

# Lydney

Housing Needs Assessment (HNA)

February, 2024

### Quality information

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### List of acronyms used in the text:

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

# 1. Executive Summary

1. Lydney is a Neighbourhood Area (NA) located in the district of Forest of Dean. The NA boundary covers the areas administered by Lydney Town Council.
2. The 2021 Census recorded 10,036 individuals in Lydney, indicating an increase/decrease of 14.4% people since the 2011 Census.
3. There has been significant development in Lydney in recent years. Forest of Dean has provided data showing that 998 new homes have been built since 2011.
4. This Executive Summary details the conclusions of each chapter of this Housing Needs Assessment (HNA), addressing each of the themes agreed with the Lydney Neighbourhood Plan Steering Group at the outset of the research.
5. Data from the 2021 Census is being released throughout 2023. At present, the available data covers population, households, tenure, and dwelling stock characteristics. Some data from the Census 2021 at the localised level, including parishes, will not be available until later in 2023, as well as data comparing numerous variables. As such this HNA will draw on the latest available data from the 2021 Census where possible and will also continue to use other data sets, including 2011 Census, Valuation Office Agency data, and ONS parish projections where necessary to build up evidence at the neighbourhood level.

## Tenure and Affordability

### Current tenure profile

6. Homeownership is the dominant tenure in Lydney at 67% of all households, though it is slightly less common than the district average (73%). Of the remaining households, a majority live in socially rented accommodation (16%), which is slightly higher than the district average (14%). There is also a higher proportion of the population in private rented accommodation than is typical for the district.
7. Over the past decade there has been a significant increase in the number of private renters and a proportionally significant injection of new shared ownership properties.

### Housing Costs

8. Home values in Lydney have followed a clear upward trajectory over the last decade. The current median house price (middle number when arranged from lowest to highest) is £260,000, which is 83% higher than the median in 2013. The lower quartile price (the lowest 25% of prices, used as a good proxy for entry-level housing) stands at £220,000.
9. It is also worth noting that the current median house price in Lydney is slightly less expensive than the current median for Forest of Dean as a whole.
10. AECOM has estimated the annual income required to afford various tenures of housing in Lydney. These thresholds are compared to income to determine which options are the most appropriate for local people going forward. The average household income in the NA area was £37,700 in 2018, and the lower quartile income (per person) for Lydney was £14,200.

11. It was found that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. The median house price would require an annual income of around 80% above the current average. Private renting presents a similar affordability challenge, generally only making entry-level rental homes accessible to average earners. Households made up of a single lower earner could not afford the given rental thresholds and would need to rely on social and affordable rented options.
12. Subsidised routes to home ownership like First Homes and shared ownership are intended to target people who can afford to rent but not to buy. In Lydney, there is a relatively large gap between the income needed to afford to rent (£30,000) and to buy (£57,600), who may benefit from these products.
13. The discount on First Homes can be set at 30%, 40% or 50% in Neighbourhood Plans. In Lydney, a 40% discount would expand access to home ownership to average earning households. If seeking to take action on this point in the Neighbourhood Plan, the Steering Group advised to discuss this possibility with Forest of Dean District Council, who may be able to supply evidence of development viability that is also relevant to this policy option.
14. Affordable rented housing appears generally affordable to households with two lower earners (average earning households are unlikely to be eligible). Single lower earners can afford average social rents and affordable rents but the lowest earners, if unable to secure a social rented dwelling or additional subsidy, may need to live in a room in a shared house using housing benefits.

### **The need for Affordable Housing**

15. AECOM estimate that there will be a long-term need for both social/affordable rental and affordable home ownership properties over Lydney's Neighbourhood Plan period. This amounts to an annual need for 29 units of social/affordable rented accommodation and a potential demand for 26 units for affordable home ownership.
16. The model suggests that social/affordable rental home should be prioritised to address the most acute affordability challenges in the town. The households eligible for affordable home ownership products typically 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.
17. AECOMs modelling is complemented by evidence in the regional Local Housing Needs Assessment (LHNA), which calculates affordable housing need across the district and also promotes a need for social/affordable rented homes.

### **Affordable Housing Policy**

18. Affordable Housing is typically provided and made financially viable by Local and Neighbourhood Plan policies that require it to be included at a set proportion of market housing developments. Forest of Dean's adopted policy on this subject requires 40% of all new housing to be affordable.

19. AECOM recommends that the tenure mix of Affordable Housing secured in future years is weighted in favour of providing a higher proportion of socially/affordable homes (65%), whilst also maintaining a healthy supply of affordable ownership options (35%). Given the scale of development expected in Lydney over the Neighbourhood Plan period, there is an opportunity to meaningfully extend access to Affordable Housing for both those facing the most acute affordability challenges and those struggling to make the transition from private renting to home ownership.
20. There is no obligation to follow this recommendation or to depart from emerging Local Plan policy if that is more in line with the community's objectives. Further discussion with Forest of Dean District Council about the options and their advice would be beneficial and could cover issues beyond the scope of this report, such as development viability.
21. Table 4-6 summarises Lydney's position with regard to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighbourhood plan (e.g. if the group plans for more housing (and therefore more affordable housing) than the local plan, or if the group decides to influence the tenure mix in other ways) or as a result of site-specific constraints.

## **Type and Size**

### **The current housing mix**

22. The current household mix in Lydney is generally weighted in favour of detached and semi-detached homes, which cumulatively make up approximately three quarters of the overall housing stock. The remainder is made up of terraced (16%) dwellings and flats (10%). The wider district tends to have a higher proportion of detached dwellings and a smaller proportion of the other housing types.
23. Lydney's size profile tracks that of Forest of Dean in proportional terms, but the district has a higher proportion of 2-bed and 4+ bed homes. In Lydney, homes with more than 3 bedrooms make up 65% of the overall housing stock.
24. Despite quite significant levels of new development over the last decade, the housing mix has remained relatively unchanged. This means that the new housing that has been built in Lydney has generally followed the existing pattern of development.

### **Population characteristics**

25. The Lydney population has grown by 14% over the last decade, which reflects the rate of development experienced in the NA over the same period. The only age cohort which has not expanded in that time are those aged between 15-24, with the most significant growth being experienced by the population aged between 65-84.



26. Lydney does, however, tend to have a younger population than the wider district, with a higher proportion of people aged between 0-14 and 25-44.
27. Household projections suggest that Lydney's population will age over the NP period, with a potential increase of 62% in the population aged 65 and over. This is in contrast to either slow growth or a slight decline in the other age groups. However, these estimates are informed by population projections for the wider district that may be more moderate in reality.

### **Future population and size needs**

28. It is possible to estimate the size mix of future homes that might best accommodate demographic trends and address imbalances in the existing housing stock. The result of this process suggests that new development should deliver a variety of dwelling sizes, including substantial proportions of larger homes.
29. The model also recommends a healthy supply of both 2 and 3-bed homes. This recommendation is broadly in line with the evidence for the Gloucestershire Local Housing Needs Assessment, which suggests that a majority of new homes should have more than 3 bedrooms.
30. This balanced mix of homes between 2 and 4+ bedrooms would diversify the existing housing profile improve affordability in the existing housing stock and help to meet the needs of the shifting demographic profile (notably improving downsizing opportunities and providing larger homes for newly forming families) of the NA.
31. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the 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. The size mix of Affordable Housing also tends to be considered separately from market housing by the Local Planning Authority and to focus on the smaller units for which the vast majority of those on the waiting list in Lydney are eligible.

## **Specialist Housing for Older People**

### **Characteristics of the current older population**

32. There are currently estimated to be around 1,069 individuals aged 75 or over in Lydney, a number that has grown from 850 in 2011 and is projected to rise to 1,509 by the end of the Neighbourhood Plan period (2034).
33. A clear majority (84%) of Forest of Dean's households aged 55-75 in 2011 (and therefore likely to reach the 75+ bracket by 2034) are owner occupiers and the remainder predominantly rent from a social landlord. This is important because those currently owning will require specialist accommodation for market purchase, being largely ineligible for subsidised housing, while those in private or social rent will need to rely on subsidised rented housing because they are unlikely to have the funds to buy.

### **Projected demographic change and need for specialist housing**

34. The 75+ population of the NA is projected to increase from 11% to 14% of the population between 2021 and 2034. The growth in the older population should be converted into households because some older people will be cohabiting in old age. The projected growth in the older population points to 314 new households inhabited by persons aged 75+ over the Neighbourhood Plan period.
35. The potential need for specialist housing with some form of additional care for older people can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research.
36. The two methods for estimating the future need in Lydney produce a range of 110 to 167 specialist accommodation units that might be required during the plan period. These estimates are based on the projected growth of the older population, thereby assuming that today's older households are already well accommodated.
37. Broadly, between 65-75% of the need can be accommodated through market purchase. Moreover, between 50-70% of the need can be accommodated through either sheltered accommodation or adaptations to the existing housing stock, rather than new care facilities. In reality it may be more suitable for Lydney to meet the need for specialist accommodation through homes being built to adaptable standards. The potential need for care and nursing home beds in Lydney by 2034 can be estimated at roughly 29.
38. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable. Changing or influencing the overall proportion of housing that must be affordable is uncommon in Neighbourhood Plans and would demand a high standard of evidence to depart from the Local Plan. If this is of interest, it should first be discussed with the LPA to ensure their support and to determine what additional evidence (e.g. about development viability) would be needed.
39. If the known supply is all in one category, note that any additional provision the NP might want to encourage could fill a different gap in the market. If the main unmet need is for market sheltered housing, this might be satisfied by making sure all new housing is accessible and adaptable for people with lower support needs. It is unknown whether Lydney is expecting any delivery of specialist accommodation over the plan period. However, given the need identified, it might be worthwhile to consider these needs in any future housing delivery in the parish.

## 2. Context

### Local context

40. Lydney is a Neighbourhood Area (NA) located in the district of Forest of Dean in the South West of England. A Neighbourhood Plan for the area, covering the period 2014-2024 was adopted in 2015.
41. The Lydney Neighbourhood Plan Steering Group are currently in the process of reviewing their adopted Neighbourhood Plan. The evidence supplied in this report will look ahead to 2034, which is the proposed end date of the new Plan, but where possible will also provide annualised figures which can be extrapolated to a different term if the timescale changes.
42. Lydney is a town in Gloucestershire. It is set on the West bank of the River Severn and is bypassed by the A48. The town has a range of amenities, including hotels, small/medium-sized businesses, schools, several cafés and a supermarket.

### The NA boundary and key statistics

43. For Census purposes, the NA is made up, like the rest of England, of statistical units called Output Areas (OAs). A breakdown of the OAs relevant to Lydney is provided in Appendix A. A map of the Plan area appears below in Figure 2-1.

**Figure 2-1: Map of the Lydney Neighbourhood Area**



Source: *Lydney Neighbourhood Development Plan*<sup>1</sup>

<sup>1</sup> Available at <https://www.fdean.gov.uk/media/dofbjp4t/lydney-neighbourhood-development-plan.pdf>

44. At the time of the 2021 Census the NA was home to 10,036 residents, formed into 4,437 households and occupying 4,669 dwellings. The 2021 Census indicates population growth of around 14.4% since 2011 when the Census counted 8,776 people, 3,725 households and 3,896 dwellings. The average number of people per household is currently 2.3, falling slightly in the last decade (from 2.4) – due largely to the ageing population, but potentially also reflective of other patterns such as the provision of smaller homes and delays in childbearing.
45. Comparing 2011 and 2021 Censuses suggests that the overall housing stock in Lydney grew by 773 in the last decade. Completions data provided by the Forest of Dean District Council indicate that 998 new dwellings have been built between 2011 and 2023. This number generally aligns with the Census data, with the discrepancy between the two largely being accounted for through the 200 dwellings built between 2022 and 2023, and after the counting of the 2021 Census. Therefore, the current estimated housing stock in Lydney is 4,864 (Census 2011 + completions since).

## The housing market area context

46. Whilst this HNA focuses on Lydney NA it is important to keep in mind that neighbourhoods are not self-contained housing market areas. Housing market areas are usually wider than local authority areas and often stretch across several districts or boroughs. This is because housing market areas are inherently linked to the labour market, employment patterns and travel to work areas.
47. In the case of Lydney, the NA sits within a housing market area which covers Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud and Tewkesbury.<sup>[1]</sup> This means that when households who live in these authorities move home, the vast majority move within this geography. The housing market area also has links to other neighbouring areas, however, including Bristol and Cardiff.
48. At the neighbourhood scale it is not possible to be definitive about housing need and demand because neighbourhoods, including Lydney, are closely linked to other areas. In the case of Lydney, changes in need or demand in settlements nearby are likely to impact the neighbourhood.
49. In summary, Lydney functions within a wider strategic area. As well as fostering good working relationships with the local planning authority (Forest of Dean), it is therefore useful to think about the *role* of the neighbourhood within the wider area. This HNA can provide evidence to understand this role and the specific features of the neighbourhood within this wider context. Neighbourhood Plans can have a significant impact in shaping their neighbourhoods, enhancing the positive role the neighbourhood plays within the wider housing market, or developing policies to change entrenched patterns and improve housing outcomes in the neighbourhood and wider area.

## Planning policy context

50. Neighbourhood Plans are required to be in general conformity with adopted strategic

<sup>[1]</sup> <https://www.gloucester.gov.uk/media/4848/2020-09-22-gloucestershire-lhna-final-report-and-summary.pdf>

local policies.<sup>2</sup> In the case of Lydney, the relevant adopted Core Strategy consists of:

- Forest of Dean Core Strategy 2026 (Adopted 2012)

51. Forest of Dean are currently in the process of preparing a new Local Plan which will replace the existing plan and cover a plan period up to 2041. The LPA have published a Local Plan Preferred Option and is expected to publish their Draft Local Plan in Spring 2024. As part of the preferred option stage, Lydney will be promoted as a large town with increased housing, employment and supporting services. The new Local Plan will need to include provision for 7,440 new dwellings for the whole district up to 2041<sup>3</sup>.

52. A detailed breakdown of the Local Plan policies relevant to housing need is provided in Appendix B. Here, it is worth summarising the most important points of the adopted Local Plan:

- Emerging Core Strategy Policy CSP. 5 identifies an overall housing target of 5,162 homes for the district, 1,900 of which are allocated in Lydney;
- In Town Policy Lydney, the NA is designated as a Town, which is said to be a town within the district with the greatest opportunity for change and the scale of new development planned will reflect this;
- Policy CSP 5 states that 40% of all new dwellings are expected to be delivered as Affordable Housing on sites larger than 10 homes. The suggested tenure mix within Affordable Housing is 70% affordable rent to 30% affordable home ownership;

## Quantity of housing to provide

53. The NPPF 2023 (paragraphs 66 and 67) requires LPAs to provide neighbourhood groups upon request with a definitive or an indicative number of houses to plan for over the Neighbourhood Plan period.

54. Forest of Dean has fulfilled that requirement by providing Lydney with an indicative figure of approximately 1,900 dwellings to be accommodated within the NA by the end of the Core Strategy period (2026). As 998 of these dwellings have currently been delivered in Lydney, this would leave a residual requirement of 902 dwellings to be accommodated in the NA.

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

<sup>3</sup> <https://www.fdean.gov.uk/planning-and-building/planning-policy/developing-our-new-local-plan/local-plan-second-preferred-option/>

## 3. Objectives and approach

### Objectives

55. This Housing Needs Assessment (HNA) is structured according to a number of themes or topics that were agreed at the outset of the research with the Lydney Neighbourhood Plan Steering Group. These themes are broadly aligned with the kinds of housing policy areas available to neighbourhood plans, and each will form a distinct chapter of this report. The sub-sections below give a brief overview of the objectives of each chapter.

### Affordability and Affordable Housing

56. Neighbourhood plans may include policies that influence the scale of Affordable Housing provision and the mix of different tenures and products provided through new housing development.

57. This chapter has three aims, each given its own sub-section:

- To establish the existing **tenure** of homes within the NA at present (owner occupied, private rented, social/affordable rented, shared ownership);
- To examine the **affordability** of different tenures by considering house prices, rents, local incomes and earnings; and
- To estimate the scale of **need** for Affordable Housing, including the need for those who cannot afford to rent and those who cannot afford to buy.

58. The evidence gathered here can be used to justify planning policies in the Neighbourhood Plan, but it is likely that other supporting evidence may be needed, for example on viability. Local Plans typically include policies on Affordable Housing and whilst the Neighbourhood Plan must be in general conformity with these strategic policies, there is scope for Neighbourhood Plan policies to adopt some local variety where this is supported by the evidence.

### Type and Size

59. It is common for neighbourhood plans to include policies that influence what form new housing should take in terms of type and size. This requires evidence of what local people need.

60. The focus of this chapter is to identify relevant trends and potential gaps in the market that can be used to justify planning policies. It has three aims, each given its own sub-section:

- To establish what **mix** of housing exists in the NA at present;
- To describe relevant characteristics of the local **population**; and
- To look to the **future**, considering how the population is likely to evolve and what mix of homes would be most appropriate to build.

61. In addition to the direction of travel revealed by statistics, a variety of reasons sit behind people's housing choices that are less easy to predict, including wealth, accessibility requirements and personal preference. The conclusions and recommendations given here are sufficient for justifying planning policies but are not definitive. It is also appropriate to take into account other factors and evidence if desired.

## Specialist Housing for Older People

62. It may be appropriate for neighbourhood plans in areas with aging populations to include policies relating to specialist housing for older persons.

63. This chapter supplements the demographic evidence relating to Type and Size, including the potential demand for downsizing, to consider the quantity and characteristics of need for housing for older people with some form of additional care. Its approach is as follows:

- To review the **current provision** of specialist housing in the NA;
- To estimate the **potential demand** for this form of accommodation with reference to the projected growth in the older population and current rates of mobility limitation; and
- To discuss the potential for meeting this need through adaptations to the mainstream stock and other **additional considerations**.

64. This element of the HNA recognises that the majority of older people will live in the mainstream housing stock and that there is no single way to meet their needs. It may also be inappropriate to focus excessively on the needs of one group or to promote a specialist scheme in a location that lacks adequate services. These issues will be drawn out.

## Approach

65. This HNA assesses a range of evidence to ensure its findings are robust for the purposes of developing policy at the neighbourhood plan level. This includes data from the 2021 and 2011 Censuses and a range of other data sources, including:

- ONS population and household projections for future years;
- ONS population age estimates for parishes (as 2021 Census data does not yet include age profile at small scales);
- Valuation Office Agency (VOA) data on the current stock of housing;
- Land Registry data on prices paid for housing within the local market;
- Rental prices from [Home.co.uk](https://www.home.co.uk);
- Local Authority housing waiting list data; and
- Gloucestershire Local Housing Needs Assessment 2019.

66. Data from the 2021 Census continues to be released throughout 2023. At present, the available data covers population, households, tenure, and dwelling stock characteristics. Some data at the localised level, including parishes, will not be available until later in

2023, as well as data comparing numerous variables. As such, neighbourhood level HNAs will draw on the latest available data from the 2021 Census where possible and will also continue to use other data sets, including 2011 Census, Valuation Office Agency data, and ONS projections to build up evidence at the neighbourhood level.



## 4. Affordability and Affordable Housing

### Introduction

67. Neighbourhood plans may include policies that influence the scale of Affordable Housing provision and the mix of different tenures and products provided through new housing development.
68. This chapter has three aims, each given its own sub-section:
- To establish the existing **tenure** of homes within the NA at present (owner occupied, private rented, social/affordable rented, shared ownership);
  - To examine the **affordability** of different tenures by considering house prices, rents, local incomes and earnings; and
  - To estimate the scale of **need** for Affordable Housing, including the need for those who cannot afford to rent and those who cannot afford to buy.
69. The evidence gathered here can be used to justify planning policies in the Neighbourhood Plan, but it is likely that other supporting evidence may be needed, for example on viability. Local Plans typically include policies on Affordable Housing and whilst the Neighbourhood Plan must conform with these policies, there is scope for Neighbourhood Plan policies to adopt some local variety where this is supported by the evidence.

### Definitions

70. This section uses a range of technical terms which are useful to define at the outset:
- **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).
  - **Affordability** refers to the relationship between the cost of housing to buy or rent and the incomes and earnings of households.
  - The definition of **Affordable Housing** is set out in the NPPF 2023 (Annex 2) as 'Housing for sale or rent, for those whose needs are not met by the market...' We refer to Affordable Housing, with capital letters, to denote the specific tenures that are classified as affordable in the current NPPF (Annex 2). A relatively less expensive home for market sale may be affordable but it is not a form of Affordable Housing.
  - A range of affordable home ownership opportunities are included in the Government's definition of Affordable Housing, to meet the needs of those aspiring

to own a home. As part of this, the Government has introduced a new product called First Homes, although this is not yet reflected in Annex 2 of the NPPF.<sup>4</sup>

- **First Homes** is a new product and expected to be an important part of the strategy for improving access to home ownership. Its key features are explained in greater detail in Appendix C.

## Current tenure profile

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

72. Table 4-1 presents data on tenure in Lydney compared with Forest of Dean and England from the 2021 Census. It shows that home ownership is the dominant tenure in Lydney (68%), but the NA has slightly fewer owner occupiers than the district average. There is, however, a higher proportion of private and social renters in Lydney than the average across Forest of Dean.

**Table 4-1: Tenure (households) in Various Geographies, 2021**

Tenure	Lydney	Forest of Dean	England
Owned	67.7%	72.6%	61.3%
Shared ownership	1.3%	0.9%	1.0%
Social rented	16.3%	13.0%	17.1%
Private rented	14.7%	13.6%	20.6%

Sources: Census 2021, AECOM Calculations

73. It is also worth comparing how the tenure mix has changed in the last ten years, using the 2011 Census (see Table 4-2). The table shows that there has been an over 50% increase in the proportion of private renters in Lydney over the last decade. Growth in the private rented sector can indicate deepening affordability issues in the NA, as segments of the population who may typically be seeking to buy their home are forced to rent due to rising house prices.

**Table 4-2: Tenure change (households) in Lydney, 2011-2021**

Tenure	2011	2021	% change
Owned	2,630	3,002	14.1%
Shared ownership	20	57	185.0%
Social rented	587	725	23.5%
Private rented	430	653	51.9%

Sources: Census 2021 and 2011, AECOM Calculations

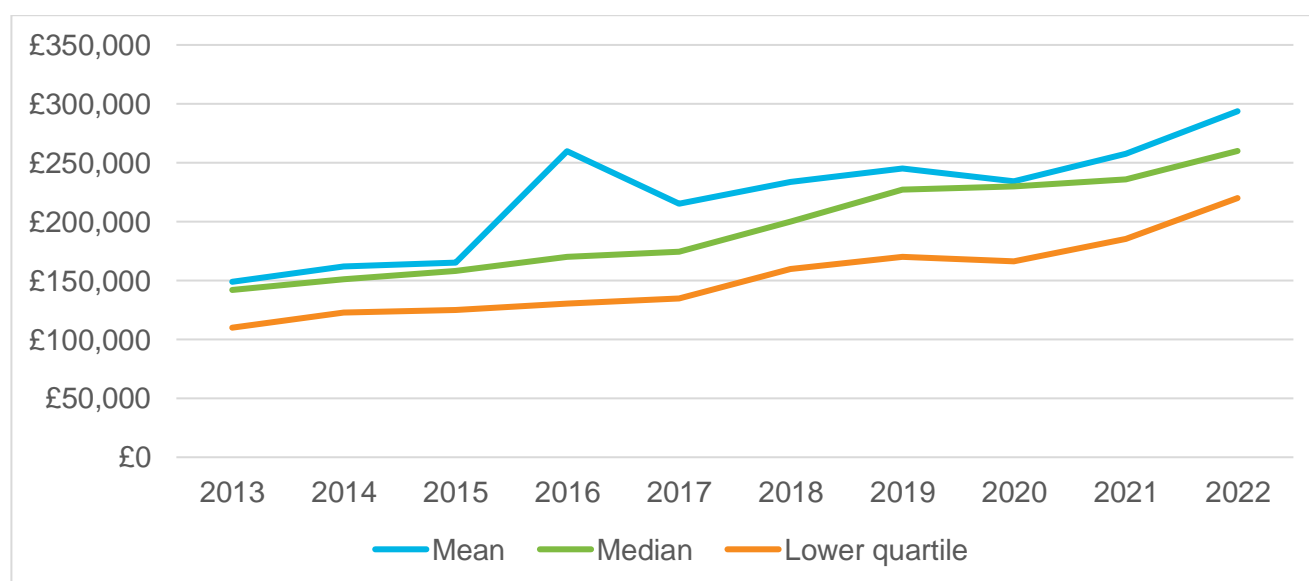
<sup>4</sup> The shape that the new First Homes product will take is set out in a Ministerial Statement issued in May 2021, available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>. The relevant update to PPG is available here: <https://www.gov.uk/guidance/first-homes#contents>.

## Affordability

### House prices

74. House prices indicate the level of demand for homes within an area. The relationship between house prices and incomes determines whether housing is affordable to local households and, to a large extent, what tenure, type and size of home they occupy. Changes in affordability over time can indicate pressures in the housing market. As such, it is useful for the evidence base for plans to examine trends in prices and consider what this reveals about the local housing market.
75. Figure 4-1 looks at the average and lower quartile house prices in Lydney based on sales price data published by the Land Registry. It shows that median house prices, which represent the middle number when the data is sorted from smallest to largest, have experienced relatively steady upward growth, despite some year-on-year fluctuations.
76. The current median house price in Lydney is £260,000, which is 83% higher than the median price in 2013. The current mean, which represents the average of all house prices, is slightly higher than the median at £294,000, and 97% higher than the same measure in 2013. Because the mean reflects every transaction in the sample there is potential for outlying data to skew the overall result (usually higher than the median). This can be seen in Figure 4-1, where there are a few spikes in the mean, particularly in 2016.
77. The current lower quartile (LQ) price, which is the middle figure of the lowest 50% of sales and acts as a good representation of entry-level housing is £220,000, which is double the LQ price in 2013.
78. The median house price in Lydney is slightly lower than the median house price for Forest of Dean as a whole (£280,000).

**Figure 4-1: House prices by quartile in Lydney, 2013-2022**



Source: Land Registry PPD

79. Table 4-3 breaks down house prices by type, presenting the median within each type. It shows that flats appear to be increasing in price at a much slower rate (40%) than the other housing types where there is general uniformity at a growth rate of approximately 80%.

**Table 4-3: Median house prices by type in Lydney, 2013-2022**

Type	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Growth
Detached	£182K	£198K	£210K	£230K	£250K	£280K	£285K	£285K	£300K	£320K	75.8%
Semi-detached	£137K	£145K	£143K	£160K	£160K	£194K	£208K	£203K	£219K	£252K	83.3%
Terraced	£118K	£123K	£125K	£133K	£146K	£158K	£165K	£162K	£197K	£220K	86.4%
Flats	£95K	£88K	£100K	£97K	£110K	£100K	£97K	£117K	£110K	£132K	38.8%
<b>All Types</b>	<b>£142K</b>	<b>£151K</b>	<b>£158K</b>	<b>£170K</b>	<b>£175K</b>	<b>£200K</b>	<b>£227K</b>	<b>£230K</b>	<b>£236K</b>	<b>£260K</b>	83.1%

Source: Land Registry PPD

## Income

80. Household incomes determine the ability of households to exercise choice in the housing market, and consequently the level of need for affordable housing products. Two sources of data are used to examine household incomes in the NA.
81. 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 locally was £37,700 in 2018 (the most recent year for this dataset). Discussion about the area to which this data applies is provided in Appendix A.
82. 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. Forest of Dean's gross individual lower quartile annual earnings were £14,200 in 2022. To estimate the income of households with two lower quartile earners, this figure is doubled to £28,400.
83. It is clear from this data that there is a large gap between the spending power of average earning households and those earning the lowest 25% of incomes, particularly where the household in question has one earner only.

## Affordability Thresholds

84. 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.
85. AECOM has determined thresholds for the income required in Lydney 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 C.

86. 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. These are standard assumptions across housing needs assessments at the neighbourhood and local authority scale although different approaches are sometimes taken and a case can be made for alternatives. This is discussed in more detail at the start of Appendix C.
87. Table 4-3 summarises the estimated cost of each tenure, the annual income required to support these costs within the NA, and whether local incomes are sufficient. The income required column assumes the household already has access to a deposit (which we have assumed to be 10% of the value to be purchased) but does not reflect the possibility that households may already hold equity from an existing property. Although these factors may be crucial to whether housing will be affordable, they are highly dependent on individual circumstances that cannot be anticipated here.

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

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £37,700	Affordable on LQ earnings (single earner)? £14,200	Affordable on LQ earnings (2 earners)? £28,400
<b>Market Housing</b>						
Median House Price	£233,996	-	<b>£66,856</b>	No	No	No
Estimated NA New Build Entry-Level House Price	£201,707	-	<b>£57,631</b>	No	No	No
LQ/Entry-level House Price	£197,997	-	<b>£56,570</b>	No	No	No
LA New Build Median House Price	£256,723	-	<b>£73,349</b>	No	No	No
Average Market Rent	-	£12,360	<b>£41,200</b>	No	No	No
Entry-level Market Rent	-	£9,000	<b>£30,000</b>	Yes	No	No
<b>Affordable Home Ownership</b>						
First Homes (-30%)	£138,598	-	<b>£39,599</b>	Marginal	No	No
First Homes (-40%)	£118,798	-	<b>£33,942</b>	Yes	No	No
First Homes (-50%)	£98,998	-	<b>£28,285</b>	Yes	No	Yes
Shared Ownership (50%)	£98,998	£2,750	<b>£37,452</b>	Yes	No	No
Shared Ownership (25%)	£49,499	£4,125	<b>£27,892</b>	Yes	No	Yes
Shared Ownership (10%)	£19,800	£4,950	<b>£22,157</b>	Yes	No	Yes
<b>Affordable Rented Housing</b>						
Affordable Rent	-	£5,668	<b>£18,874</b>	Yes	No	Yes
Social Rent	-	£4,940	<b>£16,450</b>	Yes	No	Yes

Source: AECOM Calculations

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

### **Market housing for purchase and rent**

89. Thinking about housing for purchase on the open market, it appears that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. Market housing, even with the benefit of a higher than average income, is likely to remain out of reach to most. The median house price would require an annual income 80% higher than the current average.
90. Private renting is generally only marginally affordable, with average rents requiring an annual income £3,500 higher than average incomes. Households made up of two lower-quartile earners cannot afford the given rental thresholds. Affordability is improved if households are able or willing to dedicate a larger proportion of their incomes to rental costs, although this has repercussions for other quality of life aspects and cannot be assumed to suit all individuals' circumstances.

### **Affordable home ownership**

91. There is a relatively large group of households in Lydney who may be able to afford to rent privately but cannot afford home ownership. They are typically earn between around £30,000 per year (at which point entry-level rents become affordable) and £57,000 (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.
92. 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 the discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate.
93. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. First Homes offered at a discount of 30% would be marginally affordable to average earners, requiring an income £1,900 higher than the average, and discounts of 50% would be affordable to households with two lower earners.
94. It is important to note that this evidence based on affordability does not provide a complete picture: evidence about the financial viability of development is also relevant. The question is whether demanding higher discount levels on First Homes will create a financial burden on developers that leads them to argue either that the discount level is not feasible or that the total amount of Affordable Housing may need to be decreased.

This could effectively sacrifice the provision of affordable rented housing to provide a more attractive First Homes product. The issue of development viability is a specialist matter involving analysis of land values and build costs that is outside the scope of this assessment. If the Lydney Neighbourhood Plan Steering Group intend to set a higher First Homes discount level than that set at the district level, further discussions with the LPA are advised.

95. Shared ownership appears to be more affordable than First Homes with shared ownerships offered at an equity share of 25% being affordable to households with two lower earners. Government has recently announced that the minimum equity share for shared ownership will fall to 10% of the property value.<sup>5</sup> If this is delivered in the NA, it will make shared ownership easier to access for more people. However, while the income threshold for a 10% equity shared ownership home is lower, this product may not necessarily be more attractive than the alternatives (such as shared ownership at higher equity shares and First Homes) for those who can afford them.
96. Rent to Buy provides households with the option to rent at a discount whilst saving for a deposit to buy their property within a set period (usually within 7 years). The income required to access Rent to Buy is assumed to be the same as that required to afford market rents. However, affordability to local households would depend on how rents are set. If Rent to Buy is offered at a discount to *entry level* rents, this would expand this route to home ownership quite significantly, households with 2x LQ earners. However, discounts on *average* rents would make Rent to Buy affordability, in terms of the household income required, comparable to First Homes and Shared Ownership. However, for some households, the availability of a deposit rather than income level per se is the key barrier to accessing home ownership. Rent to Buy may therefore offer a useful product to meet the needs of some households.
97. These three affordable home ownership products need to be considered in relation to what they offer occupants in the long term beyond simply being affordable to access or not:
  - First Homes allow for a greater ownership stake in the property, enabling occupiers to benefit from price appreciation over time. Monthly outgoings are also limited to mortgage costs alone, which tend to be cheaper than renting.
  - Shared ownership at high equity shares performs a similar function to First Homes, but there are additional costs associated with the rented portion.
  - Shared ownership at low equity shares can usually be accessed by lower earning households (than First Homes) and requires a smaller deposit. However, this is a potentially less attractive route to eventual ownership because monthly outgoings remain high. The occupant has to pay a significant monthly rent as well as service charges and other costs, so it can be harder for them to save funds to buy out a greater share in the property over time.

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<sup>5</sup> The previous minimum equity share was 25%. This change took effect from 28 June 2021 and transitional arrangements are in place for planning policy documents that are prepared during the implementation timeframe. Changes are also introduced to make the process of staircasing to full ownership more gradual with lower minimum increments of 1%. The ministerial statement confirming and detailing the changes is available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hws48>.

- Rent to Buy requires no deposit, thereby benefitting those with sufficient incomes but low savings. It is more attractive than renting but results in a much slower accumulation of the funds that can provide an eventual route to ownership than the other tenures discussed above.

### **Affordable rented housing**

98. Affordable rents set out in the table above are substantially below market rents. Whilst affordable rents can be set at up to 80% of market rents, in many locations Registered Providers (housing associations) set them to ensure that they are affordable to those claiming housing benefit, i.e. at or below Local Housing Allowance levels. This means that they are in practice below 80% of market levels. This appears to be the case in Lydney.
99. Affordable rented housing is generally affordable to households with two lower earners depending on their household size (average earning households are unlikely to be eligible). However, households with a single lower earner appear unable to afford any of the tenures considered including the smallest socially rented units. Many such individuals will, if unable to secure a social rented dwelling require additional subsidy through Housing Benefit to access housing.
100. The evidence in this chapter suggests that the affordable rented sector performs a vital function in Lydney as the only option for a large segment of those in the greatest need. Social rents are cheaper and would therefore leave households on lower earnings better off and better able to afford their other living costs, such as food and fuel etc. Where households are supported by housing benefit the difference in the cost of affordable and social rents may be irrelevant as the level of housing benefit flexes according to the rent. This means that households supported by housing benefit may be no better off in social rented accommodation because they receive a lower rate of housing benefit to cover their rent.



## Estimates of the need for Affordable Housing

101. A LHNA was undertaken for Gloucestershire in 2019. This study estimates the need for affordable housing in the district based on an analysis of the Council's housing waiting list and analysis of other data sets in line with Planning Practice Guidance at the time.
102. The LHNA identifies the need over the Local Plan period (2021-2041) for 1,470 additional affordable rented homes and 725 affordable home ownership dwellings in Forest of Dean as a whole.
103. When the LHNA figures are pro-rated to Lydney based on its fair share of the population (8.7% of the district's population, Census 2021), this equates to 128 new affordable rental homes and 63 affordable home ownership units between 2021-2041. Breaking this figure down further, this equates to an annual figure of 6.4 units of affordable rental and 3.2 units for affordable home ownership, or a total of 96 units over the Neighbourhood Plan period (2024 - 2034).
104. The analysis above provides estimates based primarily on Forest of Dean's share of Affordable Housing need when placed in the wider regional context. Given the rate of development experienced in the NA (and projected future housing delivery), alongside Lydney's place within the settlement hierarchy, it is reasonable to assume that Lydney may be expected to meet some of the wider district's Affordable Housing need.
105. As such, it is worthwhile to estimate what the specific needs within Lydney might be, using up to date data. The tables below provide AECOMs modelling on both social/affordable rental need and affordable home ownership demand. The estimates presented quantify the long-term potential need for Affordable Housing, which should be considered separately for affordable rented housing and affordable routes to ownership. The appropriate approach is taken based on the evidence available at Local Authority and NA scale.
106. The main difference between the LHNA and AECOM estimates are chiefly related to AECOM's incorporation of 2021 Census data and also the most update housing waiting list provided by Forest of Dean (471 people with a local connection to Lydney). Whilst the LHNA figures are a reasonable estimate based of Lydney's share of the overall district population, the modelling below is likely to reflect the needs of neighbouring towns and parishes because households in need in these areas may be able to demonstrate a local connection to Lydney.
107. AECOM estimates the need for 29.4 affordable rented homes per annum in Lydney, equating to a total of 353 over the plan period. The estimate and assumptions used are detailed in Appendix D and summarised in Table 4-3 below.

**Table 4-3: Estimate of need for Affordable Housing for rent in Lydney**

Component of need or supply in the AECOM estimate	Per annum
Current need	39.3
Newly arising need	11.9
Supply	21.8
<b>Net shortfall</b>	<b>29.4</b>

Source: AECOM model summary of estimates. Full estimate included in Appendix D

108. AECOM estimate potential demand for 26 affordable home ownership dwellings per annum in Lydney, equating to a total of 312 over the Neighbourhood Plan period. The estimate and assumptions used are detailed in Appendix D and summarised in Table 4-4 below.
109. It is important to keep in mind that the households identified in this estimate are, by and large, adequately housed in the private rented sector in Lydney. 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 4-4: Estimate of need for Affordable Housing for sale in Lydney**

Component of need or supply in the AECOM estimate	Per annum
Current need	26.0
Newly arising need	2.8
Supply	2.9
<b>Net shortfall</b>	<b>26.0</b>

Source: AECOM model summary of estimates. Full estimate included in Appendix D

## Application of Local Plan Policies

110. Lydney's adopted policy on this subject CSP 5 requires 40% of all new housing to be affordable. It is not known how many of the 902 new units delivered in Lydney in the last decade were affordable, so it is difficult to understand if this target is usually met on sites in the NA.
111. 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 Affordable Housing need in the NA, and every effort should be made to maximise delivery where viable. Changing or influencing the overall proportion of housing that must be affordable is uncommon in Neighbourhood Plans and would demand a high standard of evidence to depart from the Local Plan. If this is of interest, it should first be discussed with the LPA to ensure their support and to determine what additional evidence (e.g. about development viability) would be needed.

112. How the Affordable Housing that comes forward through mainstream development sites is broken down into specific tenures – such as the balance between rented tenures and routes to home ownership – is specified in the Local Plan.

## **Affordable Housing at Neighbourhood level**

113. The HNA can provide more localised evidence and this may be used to support Neighbourhood Plan policies. This section suggests an Affordable Housing tenure mix that might be suitable for Lydney on the basis of identified housing needs and a range of other considerations detailed in Appendix D. The relevant factors for Lydney can be summarised as follows:

- AECOM's estimates suggest a robust need for affordable rental homes and a potentially significant demand for affordable home ownership products. This points toward encouraging the supply of both options, but with the balance tilted slightly toward affordable rented.
- This position conforms with the regional LHNA which also favours the delivery of social/affordable rental homes. Given the significant backlog of need for affordable rented housing (471 households), increasing the provision of this tenure option would meaningfully address some of the most acute need in the NA. Moreover, when considering Lydney's place within the wider district, it may be expected that the NA should accommodate some of the unmet need in smaller rural towns and villages across Forest of Dean.
- Given the significant affordability challenges presented in this chapter, a healthy supply of Affordable Home ownership dwellings should also be encouraged to meet the demands of those currently occupying private rental homes who may wish to transition into home ownership.
- After taking into account housing completions over the last decade, Lydney has a residual housing requirement of 902 dwellings. If 40% of all new homes are required to be delivered as Affordable Housing, this would represent a fairly large increase in provision, though not high enough to meet in full the potential need and demand identified in this HNA. When supply is limited, there is cause to consider which affordable tenure options should be prioritised. It would be prudent to ensure that meeting the most acute needs (for affordable rental housing) are a priority.

114. Where the Lydney Neighbourhood Plan Steering Group wish to develop policy that deviates from that outlined in the Local Plan – either by differing from the headline split between renting and ownership or by specifying a greater level of detail around sub-tenures, it is important that they liaise with Forest of Dean to determine what additional evidence (notably about development viability) may be needed, and to ensure that departures from the local policy context have their support.

**Table 4-5: Indicative tenure split (Affordable Housing)**

<b>Tenure</b>	<b>Indicative mix</b>	<b>Considerations and uncertainties</b>
<b>Routes to home ownership, of which</b>	<b>35%</b>	
First Homes	25%	Product is untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	15%	Recently confirmed changes to the model to allow purchases of 10% share - impact on viability unknown. RPs business plans currently reliant on shared ownership model. Impact of displacement by First Homes unknown.
Rent to Buy	-	Emerging product with popularity and effectiveness as yet unknown. Impact of displacement by First Homes unknown.
<b>Affordable Housing for rent, of which</b>	<b>65%</b>	
Social rent	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area. Uncertain whether RPs willing to own/manage stock in this area.
Affordable rent	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area.

Source: AECOM calculations

## Conclusions- Tenure and Affordability

### Current tenure profile

115. Homeownership is the dominant tenure in Lydney at 67% of all households, though it is slightly less common than the district average (73%). Of the remaining households, a majority live in socially rented accommodation (16%), which is slightly higher than the district average (14%). There is also a higher proportion of the population in private rented accommodation than is typical for the district.
116. Over the past decade there has been a significant increase in the number of private renters and a proportionally significant injection of new shared ownership properties.

### Housing Costs

117. Home values in Lydney have followed a clear upward trajectory over the last decade. The current median house price (middle number when arranged from lowest to highest) is £260,000, which is 83% higher than the median in 2013. The lower quartile price (the lowest 25% of prices, used as a good proxy for entry-level housing) stands at £220,000.

118. It is also worth noting that the current median house price in Lydney is slightly less expensive than the current median for Forest of Dean as a whole.
119. AECOM has estimated the annual income required to afford various tenures of housing in Lydney. These thresholds are compared to income to determine which options are the most appropriate for local people going forward. The average household income in the NA area was £37,700 in 2018, and the lower quartile income (per person) for Lydney was £14,200.
120. It was found that local households on average incomes are unable to access even entry-level homes unless they have the advantage of a very large deposit. The median house price would require an annual income of around 80% above the current average. Private renting presents a similar affordability challenge, generally only making entry-level rental homes accessible to average earners. Households made up of a single lower earner could not afford the given rental thresholds and would need to rely on social and affordable rented options.
121. Subsidised routes to home ownership like First Homes and shared ownership are intended to target people who can afford to rent but not to buy. In Lydney, there is a relatively large gap between the income needed to afford to rent (£30,000) and to buy (£57,600), who may benefit from these products.
122. The discount on First Homes can be set at 30%, 40% or 50% in Neighbourhood Plans. In Lydney, a 40% discount would expand access to home ownership to average earning households. If seeking to take action on this point in the Neighbourhood Plan, the Steering Group advised to discuss this possibility with Forest of Dean Council, who may be able to supply evidence of development viability that is also relevant to this policy option.
123. Affordable rented housing appears generally affordable to households with two lower earners (average earning households are unlikely to be eligible). Single lower earners can afford average social rents and affordable rents but the lowest earners, if unable to secure a social rented dwelling or additional subsidy, may need to live in a room in a shared house using housing benefits.

### **The need for Affordable Housing**

124. AECOM estimate that there will be a long-term need for both social/affordable rental and affordable home ownership properties over Lydney's Neighbourhood Plan period. This amounts to an annual need for 29 units of social/affordable rented accommodation and a potential demand for 26 units for affordable home ownership.
125. The model suggests that social/affordable rental home should be prioritised to address the most acute affordability challenges in the town. The households eligible for affordable home ownership products typically 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.

126. AECOMs modelling is complemented by evidence in the regional Local Housing Needs Assessment (LHNA), which calculates affordable housing need across the district and also promotes a need for social/affordable rented homes.

### **Affordable Housing Policy**

127. Affordable Housing is typically provided and made financially viable by Local and Neighbourhood Plan policies that require it to be included at a set proportion of market housing developments. Forest of Dean's adopted policy on this subject requires 40% of all new housing to be affordable.
128. AECOM recommends that the tenure mix of Affordable Housing secured in future years is weighted in favour of providing a higher proportion of socially/affordable homes (65%), whilst also maintaining a healthy supply of affordable ownership options (35%). Given the scale of development expected in Lydney over the Neighbourhood Plan period, there is an opportunity to meaningfully extend access to Affordable Housing for both those facing the most acute affordability challenges and those struggling to make the transition from private renting to home ownership.
129. There is no obligation to follow this recommendation or to depart from emerging Local Plan policy if that is more in line with the community's objectives. Further discussion with Forest of Dean Council about the options and their advice would be beneficial and could cover issues beyond the scope of this report, such as development viability.
130. Table 4-6 summarises Lydney's position with regard to the expected delivery of Affordable Housing, and how this might ideally be apportioned among sub-categories of tenure to meet local needs over the Plan period. This exercise simply applies the housing requirement figure for the area to the Local Plan policy expectation and shows the quantities of affordable housing for rent and sale that would be delivered if the tenure mix proposed in this HNA were to be rigidly enforced. In this sense it is hypothetical, and the outcomes in practice may differ, either as a result of measures taken in the neighbourhood plan (e.g. if the group plans for more housing (and therefore more affordable housing) than the local plan, or if the group decides to influence the tenure mix in other ways) or as a result of site-specific constraints.

**Table 4-6: Estimated delivery of Affordable Housing in Lydney**

	<b>Step in Estimation</b>	<b>Expected delivery</b>
A	Residual housing requirement figure	902
B	Affordable housing quota (%) in LPA's Local Plan	40%
C	Potential total Affordable Housing in NA (A x B)	361
D	Rented % (e.g. social/ affordable rented)	65%
E	Rented number (C x D)	235
F	Affordable home ownership % (e.g. First Homes, Rent to Buy)	35%
G	Affordable home ownership number (C x F)	126

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

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

## 5. Type and Size

### Introduction

132. It is common for neighbourhood plans to include policies that influence what form new housing should take in terms of type and size. This requires evidence of what local people need.
133. This can be done using statistics to identify relevant trends and potential gaps in the market. That is the focus of this chapter of the HNA. The evidence gathered here can be used to justify planning policies either on its own or in combination with survey results expressing the specific wants and concerns of local residents. It will also build up a picture of the population and existing range of homes that may provide useful context for the neighbourhood plan.
134. This chapter has three aims, each given its own sub-section:
- To establish what **mix** of housing exists in the NA at present;
  - To describe characteristics of the local **population** that are relevant to housing need; and
  - To look to the **future**, considering how the population is likely to evolve and what mix of homes would be most appropriate to build.
135. It is important to keep in mind that housing need is not an exact science. To get from a set of facts about the population to an ideal mix of homes requires making assumptions. For example, there are clear patterns about what size of home families tend to live in at different stages of life. However, a variety of other reasons sit behind people's housing choices that are less easy to predict, including wealth, accessibility requirements and personal preference. Some trends can also change rapidly over time, such as the increasing preference for home working.
136. The conclusions and recommendations given here are therefore not definitive. Rather, they are what the statistics suggest future needs will look like based on current trends. This is sufficient for justifying planning policies, but it is also appropriate to take into account other factors and evidence if desired.

### Definitions

- **Dwelling type**: whether a home is detached, semi-detached, terraced, a flat, bungalow or other type. Which a household chooses to occupy tends to be more about wealth and preference than a specific need.
- **Dwelling size**: how many rooms or bedrooms a home contains. While this could also mean floor area or number of storeys, the number of bedrooms is most reliably recorded in housing statistics. Bedroom numbers are also closely linked to family size and life stage.
- **Household**: a unit of people who live together, commonly a family, couple or single person. Not all dwellings contain a household, including properties that



are vacant and second homes, so the number of dwellings and the number of households in an area is usually different.

- **Household composition:** the specific combination of adults and children who form a household. The Census offers a number of categories, for example distinguishing between families with children who are dependent or non-dependent (i.e. adults). 'Other' households in the Census include house-sharers, groups of students, and multi-family households.
- **Household life stage:** the age of the lead member of a household – usually the oldest adult, or what used to be called the 'head of household'. Life stage is correlated with dwelling size as well as wealth.
- **Housing mix:** the range of home sizes and types in an area.
- **Over- and under-occupancy:** the degree to which the size and composition of a household lines up with the number of bedrooms in their home. If there are more bedrooms than the household would be expected to need, the home is considered under-occupied, and vice versa.

## The current housing mix

137. This section establishes the current housing mix of Lydney, highlighting recent changes to it and comparing the mix to wider averages.
138. There are currently estimated to be 4,669 dwellings in Lydney according to Census 2021. This figure reflects an increase of 773 homes built since the 2011 Census when the total was 3,896. Completions data provided by Forest of Dean District Council indicate that 998 new dwellings have been built between 2011 and 2023. This number generally aligns with the Census data, with the discrepancy between the two largely being accounted for through the 200 dwellings built between 2022 and 2023, and after the counting of the 2021 Census. Therefore, the current estimated housing stock in Lydney is 4,864 (Census 2011 + completions since).

## Dwelling type

139. Table 5-1 below shows the breakdown of different types of housing available in Lydney. The most prevalent housing type in the NA are semi-detached dwellings (40%), followed by detached dwellings (34%), terraces (16%) and flats (10%).
140. Table 5-1 also presents figures from 2011, to give an understanding of how the housing stock has changed over the last decade. Despite considerable development in the past decade. The proportional mix of housing does not appear to have changed significantly. The dominant categories of detached and semi-detached dwellings saw the most significant growth in terms of the actual number of new dwellings in these categories. However, flats, which represented the lowest proportional share of each housing type, saw the lowest number of actual new dwellings of this type built. As such, although there has been

considerable new development over the last decade, where this has occurred it has generally followed the existing pattern of development in the NA.

**Table 5-1: Accommodation type, Lydney, 2011-2021**

Type	2011	%	2021	%
Detached	1,308	33.6%	1,508	34.0%
Semi-detached	1,561	40.1%	1,756	39.5%
Terrace	613	15.7%	713	16.1%
Flat	411	10.5%	458	10.3%
Total	3,896	100%	4,441	100%

Source: ONS 2021 and 2011, VOA 2021, AECOM Calculations

141. Table 5-2 compares the NA mix to wider benchmarks. It shows that Lydney has a slightly more balanced housing profile than the wider district – with a smaller proportion of detached dwellings and a slightly higher proportion of terraced dwellings, semi-detached dwellings and flats.

**Table 5-2: Accommodation type, various geographies, 2021**

Type	Lydney	Forest of Dean	England
Detached	34.0%	44.7%	22.9%
Semi-detached	39.5%	34.1%	31.5%
Terrace	16.1%	13.4%	23.0%
Flat	10.3%	6.9%	22.2%

Source: Census 2021, AECOM Calculations

## Dwelling size

142. Table 5-3 below presents the current housing mix in terms of size. It shows that homes with either 2 or 3 bedrooms make up a majority of the overall housing stock, accounting for approximately three quarters of the overall housing stock. The remainder of the housing stock is made up of a high proportion of 4+ bed homes, and a small proportion of smaller 1 bed homes.

143. The table also presents figures from 2011 to show how the housing stock has changed over the last decade over the last 10 years. Again, despite quite considerable development since 2011, few significant changes to the proportion size profile can be seen. However, despite already being the least prevalent size option in 2011, there have only been 12 1-bed homes built in the last 10 years.

**Table 5-3: Dwelling size (bedrooms), Lydney, 2011-2021**

Number of bedrooms	2011	%	2021	%
1	350	9.4%	362	8.2%
2	963	25.9%	1,195	26.9%
3	1,799	48.3%	2,071	46.6%
4+	613	16.5%	812	18.3%
Total	3,725		4,440	

Source: ONS 2021 and 2011, AECOM Calculations

144. Again, it is useful to look at the percentage breakdown of dwelling sizes in comparison with the wider district and country. Table 5-4 shows that Lydney's size profile has a slightly different housing profile than the rest of the district, with a smaller proportion of 2 and 4+ bed homes and a higher proportion of 1 and 3-bed homes.

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

Number of bedrooms	Lydney	Forest of Dean	England
1	8.2%	7.5%	11.6%
2	26.9%	34.1%	27.3%
3	46.6%	40.0%	40.0%
4+	18.3%	24.9%	21.1%

Source: Census 2021, AECOM Calculations

## Population characteristics

145. This section examines key characteristics of the local population that have a bearing on what housing might be needed in future years. Where available, recent data is used. However, for some information, it is necessary to fall back on the 2011 Census.

### Age

146. Table 5-5 shows the most recent age structure of the NA population, alongside 2011 Census figures. It shows that Lydney has a population of 10,036, which has grown by 13.4% since the 2011 Census.

147. The same table shows that Lydney has a relatively well-balanced population structure, with at least 10% of the population occupying each age cohort other than those aged over 85. This could be expected of a town of Lydney's size, but one point worthy of note is that a majority (50.4%) of the town's population are of working age (indicated by the size of the age group 24-64).

148. In terms of how the population in Lydney has changed since 2011, there has been significant growth in the population aged between 65-84, with this cohort experiencing double the population growth in proportional terms compared to the wider population, which is indicative of an aging population. It is also worth noting a slight contraction in the population aged between 15-24.

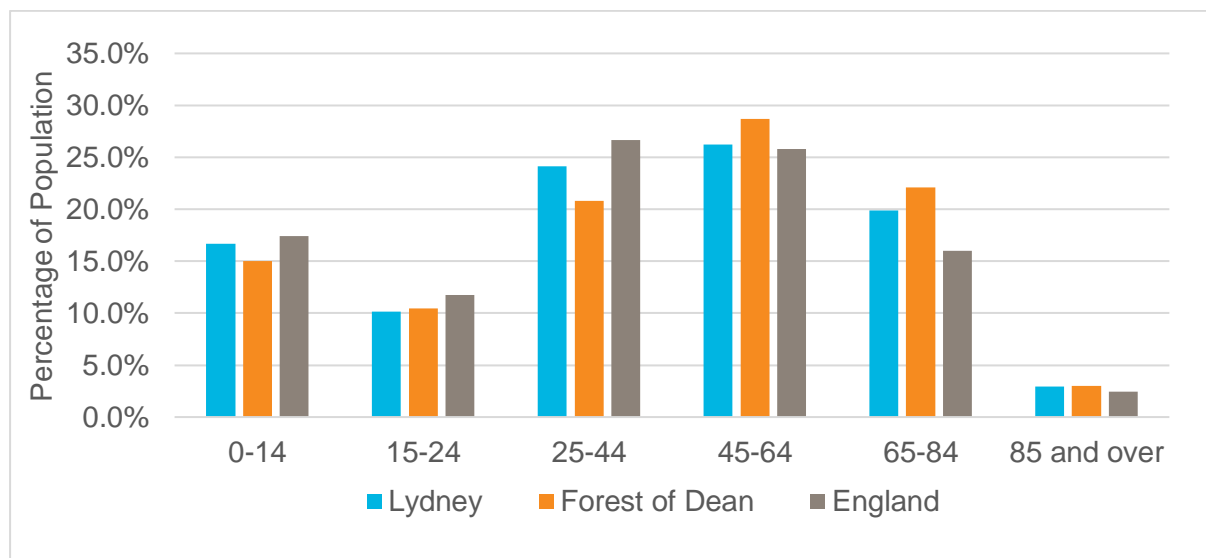
**Table 5-5: Age structure of Lydney, 2011 and 2021**

Age group	2011 (Census)		2021 (Census)		Change
0-14	1,498	17.1%	1,671	16.7%	11.5%
15-24	1,108	12.6%	1,019	10.2%	-8.0%
25-44	2,037	23.2%	2,422	24.1%	18.9%
45-64	2,370	27.0%	2,632	26.2%	11.1%
65-84	1,513	17.2%	1,997	19.9%	32.0%
85 and over	250	2.8%	295	2.9%	18.0%
Total	8,776	100.0%	10,036	100.0%	14.4%

Source: ONS 2011, ONS 2021, AECOM Calculations

149. For context, it is useful to look at the NA population structure alongside that of the district and country. Figure 5-1 (using 2021 Census data) shows that Lydney has a notably higher proportion of its population aged between 25-44 than the district average, but in line with the national average. The NA also appears to have a smaller proportion of people aged between 45-64 and 65-84 than the district average.

**Figure 5-1: Age structure in Lydney, 2021**



Source: ONS 2021, AECOM Calculations

## Household composition and occupancy

150. Household composition (the combination and relationships of adults and children in a dwelling) is an important factor in the kinds of housing needed over the Neighbourhood Plan period. Table 5-6 shows that there is not much distinction between Lydney and Forest of Dean in terms of the composition of their respective household groups, although there does appear to be a slightly higher proportion of single-person households, households aged 66+ and families with dependent children in the NA than are typically found across the district.

151. 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. It is interesting to observe that this category grew by 8.4% between 2011 and 2021 in the NA – a faster rate than the district average.

**Table 5-6: Household composition, Lydney, 2021**

Household composition		Lydney	Forest of Dean	England
<b>One person household</b>	<b>Total</b>	30.1%	28.4%	30.1%
	Aged 66 and over	14.8%	15.1%	12.8%
	Other	15.3%	13.4%	17.3%
<b>One family only</b>	<b>Total</b>	65.9%	66.7%	63.1%
	All aged 66 and over	14.8%	13.5%	9.2%
	With no children	18.2%	19.7%	16.8%
	With dependent children	24.1%	22.3%	25.8%
	With non-dependent children <sup>6</sup>	11.3%	10.7%	10.5%
<b>Other household types</b>	<b>Total</b>	4.0%	4.9%	6.9%

Source: ONS 2021, AECOM Calculations

152. The tendency of households to over- or under-occupy their homes is another relevant consideration to the future size needs of the NA. A person is considered to under-occupy their home when there are more bedrooms in their home than a family of their size and composition would normally be expected to need. This is expressed as an occupancy rating of +1 or +2, indicating that there is one surplus bedroom or at least two surplus bedrooms (respectively). Over-occupancy works in the same way, with a rating of -1 indicating at least one bedroom too few.

153. The table shows that the NA's population is generally well-housed, with only 3% of households being over-occupied (overcrowded). However, almost of households with dependent children are overcrowded, indicating housing need and affordability pressures amongst this group. The data shows that households in the town tend to have at least one more bedroom than they would be expected to need (80%). This dynamic appears to be most prevalent in the older population but is also common in single person households.

**Table 5-7: Occupancy rating by age in Lydney, 2021**

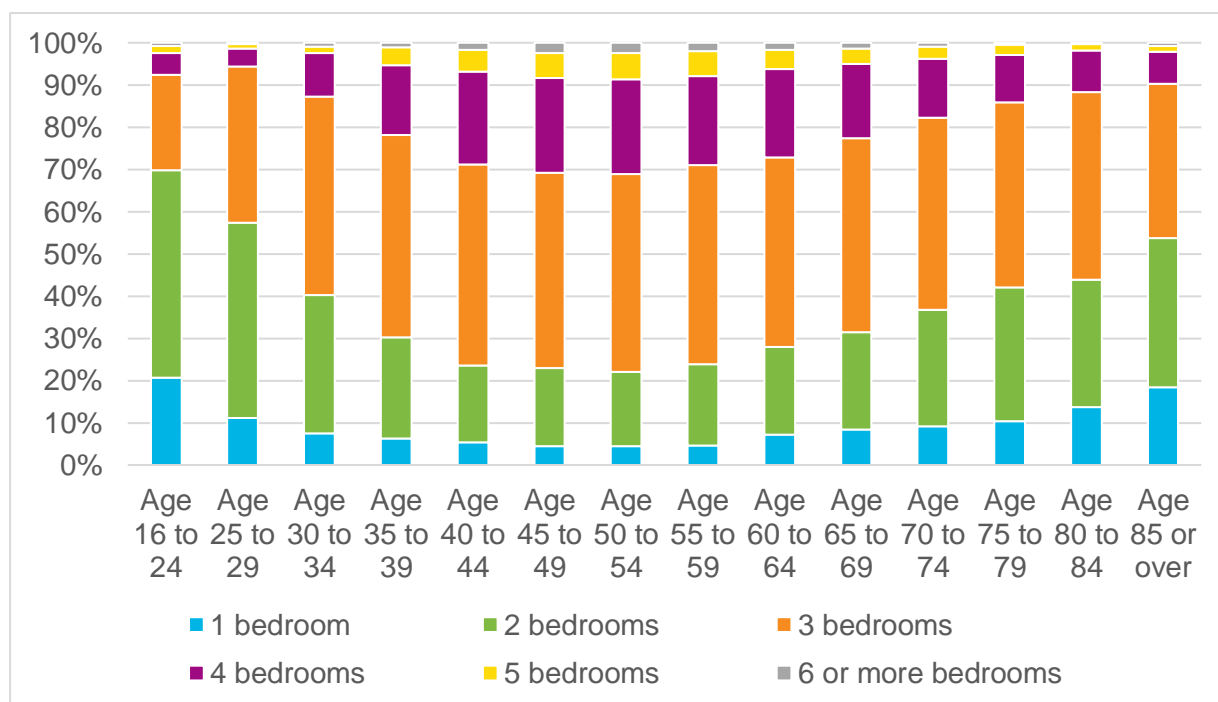
Household type	+2 rating	+1 rating	0 rating	-1 rating
Family 66+	82.3%	16.4%	1.1%	0.2%
Single person 66+	55.7%	26.3%	16.6%	1.4%
Family under 66 - no children	74.3%	22.9%	2.6%	0.1%
Family under 66 - dependent children	28.2%	34.5%	30.7%	6.6%
Family under 66 - adult children	42.7%	34.4%	20.6%	2.2%
Single person under 66	44.0%	33.9%	20.8%	1.3%
All households	51.4%	28.8%	17.0%	2.8%

Source: ONS 2021, AECOM Calculations

<sup>6</sup> Refers to households containing children who are older than 18 e.g students or young working people living at home.

154. As noted in the introduction to this chapter, the life stage of households is strongly correlated with the size of home they tend to occupy. Figure 5-2 sets out this relationship for Forest of Dean in 2011 (because this data is not available at smaller scales). The graph shows how the youngest households tend to occupy the smallest dwellings, before rapidly taking up larger homes as their families expand, and then more gradually downsizing to smaller homes again as they age.

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



Source: ONS 2011, AECOM Calculations

## Future population and size needs

155. This section projects the future age profile of the population in Lydney at the end of the Neighbourhood Plan period and then estimates the mix of dwelling sizes they may need.

### Age

156. The result of applying Local Authority level household projections to the age profile of Lydney households in 2011 is shown in Table 5-8. This makes clear that population growth can be expected to be driven by the oldest households, with households headed by persons aged 65+ expected to grow by 62% over this period. In turn, the table shows either limited growth or a contraction in each of the other population cohorts. It should be noted that these projections are based on district-scale trends that will not perfectly match with Lydney itself. The ageing expected here may not be as significant in practice.

**Table 5-8: Projected age of households, Lydney, 2011 - 2034**

Year	24 and under	25 to 34	35 to 54	55 to 64	65 and over
2011	94	380	1,400	647	1,204
2034	97	434	1,325	686	1,945
% change 2011 - 2034	3%	14%	-5%	6%	62%

Source: AECOM Calculations

157. The demographic change discussed above can be translated into an ideal mix of dwelling sizes. This is achieved through a model that maps the dwelling size preferences by life stage shown earlier (in Figure 5-2 (rainbow bar graph)) onto the projected age profile for the NA in Table 5-8 immediately above. The resulting 'ideal' future mix of dwelling sizes can then be compared to the current stock of housing to identify how future development might best fill the gaps.
158. This approach has limitations, in that it embeds existing size preferences and does not anticipate changes in what people want from their homes. As such, it is appropriate for the results 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 appropriate for the purpose of drafting neighbourhood plan policies.
159. The result of this exercise is presented in Table 5-9. It suggests that in order to diversify its housing offer, Lydney should provide a balanced supply of different-sized homes, but with a focus on those with 2+ bedrooms. It should be noted that this suggested mix is chiefly a response to projected changes to the population and to differences between local size characteristics and those of the wider district.
160. If the neighbourhood plan is seeking to influence the future size mix of homes in the parish it would be worthwhile to consider these figures alongside the average price of housing presented in the previous chapter. Policies on housing should reflect the lived experience of persons in parish and aim to deliver housing that meets the needs of the population, whilst also being within reach of average earners in terms of pricing.

**Table 5-9: Suggested dwelling size mix to 2034, Lydney**

Number of bedrooms	Current mix (2011)	Suggested mix (2034)	Balance of new housing to reach suggested mix
1	9.0%	8.6%	6.5%
2	25.9%	26.0%	26.0%
3	48.3%	44.5%	25.6%
4+	16.5%	20.9%	42.0%

Source: AECOM Calculations

161. The following points sense-check the results of the model against other evidence and suggest ways to interpret them when thinking about policy options.

- The preceding chapter found that affordability is a serious and worsening challenge in the NA. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets.
- Maintaining a supply of smaller 1-2 bed homes as suggested by the model would help to address this situation, although it should be considered whether a large number of 1 bedroom homes are suitable on the development sites available in the NA and whether the form they tend to take (flats) aligns with the preferences of the local community.
- To best meet the needs of the growing cohort of older households expected to be present by the end of the Plan period, it should also 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 are built in future to attract both newly forming households on lower budgets and older households with equity from their existing larger homes. While the number of bedrooms required may be similar, other preferences and levels of purchasing power could be very different. Facilitating downsizing among older households may also release those larger homes for use by families who need more bedrooms if the existing stock of larger homes is sufficiently affordable.
- The overall size mix recommended by the Gloucestershire Local Housing Needs Assessment (2019) is as follows:
  - 1 Bed: 2%
  - 2 Bed: 13%
  - 3 Bed: 58%
  - 4+ Bed: 27%
- Whilst the proportional size distribution differs from the results presented in this HNA, the results do not deviate significantly in that both calculations suggest a majority of new housing in the NA should have more than 3 bedrooms. It may be advisable that the Neighbourhood Plan Steering Group take both results into account, along with the desires of the community, when planning their future size mix.

## Tenure

162. The recommendation discussed immediately above applies to all housing in the NA over the Plan period. This is considered proportionate for devising policy at the neighbourhood scale. However, in practice, different size mixes may be appropriate for market housing and Affordable Housing. While this distinction may not be appropriate to make in Neighbourhood Plan policy, since Local



Authorities tend to define the precise mix of Affordable Housing required on applicable sites, it is worth thinking through the factors at play.

163. Generally speaking, the size mix needed within affordable tenures, particularly affordable and social rent, is smaller than the size mix of market housing. This is because there tend to be higher proportions of single people and couples in need of affordable rented housing, and they are likely to be eligible only for 1 or 2-bedroom properties. In contrast, people buying their own homes tend to want more space than they technically 'need', such as spare rooms for guests, home working or other uses. This fact is established in the data on under-occupancy presented earlier in this chapter.
164. There are three key sources of information for thinking through the size needs of different categories. These are:
- The Gloucestershire LHNA, suggests that around 60% of affordable homes should have 1/2 bedrooms, compared with just 15% of market housing.
  - The waiting list for affordable rented housing, kept by the Local Authority. This provides a more current snapshot of the size needs of applicant households. As this changes over time, individual planning applications can be decided in ways that meet evolving needs. In this case, the data provided by Lydney for those with a local connection to Lydney that there are currently 471 people on the affordable housing waiting list.
  - Any relevant household survey or consultation work in the NA can also highlight any specific gaps in the market within particular segments of the population.
165. To summarise, the overall size mix recommendation presented above applies generally to new housing in the NA. Within this mix, Affordable Housing might require a greater weighting towards smaller sizes while market homes focus on mid-sized homes and some larger options. It is not necessary (and is potentially not appropriate) for Neighbourhood Plans to be prescriptive about the size mix within different tenures, but a range of data sources exist that indicate a direction of travel, which Local Planning Authorities will draw upon when determining applications, and which it is possible for the neighbourhood planners to monitor.

## Type

166. Planning policy also tends to be less prescriptive about the mix of dwelling types that are needed than the mix of home sizes. This is because the choice to occupy a terraced rather than a detached home, for example, is primarily a matter of wealth, personal preference, and the amount of outdoor space or other features sought than 'need' in the strict sense. This stands in contrast to the matter of dwelling size, where it can be more clearly established that a household with a certain number of members, closely correlated with age, requires a particular number of bedrooms.

167. The key distinctions when it comes to dwelling type are between flats and houses and, to a lesser extent, bungalows, each of which tend to appeal to occupants with different life circumstances. However, it remains difficult to generalise about this, particularly when drawing on demographic evidence.
168. The benefits of delivering a certain blend of dwelling types are more closely related to affordability, which is clearly established as an issue in Lydney, and which favours more dense options (e.g. terraces and flats). This imperative to improve affordability is often in conflict with matters of character, which in rural areas tend to favour lower density options that blend in with the existing built environment. This is particularly relevant in the case of flats, a large block of which may not be a welcome proposition in the NA. That said, it is possible to deliver flats in the form of low-rise maisonettes that resemble terraces from street level, which can counter this issue.
169. In summary, there is a balance to be struck between, on the one hand, improving affordability and choice in the market by encouraging flats and terraces, and, on the other hand, preserving the distinctive character and other features that residents like about the NA today. How far the Neighbourhood Plan should guide on this issue, and in what direction, is a policy decision for the Lydney Neighbourhood Plan Steering Group and community to consider.

## **Conclusions- Type and Size**

### **The current housing mix**

170. The current household mix in Lydney is generally weighted in favour of detached and semi-detached homes, which cumulatively make up approximately three quarters of the overall housing stock. The remainder is made up of terraced (16%) dwellings and flats (10%). The wider district tends to have a higher proportion of detached dwellings and a smaller proportion of the other housing types.
171. Lydney's size profile tracks that of Forest of Dean in proportional terms, but the district has a higher proportion of 2-bed and 4+ bed homes. In Lydney, homes with more than 3 bedrooms make up 65% of the overall housing stock.
172. Despite quite significant levels of new development over the last decade, the housing mix has remained relatively unchanged. This means that the new housing that has been built in Lydney has generally followed the existing pattern of development.

### **Population characteristics**

173. The Lydney population has grown by 14% over the last decade, which reflects the rate of development experienced in the NA over the same period. The only age cohort which has not expanded in that time are those aged between 15-24, with the most significant growth being experienced by the population aged between 65-84.
174. Lydney does, however, tend to have a younger population than the wider district, with a higher proportion of people aged between 0-14 and 25-44.

175. Household projections suggest that Lydney's population will age over the NP period, with a potential increase of 62% in the population aged 65 and over. This is in contrast to either slow growth or a slight decline in the other age groups. However, these estimates are informed by population projections for the wider district that may be more moderate in reality.

### **Future population and size needs**

176. It is possible to estimate the size mix of future homes that might best accommodate demographic trends and address imbalances in the existing housing stock. The result of this process suggests that new development should deliver a variety of dwelling sizes, including substantial proportions of larger homes.

177. The model also recommends a healthy supply of both 2 and 3-bed homes. This recommendation is broadly in line with the evidence for the Gloucestershire Local Housing Needs Assessment, which suggests that a majority of new homes should have more than 3 bedrooms.

178. This balanced mix of homes between 2 and 4+ bedrooms would diversify the existing housing profile improve affordability in the existing housing stock and help to meet the needs of the shifting demographic profile (notably improving downsizing opportunities and providing larger homes for newly forming families) of the NA.

179. It is important to remember that other factors should be considered in determining the dwelling mix that is desirable in the NA or on any particular site. These include the 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. The size mix of Affordable Housing also tends to be considered separately from market housing by the Local Planning Authority and to focus on the smaller units for which the vast majority of those on the waiting list in Lydney are eligible.

## 6. Specialist housing for older people

### Introduction

180. It is relatively common for neighbourhood plans in areas with aging populations to include policies relating to specialist housing for older people. This chapter considers in detail the specialist housing needs of older people in Lydney. It focuses on specialist forms of provision but recognises that the majority of older people will live in the mainstream housing stock. The approach is as follows:

- To review the **current provision** of specialist housing in the NA;
- To estimate the **potential demand** for this form of accommodation with reference to the projected growth in the older population and current rates of mobility limitation; and
- To discuss the potential for meeting this need through adaptations to the mainstream stock and other **additional considerations**.

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

182. It is important to note that the need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the total housing need or requirement. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as opposed to the projected new households which form the baseline for estimating housing need overall.<sup>7</sup>

183. This study covers the need for housing, i.e. buildings that the planning system classifies as Use Class C3 (private dwellings).<sup>8</sup> Residences that fall into Use Class C2 (institutions including prisons, boarding schools and some care homes for older people) are largely beyond the scope of this research. However, it is possible to estimate the likely need for residential and nursing care over the Neighbourhood Plan period.

184. The distinction between care homes for older people that fall into use class C2 and those where accommodation is counted as C3 is blurred. As such, the findings of this chapter may justify the provision of extra-care C3 housing and/or C2 care home units, but it is not possible to state definitively how much of each would be required. C3 specialist accommodation is typically self-contained with its own front door, made available on an individual basis with support provided in the home or not at all if the resident does not require it, and offered for sale or rent on the open market.

<sup>7</sup> See Paragraph: 017 Reference ID: 2a-017-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>)

<sup>8</sup> For a full description of Planning Use Classes, please refer to [https://www.planningportal.co.uk/info/200130/common\\_projects/9/change\\_of\\_use](https://www.planningportal.co.uk/info/200130/common_projects/9/change_of_use)

## Definitions

- **Older people:** people over retirement age, ranging from the active newly retired to the very frail elderly. Their housing needs tend to encompass accessible and adaptable general needs housing as well as the full spectrum of retirement and specialised housing offering additional care.
- **Specialist housing for older people:** a wide range of housing types specifically aimed at older people, which may often be restricted to those in certain older age groups. This could include residential institutions, sheltered housing, extra care housing, retirement housing and a range of other potential types of housing which has been designed and built to serve the needs of older people, including often providing care or other additional services.
- **Sheltered Housing<sup>9</sup>:** self-contained flats or bungalows where all the residents are older people. Schemes on the whole provide independent, self-contained homes, either to rent or buy. Properties in most schemes have features like raised electric sockets, lowered worktops, walk-in showers, and so on, as well as being linked to an emergency alarm service. Some will be designed to accommodate wheelchair users. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, guest flats and gardens.
- **Extra Care Housing:** housing which usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required. Residents are able to live independently with 24-hour access to support services and staff, and meals are often also available. 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.
- **Category M4(2):** accessible and adaptable dwellings.
- **Category M4(3):** wheelchair user dwellings.

## Specialist housing for older people

185. There is a total of 128 units of specialist accommodation in the NA at present, two thirds of which are managed by a social landlord and the remainder are available for leasehold purchase. Details are provided in Appendix E.

186. The 2021 Census suggests that there are currently 1,069 individuals aged over 75 in Lydney. This suggests that the current provision is 137 units per 1,000 of the 75+ population. This trend complements the projections outlined in the Type and Size chapter and points to a general aging of the Lydney population.

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<sup>9</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>

## Demographic characteristics

187. The starting point for estimating the need for specialist housing for older people is to project how the overall number of older people in Lydney is likely to change in future. This is calculated by extrapolating population projections from the ONS Sub-National Population Projections for Forest of Dean. The results are set out in Table 6-1.
188. The table estimates that by 2034 the population over 75 years old will make up approximately 14% of the overall NA population, up from 11% in 2021.
189. A key assumption for the estimate given at the end of this section is that the older people living in the NA currently are already suitably accommodated, either because they occupy the existing stock of specialist accommodation, have made appropriate adaptations to their own homes or do not require support or adaptations. This is unlikely to be completely true, but it is not possible to determine how many such individuals are inadequately housed without evidence from a household survey (which itself may not give a complete picture). As such, the growth in the older population rather than the total at the end of the Plan period is the key output of this calculation.

**Table 6-1: Modelled projection of older population in Lydney by end of Plan period**

Age group	2021		2034	
	Lydney	Forest of Dean	Lydney	Forest of Dean
All ages	10,036	87,004	11,198	97,076
75+	1,069	9,989	1,509	14,105
%	10.7%	11.5%	13.5%	14.5%

*Source: ONS SNPP 2020, AECOM Calculations*

190. The next step is to consider the need for different tenures of dwelling for older people. It is assumed that those currently occupying their own home will wish to do so for as long as practicably possible in future, even where downsizing or moving into specialist accommodation. Equally, those who currently rent, either in the private or social sectors, are projected to need affordable rented specialist accommodation.
191. The 2011 55-75 age bracket is considered the best proxy for the group likely to fall into need for specialist accommodation during the Plan period to 2034. The top row in Table 6-2 outlines the tenure mix among households aged 55-75 at the Local Authority level, which indicates that the vast majority of older people own their own homes, with some social renters and very few private renters.
192. The expected growth in the 75+ population in the NA is 440 additional individuals by the end of the plan period. This can be converted into 314 households based on the average number of people per household aged 75+ at Local Authority scale. Multiplying this figure by the percentages of 55-75 year olds occupying each tenure gives a breakdown of which tenures Lydney

households are likely to need in 2034, and is shown in the bottom row of Table 6-2.

**Table 6-2: Tenure of households aged 55-75 in Forest Dean (2011) and projected aged 75+ in Lydney (2034)**

	All owned	Owned outright	Owned (mortgage) or Shared Ownership	All Rented	Social rented	Private rented	Living rent free
<b>Forest of Dean (2011 mix)</b>	<b>83.9%</b>	61.7%	22.2%	<b>16.1%</b>	10.0%	4.9%	1.2%
<b>Lydney (2034 projection)</b>	<b>263</b>	<b>194</b>	<b>70</b>	<b>51</b>	<b>31</b>	<b>15</b>	<b>4</b>

Source: Census 2011

193. It is also important to consider rates of disability by tenure. The tendency for people in rented housing to have higher disability levels is well established. It arises partly because people with more limiting disabilities tend to have lower incomes. It also reflects the fact that as people develop support and care needs they may find that the only suitable and affordable option to them is available in the social rented sector. Table E-2 in Appendix E presents this data for Lydney from the 2011 Census.

## Future needs for specialist accommodation and adaptations

194. Based on the evidence outlined above, the number of households falling into potential need for specialist accommodation over the Plan period is calculated to be 167.
195. AECOM's modelling, summarised in Table 6-3, is based on the assumption that those whose day-to-day activities are limited a lot may need housing with care (e.g. extra care housing, with significant on-site services, including potentially medical services), while those with their day to day activities limited only a little may simply need adaptations to their existing homes, or alternatively sheltered or retirement living that can provide some degree of oversight or additional services. However, it is important to note that, even those people who have high support or care needs can often be supported to live in their own homes. This is often reflected in policy of local authorities, with explicit aim to reduce the need to commission increasing numbers of care home beds.
196. The model suggests there is an opportunity to provide a large share of the need for specialist housing in the NA through adaptations of the existing housing stock and the provision of sheltered or retirement living. However, there remains a robust potential demand for housing with care.
197. Moreover, the same model suggests that the balance of tenure options in both forms of specialist housing should be weighted in favour of market rather than

socially rented housing. This is because of the high rates of ownership among the existing older population.

**Table 6-3: AECOM estimate of specialist housing for older people need in Lydney by the end of the Plan period**

Type	Affordable	Market	Total
Housing with care	21	58	79
Adaptations, sheltered, or retirement living	15	73	88
<b>Total</b>	<b>36</b>	<b>131</b>	<b>167</b>

Source: Census 2011, AECOM Calculations

198. It is worth comparing these findings with the recommendations of the Housing Learning and Improvement Network (HLIN), one of the simplest and widely used models estimating for the housing needs of older people. Table 6-4 in Appendix E reproduces the key assumptions of HLIN's Strategic Housing for Older People (SHOP) toolkit. Applying those assumptions to the growth in the older population of Lydney results in a total of 110 specialist dwellings that might be required to the end of the Plan period. This is set out in Table 6-4.

**Table 6-4: HLIN estimate of specialist housing for older people need in Lydney by the end of the Plan period**

Type	Affordable	Market	Total
Housing with care	14	17	31
Adaptations, sheltered, or retirement living	26	53	79
<b>Total</b>	<b>40</b>	<b>70</b>	<b>110</b>

Source: Housing LIN, AECOM calculations

## Further considerations

199. The above estimates suggest that potential need for specialist accommodation could be in the range of 110-167 units over the Neighbourhood Plan period. However, it may not be possible or appropriate to deliver this scale of new accommodation. It is proportionally high in relation to the overall housing delivery expectation in the NA (approximately between 11 – 17% of overall expected delivery), and therefore should not necessarily be prioritised to the exclusion of other groups, such as those in need of Affordable Housing.

200. In addition, specialist housing for older people should only be provided in sustainable, accessible locations that offer services and facilities, public transport options, and the necessary workforce of carers and others.

201. Alongside the need for specialist housing to be provided in accessible locations, another important requirement is for cost effectiveness and economies of scale. This can be achieved by serving the specialist older persons housing needs



arising from a number of different locations and/or Neighbourhood Areas from a single, centralised point (i.e. what is sometimes referred to as a 'hub-and-spoke' model).

202. It is considered that Lydney is, in broad terms, a suitable location for specialist accommodation on the basis of the accessibility criteria and the considerations of cost-effectiveness above. As such, there is potential for such accommodation to be provided within the Neighbourhood Area (while noting there is no specific requirement or obligation to do so if there is potential to meet need arising from Lydney in other suitable locations near to but outside the Plan area boundaries).

## Care homes

203. Residential and nursing care homes are not defined as housing because they do not provide self-contained accommodation where an older person can live independently. Care home accommodation is defined as institutional accommodation rather than housing.
204. However, residents of care homes may be similar in terms of their care and support needs as those living in specialist housing, or even mainstream housing with appropriate care and support delivered in their homes. There may be some scope for older people who would otherwise have been accommodated in care homes to meet their needs within specialist or mainstream housing if sufficient appropriate accommodation can be provided. Nevertheless, there is likely to be continued need for care home accommodation to meet more acute and severe needs, and to offer choice to some older people and their families about how they are cared for and supported.
205. Given the overlap between people who might enter care home accommodation and those who might take up specialist housing or care and support in their own home if available, estimates of the future need for care home accommodation, as with estimates of the need for specialist housing above, are uncertain and depend on both local and national policies, delivery, and the appetite of private developers.
206. AECOM has estimated the likely need for care home accommodation over the plan period, based on the HLIN SHOP toolkit prevalence rates for residential and nursing care homes for older people (aged 75+). This estimate applied the prevalence rates in the 'More Choice, Greater Voice' 2008 report which informed the development of the HLIN toolkit. This report suggested that 65 residential care beds per 1,000 people aged 75+ was an appropriate rate. Based on this rate, applied to the growth in the older population for consistency with the calculations above, it is estimated that in 2034 there would be a need for 29 care homes beds in the NA, an increase on the 56 currently on offer in the NA.
207. It is important to note that as these estimates relate to care homes (or the population in institutions) rather than independent housing, these figures are in addition to the overall need for housing in the NA. However, as discussed in

this section, some of the need for care home beds might be met by independent housing accommodation and vice versa.

## The Role of Mainstream Housing

208. The majority of older people live in mainstream housing and will continue to do so all of their lives. Based on the estimated number of older people and the tally of the existing stock in Appendix E, around 88% of the Lydney population aged 75 and over is likely to live in the mainstream housing stock<sup>10</sup>.
209. It is not possible to be precise about how well older people are accommodated within mainstream housing, in terms of whether their accommodation is suitable to their needs and whether adequate care or support is provided within the home when they need.
210. However, given that there is unlikely to be a large volume of additional specialist supply during the Plan period, another key avenue to addressing those with relevant needs is to discuss the standards of accessibility and adaptability in new development to be met in the Local Plan with Forest of Dean.
211. It is relatively common for Local Plans to require that all or a majority of new housing meets Category M4(2) standards in response to the demographic shifts being observed nationwide. Government is considering mandating M4(2) on newly erected dwellings<sup>11</sup>, although changes to Building Regulations have not yet been made.
212. The current adopted Core Strategy and the 2019 Issues and Options paper does not provide any explicit encouragement for development to accommodate specific groups such as older people, nor does it set specific targets for new housing to meet national standards for accessibility and adaptability (Category M4(2)), or for wheelchair users (Category M4(3)). The evidence gathered here may justify the Lydney Neighbourhood Plan Steering Group approaching the LPA to discuss setting requirements on accessibility and adaptability at district level. It is unclear whether Neighbourhood Plans can set their own requirements for the application of the national standards of adaptability and accessibility for new housing and so discussions with the LPA are advised if this is a key priority.
213. The proportion of new housing that might accommodate those using wheelchairs is harder to define at small scales. Typically, at Local Authority scale, this might be set with reference to the proportion of Affordable Housing applicants in the Local Authority area falling into this category or to wider data from surveys and other sources where available.
214. Table 6-5 sets out the proportion of wheelchair users in England as a whole, either using a wheelchair all of the time (0.6% of the population) or part of the time (3% of the population). As a crude estimate, these percentages are applied

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<sup>10</sup> 1,069 over 75s in 2020, of which 72 are accommodated in specialist housing and a further 56 in care homes, leaving 941 people living in mainstream housing. This is approximate since some people in specialist housing and care homes will be under the age of 75.

<sup>11</sup> See [Raising accessibility standards for new homes: summary of consultation responses and government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes)

to the expected level of housing delivery for Lydney to suggest the number that might be encouraged to be wheelchair friendly or adaptable. This would imply a potential need for 6 - 30 wheelchair accessible dwellings over the Plan period. It is worth noting that these national figures are for all age categories, not just older persons, although it is likely that a significant proportion of households using a wheelchair will be older persons.

**Table 6-5: Wheelchair use Nationally Applied to Lydney**

	Percentage in England	% applied to NA housing requirement figure (2021 to end of plan period)
Households using wheelchair all the time	0.6%	6
Households using wheelchair either indoors or outdoors	3.0%	30

Source: Survey of English Housing 2018/19

## Conclusions- Specialist Housing for Older People

### Characteristics of the current older population

215. There are currently estimated to be around 1,069 individuals aged 75 or over in Lydney, a number that has grown from 850 in 2011 and is projected to rise to 1,509 by the end of the Neighbourhood Plan period (2034).
216. A clear majority (84%) of Forest of Deans households aged 55-75 in 2011 (and therefore likely to reach the 75+ bracket by 2034) are owner occupiers and the remainder predominantly rent from a social landlord. This is important because those currently owning will require specialist accommodation for market purchase, being largely ineligible for subsidised housing, while those in private or social rent will need to rely on subsidised rented housing because they are unlikely to have the funds to buy.

### Projected demographic change and need for specialist housing

217. The 75+ population of the NA is projected to increase from 11% to 14% of the population between 2021 and 2034. The growth in the older population should be converted into households because some older people will be cohabiting in old age. The projected growth in the older population points to 314 new households inhabited by persons aged 75+ over the Neighbourhood Plan period.
218. The potential need for specialist housing with some form of additional care for older people can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research.
219. The two methods for estimating the future need in Lydney produce a range of 110 to 167 specialist accommodation units that might be required during the plan period. These estimates are based on the projected growth of the older

population, thereby assuming that today's older households are already well accommodated.

220. Broadly, between 65-75% of the need can be accommodated through market purchase. Moreover, between 50-70% of the need can be accommodated through either sheltered accommodation or adaptations to the existing housing stock, rather than new care facilities. In reality it may be more suitable for Lydney to meet the need for specialist accommodation through homes being built to adaptable standards. The potential need for care and nursing home beds in Lydney by 2034 can be estimated at roughly 29.
221. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in the NA, and every effort should be made to maximise delivery where viable. Changing or influencing the overall proportion of housing that must be affordable is uncommon in Neighbourhood Plans and would demand a high standard of evidence to depart from the Local Plan. If this is of interest, it should first be discussed with the LPA to ensure their support and to determine what additional evidence (e.g. about development viability) would be needed.
222. If the known supply is all in one category, note that any additional provision the NP might want to encourage could fill a different gap in the market. If the main unmet need is for market sheltered housing, this might be satisfied by making sure all new housing is accessible and adaptable for people with lower support needs. It is unknown whether Lydney is expecting any delivery of specialist accommodation over the plan period. However, given the need identified, it might be worthwhile to consider these needs in any future housing delivery in the parish.

## 7. Next Steps

### Recommendations for next steps

223. This Neighbourhood Plan housing needs assessment aims to provide Lydney Neighbourhood Plan Steering Group with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that the neighbourhood planners should, as a next step, discuss the contents and conclusions with Forest of Dean district council with a view to agreeing and formulating draft housing policies, bearing the following in mind:
- All Neighbourhood Planning Basic Conditions, but in particular Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the strategic policies of the adopted development plan;
  - The views of Forest of Dean district council;
  - The views of local residents;
  - The views of other relevant local stakeholders, including housing developers and estate agents; and
  - The numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by Forest of Dean district council.
224. 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.
225. Bearing this in mind, it is recommended that the Lydney Neighbourhood Plan Steering Group should monitor carefully strategies and documents with an impact on housing policy produced by the Government, Forest of Dean district council or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
226. 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 : Assessment geography

227. For Census purposes, the whole of England is divided into statistical units of similar population size called Output Areas (OAs) and their larger equivalents. OAs are the smallest units. They make up Lower Layer Super Output Areas (LSOAs), which in turn make up Middle Layer Super Output Areas (MSOAs). The NA equates to the following combination of OAs:

- E01022226 (LSOA)
- E01022254 (LSOA)
- E01022255 (LSOA)
- E01022256 (LSOA)
- E01022257 (LSOA)
- E00112981 (OA)

228. Finally, as noted in the analysis of affordability in the main body of the report, household income data for small areas is only provided down to the scale of MSOAs. The relevant MSA, in which the NA is located and which will need to serve as a proxy for it, is:

- E02004634 (broadly reflects the NA boundary)

## Appendix B : Local Plan context

### Policies in the adopted local plan

229. Table B-1 below summarises adopted Local Plan policies that are relevant to housing need and delivery in Lydney.

**Table B-1: Summary of relevant adopted policies in the Forest of Dean Core Strategy (adopted 2012)**

Policy	Provisions
Policy CSP 5 Housing	<p>Forest of Dean should provide a total of 5,162 new dwellings by 2026. Lydney should accommodate a total of 1,900 of these dwellings.</p> <p>On sites delivering 10 or more dwellings, 40% of these dwellings should be delivered as Affordable Housing.</p> <p>The most up to date housing needs analysis when the core strategy was published suggested a tenure mix of 70/30 in favour affordable rental.</p>
Town Policy Lydney	<p>The Core Strategy depends on Lydney as the town with the greatest opportunity for change and the scale of new development will reflect this.</p> <p>It is capable of offering a range of services, and can be support new employment and housing.</p>

*Source: Forest of Dean Core Strategy*

## Appendix C : Affordability calculations

230. This section outlines how the affordability thresholds discussed in the Affordability and Affordable Housing have been calculated.

### C.1 Market housing

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

#### i) Market sales

232. The starting point for calculating the affordability of a dwelling for sale from the perspective of a specific household is the loan to income ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5. In practice this can be highly variable. Multipliers up to 4.5 or even above 5 times income increasingly available, although the actual average in practice tends to be lower, particularly where applicants are dual earning. The Financial Conduct Authority uses 3.5 or more as its standard assumption for single applicants and 2.75 or more for dual applicants.

233. 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 Lydney, 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.

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

- Value of a median NA house price (2022) = £260,000;
- Purchase deposit at 10% of value = £26,000;
- Value of dwelling for mortgage purposes = £234,000;
- Divided by loan to income ratio of 3.5 = purchase threshold of £67,000.

235. 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 2022 was £220,000, and the purchase threshold is therefore £57,000.

236. It is also 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 61 sales of new build properties in the NA in 2022. Therefore, the entry level house price is £220,000.

237. In order to provide a comparison with the wider local authority area, it is helpful to also look at the cost of new build housing across Forest of Dean in 2022. The median cost of new build dwellings in Forest of Dean was £285,000, with a purchase threshold of £73,000.

## ii) Private Rented Sector (PRS)

238. It is assumed here that rented housing is affordable if the annual rent does not exceed 30% of the household's gross annual income. The percentage of income to be spent on rent before the property is considered affordable varies considerably for individuals, and it is increasingly common for households to dedicate a larger proportion of their earnings to rent. When considering affordability it is considered good practice to be conservative, and the 30% benchmark is used as ONS's current standard assumption.
239. 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.
240. The property website [Home.co.uk](https://www.home.co.uk) shows rental values for property in the Neighbourhood Area. The best available data is derived from properties available for rent within the GL15 postcode area, which covers a larger area than the Plan area itself but can be used as a reasonable proxy for it. Moreover, because it forms a larger geography with a greater number of rental properties offered, the larger sample size is likely to generate more robust findings.
241. According to [home.co.uk](https://www.home.co.uk), there were 11 properties for rent at the time of search in September, 2023, with an average monthly rent of £1,030. There were 6 one/two-bed properties listed, with an average price of £750 per calendar month.
242. The calculation for the private rent income threshold for entry-level (1/2 bedroom) dwellings is as follows:
- Annual rent = £750 x 12 = £9,000;
  - Multiplied by 3.33 (so that no more than 30% of income is spent on rent) = income threshold of £30,000.
243. The calculation is repeated for the overall average to give an income threshold of £41,200.

## C.2 Affordable Housing

244. There are a range of tenures that constitute the definition of Affordable Housing within the NPPF 2023: social rent and affordable rent, discounted market sales housing, and other affordable routes to home ownership. More recently, a new product called First Homes has been introduced in 2021. Each of the affordable housing tenures are considered below.

### i) Social rent

245. 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.

246. To determine social rent levels, data and statistical return from Homes England is used. This data is only available at Local Authority scale so must act as a proxy for Lydney. This data provides information about rents and the size and type of stock owned and managed by private registered providers and is presented for Forest of Dean in Table C-1.

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

**Table C-1: Social rent levels (£)**

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£85.00	£94.00	£101.00	£110.00	<b>£95.00</b>
Annual average	£4,420	£4,888	£5,252	£5,720	<b>£4,940</b>
Income needed	£14,719	£16,277	£17,489	£19,048	<b>£16,450</b>

Source: Homes England, AECOM Calculations

### ii) Affordable rent

248. 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).

249. Even an 20% 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.

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

251. Comparing this result with the average 2 bedroom annual private rent above indicates that affordable rents in the NA are actually closer to 60% of market rates than the maximum of 80%, a feature that is necessary to make them achievable to those in need.

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

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£83.00	£106.00	£119.00	£144.00	<b>£109.00</b>
Annual average	£4,316	£5,512	£6,188	£7,488	<b>£5,668</b>
Income needed	£14,372	£18,355	£20,606	£24,935	<b>£18,874</b>

Source: Homes England, AECOM Calculations

### iii) Affordable home ownership

252. 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.

253. In paragraph 66 of the NPPF 2023, the Government introduces a recommendation that “where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of 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

254. Because First Homes are a new tenure product, it is worth explaining some of their key features:

- 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 prioritisation for key workers through adopted plans, emerging policy or Supplementary Planning Documents.
- 25% of all homes delivered through section 106 developer contributions on sites enabled through the planning process should be sold as First Homes. In simpler terms, 25% of all subsidised Affordable Housing on mainstream housing developments should be First Homes. This is likely to mean that First Homes will take the place of shared ownership housing in many circumstances, and in some cases may also displace social or affordable rented homes.

255. The starting point for considering whether First Homes are affordable is the estimated cost of new build entry-level housing in the NA noted above of £220,000.

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

- Value of a new home = £220,000;
- Discounted by 30% = £154,000;
- Purchase deposit at 10% of value = £15,400;
- Value of dwelling for mortgage purposes = £139,000;
- Divided by loan to income ratio of 3.5 = purchase threshold of £40,000.

257. The income thresholds analysis in the Affordability and Affordable Housing chapter also compares local incomes with the costs of a 40% and 50% discounted First Home. This would require an income threshold of £34,000 and £28,000 respectively.

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

259. 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 £1,750 per sq. m<sup>12</sup>) would be around £122,500. This cost excludes any land value or developer profit. This would appear to be an issue in Lydney if higher discounts were required.

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<sup>12</sup> It is estimated that in 2022, build costs for a house are between £1,750 and £3,000 per square metre - <https://urbanistarchitecture.co.uk/cost-to-build-a-house-uk/>

260. Table C-3 shows the discount required for First Homes to be affordable to the three income groups. The cost of a typical First Home is calculated using an estimate for new build entry-level housing in the NA. However, it is worth thinking about First Homes in relation to the cost of new build prices in the wider area, as well as median and entry-level existing prices locally to get a more complete picture. The discount levels required for these alternative benchmarks are given below.

**Table C-3: Discount on sale price required for households to afford First Homes**

House price benchmark	Mean household income	Single LQ earner	Dual LQ earning household
NA median house price	44%	79%	58%
NA estimated new build entry-level house price	35%	75%	51%
NA entry-level house price	33%	75%	50%
LA median new build house price	49%	81%	61%

Source: Land Registry PPD; ONS MSOA total household income

### Shared ownership

261. 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 rent 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'.

262. 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.

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

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

- A 25% equity share of £220,000 is £55,000;
- A 10% deposit of £5,500 is deducted, leaving a mortgage value of £49,500;

- This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £14,000;
- Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £165,000;
- The estimated annual rent at 2.5% of the unsold value is £4,125;
- This requires an income of £14,000 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
- The total income required is £28,000 (£14,000 plus £14,000).

265. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of £22,150 and £37,000 respectively.

266. All equity share options are comfortably below the £80,000 cap for eligibility.

### **Rent to Buy**

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

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

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

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

# Appendix D : Affordable Housing need and policy

## Affordable Housing estimates

270. In Table D-1 AECOM has calculated, using PPG as a starting point,<sup>13</sup> an estimate of the total need for affordable rented housing in Lydney over the Plan period. It should, however, 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 here are considered a reasonable basis for understanding and planning for neighbourhood-level affordable housing need.

271. It should also be noted that figures in Table D-1 are largely dependent on information provided by Forest of Dean in its capacity as manager of the local housing waiting list.

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<sup>13</sup> Paragraphs 024-026 Reference ID: 2a-026-20140306, at <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>

**Table D-1: Estimate of need for Affordable Housing for rent in Lydney**

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current households in need	471.0	NA waiting list data provided by Forest of Dean
1.2 Per annum	<b>39.3</b>	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	410.6	DLUHC 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	34.9%	(Steps 1.1 + 2.2.1 + 2.2.2) divided by number of households in NA.
2.2.1 Current number of social renters in NA	725.0	2021 Census social rented occupancy
2.2.2 Number of private renters on housing benefits	236.4	Housing benefit caseload May 2018. Pro rata for NA.
2.3 New households unable to rent	143.2	Step 2.1 x Step 2.2.
2.4 Per annum	<b>11.9</b>	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%	Assumed proportion of stock re-let each year.
3.2 Supply of social/affordable re-lets (including transfers)	<b>21.8</b>	Step 3.1 x NA social rented stock (2.2.1).
<b>NET SHORTFALL OF RENTED UNITS PER ANNUM</b>		
Overall shortfall per annum	<b>29.4</b>	Step 1.2 + Step 2.4 - Step 3.2

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

272. Turning to Affordable Housing providing a route to home ownership, Table D-2 estimates the potential demand in Lydney. This model aims to estimate the number of households that might wish to own their own home but cannot afford to. 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.

273. 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 assumption is based on consistent results for surveys and polls at the national level which demonstrate that most households (typically 80% or more) aspire to home ownership.<sup>14</sup> No robust indicator exists

<sup>14</sup> <http://www.ipsos-mori-generations.com/housing.html>



for this area or a wider scale to suggest aspirations may be higher or lower in the NA.

**Table D-2: Estimate of the potential demand for affordable housing for sale in Lydney**

Stage and Step in Calculation	Total	Description
<b>STAGE 1: CURRENT NEED</b>		
1.1 Current number of renters in NA	653.0	Census 2021 private rented occupancy.
1.2 Percentage renters on housing benefit in LA	36.2%	% of renters in 2018 on housing benefit.
1.3 Number of renters on housing benefits in the NA	236.4	Step 1.1 x Step 1.2.
1.4 Current need (households)	312.5	Current renters minus those on housing benefit and minus 25% assumed to rent by choice. <sup>15</sup>
1.5 Per annum	<b>26.0</b>	Step 1.4 divided by plan period.
<b>STAGE 2: NEWLY ARISING NEED</b>		
2.1 New household formation	410.6	LA household projections for plan period (2018 based) pro rated to NA.
2.2 % of households unable to buy but able to rent	9.0%	(Step 1.4 + Step 3.1) divided by number of households in NA.
2.3 Total newly arising need	36.9	Step 2.1 x Step 2.2.
2.4 Total newly arising need per annum	<b>2.8</b>	Step 2.3 divided by plan period.
<b>STAGE 3: SUPPLY OF AFFORDABLE HOUSING</b>		
3.1 Supply of affordable housing	57.0	Number of shared ownership homes in the NA (Census 2021).
3.2 Supply - intermediate resales	<b>2.9</b>	Step 3.1 x 5% (assumed rate of re-sale).
<b>NET SHORTFALL PER ANNUM</b>		
Overall shortfall per annum	<b>26.0</b>	(Step 1.5 + Step 2.4) - Step 3.2.

Source: AECOM model, using Census 2011, English Housing Survey 2018, DLUHC 2018 based household projections and net additions to affordable housing stock. 2018 is the latest reliable data for some datasets so is used throughout for consistency.

274. 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).

<sup>15</sup> The assumption of approximately 25% preferring to rent and 75% preferring to buy is AECOM's judgement, based on national level polls which consistently reveal that most households who prefer home ownership eg <http://www.ipsos-mori-generations.com/housing.html> and informed by our experience across numerous neighbourhood level HNAs. The assumption is based on the fact that some households choose to rent at certain stages in their life (e.g. when young, when needing flexibility in employment market, or when new migrants move into an area). While most households prefer the added security and independence of owning their own home, private renting is nevertheless a tenure of choice at a certain points in many households' journey through the housing market. The actual percentage of preference will differ between areas, being higher in large metropolitan areas with younger households and more new migrants, but lower in other areas. 25% is used as a reasonable proxy and for consistency across HNAs and similar assumptions are used in some larger scale assessments such as LHNAs and SHMAs. If the neighbourhood planning group feel this is not an appropriate assumption in their particular locality they could use the results of a local residents survey to refine or confirm this calculation.

275. It is also important to remember that even after the Neighbourhood Plan is adopted, the assessment of need for Affordable Housing, the allocation of affordable rented housing to those in need, and the management of the housing waiting list all remain the responsibility of the Local Authority rather than the neighbourhood planning group.

## Affordable housing policy

276. The following table reviews the relevant factors in developing a policy on the Affordable Housing tenure mix, which inform the recommendation given in the main body of the report.

**Table D-3: Wider considerations in developing Affordable Housing mix policy**

Consideration	Local Evidence
<p><b>A. Evidence of need for Affordable Housing:</b></p> <p>The need for affordable rent and affordable home ownership is 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.</p>	<p>This HNA suggests that the NA requires around 29 units of affordable rented housing and 26 units of affordable home ownership homes per annum over the Plan period. Both forms of Affordable Housing appear to be valuable in meeting the needs of people on various incomes.</p> <p>The relationship between these figures suggests that there is a robust need for both affordably rented and affordable home ownership in the NA. However, with the balance slightly tilted toward a higher need for affordable rental.</p>
<p><b>B. Can Affordable Housing needs be met in full?</b></p> <p>How far the more urgently needed affordable rented housing should be prioritised in the tenure mix depends on the quantity of overall housing delivery expected.</p>	<p>If the Local Plan target of 40% were achieved on every site, assuming the delivery of the NA's housing requirement for 902 homes overall, up to 361 affordable homes might be expected in the NA over Plan period.</p> <p>This level of potential affordable housing delivery would not be sufficient to meet all of the need identified in this HNA. However, if these units were delivered in full it would meaningfully improve access to Affordable Housing across the NA population.</p>
<p><b>C. Government policy (eg NPPF) requirements:</b></p>	<p>For 10% of all housing to be affordable ownership in Lydney, where 40% of all housing should be affordable, 25% of Affordable Housing should be for affordable</p>

<p>Current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing.</p>	<p>ownership. This does comply with the guideline tenure split sought in the Local Plan.</p>
<p><b>D. Local Plan policy:</b></p>	<p>The adopted Core Strategy seeks a tenure split of 70% affordable rent and 30% affordable home ownership.</p>
<p><b>E. First Homes policy:</b></p> <p>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.</p> <p>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.</p> <p>AECOM is aware that some Local Planning Authorities are considering 'top slicing' their affordable housing quota to provide 25% First Homes and then allocating the remaining proportion according to their existing policy tenure split. Some LPAs are considering this approach because of the existing business models of registered providers which have relied on shared ownership to cross subsidise affordable rented housing and uncertainty over whether First Homes could replace this model.</p>	<p>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.</p> <p>The tenure split contained within the adopted Core Strategy outlines that 30% of new affordable housing should be for affordable home ownership products. As such, the inclusion of First Homes would not have a displacing effect on affordable rental.</p>
<p><b>F. Viability:</b></p>	<p>HNAs cannot take into consideration the factors which affect viability in the</p>

	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.
<p><b>G. Funding:</b></p> <p>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.</p>	The Lydney Neighbourhood Steering Group may wish to keep this in mind so that it can take up any opportunities to secure funding if they become available.
<p><b>H. Existing tenure mix in Lydney:</b></p> <p>The current stock of homes in an area, in terms of balance between ownership, rented and affordable provision may be a consideration in the mix of tenures provided on new development sites.</p>	Lydney currently benefits from a higher proportion of social/affordable and shared ownership homes than the wider district. However, there is not a high number of shared ownership in absolute numbers.
<p><b>I. Views of registered providers:</b></p>	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 NA. The funding arrangements available to housing associations will determine rent levels.
<p><b>J. Wider policy objectives:</b></p>	The Lydney Neighbourhood Plan Steering Group may wish to take account of broader policy objectives for Lydney and/or the wider district. These could include, but are not restricted to, policies to attract younger households, families or working age people to the NA. These wider considerations may influence the mix of Affordable Housing provided.

# Appendix E : Specialist housing for older people

## Background data tables

Table E-1: Existing specialist housing supply, Lydney

	Name	Description	Dwellings	Tenure	Type
1	King Meadow Court	Retirement Housing	43	Leasehold	1/2 Flats
2	The Springs & Watermead	Extra Care Housing	56	Social Landlord	Bungalows and 1 bed Flats
3	Goode Court	Retirement Housing	29	Social Landlord	1/2 Flats

Source: <http://www.housingcare.org>

Table E-2: Tenure and mobility limitations of those aged 65+ in Lydney, 2011 (65+ is the closest proxy for 75+ in this data)

Tenure	Day-to-day activities limited a lot		Day-to-day activities limited a little		Day-to-day activities not limited	
<b>All categories</b>	<b>295</b>	<b>22.0%</b>	<b>372</b>	<b>27.8%</b>	<b>673</b>	<b>50.2%</b>
<b>Owned Total</b>	<b>268</b>	22.2%	<b>335</b>	27.7%	<b>606</b>	50.1%
Owned outright	27	20.6%	37	28.2%	67	51.1%
Owned (mortgage) or shared ownership	157	41.1%	113	29.6%	112	29.3%
<b>Rented Total</b>	<b>122</b>	42.2%	<b>86</b>	29.8%	<b>81</b>	28.0%
Social rented	35	37.6%	27	29.0%	31	33.3%
Private rented or living rent free	295	22.0%	372	27.8%	673	50.2%

Source: DC3408EW Health status

## HLIN calculations

**Table E-3: Recommended provision of specialist housing for older people from the HLIN SHOP toolkit**

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

Source: *Housing LIN SHOP Toolkit*

277. As Table 6-4 in the main report shows, Lydney is forecast to see an increase of 440 individuals aged 75+ by the end of the Plan period. According to the HLIN tool, this translates into need as follows:

- Conventional sheltered housing to rent =  $60 \times .440 = 26$
- Leasehold sheltered housing =  $120 \times .440 = 53$
- Enhanced sheltered housing (divided 50:50 between that for rent and that for sale) =  $20 \times .440 = 8.8$
- Extra care housing for rent =  $15 \times .440 = 6.6$
- Extra care housing for sale =  $30 \times .440 = 13.2$
- Housing based provision for dementia =  $6 \times .440 = 2.6$

# Appendix F : Housing Needs Assessment Glossary

## **Adoption**

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

## **Affordability**

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

## **Affordability Ratio**

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

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

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

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

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

c) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and

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

### **Affordable rented housing**

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods<sup>16</sup>.

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

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

### **Annual Monitoring Report**

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

### **Basic Conditions**

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

### **Backlog need**

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

### **Bedroom Standard<sup>17</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.

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<sup>16</sup> The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

<sup>17</sup> See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-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 principal 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>18</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>19</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 older 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.

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<sup>18</sup> See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>19</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)

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

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

## **Fair Share**

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

## **First Homes**

First Homes is another form of discounted market housing which will provide a discount of at least 30% on the price of new homes, introduced in 2021. 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>20</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

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

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

## **Neighbourhood plan**

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

## **Older People**

People over retirement age, including the active, newly-retired through to very frail older people, 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

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<sup>20</sup> See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

living room and one kitchen would be deemed overcrowded if three adults were living there.

### **Planning Condition**

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

### **Planning Obligation**

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

### **Purchase Threshold**

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

### **Proportionate and Robust Evidence**

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

### **Private Rented**

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

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

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

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

Housing for older people comprising of individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually

include support services for independent living. This type of housing can also include dementia care homes.

### **Rightsizing**

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

### **Rural Exception Sites**

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

### **Shared Ownership**

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

### **Sheltered Housing<sup>21</sup>**

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

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<sup>21</sup> See <http://www.housingcare.org/jargon-sheltered-housing.aspx>



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 Older People**

Specialist housing for Older People, sometimes known as specialist accommodation for older people, encompasses a wide range of housing types specifically aimed at older people, which may often be restricted to those in certain older age groups (usually 55+ or 65+). This could include residential institutions, sometimes known as care homes, sheltered housing, extra care housing, retirement housing and a range of other potential types of housing which has been designed and built to serve the needs of older people, including often providing care or other additional services. This housing can be provided in a range of tenures (often on a rented or leasehold basis).

### **Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>22</sup>

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<sup>22</sup> See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

