

Salisbury Housing Needs Assessment (HNA)

December 2020

Quality information

Prepared by

Lucy Wildsmith
Graduate Planner

Checked by

Paul Avery
Senior Consultant

Approved by

Kerry Parr
Associate Director

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Prepared for:

Salisbury City Council

Prepared by:

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

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List of acronyms used in the text:

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

1. Executive Summary

1.1 Conclusions- Tenure and Affordability

1. At the time of the 2011 Census, Home Ownership was the most common form of tenure in Salisbury at 59.5%, followed by Social rent (20.6%) and Private rent (17.5%). In comparison to Wiltshire, Salisbury has a higher level of renting (differences of 5.9 percentage points for Social rent and 2.1 percentage points for Private rent) but a lower level of home ownership (8 percentage point difference).
2. Between 2010 and 2013, house prices remained relatively stable, however between 2013 and 2019 there was a steady period of growth, resulting in the average (mean) house price rising from approximately £175,000 to £225,000. All dwelling types have seen a similar level of average price growth, with an overall average of 24.6% over the last ten years.
3. The analysis in this HNA has demonstrated the challenge of housing affordability within Salisbury. Households on average incomes (just under £50,000 per annum) cannot afford to buy market housing in the local area. Households on low incomes need subsidized housing such as social and affordable rent to be able to meet their needs.
4. 2 bedroom properties (which are the generally accepted proxy for entry-level homes as per Planning Practice Guidance) in Salisbury currently have an average rental price of £804 per calendar month. The 2020 household survey finds that a combined 65% of respondents can afford to put up to £800 towards rent or mortgage costs each month. This is favourable evidence that private renting is affordable to the majority in Salisbury, though it is also possible that respondents are willing to set aside more than the 30% of their income towards housing costs that our calculations assume.
5. Evidence from the Wiltshire SHMA suggests that Salisbury needs around 1,512 social/affordable rented homes (95 per annum) over the plan period to meet the need for this type of accommodation, often to support households in acute housing need.
6. In addition, AECOM estimates potential demand for affordable home ownership of 2,619 homes over the plan period (164 per annum). If the two estimates are added together, the total need or potential demand for affordable housing would be 259 per annum, with affordable homeownership accounting for 63% of this. However, it is important to keep in mind that these households are, by and large, adequately housed in the private rented sector and are not in acute housing need.
7. These two results can be loosely compared with the findings of the 2020 household survey that 79 households currently wish to buy their own home but cannot afford it, with a further 30 wanting to rent a new home but unable to afford it. The HNA results also suggest that potential demand for affordable home ownership exceeds need for affordable rented housing. However, these conclusions should be approached with caution, as 81% of survey respondents already own their own home. Hence there is likely an underrepresentation of households currently in Affordable Housing.
8. A Housing Requirement for Salisbury has not yet been provided by Wiltshire, so in the interim the requirement of 6,060 homes over the Local Plan period to 2026 is used as a guideline for the scale of housing that might be expected. It is important to emphasise that this figure covers a much wider area than the Salisbury NA, so while it is the best available proxy the figure likely to be addressed in the new Local Plan could be significantly lower. Assuming 40% of this estimated requirement is delivered as affordable housing, the maximum potential for affordable housing delivery over the plan period through the application of affordable housing policies would be 2,424 homes. This would be sufficient to meet all of the need for social/affordable rented housing, in theory. But would be insufficient to meet the totality of need and potential demand for affordable rent and affordable home ownership.
9. Some of the NA's housing delivery is likely to come forward in the form of small sites which are unlikely to be large enough to meet the threshold of 11 dwellings set out in NPPF, above which the Affordable Housing policy applies. It may also come forward through custom and self-build sites that are required across Wiltshire and may (if generally delivered as individual plots) not make a significant contribution to Affordable Housing. These and other factors suggest some form of prioritisation will be required. In most cases, Councils will wish to prioritise the delivery of social/affordable rented homes to meet acute needs.
10. In Salisbury, there is a reasonably good supply of social/affordable rented housing (just over 20% of the stock) so whilst the delivery of this form of housing is important to meet acute needs, the provision of additional affordable home ownership properties would add choice in the local area. There is a fairly limited supply of shared ownership within

Salisbury, though it is consistent with Wiltshire and England as a whole, and new products such as First Homes may widen opportunities for those households currently unable to buy a home.

11. The application of affordable housing policies on new developments within Salisbury has the potential to deliver a substantial supply of affordable housing, including the vast majority of the estimated need for social/affordable rent. However, there is additional potential demand for affordable home ownership, not all of which can be met through the delivery of new homes on the scale proposed.
12. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy, and implemented by the LPA. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all tried and tested ways of boosting the supply of affordable housing above the minimum indicated by Local Plan policy. The group may wish to explore further avenues for delivering Affordable Housing such as these given that need and demand for affordable housing is likely to exceed the ability to deliver these homes through market led developments.
13. It is not recommended that the Local Plan policy requirement be exceeded in the neighbourhood plan because such steps are rarely accepted by planning inspectors on the grounds that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could, furthermore, have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.

1.2 Conclusions- Type and Size

14. Salisbury tends to be characterized by semi-detached and terraced dwellings which account for 57.1% of the total stock. In this sense, Salisbury's dwelling type profile is more in keeping with England than with Wiltshire – both Salisbury and England share a lower proportion of detached homes than the district and a higher proportion of flats than the district. It should be recognized that Salisbury's dwelling profile is relatively unique in comparison to other settlements in Wiltshire, largely due to its urban status and size.
15. In terms of size, smaller dwellings with 2-3 bedrooms currently predominate, at a combined 68.2% of the share. Wiltshire shows a similar pattern but with a slightly greater preference for 3 beds than 2 beds.
16. Salisbury has a similar age profile to the country as a whole, with a large middle-aged population (age groups 25-44 and 45-64 constitute just over 50% of the total share). Although there is a greater ratio of younger to older age groups in Salisbury, when compared with wider geographies, it is clear that the NA has marginally fewer younger people and more older people than average. Between 2001 and 2011 there was little growth amongst younger age groups but strong growth amongst more senior age groups (85+ increased by 28.3%).
17. Despite an overall decline in population from 2001 to 2011, two categories of household composition saw notable growth, namely adult children living at home and houses of multiple occupancy. The increase in both of these household groups could signal difficulties young people face in getting onto the housing ladder and forming 'new' households.
18. Applying Wiltshire's household projections to Salisbury's age profile illustrates the dramatic shift in demographics expected in future: an 85.6% increase in those aged 65 and above compared to a 20.4% increase in those aged 24 and under, and contractions in most other age groups. Based on this modelling, the elderly population will be over 14 times the size of Salisbury's younger population in 2036.
19. The result of a life-stage modelling exercise that applies current occupation patterns and preferences to the future demographic profile, suggests that new development should focus on mid-sized dwellings with 3 or 4 bedrooms, with a moderate supply of 2 and 5+ bedroom homes, and little further need for 1 bedroom accommodation. By contrast, the 2020 household survey found that demand among respondents is concentrated in 2 bedroom (40%) and 3 bedroom (33%) homes, followed by 4+ bedrooms (19%) and 1 bedroom dwellings (9%). The results of the survey may justifiably be used to deviate from the demographic-led mix modelled here in order to support the delivery of more 2 bedroom homes.
20. It is also worth noting that data obtained from Wiltshire by the neighborhood planning group shows that change of use conversion has provided a significant source of housing supply in recent years, with 136 housing units delivered in this way between 2014 and 2018 (inclusive). Though the size and type of these units is not consistently captured, the planning application details gathered suggest that a significant proportion are flats and bedsits (and this is particularly

the case in office conversions). AECOM's research into this increasingly common trend in other locations suggests that it produces a predominance of 1 and 2 bedroom flats that, in this case, would not align particularly well with identified needs.

21. It has also been frequently found elsewhere that such units tend to be small in relation to space standards and often are of a low quality for other reasons (though we emphasise that no review of any units in Salisbury have been conducted). Change of use can be a valuable source of supply for 1 to 2 bedroom units without the need to construct new blocks of flats, which could benefit young households in Salisbury, but it should equally not be considered a magic bullet. (These comments are concerned purely with the question of housing need, but it is acknowledged that this issue has important implications for town centre vitality and employment that are outside of the scope of this HNA.)
22. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site-specific factors which may justify a particular dwelling mix.
23. The objectives of the community are also a valid consideration. In Salisbury's case, there is an imperative to attract and retain younger people, who are likely to need the most affordable forms of market and affordable housing, such as 1 bedroom homes, which the model here suggests are no longer needed. This is because the model is based on the evolution of current demographic trends. To an extent the model builds in existing trends that the community may in fact wish to subvert. As such, the evidence presented here should be interpreted and used in balance with other factors.
24. In terms of dwelling types, there may be value in diversifying Salisbury's current terraced and semi-detached offering with the provision of more bungalows, flats and detached homes in order to widen choice and ensure age-appropriate options are available in anticipation of a likely continuation of the ageing of the population. Flats in particular are likely to be more economical for younger households, can be made fully accessible to those with mobility limitations, and would be less in conflict with the protection of existing green space. However, the 2020 household survey found a much greater emphasis on demand for detached homes compared with the existing tenure mix in Salisbury, and was the most popular choice (with the options broadly descending in popularity as they ascend in density from detached to flats).

1.3 Conclusions- Newly-forming households/first-time buyers

25. The 2020 household survey collected 101 responses from households containing a person who needs a new home in order to start their own household – the highest score for any reason given for wanting to move at 46% of the total. This is indicative of a clear need and a pervasive issue.
26. Using a less up-to-date and locally tailored but more comprehensive method, it can be concluded that, on the basis of ONS Census 2011 data, roughly 3,561 individuals below 35 had not formed their own household by that year. This represents around 1,556 new households with the potential to form. This is a large cohort of potentially unmet housing need.
27. An estimated tenure split of new-build homes can be calculated, having regard to the specific tenure needs of newly forming households. It should be noted that this estimated split emphasizes the importance to such households of both entry-level market sales (including affordable routes to home ownership) and private rent in addition to social rent. The result is that newly forming households might benefit from the provision of 55% private rent, 34% social rent, 8% affordable routes to home ownership, and 3% mainstream market sale.
28. It is recommended that neighbourhood planners seek to promote these tenures within new housing developments if the policy goal is to ensure that suitable and affordable housing for younger people can be provided within the Neighbourhood Plan area.
29. However, this finding should be caveated with the result of the 2020 household survey question 'what tenure does your household seek if you were to move?'. It can be assumed that the respondents looking to start their own households constitute roughly half of respondents to this question (101 of 220). Yet only 4% are looking for shared ownership, 9% social rent, and 6% private rent, with the vast majority (80%) seeking full ownership. It may be that respondents were thinking aspirationally in selecting their ideal form of tenure rather than that which is most realistic given their financial circumstances. However, such an overwhelming result in favour of mainstream market housing for sale is sufficient to weaken the result suggested here. It appears that a broad balance of tenures is the best way of serving both newly forming households and the wider population – it being difficult to accurately predict which tenure types might be

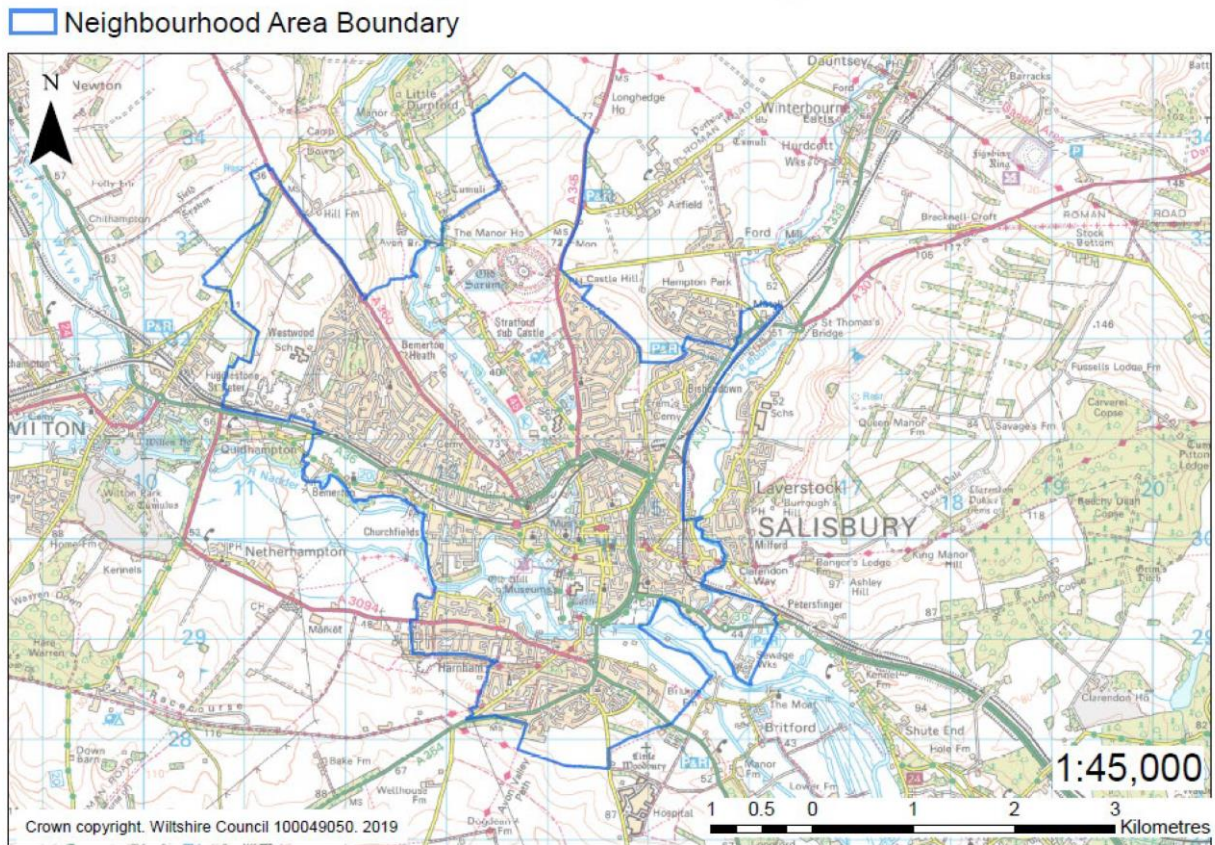
promoted over any others.

2. Context

2.1 Local context

30. Salisbury is a Neighbourhood Plan area (NA) located in south-east Wiltshire. The Neighbourhood Area (NA) boundary coincides with the whole of the parish council area of Salisbury City, and was designated in July 2019. It is anticipated, however, that the NA will need to be formally extended marginally in line with local parish boundary changes subject to legal processes. This will encompass a new approved housing development in East Netherhampton which would then form part of West Harnham, which is within the Salisbury NA.
31. The proposed Neighbourhood Plan period extends to 2036. A start date of 2020 has been assumed for the purpose of this study, therefore comprising a planning period of 16 years. If the start date changes prior to the adoption of the Neighbourhood Plan, the annualized conclusions provided here can be multiplied by a longer or shorter overall term and will remain valid as evidence.
32. Salisbury is among the largest settlements in Wiltshire. Its services and amenities serve a wide surrounding rural catchment area, and its historic and cultural environment draws national and international tourists. Salisbury is a regional rail interchange between the west England and Wessex main lines. It is located at the confluence of five rivers (the Nadder, Ebble, Wylye, Bourne and Avon).
33. For Census purposes, the NA is made up, like the rest of England, of statistical units called Output Areas (OAs), with larger composites of OAs referred to as Lower Super OAs (LSOAs,) and, larger still Medium Super OAs (MSOAs). The Plan area equates to the following combination of output areas, which have been used throughout as a statistical proxy for the NA boundary and which can be interrogated for data from both the 2001 and the 2011 Censuses:
 - MSOA E02006667
 - MSOA E02006668
 - MSOA E02006670
 - MSOA E02006671
 - MSOA E02006673
 - MSOA E02006674
 - LSOA E01031986
 - LSOA E01032017
 - OA E00163124
34. The statistics show that in the 2011 Census the Neighbourhood Plan area had a total of 39,106 residents. It is important to note that this represents a decline of 4% on the 2001 total of 40,920. Correspondingly, the number of households declined from 17,973 to 17,091.
35. A map of the Plan area appears below in Figure 2-1.

Figure 2-1: Map of the Salisbury Neighbourhood Plan area¹



Source: Salisbury City Council

36. 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.

¹ Available at <https://www.salisburycitycouncil.gov.uk/your-council/neighbourhood-planning>

2.2 Planning policy context

38. In line with the Basic Conditions² of neighbourhood planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies.³ Consequently, the relevant elements of the Local Plan are reviewed as part of this Housing Needs Assessment (HNA).
39. In the case of Salisbury, the relevant local planning context is as follows:
40. The Wiltshire Local Plan currently comprises a number of documents which in combination plan for the future development of the local area. They are the Wiltshire Core Strategy (adopted January 2015), the Allocations Plan (adopted February 2020) and various mineral and waste plans.⁴
41. Wiltshire Council is currently reviewing the Wiltshire Core Strategy adopted in January 2015 (to be recast as the Wiltshire Local Plan) which identifies land for development for the period to 2026. An informal consultation was held in late 2018. It is anticipated that the emerging Local Plan will be submitted to the Secretary of State in late 2020, though this is subject to change due to the ongoing Covid-19 pandemic.⁵

2.2.1 Policies in the adopted local plan – Wiltshire Core Strategy, 2015

Table 2-2: Summary of Wiltshire adopted policies having relevance to Salisbury Neighbourhood Plan Housing Needs Assessment

Policy	Provisions
Core Policy 1: Settlement Strategy	<p>The Settlement Strategy identifies the settlements where sustainable development will take place to improve the lives of all those who live and work in Wiltshire.</p> <p>Salisbury is defined as a principal settlement.</p> <p>Wiltshire's Principal Settlements are strategically important centres and the primary focus for development. This will safeguard and enhance their strategic roles as employment and service centres.</p> <p>They will provide significant levels of jobs and homes, together with supporting community facilities and infrastructure, meeting their economic potential in the most sustainable way to support better self-containment.</p>
Core Policy 2: Delivery Strategy	<p>In line with Core Policy 1, the delivery strategy seeks to deliver development in Wiltshire between 2006 and 2026 in the most sustainable manner by making provision for at least 178ha of new employment land and at least 42,000 homes.</p> <p>The overall housing requirement figure for Salisbury City/ Wilton town stands at 6,060.</p>

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

³ However, this does not affect the potential for the evidence base underpinning the emerging local plan to inform or form part of the evidence base for the neighbourhood plan.

⁴ Available at <http://www.wiltshire.gov.uk/planning-policy-core-strategy>

⁵ Available at <http://www.wiltshire.gov.uk/planning-policy-local-plan-review> (last updated December 2019)

Policy	Provisions
Core Policy 20: Spatial Strategy: Salisbury Community Area	<p>Development in the Salisbury Community Area should be in accordance with the Settlement Strategy set out in Core Policy 1.</p> <p>The following Principal Employment Areas will be supported in accordance with Core Policy 35: Old Sarum and Southampton Road. Over the plan period (2006 to 2026), 29 ha employment land and approximately 6,060 new homes will be provided within the Community Area, which should occur either within Salisbury or the town of Wilton, including land identified for strategic growth as described below:</p> <p>Fugglestone Red 1,250 dwellings 8 ha employment Hampton Park 500 dwellings 0 ha employment Longhedge 450 dwellings 8 ha employment Churchfields 1,100 dwellings 5 ha employment and Engine Shed UKLF, Wilton 450 dwellings 3 ha employment Central Car Park 200 dwellings Up to 40,000 sqm gross external area</p> <p>Growth in the Salisbury Community Area over the plan period may consist of a range of sites in accordance with Core Policies 1 and 2.</p>

Table 5.13 Delivery of Housing - Salisbury Community Area

	Requirement 2006-26	Housing already provided for		Housing to be identified	
		Completions 2006-14	Specific permitted sites	Strategic sites	Remainder to be identified
Salisbury ⁴⁶	6,060	1,596	640	3,950	0

Core Policy 43: Providing Affordable Homes	<p>Provision</p> <p>On sites of five or more dwellings, affordable housing provision of at least 30% (net) will be provided within the 30% affordable housing zone and at least 40% (net) will be provided on sites within the 40% affordable housing zone. Salisbury falls within the 40% zone. Only in exceptional circumstances, where it can be proven that on-site delivery is not possible, will a commuted sum be considered.</p> <p>The provision of affordable housing may vary on a site-by-site basis taking into account evidence of local need, mix of affordable housing proposed and, where appropriate, the viability of the development. All affordable housing will be subject to an appropriate legal agreement with the council.</p> <p>This level of provision should be delivered with nil public subsidy, unless otherwise agreed by the council.</p> <p>Tenure</p> <p>Tenure will be negotiated on a site-by-site basis to reflect the nature of the development and local needs as set out in Core Policy 45 (Meeting Wiltshire's housing needs).</p> <p>On site distribution and standards</p> <p>Affordable housing units will be dispersed throughout a development and designed to a high quality, so as to be indistinguishable from other development. In determining the level of integration that can be achieved, consideration will be given to the practicalities of management and maintenance associated with the proposal whilst still ensuring affordability, particularly in developments of flats.</p>
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Policy	Provisions
Core Policy 45: Meeting Wiltshire's housing needs	<p>Type, mix and size New housing, both market and affordable, must be well designed to address local housing need incorporating a range of different types, tenures and sizes of homes to create mixed and balanced communities. Housing size and type, including any distinction between flats and houses, will be expected to reflect that of the demonstrable need for the community within which a site is located. The Wiltshire Strategic Housing Market Assessment identifies the housing needs of Wiltshire. Any variation to this will need to be justified through the production of new, sound evidence from either an updated Strategic Housing Market Assessment or other credible evidence source.</p> <p>In relation to affordable housing, other sources of credible evidence include the council's housing register and local needs surveys.</p>
	<p>Core Policy 46: Meeting the needs of Wiltshire's vulnerable and older people</p> <p>The provision, in suitable locations, of new housing to meet the specific needs of vulnerable and older people will be required. Wherever practicable, accommodation should seek to deliver and promote independent living.</p> <p>Older people Housing schemes should assist older people to live securely and independently within their communities. Residential development must ensure that layout, form and orientation consider adaptability to change as an integral part of design at the outset, in a way that integrates all households into the community.</p> <p>Developers will be required to demonstrate how their proposals respond to the needs of an ageing population.</p> <p>Specialist accommodation The provision of sufficient new accommodation for Wiltshire's older people will be supported, including:</p> <ul style="list-style-type: none"> i. nursing accommodation ii. residential homes iii. extra-care facilities. <p>Proposals for extra-care accommodation to be sold or let on the open market are not considered exempt from the need to provide affordable housing. Therefore, proposals for extra care accommodation will be expected to provide an affordable housing contribution in line with Core Policy 43 (Providing Affordable Homes).</p> <p>Provision of homes and accommodation for vulnerable people will be supported, including but not limited to:</p> <ul style="list-style-type: none"> iv. people with learning disabilities v. people with mental health issues vi. homeless people and rough sleepers vii. young at risk and care leavers. <p>Such accommodation should be provided in sustainable locations, where there is an identified need, within settlements identified in Core Policy 1 (normally in the Principal Settlements and Market Towns) where there is good access to services and facilities.</p>

Source: Wiltshire Council

2.2.2 Policies in Wiltshire Housing Site Allocations Plan (adopted 2020)

Table 2-3: Summary of Wiltshire adopted policies having relevance to Salisbury Neighbourhood Plan Housing Needs Assessment

Policy	Provisions
H3.1	Allocates land at Netherhampton Road for approximately 640 dwellings in addition to other non-residential amenities and uses.
H3.2	Allocates land at Hilltop Way for approximately 10 dwellings.
H3.3	Allocates land North of Netherhampton Road for approximately 100 dwellings.
H3.4	Allocates land at Rowbarrow for approximately 100 dwellings.
H3.5	Allocates land at The Yard, Hampton Park for approximately 14 dwellings.

Source: Wiltshire Council

2.2.3 Quantity of housing to provide

42. The NPPF 2019 requires, through paragraphs 65 and 66, Local Authorities to provide neighbourhood groups with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
43. Wiltshire has not formally fulfilled that requirement by providing Salisbury with an indicative figure to provide during the Neighbourhood Plan period. A figure is expected to be provided as part of the emerging Local Plan process. A figure of 6,060 dwellings to be accommodated within Salisbury by the end of the Local Plan period (to 2026) is included in the 2015 Core Strategy. However, It is important to emphasise that this figure covers a much wider area than the Salisbury NA, so while it is the best available proxy the figure likely to be addressed in the new Local Plan could be significantly lower. Furthermore, it is assumed that much of this need will have already been fulfilled by the time of writing. 6,060 is therefore used here only as a rough guide to the likely scale of housing delivery that will be continued to be expected in future.⁶ It is not within the scope of this report to provide an indicative overall housing requirement for Salisbury, and the use of the older figure does not imply that this is the need going forward. The scale of need in Salisbury will be confirmed by Wiltshire Council in due course.
44. The question of how many houses to plan for is outside the scope of this Housing Needs Assessment as agreed with the Steering Group at the outset of this project. The issue of quantity has therefore been excluded from the Research Questions (see Chapter 3 below).
45. Note that the Government's August 2020 consultation proposals for 'Changes to the current planning system' include a temporary measure to lift the small sites threshold. This would mean that on sites of up to 40 or 50 units, developers would not need to contribute to Affordable Housing. The purpose of this time-limited change (its duration is currently unknown) is to support small housebuilders as the economy recovers from the impact of Covid-19.
46. Salisbury's housing requirement figure in the 2015 Core Strategy is sufficiently high that even during the period in which this temporary change applies, sufficiently large sites may still be required to deliver Affordable Housing contributions.
47. When the temporary period ends, the Affordable Housing requirement in the NA will revert to the relevant adopted Local Plan policy. It is also important to note that this temporary change does not impact sites allocated solely for Affordable Housing, or any Affordable Housing exception sites identified in the Local or Neighbourhood Plan. Finally, given that the Salisbury Neighbourhood Plan is yet to be made, it is possible that the temporary period will have already elapsed by the time that it comes into force. The neighborhood planners are advised to take note of this proposal as it evolves through the consultation process.

⁶ As confirmed in the Wiltshire Core Strategy

3. Approach

3.1 Research Questions

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

3.1.1 Tenure and Affordability

50. 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.
51. This evidence will allow Salisbury to establish the right conditions for new development to come forward that is affordable, both in the broader sense of market housing attainable for first-time buyers, and as Affordable Housing for those who may be currently priced out of the market.

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

3.1.2 Type and Size

52. The neighbourhood planning group is seeking to determine what size and type of housing would be best suited to the local community.
53. The aim of this research question is to provide neighbourhood planners with evidence on the types and sizes needed by the local community. This will help to shape future development so that it better reflects what residents need.

RQ 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?

3.1.3 Housing for Newly-Forming Households/First-Time Buyers

54. The neighbourhood planning group is keen to ensure that there is an adequate supply of affordable and suitable dwellings for first-time buyers in the Neighbourhood Plan area, given the well known difficulties that younger people face, compared with previous generations, in accessing home ownership. As such it is appropriate to understand the specific dwelling tenures and types that could be provided to ensure that the Neighbourhood Plan area retains its younger population.

RQ 3: What provision should be made in terms of housing for newly forming households/first-time buyers over the Neighbourhood Plan period?

3.2 Relevant Data

3.2.1 Local authority evidence base

55. It is appropriate for neighbourhood planners to refer to existing needs assessments prepared by the Local Planning Authority (LPA) as a starting point. As Salisbury Neighbourhood Area is located within Wiltshire's planning area, we therefore turned to the relevant Strategic Housing Market Assessment (SHMA) which is known as Swindon and Wiltshire SHMA, published in March 2017.
56. For the purpose of this HNA, data from Wiltshire's own evidence base to support their housing policies has been considered applicable and relevant unless it conflicts with more locally specific and/or more recently-produced evidence. The housing market evidence draws upon a range of data including population and demographic projections, housing market transactions, and employment scenarios. As such, it contains a number of points of relevance when determining housing need within the Neighbourhood Plan area and has been referenced as appropriate.

3.2.2 Other relevant data

57. In addition to the Wiltshire evidence base, we have assessed other evidence to ensure our study is robust for the purposes of developing policy at the NP level and is locally specific. This includes data from both Census 2001 and 2011, as well as from a wide range of other data sources, including:

- Land Registry data on prices paid for housing within the local market;
- Population and household projections produced by the Office of National Statistics (ONS);
- Information on current property asking prices, for housing for sale or rent, from [home.co.uk](https://www.home.co.uk); and
- Neighbourhood-level survey and consultation work giving further detail. In the case of Salisbury, this is the Salisbury Neighbourhood Development Plan Community Survey, May 2020.

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

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

4.1 Introduction

58. This section examines the tenure of dwellings in the current stock and recent supply. It then considers the affordability of housing within the area to local households. Drawing on existing evidence and AECOM's estimates for the neighbourhood area, this section quantifies the need for affordable housing within the NA. This includes Affordable Housing for rent (typically social or affordable rents) and Affordable Housing to buy. The scale of need for these homes can justify policies that guide new developments to provide Affordable Housing.⁷

4.2 Definitions

59. Tenure refers to the legal arrangements in place that enable a household to live in their home; it determines householder rights and influences the level of payments to be made in return for these rights. Broadly speaking, tenure falls into two categories, Affordable Housing and Market Housing, depending on whether the household benefits from a subsidy of some sort to enable them to live in their home.
60. It is necessary at this stage of the study to make clear the distinction between Affordable Housing as planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, with capital letters, to denote those forms of housing tenure that fall within the definition of Affordable Housing set out in the current NPPF: social rent, affordable rent, affordable private rent (brought forward by build to rent schemes), and tenure products designed to offer affordable routes to home ownership.⁸
61. The definition of Affordable Housing set out in the NPPF makes clear the Government's commitment to home ownership (broadening a definition which had previously referred only to social and intermediate housing to include a range of low-cost housing opportunities for those aspiring to own a home). The Government has recently proposed to introduce First Homes to provide at least a 30% discount on new market housing for sale. However, the NPPF and Homes England funding for Affordable Housing recognises the important role of affordable rent tenures for those unable to afford home ownership.

4.3 Current tenure profile

62. The current tenure pattern is a key characteristic of the local neighbourhood area. Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing. Table 4-1 below presents Census data from 2011; this table shows the distribution of how households occupy their homes within Salisbury, compared to the rest of Wiltshire and England.
63. Home Ownership is the most common form of tenure in Salisbury at 59.5%, followed by Social rent (20.6%) and Private rent (17.5%). In comparison to Wiltshire, Salisbury has a higher level of renting (differences of 5.9 percentage points for Social rent and 2.1 percentage points for Private rent) but a lower level of home ownership (8 percentage point difference).

⁷ PPG Paragraph: 021 Reference ID: 2a-021-20160401, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

⁸ NPPF 2019.

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

Tenure	Salisbury	Wiltshire	England
Owned; total	59.5%	67.5%	63.3%
Shared ownership	0.8%	0.8%	0.8%
Social rented; total	20.6%	14.7%	17.7%
Private rented; total	17.5%	15.4%	16.8%

Sources: Census 2011, AECOM Calculations

64. In Table 4-2, we note the changes in tenure during the intercensal period. Unsurprisingly, private renting has grown substantially (an increase of 63%), though not quite as dramatically as across Wiltshire (115.5%) and England as a whole (82.4%). It is worth recognizing the challenges that this tenure may bring if tenancies are of a short duration, which may contribute to housing insecurity.
65. The proportion of social rented tenures has also increased, though again not as significantly as the wider district (by 1.9% in Salisbury compared to 12.9% across Wiltshire). Despite being the most common form of tenure, home ownership has seen a slight decrease (14.4%) which is largely at odds with the district, which has seen a small increase of 3.7%.
66. Most surprising is the slight decrease in shared ownership, particularly in relation to Wiltshire and England as a whole, which have both seen sizeable growth (77.8% and 30% respectively). Shared ownership tends to only be offered within new build schemes at the decision of developers. If Salisbury did not see substantial development in this period compared to its wider geographies, this could account for the difference. There may also have been instances in which occupants of shared ownership homes bought them outright. Furthermore the number of dwellings recorded as shared ownership was relatively low to begin with (147 dwellings in 2001), so the downturn of 1.4% is only likely to represent a handful of households.

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

Tenure	Salisbury	Wiltshire	England
Owned; total	-14.4%	3.7%	-0.6%
Shared ownership	-1.4%	77.8%	30.0%
Social rented; total	1.9%	12.9%	-0.9%
Private rented; total	63.0%	115.5%	82.4%

Sources: Censuses 2001 and 2011, AECOM Calculations

4.4 Affordability

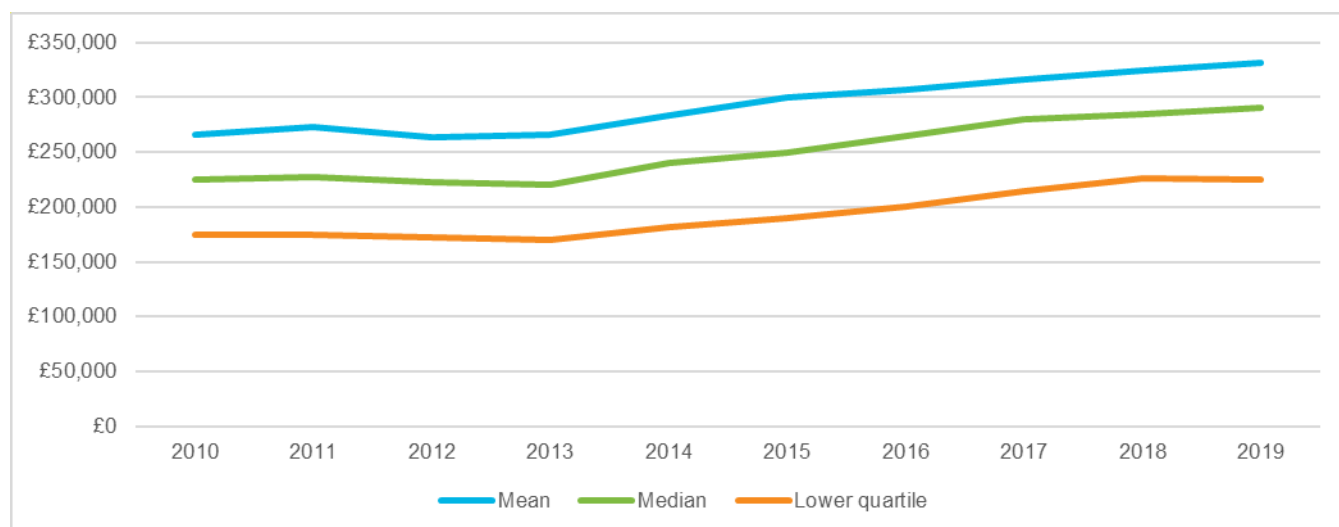
67. Having reviewed the tenure of the existing housing stock in Salisbury, this report assesses the affordability of homes to those living in the Neighbourhood Plan area.
68. The following analysis considers house prices and rents in the neighbourhood area and whether these are affordable to local households on the basis of their incomes or earnings. Poor or worsening affordability of homes to rent or buy can indicate the need to provide Affordable Housing.

4.4.1 House prices

69. House prices provide an indication of the level of demand for homes within an area. The relationship between house prices and incomes determines whether housing is affordable to local households and, to a large extent, what tenure, type and size of home they occupy. Changes in affordability over time can indicate pressures in the housing market. As such, it is useful for the evidence base for plans to examine trends in prices and consider what this reveals about the local housing market.
70. Figure 4-1 on the following page looks at selected measures of house prices in Salisbury. Between 2010 and 2013, house prices remained relatively stable, however between 2013 and 2019 there was a steady period of growth, resulting in the average (mean) house price rising from approximately £175,000 to £225,000.

71. PPG makes clear that lower-quartile house prices may be used as a benchmark for entry-level home prices.⁹ Entry-level properties are typically those with one or two bedrooms – either flats or houses.

Figure 4-1: House prices by quartile in Salisbury between 2010 and 2019



Source: Land Registry PPD

72. Table 4-3 below breaks down house prices by type of house, as recorded by Land Registry Price Paid Data (PPD). All categories have seen a similar amount of growth, averaging at 24.6%. By a small margin, semi-detached homes have seen the greatest increase in price, selling for £289,000 in 2019 compared with £228,000 in 2010.

Table 4-3: House prices by type in Salisbury, 2008-2017, rounded to nearest £1000

Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth
Detached	£362	£375	£368	£384	£393	£427	£427	£439	£436	£446	23.2%
Semi-detached	£228	£232	£228	£225	£246	£256	£271	£281	£288	£289	27.0%
Terraced	£211	£202	£205	£196	£220	£226	£249	£259	£260	£253	20.1%
Flats	£155	£172	£148	£146	£162	£179	£182	£186	£201	£190	22.2%
All Types	£266	£273	£263	£266	£283	£300	£307	£316	£324	£332	24.6%

Source: Land Registry PPD

4.4.2 Income

73. 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.
74. The first source is locally specific but limited to the mean average total household income. This is sourced from the average household income estimates published by ONS¹⁰ at the level of the Middle-layer Super Output Area (MSOA)¹¹. In the case of Salisbury the MSOA for the Neighbourhood Plan area boundary is Wiltshire 056 or

⁹ See Paragraph: 021 Reference ID: 2a-021-20190220, available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

¹⁰ Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2016>

¹¹ An MSOA is a statistical area defined for Census purposes. For further information on MSOAs, see <https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography>

E02006671. Further details on the extent of this MSOA, including a map, and why it was selected as a proxy for the Neighbourhood Plan area, are set out in Appendix A.

75. The mean average total household income before housing costs (equalised) across Wiltshire 056 or E02006671 in 2018 was £49,260. This figure is typically used by mortgage lenders to assess a household's ability to afford to borrow.¹²
76. The second source of data is Lower Quartile (LQ) average earnings. This is helpful for understanding affordability challenges among those with lower than average earnings. However, this data relates to individual earnings and whilst this is an accurate representation of household incomes where households have one earner, it does not represent household income where there are two people earning. It is also only available at the District level.
77. It is derived from ONS annual estimates of paid hours worked and earnings for UK employees to local authority level.
78. Wiltshire's gross LQ weekly earnings for 2017 was £12,785 per year. This is the LQ income before taxes (or benefits) for individual earners and so only correlates with the measure of household incomes above for single-person households. To estimate the income of LQ-earning households with two earners, the annual income is doubled, to £25,570.

4.4.3 Affordability Thresholds

79. In order to gain a clearer understanding of local affordability, it is also useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds'. Purchase thresholds denote the standard household income needed to access mortgage products, and income thresholds denote the maximum share of a family's income that should be spent on accommodation costs.
80. AECOM has determined thresholds for the income required to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in NPPF. These calculations are detailed in Appendix A. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations, but it is worth noting here that we have assumed that the maximum percentage of household income that should be spent on rent is 30% and that mortgage financing will be offered at a maximum of 3.5 times household income and buyers have access to a 10% deposit.
81. Table 4-4 shows the cost of different tenures and the annual income required to support these costs within Salisbury. The income required column is the annual income needed to support ongoing housing costs, but assumes the households has access to the cost of a deposit (which we have assumed to be 10% of the value to be purchased). In practice, some households able to access market housing for purchase may already hold equity from an existing property; others may have sufficient incomes but insufficient savings for a deposit.

¹² Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

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

Tenure	Mortgage Value	Rent	Income required	Affordable on mean incomes? £49,260	Affordable on LQ earnings (single earner)? £12,785	Affordable on LQ earnings (2 earners)? £25,570
Market Housing						
NA Median House Price	£261,000	-	£74,571	No	No	No
LA New Build Mean House Price	£303,480		£86,709	No	No	No
NA LQ/Entry-level House Price	£202,500	-	£57,857	No	No	No
Average Market Rent	-	£9,216	£30,720	Yes	No	No
Entry-level Market Rent	-	£9,648	£32,160	Yes	No	No
Affordable Home Ownership						
Discounted Market Sale (-20%)	£208,800	-	£59,657	No	No	No
Discounted Market Sale (-30%)	£182,700	-	£52,200	No	No	No
Discounted Market Sale (-40%)	£156,600	-	£44,743	Yes	No	No
Discounted Market Sale (-50%)	£130,500	-	£37,286	Yes		
Shared Ownership (50%)	£130,500	£3,625	£49,369	Marginal	No	No
Shared Ownership (25%)	£65,250	£5,438	£36,768	Yes	No	No
Affordable Rented Housing						
Affordable Rent (average all sizes)	-	£6,673	£26,693	Yes	No	No
Social Rent (average all sizes)	-	£5,261	£21,043	Yes	No	Yes

Source: AECOM Calculations

82. The income required to afford the different tenures is then benchmarked, in Figure 4-2 against the three measurements of household income set out above. These are the average total household income for E02006671 at £49,260 and the lower quartile gross earnings for Wiltshire for single-earners at £12,785 and dual-earning households with lower quartile earnings, at £25,570.
83. The inability of those on lower quartile earnings to afford entry-level market rents suggests that these households will need some form of subsidised housing. Those on lower quartile earnings are also unable to afford affordable rent levels, though social rents may be affordable to households with two earners on lower quartile earnings. These households are likely to rely on housing benefit to access affordable housing.
84. Government policy aimed at tackling the housing crisis continues to attach high priority on helping those on modest incomes and others who are unable to afford market housing for purchase, such as younger buyers, to access affordable routes towards homeownership.¹³ In the case of Salisbury, the figure below suggests that the most appropriate tenures to help implement this policy goal locally are discounted market sale homes which are discounted by 40% or more and shared ownership at a share of 25%. Both of these products would be affordable to households on average incomes.
85. Table 4-4 shows that households with incomes between £32,160 and £57,857 are able to rent in the market but unable to buy. The 2020 household survey found that 36% of respondents wanted to buy a new home but could not afford it. These households may need affordable home ownership options. There are a range of affordable routes to home ownership tenures, i.e. those aimed at households unable to afford to buy in the market. With regard to these products and the discounts required, the following observations can be made:
 - The discount on the average market sale price required to enable households on average incomes to afford to buy is 34%.

¹³ See the White Paper 'Fixing Our Broken Housing Market', at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

- Whether discounted market sale is affordable will depend whether properties are priced in relation to average, new build or entry level homes so developers will view discounts differently (Table 4-5). New build homes are often more expensive than properties for sale in the second-hand stock.
 - Discounts on new build or average prices may make homes no more affordable than entry level properties in the existing stock. Table 4-4 shows that discounts need to be in excess of 20% to make new homes as affordable as entry level properties in the existing stock.
 - 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 £105,000.¹⁴ This cost excludes any land value or developer profit.
 - The Government's proposed First Homes product would provide a minimum discount of 30% on new homes. New build prices are not available at the neighbourhood level because the number of transactions is too low. However, median average prices provide a reasonable proxy for the price of new homes. In Salisbury a 34% discount on average prices would be sufficient to extend home ownership to households on average incomes.
 - Rent to Buy is a different kind of affordable home ownership product. Households are able to rent at a discount on market rents and expected to save the difference between the market rent and the discounted rent toward a deposit. They then have the option to purchase the property within a defined number of years. The income required to access Rent to buy is the same as that required to afford market rents - £32,160 (if lower quartile rents are assumed) in Salisbury. This product is likely to represent one of the more affordable routes to home ownership because it appears more affordable than discounted market sale and shared ownership. It would also be accessible to households who do not yet have sufficient funds for a deposit.
 - Rent to Buy, discounted market sale homes with discounts of 40-50% would extend home ownership to the widest group, along with shared ownership with a 25% share purchased.
 - The Neighbourhood Plan and neighbourhood group may have limited control or influence over the level of discount achieved on market sale properties on any specific site because other factors, such as viability, will need to be considered. However, the LPA should have a role here and this HNA may provide useful evidence for discussions between the group and LPA over the mix of affordable housing appropriate in Salisbury.
86. Table 4-5 below shows what discounts are required in order for properties to be affordable to households on average incomes. Discounts of 34% on new homes are likely to be required to ensure they are affordable to households on average incomes. This assumes new homes are priced at around average (median) prices in the NA. If new build prices are in line with those of Wiltshire as a whole, discounts of 43% would be required to make them affordable to households on average incomes. If new homes can be built at the price of entry level properties in Salisbury, discounts of just 15% would be needed to ensure they are affordable to households on average incomes. However, new homes are unlikely to be built at these prices.
87. The latest Government consultation on 'Changes to the current planning system'¹⁵ proposes that Local Authorities will have discretion to increase the discount on First Homes to 40% or 50%, but that this would need to be evidenced in the Local Plan making process. Though it is expected that the decision to require a higher discount and the evidence supporting it would be undertaken at district- or borough-wide level, the evidence presented in this HNA may be helpful in advancing that discussion. The evidence gathered here suggests that seeking discounts in excess of 30% would be justified in Salisbury.

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

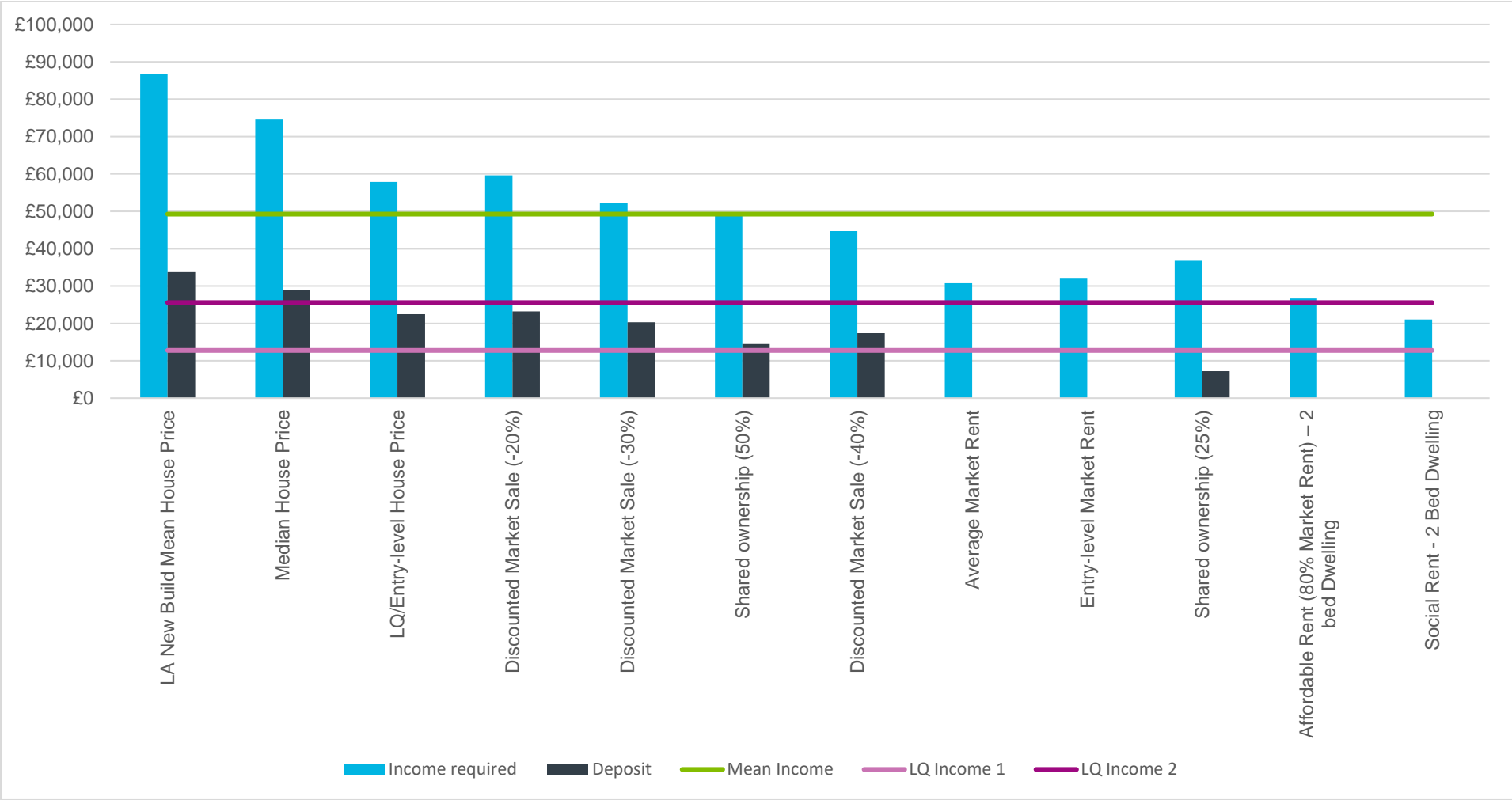
Mean household income in Salisbury:	£49,260
Tenure/ product:	Discount on sale price required:
- Market sale (Average)	34%
- New build market sale (Average for LA)	43%
- Entry level sale (LQ)	15%

Source: Land Registry PPD; ONS MSOA total household income

¹⁴ This estimate is included for illustration purposes. £1,500 build cost per sq m is a reasonable estimate of current costs (mid 2020); 70 sq m for a 2 bedroom property is consistent with the Government's Nationally Described Space Standards

¹⁵ Available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>.

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



Source: AECOM Calculations

4.5 Affordable housing- quantity needed

88. The starting point for understanding the need for affordable housing in Salisbury is the relevant Strategic Housing Market Assessment (SHMA). A SHMA was undertaken for Swindon and Wiltshire in March 2017. This study estimates the need for affordable housing in the District based on analysis of the Council's waiting list and analysis of other data sets in line with Planning Practice Guidance at the time. The SHMA identifies the need for 22,756 additional affordable homes in the period 2016-2036 or 1,138 per year. This need is largely for social/affordable rent as it relates to households who live in unsuitable housing and who cannot afford to access market rents. A small proportion of these households may be able to afford shared ownership because in some cases it is more affordable than market rents, especially when available at a share of 25%. However, this SHMA does not provide an estimate of the need for affordable housing from households who can rent but cannot afford to buy.
89. When the SHMA figures are pro-rated to Salisbury based on its fair share of the population, 8.3% of the LPA's population), this equates to 95 homes per annum (predominately for social/affordable rent) or 1,512 homes over the Neighbourhood Plan period 2020-2036.
90. Table 4-6 estimates potential demand for affordable home ownership products within Salisbury. This estimate broadly counts households living in the private rented sector (PRS) who are not on housing benefit and new households likely to form over the plan period who are likely to enter the private rented sector (but not require housing benefit). The model aims to estimate the number of households who can rent but can't buy on the basis of their incomes. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model discounts 25% of these households, assuming a proportion will be renting out of choice. This leaves around 163.7 (164) households per annum who may be interested in affordable home ownership (2,619 over the plan period).
91. These two results can be loosely compared with the findings of the 2020 household survey that 79 households currently wish to buy their own home but cannot afford it, with a further 30 wanting to rent a new home but unable to afford it. The HNA results also suggest that potential demand for affordable home ownership exceeds the need for affordable rented housing. However, these conclusions should be approached with caution, as 81% of survey respondents already own their own home. Hence there is likely an underrepresentation of households currently in Affordable Housing.

Table 4-6: Estimate of the potential demand for affordable housing for sale in Salisbury

Stage and Step in Calculation	Total	Description
STAGE 1: CURRENT NEED		
1.1 Current number of renters in NA	3,644.8	Census 2011 number of renters x national % increase to 2018
1.2 Percentage renters on housing benefit in LA	11.8%	% of renters in 2018 on housing benefit (based on LA proportion)
1.3 Number of renters on housing benefits in NA	430.5	1.1 x 1.2
1.4 Current need (households)	2,410.7	Current renters minus those on HB and minus 25% assumed to rent by choice
1.5 Per annum	150.7	1.4/ plan period
STAGE 2: NEWLY ARISING NEED		
2.1 New household formation	2,298.6	LA household projections for plan period (2014 based) pro rated to NA
2.2 % of households unable to buy but able to rent	14.3%	Current % of households in PRS
2.3 Total newly arising need	329.7	2.1 x 2.2
2.4 Total newly arising need per annum	25.4	2.3/ plan period
STAGE 3: SUPPLY OF AFFORDABLE HOUSING		
3.1 Supply of affordable housing	246.8	Number of shared ownership homes in NA (Census 2011 + new build to 2018/19)
3.2 Supply - intermediate resales	12.3	3.1 x 5% (assume rate of re-sale)
NET SHORTFALL (OR SURPLUS) PER ANNUM		
Shortfall (per annum)	163.7	Shortfall = (Step 1.5 + Step 2.4) – 3.2

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

92. It is important to keep in mind that the households identified in the estimate in Table 4-6 are, by and large, adequately housed in the private rented sector. They do not lack their own housing but would prefer to buy rather than rent.
93. There is no policy or legal obligation on the part either of the Local Authority or neighbourhood planners to meet affordable housing needs in full, either within or outside the Neighbourhood Plan area, though there are tools available to neighbourhood planners that can help ensure that it is met to a greater extent if resources permit (e.g. the ability to allocate sites for affordable housing).
94. It is also important to remember that even after the Salisbury, or indeed any other, Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need and the management of the housing waiting list all remain the responsibility of the local authority rather than neighbourhood planners.
95. In this sense, it must be acknowledged that neighbourhood plans are by their nature relatively constrained in terms of the extent to which they can meet affordable housing need, unless there is a specific policy on the housing supply-side (e.g. the identification of one or more housing exception sites over and above those required by the Local Plan).

4.5.1 Affordable Housing Policies in Salisbury

96. The Neighbourhood Plan may wish to develop policies in relation to the delivery of Affordable Housing within Salisbury. Wiltshire's Local Plan (Core Strategy) policy in relation to Affordable Housing delivery requires 40% of all new homes on sites of 5 dwellings or more to be delivered as Affordable Housing (Core Strategy Policy 43). NPPF policy, updated since the Wiltshire Core Strategy, now sets a national threshold of 11 or more dwellings and so it is likely this policy would apply in Salisbury, subject to sites coming forward for development with 11 or more dwellings.
97. Note, however, that the Government's August 2020 consultation proposals for 'Changes to the current planning system' include a temporary measure to lift the small sites threshold. This would mean that developers would not need to contribute to Affordable Housing on sites of up to 40 or 50 units. This represents a significant increase on the threshold sought in the Local Plan Core Strategy (cited above), and therefore may reduce the delivery of Affordable Housing on normal development sites during the temporary period in which it applies.
98. It is expected that this temporary period will be short and, being introduced to combat the economic impacts of Covid-19 on small builders, may have already elapsed by the time the Neighbourhood Plan is made. Nevertheless, it could have an impact on Affordable Housing delivery in the short term, and warrants the attention of the neighborhood planners as the Government consultation proceeds. For more detail on this proposal in relation to the overall quantity of housing expected in the NA during the Plan period and a link to the consultation document, see the 'Quantity of housing to provide' section at the start of this report (section 2.2.3).
99. Table 4-8 at the end of this chapter estimates the number of affordable homes likely to come forward based on the overall housing requirement for the NA and the application of affordable housing policies.
100. The neighbourhood group may wish to develop policies on the mix of Affordable Housing delivered in Salisbury. It is not the role of the HNA to develop policy, as there are a wider set of factors which apply and need to be considered by the neighbourhood planners. However, the following evidence and considerations may be used as a starting point in the development of policy. On the balance of the evidence in this HNA, AECOM set out a judgement on the starting point for an appropriate tenure mix in Salisbury.
 - A. **Evidence of need for Affordable Housing:** If Salisbury was to meet its share of Wiltshire's need for social/affordable rented housing this would imply 1,512 homes (95 per annum) over the plan period. AECOM's estimate of the potential demand for affordable home ownership options suggest there may be a need for these homes in Salisbury to address the aspirations of households who can rent but can't buy. AECOM's estimate identified the potential demand for 2,619 homes over the plan period (164 per annum). This suggests that the potential demand for affordable home ownership exceeds the need for social/affordable rent. If the two estimates are added together, the total need or potential demand for affordable housing would be 259 per annum, with affordable home ownership accounting for 63% of this. However, it is important to keep in mind that these households are, by and large, adequately housed in the private rented sector and are not in acute housing need.
 - B. **Can Affordable Housing needs be met in full?** The HRF for Salisbury during the adopted Local Plan period is 6,060 homes. No figure has been provided for the upcoming Neighbourhood Plan period, but for

the purpose of this assessment it is assumed that 6,060 is a reasonable benchmark for the scale of need (though this is subject to change when Wiltshire provide a figure). Assuming 40% of this requirement is delivered as affordable housing, the maximum potential for affordable housing delivery over the plan period through the application of affordable housing policies would be 2,424 homes. This would be sufficient to meet all of the need for social/affordable rented housing, in theory. But would be insufficient to meet the totality of need and potential demand for affordable rent and affordable home ownership. Furthermore, some of the NA's housing delivery is likely to come forward in the form of small sites which are unlikely to be large enough to meet the threshold of 11 dwellings set out in NPPF, above which the Affordable Housing policy applies. This suggests some form of prioritisation will be required. In most cases, Councils will wish to prioritise the delivery of social/affordable rented homes to meet acute needs.

- C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Based on the findings of this HNA there is no evidence that going beyond the 10% threshold in Salisbury (equating to 25% of all affordable housing) would prejudice the provision of much needed affordable rented homes.
- D. **Emerging policy:** the Government is currently consulting on the introduction of First Homes (to provide at least 30% discount on new build home prices). The most recent consultation outlines the Government's intention to require that a minimum of 25% of all Affordable Housing secured through developer contributions should be first homes.¹⁶ The outcome of this consultation and the policy which emerges may shape the provision of different forms of Affordable Housing on new development sites, and the neighbourhood group will need to keep this emerging policy in mind when developing its Neighbourhood Plan policies.
- E. The August 2020 proposals relating to First Homes convey the Government's intention to require that 25% of all Affordable Housing is delivered as First Homes. The 25% First Homes requirement is likely to displace other affordable home ownership products in the first instance. Those affordable home ownership products providing the lowest discount should be displaced first. However, affordable rented products may also be affected depending on the tenure mix sought (i.e. if more than 75% of affordable housing is intended as affordable rent, this would need to be reduced to a maximum of 75% affordable rent so that First Homes can constitute 25% of all affordable housing). The August 2020 proposals also present options on how the make-up of the tenure mix of the remaining 75% of affordable housing is determined, with one option to maintain as far as possible the affordable rented proportions in the local plan, while a second option would allow greater flexibility. It is unknown at this time which option will be pursued.
- F. **Local Plan policy:** Wiltshire's current adopted Local Plan (Core Strategy) does not specify a precise tenure mix but refers to local evidence and the SHMA. However, the SHMA 2017 does not provide guidance on the appropriate mix of affordable housing and the estimate provided in the SHMA focuses on the need for social/affordable housing, in line with guidance at the time. The August 2020 proposals relating to First Homes convey the Government's intention to require that 25% of all Affordable Housing is delivered as First Homes.
- G. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site specific level. Viability issues are recognised in the Council's adopted/emerging Local Plan and it is acknowledged that this may affect the provision of affordable housing and/or the mix of tenures provided.
- H. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- I. **Existing tenure mix in Salisbury:** Salisbury has a relatively large social housing stock (20.6% of households) with a further 0.8% of households living in shared ownership properties. The private rented sector (17.5%) is also relatively substantial compared to Wiltshire as a whole though common to other urban areas. Taken together, the social and private rented sectors account for over one third of households. Home

¹⁶The original proposals are available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864265/First_Homes_consultation_document.pdf. The latest proposals are available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>. Note that the latest proposals are not final, and could potentially be subject to further change.

ownership levels are lower than in Wiltshire and England and whilst urban areas typically exhibit lower levels of home ownership, this suggests that some additional affordable home ownership opportunities may offer a wider choice of homes for local residents and, importantly, may allow those on modest incomes including newly forming households and younger families to remain in or move to the area.

- J. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in this area.
- K. **Wider policy objectives:** the neighbourhood group may wish to take account of broader policy objectives for Salisbury and the wider District. These could include, but are not restricted to, policies to attract younger households, families or working age people to the Neighbourhood Area. These wider considerations may influence the mix of Affordable Housing provided.

101. In Table 4-7 below, two alternative scenarios for the tenure mix of Affordable Housing in Salisbury are presented. In both scenarios, AECOM suggest an indicative tenure mix of 60% social/affordable rented homes and 40% affordable home ownership, balancing the considerations above. Note that we assume, in accordance with current practice, that most Affordable Housing will be brought forward through developer contributions. If the neighbourhood planners are considering delivering Affordable Housing through other means, the national policy requirements reflected here may not apply.
102. The first scenario (Mix 1 – Indicative mix based on local needs) most closely reflects local needs in Salisbury as identified in the HNA evidence.
103. The second scenario (Mix 2 – Indicative mix with 25% First Homes requirement) is aligned with the direction of travel in the Government's most recent policy proposals, in which it is intended that 25% of all Affordable Housing will be required to be provided as First Homes. This outcome is more likely than the first scenario, because the Government proposals are at an advanced stage of development. However, this is proposed here as one of two alternative scenarios in case the First Homes policy proposals do not progress.
104. Note also that the Government proposals state that if First Homes are required at 25% of Affordable Housing that comes forward through developer contributions and this results in displacing other tenures within the affordable mix, the tenure products providing the lowest effective discount should be displaced in the first instance. In this case, the suggested affordable routes to home ownership (rent to buy and shared ownership) would be displaced equally since shared ownership (25% share) and Rent to Buy are similar in terms of their ability to extend home ownership.
105. Where the neighbourhood planners wish to develop policy that requires a different mix to that set out in the Local Plan, it is important that they liaise with the LPA to gather more detailed income and viability information, and to ensure that departures from the district-level policy context have the LPA's support. Liaising with the LPA will be particularly important where the Local Plan tenure split can be expected to be adjusted in light of the latest Government proposals, to ensure that the Neighbourhood Plan's approach in reflecting these changes is in line with the LPA approach. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.
106. AECOM cannot provide guidance on the appropriate share of social/affordable rented homes as this will depend on the level of funding available to housing associations which will determine at what level rents can be set. Registered providers (e.g. housing associations) may be reluctant to deliver small numbers of homes where there are ongoing management costs involved. For this reason, the proportion of rented homes which can be secured may depend on the willingness of local housing association to maintain and manage small numbers of homes.
107. Mix 2 put forward below aligns as closely as possible with emerging Government policy as currently proposed. If those proposals do not go forward, the recommended starting point for the tenure mix in the NA will be Mix 1 below. However, the considerations detailed above will remain relevant for determining a more appropriate mix in the light of national policy changes or other unexpected developments.

Table 4.7: Indicative tenure split (Affordable Housing)

Tenure	Mix 1. Indicative mix based on local needs	Mix 2. Indicative mix with 25% First Homes requirement	Considerations and uncertainties
Routes to home ownership, of which	40%	40%	Government proposing min 25% requirement for First Homes. Uncertainty over extent of requirement until policy finalised.
First Homes ¹⁷	10%	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc
Shared ownership	20%	10%	Proposed changes to the model to allow purchases of 10% share ¹⁸ - impact on viability unknown RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to buy	10%	5%	Emerging product with popularity and effectiveness as yet unknown Impact of displacement by First Homes unknown
Affordable Housing for rent, of which	60%	60%	
Social rent	To be set by Registered Providers	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area Uncertain whether RPs willing to own/manage stock in this area
Affordable rent	To be set by Registered Providers	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area

Source: AECOM calculations

108. Assuming that the Government's proposal that 25% of all affordable Housing should be First Homes is formalised, the neighbourhood group will need to take account of how this could impact on affordable housing policies (particularly the tenure mix) in the Neighbourhood Plan. The evidence gathered here suggests that this proposal would not impact on the ability of Salisbury to accommodate those with the most acute needs since the policy of seeking 40% affordable housing through new developments would enable relatively substantial numbers of affordable rented homes to be delivered.
109. However, it is recommended that consideration is also given to alternative mechanisms capable of helping to meet local need, where appropriate (i.e. entry-level exception sites or community led housing etc.) since not all sites will deliver affordable homes, particularly smaller sites which fall below the affordable housing threshold.
110. However, the neighbourhood planners should note that the First Homes product has not been formally implemented, and should await the outcome of the Government consultation.

¹⁷ In the event that the First Homes product does not go forward at all, the proportion of Affordable Housing allotted to First Homes in Mix 1 could be re-allocated to discounted market sales housing if this is available at broadly equivalent discounts, or to other forms of affordable home ownership also recommended in the table.

¹⁸ <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

4.6 Conclusions- Tenure and Affordability

111. At the time of the 2011 Census, Home Ownership was the most common form of tenure in Salisbury at 59.5%, followed by Social rent (20.6%) and Private rent (17.5%). In comparison to Wiltshire, Salisbury has a higher level of renting (differences of 5.9 percentage points for Social rent and 2.1 percentage points for Private rent) but a lower level of home ownership (8 percentage point difference).
112. Between 2010 and 2013, house prices remained relatively stable, however between 2013 and 2019 there was a steady period of growth, resulting in the average (mean) house price rising from approximately £175,000 to £225,000. All dwelling types have seen a similar level of average price growth, with an overall average of 24.6% over the last ten years.
113. The analysis in this HNA has demonstrated the challenge of housing affordability within Salisbury. Households on average incomes (just under £50,000 per annum) cannot afford to buy market housing in the local area. Households on low incomes need subsidized housing such as social and affordable rent to be able to meet their needs.
114. Entry-level (2 bedroom) properties in Salisbury currently have an average rental price of £804 per calendar month. The 2020 household survey finds that a combined 65% of respondents can afford to put up to £800 towards rent or mortgage costs each month. This is favourable evidence that private renting is affordable to the majority in Salisbury, though it is also possible that respondents are willing to set aside more than the 30% of their income towards housing costs that our calculations assume.
115. Evidence from the Wiltshire SHMA suggests that Salisbury needs around 1,512 social/affordable rented homes (95 per annum) over the plan period to meet the need for this type of accommodation, often to support households in acute housing need.
116. In addition, AECOM estimates potential demand for affordable home ownership of 2,619 homes over the plan period (164 per annum). If the two estimates are added together, the total need or potential demand for affordable housing would be 259 per annum, with affordable homeownership accounting for 63% of this. However, it is important to keep in mind that these households are, by and large, adequately housed in the private rented sector and are not in acute housing need.
117. These two results can be loosely compared with the findings of the 2020 household survey that 79 households currently wish to buy their own but cannot afford it, with a further 30 wanting to rent a new home but unable to afford it. The HNA results also suggest that potential demand for affordable home ownership exceeds need for affordable rented housing. However, these conclusions should be approached with caution, as 81% of survey respondents already own their own home. Hence there is likely an underrepresentation of households currently in Affordable Housing.
118. A Housing Requirement for Salisbury has not yet been provided by Wiltshire, so in the interim the requirement of 6,060 homes over the Local Plan period to 2026 is used as a guideline for the scale of housing that might be expected. Assuming 40% of this estimated requirement is delivered as affordable housing, the maximum potential for affordable housing delivery over the plan period through the application of affordable housing policies would be 2,424 homes. This would be sufficient to meet all of the need for social/affordable rented housing, in theory. But would be insufficient to meet the totality of need and potential demand for affordable rent and affordable home ownership.
119. Some of the NA's housing delivery is likely to come forward in the form of small sites which are unlikely to be large enough to meet the threshold of 11 dwellings set out in NPPF, above which the Affordable Housing policy applies. This suggests some form of prioritisation will be required. In most cases, Councils will wish to prioritise the delivery of social/affordable rented homes to meet acute needs.
120. In Salisbury, there is a reasonably good supply of social/affordable rented housing (just over 20% of the stock) so whilst the delivery of this form of housing is important to meet acute needs, the provision of additional affordable home ownership properties would add choice in the local area. There is a fairly limited supply of shared ownership within Salisbury, though it is consistent with Wiltshire and England as a whole, and new products such as First Homes may widen opportunities for those households currently unable to buy a home.
121. Table 4-8 below summarises Salisbury'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 each of the tenure mixes proposed in this HNA were rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a

result of measures taken in the neighborhood plan (e.g. if the group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.

122. Note that this table assumes that most or all of the expected housing delivery in the NA will take place after the Government's proposal to temporarily lift the site size threshold for Affordable Housing has ended. If that period extends beyond the date on which the Neighbourhood Plan is made and also influences the rate of Affordable Housing delivery on relevant development sites, the quantity of Affordable Housing to be provided in the NA during the Plan period may be lower than the estimate below.

Table 4-8: Estimated delivery of Affordable Housing in Salisbury

	Step in Estimation	Mix 1 based on local needs	Mix 2 with 25% First Homes requirement
A	Housing requirement figure (assumed based on previous figure)	6,060	6,060
B	Affordable housing quota (%) in LPA's Local Plan	40%	40%
C	Potential total Affordable Housing in NA (A x B)	2,424	2,424
D	Rented % (e.g. social/ affordable rented)	60%	60%
E	Rented number (C x D)	1,454	1,454
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	40%	40%
G	Affordable home ownership number (C x F)	970	970

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

123. The application of affordable housing policies on new developments within Salisbury has the potential to deliver a substantial supply of affordable housing, including the vast majority of the estimated need for social/affordable rent. However, there is additional potential demand for affordable home ownership, not all of which can be met through the delivery of new homes on the scale proposed.
124. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy, and implemented by the LPA. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all tried and tested ways of boosting the supply of affordable housing above the minima indicated by Local Plan policy. The group may wish to explore further avenues for delivering Affordable Housing such as these given that need and demand for affordable housing is likely to exceed the ability to deliver these homes through market led developments.
125. It is not recommended that the Local Plan policy requirement be exceeded in the neighbourhood plan because such steps are rarely accepted by planning inspectors on the grounds that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could, furthermore, have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.

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?

5.1 Introduction

126. The Salisbury Neighbourhood Plan may benefit from the inclusion policies informed by evidence on what sizes and types of housing would be best suited to the local community. This will help ensure that future developments give local people options within the housing market at all stages of life.
127. PPG recommends a consideration of the existing housing provision and its suitability, having regard to demographic shifts in age and household composition, to address future, as well as current community need. For this reason, we firstly consider the type and size of the existing housing stock in Salisbury. Demographic shifts in age and household composition will then be considered. Finally, the future demand for housing by size and type is determined by the way different household types currently occupy their dwellings in the LPA, and then applying demographic projections of how the Neighbourhood Plan area population is likely to change by the end of the Plan period.

5.2 Existing types and sizes

5.2.1 Background and definitions

128. Before beginning our consideration of dwelling type and size, it is important to understand how different types of households occupy their homes. Crucially, and unsurprisingly, household 'consumption' of housing (in terms of housing size) tends to increase alongside wages, with the highest earning households consuming relatively more (i.e. larger) housing than those on lower incomes. Similarly, housing consumption tends to increase, alongside wealth, income, and age, such that older households tend to have larger homes than younger households, often as a result of cost and affordability.
129. In this context, even smaller households (those with fewer than three inhabitants) may be able to choose to live in larger homes than they require, and would be defined in Census terms as under-occupying their homes. This is a natural feature of the housing market, and can distort considerations of future housing needs, with market dynamics and signals giving a very different picture to demographics, household type and size.
130. In order to understand the terminology surrounding dwelling size analysis, it is important to note that the number of rooms recorded in Census data excludes some rooms such as bathrooms, toilets and halls. Dwelling size data is collected by determining the number of rooms being occupied by each household. In the section that follows, 'dwelling sizes' can be translated as follows¹⁹:
- 1 room = bedsit
 - 2 rooms = flat/house with one bedroom and a reception room/kitchen
 - 3 rooms = flat/house 1-2 bedrooms and one reception room and/or kitchen
 - 4 rooms = flat/house with 2 bedroom, one reception room and one kitchen
 - 5 rooms = flat/house with 3 bedrooms, one reception room and one kitchen
 - 6 rooms = house with 3 bedrooms and 2 reception rooms and a kitchen, or 4 bedrooms and one reception room and a kitchen
 - 7+ rooms = house with 4 or more bedrooms
131. It is also useful to clarify the Census terminology around dwellings and households spaces. These can be confusing where different terminologies such as flats, apartments, shared and communal dwellings, and houses in multiple occupation, are used. Dwellings are counted in the Census by combining address information with Census returns on whether people's accommodation is self-contained.²⁰ As such, all dwellings are classified into either "shared" or "unshared" dwellings. Household spaces make up the individual accommodation units forming part of a shared dwelling.
132. The key measure of whether a dwelling is shared or unshared relates to the Census' definition of a household. A household is defined as "One person living alone or a group of people (not necessarily related) living at the same

¹⁹ At <https://www.nomisweb.co.uk/census/2011/qs407ew>

²⁰ At <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

address who share cooking facilities and share a living room or sitting room or dining area.”²¹ On this basis, where unrelated residents of a dwelling share rooms other than a kitchen, this would be considered a single household in an unshared dwelling, whilst where only a kitchen is shared, each resident would be considered their own household, and the dwelling would be considered shared.

5.2.2 Dwelling type

133. The 2011 Census shows that there were 17,677 households in Salisbury, living in 3,180 detached houses, 5,083 semi-detached, 5,002 terraced houses, and 4453 flats. Clearly Salisbury tends to be characterized by semi-detached and terraced dwellings which account for 57.1% of the total share. Salisbury’s dwelling type profile is more in keeping with England than with Wiltshire – both geographies share a similar proportion of detached homes (lower than the district) and a higher proportion of flats (higher than the district). It should be recognized that Salisbury’s dwelling profile is relatively unique in comparison to other settlements in Wiltshire, largely due to its urban status and size. (see Table 5-1 below).

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

Dwelling type		Salisbury	Wiltshire	England
Whole house or bungalow	Detached	18.0%	35.1%	22.4%
	Semi-detached	28.8%	31.0%	31.2%
	Terraced	28.3%	21.9%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	19.2%	8.7%	16.4%
	Parts of a converted or shared house	4.6%	1.8%	3.8%
	In commercial building	1.4%	0.9%	1.0%

Source: ONS 2011, AECOM Calculations

5.2.3 Dwelling size

134. Table 5-2 below sets out the distribution of the number of rooms by household space. The housing stock in Salisbury is characterised by the proportion of medium-sized 4-6 room homes. Wiltshire’s size makeup is largely similar albeit with a slight leaning towards larger homes.

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

Number of Rooms	2011 Salisbury	2011 Wiltshire
1 Room	0.6%	0.3%
2 Rooms	2.8%	1.7%
3 Rooms	11.1%	6.2%
4 Rooms	20.9%	16.9%
5 Rooms	22.1%	21.8%
6 Rooms	19.2%	19.7%
7 Rooms	10.7%	12.5%
8 Rooms or more	6.5%	9.3%
9 Rooms or more	6.1%	11.6%

Source: ONS 2011, AECOM Calculations

²¹ Ibid.

135. It is also relevant to consider how the number of rooms occupied by households changed between the 2001 and 2011 Censuses. Surprisingly most size categories appear to have contracted, with the exception of 2, 3 and 8+ room homes. While the decrease in 1 room homes might partially be the result of a small sample size, combined with demolition and replacement or extension, the decreases in other categories are unusual, especially when compared to the trends seen at wider geographies. The cause is the apparent decline in the overall population of Salisbury between 2001 and 2011 (from 40,920 to 39,106), which impacts the responses indicating what size and type of dwelling households occupy. It does not necessarily mean that the total number of dwellings has declined – only that the total number of occupants responding to the Census was lower. For the purpose of observing the change in Salisbury's dwelling stock, it is primarily the scale of the various changes in relation to one another that is important: larger and smaller homes increased the most (or decreased the least) while mid sized properties saw greater declines.

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

Number of Rooms	Salisbury	Wiltshire	England
1 Room	-36.0%	-30.6%	-5.2%
2 Rooms	19.3%	20.9%	24.2%
3 Rooms	2.5%	21.2%	20.4%
4 Rooms	-4.6%	2.5%	3.5%
5 Rooms	-10.7%	-1.3%	-1.8%
6 Rooms	-9.2%	5.2%	2.1%
7 Rooms	-3.5%	17.3%	17.9%
8 Rooms or more	3.9%	30.0%	29.8%

Source: ONS 2001-2011, AECOM Calculations

136. Returning to the most recent Census data, it is also useful to compare the figures for number of rooms with figures for the number of bedrooms for each household. Table 5-4 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data shows that smaller dwellings, 2-3 bedrooms in size, dominate Salisbury's housing portfolio, taking up 68.2% of the share. Wiltshire shows a similar pattern but with a slightly greater preference for 3 beds than 2 beds.

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

Bedrooms	Salisbury			Wiltshire			
All categories: no. of bedrooms	17,598	100.0%	194,194	100.0%	22,063,368	100.0%	
No. bedrooms	34	0.2%	330	0.2%	54,938	0.2%	
1 bedroom	2,316	13.2%	14,181	7.3%	2,593,893	11.8%	
2 bedrooms	5,125	29.1%	47,905	24.7%	6,145,083	27.9%	
3 bedrooms	6,885	39.1%	79,963	41.2%	9,088,213	41.2%	
4 bedrooms	2,524	14.3%	39,187	20.2%	3,166,531	14.4%	
5 or more bedrooms	714	4.1%	12,628	6.5%	1,014,710	4.6%	

Source: ONS 2011, AECOM Calculations

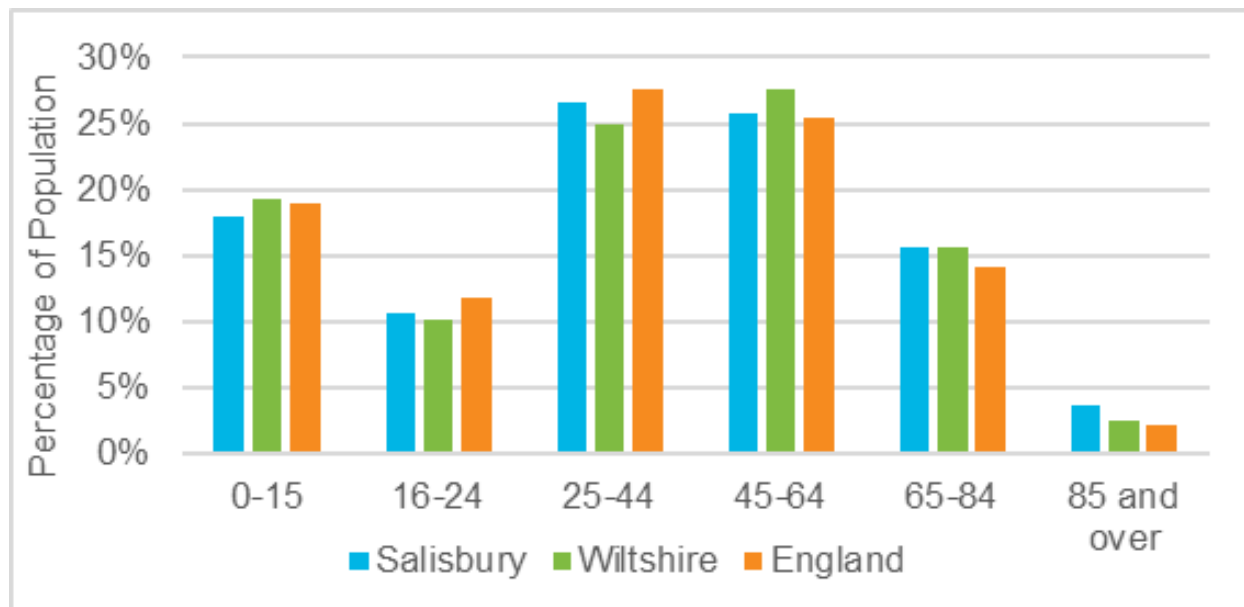
5.3 Household composition and age structure

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

5.3.1 Age structure

138. The 2011 Census data reveals that Salisbury has a similar age profile to the country as a whole, with a large middle aged population (age groups 25-44 and 45-64 constitute just over 50% of the total share). Although there is a greater ratio of younger to older age groups in Salisbury, when compared with wider geographies, it is clear that the NA has marginally fewer younger people and more older people than average (see Figure 5-1 below).

Figure 5-1: Age structure in Salisbury, 2011



Source: ONS 2011, AECOM Calculations

139. In terms of the changing age structure of the Neighbourhood Plan area population, Census data shows that since 2001 there has been considerable variance in the size of the age groups (again influenced by the overall decline in population). The 0-15, 25-44 and 65-84 age bands have contracted, whilst the 16-24, 45-64 and 85+ age bands have expanded. This is mostly at odds with the district and country which have seen growth across all categories (except for the 25-44 age group in Wiltshire). What is clear is that there is little growth amongst younger age groups but great growth amongst fairly senior age groups (85+ increased by 28.3%). This trend of an aging population is common but fairly unusual for an urban area with a large population such as Salisbury and will undoubtedly have an knock-on effect on housing (see Table 5-5 below).

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

Age group	Salisbury	Wiltshire	England
0-15	-11.6%	2.6%	1.2%
16-24	3.1%	18.4%	17.2%
25-44	-13.8%	-6.4%	1.4%
45-64	7.1%	20.4%	15.2%
65-84	-5.3%	18.2%	9.1%
85 and over	28.3%	32.4%	23.7%

Source: ONS 2001-2011, AECOM Calculations

5.3.2 Household composition

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

141. In assessing Census data on household composition (Table 5-6), we see that Salisbury is largely predominantly made up of family households (59%), typically with dependent children (under 18). In comparison, Wiltshire has a slightly

greater proportion of family households yet lower instances of one person or other household types (e.g. houses of multiple occupancy). The NA also has a marginally greater proportion of one person households aged 65+, when compared to its wider geographies. Note that non-dependent children refer to households in which adult children are living at home, or students still call their primary residence despite living for most of the year near to university. Though this category can often indicate the relative unaffordability of entry-level homes in an area as many such young people may wish to move out and form their own households if they were financially able.

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

Household composition		Salisbury	Wiltshire	England
One person household	Total	33.2%	26.7%	30.2%
	Aged 65 and over	15.9%	12.7%	12.4%
	Other	17.3%	14.0%	17.9%
One family only	Total	59.0%	68.1%	61.8%
	All aged 65 and over	8.4%	10.1%	8.1%
	With no children	17.6%	21.3%	17.6%
	With dependent children	24.6%	28.0%	26.5%
	All children Non-Dependent ²²	8.5%	8.7%	9.6%
Other household types	Total	7.8%	5.2%	8.0%

Source: ONS 2011, AECOM Calculations

142. Again, it is relevant to consider rates of change in this indicator during the period between Censuses. Between 2001 and 2011, nearly all categories contracted, with the exception of non-dependent children and other household types. Interestingly the two categories which have seen growth are adult children living at home and houses of multiple occupancy. The increase in both of these household groups could represent difficulties getting onto the housing ladder and forming 'new' households. (see Table 5-7).

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

Household type		Percentage change, 2001-2011		
		Salisbury	Wiltshire	England
One person household	Total	-8.9%	9.4%	8.4%
	Aged 65 and over	-12.8%	0.6%	-7.3%
	Other	-4.9%	18.7%	22.7%
One family only	Total	-4.4%	9.3%	5.4%
	All aged 65 and over	-12.4%	6.3%	-2.0%
	With no children	-0.1%	10.9%	7.1%
	With dependent children	-7.3%	8.4%	5.0%
	All children non-dependent	5.4%	11.8%	10.6%
Other household types	Total	11.5%	22.9%	28.9%

Source: ONS 2001-2011, AECOM Calculations

5.4 Dwelling mix determined by life-stage modelling

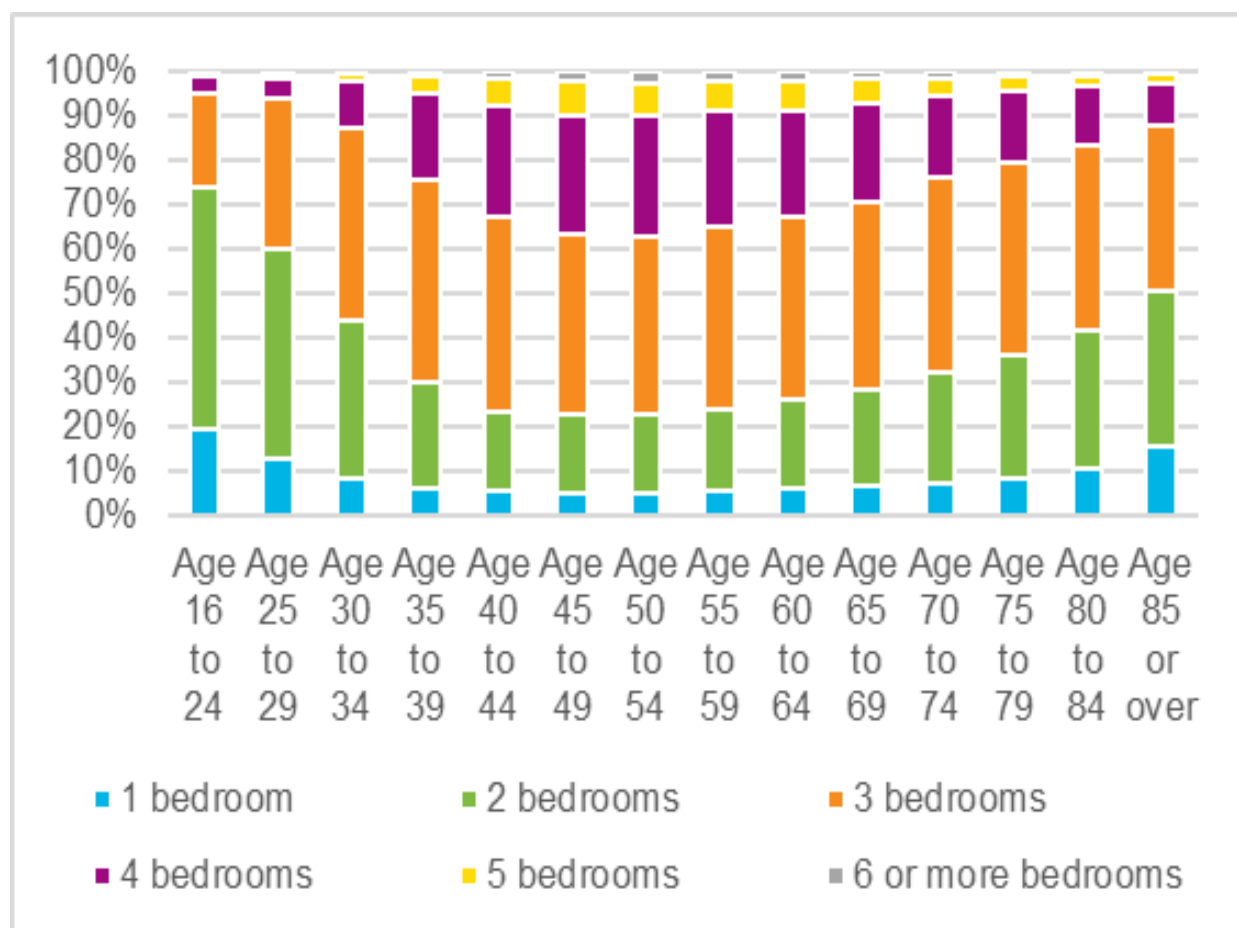
143. Recognising the fact that households of different ages may have different housing needs, the housing mix needed to meet demographic change by the end of the Plan period is estimated by an approach based on current occupation

²² Refers to households containing children who are older than 18 e.g. students or young working people living at home.

patterns – that is, the propensity of households of different ages to occupy different types of accommodation – will persist into the future. For example, projected growth in households aged under 24 will lead to an increase in the need for the type of housing currently occupied by households of that age.

144. It is important to keep in mind that this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the propensity of households to occupy more or less space than they 'need'. This approach also embeds existing patterns of occupancy which may or may not be desirable. This is particularly important to keep in mind in areas where housing affordability has worsened because it means that many households are forced to occupy less space than they need or want.
145. However, no data on housing size occupation by age of the Household Reference Person (HRP- a more modern term for 'head of household') is available at neighbourhood level. For this reason, LA-level data needs to be used as the closest proxy.
146. Figure 5-2 below sets out the relationship in the 2011 Census at LA level between the age of the HRP and the size of dwelling occupied. This provides the starting point for determining the most appropriate dwelling size mix by the end of the Neighbourhood Plan period. The data shows that dwelling size tends to be led by life stage. Younger age groups made up of couples or single people tend to favour smaller, affordable dwellings, middle aged groups with families tend to occupy larger dwellings and older age groups without children like to downsize back to smaller dwellings.

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



Source: ONS 2011, AECOM Calculations

147. Household projections provided by MHCLG are then used to understand the future distribution of households by the age of the HRP. Again, this data is only available at the LPA level and for the years 2014 and 2039. Therefore, the distribution of households by the age of the HRP would be in 2036 (i.e. the end of the Neighbourhood Plan period) is estimated (and marked in red in the table). Notably the 65+ age group is set to double between 2011 and 2039 whereas other age groups are expected to stagnate or contract. The data is presented in Table 5-8 below.

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

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	4,885	21,376	76,828	35,773	55,332
2014	5,000	24,000	75,000	35,000	64,000
2036	5,880	23,120	67,960	35,000	102,720
2039	6,000	23,000	67,000	35,000	108,000

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

148. It is then necessary to extrapolate from this LPA-level data an estimate of the corresponding change in the age structure of the population in Salisbury. To do so, the percentage increase expected for each group across Wiltshire, derived from the data presented above was mapped to the population of Salisbury. The results of this calculation are detailed in Table 5-9 below. The percentage change between 2011 and 2036 illustrates the dramatic shift in age demographic: an 85.6% increase in those aged 65 and above compared to a 20.4% increase in those aged 24 and under and contractions in other age groups. Based on this modelling, the elderly population will be over 14 times the size of Salisbury's youth population.

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

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	551	2,366	6,494	3,059	5,128
2014	564	2,656	6,339	2,993	5,931
2036	663	2,559	5,744	2,993	9,520
% change 2011-2036	20.4%	8.2%	-11.5%	-2.2%	85.6%

Source: AECOM Calculations

149. Finally, having established the likelihood shown by households at different life-stages towards dwellings of different sizes in Figure 5-2, and the approximate number of households in Wiltshire and Salisbury falling into each of these stages by the end of the Plan period in 2036, it is possible to estimate how the housing stock might evolve in terms of size over the Neighbourhood Plan period in response to demographic change (see Table 5-10 below).
150. The table takes in turn each projected age group in 2036, estimating how many of the households in that age bracket will want or need to occupy each size of dwelling. This is repeated for each age bracket and added together to arrive at an estimation of what proportion of each size of dwelling will be required overall.

Table 5-10: Likely dwelling size distribution in Salisbury by the end of the Plan period, based on modelled household life-stages (totals may not sum due to rounding)

Size	Age of HRP 16 to 24	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total households requiring dwelling sizes
Households 2036	663	2,559	5,744	2,993	9,520	-
1 bedroom	128	267	315	173	872	1,754
2 bedrooms	362	1,036	1,093	573	2,602	5,666
3 bedrooms	142	1,003	2,432	1,240	3,990	8,807
4 bedrooms	23	206	1,432	743	1,596	3,999
5+ bedrooms	8	47	473	265	460	1,254

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

151. It is now possible to compare the 2011 housing mix in terms of size with the projected requirement based on the estimates set out in Table 5-10 above modelling the change in the age structure of the population in Salisbury.
152. Table 5-11 below indicates that, by 2036, the size distribution of dwellings should be as follows 8.2% 1 bedroom, 26.4% 2 bedroom, 41% 3 bedroom 18.6% 4 bedroom and 5.8% 5+ bedroom, an overall leaning towards smaller dwellings 2-3 bed in size. This split is largely the same as that currently but weighted slightly more towards 3 and 4 beds and less towards 1 and 2 beds.

Table 5-11: 2011 housing sizes compared to likely distribution at end of Plan period, Salisbury

Number of bedrooms	2011		2036	
1 bedroom	2,316	13.2%	1,754	8.2%
2 bedrooms	5,125	29.1%	5,666	26.4%
3 bedrooms	6,885	39.1%	8,807	41.0%
4 bedrooms	2,524	14.3%	3,999	18.6%
5 or more bedrooms	714	4.1%	1,254	5.8%
Total households	17,598	100.0%	21,479	100.0%

Source: Census 2011, AECOM Calculations

153. Table 5-12 below sets out the estimated misalignment between future demand for housing, based on the modelled preferences of households at different life-stages, and the current stock available in the Neighbourhood Plan area.

Table 5-12: Future potential misalignments of supply and demand for housing, Salisbury

Number of bedrooms	2011	2036	Change to housing mix	Recommended split
1 bedroom	2,316	1,754	-562	0.0%
2 bedrooms	5,125	5,666	541	12.1%
3 bedrooms	6,885	8,807	1,922	42.9%
4 bedrooms	2,524	3,999	1,475	32.9%
5 or more bedrooms	714	1,254	540	12.1%

Source: AECOM Calculations

154. The result of this life-stage modelling exercise is to suggest that, in terms of demographic change, new development should focus on mid-sized dwellings with 3 or 4 bedrooms, with a moderate supply of 2 and 5+ bedroom homes, and little further need for 1 bedroom accommodation.
155. Note that the change to the housing mix given above for 1-bedroom dwellings is a negative number. Because in light of the national and local housing shortage, it is rarely advisable or practicable to remove dwellings from the available stock, as would otherwise be suggested here for dwellings with three or more bedrooms, we have instead set the recommended split at 0% rather than a negative number, and rebalanced the other sizes as percentages of the additional dwellings they represent in total. In other words, the interim results of the life-stage modelling suggest that there will be no need for further 1-bedroom dwellings over the Neighbourhood Plan period. It is important to stress that there may be other good reasons to provide a particular size or type of dwelling in the NA, for example the need to improve the mix of homes in a particular location, improving choice or meeting needs in the wider housing market area.
156. Note that only the percentage mix in the right-hand column is relevant to the purposes of this HNA and the neighbourhood planning process. The actual numbers of dwellings required to adjust the size mix do not reflect that actual quantity of housing needed in the NA and are simply a step in the calculation necessary to produce a percentage split. As a general point, this dwelling mix in percentage terms stands alone from the overall quantity of housing needed or allocated over the Plan period, and could equally apply to windfall development, allocations beyond the plan period, or any other source of housing supply.

5.5 Conclusions- Type and Size

157. Salisbury tends to be characterized by semi-detached and terraced dwellings which account for 57.1% of the total stock. In this sense, Salisbury's dwelling type profile is more in keeping with England than with Wiltshire – both Salisbury and England share a lower proportion of detached homes than the district and a higher proportion of flats than the district. It should be recognized that Salisbury's dwelling profile is relatively unique in comparison to other settlements in Wiltshire, largely due to its urban status and size.
158. In terms of size, smaller dwellings with 2-3 bedrooms currently predominate, at a combined 68.2% of the share. Wiltshire shows a similar pattern but with a slightly greater preference for 3 beds than 2 beds.
159. Salisbury has a similar age profile to the country as a whole, with a large middle-aged population (age groups 25-44 and 45-64 constitute just over 50% of the total share). Although there is a greater ratio of younger to older age groups in Salisbury, when compared with wider geographies, it is clear that the NA has marginally fewer younger people and more older people than average. Between 2001 and 2011 there was little growth amongst younger age groups but strong growth amongst more senior age groups (85+ increased by 28.3%).
160. Despite an overall decline in population from 2001 to 2011, two categories of household composition saw notable growth, namely adult children living at home and houses of multiple occupancy. The increase in both of these household groups could signal difficulties young people face in getting onto the housing ladder and forming 'new' households.
161. Applying Wiltshire's household projections to Salisbury's age profile illustrates the dramatic shift in demographics expected in future: an 85.6% increase in those aged 65 and above compared to a 20.4% increase in those aged 24 and under, and contractions in most other age groups. Based on this modelling, the elderly population will be over 14 times the size of Salisbury's younger population in 2036.
162. The result of a life-stage modelling exercise that applies current occupation patterns and preferences to the future demographic profile, suggests that new development should focus on mid-sized dwellings with 3 or 4 bedrooms, with a moderate supply of 2 and 5+ bedroom homes, and little further need for 1 bedroom accommodation. By contrast, the 2020 household survey found that demand among respondents is concentrated in 2 bedroom (40%) and 3 bedroom (33%) homes, followed by 4+ bedrooms (19%) and 1 bedroom dwellings (9%). The results of the survey may justifiably be used to deviate from the demographic-led mix modelled here in order to support the delivery of more 2 bedroom homes.
163. It is also worth noting that data obtained from Wiltshire by the neighborhood planning group shows that change of use conversion has provided a significant source of housing supply in recent years, with 136 housing units delivered in this way between 2014 and 2018 (inclusive). Though the size and type of these units is not consistently captured, the planning application details gathered suggest that a significant proportion are flats and bedsits (and this is particularly the case in office conversions). AECOM's research into this increasingly common trend in other locations suggests that it produces a predominance of 1 and 2 bedroom flats that, in this case, would not align particularly well with identified needs.
164. It has also been frequently found elsewhere that such units tend to be small in relation to space standards and often are of a low quality for other reasons (though we emphasise that no review of any units in Salisbury have been conducted). Change of use can be a valuable source of supply for 1 to 2 bedroom units without the need to construct new blocks of flats, which could benefit young households in Salisbury, but it should equally not be considered a magic bullet. (These comments are concerned purely with the question of housing need, but it is acknowledged that this issue has important implications for town centre vitality and employment that are outside of the scope of this HNA.)
165. This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site-specific factors which may justify a particular dwelling mix.
166. The objectives of the community are also a valid consideration. In Salisbury's case, there is an imperative to attract and retain younger people, who are likely to need the most affordable forms of market and affordable housing, such as 1 bedroom homes, which the model here suggests are no longer needed. This is because the model is based on the evolution of current demographic trends. To an extent the model builds in existing trends that the community may in fact wish to subvert. As such, the evidence presented here should be interpreted and used in balance with other factors.

167. In terms of dwelling types, there may be value in diversifying Salisbury's current terraced and semi-detached offering with the provision of more bungalows, flats and detached homes in order to widen choice and ensure age-appropriate options are available in anticipation of a likely continuation of the ageing of the population. Flats in particular are likely to be more economical for younger households, can be made fully accessible to those with mobility limitations, and would be less in conflict with the protection of existing green space. However, the 2020 household survey found a much greater emphasis on demand for detached homes compared with the existing tenure mix in Salisbury, and was the most popular choice (with the options broadly descending in popularity as they ascend in density from detached to flats).

6. RQ 3: Newly forming households/first-time buyers

RQ 3: What provision should be made in terms of housing for newly forming households/first-time buyers over the Neighbourhood Plan period?

6.1 Introduction

168. The neighbourhood group have asked AECOM to consider the housing needs of newly forming households in Salisbury. For the purpose of this HNA, we define newly forming households as those where the Household Reference Person (HRP- a more modern term for 'head of household') is aged between 18 and 35 and is looking to form their own independent household.
169. The 2020 household survey collected 101 responses from households containing a person who needs a new home in order to start their own household – the highest score for any reason given at 46% of the total. This is indicative of a clear need and a pervasive issue. This chapter of the HNA provides a way to estimate the potential demand from other households who did not complete the survey, and to suggest the tenure options best suited to their needs.

6.2 Assessment

170. In order to understand the needs of newly-forming households, we start by interrogating the ONS 'Age by Single Year' dataset.²³ This reveals that there were 9,006 individuals aged between 18 and 35 in the Neighbourhood Plan area in 2011. This represents 22.3 % of the population. These individuals may or may not have formed their own households.
171. Table 6-1 below shows that there is a total of 2,917 households with an HRP aged under 35, or around 16.6% of all households in Salisbury. To estimate the number of individual residents aged between 18 and 35 this represents, we use the following approach:
- Multiply the number of households under 35 by the average household size in the Neighbourhood Plan area (2.29 individuals per household), which results in 6,674 individuals. ($2.29 * 2,917 = 6,674$)
 - Discount all children (i.e. individuals under the age of 18). As 1,229 households live with at least one dependent child, we estimated there were about 5445 under 35s who were not dependent children ($6,674 - 1,229 = 5,445$)
 - Therefore, among the 9,006 individuals who are between 18 and 35, 5,445 can be estimated to have formed their own household and 3,561 not. ($9006 - 5445 = 3561$)
 - This represents 1556 households that could potentially be formed (3,561 divided by 2.29).
172. We make the reasonable assumption that those individuals with the potential to form new households who have not yet done so are, in most cases, either living with their parents or in shared houses with other young people. They will not yet have formed their own household for many possible reasons, including the absence of suitably affordable tenures.
173. Census data about household composition shows that 1,446 households include non-dependent (over 18) children. The figure of 1,556 above can therefore be considered a broadly reasonable estimate.
174. Therefore, around 1,556 households in Salisbury had the potential to form their own household, but had not yet done so, at the time of the last Census in 2011 (8.8% of the total number of households).

Table 6-1: Households in Salisbury with HRP under the age of 35, 2011

Household composition	Number
Age of HRP under 35: One person household	520
Age of HRP under 35: Two or more person household: No dependent children	1168
Age of HRP under 35: Two or more person household: With dependent children	1229
Age of HRP under 35: Total	2917

Source: ONS, 2011

²³ ONS, Census 2011: QS103EW.

175. Now that we have identified the number of households with potential to form but who have not yet done so, we need to determine the type of tenures they are most likely to occupy. To do so, we assess the tenures of households in the Neighbourhood Plan area where the HRP is aged 24 or younger, as well as those with HRPs aged 25 to 49. The results are set out in Table 6-2 below.
176. The table clearly shows that the vast majority of those aged 24 and under are living in rented forms of accommodation (91.5%). In comparison, for those in the 25-49 age bracket, tenures are more evenly split between rented and owned (50.2% to 49.8%). Within the younger group of renters, the most tend to live in private rented accommodation or rent free rather than in social rented accommodation (57.4% to 34.1%). Within the small proportion of young homeowners, most tend to rely on a mortgage, loan or shared ownership.

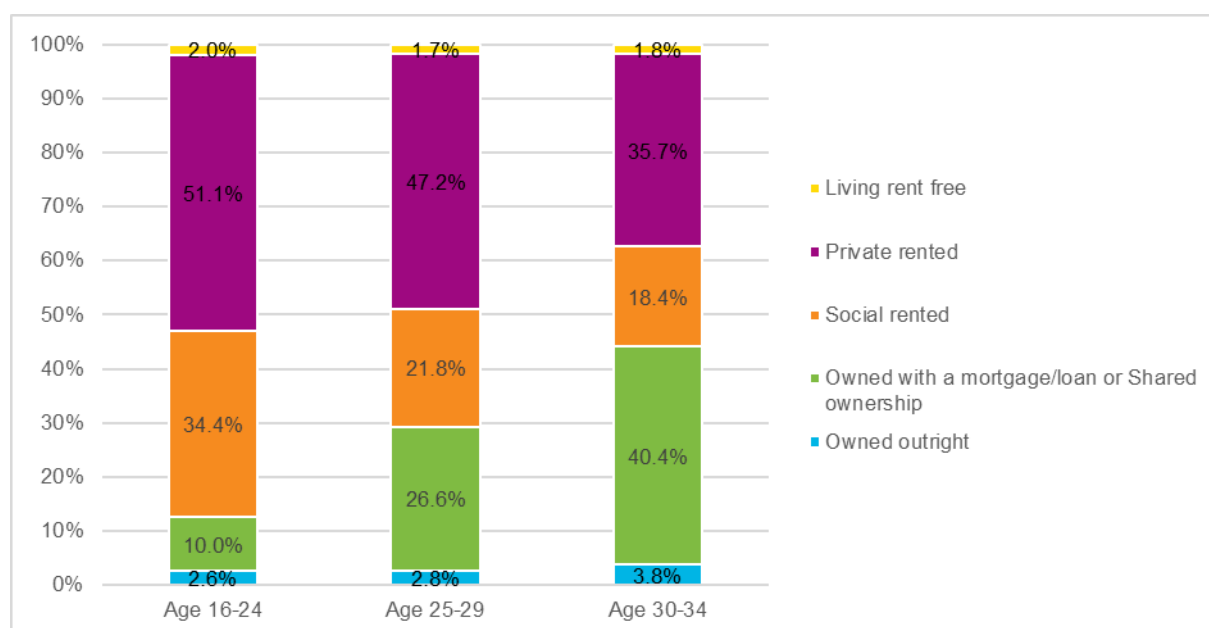
Table 6-2: Tenures occupied by HRP under the age of 50, Salisbury, 2011

Tenure	Age 24 and under		Age 25 to 49	
	Number	Percent	Number	Percent
All categories: Tenure	551	100.0%	7210	100.0%
<i>Owned or shared ownership: Total</i>	47	8.5%	3588	49.8%
Owned: Owned outright	16	2.9%	482	6.7%
Owned: Owned with a mortgage or loan or shared ownership	31	5.6%	3106	43.1%
<i>Rented or living rent free: Total</i>	504	91.5%	3622	50.2%
Rented: Social rented	188	34.1%	1454	20.2%
Rented: Private rented or living rent free	316	57.4%	2168	30.1%

Source: ONS, 2011

177. The data we have just examined considers the tenure of households with HRPs aged 49 and under as a single group. However, the tenures occupied by different households can vary significantly between these ages.
178. Such data is only available at the level of Wiltshire. This data, presented in Figure 6-1 below, reveals the gradual shift in tenure amongst the younger age groups. Within the 16-24 age group, private rented is the most popular form of tenure (51.1%) followed by social rented (34.4%). This pattern continues for the next age group (aged 25-29), however home ownership overtakes social rented as the second most popular option. Only by the final age group (30-34) does home ownership become the most popular form of tenure at 40.4%, followed closely by private rented at 35.7%.

Figure 6-1: Tenure by age of HRP, Wiltshire, 2011



Source: ONS, 2011

6.3 Conclusions- Newly-forming households/first-time buyers

179. The 2020 household survey collected 101 responses from households containing a person who needs a new home in order to start their own household – the highest score for any reason given for wanting to move at 46% of the total. This is indicative of a clear need and a pervasive issue.
180. Using a less up-to-date and locally tailored but more comprehensive method, it can be concluded that, on the basis of ONS Census 2011 data, roughly 3,561 individuals below 35 had not formed their own household by that year. This represents around 1,556 new households with the potential to form. This is a large cohort of potentially unmet housing need.
181. Based on the average of the numbers in Table 6-2 and Figure 7-1, an estimated tenure split of new-build homes can be calculated, having regard to the specific tenure needs of newly forming households. It should be noted that this estimated split emphasizes the importance to such households of both entry-level market sales (including affordable routes to home ownership) and private rent in addition to social rent.
182. It is recommended that neighbourhood planners seek to promote these tenures within new housing developments if the policy goal is to ensure that suitable and affordable housing for younger people can be provided within the Neighbourhood Plan area.
183. However, this finding should be caveated with the result of the 2020 household survey question ‘what tenure does your household seek if you were to move?’. It can be assumed that the respondents looking to start their own households constitute roughly half of respondents to this question (101 of 220). Yet only 4% are looking for shared ownership, 9% social rent, and 6% private rent, with the vast majority (80%) seeking full ownership. It may be that respondents were thinking aspirationally in selecting their ideal form of tenure rather than that which is most realistic given their financial circumstances. However, such an overwhelming result in favour of mainstream market housing for sale is sufficient to weaken the result suggested here. It appears that a broad balance of tenures is the best way of serving both newly forming households and the wider population – it being difficult to accurately predict which tenure types might be promoted over any others.

Table 6-3: Tenures recommended in Salisbury to meet the needs of newly forming households

Tenure	Recommended proportion
Home ownership	3%
Entry-level market sales/intermediate ownership product	8%
Social rent	34%
Private rent	55%

Source: AECOM calculations

7. Conclusions

7.1 Overview

184. 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 Salisbury with a potential impact on Neighbourhood Plan housing policies

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Quantity of affordable housing to plan for	<p>Evidence from the Wiltshire SHMA suggests that Salisbury needs around 1,512 social/affordable rented homes (95 per annum) over the plan period to meet the need for this type of accommodation, often to support households in acute housing need.</p> <p>In addition, AECOM's estimates potential demand for affordable home ownership of 2,619 homes over the plan period (164 per annum). If the two estimates are added together, the total need or potential demand for affordable housing would be 259 per annum, with affordable homeownership accounting for 63% of this. However, it is important to keep in mind that these households are, by and large, adequately housed in the private rented sector and are not in acute housing need.</p> <p>These two results can be loosely compared with the findings of the 2020 household survey that 79 households currently wish to buy their own but cannot afford it, with a further 30 wanting to rent a new home but unable to afford it. The HNA results also suggest that potential demand for affordable home ownership exceeds need for affordable rented housing. However, these conclusions should be approached with caution, as 81% of survey respondents already own their own home. Hence there is likely an underrepresentation of households currently in Affordable Housing.</p> <p>A Housing Requirement for Salisbury has not yet been provided by Wiltshire, so in the interim the requirement of 6,060 homes over the Local Plan period to 2026 is used as a guideline for the scale of housing that might be expected. Assuming 40% of this estimated requirement is delivered as affordable housing, the maximum potential for affordable housing delivery over the plan period through the application of affordable housing policies would be 2,424 homes. This would be sufficient to meet all of the need for social/affordable rented housing, in theory. But would be insufficient to meet the totality of need and potential demand for affordable rent and affordable home ownership.</p>	<p>Some of the NA's housing delivery is likely to come forward in the form of small sites which are unlikely to be large enough to meet the threshold of 11 dwellings set out in NPPF, above which the Affordable Housing policy applies. This suggests some form of prioritisation will be required. In most cases, Councils will wish to prioritise the delivery of social/affordable rented homes to meet acute needs.</p> <p>In Salisbury, there is a reasonably good supply of social/affordable rented housing (just over 20% of the stock) so whilst the delivery of this form of housing is important to meet acute needs, the provision of additional affordable home ownership properties would add choice in the local area.</p> <p>There is a fairly limited supply of shared ownership within Salisbury, though it is consistent with Wiltshire and England as a whole, and new products such as First Homes may widen opportunities for those households currently unable to buy a home.</p> <p>The application of affordable housing policies on new developments within Salisbury has the potential to deliver a substantial supply of affordable housing, including the vast majority of the estimated need for social/affordable rent. However, there is additional potential demand for affordable home ownership, not all of which can be met through the delivery of new homes on the scale proposed.</p>

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	<p>At the time of the 2011 Census, Home Ownership was the most common form of tenure in Salisbury at 59.5%, followed by Social rent (20.6%) and Private rent (17.5%). In comparison to Wiltshire, Salisbury has a higher level of renting (differences of 5.9 percentage points for Social rent and 2.1 percentage points for Private rent) but a lower level of home ownership (8 percentage point difference).</p> <p>Between 2010 and 2013, house prices remained relatively stable, however between 2013 and 2019 there was a steady period of growth, resulting in the average (mean) house price rising from approximately £175,000 to £225,000. All dwelling types have seen a similar level of average price growth, with an overall average of 24.6% over the last ten years.</p> <p>Entry-level (2 bedroom) properties in Salisbury currently have an average rental price of £804 per calendar month. The 2020 household survey finds that a combined 65% of respondents can afford to put up to £800 towards rent or mortgage costs each month. This is favourable evidence that private renting is affordable to the majority in Salisbury, though it is also possible that respondents are willing to set aside more than the 30% of their income towards housing costs that our calculations assume.</p>	<p>The analysis in this HNA has demonstrated the challenge of housing affordability within Salisbury. Households on average incomes (just under £50,000 per annum) cannot afford to buy market housing in the local area. Households on low incomes need subsidized housing such as social and affordable rent to be able to meet their needs.</p> <p>Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy, and implemented by the LPA. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using community development orders, identifying exception sites or developing community land trusts are all tried and tested ways of boosting the supply of affordable housing above the minima indicated by Local Plan policy. The group may wish to explore further avenues for delivering Affordable Housing such as these given that need and demand for affordable housing is likely to exceed the ability to deliver these homes through market led developments.</p> <p>It is not recommended that the Local Plan policy requirement be exceeded in the neighbourhood plan because such steps are rarely accepted by planning inspectors on the grounds that an extremely high standard of justification is required which goes beyond the scope of this HNA, in particular around the issue of what level of Affordable Housing delivery can be financially viable in the NA. Raising the percentage of Affordable Housing required could, furthermore, have the effect of discouraging new building from coming forward altogether. Should the group wish to consider such an option, it is advisable to discuss this with the LPA in the first instance.</p>

Housing type and size	<p>Salisbury tends to be characterized by semi-detached and terraced dwellings which account for 57.1% of the total stock. In this sense, Salisbury's dwelling type profile is more in keeping with England than with Wiltshire – both Salisbury and England share a lower proportion of detached homes than the district and a higher proportion of flats than the district. It should be recognized that Salisbury's dwelling profile is relatively unique in comparison to other settlements in Wiltshire, largely due to its urban status and size.</p> <p>In terms of size, smaller dwellings with 2-3 bedrooms currently predominate, at a combined 68.2% of the share. Wiltshire shows a similar pattern but with a slightly greater preference for 3 beds than 2 beds.</p> <p>Salisbury has a similar age profile to the country as a whole, with a large middle-aged population (age groups 25-44 and 45-64 constitute just over 50% of the total share). Although there is a greater ratio of younger to older age groups in Salisbury, when compared with wider geographies, it is clear that the NA has marginally fewer younger people and more older people than average. Between 2001 and 2011 there was little growth amongst younger age groups but strong growth amongst more senior age groups (85+ increased by 28.3%).</p> <p>Despite an overall decline in population from 2001 to 2011, two categories of household composition saw notable growth, namely adult children living at home and houses of multiple occupancy. The increase in both of these household groups could signal difficulties young people face in getting onto the housing ladder and forming 'new' households.</p> <p>Applying Wiltshire's household projections to Salisbury's age profile illustrates the dramatic shift in demographics expected in future: an 85.6% increase in those aged 65 and above compared to a 20.4% increase in those aged 24 and under, and contractions in most other age groups. Based on this modelling, the elderly population will be over 14 times the size of Salisbury's younger population in 2036.</p> <p>It is also worth noting that data obtained from Wiltshire by the neighborhood planning group shows that change of use conversion has provided a significant source of housing supply in recent years, with 136 housing units delivered in this way between 2014 and 2018 (inclusive). Though the size and type of these units is not consistently captured, the planning application details gathered suggest that a significant proportion are flats and bedsits (and this is particularly the case in office conversions). AECOM's research into this increasingly common trend in other locations suggests that it produces a predominance of 1 and 2 bedroom flats that, in this case, would not align particularly well with identified needs.</p>	<p>The result of a life-stage modelling exercise that applies current occupation patterns and preferences to the future demographic profile, suggests that new development should focus on mid-sized dwellings with 3 or 4 bedrooms, with a moderate supply of 2 and 5+ bedroom homes, and little further need for 1 bedroom accommodation. By contrast, the 2020 household survey found that demand among respondents is concentrated in 2 bedroom (40%) and 3 bedroom (33%) homes, followed by 4+ bedrooms (19%) and 1 bedroom dwellings (9%). The results of the survey may justifiably be used to deviate from the demographic-led mix modelled here in order to support the delivery of more 2 bedroom homes.</p> <p>This analysis provides an indication of the likely need for different types and sizes of homes based on demographic change. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the characteristics of the existing stock of housing, the role of the NA or site within the wider housing market area (linked to any LA strategies or plans) and site-specific factors which may justify a particular dwelling mix.</p> <p>The objectives of the community are also a valid consideration. In Salisbury's case, there is an imperative to attract and retain younger people, who are likely to need the most affordable forms of market and affordable housing, such as 1 bedroom homes, which the model here suggests are no longer needed. This is because the model is based on the evolution of current demographic trends. To an extent the model builds in existing trends that the community may in fact wish to subvert. As such, the evidence presented here should be interpreted and used in balance with other factors.</p> <p>In terms of dwelling types, there may be value in diversifying Salisbury's current terraced and semi-detached offering with the provision of more bungalows, flats and detached homes in order to widen choice and ensure age-appropriate options are available in anticipation of a likely continuation of the ageing of the population. Flats in particular are likely to be more economical for younger households, can be made fully accessible to those with mobility limitations, and would be less in conflict with the protection of existing green space. However, the 2020 household survey found a much greater emphasis on demand for detached homes compared with the existing tenure mix in Salisbury, and was the most popular choice (with the options broadly descending in popularity as they ascend in density from detached to flats).</p>
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Issue	Summary of evidence and data assessed	Conclusions and recommendations
	<p>It has also been frequently found elsewhere that such units tend to be small in relation to space standards and often are of a low quality for other reasons (though we emphasise that no review of any units in Salisbury have been conducted). Change of use can be a valuable source of supply for 1 to 2 bedroom units without the need to construct new blocks of flats, which could benefit young households in Salisbury, but it should equally not be considered a magic bullet. (These comments are concerned purely with the question of housing need, but it is acknowledged that this issue has important implications for town centre vitality and employment that are outside of the scope of this HNA.)</p>	
Newly-forming households/first-time buyers	<p>The 2020 household survey collected 101 responses from households containing a person who needs a new home in order to start their own household – the highest score for any reason given for wanting to move at 46% of the total. This is indicative of a clear need and a pervasive issue.</p> <p>Using a less up-to-date and locally tailored but more comprehensive method, it can be concluded that, on the basis of ONS Census 2011 data, roughly 3,561 individuals below 35 had not formed their own household by that year. This represents around 1,556 new households with the potential to form. This is a large cohort of potentially unmet housing need.</p>	<p>An estimated tenure split of new-build homes can be calculated, having regard to the specific tenure needs of newly forming households. It should be noted that this estimated split emphasizes the importance to such households of both entry-level market sales (including affordable routes to home ownership) and private rent in addition to social rent. The result is that newly forming households might benefit from the provision of 55% private rent, 34% social rent, 8% affordable routes to home ownership, and 3% mainstream market sale.</p> <p>It is recommended that neighbourhood planners seek to promote these tenures within new housing developments if the policy goal is to ensure that suitable and affordable housing for younger people can be provided within the Neighbourhood Plan area.</p> <p>However, this finding should be caveated with the result of the 2020 household survey question 'what tenure does your household seek if you were to move?'. It can be assumed that the respondents looking to start their own households constitute roughly half of respondents to this question (101 of 220). Yet only 4% are looking for shared ownership, 9% social rent, and 6% private rent, with the vast majority (80%) seeking full ownership. It may be that respondents were thinking aspirationally in selecting their ideal form of tenure rather than that which is most realistic given their financial circumstances. However, such an overwhelming result in favour of mainstream market housing for sale is sufficient to weaken the result suggested here. It appears that a broad balance of tenures is the best way of serving both newly forming households and the wider population – it being difficult to accurately predict which tenure types might be promoted over any others.</p>

7.2 Recommendations for next steps

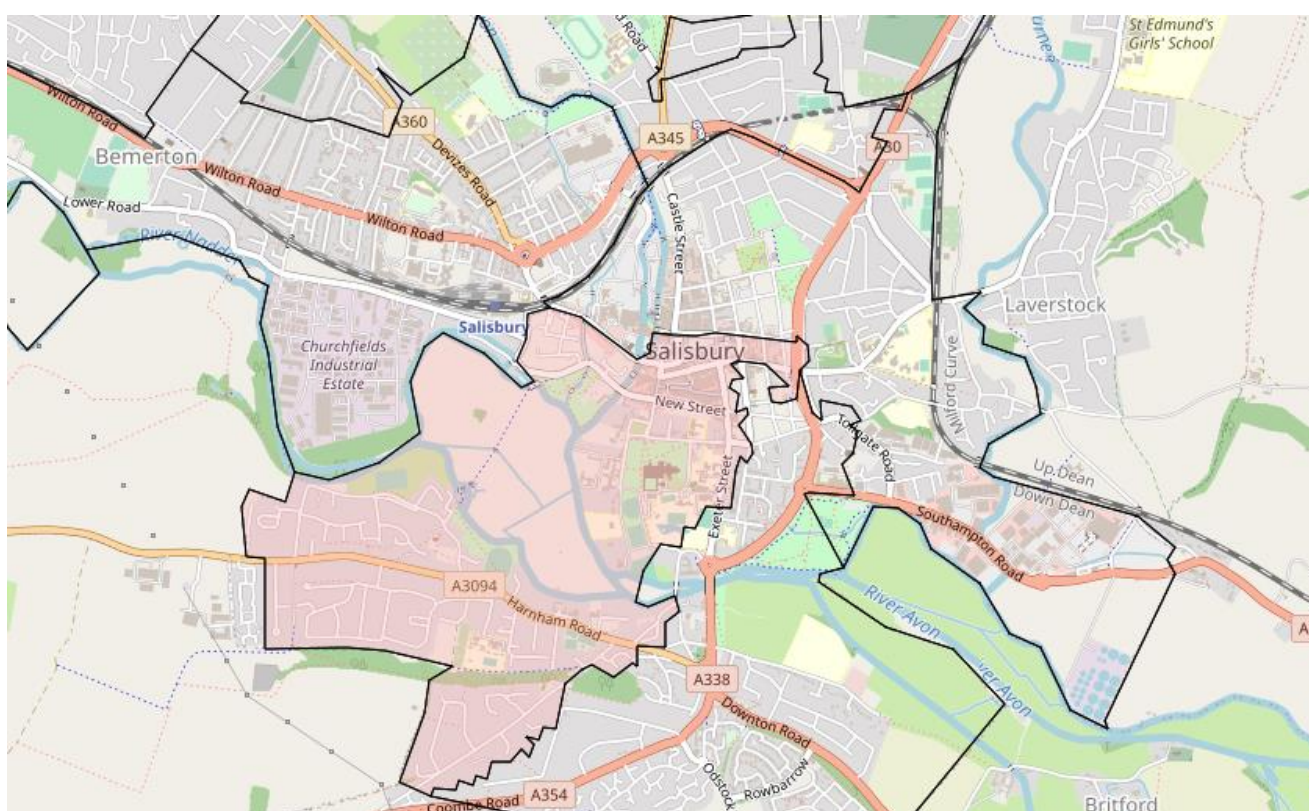
185. This Neighbourhood Plan housing needs assessment aims to provide Salisbury with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that the neighbourhood planners should, as a next step, discuss the contents and conclusions with Wiltshire with a view to agreeing and formulating draft housing policies, bearing the following in mind:
- All Neighbourhood Planning Basic Conditions, but in particular the following: Condition A, namely that the Neighbourhood Plan has regard to national policies and advice contained in guidance issued by the Secretary of State; Condition D, that the making of the Neighbourhood Plan contributes to the achievement of sustainable development; and Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;
 - The views of Wiltshire – in particular in relation to the quantity of housing that should be planned for;
 - The views of local residents;
 - The views of other relevant local stakeholders, including housing developers and estate agents;
 - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Wiltshire, including but not limited to the Strategic Housing Land Availability Assessment (SHLAA);
 - The recommendations and findings of this study; and
 - The impact of the Government's Standard Methodology on calculating housing need for Wiltshire and the neighbourhood plan areas within it.
186. 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.
187. 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, Wiltshire or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
188. 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

189. 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.
190. 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 Salisbury, it is considered that MSOA Wiltshire 056 or E02006671 is the closest realistic proxy for the Neighbourhood Plan area boundary, and as such, this is the assessment geography that has been selected. E02006671 is also the most densely populated of the six MSOAs constituting Salisbury's Neighbourhood Area. It should be noted that there is little variance between these MSOAs in terms of affordability threshold so any can be used as a proxy. A map of E02006671 appears below in **Error! Reference source not found..**

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



Source: ONS

A.2 Market housing

191. Market dwellings are accessible to people on higher incomes. Choices in the housing market are driven principally by spending power, life stage, and personal taste.
192. The operation of the housing market is, in most circumstances, the best means of addressing the demand for different types of housing for sale. For this reason, it is important that planning policy does not place unnecessary burdens on the market preventing its ability to respond to demand, because this is the principal way equilibrium is achieved in the market and thus house price growth kept in check.
193. In this sense, the notion of development viability is essential. It is important not to deter development in the context of clear housing need; to do so will not only frustrate the delivery of new housing but also may deprive the community of resources for infrastructure improvements.
194. To determine affordability in market housing, the assessment considers two primary indicators: income thresholds,

which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds, which denote the standard household income required to access mortgage products.

i) Market sales

195. 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.
196. To produce a more accurate assessment of affordability, both the savings available for a deposit and the equity in the home from which the buyer is moving (if not a first-time buyer) should be taken into account. However, this data is not available for Salisbury. As such, a reasonable assumption is therefore made that a 10% purchase deposit is available to the prospective buyer.
197. The value of an entry-level dwelling is considered the best representation of the segment of market housing most likely to be accessible to those on lower incomes.²⁴ The value of an entry level dwelling used here is the lower quartile average house price from sales data from Land Registry over the year 2018.
198. The calculation is therefore:
- Value of an 'entry level dwelling' = £225,000;
 - Purchase deposit = £22,500 @10% of value;
 - Value of dwelling for mortgage purposes = £202,500;
 - Loan to income ratio = value of dwelling for mortgage purposes divided by 3.5;
 - **Purchase threshold = £57,857.**

ii) Private Rented Sector (PRS)

199. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. Households are deemed able to afford a private rented property if the lower quartile private rent does not exceed 30% of gross household income.
200. It is assumed that lower quartile private rent equates to the average rent paid in the Neighbourhood Plan area for a two-bedroom dwelling (enough living space for two or three individuals). In order to be in conformity with the Government guidance on overcrowding,²⁵ such a home would require three habitable rooms (a flat or house with two bedrooms).
201. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Plan area..
202. According to [home.co.uk](https://www.home.co.uk), there are 21 two-bed properties currently listed for rent across Salisbury, with an average price of £804 per calendar month. Note that the 2020 household survey finds that a combined 65% of respondents can afford to put up to £800 towards rent or mortgage costs each month. This is favourable evidence that private renting is affordable to the majority in Salisbury, though it is also possible that respondents are willing to set aside more than the 30% of their income towards housing costs that our calculations assume.
203. It is possible to derive from this data the estimated income threshold for private rental sector dwellings in the Neighbourhood Plan area; the calculation is therefore:
- Annual rent = £804 x 12 = £9,648;
 - Divided by 0.3 (so that no more than 30% of income is spent on rent) = £32,160;
 - **Income threshold (private rental sector) = £32,160.**
204. The NPPF 2018 acknowledges that build-to-rent dwellings have a role to play in providing affordable market homes and may meet affordable housing need where they include a component of affordable private rent.

²⁴ 'Entry-level dwelling' can be understood to comprise a property that costs the average value of dwellings falling into the lower quartile of house prices in the Neighbourhood Plan area, as set out in the Tenure and Affordability chapter above.

²⁵ This is based on the concept of the 'room standard', which indicates a dwelling is legally overcrowded if two people of the opposite sex have to share a room to sleep in (this does not apply when couples share a room). See: http://england.shelter.org.uk/housing_advice/repairs/overcrowding

A.3 Affordable Housing

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

i) Social rent

208. Rents in socially rented properties reflect a 'formula rent' based on a combination of individual property values and average earnings in each area, resulting in substantial discounts to market rents. As such, this tenure is suitable for the needs of those on low incomes and is subject to strict eligibility criteria.
209. 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 Salisbury. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Wiltshire in the table below.
210. To determine the income needed, it is assumed that no more than 30% of income should be spent on rent. This HNA uses two bedroom homes in the main report tables to illustrate affordability of this tenure. These homes are a good proxy for affordability in this tenure as they are typically the most numerous property size.

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent PCM	£86.42	£98.54	£108.83	£120.82	£101.17
Annual average	£4,494	£5,124	£5,659	£6,283	£5,261
Income needed	£17,975	£20,496	£22,637	£25,131	£21,043

Source: Homes England, AECOM Calculations

ii) Affordable rent

211. Affordable rent is controlled at no more than 80% of the local market rent. As demonstrated in this report, the annual entry-level rent in Salisbury is £9,648. In the event of a 20% reduction in rent to £7,718, the income threshold would reduce to an estimated £25,728. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000). Even an 80% discount on the market rent may not be sufficient to ensure that households can afford it, particularly when they are dependent on benefits. RPs 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%.

Table A-2: Affordable rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent PCM	£104.13	£123.54	£148.74	£182.56	£128.33
Annual average	£5,415	£6,424	£7,734	£9,493	£6,673
Income needed	£21,659	£25,696	£30,938	£37,972	£26,693

Source: Homes England, AECOM Calculations

iii) Intermediate tenures

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

Discounted Market Homes

213. In paragraph 64 of the NPPF 2019, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership”.
214. Whether to treat discounted market sale homes as affordable housing or not depends on whether discounting the asking price of new build homes of a size and type suitable to first time buyers would bring them within reach of people currently unable to access market housing for purchase.
215. Applying a discount of 20% provides an approximate selling price of £232,000 (20% discount on median average prices of £290,000. Allowing for a 10% deposit further reduces the value of the property to £208,800. The income threshold at a loan to income ratio of 3.5 is £59,657.
216. In practice, developers are likely to price these homes in relation to new build prices, particularly in locations where discounting in relation to entry level prices may not make these homes viable to develop in relation to build costs. When new build prices in Wiltshire are discounted by 20% the required income threshold is £69,367.
217. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 30%, 40% and 50% discounted home (with the discount benchmarked on the median house price as above). This would require an income threshold of £52,200, £44,743 and £37,286 respectively.

Shared ownership

218. Shared ownership involves the purchaser buying an initial share in a property typically of between 25% and 75% and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the leaseholder can be varied by 'staircasing'. Generally, staircasing will be upward, thereby increasing the share owned over time.
219. 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.
220. To determine the affordability of shared ownership, calculations are based on the median house price of £290,000.²⁶ The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 25% of the income on rent (as for the income threshold for the private rental sector).
221. A 25% equity share of £290,000 is £72,500, from which a 10% deposit of £7,250 is deducted. The mortgage value of £65,250 (£72,500 - £7,250) is then divided by 3.5. To secure a mortgage of £65,250, an annual income of £18,643 (£65,250/3.5) is therefore needed. In addition to mortgage costs, rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £217,500. An ongoing annual rent equivalent to 2.5% of the value of the unsold equity is assumed, which is £5,438 and requires an income of £18,125.00 (multiplied by 4 so that no more than 25% of income is spent on rent). Therefore, an income of around £36,768 (£18,643 + £18,125.00) is required to afford a 25% shared equity purchase of an entry-level home. The same calculations were undertaken for equity shares of 50% and 75%, producing income thresholds of £49,369 and £61,970 respectively.

²⁶ It is important to note that this is based on new build sales only. The current shared ownership models are only available for new build homes, with the assumed cost therefore differing from the cost of open market housing, which also includes property re-sale.

Appendix B : Housing Needs Assessment Glossary

Adoption

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

Affordability

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

Affordability Ratio

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

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

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

Affordable rented housing

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

(March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods²⁷.

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

Bedroom Standard²⁸

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

Co-living

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

Community Led Housing/Community Land Trusts

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

Community Right to Build Order²⁹

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)³⁰

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.

²⁷ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

²⁸ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

²⁹ See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

³⁰ See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

A single person cannot be a concealed family; therefore one elderly parent living with their adult child and family or an adult child returning to the parental home is not a concealed family; the latter are reported in an ONS analysis on increasing numbers of young adults living with parents.

Equity Loans/Shared Equity

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

Extra Care Housing or Housing-With-Care

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

Fair Share

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

First Homes

The Government is consulting on the introduction of First Homes as a new form of discounted market homes which will be provided at least 30% discount on new homes. The intention is that these homes are available to first time buyers as a priority but other households will be eligible depending on agreed criteria. New developments may be required to provide a proportion of Affordable Housing as First Homes (40-80%).

Habitable Rooms

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

Household Reference Person (HRP)

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

Housing Market Area

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

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

Housing Needs

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

Housing Needs Assessment

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

Housing Products

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

Housing Size (Census Definition)

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

Housing Type (Census Definition)

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

Housing Tenure (Census Definition)

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

Income Threshold

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

Intercensal Period

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

Intermediate Housing

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

Life Stage modelling

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

Life-time Homes

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

Life-time Neighbourhoods

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

Local Development Order

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

Local Enterprise Partnership

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

Local housing need (NPPF definition)

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

Local Planning Authority

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

Local Plan

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

Lower Quartile

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

Lower Quartile Affordability Ratio

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

Market Housing

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

Mean (Average)

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

Median

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

Median Affordability Ratio

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

Mortgage Ratio

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years³¹, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

Neighbourhood Development Order (NDO)

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

Neighbourhood plan

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

Older People

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

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

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

Overcrowding

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

Planning Condition

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

Planning Obligation

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

Purchase Threshold

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

³¹ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

Proportionate and Robust Evidence

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

Private Rented

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

Retirement Living or Sheltered Housing

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

Residential Care Homes and Nursing Homes

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

Rightsizing

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

Rural Exception Sites

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

Shared Ownership

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

Sheltered Housing³²

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

³² See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

wheelchair users. And they are usually linked to an emergency alarm service (sometimes called 'community alarm service') to call help if needed. Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage the scheme and help arrange any services residents need. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden.

Strategic Housing Land Availability Assessment

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

Strategic Housing Market Assessment (NPPF Definition)

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

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.³³

³³ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

