



# Deddington Housing Needs Assessment (HNA)

July 2021

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

CDC	Cherwell District Council
HNA	Housing Needs Assessment
HNF	Housing Need Figure
HRF	Housing Requirement Figure
HRP	Household Reference Person (head of household)
LHN	Local Housing Need figure
LPA	Local Planning Authority
MHCLG	Ministry for Housing, Communities and Local Government (formerly DCLG)
NA	Neighbourhood (Plan) Area
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
OA	Output Area (Census)
ONS	Office for National Statistics
PPG	Planning Practice Guidance
RQ	Research Question
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

## 1. Executive Summary

### 1.1 Population and housing statistics

1. The Office for National Statistics (ONS) mid-2019 population estimate for Deddington parish is 2,152 people, indicating relatively flat population growth since the 2011 Census.
2. There has been a relatively significant quantity of new development in Deddington since 2011. Cherwell District Council (CDC)'s 2020 Residential Monitoring Report shows that since 2011 there have been 126 new dwellings built in the Neighbourhood Area (NA), 85 of which were on one large development site (Deddington Grange). The total quantity of dwellings in the NA as of March 2021 is therefore estimated to be 1,035.

### 1.2 Conclusions- quantity

3. This HNA recommends an indicative overall Housing Need Figure (HNF) of 7 dwellings per year, which equates to 126 dwellings over the Plan period 2022-2040.
4. It is interesting to note that the 2014 questionnaire found that 379 people wished to move within Deddington in the future, with 201 intending to move in the next 5 years. This does not mean that 379 new homes need to be built, since moves within the existing stock are possible and desirable for many. But this is a clear expression of the demand for homes suited to changing needs.
5. The Local Housing Need (LHN) figure of 714 homes per year for Cherwell, from which Deddington's HNF is derived, is calculated using the Government's Standard Methodology and is likely to change annually as the Government publish new affordability data each year and new household projections approximately every two years. This could impact on the number of homes required in Cherwell and any indicative housing requirement figure provided by Cherwell for neighbourhood areas.
6. That figure has been broken down with the aim of allocating an appropriate share to Deddington with reference to the strategy for the pattern and scale of new development across the district as expressed in the adopted Local Plan 2011-2031, which takes into account the sustainability and suitability of Cherwell's various settlements for growth. This process relies on interpretations and assumptions made by AECOM.
7. At the time the final Neighbourhood Plan Housing Requirement Figure (HRF) is provided by Cherwell, it can be considered to supersede the provisional calculation within this study. Consequently, there is a need for the Steering Group to continue to engage with Cherwell District Council (CDC) to confirm the final housing figure for the Neighbourhood Plan.

### 1.3 Conclusions – tenure and affordability

#### **Affordability issues**

8. Deddington's current tenure mix reveals a relative undersupply of Affordable Housing. The NA had, at the time of the 2011 Census, just over two thirds of Cherwell's proportion of social renting and shared ownership. 37 new units of affordable rented housing have been added to the 2011 total of 80 over the last ten years (including some future commitments). However, this means that only 22% of new housing has been delivered as affordable tenures, leaving the overall proportion only slightly higher at 11% of all Deddington housing.
9. Home values in Deddington have increased slightly over the last ten years, with the result that the average entry-level home now costs £300,000 – around £65,000 more than in 2011 – while the median value remains relatively similar at £370,000. Property in Deddington is around 20-25% more expensive than the wider district.
10. Land Registry records only 2 sales of new build properties in Deddington in 2020, however there were 14 new properties sold in 2019 and a further 24 in 2018. Although these transactions were almost all on a single new development (Deddington Grange), they represent a good benchmark for the cost of new housing in the NA. Prices over the three-year sample period ranged from £377,500 to £765,000, with a median price of £470,000 and lower-quartile price of £421,000.
11. While the well-located historic properties in Deddington are likely to hold the highest values, this suggests that newly built properties command a premium of around 25-40% over existing homes. This presents a further challenge to households relying on new development to enable them to live locally, whether in open market housing or through affordable routes to ownership like shared ownership and First Homes, which will be priced with reference to their open market value.

### Tenure options

12. 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 Deddington is £59,500, and the lower quartile income (per person) for Cherwell was £15,908 in 2019.
13. 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 more than twice the current average. That said, responses to the 2014 parish questionnaire suggest that the buying power of local households is higher in many cases than is assumed here with reference to average income levels. 51% of respondents to the relevant question were looking to buy at a price range above £350,000.
14. Private renting is generally only affordable to higher earners in Deddington. 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. Households made up of two lower quartile earners may, for example, be able to access entry-level rented housing by spending a slightly higher proportion of their income on rent. A single lower quartile earner would, however, need to dedicate more than 75% of their gross earnings to rent in order to occupy a similar home.
15. There is little planning policy can do to surmount this affordability challenge in the private rented sector, other than to encourage modestly sized homes to come forward. There are no products designed specifically for making renting more affordable, without this being a means to the end of eventual ownership. However, providing more affordable and social rent can help to protect the people who are unable to afford private renting altogether.
16. There is a relatively large group of households in Deddington who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £40,000 per year (at which point entry-level rents become affordable) and £80,000 (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.
17. 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.
18. Neighbourhood plan qualifying bodies will 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% is necessary and justified in Deddington.
19. Affordable rented housing is just about affordable to households with two lower earners (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 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. The affordable rented sector performs a vital function in Deddington 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

20. This report estimates Deddington's Affordable Housing needs through two calculations that use up-to-date and locally-specific data as far as possible. The first estimates the need for affordable rented housing and the second considers the potential demand for affordable (i.e. subsidised) home ownership.
21. The result of the first calculation is a surplus of 1.4 affordable rented units per year. CDC has confirmed that there are currently 11 households with an address in Deddington on the housing register, of whom 9 have a village connection in line with the definition given in Cherwell's Allocation Policy. However, if around 3 units of social rented housing continue to come vacant each year this is expected to be able to satisfy newly arising need and lessen the backlog over time.
22. That said, because of the mismatch between needs and supply (in terms of property size and other factors) and the need to address the current backlog as soon as possible, it is recommended that Deddington seeks to deliver some affordable rented housing, particularly early in the Plan period. This priority is echoed in the 2014 questionnaire results showing that 52 respondents were in need of Affordable Housing, and a further 74% of respondents to a separate question thought more Affordable Housing was needed, compared to 25% who did not.



23. Turning to Affordable Housing providing a route to home ownership, it is estimated that around 4.7 households per year may be interested in such products (equating to a total of 79 over the Plan period. This is not dissimilar to the 53 households who stated that they may be looking for a starter home within the parish in the 2014 questionnaire.
24. It is important to keep in mind that the households identified in this estimate are, by and large, adequately housed already. They do not 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.
25. It may not be achievable or even desirable to deliver this volume of affordable home ownership properties in the coming years as even greater numbers of market homes would be required to cross-subsidise delivery, many of the interested households might not be able to afford the necessary deposit, and there remains a significant number of affordable rented homes required for those with more urgent needs. However, this figure remains a useful indicator of the potential scale of demand and of the affordability challenge in Deddington.

#### **Policy considerations**

26. Cherwell's adopted policy in relation to Affordable Housing (BSC 3) requires 35% of new housing to be affordable. Given that Affordable Housing makes up 22% of new housing in Deddington completed over the last decade and expected in the near future, it is likely that this target is not usually met in the NA – either because most sites do not meet the 10 dwelling threshold above which the policy applies or for viability reasons.
27. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in Deddington, and every effort should be made to maximise delivery where viable.
28. On the balance of factors listed in section 5.4.3 of this report, AECOM recommends that roughly 50% of Affordable Housing should take the form of rented tenures such as social and affordable rent (preferably the former), with the remaining 50% 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. This would also reflect the equal preference shown in the 2014 questionnaire to these two categories of Affordable Housing in Q.35 B.22.
29. Although this study estimates that potential demand for affordable ownership is higher than the need for affordable rent, these figures are not directly equivalent and the expected quantity of delivery overall is likely to be limited. As such, affordable rented housing should retain its importance in the tenure mix. However, the needs identified here, in the context of expected housing delivery in future, suggest that there is an opportunity to boost the supply of affordable ownership if this accords with the community's wider priorities.

## **1.4 Conclusions – type and size**

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

#### **The existing housing stock**

31. According to the 2011 Census (the latest robust data on housing types), Deddington has a housing mix that is skewed toward typically less dense and larger homes – i.e. a far higher proportion of detached homes than the district and country and fewer other types. This is not unusual for a rural village. That just over a quarter of homes in Deddington fall into the categories of terraced houses and flats might be expected to limit the options for local people on lower incomes, whether they are able to buy or rent.
32. Around 8% of homes in Deddington are bungalows, which is a slightly lower proportion than for Cherwell and England overall. Although it is not necessarily a given that bungalows are be completely accessible (e.g. for an occupant using a wheelchair), and flats can be equally suitable for people with mobility limitations, the relative lack of bungalows may be an additional factor, beyond the limited size options, obstructing downsizing in Deddington.
33. As of 2021, the size mix of housing locally is dominated by larger homes, with 40% of homes having 4 or more bedrooms, compared with just 24% across Cherwell and 19% across England. Correspondingly, Deddington has a relative lack of 1 bedroom housing.
34. Recent construction has helped to reduce the average dwelling size in Deddington, with the proportion of smaller size categories growing while the proportion of larger size categories contracts slightly. Although the most common size

category in 2011 has been the most common among recent and upcoming completions, the categories that have grown most are 1 and 2 bedroom homes (with 26% and 29% increases on 2011 base numbers respectively).

35. Thinking purely in the broad terms of how many bedrooms a property has (which does not necessarily correlate to affordability or suitability to different household groups), recent development has provided welcome diversification to housing choice in Deddington. However, the overall mix remains dominated by larger homes that tend to be more expensive.

### **Demographics**

36. The age structure of the population is a key indicator of the future need for housing. Deddington has a generally older population profile than Cherwell and England. The older age brackets have also grown the fastest between the 2011 Census and the latest ONS estimates for 2019. Currently around 62% of the population are aged over 45 and 30% are aged over 65.
37. Applying ONS household projections for Cherwell to the Deddington population suggests that by 2040 the 65 and over cohort could nearly double from 2011 levels to become by far the dominant group at 51% of the projected total, while the youngest age groups continue to decline. It is clear that ageing will be a major driver of housing need in Deddington going forward, whether older households intend to occupy the same dwellings they currently live in, or perhaps move within the community to a home better suited to the size of their household or their evolving needs.
38. Deddington has a high rate of under-occupancy, with 86% of people living in a home with at least one bedroom more than they would be expected to need (at the time of the last Census). The percentage of people living in homes with fewer bedrooms than they might be expected to need is negligible at 1%, although this does indicate that around 30 people may have been (or still be) living in inadequate housing conditions.
39. The previous chapter established the high property values in the area, so it would appear that the largest homes are not necessarily occupied by those with the largest families but by those with the financial capacity to do so, irrespective of their household size. Indeed, over-occupancy is strongly correlated with age, with those aged 65 and over the most likely group to have more than two additional bedrooms.

### **The future dwelling mix**

40. The results of a modelling exercise, which looks at the sizes of dwelling occupied by households at different life stages and projects the growth and decline of those household age groups over the Plan period, suggests that should be focused on 3 bedroom homes which, while already the most common are generally the most popular, suitable to many groups, and exist at lower proportions than across the district and country. The other clear recommendation is to further boost the supply of smaller homes from the current low base, while avoid too many additional large homes because there are already more than the population is expected to need.
41. These results align fairly well with those of the 2014 parish questionnaire, in which the most popular dwelling size category was 3 bedrooms (77% of respondents ticked), followed by 2 bedrooms (70% of respondents).
42. A further injection of small and mid-sized homes would both improve Deddington's offering for younger households who have few options for their next step on the property ladder and enable older households currently under-occupying larger homes to downsize and in so doing potentially create churn in the market (although it is acknowledged that many of the larger historic properties may be too expensive to be taken up by young local households).
43. The preceding chapter found that affordability is a serious and worsening challenge in Deddington. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
44. However, it is never advisable to entirely restrict the supply of specific size categories as is suggested here for homes with 4 or more bedrooms. Further considerations that would justify departing from this relatively imbalanced recommended mix are summarised below.

### **Further considerations**

45. Firstly, the 2014 parish questionnaire demonstrated clear demand for larger homes, although such choices were significantly less popular than mid-sized homes. 34% and 12% of respondents selected homes with 4 or 5 bedrooms respectively, demonstrating continued demand for these size categories among local people. This is an important consideration.
46. To best meet the needs of the large cohort of older households expected to be present by 2040, it should be considered whether the existing options are well tailored to older people's requirements in terms of space, flexibility,

quality, location and accessibility. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes, whose needs are far from identical. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms.

47. That said, it may not be realistic to expect growing families to be able to afford the larger detached homes that are currently under-occupied in the parish. Reducing the issue of dwelling size to a number of bedrooms is potentially unhelpful in this case. There may be a valid justification to continue supplying larger homes despite their abundance because a different kind of larger home is needed to accommodate growing families with less buying power. This is too speculative to quantify in a percentage size mix, but is among the good reasons not to inhibit any size of dwelling entirely (despite the results of the HNA model).
48. More generally, it would be unwise for any new housing that does come forward to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to mid-sized homes but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.

## 2. Context

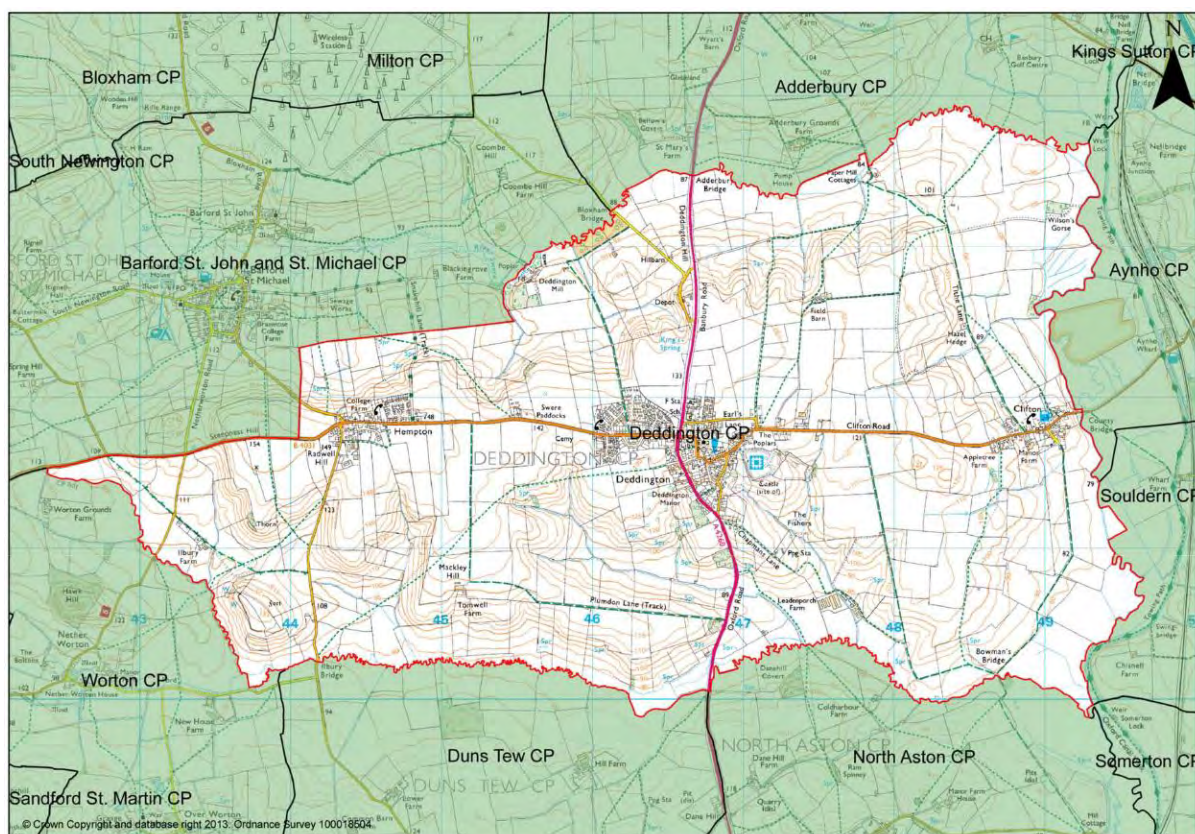
### 2.1 Local context

49. Deddington is a Neighbourhood Plan Area (NA) located in the District of Cherwell in northern Oxfordshire.
50. The NA boundary aligns with that of the civil parish of Deddington. It was formally designated as an NA by Cherwell District Council (CDC) in December 2013.
51. The parish includes the large village of Deddington as well as the smaller villages of Clifton and Hempton, each of which are surrounded by agricultural land uses. Deddington is located around 5.5 miles south of Banbury and 16.5 miles north of Oxford. Both larger settlements are accessible by car along the A4260, with the M40 at nearby Ardley providing access to Birmingham and London. The nearest train station is at Banbury.
52. Deddington village offers a range of amenities including a primary school, GP surgery, community centre, parish church, pharmacy, library, farmers market, sports and social clubs, pubs, shops, hairdressers and restaurants. Clifton and Hempton are primarily residential, though the former has a pub and the latter a church. The parish contains 115 listed buildings and two Scheduled Ancient Monuments, many of which are covered by the Deddington Conservation Area, designated in 1988. More recent residential development has been focused on the west side of Deddington village.
53. The proposed Neighbourhood Plan period extends to 2040 in line with the expected end-date of the emerging Cherwell Local Plan, and for the purpose of this assessment is assumed to begin in 2022, therefore comprising a planning period of 18 years. The evidence supplied in this report will look forward to the Plan end date of 2040, but where possible will also provide annualised figures which can be extrapolated to a different term if the Plan period changes.

#### **The NA boundary**

54. A map of the designated NA appears below in Figure 2-1.
55. Data for Deddington parish was captured in the 2011 Census. Up-to-date population estimates can also be obtained for parishes. However, for other datasets including the 2001 Census, the parish needs to be recreated using statistical units called Output Areas (OAs).
56. The NA can be recreated using one Lower Super Output Area (LSOA E01028481) and two smaller OAs (E00145125, E00145128). This combination allows trends from 2001 Census data to be observed.
57. Two other datasets with particular relevance for housing need issues unfortunately cannot be interrogated down to the lowest scale of OAs.
58. Office for National Statistics (ONS) data on incomes in small areas are only available down to Medium Super Output Area scale (MSOA – the level above LSOAs). The MSAO in which Deddington is located extends from Barford St Michael in the north to Caulcott to the south, and will need to serve as a proxy when thinking about local income levels.
59. For Valuation Office Agency (VOA) data on the current stock of housing, the lowest unit of analysis is LSOAs. This means that a wider area that also incorporates Barford St Michael would need to be used. In place of this data, the dwelling stock profile at the time of the 2011 Census can be combined with more recent information on the homes that have been built since.
60. While CDC Annual Monitoring Reports give an overall total that can be used to understand how many homes presently exist, they do not provide a breakdown by type, size or tenure. This breakdown is, however, provided in an analysis of planning applications undertaken by the Neighbourhood Plan Steering Group. This can be combined with 2011 Census figures to give a current breakdown. However, it is not known exactly which of these 47 planning applications has been completed, started, lapsed, or committed for future construction at this moment in time. As such, this data is used as a broad expression of the housing mix expected now or in the near future, which is more than sufficient as a picture against which future needs can be compared.
61. Where house prices from Land Registry are cited, these figures are accurate to the parish and no proxy needs to be used.
62. Throughout this report 'Deddington' will be used to refer to the entire NA, unless specified to mean Deddington village.

Figure 2-1: Map of the Deddington designated Neighbourhood Area



Source: Cherwell District Council

### Headline population and housing statistics

63. The statistics show that at the time of the 2011 Census Deddington parish had a total of 2,146 residents, formed into 876 households, and 909 dwellings (33 of which were vacant at that time or used as second homes).
64. CDC's 2020 Residential Monitoring Report shows that since 2011 there have been 126 new dwellings built in the NA, 85 of which were on one large development site (Deddington Grange). The total quantity of dwellings in the NA as of March 2021 is therefore estimated to be 1,035.
65. The Office for National Statistics (ONS) produces mid-year population estimates for parishes and wards throughout the country. The mid-2019 population estimate for Deddington is 2,152 – indicating population growth of only 6 individuals since 2011. This does not appear to align with the increase of 126 homes, which might be expected to yield 309 new residents (at Deddington's 2011 Census average household size of 2.45). However, the existing population may also have declined slightly in that time due to ageing. Current population figures are always estimated to some degree, but a more accurate total will soon become available with the publication of 2021 Census statistics.
66. The latest Electoral Roll figures for the parish, provided by the Steering Group, show 1,376 registered residents in Deddington, 176 in Clifton and 234 in Hempton. While the total of 1,786 is a less accurate representation of the population than the figures above, this is a useful indicator of the distribution of the population between the three settlements.
67. Data sources for the population and the existing housing stock that are more recent than the 2011 Census 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 accurately be brought up to date in this way. Such patterns are instead generally assumed to persist to the present day.



## 2.2 Planning policy context

68. Neighbourhood Plans are required to be in general conformity with adopted strategic local policies.<sup>1</sup> Those having relevance to housing are reviewed here, along with policies that are likely to be adopted in the near future.
69. The planning policy context for Cherwell consists of various documents. These are:
- The Adopted Cherwell Local Plan 2011-2031 (Part 1), which contains strategic planning policies for development and the use of land. It was adopted in July 2015.
  - The Cherwell Local Plan 2011-2031 (Part 1) Partial Review – Oxford’s Unmet Housing Need, which provides the strategic planning framework and site allocation to meet Cherwell’s share of the unmet housing needs of Oxford to 2031. It was adopted in September 2020.
  - ‘Saved’ policies of the Adopted Cherwell Local Plan 1996, which have not been replaced by policies in the Local Plan 2011-2031 and remain in force. They were saved in September 2007.
  - The Non-Statutory Cherwell Local Plan 2011, which was intended to review and update the Local Plan 1996 but was discontinued prior to adoption due to changes to the national planning system. This document is not part of the statutory development plan but was approved as interim policy for development control purposes in December 2004. Many of its policies are superseded by those in the Local Plan 2011-2031.
70. Work is also underway on a review of the Local Plan to sit beneath a wider plan for Oxfordshire. The status of these documents is as follows:
- The Cherwell Local Plan Review 2040, which will update some of the policies of the Local Plan 2011-2031 and look to address the needs of Cherwell up to 2040. When adopted, it will replace the Local Plan 2011-2031 and saved policies of the Local Plan 1996. Work has only recently begun on the preparation of this document, with a Community Involvement Paper taken to public consultation between July and September 2020, and a call for development sites carried out. Its preparation is progressing simultaneously with that of the Oxfordshire Plan 2050.
  - The Oxfordshire Plan 2050, which aims to provide an integrated strategic planning framework and evidence base to support sustainable growth across the county to 2050. Producing this document is one of the commitments the authorities made as part of the Housing and Growth Deal for Oxfordshire. It will build on the foundations of the current and emerging Local Plans (including the Cherwell Local Plan Review to 2040) and look beyond them to 2050. It will not allocate housing sites, but will identify areas for sustainable growth with associated housing numbers. Future Local Plans will use this to provide a more detailed view of how housing and other priorities will be delivered. A Regulation 18 Consultation was carried out in 2019 to introduce the Oxfordshire Plan and gather views on key issues.
71. The tables below summarise policies from the adopted and emerging Local Plans that are relevant to housing needs in Deddington.

**Table 2-2: Summary of relevant adopted policies of the Local Plan 2011-2031 (Part 1) and Partial Review**

Policy	Provisions
PR1: Achieving Sustainable Development for Oxford’s Needs	<p>4,400 homes will be delivered in Cherwell to help meet Oxford’s unmet housing needs and necessary supporting infrastructure by 2031. Sustainable development to this end should not cause harm to the delivery of the Local Plan 2011-2031.</p> <p>Policy PR2: Housing Mix, Tenure and Size sets out the relevant requirements for the strategic developments allocated in the Partial Review. However, none of these sites are in or around Deddington, so the policy is not relevant to this study.</p>
BSC 1: District Wide Housing Distribution	<p>22,480 additional dwellings are to be provided in Cherwell in the period 2011-2031. 5,392 of these dwellings are to be delivered in the rest of the district (i.e. outside of Bicester and Banbury). This figure is composed of 528 completions to 2014, 1,760 permissions, 2,350 allocations, and 754 units brought forward through windfall development.</p>
BSC 3: Affordable Housing	<p>Outside of Banbury and Bicester, all proposed developments suitable for 11 or more dwellings are expected to provide 35% of new homes as affordable housing on site. 70% of the affordable housing is to be provided for affordable/social rent, and 30% as intermediate tenures. Social rented housing is particularly supported in the form of extra care or supported accommodation.</p>

<sup>1</sup> Available at <https://www.gov.uk/guidance/neighbourhood-planning--2#basic-conditions-for-neighbourhood-plan-to-referendum>

Policy	Provisions
BSC 4: Housing Mix	New residential development should provide a mix of homes to meet current and future needs, and create mixed and inclusive communities. The mix will be negotiated with regard to the most up-to-date evidence on housing need.  Housing sites of at least 400 dwellings are expected to provide at least 45 self-contained extra care dwellings. In suitable locations close to services and facilities other opportunities for specialist housing for those with support and mental health needs are encouraged.
Villages 1: Village Categorisation	A hierarchy of village settlements deems minor development, infilling and conversion suitable in Category A service villages – including Deddington – and their Category B satellite villages. The appropriate form of development will vary depending on the character and size of the village and the site's context within the existing built environment.
Villages 2: Distributing Growth across the Rural Areas	A total of 750 homes are to be delivered in Category A service villages. This is in addition to the rural allowance for small site windfall development and planning permissions for 10 or more dwellings as of March 2014. Various criteria are set out to determine the suitability of particular sites.
Villages 3: Rural Exception Sites	Small scale affordable housing schemes within or adjacent to villages may be supported to meet specific, identified local housing needs that cannot be met through allocated sites. Arrangements will be secured to ensure such homes meet local needs in perpetuity. Market housing will only be considered where it is required to secure the viability of the proposal, and can be supplied up to a maximum of 25% of the homes proposed.

**Table 2-3: Summary of relevant saved policies of the Local Plan 1996**

Policy	Provisions
H4	Housing schemes for older and disabled people will be encouraged on suitably located sites (in terms of proximity to facilities and other criteria) but otherwise resisted.
H5	Where there is a lack of affordable housing to meet local needs, this will be secured on substantial development schemes. The affordable housing must be economically viable in its ability to meet the identified need and available to meet local need long term through restricted occupancy arrangements.
H6	Within or adjacent to rural settlements, permission may be granted for small-scale low-cost housing to meet specific, identified local needs that cannot be satisfied elsewhere.
H13	Residential development in Deddington and other specified villages will be restricted to infilling, minor development of small groups of dwellings on sites within the existing built-up area, and the conversion of non-residential buildings.
H18	Planning permission will only be granted for new dwellings outside of the built-up limits of settlements when this is essential for agriculture or other existing undertakings or the proposal complies with other policies in the Plan.

### 2.2.1 Quantity of housing to provide

72. The NPPF 2019 (paragraphs 65 and 66) 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.
73. Cherwell has not yet fulfilled this requirement by providing Deddington with an indicative housing allocation for the period to 2040 (or whatever end date is finalised for the new Local Plan). This is not expected to be available in the near future, due to the timeline of the Oxfordshire Growth Plan 2050 which sits above various district Local Plans. As such the question of how many dwellings to plan for is considered in a limited way in this report.
74. At this point it is useful, however, to summarise the volume of new development with planning permission, which is likely to come forward during the Plan period. The two key sites in the NA with permission are Land South of Home Farm House, for 15 new homes, and Stone Pits, for 21 new homes. Both are currently expected to be built out in 2022/23.
75. CDC's monitoring reports only record sites delivering 10 dwellings or more. A review of planning permissions undertaken by the Steering Group identifies a number of other sites for 1 or more dwellings, but it is not possible to say definitively

which are live applications, which have or may lapse, and which have now been completed, and therefore to calculate a more accurate total. The number of committed new dwellings in a given area is, in any case, always a snapshot in time.



## 3. Approach

### 3.1 Research Questions

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

#### 3.1.1 Quantity

77. Deddington does not currently benefit from a specific housing requirement figure (HRF) provided by Cherwell District Council (CDC) through the Local Plan process. The Steering Group have asked if AECOM is able to calculate an indicative housing need figure (HNF) in line with national policy and best practice, as an interim step until CDC do provide a figure.
78. The quantity figure needs to be caveated in the sense that it has the potential to differ from any HRF provided by CDC after the completion of this report. In line with national policy, the CDC HRF will supersede that calculated by AECOM (if it comes to a different figure).

***RQ 1: What quantity of housing in the Neighbourhood Area should be planned for over the Plan period?***

#### 3.1.2 Tenure and Affordability

79. The Steering 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 Deddington 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 Steering Group is 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 is provided under the remit of this research question.

***RQ 2: What quantity and tenures of Affordable Housing should be planned for over the Neighbourhood Plan period?***

#### 3.1.3 Type and Size

82. The aim of this research question is to provide the Steering Group with evidence on the types and sizes of new housing needed by the local community. This will help to shape future development so that it better reflects what residents need.
83. While this study is not able to advise on space standards or home configurations, it may reveal imbalances between the available stock and demographic trends.
84. Note, however, that the evidence gathered here takes the current population as its starting point and projects forward trends that exist today. It therefore risks embedding features of the housing stock and occupation patterns that the community may actually wish to change. In that sense, the findings in this report might be viewed as the baseline scenario on top of which the community's objectives and primary evidence should be layered to create a more complete picture and vision for the future.

***RQ 3: What type (terrace, semi, bungalows, flats and detached) and size (number of bedrooms) of housing is appropriate for the Plan area over the Neighbourhood Plan period?***

### 3.2 Relevant Data

85. This HNA assesses a range of evidence to ensure its findings are robust for the purposes of developing policy at the Neighbourhood Plan level and is locally specific. This includes data from the 2011 Census and a range of other data sources, including:
- Other Office of National Statistics (ONS) datasets providing more up-to-date demographic information;

- ONS population and household projections for future years;
- Valuation Office Agency (VOA) data on the current stock of housing;
- Land Registry data on prices paid for housing within the local market;
- Rental prices from Rightmove.co.uk;
- Local Authority housing waiting list data;
- The Oxfordshire Strategic Housing Market Assessment (SHMA) 2014 and Cherwell SHMA Review and Update 2012, both of which are now relatively dated; and
- The results of the 2014 parish questionnaire, which received a response rate of 59%.

## 4. RQ 1: Quantity

### ***RQ 1: What quantity of housing in the Neighbourhood Area should be planned for over the Plan period?***

#### 4.1 Introduction

86. The NPPF (paragraph 65) states that strategic policy-making authorities “should establish a housing requirement figure for their whole area which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the Plan period. Within this overall requirement, strategic policies should also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations”.
87. NPPF paragraph 66 further states that “Where it is not possible to provide a requirement figure for a neighbourhood area<sup>2</sup> the local planning authority should provide an indicative figure, if requested to do so by the neighbourhood planning body”. This ‘indicative’ figure should (amongst other things) “take into account factors such as the latest evidence of local housing need, the population of the neighbourhood area and the most recently available planning strategy of the planning authority.”<sup>3</sup>
88. Given that no indicative housing requirement figure has been provided to Deddington at the time of writing there is the potential to calculate an objectively assessed Housing Need Figure (HNF) for the Neighbourhood Plan area.
89. In calculating this HNF, it should be noted that paragraphs 65 and 66 place specific obligations on strategic or local planning authorities and no other parties (i.e. AECOM is not obliged to follow directly paragraphs 65 and 66). That said, AECOM’s calculation will be of most use as a starting point if it can seek to mirror the NPPF suggested approach as closely as possible, and so this is the reasonable approach that has been taken.
90. The Planning Practice Guidance<sup>4</sup> states “Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations”.
91. A HNF is a ‘policy-off’ figure. This means that, while it takes account of the factors set out paragraph 66 of the NPPF and dwelling completions over the course of the Plan period, it is an expression of total housing demand unconstrained by the limits of the land available to build on. It is also unconstrained by the impact of policies that either facilitate or obstruct development. A policy-off figure can then be reviewed in light of further evidence including environmental constraints, land availability, relevant Local and Neighbourhood Plan objectives and policies, to formulate a ‘policy-on’ Neighbourhood Plan housing requirement figure.
92. This is the difference between the Housing Need Figure (HNF) calculated here and the Housing Requirement Figure (HRF) that the Neighbourhood Plan may take forward based upon it, or which may be provided by CDC. The HNA figure represents need rather than a requirement.
93. The number of new dwellings that should be planned for in the Neighbourhood Plan area over the Plan period is estimated using a four-step approach seeking to reflect to the maximum extent the 2019 National Planning Policy Framework (NPPF), Planning Practice Guidance (PPG) advice, and the April 2021 Government response to its consultation on ‘Changes to the current planning system’.<sup>5</sup> This is set out in the box overleaf.

<sup>2</sup> For example, this could be where a neighbourhood area has been designated at a late stage in the strategic policy-making process, or after strategic policies have been adopted; or in instances where strategic policies for housing are out of date.

<sup>3</sup> NPPF, paragraph 66, page 18- available at <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

<sup>4</sup> Paragraph: 001 Reference ID: 2a-001-20190220 at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>5</sup> Available at: <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system/outcome/government-response-to-the-local-housing-need-proposals-in-changes-to-the-current-planning-system>.

### **Step 1: “the population of the neighbourhood area”**

The HNF for the Neighbourhood Plan area should take as its starting point the housing target for the Local Planning Authority (LPA) in which it sits. The baseline for our calculation for NA is therefore a share of the current LPA Local Housing Need (LHN) figure that reflects the share of the district population living in the NA.

NPPF requires Local Authorities, and anyone calculating the LHN in their place, to use the ‘standard method’ for calculating the minimum number of homes that a local authority should plan for in an area. The standard method is a simple and transparent way of calculating a baseline of need that can be applied consistently across the country using publicly available datasets. It produces a starting point for planning and not the final housing requirement.

The standard method was set out in PPG in February 2019.<sup>6</sup> In August 2020, the Government released a consultation document detailing proposed changes to the standard method that aim to make use of more recent data, achieve a better distribution of homes across the country, and smooth out potential areas of volatility.<sup>7</sup> However, the majority of these changes were abandoned following the consultation. The only change made was an ‘urban centres uplift’ which increases the need figures for the most densely populated urban districts in the country, which is not relevant in this case.

### **Step 2: “most recently available planning strategy of the planning authority”**

The NPPF guidance then states that the initial needs figure for neighbourhood plans should reflect “the overall strategy for the pattern and scale of development and any relevant allocations,”<sup>8</sup> and “the most recently available planning strategy of the local planning authority.”<sup>9</sup>

This means introducing Local Authority spatial policy, housing targets, and assessments of housing need at different scales to estimate a more locally appropriate proportion of the LHN that should be provided in NA. This will often result in a slightly different figure to that produced in Step 1.

### **Step 3: Dwelling completions**

Next, any dwellings that have already been completed over the Plan period to the present date should be deducted from the total in order to provide a HNF for the remainder of the Plan period and an annual HNF that reflects past under- or over-delivery. While it is appropriate to consider existing commitments (i.e. dwellings with planning permission, but not yet completed) at this point, they should not be deducted from the total until they are completed.

### **Step 4: the Local Authority**

The NPPF makes it clear that the Local Authority should provide housing numbers to designated neighbourhood planning areas within their area where requested to do so. To this extent, AECOM is performing a similar role to that required of the Local Authority in providing a HNF to the Neighbourhood Plan area. With this in mind, it is important the group share the HNF and underlying methodology once they have received the final version of this document with the LPA to seek confirmation it is aligned with their current planning strategy, in particular those circumstances which may justify an uplift to the HNF set out in PPG.<sup>10</sup>

94. Employing this methodology, the Housing Needs Figure for the Neighbourhood Area may be calculated as follows:

## **4.2 Standard method (Step 1)**

95. Firstly, the Local Housing Need figure (LHN) for the district is calculated using the standard method outlined in Planning Practice Guidance, before taking the population of the Neighbourhood Plan area, and calculating the

<sup>6</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>7</sup> <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>, pages 8-18.

<sup>8</sup> NPPF, paragraph 65, page 18.

<sup>9</sup> Ibid.

<sup>10</sup> Paragraph: 010 Reference ID: 2a-010-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

proportion of the total population of the LPA area that it represents. This percentage will then be used to determine the share of the LPA target that should be apportioned to the Neighbourhood Plan area.

96. The Cherwell LHN figure, using the standard method, is calculated as follows<sup>11</sup>:
97. **Stage one** is to set the baseline, by calculating the projected average annual household growth in Cherwell over a 10-year period, beginning with the current year, using the ONS 2014-based household projections:
- According to Cherwell's 2014-based household projection, total household growth will be 5,365 households (thus occupying 5,365 dwellings) between 2021 and 2031. This equates to an annual average of 536.5 dwellings.
98. **Stage two** is to adjust this annual average using the most recent ONS median workplace-based affordability ratios,<sup>12</sup> which provide the ratio of house prices to earnings in various geographies. For each 1% increase in the ratio above 4, projected household growth should be increased by a quarter of a percent:
- Cherwell's 2020 median affordability ratio is 9.3. The formula outlined in PPG produces an adjustment factor<sup>13</sup> of 1.33125, which in turn results in a minimum annual figure of 714 dwellings (rounded).
99. **Stage three** is to apply a cap which limits the magnitude of increase an LPA can face. How this is calculated depends on the current status of relevant strategic policies for housing. There are two options depending on whether those policies were adopted within the last five years or are older:
- Option 1: where the relevant strategic policies were adopted within the last five years (at the point of making the calculation), the LHN is capped at 40% above the average annual housing requirement figure set out in the existing policies. This also applies where the relevant strategic policies have been reviewed by the authority within the 5-year period and have been found not to require updating.
  - Option 2: where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the LHN is capped at 40% above whichever is the higher of:
    - a) the annual average projected household growth for the area over the 10-year period identified in Stage One above; or
    - b) The average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).
  - The relevant strategic policy in this case is BSC 1 in the adopted Local Plan 2011-2031, which was adopted in 2015. As this document was not adopted within the last five years, the second option above is applied:
  - For a) the average annual projected household growth is 536.5, as identified above.
  - For b) the housing requirement figure in BSC 1 is for 22,480 new homes over the Plan period 2011-2031, which equates to an annual average of 1,124.
  - Thus, the cap is applied to b) and not a). A cap of 40% above 1,124 is 1,574.
  - The cap of 1,574 is greater than the stage two figure of 714 dwellings, and therefore does not limit the adjustment for affordability. The minimum LHN for Cherwell is therefore 714 net additional dwellings per year.
100. Having derived Cherwell's LHN, we now calculate Deddington's share of that target, by determining what proportion of Cherwell's population currently reside in Deddington and applying that percentage to Cherwell's LHN.
101. According to ONS mid-year population estimates for 2019 (the most recent available), there were 2,152 people living in Deddington parish, which is 1.43% of the 150,503 people in Cherwell. Therefore, applying this percentage to Cherwell's LHN of 714 gives an indicative HNF for Deddington of 10 dwellings (rounded) per annum, or 180 dwellings over the proposed Neighbourhood Plan period 2022-2040.

<sup>11</sup> Paragraph: 004 Reference ID: 2a-004-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>12</sup> Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

<sup>13</sup> Paragraph: 004 Reference ID: 2a-004-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

### 4.3 Latest available LPA planning strategy (Step 2)

102. However, as stated in NPPF guidance, it is important to acknowledge the relevant policies in the most recently available<sup>14</sup> development plan document for the district. The policies reflect the overall strategy for the pattern and scale of development and any relevant allocations. This requires producing a HNF for the Neighbourhood Plan area that takes into account the Local Authority's spatial strategy, and therefore may differ from the initial HNF calculated above.
103. In Cherwell, this document is the adopted Local Plan 2011-2031. The strategy for the pattern and scale of development relevant to Deddington is outlined in BSC1: District Wide Housing Distribution and Villages 2: Distributing Growth across the Rural Areas. The former policy states that 5,392 of Cherwell's 22,480 new homes should be delivered outside of the main settlements of Banbury and Bicester. The latter policy distributes 750 of the 5,392 new homes to the Category A service villages, which include Deddington. The Local Plan goes no further in indicating what proportion of new development or housing need is attributable to each of the villages.
104. However, this latter figure of 750 is not the full extent of development in the Category A villages – it is in fact a top-up target for the most sustainable locations to more fully meet housing needs after completions and extant permissions have been accounted for. It therefore cannot be interpreted as the main expression of the scale of development CDC sees as appropriate in Category A villages.
105. Instead, it is considered more appropriate to work from the figure of 5,392, which is for the entire rural area of Cherwell (i.e. everywhere but Banbury and Bicester). Within that rural area, Category A service villages are deemed the most suitable for growth, followed by Category B satellite villages, and then other villages and the open countryside where development is more restricted. Note that Clifton and Hempton are both categorised as Category B satellite villages.
106. It is reasonable to assume that the vast majority of the 5,392 figure can be attributed to the Category A and Category B villages where development is supported, although it is inevitable that a small proportion of this delivery will take place in infill and exception sites elsewhere. As such, it is possible to approximate Deddington's share of this target with reference to population figures for the Category A and Category B villages. Note that this can only be done for the parishes in which those villages sit because ONS 2019 mid-year population estimates are not available for villages themselves.
107. The parishes of the 24 Category A villages have a total population of 50,181 and the parishes of the 11 Category B villages have a total population of 3,717. Note that Clifton and Hempton are included in the Deddington parish population's contribution for the Category A total, but these are the only Category B villages that share a parish with a Category A village. Deddington parish's share of the total population of Category A and B villages is therefore 4%.
108. 4% of the rural area dwelling target of 5,392 is 216 (rounded) dwellings that can be attributed to the NA. As a sense-check, this is broadly proportionate with the number of new dwellings completed in recent years and planned for future development (discussed in the Context section).
109. 216 homes, in turn, represents 0.96% of the 22,480 dwelling target for Cherwell set out in the Local Plan.
110. By applying the best available expression of CDC's strategy for the pattern and scale of development across the district, together with population statistics, we have arrived at an interpretation of Deddington's share of the district's need that is roughly 50% lower than a straightforward pro-rata calculation would suggest (the 1.43% figure noted in Step 1 above). In other words, CDC appears to consider Deddington a relatively less suitable location for development than its size alone would suggest.
111. As noted above, future housing numbers should be based on the standard method for calculating local housing need, so this 0.96% figure derived from the Local Plan should now be applied to the LHN number from Step one above rather than the 22,480 figure from the Local Plan. If 0.96% of the district's need is attributable to the NA, this implies a HNF of 7 dwellings per year for Deddington parish. This equates to 126 new homes over the Plan period 2022-40.
112. A number of caveats should be emphasised here. First, the LHN figure that results from the standard method is designed to be a minimum starting point for a district's housing need – not the final result. So the 714 figure calculated here may be decreased or (more likely) increased were CDC themselves to undertake this calculation for a new Local Plan. Second, the above calculations rely on interpretations about CDC's strategy for the distribution of development, gleaned from the wording of the Local Plan. These have not been checked with CDC because it is assumed that were CDC able to clarify Deddington's rightful share of the district's need, the council would be able to supply a HRF themselves. Finally, population statistics have been used that relate to parishes rather than villages, are estimates rather than proven (e.g. in a Census), and may not reflect other considerations that make each settlement more or less in need of housing or

<sup>14</sup> This is the exact word used in the NPPF, i.e. not necessarily 'adopted'. In the case of Cherwell, the most recently 'available' planning strategy is still the adopted Local Plan since the emerging review has not yet reached the stage of having draft policies.

suitable for development.

113. Nevertheless, as an interim indication of the rough scale of need for new housing in the coming years, this figure is considered suitable for the purpose of planning for housing in the Neighbourhood Plan until CDC provide further clarity.

#### 4.4 Past dwelling completions (Step 3)

114. The next step is to subtract any net completions of new dwellings that have occurred since the beginning of the Neighbourhood Plan period, i.e. the period between the assumed provisional start date of 2022 and the time of writing, as well as considering commitments.
115. Clearly, the assumed proposed start date of the Plan is in the future. There are therefore no completions in the period to deduct from the total of 126 cited above.
116. There are 36 dwelling commitments (i.e. planning permissions that are yet to be implemented) on sites totaling more than 10 dwellings in Deddington, which can be expected to be delivered in the Plan period. There are also extant permissions for small sites of one or more homes, although it is not known exactly how many or which of these are still to be built and remain active and likely to complete. However, AECOM recommends that commitments should not yet be discounted from the overall quantity figure; it is only once they are completed that this can take place. If indeed the 36 or more homes are built in the coming years, 90 dwellings or fewer may still need to be planned for.

#### 4.5 Conclusion- Final Housing Need Figure

117. Based on the evidence above, this HNA recommends an indicative overall Housing Need Figure (HNF) of 7 dwellings per year, which equates to 126 dwellings over the Plan period 2022-2040.
118. It is interesting to note that the 2014 questionnaire found that 379 people wished to move within Deddington in the future, with 201 intending to move in the next 5 years. This does not mean that 379 new homes need to be built, since moves within the existing stock are possible and desirable for many. But this is a clear expression of the demand for homes suited to changing needs.
119. The Local Housing Need (LHN) figure of 714 homes per year for Cherwell, from which Deddington's HNF is derived, is calculating using the Government's Standard Methodology and is likely to change annually as the Government publish new affordability data each year and new household projections approximately every two years. This could impact on the number of homes required in Cherwell and any indicative housing requirement figure provided by Cherwell for neighbourhood areas.
120. That figure has been broken down with the aim of allocating an appropriate share to Deddington with reference to the strategy for the pattern and scale of new development across the district as expressed in the adopted Local Plan 2011-2031, which takes into account the sustainability and suitability of Cherwell's various settlements for growth. This process relies on interpretations and assumptions made by AECOM.
121. At the time the final Neighbourhood Plan Housing Requirement Figure (HRF) is provided by Cherwell, it can be considered to supersede the provisional calculation within this study. Consequently, there is a need for the Steering Group to continue to engage with Cherwell District Council (CDC) to confirm the final housing figure for the Neighbourhood Plan.



## 5. RQ 2: Tenure, Affordability and the Need for Affordable Housing

**RQ 2: What quantity and tenures of Affordable Housing should be planned for over the Neighbourhood Plan period?**

### 5.1 Introduction

122. 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.
123. 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.
124. The definition of Affordable Housing set out in the 2019 NPPF makes clear the Government's commitment to home ownership by broadening the definition to include a range of low-cost housing opportunities for those aspiring to own a home. As part of this effort, the Government has recently introduced a new product called First Homes.<sup>15</sup>
125. 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;
  - 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 prioritization 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.

### 5.2 Current tenure profile

126. The current tenure profile is a key feature of the Neighbourhood Plan Area (NA). Patterns of home ownership, private renting and affordable/social renting reflect demographic characteristics including age (with older households more likely to own their own homes), and patterns of income and wealth which influence whether households can afford to rent or buy and whether they need subsidy to access housing.

<sup>15</sup> The shape that the new First Homes product will take is set out in a Ministerial Statement issued in May 2021, available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>. The relevant update to PPG is available here: <https://www.gov.uk/guidance/first-homes#contents>. Note that First Homes formally come into effect from 28 June 2021, and Local and Neighbourhood Plans that have reached an advanced stage of development by that date may not need to reflect these changes. However, it is advisable for all plans in process to reflect the direction of policy changes where possible.



127. Table 5-1 below presents data on tenure in Deddington compared with Cherwell and England from the 2011 Census, which is the most recent available source of this information. The parish has a much higher rate of home ownership than wider Cherwell and England, and both social and private renting is less common in Deddington.
128. Social rent is the tenure that accommodates people with the most acute needs for housing, so the particularly low proportion of 9% represents a potentially significant challenge for those on the lowest incomes or with other support needs locally.
129. There were 75 units of social rented housing and 5 units of shared ownership in 2011, meaning that 9.3% of dwellings were in Affordable Housing tenures. Data from completed and live planning applications gathered by the Steering Group suggests that 37 of the 167 new dwellings built since 2011 or expected in the near future are offered as affordable tenures (with the split between affordable renting and subsidised ownership tenures not known). That is a rate of 22.2%, which is below the Local Plan target. Adding together these totals suggests that 11.2% of homes in Deddington are now in affordable tenures.
130. This can only be an estimate because it is not recorded how many social housing units existing in 2011 have since been bought out by their occupants through the Right to Buy scheme (effectively transferring those homes from social rented to ownership tenures), nor how many shared ownership homes have been acquired in full. It is also not possible to update the other tenure categories because records are not kept of privately owned homes transferring from owner occupation to private rent and vice versa. The 2021 Census will provide the most robust and up-to-date picture of this when the results are released in the coming months.
131. What can be clearly concluded from this information is that there is a lack of social rented accommodation compared with wider geographies and that there may well be an opportunity to provide affordable routes to ownership.

Table 5-1: Tenure (households), Deddington, 2011

Tenure	Deddington	Cherwell	England
Owned; total	77.4%	69.3%	63.3%
Shared ownership	0.6%	0.8%	0.8%
Social rented; total	8.6%	12.1%	17.7%
Private rented; total	11.4%	16.2%	16.8%

Sources: Census 2011, AECOM Calculations

## 5.3 Affordability

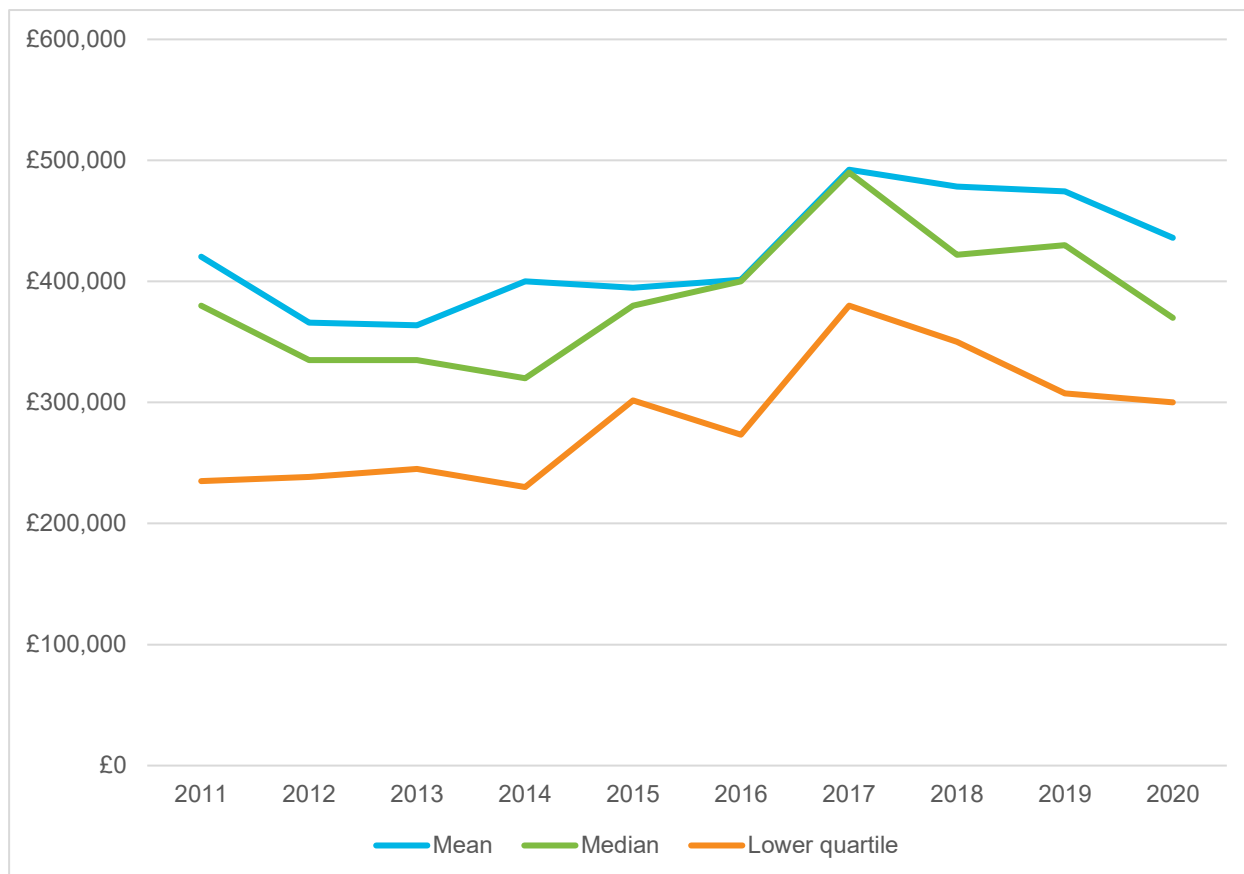
### 5.3.1 House prices

132. Figure 5-1 below presents selected measures of house prices in Deddington over the last ten years. It shows a gentle upward trajectory to 2017 followed by a slight decline to leave average prices only marginally higher overall in 2020 than they were in 2011.
133. While the mean and median average prices are, at £426,000 and £370,000 respectively, each within £15,500 of their 2011 benchmarks, the lower quartile average at £300,000 is £65,000 higher in 2020 than it was in 2011, presenting an immense challenge for those with lower incomes wishing to buy locally.
134. It is worth noting also that the 2020 lower quartile and median prices for Cherwell as a whole are £240,000 and £305,000 respectively, indicating that property in Deddington is around 20-25% more expensive than the wider district.
135. It also is important to think about the pricing of newly built housing, since this is what the Neighbourhood Plan may be able to exert some control over. Land Registry records only 2 sales of new build properties in Deddington in 2020, however there were 14 new properties sold in 2019 and a further 24 in 2018. Although these transactions were almost all on a single new development (Deddington Grange), they represent a good benchmark for the cost of new housing in the NA. Prices over the three-year sample period ranged from £377,500 to £765,000.
136. Of the 40 newly built properties sold in the period 2018-2020, the median price was £470,000 and the lower-quartile price was £421,000. While the lower-quartile price is the best available proxy for a lower quartile or entry-level new home, it is important to recognize that all but one of the new build sales in Deddington since 2018 were semi-detached or detached, so the price of a terrace or flat is likely to be lower and more affordable.
137. This suggests that newly built properties command a premium of around 25-40% over existing homes. This presents a further challenge to households relying on new development to enable them to live locally, whether in open market

housing or through affordable routes to ownership like shared ownership and First Homes, which will be priced with reference to their open market value.

138. While the well-located historic properties in Deddington are likely to hold the highest values, newly built housing is generally more expensive than an equivalent existing home.

Figure 5-1: House prices by quartile in Deddington, 2011-2020



Source: Land Registry Price Paid Data (PPD)

139. Table 5-2 below breaks down house prices in Deddington by type. It reveals a clear distinction between detached and semi-detached housing, with their stable average prices, and terraces and flats, which have experienced significant and similar rates of growth. This aligns with the finding above that lower quartile (or entry-level) homes have risen in price much faster than overall averages.
140. This finding does warrant a caveat, in that there are comparatively few terraces and flats in Deddington – 178 and 71 respectively (at the time of the 2011 Census). There is thus more volatility in the average price in a given year, which can be skewed by the particular properties that happen to sell in a given year.
141. Land Registry only records the type of dwelling sold and not its size (in terms of the number of bedrooms, rooms or any other metric). It is therefore not possible to compare new and existing homes on a like-for-like basis in terms of size. However, this can be done for dwelling types. As noted above, all but one of the 40 new build sales since 2018 were semi-detached or detached. Their median prices were £595,000 and £435,000 respectively, suggesting that the new build premium on a like-for-like basis by house type is 34-39%.
142. This picture suggests that home ownership is becoming increasingly unaffordable in Deddington as the typically lower end of the market closes the gap with more expensive homes and the large injection of newly built homes is associated with a significant price premium.

Table 5-2: House prices by type, Deddington, 2011-2020

Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth
Detached	£508,543	£440,921	£487,232	£556,885	£467,219	£437,490	£586,480	£518,598	£555,615	£538,300	5.9%
Semi-detached	£359,713	£295,000	£283,000	£392,823	£341,286	£377,667	£390,719	£404,250	£412,375	£378,000	5.1%
Terraced	£261,921	£254,458	£293,458	£379,576	£440,458	£445,308	£505,000	£462,200	£394,214	£431,000	64.6%
Flats	£113,000	£128,750	£209,700	£193,000	£144,500	£207,390	£201,900	£206,500	£214,000	£188,238	66.6%
<b>All Types</b>	<b>£420,490</b>	<b>£365,863</b>	<b>£363,774</b>	<b>£399,961</b>	<b>£394,858</b>	<b>£401,392</b>	<b>£492,295</b>	<b>£478,319</b>	<b>£474,405</b>	<b>£435,964</b>	<b>3.7%</b>

Source: Land Registry PPD

### 5.3.2 Incomes

143. 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 Deddington:

- The first source is ONS's estimates of incomes in small areas. This is locally specific but limited to the overall average income (i.e. it does not provide the average income of lower earners). The average total household income before housing costs locally was £59,500 in 2019 (the latest year for which data is available). This relates to the wider area that extends from Barford St Michael in the north to Caulcott to the south. This total (gross) income figure is typically used by mortgage lenders to assess a household's ability to afford to borrow.<sup>16</sup>
- 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. Cherwell's gross lower quartile annual earnings were £15,908 in 2019. To estimate the income of households with two lower quartile earners, this figure is doubled to £31,816.

144. 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.

### 5.3.3 Affordability Thresholds

145. 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.

146. AECOM has determined thresholds for the income required in Deddington 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.

147. 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.

148. Where First Homes and shared ownership costs have been estimated, these are based on lower quartile new build average 2018-2020 of £421,000 (as discussed above and calculated in Appendix A).

149. Table 5-3 overleaf summarises the estimated cost of each tenure, the annual income required to support these costs within Deddington, and whether local incomes are sufficient. The income required column does not reflect the cost of a deposit (which we have assumed to be 10% of the value to be purchased) or the possibility that households may already hold equity from an existing property. Although both factors may be crucial to whether housing will be affordable, they are highly dependent on individual circumstances that cannot be anticipated here.

<sup>16</sup> Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

150. The same information is presented as a graph in Figure 5-2 on a subsequent page.

Table 5-3: Affordability thresholds, Deddington

Tenure	Mortgage Value (90% of price)	Rent	Income required	Affordable on average incomes? £59,500	Affordable on LQ earnings (single earner)? £15,908	Affordable on LQ earnings (2 earners)? £31,816
<b>Market home ownership</b>						
New build median home	£423,000	-	£120,857	No	No	No
New build entry-level home	£378,900	-	£108,257	No	No	No
Existing median home	£333,000	-	£95,143	No	No	No
Existing entry-level home	£270,000	-	£77,143	No	No	No
<b>Private renting / rent to buy</b>						
Average market rent	-	£14,340	£47,800	Yes	No	No
Entry-level market rent	-	£11,940	£39,800	Yes	No	No
<b>Affordable home ownership</b>						
First Homes – 30% discount	£294,700	-	£75,780	No	No	No
First Homes – 40% discount	£252,600	-	£64,954	No	No	No
First Homes – 50% discount	£210,500	-	£54,129	Yes	No	No
Shared ownership – 50% equity	£189,450	£5,263	£71,670	No	No	No
Shared ownership – 25% equity	£94,725	£7,894	£53,377	Yes	No	No
Shared ownership – 10% equity	£37,890	£9,473	£42,401	Yes	No	No
<b>Affordable rented housing</b>						
Affordable rent (overall average)	-	£8,073	£32,292	Yes	No	Marginal
Social rent (overall average)	-	£5,534	£22,135	Yes	No	Yes

Source: AECOM Calculations

151. 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. 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 home ownership

152. Thinking about housing for purchase on the open market, it appears that local households on average incomes are unable to access even entry-large homes unless they have the advantage of a very large deposit. Even a household with an average income cannot afford an entry-level home. 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 more than twice the current average.

153. That said, responses to the 2014 parish questionnaire suggest that the buying power of local households is higher in many cases than is assumed here with reference to average income levels. 51% of respondents to the relevant question were looking to buy at a price range above £350,000.

#### Private renting

154. Private renting is generally only affordable to higher earners in Deddington.

155. 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. Households made up of two lower quartile earners may, for example, be able to access entry-level rented housing by spending a slightly higher proportion of their income on rent.

156. While this avenue may enable households with two lower earners to access private rented housing, those with just one lower earner cannot have very limited options. A single lower quartile earner would need to dedicate more than

75% of their gross earnings to rent in order to occupy a small flat. Single-person households must therefore either apply for affordable rented housing or remain in the private rented sector while relying on housing or other benefits.

### **Affordable home ownership**

157. There is a relatively large group of households in Deddington who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £40,000 per year (at which point entry-level rents become affordable) and £80,000 (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.
158. 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.
159. This report has estimated the income required to afford First Homes, and tested the implications of 30%, 40% and 50% discount levels. Only the 50% discount level would bring First Homes prices within reach of average earning households, who are likely at the upper end of the range of groups for whom such subsidised ownership products are intended. For this reason this HNA recommends that the maximum 50% discount level for First Homes should be sought in Deddington.
160. Table 5-4 below shows the discount required for First Homes to be affordable to the three income groups.

**Table 5-4: Discount on sale price required for households to afford First Homes**

	Mean Income	LQ Income x1	LQ Income x2
Discount required	45%	85%	71%

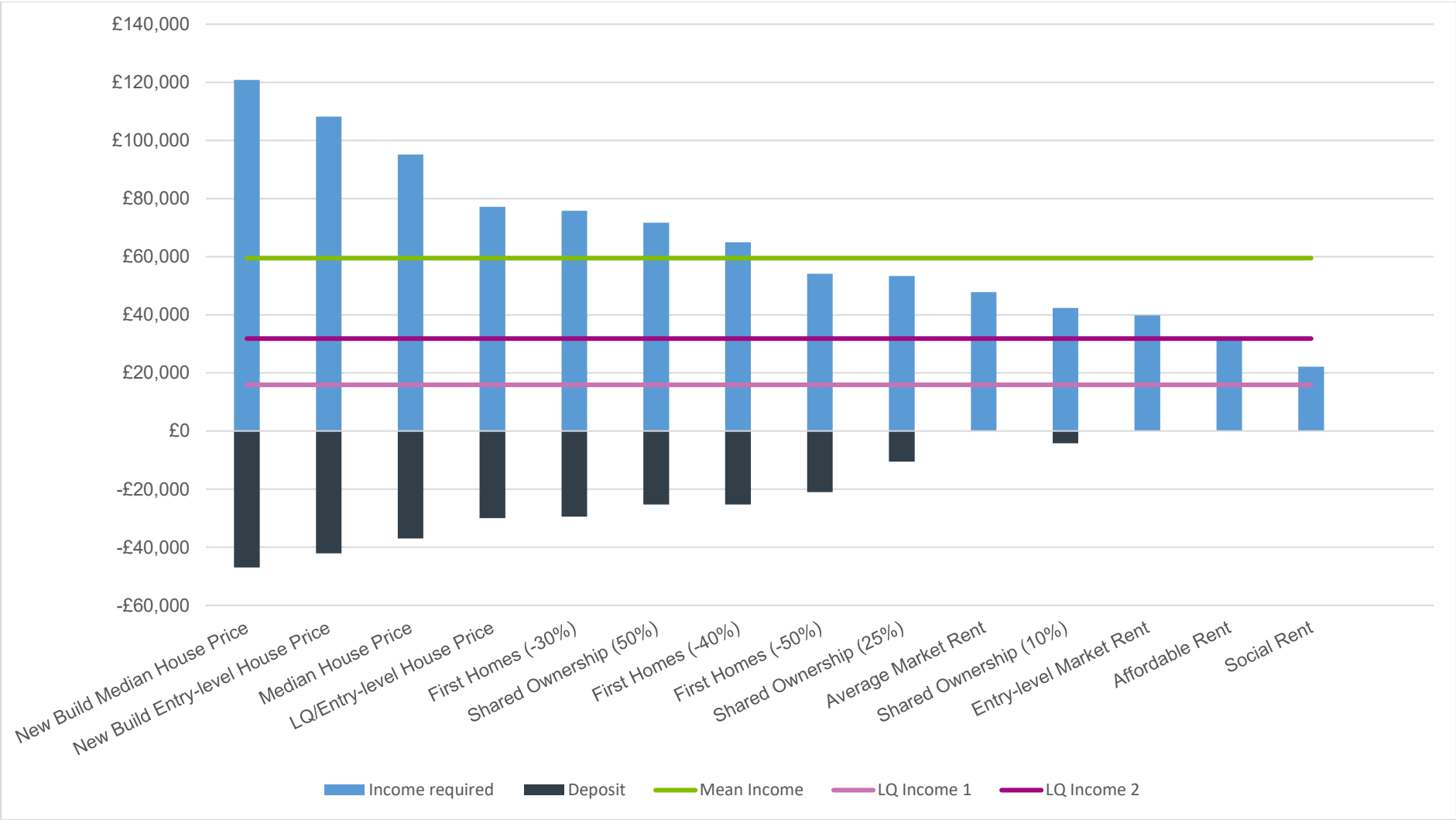
*Source: Land Registry PPD; ONS MSOA total household income*

161. Shared ownership at a 25% equity share or lower appears to be slightly more affordable than First Homes at a 50% discount in Deddington. Lower equity shares widen access to more potential occupants and slightly lower earners, particularly with the now lower 10% minimum equity share option.
162. However, it is worth emphasising that 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. This product may have a lower threshold for access, but the longer-term prospects of building an equity share are poorer and the ongoing monthly costs will be higher.
163. The income required to access rent to buy is assumed to be the same as that required to afford market rents – the difference being that a portion of the rent is effectively saved for a deposit rather than paid to a landlord. It therefore appears to be slightly more affordable than First Homes and shared ownership, though there are again other disadvantages when compared to the other options.
164. These three products need to be considered in relation to what they offer occupants in the long term beyond simply appearing affordable or not. Each potentially provides 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 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.

### **Affordable rented housing**

165. Affordable rented housing is just about affordable to households with two lower earners (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 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.
166. The evidence in this chapter suggests that the affordable rented sector performs a vital function in Deddington 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.

Figure 5-2: Affordability thresholds, Deddington, income required (additional cost of deposit in black)



Source: AECOM Calculations

## 5.4 Affordable housing- quantity needed

167. One way to understand the need for affordable housing in Deddington is to refer to the relevant Strategic Housing Market Assessment (SHMA). However, in this case the relevant SHMA was published in 2014 and relies on information and methods that are now relatively dated. Instead, Deddington's needs can be estimated through two calculations that use more recent data and inputs that relate specifically to the NA. The first estimates the need for affordable rented housing and the second considers the potential demand for affordable home ownership tenures. These estimates are presented and discussed in turn below.

### 5.4.1 Affordable rented housing

168. The starting point for assessing the need for affordable rented housing is the number of Deddington households currently applying for Affordable Housing on the Cherwell housing register. CDC has confirmed that there are currently 11 households with an address in Deddington on the housing register, of whom 9 have a village connection in line with the definition given in Cherwell's Allocation Policy.

169. The majority of the need is for a 1 bedroom property, but there are households waiting for each of the other, larger size categories as well.

170. The higher figure of 11 households, which includes 2 that do not yet have an established connection to the village, is used here so as not to exclude people whose connection to Deddington is developing and who may have even less strong connections to alternative locations. The perception among current Deddington residents is that the bar for eligibility on the housing register is relatively high, leaving some local households in financial need unrepresented by this figure. This view is emphatically echoed in the 2014 questionnaire results showing that 52 respondents were in need of Affordable Housing, and a further 74% of respondents to a separate question thought more Affordable Housing was needed, compared to 25% who did not.

171. In an ideal world, more Affordable Housing would be provided to meet their needs as well, although the Allocation Policy is likely to give preference to eligible households from beyond Deddington above local households who do not quite meet the eligibility criteria. This common challenge is generally not something that can be meaningfully addressed through the Neighbourhood Plan. Nevertheless, this justifies using the higher starting figure of 11 households currently awaiting accommodation and for thinking of it as the lower end of a potential range.

172. It should be noted that AECOM has sense-checked this figure against the MHCLG local authority statistics data return, which provides a snapshot of waiting list numbers. Pro-rating the figure for Cherwell gives a result of 10.2 that is very close to the more exact figure of 9-11 provided by CDC.

173. CDC have also provided information on the number of re-lets of the existing social/affordable rented stock in Deddington. In the two most recent reporting years, 2 and 4 social rented properties were re-let to housing register applicants. From this an annual average of 3 units can be derived. This is the number of homes we might expect to come vacant in a given year going forward, as their current occupants move to a new location, pass away or cease to be eligible as their circumstances change. This is the main way (in addition to providing new housing) that local needs can be satisfied. However, as more social and affordable housing is delivered, the volume of turnover is likely to increase.

174. When this data is not provided by a local authority, AECOM estimates that roughly 3% of the existing stock will come vacant in a given year. In this case, that calculation produces a result of 2.7 which is again very close to the actual data supplied by CDC.

175. Table 5-5 below estimates the need for Affordable Housing for rent in Deddington per year of the Plan period. It should be noted that the accuracy of the findings generated by the model is only as strong as the evidence available. However, given the test of proportionality for evidence supporting neighbourhood plans, and the need to be in conformity with Local Authority strategic policies, the calculations set out below are considered a reasonable basis for understanding and planning for neighbourhood-level affordable housing need.

176. The result of this calculation is a surplus of 1.4 units per year (or 25 over the 18-year Neighbourhood Plan period). This is initially surprising given that there is currently a backlog of 11 households in need. However, what the model is suggesting is that turnover in the existing stock (as discussed above) should be sufficient to meet newly arising needs as well as the current backlog, which is effectively spread out over the 18-year period to produce an annualized figure.

177. An important caveat to this finding is that there are almost certainly households currently in need in Deddington, and to 'spread them out' over the Plan period suggests that some of them can be accommodated in ten years' time once a sufficient surplus has been built up through new supply and turnover of the existing stock. While possible, this is not favourable to the individuals involved. In practice, it would be better to frontload any future affordable rented provision



to meet those needs as soon as possible, leaving newly arising need in future to be met by turnover in the existing stock.

178. A further caveat worth emphasizing is that one unit of Affordable Housing does not necessarily service one household worth of need, since the unit might have 2 bedrooms while the applicant household might require 4 bedrooms, may be located in an inappropriate location, or be otherwise unsuitable. We know, for instance, that the 6 re-lets of social housing in the last two years all had 2 or 3 bedrooms. This may be the reason why the current backlog of need for properties of these sizes stands at just 3 households, compared with 6 who are eligible for a 1 bedroom property – a category that has not become available in Deddington for at least 2 years.
179. As such, it is recommended that Deddington seeks to deliver some affordable rented housing, particularly early in the Plan period, with the understanding that if this results in oversupply in future years, the vacancies created when existing occupants leave their properties may need to satisfy new need from elsewhere in the district.

Table 5-5: Estimate of need for Affordable Housing for rent in Deddington

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current households in need	11.0	Latest housing register data from CDC, including those with a local address who may not have a village connection.
1.2 Per annum	0.6	Step 1.1 divided by the plan period to produce an annualised figure.
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	145.2	MHCLG 2018-based household projections for the LA between start and end of plan period. % increase applied to NA.
2.2 Proportion of new households unable to rent in the market	12.2%	(Steps 1.1 + 2.2.1 + 2.2.2) divided by number of households in the NA.
2.2.1 Current number of social renters in parish	91.0	2011 Census social rented occupancy + LA level % increase. Note that while the number of affordable homes delivered since 2011 in Deddington is known, it is not known which were for social or affordable rent as compared to affordable home ownership.
2.2.2 Number of private renters on housing benefits	17.1	Housing benefit caseload May 2018. Pro rata for NA.
2.3 New households unable to rent	17.7	Step 2.1 x Step 2.2.
2.4 Per annum	1.0	Step 2.3 divided by plan period.
<b>STAGE 3: TURNOVER OF AFFORDABLE HOUSING</b>		
3.1 Supply of social/affordable re-lets (including transfers)	3	Average number of units re-let each year, according to CDC data for 2018/19 and 2020/21.
<b>NET SHORTFALL (OR SURPLUS) OF RENTED UNITS PER ANNUM</b>		
Overall surplus per annum	1.4	Step 1.2 + Step 2.4 - Step 3.2

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

#### 5.4.2 Affordable home ownership

180. Turning now to Affordable Housing providing a route to home ownership, Table 5-6 below estimates the potential demand in Deddington. This model aims to estimate the number of households might wish to own their own home but cannot afford to – the ‘can rent, can’t buy’ group described in the previous section. The model is consistent with methods used at Local Authority scale in taking as its starting point households currently living in or expected to enter the private rented sector who are not on housing benefit.
181. There may be other barriers to these households accessing home ownership on the open market, including being unable to save for a deposit, or being unable to afford a home of the right type/size or in the right location. The model also discounts 25% of households potentially in need, assuming a proportion will be renting out of choice. This is a relatively arbitrary assumption but no robust indicator exists for this area or a wider scale.
182. The result of the calculation is 4.7 households per annum who may be interested in affordable home ownership (or 79 for the entirety of the Plan period). This is not dissimilar to the 53 households who stated that they may be looking for a starter home within the parish in the 2014 questionnaire.



183. As mentioned above, this assumes a rate of turnover in the existing stock will satisfy some need, though this is extremely minimal because of the relative lack of shared ownership in Deddington currently. The potential current and future demand is fairly large and barely mitigated at all by turnover, meaning that the final result is more than half the size of the overall HNF calculated in the Quantity section, or of the number of renters in the NA in 2011.
184. It may not be achievable or even desirable to deliver this volume of affordable home ownership properties in the coming years as even greater numbers of market homes would be required to cross-subsidise delivery, many of the interested households might not be able to afford the necessary deposit, and there is a competing imperative to deliver affordable rented homes required for those with more urgent needs. However, this figure remains a useful indicator of the potential scale of demand and of the affordability challenge in Deddington.
185. It is also important to keep in mind that the households identified in this estimate are, by and large, adequately housed in the private rented sector, Affordable Housing, or living in other circumstances. They do not necessarily lack their own housing but would prefer to buy rather than rent. They have been included in the national planning definition of those in need of Affordable Housing, but their needs are less acute than those on the waiting list for affordable rented housing.

Table 5-6: Estimate of the potential demand for affordable housing for sale in Deddington

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current number of renters in parish	121.9	Census 2011 number of renters x national % increase to 2018.
1.2 Percentage renters on housing benefit in LA	14.1%	% of renters in 2018 on housing benefit.
1.3 Number of renters on housing benefits in parish	17.1	Step 1.1 x Step 1.2.
1.4 Current need (households)	78.6	Current renters minus those on housing benefit and minus 25% assumed to rent by choice.
1.5 Per annum	4.4	Step 1.4 divided by plan period.
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	145.2	LA household projections for plan period (2018 based) pro rated to NA.
2.2 % of households unable to buy but able to rent	9.6%	(Step 1.4 + Step 3.1) divided by number of households in NA.
2.3 Total newly arising need	14.0	Step 2.1 x Step 2.2.
2.4 Total newly arising need per annum	1.1	Step 2.3 divided by plan period.
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>		
3.1 Supply of affordable housing	14.7	Number of shared ownership homes in parish (Census 2011 + LA new build increase to 2018/19 pro rated to NA).
3.2 Supply - intermediate resales	0.7	Step 3.1 x 5% (assume rate of re-sale).
<b>NET SHORTFALL (OR SURPLUS) PER ANNUM</b>		
Overall shortfall (or surplus) per annum	4.7	(Step 1.5 + Step 2.4) - Step 3.2.

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

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

#### 5.4.3 Affordable Housing policy guidance

188. Cherwell's adopted policy on this subject (BSC 3) requires 35% of all new housing to be affordable. Given that Affordable Housing makes up 22% of new housing in Deddington completed over the last decade and expected in the near future, it is likely that this target is not usually met in the NA – either because most sites do not meet the 10 dwelling threshold above which the policy applies or for viability reasons.

189. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in Deddington, and every effort should be made to maximise delivery where viable.
190. How the Affordable Housing that comes forward through mainstream development sites should be broken down into specific tenures – such as the balance between rented tenures and routes to home ownership – is suggested in BSC 3. 70% of Affordable Housing should be for social rent and 30% affordable home ownership. The HNA can supply more localized evidence to follow a different mix or add nuance about the specific products within each category. This section summarises the factors that might be taken into account before proposing a suggested Affordable Housing tenure mix that might be suitable for Deddington specifically.
191. The following evidence and considerations may be used as a starting point in the development of policy concerning the Affordable Housing mix:

- A. **Evidence of need for Affordable Housing:** This study estimates that Deddington requires limited quantities of affordable rented housing in the long term but could benefit from a near-term injection of supply, and around 79 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 most Affordable Housing should offer a route to ownership. However, as noted above, these figures are not directly equivalent: the former expresses the identified need of a group with acute needs and no alternative options; the latter expresses potential demand from a group who are generally adequately housed in rented accommodation and may not be able to afford the deposit to transition to ownership.

- B. **Can Affordable Housing needs be met in full?** How far more urgently needed affordable rented housing should be prioritised in the tenure mix depends on the quantity of overall housing delivery expected. This HNA identifies an indicative housing needs figure (HNF) of 126 for Deddington in the period to 2040.

If the Local Plan target of 35% Affordable Housing were achieved on every site (an unlikely prospect given recent delivery numbers), future supply has the potential to bring forward around 44 units of Affordable Housing.

This scale of delivery is not enough to meet the full potential demand for home ownership, but as noted above this is not a necessity. There is also scope within that figure to boost the stock of affordable rented homes to address the backlog of need.

- C. **Government policy (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 Cherwell, where 35% of all housing should be affordable, 28.5% of Affordable Housing should be for affordable ownership. The guideline 70% to 30% split in the Local Plan complies with this requirement, and based on the findings of this HNA there is little evidence that Deddington meets the standard for an exception to reduce the proportion of affordable home ownership below 28%. In fact, it would appear beneficial to increase it.

- D. **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. The Local Plan suggested split is again in compliance with this, and Deddington may be justified in exceeding this minimum.

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. That is not the case in Cherwell.

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. In Cherwell, no particular products are specified so the default Local Plan mix would be 70% social rent, 25% First Homes and the remaining 5% as any other affordable ownership tenure.

- E. **Local Plan policy:** As noted above, the adopted Local Plan seeks a tenure split in line with evidence, but provides a guideline of 70% rent to 30% ownership.
- 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 Steering 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 Deddington:** Deddington has a proportion of social renting far below the district and national rates, indicating an undersupply of this tenure that it may be beneficial to counteract. However, it is also true that the NA rate of shared ownership is slightly below the norm in other areas, and presents another opportunity to diversify the tenure mix overall. These two pieces of evidence strongly justify the provision of Affordable Housing, no-matter what specific form it takes: both social rent and shared ownership have room to grow, with the former being particularly important.
  - 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. However, it is understood that social rent is preferred to affordable rent in Cherwell and is generally deliverable.
  - J. **Wider policy objectives:** the Steering Group may wish to take account of broader policy objectives for Deddington and/or wider Cherwell. These could include, but are not restricted to, policies to create lifetime communities by enabling younger households to grow into larger comes and for older households to downsize if they wish. These wider considerations may influence the mix of Affordable Housing provided.
192. Taking the suggested tenure split in the Local Plan (70% rented to 30% ownership) as a baseline, the 44 units of Affordable Housing Deddington might expect would be delivered as 31 affordable rented homes and 13 affordable ownership dwellings. This puts an emphasis on affordable renting that appears to be unnecessary in Deddington, where turnover in the stock has the potential to satisfy newly arising need and the current backlog for affordable rent is only around 11 homes.
193. While delivering some affordable rented housing should be a priority – to help meet the backlog, address Deddington’s lack of affordable rented tenures compared with other areas, protect the interests of those on the lowest incomes, and future proof the housing stock in case circumstances change – there is also an opportunity here to widen access to home ownership through more subsidised tenure options like First Homes.
194. There is no precise science for determining what a more suitable tenure mix for Deddington might look like. The 30% affordable ownership target in the Local Plan could be increased to 75% for Deddington so that 11 of the new homes would be able to satisfy the current backlog for affordable rent and the entirety of the remaining supply could be dedicated to affordable ownership.
195. However, the Local Plan target for Affordable Housing overall (35% of all housing) is unlikely to be met in future given that it has not been in the past. And reversing the district-wide tenure mix target (70% affordable rent and 30% affordable ownership) so severely may interfere with Cherwell’s imperative to increase supply to meet the needs of the district as a whole. (Indeed, CDC may not wish for an alternative tenure mix to be sought at all, and should be consulted if this is intended.)
196. So a reasonable middle ground may instead be explored. For instance, 50% rented housing and 50% affordable ownership would provide a comfortable buffer for meeting the needs of those in the most financial difficulty while also making more of the apparent opportunity to serve those wishing to own. This would also reflect the equal preference shown in the 2014 questionnaire to these two categories of Affordable Housing in Q.35 B.22. Table 5-7 below takes forward this middle-ground recommendation.
197. The breakdown within the category of affordable home ownership is proposed to meet the national First Homes requirement as a priority (although this tenure, if secured at a 50% discount, is also the most beneficial in the long-term). The remainder is then apportioned to shared ownership at a slightly higher proportion than rent to buy because it is better-established and equally affordable to some lower earners.
198. This mix should be viewed as a starting point, based primarily on secondary evidence and AECOM’s professional judgement, which should be reconsidered in light of considerations F to J above, and in particular the views and objectives of the community.
199. Where the Steering Group wish to develop policy that deviates from that outlined in the Local Plan – as is suggested here – it is important that they liaise with CDC to gather more detailed income and viability information, and to ensure that departures from the local policy context have the their support.

200. 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 5-7: Indicative Affordable Housing tenure mix for Deddington

Tenure	Indicative mix	Considerations and uncertainties
<b>Routes to home ownership, of which</b>	<b>50%</b>	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	15%	Proposed changes to the model to allow purchases of 10% share <sup>17</sup> - impact on viability unknown Registered Providers' business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to buy	10%	Emerging product with popularity and effectiveness as yet unproven. Impact of displacement by First Homes unknown.
<b>Affordable Housing for rent, of which</b>	<b>50%</b>	
Social rent	To be set by CDC and Registered Providers.	
Affordable rent	To be set by CDC and Registered Providers.	

Source: AECOM calculations

## 5.5 Conclusions- Tenure and Affordability

### Affordability issues

201. Deddington's current tenure mix reveals a relative undersupply of Affordable Housing. The NA had, at the time of the 2011 Census, just over two thirds of Cherwell's proportion of social renting and shared ownership. 37 new units of affordable rented housing have been added to the 2011 total of 80 over the last ten years (including some future commitments). However, this means that only 22% of new housing has been delivered as affordable tenures, leaving the overall proportion only slightly higher at 11% of all Deddington housing.
202. Home values in Deddington have increased slightly over the last ten years, with the result that the average entry-level home now costs £300,000 – around £65,000 more than in 2011 – while the median value remains relatively similar at £370,000. Property in Deddington is around 20-25% more expensive than the wider district.
203. Land Registry records only 2 sales of new build properties in Deddington in 2020, however there were 14 new properties sold in 2019 and a further 24 in 2018. Although these transactions were almost all on a single new development (Deddington Grange), they represent a good benchmark for the cost of new housing in the NA. Prices over the three-year sample period ranged from £377,500 to £765,000, with a median price of £470,000 and lower-quartile price of £421,000.
204. While the well-located historic properties in Deddington are likely to hold the highest values, this suggests that newly built properties command a premium of around 25-40% over existing homes. This presents a further challenge to households relying on new development to enable them to live locally, whether in open market housing or through affordable routes to ownership like shared ownership and First Homes, which will be priced with reference to their open market value.

### Tenure options

205. 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

<sup>17</sup> <https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

most appropriate for local people going forward. The average household income in Deddington is £59,500, and the lower quartile income (per person) for Cherwell was £15,908 in 2019.

206. 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 more than twice the current average. That said, responses to the 2014 parish questionnaire suggest that the buying power of local households is higher in many cases than is assumed here with reference to average income levels. 51% of respondents to the relevant question were looking to buy at a price range above £350,000.
207. Private renting is generally only affordable to higher earners in Deddington. 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. Households made up of two lower quartile earners may, for example, be able to access entry-level rented housing by spending a slightly higher proportion of their income on rent. A single lower quartile earner would, however, need to dedicate more than 75% of their gross earnings to rent in order to occupy a similar home.
208. There is little planning policy can do to surmount this affordability challenge in the private rented sector, other than to encourage modestly sized homes to come forward. There are no products designed specifically for making renting more affordable, without this being a means to the end of eventual ownership. However, providing more affordable and social rent can help to protect the people who are unable to afford private renting altogether.
209. There is a relatively large group of households in Deddington who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £40,000 per year (at which point entry-level rents become affordable) and £80,000 (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.
210. 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.
211. Neighbourhood plan qualifying bodies will 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% is necessary and justified in Deddington.
212. Affordable rented housing is just about affordable to households with two lower earners (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 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. The affordable rented sector performs a vital function in Deddington 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**

213. This report estimates Deddington's Affordable Housing needs through two calculations that use up-to-date and locally-specific data as far as possible. The first estimates the need for affordable rented housing and the second considers the potential demand for affordable (i.e. subsidised) home ownership.
214. The result of the first calculation is a surplus of 1.4 affordable rented units per year. CDC has confirmed that there are currently 11 households with an address in Deddington on the housing register, of whom 9 have a village connection in line with the definition given in Cherwell's Allocation Policy. However, if around 3 units of social rented housing continue to come vacant each year this is expected to be able to satisfy newly arising need and lessen the backlog over time.
215. That said, because of the mismatch between needs and supply (in terms of property size and other factors) and the need to address the current backlog as soon as possible, it is recommended that Deddington seeks to deliver some affordable rented housing, particularly early in the Plan period. This priority is echoed in the 2014 questionnaire results showing that 52 respondents were in need of Affordable Housing, and a further 74% of respondents to a separate question thought more Affordable Housing was needed, compared to 25% who did not.
216. Turning to Affordable Housing providing a route to home ownership, it is estimated that around 4.7 households per year may be interested in such products (equating to a total of 79 over the Plan period. This is not dissimilar to the 53 households who stated that they may be looking for a starter home within the parish in the 2014 questionnaire.

217. It is important to keep in mind that the households identified in this estimate are, by and large, adequately housed already. They do not 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.
218. It may not be achievable or even desirable to deliver this volume of affordable home ownership properties in the coming years as even greater numbers of market homes would be required to cross-subsidise delivery, many of the interested households might not be able to afford the necessary deposit, and there remains a significant number of affordable rented homes required for those with more urgent needs. However, this figure remains a useful indicator of the potential scale of demand and of the affordability challenge in Deddington.

### Policy considerations

219. Cherwell's adopted policy in relation to Affordable Housing (BSC 3) requires 35% of new housing to be affordable. Given that Affordable Housing makes up 22% of new housing in Deddington completed over the last decade and expected in the near future, it is likely that this target is not usually met in the NA – either because most sites do not meet the 10 dwelling threshold above which the policy applies or for viability reasons.
220. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in Deddington, and every effort should be made to maximise delivery where viable.
221. On the balance of factors listed in section 5.4.3 of this report, AECOM recommends that roughly 50% of Affordable Housing should take the form of rented tenures such as social and affordable rent (preferably the former), with the remaining 50% 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. This would also reflect the equal preference shown in the 2014 questionnaire to these two categories of Affordable Housing in Q.35 B.22.
222. Although this study estimates that potential demand for affordable ownership is higher than the need for affordable rent, these figures are not directly equivalent and the expected quantity of delivery overall is likely to be limited. As such, affordable rented housing should retain its importance in the tenure mix. However, the needs identified here, in the context of expected housing deliver in future, suggest that there is an opportunity to boost the supply of affordable ownership if this accords with the community's wider priorities.
223. Table 5-8 below summarises Deddington'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 indicative housing requirement figure for the area to the Local Plan policy expectation, and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighborhood plan (e.g. if the Steering Group plan for more housing (and therefore more affordable housing) than the local plan, or if the group decide to influence the tenure mix in other ways), or as a result of site-specific constraints.

Table 5-8: Estimated delivery of Affordable Housing in Deddington

	Step in Estimation	Expected delivery
A	Indicative housing requirement (see Quantity section)	126
B	Affordable housing quota (%) in LPA's Local Plan	35%
C	Potential total Affordable Housing in NA (A x B)	44
D	Rented % (e.g. social/ affordable rented)	50%
E	Rented number (C x D)	22
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	50%
G	Affordable home ownership number (C x F)	22

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

## 6. RQ 3: Type and Size

***RQ 3: What type (terrace, semi, bungalows, flats and detached) and size (number of bedrooms) of housing is appropriate for the Plan area over the Neighbourhood Plan period?***

### 6.1 Introduction

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

### 6.2 Existing types and sizes

#### 6.2.1 Background and definitions

226. Before beginning to explore issues of dwelling type and size, it is important to note that the demand for housing by size and type tends to be determined primarily by wealth – with those having more buying power choosing to occupy larger homes, and often preferring detached properties to denser types, such as flats.
227. This study is concerned primarily with need rather than demand. Need for homes of different sizes is chiefly determined by the number of people occupying the home. In the strict sense, there is no 'need' for dwellings of any particular type, other than the specific needs of those with certain disabilities for level access properties, for example.
228. The best proxy for the number of people in a household is age or 'life stage', with younger and then older households tending to have one or two people, and those in between these poles more likely to have larger families including children. Life stage is therefore a main indicator considered here for the size of housing needed. But it is worth pointing out that wealth is also correlated with age, so it is not possible to attain a pure view of what is needed from the secondary data alone.
229. It is also useful to clarify the terminology around dwellings and households. Dwellings are counted in the Census by combining address information with Census returns on whether people's accommodation is self-contained. As such, all dwellings are classified as either shared or unshared dwellings. Households are groups of people who live together as a coherent unit (such as a family), and a dwelling is shared where there is more than one household occupying it (e.g. two families or a group of individual students). Hence, there is usually a different number of households and dwellings in any given area. The number of dwellings can also exceed that of households in areas with large numbers of holiday or second homes.
230. As noted in the Context section of this report, there is no perfect data source for the current mix of dwellings in Deddington. For some aspects, such as the size mix of homes, adding together Census figures and completions data for the intervening period is the most accurate option. For others, such as the type mix of homes, this is not recorded by CDC or accurately in planning applications so it is necessary to revert to the 2011 Census. The most appropriate combination of approaches is used in this section.

#### 6.2.2 Dwelling type

231. Because CDC do not record completions at this level of detail and the Valuation Office Agency (VOA) data relates to a wider area including Barford St Michael, the most robust data for the mix of dwelling types is provided in the 2011 Census. The number of dwellings in Deddington has risen by around 14% since that time, so the mix of sizes will since have evolved. However, this degree of increase would not have a very significant impact on the mix, and the issue of dwelling type is more a matter of contextual interest than of need.
232. The data in Table 6-1 below show that Deddington has a mix of dwelling types that is skewed toward typically less dense and larger homes – i.e. a far higher proportion of detached homes than the district and country and fewer other types (especially flats). This is not unusual for a rural village.
233. However, terraces and flats (or maisonettes separating houses into smaller units, which tend to be more in keeping with



the character of villages) are generally the most affordable home types. That just over a quarter of homes in Deddington fall into these categories might be expected to limit the options for local people on lower incomes, whether they are able to buy or rent.

234. While the house type mix of recent development is not precisely known, the 85-unit site at Deddington Grange did include six 1 bedroom maisonettes (affordable tenure) and a number of terraced and semi-detached homes (23 affordable and 26 open market), which has helped to diversify the type mix to some degree. (The specific breakdown by terrace and semi-detached is not precisely known because the application proposals classify homes simply as 'houses' or 'flats', so this information has been inferred from the associated house type design pack).
235. Another point worth mentioning with regard to dwelling types is the provision of bungalows. This is only expressed in VOA data that applies to a wider area than the NA, so the raw numbers are not accurate, but give a reasonable indication of the proportion of homes that are bungalows locally. 7.7% of homes are bungalows in and around Deddington parish.
236. Although it is not necessarily a given that bungalows are be completely accessible (e.g. for an occupant using a wheelchair), and flats can be equally suitable for people with mobility limitations, Deddington's relatively low number of Bungalows (the Cherwell average is 9.2% and for England is 9.4%) may represent a less compelling offering for older and disabled households that future residential development may be able to counteract. Only one bungalow was delivered at Deddington Grange.

Table 6-1: Accommodation type, Deddington and wider geographies, 2011

Dwelling type	Deddington	Cherwell	England
Detached house	47.3%	30.2%	22.4%
Semi-detached house	25.3%	35.2%	31.2%
Terraced house	19.6%	23.1%	24.5%
Flat	7.8%	11.2%	21.2%

Source: Census 2011, AECOM Calculations

### 6.2.3 Dwelling size

237. Table 6-2 below sets out current the mix of housing by number of bedrooms in Deddington. This has been determined by taking the size mix at the time of the 2011 Census and adding to it the size mix of the 167 new properties built or granted permission since then for which size data is available, using planning applications data processed by the Steering Group.
238. As noted in the Context section above, this second dataset will include some homes that do not yet exist, but are likely to in the near future. Where an existing dwelling was demolished to make way for one or more new homes, it is not usually possible to understand how many bedrooms the old dwelling had and thereby to deduct it from the size mix. Note also that the 2011 Census data for dwelling sizes only counts homes that were occupied at that time, so the total aligns with the 876 households rather than the 909 dwellings (both occupied and unoccupied). As such this is not a perfectly accurate picture of the current size mix, but represents the best available approximation and a sufficiently robust starting point to plan for the future.
239. The size mix in Deddington aligns with the picture in terms of home types in that larger homes are strongly represented. 40% of homes have 4 or more bedrooms, compared with just 24% across Cherwell and 19% across England (figures for the wider areas are from the 2011 Census). There is a relative lack of 1 bedroom homes, with Deddington having half the proportion seen at both wider geographies (9% and 12% respectively). However, the Deddington mix is relatively well-balanced on its own terms, with around 300 homes having 1/2, 3 and 4 bedrooms.
240. Recent construction has helped to reduce the average dwelling size in Deddington, with the proportion of smaller size categories growing while the proportion of larger size categories contracts slightly. Although the most common size category in 2011 has been the most common among recent and upcoming completions, the categories that have grown most are 1 and 2 bedroom homes (with 26% and 29% increases on 2011 base numbers respectively).
241. Thinking purely in the broad terms of how many bedrooms a property has (which does not necessarily correlate to affordability or suitability to different household groups), recent development has provided welcome diversification to housing choice in Deddington. However, the overall mix remains dominated by larger homes that tend to be more expensive.



Table 6-2: Dwelling size (bedrooms), Deddington, 2011 and 2020

Number of bedrooms	2011 (Census)		Completions 2011-2021 (planning applications data)		2021 total (Census + completions)	
1	45	5.1%	13	7.8%	58	5.6%
2	175	20.0%	45	27.0%	220	21.1%
3	295	33.7%	56	33.5%	351	33.6%
4	263	30.0%	42	25.1%	305	29.2%
5+	98	11.2%	11	6.6%	109	10.5%
Total	876		167		1,043	

Source: ONS 2011, VOA 2020, AECOM Calculations

### 6.3 Age and household composition

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

#### 6.3.1 Age structure

243. Table 6-3 below shows the most recent estimated age structure of the Deddington population, alongside 2011 Census figures. The population profile in percentage terms has experienced some important changes over the last eight years, with the 65-84 cohort showing significant growth while the 0-15 and 25-44 cohorts have noticeably declined. The three youngest age groups have lost a combined 8.4 percentage point share of the population to the older age groups (figures do not sum precisely due to rounding). This signals a clear ageing trend in Deddington.
244. These changes come in spite of the slightly smaller homes that have been built over the same period, which might be expected to appeal to precisely the group (25-44) which has declined the most. However, ONS population projections are based on the application of assumptions about population change at district level and trends occurring in rural areas generally – they do not take changes in the housing stock of specific areas into account. We also know that the overall total given in this estimate is likely to be inaccurate (see Context section). It is therefore possible that the actual change in Deddington's age profile is less a function of ageing than these figures suggest. Nevertheless, the direction of travel for existing households is clear, and it is likely that ageing will be a major driver of housing need in Deddington going forward.
245. To further emphasise the limitations of this data, ONS advises exercising caution with population estimates by single year of age (from which this 2019 data has been derived), as patterns of variance and bias make it relatively less accurate compared to Census data. It is also worth noting that only the age structure of the population (individuals) can be brought up to date in this way. The life stage of households, which forms the basis of the subsequent analysis of future dwelling size needs, is not estimated each year. The 2011 Census therefore remains the most accurate basis to use in those areas.

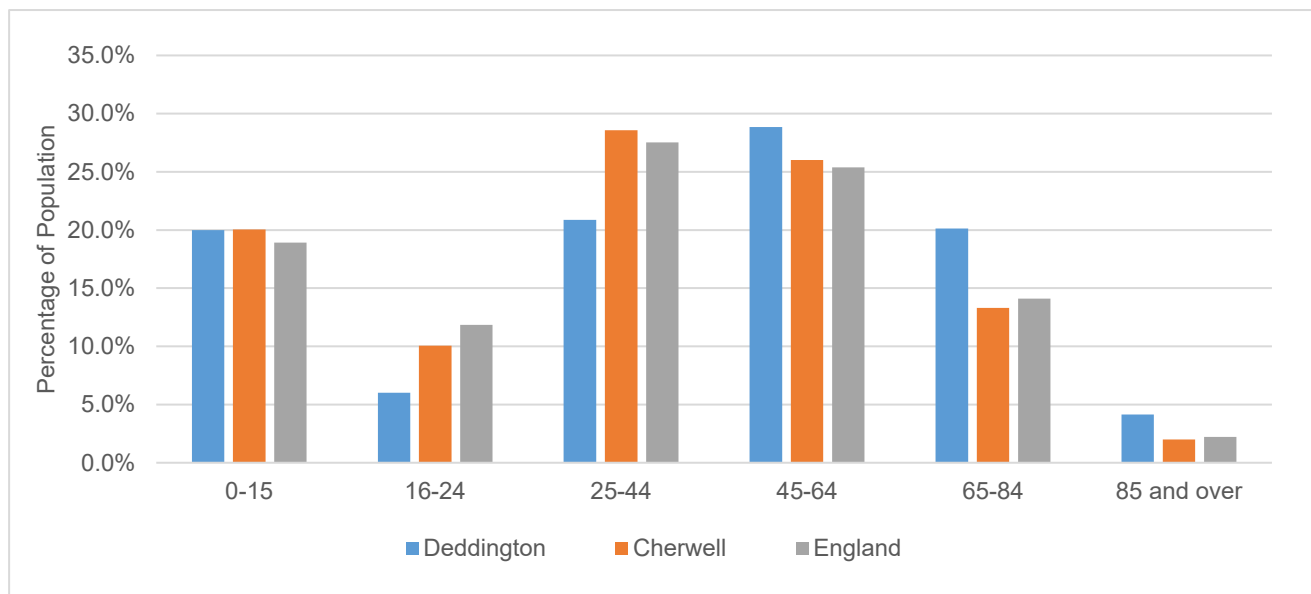
Table 6-3: Age structure of Deddington population, 2011 and 2019

Age group	2011 (Census)		2019 (ONS, estimated)	
0-15	429	20.0%	371	17.2%
16-24	129	6.0%	141	6.6%
25-44	448	20.9%	315	14.6%
45-64	619	28.8%	675	31.4%
65-84	432	20.1%	559	26.0%
85 and over	89	4.1%	91	4.2%
Total	2,146		2,152	

Source: ONS 2011, ONS mid-2019 population estimates, AECOM Calculations

246. For context, it is useful to look at the parish population structure alongside that of the district and country. Figure 6-1 below (using 2011 Census data) shows that the NA population was markedly and consistently older than the Cherwell average (more people in each age group over 25 and fewer people in younger ones). A particularly large 65-84 cohort in 2011 is a driver of the estimated increase in the older age groups in 2019 observed above.

Figure 6-1: Age structure in Deddington, 2011



Source: ONS 2011, AECOM Calculations

### 6.3.2 Household composition

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

248. Table 6-4 below shows that in 2011 Deddington had a similar proportion of one person households as the district average. Unlike Cherwell and England, however, the majority of one-person households in Deddington were older than 65, in line with the overall population profile discussed above. Of the parish's family households, the vast majority are younger than 65 and more of them have dependent children than no children. Household characteristics in Deddington are broadly in line with the picture at wider geographies aside from differences in the age profile.

249. Note that non-dependent children refer to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university. A marked increase in this category can be taken to indicate the relative unaffordability of entry-level homes, where young people are financially unable to move out and form their own households. However, Deddington has seen a slight decline in this group between 2001 and 2011 (noting this data is now quite old), and has a current proportion lower than the district average.

Table 6-4: Household composition, various geographies, 2011

Household composition		Deddington	Cherwell	England
One person household	Total	25.8%	25.2%	30.2%
	Aged 65 and over	15.8%	10.5%	12.4%
	Other	10.0%	14.7%	17.9%
One family only	Total	70.2%	68.0%	61.8%
	All aged 65 and over	14.8%	8.7%	8.1%
	With no children	20.5%	20.7%	17.6%
	With dependent children	27.3%	29.0%	26.5%
	All children Non-Dependent	7.5%	9.6%	9.6%
Other household types	Total	4.0%	6.8%	8.0%

Source: ONS 2011, AECOM Calculations

### 6.3.3 Occupancy ratings

250. The tendency of households to over- or under-occupy their homes is another relevant consideration to the future size needs of Deddington. A person is considered to under-occupy their home when there are more bedrooms in their home than a family of their size and composition would normally be expected to need. This is expressed as an occupancy rating of +1 or +2, indicating that there is one surplus bedroom or at least two surplus bedrooms (respectively). Over-occupancy works in the same way, with a rating of -1 indicating at least one bedroom too few.
251. Census data on occupancy rating is only provided down to ward level, which in this case is slightly larger than the NA (representing a population of 2,651 rather than 2,146).
252. Across Deddington ward, a combined 86% of people lived in a home with at least one extra bedroom in 2011, with 51% living in a home with two or more extra bedrooms. The percentage of people living in homes with fewer bedrooms than they might be expected to need is negligible at 1%, although this does indicate that around 30 people may have been (or still be) living in inadequate housing conditions.
253. The previous chapter established the high property values in the area, so it would appear that the largest homes are not necessarily occupied by those with the largest families but by those with the financial capacity to do so, irrespective of their household size.
254. It is useful to cross-reference this data by age bracket, presented in Table 6-5 below. Extreme under-occupancy (+2 rating) is strongly correlated with age, with those aged 65 or over by far the most likely to under-occupy their homes. At the same time, 2.3% of children live in over-occupied homes – the highest of any group.

Table 6-5: Occupancy rating by age in Deddington, 2011

Age group	+2 rating	+1 rating	0 rating	-1 rating
0-15	36.4%	42.2%	19.1%	2.3%
16-49	40.4%	40.6%	17.4%	1.6%
50-64	62.6%	29.1%	7.6%	0.7%
65 and over	70.0%	23.0%	7.0%	0.0%
<b>All ages</b>	<b>51.2%</b>	<b>34.4%</b>	<b>13.2%</b>	<b>1.2%</b>

Source: ONS 2011, ONS mid-2019 population estimates, AECOM Calculations

## 6.4 Suggested future dwelling size mix

255. As noted above, there is a strong link between the life stage of a household and the size of dwelling that household can be expected to need. The final part of this chapter presents the results of a model that aims to estimate the dwelling size needs of the parish at the end of the Neighbourhood Plan period. The steps involved in this model are not presented in full, but can be summarised – along with the underpinning assumptions and some limitations – as follows:
- The starting point is the age distribution of Deddington households in 2011.
    - The life stage of a household is determined by the age of the household reference person (HRP), a more modern term for the head of household.
    - As noted above, household life stages are not estimated annually, so the older Census data must be used.
  - This life stage data is then projected forward to the end of the Plan period by applying the growth rates for each household age group as suggested by the latest household projections. This allows for an estimate of how the parish population might evolve in future.
    - ONS household projections are produced every two years but are only available at Local Authority level. The growth rates are therefore applied to the 2011 starting household age profile of Deddington.
  - Next, we turn to a Census dataset that shows the occupation patterns or preferences of each household life stage (e.g. what proportion of households aged under 24 tend to live in 1 bedroom homes as opposed to 2, 3 or 4 bedroom homes). This data is mapped to the distribution of the projected parish population for each life stage and each dwelling size category to form a picture of what mix of homes might be appropriate in future.
    - This occupation data is again only available at Local Authority scale, so it does risk embedding any unusual characteristics present in the area.

- The model also assumes that today's occupation patterns persist into the future, which is not a given, particularly with the change in preferences for home working space and other features arising from the Covid-19 pandemic. However, there is no better indication of what those patterns might look like. It is considered more appropriate to adjust the end mix that results from this model to reflect such trends than to build further assumptions into the model.
- Finally, this 'ideal' future mix of dwelling sizes can be compared to the current stock of housing in the NA (derived from the 2011 Census plus recent and upcoming completions as described at the start of this section). From this we can identify how future development might best fill the gaps.

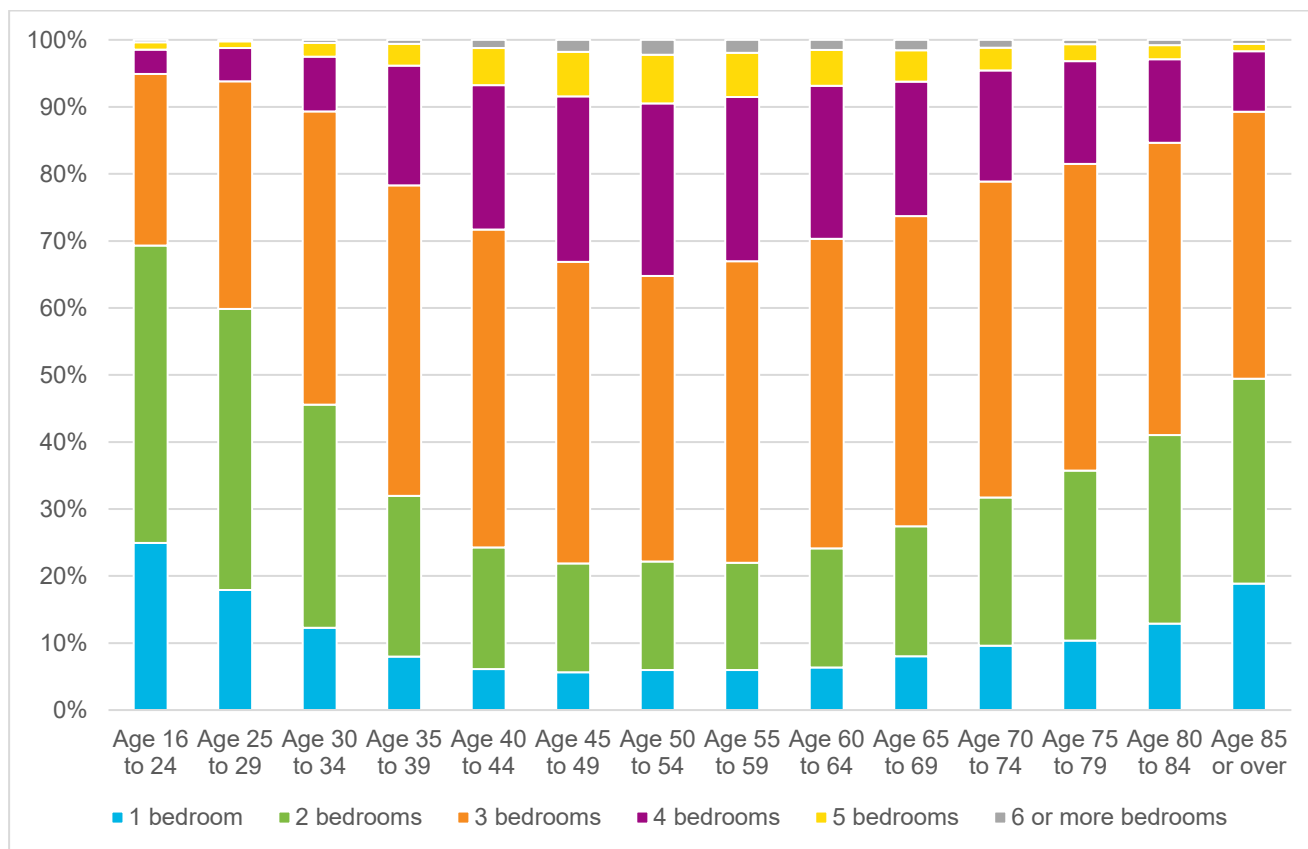
256. It is important to keep in mind that housing need is not an exact science and this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the tendency of households to occupy more or less space than they 'need'. It also does not anticipate changes in how people may wish to occupy their homes in response to social and technological change.

257. The approach therefore embeds existing patterns of occupancy which may or may not be desirable. As such, it is appropriate for the result of this model to be taken as a baseline scenario – what would occur if current trends persisted. It may well be the intention of the community to intervene to produce a different outcome more in line with their interpretation of emerging trends and their place- and community-shaping objectives. Layering these factors on top of the indicative picture provided by this model is considered entirely appropriate for the purpose of drafting neighbourhood plan policy.

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

259. The first, given as Figure 6-2 below, sets out the relationship between household life stage and dwelling size for Cherwell in 2011. This shows how the youngest households occupy the smallest dwellings, before rapidly taking up larger homes as their families expand, and then more gradually downsizing to smaller homes again as they age.

Figure 6-2: Age of household reference person by dwelling size, Cherwell, 2011



Source: ONS 2011, AECOM Calculations

260. The second dataset of note is the result of applying Local Authority level household projections to the age profile of Deddington households in 2011. Table 6-6 below makes clear that population growth can be expected to be driven by the oldest households, with the 65 and over category nearly doubling from 2011 levels to become by far the dominant group at 51% of the projected total, while the youngest age groups continue to decline.

Table 6-6: Projected distribution of household life stages, Deddington, 2011-2032

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	9	41	321	180	325
2032	7	37	331	228	624
% change 2011-2032	-17%	-10%	3%	27%	92%

Source: AECOM Calculations

261. The final result of this exercise is presented in Table 6-7 below. The model suggests that new development should be focused on 3 bedroom homes which, while already the most common are generally the most popular, suitable to many groups, and exist at lower proportions than across the district and country. The other clear direction is to further boost the supply of smaller homes from the current low base, while avoid too many additional large homes because there are already more than the population is expected to need.
262. These results align fairly well with those of the 2014 parish questionnaire, in which the most popular dwelling size category was 3 bedrooms (77% of respondents ticked), followed by 2 bedrooms (70% of respondents). However, 34% and 12% of respondents selected homes with 4 or 5 bedrooms respectively, demonstrating continued demand for these size categories.

Table 6-7: Suggested dwelling size mix to 2040

Number of bedrooms	Current (2021) distribution	Target (2040) distribution	Balance of new housing required to reach target mix
1	5.6%	9.2%	18.0%
2	21.1%	21.9%	15.9%
3	33.7%	44.9%	66.0%
4	29.2%	18.6%	0.0%
5+	10.5%	5.5%	0.0%

Source: Census 2011, AECOM Calculations

263. A further injection of small and mid-sized homes would both improve Deddington's offering for younger households who have few options for their next step on the property ladder and enable older households currently under-occupying larger homes to downsize and in so doing potentially create churn in the market (although it is acknowledged that many of the larger historic properties may be too expensive to be taken up by young local households). 55 households were looking to downsize at the time of the 2014 questionnaire and a further 183 would consider doing so in future.
264. However, it is never advisable to entirely restrict the supply of specific size categories as is suggested here for homes with 4 or more bedrooms. The result of this model is a relatively blunt measure of what could be beneficial given population change and existing imbalances in housing options. It is a starting point for thinking about how best to address the more nuanced needs of the future population.
265. For example, there may well be a need for more affordable larger homes than those that exist currently to accommodate growing families with less buying power. Furthermore, the young starter families and downsizing older households mentioned above may both need 'mid-sized' homes, but are likely to have extremely different requirements and degrees of purchasing power. There is limited scope for Neighbourhood Planning policy to influence the more detailed characteristics of new housing, but additional guidance and prioritisation could be informed by further primary research.
266. Further considerations that would justify departing from this relatively imbalanced recommended mix are summarised in the conclusion below.

## 6.5 Conclusions- Type and Size

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

### **The existing housing stock**

268. According to the 2011 Census (the latest robust data on housing types), Deddington has a housing mix that is skewed toward typically less dense and larger homes – i.e. a far higher proportion of detached homes than the district and country and fewer other types. This is not unusual for a rural village. That just over a quarter of homes in Deddington fall into the categories of terraced houses and flats might be expected to limit the options for local people on lower incomes, whether they are able to buy or rent.
269. Around 8% of homes in Deddington are bungalows, which is a slightly lower proportion than for Cherwell and England overall. Although it is not necessarily a given that bungalows are be completely accessible (e.g. for an occupant using a wheelchair), and flats can be equally suitable for people with mobility limitations, the relative lack of bungalows may be an additional factor, beyond the limited size options, obstructing downsizing in Deddington.
270. As of 2021, the size mix of housing locally is dominated by larger homes, with 40% of homes having 4 or more bedrooms, compared with just 24% across Cherwell and 19% across England. Correspondingly, Deddington has a relative lack of 1 bedroom housing.
271. Recent construction has helped to reduce the average dwelling size in Deddington, with the proportion of smaller size categories growing while the proportion of larger size categories contracts slightly. Although the most common size category in 2011 has been the most common among recent and upcoming completions, the categories that have grown most are 1 and 2 bedroom homes (with 26% and 29% increases on 2011 base numbers respectively).
272. Thinking purely in the broad terms of how many bedrooms a property has (which does not necessarily correlate to affordability or suitability to different household groups), recent development has provided welcome diversification to housing choice in Deddington. However, the overall mix remains dominated by larger homes that tend to be more expensive.

### **Demographics**

273. The age structure of the population is a key indicator of the future need for housing. Deddington has a generally older population profile than Cherwell and England. The older age brackets have also grown the fastest between the 2011 Census and the latest ONS estimates for 2019. Currently around 62% of the population are aged over 45 and 30% are aged over 65.
274. Applying ONS household projections for Cherwell to the Deddington population suggests that by 2040 the 65 and over cohort could nearly double from 2011 levels to become by far the dominant group at 51% of the projected total, while the youngest age groups continue to decline. It is clear that ageing will be a major driver of housing need in Deddington going forward, whether older households intend to occupy the same dwellings they currently live in, or perhaps move within the community to a home better suited to the size of their household or their evolving needs.
275. Deddington has a high rate of under-occupancy, with 86% of people living in a home with at least one bedroom more than they would be expected to need (at the time of the last Census). The percentage of people living in homes with fewer bedrooms than they might be expected to need is negligible at 1%, although this does indicate that around 30 people may have been (or still be) living in inadequate housing conditions.
276. The previous chapter established the high property values in the area, so it would appear that the largest homes are not necessarily occupied by those with the largest families but by those with the financial capacity to do so, irrespective of their household size. Indeed, over-occupancy is strongly correlated with age, with those aged 65 and over the most likely group to have more than two additional bedrooms.

### **The future dwelling mix**

277. The results of a modelling exercise, which looks at the sizes of dwelling occupied by households at different life stages and projects the growth and decline of those household age groups over the Plan period, suggests that should be focused on 3 bedroom homes which, while already the most common are generally the most popular, suitable to many groups, and exist at lower proportions than across the district and country. The other clear recommendation is to further boost the supply of smaller homes from the current low base, while avoid too many additional large homes because there are already more than the population is expected to need.

278. These results align fairly well with those of the 2014 parish questionnaire, in which the most popular dwelling size category was 3 bedrooms (77% of respondents ticked), followed by 2 bedrooms (70% of respondents).
279. A further injection of small and mid-sized homes would both improve Deddington's offering for younger households who have few options for their next step on the property ladder and enable older households currently under-occupying larger homes to downsize and in so doing potentially create churn in the market (although it is acknowledged that many of the larger historic properties may be too expensive to be taken up by young local households).
280. The preceding chapter found that affordability is a serious and worsening challenge in Deddington. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
281. However, it is never advisable to entirely restrict the supply of specific size categories as is suggested here for homes with 4 or more bedrooms. Further considerations that would justify departing from this relatively imbalanced recommended mix are summarised below.

#### **Further considerations**

282. Firstly, the 2014 parish questionnaire demonstrated clear demand for larger homes, although such choices were significantly less popular than mid-sized homes. 34% and 12% of respondents selected homes with 4 or 5 bedrooms respectively, demonstrating continued demand for these size categories among local people. This is an important consideration.
283. To best meet the needs of the large cohort of older households expected to be present by 2040, it should be considered whether the existing options are well tailored to older people's requirements in terms of space, flexibility, quality, location and accessibility. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes, whose needs are far from identical. Facilitating downsizing among older households may release those larger homes for use by families who need more bedrooms.
284. That said, it may not be realistic to expect growing families to be able to afford the larger detached homes that are currently under-occupied in the parish. Reducing the issue of dwelling size to a number of bedrooms is potentially unhelpful in this case. There may be a valid justification to continue supplying larger homes despite their abundance because a different kind of larger home is needed to accommodate growing families with less buying power. This is too speculative to quantify in a percentage size mix, but is among the good reasons not to inhibit any size of dwelling entirely (despite the results of the HNA model).
285. More generally, it would be unwise for any new housing that does come forward to be delivered in an unbalanced way. Those wishing to move within or relocate to the area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to mid-sized homes but that this is done to a degree that aligns with the wider objectives of the community and does not limit choice or threaten viability. The evidence in this section represents a starting point for further thought and consultation.



## 7. Conclusions

### 7.1 Overview

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

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

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Quantity of housing	<p>The Local Housing Need (LHN) figure of 714 homes per year for Cherwell, from which Deddington's HNF is derived, is calculating using the Government's Standard Methodology and is likely to change annually as the Government publish new affordability data each year and new household projections approximately every two years.</p> <p>That figure has been broken down with the aim of allocating an appropriate share to Deddington with reference to the strategy for the pattern and scale of new development across the district as expressed in the adopted Local Plan 2011-2031, which takes into account the sustainability and suitability of Cherwell's various settlements for growth. This process relies on interpretations and assumptions made by AECOM.</p>	<p>This HNA recommends an indicative overall Housing Need Figure (HNF) of 7 dwellings per year, which equates to 126 dwellings over the Plan period 2022-2040.</p> <p>At the time the final Neighbourhood Plan Housing Requirement Figure (HRF) is provided by Cherwell, it can be considered to supersede the provisional calculation within this study.</p>

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	<p>Deddington's current tenure mix reveals a relative undersupply of Affordable Housing. 37 new units of affordable rented housing have been added to the 2011 total of 80 over the last ten years (including some future commitments). However, this means that only 22% of new housing has been delivered as affordable tenures, leaving the overall proportion only slightly higher at 11% of all Deddington's housing.</p> <p>Home values in Deddington have increased slightly over the last ten years, with the result that the average entry-level home now costs £300,000 – around £65,000 more than in 2011 – while the median value remains relatively similar at £370,000. Property in Deddington is around 20-25% more expensive than the wider district.</p> <p>While the well-located historic properties in Deddington are likely to hold the highest values, this suggests that newly built properties command a premium of around 25-40% over existing homes.</p> <p>The average household income in Deddington is £59,500, and the lower quartile income (per person) for Cherwell was £15,908 in 2019.</p> <p>Home ownership through the mainstream market is not an option for the majority of local people. Private renting is likewise generally only affordable to higher earners in Deddington.</p> <p>There is a relatively large group of households in Deddington who may be able to afford to rent privately but cannot afford home ownership. This 'can rent, can't buy' cohort may benefit from the range of affordable home ownership products such as First Homes and shared ownership.</p> <p>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.</p> <p>This HNA finds that the highest possible discount level of 50% for the new First Homes product is necessary and justified in Deddington.</p> <p>Affordable rented housing is just about affordable to households with two lower earners (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 smaller socially rented units. The affordable rented sector performs a vital function in Deddington as the only option for a large segment of those in the greatest need.</p>	<p>The HNA estimates that there will be a surplus of 1.4 affordable rented units per year. CDC has confirmed that there are currently 11 households with an address in Deddington on the housing register, of whom 9 have a village connection in line with the definition given in Cherwell's Allocation Policy. However, if around 3 units of social rented housing continue to come vacant each year this is expected to be able to satisfy newly arising need and lessen the backlog over time.</p> <p>That said, because of the mismatch between needs and supply (in terms of property size and other factors) and the need to address the current backlog as soon as possible, it is recommended that Deddington seeks to deliver some affordable rented housing, particularly early in the Plan period. This priority is echoed in the 2014 questionnaire results showing that 52 respondents were in need of Affordable Housing, and a further 74% of respondents to a separate question thought more Affordable Housing was needed, compared to 25% who did not.</p> <p>Turning to Affordable Housing providing a route to home ownership, it is estimated that around 4.7 households per year may be interested in such products (equating to a total of 79 over the Plan period. This is not dissimilar to the 53 households who stated that they may be looking for a starter home within the parish in the 2014 questionnaire.</p> <p>On the balance of factors listed in section 5.4.3 of this report, AECOM recommends that roughly 50% of Affordable Housing should take the form of rented tenures such as social and affordable rent (preferably the former), with the remaining 50% 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. This would also reflect the equal preference shown in the 2014 questionnaire to these two categories of Affordable Housing in Q.35 B.22.</p> <p>Although this study estimates that potential demand for affordable ownership is higher than the need for affordable rent, these figures are not directly equivalent and the expected quantity of delivery overall is likely to be limited. As such, affordable rented housing should retain its importance in the tenure mix. However, the needs identified here, in the context of expected housing deliver in future, suggest that there is an opportunity to boost the supply of affordable ownership if this accords with the community's wider priorities.</p>

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing type and size	<p>According to the 2011 Census (the latest robust data on housing types), Deddington has a housing mix that is skewed toward typically less dense and larger homes – i.e. a far higher proportion of detached homes than the district and country and fewer other types. This is not unusual for a rural village. Around 8% of homes in Deddington are bungalows, which is a slightly lower proportion than for Cherwell and England overall.</p> <p>As of 2021, the size mix of housing locally is dominated by larger homes, with 40% of homes having 4 or more bedrooms, compared with just 24% across Cherwell and 19% across England. Correspondingly, Deddington has a relative lack of 1 bedroom housing.</p> <p>Recent construction has provided welcome diversification to housing choice in Deddington. However, the overall mix remains dominated by larger homes that tend to be more expensive.</p> <p>Deddington has a generally older population profile than Cherwell and England. The older age brackets have also grown the fastest between the 2011 Census and the latest ONS estimates for 2019. Currently around 62% of the population are aged over 45 and 30% are aged over 65.</p> <p>Applying ONS household projections for Cherwell to the Deddington population suggests that by 2040 the 65 and over cohort could nearly double from 2011 levels to become by far the dominant group at 51% of the projected total, while the youngest age groups continue to decline. It is clear that ageing will be a major driver of housing need in Deddington going forward.</p> <p>Deddington has a high rate of under-occupancy, with 86% of people living in a home with at least one bedroom more than they would be expected to need (at the time of the last Census). It would appear that the largest homes are not necessarily occupied by those with the largest families but by those with the financial capacity to do so, irrespective of their household size.</p>	<p>The results of a modelling exercise, which looks at the sizes of dwelling occupied by households at different life stages and projects the growth and decline of those household age groups over the Plan period, suggests that should be focused on 3 bedroom homes which, while already the most common are generally the most popular, suitable to many groups, and exist at lower proportions than across the district and country. The other clear recommendation is to further boost the supply of smaller homes from the current low base, while avoid too many additional large homes because there are already more than the population is expected to need.</p> <p>These results align fairly well with those of the 2014 parish questionnaire, in which the most popular dwelling size category was 3 bedrooms (77% of respondents ticked), followed by 2 bedrooms (70% of respondents).</p> <p>A further injection of small and mid-sized homes would both improve Deddington's offering for younger households who have few options for their next step on the property ladder and enable older households currently under-occupying larger homes to downsize and in so doing potentially create churn in the market (although it is acknowledged that many of the larger historic properties may be too expensive to be taken up by young local households). Continuing to provide smaller homes with fewer bedrooms would help to address the acute affordability challenge.</p> <p>However, it is never advisable to entirely restrict the supply of specific size categories as is suggested here for homes with 4 or more bedrooms, for a number of reasons. The evidence in this section represents a starting point for further thought and consultation.</p>

## 7.2 Recommendations for next steps

287. This Neighbourhood Plan housing needs assessment aims to provide Deddington with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that the Neighbourhood Plan Group should, as a next step, discuss the contents and conclusions with CDC 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 CDC;
- 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 CDC.

288. 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.

289. Bearing this in mind, it is recommended that the Steering Group should monitor carefully strategies and documents

with an impact on housing policy produced by the Government, CDC or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.

290. 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 Market housing

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

292. 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

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

294. 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 Deddington, 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.

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

- Value of median NA house price (2020) = £370,000;
- Purchase deposit at 10% of value = £37,000;
- Value of dwelling for mortgage purposes = £333,000;
- Divided by loan to income ratio of 3.5 = purchase threshold of £95,143.

296. 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 £300,000, and the purchase threshold is therefore £77,143.

297. 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 just 2 sales of new build properties in Deddington in 2020, however there were 14 new properties sold in 2019 and a further 24 in 2018. Although these transactions were almost all a single large new development (Deddington Grange), they represent a good benchmark for the cost of new housing in the NA.

298. Of the 40 newly built properties sold in the last three years, the median price was £470,000 and the lower-quartile price (used as a proxy for entry-level housing) was £421,000. For context, the lowest price in this sample was £377,500 and the highest was £765,000.

299. These two benchmarks for newly built housing produce the following purchase thresholds, using the same approach as set out above:

- Median new build: £120,857;
- Entry-level new build: £108,257.

#### ii) Private rent

300. Income thresholds are used to calculate the affordability of rented 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.

301. 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.

302. The property website Rightmove gathers rental listing data for Deddington. However, there were no properties listed for rent in the NA at the time of search in June 2021. A wider radius of 3 miles from Deddington village was therefore used. It produced a sample of 12 rental listings, primarily in surrounding and broadly comparable villages including Adderbury, Aynho, Bloxham and Twyford. Extending the radius of search further would, while expanding the sample size, also incorporate the outskirts of Banbury which would be likely to contain less comparable properties.
303. Of the 12 rental listings observed (including those with lets agreed), 5 of these were for 2 bedroom properties and 7 were for other sizes (four larger houses and three smaller ones).
304. The calculation for the private rent income threshold for 2 bedroom dwellings, which is used to represent an entry-level property, is as follows:
- Annual rent = £995 x 12 = £14,340;
  - Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of £39,800.
305. The income threshold for the overall average monthly rent of £1,195 is £47,800.

## A.2 Affordable Housing

306. There are a range of tenures that constitute the definition of Affordable Housing within the 2019 NPPF: 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 to replace Starter Homes. Each of the affordable housing tenures are considered below.

### i) Social rent

307. 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.
308. To determine social rent levels, a statistical data return from Homes England is used. This data is only available at the Local Authority level, so Cherwell must act as a proxy for Deddington. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Cherwell in the table below.
309. To determine the income needed, it is again assumed that no more than 30% of household income should be spent on rent. This is an assumption only for what might generally might make housing affordable or unaffordable – it is unrelated to the eligibility criteria of Affordable Housing policy at Local Authority level. The overall average across all property sizes is taken forward as the income threshold for social rent.

Table A-1: Social rent levels, Cherwell, 2019

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£93.46	£103.48	£110.17	£126.28	£106.42
Annual average	£4,860	£5,381	£5,729	£6,567	£5,534
Income needed	£19,440	£21,524	£22,915	£26,266	£22,135

Source: Homes England, AECOM Calculations

### ii) Affordable rent

310. 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).
311. 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%.

312. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for Cherwell (above). Again it is assumed that no more than 30% of income should be spent on rent, and the overall average is taken forward.
313. Comparing this result with the average 2 bedroom annual private rent above indicates that affordable rents in Deddington are actually closer to 56% 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, Cherwell, 2019

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£118.66	£150.86	£169.77	£215.03	£155.25
Annual average	£6,170	£7,845	£8,828	£11,182	£8,073
Income needed	£24,681	£31,379	£35,312	£44,726	£32,292

Source: Homes England, AECOM Calculations

### iii) Affordable home ownership

314. 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.
315. In paragraph 64 of the NPPF 2019, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.” 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

316. 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.
317. The starting point for these calculations is therefore the estimated cost of an entry-level new build home in Deddington of £421,000 noted above. For the minimum discount of 30% the purchase threshold can be calculated as follows:
- Value of an entry-level new property = £421,000;
  - Discounted by 30% = £294,700;
  - Purchase deposit at 10% of value = £29,470;
  - Value of dwelling for mortgage purposes = £265,230;
  - Divided by loan to income ratio of 3.5 = purchase threshold of £75,780.
318. 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 £64,954 and £54,129 respectively.
319. It should be noted that the 30% discount level would not bring the discounted price below the ceiling of £250,000, so slightly smaller or lower value homes would need to be built for First Homes at this discount to comply with the requirements. Alternatively, as recommended in the main body of this report, a higher discount level should be required. Even with the greatest discount, a £21,050 deposit would be required and may represent a significant barrier for many households.
320. All of the income thresholds calculated here for First Homes are below the cap of £80,000 above which households are not eligible.
321. 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 Deddington.



### **Shared ownership**

322. 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'.
323. 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.
324. To determine the affordability of shared ownership, calculations are again based on the estimated costs of smaller and larger newly built flats. 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).
325. The affordability threshold for smaller flats at a 25% equity share is calculated as follows:
- A 25% equity share of £421,000 is £105,250;
  - A 10% deposit of £10,525 is deducted, leaving a mortgage value of £94,725;
  - This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £27,064;
  - Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £315,750;
  - The estimated annual rent at 2.5% of the unsold value is £7,894;
  - This requires an income of £26,313 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
  - The total income required is £53,377 (£27,064 plus £26,313).
326. The same calculation is repeated for equity shares of 10% and 50%, producing affordability thresholds of £42,401 and £71,670 respectively. The income threshold for a 75% share exceeds £80,000 and would therefore not be possible since any households who could afford it would be ineligible.

### **Rent to buy**

327. Rent to buy is a relatively new and less common tenure, which through subsidy allows the occupant to save a portion of their rent to build up a deposit to eventually purchase the home. It is therefore estimated to cost the same as private rents – the difference being that the occupant builds up equity in the property with a portion of the rent, but this portion is still a monthly outgoing for the occupant.

## Appendix B : Housing Needs Assessment Glossary

### Adoption

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

### Affordability

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

### Affordability Ratio

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

### Affordable Housing (NPPF Definition)

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

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

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

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

### Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>18</sup>.

### Age-Restricted General Market Housing

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

### Annual Monitoring Report

<sup>18</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

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

### **Basic Conditions**

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

### **Backlog need**

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

### **Bedroom Standard<sup>19</sup>**

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

### **Co-living**

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

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

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

### **Community Right to Build Order<sup>20</sup>**

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

### **Concealed Families (Census definition)<sup>21</sup>**

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

### **Equity Loans/Shared Equity**

An equity loan which acts as a second charge on a property. For example, a household buys a £200,000 property with a 10% equity loan (£20,000). They pay a small amount for the loan and when the property is sold e.g. for £250,000 the lender receives 10% 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**

<sup>19</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

<sup>20</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>21</sup> See [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

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

### **Fair Share**

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

### **First Homes**

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

### **Habitable Rooms**

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

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

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

### **Housing Market Area**

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

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

### **Housing Needs**

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

### **Housing Needs Assessment**

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

### **Housing Products**

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

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

Housing size can be referred to either in terms of the number of bedrooms in a home (a bedroom is defined as any room that was intended to be used as a bedroom when the property was built, any rooms permanently converted for use as bedrooms); or in terms of the number of rooms, excluding bathrooms, toilets halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted. If two

rooms have been converted into one they are counted as one room. Rooms shared between more than one household, for example a shared kitchen, are not counted.

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

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

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

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

### **Income Threshold**

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

### **Intercensal Period**

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

### **Intermediate Housing**

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

### **Life Stage modelling**

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

### **Life-time Homes**

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

### **Life-time Neighbourhoods**

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

### **Local Development Order**

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

### **Local Enterprise Partnership**

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

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

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

### **Local Planning Authority**

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

### **Local Plan**

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

### **Lower Quartile**

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

### **Lower Quartile Affordability Ratio**

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

### **Market Housing**

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

### **Mean (Average)**

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

### **Median**

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

### **Median Affordability Ratio**

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

### **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>22</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

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

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

### **Neighbourhood plan**

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<sup>22</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

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

### **Older People**

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

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

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

### **Overcrowding**

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

### **Planning Condition**

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

### **Planning Obligation**

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

### **Purchase Threshold**

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

### **Proportionate and Robust Evidence**

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

### **Private Rented**

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

### **Retirement Living or Sheltered Housing**

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

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



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

### **Rightsizing**

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

### **Rural Exception Sites**

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

### **Shared Ownership**

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

### **Sheltered Housing<sup>23</sup>**

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

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

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

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

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

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

Specialist housing for the elderly, sometimes known as specialist accommodation for the elderly, encompasses a wide range of housing types specifically aimed at older people, which may often be restricted to those in certain older age groups (usually 55+ or 65+). This could include residential institutions, sometimes known as care homes, sheltered housing, extra care

<sup>23</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

housing, retirement housing and a range of other potential types of housing which has been designed and built to serve the needs of older people, including often providing care or other additional services. This housing can be provided in a range of tenures (often on a rented or leasehold basis).

**Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>24</sup>

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<sup>24</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

