



# Kelbrook and Sough Housing Needs Assessment (HNA)

March 2021

## Quality information

### Prepared by

Jessica Cooke  
Graduate Planner

### Checked by

Paul Avery  
Senior Consultant

### Approved by

Paul Avery  
Senior Consultant

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## Prepared for:

Kelbrook and Sough Parish Council

## Prepared by:

Jessica Cooke

AECOM  
Aldgate Tower  
2 Lemn Street  
London  
E1 8FA  
aecom.com

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

AH	Affordable Housing (NPPF definition)
AMH	Affordable Market Housing
HNA	Housing Needs Assessment
HNF	Housing Need Figure
Housing LIN	Housing Learning and Improvement Network
HRP	Household Reference Person
KSNP	Kelbrook and Sough Neighbourhood Plan
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
PBC	Pendle Borough Council
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

## Tenure and Affordability Conclusions

The majority of homes in Kelbrook and Sough are owned (82%), this is a higher proportion than at borough or national level, this is followed by the next most common tenure of privately rented homes (13%) and social rented homes (5%). There are no homes in shared ownership in the neighbourhood area.

The most significant change during the intercensal period was the increase in private renting, which more than doubled. In addition, social renting increased by a half, while home ownership remained relatively stable. These trends are broadly seen at the higher level geographies with the exception of social renting, which fell at both the borough and national level in contrast to a fairly significant increase in the neighbourhood area. However, this may be attributed to the small starting number of 15 social rented dwellings in 2001.

In general, between 2010 and 2019, house prices increased by approximately 33%, the type of dwelling appreciated the most is detached (which also represents the vast majority of all homes in the NA) with an 81% increase, while semi-detached dwellings only saw a 3% increase and terraced housing decreased in value. There is no data available for flats in the neighbourhood area, there are only 6 in total and they may not have been sold over the past 10 years.

Kelbrook and Sough is seen as generally affordable for both home ownership and renters when comparing house prices to incomes, as such, the income required to buy an average market home for sale is lower than what would be expected to be available to those on average household incomes. In addition, the income required to buy an average entry-level home for sale is lower than the average income of those on lower quartile dual earning household incomes. In addition, single earning households on lower quartile incomes are able to access shared ownership at 25% and potentially discounted market sale (when heavily discounted at 50%). However, compared to the borough more widely mean house prices are almost double in the neighbourhood area.

AECOM's estimate identified the potential demand for 36 affordable homes for sale over the plan period. If Kelbrook and Sough was to meet its need for social/affordable rented housing this would imply approximately 80 homes over the plan period. While the neighbourhood group have expressed they are not interested in delivering this level of housing currently, the relationship between these two estimates suggests that there is greater requirement to deliver for more acute needs in the form of socially rented homes than the potential demand for intermediate homes as a general affordable tenure mix to be sought in the Neighbourhood Plan.

Two indicative tenure mixes have been provided, which could serve as a guideline for the breakdown of Affordable Housing tenures in Kelbrook and Sough based on various considerations and evidence. Mix 1 (indicative mix based on local needs) proposes that 70% of affordable homes be provided as rented tenures, and the remaining 30% delivered as affordable routes to home ownership. This mix aligns with the Local Plan in prioritising the most acute needs as far as possible. Mix 2 (indicative mix with 25% First Homes requirement) proposes the same general split between affordable rented and for sale. However, the break down within the affordable housing for sale differs as it includes 25% for First Homes and displaces shared ownership and rent to buy equally. This aligns with the direction of proposed national policy, which includes a mandated minimum level of delivery of the Government's new First Homes affordable home ownership product.

The expected level of housing delivery does not meet the quantity of demand identified in estimates of the need for affordable housing. It is recommended that the policy requirement be met wherever possible, and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites) to be explored. It is not recommended that the Local Plan affordable housing policy parameters be exceeded in the neighbourhood plan because such steps are rarely accepted by neighbourhood planning examiners on the grounds that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could, furthermore, have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.

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

However, the neighbourhood planners must also consider the residents views, which in Kelbrook and Sough generally oppose new market and affordable housing in the neighbourhood area. Therefore, policies and/ or initiatives such as rural exception sites, which will aim to increase the delivery of housing, may not be appropriate.

### **Type and Size Conclusions**

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

The 2011 Census shows that there were 470 households in Kelbrook and Sough, living in 120 detached houses, 119 semi-detached, 225 terraced houses, and 6 flats. Compared with the Pendle Borough Council, Kelbrook and Sough is characterised by a larger proportion of detached dwellings and a correspondingly smaller proportion of flats; this is somewhat unsurprising given the rural characteristics of the neighbourhood area. However, Kelbrook and Sough have a large proportion of terraced dwellings (accounting for almost 50% of the housing stock – double than the level nationally).

The data also shows that the housing stock in Kelbrook and Sough is dominated by 2, 3 and 4 bedroom homes; this is a similar trend that can be seen at borough and national level.

Unsurprisingly, however, the social and affordable dwellings in Kelbrook and Sough are predominantly smaller dwellings with less bedrooms. Of the 19 socially rented dwellings in the neighbourhood area, there are eight 1 bedroom bungalows, six dwellings with 2 bedrooms and 5 dwellings with 3 bedrooms. The prevalence of small bungalows may suggest that it is largely the older generations occupying this type and tenure of dwelling rather than younger families. This would again support the findings from the Tenure Chapter which indicate Kelbrook and Sough is generally an affordable place to live even for those on lower incomes with the majority of residents able to be housed by the market.

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 demonstrates that in Kelbrook and Sough an appropriate response would be to prioritise the supply smaller sized dwellings (1 and 2 bedrooms). This would provide greater choice for the older population should they wish to downsize in the future. In addition, this may also retain or attract the younger generation who are looking to move into their first home.

Given the stock and recent delivery of larger dwellings (3 bedrooms and more), it is suggested that 2 bedroom houses primarily and some 1 bedroom houses would be the ideal dwelling mix on new developments. This mix may not be generally popular with housebuilders. Therefore, the construction of some larger homes should not be ruled out altogether.

In addition, this model operates on the assumption that households can and will wish to occupy only housing specifically suitable for their household size, which is not a realistic prospect given that people are willing to pay for extra bedrooms for a range of reasons. It is not surprising, then, that demand for some larger will remain. The provision of these homes should therefore not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the community wish to influence the size mix of housing coming forward, small-sized homes should be the priority.

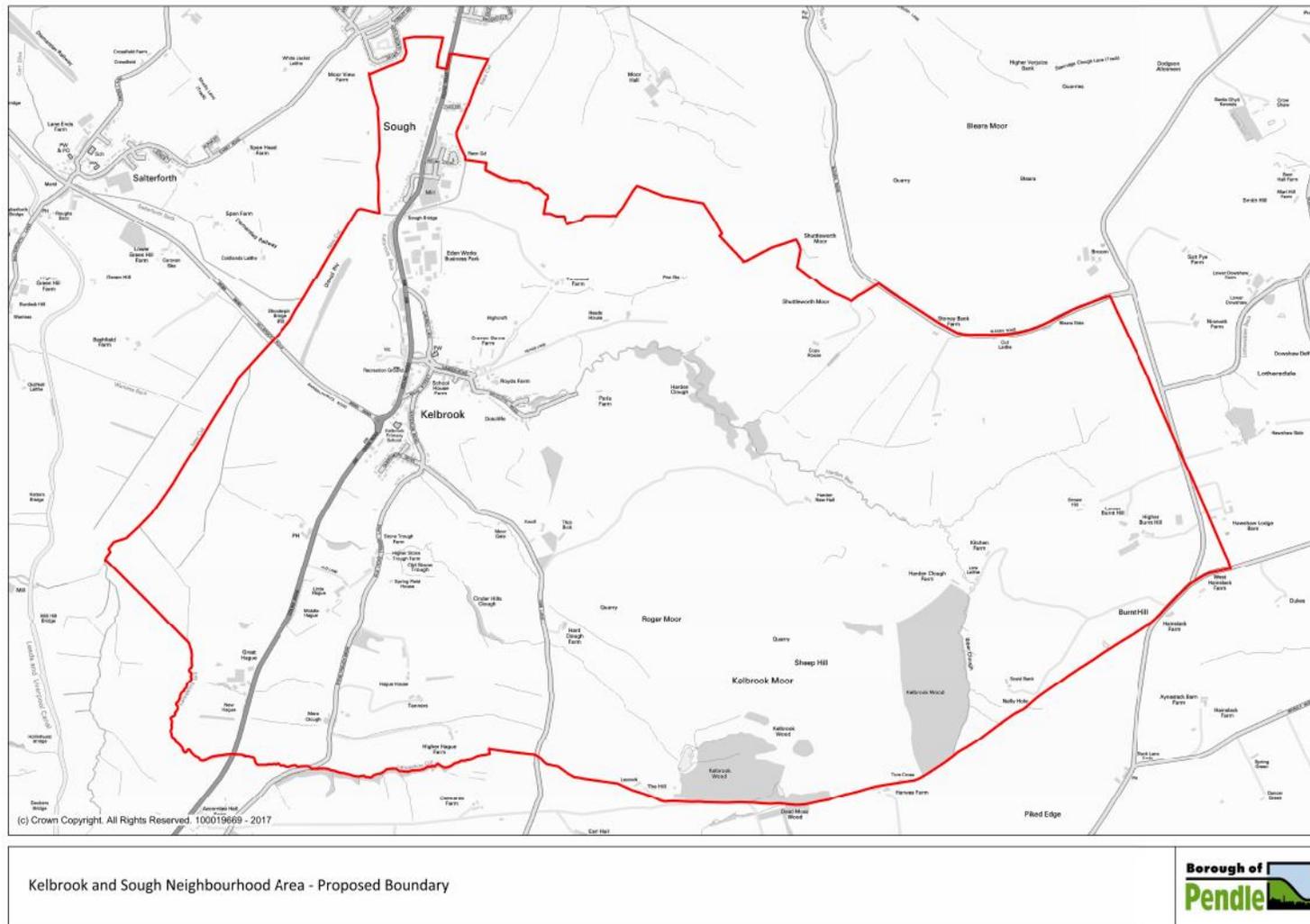
In the Tenure and Affordability chapter analysis, it was found that market housing for sale and rent is generally affordable in Kelbrook and Sough. Therefore, the delivery of some larger dwellings may not have an impact on the ability of residents to afford such dwellings. This puts Kelbrook and Sough in a fortunate position when looking at potential delivery of different types and sizes of dwellings.

## 2. Context

### 2.1 Local context

1. Kelbrook and Sough is a Neighbourhood Plan area located in the borough of Pendle, Lancashire. The Neighbourhood Area (NA) boundary matches the civil parish boundary and was designated in 2017.
2. The proposed Neighbourhood Plan period starts in 2015 and extends to 2035, therefore comprising a planning period of 20 years.
3. The Parish of Kelbrook and Sough is comprised of the village of Kelbrook and the hamlet of Sough located in the heart of the Pennines. It is situated approximately 14 km north of Burnley and approximately 10 km south west of Skipton. The nearest train station is located in Colne which provides regular services to Preston. A number of bus routes service the Parish, providing links to Preston, Skipton, Burnley and Barnoldswick.
4. The aim of the Neighbourhood Plan is to retain the rural nature of the parish, to encourage a greater sense of community, promote sustainable economic activity for current and future generations, as well as to retain the rural, farming traditions of the area and encourage the protection of wildlife habitats and biodiversity.
5. The Census data used throughout this report is for the Kelbrook and Sough Parish, which is made up of three Output Areas (OAs) – geographical units of analysis used in the Census. These are:
  - E00172553;
  - E00127921; and
  - E00127918.
6. The statistics show that in the 2011 Census the Neighbourhood Plan area had a total of 1,008 residents.
7. A map of the Plan area appears below in Figure 2-1.
8. The neighbourhood planners are interested in exploring the need for Affordable Housing for sale (also known as affordable home ownership) and are therefore eligible for support under the Affordable Housing for sale element of the Neighbourhood Planning Technical Support programme. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

Figure 2-1: Map of the Kelbrook and Sough Neighbourhood Plan area



Source: Pendle Borough Council Neighbourhood Planning Webpage

## 2.2 Planning policy context

9. In line with the Basic Conditions<sup>1</sup> of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.<sup>2</sup> Consequently, the relevant elements of the Local Plan are reviewed as part of this Housing Needs Assessment (HNA).
10. In the case of Kelbrook and Sough, the relevant local planning context is as follows:
11. The Pendle Local Plan Part 1: Core Strategy was formally adopted at a meeting of the Full Council on Thursday 17th December 2015<sup>3</sup>. It represents the approach to managing development and growth in Pendle for the period 2011 to 2030. It is the first of two documents that will succeed the Replacement Pendle Local Plan 2001-2016, which was adopted by Pendle Council in May 2006.
12. The Local Plan Part 2: Site Allocations and Development Policies, Preferred Options Report (February 2021) allocate land for specific types of development or designate land for environmental protection. It also contains planning policies which set out detailed requirements for new development and provide further guidance for officers determining applications for planning permission<sup>4</sup>.

**Table 2-2: Summary of Pendle Borough Council adopted policies having relevance to Kelbrook and Sough Neighbourhood Plan Housing Needs Assessment<sup>5</sup>**

Policy	Source	Provisions
Policy SDP 2 Spatial Development Principles	Local Plan Part 1: Core Strategy 2011 - 2030	Kelbrook is identified as a Rural Service Centre, such areas will provide the focus for growth in Rural Pendle.
Policy LIV 4 Affordable Housing	Local Plan Part 1: Core Strategy 2011 - 2030	The policy states that in Rural Pendle sites over 5 dwellings should deliver 20% as affordable housing. In addition, the following percentages should be used as a guide to determine the tenure split of affordable housing, 30% social rented tenure, 30% affordable rented tenure and 40% intermediate tenure.
Policy LIV 5 Designing Better Places to Live	Local Plan Part 1: Core Strategy 2011 - 2030	The policy states that developers should use the following type and size split as a guide to help design housing schemes to meet the needs and aspirations of the people living in Pendle: 25% as detached houses, 35% as semi-detached houses, 10% as terraced, 10% as flats/maisonettes and 20% as bungalows/elderly housing; as well as 7.5% as 1 bed, 45% as 2 bed, 35% as 3 bed, and 12.5% as 4 or more bed house.
Policy LIV7 Housing Site Allocations	Local Plan Part 2: Site Allocations and Development Policies (Preferred Options Report, February 2021)	This policy allocates one site for housing in the neighbourhood area for 83 dwellings. It is noted that the development should focus on 2-3 bedroom dwellings and include 20% affordable housing.
Policy LIV9 Affordable Housing	Local Plan Part 2: Site Allocations and Development Policies (Preferred Options Report, February 2021)	The policy states that 10% of homes on sites of more than 10 dwellings should be affordable. However, affordable housing in spatial areas no less than that sought by Local Plan Part 1 Policy LIV 4.

Source: Local Plan Part 1: Core Strategy 2011 – 2030

<sup>1</sup> Available at <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

<sup>2</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>3</sup> Available at [https://www.pendle.gov.uk/info/20072/planning\\_policies/275/development\\_plan\\_documents/2](https://www.pendle.gov.uk/info/20072/planning_policies/275/development_plan_documents/2)

<sup>4</sup> Available at [https://www.pendle.gov.uk/info/20072/planning\\_policies/275/development\\_plan\\_documents/3](https://www.pendle.gov.uk/info/20072/planning_policies/275/development_plan_documents/3)

<sup>5</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.

### 2.2.1 Quantity of housing to provide

13. The NPPF 2019 requires, through paragraphs 65 and 66, Local Authorities to provide neighbourhood groups with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
14. Pendle Borough Council has fulfilled that requirement by providing Kelbrook and Sough with an indicative figure of 64 dwellings to be accommodated within the Neighbourhood Plan area by the end of the Plan period.<sup>6</sup> The Local Plan Part 2 includes an allocation to deliver a slightly higher number of dwellings (83). Therefore, the Neighbourhood Plan does not have a housing require to be delivered through the Plan.
15. Given that the NPPF requirement has already been fulfilled, the question of how many houses to plan for has been answered. It is therefore outside the scope of this Housing Needs Assessment. The issue of quantity has been excluded from the Research Questions (see Chapter 3 below).
16. Note that the Government's August 2020 consultation proposals for 'Changes to the current planning system' include a temporary measure to lift the small sites threshold. This would mean that on sites of up to 40 or 50 units, developers would not need to contribute to Affordable Housing.<sup>7</sup> The purpose of this time-limited change (its duration is currently unknown) is to support small housebuilders as the economy recovers from the impact of Covid-19.
17. It is important to note here because the housing requirement for Kelbrook and Sough is only marginally higher than the number of dwellings that would need to be delivered on a single site in order for Affordable Housing contributions to be required. It is therefore only likely that Affordable Housing will be built on normal development sites in the NA if more than 40 or 50 dwellings are planned for any single site (while this temporary change applies).
18. When the temporary period ends, the Affordable Housing requirement in the NA will revert to the relevant adopted Local Plan policy, which, in this case, requires Affordable Housing contributions on all sites delivering more than 5 dwellings. It is also important to note that this temporary change does not impact sites allocated solely for Affordable Housing, or any Affordable Housing exception sites identified in the Local or Neighbourhood Plan. Finally, given that the Kelbrook and Sough Neighbourhood Plan is yet to be made, it is possible that the temporary period will have already elapsed by the time that it comes into force. The neighborhood planners are advised to take note of this proposal as it evolves through the consultation process.

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<sup>6</sup> As confirmed in the inception call on 16/12/2020.

<sup>7</sup> Available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>.

## 3. Approach

### 3.1 Research Questions

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

#### 3.1.1 Tenure and Affordability

21. The neighbourhood planning group would like to understand the needs of the community for housing of varying tenures, as well as the relative affordability of those tenures that should be provided to meet local need now and into the future.
22. This evidence will allow Kelbrook and Sough 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 One: What quantity and tenures of Affordable Housing should be planned for over the Neighbourhood Plan period?***

#### 3.1.2 Type and Size

23. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community. There are no specific housing issues as such. However, the Parish Council noted that there was a slightly aging population and they would like to attract a slightly younger demographic. That said, there is generally a good mix of housing, a feature which the Parish Council would like to retain. In addition, it was noted that the turnover of housing is fairly infrequent.
24. The aim of this research question is to provide neighbourhood planners with evidence on the types and sizes needed by the local community. This will help to shape future development so that it better reflects what residents need.

***RQ Two: 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

25. It is appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Kelbrook and Sough Neighbourhood Area is located within Pendle Borough Council's planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA), which is known as The Burnley and Pendle Strategic Housing Market Assessment (SHMA) 2013 and the Housing Needs Study Update Report (HNS) 2014.
26. For the purpose of this HNA, data from Pendle Borough Council'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 SHMA is relatively dated and this has been taken into account. 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

27. In addition to the Pendle Borough 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](http://home.co.uk);
  - Valuation Office Agency (VOA) data on local housing stock by dwelling type;
  - Neighbourhood-level survey and consultation work giving further detail. In the case of Kelbrook and Sough, this comprises Kelbrook and Sough Neighbourhood Plan Residents Survey (August 2019).

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

***RQ One : 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

28. This section examines the tenure of dwellings in the current stock and recent supply. It then considers the affordability of housing within the area to local households. Drawing on existing evidence and AECOM's estimates for the neighbourhood area, this section quantifies the need for affordable housing within the NA. This includes Affordable Housing for rent (typically social or affordable rents) and Affordable Housing to buy. The scale of need for these homes can justify policies that guide new developments to provide Affordable Housing.<sup>8</sup>

### 4.2 Definitions

29. 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.
30. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, with capital letters, to denote those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and forms products designed to offer affordable routes to home ownership.<sup>9</sup>
31. The definition of Affordable Housing set out in the NPPF makes clear the Government's commitment to home ownership (broadening a definition which had previously referred only to social and intermediate housing to include a range of low-cost housing opportunities for those aspiring to own a home). As part of this effort, the Government has recently proposed to introduce First Homes to provide at least a 30% discount on new market housing for sale.<sup>10</sup> However, the NPPF and Homes England funding for Affordable Housing recognises the important role of affordable rent tenures for those unable to afford home ownership.

### 4.3 Current tenure profile

32. The current tenure pattern is a key characteristic of the local neighbourhood area. Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing. Table 4-1 below presents Census data from 2011; this table shows the distribution of how households occupy their homes within Kelbrook and Sough, compared to the rest of Pendle and England.
33. The vast majority of homes in Kelbrook and Sough are owned (82%), a far higher percentage than in Pendle and nationally. This has resulted in a correspondingly lower proportion of rented homes both in social and private occupancy compared to the wider geographies. In addition, there are no homes in shared ownership in the neighbourhood area.

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<sup>8</sup> PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>9</sup> NPPF 2019.

<sup>10</sup> The latest consultation proposals, published in August 2020, state that 'The minimum discount for First Homes should be 30% from market price which will be set by an independent registered valuer' and 'Local authorities will have discretion to increase the discount to 40% or 50%. This would need to be evidenced in the local plan making process.'

**Table 4-1: Tenure (households) in Kelbrook and Sough, 2011**

Tenure	Kelbrook and Sough	Pendle	England
Owned; total	81.7%	68.5%	63.3%
Shared ownership	0.0%	0.2%	0.8%
Social rented; total	4.8%	11.6%	17.7%
Private rented; total	12.6%	18.1%	16.8%

Sources: Census 2011, AECOM Calculations

34. In Table 4-2, we note the changes in tenure during the intercensal period. The most significant change during this period is the increase in private renting which has more than doubled (from 25 households to 57 households), and tends to indicate the declining affordability of ownership. In addition, social renting has increased by a half, while home ownership remained relatively stable. These trends are broadly seen at the wider geographies, apart from social renting which fell at both the borough and national level whereas saw a fairly significant increase in the neighbourhood area. However, this may be attributed to the small starting number of 15 social rented dwellings in 2001.

**Table 4-2: Rates of tenure change in Kelbrook and Sough, 2001-2011**

Tenure	Kelbrook and Sough	Pendle	England
Owned; total	-0.5%	-5.0%	-0.6%
Shared ownership	0.0%	-1.4%	30.0%
Social rented; total	46.7%	-4.9%	-0.9%
Private rented; total	128.0%	115.4%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

## 4.4 Affordability

35. The following analysis considers house prices and rents in the neighbourhood area and whether these are affordable to local households on the basis of their incomes or earnings. Poor or worsening affordability or homes to rent or buy can indicate the need to provide Affordable Housing.

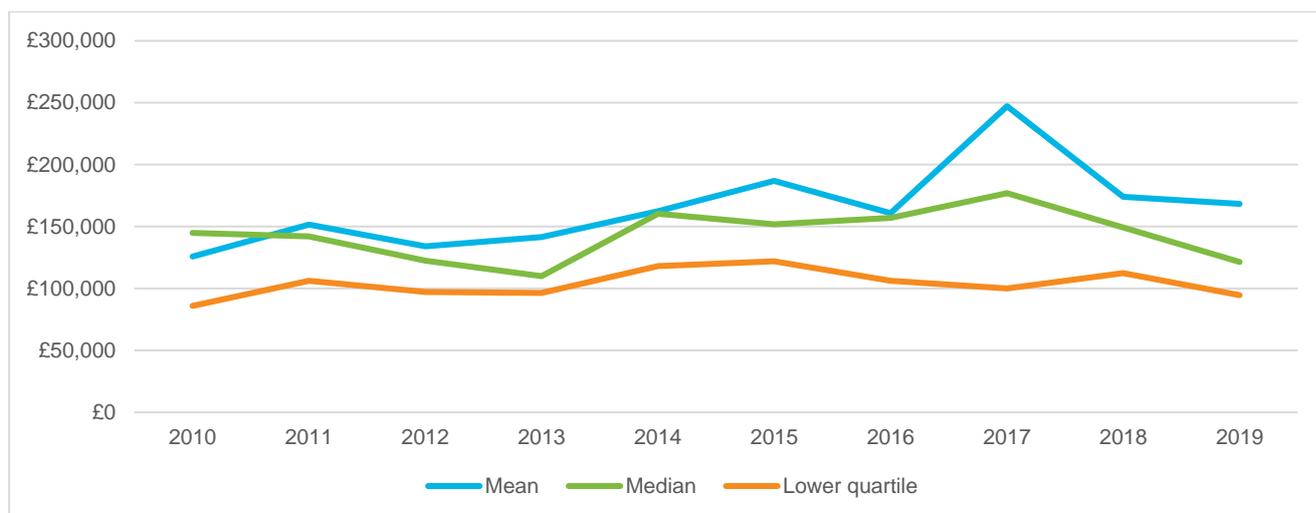
### 4.4.1 House prices

36. House prices provide an indication of the level of demand for homes within an area. The relationship between house prices and incomes determines whether housing is affordable to local households and, to a large extent, what tenure, type and size of home they occupy. Changes in affordability over time can indicate pressures in the housing market. As such, it is useful for the evidence base for plans to examine trends in prices and consider what this reveals about the local housing market.
37. Figure 4-1 on the following page looks at selected measures of house prices in Kelbrook and Sough. It shows that house prices have remained relatively stable between 2010 and 2019, apart from a spike in mean prices in 2017. Generally mean prices saw a 34% increase while lower quartile dwellings only appreciated by 10%.
38. The Annual Monitoring data<sup>11</sup> stated that the mean property price in Pendle in 2016 was £86,796, in the same year the mean property price in Kelbrook and Sough was £160,825. This demonstrates that in comparison to the wider borough the mean house prices were almost double in the neighbourhood area. However, in comparison to national mean prices properties in Kelbrook and Sough are approximately 30% cheaper.
39. PPG makes clear that lower-quartile house prices may be used as a benchmark for entry-level home prices.<sup>12</sup> Entry-level properties are typically those with one or two bedrooms – either flats or houses.

<sup>11</sup> Available at: [https://www.pendle.gov.uk/downloads/file/10540/2018\\_authority\\_monitoring\\_report](https://www.pendle.gov.uk/downloads/file/10540/2018_authority_monitoring_report)

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

**Figure 4-1: House prices by quartile in Kelbrook and Sough between 2010 and 2019**



Source: Land Registry PPD

40. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). It shows that detached dwellings have increased by the most at 81%, while semi-detached dwellings only saw a 3% increase and terraced housing decreased in value. There is no data available for flats in the neighbourhood area as there are only 6 in total and they may not have been sold over the past 10 years.

**Table 4-3: House prices by type in Kelbrook and Sough, 2010-2019**

Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth
Detached		£233,333		£206,000	£256,250	£286,250	£246,100	£375,000	£306,488	£422,625	81.1%
Semi-detached	£126,500	£232,500	£137,000	£225,000	£174,042	£273,333	£136,363	£321,543	£200,000	£130,500	3.2%
Terraced	£125,600	£122,568	£133,250	£117,000	£125,500	£154,389	£138,469	£111,550	£119,357	£120,492	-4.1%
Flats											
<b>All Types</b>	<b>£125,857</b>	<b>£151,629</b>	<b>£134,000</b>	<b>£141,625</b>	<b>£162,511</b>	<b>£187,050</b>	<b>£160,825</b>	<b>£247,223</b>	<b>£174,032</b>	<b>£168,513</b>	<b>33.9%</b>

Source: Land Registry PPD

#### 4.4.2 Income

41. Household incomes determine the ability of households to exercise choice in the housing market, and consequently the level of need for affordable housing products. Two sources of data are used to examine household incomes in the NA.
42. The first source is locally specific but limited to the average total household income and the median net annual household income before housing costs (or take-home pay). This is the average household income estimates published by ONS<sup>13</sup> at the level of the Middle-layer Super Output Area (MSOA)<sup>14</sup>. In the case of Kelbrook and Sough the MSOA most suitable for use as a proxy for the Neighbourhood Plan area boundary is Pendle 003. Further details

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

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

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.

43. The average total household income before housing costs (equalised) across Pendle 003 in 2018 was £39,400. This figure is typically used by mortgage lenders to assess a household's ability to afford to borrow.<sup>15</sup>
44. The second source of data is Lower Quartile (LQ) average earnings. This is helpful for understanding affordability challenges among those with lower than average earnings. However, this data relates to individual earnings and whilst this is an accurate representation of household incomes where households have one earner, it does not represent household income where there are two people earning. It is also only available at the District level.
45. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level.
46. Pendle's gross LQ earnings for 2019 was £15,605 per year. This is the LQ income before taxes (or benefits) for individual earners and so only correlates with the measure of household incomes above for single-person households. To estimate the income of LQ-earning households with two earners, the annual income is doubled, to £31,210.

#### 4.4.3 Affordability Thresholds

47. 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.
48. AECOM has determined thresholds for the income required to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in NPPF. These calculations are detailed in Appendix A. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations, but it is worth noting here that we have assumed that the maximum percentage of household income that should be spent on rent is 30% and that mortgage financing will be offered at a maximum of 3.5 times household income.
49. Table 4-4 shows the cost of different tenures and the annual income required to support these costs within Kelbrook and Sough. The income required column is the annual income needed to support ongoing housing costs, but does not reflect the cost of a deposit (which we have assumed to be 10% of the value to be purchased) or the possibility that households able to access market housing for purchase may already hold equity from an existing property.

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

Table 4-4: Affordability thresholds in Kelbrook and Sough (income required, £)

Tenure	Mortgage Value	Rent	Income required	Affordable on average incomes? £39,400	Affordable on LQ earnings (single earner)? £15,605	Affordable on LQ earnings (2 earners)? £31,210
<b>Market Housing</b>						
NA Median House Price	£109,350	-	£31,243	Yes	No	Yes
LA New Build Mean House Price	£168,464		£48,133	No	No	No
NA LQ/Entry-level House Price	£85,275	-	£24,364	Yes	No	Yes
Average Market Rent	-	£7,116	£23,720	Yes	No	Yes
Entry-level Market Rent	-	£5,976	£19,920	Yes	No	Yes
<b>Affordable Home Ownership</b>						
Discounted Market Sale (-20%)	£87,480	-	£24,994	Yes	No	Yes
Discounted Market Sale (-30%)	£76,545	-	£21,870	Yes	No	Yes
Discounted Market Sale (-40%)	£65,610	-	£18,746	Yes	No	Yes
Discounted Market Sale (-50%)	£54,675	-	£15,621	Yes	Marginal	Yes
Shared Ownership (50%)	£54,675	£1,519	£20,684	Yes	No	Yes
Shared Ownership (25%)	£2,278	£7,594	£15,404	Yes	Yes	Yes
<b>Affordable Rented Housing</b>						
Affordable Rent (average)	-	£4,800	£19,200	Yes	No	Yes
Social Rent (average)	-	£3,884	£15,536	Yes	Yes	Yes

Source: AECOM Calculations

50. The income required to afford the different tenures is then benchmarked, in Figure 4-2 against the three measurements of household income set out above. These are the average total household income for Pendle 003 at £39,400 and the lower quartile gross earnings for Pendle for single-earners at £15,605 and dual-earning households at £31,210.
51. Taking into consideration the affordability thresholds set out above, it is apparent that the income required to buy an average market home for sale is lower than what would be expected to be available to those on average household incomes. The income required to buy an average entry-level home for sale is lower than the average income of those on lower quartile dual earning household incomes yet higher than the average income of single earners on lower quartiles incomes. In conclusion, housing for purchase on the open market is generally affordable to a majority of households.
52. The ability of those on lower quartile dual earnings to afford entry-level market rents, affordable rent and social rent suggests that these tenures are adequate to meet the need of this group however, those on lower quartile single earnings are only able to secure social rent therefore, demonstrating that the market is not meeting the needs of this group.
53. Government policy aimed at tackling the housing crisis continues to attach high priority on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership<sup>16</sup>. In the case of Kelbrook and Sough, the figure below suggests that any of the intermediate tenures will help to implement this policy goal locally, all housing tenures other than new build are accessible to those on median incomes. This demonstrates the affordability of the area.
54. Table 4-4 shows that households with incomes between £19,920 and £24,364 are able to rent in the market but unable to buy. These households may need affordable home ownership options, but there may also be potential to accommodate lower earners as well. There are a range of affordable routes to home ownership tenures, i.e. those

<sup>16</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)

aimed at households unable to afford to buy in the market. With regard to these products and the discounts required, the following observations can be made:

- No discount is required on the average market sale price to enable households on average incomes to afford to buy.
  - Whether discounted market sale is affordable will depend whether properties are priced in relation to average, new build or entry level homes so developers will view discounts differently. New build homes are often more expensive than properties for sale in the second-hand stock. For Kelbrook new build prices from Pendle have been used to provide robust data, a 18% discount would be required on these prices for those on median incomes to afford this tenure. This is well within the government envisaged 30% discount on First Homes.
  - All intermediate housing is available to those on median incomes, the most affordable tenures are shared ownership (25%) and discounted market housing at 50%. These tenures would also extend home ownership to lower quartile single earners.
  - Discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a 2 bedroom home (assuming 70 sq m and a build cost of £1,500 per sq m) would be around £105,000.<sup>17</sup> This cost excludes any land value or developer profit. It is possible that this could be an issue in the NA, so the viability of these options should be monitored and discussed with the LPA.
  - The Government’s proposed First Homes product would provide a minimum discount of 30% on new homes. New build prices are not available at the neighbourhood level because the number of transactions is too low. However, median average prices provide a reasonable proxy for the price of new homes. In (Kelbrook and Sough) a 30% discount on average prices would be sufficient to extend home ownership to households on average incomes. Median average prices are affordable to those on average incomes without any discount.
  - The income required to access Rent to Buy is the same as that required to afford market rents. The income required to access this tenure is £23,720, making it an affordable route to both those on average incomes and dual earners on lower quartile incomes.
  - There is a limitation of the Neighbourhood Plan and neighbourhood group to control or influence level of discount achieved on market sale properties but the LPA should have a role here.
55. The latest Government consultation on ‘Changes to the current planning system’<sup>18</sup> proposes that Local Authorities will have discretion to increase the discount on First Homes to 40% or 50%, but that this would need to be evidenced in the Local Plan making process. Though it is expected that the decision to require a higher discount and the evidence supporting it would be undertaken at district- or borough-wide level, the evidence presented in this HNA may be helpful in advancing that discussion. The evidence gathered here suggests that seeking the highest possible discounts is not justified in Kelbrook and Sough as average and entry level sales are affordable before any discount is applied and new build sale is affordable with a discount of only 18%, as shown in Table 4-5.

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

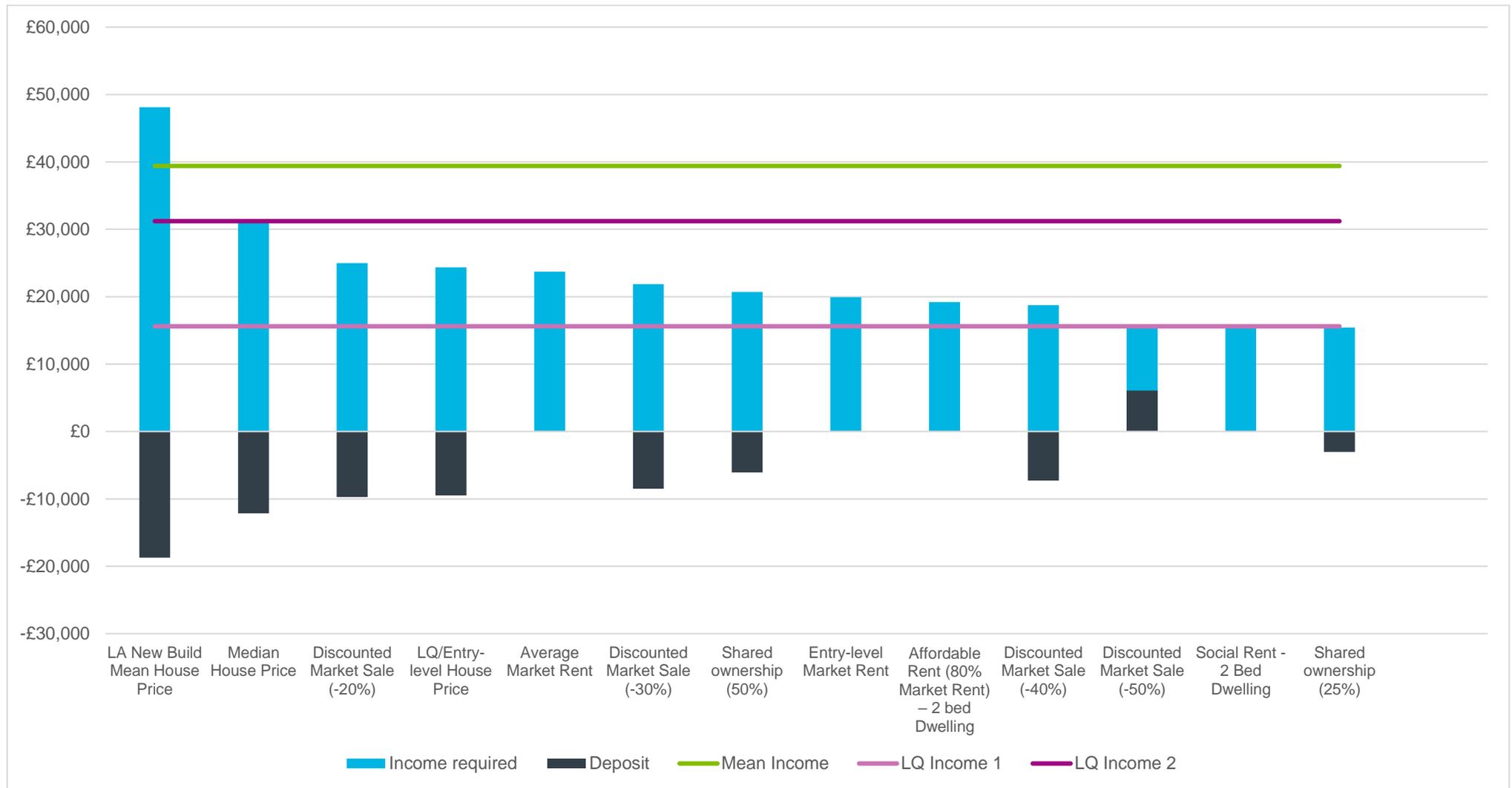
Mean household income in NA:	<b>£39,400</b>
<b>Tenure/ product:</b>	Discount on sale price required:
- <i>Market sale (Average)</i>	Not required
- <i>New build market sale (Average for LA)</i>	18%
- <i>Entry level sale (LQ)</i>	Not required

Source: Land Registry PPD; ONS MSOA total household income

<sup>17</sup> This estimate is included for illustration purposes. £1,500 build cost per sq m is a reasonable estimate of current costs (mid 2020); 70 sq m for a 2 bedroom property is consistent with the Government’s Nationally Described Space Standards

<sup>18</sup> Available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>.

Figure 4-2: Affordability thresholds in Kelbrook and Sough (income required, £)



Source: AECOM Calculations

## 4.5 Affordable housing- quantity needed

56. The starting point for understanding the need for affordable housing in Kelbrook and Sough is the relevant Strategic Housing Market Assessment (SHMA). A SHMA was undertaken for Burnley and Pendle in 2013 with an update in 2014. This study estimates the need for affordable housing in the District based on analysis of the Council's waiting list and analysis of other data sets in line with Planning Practice Guidance at the time. The SHMA identifies the need for 672 additional affordable homes each year in Pendle as a whole. This need is largely for social/affordable rent as it relates to households who live in unsuitable housing and who cannot afford to access market rents. A small proportion of these households may be able to afford shared ownership because in some cases it is more affordable than market rents, especially when available at a share of 25%.
57. When the SHMA figures are pro-rated to Kelbrook and Sough based on its fair share of the population (1.13% of Pendle's population), this equates to 8 homes per annum (predominately for social/affordable rent) or 160 homes over the Neighbourhood Plan period 2015-2035.
58. However, pro-rating District level estimates of affordable housing need to rural areas presents problems in practice. The District level figures are likely to represent higher needs in the urban areas of the District where there is a large social housing stock and larger numbers of households living in the PRS on housing benefit. Both of these factors tend to generate higher needs. By contrast, in rural villages like Kelbrook and Sough the lack of social housing means there is no need generated from households already living in the sector. Similarly, households who may need social housing often move away to areas where their needs are more likely to be met (either because there is social housing available or more private rented housing). This means it is difficult to identify need for social/affordable rented housing within Kelbrook.
59. Given the SHMA may be considered quite outdated and the LPA have provided detailed social housing waiting list data, we have used our own calculation to estimate potential need for socially rented housing in the neighbourhood area.
60. In Table 4-5: Estimate of the potential demand for affordable housing in Kelbrook and Sough.

**Table 4-5 Estimate of the potential demand for affordable housing for rent in Kelbrook and Sough**

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current households in need	101.0	Latest waiting list data provided by LPA, includes active applicants interested in Kelbrook area that are within Priority Band 1 and 2.
1.2 Per annum	<b>5.1</b>	1.1 divided by the plan period 2015-2035
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	24.3	MHCLG 2014-based household projections for the LA between start and end of plan period. % increase applied to NA
2.2 Proportion of new households unable to rent in the market	32.7 %	(1.1 + 2.2.1 + 2.2.2) divided by number of households in NA
2.2.1 Current number of social renters in NA	22	2011 Census
2.2.2 Number of private renters on housing benefits	32	Housing benefit caseload May 2018. Pro rata for NA.
2.3 New households unable to rent	8	2.1 * 2.2
2.4 Per annum	<b>0.4</b>	2.3 divided by plan period 2015-2035
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>		
3.1 Supply of social/affordable re-lets (including transfers) %	5%	Assumed proportion of stock re-let each year
3.2 Supply of social/affordable re-lets (including transfers)	1.1	3.1 x NA social rented stock (2.2.1)
<b>NET SHORTFALL (OR SURPLUS) OF RENTED UNITS PER ANNUM</b>		
Overall shortfall (or surplus) per annum	4.3	1.2 + 2.4 - 3.2

61. The table shows that there are currently about 101 households who want to live in Kelbrook and Sough who are unable to access affordable rented homes suitable to their needs. The table also suggests that, over the Plan period, 4.3 additional households in the Neighbourhood Plan area will fall into need per annum, producing total need for affordable rented homes of 80. This is still likely higher than the actual need arising from residents in Kelbrook and Sough as the waiting list data includes households who stated they would like to live in Kelbrook rather than the need generated from those who already live in Kelbrook and Sough. However, the total has been reduced by only including the higher priority bands, and this is likely a more reflective estimate of need compared to the higher figure generated from pro-rating the SHMA.
62. Table 4-6 estimates potential demand for affordable home ownership products within Kelbrook and Sough. This estimate broadly counts households living in the private rented sector (PRS) who are not on housing benefit and new households likely to form over the plan period who are likely to enter the private rented sector (but not require housing benefit). The model aims to estimate the number of households who can rent but can't buy on the basis of their incomes. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model discounts 25% of these households, assuming a proportion will be renting out of choice. This leaves around 2 households per annum who may be interested in affordable home ownership (36 over the plan period).

**Table 4-6 Estimate of the potential demand for affordable housing for sale in Kelbrook and Sough**

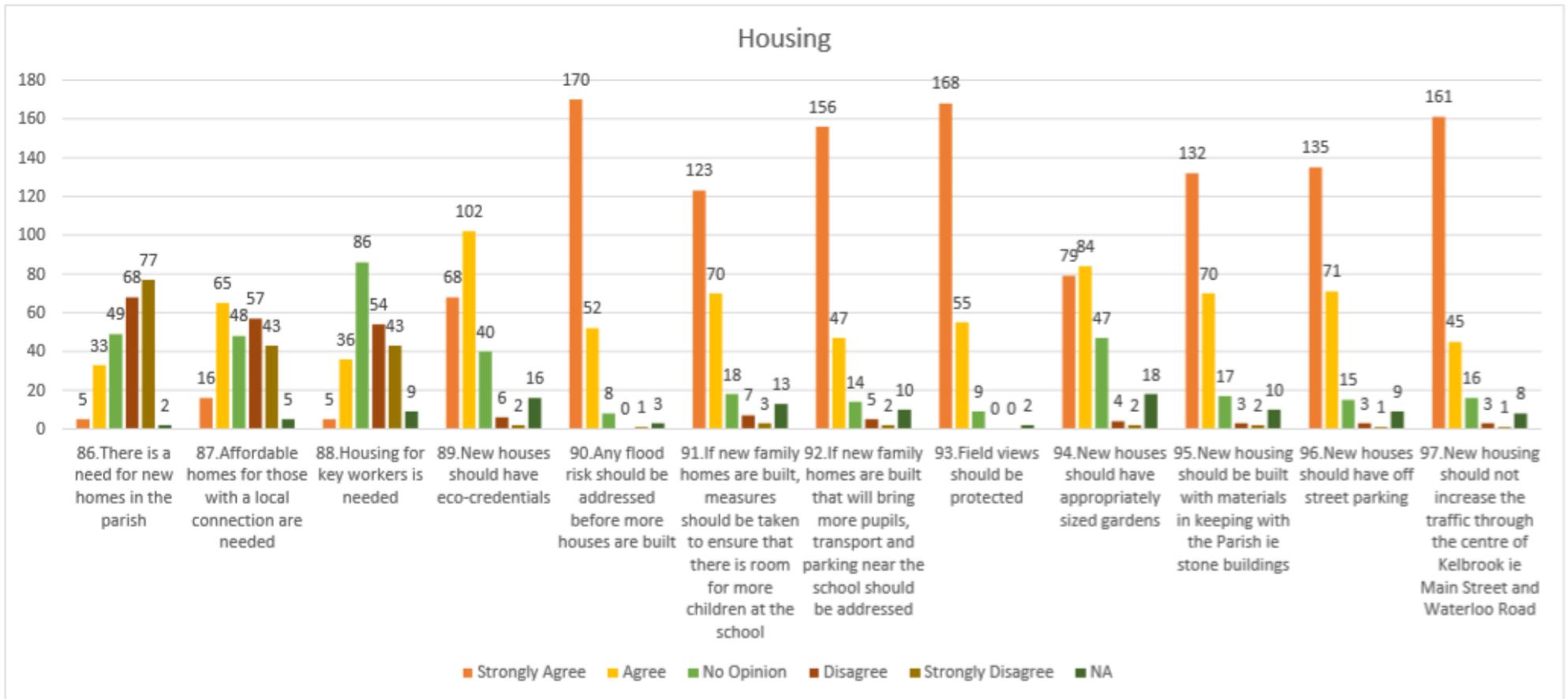
Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current number of renters in NA	69.5	Census 2011 number of renters x national % increase to 2018
1.2 Percentage renters on housing benefit in LA	34.4%	% of renters in 2018 on housing benefit (based on LA proportion)
1.3 Number of renters on housing benefits in NA	23.9	1.1 x 1.2
1.4 Current need (households)	34.2	Current renters minus those on HB and minus 25% assumed to rent by choice
1.5 Per annum	1.7	1.4/ plan period
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	24.3	LA household projections for plan period (2014 based) pro rated to NA
2.2 % of households unable to buy but able to rent	7.2%	Current % of households in PRS
2.3 Total newly arising need	1.8	2.1 x 2.2
2.4 Total newly arising need per annum	0.1	2.3/ plan period
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>		
3.1 Supply of affordable housing	0.1	Number of shared ownership homes in NA (Census 2011 + new build to 2018/19)
3.2 Supply - intermediate resales	0.0	3.1 x 5% (assume rate of re-sale)
<b>NET SHORTFALL (OR SURPLUS) PER ANNUM</b>		
<b>Shortfall (per annum)</b>	<b>1.8</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.

63. It is important to keep in mind that the households identified in the estimate in Figure 4-4 are, by and large, adequately housed in the private rented sector. They do not lack their own housing but would prefer to buy rather than rent.
64. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners to meet affordable housing needs in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that it is met to a greater extent if resources permit (eg the ability to allocate sites for affordable housing).

65. It is also important to remember that even after the Kelbrook and Sough, or indeed any other, Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.
66. 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).
67. Interestingly, however, the Kelbrook and Sough Neighbourhood Plan Residents Survey (August 2019) shows that the majority of residents in Kelbrook and Sough do not think new housing, including affordable homes are required in the Parish. Figure 4-5 illustrates that while there is a mixed view, it is fairly clear that the majority of residents think that affordable housing is not needed. This will be critical evidence to support any potential housing policy in the Neighbourhood Plan.

Figure 4-5 Residents Survey Results on Housing



Source: Kelbrook and Sough Neighbourhood Plan Residents Survey (August 2019)

#### 4.5.1 Affordable Housing Policies in Kelbrook and Sough

68. The Neighbourhood Plan may wish to develop policies in relation to the delivery of Affordable Housing within Kelbrook and Sough. Pendle's Local Plan policy in relation to Affordable Housing delivery requires 20% of all new homes on sites of 5 dwellings or more to be delivered as Affordable Housing in Policy LIV 4. This policy would apply in Kelbrook and Sough, subject to sites coming forward for development with 5 or more dwellings.
69. Note, however, that the Government's August 2020 consultation proposals for 'Changes to the current planning system' include a temporary measure to lift the small sites threshold. This would mean that developers would not need to contribute to Affordable Housing on sites of up to 40 or 50 units. This represents a significant increase on the threshold sought in the Local Plan (cited above), and therefore may reduce the delivery of Affordable Housing on normal development sites during the temporary period in which it applies.
70. It is expected that this temporary period will be short (if it does in fact go forward) and, being introduced to combat the economic impacts of Covid-19 on small builders, may have already elapsed by the time the Neighbourhood Plan is made. Nevertheless, it could have an impact on Affordable Housing delivery in the short term, and warrants the attention of the neighborhood planners as the Government consultation proceeds. For more detail on this proposal in relation to the overall quantity of housing expected in the NA during the Plan period and a link to the consultation document, see the 'Quantity of housing to provide' section at the start of this report (section 2.2.3).
71. Table 4-8 at the end of this chapter estimates the number of affordable homes likely to come forward based on the overall housing requirement for the NA and the application of affordable housing policies.
72. On small scale developments, such as those expected to come forward over the plan period, only small numbers of affordable homes are likely to be delivered through the application of this policy. For this reason, the neighbourhood group may wish to consider identifying sites specifically for the provision of affordable housing. This would enable more substantial provision of Affordable Housing, and could also act as a suitable way forward if the Government's proposal to temporarily lift the small sites Affordable Housing threshold is likely to have a significant impact on provision in the NA.
73. The neighbourhood group may wish to develop policies on the mix of Affordable Housing delivered in Kelbrook and Sough. It is not the role of the HNA to develop policy, as there are a wider set of factors which apply and need to be considered by the neighbourhood planners. However, the following evidence and considerations may be used as a starting point in the development of policy. On the balance of the evidence in this HNA, AECOM set out a judgement on the starting point for an appropriate tenure mix in Kelbrook and Sough.
- A. **Evidence of need for Affordable Housing:** AECOM's estimate of the potential demand for affordable home ownership options suggest there may be a need for these homes in Kelbrook and Sough to address the aspirations of households who can rent but can't buy. AECOM's estimate identified the potential demand for 36 homes over the plan period. If Kelbrook and Sough was to meet its need for social/affordable rented housing this would imply approximately 80 homes over the plan period. The relationship between these two estimates suggests that there is greater requirement to deliver for more acute needs in the form of socially rented homes than the potential demand for intermediate homes.
  - B. **Can Affordable Housing needs be met in full?** The housing requirement figure (HRF) for Kelbrook and Sough is 64 (although the emerging Plan has an allocation for 83 dwellings)<sup>19</sup>. This level of housing delivery would not allow affordable housing needs to be met in full. Therefore, it is unlikely that sufficient Affordable Housing will be delivered over the plan period to meet identified needs. If the emerging allocation did not come forward in its current form, and if the majority of NA's HRF came forward in the form of small infill developments, those schemes may not be large enough to meet the threshold of 5 dwellings, above which the Affordable Housing policy applies. If that is the case, the potential delivery of Affordable Housing is likely to be lower still. This suggests some form of prioritisation will be required. In most cases, Councils will wish to prioritise the delivery of social/affordable rented homes to meet acute needs. However, considerations can differ in rural areas and subject to other considerations.
  - C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Based on the findings of this HNA there is evidence that going

<sup>19</sup> As discussed in the Chapter 3, this requirement figure is subject to change upon the LPA implementing the new standard methodology.

beyond the 10% threshold in Kelbrook and Sough would prejudice the provision of much needed affordable rented homes.

**Emerging policy:** the Government is currently consulting on the introduction of First Homes (to provide at least 30% discount on new build home prices). The most recent consultation outlines the Government's intention to require that a minimum of 25% of all Affordable Housing secured through developer contributions should be first homes.<sup>20</sup> The outcome of this consultation and the policy which emerges may shape the provision of different forms of Affordable Housing on new development sites, and the neighbourhood group will need to keep this emerging policy in mind when developing its Neighbourhood Plan policies.

The August 2020 proposals relating to First Homes convey the Government's intention to require that 25% of all Affordable Housing is delivered as First Homes. The 25% First Homes requirement is likely to displace other affordable home ownership products in the first instance. Those affordable home ownership products providing the lowest discount should be displaced first. However, affordable rented products may also be affected depending on the tenure mix sought (i.e. if more than 75% of affordable housing is intended as affordable rent, this would need to be reduced to a maximum of 75% affordable rent so that First Homes can constitute 25% of all affordable housing).

The August 2020 proposals also present options on how the make-up of the tenure mix of the remaining 75% of affordable housing is determined, with one option to maintain as far as possible the affordable rented proportions in the local plan, while a second option would allow greater flexibility. It is unknown at this time which option will be pursued.

- D. **Local Plan policy:** Pendle's adopted Local Plan requires an affordable tenure mix of 60% rented and 40% intermediate housing. The August 2020 proposals relating to First Homes convey the Government's intention to require that 25% of all Affordable Housing is delivered as First Homes. However, as noted in the Annual Monitoring Report (2018)<sup>21</sup> all affordable homes delivered in 2017/18 were affordable rented dwellings. This demonstrates that intermediate tenure has not been delivered at the level of policy requirement.
- E. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site specific level. Viability issues are recognised in the Council's adopted Local Plan and it is acknowledged that this may affect the provision of affordable housing and/or the mix of tenures provided.
- F. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- G. **Existing tenure mix in Kelbrook and Sough:** Evidence suggests there is limited affordable housing (either to rent or for sale) within the NA at present, with only 22 dwellings occupied as social rent and no dwellings in intermediate tenure. This suggests that some provision of Affordable Housing would offer a wider choice of homes for local residents and, importantly, may allow those on lower incomes including newly forming households and younger families to remain in or move to the area.
- H. **Views of registered providers:** It is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in this area. Some housing associations may be reluctant to take on small numbers of homes in rural areas because of the extra cost involved in managing this stock. However, there may be specialist providers who are willing to provide this housing and so the delivery of social/affordable rented homes should not be ruled out if it is an objective of the neighbourhood group and supported by the Council.
- I. **Wider policy objectives:** The neighbourhood group may wish to take account of broader policy objectives for Kelbrook and Sough and/or the wider District. These could include, but are not restricted to, policies to

<sup>20</sup>The original proposals are available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/864265/First\\_Homes\\_consultation\\_document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864265/First_Homes_consultation_document.pdf). The latest proposals are available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>. Note that the latest proposals are not final, and could potentially be subject to further change.

<sup>21</sup> Available at: [https://www.pendle.gov.uk/downloads/file/10540/2018\\_authority\\_monitoring\\_report](https://www.pendle.gov.uk/downloads/file/10540/2018_authority_monitoring_report)

attract younger households, families or working age people to the Neighbourhood Area. These wider considerations may influence the mix of Affordable Housing provided.

74. In Table 4-7 below, two alternative scenarios for the tenure mix of Affordable Housing in Kelbrook and Sough are presented. Note that we assume, in accordance with current practice, that most Affordable Housing will be brought forward through developer contributions. If the neighbourhood planners are considering delivering Affordable Housing through other means, the national policy requirements reflected here may not apply.
75. The broad split between intermediate and social rented tenures is based on the evidence presented above. It is clear that home ownership is available to those on median incomes without the requirement for this to be delivered as Affordable Housing, therefore, the delivery of Affordable Housing is unlikely to extend home ownership in a significant way to this group. However, given there is none of this type of housing in the area currently, and it may extend home ownership to those on lower quartile incomes, it may be useful to deliver a some of this type of housing over the Plan period. However, the main focus should be on affordable housing for rent. The identified need for social rented is more than double than has been identified for affordable housing for sale. Therefore, the overall split builds upon the Local Plan guide to suggest a split of 70% affordable rent and 30% affordable home ownership.
76. The first scenario (Mix 1 – Indicative mix based on local needs) most closely reflects local needs in Kelbrook and Sough as identified in the HNA evidence.
77. The second scenario (Mix 2 – Indicative mix with 25% First Homes requirement) is aligned with the direction of travel in the Government's most recent policy proposals, in which it is intended that 25% of all Affordable Housing will be required to be provided as First Homes. This outcome is more likely than the first scenario, because the Government proposals are at an advanced stage of development. However, this is proposed here as one of two alternative scenarios in case the First Homes policy proposals do not progress.
78. Note also that the Government proposals state that if First Homes are required at 25% of Affordable Housing that comes forward through developer contributions and this results in displacing other tenures within the affordable mix, the tenure products providing the lowest effective discount should be displaced in the first instance. In this case, the suggested affordable routes to home ownership (rent to buy and shared ownership) would be displaced equally, with no affordable rented homes being replaced.
79. Where the neighbourhood planners wish to develop policy that requires a different mix to that set out in the Local Plan, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. Liaising with the LPA will be particularly important where the Local Plan tenure split can be expected to be adjusted in light of the latest Government proposals, to ensure that the Neighbourhood Plan's approach in reflecting these changes is in line with the LPA approach. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.
80. AECOM cannot provide guidance on the appropriate share of social/affordable rented homes as this will depend on the level of funding available to housing associations which will determine at what level rents can be set. Registered providers (eg housing associations) may be reluctant to deliver small numbers of homes where there are ongoing management costs involved. For this reason, the proportion of rented homes which can be secured may depend on the willingness of local housing association to maintain and manage small numbers of homes.
81. Mix 2 put forward below aligns as closely as possible with emerging Government policy as currently proposed. If those proposals do not go forward, the recommended starting point for the tenure mix in the NA will be Mix 1 below. However, the considerations detailed above will remain relevant for determining a more appropriate mix in the light of national policy changes or other unexpected developments.

**Table 4-7: Indicative tenure split (Affordable Housing)**

Tenure	Mix 1. Indicative mix based on local needs	Mix 2. Indicative mix with 25% First Homes requirement	Considerations and uncertainties
<b>Routes to home ownership, of which</b>	<b>30%</b>	<b>30%</b>	Government proposing min 25% requirement for First Homes. Uncertainty over extent of requirement until policy finalised.
First Homes <sup>22</sup>	10%	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc
Shared ownership	10%	2.5%	Proposed changes to the model to allow purchases of 10% share <sup>23</sup> - impact on viability unknown RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to buy	10%	2.5%	Emerging product with popularity and effectiveness as yet unknown Impact of displacement by First Homes unknown
<b>Affordable Housing for rent, of which</b>	<b>70%</b>	<b>70%</b>	
Social rent	To be set by Registered Providers	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area Uncertain whether RPs willing to own/manage stock in this area
Affordable rent	To be set by Registered Providers	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area

Source: AECOM calculations

82. Assuming that the Government's proposal that 25% of all affordable Housing should be First Homes is formalised, the neighbourhood group will need to take account of how this could impact on affordable housing policies (particularly the tenure mix) in the Neighbourhood Plan. The evidence gathered here suggests that this proposal would not impact on the ability of Kelbrook and Sough to accommodate those with the most acute needs.
83. It is recommended that consideration is also given to alternative mechanisms capable of helping to meet local need, where appropriate (i.e. rural/entry-level exception sites or community led housing etc.).
84. However, the neighbourhood planners should note that the First Homes product has not been formally implemented, and should await the outcome of the Government consultation.

## 4.6 Conclusions- Tenure and Affordability

85. The majority of homes in Kelbrook and Sough are owned (82%), this is a higher proportion than at borough or national level, this is followed by the next most common tenure of privately rented homes (13%) and social rented homes (5%). There are no homes in shared ownership in the neighbourhood area.
86. The most significant change during the intercensal period was the increase in private renting, which more than doubled. In addition, social renting increased by a half, while home ownership remained relatively stable. These trends are broadly seen at the higher level geographies with the exception of social renting, which fell at both the

<sup>22</sup> In the event that the First Homes product does not go forward at all, the proportion of Affordable Housing allotted to First Homes in Mix 1 could be re-allocated to discounted market sales housing if this is available at broadly equivalent discounts, or to other forms of affordable home ownership also recommended in the table.

<sup>23</sup> <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

borough and national level in contrast to a fairly significant increase in the neighbourhood area. However, this may be attributed to the small starting number of 15 social rented dwellings in 2001.

87. In general, between 2010 and 2019, house prices increased by approximately 33%, the type of dwelling appreciated the most is detached (which also represents the vast majority of all homes in the NA) with an 81% increase (through a total of 26 dwellings), while semi-detached dwellings only saw a 3% increase and terraced housing decreased in value. There is no data available for flats in the neighbourhood area, there are only 6 in total and they may not have been sold over the past 10 years.
88. Kelbrook and Sough is seen as generally affordable for both home ownership and renters when comparing house prices to incomes, as such, the income required to buy an average market home for sale is lower than what would be expected to be available to those on average household incomes. In addition, the income required to buy an average entry-level home for sale is lower than the average income of those on lower quartile dual earning household incomes. In addition, single earning households on lower quartile incomes are able to access shared ownership at 25% and potentially discounted market sale (when heavily discounted at 50%). However, compared to the borough more widely mean house prices are almost double in the neighbourhood area.
89. AECOM's estimate identified the potential demand for 36 affordable homes for sale over the plan period. If Kelbrook and Sough was to meet its need for social/affordable rented housing this would imply approximately 80 homes over the plan period. While the neighbourhood group have expressed they are not interested in delivering this level of housing currently, the relationship between these two estimates suggests that there is greater requirement to deliver for more acute needs in the form of socially rented homes than the potential demand for intermediate homes as a general affordable tenure mix to be sought in the Neighbourhood Plan.
90. Two indicative tenure mixes have been provided, which could serve as a guideline for the breakdown of Affordable Housing tenures in Kelbrook and Sough based on various considerations and evidence. Mix 1 (indicative mix based on local needs) proposes that 70% of affordable homes be provided as rented tenures, and the remaining 30% delivered as affordable routes to home ownership. This mix aligns with the Local Plan in prioritising the most acute needs as far as possible. Mix 2 (indicative mix with 25% First Homes requirement) proposes the same general split between affordable rented and for sale. However, the break down within the affordable housing for sale differs as it includes 25% for First Homes and displaces shared ownership and rent to buy equally. This aligns with the direction of proposed national policy, which includes a mandated minimum level of delivery of the Government's new First Homes affordable home ownership product.
91. Table 4-8 below summarises Kelbrook and Sough's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing allocation figure for the area to the Local Plan policy expectation, and shows the quantities of affordable housing for rent and sale that would be delivered if each of the tenure mixes proposed in this HNA were rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighborhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.
92. Note that this table assumes that most or all of the expected housing delivery in the NA will take place after the Government's proposal to temporarily lift the site size threshold for Affordable Housing has ended. If that period extends beyond the date on which the Neighbourhood Plan is made and also influences the rate of Affordable Housing delivery on relevant development sites, the quantity of Affordable Housing to be provided in the NA during the Plan period may be lower than the estimate below.

**Table 4-8: Estimated delivery of Affordable Housing in Kelbrook and Sough**

	Step in Estimation	Estimated delivery (same in Mix 1 and 2)
A	Provisional capacity figure	83
B	Affordable housing quota (%) in LPA's Local Plan	20%
C	Potential total Affordable Housing in NA (A x B)	17
D	Rented % (e.g. social/ affordable rented)	70%
E	Rented number (C x D)	12
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	30%
G	Affordable home ownership number (C x F)	5

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

93. This expected level of delivery does not meet the quantity of demand identified in estimates of the need for affordable housing. It is recommended that the policy requirement be met wherever possible, and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites) to be explored. It is not recommended that the Local Plan affordable housing policy parameters be exceeded in the neighbourhood plan because such steps are rarely accepted by neighbourhood planning examiners on the grounds that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could, furthermore, have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.
94. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy, and implemented by the LPA. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all tried and tested ways of boosting the supply of affordable housing above the minima indicated by Local Plan policy.
95. However, the neighbourhood planners must also consider the residents views, which in Kelbrook and Sough generally oppose new market and affordable housing in the neighbourhood area. Therefore, policies and/ or initiatives such as rural exception sites, which will aim to increase the delivery of housing, may not be appropriate.

## 5. RQ Two: Type and Size

***RQ Two: 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

96. The Kelbrook and Sough Neighbourhood Plan may benefit from the inclusion policies informed by evidence on what sizes and types of housing would be best suited to the local community. This will help ensure that future developments give local people options within the housing market at all stages of life.
97. 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 Kelbrook and Sough. Demographic shifts in age and household composition will then be considered. Finally, the future demand for housing by size and type is determined by the way different household types currently occupy their dwellings in the wider Local Authority area, and then applying demographic projections of how the Neighbourhood Plan area population is likely to change by the end of the Plan period.

### 5.2 Existing types and sizes

#### 5.2.1 Background and definitions

98. 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.
99. 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.
100. 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>24</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
101. 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>25</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.

<sup>24</sup> At <https://www.nomisweb.co.uk/census/2011/qs407ew>

<sup>25</sup> At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

102. 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>26</sup> On this basis, where unrelated residents of a dwelling share rooms other than a kitchen, this would be considered a single household in an unshared dwelling, whilst where only a kitchen is shared, each resident would be considered their own household, and the dwelling would be considered shared.

### 5.2.2 Dwelling type

103. The 2011 Census shows that there were 470 households in Kelbrook and Sough, living in 120 detached houses, 119 semi-detached, 225 terraced houses, and 6 flats. Compared with Pendle Borough Council and national levels, Kelbrook and Sough is characterised by a larger proportion of detached dwellings and a correspondingly smaller proportion of flats; this is somewhat unsurprising given the rural characteristics of the neighbourhood area (see Table 5-1 below). While terraced houses are prominent in Pendle and Kelbrook and Sough have a smaller percentage of terraced houses, this is still much higher than national levels.

**Table 5-1: Accommodation type (households), Kelbrook and Sough 2011**

Dwelling type		Kelbrook and Sough	Pendle	England
Whole house or bungalow	Detached	25.5%	13.1%	22.4%
	Semi-detached	25.3%	22.9%	31.2%
	Terraced	47.9%	56.1%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	0.9%	5.9%	16.4%
	Parts of a converted or shared house	0.0%	0.9%	3.8%
	In commercial building	0.4%	1.0%	1.0%

Source: ONS 2011, AECOM Calculations

### 5.2.3 Specific housing types

104. The neighbourhood group considers that bungalows can play an important role in meeting the current and future needs of older people and people with accessibility needs.

105. As the ONS Census data does not capture bungalows as a distinct type, we have used Valuation Office Agency data to investigate their presence in Kelbrook and Sough. This data is not available at parish level therefore, Lower Super Output Area (LSOA) Pendle 003D was used as a proxy for the neighbourhood area. There is some data missing for Kelbrook and Sough however, what was available at the time of writing has been used. The result is presented in Table 5-2 below. The data shows that bungalows make up a slightly larger proportion of all dwellings in Kelbrook and Sough at 13% compared with Pendle at 9%. The bungalows in Kelbrook and Sough are mostly mid-sized comprising 2 and 3 bedrooms, this pattern is also seen at borough level. Although Pendle does have some smaller bungalows with 1 bedroom and a small proportion with 4 or more bedrooms.

<sup>26</sup> Ibid.

**Table 5-2: Number of bungalows by property size, 2019**

	Kelbrook and Sough (numbers)	Kelbrook and Sough (%)	Pendle Borough Council (numbers)	Pendle Borough Council (%)
1 bedroom	Unknown	-	740	21.3%
2 bedrooms	20	33.3%	1,420	41%
3 bedrooms	30	50%	1,080	31.2%
4 bedrooms +	Unknown	-	190	5.9%
Unknown	0	-	30	0.8%
Total	60	100%	3,460	100%
Total properties	470	12.7%	39,383	8.8%

Source: Valuation Office Agency, Council tax: stock of properties, 2019, Table CTSOP3.0

## 5.2.4 Dwelling size

106. Table 5-3 below sets out the distribution of the number of rooms by household space. The housing stock in Kelbrook and Sough is characterised predominately by dwellings with 4 to 6 rooms with a correspondingly smaller proportion of larger dwellings with 7 rooms or more and a very limited stock of smaller dwellings with 3 rooms or less. This broadly follows the trend in Pendle Borough as a whole.

**Table 5-3: Number of rooms per household in Kelbrook and Sough, 2011**

Number of Rooms	2011	2011
	Kelbrook and Sough	Pendle
1 Room	0.2%	0.2%
2 Rooms	0.4%	1.7%
3 Rooms	4.8%	7.7%
4 Rooms	20.0%	21.7%
5 Rooms	24.9%	27.1%
6 Rooms	22.9%	22.8%
7 Rooms	12.3%	9.1%
8 Rooms or more	6.2%	5.1%
9 Rooms or more	8.1%	4.6%

Source: ONS 2011, AECOM Calculations

107. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses. The main change from the 2001 Census findings is that dwellings with 3 rooms saw the largest increase, likely due to the small starting number of 11 dwellings. Dwellings with 5, 6, 7 and 8 or more rooms all increased, while dwellings with 4 rooms decreased (likely due to extensions). Interestingly, at borough level there was a far higher increase of larger dwellings with 8 rooms or more than at neighbourhood level.

**Table 5-4: Rates of change in number of rooms per household in Kelbrook and Sough, 2001-2011**

Number of Rooms	Kelbrook and Sough	Pendle	England
1 Room	0.0%	-24.4%	-5.2%
2 Rooms	0.0%	18.8%	24.2%
3 Rooms	100.0%	12.4%	20.4%
4 Rooms	-5.2%	-4.8%	3.5%
5 Rooms	1.8%	-2.4%	-1.8%
6 Rooms	15.6%	4.7%	2.1%
7 Rooms	16.7%	13.7%	17.9%
8 Rooms or more	12.1%	31.1%	29.8%

Source: ONS 2001-2011, AECOM Calculations

108. LPA Annual Monitoring data<sup>27</sup> shows that between 2014 and 2018 interest has been expressed in developing 19 self-build houses in Kelbrook and Sough. In addition, in terms of the size of properties in Pendle more widely, 3 bed dwellings have been the most dominant, at 44% of all homes completed since the start of the Local Plan period (2011). While, the proportion of terraced homes completed in 2017/18 was almost three times figure set out in the Local Plan and the percentage of semi-detached properties completed was lower than the suggested profile.
109. In the past 5 years, since 2016, eight dwellings have gained planning permission in Kelbrook and Sough, with a further one dwelling pending permission. The breakdown in tenure and size is as follows: six market dwellings, one with 3 bedrooms and five with 4 or more bedrooms. One dwelling is to be used as a holiday let with three bedrooms. The pending planning application is for intermediate tenure with 2 bedrooms; if this application is approved this would be the first affordable house for sale in the neighbourhood area.
110. Returning to the most recent Census data, it is also useful to compare the figures for number of rooms with figures for the number of bedrooms for each household. Table 5-5 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that the housing stock in Kelbrook and Sough is dominated by 2, 3 and 4 bedroom homes; this is a similar trend that can be seen at borough and national level.
111. Unsurprisingly, the social and affordable dwellings in Kelbrook and Sough are predominantly smaller dwellings with less bedrooms. Of the 19 socially rented dwellings in the neighbourhood area, there are eight 1 bedroom bungalows, six dwellings with 2 bedrooms and 5 dwellings with 3 bedrooms<sup>28</sup>. The prevalence of small bungalows may suggest that it is largely the older generations occupying this type and tenure of dwelling rather than younger families.

**Table 5-5: Number of bedrooms in household spaces in Kelbrook and Sough, 2011**

Bedrooms	Kelbrook and Sough		Pendle		England	
<b>All categories: no. of bedrooms</b>	<b>454</b>	<b>100.0%</b>	<b>37,348</b>	<b>100.0%</b>	<b>22,063,368</b>	<b>100.0%</b>
No. bedrooms	0	0.0%	70	0.2%	54,938	0.2%
1 bedroom	24	5.3%	3,212	8.6%	2,593,893	11.8%
2 bedrooms	136	30.0%	13,777	36.9%	6,145,083	27.9%
3 bedrooms	207	45.6%	15,251	40.8%	9,088,213	41.2%
4 bedrooms	63	13.9%	3,947	10.6%	3,166,531	14.4%
5 or more bedrooms	24	5.3%	1,091	2.9%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

<sup>27</sup> Available at [https://www.pendle.gov.uk/downloads/file/10540/2018\\_authority\\_monitoring\\_report](https://www.pendle.gov.uk/downloads/file/10540/2018_authority_monitoring_report)

<sup>28</sup> As stated by a Planning Officer at Pendle Borough Council via email on 21/12/2020.

112. For reference, Table 5-6 below demonstrates the type of dwelling by size in the neighbourhood area. Unsurprisingly, the larger houses (3, 4 and 5 bedroom) tend to be detached or semi-detached, while flats tend to have less bedrooms. Interestingly, terraced houses (the single most common type of dwelling in the area, accounting for almost 50% of the housing stock) has a more evenly distributed number of bedrooms; however, predominantly tend to have 2, 3 or 4 bedrooms.

**Table 5-6 Type of dwelling by number of rooms in Kelbrook and Sough**

Accommodation Type		1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 or more bedrooms
Whole house or bungalow	Detached	0.5%	1.1%	34.4%	46.2%	17.7%
	Semi-detached	0.5%	7.7%	66.6%	19.5%	5.7%
	Terraced	0.3%	19.0%	55.0%	23.1%	2.5%
Other: Flat, maisonette or apartment	Purpose-built block of flats	100.0%	40%	40%	0%	0%
	Converted or shared house	0%	0%	0%	0%	0%
	Commercial building	0%	50%	50%	0%	0%

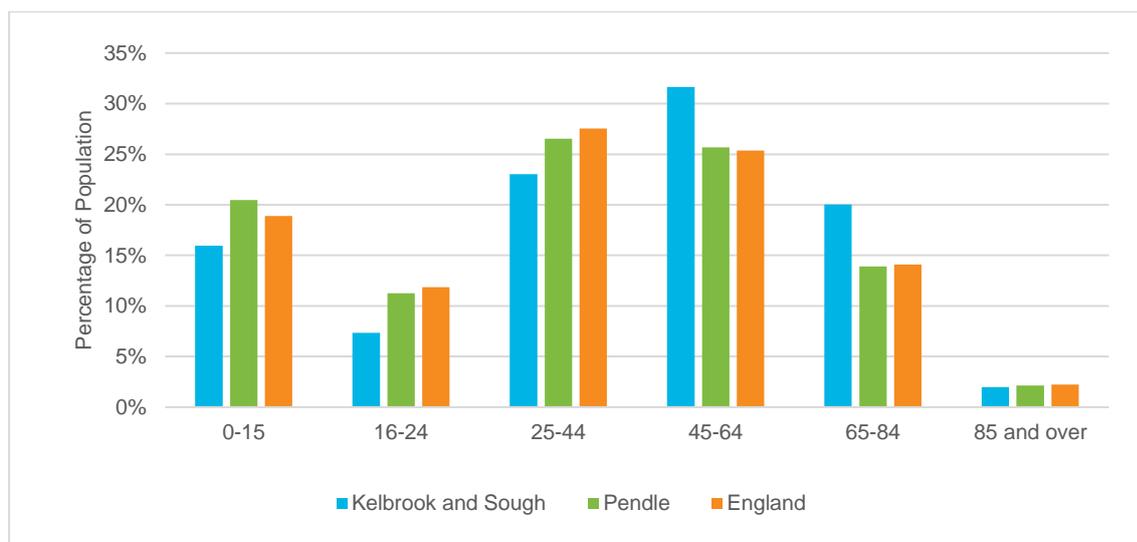
### 5.3 Household composition and age structure

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

#### 5.3.1 Age structure

114. The 2011 Census data reveals that Kelbrook has a higher proportion of people between the ages of 45 and 84 than at wider geographies, many of those are likely either retired or will reach the retirement age over the Plan period. This weighting towards an older generation in future years is likely to require smaller dwellings suited to couples and single persons. While the lack of younger persons from 0 to 44 may demonstrate the lack of appropriate housing or appetite to live in the neighbourhood area for those younger families and first time buyers. Given the affordability of the area this may be due to a mismatch on type or size of dwelling preferred by this group, rather than the price of properties (see Figure 5-1 below).

**Figure 5-1: Age structure in Kelbrook and Sough, 2011**



Source: ONS 2011, AECOM Calculations

115. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001 NA population has seen a fall in those aged under 44 (from 546 people to 467 people), at the same time seeing an increase in those aged 45 and above. The most significant change is more than 50% the increase in those aged 85 and over, a far higher increase than seen at borough or national level (see Table 5-7 below).

**Table 5-7: Rate of change in the age structure of Kelbrook and Sough population, 2001-2011**

Age group	Kelbrook and Sough	Pendle	England
0-15	-9.6%	-9.7%	1.2%
16-24	-22.1%	3.5%	17.2%
25-44	-15.0%	-1.7%	1.4%
45-64	3.9%	7.6%	15.2%
65-84	27.0%	3.7%	9.1%
85 and over	53.8%	10.3%	23.7%

Source: ONS 2001-2011, AECOM Calculations

### 5.3.2 Household composition

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

117. In assessing Census data on household composition, we see that Kelbrook and Sough is broadly similar to Pendle. A notable difference is that Kelbrook and Sough have a slightly higher proportion of family households with no children. This reflects the findings in Figure 5-1 that shows a lower proportion of the population is made up those under 24 (Table 5-8). Note that non-dependent children refer to households in which adult children are living at home, or students still calling their parents' home their primary residence despite living for most of the year near to university. Though this category can often indicate the relative unaffordability of entry-level homes in an area as many such young people may wish to move out and form their own households if they were financially able.

**Table 5-8: Household composition (by household), Kelbrook and Sough, 2011**

Household composition		Kelbrook and Sough	Pendle	England
<b>One person household</b>	<b>Total</b>	28.0%	32.4%	30.2%
	Aged 65 and over	11.9%	12.8%	12.4%
	Other	16.1%	19.6%	17.9%
<b>One family only</b>	<b>Total</b>	68.5%	61.1%	61.8%
	All aged 65 and over	12.8%	7.8%	8.1%
	With no children	24.7%	17.6%	17.6%
	With dependent children	21.4%	26.4%	26.5%
	All children Non-Dependent <sup>29</sup>	9.7%	9.2%	9.6%
<b>Other household types</b>	<b>Total</b>	3.5%	6.5%	8.0%

Source: ONS 2011, AECOM Calculations

118. Again, it is relevant to consider rates of change in this indicator during the period between Censuses. Between 2001 and 2011, the main changes in household composition include an increase in one person households under the age of 65, as well as the increase in family households who are all aged 65 and over (from 48 to 54 households). The reduction in households with dependent children may again indicate that the neighbourhood area is struggling to retain the younger demographic at child bearing age (from 116 to 97 households) (see Table 5-9).

**Table 5-9: Rates of change in household composition, Kelbrook and Sough, 2001-2011**

Household type		Percentage change, 2001-2011		
		Kelbrook and Sough	Pendle	England
<b>One person household</b>	<b>Total</b>	44.3%	12.7%	8.4%
	Aged 65 and over	12.5%	-10.6%	-7.3%
	Other	82.5%	35.7%	22.7%
<b>One family only</b>	<b>Total</b>	-2.8%	-0.7%	5.4%
	All aged 65 and over	23.4%	-6.9%	-2.0%
	With no children	8.7%	5.1%	7.1%
	With dependent children	-16.4%	-3.8%	5.0%
	All children non-dependent	-18.5%	3.5%	10.6%
<b>Other household types</b>	<b>Total</b>	14.3%	8.5%	28.9%

Source: ONS 2001-2011, AECOM Calculations

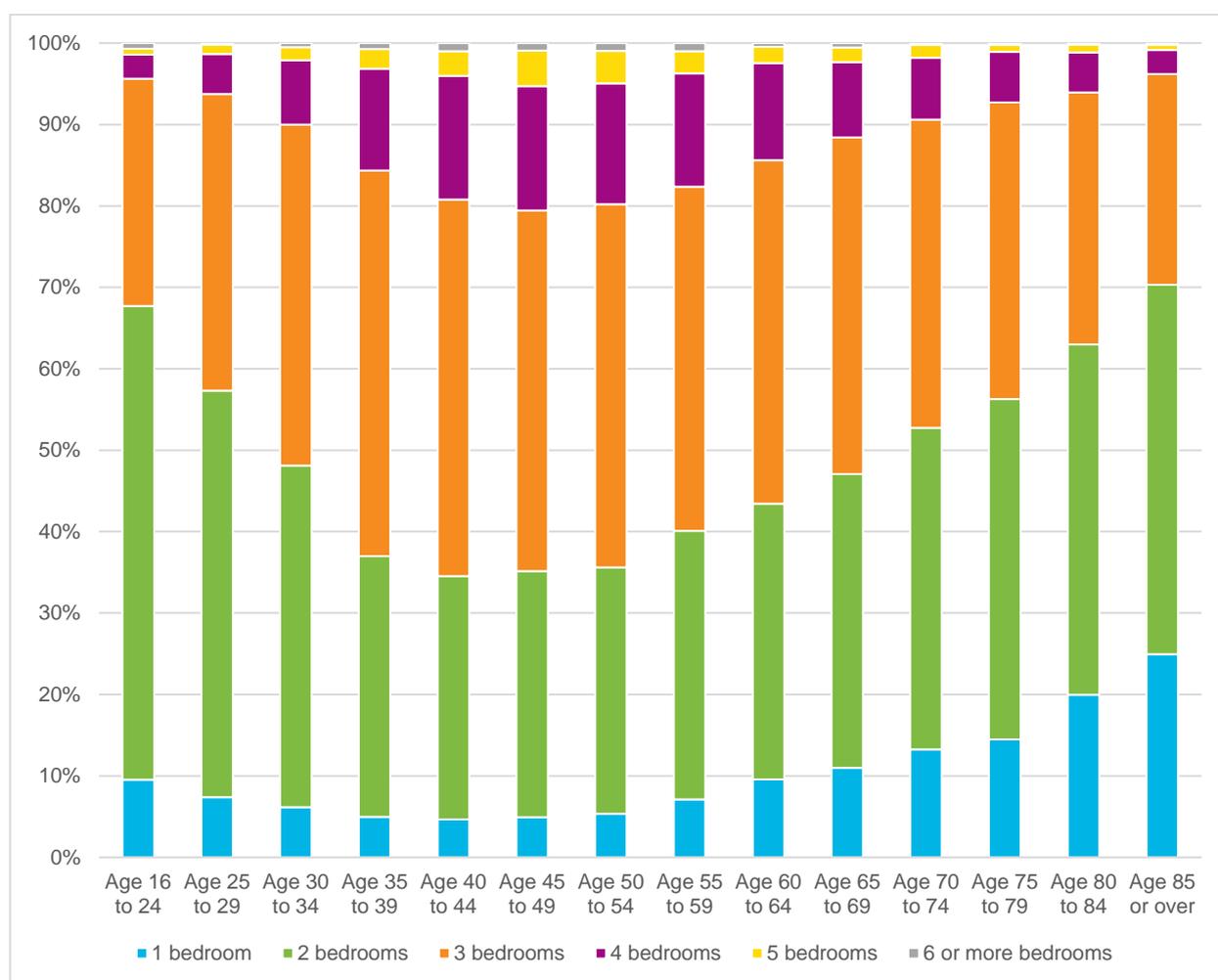
## 5.4 Dwelling mix determined by life-stage modelling

119. 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.

<sup>29</sup> Refers to households containing children who are older than 18 e.g. students or young working people living at home.

- 120. It is important to keep in mind that this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the propensity of households to occupy more or less space than they 'need'. This approach also embeds existing patterns of occupancy which may or may not be desirable. This is particularly important to keep in mind in areas where housing affordability has worsened because it means that many households are forced to occupy less space than they need or want.
- 121. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for 'head of household') is available at neighbourhood level. For this reason, LA-level data needs to be used as the closest proxy.
- 122. Figure 5-2 below sets out the relationship in the 2011 Census at Local Authority level between the age of the HRP and the size of dwelling occupied. This provides the starting point for determining the most appropriate dwelling size mix by the end of the Neighbourhood Plan period. The data shows that the majority of Pendle residents live in 1 and 2 bedroom properties until the age of 29 when the preference then turns to 3 or more bedrooms up until the age of 69, when the preference for smaller homes again exceeds 50% of households. Generally, the majority of the population live in either 2 or 3 bedroom properties for their lifetime.

**Figure 5-2: Age of household reference person by dwelling size in Pendle Borough, 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 Local Authority level and for the years 2014 and 2039. Therefore, the distribution of households by the age of the HRP would be in 2035 is estimated, i.e. the end of the Neighbourhood Plan period (red in the table). The data is presented in Table 5-10 below.

**Table 5-10: Projected distribution of households by age of HRP, Pendle Borough 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	1,329	5,615	13,906	6,883	9,615
2014	1,238	5,672	13,519	6,720	10,771
2035	1,309	4,883	13,442	6,881	14,304
2039	1,323	4,733	13,427	6,912	14,977

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

124. It is then necessary to extrapolate from this Local Authority-level data an estimate of the corresponding change in the age structure of the population in Kelbrook and Sough. To do so, the percentage increase expected for each group across Pendle Borough Council, derived from the data presented above was mapped to the population of Kelbrook and Sough. The results of this calculation are detailed in Table 5-11 below:

**Table 5-11: Projected distribution of households by age of HRP, Kelbrook and Sough**

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	6	46	164	91	147
2014	6	46	159	89	165
2035	6	40	159	91	219
% change 2011-2035	0%	-13%	-3%	0%	49%

Source: AECOM Calculations

125. Finally, having established the likelihood shown by households at different life-stages towards dwellings of different sizes in Figure 5-2, and the approximate number of households in Pendle Borough Council and Kelbrook and Sough falling into each of these stages by the end of the Plan period in 2035, it is possible to estimate how the housing stock might evolve in terms of size over the Neighbourhood Plan period in response to demographic change (see Table 5-12 below).

126. The table takes in turn each projected age group in 2035, estimating how many of the households in that age bracket will want or need to occupy each size of dwelling. This is repeated for each age bracket and added together to arrive at an estimation of what proportion of each size of dwelling will be required overall.

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

Size	Age of HRP 16 to 24	Age of HRP under 35	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total households requiring dwelling sizes
Households 2035	6	40	159	91	219	-
1 bedroom	1	3	8	8	34	53
2 bedrooms	3	18	48	30	88	189
3 bedrooms	2	16	72	38	78	206
4 bedrooms	0	3	23	12	15	52
5+ bedrooms	0	1	7	3	3	14

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

127. It is now possible to compare the 2011 housing mix in terms of size with the projected requirement based on the estimates set out in Table 5-12 above modelling the change in the age structure of the population in Kelbrook and Sough.
128. Table 5-13 below indicates that, by 2035, the size distribution of dwellings should maintain its focus on 2 and 3 bedroom dwellings, as well as an even split of 1 and 4 bedroom dwellings and a small percentage of 5 or more bedrooms.

**Table 5-13: 2011 housing sizes compared to ideal distribution at end of Plan period, Kelbrook and Sough**

Number of bedrooms	2011		2035	
1 bedroom	24	5.3%	53	10.3%
2 bedrooms	136	30.0%	189	36.8%
3 bedrooms	207	45.6%	206	40.1%
4 bedrooms	63	13.9%	52	10.1%
5 or more bedrooms	24	5.3%	14	2.7%
Total households	<b>454</b>	<b>100.0%</b>	<b>514</b>	<b>100.0%</b>

Source: Census 2011, AECOM Calculations

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

**Table 5-14: Future potential misalignments of supply and demand for housing, Kelbrook and Sough**

Number of bedrooms	2011	2035	Change to housing mix	Recommended split
1 bedroom	24	53	29	35.4%
2 bedrooms	136	189	53	64.6%
3 bedrooms	207	206	-1	0.0%
4 bedrooms	63	52	-11	0.0%
5 or more bedrooms	24	14	-10	0.0%

Source: AECOM Calculations

130. The result of this life-stage modelling exercise is to suggest that, in terms of demographic change, new development might involve the following share of dwelling sizes: 35% as 1 bedroom, 65% as two bedrooms, 0% as three bedrooms, 0% as four bedrooms and 0% as 5 or more bedrooms. Effectively, the model suggests that re-balancing the stock in line with Borough patterns and demographic trends requires focus on smaller dwelling types, which can accommodate younger households struggling with affordability, and some downsizers (though many will still wish for homes with more than 2 bedrooms). This finding should be viewed as the baseline scenario arising from the data only. It should be considered alongside the community's objectives and any primary evidence, which could well justify the continued provision of some larger homes, and provide nuance about the configuration and design aspects of each size of home.
131. Note that the changes to the housing mix given above for 3, 4 and 5 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 3 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. In other words, the interim results of the life-stage modelling suggest that there will be no need for further 3, 4 or 5 bedroom dwellings over the Neighbourhood Plan period. It is important to stress that there may be other good reasons to provide a particular size or type of dwelling in the NA, for example the need to improve the mix of homes in a particular location, improving choice or meeting needs in the wider housing market area.
132. Note that only the percentage mix in the right-hand column is relevant to the purposes of this HNA and the neighbourhood planning process. The actual numbers of dwellings required to adjust the size mix do not reflect that actual quantity of housing needed in the NA and are simply a step in the calculation necessary to produce a percentage split. As a general point, this dwelling mix in percentage terms stands alone from the overall quantity of housing needed

or allocated over the Plan period, and could equally apply to windfall development, allocations beyond the plan period, or any other source of housing supply.

## 5.5 Conclusions- Type and Size

133. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any Local Authority strategies or plans) and site specific factors which may justify a particular dwelling mix.
134. The 2011 Census shows that there were 470 households in Kelbrook and Sough, living in 120 detached houses, 119 semi-detached, 225 terraced houses, and 6 flats. Compared with the Pendle Borough Council, Kelbrook and Sough is characterised by a larger proportion of detached dwellings and a correspondingly smaller proportion of flats; this is somewhat unsurprising given the rural characteristics of the neighbourhood area. However, Kelbrook and Sough have a large proportion of terraced dwellings (accounting for almost 50% of the housing stock – double than the level nationally).
135. The data also shows that the housing stock in Kelbrook and Sough is dominated by 2, 3 and 4 bedroom homes; this is a similar trend that can be seen at borough and national level.
136. Unsurprisingly, however, the social and affordable dwellings in Kelbrook and Sough are predominantly smaller dwellings with less bedrooms. Of the 19 socially rented dwellings in the neighbourhood area, there are eight 1 bedroom bungalows, six dwellings with 2 bedrooms and 5 dwellings with 3 bedrooms. The prevalence of small bungalows may suggest that it is largely the older generations occupying this type and tenure of dwelling rather than younger families. This would again support the findings from the Tenure Chapter which indicate Kelbrook and Sough is generally an affordable place to live even for those on lower incomes with the majority of residents able to be housed by the market.
137. 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 demonstrates that in Kelbrook and Sough an appropriate response would be to prioritise the supply smaller sized dwellings (1 and 2 bedrooms). This would provide greater choice for the older population should they wish to downsize in the future. In addition, this may also retain or attract the younger generation who are looking to move into their first home.
138. Given the stock and recent delivery of larger dwellings (3 bedrooms and more), it is suggested that 2 bedroom houses primarily and some 1 bedroom houses would be the ideal dwelling mix on new developments. This mix may not be generally popular with housebuilders. Therefore, the construction of some larger homes should not be ruled out altogether.
139. In addition, this model operates on the assumption that households can and will wish to occupy only housing specifically suitable for their household size, which is not a realistic prospect given that people are willing to pay for extra bedrooms for a range of reasons. It is not surprising, then, that demand for some larger will remain. The provision of these homes should therefore not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the community wish to influence the size mix of housing coming forward, small-sized homes should be the priority.
140. In the Tenure and Affordability chapter analysis, it was found that market housing for sale and rent is generally affordable in Kelbrook and Sough. Therefore, the delivery of some larger dwellings may not have an impact on the ability of residents to afford such dwellings. This puts Kelbrook and Sough in a fortunate position when looking at potential delivery of different types and sizes of dwellings.

## 6. Conclusions

### 6.1 Overview

141. **Error! Reference source not found.** 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 Kelbrook and Sough with a potential impact on Neighbourhood Plan housing policies**

Issue	Summary of evidence and data assessed	Conclusions and recommendations
<p>Housing tenure and affordability</p>	<p>The vast majority of homes in Kelbrook and Sough are owned (82%), a far higher percentage than in Pendle and nationally. This has resulted in a correspondingly lower proportion of rented homes both in social and private occupancy compared to the wider geographies. In addition, there are no homes in shared ownership in the neighbourhood area.</p> <p>In general, between 2010 and 2019, house prices increased by approximately 33%, the type of dwelling appreciated the most is detached with an 81% increase, while semi-detached dwellings only saw a 3% increase and terraced housing decreased in value. There is no data available for flats in the neighbourhood area, there are only 6 in total and they may not have been sold over the past 10 years.</p> <p>Kelbrook and Sough is generally an affordable place to live. As such, the income required to buy an average market home for sale is lower than what would be expected to be available to those on average household incomes. The income required to buy an average entry-level home for sale is lower than the average income of those on lower quartile dual earning household incomes yet higher than the average income of single earners on lower quartiles incomes.</p> <p>While the ability of those on lower quartile dual earnings to afford entry-level market rents, affordable rent and social rent suggests that these tenures are adequate to meet the need of this group however, those on lower quartile single earnings are only able to secure social rent therefore, demonstrating that the market is not meeting the needs of this group.</p>	<p>Two indicative tenure mixes have been provided, which could serve as a guideline for the breakdown of Affordable Housing tenures in Kelbrook and Sough based on various considerations and evidence. Mix 1 (indicative mix based on local needs) proposes that 70% of affordable homes be provided as rented tenures, and the remaining 30% delivered as affordable routes to home ownership. This mix aligns with the Local Plan in prioritising the most acute needs as far as possible. Mix 2 (indicative mix with 25% First Homes requirement) proposes the same general split between affordable rented and for sale. However, the break down within the affordable housing for sale differs as it includes 25% for First Homes and displaces shared ownership and rent to buy equally. This aligns with the direction of proposed national policy, which includes a mandated minimum level of delivery of the Government's new First Homes affordable home ownership product.</p> <p>The expected level of housing delivery does not meet the quantity of demand identified in estimates of the need for affordable housing. It is recommended that the policy requirement be met wherever possible, and for further avenues for delivering greater quantities of Affordable Housing (such as exception sites) to be explored.</p> <p>However, the neighbourhood planners must also consider the residents views, which in Kelbrook and Sough generally oppose new market and affordable housing in the neighbourhood area. Therefore, policies and/ or initiatives such as rural exception sites, which will aim to increase the delivery of housing, may not be appropriate.</p>

Issue	Summary of evidence and data assessed	Conclusions and recommendations
<p>Housing type and size</p>	<p>Compared with the Pendle Borough Council, Kelbrook and Sough is characterised by a larger proportion of detached dwellings and a correspondingly smaller proportion of flats; this is somewhat unsurprising given the rural characteristics of the neighbourhood area. However, Kelbrook and Sough have a large proportion of terraced dwellings (accounting for almost 50% of the housing stock – double than the level nationally).</p> <p>The 2011 Census data reveals that Kelbrook has a higher proportion of people between the ages of 45 and 84 than at wider geographies, many of those are likely either retired or will reach the retirement age over the Plan period. This weighting towards an older generation is likely to require smaller dwellings suited to couples and single persons. While the lack of younger persons from 0 to 44 may demonstrate the lack of appropriate housing or appetite to live in the neighbourhood area for those younger families and first time buyers. Given the affordability of the area this may be due to a mismatch on type or size of dwelling preferred by this group, rather than the price of properties.</p> <p>The results of a life-stage modelling exercise, which looks at the sizes of dwelling occupied by different age groups and projects the growth and decline of those age groups over the Plan period in order to understand what should be built demonstrates that in Kelbrook and Sough an appropriate response would be to prioritise the supply smaller sized dwellings (1 and 2 bedrooms). This would provide greater choice for the older population should they wish to downsize in the future. In addition, this may also retain or attract the younger generation who are looking to move into their first home.</p>	<p>Given the stock of larger dwellings (3 bedrooms and more), it is suggested that 2 bedroom houses primarily and some 1 bedroom houses would be the ideal dwelling mix on new developments. This mix may not be generally popular with housebuilders therefore, the construction of some larger homes should not be ruled out altogether.</p> <p>The life staging model operates on the assumption that households can and will wish to occupy only housing specifically suitable for their household size, which is not a realistic prospect given that people are willing to pay for extra bedrooms for a range of reasons. It is not surprising, then, that demand for some larger will remain. The provision of these homes should therefore not be inhibited entirely (though some of that demand will be met by natural churn within the market), but to the extent that the community wish to influence the size mix of housing coming forward, small-sized homes should be the priority.</p> <p>In the Tenure and Affordability chapter analysis, it was found that market housing for sale and rent is generally affordable in Kelbrook and Sough. Therefore, if the delivery of some larger dwellings were delivered this may not have an impact on the ability of residents to afford such dwellings. This puts Kelbrook and Sough in a fortunate position when looking at potential delivery of different types and sizes of dwellings.</p>

## 6.2 Recommendations for next steps

142. This Neighbourhood Plan housing needs assessment aims to provide Kelbrook and Sough 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 Pendle Borough Council with a view to agreeing and formulating draft housing policies, bearing the following in mind:

- All Neighbourhood Planning Basic Conditions, but in particular 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 Pendle Borough Council – in particular in relation to the quantity of housing that should be planned for;
- The views of local residents;
- The views of other relevant local stakeholders, including housing developers and estate agents;

- The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Pendle Borough 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 Pendle Borough Council and the neighbourhood plan areas within it.

143. 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.

144. 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, Pendle Borough Council or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.

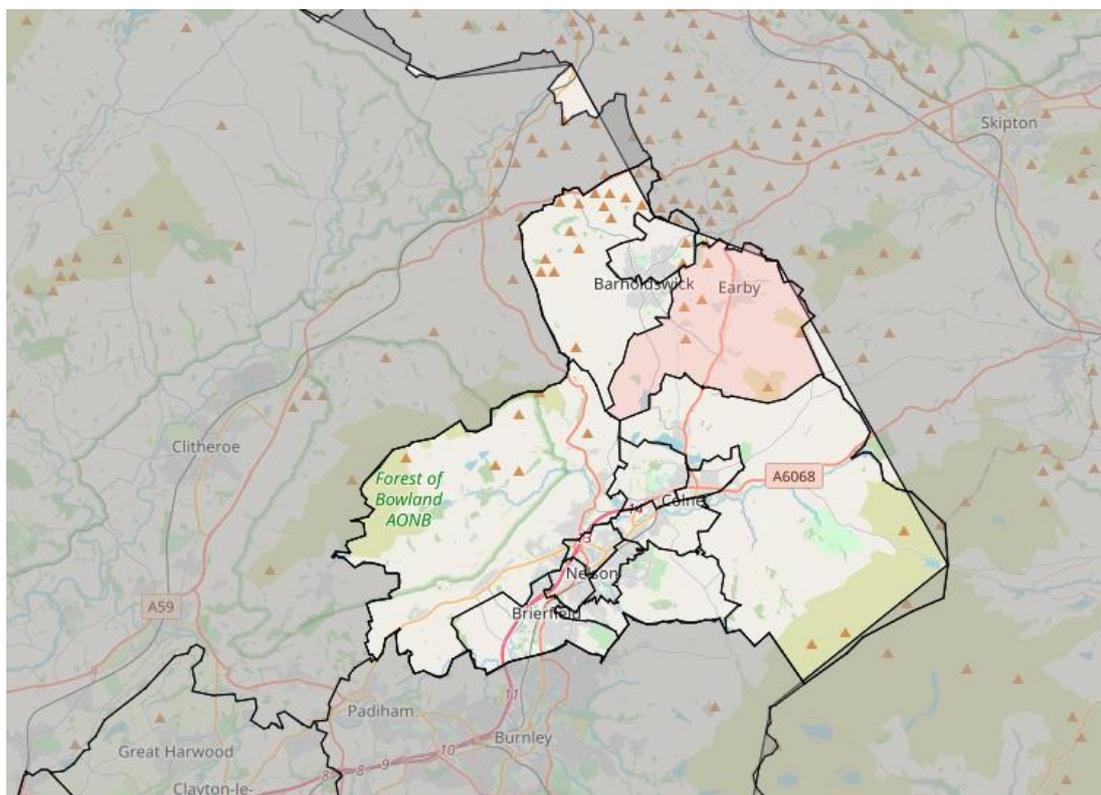
145. At the same time, monitoring on-going demographic or other trends over the Neighbourhood Plan period will help ensure the continued relevance and credibility of its policies.

## Appendix A : Calculation of Affordability Thresholds

### A.1 Assessment geography

146. 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.
147. 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 Kelbrook and Sough, it is considered that MSOA Pendle 003 is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. A map of Pendle 003 appears below in Figure 6-1. Although the MSOA covers a larger area than the neighbourhood area, it is the MSOA that overlaps to the greatest extent with the Neighbourhood Plan area.

**Figure 6-1: MSOA Pendle 003 used as a best-fit geographical proxy for the Neighbourhood Plan area**



Source: ONS

### A.2 Market housing

148. Market dwellings are accessible to people on higher incomes. Choices in the housing market are driven principally by spending power, life stage, and personal taste.
149. The operation of the housing market is, in most circumstances, the best means of addressing the demand for different types of housing for sale. For this reason, it is important that planning policy does not place unnecessary burdens on the market preventing its ability to respond to demand, because this is the principal way equilibrium is achieved in the market and thus house price growth kept in check.
150. 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.
151. To determine affordability in market housing, the assessment considers two primary indicators: income thresholds, which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase

thresholds, which denote the standard household income required to access mortgage products.

### i) Market sales

152. 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.
153. 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 Kelbrook and Sough. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
154. 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>30</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 2019.
155. The calculation is therefore:
- Value of an 'entry level dwelling' = £94,750;
  - Purchase deposit = £9,475 @10% of value;
  - Value of dwelling for mortgage purposes = £85,275;
  - Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;
  - **Purchase threshold = £24,364.**

### ii) Private Rented Sector (PRS)

156. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. Households are deemed able to afford a private rented property if the lower quartile private rent does not exceed 30% of gross household income.
157. 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>31</sup> such a home would require three habitable rooms (a flat or house with two bedrooms).
158. The property website [Home.co.uk](http://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 BB8 and BB18 postcode areas.
159. According to [home.co.uk](http://home.co.uk), there are 11 two-bed properties currently listed for rent across the wider postcode area for Kelbrook and Sough, with an average price of £498 per calendar month.
160. It is possible to derive from this data the estimated income threshold for private rental sector dwellings in the Neighbourhood Plan area; the calculation is therefore:
- Annual entry-level rent = £498 x 12 = £5,976;
  - Multiplied by 3.33 (so that no more than 30% of income is spent on rent);
  - **Income threshold (private rental sector) = £19,920.**
161. The NPPF 2019 acknowledges that build-to-rent dwellings have a role to play in providing affordable market homes and may meet affordable housing need where they include a component of affordable private rent.

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<sup>30</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>31</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)

## A.3 Affordable Housing

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

### i) Social rent

165. 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.
166. To determine social rent levels, data and statistical return from Homes England is used. This data is only available at the LPA level so must act as a proxy for Kelbrook and Sough. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Pendle Borough Council in the table below.
167. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This HNA uses two bedroom homes in the main report tables to illustrate affordability of this tenure. These homes are a good proxy for affordability in this tenure as they are typically the most numerous property size.

**Table A-1: Social rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£ 68	£ 76	£ 86	£ 95	£ 75
Annual average	<b>£3,515</b>	<b>£3,959</b>	<b>£4,472</b>	<b>£4,935</b>	<b>£3,884</b>
Income needed	<b>£14,059</b>	<b>£15,837</b>	<b>£17,888</b>	<b>£19,741</b>	<b>£15,536</b>

Source: Homes England, AECOM Calculations

### ii) Affordable rent

168. Affordable rent is controlled at no more than 80% of the local market rent. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000). Even an 80% discount on the market rent may not be sufficient to ensure that households can afford it, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.
169. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for Pendle Borough Council (above). Again it is assumed that no more than 30% of income should be spent on rent.

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

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£79.06	£83.52	£95.29	£120.96	£92.31
Annual average	<b>£4,111</b>	<b>£4,343</b>	<b>£4,955</b>	<b>£6,290</b>	<b>£4,800</b>
Income needed	<b>£16,444</b>	<b>£17,372</b>	<b>£19,820</b>	<b>£25,160</b>	<b>£19,200</b>

Source: Homes England, AECOM Calculations

### iii) Intermediate tenures

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

#### Discounted Market Homes

171. In paragraph 64 of the NPPF 2019, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership”. The most recent proposals for ‘Changes to the current planning system’ suggest that 25% of all Affordable Housing should be First Homes – the Government’s new flagship discounted market sale product. When the NPPF is next updated, it is expected that the 10% requirement referenced above may be replaced by the First Homes requirement.

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

173. Applying a discount of 30% - as in the Government’s proposed First Homes product – provides an approximate selling price of £85,050 (30% discount on median average prices of £121,500). Allowing for a 10% deposit further reduces the value of the property to £76,545. The income threshold at a loan to income ratio of 3.5 is £21,870.

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

175. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 20%, 40% and 50% discounted home. This would require an income threshold of £24,994, £18,746 and £15,621 respectively.

#### Shared ownership

176. Shared ownership involves the purchaser buying an initial share in a property typically of between 25% and 75% and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the leaseholder can be varied by ‘staircasing’. Generally, staircasing will be upward, thereby increasing the share owned over time.

177. 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.

178. To determine the affordability of shared ownership, calculations are based on the median house price of £94,750.<sup>32</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 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).

179. A 25% equity share of £121,500 is £30,375, from which a 10% deposit of £3,038 is deducted. The mortgage value of £27,338 (£30,375 - £3,038) is then divided by 3.5. To secure a mortgage of £27,338, an annual income of £7,811 (£27,338/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £91,125. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £2,278 and requires an income of £7,593.75 (multiplied by 3.33 so that no more than 30% of income is spent on rent). Therefore, an income of around £15,404 (£7,811 + £7,593.75) is required to afford a 25% shared equity purchase of an entry-level home. The same calculations were undertaken for equity shares of 50% and 75%, producing income thresholds of £20,684 and £25,963 respectively.

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<sup>32</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.

## Appendix B : Housing Needs Assessment Glossary

### Adoption

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

### Affordability

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

### Affordability Ratio

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

### Affordable Housing (NPPF Definition)

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

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

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

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

### Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>33</sup>.

### Age-Restricted General Market Housing

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<sup>33</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

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>34</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>35</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>36</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>34</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

<sup>35</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>36</sup> See [http://webarhive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarhive.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.

### **First Homes**

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

### **Habitable Rooms**

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

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

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

### **Housing Market Area**

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

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

### **Housing Needs**

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

### **Housing Needs Assessment**

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

### **Housing Products**

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

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

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

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

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

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

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

### **Income Threshold**

Income thresholds are derived as a result of the 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>37</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>37</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>38</sup>**

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

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<sup>38</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

to call help if needed. Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage the scheme and help arrange any services residents need. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden.

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

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

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

A Strategic Housing Market Assessment (SHMA) is a document prepared by one or more local planning authorities to assess their housing needs under the 2012 version of the NPPF, usually across administrative boundaries to encompass the whole housing market area. The NPPF makes clear that SHMAs should identify the scale and mix of housing and the range of tenures the local population is likely to need over the Plan period. Sometimes SHMAs are combined with Economic 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>39</sup>

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<sup>39</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

