

Ilminster Housing Needs Assessment (HNA)

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Quality information

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List of acronyms used in the text:

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

1. Executive Summary

1.1 Introduction

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

1.2 Research Questions

1.2.1 Tenure and Affordability

2. 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.
3. This evidence will allow Ilminster to establish the right conditions for new development to come forward that is affordable, both in the broader sense of market housing attainable for first-time buyers, and as Affordable Housing for those who may be currently priced out of the market.

RQ 1: What Affordable Housing (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?

1.2.2 Type and Size

4. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community. ITC acknowledge that there is a lack of suitable homes for older people to downsize and move into and therefore it is necessary to research the number of smaller or more manageable homes needed for older households and also young families who wish to form their own household.
5. The aim of this research question is to provide neighbourhood planners with robust evidence on the types and sizes needed by the local community. This will ensure future development truly reflects what residents need.

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

1.2.3 Specialist Housing for the Older People

6. The neighbourhood planning group wishes to ensure that future housing provision takes into account the needs of older people. In terms of housing, the group is particularly interested in how those needs might be met through a variety of solutions – such as smaller units, independent living provision, and so forth – rather than just care homes. There is significant overlap between this area and the question of housing type and size, but this question will specifically address the need for specialised housing for the elderly through the Plan period.

RQ 3: What provision should be made for specialist housing for the elderly over the Neighbourhood Plan period?

1.3 Findings of RQ 1: Tenure and Affordability

7. The tenure profile of Ilminster is almost identical to that of the wider South Somerset District. 70% of homes are owned by residents in both Ilminster and the District. 14% are socially rented, 13% are private rented and below 1% are under shared ownership in both Ilminster and the wider District. In Ilminster there has been a notable increase in shared ownership (21.4%), social rented (29.8%) and home ownership (20.4%). The most significant increase is that of private rented homes at 137.4%. Whilst there was a notable increase in shared ownership homes in Ilminster at 21.4%, this is lower than both the District and National growth levels (72.1% and 30% respectively).
8. There has been a steady growth in house prices between 2009 and 2018. A peak in house prices was reached in 2011 followed by a drop in 2012 with prices increasing again thereafter, with the exception of a minor drop in 2016.
9. The average net annual household income before housing costs (equalised) across MSOA (middle super output area) E02006093 (the proxy area for Ilminster) in 2016 was £27,800, while the average total annual income was £38,800. The latter figure is most commonly used by mortgage lenders to assess affordability. South Somerset's gross LQ (lower quartile) weekly earnings for 2017 was £427, or approximately £22,269 per year.
10. The income required to buy an average market home for sale (i.e. the PT) is higher than that available to those on average household incomes. The income required to buy an average entry-level home for sale is higher than that available to those on lower quartile earnings. The private rented sector is also out of reach to households on LQ earnings without subsidy.
11. The estimates of affordable housing need in the SHMA 2016 and this HNA suggest there is substantial need for social/affordable rented homes over the plan period. AECOM estimates this as 112 over the plan period (almost 6 per annum). This equates to 13% of all homes that should be delivered over the plan period (based on the proposed local plan review housing target for Ilminster of 839 dwellings) and so it is an achievable target. This leaves scope to deliver affordable home ownership properties for households who can afford to rent but cannot afford to buy. AECOM's estimate suggests the number of these households is substantial (around 276 over the plan period), though it is important to remember that their needs are less urgent and generally they do not lack housing; rather than would prefer to own rather than rent.
12. AECOM has recommended a tenure split of 60% social/affordable rent and 40% affordable home ownership products. Within this, shared ownership should be the primary route to affordable home ownership as it will extend home ownership to the largest number of households. Discounted market sale products (AECOM suggest up to 10% of all provision) could widen local choice and extend home ownership to some households.

1.4 Findings of RQ 2: Type and Size

13. Compared with the LPA, Ilminster is characterised by lower proportion of detached homes (22.1% against 33.5% in the wider District). Meanwhile there is a higher proportion of terraced homes in the NA compared to the District (31.% against 24.1% in the wider District)

14. Ilminster and South Somerset have a similar distribution of dwelling sizes. Both the NA and the District have a concentration around the 4-6 room category. There is also a notable proportion of homes that have 7 rooms or more in both the NA and the District. The majority of dwellings in the NA are 3 bedroom properties, followed by smaller 2 bedroom.
15. Although Ilminster demographics usually run congruent with that of South Somerset, there are far lower proportions of people aged between 25-44 (working age) in the area and higher proportions of those aged 65-84 (older age groups). It also illustrates the significant jump that can be expected in the over 65 population as Ilminster's large 45-64 age cohort ages over the Plan period.
16. It is evident that the recommended split in house size mixes in Ilminster differs significantly from the house mix targets stated the emerging local plan policy HG4 - achieving a mix of market housing. Our calculations set out in Table 5-17 are based on specific local housing needs and therefore should be considered in any policy relating to housing mix in Ilminster.
17. Given that the parish's young and also ageing population may favour smaller dwellings in some cases (either because they are more manageable or more affordable), it is logical that the recommended dwelling mix for new development over the Plan period should prioritise the provision of two-bedroom and three-bedroom homes suitable to downsizers and young families, at the expense of much larger homes.
18. In terms of the types of dwellings required, smaller and more affordable housing types, such as terraces and flats may meet local housing need best. Moreover, it is also advisable to support the delivery of bungalows in order to meet the needs of the ageing population.
19. It is suggested that for 1-bedroom homes, that a figure close to the district-based mix of 7.9% and the Ilminster survey result of 6% would be appropriate. It is clear that the nationally adjusted results do not meet the local needs and preferences, and this is most likely due to the fact that the occupation of 1-bedroom properties is much higher in cities and other kinds of settlement captured in the national data. For larger properties, it is still suggested that the nationally adjusted results and the survey results should not replace the district-based findings. This is due to the Ilminster survey results being somewhat closer to those of the district-based findings. Nevertheless, the nationally adjusted figures are worth bearing in mind as a reason to apply the suggested dwelling mix with a degree of flexibility.

1.5 Findings of RQ 3: Specialist Housing

20. This report provides two estimates for the likely need for specialist housing to meet the needs of older people. There is likely to be some need to expand the specialist housing stock within Ilminster to respond to the growth in the number of older people. HLIN estimates suggest the need for an additional 162 specialist dwellings are required over the plan period. AECOM's tenure led estimates suggest the need for 659 suitable dwellings, taking the whole population of over 75s into account, though the existing supply (approaching 300 beds/units) should be subtracted from this. It is possible that some of this need could be met in the mainstream housing stock where appropriate accessible and adaptable properties can be provided and any care and support provided in a home setting.
21. While it is important to maximise the accessibility of all new housing, it is particularly important for specialist housing for older people to be provided in sustainable, accessible locations, for a number of reasons, as follows:

- so that residents, who often lack cars of their own, are able to access local services and facilities, such as shops and doctor's surgeries, on foot;
 - so that any staff working there have the choice to access their workplace by more sustainable transport modes; and
 - so that family members and other visitors have the choice to access relatives and friends living in specialist accommodation by more sustainable transport modes.
22. Alongside the need for specialist housing to be provided in accessible locations, another important requirement is for cost effectiveness and economies of scale. This can be achieved by serving the specialist elderly housing needs arising from a number of different locations and/or neighbourhood plan areas from a single, centralised point (i.e. what is sometimes referred to as a 'hub-and-spoke' model).
23. It is considered that Ilminster is, in broad terms, a suitable location for specialist accommodation on the basis of the accessibility criteria and the considerations of cost-effectiveness above. As such, there is potential for such accommodation to be provided within the Neighbourhood Plan area (while noting there is no specific requirement or obligation to do so if there is potential to meet need arising from Ilminster in other suitable locations near to but outside the Plan area boundaries). Where it is considered for any reason desirable to meet some of the specialist need outside the Neighbourhood Plan area boundaries, there will be a degree of overlap between the number of specialist dwellings to be provided and the overall dwellings target for the Neighbourhood Plan area itself.
24. Wherever the specialist housing need is to be accommodated, partnership working with specialist developers is recommended, so as to introduce a greater degree of choice into the housing options for elderly people who wish to leave their family homes in their old age.

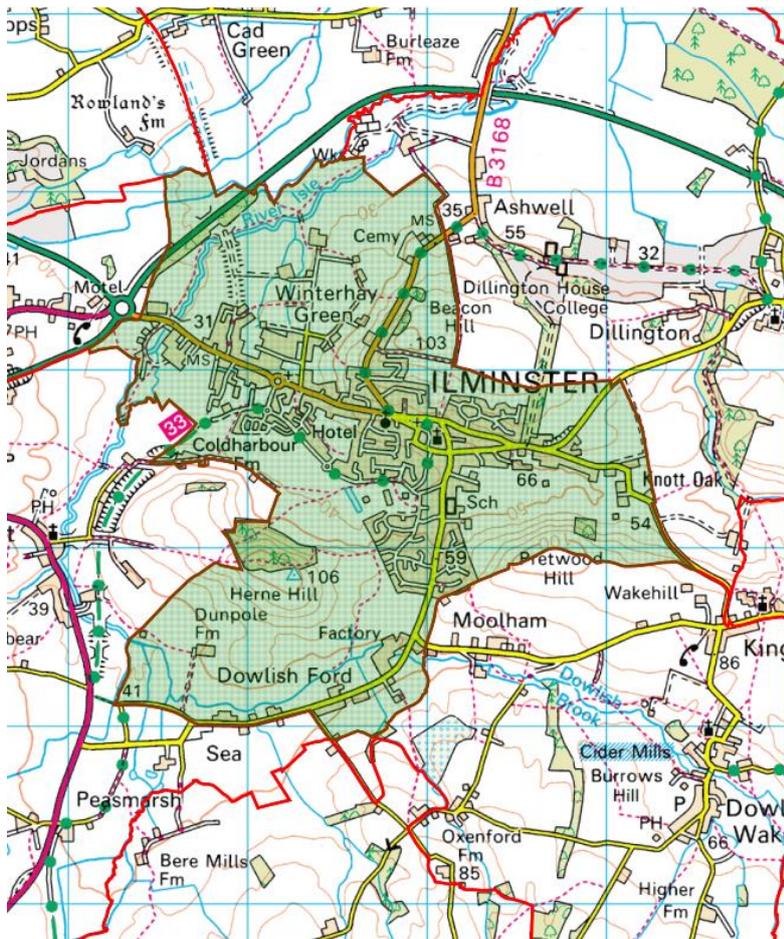
2. Context

2.1 Local context

25. Ilminster is a Neighbourhood Plan area located in South Somerset, which is situated in the County of Somerset, south west England. The Neighbourhood Area (NA) boundary replicates the Ilminster Parish boundary and is shown below in Figure 2-1.
26. Ilminster Town Council (ITC) have commissioned a Housing Needs Assessment from Locality, to be delivered by AECOM, to inform their emerging Neighbourhood Plan.
27. The proposed Neighbourhood Plan period starts in 2016 and extends to 2036, therefore comprising a planning period of 20 years.
28. Ilminster lies east of the A303 and A358 junction which provides access to Exeter, Taunton, Chard and Axminster. Taunton is 12 miles north-west and Yeovil 15 miles east. Moreover, dualling of the A303 and the A358, and improvements to junction 25 of the M5 should be taken into account in planning the future of Ilminster¹.
29. It is the fifth largest settlement in South Somerset. The statistics show that in the 2011 Census the Neighbourhood Plan area had a total of 5,808 residents, with the number of people living in the town increasing by almost 40% since 2001.

¹ Settlement Profile : Ilminster October 2017

Figure 2-1: Map of the Ilminster Neighbourhood Plan area²



Source: South Somerset District Council

30. The neighbourhood planners are interested in exploring the need for Affordable Housing for sale and are therefore eligible for support under the affordable housing for sale element of the Neighbourhood Planning Technical Support programme. This aspect has been considered where relevant in the HNA.

2.2 Planning policy context

31. In line with the Basic Conditions³ of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.⁴ Consequently, there is a need for the relevant elements of the Local Plan to be reviewed as part of this Housing Needs Assessment (HNA).

32. In the case of Ilminster, the relevant local planning context is as follows:

33. South Somerset's Local Plan was adopted on 5 March 2015 and is the development plan for South

² Available at https://www.southsomerset.gov.uk/media/1164/j-plan_pol-web-site-2018-neighbourhood-plans-web-pages-ilminster-ilminster_area_plan.pdf

³ Available at <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

⁴ 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.

Somerset⁵. It sets out the long term planning framework for the district up to the year 2028

34. However, SSDC are currently undertaking a review of the Local Plan, which is currently at the Preferred Options consultation stage (regulation 18). The Local Plan Review is due to be adopted in 2021⁶.

2.2.1 Policies in the adopted local plan⁷

35. This section reviews the policies of the adopted South Somerset Local Plan (2006-2028) that are considered relevant to housing needs in Ilminster. Only relevant policies have been reviewed and these have been edited for clarity.
36. **Policy SS1 – settlement strategy** designates Ilminster as a primary market town.
37. **Policy SS4 – district-wide housing provision** makes provision for sufficient development to meet an overall district requirement of at least 15,950 dwellings in the plan period April 2006 – March 2028 inclusive.
38. **Policy SS5 – delivering new housing growth** provides Ilminster with a net housing requirement figure of 496 to be delivered between 2006 and 2028.
39. **Policy HG3 – provision of affordable housing** states that planning permission for the erection of new dwellings in primary market towns will be permitted provided that, where it is viable to do so, 35% of developments larger than 6 dwellings or 0.2 hectares (irrespective of the number of dwellings) will be for affordable housing.
40. **Policy HG4 – provision of affordable housing (sites of 1-5 dwellings)** states that small site developments of 1-5 dwellings will be expected, where it is viable to do so, to pay a commuted sum equivalent of 5%.

2.2.2 Policies in the local plan review⁸

41. The South Somerset Local Plan Review 2016-2036, Preferred Options Consultation Document reflects the latest Government Guidance in the updated National Planning Policy Framework (NPPF) and the evidence base produced to support the Plan process. The Local Plan Review provides a refreshed policy framework that will guide and shape development in the District up to 2036. Nevertheless, this is a draft document that is open for public consultation and carries relatively little weight for planning purposes compared to the Adopted Local Plan reviewed above.
42. **Policy SS1 – settlement strategy** designates Ilminster as a primary market town.
43. **Policy SS2 – delivering new housing growth** provides Ilminster with a net housing requirement figure of 839 to be delivered between 2016 and 2036.
44. **Policy HG2 - provision of affordable housing** states that the Council will seek affordable housing provision on major sites (those providing 10 or more dwellings or having a site area of 0.5 hectares or more). Such developments should contribute 29% of the total number of dwellings to

⁵ Available at https://www.southsomerset.gov.uk/media/1250/i-plan_pol-web-site-2018-1-local-plan-local-plan-2006-2028-south_somerset_local_plan_2006-2028_adoption_version_march_2015.pdf

⁶ Available at file:///C:/Users/akwesi.osej/Downloads/LPR_PREFERRED_OPTIONS_JUNE_2019_Final_V2.pdf

⁷ 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.

⁸ 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.

the provision of affordable housing. Within any affordable housing provision, 80% should be Social Rent or Affordable Rent and 20% should be starter homes, discounted market sales and other routes to affordable home ownership. The affordable housing should be delivered in the following sizes and tenures unless evidence in a Local Housing Needs Assessment, on the Housing Register or other evidence based report shows that an alternative mix is justified. At least 10% of the *overall* number of units to be provided should be affordable home ownership products.

Tenure	1-bed	2-bed	3-bed	4+bed
Social Affordable Rented – 80%	35-40%	35-40%	20%	5%
Affordable home ownership products: starter homes, discounted market sales and other routes to affordable home ownership – 20%	15-20%	50-55%	25-30%	0-5%

Source: South Somerset Local Plan Review 2016 – 2036, Preferred Options Consultation Document

45. **Policy HG4 - achieving a mix of market housing** states that a range of market housing types and sizes should be provided across the district on major development sites that can reasonably meet the market housing needs of the residents of South Somerset. The mix should contribute to the provision of sustainable and balanced communities and should be in general accordance with the following targets:

Number of Bedrooms	Target
1	5-10%
2	30-35%
3	40-45%
4+	10-15%

Source: South Somerset Local Plan Review 2016 – 2036, Preferred Options Consultation Document

2.2.3 Quantity of housing to provide

46. The NPPF 2018 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.

47. South Somerset has fulfilled that requirement by providing Ilminster with an indicative figure of 839 dwellings to be accommodated within the Neighbourhood Plan area by the end of the Plan period.⁹
48. Given that the NPPF requirement has already been fulfilled, the question of how many houses to plan for has already been answered. It is therefore outside the scope of this Housing Needs Assessment; for this reason, the issue of quantity has been excluded from the Research Questions (see Chapter 3 below).
49. While AECOM is aware that the neighbourhood group is seeking further clarity on how the quantity figure was calculated by South Somerset, this can be done by making appropriate representations through the Local Plan process rather than through this Housing Needs Assessment, which must proceed on the basis of the indicative housing quantity provided.

3. Approach

3.1 Research Questions

50. Research Questions, abbreviated to 'RQ,' are formulated at the start of the project through discussion with the neighbourhood group. They serve to direct our research and provide the structure for the HNA.
51. Below we set out the RQs relevant to this study, as discussed and agreed with Ilminster.

3.1.1 Tenure and Affordability

52. 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.
53. This evidence will allow Ilminster to establish the right conditions for new development to come forward that is affordable, both in the broader sense of market housing attainable for first-time buyers, and as Affordable Housing for those who may be currently priced out of the market.

RQ 1: What Affordable Housing (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?

3.1.2 Type and Size

54. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community. ITC acknowledge that there is a lack of suitable homes for older people to downsize and move into and therefore it is necessary to research the number of smaller homes needed for older households and also young families who wish to form their own household.
55. The aim of this research question is to provide neighbourhood planners with robust evidence on the types and sizes needed by the local community. This will ensure future development truly reflects what residents need.

⁹ As confirmed in the South Somerset Local Plan Review 2016 – 2036, Preferred Options Consultation Document.

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

3.1.3 Specialist Housing for Older People

56. The neighbourhood planning group wishes to ensure that future housing provision takes into account the needs of older people. In terms of housing, the group is particularly interested in how those needs might be met through a variety of solutions – such as smaller units, independent living provision, and so forth – rather than just care homes. There is significant overlap between this area and the question of housing type and size, but this question will specifically address the need for specialised housing for the elderly through the Plan period.

RQ 3: What provision should be made for specialist housing for the elderly over the Neighbourhood Plan period?

3.2 Relevant Data

3.2.1 Local authority evidence base

57. It is reasonable and appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Ilminster Neighbourhood Area is located within South Somerset's planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA), which is known as Strategic Housing Market Assessment for Mendip, Sedgemoor, South Somerset and Taunton Deane Final Report (October 2016).

58. For the purpose of this HNA, data from SSDC's own evidence base to support their housing policies has been considered applicable and relevant unless it conflicts with more locally specific and/or more recently-produced evidence. The housing market evidence draws upon a range of data including population and demographic projections, housing market transactions, and employment scenarios. As such, it contains a number of points of relevance when determining housing need within the Neighbourhood Plan area, and has been referenced as appropriate.

3.2.2 Other relevant data

59. In addition to the South Somerset 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.
- Ilminster Neighbourhood Plan Survey 1: Summer 19

4. RQ 1: Tenure and Affordability

RQ 1: What Affordable Housing (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

60. 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.
61. This section will examine the tenure of dwellings in the current stock and recent supply. Then, looking at affordability, we will make an assessment on whether continuation of these trends would meet future needs. We will also investigate whether there are misalignments between the supply of different tenures of housing and local need. Such misalignments can justify policies that guide new developments to prioritise certain tenures, to bring supply and demand into better alignment.¹⁰

4.2 Definitions

62. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, abbreviated to 'AH'. AH comprises those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and forms of AH designed to offer affordable routes to home ownership.¹¹ To distinguish this from the colloquial definition, we refer to the latter as Affordable Market Housing (AMH).
63. The definition of Affordable Housing set out in the NPPF makes clear the Government's commitment to home ownership, but recognises the important role of social, affordable, and private rent tenures for those not currently seeking home ownership.
64. The revisions seek to broaden the definition of AH (which had previously referred only to social and intermediate housing) to include a range of low-cost housing opportunities for those aspiring to own a home, including starter homes.
65. In paragraph 64 of the NPPF, the Government introduces a recommendation that "*where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership*". In line with PPG,¹² the assumption should be that a 'major housing development' can be defined as a site of 10 dwellings or more, and that affordable home ownership includes starter homes, shared ownership homes, and homes available for discount market sale.

¹⁰ PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

¹¹ NPPF 2019.

¹² PPG 031 Reference ID: 23b-031-20161116, available at <https://www.gov.uk/guidance/planning-obligations>

4.3 Current tenure profile

66. In order to set a baseline for our examination of tenure, it is necessary to present a picture of the Neighbourhood Plan area based on the most recent reliable data. Table 4-1 below presents Census data from 2011; this table shows the distribution of how households occupy their homes within Ilminster, compared to the rest of South Somerset and England.
67. The tenure profile of Ilminster is almost identical to that of the wider South Somerset District. 70% of homes are owned by residents in both Ilminster. 14% are socially rented, 13% are private rented and below 1% are under shared ownership in both Ilminster and the wider District.

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

Tenure	Ilminster	South Somerset	England
Owned; total	70.1%	70.3%	63.3%
Shared ownership	0.7%	0.8%	0.8%
Social rented; total	14.7%	14.0%	17.7%
Private rented; total	13.4%	13.3%	16.8%

Sources: Census 2011, AECOM Calculations

68. In Table 4-2, we note the changes in the way households occupied their homes during the intercensal period. In Ilminster there has been a notable increase in shared ownership (21.4%), social rented (29.8%) and home ownership (20.4%). The most significant increase is that of private rented homes at 137.4%. This is similar to the 104.5% increase experienced in the wider District. Whilst there was a notable increase in shared ownership homes in Ilminster at 21.4%, this is lower than both the District and National growth levels (72.1% and 30% respectively).
69. Furthermore, 84% of homes delivered since 2011 were privately owned whilst 14% were social rented (the remaining 2% were unidentified). Whilst the proportion of privately owned homes is higher than the 2011 rates, the proportion of social rented homes remains the same and therefore it is best to continue using the census 2011 data as a proxy.

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

Tenure	Ilminster	South Somerset	England
Owned; total	20.4%	3.3%	-0.6%
Shared ownership	21.4%	72.1%	30.0%
Social rented; total	29.8%	9.5%	-0.9%
Private rented; total	137.4%	104.5%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

4.4 Affordability

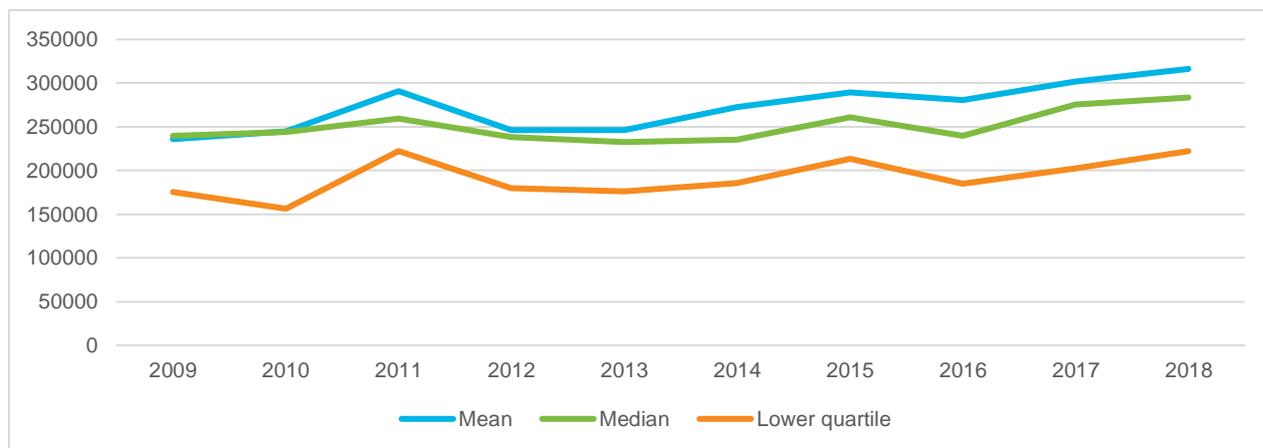
70. Having reviewed both the tenure of the existing housing stock in Ilminster, we turn to assessing future provision over the Neighbourhood Plan period.
71. In order to understand whether the tenure profile of the current stock reflects the needs of the population currently and over the Plan period, an important starting point is to consider whether this profile provides different market segments access to dwellings of a suitable type and size,

given their household composition.

4.4.1 House prices

72. In line with PPG¹³, we have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and incomes, as expressed in the Lower Quartile Affordability Ratio¹⁴ (LQAR) and the Median Affordability Ratio¹⁵ (MAR). While this is a relatively crude measure of affordability, as it does not take account of the cost of servicing mortgage debt, it is a useful basic measure for benchmarking affordability changes over time. Further, PPG makes clear that lower-quartile house prices may be used as a benchmark for entry-level home prices.¹⁶
73. An entry-level dwelling can also be understood as one suitable for a household comprising two or three individuals. In order to be in conformity with Government guidance on overcrowding, such a home would require three habitable rooms (i.e. comprise a flat or house with one or two bedrooms). Entry-level properties can therefore also be understood as one or two-bedroom flats/houses.
74. Figure 4-1 looks at selected measures of house prices in Ilminster. It shows that there has been a steady growth in house prices between 2009 and 2018. A peak in house prices was reached in 2011 as seen by the increase in the mean, median and lower quartile house prices. This was followed by a drop in 2012 with prices increasing again thereafter, with the exception of a minor drop in 2016.

Figure 4-1: House prices in Ilminster between 2009 and 2018



Source: Land Registry PPD

75. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). It shows that prices for detached homes grew the most between 2009 and 2018 by 41.3%. This was followed by terraced homes by 34.9% and semi-detached homes at 34.4%.

¹³ See Paragraph: 021 Reference ID: 2a-021-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

¹⁴ See Glossary in Appendix.

¹⁵ See Glossary in Appendix.

¹⁶ See Paragraph: 021 Reference ID: 2a-021-20190220, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Table 4-3: House prices by type in Ilminster, 2008-2017

Type	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Detached	£273,964	£294,365	£325,563	£286,770	£283,917	£318,549	£351,605	£345,279	£380,694	£387,233
Semi-detached	£199,125	£213,233	£252,600	£211,136	£223,175	£189,314	£214,966	£208,704	£224,781	£267,667
Terraced	£166,417	£153,545	£161,600	£153,600	£131,179	£189,859	£195,958	£158,641	£179,550	£224,462
Flats		£148,000				£120,000				
All Types	£235,883	£244,873	£290,721	£246,288	£246,278	£272,553	£289,236	£280,509	£301,640	£316,216

Source: Land Registry PPD

4.4.2 Income

76. Household incomes determine the ability of households to exercise choice in the housing market, and consequently the level of need for affordable housing products. As such, we have used two sources of data for household incomes in the NA.
77. The first is locally specific but limited to the average total household income and the median net annual household income. This is the average household income estimates published by ONS¹⁷ at the level of the Middle-layer Super Output Area (MSOA)¹⁸. In the case of Ilminster the MSOA most suitable for use as a proxy for the Neighbourhood Plan area boundary is MSOA E02006093. Further details on the extent of this MSOA, including a map, and why it was selected as a proxy for the Neighbourhood Plan area, are set out in Appendix A.
78. The average net annual household income before housing costs (equalised) across MSOA E02006093 in 2016 was £27,800, while the average total annual income was £38,800. The latter figure is most commonly taken into account for mortgage lenders in assessing how much a household can afford to borrow.¹⁹
79. The second source of data provides the Lower Quartile (LQ) average earnings that is helpful for understanding affordability challenges among those with lower than average earnings, but it is only available at the District level and so is less locally-specific.
80. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level. Although 2018 provisional data has been published, the revised 2017 data is considered more robust and is therefore used here.

¹⁷Available at

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

¹⁸ 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>

¹⁹ 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.

81. South Somerset’s gross LQ weekly earnings for 2017 was £427, or approximately £22,269 per year.
82. This LQ figure is a helpful indication of what those on the lowest earnings are able to put towards their housing costs, although it is important to note three caveats. First, this figure represents individual earnings not household income. If a household has two people earning, the household income would be higher. Second, this figure applies to the wider District and may therefore differ from actual LQ earnings levels within the NA itself. Third, it is an indication of gross rather than net incomes, and so the actual amount of income received after taxes and expenses will likely differ.

4.4.3 Affordability Thresholds

83. 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 (PT) denote the standard household income needed to access mortgage products, and Income Thresholds (IT) denote the maximum share of a family’s income that should be spent on accommodation costs. The PT is particularly helpful for understanding the affordability of market homes.
84. We have determined thresholds for: market purchase; Private Rented Sector (PRS); shared ownership at 25%, 50%, and 75%; affordable rent set at 80%, and estimated social rent levels across Ilminster. These calculations are detailed in Appendix B. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations. Table 4-4 below shows the annual cost of different tenures and the income required (excluding deposits saved) to support these costs within Ilminster.

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

Tenure	Cost of purchase	Annual rent	Income required
Entry-level market sale	£199,913	N/A	£57,118
Shared ownership (75%)	£149,934	£5,553	£48,392
Starter homes	£159,930	N/A	£45,694
Entry-level market rent	£99,956	£11,106	£39,665
Shared ownership (50%)	N/A	£7,438	£29,750
Shared ownership (25%)	£49,978	£16,659	£30,939
Affordable rent	N/A	£5,950	£23,800
Social rent - 3 bed dwelling	N/A	£5,192	£20,767
Social rent - 2 bed dwelling	N/A	£4,702	£18,807

Source: AECOM Calculations

58. House prices by type table is replicated below to enable comparison.

Table 4-5: House prices by type in Ilminster, 2008-2017

Type	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Detached	£273,964	£294,365	£325,563	£286,770	£283,917	£318,549	£351,605	£345,279	£380,694	£387,233
Semi-detached	£199,125	£213,233	£252,600	£211,136	£223,175	£189,314	£214,966	£208,704	£224,781	£267,667
Terraced	£166,417	£153,545	£161,600	£153,600	£131,179	£189,859	£195,958	£158,641	£179,550	£224,462
Flats		£148,000				£120,000				
All Types	£235,883	£244,873	£290,721	£246,288	£246,278	£272,553	£289,236	£280,509	£301,640	£316,216

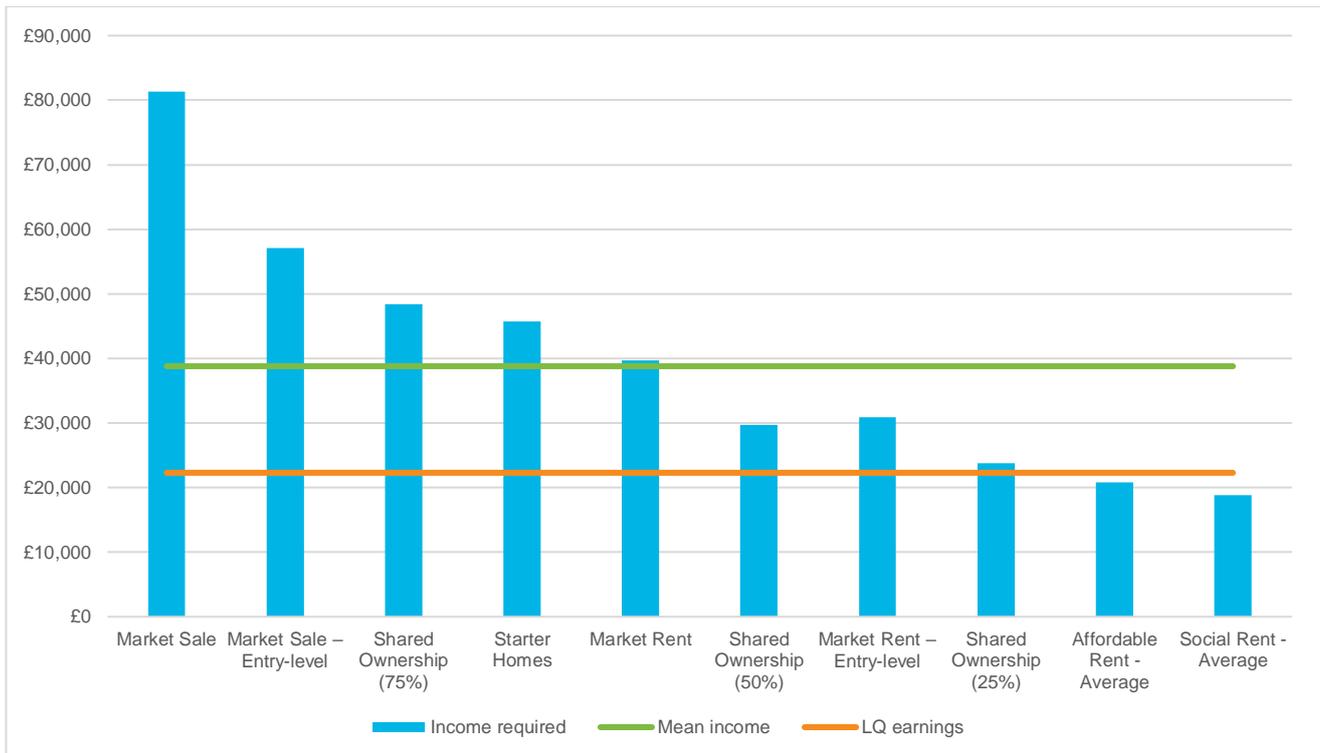
Source: Land Registry PPD

85. The income required to afford the different tenures is then benchmarked, in Figure 4-2 below, against the two measurements of household income set out above. These are the average total mean annual household income across MSOA E02006093 of £38,800 and the South Somerset's gross LQ annual earnings £22,269.
86. Taking into consideration the affordability thresholds set out above, it is apparent that the income required to buy an average market home for sale (i.e. the PT) is higher than that available to those on median household incomes. The income required to buy an average entry-level home for sale is higher than that available to those on median incomes and those on lower quartile earnings.
87. Turning to properties for purchase through the Starter Homes and Shared Ownership tenures, i.e. those aimed at people on modest incomes, affordability is mixed. Households on median incomes are likely to be able to afford shared ownership (up to 50% share) but unlikely to be able to afford Starter Homes (or other discounted market sale products discounted by 20%).
88. Finally, those on lower quartile earnings are able to afford affordable rent and social rent and may be at the margins of being able to afford shared ownership (up to 25% share). This suggests that these tenures in the NA remain affordable to those on the lowest incomes.
89. Government policy aimed at tackling the housing crisis continues to focus on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.²⁰ In the case of Ilminster, the table above suggests that the most appropriate tenure to help implement this policy goal locally is shared ownership (up to 50%). However, this may still be unaffordable to some of those on the lowest incomes.

²⁰ 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

90. In line with Paragraph 64 of the NPPF, at least 10% of the homes provided in a development²¹ should be available for affordable home ownership. In terms of the tenure mix within this 10%, the analysis above suggests that in Ilminster, affordable homes should consist mainly of shared ownership, affordable rent and social rent housing. These tenures are affordable to those whose income is within the MSOA average household income. However, for those whose income is within the South Somerset Lower quartile earnings, the only affordable tenures are affordable rent and social rent and therefore a heavy emphasis should be placed on these household tenures, followed by shared ownership (25%) which is at the margins of affordability for these households.
91. The NPPF also specifies that exceptions to the 10% affordable home ownership requirement are permissible when such development will “significantly prejudice the ability to meet the identified affordable housing needs of specific groups”- in other words, in cases where the development of affordable home ownership dwellings would reduce the provision of other types of affordable housing such as social and affordable rented homes.
92. In terms of the role that the private rental sector (PRS) plays or may play in future, there is potential for this sector to provide accommodation for those on average incomes, though market rents are not affordable to those on lower quartile earnings without subsidy (e.g. housing benefit). Social and affordable rent tenures and shared ownership at 25% share are the only affordable housing options for those earning within the lower quartile earnings and therefore to enable access to housing for all residents in Ilminster, an emphasis should be placed on providing affordable housing of these tenures.

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



²¹ The NPPF is clear that the 10% forms a part of the overall affordable housing contribution from the site.

Source: AECOM Calculations

4.5 Affordable housing- quantity needed

93. The Mendip, Sedgemoor and South Somerset SHMA (2016) provides evidence on the need for affordable housing within Sedgemoor. This study identified the need for 206 affordable homes per annum in the local authority area. This figure can be pro rated to Ilminster and equates to 7.4 affordable homes per annum. AECOM's review of this SHMA suggests that the affordable housing need identified is focused on households living in unsuitable housing and unable to afford to rent in the market. There is some additional analysis on the role of Starter Homes but the SHMA does not quantify the need (or rather, potential demand) for affordable homes from households who can afford to rent but cannot afford to buy and would prefer to do so. The needs and aspirations of this group have become a priority of Government in more recent years and is now reflected in revisions to the NPPF which include affordable home ownership products within the definition of Affordable Housing.
94. In order to provide estimates which are specific to Ilminster and to ensure that there are estimates for both those who cannot afford to buy in the market as well as those who cannot afford to rent, AECOM has produced two separate estimates.
95. In Table 4-6 below we have calculated, using PPG as a starting point,²² an estimate of the total need for affordable rented housing in Ilminster over the Plan period. It should, however, be noted that the accuracy of the findings generated by the model is only as strong as the evidence we have available to us. However, given the test of proportionality for evidence supporting neighbourhood plans, and the need to be in conformity with Local Authority strategic policies, the calculations set out in Table 4-6 are considered a reasonable basis for understanding and planning for neighbourhood-level affordable housing need.
96. The table shows that there are currently about 49 households in Ilminster unable to access affordable housing tenures suitable to their needs. The table also suggests that, over the Plan period, 63 additional households in the Neighbourhood Plan area will fall into need, producing a total affordable housing need of 112 dwellings. This equates 5.6 per annum when addressed over the plan period. This is a similar figure to that produced by the SHMA, pro rated to Ilminster.
97. 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.
98. It should be noted that figures in Table 4-6 are largely dependent on information provided by South Somerset in its capacity as manager of the local housing waiting list. In South Somerset there are four bands in the social housing waiting list. Emergency band for an urgent need to move. Gold for a high need to move. Silver for medium need to move. Bronze for a low need to move. However, Table 4-6 relies only on the highest priority band to avoid the risk over over-estimating or double-counting affordable housing need.

²² Paragraphs 024-026 Reference ID: 2a-026-20140306, at <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>

99. The net result of Table 4-6 is that, over the Neighbourhood Plan period, it can be estimated that there will be a need to plan for 112 households (5.6 per annum) in affordable housing need who are likely to need social or affordable rented tenures.
100. Table 4-8 provides a separate estimate for the number of households who might need affordable home ownership. This is a simplified assessment of the needs of these households but considered reasonable and proportionate for the purposes of neighbourhood planning. These are households who can afford to rent in the market but cannot afford to buy and may prefer to do so. These households are additional to those identified in Table 4-7 and those identified in the SHMA (although there may be some overlap at the margins). This estimate suggests there may be potential demand for around 276 affordable home ownership dwellings over the plan period (13.8 per annum).
101. It is worth noting that when the needs of households who cannot afford ownership (but can afford market rent) are assessed they appear higher in scale than the need for rented homes. This is because the population of this group is larger, though it is important to keep in mind that their needs are less urgent and the majority are accommodated in the private rented sector. They do not lack housing but would prefer to be accommodated in a different tenure. The supply of homes in the PRS is not taken into account in meeting their needs.
102. It is important to state that these estimates do not overlap entirely with, or supersede, the overall Housing Requirement Figure for the Neighbourhood Plan area. Rather, they have an unspecified degree of overlap with it. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners for it to be met in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners, as outlined above, that can help ensure that it is met to a greater extent if resources permit.
103. It is also important to remember that even after the Ilminster, or indeed any other, Neighbourhood Plan is adopted, the assessment of need for affordable housing, its allocation to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.
104. 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).

Table 4-6 : Estimate of the need for affordable rented housing, Ilminster

Step	Stage	Source	Calculations (rounded)	Stage and Step Description
1. CURRENT HOUSING NEED (GROSS)				
a	Homeless households	ONS Census 2011 (QS101EW - Residence type)	0	The 2011 Census recorded 0 homeless households in Ilminster.

Step	Stage	Source	Calculations (rounded)	Stage and Step Description
b	Priority need on housing waiting list	South Somerset District Council	9	As of August 2019, South Somerset advises that there are 86 households on the affordable housing waiting list for Ilminster. However, only 9 households were under the Gold (high need for affordable housing) category.
c	Overcrowded households	Census 2011	26	Assumption applied that the number remains the same as in the 2011 Census, in which Ilminster recorded 26 households with an occupancy rating of more than 1, and that these households are not on the Housing Needs Register.
d	Concealed households	Census 2011	14	Assumption applied that the number remains the same as in the 2011 Census, in which Ilminster recorded 14 households who were concealed, and that these households are not registered on the Housing Needs Register.
e	Backlog need	AECOM	49	Sum of stages a-d
2. NEWLY ARISING NEED				
f	Number of households in 2011	Census 2011	2,609	The 2011 Census recorded a total of 2,609 households in Ilminster.
g	Annual household formation between 2011 and end of Plan period	MHCLG 2014-based household projections; AECOM calculations	21	Taking households in 2011 in Ilminster as a proportion of all households in the LPA (3.75%), Ilminster's share of LPA household growth by the end of the Plan period will be 3,137 (rounded) ($83,578 \times 3.75\% = 3,137$), an increase of 528 from the 2011 Census. This equates to an annual increase of 21 households since 2011 (rounded) ($528/25$ years).
h	New household formation between 2011 and 2036	AECOM calculations	528	$g \times 25$ (number of years between 2011 and 2036)
i	Estimated current number of households	AECOM calculations	3,137	Sum of f + h
j	New household formation between 2018 and end of Plan period	AECOM calculations	380	$g \times 18$ (number of years between 2018 and 2036)

Step	Stage	Source	Calculations (rounded)	Stage and Step Description
k	Proportion of newly forming households unable to access market housing	AECOM calculations	0.17	On account of the lack of income data available at Ilminster level, the formula used to determine the proportion of newly-forming households unable to access market housing comprises the number of people in social housing at the time of the 2011 Census (383) + backlog need (49) divided by all households (0.17).
l	Newly Arising Need	AECOM calculations	63	j x k
m	TOTAL AFFORDABLE HOUSING NEED		112 (5.6 per annum)	Sum of e + l

Source: South Somerset District Council data, Census 2011, AECOM calculations

Table 4-8 : Estimate of the need for affordable home ownership housing, Ilminster

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current number of renters in NA	425.4	Census 2011 number of renters x national % increase to 2018
1.2 Percentage renters on housing benefit in LA	16.3%	% of renters in 2018 on housing benefit (based on LA proportion)
1.3 Number of renters on housing benefits in NA	69.3	1.1 x 1.2
1.4 Current need (households)	267.1	Current renters minus those on HB and minus 25% assumed to rent by choice
1.5 Per annum	13.4	1.4/ plan period
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	361.3	LA household projections for plan period (2014 based) pro rated to NA
2.2 % of households unable to buy but able to rent	10.7%	Current % of households in PRS
2.3 Total newly arising need	38.6	2.1 x 2.2
2.4 Total newly arising need per annum	1.9	2.3/ plan period
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of affordable housing	29.5	Number of shared ownership homes in NA (Census 2011 + new build to 2018/19)
3.2 Supply - intermediate resales	1.5	3.1 x 5% (assume rate of re-sale)
NET SHORTFALL (OR SURPLUS) PER ANNUM		
Shortfall (per annum)	13.8	Shortfall = (Step 1.5 + Step 2.4) – 3.2

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

4.6 Tenure Split

105. In terms of the tenure split, it is important to reference South Somerset's affordable housing policy, as set out in the emerging Local Plan, which recommends a balance within any affordable housing provision of 80% Social Rent or Affordable Rent and 20% affordable home ownership.

106.

107. Table 0-1 displays the recommended tenure split in Ilminster. This is based on the evidence reviewed in this chapter and is also in accordance with Policy HG2 provision of Affordable Housing in the draft emerging local plan which allows variations from the Local Plan's stated policy based on evidence in HNAs.
108. This is AECOM's judgement, based on the evidence of local need, the wider SHMA evidence base for the local authority as a whole and the stated policy objectives in the Local Plan is that, broadly, 60% of new affordable homes should be for rent and 40% for affordable home ownership. The reason for this recommendation is as follows:
- a. The Local Plan policy prioritises the provision of social/affordable rent. Across the District there are sound reasons for this approach. Households needing social/affordable rent have little other choice and have the most urgent housing needs. This group includes homeless households and families living in temporary accommodation. Social/affordable rented housing meets the need of households on the lowest incomes. It is likely to be the priority for affordable housing delivery in Ilminster.
 - b. The evidence in this HNA suggests that the need (or demand) for affordable home ownership is greater in scale than the need for social/affordable rented homes within Ilminster. Declining affordability of home ownership in recent years has resulted in more households living for longer in the PRS when they would prefer to buy their own home. These factors would support some shift towards the provision of affordable home ownership products locally but the priority is likely to remain the delivery of rented homes.
 - c. The housing requirement figure for Ilminster in the draft Local Plan is 839 (2016-2036) which equates to 42 homes per annum overall in Ilminster. Taken together, AECOM's estimates of the need for affordable housing (all tenures) equate to 19 per annum (388 over the plan period) – almost half over the overall allocation. The Local Plan policy requires 29% of new housing to be delivered as affordable housing. This would yield around 12 affordable homes each year in Ilminster (243 over the plan period). The full need for affordable housing is unlikely to be met therefore.
 - d. However, it should be possible to meet the need for social/affordable rented housing in full which equates to 5.6 homes per annum (112 over the plan period). Assuming an affordable housing quota of 29% if met, providing around half of the affordable housing is delivered as social/affordable rent would meet identified needs. In practice, affordable housing delivery may fall below the target level and so it may be prudent to aim for a greater proportion of social/affordable rent in order to ensure delivery. This is the reason AECOM has suggested it should account for 60% of the affordable housing delivery.
109. The precise mix of affordable homes at the site specific level will be influenced by factors other than the scale of need. The mix will be influenced by viability considerations, the views of Registered Providers including whether they wish to manage small numbers of affordable homes in a rural location, the existing stock mix and other policy objectives. It is important to state that the estimates of need in this HNA or elsewhere do not directly determine affordable housing policies because of these wider policy considerations.
110. AECOM has made suggestions for the split of different products within the tenure split, though this should be considered indicative as it will be subject to wider considerations of costs, viability and the availability of funding for particular products.

111. Within the 60% of the affordable housing target allocated to social and affordable homes there is a greater weighting towards social rented homes compared to affordable rented homes. This is because social rent is the most affordable housing tenure in Ilminster and therefore a greater emphasis should be placed on delivering this housing tenure to ensure all residents can afford a home in the NA.
112. The remaining 40% of affordable homes should prioritise the delivery of shared ownership homes. This housing tenure is the only affordable home ownership tenure that is affordable for those on median household incomes. However, other affordable home ownership products may extend home ownership to some households at the margins of being able to afford to buy and they may offer wider choice to local residents.

Table 0-9: Recommended tenure split (Affordable Housing)

Tenure	1-bed	2-bed	3-bed	4+bed
Affordable rent 20%	17-21 dwellings	17-21 dwellings	10 dwellings	2 dwellings
Total – 49 dwellings	(35-40%)	(35-40%)	20%	5%
Social rent 40%	34-39 dwellings	34-39 dwellings	19 dwellings	5 dwellings
Total – 97 dwellings	(35-40%)	(35-40%)	20%	5%
Shared ownership 30%	11-15 dwellings	37-40 dwellings	18-22 dwellings	0-4 dwellings
Total - 73 dwellings	(15-20%)	(50-55%)	(25-30%)	(0-5%)
Discounted market sale (including Starter Homes) 10%	4-5 dwellings	12-13 dwellings	6-7 dwellings	0-1 dwelling
Total – 24 dwellings	(15-20%)	(50-55%)	(25-30%)	(0-5%)

Source: AECOM recommendation on tenure split. Table assumes housing requirement of 839 for plan period and 29% affordable housing delivered. Size mix based on SHMA 2016 evidence

113. Having said this, such policies should in practice be flexibly applied given the need for viability. It is clear from our calculations that starter homes (and other discounted market sale products which are discounted by 20%) are unaffordable to those even on median household incomes in the NA and so these products should be given cautious consideration.

114. In line with Paragraph 64 of the NPPF, at least 10% of the homes provided in a development²³ should be available for affordable home ownership. As Local Policy and our affordability analysis suggest, there is the ability to provide more than this within the NA. Whilst the precise ownership share is not explored in our calculations, a heavy emphasis on lower percentages shares of 25% is best to ensure affordability to those on lowest incomes and extend home ownership to the greatest number of households. Shared Ownership at 75% and discounted market sale products are likely to be out of reach for those on a lower quartile incomes and even those on average incomes. The precise ownership share to be offered is not something that it is in the power of neighbourhood planning policies to enforce.
115. The NPPF also specifies that exceptions to the 10% affordable home ownership requirement are permissible when such development will “significantly prejudice the ability to meet the identified affordable housing needs of specific groups”- in other words, in cases where the development of affordable home ownership dwellings would reduce the provision of other types of affordable housing such as social and affordable rented homes. Based on the findings of this chapter, there is no evidence that going beyond the 10% threshold in Ilminster would prejudice the provision of much needed affordable rented homes.
116. Shared ownership is recommended as the primary affordable route to home ownership because it is the tenure that extends home ownership to the widest group, including some households who are unable to afford private rents in the NA. There are a number of points to bear in mind:
- a. Despite being introduced back in the 1970s, shared ownership has only recently become mainstream. Partly because the affordability of home ownership has declined sharply in recent years and partly because Government has supported the provision of these homes through funding to housing associations.
 - b. Shared ownership is particularly known for being an affordable option for those seeking to get on the housing ladder such as newly forming households and families. It is popular due to the increased choice, control and security it offers in comparison to other tenures. Housing for new households and families is particular concern for Ilminster and so this should be considered as an option for the NA.
 - c. However, it should be noted that there are some issues with shared ownership which should be borne in mind. For example, buyers still have to pay service charges which are not fixed and can increase unpredictably. Buyers are also responsible for the maintenance of the property, however small their share in the property. Staircasing can also be costly, given that the purchase of the additional share will rise as market values rise. Furthermore, the discount attained through renting the remaining share can in certain locations be similar to the difference in price between a new build and existing dwelling, meaning that a new shared ownership dwelling is often no more affordable than an existing dwelling offered for market sale.
 - d. Registered providers (e.g. housing associations) may be reluctant to deliver this tenure in rural locations as there are ongoing management costs involved. For this reason, discounted market sale homes may prove more attractive because of the more limited ongoing role for the housing association.

²³ The NPPF is clear that the 10% forms a part of the overall affordable housing contribution from the site.

117. The tenure split in Table 4-9 should be considered a guideline for the ideal mix of tenures to be delivered within the NA. As such, it will be a useful point of reference when planning applications are considered but may not represent sufficient justification for the tenure split to be enforced precisely through a Neighbourhood Plan policy.

4.7 Conclusions - Tenure and Affordability

118. The tenure profile of Ilminster is almost identical to that of the wider South Somerset District. 70% of homes are owned by residents in both Ilminster. 14% are socially rented, 13% are private rented and below 1% are under shared ownership in both Ilminster and the wider District. In Ilminster there has been a notable increase in shared ownership (21.4%), social rented (29.8%) and home ownership (20.4%). The most significant increase is that of private rented homes at 137.4%. Whilst there was a notable increase in shared ownership homes in Ilminster at 21.4%, this is lower than both the District and National growth levels (72.1% and 30% respectively).

119. There has been a steady growth in house prices between 2009 and 2018. A peak in house prices was reached in 2011 followed by a drop in 2012 with prices increasing again thereafter, with the exception of a minor drop in 2016.

120. The average net annual household income before housing costs (equalised) across MSOA E02006093 (the proxy area for Ilminster) in 2016 was £27,800, while the average total annual income was £38,800. The latter figure most commonly used by mortgage lenders to assess how much a household can borrow. South Somerset's gross LQ weekly earnings for 2017 was £427, or approximately £22,269 per year.

121. It is clear from Table 4-6 that at least 112 affordable homes must be delivered as these are need to meet urgent needs of households who lack housing and cannot afford any market option. This equates to 13% of all homes over the plan period (based on the proposed local plan review housing target for Ilminster of 839 dwellings). Whilst this is lower than the requirement of 29% of all developments to be affordable as stated in Policy HG2 provision of Affordable Housing in the draft emerging local plan, AECOM's estimate of the need for affordable home ownership homes for households who can afford to rent, but cannot afford to buy, justifies the need to adhere to the local plan requirement of 29% of homes delivered over the plan period to be made affordable.

122.

123. Table 0-1 displays the recommended tenure split (affordable housing only) in Ilminster. This is based on the estimates in this chapter, the SHMA 2016 and is in accordance with Policy HG2 provision of Affordable Housing in the draft emerging local plan which allows for alternatives to the headline policy requirement based on evidence of need. It is important to note that the table below is only for affordable housing (29% of all homes on qualifying developments as stated in Policy HG2 provision of Affordable Housing in the draft emerging local plan).

Table 0-1 : Indicative tenure split for Ilminster (Affordable Housing)

Tenure	1-bed	2-bed	3-bed	4+bed
Affordable rent 20%	17-21 dwellings	17-21 dwellings	10 dwellings	2 dwellings
Total – 49 dwellings	<i>(35-40%)</i>	<i>(35-40%)</i>	<i>20%</i>	<i>5%</i>
Social rent 40%	34-39 dwellings	34-39 dwellings	19 dwellings	5 dwellings
Total – 97 dwellings	<i>(35-40%)</i>	<i>(35-40%)</i>	<i>20%</i>	<i>5%</i>
Shared ownership 30%	11-15 dwellings	37-40 dwellings	18-22 dwellings	0-4 dwellings
Total - 73 dwellings	<i>(15-20%)</i>	<i>(50-55%)</i>	<i>(25-30%)</i>	<i>(0-5%)</i>
Discounted market sale (including Starter Homes) 10%	4-5 dwellings	12-13 dwellings	6-7 dwellings	0-1 dwelling
Total – 24 dwellings	<i>(15-20%)</i>	<i>(50-55%)</i>	<i>(25-30%)</i>	<i>(0-5%)</i>

5. RQ 2: Type and Size

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

5.1 Introduction

124. The Ilminster Neighbourhood Plan will need to include policies informed by robust data 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 at all stages of life the options they require, while keeping the market operating efficiently.
125. 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 Ilminster. Demographic shifts in age and household composition will then be considered. Finally, the future demand for housing by size and type will be estimated by examining the way different household types currently occupy their dwellings in the LPA, and then applying to that baseline assessment 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

126. 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.
127. 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 thus 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 than demographics, household type and size would suggest for future years.
128. 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' should thus be translated as follows²⁴:
- 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

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

- 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

129. 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.²⁵ 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.

130. 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.*"²⁶ 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

131. The 2011 Census shows that there were 2,716 households in Ilminster, living in 601 detached houses, 833 semi-detached, 860 terraced houses, and 360 flats. Compared with the LPA, Ilminster is characterised by lower proportion of detached homes (22.1% against 33.5% in the wider District). Meanwhile there is a higher proportion of terraced homes in the NA compared to the District (31% against 24.1% in the wider District) (see Table 5-1 below).

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

Dwelling type		Ilminster	South Somerset	England
Whole house or bungalow	Detached	22.1%	33.5%	22.4%
	Semi-detached	30.7%	30.7%	31.2%
	Terraced	31.7%	24.1%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	9.5%	7.9%	16.4%
	Parts of a converted or shared house	1.7%	2.1%	3.8%
	In commercial building	2.0%	0.9%	1.0%

Source: ONS 2011, AECOM Calculations

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

²⁶ Ibid.

5.2.3 Specific housing types

132. 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.
133. 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 Ilminster. The result is presented in Table 5-2 below. It is important to note that the data is not available at a parish level and therefore LSOA's (E01029193, E01029194, E01029195) have been used as a proxy.
134. The data shows that 8% of homes in the NA are bungalows, which is almost half the 14% proportion found in the wider District. Half of these bungalows in the NA are 2 bedrooms, followed by over a quarter being 3 bedrooms and a small number of 1-bedroom bungalows.

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

	Ilminster (numbers)	Ilminster (%)	South Somerset (numbers)	South Somerset (%)
1 bedroom	40	1%	1,340	2%
2 bedrooms	110	4%	5,170	7%
3 bedrooms	70	2%	3,680	5%
4 bedrooms +	10	0%	680	1%
Unknown	0	0%	40	0%
Total	230	8%	10,900	14%
Total properties	2,970	100%	76,980	100%

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

5.2.4 Home Working and Distance to Work

60. Local commuting trends can greatly influence the size of housing needed, especially if the home is also a place of work. It is therefore important to establish the commuting trends of residents of the NA.
61. **It is** evident from Table 5-3 that Ilminster residents are as likely to work from home as those in England as a whole. Ilminster residents have the longest average distance to work (18.1km) compared to both the District (16.2km) and national averages (14.9km) which might imply that there is scope for home working to increase as workers try to avoid long commutes. However, whether they are able to work from home would depend on the nature of the work. There is not sufficient evidence to suggest that working from home levels in Ilminster should be considered as a factor of the sizes of homes in Ilminster. Furthermore, to suggest some homes should have an additional room to cater for working from home arrangements may artificially increase house prices and further heighten the house affordability issues in Ilminster.
62. **Table 5-3** shows a significant proportion of Ilminster residents work within 10 km of their home although this is less than the District average (42.7% against 48.2% of those in the District). A further 32.1% work between 10km – 30km from home compared to the district and national averages of 21.9% and 21% respectively). There is also a notable 10.6% that work mainly at home, although this is lower than the 13.4% of those who work from home in the District.
63. It is evident from Table 5-3 that Ilminster residents are as likely to work from home as those in England as a whole. Ilminster residents have the longest average distance to work (18.1km)

compared to both the District (16.2km) and national averages (14.9km) which might imply that there is scope for home working to increase as workers try to avoid long commutes. However, whether they are able to work from home would depend on the nature of the work. There is not sufficient evidence to suggest that working from home levels in Ilminster should be considered as a factor of the sizes of homes in Ilminster. Furthermore, to suggest some homes should have an additional room to cater for working from home arrangements may artificially increase house prices and further heighten the house affordability issues in Ilminster.

Table 5-3: Distance to work, 2011

Location of work	Ilminster	South Somerset	England
Less than 10km	42.7%	48.2%	52.3%
10km to less than 30km	32.1%	21.9%	21.0%
30km and over	6.8%	8.3%	8.0%
Work mainly at or from home	10.6%	13.4%	10.3%
Other	7.8%	8.2%	8.5%
Average distance travelled to work	18.1km	16.2km	14.9km

Source: ONS 2011, AECOM Calculations

5.2.5 Dwelling size

135. Table 5-4 below sets out the distribution of the number of rooms by household space. The housing stock in Ilminster is characterised by mainly medium to large dwellings, with high proportions of properties with 5 or more rooms. This theme is broadly reflected at the LA level.
136. Ilminster and South Somerset have a similar distribution of dwelling sizes. Both the NA and the District have a concentration around the 4-6 room category. There is also a notable proportion of homes that have 7 rooms or more in both the NA and the District.

Table 5-4: Number of rooms per household in Ilminster, 2011

Number of Rooms	2011 Ilminster	2011 South Somerset
1 Room	0.2%	0.2%
2 Rooms	1.5%	1.8%
3 Rooms	8.7%	7.1%
4 Rooms	18.9%	16.7%
5 Rooms	25.9%	23.9%
6 Rooms	20.5%	20.1%
7 Rooms	10.0%	12.2%
8 Rooms or more	7.5%	8.7%
9 Rooms or more	6.8%	9.3%

Source: ONS 2011, AECOM Calculations

137. 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 there has been a significant increase in homes of all sizes in the NA, with the exception of the smallest dwelling size of 1 room. The most significant increase has been in dwellings of 8 rooms or more (70.3% increase). There has also been a notable increase in dwellings of 2 rooms (58.3%).
138. Nevertheless, there has been a significant decrease in homes of 1 room by -33.3% in the NA. This is mirrored by a similar decrease in 1 room properties in the wider District by -21%.
139. Unlike the NA, there has been a slight decline in properties of 4-5 rooms in the wider district. There has also been a slower growth of all dwelling sizes in the District in comparison with the NA.

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

Number of Rooms	Ilminster	South Somerset	England
1 Room	-33.3%	-21.0%	-5.2%
2 Rooms	58.3%	31.9%	24.2%
3 Rooms	25.3%	22.1%	20.4%
4 Rooms	22.0%	-4.1%	3.5%
5 Rooms	12.3%	-2.0%	-1.8%
6 Rooms	29.5%	7.4%	2.1%
7 Rooms	38.6%	20.3%	17.9%
8 Rooms or more	70.3%	31.6%	29.8%

Source: ONS 2001-2011, AECOM Calculations

140. 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 5-6 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that the majority of dwellings in the NA are 3 bedroom properties, followed by smaller 2 bedroom properties. This is a similar trend to the wider District.

Table 5-6: Number of bedrooms in household spaces in Ilminster, 2011

Bedrooms	Ilminster		South Somerset		England	
All categories: no. of bedrooms	2,609	100.0%	69,501	100.0%	22,063,368	100.0%
No bedrooms	5	0.2%	108	0.2%	54,938	0.2%
1 bedroom	249	9.5%	5,896	8.5%	2,593,893	11.8%
2 bedrooms	742	28.4%	17,888	25.7%	6,145,083	27.9%
3 bedrooms	1,158	44.4%	30,027	43.2%	9,088,213	41.2%
4 bedrooms	374	14.3%	11,883	17.1%	3,166,531	14.4%
5 or more bedrooms	81	3.1%	3,699	5.3%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

5.3 Household composition and age structure

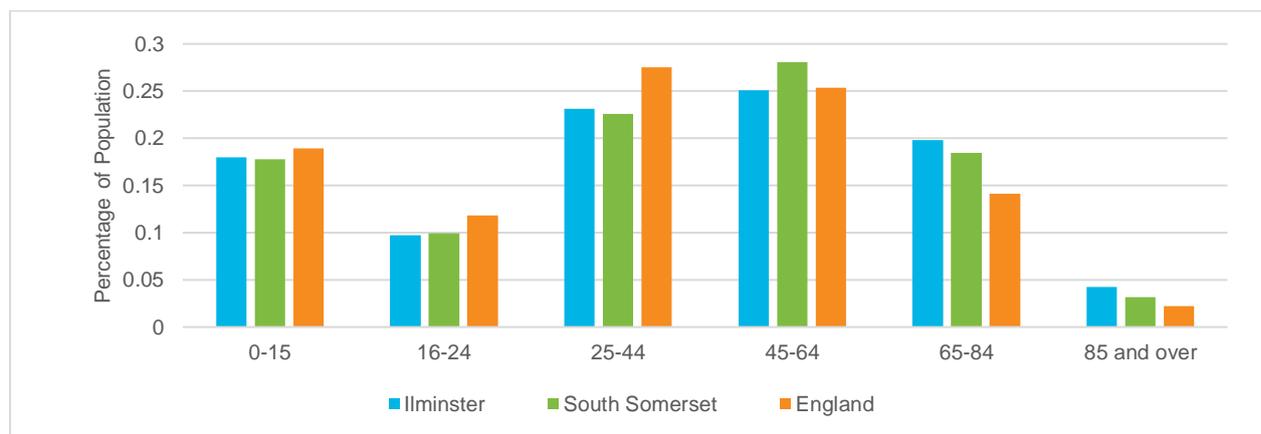
141. We have now established the current stock profile of Ilminster and identified recent changes in its composition. The evidence assembled below examines the composition and age structure of households both in the 2011 Census and in future years. Through a consideration of the types of households projected 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

142. The 2011 Census data reveals that Ilminster has a high percentage of people over 65, when compared with district and national figures. With an ageing population, Ilminster is likely to require some smaller dwellings better suited to older couples and single persons, running contrary to the recent building patterns in the Parish (see Figure 5-1 below).

143. Ilminster has slightly lower rates of young people aged 45 and under, as compared with the national averages. Although Ilminster demographics usually run congruent with that of South Somerset, there are far fewer people aged between 25-44 in the area and higher numbers of those aged 65-84. It also illustrates the significant jump that can be expected in the over 65 population as Ilminster's large 45-64 age cohort ages over the Plan period.

Figure 5-1: Age structure in Ilminster, 2011



Source: ONS 2011, AECOM Calculations

144. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001 the NA population has grown significantly, especially for the 16-24 and 85 and over demographic groups (see

145. Table 5-7 below).

146. It is evident in

147. Table 5-7 that the rate of change in age structure in South Somerset is different to Ilminster. Whilst there has been significant growth in all age groups in the NA, this is not the case in South Somerset. There has been a decline of those ages 15 and under, as well as those aged 25-44. Nevertheless, the 85 and over age group has increased the most compared to other age groups in both the NA and the wider District.

Table 5-7: Rate of change in the age structure of Ilminster population, 2001-2011

Age group	Ilminster	South Somerset	England
0-15	21.5%	-3.2%	1.2%
16-24	55.2%	19.4%	17.2%
25-44	19.8%	-7.3%	1.4%
45-64	33.1%	16.0%	15.2%
65-84	16.8%	15.4%	9.1%
85 and over	72.7%	32.4%	23.7%

Source: ONS 2001-2011, AECOM Calculations

5.3.2 Household composition

148. Household composition is a critical factor in driving the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period.

149. In assessing Census data on household composition, we see that Ilminster almost mirrors the household composition of the LPA in that roughly a third of all homes are occupied by just one person (32.3% and 29.5% respectively). A notable proportion of one person households are aged 65 and over in the NA (17.2%) (Table 5-8).

Table 5-8: Household composition (by household), Ilminster, 2011

Household composition		Ilminster	South Somerset	England
One person household	Total	32.3%	29.5%	30.2%
	Aged 65 and over	17.2%	14.8%	12.4%
	Other	15.1%	14.7%	17.9%
One family only	Total	63.9%	65.5%	61.8%
	All aged 65 and over	12.6%	11.7%	8.1%
	With no children	19.5%	21.1%	17.6%
	With dependent children	23.8%	24.2%	26.5%
	All children Non-Dependent	7.9%	8.4%	9.6%
Other household types	Total	3.8%	5.0%	8.0%

Source: ONS 2011, AECOM Calculations

150. 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 in the NA were one family households with dependent children (33.3%) and those without children (32.6%). The most significant change in the NA was the 59% increase in one person headed households under age 65 (see Table 5-9).

Table 5-9: Rates of change in household composition, Ilminster, 2001-2011

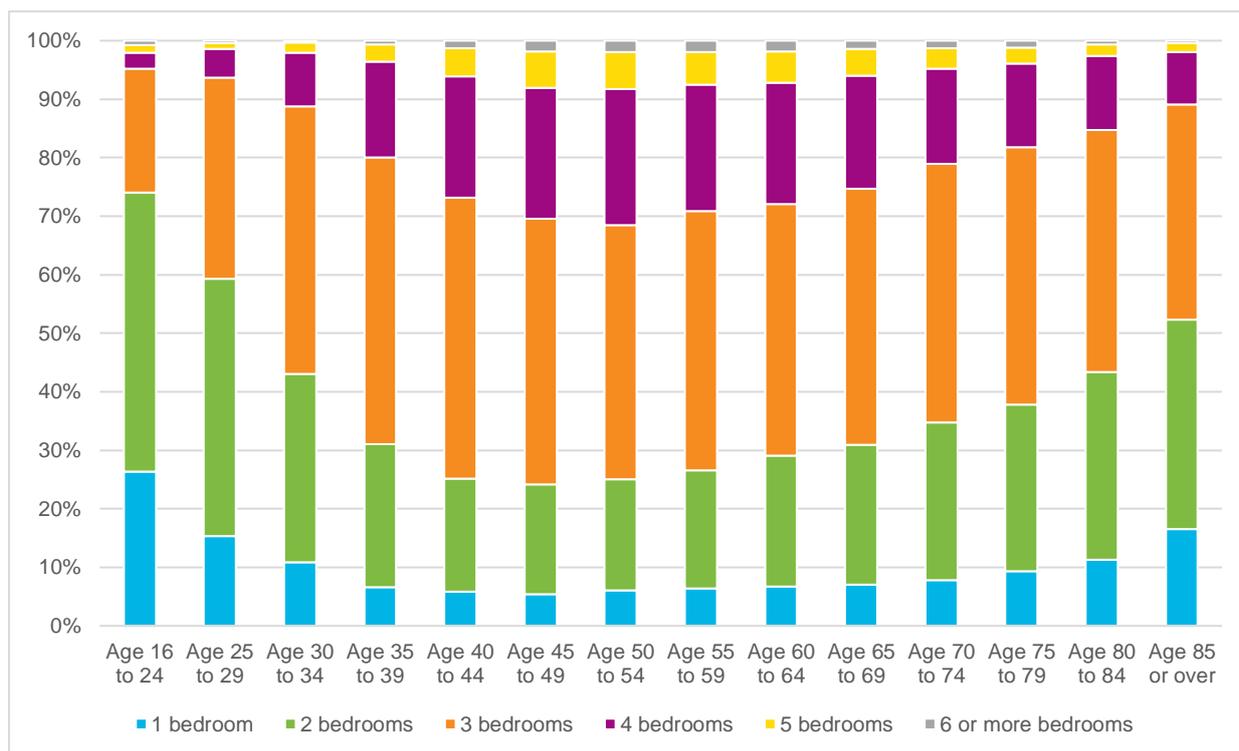
Household type		Percentage change, 2001-2011		
		Ilminster	South Somerset	England
One person household	Total	29.2%	13.6%	8.4%
	Aged 65 and over	10.6%	2.1%	-7.3%
	Other	59.9%	28.2%	22.7%
One family only	Total	27.8%	6.1%	5.4%
	All aged 65 and over	13.4%	2.5%	-2.0%
	With no children	32.6%	11.8%	7.1%
	With dependent children	33.3%	2.4%	5.0%
	All children non-dependent	26.2%	8.9%	10.6%
Other household types	Total	32.0%	23.4%	28.9%

Source: ONS 2001-2011, AECOM Calculations

5.4 Dwelling mix determined by life-stage modelling

151. Recognising the fact that households of different ages have different housing needs, to estimate the housing mix needed by the end of the Plan period we adopt an approach based on the reasonable assumption that 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.
152. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for ‘head of household’) is available at neighbourhood level. For this reason, LPA-level data needs to be used as the closest proxy.
153. Figure 5-2 below sets out the relationship in the 2011 Census at LPA level between the age of the HRP and the size of dwelling occupied. This provides the starting point for determining the most appropriate dwelling size mix by the end of the Neighbourhood Plan period. The data shows that 2 bedroom properties are the most common dwelling size for those ages 29 and under. 3 bedroom properties remain the most common dwelling size for all other demographic groups, with the exception of those aged 85 and over in the NA.

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



Source: ONS 2011, AECOM Calculations

154. We then use household projections provided by MHCLG to achieve an understanding of the future distribution of households by the age of the HRP. Again, this data is only available at the LPA level and for the years 2014 and 2039. Therefore, we have estimated what the distribution of households by the age of the HRP would be in 2036, 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, South Somerset

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	1,944	7,143	24,356	13,368	22,690
2014	1,904	7,889	23,712	12,601	25,480
2036	2,054	8,003	23,085	12,084	38,010
2039	2,074	8,019	23,000	12,013	39,719

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

155. At this point, it is then necessary to extrapolate from this LPA-level data an estimate of the corresponding change in the age structure of the population in Ilminster. To do so, the percentage increase expected for each group across South Somerset, derived from the data presented above was mapped to the population of Ilminster. The results of this calculation are detailed in Table 5-11 below:

Table 5-11: Projected distribution of households by age of HRP, Ilminster

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	96	268	872	451	922
2014	94	296	849	425	1,035
2036	101	300	826	408	1,545
% change 2011-2033	6%	12%	-5%	-10%	68%

Source: AECOM Calculations

156. Then, to complement the two stages above, in Table 5-12 below we set out the distribution of dwellings of different sizes according to the age of the HRP as they appeared in Census 2011. This provides the basis for a modelled estimate of the proportion of dwelling sizes that will be occupied by each age band across South Somerset by the end of the plan period.

Table 5-12: Age of household reference person to size, grouped, South Somerset, Census 2011

Size	Age of HRP 16 to 24	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
1 bedroom	26.3%	12.8%	5.9%	6.5%	9.9%
2 bedrooms	47.7%	37.4%	20.1%	21.3%	28.8%
3 bedrooms	21.2%	40.7%	46.3%	43.6%	42.3%
4 bedrooms	2.7%	7.3%	21.0%	21.2%	14.9%
5+ bedrooms	2.1%	1.7%	6.7%	7.3%	4.1%

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

157. Finally, having established the preference shown by households at different life-stages towards dwellings of different sizes, and the approximate number of households in South Somerset and Ilminster falling into each of these stages by the end of the Plan period in 2036, it is possible to estimate how the housing stock could evolve in terms of size over the Neighbourhood Plan period to overcome existing or future misalignments between the supply of dwellings and demand (see Table 5-13 below).
158. The table takes in turn each projected age group in 2036, estimating how many of the households in that age bracket will want or need to occupy each size of dwelling. By doing so for each age bracket and then adding together the totals for each dwelling size, we arrive at an estimation of what proportion of each size of dwelling will be required overall. By multiplying the number of households by the percentages in Table 5-12 above, the results are rarely whole numbers and are therefore presented as rounded. Because the totals are derived from the exact (non-rounded) data, not all columns and rows will sum precisely.

Table 5-13: Ideal dwelling size distribution in Ilminster 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
Population	101	300	826	408	1,545	-
1 bedroom	27	39	49	27	153	294
2 bedrooms	48	112	166	87	445	859
3 bedrooms	22	122	382	178	654	1,358
4 bedrooms	3	22	173	86	229	514
5+ bedrooms	2	5	56	30	63	155

Source: Census 2011, AECOM Calculations

159. 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 5-13 above modelling the change in the age structure of the population in Ilminster.

160. Table 5-14 below indicates that, by 2036, the size distribution of dwellings should not differ too much from the current size distribution. In 2036, 9.3% of dwellings should be 1 bedroom properties, 27% 2 bedroom properties, 42.7% 3 bedroom properties, 16.2% 4 bedroom dwellings and 4.9% 5 bedroom properties.

Table 5-14: 2011 housing sizes compared to ideal distribution at end of Plan period, Ilminster

Number of bedrooms	2011		2036	
1 bedroom	249	9.5%	294	9.3%
2 bedrooms	742	28.4%	859	27.0%
3 bedrooms	1,158	44.4%	1,358	42.7%
4 bedrooms	374	14.3%	514	16.2%
5 or more bedrooms	81	3.1%	155	4.9%
Total households	2,609	100.0%	3,180	100.0%

Source: Census 2011, AECOM Calculations

161.

162. Table 5-15 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 5-15: Future potential misalignments of supply and demand for housing, Ilminster

Number of bedrooms	2011	2036	Change to housing mix	Recommended split
1 bedroom	249	294	45	7.9%
2 bedrooms	742	859	117	20.3%
3 bedrooms	1,158	1,358	200	34.7%
4 bedrooms	374	514	140	24.2%
5 or more bedrooms	81	155	74	12.9%
Total	2,604	3,180	576	100%

Source: AECOM Calculations

163. The result of the life-stage modelling exercise, therefore, is that to minimise misalignments between supply and demand, 7.9% of dwellings in new developments should have 1 bedroom, 20.3% should have two bedrooms, 34.7% should have three bedrooms, 24.2% should have four bedrooms and 12.9% should have 5 or more bedrooms.
164. Note that only the percentage mix in the right-hand column is relevant to the purposes of this HNA and the neighbourhood planning process. The actual numbers of dwellings required to adjust the size mix do not reflect that actual quantity of housing needed in the NA and are simply a step in the calculation necessary to produce a percentage split. As a general point, this dwelling mix in percentage terms stands alone from the overall quantity of housing needed or allocated over the Plan period, and could equally apply to windfall development, allocations beyond the plan period, or any other source of housing supply.

5.4.1 Adjustment of model results

165. However, it is important to caveat the result, because it is based on past trends and existing supply. Future supply, not just demographic profile, can influence occupancy patterns. For instance, it may be that the construction of smaller bungalows would encourage older people to downsize, but in the absence of such accommodation, these older households will remain in their larger homes. For this reason, we verify the results further with respect to occupancy trends at the national level (England and Wales). This gives the following split (Table 5-16):

Table 5-16: Nationally-adjusted future potential misalignments of supply and demand for housing, Ilminster

Number of bedrooms	2011	2036	Change to housing mix	Recommended split
1 bedroom	249	389	140	24.3%
2 bedrooms	742	901	159	27.6%
3 bedrooms	1,158	1,333	175	30.4%
4 bedrooms	374	427	53	9.2%
5 or more bedrooms	81	130	49	8.5%

Source: AECOM Calculations

166. A direct comparison between the two recommended splits above (based first on District occupation patterns and second on national occupation patterns) is given in Table 5-17 below.

Table 5-17: District-based and nationally-adjusted recommended housing size mixes compared, Ilminster

Number of bedrooms	District-based mix	Nationally-adjusted figure
1 bedroom	7.9%	24.3%
2 bedrooms	20.3%	27.6%
3 bedrooms	34.7%	30.4%
4 bedrooms	24.2%	9.2%
5 or more bedrooms	12.9%	8.5%

Source: AECOM Calculations

167. This recommended split implies more than double the requirement for 1 bedroom properties when nationally adjusted, with an increase of 2 bedroom properties, but fewer 3, 4 and 5+ bedroom properties. This could be explained by the fact that the occupation of 1 bedroom properties is much higher in cities and other kinds of settlement captured in the national data. The adjusted results should not therefore replace the initial findings but are worth bearing in mind as a reason to apply the suggested dwelling mix with a degree of flexibility.

Table 5-18: Ilminster neighbourhood plan survey results on type and size of homes preferred

Number of bedrooms	Survey results
1 bedroom flats	6%
2 bedroom flats and houses	14%
2 or 3 bedroom bungalows	20%
3 bedroom houses	45%
4 bedroom houses or live and work units	15%

Source: AECOM Calculations

168. The results of the Ilminster neighbourhood plan survey results have also been added for reference and comparison purposes in Table 5-18. As the questions asked in the survey do not enable a direct comparison to be made with the results in Table 5-17, some conclusions can still be made.

169. For 1 bedroom homes the survey results (6%) are similar to those produced from the district based calculations (7.9%). For other categories, a direct comparison cannot be made due to the questions asked in the survey. Nevertheless, it is clear that in both the calculations in Table 5-17 and the survey results, the greatest demand is for 3 bedroom homes, followed closely by 2 bedroom homes.

170. Overall, it is suggested that for 1-bedroom homes, that a figure close to the district- based mix of 7.9% and the Ilminster survey result of 6% could be used to guide housing mix. It is clear that the nationally adjusted results do not meet the local needs and preferences, and this is most likely due to the the fact that the occupation of 1-bedroom properties is much higher in cities and other kinds of settlement captured in the national data. For larger properties, it is still suggested that the nationally adjusted results and the survey results should not replace the initial district-based findings. This is due to the Ilminster survey results being somewhat closer to those of the district-based findings. Nevertheless, the nationally adjusted figures are worth bearing in mind as a reason to apply the suggested dwelling mix with a degree of flexibility.
171. Furthermore, whilst there is insufficient evidence to suggest a significant trend in Ilminster residents working from home (especially as only 10.6% work mainly at home in Ilminster compared to 13.4% of those who work from home in the District and 10.3% nationally), the District based results enable a sufficient number of larger 4 + bedrooms to be delivered which will accommodate those who may wish to purchase a larger home to suit their working from home requirements.

5.5 Conclusions - Type and Size

172. Compared with the LPA, Ilminster is characterised by a lower proportion of detached homes (22.1% against 33.5% in the wider District). Meanwhile there is a higher proportion of terraced homes in the NA compared to the District (31.% against 24.1% in the wider District)
173. Ilminster and South Somerset have a similar distribution of dwelling sizes. Both the NA and the District have a concentration around the 4-6 room category. There is also a notable proportion of homes that have 7 rooms or more in both the NA and the District. The majority of dwellings in the NA are 3 bedroom properties, followed by smaller 2 bedroom properties.
174. Although Ilminster demographics usually run congruent with that of South Somerset, there are far lower proportions of people aged between 25-44 in the area and higher proportions of those aged 65-84. It also illustrates the significant jump that can be expected in the over 65 population as Ilminster's large 45-64 age cohort ages over the Plan period.
175. It is evident that the indicative split in house size mixes in Ilminster differs significantly from the house mix targets stated the emerging local plan policy HG4 - achieving a mix of market housing. Our calculations set out in Table 5-17 are based on specific local housing needs and therefore should be considered in any policy relating to housing mix in Ilminster.
176. Given that the parish's young and also ageing population is likely to need some smaller dwellings, it is logical that the recommended dwelling mix for new development over the Plan period should ensure adequate provision of two-bedroom and three-bedroom homes suitable to downsizers and young families, at the expense of much larger homes.
177. In terms of the types of dwellings required, smaller and more affordable housing types, such as terraces and flats may meet local housing need best. Moreover, is also advisable to promote the delivery of bungalows in order to meet the needs of the ageing population.
178. Overall, it is suggested that for 1-bedroom homes, that a figure close to the district- based mix of 7.9% and the Ilminster survey result of 6% should be chosen. It is clear that the nationally adjusted results do not meet the local needs and preferences, and this is most likely due to the the fact that the occupation of 1-bedroom properties is much higher in cities and other kinds of settlement captured in the national data. For larger properties, it is still suggested that the

nationally adjusted results and the survey results should not replace the initial district-based findings. This is due to the Ilminster survey results being somewhat closer to those of the district-based findings. Nevertheless, the nationally adjusted figures are worth bearing in mind as a reason to apply the suggested dwelling mix with a degree of flexibility. For this reason, both the final recommended housing size mix and the nationally adjusted figure is presented below.

Table 5-19: Final recommended housing size mix, Ilminster

Number of bedrooms	Final recommended mix	<i>Nationally-adjusted figure</i>
1 bedroom	6% - 7.9%	24.3%
2 bedrooms	20.3%	27.6%
3 bedrooms	34.7%	30.4%
4 bedrooms	24.2%	9.2%
5 or more bedrooms	12.9%	8.5%

Source: AECOM Calculations

6. RQ 3: Specialist housing for older people

RQ 3: What provision should be made for specialist housing for older and disabled people over the Neighbourhood Plan period?

A.1 Introduction

180. This chapter considers in detail the specialist housing needs for older and disabled people in Ilminster. It considers the quantity, tenure and size of dwellings to plan for.
181. In the Planning Practice Guidance (PPG), the Government states that plans need to provide specialist housing for older people where a need exists. Innovative and diverse housing models will need to be considered where appropriate.²⁷
182. It is important to note that, as stated in the PPG, the need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the overall (i.e. the total) housing need figure. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.²⁸
183. Specialist housing for older and disabled people is appropriate to consider for the population aged 75+. The needs of this sector of the population have been assessed through two methods. The first is a tenure-led projection, based on the tenure of dwellings typically occupied by people in this age group. The second, included for the purposes of comparison, is based on the Housing Learning and Improvement Network's (HLIN) Strategic Housing for Older People (SHOP) tool²⁹, which is based on best practice nationally and sets a recommended level of provision per 1,000 head of population.
184. Housing needs assessment covers the need for houses that fall for the purposes of the planning system into Use Class C3 (private dwellings)³⁰. Any assessment of need for residences that fall into Use Class C2 (residential institutions, which include prisons, boarding schools and some care homes for the elderly) would be a separate exercise outside the scope of a standard HNA. Unfortunately, however, the dividing line between care homes for the elderly that fall into use class C2 and those where accommodation is counted as C3 is blurred. In some cases, residential homes for the elderly, particularly those where independent living is emphasised and care provision is more limited, will be counted as C3. However, in other cases, particularly where care provision is higher, they will be counted as C2. There is no hard and fast rule- clear differentiation between the two has not been set in government policy.
185. As such, existing and future specialist housing for the elderly may be either C2 or C3, but the important point is that it is not possible to state definitively at the time of assessment whether any new provision forecast to be needed on the basis of current evidence will fall into use class C2 or C3. The distinction is important because accommodation in C2 buildings does not count towards the overall housing target for the neighbourhood plan areas whereas C3 accommodation units do. Therefore, it is not possible to state at this point the extent of overlap, if

²⁷ See Paragraph: 012 Reference ID: 63-012-20190626 at <https://www.gov.uk/guidance/housing-for-older-and-disabled-people#identifying-the-housing-requirements-of-older-and-disabled-people>

²⁸ See Paragraph: 017 Reference ID: 2a-017-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>)

²⁹ Available at <https://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPv2/>

³⁰ For a full description of Planning Use Classes, please refer to https://www.planningportal.co.uk/info/200130/common_projects/9/change_of_use

any, between the overall quantity of specialist housing forecast to be required and the overall housing quantity figure for the plan area.

A.2 Housing for older people- context

186. MHCLG's guidance on housing for older and disabled people states that the need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing. In mid-2016 there were 1.6 million people aged 85 and over; by mid-2041 this is projected to double to 3.2 million. Offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems. Therefore, an understanding of how the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking.³¹
187. Disabilities can include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs, which may generate a range of housing requirements which can change over time. Unsuitable or unadopted housing can have a negative impact on disabled people and their carers. An ageing population will see the numbers of disabled people continuing to increase, and it is important to plan early to meet their needs throughout their lifetime.
188. Older people typically occupy a broad range of accommodation types and tenures depending on their individual needs, including both market housing and more specialist accommodation. Two main types of specialist accommodation for older people include sheltered housing and extra care housing (see Appendix C for definitions).
189. Between 1974 and 2015, the population aged 65 and over in England grew 47% and the population aged 75 and over grew by 89%.³² A Demos survey of over 60s conducted in 2013 found a "considerable appetite" amongst this age group to move to a new property, with one quarter of all those surveyed suggesting they would be interested in buying a specialist property, and one quarter considering renting a specialist home.³³
190. Indeed, 76% of those in homes of three or more bedrooms wished to downsize, and this increased to 99% of those in homes of five or more bedrooms, with two bedrooms the preferred choice for both.³⁴ However, in spite of evidence of high demand, currently only 5% of elderly people's housing is made up of specialist homes,³⁵ with Demos suggesting that "the chronic under-supply of appropriate housing for older people is the UK's next housing crisis",³⁶ and local authorities often "accused of reluctance to approve development plans for specialist housing....out of fear of increased care costs".³⁷ Indeed, whilst many of those surveyed may consider moving, the percentage that ultimately does is likely to be relatively low, and many who downsize may move into general needs housing, for example market sale bungalows.

³¹ Available at <https://www.gov.uk/guidance/housing-for-older-and-disabled-people#identifying-the-housing-requirements-of-older-and-disabled-people>

³² <http://researchbriefings.files.parliament.uk/documents/CBP-7423/CBP-7423.pdf>

³³ <https://www.demos.co.uk/files/TopoftheLadder-web.pdf?1378922386>

³⁴ Ibid.

³⁵ https://www.housinglin.org.uk/_assets/Resources/Housing/OtherOrganisation/for-future-living_Oct2014.pdf

³⁶ <https://www.demos.co.uk/files/TopoftheLadder-web.pdf?1378922386>

³⁷ <http://researchbriefings.files.parliament.uk/documents/CBP-7423/CBP-7423.pdf>

191. In 2014, there were approximately 450,000 units of sheltered social rented and private sector retirement housing in England, with approximately one quarter of these in private sector and the rest provided at social rent levels.³⁸ This situation reflects the significant constraints on the delivery of such housing in the market sector, as well as the improved health of older people today in comparison with previous generations.
192. Local planning authorities can plan for senior co-housing communities through their implementation of the Self-build and custom-build legislation 2015³⁹, as some communities will be looking to build the development themselves. Local authorities can also identify sites suitable for senior co-housing communities are part of their overall assessment of land available for housing over the plan period.⁴⁰
193. Given that the vast majority of people over 75 live in their own homes, but that the current stock is primarily for social rent, AECOM has developed a 'tenure-led' approach to calculating the need for specialist housing, which also takes into account the health and mobility of population of the Neighbourhood Plan area so as to develop projections for future need for specialist housing provided with some level of care or other services.

A.3 Approach

- In accordance with NPPF guidance, this chapter applies a three stage process to determine the potential incidence of need for specialist housing for the elderly, based on tenures, projections of the future population of elderly people in the Neighbourhood Plan area, and Census data relating to mobility limitations and overall health.⁴¹ These are then compared with rates of provision that have been recommended by the Housing Learning and Improvement Network (HLIN), as well as with existing rates of provision across South Somerset.
- Clearly, this calculation represents an assumption, with the actual decision for an elderly or disabled person to enter specialist housing highly dependent on individual circumstances. As already noted, the actual proportion of elderly people that can be considered in need of specialist housing is affected both by overall levels of health as well as by individual lifestyle choices, given that the vast majority of elderly people currently choose to continue to live in their homes into their old age.
- The charity Age UK suggests that "inaccessible housing should not force anyone out of their home or local community against their wishes. It's much better to have 'pull factors' that attract older people towards housing alternatives."⁴² By understanding the tenure breakdown of specialist housing need, we are able to better understand the extent to which demand will be a factor in this market segment.

i) Current supply of specialist housing for older people

194. When determining an estimate of the need for specialist dwellings, it is necessary first to take

³⁸ https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/rb_july14_housing_later_life_report.pdf

³⁹ <https://www.gov.uk/guidance/self-build-and-custom-housebuilding>

⁴⁰ See Paragraph: 011 Reference ID: 63-011-20190626 at <https://www.gov.uk/guidance/housing-for-older-and-disabled-people#identifying-the-housing-requirements-of-older-and-disabled-people>

⁴¹ <https://www.gov.uk/guidance/housing-for-older-and-disabled-people#identifying-the-housing-requirements-of-older-and-disabled-people>

⁴² See <https://www.ageuk.org.uk/documents/EN-GB/Political/Age%20UK%20ID201813%20Housing%20Later%20Life%20Report%20-%20final.pdf?dtrk=true>

account of current supply. There are a number of ways to do this. Data may be available within South Somerset's housing evidence base. Alternatively, data may be collated manually on the amount of specialist housing within a given area using the search function on the Elderly Accommodation Councils Website: <http://www.housingcare.org>.

195. It is important to note that bed spaces in communal establishments such as live-in care homes are not included in the calculation below.⁴³ This is because for the purposes of the UK planning system, such institutions occupy a different land-use class from other housing (use class C2, which comprises residential institutions, versus C3, which comprises private dwellings)⁴⁴. However, all other types of specialist housing for older people fall within use class C3 and, as such, are within the scope of this Housing Needs Assessment. Having said this, we will note the existing provision of such institutional accommodation where it exists in Ilminster.
196. Given that communal establishments are generally outside the scope of housing needs assessments for the reasons described above, we need to discount those care homes from our analysis, and the remaining specialist housing for the elderly, which should be within use class C3 and thus within the scope of this assessment, is presented in Table 6-1 below. This gives a total of **291** specialist dwellings (or bed spaces), for a 2011 population aged 75+ of **741**. This suggests the actual rate of provision in Ilminster is approximately 393 dwellings per 1,000 population aged 75+. This is substantially higher than the national average per 1,000 of the over 75 population. It must be noted that there is no data available on the exact number of bed spaces in Ashcombe Court, George Maher Court and Orchard Vale retirement homes and therefore an estimated average of bed spaces must be used for our calculations.

Table 6-1: Existing specialist housing for the elderly (use class C3 only) in Ilminster

	Name	Description	Bed Spaces	Tenure
1	Hazelwood Lodge	35 residents in 35 single rooms (12 en suite)	35	N/A
2	Ashcombe Court	31 flats, cottages. 2 and 3 bedrooms.	75*	Leasehold
3	Ile Court	29 1 bedroom flats. Includes mobility and wheelchair standard properties	29	Social Landlord
4	George Maher Court	20 flats, cottages. 1 - 3 bedrooms.	41*	Leasehold
5	Vaughan Lee House	30 single en-suite rooms	30	N/A
6	Orchard Vale	33 bungalows. 1 and 2 bedroom.	49*	Social Landlord
7	Muchelney House	32 self-contained, one-bedroom flats	32	Social Landlord

Source: <http://www.housingcare.org>

ii) Tenure-led projections

197. Turning now to determining future need for specialist housing, the first step is to review data on the tenure of households aged 55-75 across South Somerset, as this is the smallest geography for which tenure by age bracket data is available. We take this age cohort-based approach because it is these households which, over the next 20 years, will be reaching the age of 75+,

⁴³ Further details on the definition of different types of housing within the English planning system are available at <https://www.gov.uk/guidance/definitions-of-general-housing-terms>

⁴⁴ See Paragraph: 009 Reference ID: 13-009-20140306 at <https://www.gov.uk/guidance/when-is-permission-required>

which is considered the typical threshold age for specialist housing provision. We will then use the existing tenure split within this cohort to project forward the need for specialist housing according to different tenure.

198. The projection is based on the premise that those currently occupying their own home will also wish to do so for as long as practicably possible in future, even where downsizing or moving into specialist accommodation. Equally, those who currently rent, either in the private or social sectors, are projected to need affordable rented accommodation of some kind.

199. According to Table 6-2 below, 59.3% of dwellings in Ilminster are occupied by the 55-75 age group are owned outright and 22.2% are owned with a mortgage or loan or shared ownership. 18.4% of dwellings are rented in Ilminster - the majority of these (10.5% of all dwellings) are socially rented.

Table 6-2: Tenure of households aged 55-75 in South Somerset, 2011

All owned	Owned outright	Owned with a mortgage or loan or Shared Ownership	All Rented	Social rented	Private rented	Living rent free
81.6%	59.3%	22.2%	18.4%	10.5%	6.7%	1.2%

- *Source: Census 2011*

200. The next step is to project how the overall number of older people in Ilminster is likely to change in future, by extrapolating from the ONS Sub-National Population Projections for South Somerset at the end of the Plan period. The figure must be extrapolated from the LPA data because such projections are not available at neighbourhood level. The results are set out in Table 6-3 below.

201. This calculation indicates that by 2036 there will be 1,386 residents in Ilminster in this age group, an increase of 645 residents aged 75+. Our calculations also show that almost the entire population increase is likely to be amongst those aged 75 and over, because there will be a total of 651 additional residents in 2036 overall.

Table 6-3: Modelled projection of older population in Ilminster by end of Plan period

Age group	2011		2036	
	Ilminster (Census)	South Somerset (Census)	Ilminster (AECOM Calculation)	South Somerset (ONS SNPP 2014)
All ages	5,808	161,243	6,459	179,324
75+	741	16,835	1,386	31,497
%	12.8%	10.4%	21.5%	17.6%

- *Source: ONS SNPP 2016, AECOM Calculations*

202. The results of this exercise provide us with a projection of the number of people in Ilminster living in each tenure in the 55-75 cohort by 2011, as shown in the table below. This projection is calculated by multiplying the projected number of people aged 75 and over by the end of the Plan

period by the tenure split for South Somerset presented in Table 6-2 above, and is set out in Table 6-4 below.

203. A key assumption made here is that, for the purposes of determining the proportion of households aged 75+ falling into different tenures in 2036, and consequently the number of specialist units to be provided, the growth in the overall population of those aged 75 and over may be used.
204. This is justified on the basis that the proportion of people over the age of 75 living alone on account of, for example, the death of a partner, is higher than the average for the population as a whole.

Table 6-4: Projected tenure of households aged 75+ in Ilminster to the end of the Plan period

Owned	Owned outright	Owned with a mortgage or loan or shared ownership	All rented	Social rented	Private rented	Living rent free
1131	822	308	256	146	93	17

Source: Census 2011, ONS SNPP 2013, AECOM Calculations

205. Next, we consider the incidence of mobility limitations, as defined by the Census, within each tenure group for those aged 65+ in Ilminster. This allows us to link the levels of need (as defined by extent of mobility limitations within the population) to tenure (based on the premise that such needs can be used as a proxy for the need for specialist housing in this age group).
206. The tendency for people in rented housing to have higher dependency levels is well established. It arises partly because people with higher dependency levels tend to have lower incomes; they are therefore less able to afford to buy, even at earlier stages in their lives.

Table 6-5: Tenure and mobility limitations of those aged 65+ in Ilminster, 2011⁴⁵

Tenure	All categories: Long-term health problem or disability	Day-to-day activities limited a lot	Day-to-day activities limited a little	Day-to-day activities not limited			
All categories: Tenure	1,337	274	20.5%	359	26.9%	704	52.7%
Owned or shared ownership: Total	1,102	191	17.3%	296	26.9%	615	55.8%
Owned: Owned outright	993	172	17.3%	267	26.9%	554	55.8%

⁴⁵ This table is based on ONS census data which investigates long-term health problems or disabilities that limits a person's day-to-day activities, and has lasted, or is expected to last, at least 12 months. This includes problems that are related to old age. People were asked to assess whether their daily activities were limited a lot or a little by such a health problem, or whether their daily activities were not limited at all.

Owned: Owned with a mortgage or loan or shared ownership	109	19	17.4%	29	26.6%	61	56.0%
Rented or living rent free: Total	235	83	35.3%	63	26.8%	89	37.9%
Rented: Social rented	153	57	37.3%	42	27.5%	54	35.3%
Rented: Private rented or living rent free	82	26	31.7%	21	25.6%	35	42.7%

Source: DC3408EW Health status

207. If we focus on those whose activities are limited a lot, the calculations suggest that of the 235 renters and 1,102 owners in Ilminster in this age group, there could be a need for 196 specialist homes for owner occupiers (17.3% x 1131) and 90 for renters of all kinds (35.3% x 256), or 286 specialist homes in total.

208. These findings are set out in the table below, based on the assumption that those whose day-to-day activities are limited a lot may need housing with care (e.g. extra care housing, with significant on-site services, including potentially medical services), while those with their day to day activities limited only a little may simply need adaptations to their existing homes, or alternatively sheltered or retirement living that can provide some degree of oversight or additional services.

Table 6-6: AECOM estimate of specialist housing need in Ilminster by the end of the Plan period

Type	Affordable	Market	Total (rounded)
Housing with care (e.g. extra care)	Multiply the number of people across all rented (not just social rent as those aged 65+ who need to rent are overwhelmingly likely to need Affordable Housing) housing by the percent in that tenure who have day to day activity limitations limited a lot.	Multiply the number of people across all owned housing by the percent in that tenure who have day to day activity limitations limited a lot.	286
	90	196	
Adaptations, sheltered, or retirement living	Multiply the number of people across all rented housing by the percent who have day to day activity limitations limited a little.	Multiply the number of people across all owned housing by the percent in that tenure who have day to day activity limitations limited a little.	372
	69	304	
Total	159	500	659

- *Source: Census 2011, AECOM Calculations*

209. The number of households falling into potential need for specialist accommodation is therefore 659, which is 48% of the 1,386 households in total aged 75 and above projected to live in Ilminster by the end of the Plan period.

iii) Housing LIN-recommended provision

210. It is worth comparing these findings with the recommendations of the Housing Learning and Improvement Network (HLIN), one of the key organisations involved in researching and planning for the housing needs of older people. In Table 6-7 below we reproduce the key table from their Strategic Housing for Older People (SHOP) toolkit. The table serves as a guide, based on best practice research and an aspiration to boost the provision of specialist housing, to the numbers of specialist dwellings for older people that should be provided given the increase in their numbers over the Plan period, and how these should be split into the different tenures.

Table 6-7: Recommended provision of specialist housing for older people from the SHOP toolkit

FORM OF PROVISION	ESTIMATE OF DEMAND PER THOUSAND OF THE RELEVANT 75+ POPULATION
Conventional sheltered housing to rent	60
Leasehold sheltered housing	120
Enhanced sheltered housing (divided 50:50 between that for rent and that for sale) ³⁶	20
Extra care housing for rent	15
Extra care housing for sale	30
Housing based provision for dementia	6

- *Source: Housing LIN SHOP Toolkit*

211. As we have seen in Table 6-3, Ilminster is forecast to have an over-75 population of 1,386 by the end of the Plan period, an estimated increase of 645 people from the 2011 Census. According to the HLIN recommendations, and assuming that a range of suitable accommodation was already available in 2011, this should mean there will be an additional need as follows:

- Conventional sheltered housing to rent = $60 \times (645/1000) = 39$
- Leasehold sheltered housing = $120 \times (645/1000) = 77$
- Enhanced sheltered housing (divided 50:50 between that for rent and that for sale) = $20 \times (645/1000) = 13$
- Extra care housing for rent = $15 \times (645/1000) = 10$
- Extra care housing for sale = $30 \times (645/1000) = 19$
- Housing based provision for dementia = $6 \times (645/1000) = 4$

212. This produces an overall total of 162 specialist dwellings.

213. Table 6-8 below sets out the HLIN recommendations in the same format as Table 6-6 above.

Table 6-8: HLIN estimate of specialist housing need in Iliminster by the end of the Plan period

Type	Affordable	Market	Total
Housing with care (e.g. extra care)	Includes: enhanced sheltered housing for rent + extra care housing for rent + housing based provision for dementia	Includes: enhanced sheltered housing for sale + extra care housing for sale	46
	20	26	
Sheltered housing	Conventional sheltered housing for rent	Leasehold sheltered housing	116
	39	77	
Total	59	103	162

- Source: Housing LIN, AECOM calculations

A.4 Conclusions- Specialist Housing for the Elderly

214. In comparing the outcomes of the tenure-led projections and the Housing LIN recommendations, it is important not to assume direct equivalence of the type of housing deemed suitable for those whose needs are limited ‘a little’ in Table 6-6 (372) with ‘sheltered housing’ in Table 6-8 (116), even though both types of housing address the needs of those with relatively lesser disability. This is because there is a range of housing suitable for this group of the population, whereas the HLIN identifies only sheltered housing specifically.
215. A more realistic estimate can be achieved by comparing the 659 dwellings identified in the tenure-led approach for those who require housing with care with the 162 specialist dwellings that emerge from the HLIN calculations. By contrast, the 659 figure in the tenure-led projections is based on those whose day-to-day needs are limited only a little, and whose housing needs therefore have the potential to be provided through adaptations to a conventional home.
216. For this reason, our recommendation would be to treat these estimates as a range, with at least 162 specialist dwellings being required to service the needs of older people over the Plan period.
217. As this relates to the total number of specialist dwellings to be provided by the end of the Plan period, the final step is to ensure the estimates are net rather than gross figures by deducting the current supply of specialist housing for older people in Iliminster and thus to determine a net minimum requirement for provision over the Plan period, broken down by tenure.
218. While it is important to maximise the accessibility of all new housing, it is particularly important for specialist housing for the elderly to be provided in sustainable, accessible locations, for a number of reasons, as follows:
- so that residents, who often lack cars of their own, are able to access local services and facilities, such as shops and doctor’s surgeries, on foot;
 - so that any staff working there have the choice to access their workplace by more sustainable transport modes; and

- so that family members and other visitors have the choice to access relatives and friends living in specialist accommodation by more sustainable transport modes.

219. Alongside the need for specialist housing to be provided in accessible locations, another important requirement is for cost effectiveness and economies of scale. This can be achieved by serving the specialist elderly housing needs arising from a number of different locations and/or neighbourhood plan areas from a single, centralised point (i.e. what is sometimes referred to as a 'hub-and-spoke' model).
220. It is considered that Ilminster is, in broad terms, a suitable location for specialist accommodation on the basis of the accessibility criteria and the considerations of cost-effectiveness above. As such, there is potential for such accommodation to be provided within the Neighbourhood Plan area (while noting there is no specific requirement or obligation to do so if there is potential to meet need arising from Ilminster in other suitable locations near to but outside the Plan area boundaries). Where it is considered for any reason desirable to meet some of the specialist need outside the Neighbourhood Plan area boundaries, there will be a degree of overlap between the number of specialist dwellings to be provided and the overall dwellings target for the Neighbourhood Plan area itself.
221. Wherever the specialist housing need is to be accommodated, partnership working with specialist developers is recommended, so as to introduce a greater degree of choice into the housing options for elderly people who wish to leave their family homes in their old age.
222. Overall, at least **162 specialist dwellings are required to meet the needs of older people over the Plan period**. The HLIN estimate of specialist housing need is considered a sound basis for planning. However, whether new accommodation is provided in specialist schemes (such as extra care) or whether new homes can be provided that are accessible and adaptable and allow older people to receive care in their homes when needed will need to be considered by policy makers. This will depend as much on policies on social care (e.g. Council policies to provide care and support in own home), and the availability of carers, as it will on the nature of new homes that are provided.

7. Conclusions

7.1 Overview

223. Table 7-1 below sets out in full the conclusions and recommendations of this Neighbourhood Plan housing needs assessment, based on the evidence reviewed and analysed.

Table 7-1: Summary of study findings specific to Ilminster 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 tenure profile of Ilminster is almost identical to that of the wider South Somerset District. 70% of homes are owned by residents in both Ilminster. 14% are socially rented, 13% are private rented and below 1% are under shared ownership in both Ilminster and the wider District. In Ilminster there has been a notable increase in shared ownership (21.4%), social rented (29.8%) and home ownership (20.4%). The most significant increase is that of private rented homes at 137.4%.</p> <p>The average total annual income was £38,800. South Somerset’s gross LQ weekly earnings for 2017 was £427, or approximately £22,269 per year. These income levels are insufficient to access home ownership within Ilminster.</p> <p>The SHMA and this HNA identified substantial numbers of households who need social/affordable rent (112 over the plan period). There are a large number of additional households who can rent in the market but can’t buy (276 over the plan period) which indicates significant potential demand for affordable home ownership options.</p>	<p>The overall affordable housing need in Ilminster is 29% in all developments as per the District wide need.</p> <p>As the social and affordable rent tenures remain the most affordable in the NA, it is necessary to prioritise these tenures in new affordable housing delivery. AECOM recommends that 60% of new affordable homes should be for social/affordable rent. This differs to the headline recommendation in Policy HG2 provision of Affordable Housing in the draft emerging local plan where 80% of all affordable housing should consist of these housing tenures. However, the policy allows some flexibility based on evidence of need.</p> <p>The remaining 40% should consist of mainly shared ownership (30%) as this is the tenure that will extend home ownership furthest in Ilminster. The remaining 10% could be delivered as discounted market sale products (including Starter Homes) which have the potential to extend home ownership to some households and will widen local choice.</p>

Issue	Summary of evidence and data assessed	Conclusions and recommendations
<p>Housing type and size</p>	<p>Compared with the LPA, Ilminster is characterised by lower proportion of detached homes (22.1% against 33.5% in the wider District). Meanwhile there is a higher proportion of terraced homes in the NA compared to the District (31.% against 24.1% in the wider District)</p> <p>The majority of dwellings in the NA are 3 bedroom properties, followed by smaller 2 bedroom properties.</p> <p>Census data shows that since 2001 NA population has grown significantly, especially for the 16-24 and 85 and over demographic groups</p>	<p>Given that the parish’s young and also ageing population is likely increasingly to need some smaller dwellings, it is logical that the recommended dwelling mix for new development over the Plan period should ensure adequate provision of two-bedroom and three-bedroom homes suitable to downsizers and young families, at the expense of much larger homes.</p> <p>In terms of the types of dwellings required, smaller and more affordable housing types, such as terraces and flats may meet local housing need best. Moreover, is also advisable to support the delivery of bungalows in order to meet the needs of the ageing population.</p>
<p>Specialist housing for older people</p>	<p>There are currently 291 specialist dwellings (or bed spaces) in Ilminster. There are 741 residents aged 75+ in the NA based on the 2011 census. This suggests the actual rate of provision in Ilminster is approximately 393 dwellings per 1000 population aged 75+.</p> <p>Our calculations indicate that by 2036 there will be 1,386 residents in Ilminster, an increase of 651 residents. The majority of this increase is likely to those aged 75 and over. It is expected that 645 additional residents will be aged 75 and over in 2036.</p>	<p>At least 162 specialist dwellings are required to meet the additional needs of older people over the Plan period. AECOM’s projection of 659 dwellings to meet the needs of older people (current and new population) suggests needs may actually be higher. Once existing supply (291 dwellings) is taken into, this would suggest the net need for more than 300 homes suitable for older people. This would justify some expansion in specialist housing schemes, but some of these needs may also be addressed by building new mainstream homes which are accessible and adaptable.</p>

7.2 Recommendations for next steps

224. This Neighbourhood Plan housing needs assessment aims to provide Ilminster with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that the neighbourhood planners should, as a next step, discuss the contents and conclusions with South Somerset 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 SSDC – 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;
 - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by South Somerset, 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 South Somerset and the neighbourhood plan areas within it.
225. 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.
226. Bearing this in mind, we recommend that the Neighbourhood Plan steering group should monitor carefully strategies and documents with an impact on housing policy produced by the Government, South Somerset or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
227. 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.

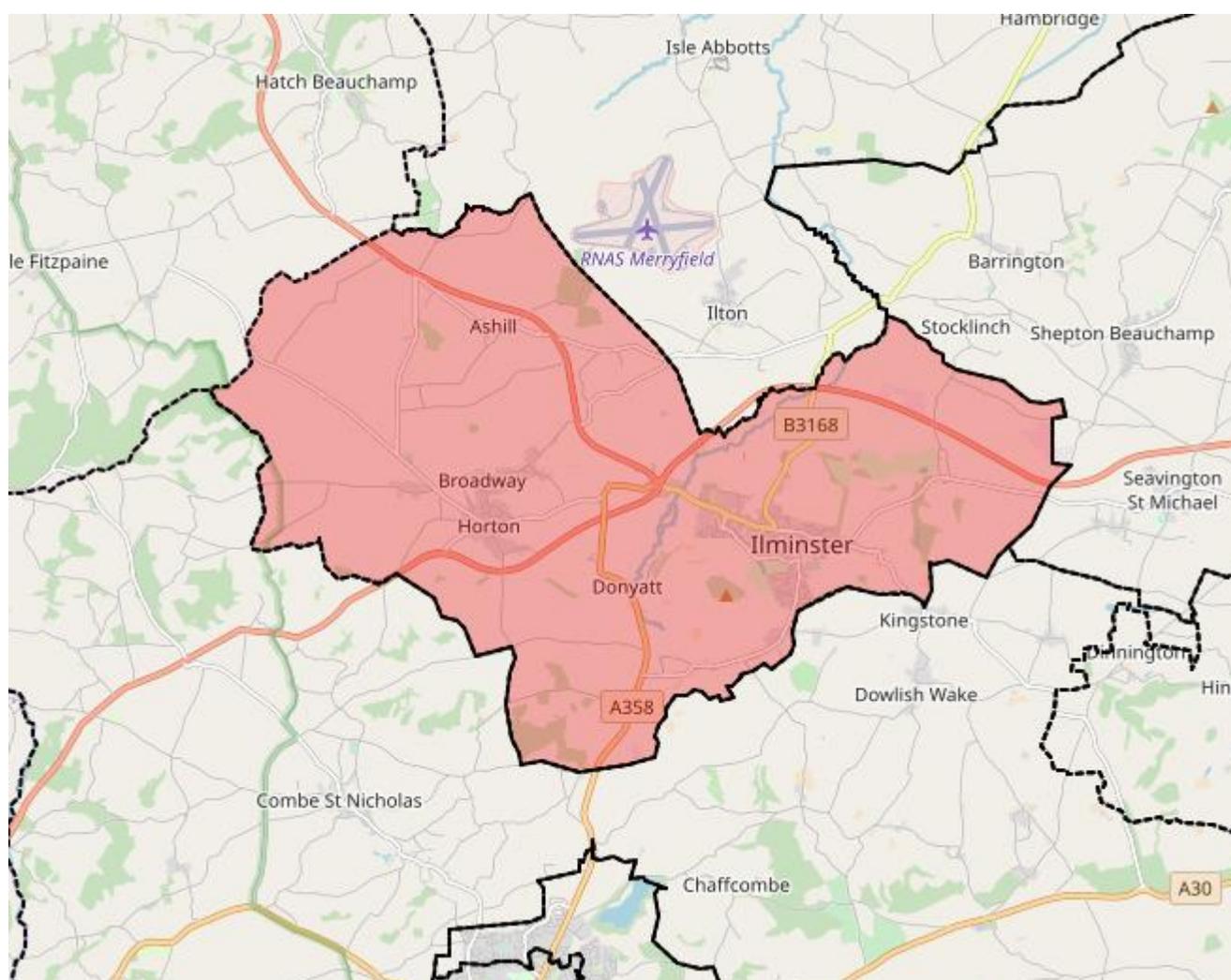
Appendix B : Calculation of Affordability Thresholds

B.1 Assessment geography

228. 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.

229. 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 Ilminster, it is considered that MSOA E02006093 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 E02006093 appears below in Figure 7-1 and it is evident that this is the MSOA that contains the majority of the Neighbourhood Plan area and it is not possible to select a smaller geographical area for this exercise.

Figure 7-1: MSOA E02006093 used as a best-fit geographical proxy for the Neighbourhood Plan area



Source: ONS

B.2 Market housing

230. 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.

231. 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.
232. 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.
233. To determine affordability in market housing, we consider two primary indicators: income thresholds (IT), which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds (PT), which denote the standard household income required to access mortgage products.

i) Market sales

234. The starting point for calculating the affordability of a dwelling for sale (i.e. the PT) from the perspective of a specific household is the loan to value ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5.
235. 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 Ilminster. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
236. The calculation is therefore:
- Value of an 'entry level dwelling'⁴⁶ = £222,125;
 - Purchase deposit = £22,213 @10% of value;
 - Value of dwelling for mortgage purposes = £199,913;
 - Loan to value ratio = 3.5 of value of mortgage;
 - **Purchase threshold = £57,118.**

ii) Private Rented Sector (PRS)

237. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. Households are deemed able to afford a private rent property if the lower quartile private rent does not exceed 25% of gross household income for households with incomes of less than £40,000 per annum, or 30% of gross household income for households with incomes of more than £40,000 per annum.
238. 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

⁴⁶ '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.

individuals). In order to be in conformity with the Government guidance on overcrowding,⁴⁷ such a home would require three habitable rooms (a flat or house with two bedrooms).

239. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within the TA19 postcode area, which covers a larger area than the Plan area itself but can be used as a reasonable proxy for it. Moreover, because it forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.

240. According to [home.co.uk](https://www.home.co.uk), there are 5 two-bed properties currently listed for rent across the TA19 postcode area, with an average price of £620 per calendar month.

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

- Annual rent = £620 x 12 = £7,438;
- Multiplied by 4 = £29,750;
- **Income threshold (private rental sector) = £29,750.**

242. The NPPF 2018 acknowledges that build-to-rent dwellings have a role to play in providing affordable market homes and may meet affordable housing need where they include a component of affordable private rent.

B.3 Affordable Housing

243. There are a range of tenures that constitute the definition of Affordable Housing within the 2018 NPPF: social rent and affordable rent, starter homes, discounted market sales housing, and other affordable routes to home ownership.

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

245. A good example is, in 2012, the introduction of dwellings for affordable rent. Rent for this tenure is set at up to 80% of market rent. Labelled an 'intermediate' product, this tenure is suitable for people with an income that precludes them from eligibility for socially-rented dwellings (where rent is set in accordance with the Government's rent policy), but who, at the same time, cannot afford to access the private market.

246. The overall aim is to restrict eligibility for social rent dwellings to those with very low household incomes, relatively speaking. However, within this tenure, market principles also apply, given the link between rents and size of dwelling. There is a strong financial incentive for households to only occupy a dwelling deemed suited to their needs, based on an 'occupancy rating' formula set by the Government.

⁴⁷ 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

247. We consider each of the affordable housing tenures in turn, before developing a recommendation for how the quota of affordable housing yielded by development should be divided between these tenures.

i) Social rent

248. 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.

249. To determine social rent levels, we used the data and statistical return from Homes England. This data is only available at the LPA level so must act as a proxy for Ilminster. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for South Somerset in the table below.

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent PCM	£78	£90	£100	£113	£93
Annual average	£4,036	£4,702	£5,192	£5,861	£4,823
Income needed	£16,143	£18,807	£20,767	£23,446	£19,290

Source: Homes England, AECOM Calculations

ii) Affordable rent

250. Affordable rent is controlled at no more than 80% of the local market rent; as we have seen, the annual entry-level rent in Ilminster is £7,438. In the event of a 20% reduction in rent to £5,950, the income threshold would reduce to an estimated **£23,800**.

iii) Intermediate tenures

251. 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.

Starter homes

252. The Housing and Planning Act 2016 introduced a duty on planning authorities in England to promote the supply of ‘starter homes’, and to require a minimum number or proportion of ‘starter homes’ on certain residential development sites. In paragraph 64 of the NPPF 2018, 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*”.

253. In effect, therefore, the NPPF permits neighbourhood planners to decide an appropriate level of affordable home ownership tenure, while taking note of the 10% policy expectation.

254. A starter home is a new build home with a value not exceeding £250,000 (or £450,000 in London); they are eligible for first time buyers aged 40 or younger.

255. Whether to treat discounted market sale homes as affordable housing or not depends on whether lowering the asking price of new build homes of a size and type suitable to first time buyers by 20% would bring them within reach of people currently unable to access AMH for purchase.
256. To provide a conservative assessment of the suitability of discounted market sale homes, it is appropriate to apply the value we have estimated for an entry-level dwelling, namely £222,125.
257. Applying a discount of 20% provides an approximate selling price of £177,700. Allowing for a 10% deposit further reduces the value of the property to £159,930. The income threshold at a multiple of 3.5 is **£45,694**.

Shared ownership

258. 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.
259. 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.
260. To determine the affordability of shared ownership, calculations are based on the lower quartile house price of £222,125.⁴⁸ The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to value 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 25% of the income on rent (as for the income threshold for the private rental sector).
261. A 25% equity share of £222,125 is £55,531, from which a 10% deposit of £5,553 is deducted. The mortgage value of £49,978 (£55,531 - £5,553) is then divided by 3.5. To secure a mortgage of £49,978, an annual income of £14,279 (£49,978/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £166,594. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £4,165 and requires an income of £16,659. Therefore, an income of around £30,939 (£14,279 + £16,659) is required to afford a 25% shared equity purchase of an entry-level house with annual rent.
262. A 50% equity share of £222,125 is £111,063, from which a 10% deposit of £11,106 may be deducted. The mortgage cost of £99,956 (£111,063 - £11,106) is then divided by 3.5. To secure a mortgage of £99,956, an annual income of £28,559 (£99,956 / 3.5) is therefore needed. In addition to the mortgage costs, rent is charged on the remaining 50% shared ownership equity, comprising the unsold value of £111,063. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which corresponds to £2,777, requiring an income of £11,106.

⁴⁸ It is important to note that this is based on new build sales only. The current shared ownership models are only available for new build homes, with the assumed cost therefore differing from the cost of open market housing, which also includes property re-sale.

Therefore, an annual income of around £39,665 (£28,559 + £11,106) is required to afford a 50% shared equity purchase of an entry-level house with annual rent.

263. A 75% equity share of £222,125 is £166,594, from which a 10% deposit of £16,659 can be deducted. The mortgage cost of £149,934 (£166,594 - £16,659) is then divided by 3.5. To secure a mortgage of £149,934, an annual income of £42,838 (£149,934 / 3.5) is therefore needed. In addition to the mortgage costs, rent is charged on the remaining 25% shared ownership equity, comprising the unsold value of £55,531. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which corresponds to £1,388, requiring an income of £5,553. Therefore, an annual income of around £48,392 (£42,838 + £5,553) is required to afford a 75% shared equity purchase of an entry-level house with annual rent.

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

Affordable Housing (NPPF Definition)

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

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

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

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

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

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

Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods⁴⁹.

Age-Restricted General Market Housing

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

Annual Monitoring Report

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

Basic Conditions

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

Backlog need

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

Bedroom Standard⁵⁰

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

⁴⁹ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

⁵⁰ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

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 Order⁵¹

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)⁵²

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

Equity Loans/Shared Equity

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

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 known as retirement

⁵¹ See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

⁵² See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Fair Share

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

Habitable Rooms

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

Household Reference Person (HRP)

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

Housing Market Area

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

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

Housing Needs

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

Housing Needs Assessment

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

Housing Products

Housing products simply refers to different types of housing as they are produced by developers of various kinds (including councils and housing associations). Housing products usually refers to specific tenures and types of new build housing, such as Starter Homes, the Government's flagship 'housing product'.

Housing Size (Census Definition)

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

Housing Type (Census Definition)

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

Housing Tenure (Census Definition)

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

Income Threshold

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

Intercensal Period

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

Intermediate Housing

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

Life Stage modelling

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

Life-time Homes

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

Life-time Neighbourhoods

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

Local Development Order

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

Local Enterprise Partnership

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

Local housing need (NPPF definition)

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

Local Planning Authority

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

Local Plan

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

Lower Quartile

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

Lower Quartile Affordability Ratio

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

Market Housing

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

Mean (Average)

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

Median

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

Median Affordability Ratio

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

Mortgage Ratio

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years⁵³, 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

⁵³ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

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

Planning Obligation

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

Purchase Threshold

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

Proportionate and Robust Evidence

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

Private Rented

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

Retirement Living or Sheltered Housing

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

Residential Care Homes and Nursing Homes

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

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 Housing⁵⁴

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

⁵⁴ See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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.⁵⁵

⁵⁵ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

