a need for smaller dwellings. This hypothesis will be tested in the sections below.

<sup>12</sup> Refers to households containing children who are older than 18 e.g students or young working people living at home.

## 5.4 Dwelling mix determined by life-stage modelling

118. 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.
119. 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 may mean that many households are forced to occupy less space than they need or want.
120. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for ‘head of household’) is available at neighbourhood level. For this reason, LPA-level data needs to be used as the closest proxy.
121. Figure 5-2 below sets out the relationship in the 2011 Census at district 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.
122. The data shows that while a majority of Three Rivers residents under the age of thirty live in one- or two-bedroom dwellings, the proportion of households occupying these smaller dwellings declines steeply as households age, until they are again occupied by a majority of households only from the age of 85 onwards. Three-bedroom dwellings are the most common dwelling size for ten of the 14 age bands considered here. The occupation of dwellings with four or more bedrooms follows a similar pattern to that of two-bedroom dwellings, but peaks at the ages of 50-54, while the occupation of one-bedroom dwellings is consistently low, in accordance with the fact that only 11% of dwellings in Three Rivers contain just one bedroom.

**Figure 5-2: Age of household reference person by dwelling size in Three Rivers District Council, 2011**



Source: ONS 2011, AECOM Calculations

123. 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 district level and for the years 2014 and 2039. 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 and provided in red in Table 5-8 below.

**Table 5-8: Projected distribution of households by age of HRP, Three Rivers District Council**

| 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 | 584                     | 3,965               | 14,791              | 6,344               | 9,424                  |
| 2014 | 560                     | 3,977               | 15,092              | 6,134               | 10,625                 |
| 2036 | 578                     | 3,697               | 16,650              | 8,249               | 16,973                 |
| 2039 | 581                     | 3,659               | 16,863              | 8,538               | 17,839                 |

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

124. It is then necessary to extrapolate from this district-level data an estimate of the corresponding change in the age structure of the population in Sarratt. To do so, the percentage increase expected for each group across Three Rivers District Council, derived from the data presented above is mapped to the population of Sarratt. The results of this calculation are given in Table 5-9 below. It is here that we see most clearly the different growth rates expected for different age groups, with the youngest households in decline and the oldest households increasing the fastest.

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

| Year               | Age of HRP 24 and under | Age of HRP 25 to 34 | Age of HRP 35 to 54 | Age of HRP 55 to 64 | Age of HRP 65 and over |
|--------------------|-------------------------|---------------------|---------------------|---------------------|------------------------|
| 2011               | 2                       | 39                  | 273                 | 192                 | 282                    |
| 2014               | 2                       | 39                  | 279                 | 186                 | 318                    |
| 2036               | 2                       | 36                  | 307                 | 250                 | 508                    |
| % change 2011-2033 | -1%                     | -7%                 | 13%                 | 30%                 | 80%                    |

Source: AECOM Calculations

125. To complement the two stages in Table 5-10 below sets out the distribution of dwellings of different sizes according to the age of the HRP as they appeared in Census 2011. This provides the basis for a modelled estimate of the proportion of dwelling sizes that will be occupied by each age band across Three Rivers District Council by the end of the plan period. This is the same data presented in Figure 5-2 above, but with fewer age band groupings used.

**Table 5-10: Age of household reference person to size, grouped, Three Rivers District Council, Census 2011**

| Size        | Age of HRP 16 to 24 | Age of HRP 25 to 34 | Age of HRP 35 to 54 | Age of HRP 55 to 64 | Age of HRP 65 and over |
|-------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| 1 bedroom   | 38.3%               | 18.3%               | 7.5%                | 8.6%                | 13.9%                  |
| 2 bedrooms  | 41.9%               | 43.2%               | 20.6%               | 17.9%               | 25.9%                  |
| 3 bedrooms  | 16.4%               | 30.5%               | 42.4%               | 41.2%               | 39.4%                  |
| 4 bedrooms  | 2.2%                | 5.4%                | 20.0%               | 21.5%               | 15.1%                  |
| 5+ bedrooms | 1.2%                | 2.5%                | 9.5%                | 10.9%               | 5.8%                   |

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

126. Finally, having established the likelihood shown by households at different life-stages to occupy dwellings of different sizes, and the approximate number of households in Three Rivers District Council and Sarratt falling into each of these stages by the end of the Plan period in 2036, it is possible to estimate how Sarratt's housing stock should evolve in terms of size over the Neighbourhood Plan period in response to demographic change.
127. Table 5-11 below 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.
128. It is clear that the dominant age group of those aged 65 and over (who have started to occupy smaller dwellings than the second biggest group – those aged 35-54) has the greatest impact on the need for dwellings of different sizes.

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

| Size                  | Age of HRP<br>16 to 24 | Age of HRP<br>under 35 | Age of HRP<br>35 to 54 | Age of HRP<br>55 to 64 | Age of HRP<br>65 and over | Total households<br>requiring<br>dwelling<br>sizes |
|-----------------------|------------------------|------------------------|------------------------|------------------------|---------------------------|----------------------------------------------------|
| Households<br>(1,103) | 2                      | 36                     | 307                    | 250                    | 508                       | -                                                  |
| 1 bedroom             | 1                      | 7                      | 23                     | 21                     | 71                        | 122                                                |
| 2 bedrooms            | 1                      | 16                     | 63                     | 45                     | 131                       | 256                                                |
| 3 bedrooms            | 0                      | 11                     | 130                    | 103                    | 200                       | 444                                                |
| 4 bedrooms            | 0                      | 2                      | 62                     | 54                     | 77                        | 194                                                |
| 5+ bedrooms           | 0                      | 1                      | 29                     | 27                     | 29                        | 87                                                 |

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

129. It is now possible to compare the 2011 housing mix in terms of size with the projected requirement based on the estimates set out in Table 5-11 above.
130. Table 5-12 below indicates that, by 2036, the size distribution of dwellings in Sarratts should be more focused on the smaller end of the size spectrum than it is currently, with the proportions of homes with one to three bedrooms needing to increase and the proportions of homes with four or more bedrooms in lower demand.

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

| Number of bedrooms | 2011 |        | 2036  |        |
|--------------------|------|--------|-------|--------|
| 1 bedroom          | 58   | 7.4%   | 122   | 11.1%  |
| 2 bedrooms         | 155  | 19.7%  | 256   | 23.2%  |
| 3 bedrooms         | 260  | 33.0%  | 444   | 40.3%  |
| 4 bedrooms         | 196  | 24.9%  | 194   | 17.6%  |
| 5 or more bedrooms | 119  | 15.1%  | 87    | 7.9%   |
| Total households   | 788  | 100.0% | 1,103 | 100.0% |

Source: Census 2011, AECOM Calculations

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

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

| Number<br>bedrooms | of<br>2011 | 2036 | Change to housing<br>mix | Recommended<br>split |
|--------------------|------------|------|--------------------------|----------------------|
| 1 bedroom          | 58         | 122  | 64                       | 18.4%                |
| 2 bedrooms         | 155        | 256  | 101                      | 28.8%                |
| 3 bedrooms         | 260        | 444  | 184                      | 52.8%                |
| 4 bedrooms         | 196        | 194  | -2                       | 0.0%                 |
| 5 or more bedrooms | 119        | 87   | -32                      | 0.0%                 |

Source: AECOM Calculations

132. Note that the changes to the housing mix given above for four or more bedroom dwellings are negative numbers. Because in light of the national and local housing shortage, it is rarely advisable or practicable to remove dwellings from the available stock, as would otherwise be suggested here for dwellings with three or more bedrooms, we have instead set the recommended split at 0% rather than a negative number, and rebalanced the other sizes as percentages of the additional dwellings they represent in total.



133. The results of this exercise suggest that, to accommodate the changing age structure of the population, around half of new homes should have three bedrooms, with the remaining half split between homes with one and two bedrooms. The model indicates that no further dwellings with four or more bedrooms are required.
134. Efforts to change the dwelling mix in this smaller direction would help to allow a growing older cohort of households to rightsize within their existing community if they wish to, and younger people to be able to move into suitably sized first homes, while leaving enough of the larger existing homes to meet demand from families and the still-prominent 35 to 54 age group.
135. However, this recommendation should be applied with a degree of flexibility because it may not be reasonable in practice strictly to limit the provision of dwellings with four or more bedrooms, and in fact, such a restriction has the potential to negatively impact the viability of sites that could help to deliver Affordable Housing or other community priorities. It should also be noted that this report is concerned with demand in the sense of need rather than in the sense of the preferences of potential occupants, which will likely include demand for larger homes. There may also be good reasons to deliver larger properties in the NA as part of a housing mix strategy in the district as a whole

## 5.5 SHMA findings

136. The 2016 South West Hertfordshire Strategic Housing Market Assessment (SHMA), having conducted a similar exercise for the whole of Three Rivers, found that future housing need can be expected to shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households.
137. The recommended dwelling size mix for Three Rivers is reproduced in Table 5-14 below. While this recommendation is similar to the HNA recommendation for Sarratt in the proportions of two- and three-bedroom homes needed (27.8%/28.8% and 52.8%/41.5% respectively), the district mix places a greater emphasis on larger homes and a lower emphasis on smaller ones than the HNA model. This is amply explained by the significant difference in the existing dwelling stock in Sarratt, which includes a much higher proportion of larger homes already. It is therefore logical that Sarratt requires fewer new large properties than Three Rivers.

**Table 5-14: Estimated dwelling requirement by number of bedrooms for Three Rivers (2013-2036)**

| Number of bedrooms | % of new dwellings required |
|--------------------|-----------------------------|
| 1 bedroom          | 7.7%                        |
| 2 bedrooms         | 27.8%                       |
| 3 bedrooms         | 41.5%                       |
| 4 or more bedrooms | 23.0%                       |

Source: 2016 SHMA

## 5.6 Conclusions- Type and Size

138. 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 required for Sarratt 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 Planning Authority strategies) and site specific factors which may justify a particular dwelling mix.
139. In terms of Sarratt's existing stock of housing, the data shows that the proportion of detached homes is more than double that of Three Rivers or the national average, while all other dwelling types exist at correspondingly lower proportions. For example, Sarratt has less than a third the proportion of flats as Three Rivers.
140. Strongly linked to this finding is the fact that Sarratt has generally larger dwellings than Three Rivers, with greater proportions of all size categories above six rooms, and lower proportions of all smaller dwelling sizes. In particular, Sarratt has a persistent lack of one- and two-room units.
141. In terms of demographics, Sarratt has a substantially higher percentage of residents over the age of 45, and a lower percentage of those 44 or younger, compared to Three Rivers and the national average. Though Census data shows that this trend has been exacerbated since 2001, the current population of those around the age of 65 is likely to result in yet more apparent ageing over the Plan period.

142. Seen in the context of Sarratt's comparatively large stock of dwellings, trends towards older households and single occupancy may warrant a Neighbourhood Plan policy intervention to restrict the future supply of larger dwellings to some extent. It may also be the case that the declining number of families in Sarratt is a function of the limited number of dwellings that are both appropriately-sized and affordable to younger families, so it may be beneficial also to encourage the provision of mid-sized housing suitable for this demand segment.
143. 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, corroborates this finding. The recommended size mix of new housing focuses on dwellings of three bedrooms (around 50%) and those with one (20%) and two (30%) bedrooms, further suggesting that no further large dwellings are needed.
144. This model, however, operates on the assumption that households can and will wish to move freely around the stock of existing housing, which is not a realistic prospect. It is natural, then, that demand should continue for some larger dwellings. The provision of larger homes should not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the neighbourhood plan may be used to influence the size mix of housing coming forward, smaller homes should be the priority.
145. In terms of the types of dwellings required, some unmet demand for generally more affordable dwelling types presently lacking in Sarratt, such as terraced homes, should be addressed. The size recommendation for two- and two-bedroom homes would help to achieve this. It is also advisable to promote the delivery of bungalows or other forms of age appropriate housing in order to meet the needs of the ageing population and to reflect the fact that other smaller dwelling types, such as apartments, may not in practice be popular market propositions in a rural parish like Sarratt.

## 6. Conclusions

### 6.1 Overview

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

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

| Issue                            | Evidence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Recommendations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Housing tenure and affordability | <p>82% of occupied dwellings in Sarratt are owned, with social and private renting comprising a relatively even proportion of the remainder.</p> <p>The median gross annual household income across the Sarratt area in 2015/16 was £59,200, while the lower quartile earnings of single-earning households across Three Rivers in 2018 was £15,815, meaning that dual-earning households on lower quartile incomes can be estimated to have gross total earnings of £31,630.</p> <p>Single-earning households on lower quartile incomes are unable to afford any of the housing tenures under consideration, dual-earning households can access the majority of tenures if they are able to spend a higher proportion than 30% of their income on housing costs, and median earning households can afford all of the tenures considered.</p> <p>It is estimated that 122 households will be in need of affordable rented housing, and 48 households in need of affordable ownership options during the Plan period.</p> | <p>It is apparent that social rented homes for those on the lowest incomes are the greatest priority in Sarratt, while the supply of affordable routes to home ownership (currently very rare in the area) would help bridge the wide affordability gap between social renting and private renting.</p> <p>The continued provision of entry-level market homes should be encouraged, as homes for purchase appear to be within reach of local people, although renting remains expensive – possibly due to a lack of supply that would be counteracted if more new homes were put up for rent at entry-level prices.</p> <p>Given Three Rivers's strategy for housing delivery, which suggests that new development in Sarratt should be minimal, it is unlikely that the scale of Affordable Housing need identified will be satisfied through Affordable Housing contributions from market housing delivery. The Parish Council may therefore consider whether delivering Affordable Housing through other means, such as an exception site, may be desirable.</p> <p>The recommended balance within Affordable Housing, based on the HNA and SHMA calculations, and Three Rivers policy, is for 70% of Affordable Housing to be for social or affordable rent, and 30% to be for affordable home ownership products.</p> |

| Issue                 | Evidence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Recommendations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Housing type and size | <p>The proportion of detached homes in Sarratt is more than double that of Three Rivers or the national average. The NA is also characterized by generally larger homes than the wider district.</p> <p>Sarratt has a substantially higher percentage of residents over the age of 45, and a lower percentage of those 44 or younger, compared to Three Rivers and the national average. Though Census data shows that this trend has been exacerbated since 2001, the current population of those around the age of 65 is likely to result in further ageing over the Plan period.</p> | <p>Seen in the context of Sarratt's comparatively large stock of dwellings, trends towards older households and single occupancy may warrant a Neighbourhood Plan policy intervention to restrict the future supply of larger dwellings to some extent.</p> <p>The recommended size mix of new housing in Sarratt focuses on dwellings of three bedrooms (around 50%) and those with one (20%) and two (30%) bedrooms, further suggesting that no further large dwellings are needed.</p> <p>The provision of larger homes should not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the neighbourhood plan may be used to influence the size mix of housing coming forward, smaller homes should be the priority.</p> <p>In terms of the types of dwellings required, some unmet demand for generally more affordable dwelling types presently lacking in Sarratt, such as terraced homes, should be addressed. The size recommendation for two- and two-bedroom homes would help to achieve this.</p> |

## 6.2 Recommendations for next steps

148. This Neighbourhood Plan housing needs assessment aims to provide Sarratt with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that the neighbourhood planners should, as a next step, discuss the contents and conclusions with Three Rivers 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 Three Rivers District Council – in particular in relation to the quantity of housing that should be planned for;
- The views of local residents and 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 Three Rivers District Council, including but not limited to the Strategic Housing Land Availability Assessment (SHLAA);
- The recommendations and findings of this study; and
- The impact of the Government's Standard Methodology on calculating housing need for Three Rivers District Council and the neighbourhood plan areas within it.

149. 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.

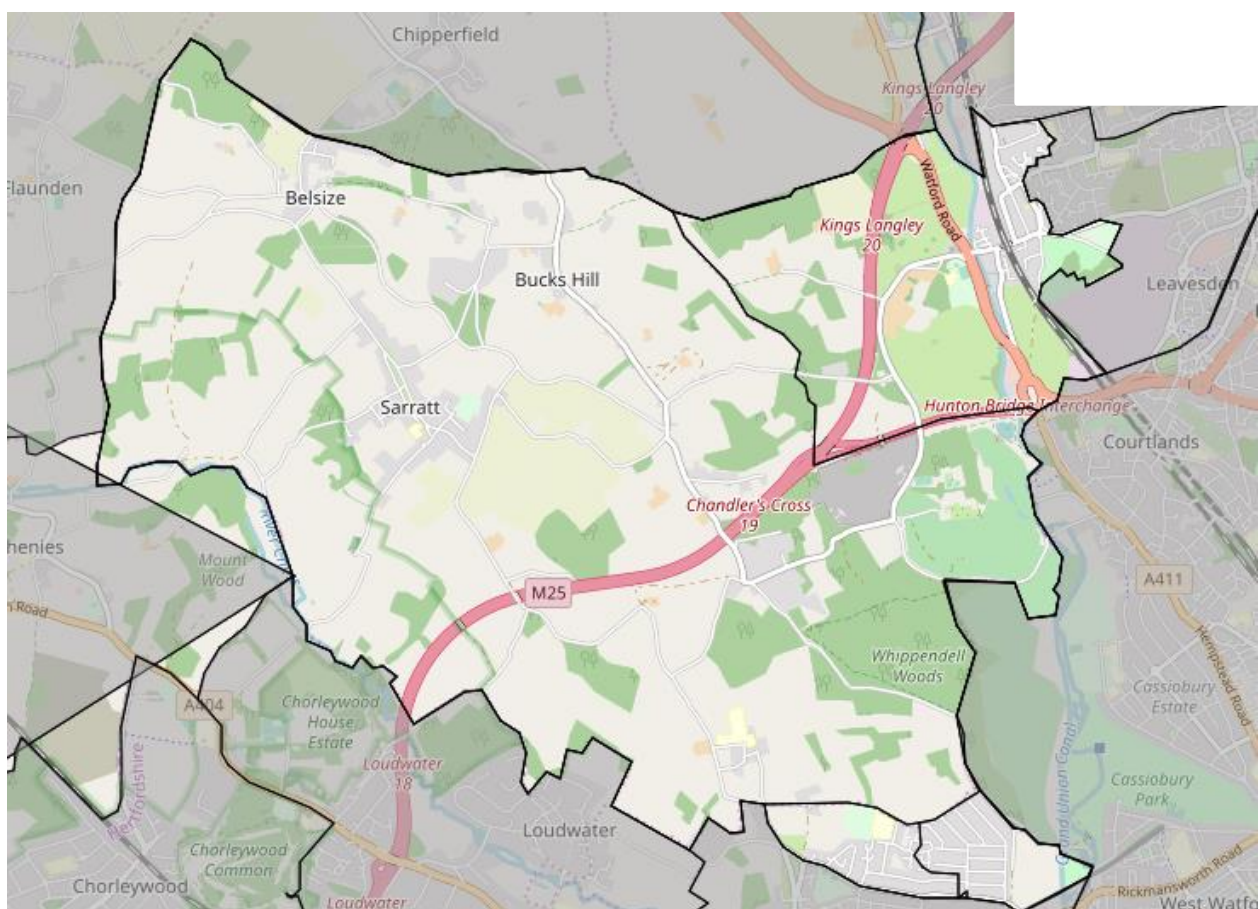
150. Bearing this in mind, it is recommended that the Neighbourhood Plan steering group should monitor carefully strategies and documents with an impact on housing policy produced by the Government, Three Rivers District Council or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
151. 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

1. 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.
2. 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 Sarratt, it is considered that MSOA E02004958 is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. Note that while the MSOA is dominated by Sarratt Parishes, it also includes a few other small neighbouring parishes. As no smaller geography is available for local income data, this is the most robust available proxy. A map of the MSOA appears below in Figure A-1.

**Figure A-1: MSOA E02004958 used as a best-fit geographical proxy for the Neighbourhood Plan area**



Source: ONS

### A.2 Market housing

3. Market dwellings for sale and rent are increasingly accessible only to people on higher incomes. Choices in the housing market are driven principally by spending power, life stage, and personal taste.
4. 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 that prevent its ability to respond to demand.
5. 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.



6. To determine affordability in market housing, we consider 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

7. 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.
8. 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 Sarratt. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
9. 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.<sup>13</sup> The value of an entry level dwelling used here is the lower quartile average house price from sales data from Land Registry over the year 2018. Though this is not necessarily reflected in the currently available properties on the local market, the larger sample size across 2018 as a whole and the difference between paid prices as recorded by Land Registry and asking prices visible on the market, render the 2018 Land Registry data more accurate for the purpose of this calculation.
10. The calculation is as follows:
  - Value of an entry level dwelling = £160,000;
  - Purchase deposit = £16,000 @10% of value;
  - Value of dwelling for mortgage purposes = £144,000;
  - Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;
  - Purchase threshold (i.e. annual income needed to afford entry-level market housing) = £41,143.

### ii) Private Rented Sector (PRS)

11. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. Households are deemed able to afford a private rent property if the lower quartile private rent does not exceed 30% of net household income.
12. 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,<sup>14</sup> such a home would require three habitable rooms (a flat or house with two bedrooms).
13. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within the WD3 postcode area, which does not align exactly with the Plan area itself but can be used as a reasonable proxy for it. Moreover, because covers forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.
14. According to [Home.co.uk](https://www.home.co.uk), there are 20 two-bedroom properties currently listed for rent across the plan area, with an average rent of £1,389 per calendar month. This is significantly higher than the median rent for Three Rivers as a whole cited in the SHMA of £963. However, the SHMA data is from 2014, since which time rents are likely to have increased, and is the overall median – not the two-bedroom average. Additionally the rural WD3 rural area has higher housing costs than the wider district, which includes urban centres with smaller and less expensive units.
15. It is possible to derive from this data the estimated income threshold for private rental sector dwellings in the Neighbourhood Plan area; the calculation is therefore:
  - Annual rent = £1,389 x 12 = £16,668;

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<sup>13</sup> '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.

<sup>14</sup> 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](http://england.shelter.org.uk/housing_advice/repairs/overcrowding)



- Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of £55,504.

## A.3 Affordable Housing

- There is a range of tenures that constitute the definition of Affordable Housing within the 2019 NPPF: social rent and affordable rent, starter homes, discounted market sales housing, and other affordable routes to home ownership.
- This variety of tenures reflects an ambition by the Government to provide a pathway to home ownership for more sectors of the population, 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.
- Each of the Affordable Housing tenures is considered in turn below.

### i) Social rent

- 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.
- To determine social rent levels, we used the data and statistical return from Homes England. This data is only available at the Local Authority level so Three Rivers must act as a proxy for Sarratt. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Three Rivers in the table below.
- To determine the income needed, we continue to operate on the assumption that no more than 30% of income should be spent on rent. The two-bedroom income threshold of £19,629 is taken forward for the analysis in the Tenure chapter for consistency with the two-bedroom market rental and entry-level market purchase indicators used.

**Table A-1: Social rent levels (£)**

| Size                       | 1 bed   | 2 beds  | 3 beds  | 4 beds  |
|----------------------------|---------|---------|---------|---------|
| Average weekly social rent | £93.17  | £113.36 | £127.28 | £139.52 |
| Annual average             | £4,845  | £5,895  | £6,619  | £7,255  |
| Income needed              | £16,133 | £19,629 | £22,040 | £24,159 |

Source: Homes England, AECOM Calculations

### ii) Affordable rent

- Affordable rent is controlled at no more than 80% of the local market rent. As we have seen, the annual entry-level rent in Sarratt is £16,668. In the event of a 20% reduction in rent to £13,334, the income threshold would reduce to an estimated £44,402. This tenure is usually only accessible to those on local authority and housing association waiting lists.
- However, although affordable rent at 80% of market rent is permitted, in practice most registered providers seek to cap rents so that they are affordable to those on universal credit, which is the group of people who will be accessing this tenure. This may be done by determining a percentage of the maximum benefit available to a household that should be spent on housing costs: for example, it might be set at 40% of the maximum universal credit amount of £20,000, meaning that affordable rent for larger homes for families would be capped at £8,000 per year.
- Given that the cost of renting is so high in Sarratt, and the income required exceeds that needed to purchase an entry-level dwelling, it is very unlikely that the 20% discount on market rents will be realistic and applied in Sarratt. Because registered providers' approach will differ across the area and is not published, another indicator is used.
- Three Rivers's Local Housing Allowance (LHA) rates for 2019-20 are also provided in Table A-2 below. Affordable Rent levels can also be set with reference to the housing allowance that will be paid to the tenant, and this measure is considered to be a more reliable measure of the Affordable Rent tenure in this instance. A housing association would be within their rights to charge the full LHA amount, and so we will take forward the LHA-derived figure in the comparative analysis at the end of this chapter. Because a weighted average is not available, we use the cost of a two-bedroom unit in line with the proxy used elsewhere for an entry-level dwelling.

**Table A-2: Three Rivers (South West Herts) Local Housing Allowance levels**

| Size                           | 1 bed   | 2 beds  | 3 beds  | 4 beds  |
|--------------------------------|---------|---------|---------|---------|
| Average rent per calendar week | £165.50 | £208.96 | £262.26 | £358.80 |
| Annual average rent            | £8,606  | £10,866 | £13,638 | £18,658 |
| Income needed                  | £28,657 | £36,184 | £45,415 | £62,131 |

Source: <http://lha-direct.voa.gov.uk>

### iii) Intermediate tenures

26. 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.
27. 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*”.

#### **Starter homes**

28. The Housing and Planning Act 2016 introduced a duty on planning authorities in England to promote the supply of ‘starter homes’, and to require a minimum number or proportion of starter homes on certain residential development sites.
29. A starter home is a new build home with a discounted value not exceeding £250,000 (or £450,000 in London); they are eligible for first time buyers aged 40 or younger.
30. Whether to treat discounted market sale homes as affordable housing or not depends on whether lowering the asking price of new build homes of a size and type suitable to first time buyers by 20% would bring them within reach of people currently unable to access market housing for purchase.
31. To provide a conservative assessment of the suitability of discounted market sale homes, it is appropriate to apply the value we have estimated for an entry-level dwelling, namely £160,000.
32. Applying a discount of 20% provides an approximate selling price of £128,000. Allowing for a 10% deposit further reduces the value of the property to £115,200. The income threshold at a loan to income ratio of 3.5 is £32,914.
33. However, this method of estimating the cost of Starter Homes is based on an assumption that they will be priced with reference to the value of lower quartile dwellings, with a discount of 20% applied. In practice, there is nothing in national regulations to require that their price is set in this way. Developers could instead set prices with reference to average new build prices or a market value they establish themselves based on their sales prices in the area, both of which tend to be much higher than lower quartile prices. This ambiguity means that the cost of Starter Homes can in reality be much higher than the optimistic calculation presented here.

#### **Shared ownership**

34. Shared ownership involves the purchaser buying an initial share in a property typically of between 25% and 75% and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the leaseholder can be varied by ‘staircasing’. Generally, staircasing will be upward, thereby increasing the share owned.
35. 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.
36. To determine the affordability of shared ownership, calculations are based on the lower quartile house price of £160,000.<sup>15</sup> 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

<sup>15</sup> 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.

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).

37. A 25% equity share of £160,000 is £40,000, from which a 10% deposit of £4,000 is deducted. The mortgage value of £36,000 is then divided by 3.5. To secure a mortgage of £36,000, an annual income of £10,286 is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £120,000. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £3,000 and requires an income of £12,000. Therefore, an income of around £22,286 (£10,286 + £12,000) is required to afford a 25% shared equity purchase of an entry-level house with annual rent.
38. The same calculations are repeated for shared ownership at a 50% and 75% equity share, producing affordability thresholds of £28,571 and £34,857 respectively.

## 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) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) 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.

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

### Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>16</sup>.

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<sup>16</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

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

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

### **Annual Monitoring Report**

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

### **Basic Conditions**

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

### **Backlog need**

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

### **Bedroom Standard<sup>17</sup>**

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

### **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 Order<sup>18</sup>**

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

### **Concealed Families (Census definition)<sup>19</sup>**

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

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<sup>17</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

<sup>18</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>19</sup> See [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

### **Equity Loans/Shared Equity**

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

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

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

### **Fair Share**

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

### **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, such as Starter Homes, the Government's flagship 'housing product'.

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

Housing size can be referred to either in terms of the number of bedrooms in a home (a bedroom is defined as any room that was intended to be used as a bedroom when the property was built, any rooms permanently converted for use as bedrooms); or in terms of the number of rooms, excluding bathrooms, toilets halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted. If two

rooms have been converted into one they are counted as one room. Rooms shared between more than one household, for example a shared kitchen, are not counted.

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

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

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

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

### **Income Threshold**

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

### **Intercensal Period**

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

### **Intermediate Housing**

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

### **Life Stage modelling**

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

### **Life-time Homes**

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

### **Life-time Neighbourhoods**

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

### **Local Development Order**

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

### **Local Enterprise Partnership**

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

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



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

### **Local Planning Authority**

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

### **Local Plan**

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

### **Lower Quartile**

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

### **Lower Quartile Affordability Ratio**

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

### **Market Housing**

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

### **Mean (Average)**

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

### **Median**

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

### **Median Affordability Ratio**

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

### **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>20</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

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

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

### **Neighbourhood plan**

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

### **Older People**

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

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

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

### **Overcrowding**

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

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<sup>20</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

## **Proportionate and Robust Evidence**

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

## **Private Rented**

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

## **Retirement Living or Sheltered Housing**

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

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

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

## **Rightsizing**

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

## **Rural Exception Sites**

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

## **Shared Ownership**

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

## **Sheltered Housing<sup>21</sup>**

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

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<sup>21</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

to manage the scheme and help arrange any services residents need. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden.

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

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

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

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

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

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

### **Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>22</sup>

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<sup>22</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

