

# Farnham Royal

Housing Needs Assessment (HNA)

June 2022

## Quality information

<b>Prepared by</b>	<b>Checked by</b>	<b>Approved by</b>
Tony Sloan Senior Town Planner	Paul Avery Principal Housing Consultant	Kerry Parr Associate Director

## Revision History

<b>Revision</b>	<b>Date</b>	<b>Details</b>	<b>Authorized</b>	<b>Name</b>	<b>Position</b>
REV 01	07/04/2022	Issue for Internal Review	TS	Tony Sloan	Senior Town Planner
REV 02	11/04/2022	Internal Review	KP	Kerry Parr	Associate Director
REV 03	12/04/2022	Issue for NG Review	TS	Tony Sloan	Senior Town Planner
REV 04	27/05/2022	Neighbourhood Review	JH	Jerry Houdret	NP Chair
REV 05	13/06/2022	Issue for Locality Review	TS	Tony Sloan	Senior Town Planner
REV 06	23/06/2022	Locality Review	HB	Hannah Barter	For Urban Vision acting on behalf of Locality
REV 07	23/06/2022	Final Issue to NG	TS	Tony Sloan	Senior Town Planner

Prepared for:

Farnham Royal Parish Council

Prepared by:

AECOM Infrastructure & Environment UK Limited  
Aldgate Tower  
2 Lemn Street  
London E1 8FA  
United Kingdom  
aecom.com

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

DLUHC MHCLG)	Department for Levelling Up, Housing and Communities (formerly MHCLG)
HNA	Housing Needs Assessment
HRF	Housing Requirement Figure (the total number of homes the NA is expected to plan for, usually supplied by LPAs)
HLIN	Housing Learning and Improvement Network
HRP	Household Reference Person
LHN	Local Housing Need
LPA	Local Planning Authority
NA	Neighbourhood Area
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RQ	Research Question
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

# 1. Executive Summary

1. Farnham Royal Parish Council, commissioned from Locality a Housing Needs Assessment (HNA) to inform their emerging 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 our research into the key neighbourhood-level issues and provide the structure for the study.

## Research Questions

### Findings of RQ 1: Tenure and Affordability and the Need for Affordable Housing

#### Key Findings

2. A worsening affordability crisis is evident in Farnham Royal across all tenure options, with the effect that many forms of occupancy are clearly out of reach for local people and the products that have been designed to widen access to ownership could have a limited impact. In this context, the greatest priority should be to deliver and protect affordable rented housing. While the potential scale of need cannot be precisely known, it is clearly high in relation to the overall expected volume of development. Identifying Exception Sites and ensuring the right mix of affordable tenures are encouraged, to the extent that this can be controlled in NP policy, will be important. Improving affordability in the wider market is another valid aim, and could be supported by encouraging smaller/more dense/innovatively designed market housing.
3. In 2011 Farnham Royal had a greater proportion of home ownership compared to the higher-level geographies. Farnham Royal had a significantly high proportion of shared ownership, at more than double the rates found across Buckinghamshire and England. Farnham Royal had lower levels of both social and private rented tenures compared to South Bucks and Buckinghamshire, significantly below the national averages.
4. Between 2001 and 2011 the proportion of private rented tenure expanded by 147.9% in Farnham Royal, a rate of growth that significantly exceeded the local and national averages.

#### House Prices

5. There have been considerable fluctuations in house prices between 2012 and 2021. Lower quartile prices grew by 18.6%, more than double the increase in mean house price (6.8%). In contrast, the median house price for 'All Types' decreased by 7.3%. However, there was growth in median house prices for each individual property type.
6. Terraced properties experienced the greatest growth at 54.0%, followed closely by flats at 53.8%. Detached and semi-detached experienced more modest growths of 26.1% and 38.6%, respectively.

## Affordability Thresholds

7. Table 1-1 summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. Average incomes (£59,000) cannot access median market homes. Market housing is therefore out of reach to most.

**Table 1-1 Table 1 1 Affordability thresholds in Farnham Royal (income required, £)**

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £59,900	Affordable on LQ earnings (single earner)? £17,847	Affordable on LQ earnings (2 earners)? £35,694
<b>Market Housing</b>						
Median House Price	£486,000	-	£138,857	No	No	No
LA New Build Median House Price	£405,000		£115,714	No	No	No
LQ/Entry-level House Price	£315,000	-	£90,000	No	No	No
Average Market Rent	-	£18,420	£61,400	Marginal	No	No
Entry-level Market Rent	-	£17,124	£57,080	Yes	No	No
<b>Affordable Home Ownership</b>						
First Homes (-30%)	£340,200	-	£97,200	No	No	No
First Homes (-40%)	£291,600	-	£83,314	No	No	No
First Homes (-50%)	£243,000	-	£69,429	No	No	No
Shared Ownership (50%)	£243,000	£6,750	£91,929	No	No	No
Shared Ownership (25%)	£121,500	£10,125	£68,464	No	No	No
Shared Ownership (10%)	£48,600	£12,150	£54,386	Yes	No	No
<b>Affordable Rented Housing</b>						
Affordable Rent	-	£8,209	£27,335	Yes	No	Yes
Social Rent	-	£6,285	£20,930	Yes	No	Yes

Source: AECOM Calculations

8. There is a need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.
9. Rent to Buy is viable to those earning just above average income, however, is out of reach to lower quartile (LQ) incomes.
10. First Homes appear to be largely unaffordable for those on average incomes, with the affordability threshold for 50% discount (£69,429) being approximately £10,000 above the average income (£59,900). In order for lower quartile earners to be able to access discounted market sales, a discount of over 50% would be required.
11. Shared ownership (particularly at 10% equity) appear to be more affordable than First Homes.
12. Affordable rent (particularly social rent) is essential, accommodating those on the lowest incomes. Social rents are cheaper and give residents much greater protection from eviction compared to those renting privately or through a housing association.

### **Affordable housing- quantity needed**

13. The HENA suggests a need for 7 affordable homes per annum (predominately social/affordable rent) or approximately 96 homes over the Neighbourhood Plan period (2022-2036). This need is high in comparison to the withdrawn indicative housing need figure and historic delivery rates. In addition, the Burnham Beeches SPD seeks to restrict residential development within 500m of the SAC. It's therefore unlikely the NP can accommodate the affordable need identified in the HENA.

### **Affordable Tenure Split**

14. We recommend a 66% rent to 33% ownership affordable tenure split. This aligns with the Local Plan guideline mix and also complies with First Home national policy. We recognise it would be advantageous to propose a higher proportion of affordable rent, however flexibility is needed to accommodate the 25% First Homes requirement as well as other, potentially more affordable, intermediate tenures such as Shared Ownership (particularly at 10% equity).

## **Findings of RQ 2: Type and Size**

### **Key Findings**

15. A modelling exercise has been undertaken to estimate the dwelling size needs of the parish at the end of the Neighbourhood Plan period. The results of this model are to be taken as a baseline scenario – what would occur if current trends persisted. It may well be the intention of the community to intervene to produce a different outcome more in line with their interpretation of emerging trends and their place- and community-shaping objectives.
16. Affordability is a serious and worsening challenge in Farnham Royal. While the provision of Affordable Housing is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Neighbourhood Plan policies can provide a steer on this, clearly setting out the expectations of the community, even if final decisions will be made through negotiations with the Local Planning Authority.
17. It is recommended that priority is given to smaller and mid-sized homes (two to three bedroom), however, this is done to a degree that aligns with the wider objectives of the community and does not limit choice or viability.

### **Existing Types and Sizes**

18. Farnham Royal has a significantly high proportion of detached properties, comprising nearly half of all homes. The NA and Bucks have a comparable proportion of terraces and flats, both below the national level. Farnham Royal has a significantly lower proportion of semi-detached compared to Bucks and England. Farnham Royal has a comparatively low proportion of bungalows, although not a given, bungalows may appeal to older people and those with mobility challenges.



19. The NA has a significantly high proportion of four+ bedroom properties, more than double the national average. Between 2011 and 2020 there was a notable decrease in four + bedroom dwellings and a notable increase in two-bedroom properties.

### **Age and Household Composition**

20. In 2011, the NA had an older population compared local and national averages. Between 2011 and 2020, the 65-84 band recorded the largest growth in actual numbers, whereas the largest proportional change is seen in the 85 and over band increasing by 29.4%. The 45-64 band remains the largest group increasing by 6.7%. The remaining younger groups all experienced declines, the greatest of which was an 8.0% decrease in the portion of 25-44 year olds.
21. In 2011 the NA had a slightly higher proportion of one person households and a lower proportion of families. Farnham Royal had a higher proportion of elderly one person and family households compared to the local and national levels. The proportion of households with 'non-dependent children' grew by 31.9% between 2001 and 2011 in the parish – a faster rate than averages recorded across South Bucks (12.5%), Buckinghamshire (3.9%) and England (10.6%). This may indicate the relative unaffordability of entry-level homes, where young people are financially unable to move out and form their own households. The NA has a high rate of under-occupancy, 80.1% lived in a home with at least one extra bedroom in 2011. Farnham Royal currently has a comparatively high proportion of large detached properties which may limit options for lower income households and young families.

### **Suggested Future Dwelling Size Mix**

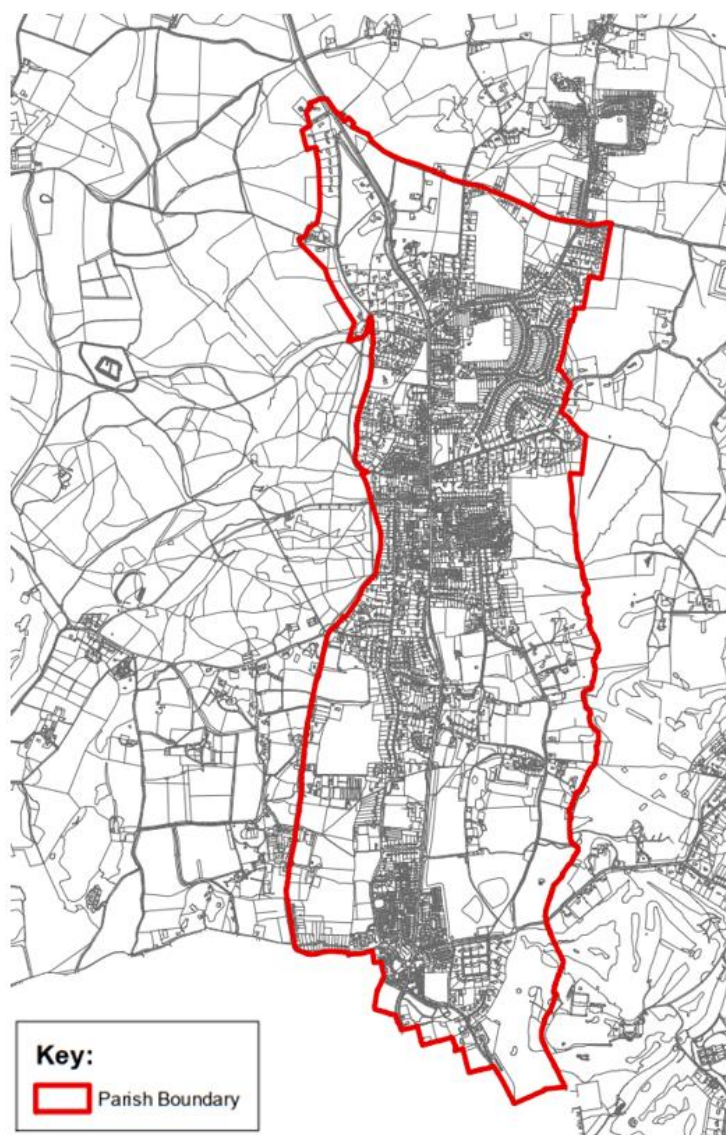
22. The Registered Housing Need data presented in the Tenure and Affordability chapter suggests a significantly high need for one-bedroom dwellings (45.9%) amongst the 11 households in reasonable preference categories. Although, the Home Choice figure may be biased towards the need for smaller homes because of the size of property households are entitled to, rather than what they would occupy if they had the resources.
23. Modelling exercise suggests that new development for all housing tenures might involve the following share of dwelling sizes:
  - 7.3% as one bedroom,
  - 42.8% as two bedrooms,
  - 50,0% as three bedrooms,
  - 0.0% as four bedrooms, and
  - 0.0% as five or more bedrooms
24. The modelling exercise results suggest that there is no need for further four or more - bedroom dwellings, however, it is generally not advisable to restrict the supply of specific size categories. The modelling results are a starting point for how best to address the more nuanced needs of the future population.
25. Those wishing to move within or relocate to the NA will have a range of circumstances and preferences, and they should be offered choices.

## 2. Context

### Local context

26. Farnham Royal is a Neighbourhood Area located in the Unitary Authority of Buckinghamshire (Buckinghamshire Council), South East England. Buckinghamshire Council formed in April 2020, replacing the areas formerly served by the districts of South Bucks, Chiltern, Wycombe and Aylesbury Vale. Farnham Royal lies within the former South Bucks district boundary.
27. The Neighbourhood Area (NA) boundary was designated on 28 September 2016, aligning with the entire Parish of Farnham Royal boundary. A map of the Neighbourhood Area appears below in Figure 2-1.

**Figure 2-1: Map of the Farnham Royal Neighbourhood Area<sup>1</sup>**



*Source: Buckinghamshire Council*

<sup>1</sup> Available at: <https://www.southbucks.gov.uk/article/7371/Farnham-Royal-Neighbourhood-Area> [Accessed February 2022]

28. The proposed Neighbourhood Plan period starts in 2022 and extends to 2036, therefore comprising a planning period of 14 years. The evidence supplied in this report will look forward to the Plan end date of 2036, but where possible will also provide annualised figures which can be extrapolated to a different term if the Plan period changes.
29. The NA covers approximately 446 hectares, roughly rectangular in shape, encompassing the villages of Farnham Royal, Farnham Common and the hamlet of Farnham Park. Slough is found immediately to the south of the parish, the remainder of the parish is surrounded by open countryside and woodland, much of which is designated as Green Belt. Burnham Beeches, a national nature reserve of ancient woodland, lies immediately to the west of the parish.
30. The parish straddles the A355, which links Slough and Amersham. Slough railway station is the closest railway station to the neighbourhood area. Slough railway station is served by Great Western Railway, providing links to Paddington, Reading, Oxford, and Didcot Parkway.
31. The statistics show that in the 2011 Census the NA had a total of 5,972 residents, formed into 2,322 households and occupying 2,418 dwellings.
32. Data provided by Buckinghamshire<sup>2</sup> indicates that 174 additional dwellings have been completed within the NA between 2011 and 2021. Whilst Buckinghamshire were unable to provide precise demographic data relating to these completed dwellings, other data sources can provide an indication of current population figures. The Office for National Statistics (ONS) produces mid-year population estimates for parishes and wards throughout the country. The mid-2020 population estimate for Farnham Royal is 6,087 – indicating population growth of around 115 individuals since 2011. Whilst this scale of population growth appears on the low side compared with the completions data it is worth noting that this mid-2020 population figure is an estimate only, based on data which is mostly available at the local authority level such as administrative registers of births and deaths, data on moves between local authorities, small-area population estimates and official population projections, and not based on a survey count. It is also worth noting that recent completions may not be occupied yet. For example, the Heathlands development on the Beaconsfield Road comprising 20 retirement flats was completed in 2019, however, at the time of writing 10 of these flats remain on the market for sale.

## The Housing Market Area Context

33. Whilst this HNA focuses on Farnham Royal neighbourhood area it is important to keep in mind that neighbourhoods are not self-contained housing market areas. Housing market areas are inherently linked to the labour market, employment patterns and travel to work areas, often stretching across a number of districts or boroughs. In the case of Farnham Royal, the parish is considered to sit within a housing market area which covers the entirety of Buckinghamshire.

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<sup>2</sup> As provided in an e-mail from David Walker, Buckinghamshire Council, March 2022

34. The Buckinghamshire Housing and Economic Development Needs Assessment (HEDNA) Update 2016 was published in December 2016<sup>3</sup>, establishing the Economic Development Needs and the Full Objectively Assessed Need for Market Housing and Affordable Housing across Aylesbury Vale, Chiltern, South Bucks and Wycombe local authority areas. An Addendum Report to the Buckinghamshire HEDNA Update was published in September 2017<sup>4</sup>, providing additional information, analysis and clarification regarding the Economic Development Needs Assessment.
35. The legacy South Bucks and Chiltern Councils jointly agreed to pursue a single Local Plan to cover both Districts over a plan period of 2016-2036. In preparation for this joint Local Plan, Opinion Research Services (ORS) were commissioned to prepare a Housing and Economic Needs Assessment (HENA) for the Chiltern and South Bucks Areas which was published in April 2019<sup>5</sup>. This new HENA considered the significant changes in data and government policy since the previous assessment of Housing Needs for Chiltern and South Bucks was included as part of the Buckinghamshire HEDNA Addendum Report.
36. The new HENA identified the Full Objectively Assessed Need for Housing to be 6,600 dwellings in Chiltern and 8,660 dwellings in South Bucks over the 20-year period of 2016. This is equivalent to an average of 330 dwellings per year for Chiltern and 433 dwellings per year for South Bucks.
37. At the neighbourhood scale it is not possible to be definitive about housing need and demand because neighbourhoods, including Farnham Royal, are closely linked to other areas. In the case of Farnham Royal, changes in need or demand in settlements nearby such as Slough is likely to impact on the neighbourhood.
38. In summary, Farnham Royal has a role within a wider strategic area. This HNA can provide evidence to understand this role and the specific features of the neighbourhood within this wider context. Neighbourhood Plans can have a significant impact in shaping their neighbourhoods, enhancing the positive role the neighbourhood play within the wider housing market, or developing policies to change entrenched patterns and improve housing outcomes in the neighbourhood and wider area.

## Planning policy context

39. Neighbourhood Plans are required to be in general conformity with adopted strategic local policies<sup>6</sup>.
40. As previously noted, the legacy South Bucks and Chiltern Councils previously agreed to produce a single Joint Local Plan to cover both Districts over a plan period of 2016-2036.
41. The draft Chiltern and South Bucks Joint Local Plan 2036 was formally submitted for

<sup>3</sup> Available at: [https://chiltern.gov.uk/media/9080/Housing-and-Economic-Development-Needs-Assessment-December-2016/pdf/Bucks\\_HEDNA\\_Update\\_December\\_2016.pdf?m=636637060077030000](https://chiltern.gov.uk/media/9080/Housing-and-Economic-Development-Needs-Assessment-December-2016/pdf/Bucks_HEDNA_Update_December_2016.pdf?m=636637060077030000) [Accessed February 2022].

<sup>4</sup> Available at: [https://chiltern.gov.uk/media/11403/Housing-and-Economic-Development-Needs-Assessment-HEDNA-Update-2016-Addendum-Report-ORS-Atkins-September-2017/pdf/Bucks\\_HEDNA\\_UPDATE\\_Addendum\\_Report\\_-\\_ORS\\_September\\_2017.PDF?m=636637058683370000](https://chiltern.gov.uk/media/11403/Housing-and-Economic-Development-Needs-Assessment-HEDNA-Update-2016-Addendum-Report-ORS-Atkins-September-2017/pdf/Bucks_HEDNA_UPDATE_Addendum_Report_-_ORS_September_2017.PDF?m=636637058683370000) [Accessed February 2022].

<sup>5</sup> Available at: [https://chiltern.gov.uk/media/13011/Chiltern-and-South-Bucks-Housing-and-Economic-Needs-Assessment-2019-Report-of-Findings-April-2019/pdf/2019\\_04\\_18\\_Chiltern\\_and\\_South\\_Bucks.pdf?m=636916349485030000](https://chiltern.gov.uk/media/13011/Chiltern-and-South-Bucks-Housing-and-Economic-Needs-Assessment-2019-Report-of-Findings-April-2019/pdf/2019_04_18_Chiltern_and_South_Bucks.pdf?m=636916349485030000) [Accessed February 2022]

<sup>6</sup> A description of the Basic Conditions of Neighbourhood Planning is available at <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

examination on 26 September 2019. The Stage 1 Examination Hearing Sessions were scheduled to commence on 17 March 2020 but had to be postponed due to the COVID-19 outbreak. On 1 April 2020 Buckinghamshire Council was created and became the local planning authority for the area previously covered by four local planning authorities, namely Aylesbury Vale District Council, Chiltern District Council, South Bucks District Council and Wycombe District Council, as well as Buckinghamshire County Council, which was responsible for Minerals and Waste Planning.

42. Buckinghamshire Council inherited the draft Chiltern and South Bucks Local Plan and took the opportunity to review the plan in the light of the Planning Inspectors' comments, the unprecedented impact of COVID-19, and the Government White Paper '*Planning for the Future*', which envisages a new plan-making system for England. At its meeting on 21 October 2020, Buckinghamshire Council resolved to withdraw the Chiltern and South Bucks Local Plan. Therefore, moving forward local planning documents will be published by Buckinghamshire Council.
43. Work is now progressing on the Buckinghamshire Local Plan, which must be in place for the whole council area by April 2025. This work is at an early stage, with issues and options consultation expected soon. Bucks Council have recently undertaken a questionnaire survey to find out issues important to local residents and organisations, ending in February 2022. Bucks Council also completed a call of Brownfield sites in April 2021. The Buckinghamshire Local Plan is expected to cover a period up to 2040.
44. The current development framework for Farnham Royal is therefore relatively outdated, comprising:
  - South Bucks District Local Plan (adopted 1999) (consolidated February 2011), and
  - South Bucks Local Development Framework, comprising:
    - Core Strategy Development Plan Document (adopted February 2011), and
    - Burnham Beeches Special Area of Conservation Supplementary Planning Document (adopted November 2020).
45. The South Bucks Core Strategy is the key document in the South Bucks Local Development Framework. It presents the 'big picture', setting a long-term vision, objectives and broad strategy for accommodating future development in the South Bucks District in the period between 2011 and 2026.
46. Whilst Buckinghamshire Council Draft Chiltern and South Bucks Local Plan 2036 resolved to withdraw the Joint Local Plan and its policies do not carry the statutory force, its evidence base remains the most advanced and up to date collection of information underpinning this Neighbourhood Plan. The main evidence for housing need in Chiltern and South Bucks is provided by the national standard methodology for calculating local housing need (LHN), as defined in the Chiltern and South Bucks HENA 2019. The withdrawn Joint Local Plan establishes that there is a need for 15,260 dwellings over the period 2016-2036 for Chiltern and South Bucks, representing 763 homes per year. This is based on the HENA calculations which arrived at an annual minimum of 330 dwellings

for Chiltern 433 dwellings for South Bucks.

47. To clarify the date ranges mentioned here, the adopted Local Plan covers the period 2006-2026, whilst the now withdrawn Joint Local Plan was expected to cover the period 2016-2036. The emerging Buckinghamshire Local Plan must be in place by April 2025 and is expected to cover a period up to 2040. This HNA report will consider the proposed Farnham Royal Neighbourhood Plan period which is expected to cover the period 2022-2036. It is generally sensible for Neighbourhood Plans to mirror Local Plans in terms of their ends date, as such this HNA provides annualised figures where possible which can be extrapolated to a different term if the Neighbourhood Plan period changes.

## Policies in the adopted local plan

48. Table 2-1 below summarises adopted Local Plan policies that are relevant to housing need and delivery in Farnham Royal.

**Table 2-1: Summary of relevant adopted policies in the South Bucks Local Plan**

Source	Policy	Provisions
South Bucks District Local Plan (adopted 1999)	Policy GB1 - Green Belt Boundaries and The Control Over Development in the Green Belt	Planning permission will not be granted for development in the Green Belt, other than for the change of use of existing buildings or land or the construction of new buildings or extensions to existing buildings as specified. This allows for limited extension, alteration or replacement of existing dwellings.
South Bucks District Local Plan (adopted 1999)	Policy H6 - Specialist Residential Accommodation	Establishes criteria for new or extended accommodation specifically for people with limited mobility or for people in need of care, including nursing homes, residential care homes and sheltered housing schemes.

Source	Policy	Provisions
Core Strategy Development Plan Document (adopted February 2011)	Core Policy 1: Housing Provision and Delivery	<p>Sets out that provision will be made for a net increase of 2,200-2,800 dwellings in the period 2006 to 2026 across the district.</p> <p>Establishes that new residential development will be in Beaconsfield, Gerrards Cross and, to a lesser extent, Burnham. Future development within the District's Secondary settlements will be more limited, and there will be very little new development in the Tertiary and Rural settlements (Farnham Common is identified as a Secondary Settlement, whilst Farnham Royal is identified as a Tertiary settlement).</p> <p>Suggests need to manage further development at Farnham Common, to avoid a cumulative adverse impact on Burnham Beeches.</p>
Core Strategy Development Plan Document (adopted February 2011)	Core Policy 2: Housing Type and Size	<p>Requires a suitable mix of dwelling types and sizes on sites of 5 units or more. A proportion of the new dwellings on sites of 5 units or more must be to the full Lifetime Homes standard.</p> <p>Encourages the provision of sufficient new accommodation for older people, including nursing accommodation and extra care Units Such accommodation should be provided in sustainable locations within settlements (normally in the Principal or Secondary settlements) where there is good access to services and facilities.</p>

Source	Policy	Provisions
Core Strategy Development Plan Document (adopted February 2011)	Core Policy 3: Affordable Housing	<p>Sets out that 350-500 affordable dwellings will be provided in South Bucks District between 2006 and 2026.</p> <p>At least 40% of all dwellings in schemes of 5 units and above (gross), or on sites of 0.16 hectares and above (where there is a net gain in the number of dwellings) should be affordable, unless it is clearly demonstrated that this is not economically viable.</p> <p>Two thirds of the affordable units provided should be social rented, with the remainder as intermediate affordable dwellings.</p> <p>The development of small scale sites for 100% affordable housing within or adjacent to villages within designated parishes ('Rural Exception sites') will be supported in principle, where there is a demonstrable local need for such dwellings, and local community support.</p>
Burnham Beeches Special Area of Conservation SPD (adopted November 2020).	N/A	<p>The Burnham Beeches SAC Mitigation Strategy comprises of two components:</p> <ul style="list-style-type: none"> <li>• Presumption against residential development within 500 linear metres of the Burnham Beeches SAC boundary; and</li> <li>• Financial contributions from all net new residential development within 500 metres – 5.6 linear kilometres from the Burnham Beeches SAC boundary towards the Strategic Access Management and Monitoring Strategy at Burnham Beeches SAC.</li> </ul>

## Quantity of housing to provide

49. The NPPF 2021 (paragraphs 66 and 67) requires Local Authorities to provide neighbourhood groups upon request with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period. South Bucks originally provided an indicative housing figure of 191 homes, however, this is no longer relevant since Buckinghamshire local government reorganisation and the subsequent withdrawal of the Joint Local Plan.



50. Given the newly formed Buckinghamshire Unitary Authority and lack of up to date Local Plan for the area the neighbourhood area has not been given a new formal or indicative housing requirement.
51. The question of how many houses to plan for is outside the scope of this Housing Needs Assessment, as discussed and agreed with the Parish Council. The issue of quantity has been excluded from the Research Questions (see Chapter 3).
52. Therefore, a discourse has not been provided in this assessment on the overall quantity of homes to be delivered and conclusions drawn on what tenure and type or size of dwelling required can be used as a basis for housing policy in the Neighbourhood Plan which any planning application would be required to conform with.
53. Although there is no housing requirement, there has been significant development and commitment in Farnham Royal. Data provided by Buckinghamshire shows that there have been 178 dwellings built between 2011 and 2021 in Farnham Royal, all of which were market housing. As of 31<sup>st</sup> December 2021, there were 65 units with outstanding planning permissions, an additional 61 units were under construction (including three affordable units and 44 units within a C2 residential care home).

## 3. Approach

### Research Questions

54. The following research questions were formulated at the outset of the research through discussion with the Farnham Royal Parish Council. They serve to direct the research and provide the structure for the HNA.

### Tenure and Affordability

55. 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. This evidence will allow Farnham Royal 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.
56. The neighbourhood planners are interested in exploring the need for Affordable Housing for sale (also known as affordable home ownership) and are therefore eligible for support under the Affordable Housing for sale element of the Neighbourhood Planning Technical Support programme. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

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

### Type and Size

57. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community. The neighbourhood group recognises there is a need to provide adequate housing to retain young people within the area as well as fulfilling the needs of the elderly population.
58. The aim of this research question is to provide neighbourhood planners with evidence on the types and sizes needed by the local community. This will help to shape future development so that it better reflects what residents need. While this study is not able to advise on space standards or home configurations, it may reveal imbalances between the available stock and demographic trends.
59. Note, however, that the evidence gathered here takes the current population as its starting point and projects forward trends that exist today. It therefore risks embedding features of the housing stock and occupation patterns that the community may actually wish to change. In that sense, the findings in this report might be viewed as the baseline scenario on top of which the community's objectives and primary evidence should be layered to create a more complete picture and vision for the future.

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

## **Relevant Data**

60. This HNA assesses a range of evidence to ensure its findings are robust for the purposes of developing policy at the Neighbourhood Plan level and is locally specific. This includes data from the 2011 Census and a range of other data sources, including:
- Other Office of National Statistics (ONS) datasets providing more up-to-date demographic information;
  - ONS population and household projections for future years;
  - Valuation Office Agency (VOA) data on the current stock of housing;
  - Land Registry data on prices paid for housing within the local market;
  - Rental prices from Home.co.uk;
  - Local Authority housing waiting list data; and
  - Chiltern and South Bucks Housing and Economic Needs Assessment 2019.
61. More recent data sources for the population and existing housing stock will be used wherever possible in this report. However, Census datasets providing, for example, the breakdown of households (as opposed to individuals) by age and the tenure of dwellings, cannot be accurately brought up to date in this way. Such patterns are instead generally assumed to persist to the present day.

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

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

### Introduction

62. This section approaches the question of affordability from two perspectives. First, it examines what tenure options are currently available in the parish and which of them might be most appropriate going forward, based on the relationship between how much they cost and local incomes. Second, it estimates the quantity of Affordable Housing that might be required during the Neighbourhood Plan period. The scale of need for these homes can justify planning policies to guide new development.
63. Tenure refers to the way a household occupies their home. Broadly speaking, there are two categories of tenure: market housing (such as homes available to purchase outright or rent from a private landlord) and Affordable Housing (including subsidised products like social rent and shared ownership). We refer to Affordable Housing, with capital letters, to denote the specific tenures that are classified as affordable in the current NPPF. A relatively less expensive home for market sale may be affordable but it is not a form of Affordable Housing.
64. The definition of Affordable Housing set out in the NPPF 2021 makes clear the Government's commitment to home ownership by broadening the definition to include a range of low-cost housing opportunities for those aspiring to own a home. As part of this effort, the Government has recently introduced a new product called First Homes.<sup>7</sup>
65. Because the First Homes product is new and expected to be an important part of the strategy for improving access to home ownership, it is worth summarising its key features and implications:
- First Homes should be available to buy with a minimum discount of 30% below their full market value (i.e. the value of an equivalent new home);
  - The discount level can be set higher than 30% – at 40% or 50% – where this can be suitably evidenced. The setting and justifying of discount levels can happen at neighbourhood as well as local authority scale;
  - After the discount is applied the initial sale price must not exceed £250,000 (or £420,000 in Greater London), and lower caps can be set locally;

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<sup>7</sup> The shape that the new First Homes product will take is set out in a Ministerial Statement issued in May 2021, available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>. The relevant update to PPG is available here: <https://www.gov.uk/guidance/first-homes#contents>.

- Purchasers must be first-time buyers with an income less than £80,000 (or £90,000 in Greater London), and First Homes can be prioritised for local people and/or key workers;
- They will be subject to legal restrictions ensuring the discount is retained for future occupants, and renting out or sub-letting will not normally be permitted;
- In addition to setting the discount level, local authorities and neighbourhood planning groups can apply additional criteria, such as a lower income cap, local connection test or prioritisation for key workers through adopted plans, emerging policy or Supplementary Planning Documents.
- 25% of all homes delivered through section 106 developer contributions on sites enabled through the planning process should be sold as First Homes. In simpler terms, 25% of all subsidised Affordable Housing on mainstream housing developments should be First Homes. This is likely to mean that First Homes will take the place of shared ownership housing in many circumstances, and in some cases may also displace social or affordable rented homes.

## Current tenure profile

66. The current tenure profile is a key feature of the Neighbourhood Area (NA). Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing.
67. Table 4-1 overleaf presents data on tenure in Farnham Royal compared with South Bucks, Buckinghamshire and England from the 2011 Census, which is the most recent available source of this information. Farnham Royal has a greater proportion of home ownership compared to the higher-level geographies. Farnham Royal has a significantly high proportion of shared ownership, at more than double the rates found across Buckinghamshire and England. Farnham Royal has lower levels of both social and private rented tenures compared to South Bucks and Buckinghamshire, significantly below the national averages.

68. There is no current data on the proportion of housing that is rented because the choice to let out a property does not require planning permission or other changes that would be recorded centrally. The 2021 Census will provide the most robust and up-to-date picture of this when the results are released in the coming months. However, it is interesting to observe the change recorded between the 2001 and 2011 Census: in Farnham Royal the private rented sector expanded by 147.9% in that period, a rate of growth that significantly exceeded the local and national averages.

**Table 4-1 Tenure (households) in Farnham Royal, 2011**

Tenure	Farnham Royal	South Bucks	Buckinghamshire	England
Owned	74.5%	73.4%	72.2%	63.3%
Shared ownership	2.6%	1.5%	1.0%	0.8%
Social rented	11.3%	12.3%	12.7%	17.7%
Private rented	10.0%	11.4%	12.9%	16.8%

Sources: Census 2011, AECOM Calculations

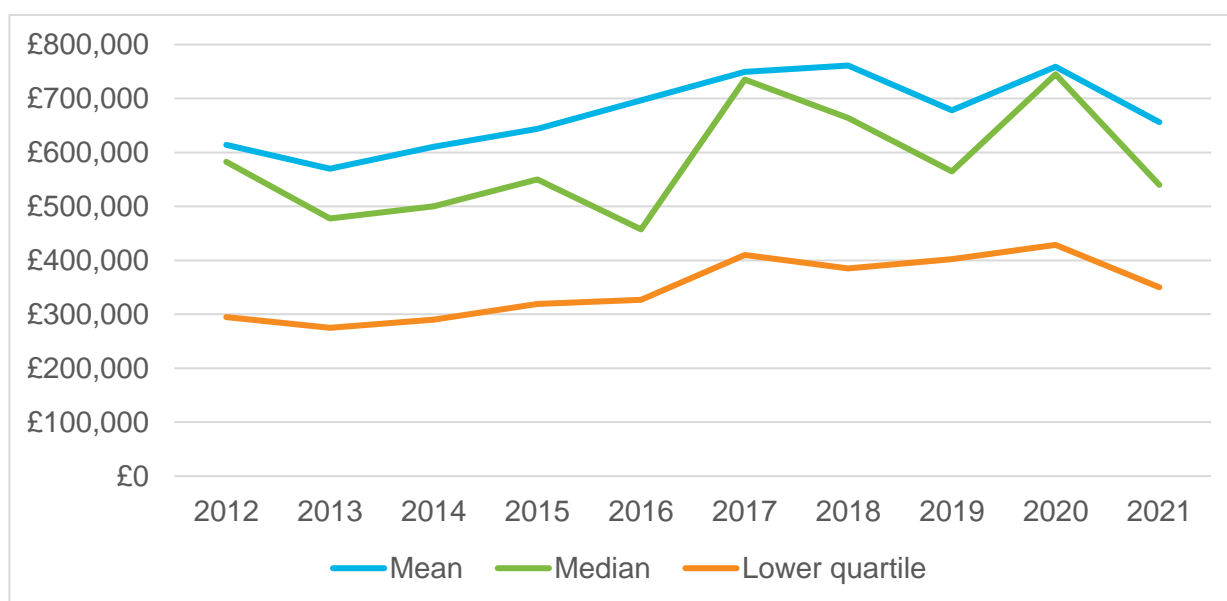
## Affordability

### House prices

69. House prices provide an indication of the level of demand for homes within an area. The relationship between house prices and incomes determines whether housing is affordable to local households and, to a large extent, what tenure, type and size of home they occupy. Changes in affordability over time can indicate pressures in the housing market. As such, it is useful for the evidence base for plans to examine trends in prices and consider what this reveals about the local housing market.

70. Figure 4-1 looks at selected measures of house prices in Farnham Royal. It shows that there have been considerable fluctuations in house prices over the previous ten-year period (2012 to 2021 inclusive). The greatest change can be seen in lower quartile prices, which represent the bottom 25% value of all properties sold. Lower quartile prices grew by 18.6% between 2012 and 2021. The mean house price, increased by 6.8% whereas the median house price decreased by 7.3%. The median represents the middle number in a sequence arranged smallest to largest, whereas the mean captures the average of all the house prices, both high and low, the few outlying data points on the high end cause the mean to increase, making it higher than the median.

**Figure 4-1 House prices by quartile in Farnham Royal, 2012-2021**



Source: Land Registry PPD

71. Table 4-2 below breaks down house prices by type, presenting the median within each type. Looking at ‘All Types’ the table suggests there has been a small decrease in median house price between 2012 and 2021, though this is likely to be affected by the different mix of properties sold in 2021 compared to 2012 and so it is useful to review the growth in each individual property type. Table 4-2 shows that terraced properties experienced the greatest growth at 54.0%, followed closely by flats at 53.8%. Detached and semi-detached experienced more modest growths of 26.1% and 38.6%, respectively.

**Table 4-2 Median house prices by type in Farnham Royal, 2012-2021**

Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth
Detached	£775,000	£815,000	£792,500	£815,000	£970,000	£977,207	£1,075,000	£885,000	£920,000	£977,500	26.1%
Semi-detached	£386,000	£410,000	£485,000	£482,000	£455,000	£485,000	£520,000	£495,000	£637,500	£535,000	38.6%
Terraced	£268,000	£283,025	£322,500	£345,000	£407,500	£390,000	£414,000	£414,000	£387,500	£412,625	54.0%
Flats	£195,000	£220,000	£261,125	£252,000	£302,500	£360,000	£310,000	£382,667	£345,000	£300,000	53.8%
<b>All Types</b>	£582,500	£477,500	£500,000	£550,250	£457,500	£735,000	£663,750	£565,000	£745,000	£540,000	-7.3%

Source: Land Registry PPD

## Income

72. Household incomes determine the ability of households to exercise choice in the housing market, and consequently the level of need for affordable housing products. Two sources of data are used to examine household incomes in the NA.

73. The first source is ONS’s estimates of incomes in small areas. This is locally specific but limited to the overall average income (i.e. it does not provide the average income of lower earners). The average total household income before housing costs locally was £59,900 in 2018. A map of the area to which this data applies is provided in Appendix A.

74. The second source is ONS’s annual estimates of UK employee earnings. This provides lower quartile average earnings (i.e. the income of the lowest 25% of earners). However,

it is only available at the Local Authority level. It also relates to individual earnings. While this is an accurate representation of household incomes where there is only one earner, it does not represent household income where two or more people are earning. Buckinghamshire's gross individual lower quartile annual earnings were £17,847 in 2021. To estimate the income of households with two lower quartile earners, this figure is doubled to £35,694.

75. It is immediately clear from this data that there is a large gap between the spending power of average earning households and those earning the lowest 25% of incomes, particularly where the household in question has one earner only.

## **Affordability Thresholds**

76. To gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds': the estimated amount of annual income required to cover the cost of rent or a mortgage given local housing prices.
77. AECOM has determined thresholds for the income required in Farnham Royal to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in the NPPF. These calculations are detailed and discussed in more detail in Appendix A.
78. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations, but it is worth noting here that we have assumed that the maximum percentage of household income that should be spent on rent is 30% and that mortgage financing will be offered at a maximum of 3.5 times household income.
79. Table 4-3 overleaf summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. The income required column assumes the household already has access to a deposit (which we have assumed to be 10% of the value to be purchased) but does not reflect the possibility that households may already hold equity from an existing property. Although these factors may be crucial to whether housing will be affordable, they are highly dependent on individual circumstances that cannot be anticipated here.
80. The same information is presented as a graph in Figure 4-2 on a subsequent page, with selected measures from the table presented for clarity.



**Table 4-3 : Affordability thresholds in Farnham Royal (income required, £)**

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £59,900	Affordable on LQ earnings (single earner)? £17,847	Affordable on LQ earnings (2 earners)? £35,694
<b>Market Housing</b>						
Median House Price	£486,000	-	£138,857	No	No	No
LA New Build Median House Price	£405,000	-	£115,714	No	No	No
LQ/Entry-level House Price	£315,000	-	£90,000	No	No	No
Average Market Rent	-	£18,420	£61,400	Marginal	No	No
Entry-level Market Rent	-	£17,124	£57,080	Yes	No	No
<b>Affordable Home Ownership</b>						
First Homes (-30%)	£340,200	-	£97,200	No	No	No
First Homes (-40%)	£291,600	-	£83,314	No	No	No
First Homes (-50%)	£243,000	-	£69,429	No	No	No
Shared Ownership (50%)	£243,000	£6,750	£91,929	No	No	No
Shared Ownership (25%)	£121,500	£10,125	£68,464	No	No	No
Shared Ownership (10%)	£48,600	£12,150	£54,386	Yes	No	No
<b>Affordable Rented Housing</b>						
Affordable Rent	-	£8,209	£27,335	Yes	No	Yes
Social Rent	-	£6,285	£20,930	Yes	No	Yes

Source: AECOM Calculations

81. Before considering each tenure category in turn, it is important to stress that these affordability thresholds have been calculated to give a sufficiently robust indication of the costs of various tenures to inform Neighbourhood Plan policy choices. These figures rely on existing data and assumptions, and it is not possible to estimate every possible permutation. The income figures also disguise a large degree of variation. For simplicity the analysis below speaks in terms of tenure products being 'affordable' or 'not affordable' for different groups, but individual circumstances and the location, condition and other factors of specific properties in each category have a large impact. These conclusions should therefore be interpreted flexibly.

### Market housing for purchase and rent

82. Thinking about housing for purchase on the open market, it appears that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. Market housing, even with the benefit of a higher than average income, is likely to remain out of reach to most. The median house price would require an annual income 131.8% higher than the current average.

83. Private renting is generally only affordable to higher earners. Households made up of two lower quartile earners cannot afford the given rental thresholds. Affordability is improved if households are able or willing to dedicate a larger proportion of their incomes to rental costs, although this has repercussions for other quality of life aspects and cannot be assumed to suit all individuals' circumstances.

## Affordable home ownership

84. There is a relatively large group of households in Farnham Royal who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £57,080 per year (at which point entry-level rents become affordable) and £90,000 (at which point entry-level market sale homes become affordable). This ‘can rent, can’t buy’ cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
85. First Homes are to be offered at a discount of at least 30% on equivalent market prices (i.e. new build, entry-level properties). Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate.
86. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. First Homes appear to be largely unaffordable for those on average incomes, with the affordability threshold for 50% discount (£69,429) being approximately £10,000 above the average income (£59,900). In order for lower quartile earners to be able to access discounted market sales, a discount of well over 50% would be required.
87. Table 4-4 shows the discount required for First Homes to be affordable to the three income groups. Because it is not possible to estimate the cost of a typical First Home due to a lack of data on new build entry-level house prices in the NA, it is worth considering the discounts required for some additional price benchmarks. The table above uses median house prices in the NA as the best proxy for the cost of a newly built entry-level home in the area, because this reflects the local market and accounts for the price premium usually associated with newly built housing (which would bring the price closer to the price of median existing homes than existing entry-level homes). However, it is worth thinking about First Homes in relation to the cost of new build prices in the wider area, and of entry-level existing prices locally to get a more complete picture. The discount levels required for these alternative benchmarks are given below.

**Table 4-4 Discount on sale price required for households to afford First Homes**

Tenure/product	Mean Income	LQ Income x1	LQ Income x2
NA Median house price	57%	87%	74%
LA New build median house price	48%	85%	69%
NA Entry-level house price	33%	80%	60%

Source: Land Registry PPD; ONS MSOA total household income

88. Shared ownership (particularly at 10% equity) appears to be more affordable than First Homes. Government has recently announced that the minimum equity share for shared ownership will fall to 10% of the property value.<sup>8</sup> If this is delivered in the NA, it will make shared ownership easier to access for more people. However, while the income

<sup>8</sup> The previous minimum equity share was 25%. This change took effect from 28 June 2021 and transitional arrangements are in place for planning policy documents that are prepared during the implementation timeframe. Changes are also introduced to make the process of staircasing to full ownership more gradual with lower minimum increments of 1%. The ministerial statement confirming and detailing the changes is available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>.

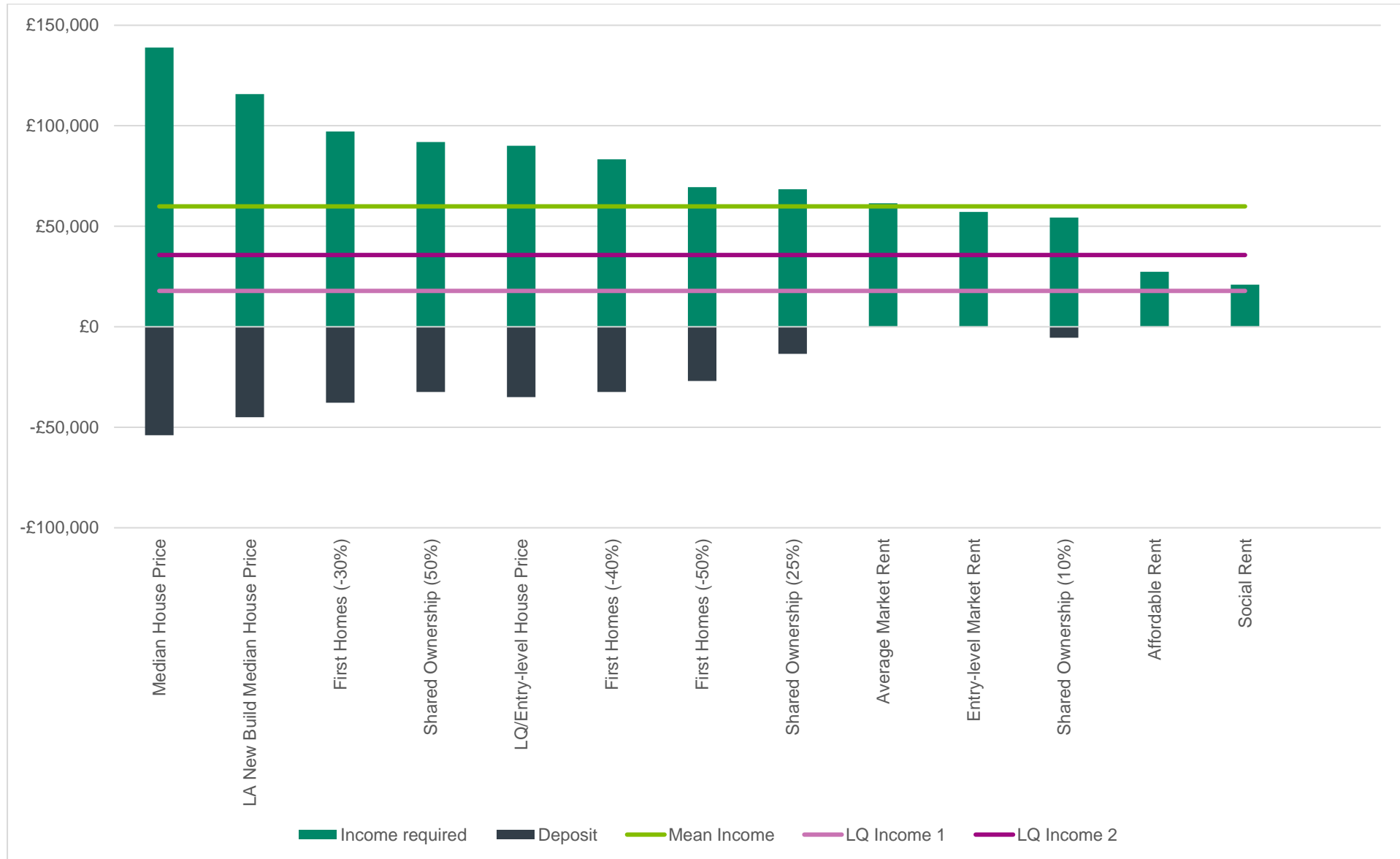
threshold for a 10% equity shared ownership home is lower, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.

89. The transition from 10% to 100% ownership would be long, and during this period the rent on the 90% unsold value would not be subsidised, meaning that monthly costs for occupants will remain relatively high and the build-up of equity will be relatively slow. This product would therefore only be a realistic route to full ownership for households prepared to take a long-term view.
90. The income required to access Rent to Buy is assumed to be the same as that required to afford market rents. In this case, the income required to access entry level rents is £57,080 and average market rent is £61,400. Rent to Buy may be a suitable option for those earning just above average incomes who wish to access home ownership. However, given average rents (and entry level rents) are not affordable to households on LQ incomes, even with two earners, Rent to Buy is still not enough for LQ income households, who are likely to require affordable rented provision.
91. These three products need to be considered in relation to what they offer occupants in the long term beyond simply being affordable to access or not.
  - First Homes allow for a greater ownership stake in the property, enabling occupiers to benefit from price appreciation over time. Monthly outgoings are also limited to mortgage costs alone, which tend to be cheaper than renting.
  - Shared ownership at high equity shares performs a similar function to First Homes, but there are additional costs associated with the rented portion.
  - Shared ownership at low equity shares can usually be accessed by lower earning households (than First Homes) and requires a smaller deposit. However, this is a potentially less attractive route to eventual ownership because monthly outgoings remain high. The occupant has to pay a significant monthly rent as well as service charges and other costs, so it can be harder for them to save funds to buy out a greater share in the property over time.
  - Rent to Buy requires no deposit, thereby benefitting those with sufficient incomes but low savings. It is more attractive than renting but results in a much slower accumulation of the funds that can provide an eventual route to ownership than the other tenures discussed above.
92. In conclusion, such products do little to help households on lower earnings, even where there are two earners. Lower income households appear unable to afford any market tenure, including entry level rent. Taking into consideration the affordability thresholds set out above, it is apparent that the income required to buy an average market home, average new build home, or even lower quartile existing home for sale is higher than what would be expected to be available to those on average household incomes. Home ownership is out of reach for many, although shared ownership at a lower than 25% equity share may allow average earning households to get a foot on the housing ladder, while rent to buy is helpful to those earning just above median incomes with little or no savings for a deposit.

### **Affordable rented housing**

93. Affordable rented housing is generally affordable to households with two lower earners depending on their household size (average earning households are unlikely to be eligible). However, households with a single lower earner appear unable to afford any of the tenures considered including the smallest socially rented units. Many such individuals will, if unable to secure a social rented dwelling require additional subsidy through Housing Benefit to access housing.
94. The evidence in this chapter suggests that the affordable rented sector performs a vital function in Farnham Royal as the only option for a large segment of those in the greatest need. Social rents are cheaper and would therefore leave households on lower earnings better off and better able to afford their other living costs, such as food and fuel etc. Where households are supported by housing benefit the difference in the cost of affordable and social rents may be irrelevant as the level of housing benefit flexes according to the rent. This means that households supported by housing benefit may be no better off in social rented accommodation because they receive a lower rate of housing benefit to cover their rent.

**Figure 4-2 Affordability thresholds in Farnham Royal, income required (additional cost of deposit in black)**



Source: AECOM Calculations

## Affordable housing- quantity needed

95. The starting point for understanding the need for affordable housing in Farnham Royal is the relevant Local Housing Need Assessment (LHNA). A LHNA was incorporated within the Chiltern and South Bucks HENA 2019. This study estimated the need for affordable housing in the districts based on analysis of Councils' waiting list and analysis of other data sets in line with Planning Practice Guidance at the time. The HENA identifies a total need for 77 additional affordable homes each year across the South Bucks district as a whole, largely for social/affordable units (i.e. households who live in unsuitable housing and who cannot afford to access market rents). This total annual need for South Bucks comprises approximately 72 affordable houses for rent and 5 affordable houses for sale.
96. When the HENA figures are pro-rated to Farnham Royal based on its fair share of the population (8.9% of South Bucks's population), this equates to approximately 7 (6.9) homes per annum (predominately for social/affordable rent) or 96 (96.3) homes over the Neighbourhood Plan period (2022-2036).
97. This pro-rated figure may not accurately represent actual need in the NA but is a useful guide to the scale of need that is likely on the basis of the population size. Housing waiting list data provided by Buckinghamshire<sup>9</sup> suggests there are 11 households within the NA in reasonable preference categories (priority bands A to E), broken down as detailed in Table 4-5.

**Table 4-5 Registered Housing Need with Farnham Royal**

Split by bedroom need		Split by priority band	
<b>Studio/ one-bedroom</b>	5	<b>Band A</b>	1
<b>Two-bedroom</b>	3	<b>Band B</b>	5
<b>Three-bedroom</b>	3	<b>Band C</b>	1
<b>Four-bedroom</b>	0	<b>Band D</b>	3
		<b>Band E</b>	1

Source: Buckinghamshire Council

98. Whilst this data suggests there are currently about 11 households in Farnham Royal unable to access affordable rented homes suitable to their needs, it doesn't include other applicants within the South Bucks area who may have registered a preference for the parish. Therefore, it may not fully reflect the number of local people who've been forced to look beyond the parish to meet their housing needs.
99. It is important to keep in mind that the households identified in the affordable home ownership HENA estimate are, by and large, adequately housed in the private rented sector, Affordable Housing, or living in other circumstances. They do not necessarily lack their own housing but would prefer to buy rather than rent. They have been included in the national planning definition of those in

<sup>9</sup> As provided in an e-mail from David Walker, Buckinghamshire Council, March 2022

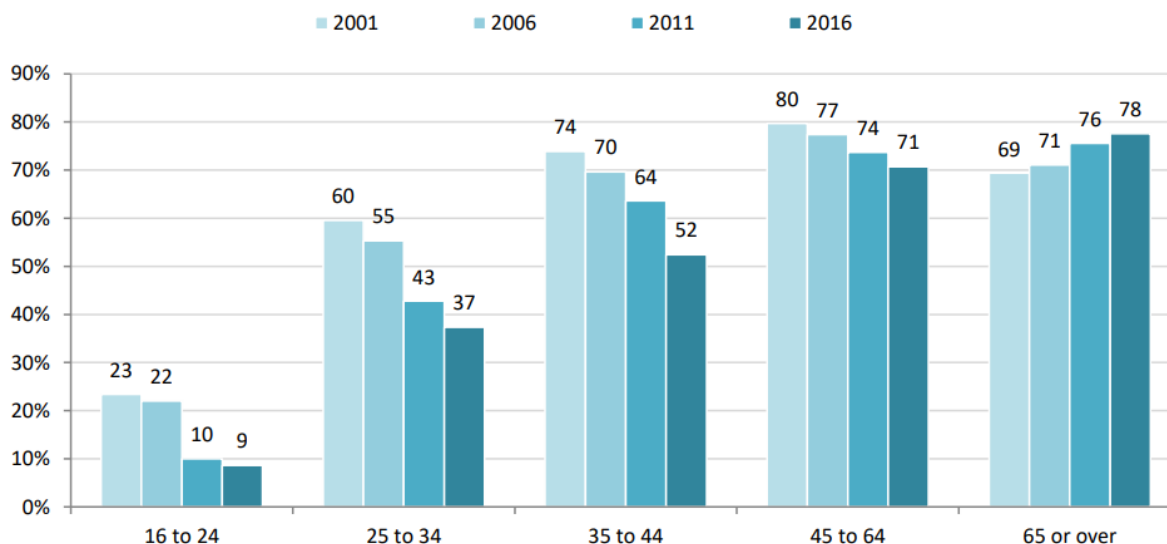
need of Affordable Housing, but their needs are less acute than those on the waiting list for affordable rented housing.

100. There is no policy or legal obligation on the part either of the Local Authority or Neighbourhood Plan to meet affordable housing needs in full, though there are tools available to the Steering Group that can help ensure that it is met to a greater extent if resources permit (e.g. the ability to allocate sites for affordable housing).
101. It is also important to remember that even after the Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need, and the management of the housing waiting list all remain the responsibility of the Local Authority rather than the neighbourhood planning group.

## Additional HENA findings

102. Figure 29 of the Chiltern and South Bucks HENA 2019 (replicated below as Figure 4-3) demonstrates the age of owner occupiers across Chiltern and South Bucks. It shows that the proportion of those owning their own home has been decreasing for all age groups up to those aged 64. Whilst the proportion of those over 65 owning their own home has increased. This highlights an increasing and general unaffordability across the wider housing area.

**Figure 4-3 Percentage of Owner Occupiers by Age Group 2001-2016**



Source: Chiltern and South Bucks HENA 2019

## Affordable Housing policy guidance

103. The adopted policy on this subject Core Policy 3: Affordable Housing requires 40% of new housing to be affordable on sites of 5 units and above or on sites of 0.16 hectares and above). Given that no Affordable Housing was developed in Farnham Royal over the last decade according to Buckinghamshire's

completions figures<sup>10</sup>, it is understood that this target is not usually met on sites in the NA.

104. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.
105. How the Affordable Housing that comes forward through mainstream development sites is broken down into specific tenures – such as the balance between rented tenures and routes to home ownership – is specified in adopted Core Policy 3 which states that 66% of the affordable units provided on should be social rented, with the remainder as intermediate affordable dwellings. The HNA can supply more localized evidence, and this section summarises the factors that might be taken into account before proposing a suggested Affordable Housing tenure mix that might be suitable for Farnham Royal specifically.
106. The following evidence and considerations may be used as a starting point in the development of policy concerning the Affordable Housing mix:

A. **Evidence of need for Affordable Housing:** This study estimates that Farnham Royal requires roughly 96 units of affordable housing over the Plan period. Whilst both forms of Affordable Housing would be valuable in meeting the needs of people on various incomes, the LHNA data and affordability thresholds presented in this HNA suggest there is a greater need for social/affordable units (i.e. households who live in unsuitable housing and who cannot afford to access market rents).

B. **Can Affordable Housing needs be met in full?** The NA does not currently have a housing requirement figure. Therefore, it is difficult to predict whether housing development in Farnham Royal across the Plan period would be able to deliver the level of housing required to ensure 96 affordable units were provided.

Assuming 40% of dwellings were built as affordable, to deliver 96 affordable dwellings a total of 240 dwellings would need to be built in the NA. This would significantly exceed the original indicative housing figure of 191 homes provided by South Bucks and would be approximately double the number of homes delivered in the parish between 2011 and 2021. There may be no local appetite for such a scenario. Likewise, it may not be practical given the Burnham Beeches SPD which seeks to restrict residential development within 500m of the SAC. Therefore, the neighbourhood planners may wish to seek alternative ways to deliver, at least, some of the affordable housing, such as through rural exception sites where the starting point for delivery is an expectation of providing 100% affordable housing. There may also be a case to prioritise the more urgent need for social and affordable rented housing within the potentially limited quantity of affordable housing overall, although it recognised that few

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<sup>10</sup> Note, three affordable units are under construction at the time of writing.



qualifying development sites are likely to come forward within the constrained settlement boundaries.

As there are no site allocations within the NA and because the level of affordable housing provision on any future exception sites is unknown, it is reasonable to assume that supply will be limited. We therefore recommend that affordable rented housing should have a higher weighting in the tenure mix to ensure that the most acute needs are met as a priority. The 66% rented 33% ownership guideline mix in the adopted Local Plan may offer an appropriate benchmark. This suggested mix prioritises those in most need, adhering to the national first homes policy limitations (noted below) and provides flexibility to deliver other intermediate tenures.

- C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. For 10% of all housing to be affordable ownership in South Bucks, where 40% of all housing should be affordable (based on adopted Core Policy 3), 25% of Affordable Housing should be for affordable ownership. This national requirement would be consolidated within the guideline tenure split sought in the current adopted Local Plan (i.e 33% intermediate accommodation).

There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Based on the findings of this HNA, in the context of large housing need and potential limited delivery, going beyond the 10% threshold would impact on the ability to deliver urgently social/affordable rented homes.

- D. **Local Plan policy:** As noted above, the adopted Local Plan seeks a tenure split of 66% affordable rented and 33% intermediate accommodation.
- E. **First Homes policy:** the Government recently concluded a consultation on the introduction of First Homes (to provide at least 30% discount on new build home prices). The proposals have now been enacted through a ministerial statement. A minimum of 25% of all Affordable Housing secured through developer contributions are now required to be First Homes.

This new minimum requirement may have the effect of displacing other products in any established tenure mix, and will reduce the amount of social or affordable rent if this was proposed to be more than 75% of Affordable Housing. This would not be the case in Farnham Royal as the adopted Local Plan seeks 66% affordable rented.

After the 25% First Homes requirement has been met, the remaining 75% of Affordable Housing units should as a first priority protect the provision for social rent set out in the Local Plan. The remaining units should then be allocated to other tenure products in the relative proportions set out in the Local Plan.

AECOM is aware that some Local Planning Authorities are considering 'top slicing' their affordable housing quota to provide 25% First Homes and then

allocating the remaining proportion according to their existing policy tenure split. If this was done in Buckinghamshire, the remaining 75% of the affordable housing provision would then be apportioned 70% to affordable rent and 30% to affordable home ownership. If this approach is taken, all other things being equal, it would reduce the provision of rented forms of affordable housing since it would effectively protect the provision of other forms of affordable home ownership alongside First Homes. Some LPAs are considering this approach because of the existing business models of registered providers which have relied on shared ownership to cross subsidise affordable rented housing and uncertainty over whether First Homes could replace this model.

This guidance generally applies to district-level policy, and there may still be potential for a neighbourhood plan tenure mix to deviate from how the other tenures are rebalanced if appropriate.

- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site-specific level. Viability issues are recognised in the Local Plan and it is acknowledged that this may affect the provision of affordable housing, the mix of tenures provided and the discounts that can be sought on First Homes properties.
- G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood planning group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- H. **Existing tenure mix in Farnham Royal:** As per the evidence presented in this chapter, Farnham Royal has a high rate of shared ownership tenure and a significantly lower rate of social rents. This suggests that some provision of Affordable Housing (particularly social and affordable rent) would offer a wider choice of homes for local residents and, importantly, may allow those on lower incomes including newly forming households and younger families to remain in or move to the area.
- I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in the parish. The funding arrangements available to housing associations will determine rent levels.
- J. **Wider policy objectives:** the neighbourhood planning group may wish to take account of broader policy objectives for Farnham Royal and/or the wider district. These could include, but are not restricted to, policies to attract younger households, families or working age people to the NA. These wider considerations may influence the mix of Affordable Housing provided.

107. On the basis of the previous considerations,

108. Table 4-6 overleaf proposes an indicative Affordable Housing tenure mix that might be sought through Neighbourhood Plan policy.
109. The recommended indicative 66/33 split complies with various minimum requirements mandated nationally, as well as the Local Plan guideline mix of 66% rented to 33% ownership. This indicative mix is chiefly a response to the expectation that the delivery of Affordable Housing will be lower than the needs identified here. In this context, affordable rented tenures should be prioritised to a greater extent than affordable ownership.
110. Given the affordability thresholds presented earlier, we recognise it would be advantageous to propose an even higher proportion of affordable rent (i.e. beyond 66%). However, the national 'First Homes' policy essentially restricts the proportion of affordable rent we can recommend. As at least 25% of affordable housing for ownership is required for 'First Homes' it is sensible to increase the proportion of intermediate accommodation to ensure there is flexibility to facilitate other, potentially more affordable, intermediate tenures. For example, the affordability thresholds for Farnham Royal suggest that Shared Ownership (particularly at 10% equity) is more affordable than First Homes, increasing the proportion of affordable rent reduces the amount Shared Ownership that could be facilitated.
111. This recommended mix should be viewed as a starting point, based primarily on secondary evidence, which should be reconsidered in light of considerations F to J above, and in particular the views and objectives of the community.
112. Where the neighbourhood planning group wish to develop policy that deviates from that outlined in the Local Plan – either by differing from the headline split between renting and ownership or by specifying a greater level of detail around sub-tenures, it is important that they liaise with Buckinghamshire Council to gather more detailed income and viability information, and to ensure that departures from the local policy context have their support.
113. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.
114. AECOM cannot provide guidance on the appropriate share of social/affordable rented homes as this will depend on the level of funding available to housing associations which will determine at what level rents can be set. Registered providers (eg housing associations) may be reluctant to deliver small numbers of homes where there are ongoing management costs involved. For this reason, the proportion of rented homes which can be secured may depend on the willingness of local housing associations to maintain and manage small numbers of homes.

**Table 4-6 Indicative tenure split (Affordable Housing)**

<b>Tenure</b>	<b>Indicative mix</b>	<b>Considerations and uncertainties</b>
<b>Routes to home ownership, of which</b>	<b>33%</b>	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	8%	Recently confirmed changes to the model to allow purchases of 10% share - impact on viability unknown. RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to Buy	0%	Emerging product with popularity and effectiveness as yet unknown. Impact of displacement by First Homes unknown.
<b>Affordable Housing for rent, of which</b>	<b>66%</b>	
Social rent	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area. Uncertain whether RPs willing to own/manage stock in this area.
Affordable rent	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area.

Source: AECOM calculations

## Conclusions- Tenure and Affordability

115. At the time of the 2011 Census, Farnham Royal had a greater proportion of home ownership compared to the higher-level geographies. Farnham Royal had a significantly high proportion of shared ownership, at more than double the rates found across Buckinghamshire and England. Farnham Royal had lower levels of both social and private rented tenures compared to South Bucks and Buckinghamshire, significantly below the national averages.
116. The 2021 Census will provide the most robust and up-to-date picture. However, it is interesting to observe the change recorded between the 2001 and 2011 Census. The proportion of private rented tenure expanded by 147.9% in Farnham Royal, a rate of growth that significantly exceeded the local and national averages.
117. In terms of house prices, there has been considerable fluctuations in house prices between 2012 and 2021. The greatest change can be seen in lower quartile prices, which grew by 18.6%. The mean house price, increased by

6.8%, whereas, the median house price decreased by 7.3%. Looking at the median price for each individual house type we can see that terraced properties experienced the greatest growth at 54.0%, followed closely by flats at 53.8%. Detached and semi-detached experienced more modest growths of 26.1% and 38.6%, respectively.

118. By benchmarking the incomes required to afford the different tenures in the neighbourhood area, we determined the following:
119. Those on average incomes (£59,900) cannot access median or entry-level homes market homes. The median house price would require an annual income 131.8% higher than the current average. Therefore, market housing is likely to remain out of reach to most.
120. Private renting is generally only accessible to those on higher than average incomes, while average lower quartile earners cannot afford the entry level rental thresholds. Therefore, Rent to Buy maybe a viable route to affordable home ownership to those earning just above mean incomes, however, is likely to be out of reach to those on lower quartile incomes.
121. There is a 'can rent, can't buy' cohort, earning between around £57,080 and £90,000 per year who are able to afford to rent privately but cannot afford home ownership. This group may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
122. The income required to afford First Homes has been tested against the implications of 30%, 40% and 50% discount levels. First Homes appear to be largely unaffordable for those on average incomes, with the affordability threshold for 50% discount (£69,429) being approximately £10,000 above the average income (£59,900). In order for lower quartile earners to be able to access discounted market sales, a discount of well over 50% would be required.
123. The discount on average market sale price required to enable households on mean incomes to afford median priced homes is 57%. For single earner households on lower quartile incomes, a discount of 87% would be required, while dual-earners would need a discount of 74%.
124. Shared ownership (particularly at 10% equity) appears to be more affordable than First Homes. While the income threshold for a 10% equity shared ownership home may be within the reach of median earners, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.
125. Affordable rented housing (particularly social rent) is essential for accommodating those on the lowest incomes in Farnham Royal, who can afford few other options.
126. When calculations presented in the HENA are pro-rated to Farnham Royal based on its fair share of the population (8.9% of South Bucks's population), Farnham Royal can be assumed to have a need for 7 affordable homes per annum (predominately for social/affordable rent) or approximately 96 homes

over the Neighbourhood Plan period (2022-2036). Note, this figure is based on the wider district's need and doesn't necessarily reflect the lower need and suitability for affordable housing in more rural areas.

127. Assuming 40% of dwellings were built as affordable, to deliver 96 affordable dwellings a total of 240 dwellings would need to be built in the NA. This would significantly exceed the original indicative housing figure of 191 homes provided by South Bucks and would be approximately double the number of homes delivered in the parish between 2011 and 2021. There may be no local appetite for such a scenario. Likewise, it may not be practical given the Burnham Beeches SPD which seeks to restrict residential development within 500m of the SAC. Therefore, the neighbourhood planners may wish to seek alternative ways to deliver, at least, some of the affordable housing, such as through rural exception sites where the starting point for delivery is an expectation of providing 100% affordable housing. There may also be a case to prioritise the more urgent need for social and affordable rented housing within the potentially limited quantity of affordable housing overall, although it recognised that few qualifying development sites are likely to come forward within the constrained settlement boundaries.
128. Based on a list of considerations presented in the 'policy guidance' section of this chapter, we recommend that an appropriate balance between affordable rented tenures and affordable home ownership within the Affordable Housing that comes forward on mainstream development sites would be 66% rent to 33% ownership. This complies with various minimum requirements mandated nationally and the Local Plan guideline mix of 66% rented to 33% ownership.
129. We recognise it would be advantageous to propose a higher proportion of affordable rent. However, the national policy which stipulates that 'First Homes' should make up at least 25% of the affordable housing requirement essentially restricts the proportion of affordable rent we can recommend. The reason is that flexibility is needed to accommodate the 25% First Homes requirement as well as other, potentially more affordable, intermediate tenures such as Shared Ownership (particularly at 10% equity).

## 5. RQ 2: Type and Size

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

### Introduction

130. The evidence in this chapter is intended to give a snapshot of the existing dwelling stock in Farnham Royal in terms of type and size, as well as some of the population characteristics that tend to influence housing needs. From this, it is possible to develop an understanding of what sort of housing would be appropriate going forward.
131. It is worth emphasising that this evidence assumes that existing demographic and occupation patterns will persist into the future. It can therefore be thought of as the baseline or default scenario, into which the community may wish to intervene – for example to attract a different or more balanced demographic. The recommendations in this chapter, particularly the final suggested size mix, are a starting point that may be adjusted in light of other community objectives and primary evidence.

### Existing types and sizes

#### Background and definitions

132. Before beginning to explore issues of dwelling type and size, it is important to note that the demand for housing by size and type tends to be determined primarily by wealth – with those having more buying power choosing to occupy larger homes, and often preferring detached properties to denser types, such as flats.
133. This study is concerned primarily with need rather than demand. Need for homes of different sizes is chiefly determined by the number of people occupying the home. In the strict sense, there is no ‘need’ for dwellings of any particular type, other than the specific needs of those with certain disabilities for level access properties, for example.
134. The best proxy for the number of people in a household is age or ‘life stage’, with younger and then older households tending to have one or two people, and those in between these poles are more likely to have larger families including children. Life stage is therefore a main indicator considered here for the size of housing needed. But it is worth pointing out that wealth is also correlated with age, so it is not possible to attain a pure view of what is needed from the secondary data alone.
135. It is also useful to clarify the terminology around dwellings and households. Dwellings are counted in the Census by combining address information with Census returns on whether people’s accommodation is self-contained. As such,

all dwellings are classified as either shared or unshared dwellings. Households are groups of people who live together as a coherent unit (such as a family), and a dwelling is shared where there is more than one household occupying it (e.g. two families or a group of individual students). Hence, there is usually a different number of households and dwellings in any given area. The number of dwellings can also exceed that of households in areas with large numbers of holiday or second homes.

136. There is no perfect data source for the current mix of dwellings in the NA. For some aspects, such as the size mix of homes, adding together Census figures and completions data for the intervening period is highly accurate. For others, such as the type and mix of homes, this method is not available, and Valuation Office Agency (VOA) must be used. The most appropriate combination of approaches is used in this section.
137. The VOA counts the stock of properties according to council tax banding and other measures in various areas. Data is provided for Lower Layer Super Output Areas (LSOAs) and their higher-scale equivalents (MSOAs – Medium Super Output Areas). Farnham Royal's parish boundary fully aligns with a combination of the following LSOAs:
  - South Bucks 004A
  - South Bucks 004B
  - South Bucks 004C
138. It is therefore possible to recreate the NA boundary using the VOA dataset to estimate the current mix of dwellings in the NA.

## **Dwelling type**

139. The data in Table 5-1 overleaf shows that Farnham Royal has a significantly high proportion of detached properties, which comprise nearly half of all homes within the neighbourhood area. Detached properties are generally the most expensive home type. An overrepresentation of detached properties might be expected to limit the options for local people on lower incomes, particularly growing families or simply those who cannot afford the majority of the options currently available.
140. The proportion of terraces and flats is relatively comparable between Farnham Royal and Buckinghamshire, both remaining below the national level for these house types. The proportion of semi-detached properties is significantly lower in Farnham Royal compared to Buckinghamshire and England, which is perhaps unsurprising given the high representation of detached properties.
141. Farnham Royal also has a low proportion of bungalows, although it is not necessarily a given that bungalows are completely accessible (e.g. for an occupant using a wheelchair), bungalows can represent an appealing offering for older people and those with mobility challenges.



**Table 5-1 Accommodation type, various geographies, 2021<sup>11</sup>**

Dwelling type	Farnham Royal	Buckinghamshire	England
Bungalow	4.2%	8.9%	9.4%
Flat	18.5%	17.7%	23.0%
Terrace	18.5%	20.4%	26.4%
Semi-detached	8.8%	24.1%	23.8%
Detached	47.9%	27.5%	15.9%
Unknown/other	2.1%	1.3%	1.4%

Source: VOA 2021, AECOM Calculations

142. Census 2011 data is also presented in Table 5-2 alongside the raw VOA figures (which counts the stock of properties according to council tax banding), however, this unfortunately cannot be used to fully understand the changes between 2011 and 2021 because Census data counts bungalows within each of the other categories rather than independently (hence the apparent decline in the number of semi-detached properties), and because the Census data relates to a slightly larger proxy area. Again, note that VOA data is rounded to the nearest 10 in each dwelling category.

**Table 5-2 Accommodation type, Farnham Royal, 2011 and 2021**

Dwelling type	2011 (Census)	2021 (VOA)
Bungalow	-	100
Flat	463	440
Terrace	405	440
Semi-detached	326	210
Detached	1,225	1,140
Unknown/other	-	50
Total	2,418	2,380

Source: ONS 2011, VOA 2021, AECOM Calculations

## Dwelling size

143. Table 5-3 sets out current statistics and the change in the mix of housing by number of bedrooms in Farnham Royal, comparing the 2011 Census mix to 2021 VOA data. While the VOA data helpfully shows changes that have been made to existing homes, the table appears to show a notable decrease in the amount of four + bedroom properties and a notable increase in two-bedroom dwellings. This could indicate that those in larger dwellings have chosen to convert spare bedrooms to other habitable rooms, but may be a function of changes in how dwellings have been classified. The amount of one and three properties in Farnham Royal remains relatively unchanged.

144. Note the 2011 Census data in Table 5-3 only includes active dwellings, whereas the 2011 Census Data in Table 5-2 includes all properties. Also, the discrepancy between the VOA totals in Table 5-2 and Table 5-3 is likely a result of small-scale rounding within each category, full clarity is not available.

<sup>11</sup> Note that Table 5-1 presents bungalows as a distinct dwelling type whereas Census data counts bungalows within each of the other categories

**Table 5-3 Dwelling size (bedrooms), Farnham Royal, 2011 and 2021**

Number of bedrooms	2011 (Census)	2021 (VOA)
1	195 (8.4%)	190 (8.1%)
2	382 (16.5%)	500 (21.3%)
3	692 (29.8%)	720 (30.6%)
4+	1,042 (44.9%)	940 (40.0%)
Unknown	11 (0.5%)	0 (0.0%)
Total	2,322 (100%)	2,350 (100%)

Source: ONS 2011, VOA 2021, AECOM Calculations

145. Again, it is useful to look at the percentage breakdown of dwelling sizes in comparison with the wider district and country. Farnham Royal has a significantly high proportion of four+ bedroom properties, more than double the national average. As a result, Farnham Royal has lower proportions within the remaining categories of dwelling sizes, although the relative proportional splits are largely reflective of local and national averages.

**Table 5-4 Dwelling size (bedrooms), various geographies, 2021**

Number of bedrooms	Farnham Royal	Buckinghamshire	England
1	8.1%	10.0%	12.0%
2	21.3%	24.2%	27.7%
3	30.6%	41.0%	43.0%
4+	40.0%	24.8%	15.2%

Source: VOA 2021, AECOM Calculations

## Age and household composition

146. Having established the current stock profile of Farnham Royal and identified recent changes to it, the evidence gathered below examines the composition and age structure of households living in the NA. Many of these indicators have a bearing on what housing might be needed in future years.

### Age structure

147. Table 5-5 shows the most recent estimated age structure of the NA population, alongside 2011 Census figures. The direction of travel in population change is towards ageing: the largest growth in actual numbers is in the 65-84 age band, whereas the largest proportional change is seen in the 85 and over age band which increased by 29.4%. The 45-64 age band remains the largest single age band in Farnham Royal, increasing by 6.7% between 2011 and 2020. The remaining younger age groups all experienced declines, the greatest of which was a 8.0% decrease in the portion of 25-44 year olds.

148. Note that ONS advises exercising caution with population estimates by single year of age (from which this 2020 data has been derived), as patterns of variance and bias make it relatively less accurate compared to Census data.

149. It is also worth noting that only the age structure of the population (individuals) can be brought up to date in this way. The life stage of households, which forms

the basis of the subsequent analysis of future dwelling size needs, is not estimated each year. The 2011 Census therefore remains the most accurate basis to use in those areas, and the brief comparison here demonstrates that the change from 2011-2020 has not been so significant as to invalidate the 2011 household data used in modelling later in this chapter.

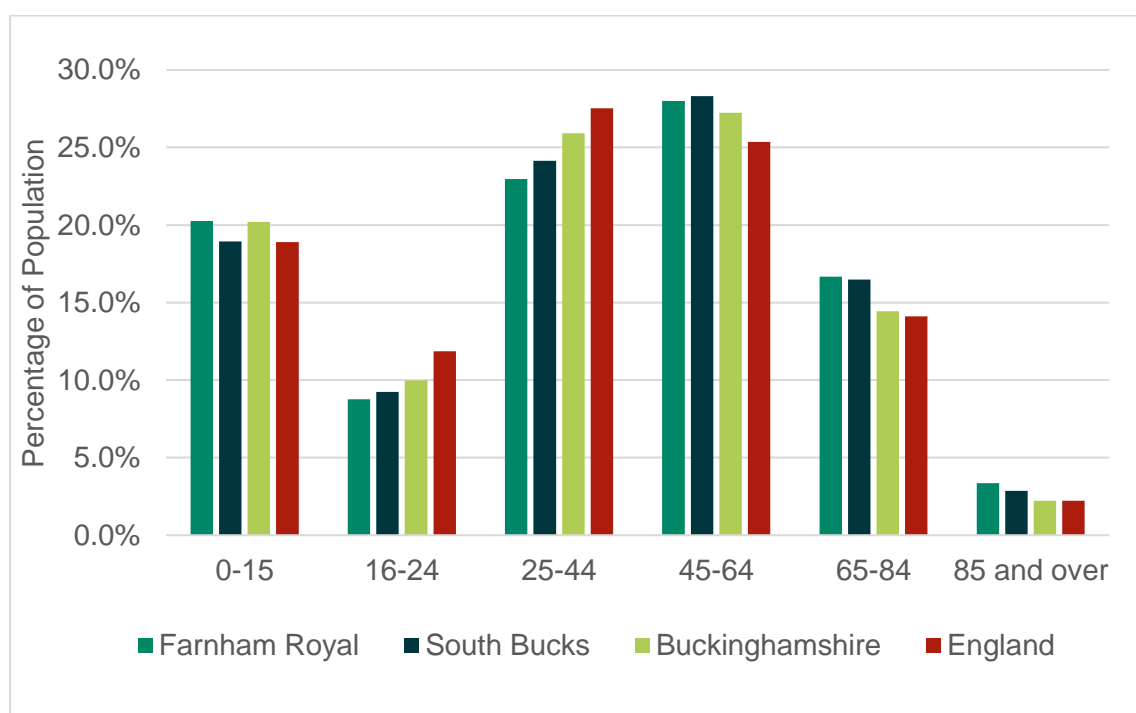
**Table 5-5: Age structure of Farnham Royal population, 2011 and 2020**

Age group	2011 (Census)		2020 (ONS, estimated)		Rate of Change
	Pop.	%	Pop.	%	%
0-15	1,210	<b>20.3%</b>	1,173	<b>19.3%</b>	-3.1%
16-24	523	<b>8.8%</b>	490	<b>8.0%</b>	-6.3%
25-44	1,371	<b>23.0%</b>	1,262	<b>20.7%</b>	-8.0%
45-64	1,672	<b>28.0%</b>	1,784	<b>29.3%</b>	6.7%
65-84	995	<b>16.7%</b>	1,118	<b>18.4%</b>	12.4%
85 and over	201	<b>3.4%</b>	260	<b>4.3%</b>	29.4%
Total	5,972	<b>100%</b>	6,087	<b>100%</b>	1.9%

Source: ONS 2011, ONS mid-2020 population estimates, AECOM Calculations

150. For context, it is useful to look at the parish population structure alongside that of the district and country. Figure 5-1 below (using 2011 Census data) shows that the NA population was generally older than the county and national averages. Farnham Royal has a higher proportion of people in the 45-64, 65-84 and 85 and over age groups compared to Buckinghamshire and England. Whilst the proportion of people in the 0-15 age group is comparable between Farnham Royal and Buckinghamshire, the NA has smaller shares in the 16-24 and 25-44 age groups compared to the averages across Buckinghamshire and England.

**Figure 5-1 Age structure in Farnham Royal, 2011**



Source: ONS 2011, AECOM Calculations

## Household composition

151. Household composition (i.e. the combination and relationships of adults and children in a dwelling) is an important factor in the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period. Table 5-6 shows that the household composition is relatively comparable between Farnham Royal and South Bucks. Comparing the NA to Buckinghamshire we can see that Farnham Royal has a slightly higher proportion of one person households and a lower proportion of families. Farnham Royal has a higher proportion of older one person and family households compared to the local and national levels. In Farnham Royal more families have dependent children rather than none, similar to the trend seen across Buckinghamshire and England as a whole.

152. Note that non-dependent children refer to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university. A marked increase in this category can be taken to indicate the relative unaffordability of entry-level homes, where young people are financially unable to move out and form their own households. While the data is quite old at this point, it is interesting to observe that this category grew by 31.5% between 2001 and 2011 in the parish – a faster rate than the averages recorded across South Bucks (12.5%), Buckinghamshire (3.9%) and England (10.6%).

**Table 5-6 Household composition, Farnham Royal, 2011**

Household composition		Farnham Royal	South Bucks	Buckinghamshire	England
One person household	<b>Total</b>	<b>27.0%</b>	<b>26.9%</b>	<b>25.9%</b>	<b>30.2%</b>
	Aged 65 and over	14.2%	14.0%	11.8%	12.4%
	Other	12.8%	12.9%	14.2%	17.9%
One family only	<b>Total</b>	<b>65.3%</b>	<b>65.9%</b>	<b>67.2%</b>	<b>61.8%</b>
	All aged 65 and over	11.0%	10.6%	9.4%	8.1%
	With no children	16.3%	17.1%	19.0%	17.6%
	With dependent children	27.8%	27.6%	29.2%	26.5%
	All children Non-Dependent <sup>12</sup>	10.2%	10.5%	9.5%	9.6%
Other household types	<b>Total</b>	<b>7.7%</b>	<b>7.2%</b>	<b>6.9%</b>	<b>8.0%</b>

Source: ONS 2011, AECOM Calculations

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

## Occupancy ratings

153. The tendency of households to over- or under-occupy their homes is another relevant consideration to the future size needs of the NA. A person is considered to under-occupy their home when there are more bedrooms in their home than a family of their size and composition would normally be expected to need. This is expressed as an occupancy rating of +1 or +2, indicating that there is one surplus bedroom or at least two surplus bedrooms (respectively). Over-occupancy works in the same way, with a rating of -1 indicating at least one bedroom too few.
154. In Farnham Royal, a combined 80.1% of people lived in a home with at least one extra bedroom in 2011, with 53.2% living in a home with two or more extra bedrooms. The percentage of people living in homes with fewer bedrooms than they might be expected to need is low at 2.5%, indicating that around 147 people (2.5% multiplied by 5,972) may have been (or still be) living in inadequate housing conditions in the parish.
155. It is useful to cross-reference this data by age bracket, presented in Table 5-7 below. Extreme under-occupancy (+2 rating) is strongly correlated with age, with older age groups much more likely to under-occupy their homes. This is likely because such households tend to be small (i.e. after children have moved out) but remain in homes large enough for families either by preference or for a lack of more suitable options nearby.

**Table 5-7 Occupancy rating by age in Farnham Royal, 2011**

Household type	+2 rating	+1 rating	0 rating	-1 rating
Family 65+	82.7%	11.4%	5.9%	0.0%
Single person 65+	51.2%	22.7%	26.1%	0.0%
Family under 65 - no children	78.0%	16.4%	5.6%	0.0%
Family under 65 - dependent children	43.3%	33.0%	20.9%	2.8%
Family under 65 - adult children	47.1%	37.4%	13.9%	1.7%
Single person under 65	39.4%	36.7%	23.9%	0.0%
All households	53.2%	26.9%	17.4%	2.5%

Source: ONS 2011, AECOM Calculations

## Dwelling mix determined by life-stage modelling

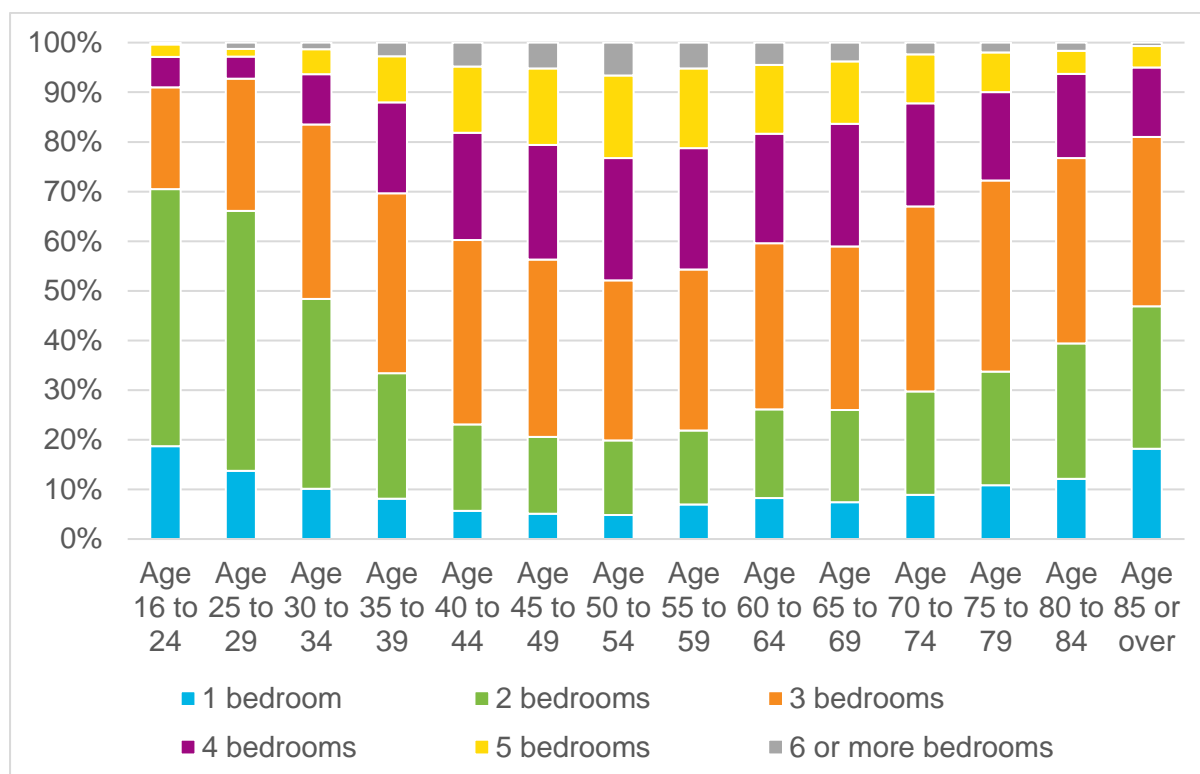
### Suggested future dwelling size mix

156. As noted above, there is a strong link between the life stage of a household and the size of dwelling that household can be expected to need. The final part of this chapter presents the results of a model that aims to estimate the dwelling size needs of the parish at the end of the Neighbourhood Plan period. The steps involved in this model are not presented in full, but can be summarised – along with the underpinning assumptions and some limitations – as follows:

- The starting point is the age distribution of Farnham Royal households in 2011.
  - The life stage of a household is determined by the age of the household reference person (HRP), a more modern term for the head of household.
  - As noted above, household life stages are not estimated annually, so the older Census data must be used.
- This life stage data is then projected forward to the end of the Plan period by applying the growth rates for each household age group as suggested by the latest household projections. This allows for an estimate of how the parish population might evolve in future.
  - ONS household projections are produced every two years but are only available at Local Authority level. The growth rates for South Bucks have been used as the closest proxy, applied to the 2011 starting household age profile of the NA.
- Next, we turn to a Census dataset that shows the occupation patterns or preferences of each household life stage (e.g. what proportion of households aged under 24 tend to live in 1 bedroom homes as opposed to 2, 3 or 4 bedroom homes). This data is mapped to the distribution of the projected NA population for each life stage and each dwelling size category to form a picture of what mix of homes might be appropriate in the future.
  - This occupation data is again only available at the Local Authority scale (South Bucks data again used as a proxy), so it does risk embedding any unusual characteristics present in the area.
  - The model also assumes that today's occupation patterns persist into the future, which is not a given, particularly with the change in preferences for home working space and other features arising from the Covid-19 pandemic. However, there is no better indication of what those patterns might look like. It is considered more appropriate to adjust the end mix that results from this model to reflect such trends than to build further speculative assumptions into the model.
- Finally, this 'ideal' future mix of dwelling sizes can be compared to the current stock of housing in the NA. From this we can identify how future development might best fill the gaps.

- The 2011 dwelling size mix is used for consistency, so any imbalances in new development since then may justify adjustments to the final results.
157. It is important to keep in mind that housing need is not an exact science and this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the tendency of households to occupy more or less space than they 'need'. It also does not anticipate changes in how people may wish to occupy their homes in response to social and technological change.
158. The approach therefore embeds existing patterns of occupancy which may or may not be desirable. As such, it is appropriate for the result of this model to be taken as a baseline scenario – what would occur if current trends persisted. It may well be the intention of the community to intervene to produce a different outcome more in line with their interpretation of emerging trends and their place- and community-shaping objectives. Layering these factors on top of the indicative picture provided by this model is considered entirely appropriate for the purpose of drafting neighbourhood plan policy.
159. Before presenting the results of this exercise, it may be interesting to review two of the inputs described above.
160. The first, given as Figure 5-2 overleaf, sets out the relationship between household life stage and dwelling size for South Bucks in 2011. This shows how the youngest households occupy the smallest dwellings, before rapidly taking up larger homes as their families expand, and then more gradually downsizing to smaller homes again as they age.

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



Source: ONS 2011, AECOM Calculations

161. The second dataset of note is the result of applying South Bucks’s household projections to the age profile of Farnham Royal households in 2011 and the updated estimates of household numbers described in the bullets above. Table 5-8 below makes clear that population growth can be expected to be driven by the oldest households, with the largest growth seen in the 65 and over age category, which increases by 45% from 2011 levels to become the dominant group, representing 41% of the projected total. There is a more modest increase of 15% in the 55-64 age group, contrasting the decline in the remaining age groups.

**Table 5-8: Projected distribution of households by age of HRP, Farnham Royal**

Year	Age of HRP and under 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
2011	20	190	940	443	729
2036	19	170	822	507	1,054
% change 2011-2036	-5%	-10%	-13%	15%	45%

Source: AECOM Calculations

162. The final result of this exercise is presented in Table 5-9 overleaf. The model suggests that in terms of demographic change, new development might involve the following share of dwelling sizes: 7.3% as one bedroom, 42.8% as two bedrooms, 50.0% as three bedrooms, 0.0% as four bedrooms and 0.0% as five or more bedrooms.



**Table 5-9 Suggested dwelling size mix to 2036, Farnham Royal**

<b>Number of bedrooms</b>	<b>of Current (2011)</b>	<b>mix Indicative mix (2036)</b>	<b>Target</b>	<b>Balance of new housing to reach target mix</b>
1 bedroom		8.4%	8.7%	7.3%
2 bedrooms		16.5%	21.6%	42.8%
3 bedrooms		29.8%	34.8%	50.0%
4 bedrooms		24.2%	20.2%	0.0%
5 or more bedrooms		20.7%	14.7%	0.0%

Source: AECOM Calculations

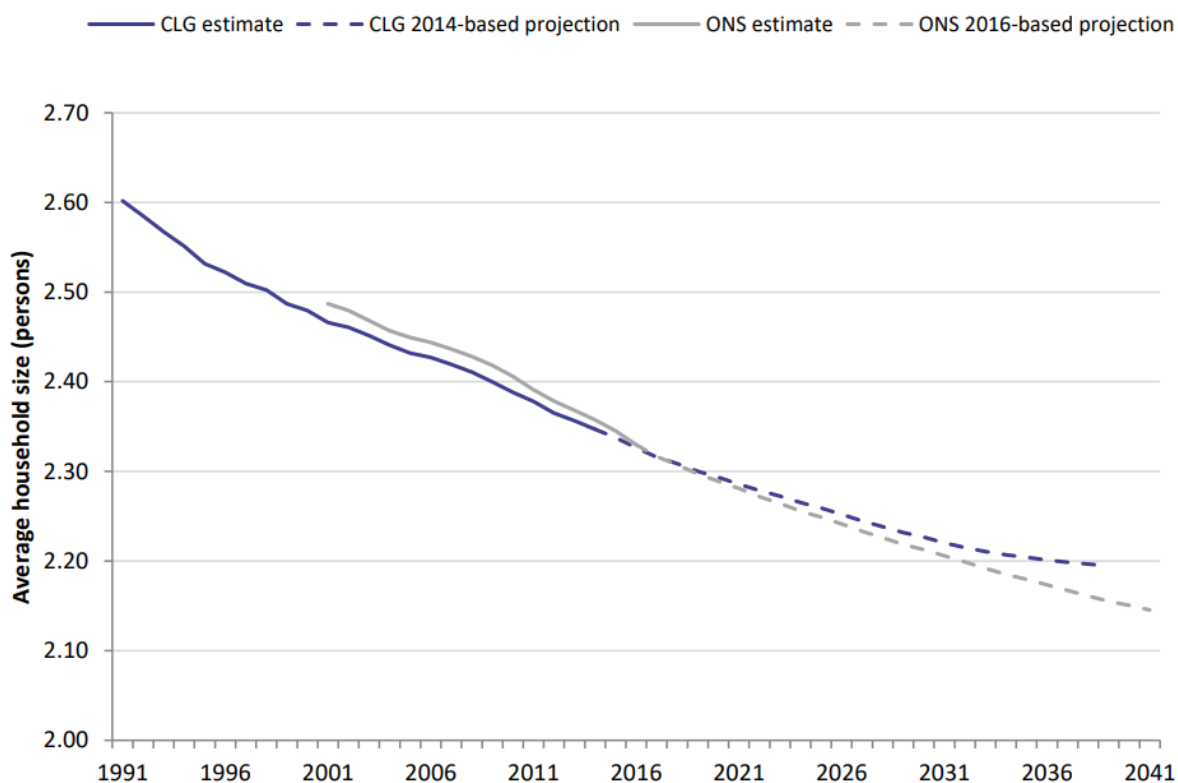
163. The result of this model is a relatively blunt measure of what could be beneficial given population change and existing imbalances in housing options. It is a starting point for thinking about how best to address the more nuanced needs of the future population.
164. The interim results of the life-stage modelling suggest that there will be no need for further four or more -bedroom dwellings over the Neighbourhood Plan period. It is important to stress that there may be other good reasons to provide a particular size or type of dwelling in the NA, for example the need to improve the mix of homes in a particular location, improving choice or meeting needs in the wider housing market area.
165. The preceding chapter found that affordability is a serious and worsening challenge in the NA. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
166. To best meet the needs of the large cohort of older households expected to be present by the end of the Plan period, it should be considered whether the existing options are well tailored to older people's requirements in terms of space, flexibility, quality, location and accessibility. Variety should be sought within the mid-sized homes that come forward in the future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms.
167. More generally, it would be unwise for any new housing that does come forward to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to smaller and mid-sized homes (two to three bedrooms) but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

## HENA Findings

168. Figure 8 from the Chiltern and South Bucks HENA 2019 replicated here as Figure 5-3 demonstrates the general trend in household sizes between 1991 and 2041 in South Bucks. This shows that the current trend of declining household size is going to continue and could be as low as an average of 2.15 persons per household. This is largely due to an aging population, given older persons tend to live in smaller households as singles or couples without children.

169. This has implications when looking forward at what size of dwelling to deliver, it suggests that smaller houses with less bedrooms may be more in demand which is contrary to the existing housing stock which is dominated by large, detached dwellings.

**Figure 5-3 South Bucks average household size estimates and projections for the period 1991-2041**



Source: Chiltern and South Bucks HENA 2019

## Conclusions- Type and Size

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

171. According to Valuation Office Agency (VOA) 2021 data, Farnham Royal has a significantly high proportion of detached properties, comprising nearly half of all homes within the neighbourhood area. This overrepresentation of detached properties might limit the options for lower income households, particularly young families.
172. The proportion of terraces and flats is relatively comparable between Farnham Royal and Buckinghamshire, both remaining below the national level. Farnham Royal has a significantly lower proportion of semi-detached properties compared to Buckinghamshire and England, which is unsurprising given the high representation of detached properties. Farnham Royal has a comparatively low proportion of bungalows, although not a given, bungalows can represent an appealing offering for older people and those with mobility challenges.
173. Between 2011 and 2021 there appears to be a notable decrease in the amount of four + bedroom properties and a notable increase in two-bedroom dwellings. This could indicate that those in larger dwellings have chosen to convert spare bedrooms to other habitable rooms, but may be a function of changes in how dwellings have been classified. The amount of one and three properties in remains relatively unchanged.
174. Farnham Royal has a significantly high proportion of four+ bedroom properties, more than double the national average. As a result, Farnham Royal has lower proportions within the remaining categories of dwelling sizes, although the relative proportional splits are largely reflective of local and national averages.
175. The age structure of the population is a key indicator of the future need for housing. At the time of the 2011 Census, the NA population was generally older than the county and national averages. The population has continued to age since 2011.
176. Between 2011 and 2020, the 65-84 age band recorded the largest growth in actual numbers, whereas the largest proportional change is seen in the 85 and over age band which increased by 29.4%. The 45-64 age band remains the largest single age band in Farnham Royal, increasing by 6.7%. The remaining younger age groups all experienced declines, the greatest of which was a 8.0% decrease in the portion of 25-44 year olds
177. In 2011 the household composition was relatively comparable between Farnham Royal and South Bucks. Comparing the NA to Buckinghamshire we can see that Farnham Royal had a slightly higher proportion of one person households and a lower proportion of families. Farnham Royal had a higher proportion of elderly one person and family households compared to the local and national levels. In Farnham Royal more families have dependent children rather than none, similar to the trend seen across Buckinghamshire and England as a whole.
178. The proportion of households with 'non-dependent children' grew by 31.9% between 2001 and 2011 in the parish – a faster rate than averages recorded across South Bucks (12.5%), Buckinghamshire (3.9%) and England (10.6%).

'Non-dependent children' refers to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university. While the data is quite old at this point, a marked increase in this category can be taken to indicate the relative unaffordability of entry-level homes, where young people are financially unable to move out and form their own households.

179. Farnham Royal has a high rate of under-occupancy: 80.1% of people lived in a home with at least one extra bedroom in 2011. Indeed, extreme under-occupancy (+2 rating) is strongly correlated with age, with older age groups much more likely to under-occupy their homes. The percentage of people living in homes with fewer bedrooms than they might be expected to need is relatively low. Around 147 people (2.5%) may have been (or still be) living in inadequate housing conditions in the parish.
180. The results of a modelling exercise, which looks at the sizes of dwelling occupied by households at different life stages and projects the growth and decline of those household age groups over the Plan period, suggests that new development of all tenures might involve the following share of dwelling sizes:
  - 7.3% as one bedroom,
  - 42.8% as two bedrooms,
  - 50.0% as three bedrooms,
  - 0.0% as four bedrooms and
  - 0.0% as five or more bedrooms.
181. For comparison purposes, the Registered Housing Need data presented in the Tenure and Affordability chapter suggests a significantly high need for one-bedroom dwellings (45.85%) amongst the 11 households within reasonable preference categories. Although, this registered figure may be biased towards the need for smaller homes because of the size of property households are entitled to, rather than what they would occupy if they had the resources.
182. The interim results of the life-stage modelling suggest that there will be no need for further four or more -bedroom dwellings over the Neighbourhood Plan period. It is generally not advisable to restrict the supply of specific size categories too strictly. These results are a starting point for thinking about how best to address the more nuanced needs of the future population.
183. Affordability is a serious and worsening challenge in Farnham Royal. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation. Neighbourhood Plan policies can provide a steer on this, clearly setting out the expectations of the community, even if final decisions will be made through negotiations with the Local Planning Authority.

184. It would be unwise for any new housing to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to smaller and mid-sized homes (two to three bedroom) but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

# 6. Conclusions

## Overview

185. 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 Farnham Royal with a potential impact on Neighbourhood Plan housing policies**

Issue	Summary of evidence and data assessed	Conclusions and recommendations
<p><b>Housing tenure and affordability</b></p>	<p>In 2011 Farnham Royal had a greater proportion of home ownership compared to the higher level geographies. Farnham Royal had a significantly high proportion of shared ownership, at more than double the rates found across Buckinghamshire and England. Farnham Royal had lower levels of both social and private rented tenures compared to South Bucks and Buckinghamshire, significantly below the national averages.</p> <p>Between 2001 and 2011 the proportion of private rented tenure expanded by 147.9% in Farnham Royal, a rate of growth that significantly exceeded the local and national averages.</p> <p>There has been considerable fluctuations in house prices between 2012 and 2021. Lower quartile prices grew by 18.6%, more than double the increase in mean house price (6.8%). In contrast, the median house price for 'All Types' decreased by 7.3%. However, there was growth in median house prices for each individual property type.</p> <p>Terraced properties experienced the greatest growth at 54.0%, followed closely by flats at 53.8%. Detached and semi-detached experienced more modest growths of 26.1% and 38.6%, respectively.</p>	<p><b>There is a need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.</b> Average incomes cannot access median market homes. Market housing is therefore out of reach to most.</p> <p>Regarding affordable tenures:</p> <ul style="list-style-type: none"> <li>• Rent to Buy is viable to those earning just above average income, however, is out of reach to lower quartile (LQ) incomes.</li> <li>• First Homes appear to be largely unaffordable for those on average incomes, with the affordability threshold for 50% discount (£69,429) being approximately £10,000 above the average income (£59,900). In order for lower quartile earners to be able to access discounted market sales, a discount of over 50% would be required.</li> <li>• Shared ownership (particularly at 10% equity) appear to be more affordable than First Homes.</li> <li>• Affordable rent (particularly social rent) is essential, accommodating those on the lowest incomes. Social rents are cheaper and give residents much greater protection from eviction compared to those renting privately or through a housing association.</li> </ul> <p>The HENA suggests a need for <b>7 affordable homes per annum</b> (predominately social/affordable rent) or approximately <b>96 homes over the Neighbourhood Plan period</b> (2022-2036). This need is high in comparison to the withdrawn indicative housing need figure and historic delivery rates. In addition, the Burnham Beeches SPD seeks to restrict residential development within 500m of the SAC. <b>It's therefore unlikely the NP can accommodate the affordable need identified in the HENA.</b></p> <p><b>We therefore recommend a 66% rent to 33% ownership affordable tenure split.</b> This aligns with the Local Plan guideline mix and also complies with First Home national policy. We recognise it would be advantageous to propose a higher proportion of affordable rent, however flexibility is needed to accommodate the 25% First Homes requirement as well as other, potentially more affordable, intermediate tenures such as Shared Ownership (particularly at 10% equity)</p>

<p><b>Housing type and size</b></p>	<p>Farnham Royal has a significantly high proportion of detached properties, comprising nearly half of all homes. The NA and Bucks have a comparable proportion of terraces and flats, both below the national level. Farnham Royal has a significantly lower proportion of semi-detached compared to Bucks and England. Farnham Royal has a comparatively low proportion of bungalows, although not a given, bungalows may appeal to older people and those with mobility challenges.</p> <p>The NA has a significantly high proportion of four+ bedroom properties, more than double the national average. Between 2011 and 2020 there was a notable decrease in four + bedroom dwellings and a notable increase in two-bedroom properties.</p> <p>In 2011, the NA had an older population compared local and national averages. Between 2011 and 2020, the 65-84 band recorded the largest growth in actual numbers, whereas the largest proportional change is seen in the 85 and over band increasing by 29.4%. The 45-64 band remains the largest group increasing by 6.7%. The remaining younger groups all experienced declines, the greatest of which was an 8.0% decrease in the portion of 25-44 year olds.</p> <p>In 2011 the NA had a slightly higher proportion of one person households and a lower proportion of families. Farnham Royal had a higher proportion of elderly one person and family households compared to the local and national levels. The proportion of households with 'non-dependent children' grew by 31.9% between 2001 and 2011 in the parish – a faster rate than averages recorded across South Bucks (12.5%), Buckinghamshire (3.9%) and England (10.6%). This may indicate the relative unaffordability of entry-level homes, where young people are financially unable to move out and form their own households. The NA has a high rate of under-occupancy, 80.1% lived in a home with at least one extra bedroom in 2011.</p>	<p>Farnham Royal currently has a comparatively high proportion of large, detached properties which may limit options for lower income households and young families. Modelling exercise suggests that new development of all tenures might involve the following share of dwelling sizes:</p> <ul style="list-style-type: none"> <li>• <b>7.3% as one bedroom,</b></li> <li>• <b>42.8% as two bedrooms,</b></li> <li>• <b>50.0% as three bedrooms,</b></li> <li>• <b>0.0% as four bedrooms, and</b></li> <li>• <b>0.0% as five or more bedrooms.</b></li> </ul> <p>The modelling exercise results suggest that there is no need for further four or more -bedroom dwellings, however, it is generally not advisable to restrict the supply of specific size categories. The modelling results are a starting point for how best to address the more nuanced needs of the future population.</p> <p>Those wishing to move within or relocate to the NA will have a range of circumstances and preferences, and they should be offered choices.</p> <p>The Registered Housing Need data presented in the Tenure and Affordability chapter suggests a significantly high need for one-bedroom dwellings (45.9%) amongst the 11 households in reasonable preference categories. Although, the Home Choice figure may be biased towards the need for smaller homes because of the size of property households are entitled to, rather than what they would occupy if they had the resources.</p> <p>Affordability is a serious and worsening challenge in Farnham Royal. While the provision of Affordable Housing is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Neighbourhood Plan policies can provide a steer on this, clearly setting out the expectations of the community, even if final decisions will be made through negotiations with the Local Planning Authority.</p> <p><b>It is recommended that priority is given to smaller and mid-sized homes (two to three bedroom),</b> however, this is done to a degree that aligns with the wider objectives of the community and does not limit choice or viability.</p>
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## Recommendations for next steps

186. This Neighbourhood Plan housing needs assessment aims to provide Farnham Royal 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 Buckinghamshire Council with a view to agreeing and formulating draft housing policies, bearing the following in mind:
- All Neighbourhood Planning Basic Conditions, but in particular 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 Buckinghamshire Council;
  - The views of local residents;
  - The views of other relevant local stakeholders, including housing developers and estate agents; and
  - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Buckinghamshire Council.
187. 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.
188. Bearing this in mind, it is recommended that the Neighbourhood Plan steering group should monitor carefully strategies and documents with an impact on housing policy produced by the Government, Buckinghamshire Council or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
189. 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.



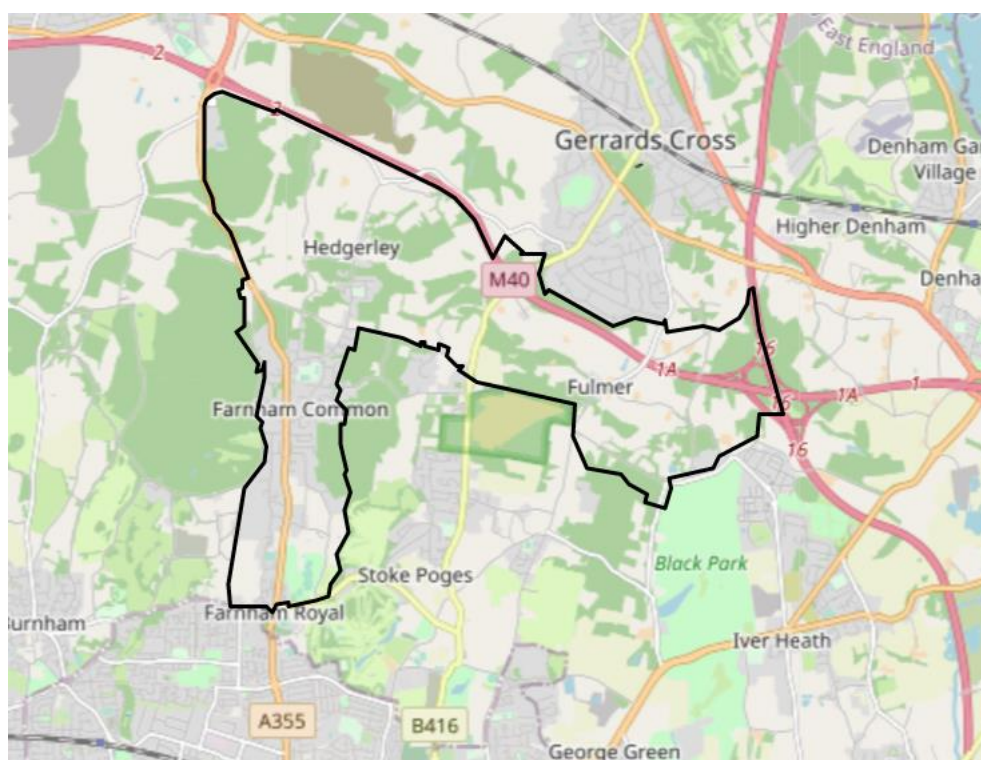
# Appendix A : Calculation of Affordability Thresholds

## A.1 Assessment geography

190. 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 Area. Such data is available at MSOA level but not at the level of Neighbourhood Areas.

191. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Area. In the case of Farnham Royal, it is considered that MSOA South Bucks 004 (E02003691) is the closest realistic proxy for the Neighbourhood Area boundary, and as such, this is the assessment geography that has been selected. A map of South Bucks 004 MSOA appears below in Figure A-1. This MSOA was chosen as it overlaps entirely with the Neighbourhood Area.

**Figure A-1: MSOA South Bucks 004 (E02003691) used as a best-fit geographical proxy for the Neighbourhood Area**



Source: ONS

## A.2 Market housing

192. Market housing is not subsidised and tends to be primarily accessible to people on higher incomes.

193. To determine affordability in market housing, this assessment considers two primary indicators: income thresholds, which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds, which denote the standard household income required to access mortgage products.

## **i) Market sales**

194. The starting point for calculating the affordability of a dwelling for sale (i.e. the purchase threshold) from the perspective of a specific household is the loan to income ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5.

195. To produce a more accurate assessment of affordability, the savings required for a deposit should be taken into account in addition to the costs of servicing a mortgage. However, unlike for incomes, data is not available for the savings available to households in Farnham Royal, and the precise deposit a mortgage provider will require of any buyer will be determined by their individual circumstances and the state of the mortgage market. An assumption is therefore made that a 10% purchase deposit is required and is available to the prospective buyer. In reality it is possible that the cost of the deposit is a greater barrier to home ownership than the mortgage costs.

196. The calculation for the purchase threshold for market housing is as follows:

- Value of a median NA house price (2021) = £540,000;
- Purchase deposit at 10% of value = £54,000;
- Value of dwelling for mortgage purposes = £486,000;
- Divided by loan to income ratio of 3.5 = purchase threshold of £138,857.

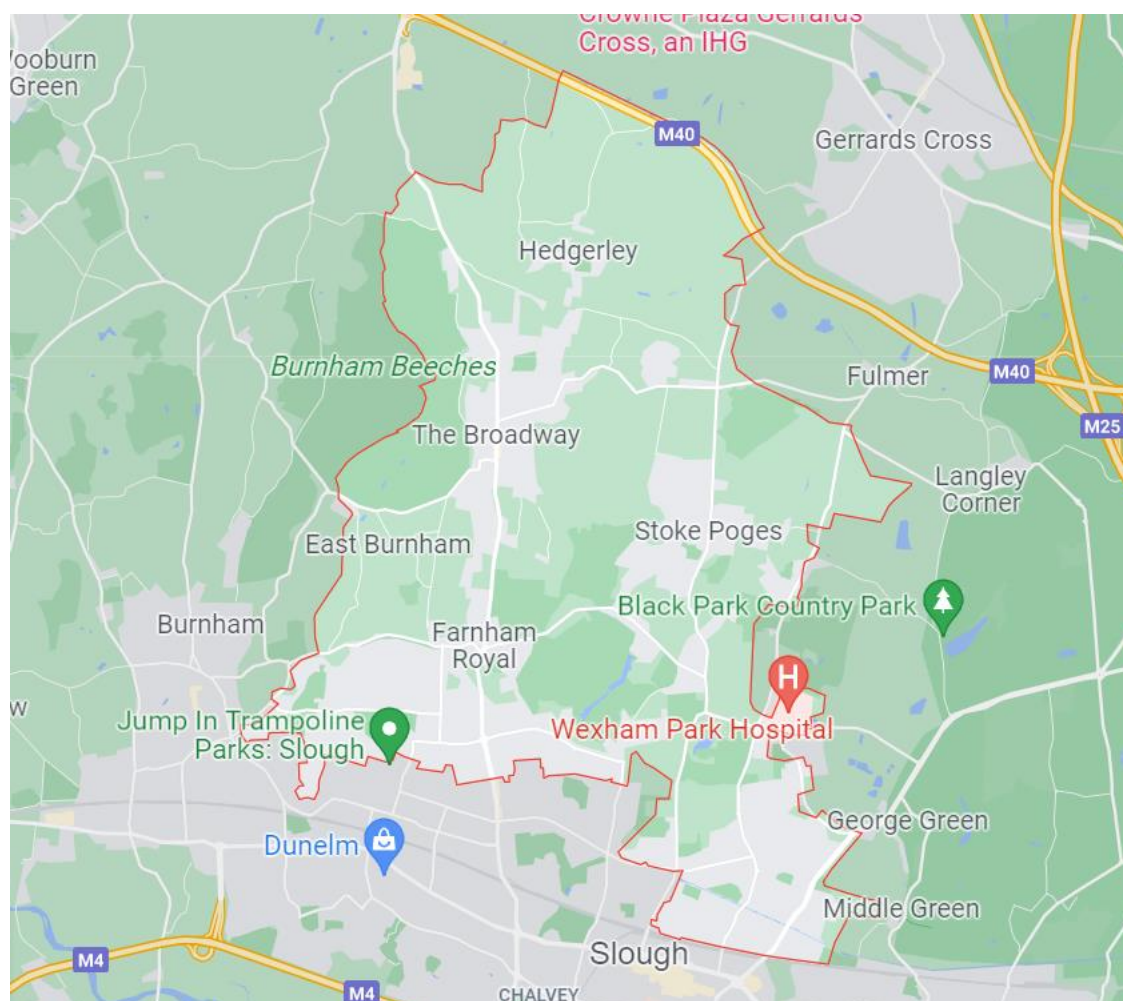
197. The purchase threshold for an entry-level dwelling is a better representation of affordability to those with lower incomes or savings, such as first-time buyers. To determine this threshold, the same calculation is repeated but with reference to the lower quartile rather than the median house price. The lower quartile average in 2021 was £450,000, and the purchase threshold is therefore £115,714.

198. Finally, it is worth assessing the purchase threshold for new build homes, since this most closely represents the cost of the new housing that will come forward in the future. Land Registry records no sales of new build properties in the NA in 2021. Therefore, data from Buckinghamshire transactions as a whole has been used as a proxy. There were 225 sales of newly built homes across Buckinghamshire in 2021. The median price was £450,000 (compared to £434,061 the median price for a new build in Braunton between 2012 and 2021), ranging from £328,475 for an average flat to £664,500 for an average detached house. These figures give a reasonable indication of how much newly built housing might cost in the NA in future.

## ii) Private Rented Sector (PRS)

199. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. It is assumed here that rented housing is affordable if the annual rent does not exceed 30% of the household's gross annual income.
200. This is an important assumption because it is possible that a household will be able to afford tenures that are deemed not affordable in this report if they are willing or able to dedicate a higher proportion of their income to housing costs. It is becoming increasingly necessary for households to do so. However, for the purpose of planning it is considered more appropriate to use this conservative lower benchmark for affordability on the understanding that additional households may be willing or able to access housing this way than to use a higher benchmark which assumes that all households can afford to do so when their individual circumstances may well prevent it.
201. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Area. The best available data is derived from properties available for rent within the SL2 postcode area (see Figure A-6-1), which covers a larger area than the Neighbourhood 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.
202. According to [home.co.uk](https://www.home.co.uk), there were 135 properties for rent at the time of search in February, 2022, with an average monthly rent of £1,535. There were 46 two-bed properties listed, with an average price of £1,427 per calendar month.
203. The calculation for the private rent income threshold for entry-level (2 bedroom) dwellings is as follows:
- Annual rent = £1,427 x 12 = £17,124;
  - Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of £57,080.
204. The calculation is repeated for the overall average to give an income threshold of £61,400.

**Figure A-6-1 SL2 Postcode Area**



Source Google Maps

## A.3 Affordable Housing

205. There are a range of tenures that constitute the definition of Affordable Housing within the NPPF 2021: social rent and affordable rent, discounted market sales housing, and other affordable routes to home ownership. More recently, a new product called First Homes has been introduced in 2021. Each of the affordable housing tenures are considered below.

### i) Social rent

206. Rents in socially rented properties reflect a formula based on 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 the lowest incomes and is subject to strict eligibility criteria.

207. To determine social rent levels, data and statistical return from Homes England is used. This data is only available at the LPA level (pre-April 2019) so South Bucks must act as a proxy for Farnham Royal. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for South Bucks in the following table.

208. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This is an assumption only for what might generally make housing affordable or unaffordable – it is unrelated to the eligibility criteria of Affordable Housing policy at Local Authority level. The overall average across all property sizes is taken forward as the income threshold for social rent.

**Table A-1: Social rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£104.85	£119.77	£133.74	£141.58	<b>£120.87</b>
Annual average	£5,452	£6,228	£6,954	£7,362	<b>£6,285</b>
Income needed	£18,156	£20,739	£23,158	£24,516	<b>£20,930</b>

Source: Homes England, AECOM Calculations

## ii) Affordable rent

209. Affordable rent is controlled at no more than 80% of the local market rent. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000).

210. Even an 80% discount on the market rent may not be sufficient to ensure that households can afford this tenure, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.

211. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for South Bucks (note that no data was recorded for four-bedroom affordable rental dwellings in South Bucks). Again, it is assumed that no more than 30% of income should be spent on rent, and the overall average is taken forward.

212. Comparing this result with the average two-bedroom annual private rent above indicates that affordable rents in the NA are actually closer to 47.9% of market rates than the maximum of 80%, a feature that is necessary to make them achievable to those in need.

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

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£135.77	£168.60	£188.69	£0.00	<b>£157.86</b>
Annual average	£7,060	£8,767	£9,812	£0	<b>£8,209</b>
Income needed	£23,510	£29,195	£32,674	£0	<b>£27,335</b>

Source: Homes England, AECOM Calculations

### iii) Affordable home ownership

213. Affordable home ownership tenures include products for sale and rent provided at a cost above social rent, but below market levels. The three most widely available are discounted market housing (a subset of which is the new First Homes product), shared ownership, and Rent to Buy. These are considered in turn below.
214. In paragraph 65 of the NPPF 2021, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.” The recently issued Ministerial Statement and updates to PPG state that 25% of all Affordable Housing should be First Homes – the Government’s new flagship discounted market sale product. When the NPPF is next updated, it is expected that the 10% affordable home ownership requirement referenced above may be replaced by the First Homes requirement.

#### First Homes

215. Whether to treat discounted market housing as affordable or not depends on whether discounting the asking price of new build homes of a size and type suitable to first time buyers would bring them within reach of people currently unable to buy market housing.
216. As noted above, there is a lack of data on new build prices in the NA. Therefore, the median house price in the NA is used as a proxy for the price of new build entry-level housing in the NA (i.e. assuming that new build entry-level homes will cost around the same as a median existing home, because of the premium usually associated with new housing).
217. The starting point for these calculations is therefore £540,000, the median house price in the Farnham Royal in 2021.
218. For the minimum discount of 30% the purchase threshold can be calculated as follows:
- Value of a new home (NA average) = £540,000;
  - Discounted by 30% = £378,000;
  - Purchase deposit at 10% of value = £37,800;
  - Value of dwelling for mortgage purposes = £340,200;
  - Divided by loan to income ratio of 3.5 = purchase threshold of **£97,200**.
219. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 40% and 50% discounted First Home. This would require an income threshold of **£83,314** and **£69,429** respectively.
220. Only First Homes with a 50% discount have an income threshold calculated here below the cap of £80,000 above which households are not eligible. First

Homes at 30% and 40% fail to meet the criteria, suggesting that either a greater discount is justified, developers would need to bring the price down, or smaller or lower value properties would need to be delivered than our assumed benchmark.

221. Note that discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a two bedroom home (assuming 70 sq m and a build cost of £1,500 per sq m) would be around £105,000. This cost excludes any land value or developer profit. This would appear to be an issue in Farnham Royal for First Homes at 30% discount.

### **Shared ownership**

222. Shared ownership involves the purchaser buying an initial share in a property, typically of between 25% and 75% (but now set at a minimum of 10%), and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the occupant can be increased over time through a process known as 'staircasing'.
223. 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.
224. To determine the affordability of shared ownership, calculations are again based on the estimated costs of new build housing as discussed above. 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 rental component is estimated at 2.5% of the value of the remaining (unsold) portion of the price. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).
225. The affordability threshold for a 25% equity share is calculated as follows:
- A 25% equity share of £540,000 is £135,500;
  - A 10% deposit of £13,500 is deducted, leaving a mortgage value of £121,500;
  - This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £34,714;
  - Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £405,000;
  - The estimated annual rent at 2.5% of the unsold value is £10,125;

- This requires an income of £33,750 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
- The total income required is **£68,464** (£34,714 plus £33,750).

226. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of **£54,386** and **£91,929** respectively.

227. The income threshold for shared ownership at 50% equity share (£91,929) is above the £80,000 cap for eligible households.

### **Rent to Buy**

228. Rent to Buy is a relatively new and less common tenure, which through subsidy allows the occupant to save a portion of their rent, which is intended to be used to build up a deposit to eventually purchase the home. It is therefore estimated to cost the same as private rents – the difference being that the occupant builds up savings with a portion of the rent.

### **Help to Buy (Equity Loan)**

229. The Help to Buy Equity Loan is not an affordable housing tenure but allows households to afford market housing through a loan provided by the government. With a Help to Buy Equity Loan the government lends up to 20% (40% in London) of the cost of a newly built home. The household must pay a deposit of 5% or more and arrange a mortgage of 25% or more to make up the rest. Buyers are not charged interest on the 20% loan for the first five years of owning the home.

230. It is important to note that this product widens access to market housing but does not provide an affordable home in perpetuity.



# Appendix B : Housing Needs Assessment Glossary

## **Adoption**

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

## **Affordability**

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

## **Affordability Ratio**

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

## **Affordable Housing (NPPF Definition)**

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

- a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- c) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and

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

### **Affordable rented housing**

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>13</sup>.

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

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

### **Annual Monitoring Report**

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

### **Basic Conditions**

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

### **Backlog need**

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

### **Bedroom Standard<sup>14</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

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<sup>13</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>14</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

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>15</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>16</sup>**

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

### **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%

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<sup>15</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>16</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)

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

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

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

### **Fair Share**

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

### **First Homes**

The Government has recently confirmed the introduction of First Homes as a new form of discounted market housing which will provide a discount of at least 30% on the price of new homes. These homes are available to first time buyers as a priority, but other households will be eligible depending on agreed criteria. New developments will be required to provide 25% of Affordable Housing as First Homes. A more detailed explanation of First Homes and its implications is provided in the main body of the HNA.

### **Habitable Rooms**

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

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

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

### **Housing Market Area**

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

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

## **Housing Needs**

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

## **Housing Needs Assessment**

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

## **Housing Products**

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

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

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

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

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

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

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

## **Income Threshold**

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

## **Intercensal Period**

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

## **Intermediate Housing**

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

## **Life Stage modelling**

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

## **Life-time Homes**

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

## **Life-time Neighbourhoods**

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

## **Local Development Order**

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

## **Local Enterprise Partnership**

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

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

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

### **Local Planning Authority**

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

### **Local Plan**

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

### **Lower Quartile**

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

### **Lower Quartile Affordability Ratio**

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

### **Market Housing**

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

### **Mean (Average)**

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

### **Median**

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

## **Median Affordability Ratio**

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

## **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>17</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.

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<sup>17</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>



## **Overcrowding**

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

## **Planning Condition**

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

## **Planning Obligation**

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

## **Purchase Threshold**

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

## **Proportionate and Robust Evidence**

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

## **Private Rented**

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

## **Retirement Living or Sheltered Housing**

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

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

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

## **Rightsizing**

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

## **Rural Exception Sites**

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

## **Shared Ownership**

Housing where a purchaser part buys and part rents from a housing association or local authority. Typical purchase share is between 25% and 75% (though this was lowered in 2021 to a minimum of 10%), 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>18</sup>**

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

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<sup>18</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

'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>19</sup>

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<sup>19</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

