

Melbury Abbas and Cann

Housing Needs Assessment (HNA)

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Quality information

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List of acronyms used in the text:

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

1. Executive Summary

Conclusions- Tenure and Affordability

Affordability issues

1. Melbury Abbas and Cann's current tenure mix reveals a very high rate of home ownership compared to wider averages at 83%, and a corresponding lack of Affordable Housing and private rented options (despite a 95% increase in the latter category between 2001 and 2011). At 5%, the rate of social housing provision is particularly low compared to the Dorset average of 12%.
2. Home values in Melbury Abbas and Cann have generally increased over the last decade despite some fluctuations, with the result that the median home now costs 46% more than in 2011 and the funds needed to access home ownership even at the lower end of the market are increasing much faster than wages. A median home currently costs £445,000 and an entry-level home currently costs £244,000.

Tenure options

3. AECOM has estimated the annual income required to afford various tenures of housing in the Neighbourhood Area (NA) – each of which is explained in detail in Appendix A. These thresholds are compared to local incomes to determine which options are the most appropriate for local people going forward. The average household income in Melbury Abbas and Cann is £43,100, and the lower quartile income (per person) for Dorset was £14,530 in 2020.
4. It was found that a household would need an income comfortably above the average (or a very large deposit) to qualify for a mortgage even for an entry-level home in the area. Home ownership through the mainstream market is not an option for the majority of local people. The median house price would require an annual income nearly three times the current average.
5. The median affordability ratio (relationship between the median house price and the average household income) in Melbury Abbas and Cann is 10.3, and the lower quartile affordability ratio (between the lower quartile house price and lower quartile household income (two earners)) is 8.4.
6. Private renting is generally only affordable to average earners, who can comfortably afford entry-level rents but not larger rental properties. A single lower quartile earner would need to dedicate a substantial proportion of their gross earnings to rent to afford an entry-level rental property. Single-person households must therefore either apply for affordable rented housing or remain in the private rented sector while relying on housing benefit or other support.
7. There is a relatively large group of households in Melbury Abbas and Cann who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £31,000 per year (at which point entry-level rents become affordable) and £63,000 (at which point entry-level market sale homes become affordable). This 'can rent, can't buy' cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
8. All of these products would be valuable to different segments of the local population, with shared ownership at a lower than 25% equity share potentially allowing lower

earning households to get a foot on the housing ladder, while rent to buy offers poorer long-term prospects but is helpful to those with little or no savings for a deposit, and First Homes at a 50% discount provides the best long-term support to those with slightly higher incomes.

9. Neighbourhood plan qualifying bodies have discretion to increase the discount on the new First Homes product from 30% to 40% or 50% where there is evidence to suggest this is appropriate. This HNA finds that the highest possible discount level of 50% would be necessary from an affordability perspective in Melbury Abbas and Cann.
10. Affordable rented housing appears generally affordable to households with two lower earners (average earning households are unlikely to be eligible). However, households with a single lower earner are unable to afford any of the tenures considered except for smaller socially rented units. Many such individuals will, if unable to secure a social rented dwelling or additional subsidy, need to live in a room in a shared house using housing benefit.
11. The evidence in this chapter suggests that the small affordable rented sector performs a vital function in Melbury Abbas and Cann as the only option for a large segment of those in the greatest need. Being cheaper for the occupant, social rent performs this function best.

Quantity of Affordable Housing needed

12. The Dorset and BCP Local Housing Needs Assessment (LHNA) 2021 identifies a need for 950 additional affordable rented homes in Dorset between 2021-38, and a further 767 affordable home ownership units over the same period. A breakdown is given for the Northern Dorset sub-area which contains Melbury Abbas and Cann.
13. It is possible to pro-rate these numbers to determine broadly what share of the wider area's needs might be attributable to Melbury Abbas and Cann based on population statistics. As of 2020 ONS estimates, Melbury Abbas has a population of 1,184, which is 1.9% of the Northern Dorset population of 62,286 (ONS estimate for 2019). On this basis Melbury Abbas and Cann might be expected to need around 2.7 units of affordable rented accommodation and 2.2 units of affordable home ownership per year. Over the 17 years of the Neighbourhood Plan period this would equate to 46 affordable rented homes and 37 affordable home ownership dwellings.
14. These figures give a reasonable guide to the potential scale of need for Affordable Housing in Melbury Abbas and Cann over the Plan period. That said, pro-rating District level estimates of affordable housing need to rural areas presents problems in practice. The LHNA figures are likely to represent higher needs in the urban areas where there is a large social housing stock and larger numbers of households living in rented homes on housing benefit. This means it is difficult to precisely identify need for social/affordable rented housing within the NA.
15. Indeed, data from Dorset Council suggests that there are currently 6 households on the waiting list for affordable rented housing. Even assuming that additional need will arise in subsequent years, this low baseline and the counterbalancing effect of turnover in the (limited) existing stock, is unlikely to generate need approaching the figure derived from the LHNA estimate. That estimate does, however, give a broad indication of the potential scale of need in the wider area that Melbury Abbas and Cann may wish to address if appropriate.

16. Effectively, there is a potential need for up to 83 Affordable Housing units over the coming 17 years, but the real need is likely to be less due to the role Melbury Abbas and Cann plays in the district and the available services, infrastructure and so forth.

Policy considerations

17. Dorset's adopted policy on this subject (Policy 8) requires 40% of all new housing to be affordable. Policy HOUS2 in the emerging Local Plan complicates this picture, with different expectations in different zones, which happen to intersect within the NA (see Policy Context section). The range of homes expected to be affordable is 35% to 40% depending on the precise location within the parish, and the policy applies to sites of 5+ dwellings or 10+ depending on the location.
18. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasising that the HNA finds there to be potential need for Affordable Housing in the NA, and every effort should be made to maximise delivery where appropriate.
19. On the balance of factors listed in the Policy Guidance section of this chapter, AECOM recommends that roughly 70% of Affordable Housing should take the form of rented tenures such as social and affordable rent (preferably the former), with the remaining 30% as affordable routes to home ownership, fulfilling the requirements of the new First Homes product and allowing for some shared ownership or other tenures to widen choice.
20. Effectively, the HNA endorses the proposed headline split between affordable renting (70%) and affordable ownership (30%) proposed in the emerging Local Plan. This mix reflects the need for both forms of Affordable Housing as well as the reality that expected delivery is well below the potential need and, in such a circumstance, it is important to protect the most acute needs as a priority. Affordable rented housing is also undersupplied compared with Dorset at present, and is most clearly beneficial to local people based on the affordability analysis conducted here. Reserving a modest share of affordable home ownership also complies with national requirements around First Homes.
21. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using Neighbourhood Development Orders, identifying exception sites or developing community land trusts are all ways of boosting the supply of affordable housing.

Conclusions- Specialist Housing for the Older People

22. It appears that there are no units of specialist housing for older people within Melbury Abbas and Cann at present, nor any care home facilities. It is not known to what degree the existing housing stock has been designed or adapted with accessibility in mind. This could potentially be revealed through a household survey.
23. Applying projections for wider Dorset, the 75+ population of Melbury Abbas and Cann can be expected to rise from 102 in 2011 to 185 in 2038, equating to population growth of 83 individuals in this age band, or roughly 60 older households. This aligns with the notable ageing of the population described throughout this study. The proportion of older people remains below that of Dorset as a whole (which is in turn high compared to regional and national averages).
24. A vast majority of older households are owner-occupiers, suggesting that much of the future need for specialist housing will be for market specialist housing for purchase or rent, although a small component of socially rented accommodation will also be beneficial.
25. The potential need for specialist housing with some form of additional care for older people can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research and assumptions.
26. These two methods of estimating the future need in Melbury Abbas and Cann produce a range of 21 to 34 specialist accommodation units that might be required during the Plan period. These estimates are based on the projected growth of the older population, thereby assuming that today's older households are already well accommodated. If this is found not to be the case, it would justify aspiring to exceed the range identified here. Equally, there may be justification to deliver fewer specialist homes than this either by focusing on adaptation instead, or if it is accepted that Melbury Abbas and Cann is a less suitable location for specialist schemes than other nearby settlements.
27. The LHNA undertook similar estimates for Dorset as a whole, finding a need to 2038 for around 2,600 units with support (primarily market), 1,800 units with additional care (split equally between market and affordable), and 2,769 residential/nursing care bedspaces. In this context, the potential contribution of Melbury Abbas and Cann identified here is proportionally small, but likely to be in line with the suitability of the NA for such development compared with other locations across Dorset.
28. Across both HNA estimates, roughly one third of the need is estimated to be for affordable specialist housing (i.e. available to rent from a social landlord) with the remainder for market purchase; and roughly one quarter of the need is estimated to be for housing with extra care, with the majority simply age restricted or sheltered. This reflects the assumed financial capacity and degree of mobility limitation among the cohort expected to enter older age groups in Melbury Abbas in the coming years.
29. The relatively large quantity of need for market sheltered accommodation could be addressed through high accessibility and adaptability standards in new housing. Particularly given that there is unlikely to be a large volume of additional specialist supply during the Plan period, another avenue open to the Neighbourhood Plan is therefore to require standards of accessibility and adaptability in new development to be met at more ambitious levels than those mandated in the Local Plan, and to encourage the adaptation of existing properties through grant schemes and other means (though it

is acknowledged the Neighbourhood Plan may have less influence over changes to the existing stock).

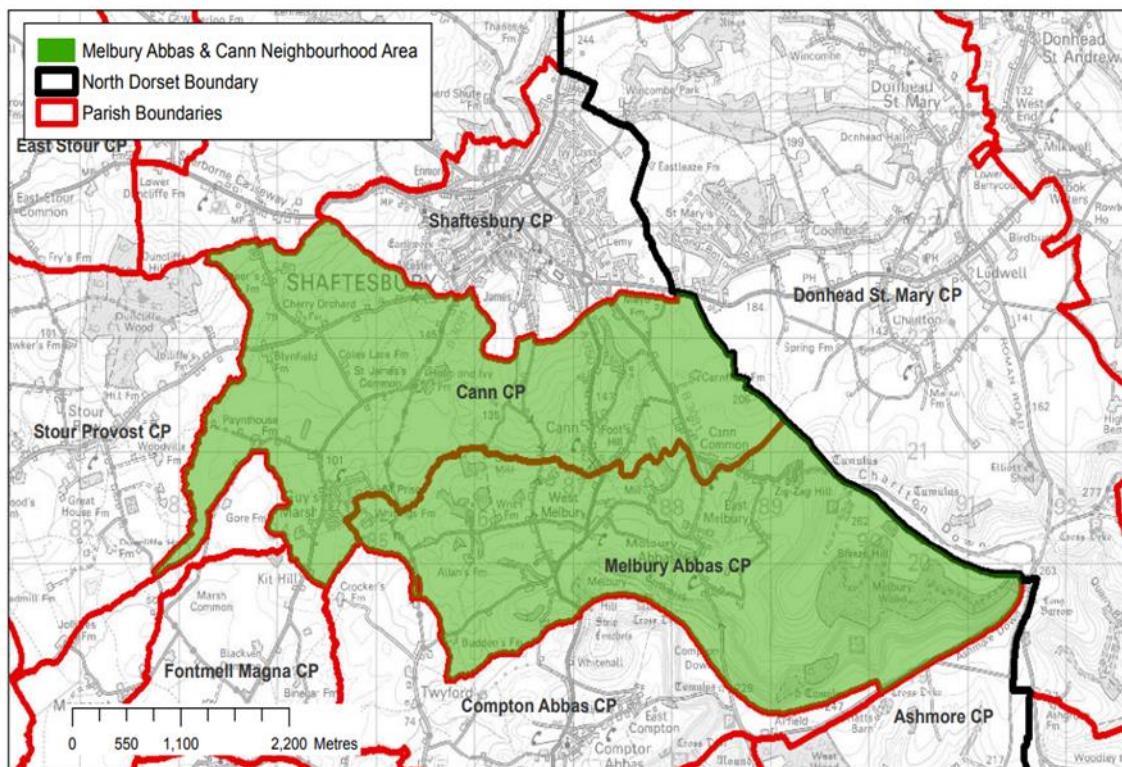
30. The emerging Dorset Council Local Plan provides explicit encouragement for development to accommodate specific groups such as older people. In policy HOUS1 it also sets a specific target for the proportion of new housing that is required to meet national standards for accessibility and adaptability (Category M4(2)) – at 20% of all new housing. This is below the LHNA recommendation that all dwellings could be required to meet these standards, and 10-15% of homes to meet more stringent standards suitable for wheelchair users. The evidence gathered here would appear to support the HOUS1 approach, and even to potentially justify applying a higher target in the Neighbourhood Plan (such as that proposed in the LHNA) if this avenue has the support of Dorset Council.
31. While it is important to maximise the accessibility of all new housing, it is particularly important for specialist housing for older people to be provided in sustainable, accessible locations, for a number of reasons, as follows:
 - so that residents, who often lack cars of their own, are able to access local services and facilities, such as shops and doctor's surgeries, on foot;
 - so that any staff working there have the choice to access their workplace by more sustainable transport modes; and
 - so that family members and other visitors have the choice to access relatives and friends living in specialist accommodation by more sustainable transport modes.
32. Alongside the need for specialist housing to be provided in accessible locations, another important requirement is for cost-effectiveness and economies of scale. This can be achieved by serving the specialist elderly housing needs arising from a number of different locations and/or neighbourhood areas from a single, centralised point (i.e. what is sometimes referred to as a 'hub-and-spoke' model).
33. It is considered that Melbury Abbas and Cann's position in the settlement hierarchy makes it a relatively less suitable location for specialist accommodation on the basis of the accessibility criteria and the considerations of cost-effectiveness above. As such, noting that there is no specific requirement or obligation to provide the specialist accommodation need arising from Melbury Abbas and Cann entirely within the neighbourhood area, it is recommended it could be provided in a 'hub and spoke' model. In the case of Melbury Abbas and Cann, Shaftesbury is considered to have potential to accommodate the specialist housing need arising from the neighbourhood area (i.e. to be the hub in the hub-and-spoke model).
34. Wherever specialist housing is to be accommodated, partnership working with specialist developers is recommended, so as to introduce a greater degree of choice into the housing options for older people who wish to move in later life.

2. Context

Local context

35. The Parish of Melbury Abbas and the Parish of Cann are both located in North Dorset, England, just south of the town of Shaftesbury. The boundary of Cranborne Chase Area of Outstanding Natural Beauty (AONB) runs through both parishes - with the village of Melbury Abbas being within the AONB and Cann being just outside it (but in its setting).
36. North Dorset District Council designated Melbury Abbas and Cann as a Neighbourhood Area (NA) in November 2017. The proposed Plan period of the Neighbourhood Plan is 2021-2038.
37. For Census purposes, the NA is made up, like the rest of England, of statistical units called Output Areas (OAs). The Plan area equates to the following OAs, 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:
- 19UEHF0001
 - 19UEHF0002
 - 19UEHF0006
38. The statistics show that at the time of the 2011 Census the NA had a total of 1,127 residents, formed into 350 households and occupying 376 dwellings. 324 of the 822 people living in Cann parish at that time were housed in communal establishments – the vast majority if not all of whom are assumed to be occupants of HMP Guys Marsh. The Office for National Statistics (ONS) produces mid-year population estimates for parishes and wards throughout the country. The mid-2020 population estimate for Melbury Abbas and Cann is 1,184 – indicating population growth of around 57 individuals since 2011. (The current estimated population by parish is 300 for Melbury Abbas and 884 for Cann., Note that the more recent estimates do not disaggregate by communal population so it is not possible to determine how occupancy of HMP Guys Marsh has impacted recent population change). It is worth noting that this figure is an estimate only, based on data which is mostly available at local authority level such as administrative registers of births and deaths, data on moves between local authorities, small-area population estimates and official population projections, and not based on a survey count.
39. A map of the Plan area appears below in Figure 2-1.

Figure 2-1: Map of the Melbury Abbas and Cann Neighbourhood Plan area



Source: Crown copyright and database rights 2017 Ordnance Survey LA100018415

Planning policy context

40. Neighbourhood Plans are required to be in general conformity with adopted strategic local plan policies.¹
41. North Dorset District Council became part of the new unitary Dorset Council on the 1st April 2019. However, the North Dorset Local Plan was created before the reorganisation and as such still applies to the former council area until the emerging plan is adopted.
42. An Options document for the new Dorset Council Local Plan 2021-2038 completed a period of public consultation from January to March 2021 and is currently being developed into a full draft. The Options document consists of a volume on Strategy and Topics, which contains draft policies accompanied by consultation questions on how they might change. It also includes a number of sub-area volumes. The relevant one relating to Northern Dorset considers the function of each of the area's main settlements and includes a number of site allocations. It contains no further content of direct relevance to Melbury Abbas and Cann, so the main document that needs to be reviewed here is the Strategy and Topics volume.

¹ A description of the Basic Conditions of Neighbourhood Planning is available at <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

Policies in the adopted local plan

43. North Dorset District Council adopted the North Dorset Local Plan Part 1 in January 2016. This document retained some of the policies from the 2003 District-Wide Local Plan and replaced others. The Plan period for the North Dorset Local Plan Part 1 is from 2011 to 2031. Note that only those parts of policies considered relevant for the purposes of this HNA have been reviewed.
44. The vision for North Dorset, as it relates to the topic area, is to have “cohesive communities” supporting the needs of both younger and older generations, have more housing and particularly more affordable housing that meets the needs of this diverse District, and expand the thriving market towns by providing more homes, jobs and services for the communities in those towns.
45. In the North Dorset Local Plan **Policy 2 – Core Spatial Strategy**: North Dorset recognises that sustainable development should be driven by the “key spatial characteristics of the District” and that development in the more rural areas of the District should be strictly controlled and strive to meet local, rural needs. Melbury Abbas has been identified as a village that can help to meet local growth needs outside of the four major towns. The policy states that “a minimum of 825 dwellings out of 5,700 dwellings District wide will be provided in the countryside (including Stalbridge and the villages) during the period 2011-2031.”
46. The Local Plan also looks at meeting the housing needs of the local area. According to **Policy 6 – Housing Distribution**: North Dorset plans to provide at least 5,700 net additional homes between the 2011-2031 period (with an average of around 285 dwellings per annum). The vast majority of these homes will be planned in the four major towns, Blandford, Gillingham, Shaftesbury and Sturminster Newton. The other 18 villages will incorporate an additional 825 dwellings, both affordable and market, during the same time period.
47. **Policy 7 – Delivering Homes**: North Dorset aims to ensure that all housing should support and encourage mixed and balanced communities. As a starting point for negotiations on the mix of housing sizes within sites of 10 or more dwellings, the District aims to support the delivery of:
- Around 40% of market housing in North Dorset as one or two bedroom properties
 - Around 60% of market housing as three or more bedroom properties
48. Additionally:
- Around 60% of Affordable Housing in North Dorset as one or two bedroom properties
 - Around 40% of Affordable Housing as three or more bedroom properties
49. A different mix can be permitted if well-justified. On sites of 10 or fewer dwellings a mix of housing size will be permitted if appropriate to the site and does not exceed identified local need. The council will strive to meet the needs of each individual community, including age-restricted housing for the elderly.
50. **Policy 8 – Affordable Housing**: The District will seek to ensure that 40% of the total number of dwellings will be Affordable Homes. The Local Plan states: “In cases where a level of affordable housing provision below the target percentages is being proposed, the developer may be offered an opportunity (subject to certain requirements) to involve the District Valuer or other mutually agreed independent assessor with a view to securing a mutually agreed level of affordable housing provision.” Affordable Housing

shortfall on a site will require off-site provision or other financial contributions will be explored.

51. For the District overall, 70-85% of all new Affordable Housing should be provided as Affordable Rented and/or Social Rented housing and the remaining housing stock should be provided as Intermediate housing. Policy 8 also stipulates that adapted or supported housing should be considered as part of the affordable housing mix and should be designed in the same manner as other new housing developments.
52. **Policy 9 – Rural Exception Affordable Housing:** There are a number of considerations to be made when seeking a Rural Exception Affordable Housing site. A scheme of this type will only be permitted, “if a local need for ...affordable housing can be demonstrated in an appropriate up-to-date local needs survey.” The scheme should only be permitted in circumstances where:
 53. “the number of proposed affordable homes does not exceed the identified local affordable housing need identified in an appropriate up-to-date survey; and
 54. all the proposed affordable homes are of a size, type and form (or mix of forms) of tenure that will meet, or contribute towards meeting, the identified local affordable housing need identified in an appropriate up-to-date survey.”
 55. Furthermore, Policy 9 states that a small number of market homes can be permitted on a rural exception site if it can be demonstrated to the council that:
 56. “the market homes are required to contribute towards closing a funding gap for the provision of the rural exception affordable homes on that scheme; and
 57. the market homes proposed are the minimum necessary to deliver the affordable element of the scheme in a manner that addresses the affordable housing needs of the local community.”

Policies in the emerging local plan

58. The emerging Dorset Council Local Plan Options document (Strategy and Topics) highlights housing (particularly high prices, second home ownership and out-migration of young people) and an ageing population as key issues for Dorset. Suitable housing is also identified as a strategic priority.
59. It is important to emphasise that the policies reviewed below are in draft form currently and are subject to change.
60. The quantity of housing needed over the period (2023-2038) has been calculated using the standard method set out in national planning guidance in 2020. The result is for 1,793 net additional dwellings per annum across Dorset (or 30,481 in total over the period). To this figure will be added the quantity of unmet need from neighbouring areas to arrive at a final requirement. However, the government has signalled a potential change in approach for calculating housing need which adds a degree of uncertainty to the figures set out in the emerging Local Plan. Dorset Council has identified sufficient land to meet the existing need figures, which provides some flexibility and contingency. **Policy DEV1** makes provision for a deliverable supply of housing land to accommodate a minimum of 30,481 new dwellings over the period. How this will be achieved through site allocations and other sources is later set out in Figures 2.6 and 2.7.

61. A settlement hierarchy has been developed taking into account the hierarchies in adopted Local Plans for the former boroughs and districts. Tier 1 is large built-up areas; Tier 2 is towns and other main settlements; Tier 3 is villages with development boundaries or excluded from the Green Belt; and Tier 4 is villages without development boundaries or included within the Green Belt. Melbury Abbas and Cann are not listed as Tier 3 villages and are therefore understood to be categorised as Tier 4 villages. They may have their boundaries established through the Neighbourhood Plan but it is assumed that this does not have the effect of redefining the villages as Tier 3 as opposed to Tier 4. Instead, the addition of a development boundary has the effect of 'normally permitting' development within it but 'strictly controlling' development outside of it (para 2.6.38).
62. **Policy DEV4** describes how housing growth will be delivered in the northern Dorset functional area. Growth is to be concentrated in the market towns of Gillingham and Sherbourne, the more modest expansion of Shaftesbury and smaller market towns, and through windfall and infill development in existing settlements with Local or Neighbourhood Plan development boundaries.
63. Some Green Belt release is proposed, but not in areas affecting Melbury Abbas and Cann.
64. **Policy DEV6** sets out how development will proceed in Tier 3 settlements: it will usually be permitted if it accords with site-specific policies in the Local Plan, contributes to meeting the needs of the local area and is at an appropriate scale.
65. **Policy DEV7** sets out how development will proceed in Tier 4 settlements: outside any development boundary development will be strictly controlled with regard to environmental constraints and the need to protect the countryside. It will be restricted to alterations to existing buildings, new employment (particularly rural, agricultural, etc.), rural exception affordable housing, and other forms of non-residential construction. Specific guidelines for the reuse of buildings outside of settlement boundaries are provided in **Policy DEV8**.
66. **Policy DEV9** describes the role of Neighbourhood Plans. In accordance with national policy, the Local Plan sets out a housing requirement figure for each designated neighbourhood area in Appendix 2 for the period 2021 to 2038. These figures reflect recent completions, extant permissions, any allocations, the capacity of major sites within development boundaries, and a windfall allowance for smaller sites. They are to be viewed as minimum requirement figures that may be exceeded, although there is no requirement for Neighbourhood Plans to allocate sites or identify additional land. The housing requirement figure for Melbury Abbas and Cann is 45 dwellings to 2038.
67. **Policy HOUS1** advises on the mix of housing on new residential developments. Schemes are expected to contribute to achieving sustainable and balanced communities through a range of home sizes, types and levels of affordability. At least 20% of new dwellings across all tenures should meet M4(2) Building Regulations standards for Accessible and Adaptable Dwellings.
68. **Policy HOUS2** set out the requirements for Affordable Housing. Major development sites (10 or more homes) are expected to provide Affordable Housing. It will also be expected on sites of 5 to 9 dwellings in designated rural areas. A very small part of east Cann and a majority of Melbury Abbas are considered rural areas, so this policy will apply slightly differently in the NA depending on the location of each development site.
69. The proportion of new homes that should be affordable varies by Zone (40% in Zone 1, 35% in Zone 2, and 25% in Zone 3). Zone 3 consists of large settlements. Zone 1

includes rural northern Dorset, which presumably covers the same areas within the parish where Affordable Housing is sought on sites delivering 5 to 9 homes. Zone 2 covers the remainder of Dorset, and therefore includes the other areas of the parish. So between 35% and 40% of new homes in the NA should be affordable, depending on the precise location of the site.

70. Of the Affordable Housing that comes forward, a minimum of 30% should be for social rent, a minimum of 40% for affordable rent, and a maximum of 30% (but no less than 10%) for affordable home ownership products.
71. **Policy HOUS3** permits Affordable Housing exception sites that adjoin existing settlements and meet an identified local need for affordable housing within the settlement or parish that cannot otherwise be met. Such schemes should also be of an appropriate scale and design, and the homes should remain affordable in perpetuity.
72. **Policy HOUS4** supports the provision of specialist purpose-built accommodation (for older people and others with care needs) that responds to an identified need in the immediate area and includes a range of tenures. Housing for dementia and nursing care is also supported in **Policy HOUS5**.
73. Other policies less directly relevant to housing needs and this assessment cover self and custom build housing (**HOUS6**), isolated homes in the countryside (**HOUS7**), occupational dwellings (**HOUS8**), the replacement and extension of buildings outside of settlement boundaries (**HOUS9**) and traveller sites (**HOUS10**, **HOUS12**, **HOUS13**).

Quantity of housing to provide

74. The NPPF 2021 (paragraphs 66 and 67) requires Local Authorities to provide neighbourhood groups upon request with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.
75. At the time of the first version of this study, Dorset Council had not yet done so, and an interim calculation was therefore included to estimate the broad scale of housing need in Melbury Abbas and Cann. With the publication of the Options document for the Dorset Council Local Plan, housing requirement figures for neighbourhood planning areas have now been provided. Melbury Abbas and Cann is given a minimum figure of 45 new homes for the period to 2038.
76. This requirement figure supersedes the provisional calculation in the previous iteration of the HNA, which has been removed from this version.

3. Approach

77. The present version of this study revises a prior version completed in 2019. It has been updated to take account of the most recent data as well as updated national guidance and the emerging Local Plan context (including a newly published housing needs study for Dorset). Its scope has been amended to remove a section on the quantity of housing needed overall as this issue has now been addressed by Dorset Council.

Research Questions

78. The following research questions were formulated at the outset of the research through discussion with the Melbury Abbas and Cann Neighbourhood Plan Steering Group. They serve to direct the research and provide the structure for the HNA.

Tenure and Affordability

79. 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.
80. This evidence will allow Melbury Abbas and Cann 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.
81. 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.
82. Melbury Abbas and Cann Steering Group has commented that “the parish needs younger families to stay in and move to the area due to an ageing population.” In addition, the community questionnaire prepared as part of consultation for the Neighbourhood Plan suggests an interest in accommodation suited to the needs of older people and Starter Homes. In order to develop a basis on which planning policy may support the community’s intention to attract such families it is appropriate to examine:

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

Specialist Housing for Older People

83. On the basis that older residents as a whole make up a large percentage of the population of the NA, the Steering Group are interested in understanding how their housing needs should be catered for in future years.

RQ 2: What provision should be made for specialist housing for older people over the Neighbourhood Plan period?

Relevant Data

84. This HNA assesses a range of evidence to ensure its findings are robust for the purposes of developing policy at the Neighbourhood Plan level and is locally specific. This includes data from the 2011 Census and a range of other data sources, including:

- Other Office of National Statistics (ONS) datasets providing more up-to-date demographic information;
- ONS population and household projections for future years;
- Land Registry data on prices paid for housing within the local market;
- Rental prices from Home.co.uk;
- Local Authority housing waiting list data; and
- The relevant housing evidence for the Local Authority. The most recent published study is the Dorset and BCP Local Housing Needs Assessment (LHNA), dated November 2021 and released in January 2022. (BCP stands for Bournemouth, Christchurch and Poole). The LHNA provides certain data points at sub-district scale. The relevant sub-area for Melbury Abbas and Cann is Northern Dorset.

85. More recent data sources for the population and other aspects will be used wherever possible in this report. However, Census datasets providing, for example, the breakdown of households (as opposed to individuals) by age and the tenure of dwellings, cannot be accurately brought up to date in this way. Such patterns are instead generally assumed to persist to the present day.

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

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

Introduction

86. This section approaches the question of affordability from two perspectives. First, it examines what tenure options are currently available in the parish and which of them might be most appropriate going forward, based on the relationship between how much they cost and local incomes. Second, it estimates the quantity of Affordable Housing that might be required during the Neighbourhood Plan period. The scale of need for these homes can justify planning policies to guide new development.
87. Tenure refers to the way a household occupies their home. Broadly speaking, there are two categories of tenure: market housing (such as homes available to purchase outright or rent from a private landlord) and Affordable Housing (including subsidised products like social rent and shared ownership). We refer to Affordable Housing, with capital letters, to denote the specific tenures that are classified as affordable in the current NPPF. A relatively less expensive home for market sale may be affordable but it is not a form of Affordable Housing.
88. The definition of Affordable Housing set out in the NPPF 2021 makes clear the Government's commitment to home ownership by broadening the definition to include a range of low-cost housing opportunities for those aspiring to own a home. As part of this effort, the Government has recently introduced a new product called First Homes.²
89. Because the First Homes product is new and expected to be an important part of the strategy for improving access to home ownership, it is worth summarising its key features and implications:
- First Homes should be available to buy with a minimum discount of 30% below their full market value (i.e. the value of an equivalent new home);
 - The discount level can be set higher than 30% – at 40% or 50% – where this can be suitably evidenced. The setting and justifying of discount levels can happen at neighbourhood as well as local authority scale;
 - After the discount is applied the initial sale price must not exceed £250,000 (or £420,000 in Greater London), and lower caps can be set locally;
 - Purchasers must be first-time buyers with an income less than £80,000 (or £90,000 in Greater London), and First Homes can be prioritised for local people and/or key workers;
 - They will be subject to legal restrictions ensuring the discount is retained for future occupants, and renting out or sub-letting will not normally be permitted;

² The shape that the new First Homes product will take is set out in a Ministerial Statement issued in May 2021, available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>. The relevant update to PPG is available here: <https://www.gov.uk/guidance/first-homes#contents>.

- In addition to setting the discount level, local authorities and neighbourhood planning groups can apply additional criteria, such as a lower income cap, local connection test or prioritisation for key workers through adopted plans, emerging policy or Supplementary Planning Documents.
- 25% of all homes delivered through section 106 developer contributions on sites enabled through the planning process should be sold as First Homes. In simpler terms, 25% of all subsidised Affordable Housing on mainstream housing developments should be First Homes. This is likely to mean that First Homes will take the place of shared ownership housing in many circumstances, and in some cases may also displace social or affordable rented homes.

Current tenure profile

90. The current tenure profile is a key feature of the Neighbourhood Area (NA). Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing.
91. Table 4-1 presents data on tenure in Melbury Abbas and Cann compared with Dorset and England from the 2011 Census, which is the most recent available source of this information. It shows a broad alignment with the county in the sense that the overwhelming majority of dwellings are owned. There are, however, a few notable differences. In 2011, 82.6% of households owned their homes, which is around 10 percentage points higher than the average for Dorset. The NA has a lower proportion of households living in Social Rented tenures, 4.9% compared to 12.4% in Dorset. Private rent represents 10.6% of households which is lower than in Dorset by 2.7 percentage points. Finally, it is also worth noting there are no Shared Ownership dwellings in the NA; which is in line with the very minimal provision across the county
92. There is no current data on the proportion of housing that is rented because the choice to let out a property does not require planning permission or other changes that would be recorded centrally. The 2021 Census will provide the most robust and up-to-date picture of this when the results are released in the coming months. However, it is interesting to observe the change recorded between the 2001 and 2011 Census: in Melbury Abbas and Cann the private rented sector expanded by 95% in that period, a rate of growth that was slightly higher than the county average of 85%. This compares with just 5% growth in ownership in the NA (equivalent to 13 households) and no change in the social rented sector (suggesting that no new social homes have been built but also that no households bought out their properties through Right to Buy).
93. Key findings of the tenure data analysis are as follows:
- The Parish follows the County tenure profile, with the majority of the dwellings in owner-occupation;
 - There are no Shared Ownership dwellings in the NA;
 - Privately rented homes experienced an increase of 94.7%; and
 - There was no change in socially rented homes.

Table 4-1: Tenure (households) in Melbury Abbas and Cann, 2011

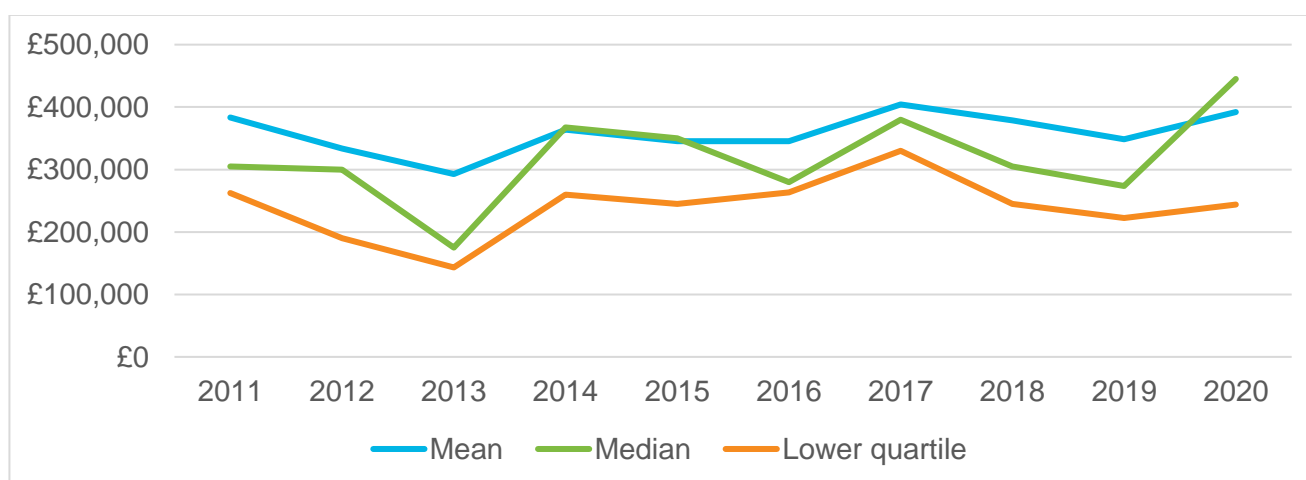
Tenure	Melbury Abbas and Cann	Dorset	England
Owned; total	82.6%	72.0%	63.3%
Shared ownership	0.0%	0.7%	0.8%
Social rented; total	4.9%	12.4%	17.7%
Private rented; total	10.6%	13.3%	16.8%

Sources: Census 2011, AECOM Calculations

Affordability

House prices

94. 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 these reveal about the local housing market.
95. Figure 4-1 below looks at selected measures of house prices in Melbury Abbas and Cann. It shows that house prices are generally increasing, but with notable fluctuations year-on-year, as is natural with such a small sample size.
96. The median house price in 2020 stands at £445,000, which represents growth of 46% since 2011. This is also a dramatic increase on the 2019 median at £273,500. This is a function of the homes that happen to be sold in a given year in an area where the average is made up of 10 or fewer transactions, but does also signal the rising values associated with rural homes in the wake of the Covid-19 pandemic. The current mean house price is £391,800 and the lower quartile average is £244,000. The lower bound of the sample in 2020 was £180,000 and the upper bound was £610,000.

Figure 4-1: House prices by quartile in Melbury Abbas and Cann, 2011-2020

Source: Land Registry PPD

97. Table 4-2 breaks down house prices by type, presenting the median within each type. It is immediately apparent that very few terraces and flats exist in Melbury Abbas and

Cann (only 8% of homes were terraces and 1% were flats at the time of the 2011 Census). As such, the annual average for these types is less meaningful. Of the other types there is a clear distinction between the cost of detached and semi-detached housing in terms of price – with the former consistently £200,000 more expensive than the latter and having appreciated faster over the last ten years.

Table 4-2: Median house prices by type in Melbury Abbas and Cann, 2011-2020

Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth
Detached	£402,500	£495,000	£523,000	£415,000	£379,950	£339,250	£496,000	£620,000	£350,000	£475,000	18.0%
Semi-detached	£225,000	£220,000	£143,250	£180,000	£230,000	£262,250	£286,500	£246,500	£273,500	£240,000	6.7%
Terraced	-	£150,000	-	-	£125,000	£185,000	£350,000	-	-	-	
Flats	-	-	-	-	-	-	-	-	£218,000	-	
All Types	£305,000	£300,000	£175,000	£367,500	£350,000	£280,000	£380,000	£305,000	£273,500	£445,000	45.9%

Source: Land Registry PPD

Income

98. 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.
99. The first source is ONS's estimates of incomes in small areas. This is locally specific but limited to the overall average income (i.e., it does not provide the average income of lower earners). The average total household income before housing costs locally was £43,100 in 2020. This is notably higher than the median of £33,000 for the Northern Dorset sub-area cited in the LHNA (Table 7.10) but is used here because it is more locally specific. A map of the area to which this data applies is provided in Appendix A.
100. The second source is ONS's annual estimates of UK employee earnings. This provides lower quartile average earnings (i.e., the income of the lowest 25% of earners). However, it is only available at the Local Authority level. It also relates to individual earnings. While this is an accurate representation of household incomes where there is only one earner, it does not represent household income where there are two or more people earning. Dorset's gross individual lower quartile annual earnings were £14,530 in 2020. To estimate the income of households with two lower quartile earners, this figure is doubled to £29,060.
101. It is immediately clear from this data that there is a large gap between the spending power of average earning households and those earning the lowest 25% of incomes, particularly where the household in question has one earner only.

Affordability Thresholds

102. To gain a clearer understanding of local affordability, it is useful to understand what levels of income are required to afford different tenures. This is done using 'affordability thresholds': the estimated amount of annual income required to cover the cost of rent or a mortgage given local housing prices.
103. AECOM has determined thresholds for the income required in Melbury Abbas and Cann to buy a home in the open market (average and entry-level prices), and the

income required to afford private rent and the range of Affordable Housing tenures as set out in the NPPF. These calculations are detailed and discussed in more detail in Appendix A.

104. 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.

105. Table 4-3 summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. The income required column assumes the household already has access to a deposit (which we have assumed to be 10% of the value to be purchased) but does not reflect the possibility that households may already hold equity from an existing property. Although these factors may be crucial to whether housing will be affordable, they are highly dependent on individual circumstances that cannot be anticipated here.

106. The same information is presented as a graph in Figure 4-2 on a subsequent page, with selected measures from the table presented for clarity.

Table 4-3: Affordability thresholds in Melbury Abbas and Cann (income required, £)

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes?	Affordable on LQ earnings (single earner)?	Affordable on LQ earnings (2 earners)?
				£43,100	£14,530	£29,060
Market Housing						
Median House Price	£400,500	-	£114,429	No	No	No
LA New Build Median House Price	£316,800		£90,514	No	No	No
LQ/Entry-level House Price	£219,600	-	£62,743	No	No	No
Average Market Rent	-	£16,800	£56,000	No	No	No
Entry-level Market Rent	-	£9,420	£31,400	Yes	No	Marginal
Affordable Home Ownership						
First Homes (-30%)	£199,584	-	£57,024	No	No	No
First Homes (-40%)	£171,072	-	£48,878	No	No	No
First Homes (-50%)	£142,560	-	£40,731	Yes	No	No
Shared Ownership (50%)	£158,400	£4,400	£59,924	No	No	No
Shared Ownership (25%)	£79,200	£6,600	£44,629	Marginal	No	No
Shared Ownership (10%)	£31,680	£7,920	£35,451	Yes	No	No
Affordable Rented Housing						
Affordable Rent	-	£6,715	£22,362	Yes	No	Yes
Social Rent	-	£5,310	£17,683	Yes	No	Yes

Source: AECOM Calculations

107. Before considering each tenure category in turn, it is important to stress that these affordability thresholds have been calculated to give a sufficiently robust indication of the costs of various tenures to inform Neighbourhood Plan policy choices. These figures rely on existing data and assumptions, and it is not possible to estimate every possible permutation. The income figures also disguise a large degree of variation. For simplicity the analysis below speaks in terms of tenure products being 'affordable' or 'not

affordable' for different groups, but individual circumstances and the location, condition and other factors of specific properties in each category have a large impact. These conclusions should therefore be interpreted flexibly.

Market housing for purchase and rent

108. Thinking about housing for purchase on the open market, it appears that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. Market housing, even with the benefit of a higher than average income, is likely to remain out of reach to most. The median house price would require an annual income nearly three times higher than the current average.
109. The median affordability ratio (relationship between the median house price and the average household income) in Melbury Abbas and Cann is 10.3, and the lower quartile affordability ratio (between the lower quartile house price and lower quartile household income (two earners)) is 8.4.
110. Private renting is generally only affordable to average earners, who can comfortably afford entry-level rents but not larger rental properties. Households made up of two lower quartile earners cannot afford the given rental thresholds. Affordability is improved if households are able or willing to dedicate a larger proportion of their incomes to rental costs, although this has repercussions for other quality of life aspects and cannot be assumed to suit all individuals' circumstances.

Affordable home ownership

111. There is a relatively large group of households in Melbury Abbas and Cann who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £31,000 per year (at which point entry-level rents become affordable) and £63,000 (at which point entry-level market sale homes become affordable). This 'can rent, can't buy' cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
112. First Homes are to be offered at a discount of at least 30% on equivalent market prices (i.e., new build, entry-level properties). Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate.
113. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. Because only the 50% discount level makes First Homes accessible to average earning households, this is justified from the perspective of affordability. There may also be viability implications associated with higher discounts, which should be discussed with Dorset Council if it is intended to include a policy on this topic in the Neighbourhood Plan.
114. Table 4-4 shows the discount required for First Homes to be affordable to the three income groups. Because it is not possible to estimate the cost of a typical First Home due to a lack of data on new build entry-level house prices in the NA, it is worth considering the discounts required for some additional price benchmarks. The table above uses the new build median across Dorset as the best proxy for the cost of a newly built entry-level home in the area. However, it is worth thinking about First Homes in relation to the cost of median and entry level existing house prices in the NA specifically

to get a more complete picture. The discount levels required for these alternative benchmarks are given in the table.

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

Tenure/product	Mean Income	LQ Income x1	LQ Income x2
NA Existing median house price	62%	87%	75%
LA New build median house price	52%	84%	68%
NA Existing entry-level house price	31%	77%	54%

Source: Land Registry PPD; ONS MSOA total household income

115. Shared ownership appears to be marginally more affordable than First Homes, but is broadly accessible to the same groups. Government has recently announced that the minimum equity share for shared ownership will fall to 10% of the property value.³ If this is delivered in the NA, it will make shared ownership easier to access for more people. However, while the income threshold for a 10% equity shared ownership home is lower, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.

116. The transition from 10% to 100% ownership would be long, and during this period the rent on the 90% unsold value would not be subsidised, meaning that monthly costs for occupants will remain relatively high and the build-up of equity will be relatively slow. This product would therefore only be a realistic route to full ownership for households prepared to take a long-term view.

117. The income required to access rent to buy is assumed to be the same as that required to afford market rents. On that basis, First Homes and shared ownership appear to generally be more affordable.

118. These three products need to be considered in relation to what they offer occupants in the long term beyond simply being affordable to access or not.

- First Homes allow for a greater ownership stake in the property, enabling occupiers to benefit from price appreciation over time. Monthly outgoings are also limited to mortgage costs alone, which tend to be cheaper than renting.
- Shared ownership at high equity shares performs a similar function to First Homes, but there are additional costs associated with the rented portion.
- Shared ownership at low equity shares can usually be accessed by lower earning households (than First Homes) and requires a smaller deposit. However, this is a potentially less attractive route to eventual ownership because monthly outgoings remain high. The occupant has to pay a significant monthly rent as well as service charges and other costs, so it can be harder for them to save funds to buy out a greater share in the property over time.
- Rent to buy requires no deposit, thereby benefitting those with sufficient incomes but low savings. It is more attractive than renting but results in a much slower

³ The previous minimum equity share was 25%. This change took effect from 28 June 2021 and transitional arrangements are in place for planning policy documents that are prepared during the implementation timeframe. Changes are also introduced to make the process of staircasing to full ownership more gradual with lower minimum increments of 1%. The ministerial statement confirming and detailing the changes is available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>.

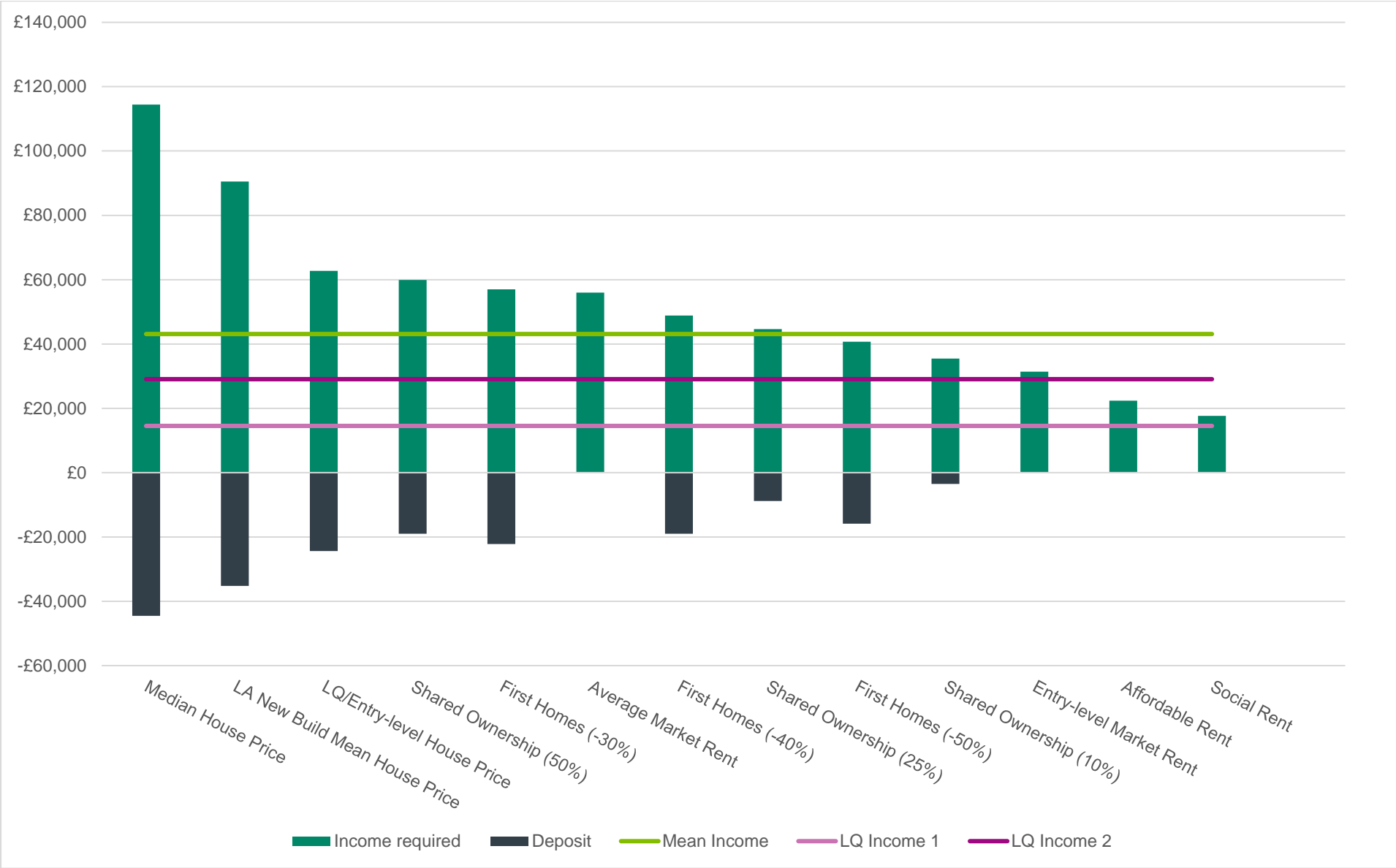
accumulation of the funds that can provide an eventual route to ownership than the other tenures discussed above.

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

Affordable rented housing

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

Figure 4-2: Affordability thresholds in Melbury Abbas and Cann, income required (additional cost of deposit in black)



Source: AECOM Calculations

Affordable housing- quantity needed

122. The starting point for understanding the need for affordable housing in Melbury Abbas and Cann is the relevant Local Housing Need Assessment (LHNA). A LHNA was undertaken for Dorset Council and Bournemouth, Christchurch and Poole Council in 2021. This study estimates the need for affordable housing in Dorset based on analysis of the Council's waiting list and analysis of other data sets in line with current Planning Practice Guidance.
123. The LHNA identifies the need for 950 additional affordable rented homes and 767 units of affordable home ownership each year in Dorset over the period 2021-2038. The former figure should be split between social and affordable rented products, and the LHNA does not recommend a specific mix. The latter figure may be lower depending on the number of resales of lower quartile market homes.
124. The LHNA then breaks down these Dorset-wide figures to various sub-areas. The estimated annual need for affordable rented homes in Northern Dorset is 144 and the equivalent figure for affordable home ownership is 115. Because these figures relate to a smaller geographical area, they are considered the most appropriate to take forward in understanding the share of the area's need that is attributable to Melbury Abbas and Cann.
125. When the LHNA figures are pro-rated to Melbury Abbas and Cann based on its fair share of the population (1,184 is 1.9% of Northern Dorset's population of 62,286 – both figures are ONS estimates), this equates to 2.7 affordable rented homes and 2.2 units of affordable home ownership per year. Over the 17 years of the Neighbourhood Plan period (2021-2038), this equates to 46 rented units and 37 ownership units.
126. These figures have been used to understand the NA's needs because the LHNA is so recent, applies the nuances of separately calculating need for rent and ownership, and provides sub-area figures that are more locally specific. However, it is worth noting that pro-rating wider estimates of affordable housing need to rural areas in this way is not completely precise. The wider figures are likely to represent higher needs in the more urban areas where there is a large social housing stock and larger numbers of households living in the rented sector on housing benefit. Both of these factors tend to generate higher needs. By contrast, in rural areas the lack of social housing means there is no need generated from households already living in the sector. Similarly, households who may need social housing often move away to areas where their needs are more likely to be met (either because there is social housing available or more private rented housing). This means it is difficult to identify need for social/affordable rented housing within the NA, it is more likely to be lower (rather than higher) than the figures noted above.
127. Indeed, data from Dorset Council suggests that there are currently 6 households on the waiting list for affordable rented housing. Even assuming that additional need will arise in subsequent years, this low baseline and the counterbalancing effect of turnover in the (limited) existing stock, is unlikely to generate need approaching the figure derived from the LHNA estimate. That estimate does, however, give a broad indication of the potential scale of need in the wider area that Melbury Abbas and Cann may wish to address if appropriate.
128. It is also important to keep in mind that the households identified as falling into need for affordable home ownership are, by and large, adequately housed in the private rented sector, Affordable Housing, or living in other circumstances. They do not necessarily lack their own housing but would prefer to buy rather than

rent. They have been included in the national planning definition of those in need of Affordable Housing, but their needs are less acute than those on the waiting list for affordable rented housing.

129. There is no policy or legal obligation on the part either of the Local Authority or Neighbourhood Plan to meet affordable housing needs in full, though there are tools available 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).

Affordable Housing policy guidance

130. Dorset's adopted policy on this subject (Policy 8) requires 40% of all new housing to be affordable. Policy HOUS2 in the emerging Local Plan complicates this picture, with different expectations in different zones, which happen to intersect within the NA (see Policy Context section). The range of homes expected to be affordable is 35% to 40% depending on the precise location within the parish, and the policy applies to sites of 5+ dwellings or 10+ depending on the location.

131. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasising that the HNA finds there to be robust evidence of need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable.

132. How the Affordable Housing that comes forward through mainstream development sites is broken down into specific tenures – such as the balance between rented tenures and routes to home ownership – is specified in HOUS2, with 70% of affordable homes to be offered as rented tenures and 30% as affordable ownership products. The HNA can supply more localised evidence, and this section summarises the factors that might be taken into account before proposing a suggested Affordable Housing tenure mix that might be suitable for Melbury Abbas and Cann specifically.

133. The following evidence and considerations may be used as a starting point in the development of policy concerning the Affordable Housing mix:

- A. **Evidence of need for Affordable Housing:** Based on recent LHNA estimates this study estimates that Melbury Abbas and Cann requires roughly 46 units of affordable rented housing and 37 units of affordable home ownership over the Plan period. Both forms of Affordable Housing appear to be valuable in meeting the needs of people on various incomes.

The relationship between these figures suggests that 55% of Affordable Housing should be rented and 45% should offer a route to ownership. However, as noted above, these figures are not directly equivalent: the former expresses the identified need of a group with acute needs and no alternative options; the latter expresses potential demand from a group who are generally adequately housed in rented accommodation and may not be able to afford the deposit to transition to ownership.

If the quantity of new housing overall were unlimited, 55% to 45% may be an appropriate affordable tenure mix. However, this is not likely and also not strictly necessary.

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

Melbury Abbas and Cann has been given a target of 45 new homes overall during the period to 2038.

If the Local Plan target of 35-40% were achieved on every site (using an average of 37.5%), up to around 17 affordable homes might be expected in the NA. If the majority of Melbury Abbas and Cann's target is expected to come forward in the form of small infill developments, those schemes are unlikely to be large enough to meet the threshold of 5 or 9 dwellings (depending on the location), above which the Affordable Housing policy applies. If that is the case, the potential delivery of Affordable Housing is likely to be lower still. This is clearly not sufficient to satisfy the total potential demand for Affordable Housing identified here, which is also for a shorter period.

As a result, affordable rented housing should have a higher weighting in the tenure mix to ensure that the most acute needs are met as a priority. But given the expected volume of future delivery it is reasonable to assume that supply will be limited, and affordable rented accommodation should be prioritised. The 70% rented to 30% ownership guideline mix in the emerging Local Plan may offer an appropriate benchmark.

- C. **Government policy (e.g., NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. For 10% of all housing to be affordable ownership in Dorset, the proportion will need to vary according to the target for each zone, but there is scope and intention for the emerging Local Plan to comply with this requirement.

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 meeting the 10% threshold in Melbury Abbas and Cann would significantly prejudice the provision of much needed affordable rented homes.

- D. **Local Plan policy:** As noted above, the emerging Local Plan seeks a tenure split of 70% affordable rent to 30% affordable home ownership.
- E. **First Homes policy:** the Government recently concluded a consultation on the introduction of First Homes (to provide at least 30% discount on new build home prices). The proposals have now been enacted through a ministerial statement. A minimum of 25% of all Affordable Housing secured through developer contributions are now required to be First Homes.

This new minimum requirement may have the effect of displacing other products in any established tenure mix and will reduce the amount of social or affordable rent if this was proposed to be more than 75% of Affordable Housing. This is not the case in Dorset.

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

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

- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the neighbourhood area or at the site-specific level. Viability issues are recognised in the Local Plan and it is acknowledged that this may affect the provision of affordable housing, the mix of tenures provided and the discounts that can be sought on First Homes properties.
- G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site. The neighbourhood planning group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
- H. **Existing tenure mix in Melbury Abbas and Cann:** With home ownership dominating the tenure mix, only around 5% of homes in the NA are in Affordable Housing tenures, with the proportion of social renting falling particularly far below (less than half) the district and national levels. This suggests that some provision of Affordable Housing would offer a wider choice of homes for local residents and, importantly, may allow those on lower incomes including newly forming households and younger families to remain in or move to the area. Social renting looks particularly undersupplied.
- I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in the parish. The funding arrangements available to housing associations will determine rent levels.
- J. **Wider policy objectives:** the neighbourhood planning group may wish to take account of broader policy objectives for Melbury Abbas and Cann and/or the wider district. These could include, but are not restricted to, policies to attract younger households, families or working age people to the NA. These wider considerations may influence the mix of Affordable Housing provided.

134. On the basis of the considerations above, Table 4-5 proposes an indicative Affordable Housing tenure mix that might be sought through Neighbourhood Plan policy.

135. Effectively, the HNA endorses the proposed headline split between affordable renting (70%) and affordable ownership (30%) proposed in the emerging Local Plan. This mix reflects the need for both forms of Affordable Housing as well as the reality that expected delivery is well below the potential need and, in such a circumstance, it is important to protect the most acute needs as a priority. Affordable rented housing is also undersupplied compared with Dorset at present and is most clearly beneficial to local people based on the affordability analysis conducted here. Reserving a modest share of affordable home ownership also complies with national requirements around First Homes. How the remaining 5% not allocated to First Homes should be allocated may flex to the circumstances of the particular site.

136. This mix should be viewed as a starting point, based primarily on secondary evidence, which should be reconsidered in light of considerations F to J, and in particular the views and objectives of the community.

137. Where the neighbourhood planning group wish to develop policy that deviates from that outlined in the Local Plan – either by differing from the headline split between renting and ownership or by specifying a greater level of detail around sub-tenures, it is important that they liaise with Dorset Council to gather more detailed income and viability information, and to ensure that departures from the local policy context have their support.
138. Another option when developing Neighbourhood Plan policies on tenure splits is to add caveats to the policy in question, to the effect that the precise mix of affordable housing will be considered on the basis of site-by-site circumstances in addition to this evidence.

Table 4-5 Indicative tenure split (Affordable Housing)

Tenure	Indicative mix	Considerations and uncertainties
Routes to home ownership, of which	30%	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	0-5%	Recently confirmed changes to the model to allow purchases of 10% share - impact on viability unknown. RPs' business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to buy	0-5%	Emerging product with popularity and effectiveness as yet unknown. Impact of displacement by First Homes unknown.
Affordable Housing for rent, of which	70%	
Social rent	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area. Uncertain whether RPs willing to own/manage stock in this area.
Affordable rent	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area.

Source: AECOM calculations

Conclusions- Tenure and Affordability

Affordability issues

139. Melbury Abbas and Cann's current tenure mix reveals a very high rate of home ownership compared to wider averages at 83%, and a corresponding lack of Affordable Housing and private rented options (despite a 95% increase in the latter category between 2001 and 2011). At 5%, the rate of social housing provision is particularly low compared to the Dorset average of 12%.
140. Home values in Melbury Abbas and Cann have generally increased over the last decade despite some fluctuations, with the result that the median home now costs 46% more than in 2011 and the funds needed to access home ownership even at the lower end of the market are increasing much faster than wages. A median home currently costs £445,000 and an entry-level home currently costs £244,000.

Tenure options

141. AECOM has estimated the annual income required to afford various tenures of housing in the NA – each of which is explained in detail in Appendix A. These thresholds are compared to local incomes to determine which options are the most appropriate for local people going forward. The average household income in Melbury Abbas and Cann is £43,100, and the lower quartile income (per person) for Dorset was £14,530 in 2020.
142. It was found that a household would need an income comfortably above the average (or a very large deposit) to qualify for a mortgage even for an entry-level home in the area. Home ownership through the mainstream market is not an option for the majority of local people. The median house price would require an annual income nearly three times the current average.
143. The median affordability ratio (relationship between the median house price and the average household income) in Melbury Abbas and Cann is 10.3, and the lower quartile affordability ratio (between the lower quartile house price and lower quartile household income (two earners)) is 8.4.
144. Private renting is generally only affordable to average earners, who can comfortably afford entry-level rents but not larger rental properties. A single lower quartile earner would need to dedicate a substantial proportion of their gross earnings to rent to afford an entry-level rental property. Single-person households must therefore either apply for affordable rented housing or remain in the private rented sector while relying on housing benefit or other support.
145. There is a relatively large group of households in Melbury Abbas and Cann who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £31,000 per year (at which point entry-level rents become affordable) and £63,000 (at which point entry-level market sale homes become affordable). This 'can rent, can't buy' cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.
146. All of these products would be valuable to different segments of the local population, with shared ownership at a lower than 25% equity share potentially allowing lower earning households to get a foot on the housing ladder, while rent to buy offers poorer long-term prospects but is helpful to those with little or no

savings for a deposit, and First Homes at a 50% discount provides the best long-term support to those with slightly higher incomes.

147. Neighbourhood plans have discretion to increase the discount on the new First Homes product from 30% to 40% or 50% where there is evidence to suggest this is appropriate. This HNA finds that the highest possible discount level of 50% would be necessary from an affordability perspective in Melbury Abbas and Cann.
148. Affordable rented housing appears generally affordable to households with two lower earners (average earning households are unlikely to be eligible). However, households with a single lower earner are unable to afford any of the tenures considered except for smaller socially rented units. Many such individuals will, if unable to secure a social rented dwelling or additional subsidy, need to live in a room in a shared house using housing benefit.
149. The evidence in this chapter suggests that the small affordable rented sector performs a vital function in Melbury Abbas and Cann as the only option for a large segment of those in the greatest need. Being cheaper for the occupant, social rent performs this function best.

Quantity of Affordable Housing needed

150. The Dorset and BCP Local Housing Needs Assessment (LHNA) 2021 identifies a need for 950 additional affordable rented homes in Dorset between 2021-38, and a further 767 affordable home ownership units over the same period. A breakdown is given for the Northern Dorset sub-area which contains Melbury Abbas and Cann.
151. It is possible to pro-rate these numbers to determine broadly what share of the wider area's needs might be attributable to Melbury Abbas and Cann based on population statistics. As of 2020 ONS estimates, Melbury Abbas has a population of 1,184, which is 1.9% of the Northern Dorset population of 62,286 (ONS estimate for 2019). On this basis Melbury Abbas and Cann might be expected to need around 2.7 units of affordable rented accommodation and 2.2 units of affordable home ownership per year. Over the 17 years of the Neighbourhood Plan period this would equate to 46 affordable rented homes and 37 affordable home ownership dwellings.
152. These figures give a reasonable guide to the potential scale of need for Affordable Housing in Melbury Abbas and Cann over the Plan period. That said, pro-rating District level estimates of affordable housing need to rural areas presents problems in practice. The LHNA figures are likely to represent higher needs in the urban areas where there is a large social housing stock and larger numbers of households living in rented homes on housing benefit. This means it is difficult to precisely identify need for social/affordable rented housing within the NA.
153. Indeed, data from Dorset Council suggests that there are currently 6 households on the waiting list for affordable rented housing. Even assuming that additional need will arise in subsequent years, this low baseline and the counterbalancing effect of turnover in the (limited) existing stock, is unlikely to generate need approaching the figure derived from the LHNA estimate. That estimate does, however, give a broad indication of the potential scale of need in the wider area that Melbury Abbas and Cann may wish to address if appropriate.

154. Effectively, there is a potential need for up to 83 Affordable Housing units over the coming 17 years, but the real need is likely to be less due to the role Melbury Abbas and Cann plays in the district and the available services, infrastructure and so forth.

Policy considerations

155. Dorset's adopted policy on this subject (Policy 8) requires 40% of all new housing to be affordable. Policy HOUS2 in the emerging Local Plan complicates this picture, with different expectations in different zones, which happen to intersect within the NA (see Policy Context section). The range of homes expected to be affordable is 35% to 40% depending on the precise location within the parish, and the policy applies to sites of 5+ dwellings or 10+ depending on the location.
156. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasising that the HNA finds there to be potential need for Affordable Housing in the NA, and every effort should be made to maximise delivery where appropriate.
157. On the balance of factors listed in the Policy Guidance section of this chapter, AECOM recommends that roughly 70% of Affordable Housing should take the form of rented tenures such as social and affordable rent (preferably the former), with the remaining 30% as affordable routes to home ownership, fulfilling the requirements of the new First Homes product and allowing for some shared ownership or other tenures to widen choice.
158. Effectively, the HNA endorses the proposed headline split between affordable renting (70%) and affordable ownership (30%) proposed in the emerging Local Plan. This mix reflects the need for both forms of Affordable Housing as well as the reality that expected delivery is well below the potential need and, in such a circumstance, it is important to protect the most acute needs as a priority. Affordable rented housing is also undersupplied compared with Dorset at present, and is most clearly beneficial to local people based on the affordability analysis conducted here. Reserving a modest share of affordable home ownership also complies with national requirements around First Homes.
159. Table 4-6 summarises Melbury Abbas and Cann's position with regards to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighbourhood 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.
160. Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy. However, if the community wishes to boost the supply of affordable housing, there are other, more proactive routes available for its provision. For example, using Neighbourhood Development Orders, identifying exception sites

or developing community land trusts are all ways of boosting the supply of affordable housing.

Table 4-6: Estimated delivery of Affordable Housing in Melbury Abbas and Cann

	Step in Estimation	Expected delivery
A	Indicative target to 2038	45
B	Affordable housing quota (%) in emerging Local Plan	37.5% (average of the different thresholds dependent on location)
C	Potential total Affordable Housing in NA (A x B)	17
D	Rented % (e.g. social/ affordable rented)	70%
E	Rented number (C x D)	12
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	30%
G	Affordable home ownership number (C x F)	5

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

5. RQ 2: Specialist housing for older people

RQ 2: What provision should be made for specialist housing for older and disabled people over the Neighbourhood Plan period?

Introduction

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

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

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

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

164. The specialist housing needs of older people (75+) are assessed below using two methods. The first is a tenure-led projection, based on rates of mobility limitation among this age group and the tenure of housing they currently occupy. The second, included for the purposes of comparison, is based on the Housing Learning and Improvement Network (HLIN) Strategic Housing for Older People (SHOP) tool,⁴ which is based on best practice nationally and sets a recommended level of provision per 1,000 head of population.

165. It is important to note that the need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the total housing need or requirement. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for estimating housing need overall.⁵

166. This study covers the need for housing, i.e., buildings that the planning system classifies as Use Class C3 (private dwellings).⁶ Residences that fall into

⁴ Available at <https://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPv2/>

⁵ See Paragraph: 017 Reference ID: 2a-017-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

⁶ For a full description of Planning Use Classes, please refer to https://www.planningportal.co.uk/info/200130/common_projects/9/change_of_use

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

Existing supply

167. There are a number of routes open to identifying the existing supply of specialist housing. Data may be available within the Local Authority's housing evidence base. Alternatively, data may be collated manually on the amount of specialist housing within a given area using the search function on the Elderly Accommodation Councils Website: <http://www.housingcare.org/>. However, AECOM's search of this resource indicates that no supplier of specialist dwellings for the elderly within the parish is registered on this website.

Tenure-led projections

168. To determine future need for specialist housing, the first step is to review data on the tenure of households aged 55-75 across former North Dorset, as this is the most recent and relevant geography for which tenure by age bracket data is available (Dorset as a whole was not captured).
169. The 2011 55-75 age bracket is considered the best proxy for the group likely to fall into need for specialist accommodation during the Plan period to 2038. It is assumed that those currently occupying their own home will wish to do so for as long as practicably possible in future, even where downsizing or moving into specialist accommodation. Equally, those who currently rent, either in the private or social sectors, are projected to need affordable rented specialist accommodation.
170. According to
- 171.
- 172.
173. **Table 5-1**, the vast majority of those expected to fall into potential need for specialist housing in the coming decades are owner-occupiers – a similar rate to the population as a whole in Melbury Abbas and Cann, suggesting that ownership among older households in the NA itself may be higher still. Of those who do not own, the majority are in socially rented accommodation.

Table 5-1: Tenure of households aged 55-75 in North Dorset, 2011

All owned	Owned outright	Owned with a mortgage or loan or Shared Ownership	All Rented	Social rented	Private rented	Living rent free
82%	59%	23%	18%	10%	7%	1%

Source: Census 2011

174. The next step is to project how the overall number of older people in Melbury Abbas and Cann is likely to change in future, by extrapolating from the ONS Sub-National Population Projections for Dorset at the end of the Plan period. The figure must be extrapolated from the Local Authority level data because such projections are not available at neighbourhood level. The results are set out in
175. Table 5-2 below, suggesting that the 75+ population of Melbury Abbas and Cann will rise from 102 in 2011 to 185 in 2038, equating to population growth of 83 individuals in this age band. This aligns with the notable ageing of the population described throughout this study. The proportion of older people remains below that of Dorset as a whole.
176. It is worth noting the LHNA findings that Dorset has an older age structure than regional and national averages. That study projects a 36% increase in the Dorset population aged 65+ by 2038 and a 42-47% increase in those aged 65+ with mobility challenges.

Table 5-2: Modelled projection of elderly population in Melbury Abbas and Cann by end of Plan period

Age group	2011	2038		
	Melbury Abbas and Cann (Census)	Dorset (Census)	Dorset (ONS Projection)	Melbury Abbas and Cann (AECOM Projection)
All ages	1,127	412,905	455,500	1,234
75+	102	52,155	94,761	185
%	9.1%	12.6%	20.8%	14.9%

Source: ONS SNPP 2018, AECOM Calculations

177. A key assumption for the next stages of the calculation is that the older people living in the NA currently are already suitably accommodated, either because they occupy the existing stock of specialist accommodation, have made appropriate adaptations to their own homes or do not require support or adaptations. This is unlikely to be completely true, but it is not possible to determine how many such individuals are inadequately housed without evidence from a household survey (which itself may not give a complete picture).
178. The people whose needs are the focus of the subsequent analysis are therefore the additional 83 individuals expected to join the 75+ age group by the end of the Plan period. This figure should also be converted into households with reference to the average number of people per household with a life stage of 75+ in North Dorset in 2011 (again because this data is not available for parishes or

Dorset as a whole). In 2011 there were 7,090 individuals aged 75+ and 5,096 households headed by a person in that age group. The average household size is therefore 1.39, and the projected growth of 83 people in Melbury Abbas and Cann can be estimated to be formed into around 60 households.

179. The next step is to multiply this figure by the percentages of 55-75 year olds occupying each tenure (shown in the table above). This is set out in

180. Table 5-3 below. This provides a breakdown of which tenures those households are likely to need.

Table 5-3: Projected tenure of households aged 75+ in Melbury Abbas and Cann to the end of the Plan period

Owned	Owned outright	Owned with a mortgage or loan or shared ownership	All rented	Social rented	Private rented	Living rent free
49	35	13	11	6	4	1

Source: Census 2011, ONS SNPP 2013, AECOM Calculations

181. Next, rates of disability by tenure are considered. The tendency for people in rented housing to have higher disability levels is well established. It arises partly because people with more limiting disabilities tend to have lower incomes. It also reflects the fact that as people develop support and care needs they may find that the only suitable and affordable option to them is available in the social rented sector. Table 5-4 below presents this data for Melbury Abbas and Cann from the 2011 Census. Note that the closest proxy for the 75+ age group in the Census is the 65+ age group.

Table 5-4: Tenure and mobility limitations of those aged 65+ in Melbury Abbas and Cann, 2011

Tenure	All categories: Long-term health problem or disability	Day-to-day activities limited a lot		Day-to-day activities limited a little		Day-to-day activities not limited	
All categories: Tenure	85	13	15.3%	27	31.8%	45	52.9%
<i>Owned or shared ownership: Total</i>	84	13	15.5%	26	31.0%	45	53.6%
Owned: Owned outright	78	12	15.4%	23	29.5%	43	55.1%
Owned: Owned with a mortgage or loan or shared ownership	6	1	16.7%	3	50.0%	2	33.3%
<i>Rented or living rent free: Total</i>	1	0	0.0%	1	100.0%	0	0.0%
Rented: Social rented	1	0	0.0%	1	100.0%	0	0.0%
Rented: Private rented or living rent free	0	0	0	0	0	0	0

Source: DC3408EW Health status

182. It is now possible to multiply the projected number of 75+ households occupying each tenure by the rates of mobility limitation for that tenure to arrive at the final tenure-led estimate for specialist housing needs. The number of households falling into potential need for specialist accommodation over the Plan period is 34.

183. These findings are set out in Table 5-5, based on the assumption that those whose day-to-day activities are limited a lot may need housing with care (e.g. extra care housing, with significant on-site services, including potentially medical services), while those with their day to day activities limited only a little may simply need adaptations to their existing homes, or alternatively sheltered or retirement living that can provide some degree of oversight or additional services. However, it is important to note that, even those people who have high support or care needs can often be supported to live in their own homes. This is often reflected in policy of local authorities, with explicit aim to reduce the need to commission increasing numbers of care home beds.

Table 5-5: AECOM estimate of specialist housing need in Melbury Abbas and Cann by the end of the Plan period

Type	Affordable	Market	Total (rounded)
Housing with care (e.g. extra care)	Multiply the number of people across all rented tenures (not just social rent as those aged 65+ who need to rent are overwhelmingly likely to need Affordable Housing) by the percent of occupiers in that tenure who have day to day activity limitations limited a lot	Multiply the number of people across all owner-occupied housing by the percent of occupiers in that tenure who have day to day activity limitations limited a lot	8
	0	8	
Adaptations, sheltered, or retirement living	Multiply the number of people across all rented housing by the percent of occupiers in that tenure who have day to day activity limitations limited a little	Multiply the number of people across all owned housing by the percent of occupiers in that tenure who have day to day activity limitations limited a little	26
	11	15	
Total	11	23	34

Source: Census 2011, AECOM Calculations

Housing LIN-recommended provision

184. It is worth comparing these findings with the recommendations of the Housing Learning and Improvement Network (HLIN), one of the simplest and widely used models estimating for the housing needs of older people. Table 5-6 below reproduces the key assumptions of HLIN's Strategic Housing for Older People (SHOP) toolkit. The table serves as a guide to the numbers of specialist dwellings for older people that should be provided given the increase in their numbers over the Plan period, and how these should be split into the different tenures.

185. It is worth highlighting that the HLIN model suggests that the level of unmet demand for specialist housing for older people of all kinds is approximately 251 units per 1,000 of the population aged 75+.

Table 5-6: Recommended provision of specialist housing for older people from the SHOP toolkit

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

Source: Housing LIN SHOP Toolkit

186. As

187. Table 5-2 shows, Melbury Abbas and Cann is forecast to see an increase of 83 individuals aged 75+ by the end of the Plan period. According to the HLIN tool, this translates into need as follows:

- Conventional sheltered housing to rent = $60 \times 0.083 = 5$
- Leasehold sheltered housing = $120 \times 0.083 = 10$
- Enhanced sheltered housing (divided 50:50 between that for rent and that for sale) = $20 \times 0.083 = 12$
- Extra care housing for rent = $15 \times 0.083 = 1$
- Extra care housing for sale = $30 \times 0.083 = 2$
- Housing based provision for dementia = $6 \times 0.083 = 1$

188. This produces an overall total of 21 specialist dwellings which might be required by the end of the plan period.

189.

190. Table 5-7 below sets out the HLIN recommendations in the same format as Table 5-5 above. It is important to stress that the SHOP toolkit embeds assumptions that uplift the provision of specialist accommodation compared to current rates.

Table 5-7: HLIN estimate of specialist housing need in Melbury Abbas and Cann by the end of the Plan period

Type	Affordable	Market	Total
Housing with care (e.g. extra care)	Includes: enhanced sheltered housing for rent + extra care housing for rent + housing based provision for dementia	Includes: enhanced sheltered housing for sale + extra care housing for sale	6
	3	3	
Sheltered housing	Conventional sheltered housing for rent	Leasehold sheltered housing	15
	5	10	
Total	8	13	21

Source: Housing LIN, AECOM calculations

Conclusions- Specialist Housing for the Older People

191. It appears that there are no units of specialist housing for older people within Melbury Abbas and Cann at present, nor any care home facilities. It is not known to what degree the existing housing stock has been designed or adapted with accessibility in mind. This could potentially be revealed through a household survey.

192. Applying projections for wider Dorset, the 75+ population of Melbury Abbas and Cann can be expected to rise from 102 in 2011 to 185 in 2038, equating to population growth of 83 individuals in this age band, or roughly 60 older households. This aligns with the notable ageing of the population described throughout this study. The proportion of older people remains below that of Dorset as a whole (which is in turn high compared to regional and national averages).

193. A vast majority of older households are owner-occupiers, suggesting that much of the future need for specialist housing will be for market specialist housing for purchase or rent, although a small component of socially rented accommodation will also be beneficial.
194. The potential need for specialist housing with some form of additional care for older people can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research and assumptions.
195. These two methods of estimating the future need in Melbury Abbas and Cann produce a range of 21 to 34 specialist accommodation units that might be required during the Plan period. These estimates are based on the projected growth of the older population, thereby assuming that today's older households are already well accommodated. If this is found not to be the case, it would justify aspiring to exceed the range identified here. Equally, there may be justification to deliver fewer specialist homes than this either by focusing on adaptation instead, or if it is accepted that Melbury Abbas and Cann is a less suitable location for specialist schemes than other nearby settlements.
196. The LHNA undertook similar estimates for Dorset as a whole, finding a need to 2038 for around 2,600 units with support (primarily market), 1,800 units with additional care (split equally between market and affordable), and 2,769 residential/nursing care bedspaces. In this context, the potential contribution of Melbury Abbas and Cann identified here is proportionally small, but likely to be in line with the suitability of the NA for such development compared with other locations across Dorset.
197. Across both HNA estimates, roughly one third of the need is estimated to be for affordable specialist housing (i.e. available to rent from a social landlord) with the remainder for market purchase; and roughly one quarter of the need is estimated to be for housing with extra care, with the majority simply age restricted or sheltered. This reflects the assumed financial capacity and degree of mobility limitation among the cohort expected to enter older age groups in Melbury Abbas in the coming years.
198. The relatively large quantity of need for market sheltered accommodation could be addressed through high accessibility and adaptability standards in new housing. Particularly given that there is unlikely to be a large volume of additional specialist supply during the Plan period, another avenue open to the Neighbourhood Plan is therefore to require standards of accessibility and adaptability in new development to be met at more ambitious levels than those mandated in the Local Plan, and to encourage the adaptation of existing properties through grant schemes and other means (though it is acknowledged the Neighbourhood Plan may have less influence over changes to the existing stock).
199. The new Dorset Council Local Plan provides explicit encouragement for development to accommodate specific groups such as older people. In policy HOUS1 it also sets a specific target for the proportion of new housing that is required to meet national standards for accessibility and adaptability (Category M4(2)) – at 20% of all new housing. This is below the LHNA recommendation that all dwellings could be required to meet these standards, and 10-15% of homes to meet more stringent standards suitable for wheelchair users. The evidence gathered here would appear to support the HOUS1 approach, and even to potentially justify applying a higher target in the Neighbourhood Plan

(such as that proposed in the LHNA) if this avenue has the support of Dorset Council.

200. While it is important to maximise the accessibility of all new housing, it is particularly important for specialist housing for older people to be provided in sustainable, accessible locations, for a number of reasons, as follows:
- so that residents, who often lack cars of their own, are able to access local services and facilities, such as shops and doctor's surgeries, on foot;
 - that any staff working there have the choice to access their workplace by more sustainable transport modes; and
 - so that family members and other visitors have the choice to access relatives and friends living in specialist accommodation by more sustainable transport modes.
201. Alongside the need for specialist housing to be provided in accessible locations, another important requirement is for cost effectiveness and economies of scale. This can be achieved by serving the specialist elderly housing needs arising from a number of different locations and/or neighbourhood areas from a single, centralised point (i.e. what is sometimes referred to as a 'hub-and-spoke' model).
202. It is considered that Melbury Abbas and Cann's position in the settlement hierarchy makes it a relatively less suitable location for specialist accommodation on the basis of the accessibility criteria and the considerations of cost-effectiveness above. As such, noting that there is no specific requirement or obligation to provide the specialist accommodation need arising from Melbury Abbas and Cann entirely within the Neighbourhood Area boundaries, it is recommended it could be provided in a 'hub and spoke' model. In the case of Melbury Abbas and Cann, Shaftesbury is considered to have potential to accommodate the specialist housing need arising from the Neighbourhood Area (i.e. to be the hub in the hub-and-spoke model).
203. Wherever specialist housing is to be accommodated, partnership working with specialist developers is recommended, so as to introduce a greater degree of choice into the housing options for older people who wish to move in later life.

6. Conclusions

Overview

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

Table 6-1: Summary of study findings specific to Melbury Abbas and Cann with a potential impact on Neighbourhood Plan housing policies

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	<p>Melbury Abbas and Cann's current tenure mix reveals a very high rate of home ownership compared to wider averages at 83%, and a corresponding lack of Affordable Housing and private rented options (despite a 95% increase in the latter category between 2001 and 2011). At 5%, the rate of social housing provision is particularly low compared to the Dorset average of 12%.</p> <p>Home values in Melbury Abbas and Cann have generally increased over the last decade despite some fluctuations, with the result that the median home now costs 46% more than in 2011 and the funds needed to access home ownership even at the lower end of the market are increasing much faster than wages. A median home currently costs £445,000 and an entry-level home currently costs £244,000.</p> <p>The average household income in Melbury Abbas and Cann is £43,100, and the lower quartile income (per person) for Dorset was £14,530 in 2020.</p>	<p>It was found that a household would need an income comfortably above the average (or a very large deposit) to qualify for a mortgage even for an entry-level home in the area. The median house price would require an annual income nearly three times the current average.</p> <p>Private renting is generally only affordable to average earners, who can comfortably afford entry-level rents but not larger rental properties.</p> <p>Households earning between around £31,000 per year and £63,000 may benefit from the range of affordable home ownership products such as First Homes and shared ownership. This HNA finds that the highest possible First Homes discount level of 50% would be necessary from an affordability perspective in Melbury Abbas and Cann.</p> <p>The small affordable rented sector performs a vital function in Melbury Abbas and Cann as the only option for a large segment of those in the greatest need.</p> <p>Based on figures from the relevant LHNA 2021 Melbury Abbas and Cann might be expected to need around 2.7 units of affordable rented accommodation and 2.2 units of affordable home ownership per year. Over the 17 years of the Neighbourhood Plan period this would equate to 46 affordable rented homes and 37 affordable home ownership dwellings.</p> <p>On the balance of factors listed in the Policy Guidance section of this chapter, AECOM recommends that roughly 70% of Affordable Housing should take the form of rented tenures such as social and affordable rent (preferably the former), with the remaining 30% as affordable routes to home ownership, fulfilling the requirements of the new First Homes product and allowing for some shared ownership or other tenures to widen choice.</p>

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Specialist housing for older people	<p>It appears that there are no units of specialist housing for older people within Melbury Abbas and Cann at present, nor any care home facilities. It is not known to what degree the existing housing stock has been designed or adapted with accessibility in mind. This could potentially be revealed through a household survey.</p> <p>Applying projections for wider Dorset, the 75+ population of Melbury Abbas and Cann can be expected to rise from 102 in 2011 to 185 in 2038, equating to population growth of 83 individuals in this age band, or roughly 60 older households. This aligns with the notable ageing of the population described throughout this study. The proportion of older people remains below that of Dorset as a whole (which is in turn high compared to regional and national averages).</p> <p>A vast majority of older households are owner-occupiers, suggesting that much of the future need for specialist housing will be for market specialist housing for purchase or rent, although a small component of socially rented accommodation will also be beneficial.</p>	<p>Two methods of estimating the future need in Melbury Abbas and Cann produce a range of 21 to 34 specialist accommodation units that might be required during the Plan period. These estimates are based on the projected growth of the older population, thereby assuming that today's older households are already well accommodated. If this is found not to be the case, it would justify aspiring to exceed the range identified here. Equally, there may be justification to deliver fewer specialist homes than this either by focusing on adaptation instead, or if it is accepted that Melbury Abbas and Cann is a less suitable location for specialist schemes than other nearby settlements.</p> <p>Across both estimates, roughly one third of the need is estimated to be for affordable specialist housing (i.e. available to rent from a social landlord) with the remainder for market purchase; and roughly one quarter of the need is estimated to be for housing with extra care, with the majority simply age restricted or sheltered. This reflects the assumed financial capacity and degree of mobility limitation among the cohort expected to enter older age groups in Melbury Abbas in the coming years.</p> <p>Given that there is unlikely to be a large volume of additional specialist supply during the Plan period, another avenue open to the Neighbourhood Plan is therefore to require standards of accessibility and adaptability in new development to be met at more ambitious levels than those mandated in the Local Plan, and to encourage the adaptation of existing properties through grant schemes and other means (though it is acknowledged the Neighbourhood Plan may have less influence over changes to the existing stock).</p> <p>It is considered that Melbury Abbas and Cann's position in the settlement hierarchy makes it a relatively less suitable location for specialist accommodation on the basis of the accessibility criteria and considerations of cost-effectiveness.</p>

Recommendations for next steps

205. This Neighbourhood Plan housing needs assessment aims to provide Melbury Abbas and Cann 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 Dorset Council with a view to agreeing and formulating draft housing policies, bearing the following in mind:

- All Neighbourhood Planning Basic Conditions, but in particular Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;
- The views of Dorset Council;
- The views of local residents;
- The views of other relevant local stakeholders, including housing

developers and estate agents; and

- The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Dorset Council.

206. 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.

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

208. 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.

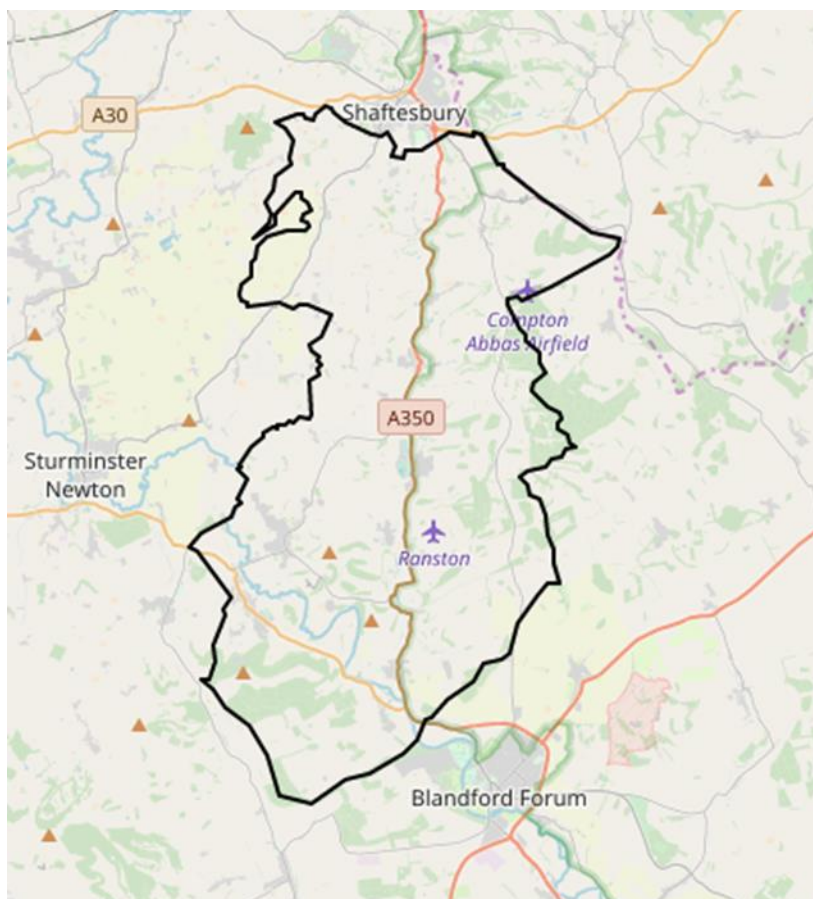
Appendix A : Calculation of Affordability Thresholds

A.1 Assessment geography

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

210. As such, when calculating affordability thresholds, an MSOA needs to be selected that is a best-fit proxy for the neighbourhood area. In the case of Melbury Abbas and Cann, it is considered that MSOA North Dorset 005 (E02004259) is the closest realistic proxy for the neighbourhood area boundary, and as such, this is the assessment geography that has been selected. A map of the MSOA appears below in Figure 6-1.

Figure 6-1: MSOA North Dorset 005 used as a best-fit geographical proxy for the Neighbourhood Area



Source: ONS

A.2 Market housing

211. Market housing is not subsidised, and tends to be primarily accessible to people on higher incomes.
212. To determine affordability in market housing, this assessment considers two primary indicators: income thresholds, which denote the maximum share of a family's income that should be spent on accommodation costs, and purchase thresholds, which denote the standard household income required to access mortgage products.

i) Market sales

213. 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.
214. To produce a more accurate assessment of affordability, the savings required for a deposit should be taken into account in addition to the costs of servicing a mortgage. However, unlike for incomes, data is not available for the savings available to households in Melbury Abbas and Cann, and the precise deposit a mortgage provider will require of any buyer will be determined by their individual circumstances and the state of the mortgage market. An assumption is therefore made that a 10% purchase deposit is required and is available to the prospective buyer. In reality it is possible that the cost of the deposit is a greater barrier to home ownership than the mortgage costs.
215. The calculation for the purchase threshold for market housing is as follows:
- Value of a median NA house price (2020) = £445,000;
 - Purchase deposit at 10% of value = £44,500;
 - Value of dwelling for mortgage purposes = £400,500;
 - Divided by loan to income ratio of 3.5 = purchase threshold of £114,429.
216. The purchase threshold for an entry-level dwelling is a better representation of affordability to those with lower incomes or savings, such as first-time buyers. To determine this threshold, the same calculation is repeated but with reference to the lower quartile rather than the median house price. The lower quartile average in 2020 was £244,000, and the purchase threshold is therefore £62,743.
217. Finally, it is worth assessing the purchase threshold for new build homes, since this most closely represents the cost of the new housing that will come forward in future. Land Registry records zero sales of new build properties in the NA in 2020 or any other year since 2011. Data for Dorset as a whole is therefore assessed, with the overall median for newly built housing in 2020 of £352,000.
218. The median price of new build housing varies by type, from £225,000 for flats to £460,000 for detached properties. The overall median falls just above the median for new build terraces (which was £347,500). The purchase threshold for a median new build property is £90,514 and, as flats are unlikely to be an appropriate proposition in the NA, this stands as a good benchmark for the cost of new build entry level housing which can be used to assess the likely costs of affordable home ownership properties (see subsequent sections).

ii) Private Rented Sector (PRS)

219. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. It is assumed here that rented housing is affordable if the annual rent does not exceed 30% of the household's gross annual income.
220. This is an important assumption because it is possible that a household will be able to afford tenures that are deemed not affordable in this report if they are willing or able to dedicate a higher proportion of their income to housing costs. It is becoming increasingly necessary for households to do so. However, for the purpose of planning it is considered more appropriate to use this conservative lower benchmark for affordability on the understanding that additional households may be willing or able to access housing this way than to use a higher benchmark which assumes that all households can afford to do so when their individual circumstances may well prevent it.
221. The property website Rightmove.co.uk provides rental listings from which average monthly rents can be taken. There are currently no properties listed for rent in Melbury Abbas and Cann, so a wider radius of 3 miles around the parish has been used. This includes Shaftesbury and therefore may not be perfectly representative of the cost of renting in the parish. Nevertheless, it is the best available proxy.
222. According to Rightmove.co.uk, there were 15 properties for rent at the time of search in December 2021. There were 2 1-bedroom properties, 8 2-bedroom properties and 5 3+ bedroom properties. The median monthly rent for 1-2 bedroom properties was £785, and for 3+ bedroom properties it was £1,400.
223. The calculation for the private rent income threshold for entry-level (1-2 bedroom) dwellings is as follows:
- Annual rent = £785 x 12 = £9,420;
 - Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of £31,400.
224. The calculation is repeated for larger properties to give an income threshold of £56,000.

A.3 Affordable Housing

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

i) Social rent

226. Rents in socially rented properties reflect a formula based on property values and average earnings in each area, resulting in substantial discounts to market rents. As such, this tenure is suitable for the needs of those on the lowest incomes and is subject to strict eligibility criteria.
227. To determine social rent levels, data and statistical return from Homes England is used. This data is only available at the Local Authority level so North Dorset (because the merger into Dorset Council is not yet reflected in this data source) must act as a proxy for Melbury Abbas and Cann. This data provides information

about rents and the size and type of stock owned and managed by private registered providers and is presented for North Dorset in the table below.

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

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£83.91	£99.71	£113.66	£121.91	£102.12
Annual average	£4,363	£5,185	£5,910	£6,339	£5,310
Income needed	£14,530	£17,266	£19,681	£21,110	£17,683

Source: Homes England, AECOM Calculations

ii) Affordable rent

229. Affordable rent is controlled at no more than 80% of the local market rent. However, registered providers who own and manage affordable rented housing may also apply a cap to the rent to ensure that it is affordable to those on housing benefit (where under Universal Credit the total received in all benefits to working age households is £20,000).
230. Even an 80% discount on the market rent may not be sufficient to ensure that households can afford this tenure, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.
231. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for North Dorset. Again, it is assumed that no more than 30% of income should be spent on rent, and the overall average is taken forward.
232. Comparing this result with the average 2-bedroom annual private rent above indicates that affordable rents in [the NA are actually closer to 68% of market rates than the maximum of 80%, a feature that is necessary to make them achievable to those in need.

Table A-2: Affordable rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£98.92	£123.05	£145.15	£156.41	£129.14
Annual average	£5,144	£6,399	£7,548	£8,133	£6,715
Income needed	£17,129	£21,307	£25,134	£27,084	£22,362

Source: Homes England, AECOM Calculations

iii) Affordable home ownership

233. Affordable home ownership tenures include products for sale and rent provided at a cost above social rent, but below market levels. The three most

widely available are discounted market housing (a subset of which is the new First Homes product), shared ownership, and rent to buy. These are considered in turn below.

234. In paragraph 65 of the NPPF 2021, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.” The recently issued Ministerial Statement and updates to PPG state that 25% of all Affordable Housing should be First Homes – the Government’s new flagship discounted market sale product. When the NPPF is next updated, it is expected that the 10% affordable home ownership requirement referenced above may be replaced by the First Homes requirement.

First Homes

235. Whether to treat discounted market housing as affordable or not depends on whether discounting the asking price of new build homes of a size and type suitable to first time buyers would bring them within reach of people currently unable to buy market housing.
236. The starting point for these calculations is therefore the estimated cost of new build housing in Melbury Abbas and Cann, based on the new build median purchase price across Dorset in 2020 of £352,000 (equivalent to a terraced home and thus representative of new build entry-level housing).
237. For the minimum discount of 30% the purchase threshold can be calculated as follows:
- Value of a new home = £352,000;
 - Discounted by 30% = £221,760;
 - Purchase deposit at 10% of value = £22,176;
 - Value of dwelling for mortgage purposes = £199,584;
 - Divided by loan to income ratio of 3.5 = purchase threshold of £57,024.
238. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 40% and 50% discounted First Home. This would require an income threshold of £48,878 and £40,731 respectively.
239. All of the income thresholds calculated here for First Homes are below the cap of £80,000 above which households are not eligible.
240. Note that discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a 2 bedroom home (assuming 70 sq. m and a build cost of £1,500 per sq. m) would be around £105,000. This cost excludes any land value or developer profit. This would not appear to be an issue in Melbury Abbas and Cann.

Shared ownership

241. Shared ownership involves the purchaser buying an initial share in a property, typically of between 25% and 75% (but now set at a minimum of 10%), and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the occupant can be increased over time through a process known as 'staircasing'.

242. 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.

243. To determine the affordability of shared ownership, calculations are again based on the estimated costs of new build housing as discussed above. The deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to income ratio of 3.5 is used to calculate the income required to obtain a mortgage. The rental component is estimated at 2.5% of the value of the remaining (unsold) portion of the price. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 30% of the income on rent (as for the income threshold for the private rental sector).

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

- A 25% equity share of £352,000 is £88,000;
- A 10% deposit of £8,800 is deducted, leaving a mortgage value of £79,200;
- This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £22,629;
- Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £264,000;
- The estimated annual rent at 2.5% of the unsold value is £6,600;
- This requires an income of £22,000 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
- The total income required is £44,629 (£22,629 plus £22,000).

245. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of £35,451 and £59,924 respectively.

Rent to buy

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

Help to Buy (Equity Loan)

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

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

Appendix B : Housing Needs Assessment Glossary

Adoption

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

Affordability

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

Affordability Ratio

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

Affordable Housing (NPPF Definition)

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

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

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

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

Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods⁷.

Age-Restricted General Market Housing

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

Annual Monitoring Report

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

Basic Conditions

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

Backlog need

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

Bedroom Standard⁸

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

⁷ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

⁸ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

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 Order⁹

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)¹⁰

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

Equity Loans/Shared Equity

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

Extra Care Housing or Housing-With-Care

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

⁹ See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

¹⁰ See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

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

Habitable Rooms

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

Household Reference Person (HRP)

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

Housing Market Area

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

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

Housing Needs

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

Housing Needs Assessment

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

Housing Products

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

Housing Size (Census Definition)

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

Housing Type (Census Definition)

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

Housing Tenure (Census Definition)

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

Income Threshold

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

Intercensal Period

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

Intermediate Housing

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

Life Stage modelling

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

Life-time Homes

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

Life-time Neighbourhoods

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

Local Development Order

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

Local Enterprise Partnership

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

Local housing need (NPPF definition)

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

Local Planning Authority

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

Local Plan

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

Lower Quartile

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

Lower Quartile Affordability Ratio

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

Market Housing

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

Mean (Average)

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

Median

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

Median Affordability Ratio

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

Mortgage Ratio

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years¹¹, 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

¹¹ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

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.

Proportionate and Robust Evidence

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

Private Rented

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

Retirement Living or Sheltered Housing

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

Residential Care Homes and Nursing Homes

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

Rightsizing

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

Rural Exception Sites

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

Shared Ownership

Housing where a purchaser part buys and part rents from a housing association or local authority. Typical purchase share is between 25% and 75% (though this was lowered in 2021 to a minimum of 10%), and buyers are encouraged to buy the largest share they can afford. Generally applies to new build properties, but re-sales occasionally become available. There may be an opportunity to rent at intermediate rent level before purchasing a share in order to save/increase the deposit level

Sheltered Housing¹²

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

¹² See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

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.¹³

¹³ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

