AECOM

Alfold

Housing Needs Assessment (HNA)

June 2022

Delivering a better world

Quality information

Prepared by	Checked by	Approved by
Lucy Jones Graduate Social Consultant Amani Bhobe Social Impact Consultant	Paul Avery Principal Housing Consultant	Kerry Parr Associate Director

Revision History

Revision	Revision date	Details	Authorized	Name	Position
1	November 2021	First draft	LJ	Lucy Jones	Graduate Social Consultant
2	November 2021	Internal review	PA	Paul Avery	Principal Housing Consultant
3	February 2022	Group Review	ADM	Alasdair Denton-Miller	Neighbourhood Plan Chair
4	March 2022	Update following Group Review	AB	Amani Bhobe	Social Impact Consultant
5	March 2022	Group Review	CB	Chris Britton	Parish Councillor
6	May 2022	Update following Group Review	LJ	Lucy Jones	Graduate Social Impact Consultant
7	June 2022	Locality Review	AO	Annabel Osborne	Neighbourhood Planning Officer
8	June 2022	Final Report	LJ	Lucy Jones	Graduate Social Impact Consultant

Prepared for: Alfold Parish Council

Prepared by:

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

Table of Contents

Figures

Tables

List of acronyms used in the text:

DLUHC	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 (Plan) 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

Tenure and Affordability

1. At the time of the 2011 Census, Alfold had slightly lower rates of home ownership and slightly higher rates of social renting and shared ownership than Waverley. The proportion of households private renting was similar to borough level.

2. Of the 57 net additional dwellings built in Alfold since 2011, 18 (or 32%) were in Affordable Housing tenures. As a result, the balance between affordable and market tenures in 2021 has a stronger weighting on affordable tenures than the 2011 picture. The precise percentage of each tenure cannot be updated because it is not known how many of the affordable homes are for rent (as opposed to home ownership) or how many of the market homes are owned or rented.

3. In terms of house prices, the mean average price experienced a relatively smooth increase over the last ten years. Median prices also experienced an overall increase but with relatively more volatile changes due to the relatively small sample size. Between 2011-2020, mean house prices increased by 101% reaching a mean of £583,000 in 2020, while median prices increased by 62.4% to £475,000 and lower quartile house prices increased by 36% to £369,000.

4. By benchmarking the incomes required to afford the different tenures in the neighbourhood area, we determined the following:

   - The income required to access even entry-large homes is more than would be expected to be available to those on average household incomes. Even with the benefit of a higher-than-average income, market housing is likely to remain out of reach to most.

   - Private renting is generally only accessible to those earning over the average incomes, while average earnings and households of two lower quartile earners cannot afford the rental thresholds. Private renting is so expensive that the effective discount required for affordable rents is closer to 55% than the minimum of 20% (see appendix A).

   - There is a ‘can rent, can’t buy’ cohort who are able to afford to rent privately but cannot afford home ownership and would benefit from the range of affordable home ownership products such as First Homes and shared ownership.

   - The discount on average market sale price required to enable households on mean incomes to afford median priced homes is 41%. For single earner households on lower quartile incomes, a discount of 79% would be required, while dual-earners would need a discount of 59%.

   - It is worth noting that shared ownership (share of 10%) would be a more affordable option than First Homes and is broadly accessible to the same groups. While the income 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.

- Rent to Buy is not likely to be a suitable option for those on average incomes who wish to access home ownership because of the high cost of renting locally.

- Affordable rented housing (particularly social rent) is essential for accommodating those on the lowest incomes in Alfold, who can afford few other options.

5. When calculations presented in the SHMA are pro-rated to Alfold based on its fair share of the population (0.87% of the LPA's population), Alfold can be assumed to have a need for roughly 3 affordable rented homes per annum or 30 homes over the Neighbourhood Plan period 2022-2032. There are currently 7 Alfold households on the waiting list for affordable rented properties.

6. Turning to affordable routes to home ownership, we estimate potential demand in Alfold will be in the region of 3.2 households per annum (or 32.3 for the entirety of the Plan period). The needs of this group are comparatively less urgent: they are likely to be adequately housed at present but would prefer to buy than rent if possible.

7. 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 70% rent to 30% ownership. This reflects the fact that the delivery of affordable housing (likely a maximum of 38 units during the plan period) is not enough to meet the full potential demand identified here. As such, the more acute needs of those requiring affordable rent should be accorded higher priority than the HNA estimates of need would initially seem to suggest. This tenure split also aligns with that proposed in Waverley's latest housing strategy.

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

Type and Size

9. 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.

10. The existing stock of housing in Alfold is dominated by detached houses, although they do not exist at quite as high a proportion as they do across Waverley. The proportion of semi-detached houses is broadly similar across the parish, borough and country, and (unusually for a rural area) the same can be said of flats. In Alfold there is, however, a particularly low proportion of terraced homes. This type is often useful for

accommodating growing families and/or those with less buying power, so its absence may have wider implications on affordability as well as choice.

11. At the time of the 2011 Census the housing stock in Alfold was dominated by 3-bedroom dwellings at 33%, with smaller homes making up a combined 39% and larger homes a combined 28%. These proportions are broadly shared in the mix of homes that have been built since 2011 and consequently in the current overall breakdown. The housing stock in Alfold does not reveal any obvious imbalances and recent development has expanded the available options in a relatively even way.

12. Alfold's housing stock in terms of size is similar to Waverley as a whole, although the parish has a slightly smaller proportion of larger homes (4+ bedrooms) and slightly larger proportion of 1-bedroom homes. That said, the dwelling mix in Alfold and Waverley looks quite different to the national picture, where far fewer homes have 4+ bedrooms and there are correspondingly more medium-sized homes.

13. 2011 Census data reveals that the most populated age groups in Alfold were 45-64 and 65-84 and that these categories form a larger proportion of the population in Alfold than they do at wider geographies. Since 2011, the age groups 0-44 largely declined while those over 45 increased (in particular the older sub-groups). While this is only a marginal shift, it evidences the growing need for housing suitable for the growing older population.

14. The currently large 65+ cohort is likely to reach retirement age over the Plan period and could form a large source of demand for housing, whether they intend to occupy the same dwellings they currently live in, or perhaps move within the community to a home better suited to the size of their household or their evolving needs. The needs of this group have been considered further in the following chapter.

15. A life-stage modelling exercise has been undertaken to look at the sizes of dwelling occupied by different age groups and project the growth and decline of those age groups over the Plan period in order to understand what should be built.

16. The model suggests that the target size mix for 2032 is not dramatically different from the current mix, although there may be demand for more medium and larger homes than exist at present. This is chiefly because of the high proportion of 1-bedroom homes in Alfold today relative to wider geographies and particularly for a rural parish.

17. This indicative mix that this model produces is somewhat unusual in the degree of weight given to larger homes (with 3 or more bedrooms) and the apparent lack of need for any more 1-bedroom homes.

18. It is important to emphasise that it is generally not advisable to prevent the delivery of any particular home sizes entirely, as is suggested for 1-bedroom properties here. Although the model notes the greater need for family-sized housing to accommodate the future population, there may be good reasons to continue to encourage 1-bedroom homes in Alfold – notably their impact on improving affordability.

19. The increased availability of three-bedroom homes could be used to satisfy the need of young starter families and downsizing older households. Variety should be sought within the mid-sized homes that come forward in 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.

20. In spite of the results of the model, continuing to provide smaller homes with fewer bedrooms would help to address the affordability challenge identified in the preceding chapter. As such, it is recommended that priority is given to mid-sized homes but 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.

Specialist Housing for Older People

21. Alfold has a current population of 97 people aged 75 and over (ONS 2019), and our calculations show that the population of this group is expected to increase to 170 people by the end of the planning period. This means there is a potential need for specialist housing with some form of additional care for older people.

22. This need can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research and assumptions.

23. These two methods of estimating the future need in Alfold produce a range of 14 to 23 specialist accommodation units that might be required during the Plan period. These estimates are based on the projected growth of the older population, thereby assuming that today's older households are already well accommodated. If this is found not to be the case, it may indicate the need for more specialist accommodation than the range identified here.

24. It is important to note that the scale of need for specialist accommodation heavily depends on the amount of accessible/adapted mainstream housing in Alfold currently – or how far this can successfully be achieved in future. Note that there is no accurate secondary data on this. If the neighbourhood plan were to be particularly ambitious in requiring high standards of accessibility and adaptability, there may be less need to deliver specialist accommodation. Given that there is unlikely to be a large volume of additional specialist supply during the Plan period, another avenue open to the Neighbourhood Plan is therefore to require standards of accessibility and adaptability in new development to be met at more ambitious levels than those mandated in the Local Plan, and to encourage the adaptation of existing properties through grant schemes and other means (though it is acknowledged the Neighbourhood Plan may have less influence over changes to the existing stock).

25. Local Plan policy AHN3 provides explicit encouragement for development to accommodate specific groups such as older people. However, it does not set specific targets for the proportion of new housing that might be required to meet national standards for accessibility and adaptability (Category M4(2)), or for wheelchair users (Category M4(3)). The evidence gathered here would appear to justify applying such a target in the Neighbourhood Plan if this avenue has the support of the LPA.

26. It is relatively common for Local and Neighbourhood Plans to require that all or a majority of new housing meets Category M4(2) standards in response to the demographic shifts being observed nationwide, and the localised evidence gathered

here would further justify this. The proportion of new housing that might accommodate those using wheelchairs might be set with reference to the proportion of affordable housing applicants falling into this category and/or evidence from a household survey.

27. While it is important to maximise the accessibility of all new housing, it is particularly important for specialist housing for older people to be provided in sustainable, accessible locations, for a number of reasons, as follows:

- so that residents, who often lack cars of their own, are able to access local services and facilities, such as shops and doctor's surgeries (the nearest Doctor's surgery is 3 miles away), on foot;

- so that any staff working there have the choice to access their workplace by more sustainable transport modes; and

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

28. Alongside the need for specialist housing to be provided in accessible locations, another important requirement is for cost effectiveness and economies of scale. This can be achieved by serving the specialist elderly housing needs arising from a number of different locations and/or neighbourhood plan areas from a single, centralised point (i.e. what is sometimes referred to as a 'hub-and-spoke' model).

29. It is considered that Alfold's position in the settlement hierarchy makes it a relatively less suitable location for specialist accommodation on the basis of the accessibility criteria and the considerations of cost-effectiveness above. As such, noting that there is no specific requirement or obligation to provide the specialist accommodation need arising from Alfold entirely within the Neighbourhood Plan area boundaries, it is recommended it could be provided in a 'hub and spoke' model. In the case of Alfold, Cranleigh is considered to have potential to accommodate the specialist housing need arising from the Neighbourhood Plan area (i.e. to be the hub in the hub-and-spoke model). If this were to take place, then the number of specialist dwellings to be provided and the overall dwellings target for the Neighbourhood Plan area itself would not overlap.

30. Wherever specialist housing is to be accommodated, partnership working with specialist developers is recommended, so as to introduce a greater degree of choice into the housing options for older people who wish to move in later life.

Development sites

31. The following development sites are definite or currently under construction in Alfold Parish which will have significant impact on the services, infrastructure, and other aspects of life within Alfold:

    a. Dunsfold Park (1800-2600 unites)

    b. Sweeter's Copse (55 units)

    c. Sweeter's Reach (83 units)

    d. Garden Centre (56-79 units)

e. Land behind Hollyoaks (99 units)

f. Brockhurst Farm (23 units)

g. Chapel Field (8 units)

32. In relation to Alfold's housing needs, the above referenced developments will have the following implications on the housing needs of the village in the medium term:

- While the neighbourhood plan has limited power to influence the mix of homes that will come forward on these sites, it is reasonable to expect that some of the housing needs identified in this report (including for homes of a different size mix, subsidised Affordable Housing, and specialist housing for older people) have the potential to be accommodated by these development sites to the extent that existing Alfold residents may be willing to relocate nearby in order to meet their housing needs. Consequently, despite some of these developments still being under construction, their deliverable housing has been included in the modelling of this report.

- For instance, in the affordability chapter of this report it is recommended that the balance within Affordable Housing of rented and ownership options should be weighted towards the most acute needs for rented housing in a context of potentially limited delivery within the parish itself. The additional housing within these development sites, which is certain to include affordable rented homes, may allow for a more even balance of Affordable Housing in Alfold that takes greater advantage of the opportunity to supply affordable routes to home ownership for local people. Or vice versa: the community may be most concerned about affordable rented homes and wish to prioritise these further still, allowing the residual need for subsidised routes to ownership to be absorbed by the above referenced developments.

- These sites are also likely to accommodate the housing needs of any future incoming residents to the area who may be expected over the coming decade. This way of looking at prospective developments gives leeway to the Alfold Neighbourhood Plan to be targeted about the new housing that is expected within the parish (on other sites). Because so much wide-ranging general needs housing is to be provided so nearby, the community of Alfold may wish to focus more closely on the specific types and sizes that local residents today need – or which they view to embody what is seen to be distinctive about Alfold. The former is illuminated in this report but could also be informed by primary survey evidence. One example might be to promote a specialist housing scheme for older people of a type welcomed by existing residents.

- Finally it is important to point out that some of these sites are an extremely long-term proposition, with new homes unlikely to be built and occupied in the next few years. It is advisable that Alfold consider what the most essential immediate needs of the community are (such as the backlog of need for affordable rent), and focus on meeting these through the Neighbourhood Plan in the knowledge that the longer-term situation is likely to change as developments are constructed.

- While Dunsfold Park falls within the Parish boundaries, it is not within the Neighbourhood Plan Area. As a strategic site its purpose is to meet the needs of the borough as a whole rather than any immediately neighbouring parishes. But it remains possible and likely that unmet needs within Alfold can be met at Dunsfold Park. This potentially relieves pressure on Alfold itself to deliver on all of its housing needs in full.

2. Context

Local context

33. Alfold is a Neighbourhood Plan area located in Waverley Borough, Surrey, encompassing Alfold Crossways, Stovolds Hill and the historical village centre. The Neighbourhood Area (NA) boundary was designated in December 2019.

34. The proposed Neighbourhood Plan period starts in 2022 and extends to 2032, therefore comprising a planning period of 10 years. The evidence supplied in this report will look forward to the Plan end date of 2032, but where possible will also provide annualised figures which can be extrapolated to a different term if the Plan period changes.

35. Alfold is a medium-sized 'rural community with limited services' in the south east of Waverley Borough. Alfold contains a Church; Chapel; two public houses; and a village shop. Settlements in Alfold include two housing estates – one of which was an early affordable exception housing scheme. The remaining settlements are spread along the A281 Horsham Road and B2133 Loxwood Road which connect Alfold to West Sussex.

36. It is important to note that a large proportion of one of Waverley's strategic development sites, Dunsfold Park, falls within the parish boundary of Alfold. This is proposed to accommodate 1,800-2,600 new homes and despite not falling within the Neighbourhood Plan boundary, it will clearly have a significant impact on the wider community of Alfold as well as its housing needs. Similarly, Alfold has a large Traveller community primarily residing in the Stovold's Hill area on Traveller pitches, but also in houses across the Plan area.

37. The statistics show that in the 2011 Census the NA had a total of 1,059 residents, formed into 449 households and occupying 507 dwellings. The Office for National Statistics (ONS) produces mid-year population estimates for parishes and wards throughout the country. The mid-2019 population estimate for Alfold Parish is 1,036 – indicating population decline of around 23 individuals since 2011, potentially due to movement out of the Parish between 2011 and 2019 or population decline associated with ageing.[1] It is worth noting that this figure is an estimate only, based on data which is mostly available at 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.

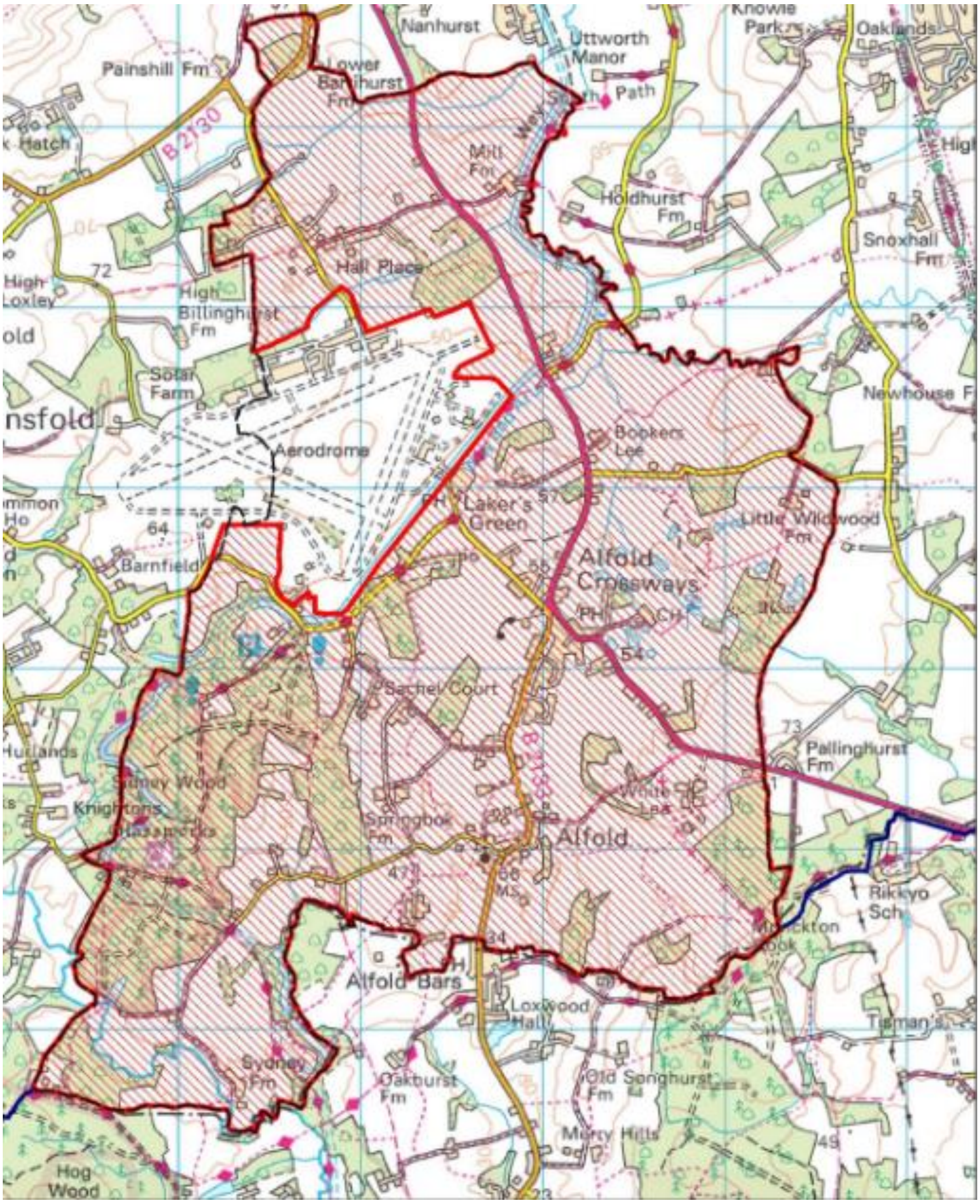
38. Waverley Borough Council provided recent data on the delivery of new housing in Alfold within the Plan period (2013-2023). 85 net new homes have been built in this time, approvals have been granted for 352 units and another 10 units are currently being appealed. This brings the total to 447 units either being completed, approved or currently under appeal. This increase in dwellings clearly does not align with the apparent decline in population over the same period. While it is possible for the population to continue to decline in spite of new construction, it is more likely that the

[1] Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/adhocs/12324parishpopulationestimatesformid2001tomid2019basedonbestfittingofoutputareastoparishes

ONS estimate referenced above is not accurate to the situation on the ground in Alfold.

39. A map of the Plan area appears below in Figure 2-1.

Figure 2-1: Map of the Alfold Neighbourhood Plan area[2]



Source: Waverley Borough Council

[2] Available at: https://www.waverley.gov.uk/Portals/0/Documents/services/planning-and-building/planning-strategies-and-policies/neighbourhood-planning/Alfold_Neighbourhood_Plan_Area_Designation_031219.pdf?ver=o9n9sB9xsRu8MPayukpnwg%3d%3d

Planning policy context

40. Neighbourhood Plans are required to be in general conformity with adopted strategic local policies.[3] In the case of Alfold, the current adopted Local Plan for Waverley is the Local Plan Part 1: Strategic Policies and Sites 2018 (LPP1). An emerging plan – Local Plan Part 2: Site Allocations and Development Management Policies (LPP2) – is undergoing consultation from October-November 2021 after a number of changes were proposed in January 2021. Access to these Local Plans is found via the Waverley Borough Council website.

Policies in the adopted local plan

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

Table 2-1: Summary of relevant adopted policies in the Alfold adopted Local Plan[4]

Policy	Provisions
Policy ALH1	The Council will provide at least 11,210 additional homes between 2013-2032. Alfold is allocated a minimum of 125 houses.
Policy AHN1	Requires a minimum provision of 30% affordable housing on developments where at least one of the following applies: a. In designated rural area developments providing a net increase of 6 dwellings or more b. In non-designated rural area developments providing a net increase of 11 dwellings or more c. Developments that have a maximum combined gross floorspace of more than 1000 sqm d. In the case of on-site provisions, the mix of housing types, sizes and tenure split should reflect the type of housing identified as being required in the most up-to-date evidence of housing needs and the SHMA
Policy AHN2	Where there is a genuine local need, small scale development of affordable housing may be permitted on land within/adjoined/closely related to existing rural settlements, provided it is small, takes account of the village size and respects the character of the village.

[3] 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
[4] Available at: https://www.waverley.gov.uk/Portals/0/Documents/services/planning-and-building/planning-strategies-and-policies/local-plan/LPP1_July_2019_web.pdf?ver=M4C0VK_SH7V54tLWEaTftA%3d%3d

Policy	Provisions
Policy AHN3	The Council require housing proposals to provide an appropriate range of different types and sizes of housing to meet the needs of the community. They encourage the provision of new accommodation to meet the needs of specific groups identified in the SHMA, including older people (aged 65 and over). In support of this group, they require such developments to meet Building Regulations M4(2) Category 2 standard: “accessible and adaptable dwellings” and encourage the development of elderly specialist housing.

Source: Waverley Borough Council

42. The LPP1 demonstrates a priority to deliver more affordable homes as a key factor supporting community wellbeing. The average house price in Waverley is £481,135, significantly above the regional average of £309,916. Further, 1,500 households on the Council’s Housing Needs Register, of these, 1200 are considered in the highest priority bands (A to C) requiring housing with a local connection and 300 are already provided with social housing but are seeking to move to different accommodation.

43. Within the LPP1, older people are identified as a demographic group with particular housing needs. The West Surrey SHMA 2015 anticipates a nearly 49% growth in the population of older persons (aged 65+) in Waverley over the next 20-25 years. This has implications for the type of housing available, especially regarding downsizing, specialist housing adaptations and mobility issues.

Quantity of housing to provide

44. 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.

45. Waverley has fulfilled that requirement by providing Alfold with a figure of 125 dwellings to be accommodated within the Neighbourhood Plan area by the end of the Plan period.[5] It is worth noting that this number has been exceeded by the approximately 274 housing starts or permissions in recent years.

[5] As confirmed in a phone conversation with the Parish council.

3. Approach

Research Questions

46. The following research questions were formulated at the outset of the research through discussion with the Alfold Neighbourhood Plan Steer Group. They serve to direct the research and provide the structure for the HNA.

Tenure and Affordability

47. 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.

48. This evidence will allow Alfold 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.

49. 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

50. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community.

51. 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.

52. 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.

53. 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 Plan area over the Neighbourhood Plan period?

Specialist Housing for Older People

54. This chapter supplements the demographic evidence relating to Type and Size, including the potential demand for downsizing, to consider the quantity and characteristics of need for housing for older people with some form of additional care.

RQ3: What provision should be made for specialist housing for older people over the Neighbourhood Plan Period?

Relevant Data

55. 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
- West Surrey Strategic Housing Market Assessment 2015[6]. This data source is considered relatively dated and therefore is drawn on to a lesser degree.

56. 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 be brought up to date in this way. Such patterns are instead generally assumed to persist to the present day.

[6] Available at: https://www.guildford.gov.uk/newlocalplan/media/19971/Final-West-Surrey-SHMA/pdf/Final_West_Surrey_SHMA.pdf

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

RQ1: 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

57. 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.

58. 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.

59. 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.[7]

60. 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;
- 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;

[7] 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.

- 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

61. The current tenure profile is a key feature of the Neighbourhood Plan 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.
62. Table 4-1 below presents data on tenure in Alfold compared with Waverley and England from the 2011 Census, which is the most recent available source of this information.
63. At the time of the 2011 Census, Alfold had slightly lower rates of home ownership and slightly higher rates of social renting and shared ownership than Waverley. The proportion of households private renting was similar to borough level.
64. Of the 57 net additional dwellings built in Alfold since 2011, 18 (or 32%) were in Affordable Housing tenures. As a result, the balance between affordable and market tenures in 2021 has a stronger weighting on affordable tenures than the 2011 picture. The precise percentage of each tenure cannot be updated because it is not known how many of the affordable homes are for rent (as opposed to home ownership) or how many of the market homes are owned or rented.
65. 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: the private rented sector in Alfold expanded by 85.7% in that period, a rate of growth similar to the national average of 82.4% but higher than Waverley's 71.3% change. More notably, the rate of change in the social rented sector was significantly higher in Alfold, at 10.1%, than the decreasing rates experienced in both Waverley and England, at -1.2% and -0.9% respectively.

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

Tenure	Alfold	Waverley	England
Owned; total	67.7%	73.7%	63.3%
Shared ownership	2.4%	1%	0.8%
Social rented; total	16.9%	12.3%	17.7%
Private rented; total	11.6%	11.3%	16.8%

Sources: Census 2011, AECOM Calculations[8]

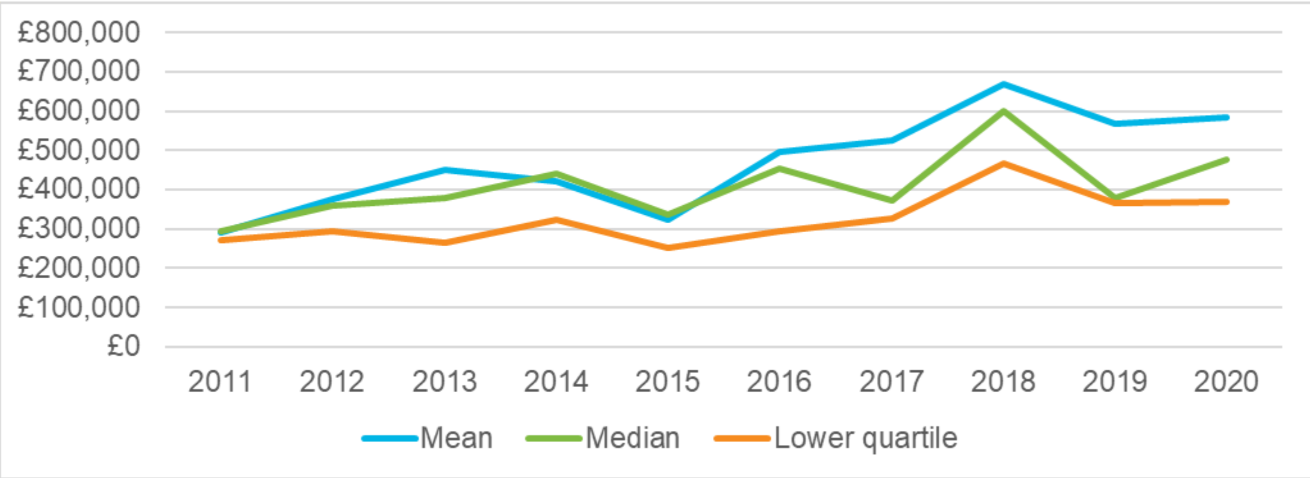
Affordability

House prices

66. 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.

67. Figure 4-1 below looks at selected measures of house prices in Alfold. It shows that while mean prices experienced a relatively smooth increase over the time period, median prices also experienced an overall increase but with relatively more volatile changes due to the relatively small sample size. Between 2011-2020, mean house prices increased by 101% reaching a mean of £583,000 in 2020, while median prices increased by 62.4% to £475,000 and lower quartile house prices increased by 36% to £369,000.

Figure 4-1: House prices by quartile in Alfold, 2011-2020



Source: Land Registry PPD

[8] Note that AECOM calculations may not add up to 100% throughout this document. This is either because we don't include all the data available on the census which if included would produce a 100% total figure or if numbers with decimal points have been rounded up.

68. Table 4-2 below breaks down house prices by type. It shows that while average prices fluctuated over time, there was an overall price growth for each product. The price of detached houses appreciated the most, increasing by 160% over the time period. However, it can be observed that significant fluctuations in price were experienced.

69. The SHMA supports notable price increases since 2012 due to the housing market recovery after the recession, however it is considered too outdated to provide an explanation for the continued fluctuations.

70. Although some data is absent for terraced houses and flats, by 2020 flats were the most affordable tenure option. While an average flat cost £235,000, terraced housing that might suit single or elderly couples is significantly more expensive at an average of £350,000.

Table 4-2: House prices by type in Alfold, 2011-2020

Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth
Detached	£287k	£427k	£683k	£555k	£250k	£490k	£644k	£688k	£639k	£749k	**160.4%**
Semi-detached	£292k	£377k	£313k	£319k	£340k	£347k	£476k	£401k	£371k	£369k	**26.3%**
Terraced	-	£325k	£223k	-	£310k	£371k	£319k	-	£305k	£350k	**7.69%**
Flats	-	-	-	-	£205k	£217k	£188k	-	-	£235k	**14.63%**
All Types	**£290k**	**£376k**	**£452k**	**£420k**	**£322k**	**£601k**	**£497k**	**£926k**	**£567k**	£809k	**179%**

Source: Land Registry PPD

Income

71. 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.

72. 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 £51,500 in 2018. A map of the area to which this data applies is provided in Appendix A.

73. 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 there are two or more people earning. Waverley's gross individual lower quartile annual earnings were £18,000 in 2018. To estimate the income of households with two lower quartile earners, this figure is doubled to £36,000.

74. 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

75. 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.

76. AECOM has determined thresholds for the income required in Alfold 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.

77. 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.

78. Table 4-3 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.

79. 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 Alfold (income required, £)

Tenure	Mortage Value	Rent	Income required	Affordable on mean incomes? £51,500	Affordable on LQ 1 incomes? £18,000	Affordable on LQ 2 incomes? £36,000
Market Housing						
Median House Price	£303,750	-	**£86,786**	No	No	No
LA New Build Mean House Price	£519,493		**£148,426**	No	No	No
LQ/Entry-level House Price	£330,300	-	**£94,371**	No	No	No
Average Market Rent	-	£15,744	**£52,480**	No	No	No
Entry-level Market Rent	-	£15,828	**£52,760**	No	No	No
Affordable Home Ownership						
First Homes (-30%)	£212,625	-	**£60,750**	No	No	No
First Homes (-40%)	£182,250	-	**£52,071**	Marginal	No	No
First Homes (-50%)	£151,875	-	**£43,393**	Yes	No	No
Shared Ownership (50%)	£151,875	£4,219	**£57,455**	No	No	No
Shared Ownership (25%)	£75,938	£6,328	**£42,790**	Yes	No	No
Shared Ownership (10%)	£30,375	£7,594	**£33,991**	Yes	No	Yes
Affordable Rented Housing						
Affordable Rent	-	£9,835	**£39,339**	Yes	No	No
Social Rent	-	£6,322	**£25,289**	Yes	No	Yes

Source: AECOM Calculations

80. 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

81. 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.

82. Private renting is not affordable to average earners and is generally only accessible to those earning over the average incomes. Households made up of two lower quartile earners also 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.

83. Table 4-3 does not factor in any ‘income’ households may receive through housing benefit. The maximum amounts payable to those in receipt of the full amount of housing benefit are shown below in table 4-4 and these rates reflect the fact that Alford sits within the Guildford Broad Rental Market Area.

84. Housing benefit could assist households in meeting the income threshold for private renting shown in table 4-3. However, whether rents are genuinely affordable to households in receipt of housing benefit is a complex issue, due the following factors:

- The amount that any working age household can receive through benefits is capped at £20,000. This means that where households are *wholly* reliant on benefits (and do not have other incomes/earnings), their rent is likely to take up a large proportion, or even all, of their income from benefits.
- Households in Alford eligible to receive the 4 bedroom rate under housing benefit would have their benefits capped as the total annual amount would exceed the £20,000 benefit cap.
- The housing benefit award to any household flexes according to the rent (up to the maximum set out in Table 4-4). Households renting in affordable or social rented housing would not receive the amounts set out below since rents in these tenures are lower.
- In practice, households in receipt of housing benefit (whether they are wholly or partially reliant on benefits to support their income) will spend a substantial proportion of their income on rent. In many, if not most cases, households will be spending in excess of 30% of their income on rent if they are wholly or partially reliant on housing benefit.

Table 4-4: Maximum benefits payable to persons within the Guildford Broad Rental Market Area

Size	Amount per month
Shared room rate (under 35 and single)	£490.01
1 bedroom	£850.02
2 bedroom	£1,100.00
3 bedroom	£1,375.01
4 bedroom	£1,800.01

Affordable home ownership

85. There is a relatively large group of households in Alfold who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £73,400 per year (at which point entry-level rents become affordable) and £94,371 (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.

86. 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.

87. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. Per the calculations presented in the table above, none of the discounts offered would be affordable to local residents, except a discount of 50%. A discount of 50% will extend home ownership to households on mean incomes. However, in order for lower quartile earners to be able to access discounted market sales, a discount of over 50% would be required. As Table 4-5 below shows, in order to access a median priced home, households on mean income would require a discount of 41%, single earner households on lower quartile incomes would require a discount of 79%, and dual-earners would need a discount of 59%.

88. Table 4-5 below 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 4-5: 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	41%	79%	59%
LA New build mean house price	65%	88%	76%
NA Entry-level house price	45%	81%	62%

Source: Land Registry PPD; ONS MSOA total household income

89. Shared ownership appears to be more affordable than First Homes but is broadly accessible to the same groups. Government has recently announced that the minimum equity share for shared ownership will fall to 10% of the property value. If this is delivered in the NA, it will make shared ownership easier to access for more people. However, while the income 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.

90. 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.

91. The income required to access rent to buy is assumed to be the same as that required to afford market rents. In this case, this income required to access entry level rents is £73,400. Given average rents are not affordable to those on mean incomes, Rent to Buy is not likely to be a suitable option for those on average incomes who wish to access home ownership. Furthermore, given average 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. On that basis, First Homes and shared ownership are more affordable options.

92. 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.

93. In conclusion, all of these products would prove valuable to different segments of the local population, with shared ownership at a lower than 25% equity share potentially allowing lower earning households to get a foot on the housing ladder, while rent to buy is helpful to those with little or no savings for a deposit, and First Homes (especially at 50% discount) may provide a better long-term investment to those who can afford to access it.

Affordable rented housing

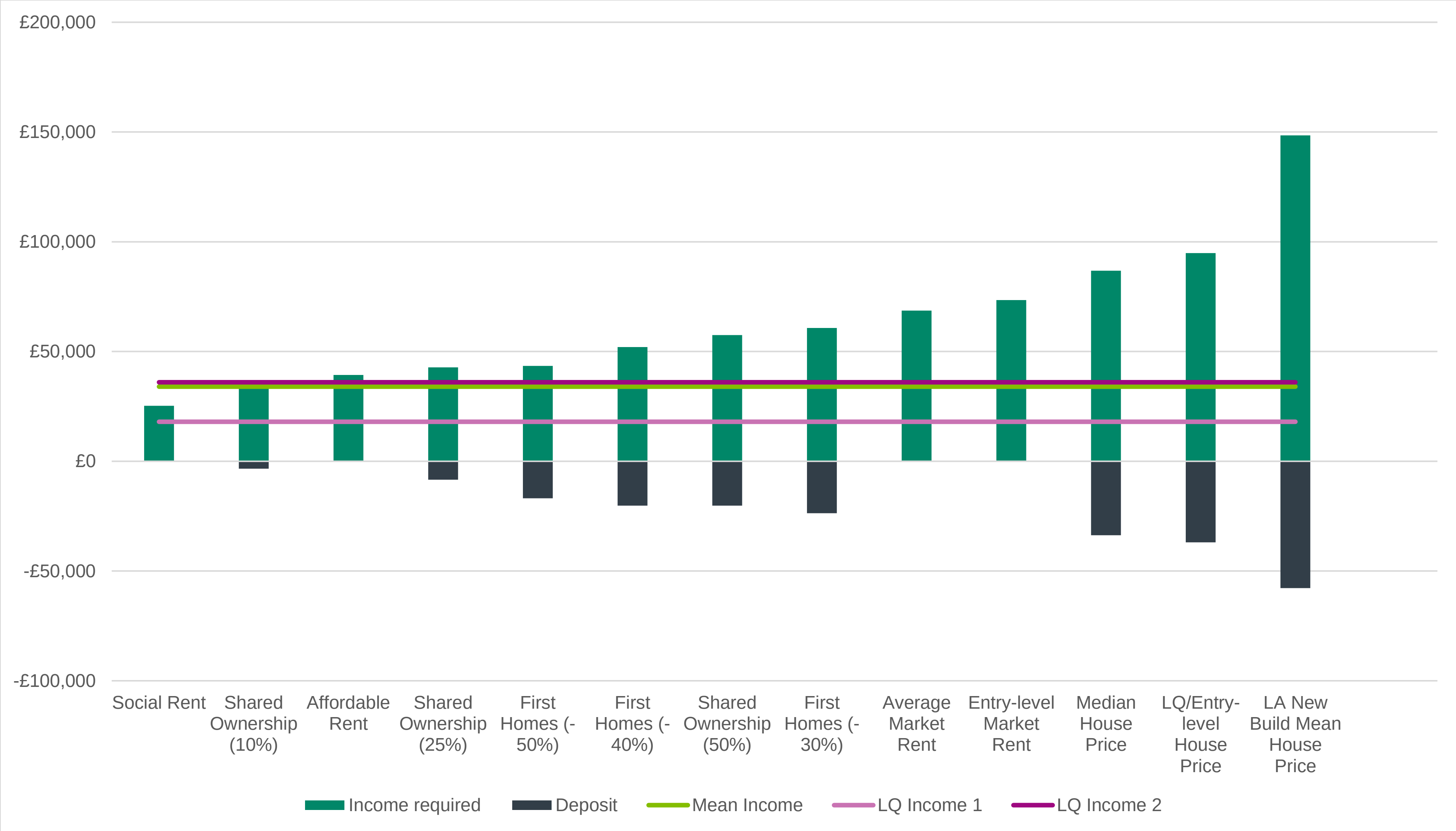
94. Affordable rented housing is generally affordable to households with two lower earners depending on their household size (average earning households are unlikely to be eligible).

95. Social and affordable rents are affordable to those on mean incomes but are not accessible options for households on lower quartile incomes. Households with two lower quartile earners can afford social rent, but are unable to access any other tenures, including any of the routes to affordable home ownership. Moreover, households in which there is only one lower quartile earner appear unable to afford any tenures at all without access to housing benefit.

96. The evidence in this chapter suggests that the affordable rented sector performs a vital function in Alfold 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 mean 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 Alfold, income required (additional cost of deposit in black)



Source: AECOM Calculations

Affordable housing- quantity needed

97. The starting point for understanding the need for affordable housing in Alfold is the relevant Strategic Housing Market Assessment (SHMA). A SHMA was undertaken for West Surrey in 2015. This study estimates the need for affordable rented housing in the District based on analysis of the Council's waiting list and analysis of other data sets in line with Planning Practice Guidance at the time. The SHMA identifies the need for 385 additional social/affordable homes each year in Waverley as a whole.

98. When the SHMA figures are pro-rated to Alfold based on its fair share of the population (0.87% of the LPA's population), this equates to roughly 3 homes per annum or 30 homes over the Neighbourhood Plan period 2022-2032. These homes are predominately for social/affordable rent because of the way that Affordable Housing was defined and assessed at the time of the publication of the SHMA.

99. To sense-check this result, the latest data on households on the waiting list for affordable rented housing who live in Alfold has been provided by Waverley Borough Council. There are currently 7 households on the register, and these are broken down by priority banding in Table 4-6 below. If 3 homes per annum were provided (as suggested by the SHMA) this would accommodate this backlog as well as any new households falling into need each year.

Table 4-6: Affordable Housing Wait List Data

Affordable housing waiting list data	
B and A	-
B and B	2
B and C	4
Discretionary Pool	1

Source: Waverley Council (2021)

100. The SHMA estimate is focused on affordable rented housing so it is necessary to supplement this figure with an estimate for the potential demand for Affordable Housing providing a route to home ownership, Table 4-7 below estimates the potential demand in Alfold. This model aims to estimate the number of households might wish to own their own home but cannot afford to – the 'can rent, can't buy' group described in the previous section. The model is consistent with methods used at Local Authority scale in taking as its starting point households currently living in or expected to enter the private rented sector who are not on housing benefit.

101. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model also discounts 25% of households potentially in need, assuming a proportion will be renting out of choice. This is assumption is based on consistent results for surveys and polls at the national level which demonstrate that most households (typically 80% or more) aspire to home

ownership.[9] No robust indicator exists for this area or a wider scale to suggest aspirations may be higher or lower in the NA.

102. The result of the calculation is 3.2 households per annum who may be interested in affordable home ownership (or 32.3 for the entirety of the Plan period).

103. Again this assumes a rate of turnover in the existing stock will satisfy some need, though this is extremely minimal because of the lack of shared ownership in the NA currently.

104. It is important to keep in mind that the households identified in this 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 need of Affordable Housing, but their needs are less acute than those on the waiting list for affordable rented housing.

[9] http://www.ipsos-mori-generations.com/housing.html

Table 4-7: Estimate of need for Affordable Housing for rent in Alfold

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current number of renters in parish	63.4	Census 2011 number of renters * national % increase to 2018.
1.2 Percentage renters on housing benefit in LA	19.8%	% of renters in 2018 on housing benefit.
1.3 Number of renters on housing benefits in parish	12.6	Step 1.1 * Step 1.2.
1.4 Current need (households)	38.1	Current renters minus those on housing benefit and minus 25% assumed to rent by choice.[10]
1.5 Per annum	**3.8**	Step 1.4 divided by plan period.
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	17.5	LA household projections for plan period (2018 based) prorated to NA.
2.2 % of households unable to buy but able to rent	11.5%	(Step 1.4 + Step 3.1) divided by number of households in NA estimated in 2020.
2.3 Total newly arising need	2.0	Step 2.1 x Step 2.2.
2.4 Total newly arising need per annum	**0.2**	Step 2.3 divided by plan period.
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of affordable housing	15.7	Number of shared ownership homes in NA (Census 2011 + LA new build to 2018/19 pro rated to NA).
3.2 Supply - intermediate resales	**0.8**	Step 3.1 * 5% (assumed rate of re-sale).
NET SHORTFALL (OR SURPLUS) PER ANNUM		
Overall shortfall (or surplus) per annum	**3.2**	(Step 1.5 + Step 2.4) - Step 3.2.
Overall shortfall (or surplus) over the plan period	32.3	(Step 1.4 + Step 2.3) – Step 3.2 * number of years to end of plan period

Source: AECOM model, using Census 2011, English Housing Survey 2018, DLUHC 2018 based household projections and net additions to affordable housing stock. 2018 is the latest reliable data for some datasets so is used throughout for consistency. Figures may not sum due to rounding.

105. 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).

106. It is also important to remember that even after the Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of

[10] The assumption of approximately 25% preferring to rent and 75% preferring to buy is AECOM's judgement, based on national level polls which consistently reveal that most households who prefer home ownership eg http://www.ipsos-mori-generations.com/housing.html and informed by our experience across numerous neighbourhood level HNAs. The assumption is based on the fact that some households choose to rent at certain stages in their life (e.g. when young, when needing flexibility in employment market, or when new migrants move into an area). While most households prefer the added security and independence of owning their own home, private renting is nevertheless a tenure of choice at a certain points in many households' journey through the housing market. The actual percentage of preference will differ between areas, being higher in large metropolitan areas with younger households and more new migrants, but lower in other areas. 25% is used as a reasonable proxy and for consistency across HNAs and similar assumptions are used in some larger scale assessments such as LHNAs and SHMAs. If the neighbourhood planning group feel this is not an appropriate assumption in their particular locality they could use the results of a local residents survey to refine or confirm this calculation.

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 SHMA findings

107. The SHMA for West Surrey indicates that in Waverley 1,307 residents are considered to live in unsuitable housing, 55.7% of which do so because they have insufficient income to afford market housing.

108. The estimated net need for housing per annum (2013-2033) in Waverley is 314, as calculated below:

Net Need = Backlog Need (36) + Need From Newly-Forming Households (374) + Existing Households falling into Need (89) – Supply of Affordable Housing (185)

109. The supply of affordable housing provided by the Local Authorities is composed of a re-let supply (163) and a pipeline supply (22).

110. Waverley's 2012 Affordable Housing Viability Assessment recommended the following affordable housing policies:

- 40% delivery on sites of over 15 dwellings
- 30% on schemes of 10-14 dwellings
- 20% on schemes of 5-9 dwellings
- 10% financial contribution on schemes of 1-4 dwellings

111. Between 2001-2011 the total housing stock in Waverley increased by only 6.3%, compared to the national average of 8.3%, despite above average demand.

112. Waverley has a particularly low level of privately rented stock (11.3%) in West Surrey HMA, reflecting particularly the high level of owner occupation in the Borough (73.7%).

113. Between 2001-2011, the growth of the private rental sector in Waverley (42%) is below the national and regional levels (~50%). Further, whilst modest growth in social rented properties was experienced across the HMA, this tenure declined in Waverley.

Affordable Housing policy guidance

114. Waverley's adopted policy AHN1 requires a minimum provision of 30% affordable housing a) In designated rural area developments providing a net

increase of 6 dwellings or more, and b) in non-designated rural area developments providing a net increase of 11 dwellings or more.

115. Given that Affordable Housing made up roughly 32% of new housing in Alfold over the last decade according to Waverley completions figures, it is understood that this target is usually met on sites in the NA.

116. 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

117. 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 left as a matter to be informed by the latest evidence. 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 Alfold specifically.

118. 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**: AECOM's estimate of the potential demand for affordable home ownership options suggest there may be a need for these homes in Alfold to address the aspirations of households who can rent but can't buy. AECOM's estimate identified the potential demand for 32.3 such homes over the plan period. As per the SHMA's calculation of rented homes, Alfold's share of the borough need is around 3 units per year or 30 homes over the plan period.

    The relationship between these figures suggests that roughly 49% of Affordable Housing should be rented and 51% should offer a route to ownership. However, as noted above, these figures are not directly equivalent: the former expresses the identified need of a group with acute needs and no alternative options; the latter expresses potential demand from a group who are generally adequately housed in rented accommodation and may not be able to afford the deposit to transition to ownership.

    B. **Can Affordable Housing needs be met in full?** How far the more urgently needed affordable rented housing should be prioritised in the tenure mix depends on the quantity of overall housing delivery expected. Alfold has a housing target of 125 dwellings.

    If the Local Plan target of 30% were achieved on every site, up to around 38 affordable homes might be expected in the NA. If the delivery of 447 permissions occurs, the Local Plan target of 30% on every site would expect the delivery of 134 affordable homes.

If the majority of Alfold's HRF is expected to come forward in the form of small infill developments, those schemes are unlikely to be large enough to meet the threshold of 6 dwellings (in designated areas) and 11 dwellings (in non-designated areas), above which the Affordable Housing policy applies. If that is the case, the potential delivery of Affordable Housing is likely to be lower still. This is not sufficient to satisfy the total potential demand for Affordable Housing identified here.

As a result, affordable rented housing should have a higher weighting in the tenure mix to ensure that the most acute needs are met as a priority.

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 Waverley where 30% of all housing should be affordable, roughly 33% of Affordable Housing should be for affordable ownership.

   There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. However, based on the findings of this HNA, delivery 10% or more of homes as affordable home ownership could potentially impact on the ability to deliver social/affordable rented homes.

D. **Local Plan policy**: While the Local Plan does not provide a tenure split, the Housing Strategy update for Waverley[11] (2020) gives the following split: 35% social and affordable rent each (a total of 70% affordable rented options), with the remaining 30% comprised of shared ownership and shared equity.

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. With First Homes comprising 25% of the split,

   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.

   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

[11] Available here: https://modgov.waverley.gov.uk/documents/s37681/Waverley%20Housing%20Strategy%20Update1%202020.pdf

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 Alfold**: As per the evidence presented in this chapter, Alfold has higher rates of social renting and shared ownership than Waverley, however, our calculations have shown the need for affordable housing, for rent and sale both, is high in the neighbourhood. In terms of private renting, Alfold has a similar rate to that observed in Waverley. In terms of home ownership, Alfold has a much lower percentage of owned homes than Waverley.

   This tenure profile suggests that provision of Affordable Housing would offer a wider choice of homes for local residents and, importantly, may allow those on lower incomes including newly forming households and younger families to remain in or move to the area.

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 Alfold 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.

119. On the basis of the considerations above, Table 4-8 below proposes an indicative Affordable Housing tenure mix that might be sought through Neighbourhood Plan policy.

120. 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 degree than the roughly 50/50 split indicated in the estimates of need discussed in the previous section. It is proposed that the tenure split suggested in Waverley’s latest housing strategy, of 70% affordable rent to 30% affordable home ownership, would be appropriate to Alfold to ensure that the priority need for affordable rent is secured while a reasonable amount of affordable home ownership is encouraged to meet a potentially large (but less urgent) pool of demand.

121. It is worth noting the impact of Dunsfold Park on meeting the affordable housing requirements of the neighbourhood area. While the park is part of the Parish, it does not fall under the neighbourhood area boundary. However, it is anticipated the development will meet the affordable housing requirements of the neighbourhood area's residents through it's housing commitments.

122. As per the evidence presented in this chapter, First Homes appears to be an affordable and helpful option locally, assuming it can be offered at 50% discount. National policy states that First Homes should represent 25% of the affordable mix, and this recommendation is suitable here. Furthermore, since shared ownership also offered suitable options to various income groups, this tenure has been allocated the remaining share in the tenure mix. Shared ownership is also mentioned in Waverley's Housing Strategy update referenced above, and thus we find it to be an appropriate fit for the needs of the neighbourhood.

123. This 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.

124. 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 Waverley to gather more detailed income and viability information, and to ensure that departures from the local policy context have their support.

125. 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.

Table 4-8: Indicative tenure split (Affordable Housing)

Tenure	Indicative mix	Considerations and uncertainties
Routes to home ownership, of which	**30%**	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	5%	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.
Affordable Housing for rent, of which	**30%**	
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

126. At the time of the 2011 Census, Alfold had slightly lower rates of home ownership and slightly higher rates of social renting and shared ownership than Waverley. The proportion of households private renting was similar to borough level.

127. Of the 57 net additional dwellings built in Alfold since 2011, 18 (or 32%) were in Affordable Housing tenures. As a result, the balance between affordable and market tenures in 2021 has a stronger weighting on affordable tenures than the 2011 picture. The precise percentage of each tenure cannot be updated because it is not known how many of the affordable homes are for rent (as opposed to home ownership) or how many of the market homes are owned or rented.

128. In terms of house prices, the mean average experienced a relatively smooth increase over the last ten years, whose median prices also experienced an overall increase but with relatively more volatile changes due to the relatively small sample size. Between 2011-2020, mean house prices increased by 101% reaching a mean of £583,000 in 2020, while median prices increased by 62.4% to £475,000 and lower quartile house prices increased by 36% to £369,000.

129. By benchmarking the incomes required to afford the different tenures in the neighbourhood area, we determined the following:

130. The income required to access even entry-large homes is more than would be expected to be available to those on average household incomes. Even with the benefit of a higher-than-average income, market housing is likely to remain out of reach to most.

    a. Private renting is generally only accessible to those earning over the average incomes, while average earnings and households of two lower quartile earners cannot afford the rental thresholds. Private renting is so expensive that the effective discount required for affordable rents is closer to 55% than the minimum of 20% (see appendix A).
    b. There is a 'can rent, can't buy' cohort who are able to afford to rent privately but cannot afford home ownership and would benefit from the range of affordable home ownership products such as First Homes and shared ownership.

131. The discount on average market sale price required to enable households on mean incomes to afford median priced homes is 41%. For single earner households on lower quartile incomes, a discount of 79% would be required, while dual-earners would need a discount of 59%.

132. It is worth noting that shared ownership (share of 10%) would be a more affordable option than First Homes and is broadly accessible to the same groups. While the income 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.

133. Rent to Buy is not likely to be a suitable option for those on average incomes who wish to access home ownership because of the high cost of renting locally.

134. Affordable rented housing (particularly social rent) is essential for accommodating those on the lowest incomes in Alfold, who can afford few other options.

135. When calculations presented in the SHMA are pro-rated to Alfold based on its fair share of the population (0.87% of the LPA's population), Alfold can be assumed to have a need for roughly 3 affordable rented homes per annum or 30 homes over the Neighbourhood Plan period 2022-2032. There are currently 7 Alfold households on the waiting list for affordable rented properties.

136. Turning to affordable routes to home ownership, we estimate potential demand in Alfold will be in the region of 3.2 households per annum (or 32.3 for the entirety of the Plan period). The needs of this group are comparatively less urgent: they are likely to be adequately housed at present but would prefer to buy than rent if possible.

137. 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 70% rent to 30% ownership. This reflects the fact that the delivery of affordable housing (likely a maximum of 38 units during the plan period) is not enough to meet the full potential demand identified here. As such, the more acute needs of those requiring affordable rent should be accorded higher priority than the HNA estimates of need would initially seem to suggest. This tenure split also aligns with that proposed in Waverley's latest housing strategy.

138. Table 4-9 below summarises Alfold's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation, and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighborhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.

Table 4-9: Estimated delivery of Affordable Housing in Alfold

	Step in Estimation	Expected delivery
A	Provisional capacity figure	125
B	Affordable housing quota (%) in LPA's Local Plan	30%
C	Potential total Affordable Housing in NA (A x B)	38
D	Rented % (e.g. social/ affordable rented)	70%
E	Rented number (C x D)	27
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	30%
G	Affordable home ownership number (C x F)	11

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

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

5. RQ 2: Type and Size

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

Introduction

140. The evidence in this chapter is intended to give a snapshot of the existing dwelling stock in Alfold 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.

141. 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

142. 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.

143. 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.

144. 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 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.

145. 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.

146. As noted in the Context section of this report, there is no perfect data source for the current mix of dwellings in the NA. The approach taken here, and considered the most accurate given the data available, is to add together figures from the 2011 Census and completions data provided by the Council to arrive at a current total. It is worth noting a few limitations. First, the overall net increase in homes in this data is 57, but the breakdown according to the number of bedrooms each home has sums to 64. It is not clear why this is the case, but the discrepancy is not significant when thinking about the breakdown of housing by size. Second, the way the Council classifies dwellings by type is limited to the categories ‘flat’, ‘house’ and ‘bungalow’. As these do not align with the Census categories and are relatively broad, the breakdown of home types cannot be brought fully up to date.

Dwelling type

147. Table 5-1 shows that detached houses are by far the most common type in Alfold, although they do not exist at quite as high a proportion as they do across Waverley. The proportion of semi-detached houses is broadly similar across the three areas, and (unusually for a rural area) the same can be said of flats. In Alfold there is, however, a particularly low proportion of terraced homes. This dwelling type can be useful in accommodating young families and/or those with less buying power, so its relative absence may have wider implications on affordability as well as choice.

Table 5-1: Accommodation type, Alfold, 2011

Dwelling type	Alfold	Waverley	England
Detached	40.0%	41.1%	22.4%
Semi-detached	26.4%	27.0%	31.2%
Terraced	5.7%	14.6%	24.5%
Flats	11.2%	16.9%	21.2%

Source: ONS 2011, VOA 2021, AECOM Calculations

Dwelling size

148. Table 5-2 shows that at the time of the 2011 Census the existing housing stock in Alfold was dominated by 3-bedroom dwellings at 33%, with smaller homes making up a combined 39% and larger homes a combined 28%.

149. These proportions are broadly shared in the mix of homes that have been built since 2011 and consequently in the current overall breakdown. The housing stock in Alfold does not reveal any obvious imbalances and recent development has expanded the available options in a relatively even way.

Table 5-2: Dwelling size (bedrooms), Alfold, 2011 and 2020

Number of bedrooms	2011	%	Completions	%	2021	%
1	65	14.5%	11	17.2%	76	14.8%
2	110	24.5%	13	20.3%	123	24.0%
3	150	33.4%	27	42.2%	177	34.5%
4+	124	27.6%	13	20.3%	137	26.7%
Total	449		64		513	

Source: ONS 2011, VOA 2021, AECOM Calculations

150. Again, it is useful to look at the percentage breakdown of dwelling sizes in comparison with the wider district and country. Alfold's housing stock is similar to Waverley as a whole, although the parish has a slightly smaller proportion of larger homes (4+ bedrooms) and slightly larger proportion of 1-bedroom homes. That said, the dwelling mix in Alfold and Waverley looks quite different to the national picture, where far fewer homes have 4+ bedrooms and there are correspondingly more medium-sized homes.

Table 5-3: Dwelling size (bedrooms), various geographies, 2020/21

Number of bedrooms	Alfold	Waverley	England
1	14.8%	11.0%	12.0%
2	24.0%	24.8%	27.7%
3	34.5%	38.7%	43.0%
4+	26.7%	25.5%	15.2%

Source: Census 2011 + completions data from WBC for Alfold, VOA 2020 for Waverley and England, AECOM Calculations

Age and household composition

151. Having established the current stock profile of Alfold 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

152. Table 5-4 below shows the most recent estimated age structure of the NA population, alongside 2011 Census figures.

153. Table 5-4 reveals an ageing population in Alfold. Age groups 0-44 largely experienced decreases in population percentage between 2011-2019, while ages 45-over 85 increased. While this is only a marginal shift, it evidences the growing need for housing suitable for the growing elderly population.

154. Note that ONS advises exercising caution with population estimates by single year of age (from which this 2019 data has been derived), as patterns of variance and bias make it relatively less accurate compared to Census data.

155. 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 2011-2019 has not been so significant as to invalidate the 2011 household data used in modelling later in this chapter.

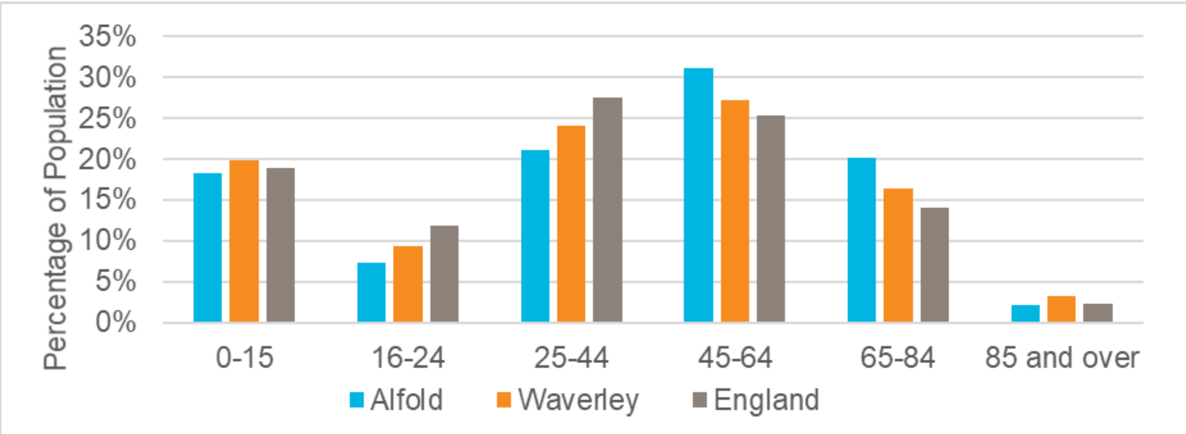
Table 5-4: Age structure of Alfold population, 2011 and 2019

Age group	2011 (Census)	%	2019 (ONS, estimated)	%
0-15	193	18%	160	15%
16-24	77	7%	84	8%
25-44	223	21%	176	17%
45-64	329	31%	328	32%
65-84	214	20%	251	24%
85 and over	23	2%	37	4%
Total	1,059	100%	1,036	100%

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

156. For context, it is useful to look at the parish population structure alongside that of the district and country. Figure 5-1 (using 2011 Census data) shows that the most populated age groups in Alfold are 45-64 and 65-84 and that these categories form a larger proportion of the population in Alfold than they do at wider geographies. It must be noted that this 2011 data is now outdated, therefore some of the population accounting for these two age groups now occupy the subsequent categories (as shown above). This confirms the ageing population of the NA and the Parish Council's concern about the importance of addressing the housing needs of older people.

Figure 5-1: Age structure in Alfold, 2011



Source: ONS 2011, AECOM Calculations

Household composition

157. 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.

158. Table 5-5 shows the 2011 Census data on household composition. In assessing this, and drawing comparisons with the 2001 Census, we can make the following observations:

a. While there is a significantly higher percentage of one family households than one person households in 2011, the latter has experienced a greater rate of change (22.4%) since 2001 compared the former (-1%);

b. The largest percentage of households in Alfold are families with dependent children (24.3%). There is a relatively low percentage of couples with no children (20%) and an even lower percentage of families with non-dependent children (10.9%);

c. The percentage of households whose residents are all aged 65+ in Alfold sits significantly higher than the national level. This category also experienced the greatest percentage of change since 2001 at 28.9%, compared to 5.9% in Waverley and -2% nationally;

d. While one person households composed of those aged 65+ similarly experienced a high rate of change (18.4%) since 2001, this is not out of step with trends across the wider area.

159. 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 16.7% between 2001 and 2011 in the parish – a significantly faster rate than the district average (-0.3%).

Table 5-5: Household composition, Alfold, 2011

Household composition		Alfold	Waverley	England
One person household	**Total**	26.7%	27.8%	30.2%
	Aged 65 and over	12.9%	14.2%	12.4%
	Other	13.8%	13.6%	17.9%
One family only	**Total**	68.2%	66.8%	61.8%
	All aged 65 and over	12.9%	10.8%	8.1%
	With no children	20.0%	19.7%	17.6%
	With dependent children	24.3%	27.7%	26.5%
	All children Non-Dependent[12]	10.9%	8.6%	9.6%
Other household types	**Total**	5.1%	5.5%	8.0%

Source: ONS 2011, AECOM Calculations

[12] Refers to households containing children who are older than 18 e.g students or young working people living at home.

Dwelling mix determined by life-stage modelling

Suggested future dwelling size mix

160. 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 Alfold 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 are therefore 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 future.
    - This occupation data is again only available at Local Authority scale, so it does risk embedding any unusual characteristics present in the area. Because Waverley has fairly unusual characteristics, in this case the patterns for England as a whole are used.
    - 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 2021 dwelling size mix for Alfold is made up of 2011 Census figures plus completions since.

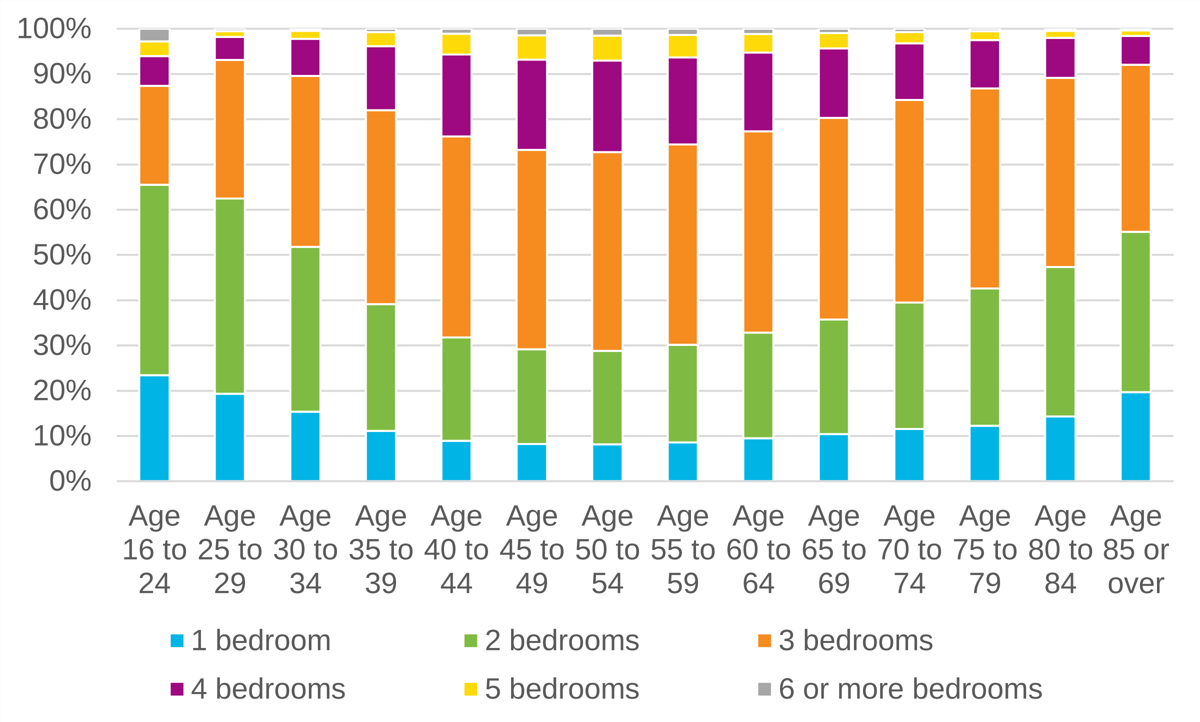
161. It is important to keep in mind that housing need is not an exact science and this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the tendency of households to occupy more 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.

162. 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.

163. Before presenting the results of this exercise, it may be interesting to review two of the inputs described above.

164. The first, given as Figure 5 2 below, sets out the relationship between household life stage and dwelling size for England 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 England, 2011



Source: ONS 2011, AECOM Calculations

165. The second dataset of note is the result of applying Local Authority level household projections to the age profile of Alfold households in 2011 and the updated estimates of household numbers described in the bullets above. Table 5-6 below makes clear that population growth can be expected to be driven by the oldest households. Between 2011-2032, there is expected to be a 39% increase in the percentage of households with a HRP of 65 and over, while there may be decreases in the percentages of households with HRPs between 25-34 and 35-54.

Table 5-6: Projected distribution of households by age of HRP, Alfold

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	5	24	159	106	155
2032	5	20	142	109	216
% change 2011-2032	5%	-16%	-10%	3%	39%

Source: AECOM Calculations

166. The final result of this exercise is presented in Table 5-7 below. The model suggests that the target size mix for 2032 is not dramatically different from the current mix, although there may be demand for more medium and larger homes than exist at present. This is chiefly because of the high proportion of 1-bedroom homes in Alfold today relative to wider geographies and particularly for a rural parish.

167. Table 5-7's findings largely align with recommendations presented in the SHMA. As per the SHMA, estimates for the size of market sector housing required from 2013-2033 in Waverley reveal the majority of additional households will need 3 bedrooms (38.2%) with a broad balance of either sizes. The unique starting mix of homes in the parish, however, suggests that a higher proportion of 3-bedroom homes and little if any more 1-bedroom homes will be needed in Alfold.

Table 5-7: Suggested dwelling size mix to 2032, Alfold

Number of bedrooms	Current mix (2011)	Indicative mix (2032)	Balance of new housing to reach indicative mix
1 bedroom	14.8%	10.1%	0.0%
2 bedrooms	24.0%	23.7%	13.9%
3 bedrooms	34.5%	38.2%	56.8%
4+ bedrooms	26.7%	28.0%	29.3%

Source: AECOM Calculations

168. This indicative recommended mix is somewhat unusual in the degree of weight given to larger homes (with 3 or more bedrooms) and the apparent lack of need for any more 1-bedroom homes. It is important to emphasise that it is generally not advisable to prevent the delivery of any particular home sizes entirely, as is suggested for 1-bedroom properties here. Although the model notes the greater need for family-sized housing to accommodate the future population, there may be good reasons to continue to encourage 1-bedroom homes in Alfold, including their impact on improving affordability.

169. 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.

170. The result of this model is therefore 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, and the objectives and views of the community should play a role in determining any Neighbourhood Plan policy around this.

171. An additional sensitivity around the needs of the large cohort of older households expected to be present by the end of the Plan period, is the question of 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 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.

172. 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 mid-sized and larger homes 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.

The SHMA findings

173. Estimates for the size of market sector housing required from 2013-2033 in Waverley reveal the majority of additional households will need 2 bedrooms (32.1%) and 3 bedrooms (38.2%). The SHMA recommends the following mix of market housing by size (at a HMA level):

- 1-bed properties: 10%
- 2-bed properties: 30%
- 3-bed properties: 40%
- 4-bed properties: 20%

174. Whereas in the affordable sector, 1-bedroom houses compose the majority need at 47.3% and 4+ bedrooms the least (1.7%). Thereby, the SHMA recommends the following mix of affordable housing by size (at a HMA level):

- 1-bed properties: 40%
- 2-bed properties: 30%
- 3-bed properties: 25%
- 4-bed properties: 5%

Conclusions- Type and Size

175. 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.

176. The existing stock of housing in Alfold is dominated by detached houses, although they do not exist at quite as high a proportion as they do across Waverley. The proportion of semi-detached houses is broadly similar across the parish, borough and country, and (unusually for a rural area) the same can be said of flats. In Alfold there is, however, a particularly low proportion

of terraced homes. This type is useful for accommodating growing families and/or those with less buying power, so its absence may have wider implications on affordability as well as choice.

177. At the time of the 2011 Census the housing stock in Alfold was dominated by 3-bedroom dwellings at 33%, with smaller homes making up a combined 39% and larger homes a combined 28%. These proportions are broadly shared in the mix of homes that have been built since 2011 and consequently in the current overall breakdown. The housing stock in Alfold does not reveal any obvious imbalances and recent development has expanded the available options in a relatively even way.

178. Alfold's housing stock in terms of size is similar to Waverley as a whole, although the parish has a slightly smaller proportion of larger homes (4+ bedrooms) and slightly larger proportion of 1-bedroom homes. That said, the dwelling mix in Alfold and Waverley looks quite different to the national picture, where far fewer homes have 4+ bedrooms and there are correspondingly more medium-sized homes.

179. 2011 Census data reveals that the most populated age groups in Alfold were 45-64 and 65-84 and that these categories form a larger proportion of the population in Alfold than they do at wider geographies. Since 2011, the age groups 0-44 largely declined while those over 45 increased (in particular the older sub-groups). While this is only a marginal shift, it evidences the growing need for housing suitable for the growing elderly population.

180. The currently large 65+ cohort is likely to reach retirement age over the Plan period and could form a largest source of demand for housing, whether they intend to occupy the same dwellings they currently live in, or perhaps move within the community to a home better suited to the size of their household or their evolving needs. The needs of this group have been considered further in the following chapter.

181. A life-stage modelling exercise has been undertaken to look at the sizes of dwelling occupied by different age groups and project the growth and decline of those age groups over the Plan period in order to understand what should be built.

182. The model suggests that the target size mix for 2032 is not dramatically different from the current mix, although there may be demand for more medium and larger homes than exist at present. This is chiefly because of the high proportion of 1-bedroom homes in Alfold today relative to wider geographies and particularly for a rural parish.

183. This recommended mix is somewhat unusual in the degree of weight given to larger homes (with 3 or more bedrooms) and the apparent lack of need for any more 1-bedroom homes.

184. It is important to emphasise that it is generally not advisable to prevent the delivery of any particular home sizes entirely, as is suggested for 1-bedroom properties here. Although the model notes the greater need for family-sized housing to accommodate the future population, there may be good reasons

to continue to encourage 1-bedroom homes in Alfold – notably their impact on improving affordability.

185. The increased availability of three-bedroom homes could be used to satisfy the need of young starter families and downsizing older households. Variety should be sought within the mid-sized homes that come forward in 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.

186. In spite of the results of the model, continuing to provide smaller homes with fewer bedrooms would help to address the affordability challenge identified in the preceding chapter. As such, it is recommended that priority is given to mid-sized homes but 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. RQ 3: Specialist housing for older people

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

Introduction

187. This chapter considers in detail the specialist housing needs of older and disabled people in Alfold. The level of care associated with specialist housing products can vary widely, and is broadly categorised, in descending order from highest to lowest care level, as follows

- Specialist schemes that have 24-hour onsite care and support, typically including onsite catering (e.g. extra care, flexicare, and enhanced care);
- Specialist housing that is designed with the relevant group in mind. This may be suitable for receiving care or support, but this is not typically provided onsite or at all times of day (e.g. sheltered housing); and
- Mainstream housing that is adapted or capable of adaptation so that the inhabitant can live independently and care or support can be provided in the home.

188. People experience ageing differently. Much depends on their health, lifestyle and relationship with work. Some people live healthy and active lives into advanced old age while others may need support and care much earlier in their lives. Some will be interested in moving to a suitable home closer to services while for others ageing independently in place will be key to their wellbeing.

189. Because of the wide variation in the level of support needed, as well as the financial capabilities of those affected, the estimates of need presented here should be viewed with caution – as an idea of the broad scale of potential need rather than an obligatory target that must be met.

190. The specialist housing needs of older people (75+) are assessed below using two methods. The first is a tenure-led projection, based on rates of mobility limitation among this age group and the tenure of housing they currently occupy. The second, included for the purposes of comparison, is based on the Housing Learning and Improvement Network (HLIN) Strategic Housing for Older People (SHOP) tool,13 which is based on best practice nationally and sets a recommended level of provision per 1,000 head of population.

191. It is important to note that the need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the total housing need or requirement. This is because the needs of particular groups will often be calculated having consideration to the whole population of an

[13] Available at https://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPv2/

area as a baseline as opposed to the projected new households which form the baseline for estimating housing need overall.14

192. This study covers the need for housing, i.e. buildings that the planning system classifies as Use Class C3 (private dwellings).15 Residences that fall into Use Class C2 (institutions including prisons, boarding schools and some care homes for the elderly) are not within the scope of this research. Unfortunately, however, the dividing line between care homes for older people that fall into use class C2 and those where accommodation is counted as C3 is blurred. As such, the findings of this chapter may justify the provision of extra-care C3 housing and/or C2 care home units, but it is not possible to state definitively how much of each would be required.

Current supply of specialist housing for older people

193. When determining a final target for the need for specialist dwellings, it is necessary first to take account of current supply. Information on the current stock is collated manually using the search function on the Elderly Accommodation Counsel's Website: http://www.housingcare.org.

194. Table 6-1 below counts a total of 49 units of specialist accommodation in the NA at present.

195. ONS 2019 population estimates suggest that there are currently around 366 individuals aged 75 or over in Alfold. This suggests that current provision is in the region of 69 units per 1,000 of the 75+ population (a common measure of specialist housing supply).

Table 6-1: Existing specialist housing for the elderly in Alfold

	Name	Description	Bed spaces	Tenure
1	Compasses Mobile Home Park	Retirement park of detached mobile homes exclusively available to over 50's.	Up to 49	Owned outright

196. A further 59 units of specialist housing are available at Springbok Estate. However, this housing is not available to the general public as it is provided by the Care Ashore charity for injured/retired personnel from the Merchant Navy, Royal Navy, Fleet Air Army and British fishing fleet.

Tenure-led projections

197. Turning to determining future need for specialist housing, the first step is to review data on the tenure of households aged 55-75 across Waverley, as this is the most recent and smallest geography for which tenure by age bracket data is available.

[14] See Paragraph: 017 Reference ID: 2a-017-20190220, at https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments)
[15] For a full description of Planning Use Classes, please refer to https://www.planningportal.co.uk/info/200130/common_projects/9/change_of_use

198. The 2011 55-75 age bracket is considered the best proxy for the group likely to fall into need for specialist accommodation during the Plan period to 2032. It is assumed that those currently occupying their own home will wish to do so for as long as practicably possible in future, even where downsizing or moving into specialist accommodation. Equally, those who currently rent, either in the private or social sectors, are projected to need affordable rented specialist accommodation.

199. According to Table 6-2 below, a high percentage of 55-75 year olds are home owners. 86.4% of households in this cohort own their homes, and 13.6% rent their homes.

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

All owned	Owned outright	Owned with a mortgage or loan or shared ownership	All rented	Social rented	Private rented	Living rent free
86.4%	60.6%	25.8%	**13.6%**	12.2%	1.1%	0.2%

Source: Census 2011

200. The next step is to project how the overall number of older people in Alfold is likely to change in future, by extrapolating from the ONS Sub-National Population Projections for Waverley at the end of the Plan period. The figure must be extrapolated from the Local Authority level data because such projections are not available at neighbourhood level. This calculation indicates that that those aged 75+ will constitute roughly 14.6% of the population of Alfold in 2032, up from 9.2% in 2011.

Table 6-3: Modelled projection of elderly population in Alfold by end of Plan period

Age group	2011		2032	
	Alfold (Census)	Waverley (Census)	Alfold (AECOM Calculation)	Waverley (ONS SNPP 2014)
All ages	1,059	115,665	1,170	127,784
75+	97	10,479	170	18,396
%	9.2%	9.1%	14.6%	14.4%

Source: ONS SNPP 2020, AECOM Calculations

201. A key assumption for the next stages of the calculation is that the older people living in the NA currently are already suitably accommodated, either because they occupy the existing stock of specialist accommodation, have made appropriate adaptations to their own homes or do not require support or adaptations. This is unlikely to be completely true, but it is not possible to determine how many such individuals are inadequately housed without evidence from a household survey (which itself may not give a complete picture).

202. The people whose needs are the focus of the subsequent analysis are therefore the additional 73 (170 – 97) individuals expected to join the 75+ age group by the end of the Plan period. This figure should also be converted into households with reference to the average number of people per household with a life stage of 75+ in Waverley in 2011 (the smallest and most recent dataset to capture households). In 2011 there were 10,479 individuals aged 75+ and 8,219 households headed by a person in that age group. The average household size is therefore 1.31, and the projected growth of people in Alfold can be estimated to be formed into around 56 households.

203. The next step is to multiply this figure by the percentages of 55-75 year olds occupying each tenure (shown in the table above). This is set out in Table 6-4 below. This provides a breakdown of which tenures those households are likely to need.

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

Owned	Owned outright	Owned with a mortgage or loan or Shared Ownership	All Rented	Social rented	Private rented	Living rent free
48	**34**	**14**	**8**	**7**	**1**	**0**

Source: Census 2011, ONS SNPP 2020, AECOM Calculations

204. Next, rates of disability by tenure are considered. The tendency for people in rented housing to have higher disability levels is well established. It arises partly because people with more limiting disabilities tend to have lower incomes. It also reflects the fact that as people develop support and care needs they may find that the only suitable and affordable option to them is available in the social rented sector. Figure 6-5 below presents this data for Alfold from the 2011 Census. Note that the closest proxy for the 75+ age group in the Census is the 65+ age group.

Table 6-5: Tenure and mobility limitations of those aged 65+ in Alfold, 2011

Tenure	All categories: Long-term health problem or disability	Day-to-day activities limited a lot		Day-to-day activities limited a little		Day-to-day activities not limited	
All categories: Tenure	**237**	**47**	**19.8%**	**56**	**23.6%**	**134**	**56.5%**
Owned or shared ownership: Total	**175**	**25**	***14.3%***	**42**	***24.0%***	**108**	***61.7%***
Owned: Owned outright	**159**	**21**	13.2%	**40**	25.2%	**98**	61.6%
Owned: Owned with a mortgage or loan or shared ownership	**16**	**4**	25.0%	**2**	12.5%	**10**	62.5%
Rented or living rent free: Total	**62**	**22**	***35.5%***	**14**	***22.6%***	**26**	***41.9%***
Rented: Social rented	**41**	**16**	39.0%	**11**	26.8%	**14**	34.1%
Rented: Private rented or living rent free	**21**	**6**	28.6%	**3**	14.3%	**12**	57.1%

Source: DC3408EW Health status

205. It is now possible to multiply the projected number of 75+ households occupying each tenure by the rates of mobility limitation for that tenure to arrive at the final tenure-led estimate for specialist housing needs. The number of households falling into potential need for specialist accommodation over the Plan period is 23.

206. These findings are set out in the table below, based on the assumption that those whose day-to-day activities are limited a lot may need housing with care (e.g. extra care housing, with significant on-site services, including potentially medical services), while those with their day to day activities limited only a little may simply need adaptations to their existing homes, or alternatively sheltered or retirement living that can provide some degree of oversight or additional services. However, it is important to note that, even those people who have high support or care needs can often be supported to live in their own homes. This is often reflected in policy of local authorities, with explicit aim to reduce the need to commission increasing numbers of care home beds.

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

Type	Affordable	Market	Total (rounded)
Housing with care (e.g. extra care)	*Multiply the number of people across all rented (not just social rent as those aged 65+ who need to rent are overwhelmingly likely to need Affordable Housing) housing by the percent in that tenure who have day to day activity limitations limited a lot.*	*Multiply the number of people across all owned housing by the percent in that tenure who have day to day activity limitations limited a lot.*	**10**
	3	7	
Adaptations, sheltered, or retirement living	*Multiply the number of people across all rented housing by the percent who have day to day activity limitations limited a little.*	*Multiply the number of people across all owned housing by the percent in that tenure who have day to day activity limitations limited a little.*	**13**
	2	12	
Total	**4**	**19**	**23**

Source: Census 2011, AECOM Calculations

Housing LIN-recommended provision

207. It is worth comparing these findings with the recommendations of the Housing Learning and Improvement Network (HLIN), one of the most simple and widely used models estimating for the housing needs of older people. Table 7-7 below reproduces the key assumptions of HLIN's Strategic Housing for Older People (SHOP) toolkit. The table serves as a guide to the numbers of specialist dwellings for older people that should be provided given the increase in their numbers over the Plan period, and how these should be split into the different tenures.

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

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

Source: Housing LIN SHOP Toolkit

208. The next step is to project how the overall number of older people in Alfold is likely to change in the future, by extrapolating from the ONS Sub-National Population Projections for Waverley at the end of the Plan Period. The figure must be extrapolated from the Local Authority level data because such projections are not available at neighbourhood level. This calculation indicates that those aged 75+ will constitute roughly 14.6% of the population of Alfold in 2032, up from 9.2% in 2011.

209. Alfold is forecast to see an increase of 73 individuals aged 75+ by the end of the Plan period. According to the HLIN tool, this translates into need as follows:

- Conventional sheltered housing to rent = 60 x .073 = 4.38
- Leasehold sheltered housing = 120 x .073= 8.76
- Enhanced sheltered housing (divided 50:50 between that for rent and that for sale) = 20 x .073 = 1.46
- Extra care housing for rent = 15 x .073= 1.095
- Extra care housing for sale = 30 x .073 = 2.19
- Housing based provision for dementia = 6 x .073 = 0.438

210. This produces an overall total of roughly 14 specialist dwellings which might be required by the end of the plan period.

211. Table 6-8 below sets out the HLIN recommendations in the same format as Table 6-7 above. It is important to stress that the SHOP toolkit embeds assumptions that uplift the provision of specialist accommodation compared to current rates.

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

Type	Affordable	Market	Total
Housing with care (e.g. extra care)	Includes: enhanced sheltered housing for rent + extra care housing for rent + housing based provision for dementia	Includes: enhanced sheltered housing for sale + extra care housing for sale	**4**
	1.74	2.24	
Sheltered housing	Conventional sheltered housing for rent	Leasehold sheltered housing	**10**
	3	7	
Total	**5**	**9**	**14**

Source: Housing LIN, AECOM calculations

SHMA findings

212. Waverley is expected to see a 48.8% projected population change in Older Persons (aged 65+) across the period 2013-2033. The borough's largest increase of 137.6% is projected for those aged 85+, compared to the national average of 120.7%.

213. Where developments include bungalows there is a popular demand from older people looking to downsize. This provides cost implications for the developer given the plot size compared to floor space, however it does allow older households to downsize frees up family accommodation for younger households in need.

214. Between 2013-2033 there is an estimated net need of 1,703 older person/specialising housing, 260 of these being affordable.

Conclusions- Specialist Housing for Older People

215. Alfold has a current population of 97 people aged 75 and over (ONS 2019), and our calculations show that the population of this group is expected to increase to 170 people by the end of the planning period.

216. The potential need for specialist housing with some form of additional care for older people can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research and assumptions.

217. These two methods of estimating the future need in Alfold produce a range of 14 to 23 specialist accommodation units that might be required during the Plan period. These estimates are based on the projected growth of the older population, thereby assuming that today's older households are already well

accommodated. If this is found not to be the case, it would justify aspiring to exceed the range identified here.

218. It is important to note that the scale of need for specialist accommodation heavily depends on the amount of accessible/adapted mainstream housing in Alfold currently – or how far this can successfully be achieved in future. Note that there is no accurate secondary data on this. If the neighbourhood plan were to be particularly ambitious in requiring high standards of accessibility and adaptability, there is arguably less need to deliver specialist accommodation.

219. Given that there is unlikely to be a large volume of additional specialist supply during the Plan period, another avenue open to the Neighbourhood Plan is therefore to require standards of accessibility and adaptability in new development to be met at more ambitious levels than those mandated in the Local Plan, and to encourage the adaptation of existing properties through grant schemes and other means (though it is acknowledged the Neighbourhood Plan may have less influence over changes to the existing stock).

220. It is also worth noting the impact of Compasses Mobile Home Park on the availability of specialist housing in the neighbourhood, which comprises up to 49 static caravans which are for exclusive use of the over 50s. While it anticipated this will meet some of the anticipated need, it is still worth considering the range of units suggested will be needed over the plan period. Furthermore, while the mobile park may meet some local need, it may not meet the needs of all older people in the area, that might be disabled or need a carer, for instance, which are needs the park might not be able to accommodate.

221. Local Plan policy AHN3 provides explicit encouragement for development to accommodate specific groups such as older people. However, it does not set specific targets for the proportion of new housing that might be required to meet national standards for accessibility and adaptability (Category M4(2)), or for wheelchair users (Category M4(3)). The evidence gathered here would appear to justify applying such a target in the Neighbourhood Plan if this avenue has the support of the LPA.

222. It is relatively common for Local and Neighbourhood Plans to require that all or a majority of new housing meets Category M4(2) standards in response to the demographic shifts being observed nationwide, and the localised evidence gathered here would further justify this. The proportion of new housing that might accommodate those using wheelchairs might be set with reference to the proportion of affordable housing applicants falling into this category and/or evidence from a household survey.

223. While it is important to maximise the accessibility of all new housing, it is particularly important for specialist housing for older people to be provided in sustainable, accessible locations, for a number of reasons, as follows:

- so that residents, who often lack cars of their own, are able to access local services and facilities, such as shops and doctor's surgeries, on foot;

- so that any staff working there have the choice to access their workplace by more sustainable transport modes; and
- so that family members and other visitors have the choice to access relatives and friends living in specialist accommodation by more sustainable transport modes.

224. Alongside the need for specialist housing to be provided in accessible locations, another important requirement is for cost effectiveness and economies of scale. This can be achieved by serving the specialist elderly housing needs arising from a number of different locations and/or neighbourhood plan areas from a single, centralised point (i.e. what is sometimes referred to as a ‘hub-and-spoke’ model).

225. It is considered that Alfold’s position in the settlement hierarchy makes it a relatively less suitable location for specialist accommodation on the basis of the accessibility criteria and the considerations of cost-effectiveness above. As such, noting that there is no specific requirement or obligation to provide the specialist accommodation need arising from Alfold entirely within the Neighbourhood Plan area boundaries, it is recommended it could be provided in a ‘hub and spoke’ model. In the case of Alfold, Cranleigh is considered to have potential to accommodate the specialist housing need arising from the Neighbourhood Plan area (i.e. to be the hub in the hub-and-spoke model). If this were to take place, then the number of specialist dwellings to be provided and the overall dwellings target for the Neighbourhood Plan area itself would not overlap.

226. Wherever specialist housing is to be accommodated, partnership working with specialist developers is recommended, so as to introduce a greater degree of choice into the housing options for older people who wish to move in later life.

7. Conclusions

Overview

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

Table 7-1: Summary of study findings specific to Alfold with a potential impact on Neighbourhood Plan housing policies

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	• At the time of the 2011 Census, Alfold had slightly lower rates of home ownership and slightly higher rates of social renting and shared ownership than Waverley. The proportion of households private renting was similar to borough level. • Of the 57 net additional dwellings built in Alfold since 2011, 18 (or 32%) were in Affordable Housing tenures. As a result, the balance between affordable and market tenures in 2021 has a stronger weighting on affordable tenures than the 2011 picture. The precise percentage of each tenure cannot be updated because it is not known how many of the affordable homes are for rent (as opposed to home ownership) or how many of the market homes are owned or rented. • In terms of house prices, while mean prices experienced a relatively smooth increase over the time period, median prices also experienced an overall increase but with relatively more volatile changes due to the relatively small sample size. Between 2011-2020, mean house prices increased by 101% reaching a mean of £583,000 in 2020, while median prices increased by 62.4% to £475,000 and lower quartile house prices increased by 36% to £369,000.	• By benchmarking the incomes required to afford the different tenures in the neighbourhood area, we determined the following: – The income required to access even entry-large homes is more than would be expected to be available to those on average household incomes. Even with the benefit of a higher-than-average income, market housing is likely to remain out of reach to most. – Private renting is generally only accessible to those earning over the average incomes, while average earnings and households of two lower quartile earners cannot afford the rental thresholds. There is a 'can rent, can't buy' cohort who are able to afford to rent privately but cannot afford home ownership and would benefit from the range of affordable home ownership products such as First Homes and shared ownership. – The discount on average market sale price required to enable households on mean incomes to afford median priced homes is 41%. For single earner households on lower quartile incomes, a discount of 79% would be required, while dual-earners would need a discount of 59%. – It is worth noting that shared ownership (share of 10%) would be a more affordable option than First Homes and is broadly accessible to the same groups. While the income 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. – Rent to Buy is not likely to be a suitable option for those on average incomes who wish to access home ownership because of the high cost of renting locally. – Affordable rented housing (particularly social rent) is essential for accommodating those on the lowest incomes in Alfold, who can afford few other options. • When calculations presented in the SHMA are pro-rated to Alfold based on its fair share of the population (0.87% of the LPA's population), Alfold can be assumed to have a need for roughly 3 affordable

		rented homes per annum or 30 homes over the Neighbourhood Plan period 2022-2032. There are currently 7 Alfold households on the waiting list for affordable rented properties. • Turning to affordable routes to home ownership, we estimate potential demand in Alfold will be in the region of 3.2 households per annum (or 32.3 for the entirety of the Plan period). The needs of this group are comparatively less urgent: they are likely to be adequately housed at present but would prefer to buy than rent if possible. • 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 70% rent to 30% ownership. This reflects the fact that the delivery of affordable housing (likely a maximum of 38 units during the plan period) is not enough to meet the full potential demand identified here. As such, the more acute needs of those requiring affordable rent should be accorded higher priority than the HNA estimates of need would initially seem to suggest. This tenure split also aligns with that proposed in Waverley's latest housing strategy.
Housing type and size	• The existing stock of housing in Alfold is dominated by detached houses, although they do not exist at quite as high a proportion as they do across Waverley. The proportion of semi-detached houses is broadly similar across the parish, borough and country, and (unusually for a rural area) the same can be said of flats. In Alfold there is, however, a particularly low proportion of terraced homes. This type is useful for accommodating growing families and/or those with less buying power, so its absence may have wider implications on affordability as well as choice. • At the time of the 2011 Census the housing stock in Alfold was dominated by 3-bedroom dwellings at 33%, with smaller homes making up a combined 39% and larger homes a combined 28%. These proportions are broadly shared in the mix of homes that have been built since 2011 and consequently in the current overall breakdown. The housing stock in Alfold does not reveal any obvious imbalances and recent development has expanded the available options in a relatively even way.	• The life-stage modelling suggests that the target size mix for 2032 is not dramatically different from the current mix, although there may be demand for more medium and larger homes than exist at present. This is chiefly because of the high proportion of 1-bedroom homes in Alfold today relative to wider geographies and particularly for a rural parish. • This recommended mix is somewhat unusual in the degree of weight given to larger homes (with 3 or more bedrooms) and the apparent lack of need for any more 1-bedroom homes. • It is important to emphasise that it is generally not advisable to prevent the delivery of any particular home sizes entirely, as is suggested for 1-bedroom properties here. Although the model notes the greater need for family-sized housing to accommodate the future population, there may be good reasons to continue to encourage 1-bedroom homes in Alfold – notably their impact on improving affordability. • The increased availability of three-bedroom homes could be used to satisfy the need of young starter families and downsizing older households. Variety should be sought within the mid-sized homes that come forward in 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. • In spite of the results of the model, continuing to provide smaller homes with fewer bedrooms would help to address the affordability challenge identified in the preceding chapter. As such, it is recommended that priority is given to mid-sized homes but to a degree that aligns with the wider objectives of the community and does not limit choice or threaten

	• Alfold's housing stock in terms of size is similar to Waverley as a whole, although the parish has a slightly smaller proportion of larger homes (4+ bedrooms) and slightly larger proportion of 1-bedroom homes. That said, the dwelling mix in Alfold and Waverley looks quite different to the national picture, where far fewer homes have 4+ bedrooms and there are correspondingly more medium-sized homes. • 2011 Census data reveals that the most populated age groups in Alfold were 45-64 and 65-84 and that these categories form a larger proportion of the population in Alfold than they do at wider geographies. Since 2011, the age groups 0-44 largely declined while those over 45 increased (in particular the older sub-groups). While this is only a marginal shift, it evidences the growing need for housing suitable for the growing elderly population. • The currently large 65+ cohort is likely to reach retirement age over the Plan period and could form a largest source of demand for housing, whether they intend to occupy the same dwellings they currently live in, or perhaps move within the community to a home better suited to the size of their household or their evolving needs. The needs of this group have been considered further in the following chapter.	viability. The evidence in this section represents a starting point for further thought and consultation.
Specialist housing for older people	• Alfold has a current population of 97 people aged 75 and over (ONS 2019), and our calculations show that the population of this group is expected to increase to 170 people by the end of the planning period. • The potential need for specialist housing with some form of additional care for older people can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research and assumptions. • It is important to note that the scale of need for specialist	• Estimating the future need in Alfold produce a range of 14 to 23 specialist accommodation units that might be required during the Plan period. These estimates are based on the projected growth of the older population, thereby assuming that today's older households are already well accommodated. If this is found not to be the case, it would justify aspiring to exceed the range identified here. • It is considered that Alfold's position in the settlement hierarchy makes it a relatively less suitable location for specialist accommodation on the basis of the accessibility criteria and the considerations of cost-effectiveness above. As such, noting that there is no specific requirement or obligation to provide the specialist accommodation need arising from Alfold entirely within the Neighbourhood Plan area boundaries, it is recommended it could be provided in a 'hub and spoke' model. In the case of Alfold, Cranleigh is considered to have potential to accommodate the specialist housing need arising from the Neighbourhood Plan area (i.e. to be the hub in the hub-and-spoke model). If this were to take

	accommodation heavily depends on the amount of accessible/adapted mainstream housing in Alfold currently – or how far this can successfully be achieved in future. Note that there is no accurate secondary data on this. If the neighbourhood plan were to be particularly ambitious in requiring high standards of accessibility and adaptability, there is arguably less need to deliver specialist accommodation. •	place, then the number of specialist dwellings to be provided and the overall dwellings target for the Neighbourhood Plan area itself would not overlap. • Wherever specialist housing is to be accommodated, partnership working with specialist developers is recommended, so as to introduce a greater degree of choice into the housing options for older people who wish to move in later life. • Given that there is unlikely to be a large volume of additional specialist supply during the Plan period, another avenue open to the Neighbourhood Plan is therefore to require standards of accessibility and adaptability in new development to be met at more ambitious levels than those mandated in the Local Plan, and to encourage the adaptation of existing properties through grant schemes and other means (though it is acknowledged the Neighbourhood Plan may have less influence over changes to the existing stock). • Local Plan policy AHN3 provides explicit encouragement for development to accommodate specific groups such as older people. However, it does not set specific targets for the proportion of new housing that might be required to meet national standards for accessibility and adaptability (Category M4(2)), or for wheelchair users (Category M4(3)). The evidence gathered here would appear to justify applying such a target in the Neighbourhood Plan if this avenue has the support of the LPA. • It is relatively common for Local and Neighbourhood Plans to require that all or a majority of new housing meets Category M4(2) standards in response to the demographic shifts being observed nationwide, and the localised evidence gathered here would further justify this. The proportion of new housing that might accommodate those using wheelchairs might be set with reference to the proportion of affordable housing applicants falling into this category and/or evidence from a household survey.

Recommendations for next steps

228. This Neighbourhood Plan housing needs assessment aims to provide Alfold 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 Waverely 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 Waverley;
- 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 Waverley.

229. 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.

230. 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, Waverley or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.

231. 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.

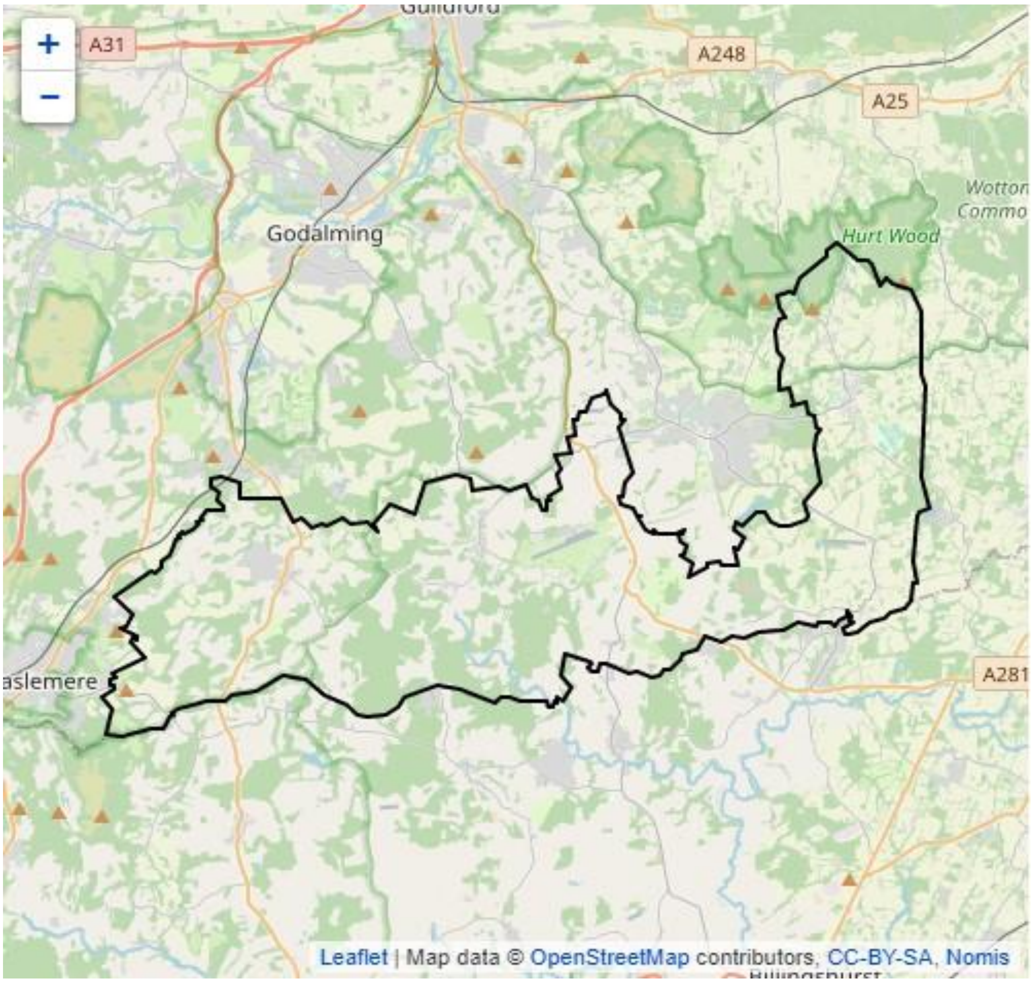
Appendix A : Calculation of Affordability Thresholds

A.1 Assessment geography

232. As noted in the Tenure and Affordability chapter above, affordability thresholds can only be calculated on the basis of data on incomes across the Neighbourhood Plan area. Such data is available at MSOA level but not at the level of neighbourhood plan areas.

233. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the Neighbourhood Plan area. In the case of Alfold, it is considered that MSOA E02006453 is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. A map of MSOA E02006453 appears below in **Figure A-1**.

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



Source: ONS

a. Market housing

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

235. 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

236. 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.

237. 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 Alfold, 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.

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

- Value of a median NA house price (2020) = £337K ;
- Purchase deposit at 10% of value = £33K;
- Value of dwelling for mortgage purposes = £303K;
- Divided by loan to income ratio of 3.5 = purchase threshold of £86K.

239. 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 2020 was £369K, and the purchase threshold is therefore £94K.

240. 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 future. Land Registry records 11 sales of new build properties in the NA in 2019. The average price of an LA new build was £577K, and the purchase threshold is therefore £148K.

i. Private Rented Sector (PRS)

241. 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.

242. 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.

243. The property website Home.co.uk shows rental values for property in the Neighbourhood Plan area. The best available data is derived from properties available for rent within a 5 mile radius of Alfold, which covers a larger area than the Plan area itself but can be used as a reasonable proxy for it. Moreover, because it forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.

244. According to home.co.uk, there were 8 properties for rent at the time of search in October 2021, with an average monthly rent of £1,312 There were 5 two-bed properties listed, with an average price of £1,319 per calendar month. Clearly there are more smaller homes than larger ones available rent, so that the 2-bed average is in fact higher than the overall average.

245. The calculation for the private rent income threshold for entry-level (2 bedroom) dwellings is as follows:

- Annual rent = £1.3K x 12 = £16K;
- Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of £52K

246. The calculation is repeated for the overall average to give the same income threshold of £52K.

247. Alternatively, the ONS Private Rental Market Statistics from December 2021 show the average price of a two-bedroom rental in Waverley to be £1,120.[16] Thereby, a range of £1.12K - £1.3K is indicated. However, communication with the group has implied that rental prices in Alfold are likely to be less than the ONS figures for Waverley due to its location near lower priced areas in Sussex. While there is no way of evidencing this, as our calculations are based on robust high-level datasets, it can be noted that these are overestimates as neighbourhood level data is not available.

a. Affordable Housing

248. 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.

[16] ONS (2021). Private rental market summary statistics in England. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/privaterentalmarketsummarystatisticsinengland

i. Social rent

249. 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.

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

251. 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 might 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	£107	£121	£127	£152	**£121**
Annual average	£5.5K	£6.3K	£6.6K	£7.9K	**£6.3K**
Income needed	£22.3K	£25.3K	£26.5K	£31.6K	**£25.2K**

Source: Homes England, AECOM Calculations

i. Affordable rent

252. 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).

253. 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%.

254. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for Waverley Borough. Again, it is assumed that no more than 30% of income should be spent on rent, and the overall average is taken forward.

255. Comparing this result with the average 2-bedroom annual private rent above indicates that affordable rents in the NA are actually closer to 45% 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	£148	£189	£217	£300	**£189**
Annual average	£7.6K	£9.8K	£11.3K	£15.6K	**£9.8K**
Income needed	£30.7K	£39.4K	£45.2K	£62.5K	**£39.3K**

Source: Homes England, AECOM Calculations

i. Affordable home ownership

256. 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.

257. 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

258. 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.

259. The starting point for these calculations is therefore the estimated cost of new build housing in Waverley as noted above of £337K.

260. For the minimum discount of 30% the purchase threshold can be calculated as follows:

- Value of a new home (LA average) = £337K;
- Discounted by 30% = 236K;
- Purchase deposit at 10% of value = £23K;
- Value of dwelling for mortgage purposes = £212K;
- Divided by loan to income ratio of 3.5 = purchase threshold of £60K.

261. 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 £52K and £43K respectively.

262. All of the income thresholds calculated here for First Homes are below the cap of £80,000 above which households are not eligible.

263. 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 2 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 not appear to be an issue in Alfold.

Shared ownership

264. 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'.

265. 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.

266. 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).

267. The affordability threshold for a 25% equity share is calculated as follows:

- A 25% equity share of £337K is £84K;
- A 10% deposit of £8K is deducted, leaving a mortgage value of £75K;
- This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £21K;
- Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £253K;
- The estimated annual rent at 2.5% of the unsold value is £6K;
- This requires an income of £21K (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).

- The total income required is £42K (£21 plus £21).

268. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of £33K and £57K respectively.
269. These income thresholds are below the £80K cap for eligible households.

Rent to Buy

270. Rent to buy is a relatively new and less common tenure, which through subsidy allows the occupant to save a portion of their rent 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 equity in the property with a portion of the rent, but this portion is still a monthly outgoing for the occupant.

Help to Buy (Equity Loan)

271. 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.
272. 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 = £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[17].

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[18]

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

Co-living

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

[18] See https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report

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[19]

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)[20]

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

Equity Loans/Shared Equity

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

Extra Care Housing or Housing-With-Care

[19] See https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary
[20] See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

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 provided 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[21], i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

Neighbourhood Development Order (NDO)

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

Neighbourhood plan

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

Older People

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

Output Area/Lower Super Output Area/Middle Super Output Area

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

Overcrowding

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

[21] See https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/

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[22]

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

Strategic Housing Land Availability Assessment

[22] See http://www.housingcare.org/jargon-sheltered-housing.aspx

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.[23]

[23] See http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing

aecom.com

aecom.com