



# Carnforth Housing Needs Assessment (HNA)

March 2020

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Revision	Revision date	Details	Authorized	Name	Position
V1	August 2019	Initial Draft	LW	Lucy Wildsmith	Graduate Consultant
V2	September 2019	Second Draft	JC	Jessica Cooke	Graduate Planner
V3	September 2019	Technical Review	SW	Stuart Woodin	Technical Director
V4	October 2019	Group Comments Incorporated	JC	Jessica Cooke	Graduate Planner
V5	October 2019	Quantity of Affordable Housing Included	LW	Lucy Wildsmith	Graduate Consultant
V6	November 2019	Locality Review	AO	Annabel Osborne	Neighbourhood Planning Officer
V7	January 2020	Selected Update	KP	Kerry Parr	Associate Director
V8	March 2020	Selected Update	PA	Paul Avery	Housing Research Consultant

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

AH	Affordable Housing (NPPF definition)
AMH	Affordable Market Housing
CTC	Carnforth Town Council
HNA	Housing Needs Assessment
HNF	Housing Need Figure
Housing LIN	Housing Learning and Improvement Network
HRP	Household Reference Person
LCC	Lancaster County 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
PT	Purchasing Thresholds
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RQ	Research Question
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

# 1. Executive Summary

## 1.1 Introduction

1. Carnforth in Lancaster commissioned through Locality a Housing Needs Assessment (HNA) to inform their Neighbourhood Plan. In consultation with the neighbourhood planning group, we developed two research questions (RQs) for the HNA to answer. The RQs serve to direct out research into the key neighbourhood-level issues and provide the structure for the study.

## 1.2 Research Questions

***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?***

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

## 1.3 Findings of RQ1: Tenure and Affordability

2. Home ownership is the most popular form of tenure in Carnforth, with over 77% of households falling into this category, which is significantly higher than both the wider district and country. This is followed by private rented (12%) and social rented (8%) both of which are lower than the district and country levels. Shared ownership is the least common category, making up only 0.7% of households.
3. Lancaster City Council SHMA shows that there will be a significant increase in the over 65s age group, demonstrating that the housing needs of this group are going to noticeably increase, and this should be considered when creating housing policy. In addition, the SHMA shows that since 2014/2015 the number of dwellings completed is much higher than the annual target. This bodes well for the shaping of housing policy as there is developer momentum and demand in the area.
4. The housing category that has seen the largest growth is terraced (18%) followed by detached (14%), and semi-detached (9%) indicating these are the most sought-after dwelling types in Carnforth. On the other hand, flats have fallen in value (8%). It is worth applying these figures with caution, however, given that a relatively small sample size has been used.
5. 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 lower quartile earnings, even where two members of the household are earning.
6. 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. . In the case of Carnforth, the most appropriate tenure to help implement this policy goal locally would be shared ownership which, at a 25% or 50% share, remains significantly more affordable than starter homes and would extend home ownership the furthest.
7. This HNA recommends a tenure split of 70:30 (affordable rented to intermediate tenures), recognising the priority in delivering affordable rented homes for those with limited resources. However, there is also substantial potential demand for affordable home ownership products from households who are renting but would prefer to buy. However, 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, 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.
8. Since there is no housing requirement in Carnforth, the neighbourhood planners may wish to consider allocating an Affordable Housing exception site or engaging with Lancaster to ensure that some proportion of local Affordable Housing need be met within the neighbourhood area boundary.

## 1.4 Findings of RQ2: Type and Size

9. The 2011 Census shows that there were 2,455 households in Carnforth, living in 609 detached houses, 685 semi-detached, 943 terraced houses, and 172 flats. Compared with the LPA, Carnforth is characterised by more houses than flats which is consistent with both the local authority and national trends. However, the largest percentage of houses are classed as terraced houses which contrasts with the local authority and national levels which both present semi-detached houses as the highest percentage.
10. The housing stock in Carnforth is characterised by majority of houses containing 5 and 6 rooms and the general pattern of number of rooms is consistent with that of the wider local authority. There are slightly less houses with four rooms or less than the wider area.
11. The SHMA highlights that 10% of households in Lancaster are in need. The PPG defines housing need as the number of households who lack their own housing or live in unsuitable housing and cannot afford to meet their housing needs in the market. The SHMA states that couples with 3 or more children under 18 are the highest category in need at 26%, lone parent with one or two children under 18 at 14% and single adults (under 65) at 14%. This illustrates that it is smaller (one- to two- bedroom dwellings) and larger housing (four- bedroom or more dwellings) that is most needed in the district.
12. The 2011 Census data reveals that Carnforth has a higher percentage of people over the age of 45 than both wider geographies and a lower percentage of people 44 or younger. On the whole Carnforth's age breakdown is comparable to that of Lancaster though it has slightly less in the 16-24 age group and slightly more in the 45-64 age group.
13. The data shows that while a majority of Lancaster residents under the age of 30 live in one- or two bed dwellings, the proportion of households occupying these smaller dwellings declines as households age. Three-bedroom dwellings are the most common dwelling for ten of the fourteen age bands considered here. The age group 16-24 disrupt the trends in the data having a larger proportion of higher bedroom houses, this can largely be explained by the tendency for university houses to have higher number of bedrooms. Only 10% of dwellings in Lancaster contain just one bedroom, resulting in a small number of people living in this type of house.
14. The result of the life-stage modelling exercise, therefore, is that to minimise misalignments between supply and demand, new development should prioritise the provision of smaller homes.

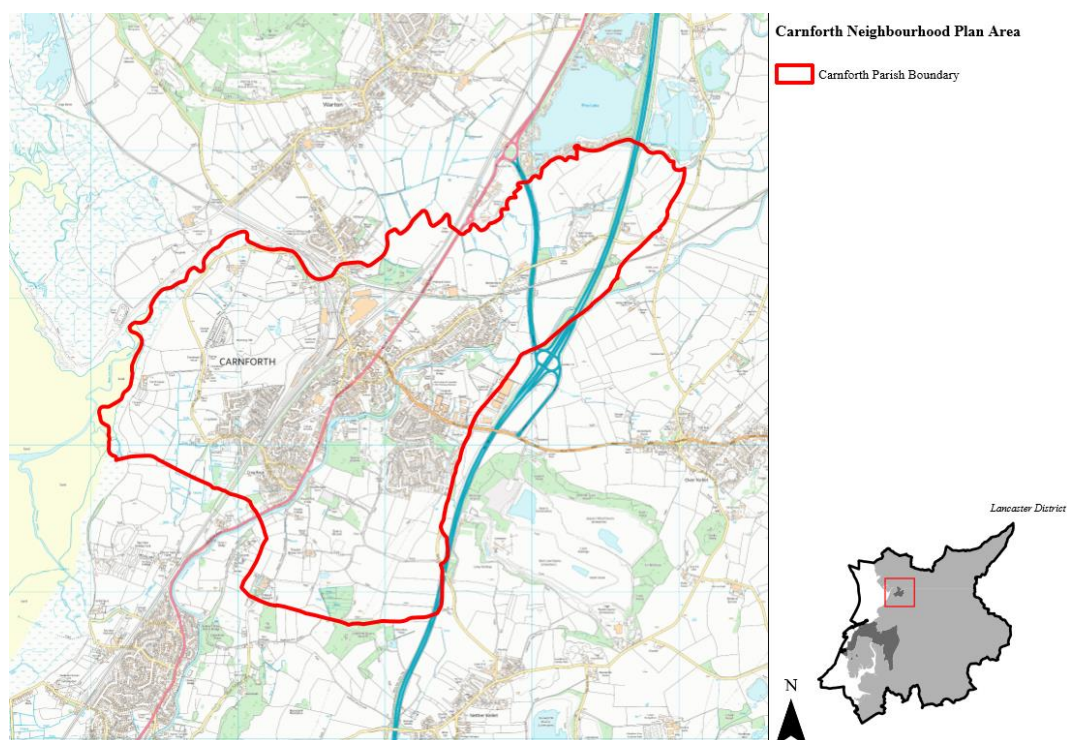


## 2. Context

### 2.1 Local context

15. Carnforth Neighbourhood Plan area is a small town located approximately 7 miles north of Lancaster City, in the north of Lancaster District. The Neighbourhood Area (NA) boundary is synonymous with the town boundary and was formally designated on 25<sup>th</sup> April 2018.
16. The proposed Neighbourhood Plan period starts in 2018 and extends to 2031, therefore comprising a planning period of 13 years.
17. To the north and west is the Arnsdale and Silverdale AONB, the positioning of the M6 to the east is a significant barrier to growth and to the south and west is the North Lancashire Green Belt. Land to the north and west, and to a lesser extent to the east, also lies within flood risk zones 2 and 3.
18. The M6 connects Carnforth with Penrith to the north and Lancaster and Preston to the south. The A6 runs through the center of the parish. Carnforth train station is located in the center of the town with regular services to Morecambe, Carlisle, Lancaster, Leeds and Barrow in Furness.
19. The data used for the Neighbourhood Area is data gathered for the parish boundary. The statistics show that in the 2011 Census the Neighbourhood Plan area had a total of 5,560 residents.
20. A map of Carnforth Neighbourhood Plan Area appears below in Figure 2.1.

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



Source: Carnforth Town Council Neighbourhood Planning Webpage.<sup>2</sup>

<sup>1</sup> Available at <http://carnforthtowncouncil.org/wp-content/uploads/2019/06/Carnforth-NPA-Boundary-Map-Colour-2.pdf>

## 2.2 Planning policy context

21. In line with the Basic Conditions<sup>3</sup> of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.<sup>4</sup> Consequently, there is a need for the relevant elements of the Local Plan to be reviewed as part of this Housing Needs Assessment (HNA).
22. A number of documents adopted and emerging make up the Lancaster City Councils Local Development Framework (LDF);
  - Lancaster District Local Plan Strike Through Edition<sup>5</sup>, adopted 2008, sets out where development should take place.
  - Lancaster City Council Core Strategy<sup>6</sup>, adopted 2008. The Strategy outlines a spatial vision of a sustainable District whose quality of life and standards of development will lead the North West, comprising a prosperous knowledge-based City, a regenerated Coast and a conserved Countryside. It also explains where new homes and jobs will be located, which areas will be regenerated, and which areas will be conserved. It also sets out how public and private agencies will realise the vision between 2003 and 2021.
  - Lancaster City Council Development Management DPD<sup>7</sup>, adopted, 2014, set out the generic policies which will be used by both Development Management Officers and Planning Committee to determine planning applications.
23. Lancaster City Council Strategic and Land Allocations DPD<sup>8</sup>, was submitted for independent examination in May 2018. Once adopted it will supersede the Local Plan strike through edition. The document sets out the spatial vision and plan for the future of the district and how it will be delivered. It is also the document that identifies land to meet future development needs and land that should be protected for its environmental, social and economic importance.

### 2.2.1 Policies in the adopted local plan

**Table 2-2: Summary of Lancaster adopted policies having relevance to Carnforth Neighbourhood Plan Housing Needs Assessment**

Policy	Source	Provisions
Policy H5	Local Plan Strike through Edition (2008).	This policy allocates Crag Bank East, Carnforth for 45 dwellings.
Policy H6	Local Plan Strike through Edition (2008).	This policy allocated 3 sites in Carnforth (Lundsfield, North Road Coal, Oxford Street Builders Yard) for 160- 210 dwellings.
Policy H8	Local Plan Strike through Edition (2008).	This policy sets conditions for all new dwellings in the countryside.
Policy H1	Local Plan Strike through Edition (2008).	This policy requires development to be of high standard of design, layout and landscaping, and use materials/ features which will retain the distinctive local character.
Policy H13	Local Plan Strike through Edition (2008).	This policy requires development to have regard for energy efficiency, water reduction and recycling. It requires new residential development to be of 30 dwellings per ha or more.
Policy H17	Local Plan Strike through Edition (2008).	This policy ensures that proposals for sheltered housing is well connected to transport and services.

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

<sup>4</sup> However, this does not affect the potential for the evidence base underpinning the emerging local plan to inform or form part of the evidence base for the neighbourhood plan.

<sup>5</sup> Available at <http://www.lancaster.gov.uk/planning/planning-policy/about-the-local-plan>

<sup>6</sup> Available at <http://www.lancaster.gov.uk/planning/planning-policy/about-the-local-plan>

<sup>7</sup> Available at <https://www.lancaster.gov.uk/planning/planning-policy/development-management-dpd>

<sup>8</sup> Available at <https://planningdocs.lancaster.gov.uk/NorthgatePublicDocs/00918243.pdf>

<b>Policy</b>	<b>Source</b>	<b>Provisions</b>
Policy H18	Local Plan Strike through Edition (2008).	This policy requires that proposals for nursing homes or homes for elderly people must be well located and connected, physically suitable in size and layout and able to provide a good standard of external amenity space.
Policy H19	Local Plan Strike through Edition (2008).	This policy permits new residential development in Carnforth, within existing housing areas, that does not result in a loss of green space, does not impact amenities and nearby residents, provides high standard of amenity, makes adequate provision for disposal of sewage and waste water and makes satisfactory arrangements for access and parking.
Policy H22	Local Plan Strike through Edition (2008).	This policy sets regulations on houses of multiple occupation.
Policy SC4: Meeting the districts housing requirements	Lancaster City Council Core Strategy (2008).	The policy states that the Council will identify housing land supply to meet the housing target and will manage the phased release of housing land.
Policy DM41: New residential development	Lancaster City Council Core Strategy (2008).	This policy requires that proposals ensure that available land is used effectively but takes account of the characteristics of different locations, carefully located and provide an appropriate dwelling mix. The policy also sets out standards for quantity and quality of affordable housing.
Policy DM44: Residential conversions	Lancaster City Council Core Strategy (2008).	This policy sets out criteria that conversions must meet; for example, to provide accommodation that will address the local housing needs and imbalances in the local housing market.
Policy DM45: Accommodation for Vulnerable Communities	Lancaster City Council Core Strategy (2008).	This policy sets out criteria that accommodation for older people and vulnerable groups must meet.

### 2.2.2 Policies in the emerging local plan

**Table 2-3: Summary of Lancaster emerging policies having relevance to Carnforth Neighbourhood Plan Housing Needs Assessment**

<b>Policy</b>	<b>Source</b>	<b>Provisions</b>
H1: Residential development in urban areas	Lancaster City Council Strategic and Land Allocations DPD (2018)	This policy identifies two strategic sites (ref SG11 and SG12) for housing in Carnforth, totalling 700 dwellings.
DMD1: New Residential Development and Meeting Housing Needs	Lancaster City Council Development Management Document DPD (2018)	The policy supports development proposals that meet the evidence presented in the latest SHMA, and outline potential exceptions to this expectation.
DMD2: Housing Standards	Lancaster City Council Development Management Document DPD (2018)	The policy requires that all new developments meet nationally described space standards and that at least 20% of new housing on sites of over 10 dwellings meet Building Regulations Requirement M4(2) for accessibility and adaptability.

<b>Policy</b>	<b>Source</b>	<b>Provisions</b>
DMD3: The Delivery of Affordable Housing	Lancaster City Council Development Management Document DPD (2018)	The policy sets out the percentage of new housing that should meet the NPPF definition of Affordable Housing. For developments exceeding 1,000 sqm but under 11 units, the requirement is a minimum of 20% affordable housing. For larger developments the requirement is for a minimum of 30% on brownfield sites and up to 40% on greenfield sites.

### 2.2.3 Quantity of housing to provide

24. 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 upon request.
25. There is currently no formal housing requirement figure for Carnforth, though this may be supplied by the Council in due course. The Council may also allow the neighbourhood planners to take local constraints, potential allocations and supply-side factors into consideration along with the evidence presented in the HNA to determine the figure to plan for.
26. Given this context, the question of precisely how many houses to plan for is outside the scope of this Housing Needs Assessment.

## 3. Approach

### 3.1 Research Questions

27. 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.
28. Below we set out the RQs relevant to this study, as discussed and agreed with Carnforth.

#### 3.1.1 Tenure and Affordability

29. 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.
30. This evidence will allow Carnforth 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

31. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community. There is understood to be a need for affordable housing in Carnforth, reflecting the needs of first-time buyers and young families in particular. In addition, Carnforth has an ageing population, therefore some smaller, more accessible and suitable housing for this group may be needed.
32. 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?***

## 3.2 Relevant Data

### 3.2.1 Local authority evidence base

33. 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 Carnforth Neighbourhood Area is located within Lancaster's City Council planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA), which is known as Lancaster SHMA (part II) 2018.
34. For the purpose of this HNA, data from Lancaster City Council's own evidence base to support their housing policies has been considered applicable and relevant unless it conflicts with more locally specific and/or more recently-produced evidence. The 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

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

## 4. RQ 1: Tenure and Affordability

**RQ1: 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

36. 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.
37. 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.<sup>9</sup>

### 4.2 Definitions

38. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, abbreviated to 'AH'. AH comprises those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and forms of AH designed to offer affordable routes to home ownership.<sup>10</sup> To distinguish this from the colloquial definition, we refer to the latter as Affordable Market Housing (AMH).
39. 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.
40. 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.
41. In paragraph 64 of the NPPF, the Government introduces a recommendation that "*where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership*". In line with PPG,<sup>11</sup> the assumption should be that a 'major housing development' can be defined as a site of 10 dwellings or more, and that affordable home ownership includes starter homes, shared ownership homes, and homes available for discount market sale.

### 4.3 Current tenure profile

42. 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 5-1 below presents Census data from 2011; this table shows the distribution of how households occupy their homes within Carnforth, compared to the rest of Lancaster and England.
43. Home ownership is the most popular form of tenure in Carnforth, with over 77% of household falling into this category, which is significantly higher than both the wider district and country. This is followed by private rented (12%) and social rented (8%) both of which are lower than the district and country levels. Shared ownership is the least common category, making up only 0.7% of households.

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

<sup>10</sup> NPPF 2019.

<sup>11</sup> PPG 031 Reference ID: 23b-031-20161116, available at <https://www.gov.uk/guidance/planning-obligations>



**Table 5-1: Tenure (households) in Carnforth, 2011**

Tenure	Carnforth	Lancaster	England
Owned; total	77.7%	69.2%	63.3%
Shared ownership	0.7%	0.6%	0.8%
Social rented; total	7.9%	10.0%	17.7%
Private rented; total	12.4%	18.9%	16.8%

Sources: Census 2011, AECOM Calculations

44. In Table 5-2, we note the changes in the way households occupied their homes during the intercensal period. The most apparent change has been in private rented sector which has increased by 112%. This could be explained by the fact that home ownership has become a less affordable option and more people have turned to the rental market as a cheaper alternative. Similar trends are shown at district and national level. Home ownership, Carnforth's most popular form of tender, has seen a small increase. Interestingly, shared ownership has decreased in Carnforth while it has increased across the district and country. This may be due to households 'stair casing' in their shared ownership properties ie buying 100% share in their home, or the property being sold on the open market (rather than to a shared owner). It should be noted that such significant fluctuations in all tenures at local level is likely a reflection of low absolute figures, given that Carnforth's housing stock is relatively small.

**Table 5-2: Rates of tenure change in Carnforth, 2001-2011**

Tenure	Carnforth	Lancaster	England
Owned; total	2.4%	-1.2%	-0.6%
Shared ownership	-10.5%	16.9%	30.0%
Social rented; total	-6.5%	1.5%	-0.9%
Private rented; total	112.2%	45.5%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

## 4.4 SHMA findings

45. Figure 4-1 taken from the SHMA shows that population projections expect a significant increase in the 65-79 age group and the 80 plus age group will increase by more than half. While this HNA will demonstrate what housing is needed in the area at one moment in time, this table broadens this snapshot. It has been identified that housing for older people is required in the area already and this need is only going to increase over time.

**Figure 4-1: Projected population change, 2017 to 2033.**

Table 4.2 Projected population change, 2017 to 2033				
Age Group	2017	2033	Change 2017-33	% Change 2017-33
0-14	22,700	23,500	800	3.5%
15-29	34,200	35,300	1,100	3.2%
30-44	23,000	24,500	1,500	6.5%
45-64	35,500	32,300	-3,200	-9.0%
65-79	20,700	24,600	3,900	18.8%
80+	7,800	12,400	4,600	59.0%
<b>Total</b>	<b>143,900</b>	<b>152,600</b>	<b>8,700</b>	<b>6.0%</b>

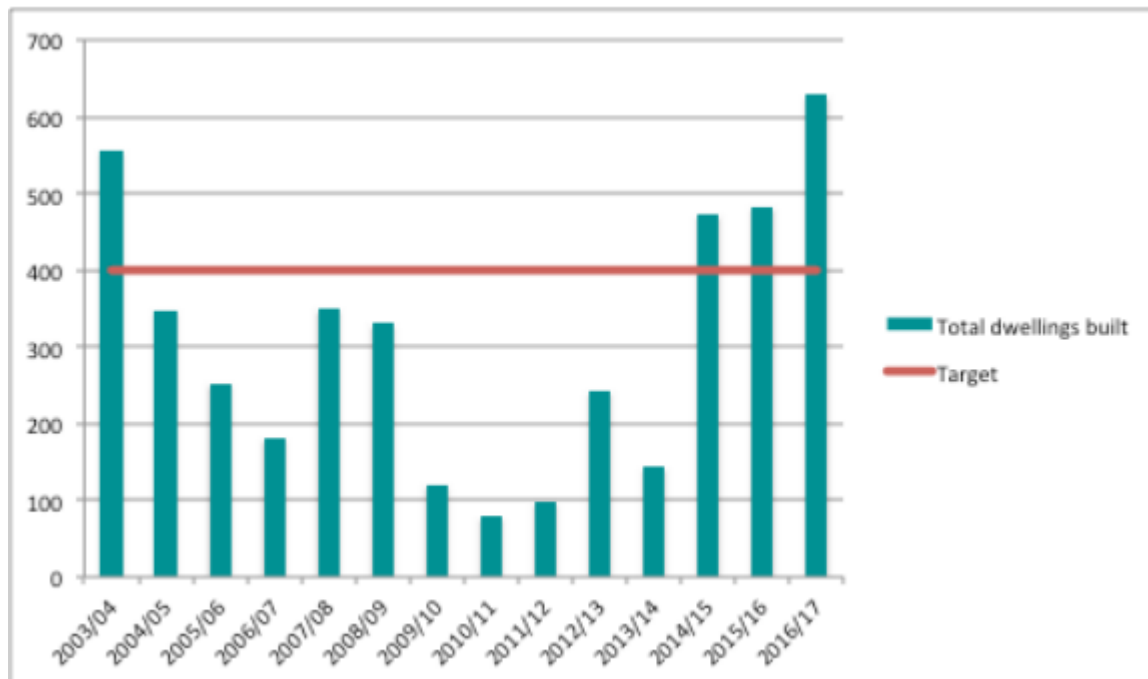
Source: Lancaster City Council SHMA, 2018<sup>12</sup>

<sup>12</sup> Available at <https://planningdocs.lancaster.gov.uk/NorthgatePublicDocs/00930527.pdf>



46. Figure 4-2 taken from the SHMA illustrates dwelling completions compared with the annual target. This shows an interesting picture, since 2014/2015 the dwelling completions have been far higher than the target. This may be a reflection of the current market and the recovery from the economic crash in 2008, the attractiveness of Lancaster as a place to live and the phased build out of specific schemes in the District. This pattern of completions bodes well for the shaping of housing policy as there appears to be development momentum and demand in the area.

**Figure 4-2: Dwelling completions compared with the annual target.**



Source: Lancaster City Council SHMA, 2018

## 4.5 Affordability

47. Having reviewed both the tenure of the existing housing stock in Carnforth and the findings of the SHMA, we turn to assessing future provision over the Neighbourhood Plan period.
48. 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.

### 4.5.1 House prices

49. In line with PPG<sup>13</sup>, 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 Ratio<sup>14</sup> (LQAR) and the Median Affordability Ratio<sup>15</sup> (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.<sup>16</sup>
50. 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

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

<sup>14</sup> See Glossary in Appendix.

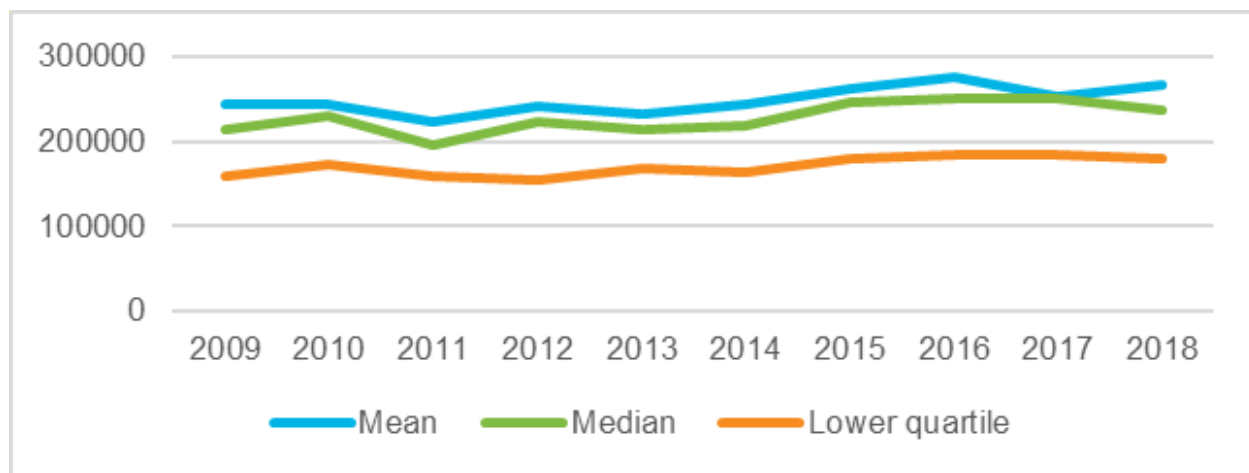
<sup>15</sup> See Glossary in Appendix.

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

(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.

51. Figure 4-1 on the following page looks at selected measures of house prices in Carnforth, comparing the mean, median and lower quartile. The period between 2009 and 2018 prices were relatively stable with a very slight increasing trend, reflecting the national increase in house prices across this period.

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



Source: Land Registry PPD

52. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). The category that has seen the largest growth is terraced houses (18%) followed by detached (14%), and semi-detached (9%) indicating these are the most sought-after dwelling types in Carnforth. On the other hand, flats have fallen in value (8%). It is again worth applying these figures with caution, however, given that a relatively small sample size has been used.

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

Type	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth
Detached	£294,781	£290,862	£277,948	£294,037	£297,574	£290,571	£303,689	£334,642	£300,232	£336,479	<b>14.1%</b>
Semi-detached	£205,460	£207,481	£195,300	£184,723	£201,018	£209,409	£200,018	£231,374	£221,191	£224,355	<b>9.2%</b>
Terraced	£166,278	£207,462	£201,416	£211,100	£204,313	£180,364	£213,867	£208,335	£202,048	£195,313	<b>17.5%</b>
Flats	£224,000	£184,444	£140,273	£220,375	£172,553	£207,036	£257,733	£181,250	£211,620	£205,617	<b>-8.2%</b>
<b>All Types</b>	<b>£243,032</b>	<b>£243,936</b>	<b>£223,183</b>	<b>£241,027</b>	<b>£233,168</b>	<b>£242,550</b>	<b>£262,191</b>	<b>£276,749</b>	<b>£252,740</b>	<b>£267,152</b>	<b>9.9%</b>

Source: Land Registry PPD

#### 4.5.2 Income

53. Household incomes determine the ability of households to exercise choice in the housing market, and consequently the level of need for affordable housing products. As such, we have used two sources of data for household incomes in the NA.
54. The first is locally specific but limited to the average total household income and the median net annual household income before housing costs (or take-home pay). This is the average household income estimates published by ONS<sup>17</sup> at the level of the Middle-layer Super Output Area (MSOA)<sup>18</sup>. In the case of Carnforth the MSOA most suitable

<sup>17</sup>Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2016>

<sup>18</sup> An MSOA is a statistical area defined for Census purposes. For further information on MSOAs, see <https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography>

for use as a proxy for the Neighbourhood Plan area boundary is Lancaster 001. Further details on the extent of this MSOA, including a map, and why it was selected as a proxy for the Neighbourhood Plan area, are set out in Appendix A.

55. The average net annual household income before housing costs are deducted (equivalized) across Lancaster 001 MSOA in 2015/16 was £29, 500 while the average total annual income was £38,200.<sup>19</sup> The latter figure is most commonly used by mortgage lenders to determine how much households can afford to borrow.
56. 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 incomes, but it is only available at the District level and so is less locally-specific.
57. 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. Lancaster's gross LQ weekly earnings for 2017 was £264.60, or approximately £13,800 per year.
58. This LQ figure of £13,800 is a helpful indication of what individual earners in the lowest earnings brackets are able to put towards their housing costs, although it is important to note two caveats. First, this figure applies to the wider District and may therefore differ from actual LQ income levels within the NA itself. Second, 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. Third, it is a measure of individual earnings rather than household income. If a household has two earners on LQ earnings, the household income would be £27,600.

#### 4.5.3 Affordability Thresholds

59. 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.
60. 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 Carnforth. These calculations are detailed in Appendix A. 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 Carnforth. The income required column is the annual income needed to support ongoing housing costs, but does not reflect the cost of a deposit (which we have assumed to be 10% of the value to be purchased).

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

Tenure	Cost of purchase	Annual rent	Income required
Social rent - 2 bed dwelling	N/A	£4,380	£17,520
Affordable rent	N/A	£4,899	£19,595
Social rent - 3 bed dwelling	N/A	£4,990	£19,960
Shared ownership (50%)	N/A	£6,123	£24,494
Shared ownership (25%)	£40,500	£13,500	£25,071
Entry-level market rent	£81,000	£9,000	£32,143
Starter homes	£129,600	N/A	£37,029
Shared ownership (75%)	£121,500	£4,500	£39,214
Entry-level market sale	£162,000	N/A	£46,286

Source: AECOM Calculations

<sup>19</sup> Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

61. 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 Lower Quartile earnings and medium household income respectively.
62. 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, without a large deposit. The income required to buy an average entry-level home for sale is higher than that available to those on lower quartile earnings without a significant deposit.
63. Turning to properties for purchase through the Starter Homes and Shared Ownership tenures, i.e. those aimed at people on modest incomes, the PT is accessible to households on median incomes but unaffordable to those on LQ earnings (even in households where two people are earning).
64. Finally, the inability of those on lower quartile incomes to afford entry-level market rents, affordable rents and social rents without subsidy suggests that lower cost housing needs to be prioritised. This gives justification for relatively bold policy measures to ensure that a sufficient quantity of affordable rented accommodation is provided so that this segment of the population, through the support of other forms of subsidy and assistance from the local authority, has access to appropriate accommodation.
65. Government policy aimed at tackling the housing crisis continues to focus on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.<sup>20</sup> In the case of Carnforth, the table above suggests that the most appropriate tenures to help implement this policy goal locally would be shared ownership which, at a 25% or 50% share, remains significantly more affordable than starter homes and may be affordable to households on LQ incomes. Discounted market sale products have the potential to extend home ownership to some households who are unable to buy but do not extend home ownership as far as shared ownership.
66. In line with Paragraph 64 of the NPPF, at least 10% of the homes provided in a development<sup>21</sup> should be available for affordable home ownership. In terms of the tenure mix within this 10%, shared ownership is likely to extend home ownership to the largest number of households, though other discounted market products may widen local choice.
67. 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 Carnforth would prejudice the provision of much needed affordable rented homes.
68. 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 in Carnforth. The Local Planning Authority has also indicated that there has been good take-up of shared ownership in recent years, and that the product has been successful in widening housing access locally. 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 a particular concern for Carnforth 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’ (see Appendix A for detailed definition) can also be costly, given that the purchase of the additional share may 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

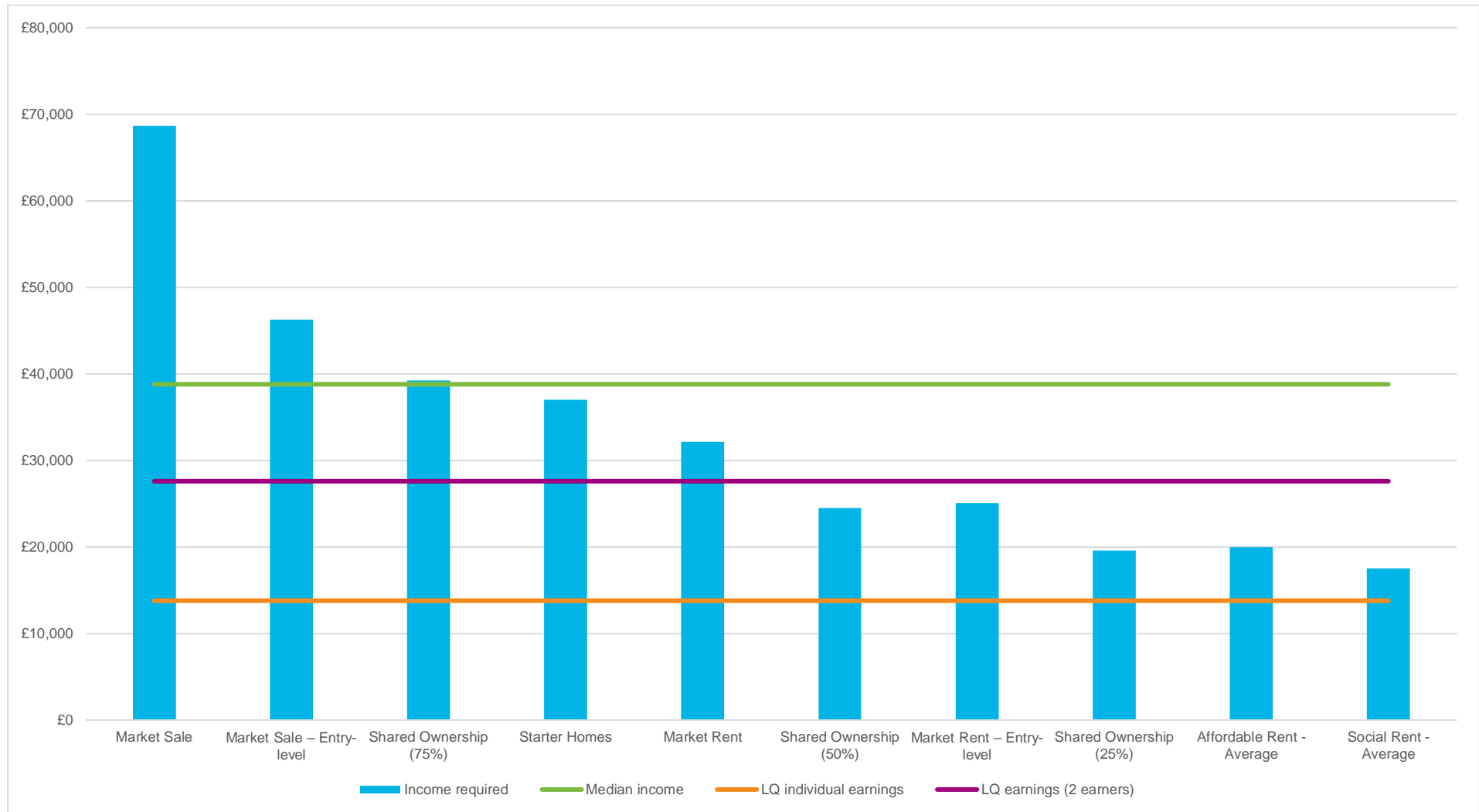
<sup>20</sup> See the White Paper ‘Fixing Our Broken Housing Market’, at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590464/Fixing\\_our\\_broken\\_housing\\_market\\_-\\_print\\_ready\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf)

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

that a new shared ownership dwelling is often no more affordable than an existing dwelling offered for market sale.

69. Registered providers (e.g. housing associations) may be reluctant to deliver this tenure 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.
70. The role that the private rental sector (PRS) will play is increasingly important. Given the sharp rise of 112 % in the intercensal period and the increasing unaffordability gap to becoming a home owner this form of ownership is likely to see huge demands.

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



Source: AECOM Calculations

## 4.6 Affordable housing - quantity needed

71. At Local Authority level, the SHMA identifies an annual imbalance of 376 affordable dwellings across Lancaster each year. As stated within the report, this should not be used as a target but more as a demonstration of the scale of need, which could be reduced through building new stock. The SHMA focuses on the need from households who live in unsuitable housing and cannot afford to rent in the market. As such, it does not estimate the full scale of need (or potential demand) for affordable home ownership housing from households who can afford market rents but cannot afford to buy. Products to address the needs of these households have now been included in the definition of Affordable Housing in the NPPF (2018). As such, AECOM has produced a separate estimate for this group.
72. Table 5.5 breaks these 376 affordable dwellings identified in the SHMA down into sub-areas. Among them are the areas of Carnforth and Millhead, which have a joint imbalance of 25 dwellings. It should be noted that this figure is assumed to be largely for affordable rented tenures. Appendix C of the SHMA defines the group, on which the table below is based, as those who 'cannot afford market housing whether to buy or rent' i.e. those who will only be able to access affordable rented tenures such as social rent.

**Figure 4-3: Net annual affordable housing imbalance within Lancaster**

<b>Table 5.5 Net annual affordable housing imbalance by sub-area, property size and designation 2017/18 to 2027/28</b>				
<b>Sub-area</b>	<b>General Needs</b>		<b>Older Person</b>	<b>Total</b>
	<b>1/2 Bed</b>	<b>3+ Bed</b>	<b>1/2 Bed</b>	
<b>Carnforth &amp; Millhead</b>	<b>9</b>	<b>12</b>	<b>4</b>	<b>25</b>
Ellel	6	2	0	8
Heysham	7	3	2	12
Kellet and Upper Lune Valley	1	1	1	3
Lancaster Fringes	4	8	6	19
Lancaster North	24	30	9	63
Lancaster South	148	-11	3	140
Morecambe	16	9	12	37
Morecambe West	41	15	4	59
Overton	3	2	2	6
Silverdale and Warton	1	0	1	2
<b>Total</b>	<b>260</b>	<b>73</b>	<b>43</b>	<b>376</b>

Sources: 2017 Household Survey; RSL CORE Lettings and Sales

NB: Columns may not sum exactly due to calculation rounding

Source: Lancaster City Council SHMA, 2018

73. The SHMA also identifies an affordable housing tenure split based on the tenure considerations of existing and newly forming households for each sub-area. For Carnforth and Millhead, this stands at 72.6% affordable rented tenures and 27.4% intermediate tenures, as seen in the table on the following page. Although the SHMA does identify that some of the needs of these households could be met through intermediate housing it does not estimate the full scale of need (or potential demand) for these products.
74. Note that the far right column in the table below should be disregarded: it relates to backlog and newly arising need but does not take supply into account. The 46 units for Carnforth and Millhead below can be understood as gross need, while the 25 units identified above are net of supply and therefore the appropriate number to take forward in this HNA.

**Figure 4-4: Affordable housing tenure options within Lancaster**

Table C8 Affordable housing tenure options: existing and newly-forming households				
Sub-area	Tenure		Total	Base (annual backlog need plus newly arising need)
	Affordable Rented	Intermediate Tenure		
Carnforth & Millhead	72.6	27.4	100.0	46
Ellel	57.9	42.1	100.0	23
Heysham	69.0	31.0	100.0	52
Kellet and Upper Lune Valley	10.6	89.4	100.0	19
Lancaster Fringes	27.1	72.9	100.0	68
Lancaster North	70.7	29.3	100.0	112
Lancaster South	68.9	31.1	100.0	272
Morecambe	36.0	64.0	100.0	128
Morecambe West	52.6	47.4	100.0	106
Overton	54.5	45.5	100.0	15
Silverdale and Warton	5.6	94.4	100.0	17
<b>Total</b>	<b>56.0</b>	<b>44.0</b>	<b>100.0</b>	<b>859</b>

Source: 2017 Household Survey

Source: Lancaster City Council SHMA, 2018

75. Since the net need of 25 affordable rented units identified in the SHMA represents 72.6% of the total need for Affordable Housing, the remaining 27.4% equates to 9 dwellings. The quantity of affordable dwellings needed for the sub-area of Carnforth and Millhead therefore stands at 34 (25 available for affordable rent and 9 available for intermediate tenures). Note that numbers are not rounded in calculations.
- $25 \div 72.6 = 0.344\dots$
- $27.4 \times 0.344\dots = 9.426$  (9 dwellings)
76. To produce an affordable quantity figure for the NA alone, we must break down this ratio further, using population data from the Census. According to the 2011 Census Carnforth has a population of 5,560, while Millhead has a population of approximately 555. Therefore based on its population, Carnforth's 'share' is 91% ( $5,560 \div (5,560 + 555)$ ). Applying this to the sub-area quantities of affordable dwellings, calculated above, produces a figure of 32 (23 for affordable rent and 9 for intermediate tenures).
- $0.91\dots \times 25 = 22.75$  **(23 dwellings needed for affordable/social rent within Carnforth)**
- $0.91\dots \times 9\dots = 8.579$  **(9 dwellings needed for affordable home ownership within Carnforth)**
77. Table 4-6 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 4-5 and those identified in the Lancaster SHMA (although there may be some overlap at the margins). This estimate suggests there may be potential demand for around 216 (rounded) affordable home ownership dwellings over the plan period (16.6 per annum).
78. It is worth noting that often when the needs of households who cannot afford ownership (but can afford 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. Furthermore, the supply of homes in the PRS is not taken into account in meeting their needs.



**Figure 4-5: Estimate of the need for affordable home ownership homes, Carnforth**

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current number of renters in NA	359.6	Census 2011 number of renters x national % increase to 2018
1.2 Percentage renters on housing benefit in LA	20.8%	% of renters in 2018 on housing benefit (based on LA proportion)
1.3 Number of renters on housing benefits in NA	75.0	1.1 x 1.2
1.4 Current need (households)	213.5	Current renters minus those on HB and minus 25% assumed to rent by choice
1.5 Per annum	<b>16.4</b>	1.4/ plan period
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	213.2	LA household projections for plan period (2014 based) pro rated to NA
2.2 % of households unable to buy but able to rent	9.5%	Current % of households in PRS
2.3 Total newly arising need	20.3	2.1 x 2.2
2.4 Total newly arising need per annum	<b>1.6</b>	2.3/ plan period
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>		
3.1 Supply of affordable housing	27.2	Number of shared ownership homes in NA (Census 2011 + new build to 2018/19)
3.2 Supply - intermediate resales	<b>1.4</b>	3.1 x 5% (assume rate of re-sale)
<b>NET SHORTFALL (OR SURPLUS) PER ANNUM</b>		
<b>Shortfall (per annum)</b>	<b>16.6</b>	<b>Shortfall = (Step 1.5 + Step 2.4) – 3.2</b>

Source: AECOM model, using Census 2011, English Housing Survey 2018, CLG 2014 based household projections and net additions to affordable housing stock.

79. It is important to realise that the quantity of need identified in the SHMA and in AECOM's estimate may exceed the housing requirement figure eventually provided to Carnforth. If so, this may be interpreted as a justification for Carnforth to go above and beyond that figure in order to boost the provision of affordable housing – either directly through the allocation of an affordable housing exception site, or indirectly through an increase in overall housing delivery (a set proportion of which can be expected to be affordable).
80. However, there is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners for identified Affordable Housing need to be met in full, either within or outside the Neighbourhood Plan area, and the future 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.
81. However, there remains a clear need for Affordable Housing in Carnforth, some of which may not all be met by the increased provision of Affordable Housing elsewhere in the district, since some households may need to remain in the area for family, work or other reasons. Should the neighbourhood planners wish to bring forward Affordable Housing for this reason, their options include the identification of one or more housing exception sites, which allow for affordable development on sites where mainstream development would not otherwise be permitted should evidence of need justify this. The evidence discussed above would appear to provide ample justification.

## 4.7 Tenure Split

82. Given that Carnforth has no overall housing requirement, there may be more flexibility in the provision of affordable housing in terms of the tenure mix. There is evidence of need for both rented and ownership tenures within the NA, with the need for affordable rented homes greater in scale according to the SHMA estimate. The need for this tenure is also more urgent since these households have limited choice and lack their own housing. By contract, the households identified in AECOM's estimate of the need for affordable home ownership homes largely live in the private rented sector. Their needs are less urgent, though they may prefer to own rather than rent.
83. The adopted Lancaster District Local Plan is silent on the subject of the breakdown of Affordable Housing tenures, although the emerging DMDPD proposes that development proposals should provide between 60% rented to 40% intermediate and 50% rented and 50% intermediate. AECOM would recommend a tenure split of around 70:30 in favour of affordable housing for rent (consistent with the SHMA) in Carnforth. This is AECOM's judgement, based on the evidence of local need and the wider SHMA evidence base for the local authority as a whole. The reason for this recommendation is as follows:

- a. Policy makers are likely to prioritise 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 Carnforth.
- b. The evidence in this HNA suggests that there is need (or demand) for affordable home ownership homes in Carnforth, but the need for affordable rented homes still exceeds what is likely to be delivered through new development. 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.
84. However, 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, 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.
85. In particular, the precise split between affordable and social rented supply should be determined at a local level based on the appetite of registered providers and the subsidies and grants available. 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. It may also affect the overall percentage of affordable housing achieved, and would likely impact on development viability. Enforcing such a split in policy is rarely beneficial or justified, and any approach to this subject should be agreed with the LPA.
86. However, when considering how the provision of Affordable Housing might be further broken down into sub-tenures such as social rent and shared ownership, it is important to note the affordability thresholds within Carnforth, particularly in relation to those on a lower quartile earnings. For this reason, we recommend that AH provision should focus on dwellings for social rent. Table 4-6 below reflects these considerations.
87. Having said this, such policies should in practice be flexibly applied, given the need for development schemes to be financially viable and for other planning objectives to be met. This issue is particularly pertinent in locations where small in-fill schemes predominate. For these schemes, providers sometimes reject social rented stock due to relatively high maintenance costs, seeking to vary the tenure to affordable rent or shared ownership. As we have seen, both of these tenures provide affordable options for Carnforth households and should be well-represented in the dwelling mix.
88. However, it would also be justified, given that few dwellings are expected to come forward in Carnforth during the Plan period, that this ideal tenure split be applied flexibly in order to ensure that the most urgent needs are addressed. For instance, were an affordable housing exception site of 5 dwellings to come forward, the affordability analysis above and the priorities of the neighbourhood plan might justify providing all 5 dwellings as affordable housing to rent as opposed to strictly observing the tenure split recommended here.

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

<b>Routes to home ownership, of which</b>	<b>30%</b>
Shared Ownership	30%
<b>Affordable Housing for rent, of which</b>	<b>70%</b>
Social Rent	45%
Affordable Rent	25%

Source: AECOM calculations

## Conclusions- Tenure and Affordability

89. Home ownership is the most popular form of tenure in Carnforth, with over 77% of households falling into this category, which is significantly higher than both the wider district and country. This is followed by private rented (12%) and social rented (8%) both of which are lower than the district and country levels. Shared ownership is the least common category, making up only 0.7% of households.
90. Lancaster City Council SHMA shows that there will be a significant increase in the over 65s age group, demonstrating that the housing needs of this group are going to noticeably increase, and this should be considered when creating housing policy. In addition, the SHMA shows that since 2014/2015 the number of dwellings completed is much higher than the annual target. This bodes well for the shaping of housing policy as there is developer momentum and demand in the area.
91. The housing category that has seen the largest growth is terraced (18%) followed by detached (14%), and semi-detached (9%) indicating these are the most sought-after dwelling types in Carnforth. On the other hand, flats have fallen in value (8%). It is worth applying these figures with caution, however, given that a relatively small sample size has been used.
92. 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 lower quartile earnings, even where two members of the household are earning.
93. Government policy aimed at tackling the housing crisis continues to focus on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.<sup>22</sup>. In the case of Carnforth, the most appropriate tenure to help implement this policy goal locally would be shared ownership which, at a 25% or 50% share, remains significantly more affordable than starter homes and would extend home ownership the furthest.
94. This HNA recommends a tenure split of 70:30 (affordable rented to intermediate tenures), recognising the priority in delivering affordable rented homes for those with limited resources. However, there is also substantial potential demand for affordable home ownership products from households who are renting but would prefer to buy. However, 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, 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.
95. Since there is no housing requirement in Carnforth, the neighbourhood planners may wish to consider allocating an Affordable Housing exception site or engaging with Lancaster to ensure that some proportion of local Affordable Housing need be met within the neighbourhood area boundary.

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<sup>22</sup> See the White Paper 'Fixing Our Broken Housing Market', at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590464/Fixing\\_our\\_broken\\_housing\\_market\\_-\\_print\\_ready\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf)

## 5. RQ 2: Type and Size

***RQ2: 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

96. The Carnforth 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.
97. PPG recommends a consideration of the existing housing provision and its suitability, having regard to demographic shifts in age and household composition, to address future, as well as current community need. For this reason, we firstly consider the type and size of the existing housing stock in Carnforth. Demographic shifts in age and household composition will then be considered. Finally, the future demand for housing by size and type will be determined by 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

98. Before beginning our consideration of dwelling type and size, it is important to understand how different types of households occupy their homes. Crucially, and unsurprisingly, household 'consumption' of housing (in terms of housing size) tends to increase alongside wages, with the highest earning households consuming relatively more (i.e. larger) housing than those on lower incomes. Similarly, housing consumption tends to increase, alongside wealth, income, and age, such that older households tend to have larger homes than younger households.
99. In this context, even smaller households (those with fewer than three inhabitants) may be able to choose to live in larger homes than they require, and 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.
100. In order to understand the terminology surrounding dwelling size analysis, it is important to note that the number of rooms recorded in Census data excludes some rooms such as bathrooms, toilets and halls. Dwelling size data is collected by determining the number of rooms being occupied by each household. In the section that follows, 'dwelling sizes' should thus be translated as follows<sup>23</sup>:
- 1 room = bedsit
  - 2 rooms = flat/house with one bedroom and a reception room/kitchen
  - 3 rooms = flat/house 1-2 bedrooms and one reception room and/or kitchen
  - 4 rooms = flat/house with 2 bedroom, one reception room and one kitchen
  - 5 rooms = flat/house with 3 bedrooms, one reception room and one kitchen
  - 6 rooms = house with 3 bedrooms and 2 reception rooms and a kitchen, or 4 bedrooms and one reception room and a kitchen
  - 7+ rooms = house with 4 or more bedrooms
101. It is also useful to clarify the Census terminology around dwellings and households spaces. These can be confusing where different terminologies such as flats, apartments, shared and communal dwellings, and houses in multiple occupation, are used. Dwellings are counted in the Census by combining address information with Census returns on whether people's accommodation is self-contained.<sup>24</sup> As such, all dwellings are classified into either "shared" or "unshared" dwellings. Household spaces make up the individual accommodation units forming part of a shared dwelling.

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

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

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

### 5.2.2 Dwelling type

103. The 2011 Census shows that there were 2,455 households in Carnforth, living in 609 detached houses, 685 semi-detached, 943 terraced houses, and 172 flats. Carnforth is characterised by more houses than flats which is consistent with both the local authority and national trends. However, the largest percentage of houses are classed as terrace houses which contrasts with the local authority and national levels which both present semi-detached houses as the highest percentage (see Table 5-1 below).

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

Dwelling type		Carnforth	Lancaster	England
Whole house or bungalow	Detached	24.8%	18.2%	22.4%
	Semi-detached	27.9%	37.3%	31.2%
	Terraced	38.4%	26.5%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	4.8%	11.5%	16.4%
	Parts of a converted or shared house	0.7%	4.8%	3.8%
	In commercial building	1.5%	1.1%	1.0%

Source: ONS 2011, AECOM Calculations

### 5.2.3 Dwelling size

104. Table 5-2 below sets out the distribution of the number of rooms by household space. The housing stock in Carnforth is characterised by majority of houses containing 5 and 6 rooms and the general pattern of number of rooms is consistent with that of the wider local authority. There are slightly less houses with four rooms or less than the wider area. The proportions of larger dwellings remain similar between the two areas.

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

Number of Rooms	2011	2011
	Carnforth	Lancaster
1 Room	0.0%	0.3%
2 Rooms	0.3%	2.0%
3 Rooms	5.3%	8.9%
4 Rooms	17.1%	19.5%
5 Rooms	29.6%	24.8%
6 Rooms	25.9%	21.7%
7 Rooms	11.6%	10.9%
8 Rooms or more	6.1%	6.3%
9 Rooms or more	4.2%	5.6%

Source: ONS 2011, AECOM Calculations

<sup>25</sup> Ibid.

105. 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 the distribution of Carnforth's housing stock has experienced relatively significant change over this period, with particularly high growth in three, seven and eight room dwellings and substantial decreases in the number of one-room dwellings.
106. While the similarity in trends between all three geographies for three, seven and eight room dwellings outside of this the evolution of Carnforth's dwelling mix in terms of size diverges with trends observed in the wider geography of Lancaster and England.
107. Note that even though one room dwellings seem to have had a significant change this is influenced by the lack of this type of dwelling in Carnforth, so may produce unreliable conclusions. In addition, it can be noted that there has been a decrease in 5 room dwellings, yet they still represent the largest stock of housing in the Neighbourhood Area.

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

Number of Rooms	Carnforth	Lancaster	England
1 Room	-100.0%	-39.9%	-5.2%
2 Rooms	-46.7%	7.7%	24.2%
3 Rooms	27.6%	11.2%	20.4%
4 Rooms	-0.7%	-5.0%	3.5%
5 Rooms	-3.2%	2.2%	-1.8%
6 Rooms	7.3%	0.3%	2.1%
7 Rooms	22.2%	11.8%	17.9%
8 Rooms or more	40.5%	18.5%	29.8%

Source: ONS 2001-2011, AECOM Calculations

108. 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 5-4 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that Carnforth has a similar breakdown of dwelling size proportions as Lancaster and England, although slightly more three-bedroom dwellings than both.

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

Bedrooms	Carnforth		Lancaster		England	
<b>All categories: no. of bedrooms</b>	<b>2,372</b>	<b>100.0%</b>	<b>57,822</b>	<b>100.0%</b>	<b>22,063,368</b>	<b>100.0%</b>
No. bedrooms	2	0.1%	122	0.2%	54,938	0.2%
1 bedroom	135	5.7%	5,887	10.2%	2,593,893	11.8%
2 bedrooms	676	28.5%	17,491	30.2%	6,145,083	27.9%
3 bedrooms	1,154	48.7%	23,730	41.0%	9,088,213	41.2%
4 bedrooms	344	14.5%	7,768	13.4%	3,166,531	14.4%
5 or more bedrooms	61	2.6%	2,824	4.9%	1,014,710	4.6%

Source: ONS 2011, AECOM Calculations

## 5.3 SHMA findings

109. The SHMA highlights that 10% of households in Lancaster are in need. The PPG defines housing need as the number of households who lack their own housing or live in unsuitable housing and cannot afford to meet their housing needs in the market. In addition, it is couples with 3 or more children under 18 in the highest percentage of need at 26%, lone parent with one or two children under 18 at 14% and single adults (under 65) at 14%. This illustrates that it is smaller (one- to two- bedroom dwellings) and larger housing (five- bedroom or more dwellings) that is most needed in the district.

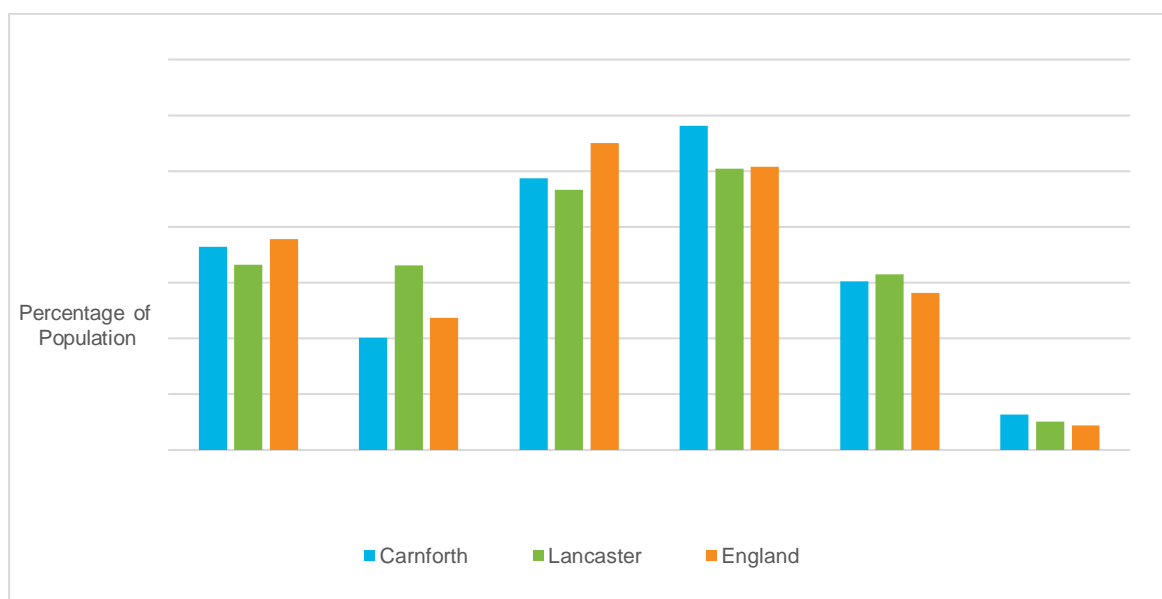
## 5.4 Household composition and age structure

110. We have now established the current stock profile of Carnforth 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.

### 5.4.1 Age structure

111. The 2011 Census data reveals that Carnforth has a higher percentage of people over the age of 45 than both wider geographies and a lower percentage of people 44 or younger. On the whole Carnforth's age breakdown is comparable to that of Lancaster though it has slightly less in the 16-24 age group and slightly more in the 45-64 age group. (see Figure 5-1 below).

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



Source: ONS 2011, AECOM Calculations

112. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001, the NA population has seen a decline in the number of children and those in the 25-44 age category, potentially a sign of younger families moving away from the area or no longer being able to afford to move in. (see Table 5-5 below).

113. Interestingly, there has been a significant increase in those aged 85 and over as compared with the wider local authority, potentially signaling that retirees are choosing to settle in the area, and that the percentage of those aged 85 and over will have increased further by the next census (2021).

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

Age group	Carnforth	Lancaster	England
0-15	-9.4%	-7.9%	1.2%
16-24	12.2%	15.6%	17.2%
25-44	-10.4%	-6.6%	1.4%
45-64	23.7%	13.1%	15.2%
65-84	7.7%	6.1%	9.1%
85 and over	30.4%	8.8%	23.7%

Source: ONS 2001-2011, AECOM Calculations



### 5.4.2 Household composition

114. Household composition (i.e the mix of adults and children in a dwelling) is a critical factor in driving the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period.
115. In assessing Census data on household composition, we see that Carnforth is similar to the LPA and England in most household compositions. For example, in all geographies households with dependent children make up the largest proportion. Table 5-6). Note that non-dependent children refer to households in which adult children are living at home, or students still call their primary residence despite living for most of the year near to university, though this category can often indicate the relative unaffordability of entry-level homes in an area as many such young people may wish to move out and form their own households if they were financially able.

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

Household composition		Carnforth	Lancaster	England
<b>One person household</b>	<b>Total</b>	28.7%	32.6%	30.2%
	Aged 65 and over	13.2%	14.2%	12.4%
	Other	15.5%	18.4%	17.9%
<b>One family only</b>	<b>Total</b>	66.4%	60.3%	61.8%
	All aged 65 and over	7.8%	9.3%	8.1%
	With no children	21.1%	18.6%	17.6%
	With dependent children	26.8%	24.1%	26.5%
	All children Non-Dependent	10.6%	8.2%	9.6%
<b>Other household types</b>	<b>Total</b>	4.9%	7.2%	8.0%

Source: ONS 2011, AECOM Calculations

116. 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 were an increasing in families with non-dependent children, other household types and families with no children, this broad trend is mirrored in the wider geographies. (see Table 5-7).
117. One person households age 65 and over and families aged 65 and over seem to be leaving the area, while this trend is reflected at both the LPA and national level it could suggest there is not 'rightsizing' dwellings to house this growing group in the area.



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

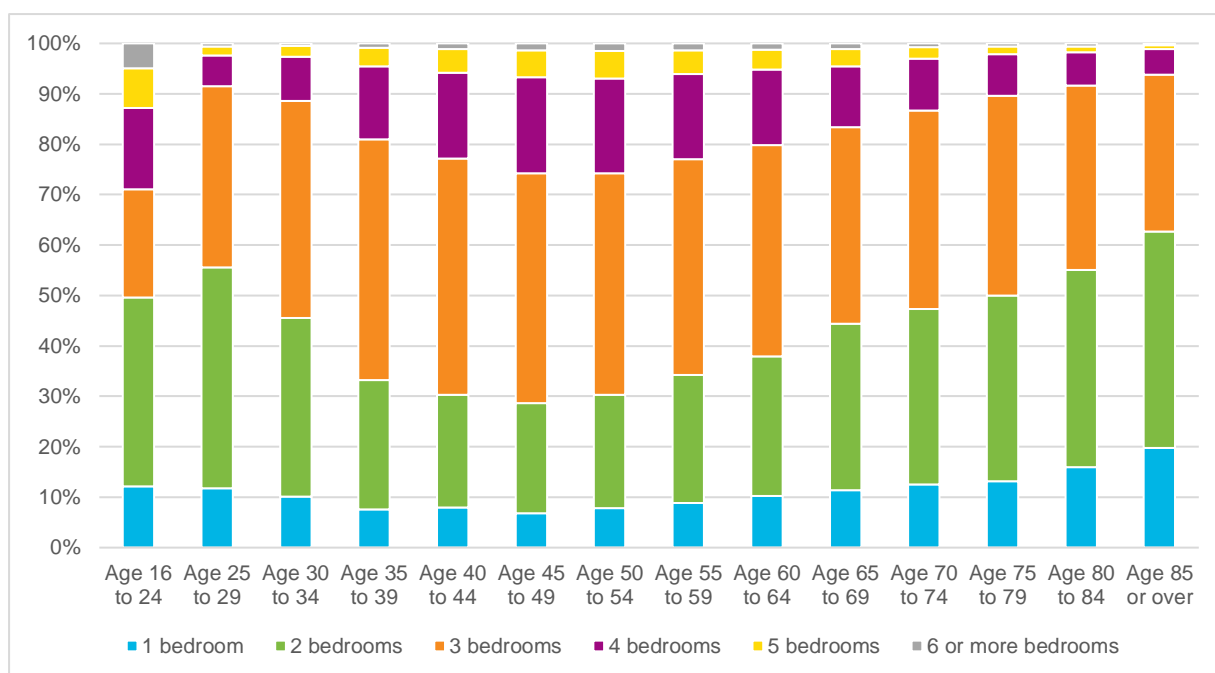
Household type		Percentage change, 2001-2011		
		Carnforth	Lancaster	England
<b>One person household</b>	<b>Total</b>	5.8%	5.8%	8.4%
	Aged 65 and over	-6.0%	-8.9%	-7.3%
	Other	18.4%	21.0%	22.7%
<b>One family only</b>	<b>Total</b>	6.1%	1.9%	5.4%
	All aged 65 and over	-7.9%	-3.7%	-2.0%
	With no children	16.8%	10.0%	7.1%
	With dependent children	-1.9%	-3.9%	5.0%
	All children non-dependent	22.3%	10.2%	10.6%
<b>Other household types</b>	<b>Total</b>	25.8%	7.7%	28.9%

Source: ONS 2001-2011, AECOM Calculations

## 5.5 Dwelling mix determined by life-stage modelling

118. 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.
119. 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.
120. 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.
121. The data shows that while a majority of Lancaster residents under the age of 30 live in one- or two bed dwellings, the proportion of households occupying these smaller dwellings declines as households age. Three-bedroom dwellings are the most common dwelling for ten of the fourteen age bands considered here.
122. The age group 16-24 disrupt the trends in the data having a larger proportion of higher bedroom houses, this can be explained by the tendency for university houses to have higher number of bedrooms.
123. The occupation of one-bedroom dwellings is consistently low, in accordance with the fact that only 10% of dwellings in Lancaster contain just one bedroom.

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



Source: ONS 2011, AECOM Calculations

124. 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 2031 i.e. the end of the Neighbourhood Plan period (red in the table). As can be seen the largest group of age of HRP is the 65 and over followed by 35 to 54 age group. The data is presented in Table 5-8 below.

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

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	2,598	7,383	21,031	10,113	16,697
2014	3,084	7,607	20,248	9,710	18,439
2031	3,161	7,709	20,800	9,865	23,673
2039	3,197	7,758	21,059	9,938	26,136

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

125. 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 Carnforth. To do so, the percentage of increase expected for each group across Lancaster, derived from the data presented above was mapped to the population of Carnforth. The results of this calculation are detailed in Table 5-9 below. The projections for Carnforth demonstrate the significant increase in age of HRP of 24 and under and of 65 and over categories.

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

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	62	264	926	465	655
2014	74	272	892	446	723
2031	75	276	916	454	929
% change 2011-2031	22%	4%	-1%	-2%	42%

Source: AECOM Calculations

126. Then, to complement the two stages above, in Table 5-10 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 Lancaster by the end of the plan period.

**Table 5-10: Age of household reference person to size, grouped, Lancaster, 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	12.1%	10.9%	7.6%	9.6%	14.0%
2 bedrooms	37.4%	39.2%	22.9%	26.6%	36.7%
3 bedrooms	21.5%	39.8%	45.9%	42.4%	37.6%
4 bedrooms	16.0%	7.6%	17.5%	15.9%	9.0%
5+ bedrooms	12.9%	2.5%	6.1%	5.6%	2.7%

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

127. For the most part this table demonstrates what would be expected, with households getting bigger as HRP gets older and then getting smaller when the HRP becomes more elderly. However, there is a high proportion of HRP 16-24 that occupy 4- and 5-bedroom households, this can be explained by the high number of students in Lancaster and the tendency for student houses to have a larger number of bedrooms.
128. Finally, having established the preference shown by households at different life-stages towards dwellings of different sizes, and the approximate number of households in Lancaster and Carnforth falling into each of these stages by the end of the Plan period in 2031, it is now possible to recommend 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 5-11 below).
129. Table 6-12 table takes in turn each projected age group in 2031, 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 that will be required overall. By multiplying the number of households by the percentages in Table 5-10 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. Three- bedroom households will be required in the highest amount, followed by two- bedroom dwellings.

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

Size	Age of HRP 16 to 24	Age of HRP under 35	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total households requiring dwelling sizes
Households 2031	75	276	916	454	929	-
1 bedroom	9	30	69	43	130	282
2 bedrooms	28	108	210	121	341	807
3 bedrooms	16	110	421	192	350	1,088
4 bedrooms	12	21	160	72	83	349
5+ bedrooms	10	7	56	25	25	123

Source: Census 2011, AECOM Calculations

130. It is now possible to compare the 2011 housing mix in terms of size with the projected requirement based on the estimates set out in Table 5-11 above modelling the change in the age structure of the population in Carnforth.
131. Table 5-12 below indicates that, by 2031, the size distribution of dwellings should be weighted much more towards the medium and smaller end of the size spectrum with particular focus on one- and two- bedroom dwellings.

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

Number of bedrooms	2011		2031 Projection	
1 bedroom	135	5.7%	282	10.6%
2 bedrooms	676	28.5%	807	30.5%
3 bedrooms	1,154	48.7%	1,088	41.1%
4 bedrooms	344	14.5%	349	13.2%
5 or more bedrooms	61	2.6%	123	4.6%
Total households	<b>2,372</b>	<b>100.0%</b>	<b>2,649</b>	<b>100.0%</b>

Source: Census 2011, AECOM Calculations

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

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

Number of bedrooms	2011	2031	Change to housing mix	Recommended split
1 bedroom	135	282	147	42.5%
2 bedrooms	676	807	131	38.0%
3 bedrooms	1,154	1,088	-66	0.0%
4 bedrooms	344	349	5	1.4%
5 or more bedrooms	61	123	62	18.0%

Source: AECOM Calculations

133. The result of the life-stage modelling exercise, therefore, is that to minimise misalignments between supply and demand, 43% of dwellings in new developments should have one- bedroom, 38% should have two- bedrooms, 0% should have

three- bedrooms, 1% should have four- bedrooms and 18% should be of 5 or more bedrooms.<sup>26</sup> AECOM would summarise this as the need to prioritise the provision of smaller homes rather than larger if new development comes forward within Carnforth.

134. It is worth considering this recommendation in light of the District-level evidence base, which places much greater emphasis on the need for three-bedroom dwellings. This is chiefly a result of the differing dwelling mixes currently at NA and District level. If the neighbourhood planners wish to influence the dwelling mix to come forward in Carnforth, it is recommended that due regard is paid to the target housing mix for the wider District in addition to this more localised evidence. In any case, specifying a highly prescriptive dwelling size mix (particularly one that restricts any one size completely) is never advisable.
135. Note that only the percentage mix in the right-hand column is relevant to the purposes of this HNA and the neighbourhood planning process. The actual numbers of dwellings required to adjust the size mix do not reflect that actual quantity of housing needed in the NA and are simply a step in the calculation necessary to produce a percentage split. As a general point, this dwelling mix in percentage terms stands alone from the overall quantity of housing needed or allocated over the Plan period, and could equally apply to windfall development, allocations beyond the plan period, or any other source of housing supply.

### 5.5.1 Adjustment of model results

136. However, it is important to caveat the result of this model, 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 five-bedroom homes. For this reason, we verify the results further with respect to occupancy trends at the national level (England and Wales). This would give the following split (Table 5-14):

**Table 5-14: Nationally-adjusted future potential misalignments of supply and demand for housing, Carnforth**

Number of bedrooms	2018	2031	Change to housing mix	Recommended split
1 bedroom	135	310	175	55.0%
2 bedrooms	676	728	52	16.3%
3 bedrooms	1,154	1,114	-40	0.0%
4 or more bedrooms	344	379	35	10.9%
5 or more bedrooms	61	118	57	17.8%

Source: AECOM Calculations

137. 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 5-15 below.

<sup>26</sup> The HNA is a report that can be used by the neighbourhood planning group at their own discretion to evidence potential housing policies. The findings of the report do not need to be directly replicated as policy however used more as a guideline to frame the policy. In considering this a potential policy on dwelling size does not need to state specific percentages of dwelling size, rather it could simply suggest which size houses would be preferred or state that a certain percentage of dwellings within a development should contain dwellings of (XX) size. The level of detail in the policy is at the discretion of the neighbourhood planning group and the community, providing it is justified in order to pass examination.

**Table 5-15: District-based and nationally-adjusted recommended housing size mixes compared, Carnforth**

Number of bedrooms	District-based mix	Nationally-adjusted figure
1 bedroom	42.5%	55.0%
2 bedrooms	38.0%	16.3%
3 bedrooms	0.0%	0.0%
4 bedrooms	1.4%	10.9%
5 or more bedrooms	18.0%	17.8%

Source: AECOM Calculations

138. This recommended split implies that at both the national and district level the split should follow similar trends with the most need for one and two- bedroom dwellings as well as some need for larger dwellings of five- bedrooms or more. The only difference between the two geographies is the need for more four- bedroom dwellings at the national level compared with the district level. This may be explained by the dominant developer model that often builds luxurious four- to five- bedroom households. In addition, the lack of one- and two- bed households in Carnforth suggests that those occupying three- and four- bedroom households would be higher than the national level due to a lack of choice.
139. To reflect this, the HNA advises taking the average of the recommendations set out in and Table 5-14 above.

## 5.6 Conclusions- Type and Size

140. The 2011 Census shows that there were 2,455 households in Carnforth, living in 609 detached houses, 685 semi-detached, 943 terraced houses, and 172 flats. Compared with the LPA, Carnforth is characterised by more houses than flats which is consistent with both the local authority and national trends. However, the largest percentage of houses are classed as terraced houses which contrasts with the local authority and national levels which both present semi-detached houses as the highest percentage.
141. The housing stock in Carnforth is characterised by majority of houses containing 5 and 6 rooms and the general pattern of number of rooms is consistent with that of the wider local authority. There are slightly less houses with four rooms or less than the wider area.
142. The SHMA highlights that 10% of households in Lancaster are in need. The PPG defines housing need as the number of households who lack their own housing or live in unsuitable housing and cannot afford to meet their housing needs in the market. The SHMA states that couples with 3 or more children under 18 are the highest category in need at 26%, lone parent with one or two children under 18 at 14% and single adults (under 65) at 14%. This illustrates that it is smaller (one- to two- bedroom dwellings) and larger housing (four- bedroom or more dwellings) that is most needed in the district.
143. The 2011 Census data reveals that Carnforth has a higher percentage of people over the age of 45 than both wider geographies and a lower percentage of people 44 or younger. On the whole Carnforth's age breakdown is comparable to that of Lancaster though it has slightly less in the 16-24 age group and slightly more in the 45-64 age group.
144. The data shows that while a majority of Lancaster residents under the age of 30 live in one- or two bed dwellings, the proportion of households occupying these smaller dwellings declines as households age. Three-bedroom dwellings are the most common dwelling for ten of the fourteen age bands considered here. The age group 16-24 disrupt the trends in the data having a larger proportion of higher bedroom houses, this can largely be explained by the tendency for university houses to have higher number of bedrooms. Only 10% of dwellings in Lancaster contain just one bedroom, resulting in a small number of people living in this type of house.
145. The result of the life-stage modelling exercise, therefore, is that to minimise misalignments between supply and demand, new development should prioritise the provision of smaller homes.

## 6. Conclusions

### 6.1 Overview

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

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

Issue	Conclusions and recommendations
Housing tenure and affordability	<ul style="list-style-type: none"> <li>• Home ownership is the most popular form of tenure in Carnforth, with over 77% of household falling into this category, which is significantly higher than both the wider district and country. This is followed by private rented (12%) and social rented (8%) both of which are lower than the district and country levels. Shared ownership is the least common category, making up only 0.7% of households.</li> <li>• Lancaster City Council SHMA shows that there will be a significant increase in the over 65s age group, demonstrating that the housing needs of this group are going to noticeably increase, and this should be considered when creating housing policy. In addition, the SHMA shows that since 2014/2015 the number of dwellings completed is much higher than the annual target. These exceeded expectations bode well for the shaping of housing policy as there is plenty of developer momentum and demand in the area.</li> <li>• The housing category that has seen the largest growth is terraced (18%) followed by detached (14%), and semi-detached (9%) indicating these are the most sought-after dwelling types in Carnforth. On the other hand, flats have fallen in value (8%). It is worth applying all of these figures with caution, however, given that a relatively small sample size has been used.</li> <li>• It is apparent that the income required to buy an average market home for sale (i.e. the Purchase Threshold) is higher than that available to those on median household incomes without a significant deposit or holding equity from another home. The income required to buy an average entry-level home for sale is higher than that available to those on lower quartile earnings.</li> <li>• A tenure split of 70:30 (affordable rented to intermediate tenures) is likely to be appropriate in Carnforth, though this will depend on other factors such as viability and the views of registered providers.</li> <li>• Since Carnforth does not have a housing requirement, the neighbourhood planners may wish to consider allocating an Affordable Housing exception site or engaging with Lancaster to ensure that some proportion of local Affordable Housing need be met within the neighbourhood area boundary.</li> </ul>

Issue	Conclusions and recommendations
<p>Housing type and size</p>	<ul style="list-style-type: none"> <li>• The 2011 Census shows that there were 2,455 households in Carnforth, living in 609 detached houses, 685 semi-detached, 943 terraced houses, and 172 flats. Compared with the LPA, Carnforth is characterised by more houses than flats which is consistent with both the local authority and national trends. However, the largest percentage of houses are classed as terraced houses which contrasts with the local authority and national levels which both present semi-detached houses as the highest percentage.</li> <li>• The housing stock in Carnforth is characterised by majority of houses containing 5 and 6 rooms and the general pattern of number of rooms is consistent with that of the wider local authority. There are slight less houses with four rooms or less than the wider area. The proportions of larger dwellings remain similar between the two areas.</li> <li>• The SHMA highlights that 10% of households in Lancaster are in need. The PPG defines housing need as the number of households who lack their own housing or live in unsuitable housing and cannot afford to meet their housing needs in the market. The SHMA states that couples with 3 or more children under 18 are the highest category in need at 26%, lone parent with one or two children under 18 at 14% and single adults (under 65) at 14%. This illustrates that it is smaller (one- to two- bedroom dwellings) and larger housing (four- bedroom or more dwellings) that is most needed in the district.</li> <li>• The 2011 Census data reveals that Carnforth has a higher percentage of people over the age of 45 than both wider geographies and a lower percentage of people 44 or younger. On the whole Carnforth's age breakdown is comparable to that of Lancaster though it has slightly less in the 16-24 age group and slightly more in the 45-64 age group.</li> <li>• The data shows that while a majority of Lancaster residents under the age of 30 live in one- or two bed dwellings, the proportion of households occupying these smaller dwellings declines as households age. Three-bedroom dwellings are the most common dwelling for ten of the fourteen age bands considered here. The age group 16-24 disrupt the trends in the data having a larger proportion of higher bedroom houses, this can be explained by the tendency for university houses to have higher number of bedrooms. Only 10% of dwellings in Lancaster contain just one bedroom, resulting in a small number of people living in this type of house.</li> <li>• The result of the life-stage modelling exercise, therefore, is that to minimise misalignments between supply and demand, new development should prioritise the provision of smaller dwellings where appropriate.</li> </ul>



## 6.2 Recommendations for next steps

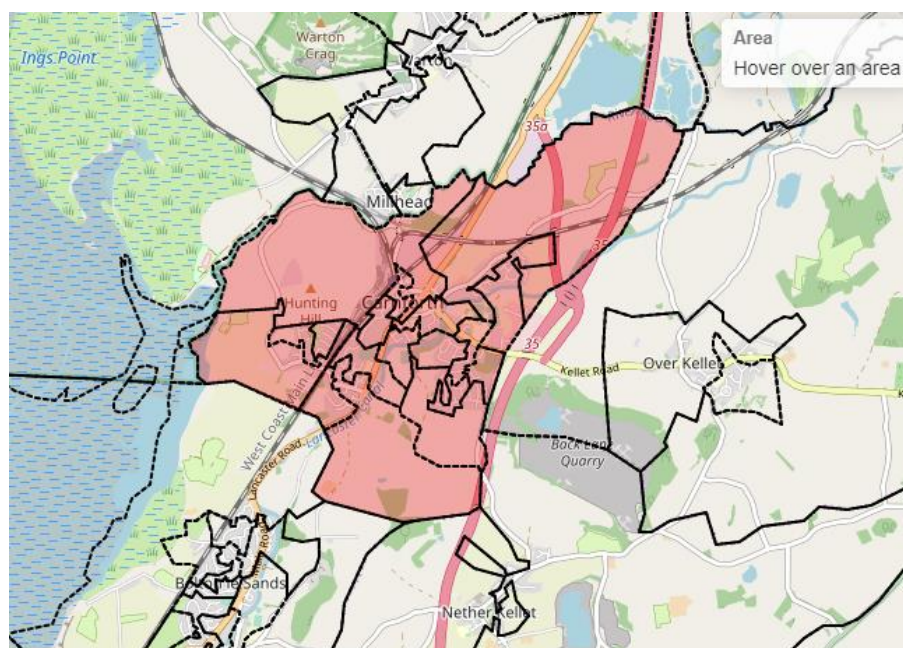
147. This Neighbourhood Plan housing needs assessment aims to provide Carnforth with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that the neighbourhood planners should, as a next step, discuss the contents and conclusions with Lancaster with a view 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 Lancaster – 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 Lancaster, 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 Lancaster and the neighbourhood plan areas within it.
148. 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.
149. 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, Lancaster or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
150. At the same time, monitoring on-going demographic or other trends over the Neighbourhood Plan period will help ensure the continued relevance and credibility of its policies.

## Appendix A : Calculation of Affordability Thresholds

### A.1 Assessment geography

151. 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.
152. 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 Carnforth, it is considered that MSOA Lancaster 001 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 Lancaster 001 appears below in Figure 6-1. The MSOA directly correlates with the Neighbourhood Plan boundary making it the most sensible output area to use.

**Figure 6-1: MSOA Lancaster 001 used as a best-fit geographical proxy for the Neighbourhood Plan area**



Source: Nomis

### A.2 Market housing

153. 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.
154. 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.
155. 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.
156. 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

157. 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 income ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5.
158. 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 Carnforth. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
159. The calculation is therefore:
- Value of an 'entry level dwelling'<sup>27</sup> = £180,000];
  - Purchase deposit = £18,000 @10% of value;
  - Value of dwelling for mortgage purposes = £162,000;
  - Loan to income ratio = 3.5 of value of mortgage;
  - **Purchase threshold = £46,286.**

## ii) Private Rented Sector (PRS)

160. 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.
161. It is assumed that lower quartile private rent equates to the average rent paid in the Neighbourhood Plan area for a two-bedroom dwelling (enough living space for two or three individuals). In order to be in conformity with the Government guidance on overcrowding,<sup>28</sup> such a home would require three habitable rooms (a flat or house with two bedrooms).
162. The property website [Home.co.uk](http://Home.co.uk) shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within the LA5 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.
163. According to [home.co.uk](http://home.co.uk), there are 7 two-bed properties currently listed for rent across Carnforth, with an average price of £510 per calendar month.
164. 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 = £6,123 x 12 = £73,476;
  - Multiplied by 4 = £24,494;
  - **Income threshold (private rental sector) = £24,494.**
165. 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.

## A.3 Affordable Housing

166. 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.

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<sup>27</sup> 'Entry-level dwelling' can be understood to comprise a property that costs the average value of dwellings falling into the lower quartile of house prices in the Neighbourhood Plan area, as set out in the Tenure and Affordability chapter above.

<sup>28</sup> This is based on the concept of the 'room standard', which indicates a dwelling is legally overcrowded if two people of the opposite sex have to share a room to sleep in (this does not apply when couples share a room). See: [http://england.shelter.org.uk/housing\\_advice/repairs/overcrowding](http://england.shelter.org.uk/housing_advice/repairs/overcrowding)

167. 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.
168. 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.
169. 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.
170. 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

171. 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.
172. 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 Carnforth. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Lancaster in the table below.

**Table A-1: Social rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent PCM	£71	£84	£96	£106	<b>£84</b>
Annual average	£3,695	£4,380	£4,990	£5,509	<b>£4,375</b>
Income needed	£14,778	£17,520	£19,960	£22,038	<b>£17,499</b>

Source: Homes England, AECOM Calculations

### ii) Affordable rent

173. Affordable rent is controlled at no more than 80% of the local market rent; as we have seen, the annual entry-level rent in Carnforth is £6,123. In the event of a 20% reduction in rent to £4,899, the income threshold would reduce to an estimated **£19,595**.

### iii) Intermediate tenures

174. 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**

175. 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".
176. 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.

177. 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.
178. 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.
179. 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 £180,000.
180. Applying a discount of 20% provides an approximate selling price of £144,000. Allowing for a 10% deposit further reduces the value of the property to £129,000. The income threshold at a multiple of 3.5 is **£37,029**.

### Shared ownership

181. 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.
182. 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.
183. To determine the affordability of shared ownership, calculations are based on the lower quartile house price of £180,000.<sup>29</sup> The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 25% of the income on rent (as for the income threshold for the private rental sector).
184. A 25% equity share of £180,000 is £45,000, from which a 10% deposit of £4,500 is deducted. The mortgage value of £40,500 (£45,000 - £4,500) is then divided by 3.5. To secure a mortgage of £40,500, an annual income of £11,571 (£40,498 / 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 £135,000. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £3,375 and requires an income of £13,500. Therefore, an income of around **£25,071** (£11,571 + £13,500) is required to afford a 25% shared equity purchase of an entry-level house with annual rent.
185. A 50% equity share of £180,000 is £90,000, from which a 10% deposit of £9,000 may be deducted. The mortgage cost of £81,000 (£90,000 - £9,000) is then divided by 3.5. To secure a mortgage of £81,000, an annual income of £23,143 (£81,000 / 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 90,000. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which corresponds to £2,250, requiring an income of £9,000. Therefore, an annual income of around **£32,143** (£23,143 + £9,000) is required to afford a 50% shared equity purchase of an entry-level house with annual rent.
186. A 75% equity share of £180,000 is £135,000, from which a 10% deposit of £13,500 can be deducted. The mortgage cost of £121,500 (£135,000 - £13,500) is then divided by 3.5. To secure a mortgage of £121,500, an annual income of £34,714 (£121,499 / 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 £45,000. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which corresponds to £1,125, requiring an income of £4,500. Therefore, an annual income of around **£39,214** (£34,714 + £4,500) is required to afford a 75% shared equity purchase of an entry-level house with annual rent.

<sup>29</sup> 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.



## Appendix B : Housing Needs Assessment Glossary

### Adoption

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

### Affordability

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

### Affordability Ratio

Assessing affordability involves comparing 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 = £200,000/£25,000 = 8, (the house price is 8 times income).

### Affordable Housing (NPPF Definition)

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

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

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

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

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

### Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms

(March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>30</sup>.

### **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, overcrowding, concealment or affordability, but who are yet to be offered a home suited to their needs.

### **Bedroom Standard<sup>31</sup>**

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

### **Co-living**

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

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

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

### **Community Right to Build Order<sup>32</sup>**

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

### **Concealed Families (Census definition)<sup>33</sup>**

The 2011 Census defined a concealed family as one with young adults living with a partner and/or child/children in the same household as their parents, older couples living with an adult child and their family or unrelated families sharing a household.

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<sup>30</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

<sup>31</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

<sup>32</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>33</sup> See [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

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

### **Fair Share**

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

### **Habitable Rooms**

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

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

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

### **Housing Market Area**

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

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

### **Housing Needs**

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

### **Housing Needs Assessment**

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

### **Housing Products**



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

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

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

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

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

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

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

### **Income Threshold**

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

### **Intercensal Period**

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

### **Intermediate Housing**

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

### **Life Stage modelling**

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

### **Life-time Homes**

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

### **Life-time Neighbourhoods**

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

### **Local Development Order**

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

### **Local Enterprise Partnership**

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

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

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

### **Local Planning Authority**

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

### **Local Plan**

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

### **Lower Quartile**

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

### **Lower Quartile Affordability Ratio**

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

### **Market Housing**

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

### **Mean (Average)**

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

### **Median**

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

### **Median Affordability Ratio**

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

### **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>34</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

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

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

### **Neighbourhood plan**

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

### **Older People**

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

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

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

### **Overcrowding**

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

### **Planning Condition**

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

### **Planning Obligation**

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

### **Purchase Threshold**

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

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<sup>34</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

## **Proportionate and Robust Evidence**

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

## **Private Rented**

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

## **Retirement Living or Sheltered Housing**

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

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

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

## **Rightsizing**

Rightsizing is the giving the older generation the ability to move to enable them to increase their quality of life; most older people live in mainstream housing rather than small/ community housing. This means diverse, accessible and age-friendly homes are required. This section of the population is rapidly growing, and it is imperative that they are catered for in the most appropriate way.

## **Rural Exception Sites**

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

## **Shared Ownership**

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

## **Sheltered Housing<sup>35</sup>**

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

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<sup>35</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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

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

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

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

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

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

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

### **Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>36</sup>

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<sup>36</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

