

The Heart of Chatham

Housing Needs Assessment (HNA)

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Quality information

Prepared by

Paul Avery
Principal Housing Consultant

Checked by

Kerry Parr
Associate Director

Approved by

Kerry Parr
Associate Director

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Prepared for: Arches Chatham Neighbourhood Forum

Prepared by:

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

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Table of Contents

1. Executive Summary.....	6
Conclusions- Tenure and Affordability	6
Conclusions- Type and Size	8
Conclusions- Specialist Housing for the Older People	11
2. Context.....	13
Local context.....	13
Planning policy context.....	16
Policies in the adopted local plan	16
Policies in the emerging local plan	20
Quantity of housing to be provided.....	22
3. Approach.....	24
Research Questions.....	24
Tenure and Affordability	24
Type and Size	24
Specialist Housing for Older People.....	25
Relevant Data	25
4. RQ 1: Tenure, Affordability and the Need for Affordable Housing	26
Introduction	26
Current tenure profile	27
Affordability	28
House prices	28
Income	29
Affordability Thresholds	30
Affordable housing- quantity needed.....	36
Affordable Housing policy guidance	36
Conclusions- Tenure and Affordability	40
5. RQ 2: Type and Size	43
Introduction	43
Existing types and sizes	43
Background and definitions	43
Dwelling type.....	44
Dwelling size	44
Age and household composition	45
Age structure.....	45
Household composition	47
Occupancy ratings.....	48
Dwelling mix determined by life-stage modelling.....	48
Suggested future dwelling size mix	48
Conclusions- Type and Size.....	54
6. RQ 3: Specialist housing for older people	57
Introduction	57
Current supply of specialist housing for older people	58
Tenure-led projections	59
Housing LIN-recommended provision	63
Conclusions- Specialist Housing for the Older People	65

7.	Conclusions	67
	Overview	67
	Recommendations for next steps	70
	Appendix A : Calculation of Affordability Thresholds.....	71
A.1	Market housing	71
i)	Market sales	71
ii)	Private Rented Sector (PRS).....	72
A.2	Affordable Housing	74
i)	Social rent.....	74
ii)	Affordable rent.....	74
iii)	Affordable home ownership	75
	Appendix B : Housing Needs Assessment Glossary	79

List of acronyms used in the text:

ACNF	Arches Chatham Neighbourhood Forum
DLUHC	Department for Levelling Up, Housing and Communities (formerly MHCLG)
HNA	Housing Needs Assessment
HRF	Housing Requirement Figure (the total number of homes the NA is expected to plan for, usually supplied by LPAs)
HLIN	Housing Learning and Improvement Network
HRP	Household Reference Person
KDL	Key Development Location (sub-areas within Medway in the LHNA)
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LPA	Local Planning Authority
MC	Medway Council
NA	Neighbourhood Area
NDO	Neighbourhood Development Order
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RQ	Research Question
VOA	Valuation Office Agency

1. Executive Summary

Conclusions- Tenure and Affordability

Affordability issues

1. The assessed area's current tenure mix reveals a very low rate of home ownership, at 45%, compared to wider averages. Correspondingly, there is slightly more social renting than across Medway and far more private renting (a tenure option that has also more than doubled between 2001 and 2011).
2. Home values in the assessed area have increased steadily and substantially over the past decade. The median price, at £180,000, is now 75% higher than it was in 2011. The lower quartile (or entry-level) price, at £158,000, is now 80% higher than it was in 2011. Of the 347 transactions in 2020, just 5 were detached and 29 semi-detached. In contrast, 241 were terraces and 72 were flats. It is reasonable to assume therefore that both the median and lower quartile price are terraced homes.
3. Land Registry records 29 sales of new build properties in the assessed area in 2020. There were 50 such transactions in 2019, but none in 2017 or 2018. The combined 79 new home sales in 2019-2020 represent a significant uptick on recent years (with 86 new build transactions in the much longer period from 2011 to 2018).
4. The median price of a new build home in 2019-2020 (combined for a bigger sample) was £266,280. The 79 sales in this period included just 2 detached homes, 1 semi-detached home (presumably a self-contained extension to an existing detached property), 13 terraced homes and 63 flats. The overall median price therefore masks a high degree of variation. The detached median was £595,000, the semi-detached home sold for £565,000, the terraced average was £450,000 and the flat average was £225,000.
5. Around half of the private rented properties available in the assessed area are flat shares (rooms in a shared dwelling). This assessment is focussed primarily on the need for self-contained dwellings, but it is worth bearing in mind that this much more affordable option exists in abundance and provides valuable options for certain types of households – namely single persons and those using housing benefits.

Tenure options

6. AECOM has estimated the annual income required to afford various tenures of housing in the area – each of which is explained in detail in Appendix A. These thresholds are compared to local incomes to determine which options are the most appropriate for local people going forward. The mean household income in the assessed area is £38,125, the median is £25,000 and the lower quartile is £15,000.
7. It was found that a household would need an income comfortably above the average (or a large deposit) to qualify for a mortgage even for an entry-level home in the area. Home ownership through the mainstream market is not an option for the majority of local people. The median house price would require an annual income over 20% higher than the current mean.

8. Private renting is generally only affordable to average earners and above (and even then the mean earning household can only just afford a 2 bedroom rental property). Median 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.
9. There is a relatively large group of households in the assessed area who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £30,000 per year (at which point entry-level rents become affordable) and £40,000 (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.
10. All of these products would be valuable to different segments of the local population, with shared ownership at a lower than 25% equity share potentially allowing lower earning households to get a foot on the housing ladder, while rent to buy offers poorer long-term prospects but is helpful to those with little or no savings for a deposit, and First Homes at a 40% or greater discount provides the best long-term support to those with slightly higher incomes.
11. Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. It would appear that a 40% discount would be sufficient, on the assumption that average earners (rather than lower earners) are the target group for this product and that they will come forward as flats. If First Homes are delivered as terraced homes even a 50% discount would appear insufficient to bring them within reach of average earners. It is important to note that NDOs are unlikely to be able to set discount levels for the sites in question; this is understood to be the prerogative only of plan-making bodies.
12. Affordable rented housing is generally affordable to mean and median earning households if they are eligible. However, lower quartile earning households 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.
13. The evidence in this chapter suggests that the small affordable rented sector performs a vital function in the assessed area as the only option for a large segment of those in the greatest need. Being cheaper for the occupant, social rent performs this function best.

Quantity of Affordable Housing needed

14. The Medway Local Housing Needs Assessment (LHNA) 2021 finds an overall net Affordable Housing need of 870 units per year across Medway (paragraph 6.3). This is not broken down to sub-areas. The LHNA analysis suggests that the appropriate tenure split between affordable renting and affordable home ownership should be 51% to 49% (paragraph 6.5).

15. The LHNA also cites Housing Register statistics for sub-areas within Medway in Table C8. In the Chatham KDL there was a base of 965 households on the register for affordable rented housing. This is 12.9% of the 7,489 applicants on the register overall. Medway Council have also confirmed that as of January 2022 there are 1,660 people on the active housing register for the district. Within this figure, 530 have listed Chatham in their address. This suggests a reduction since the time of the LHNA, although it may well be that the Chatham KDL extends to an area beyond that counted in the current data, accounting for part of the discrepancy.
16. When the LHNA need figure is pro-rated to the assessed area based on its fair share of the population (9.9% of the LPA's population according to ONS estimates), this equates to 86 homes per annum or 1,291 homes over the 15-year period from 2022-2037. This should be split into 51% affordable rent and 49% affordable ownership.

Policy considerations

17. Medway's adopted policy on this subject simply sets out the considerations that will be taken into account during negotiations with developers. The draft Policy H3 in the emerging Local Plan is more specific in requiring 25% of all residential units on sites of 15 or more dwellings to be Affordable Housing.
18. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan or NDO can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in the assessed area, and every effort should be made to maximise delivery where viable.
19. 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 only in the LHNA at this stage, which recommends a balance of 51% renting to 49% ownership.
20. On the balance of factors listed in the Policy Guidance section of this chapter, AECOM recommends that the LHNA proposed tenure split for Affordable Housing is suitable for the NDO site given what is currently known about it. However, if the number of affordable units is proportionally low in relation to the need for Affordable Housing identified here and in the LHNA, there would be justification for giving greater priority to the more urgently needed affordable rented housing.

Conclusions- Type and Size

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

The existing stock

22. The assessed area has a relatively unbalanced mix of dwelling types, with a combined 90% of all homes falling into the categories of terraced houses and flats. This

is not unusual for an urban area. It is likely to mean that relatively affordable housing options are available, but also that the assessed area may not be catering well to all groups in the population. While larger flats and terraces can certainly meet the needs of growing families, a wider variety of options, including those with more flexible living space and/or access to gardens, may help to serve a broader range of people.

23. In terms of size, the housing stock in the assessed area is similarly skewed towards smaller homes, with only 4% of homes having more than 3 bedrooms (compared with 12% across Medway and 16% nationally). The assessed area also has nearly double the proportion of 1-bedroom homes as seen across the district and England. Again, there is a clear gap in the market for larger homes and more variety generally.

Demographics

24. The age structure of the population is a key indicator of the future need for housing. The assessed area has a younger population profile than Medway and England. The older age brackets have grown the fastest between the 2011 Census and the latest estimates in 2020, but from a low base meaning that they remain relatively small in terms of actual numbers. The general ageing of the population is driving the increase, but the low numbers reflect the tendency for older people to prefer less central urban environments – either for lifestyle reasons or because the housing choices available are less suitable to their needs and budgets. It may be worth exploring further whether older people feel their needs are being met by the available housing options.
25. At the opposite end of the age spectrum, it is interesting to note that the 0-15 age band has seen healthy growth over the past decade while the 16-24 age band has contracted. This clearly indicates the presence of families with children, yet also suggests that as those children grow up (either still living with parents or forming their own independent households) those households are moving away. This makes sense in the context of the assessed area's housing stock, discussed above, which contains a fair number of terraced homes and flats that could accommodate young families but few follow-on properties suitable for those with more and/or older children. The previous chapter also makes a clear case that affordability issues may be driving this loss in the young adult population (i.e. those in their early twenties who find the assessed area too expensive for their first home).
26. A far greater proportion of households in the assessed area are composed of a single individual than is the case across Medway and (to a lesser extent) England. Of the family households, a much higher proportion have dependent children than do not. The number of households containing non-dependent (adult) children or multiple families (HMOs and house shares) rose steeply between the last Censuses.
27. A combined 53% of households in the assessed area have more bedrooms than they might be expected to need, which is fairly evenly balanced with the 47% who have the 'right' number of bedrooms or too few. Though only 8% of households overall have too few bedrooms, 12% of households with dependent children fall into this category – further evidence of the lack of suitable properties for large or growing families. It is households aged over 65 and those under 65 with adult children or no children who are most likely to have more bedrooms than they are expected to need, suggesting that the largest homes are not necessarily occupied by those with the largest families but by those with the financial capacity to do so, irrespective of their household size.

The future dwelling mix

28. The results of a life stage modelling exercise, which looks at the sizes of dwelling occupied by households at different life stages and projects the growth and decline of those household age groups over the Plan period, suggests that new development should be restricted to homes with 3 or more bedrooms because these size categories are so underrepresented at present compared with what the future population might be expected to need given the existing preferences of different age groups across Medway. An injection of larger homes would improve the offering for larger families who have few options for their next step on the property ladder, and would also widen choice in general.
29. However, it is never advisable to restrict future housing delivery to specific size categories only. There are two key arguments against weighting the dwelling mix on the NDO site and other future developments too strongly towards larger homes.
30. First, the preceding chapter found that affordability is a serious and worsening challenge in the area. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
31. Second, this chapter has established the clear direction of travel toward the ageing of the population (even if this is not felt as strongly in the assessed area as wider Medway). This suggests that suitable options for downsizing older households should form a valuable contribution to the housing mix. Some additional 2-3 bedroom homes would help to achieve this, where a narrow focus on 3+ bedroom homes may not.
32. Furthermore, variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release some larger homes for use by families who need more bedrooms if they can afford to.
33. Finally, and more generally, it would be unwise for new housing to be delivered in an unbalanced way, particularly on one individual site. Those wishing to move within or relocate to the assessed area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to larger and mid-sized homes if this can be accommodated within the limitations of site density and viability, but that this is done to a degree that aligns with the wider objectives of the community and does not overly limit choice.
34. The HNA target dwelling mix for 2037 (retaining up to 40% of new homes with 1-2 bedrooms), and the proposed mix for the Chatham KDL put forward in the LHNA, may be considered more balanced breakdowns to aim for or sources to justify adjusting the mix to give more emphasis on smaller properties if this is the desire of the community.

Conclusions- Specialist Housing for the Older People

35. There are approximately 317 units of specialist accommodation in the assessed area at present across 9 schemes. The split between market ownership and social renting is roughly equal, but only 13% of units provide extra-care for residents with support requirements. It is also important to note that 4 of the 9 schemes counted here are in the part of the assessed area known as the Rochester Waterside and its environs. If these are excluded the number of units available within the assessed area proper is 191.
36. ONS 2020 population estimates suggest that there are currently around 1,019 individuals aged 75 or over in the assessed area. This suggests that current provision of specialist housing is in the region of 311 units per 1,000 of the 75+ population (a common measure of specialist housing supply). Housing LIN suggests that provision should be roughly 250 units per 1,000 of the older population so on this measure the existing supply appears to be sufficient in the assessed area.
37. While the proportion of older people in the overall population in the assessed area is likely to stay much lower than in Medway, it is projected to grow from 3.7% today to 5% in 2017 – an increase of roughly 412 people. It is the needs of these people that form the focus of this analysis.
38. The potential need for specialist housing with some form of additional care for older people can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research and assumptions.
39. These two methods of estimating the future need in the assessed area produce a range of 103 to 173 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 in the existing stock, through adaptations to their own homes, or other care arrangements. If this is found not to be the case, it would justify aspiring to exceed the range identified here.
40. The LHNA identified a need for 753 units of specialist accommodation for older people to 2037 across Medway, plus an additional 436 units of care home accommodation (page 12). If this figure is shared across the district according to population statistics, the assessed area might be expected to deliver 75 units over the same period (being 9.9% of the Medway population in 2020). Given the generally younger population profile of the assessed area compared with Medway, the LHNA evidence suggests that the need may be towards the lower end of the range suggested here.
41. In the tenure-led estimate (which reflects the higher rates of renting in assessed area compared to Medway) the need for affordable specialist housing approaches that for market housing, while the HLIN estimate is weighted more towards market housing. The rate of affordable housing required in the Local Plan does not appear sufficient to accommodate the affordable component of these estimates, but is unlikely to be something that can be changed for the NDO site. Existing provision of socially rented specialist accommodation is also quite high at present, which may reduce some of the pressure from future households falling into need through turnover in the existing stock.

42. A slight majority of the need, when averaged across the two, is anticipated to be for sheltered (age-restricted) housing, but some need is still expected for extra-care accommodation. Given the lack of extra-care accommodation in the existing stock, it may be wise to prioritise this kind of specialist housing to a greater extent in future development.
43. Given the extent of the potential need for sheltered accommodation and the potentially limited delivery of this form of housing at the NDO site, an alternative avenue could be to require standards of accessibility and adaptability in the new homes to be met at more ambitious levels than those mandated in the Local Plan.
44. The emerging Local Plan provides explicit encouragement for development to accommodate specific groups such as older people. However, it does not set specific targets for the proportion of new housing that might be required to meet national standards for accessibility and adaptability (Category M4(2)), or for wheelchair users (Category M4(3)). The evidence gathered here would appear to justify applying such a target for the NDO or in the Neighbourhood Plan if this avenue has the support of Medway Council and does not overly impinge on viability.
45. The LHNA proposes that 5% of new dwellings should be built to M4(3) standards and that all new dwellings should be built to M4(2) standards. This ambitious requirement would seem fitting for the assessed area if it has the support of Medway Council.

2. Context

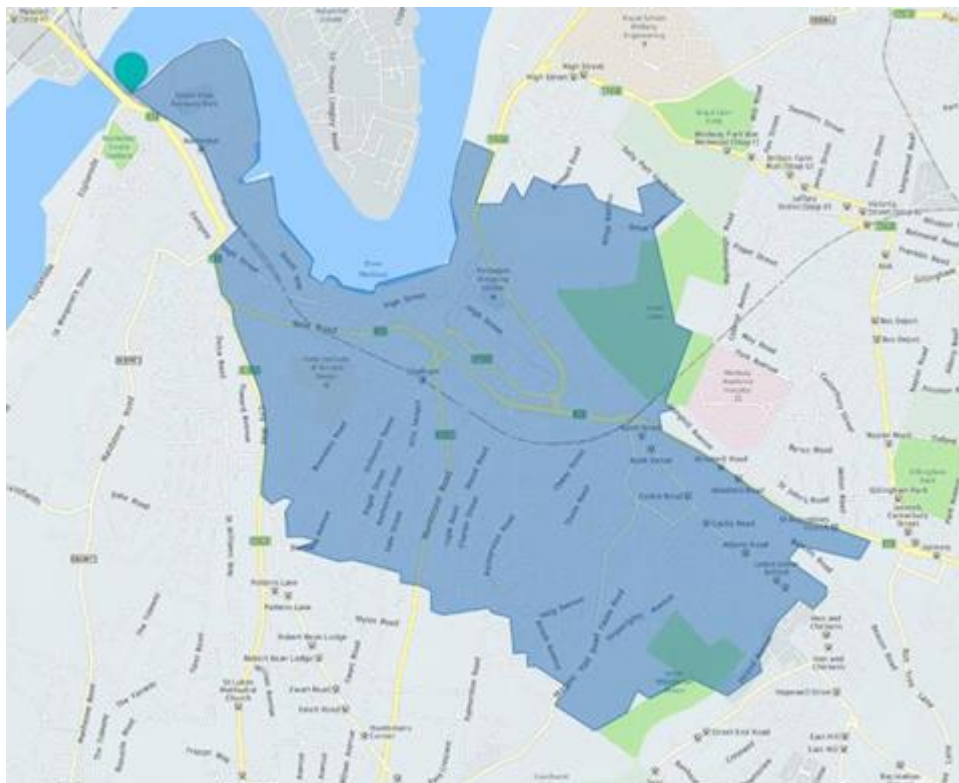
Local context

46. The focus of this assessment is an area of central Chatham in the Medway District of Kent. It is closely related to the Arches Chatham Neighbourhood Area and the Arches Local area, created as part of the lottery-funded Big Local Programme.
47. The assessed area forms the core of Chatham's urban area on the south bank of the River Medway. It is characterised by town centre retail and other business uses intermixed with homes, and extends to primarily residential areas to the south. The range of amenities, services and transport infrastructure is extensive, but the assessed area also contains pockets of deprivation and other challenges associated with the rapid pace of change in the built and social environment.
48. This Housing Needs Assessment (HNA) has been commissioned to support a proposed Neighbourhood Development Order (NDO) for a site within the assessed area known as the 'former Go Outdoors / Market Hall site' (henceforth abbreviated to 'the NDO site'). The unit of analysis for this study is a bespoke area extending roughly 20 minutes' walk from the NDO site, which can be understood to represent the area of influence and potential demand for new homes on the site. This 20-minute walking radius was then matched with a combination of Medium Super Output Areas and Lower Super Output Areas (see further detail on the following page). This was selected rather than the smaller established Neighbourhood Plan / Big Local area because the NDO site has the capacity to meet the needs of a wider population. It was also chosen because this development proposal seeks to be as sustainable as possible through the realisation of the '20-minute-city' concept
49. This HNA derives conclusions about the housing needs of the assessed area based on publicly available secondary data. This data is generally only available for existing boundary areas, such as wards, parishes and the Output Areas (OAs) and their higher order equivalents used for the Census. It is therefore necessary to create a best-fit proxy area for the assessed area using a combination of these existing boundaries, and ideally one that can be replicated across a variety of different datasets. While this does require making compromises, it allows more robust evidence to be gathered.
50. The approach taken here is to create a proxy for the assessed area using a combination of Medium Super Output Areas (MSOAs – the largest sub-areas beneath districts/boroughs) and Lower Super Output Areas (LSOAs – the next level down from MSOAs but also one level above the smallest OAs). This is because other data sources beyond the Census, notably information about the current stock of housing from the Valuation Office Agency (VOA), use the same boundaries but do not drill down below LSOA level.

51. The proxy area created is shown in Figure 2-1. Throughout this report ‘the assessed area’ will refer to this area unless otherwise stated. (Some data sources, such as from the Medway Affordable Housing register, may relate to a different boundary.) The characteristics of the area’s existing housing stock and the people living here will shed light on the assessed area’s unmet housing needs and help to inform the mix that is delivered on the NDO site. A list of the relevant area codes along with a brief rationale for each is also provided below for reference:

- MSOA E02003328 – encompassing the site itself and most of the urban core. It also covers the Rochester Waterfront, which unfortunately cannot be excluded without also excluding much of central Chatham. However, the Rochester Waterside area is not well-populated at present so is unlikely to skew the broader picture.
- MSOA E02003335 – extending south of the train line to Luton Millennium Green.
- LSOAs E01016020, E01016021, E01016022 – covering the west side of the assessed area bordered by City Way. These LSOAs fall within the MSOA E02003334, the whole of which is not included in order to exclude a large area further south (to Holcombe Grammar School) that is beyond 20 minutes’ walk from the NDO site.
- LSOAs E01016061, E01016063, E01016069 – covering the east side of the assessed area bordered by the A2 (Chatham Hill). These LSOAs fall within the MSOA E02003333, the whole of which is not included in order to exclude central Luton, which is again beyond the chosen radius from the NDO site.

Figure 2-1: Map of the assessed area proxy area

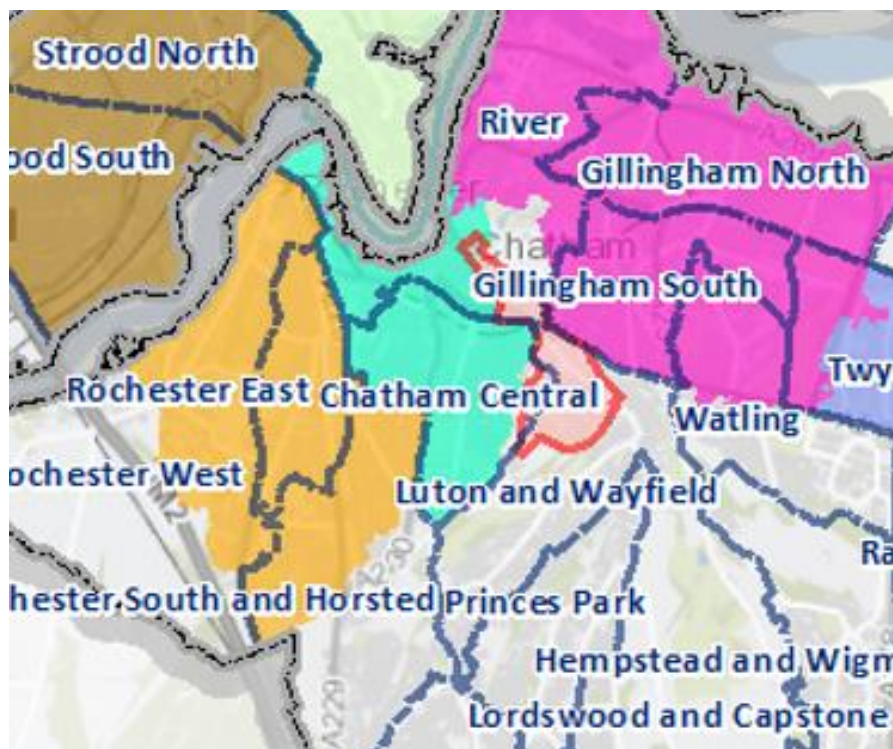


Source: Created using Doogal.co.uk using boundary areas displayed at Nomis.co.uk

52. Throughout this report reference will be made where relevant to the findings of the Medway Local Housing Needs Assessment (LHNA) 2021. The scope of the LHNA ranges

beyond what is possible here and therefore provides much additional value. This is particularly the case because it breaks down many of its findings to sub-areas of the district. The sub-areas considered are wards and Key Development Locations (KDLs). The closest area to the assessed area is the Chatham KDL, shown in cyan in the map below.

Figure 2-2: Map of the Chatham Key Development Location (KDL)



Source: Medway LHNA 2021, Map 1.1

53. The time horizon for the HNA evidence is the period 2022-2037 to align with the proposed date range of the Neighbourhood Plan.
54. The statistics show that at the time of the 2011 Census the assessed area had a total of 24,750 residents, formed into 10,106 households and occupying 10,650 dwellings. The Office for National Statistics (ONS) produces mid-year population estimates for MSOA and LSOA areas. The mid-2020 population estimate for the assessed area (combining the results of the various OA codes listed above) is 27,640 – indicating population growth of around 2,890 individuals since 2011, or 11.7% growth.
55. It is worth noting that this 2020 population figure is an estimate only, based on data which is mostly available at local authority level such as administrative registers of births and deaths, data on moves between local authorities, small-area population estimates and official population projections, and not based on a survey count.
56. The VOA, which provides data on the housing mix from Council Tax reporting, tallies 11,810 dwellings in the assessed area as of 2021. This suggests that the number of additional homes built since 2011 is 1,160, representing an increase of 10.9%.
57. At the time of the 2011 Census there were 2.45 people per household in the assessed area. If this average household size holds for the new properties built since then, we might

expect population growth of 2,842 (1,160 x 2.45). This is extremely close to the ONS estimate, which indicates growth of 2,890. The ONS population estimate, and VOA housing stock totals can therefore be verified as being relatively accurate.

58. Because the assessed area is an approximate area describing the broad radius of influence of the NDO site, the specific population and housing numbers are less important than the general trends they represent, which are likely to also reflect the picture in Chatham more widely. The key point here is that the number of homes and people has risen in tandem at roughly 11% over the past ten years and may be expected to continue going forward.

Planning policy context

59. When considering the housing needs of any area, it is helpful to review the relevant adopted and emerging Local Plan policies for the Local Authority.
60. The Medway Local Plan was adopted in 2003¹.
61. The emerging Local Plan for Medway will cover the period from 2021 to 2037² and is expected to be adopted in Spring 2023. The latest stage of the plan to be completed was the Medway Council Local Plan 2012-2035 Development Strategy³ consultation from March-June 2018. The plan period outlined on this document does not align with the most recent iteration of the Medway Local Development Scheme, but it is unlikely to affect the policies or findings to too great an extent. The publication of the draft plan was due to take place in Autumn 2021, but this had not yet occurred at the time of writing in January 2022.

Policies in the adopted local plan

62. Table 2-1 below summarises adopted Local Plan policies that are relevant to housing need and delivery in the assessed area. Chatham is considered to be the main urban centre in Medway. Given that there is no rigid border between the assessed area and the rest of the town, it is useful to capture any policies that affect Chatham as a whole.

Table 2-1: Summary of relevant adopted policies in the adopted Medway Local Plan

Policy	Provisions
S1: Development Strategy	The development strategy for the plan area is to prioritise re-investment in the urban fabric. This will include the redevelopment and recycling of under-used and derelict land within the urban area, with a focus on the Medway riverside areas and Chatham, Gillingham, Strood, Rochester, and Rainham Town Centres.
S5: Medway's City Centre	Chatham town centre will be developed as the major, multi-use 'city' centre for Medway.

¹ Available at: https://www.medway.gov.uk/downloads/file/2400/medway_local_plan_2003

² As per the Medway Local Development Scheme 2021-2024, published September 2021

³ Available at: https://www.medway.gov.uk/downloads/file/2203/development_strategy_with_cover_2018

Policy	Provisions
	Land at the riverside will be released for riverside open space and mixed-use development. This could include Class C3 residential uses; Class A1 and A3 shop, restaurant and pub uses; Class B1 business; and Class D1 and D2 leisure uses.
S8: Chatham Maritime	In the Chatham Maritime Mixed-Use Zone and on St Mary's Island, a high quality and innovative development will be sought which will set the standard for the Thames Gateway and create a townscape of note. The requirements of the development are outlined further in the policy.
S9: Chatham Historic Dockyard	At the Historic Dockyard, Chatham, development that respects the historic character of the site will be permitted.
BNE1: General Principles for Built Development	The design of development should be appropriate in relation to the character, appearance, and functioning of the built and natural environment by: <ul style="list-style-type: none"> i) being satisfactory in terms of use, scale, mass, proportion, details, materials, layout, and siting; and ii) respecting the scale, appearance, and location of buildings, spaces, and the visual amenity of the surrounding area; and iii) where appropriate, providing well structured, practical and attractive areas of open space.
BNE7: Access for All	Development should be designed so that access to buildings and external circulation areas meet the needs of people with disabilities, the elderly, and people with young children.
BNE44: Community Woodlands	Development that would prejudice the implementation of the proposed community woodlands will not be permitted. These include the following in Chatham: <ul style="list-style-type: none"> • Ridgeway Bank • Bishops Hoath Wood • Chestnut Wood • Dargets Wood • Sindal's Shaw • Hall Wood • Ballens Rough • Hook Wood
ED9: Chatham Port	Port-related development and an expansion of the commercial port at Chatham will be permitted subject to the provisions of Policy T7 and the enhancement of the setting of the Medway Towns Northern Relief Road.

Policy	Provisions
H1: New Residential Development	<p>Residential development will be permitted on the following sites in Chatham:</p> <ul style="list-style-type: none"> • ME045 – Land adjacent to 1 Wiltshire Close, Chatham – 6 units • ME113 – Chatham Maritime and St Mary’s Island. To be provided in conjunction with mixed use development. Master plan to be prepared and adopted to guide development. – 250 units • ME154 – 130A Beacon Road, Chatham – 10 units • ME323 – Land between 190-200 Beacon Road, Chatham – 8 units • ME371 – All Saints Hospital, Magpie Hall Road, Chatham – 262 units • ME383 – Cross Street, Chatham – 26 units • ME387 – Barrier House, Barrier Road, Chatham – 68 units • ME403 – Southern Water Site, Capstone Road, Chatham – 60 units • ME406 – New Stairs, Dock Road, Chatham – 41 units • ME407 – Gray’s Garage, High Street, Chatham – 28 units • ME409 – Hilda Road, Chatham – 5 units <p>This totals 764 units.</p> <p>All sites which meet the appropriate size thresholds will be subject to Local Plan policies requiring the provision of open space, affordable housing, and a mix of dwelling types.</p>
H3: Affordable Housing	<p>Where a need has been identified, affordable housing will be sought as a proportion of residential developments of a substantial scale.</p> <p>A substantial scale within the urban area is defined as developments which include 25 or more dwellings or where the site area is 1 hectare or more.</p> <p>Matters to be taken into account when affordable housing is negotiated will be:</p> <ol style="list-style-type: none"> a) the suitability of the site for affordable housing development; b) the economics of provision; c) the proximity of local services and facilities and access to public transport; d) the realisation of other planning objectives as priorities on a site;

Policy	Provisions
	<p>e) the need to achieve a successful housing development taking into account the appropriate mix of affordable housing types and the proportion of affordable housing and its subsequent management.</p> <p>The following targets are adopted for specific large sites in Chatham as a basis for negotiation:</p> <ul style="list-style-type: none"> • All Saints Hospital – 30
H4: Housing in Urban Areas	<p>Within the urban area, residential development will be permitted consisting of:</p> <ul style="list-style-type: none"> i) the use of vacant or derelict land or the change of use or redevelopment of existing buildings no longer required for non-residential use; or ii) the redevelopment of existing residential areas and infilling in such areas (providing that a clear improvement in the local environment will result); or iii) mixed commercial and residential uses in proximity to town centres; or iv) the use of upper floors above commercial premises.
H5: High Density Housing	<p>Housing proposals at low densities will not be permitted in, or close to:</p> <ul style="list-style-type: none"> i) town centres; or ii) near existing or proposed public transport access points; or iii) along routes capable of being well served by public transport and which are close to local facilities.
H10: Housing Mix	<p>On sites larger than one hectare, where residential development is acceptable in principle, the provision of a range and mix of house types and sizes will be sought. This will include smaller units of accommodation suited to the needs of one or two person households, the elderly or persons with disabilities, and housing that can be adapted for the future.</p>
R12: Mixed Use Schemes	<p>Within, or on the edge of, the defined Core Areas of Chatham, Strood, Gillingham, Rainham (and to a lesser extent Rochester), mixed use developments of an appropriate scale and incorporating high design standards and which contribute to the vitality and viability of these centres will be permitted.</p>
CF5: Nursing and Special Care	<p>Accommodation providing nursing or special care to meet needs arising in local neighbourhoods will be permitted, subject to there being no undue loss of amenity to neighbouring residents. Proposals</p>

Policy	Provisions
	should be of a size, design, and location that will provide a satisfactory environment for future residents.

Source: Medway Council

Policies in the emerging local plan

63. Table 2-2 below summarises emerging Local Plan policies that are relevant to housing need and delivery in the assessed area (and the wider town).

Table 2-2: Summary of relevant emerging policies in Medway

Policy	Provisions
DS1: Sustainable Development	Planning applications that are in conformity with the Medway Local Plan (and where applicable, with policies in Neighbourhood Plans) will be approved, unless material considerations indicate otherwise.
DS2: Spatial Development Strategy	<p>The development strategy for Medway prioritises regeneration, making the best use of underused and previously developed land and directing investment to urban waterfront and centre opportunity areas. The Council will encourage sustainable development in appropriate urban regeneration sites to deliver housing, employment, retail, and community uses, establishing a quality and accessible public realm, including the extension of a riverside walk.</p> <p>Chatham will provide the focus for new retail and community facilities. Appropriate opportunities to capitalise upon the learning quarter at Chatham Maritime will be positively considered.</p>
H1: Housing Delivery	<p>The Council will determine a housing target for the Medway Local Plan, responding to the latest relevant information, in preparing its draft Local Plan.</p> <p>The council will seek to provide a supply of land to meet the needs for market and affordable housing that responds to the objectively assessed need for housing, and meets the principles of sustainable development.</p> <p>Allocations for sites and broad locations for development will be established in the Local Plan, phased to ensure a supply over the plan period.</p>
H2: Housing Mix	The Council seeks to ensure that a sufficient range of sustainable housing options are provided to adequately meet the needs of a growing and changing population.

Policy

Provisions

Residential development will be permitted to encourage a sustainable mix of market housing to include an appropriate range of house types and size to address local requirements.

The mix must be appropriate to the size, location, and characteristics of the site as well as to the established character and density of the neighbourhood.

Accommodation requirements as detailed in the SHMA 2015 (or any future updates) will be used to help inform which house sizes and mix should be delivered in urban and rural areas.

When affordable housing is to be provided, developers should also take into consideration the needs of households on the council's housing register and discuss affordable housing requirements with the council's Housing Strategy team at the pre-submission stage of the planning process.

Large development schemes meeting the criteria set out at Policy H9 must demonstrate that sufficient consideration has been given to custom and self-build plots as part of the housing mix.

The Council will work with partners to facilitate the provision of suitable specialist and supported housing for the elderly, disabled, and vulnerable people.

H3: Affordable Housing

On housing and mixed use development sites of 15 or more residential units, the Council will require the delivery of affordable housing. In urban Medway, the affordable housing provision is proposed at 25% of all residential units on developments of 15 or more dwellings.

There will be a strong presumption in favour of the affordable homes being fully integrated within the proposed development. However, the Council may consider off-site provision where this enables other policy objectives to be met, subject to an equivalent level of developer contribution being provided.

H4: Supported Housing, Nursing Homes, and

The development of specialist residential accommodation for older people, including care homes, nursing homes, and other specialist forms of housing for those with particular needs will be supported where it:

Policy	Provisions
Older Persons Accommodation	<ul style="list-style-type: none"> • Meets a proven need for that particular type of accommodation. • Is well designed to meet the particular requirements of residents with social, physical, mental, and/or health care needs. • Is easily accessible to public transport, shops, local services, community facilities, and social networks for residents, carers, and visitors. Local services are particularly essential in those developments where residents have fewer on site services and greater independence. • Will not lead to an excessive concentration of non-mainstream residential uses to the detriment of the character of a particular area.
H9: Self-Build and Custom Housebuilding	The Council will support self-build or custom build home development in sustainable and suitable locations.
BE4: Housing Density Approach	<p>The Council will seek the efficient use of land and secure positive contributions to place-making through supporting developments at higher densities in appropriate locations, where it can be demonstrated that it does not create an unacceptable impact on the surrounding amenity and environment and has the potential to boost the vibrancy and vitality of town centres.</p> <p>Densities surrounding transport interchanges (railway stations and bus stations) will be expected to be higher to reflect the nature of these areas as transport hubs providing sustainable travel choices.</p>
T2: Integrating Land Use and Transport Planning	The Council promotes development which supports the use of sustainable transport. It seeks to realise opportunities for making the best use of land, by promoting higher density mixed use development in areas within close walking distance of the main rail stations (Strood, Rochester, Chatham, and Gillingham) and Chatham Waterfront bus interchange. Proposals which compromise this policy will be resisted.
T5: Riverside Infrastructure	The allocation of Chatham Docks for mixed use development will be regularly reviewed, taking account of market signals and development needs. innovative, mixed use proposals for this strategic site will be encouraged.

Source: Medway Council

Quantity of housing to be provided

64. The NDO site is understood to be labelled in Medway’s draft site allocations as a ‘mixed use residential’ site. The capacity of the site in terms of the number of dwellings it will provide is yet to be determined. As such, this study does not assume any particular

quantity of new homes will be delivered or attempt to calculate what number might be appropriate.

65. Instead, it focusses on the characteristics of new housing needed in the assessed area. The next step for the NDO process will be to see how and to what extent the needs identified here can be met within the capacity and other constraints of the NDO site.

3. Approach

Research Questions

66. The following research questions were formulated at the outset of the research through discussion with Create Streets, acting as consultants for the Archest Chatham Neighbourhood Forum and the NDO process. They serve to direct the research and provide the structure for the HNA.

Tenure and Affordability

67. The Neighbourhood Forum would like to understand the needs of the community for housing of varying tenures, as well as the relative affordability of those tenures that should be provided to meet local need now and into the future – particularly through delivery on the NDO site.

68. This evidence will help to define what tenures and types of housing are affordable to local people, both in the broader sense of market housing attainable for first-time buyers, and as Affordable Housing for those who may be currently priced out of the market.

69. The Neighbourhood Forum are interested in exploring the need for Affordable Housing for sale (also known as affordable home ownership) and are therefore eligible for support under the Affordable Housing for sale element of the Neighbourhood Planning Technical Support programme. Analysis and commentary on this issue has been provided where relevant and possible in the HNA.

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

Type and Size

70. The Neighbourhood Forum is seeking to determine what size and type of housing would be best suited to the local community.

71. The aim of this research question is to provide evidence on the types and sizes needed by the local community. This can help to shape the form that the NDO site might take as well as inform other future developments so that they better reflect what residents need.

72. While this study is not able to advise on space standards or home configurations, it may reveal imbalances between the available stock and demographic trends.

73. Note, however, that the evidence gathered here takes the current population as its starting point and projects forward trends that exist today. It therefore risks embedding features of the housing stock and occupation patterns that the community may actually wish to change. In that sense, the findings in this report might be viewed as the baseline scenario on top of which the community's objectives and primary evidence should be layered to create a more complete picture and vision for the future.

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

Specialist Housing for Older People

74. 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.

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

Relevant Data

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

- Other Office of National Statistics (ONS) datasets providing more up-to-date demographic information;
- ONS population and household projections for future years;
- Valuation Office Agency (VOA) data on the current stock of housing;
- Land Registry data on prices paid for housing within the local market;
- Rental prices from Rightmove.co.uk;
- Local Authority housing waiting list data; and
- The Medway Council Local Housing Needs Assessment 2021.

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

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

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

Introduction

77. This section approaches the question of affordability from two perspectives. First, it examines what tenure options are currently available in the local area and which of them might be most appropriate going forward, based on the relationship between how much they cost and local incomes. Second, it estimates the quantity of Affordable Housing that might be required over the coming years. The scale of need for these homes may influence the NDO mix or justify planning policies to guide new development.

78. Tenure refers to the way a household occupies their home. Broadly speaking, there are two categories of tenure: market housing (such as homes available to purchase outright or rent from a private landlord) and Affordable Housing (including subsidised products like social rent and shared ownership). We refer to Affordable Housing, with capital letters, to denote the specific tenures that are classified as affordable in the current NPPF. A relatively less expensive home for market sale may be affordable but it is not a form of Affordable Housing.

79. The definition of Affordable Housing set out in the NPPF 2021 makes clear the Government's commitment to home ownership by broadening the definition to include a range of low-cost housing opportunities for those aspiring to own a home. As part of this effort, the Government has recently introduced a new product called First Homes.⁴

80. Because the First Homes product is new and expected to be an important part of the strategy for improving access to home ownership, it is worth summarising its key features and implications:

- First Homes should be available to buy with a minimum discount of 30% below their full market value (i.e. the value of an equivalent new home);
- The discount level can be set higher than 30% – at 40% or 50% – where this can be suitably evidenced. The setting and justifying of discount levels can happen at neighbourhood as well as local authority scale;
- After the discount is applied the initial sale price must not exceed £250,000 (or £420,000 in Greater London), and lower caps can be set locally;

⁴ 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>.

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

Current tenure profile

81. The current tenure profile is a key feature of the local housing market. 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.
82. Table 4-1 below presents data on tenure in the assessed area compared with Medway and England from the 2011 Census, which is the most recent available source of this information. The assessed area has a significantly lower rate of home ownership than wider averages. The rate of shared ownership across the three areas considered is consistent, so the shortfall in ownership locally is balanced out by a particularly high rate of private renting and slightly higher rate of social renting (compared with Medway).
83. There is no more current data on the proportion of housing that falls into each of these categories because the choice to let out a property does not require planning permission or other changes that would be recorded centrally and detailed Affordable Housing occupancy data is not available for custom areas. The 2021 Census will provide the most robust and up-to-date picture of this when the results are released in the coming months. However, it is interesting to observe the change recorded between the 2001 and 2011 Census: in the assessed area the private rented sector expanded by 116% in that period while all other tenure categories contracted.

Table 4-1: Tenure (households) in the assessed area, 2011

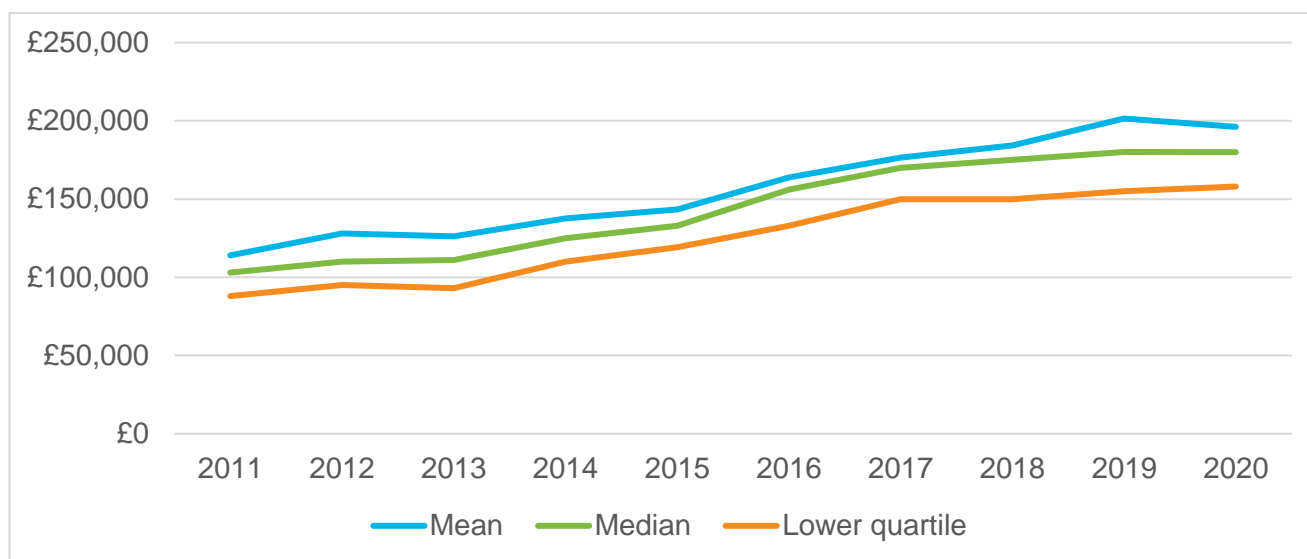
Tenure	Assessed Area	Medway	England
Owned	45.0%	67.7%	63.3%
Shared ownership	0.9%	1.0%	0.8%
Social rented	18.2%	13.2%	17.7%
Private rented	34.7%	17.1%	16.8%

Sources: Census 2011, AECOM Calculations

Affordability

House prices

84. House prices provide an indication of the level of demand for homes within an area. The relationship between house prices and incomes determines whether housing is affordable to local households and, to a large extent, what tenure, type and size of home they occupy. Changes in affordability over time can indicate pressures in the housing market. As such, it is useful for the evidence base for plans to examine trends in prices and consider what this reveals about the local housing market.
85. Figure 4-1 looks at selected measures of house prices in the assessed area. It shows that prices have increased steadily and substantially over the past decade. The median price, at £180,000, is now 75% higher than it was in 2011. The lower quartile (or entry-level) price, at £158,000, is now 80% higher than it was in 2011.
86. For comparison, the market sale median for the Chatham KDL in the LHNA is £197,000 and the lower quartile is £170,000 (table 3.9b).
87. It is worth noting that the median and lower quartile price sit at the lower end of the range of completed transactions in 2020 (£60,000 to £645,000). This is because of the imbalanced stock of housing in the area (see subsequent chapter): of the 347 transactions in 2020, just 5 were detached and 29 semi-detached. In contrast, 241 were terraced and 72 were flats. It is reasonable to assume therefore that both the median and lower quartile price are terraced homes. A discussion of price points by dwelling type follows the graph below.
88. Land Registry records 29 sales of new build properties in the assessed area in 2020. There were 50 such transactions in 2019, but none in 2017 or 2018. The combined 79 new home sales in 2019-2020 represent a significant uptick on recent years (with 86 new build transactions in the much longer period from 2011 to 2018).
89. The median price of a new build home in 2019-2020 (combined for a bigger sample) was £266,280. The 79 sales in this period included just 2 detached homes, 1 semi-detached home (presumably a self-contained extension to an existing detached property), 13 terraced homes and 63 flats. The overall median price therefore masks a high degree of variation. The detached median was £595,000, the semi-detached home sold for £565,000, the terraced average was £450,000 and the flat average was £225,000.

Figure 4-1: House prices by quartile in the assessed area, 2011-2020

Source: Land Registry PPD

90. Table 4-2 below breaks down house prices by type, presenting the median within each type. It shows a clear distinction between the pricing of the rare detached homes and all other types. The gap in the price of flats and terraces is generally between £20,000 and £50,000.

Table 4-2: Median house prices by type in the assessed area, 2011-2020

Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth
Detached	£280,000	£467,475	£202,000	£249,950	£210,000	£260,000	£225,000	£425,000	£393,000	£380,000	35.7%
Semi-detached	£131,500	£126,250	£190,000	£162,500	£167,500	£205,000	£198,000	£203,000	£193,775	£203,000	54.4%
Terraced	£101,000	£110,000	£111,000	£125,000	£135,000	£162,240	£175,000	£180,000	£180,000	£180,000	78.2%
Flats	£96,000	£99,000	£90,000	£106,375	£105,500	£115,750	£135,500	£126,125	£160,500	£163,748	70.6%
All Types	£103,000	£110,000	£111,000	£125,000	£133,000	£156,050	£170,000	£175,000	£180,100	£180,000	74.8%

Source: Land Registry PPD

91. A similar discussion of current rental price data is provided in Appendix A. A key point worth raising here is the fact that around half of the private rented properties available in the assessed area are flat shares (rooms in a shared dwelling). This assessment is focussed primarily on the need for self-contained dwellings, but it is worth bearing in mind that this much more affordable option exists in abundance and provides valuable options for certain types of households – namely single persons and those using housing benefits.

Income

92. 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 locally.

93. 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) and now fairly dated. The average total household income before

housing costs locally was £38,125 in 2018. This figure is the average of the income levels of the 5 MSOA areas listed in the Context section of this report. It is worth noting that the figures ranged from £33,400 in the south-east of the area to £41,800 in the south-west.

94. The second source is the CAMEO data drawn upon in the LHNA for the Chatham KDL (the closest proxy for the assessed area) in Table 2.20b. The lower quartile household income in 2021 was £15,000 and the median was £25,000.
95. Note that the LHNA lists the mean average as £25,125, which is significantly lower than the £38,125 noted above. However, because the Chatham KDL is not a perfect proxy for the assessed area and the mean is so close to the median, it remains helpful to include the overall average of £38,125 as an indicator of the income available to higher earning households locally.
96. It is immediately clear from this data that there is a large gap between the spending power of average earning households and those earning the lowest 25% of incomes.

Affordability Thresholds

97. 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.
98. AECOM has determined thresholds for the income required in the assessed area to buy a home in the open market (average and entry-level prices), and the income required to afford private rent and the range of Affordable Housing tenures as set out in the NPPF. These calculations are detailed and discussed in more detail in Appendix A.
99. 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.
100. 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.
101. The same information, with fewer categories for accessibility, is presented as a graph in Figure 4-2 on a subsequent page, with selected measures from the table presented for clarity. Because it is clear from the table that First Home terraces are not affordable to any groups, only First Home flats are displayed on the graph.
102. Note that similar calculations have been undertaken for the Chatham KDL in the LHNA – for both the annual cost for each tenure and the income required. There are no

major discrepancies to the findings in the table below, so no direct comparison is undertaken. However, for reference the relevant tables in the LHNA are 3.9b and 3.10b.

Table 4-3: Affordability thresholds in the assessed area (income required, £)

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on mean incomes? £38,125	Affordable on median earnings? £25,000	Affordable on LQ earnings? £15,000
Market Housing						
Median House Price (New Build)	£239,652		£68,472	No	No	No
Median House Price (All)	£162,000	-	£46,286	No	No	No
LQ/Entry-level House Price (All)	£142,200	-	£40,629	No	No	No
2-bed Market Rent	-	£11,400	£38,000	Yes	No	No
1-bed Market Rent	-	£9,000	£30,000	Yes	No	No
Affordable Home Ownership						
Terraced First Homes (-30%)	£283,500	-	£81,000	No	No	No
Terraced First Homes (-40%)	£243,000	-	£69,429	No	No	No
Terraced First Homes (-50%)	£202,500	-	£57,857	No	No	No
Terraced Shared Ownership (50%)	£202,500	£5,625	£76,607	No	No	No
Terraced Shared Ownership (25%)	£101,250	£8,438	£57,054	No	No	No
Terraced Shared Ownership (10%)	£40,500	£10,125	£45,321	No	No	No
Flat First Homes (-30%)	£141,750	-	£40,500	No	No	No
Flat First Homes (-40%)	£121,500	-	£34,714	Yes	No	No
Flat First Homes (-50%)	£101,250	-	£28,929	Yes	No	No
Flat Shared Ownership (50%)	£101,250	£2,813	£38,304	Marginal	No	No
Flat Shared Ownership (25%)	£50,625	£4,219	£28,527	Yes	No	No
Flat Shared Ownership (10%)	£20,250	£5,063	£22,661	Yes	Yes	No
Affordable Rented Housing						
Affordable Rent	-	£6,653	£22,154	Yes	Yes	No
Social Rent	-	£5,551	£18,485	Yes	Yes	No

Source: AECOM Calculations

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

Market housing for purchase and rent

104. 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 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 over 20% higher than the current mean.

105. The LHNA presents the income multiples required for households to access market home ownership in the Chatham KDL. It was found that a lower quartile market sale home requires 10.2 times the lower quartile income, and a median home requires 7.1 times the median income (Table 3.13b). These findings broadly align with the data reviewed here – the lower quartile price at £142,500 is roughly ten times the lower quartile income of £15,000.
106. Private renting is generally only affordable to average earners and above (and even then the mean earning household can only just afford a 2 bedroom rental property). Median 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.
107. The LHNA also suggests that, when comparing rental prices and gross incomes, the proportion of a lower quartile earning household's income they would need to spend to access lower quartile rents in the Chatham KDL is 52%. For median earners seeking median rental properties the percentage is 38.5% (Table 3.12b). This picture of affordability is again broadly validated by the table above, with the 1-bedroom annual rent of £9,000 more than half the lower quartile salary.

Affordable home ownership

108. There is a relatively large group of households in the assessed area who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £30,000 per year (at which point entry-level rents become affordable) and £40,000 (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.
109. First Homes are to be offered at a discount of at least 30% on equivalent market prices (i.e. new build, entry-level properties). Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate.
110. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. It would appear that a 40% discount would be sufficient, on the assumption that average earners (rather than lower earners) are the target group for this product and that they will come forward as flats. If First Homes are delivered as terraced homes even a 50% discount would appear insufficient to bring them within reach of average earners. It is important to note that NDOs are unlikely to be able to set discount levels for the sites in question; this is understood to be the prerogative only of plan-making bodies.
111. Shared ownership flats appear to be slightly more affordable than First Homes, but are broadly accessible to the same groups. Government has recently announced that

the minimum equity share for shared ownership will fall to 10% of the property value.⁵ 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.

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

113. The income required to access rent to buy is assumed to be the same as that required to afford market rents. On that basis, they could form a valuable part of the tenure mix for households who do not have savings for a deposit.

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

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

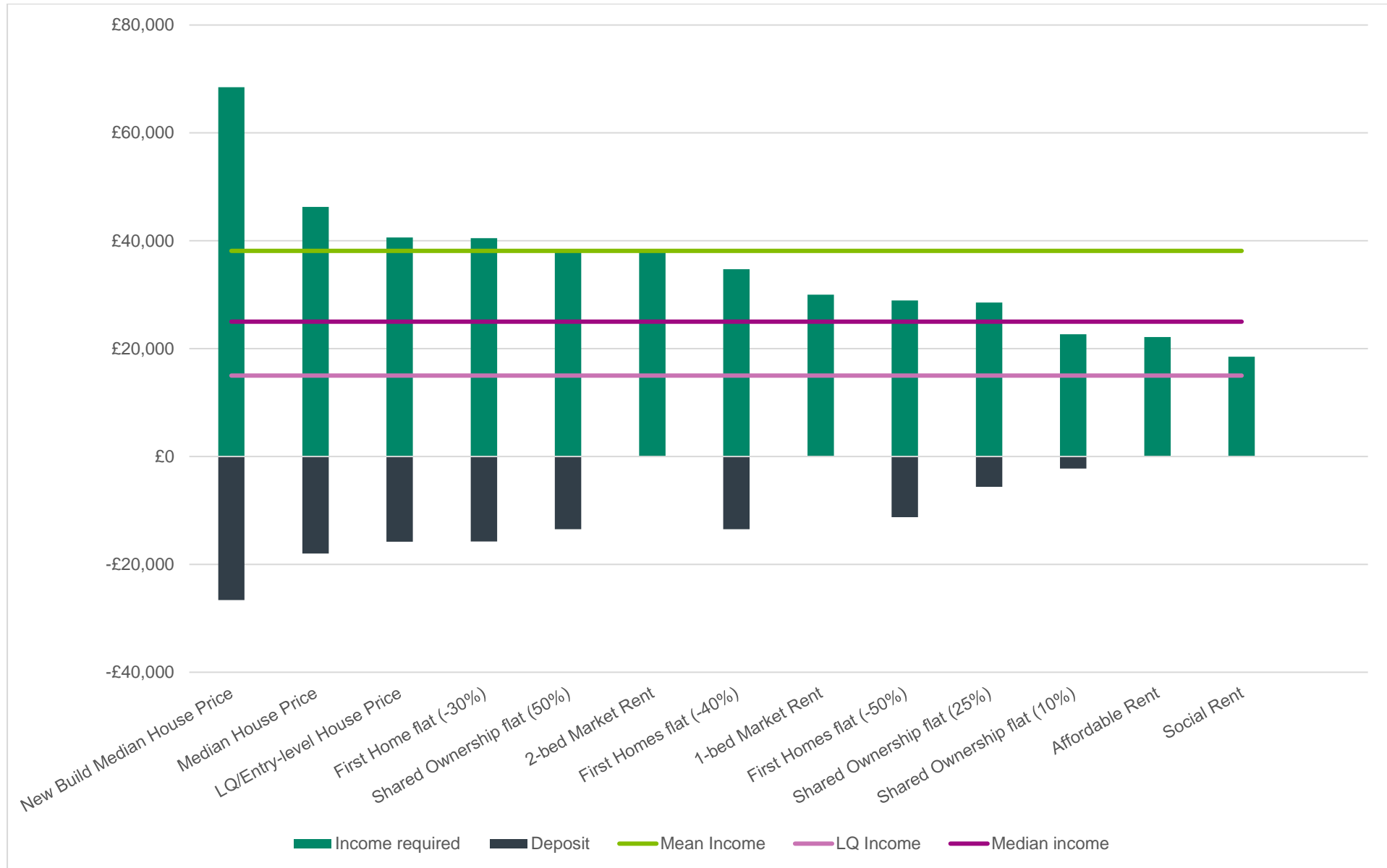
115. In conclusion, all of these products would provide value to different segments of the local population, with shared ownership at a lower than 25% equity share potentially allowing lower earning households to get a foot on the housing ladder, while rent to buy is helpful to those with little or no savings for a deposit, and First Homes (especially at 40% discount or above) may provide a better long-term investment to those who can afford to access it.

⁵ The previous minimum equity share was 25%. This change took effect from 28 June 2021 and transitional arrangements are in place for planning policy documents that are prepared during the implementation timeframe. Changes are also introduced to make the process of staircasing to full ownership more gradual with lower minimum increments of 1%. The ministerial statement confirming and detailing the changes is available here: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>.

Affordable rented housing

116. Affordable rented housing is generally affordable to mean and median earning households if they are eligible. However, lower quartile earning households 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.
117. The evidence in this chapter suggests that the affordable rented sector performs a vital function in the assessed area as the only option for a large segment of those in the greatest need. Social rents are cheaper and would therefore leave households on lower earnings better off and better able to afford their other living costs, such as food and fuel etc. Where households are supported by housing benefit the difference in the cost of affordable and social rents may be irrelevant as the level of housing benefit flexes according to the rent. This mean that households supported by housing benefit may be no better off in social rented accommodation because they receive a lower rate of housing benefit to cover their rent.

Figure 4-2: Affordability thresholds in the assessed area, income required (additional cost of deposit in black)



Source: AECOM Calculations

Affordable housing- quantity needed

118. The starting point for understanding the need for affordable housing in the assessed area is the relevant Local Housing Need Assessment (LHNA), in this case the LHNA prepared for Medway in 2021.
119. The LHNA finds an overall net Affordable Housing need of 870 units per year across Medway (paragraph 6.3). This is not broken down to sub-areas. The LHNA analysis suggests that the appropriate tenure split between affordable renting and affordable home ownership should be 51% to 49% (paragraph 6.5). An alternative affordable tenure split for Medway, given as a full breakdown in the appendix (Table C12), suggests 60% rented options, composed of 39% social rent and 21% affordable rent, and 40% affordable home ownership options, composed of 25% First Homes and 15% other options.
120. The LHNA also cites Housing Register statistics for sub-areas within Medway in Table C8. In the Chatham KDL there was a base of 965 households on the register for affordable rented housing. This is 12.9% of the 7,489 applicants on the register overall. Medway Council have also confirmed that as of January 2022 there are 1,660 people on the active housing register for the district. Within this figure, 530 have listed Chatham in their address. This suggests a reduction since the time of the LHNA, although it may well be that the Chatham KDL extends to an area beyond that counted in the current data, accounting for part of the discrepancy.
121. When the LHNA need figure is pro-rated to the assessed area based on its fair share of the population (9.9% of the LPA's population according to ONS estimates), this equates to 86 homes per annum or 1,291 homes over the 15-year period from 2022-2037. This should be split into 51% affordable rent and 49% affordable ownership.
122. It is useful to gain this understanding of the broad scale of need for Affordable Housing so that the contribution that will be made by the NDO site can be set in context or raised/lowered if other evidence and viability work permits this. It is also helpful information for thinking about how the Affordable Housing that does come forward should be broken down into the various tenure products available.

Affordable Housing policy guidance

123. Medway's adopted policy on this subject simply sets out the considerations that will be taken into account during negotiations with developers. The draft Policy H3 in the emerging Local Plan is more specific in requiring 25% of all residential units on sites of 15 or more dwellings to be Affordable Housing.
124. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan or NDO can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in the assessed area, and every effort should be made to maximise delivery where viable.

125. 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 only in the LHNA at this stage, which recommends a balance of 51% renting to 49% ownership.

126. Should the NDO or wider Neighbourhood Plan intend to specify the mix of Affordable Housing to be expected, a number of factors may be taken into account. These are reviewed below with a recommendation to follow.

A. **Evidence of need for Affordable Housing:** The LHNA estimates that Medway requires 870 units of Affordable Housing, of which roughly 86 may be attributable to households in the assessed area. The LHNA finds equilibrium between the need for affordable rented housing and affordable home ownership. Both forms of Affordable Housing appear to be valuable in meeting the needs of people on various incomes within the assessed area.

If the quantity of new housing overall were unlimited, 51% renting to 49% ownership may be an appropriate affordable tenure mix. However, the volume of housing supply that can be expected in a particular area should also partly determine which Affordable Housing tenures are prioritised.

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

It is not known at this time how many dwelling units are likely to come forward on the NDO site or within the assessed area generally in the coming years. Bearing in mind the Local Plan target that 25% of new homes should be affordable, it should be considered how many units are likely to be built at the NDO site and how far this goes toward meeting the area's needs. If the number of units on the site and in the wider area are far from being able to satisfy the need identified in the LHNA (and prorated to the assessed area above), it may be considered whether affordable rented housing should have a higher weighting in the tenure mix to ensure that the most acute needs are met as a priority.

C. **Government policy (eg NPPF) requirements:** current NPPF policy requires 10% of all homes to be delivered for affordable home ownership. For 10% of all housing to be affordable ownership in Medway, where 25% of all housing should be affordable (if the emerging Local Plan goes ahead as currently drafted), 40% of Affordable Housing should be for affordable ownership. This complies with the guideline tenure split proposed in the LHNA.

There can be exceptions to this requirement if it would prevent the delivery of other forms of Affordable Housing. Based on the findings of this HNA there is no evidence that meeting the 10% threshold in the assessed area would prejudice the provision of much needed affordable rented homes.

- D. **Local Plan policy:** As noted above, the adopted Local Plan does not specify an Affordable Housing tenure split, but the LHNA proposes 51% renting to 49% ownership.
- E. **First Homes policy:** the Government recently concluded a consultation on the introduction of First Homes (to provide at least 30% discount on new build home prices). The proposals have now been enacted through a ministerial statement. A minimum of 25% of all Affordable Housing secured through developer contributions are now required to be First Homes.

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

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

This guidance generally applies to district-level policy, and there may still be potential for a Neighbourhood Plan tenure mix to deviate from how the other tenures are rebalanced if appropriate. As noted above, the LHNA proposed split is comfortably within the bounds of the new First Homes requirement.

- F. **Viability:** HNAs cannot take into consideration the factors which affect viability in the 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. The viability of housing on the NDO site is not within the scope of this study.
- G. **Funding:** the availability of funding to support the delivery of different forms of Affordable Housing may also influence what it is appropriate to provide at a particular point in time or on any one site.
- H. **Existing tenure mix in the assessed area:** the Census 2011 evidence on the existing tenure mix suggests that there is a higher proportion of social renting in the assessed area compared with wider averages, and a corresponding lack of home ownership (with or through shared ownership or full ownership). This would suggest a potential gap in the market for affordable routes to ownership such as First Homes, although it is not uncommon for urban areas to have relatively high rates of social renting and this should not necessarily be taken to mean there is ample supply of this tenure.
- I. **Views of registered providers:** it is not within the scope of this HNA to investigate whether it would be viable for housing associations (registered providers) to deliver and manage affordable rented homes in

the local area. The funding arrangements available to housing associations will determine rent levels.

127. On the basis of the considerations above, Table 4-4 below proposes an indicative Affordable Housing tenure mix that might be sought on the NDO site.
128. It follows the proposed breakdown from the LHNA because this aligns with that study's assessment of the need for each component, and because it appears appropriate to the assessed area based on the fact that there is an opportunity to provide more routes to ownership on top of a solid base of affordable rented provision for the group of people this HNA has established have fairly urgent needs and few other choices.
129. This mix should be viewed as a starting point, based primarily on secondary evidence, which should be reconsidered in light of considerations F to I above, and in particular the views and objectives of the community.
130. If the NDO or Neighbourhood Plan contain provisions that deviate from that outlined in the Local Plan on this topic – 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 Medway Council are consulted to gather more detailed viability information, and to ensure that departures from the local policy context have their support.

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

Tenure	Indicative mix	Considerations and uncertainties
Routes to home ownership, of which	49%	
First Homes	25%	Product untested so uncertainties around viability, developer, lenders and buyer appetite etc.
Shared ownership	14%	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	10%	Emerging product with popularity and effectiveness as yet unknown. Impact of displacement by First Homes unknown.
Affordable Housing for rent, of which	51%	
Social rent	To be set by Registered Providers	Uncertain how much funding available to support this tenure in local area. Uncertain whether RPs willing to own/manage stock in this area.
Affordable rent	To be set by Registered Providers	Uncertain whether RPs willing to own/manage stock in this area.

Source: AECOM calculations

Conclusions- Tenure and Affordability

Affordability issues

131. The assessed area's current tenure mix reveals a very low rate of home ownership, at 45%, compared to wider averages. Correspondingly, there is slightly more social renting than across Medway and far more private renting (a tenure option that has also more than doubled between 2001 and 2011).
132. Home values in the assessed area have increased steadily and substantially over the past decade. The median price, at £180,000, is now 75% higher than it was in 2011. The lower quartile (or entry-level) price, at £158,000, is now 80% higher than it was in 2011. Of the 347 transactions in 2020, just 5 were detached and 29 semi-detached. In contrast, 241 were terraced and 72 were flats. It is reasonable to assume therefore that both the median and lower quartile price are terraced homes.
133. Land Registry records 29 sales of new build properties in the assessed area in 2020. There were 50 such transactions in 2019, but none in 2017 or 2018. The combined 79 new home sales in 2019-2020 represent a significant uptick on recent years (with 86 new build transactions in the much longer period from 2011 to 2018).
134. The median price of a new build home in 2019-2020 (combined for a bigger sample) was £266,280. The 79 sales in this period included just 2 detached homes, 1 semi-detached home (presumably a self-contained extension to an existing detached property), 13 terraced homes and 63 flats. The overall median price therefore masks a high degree of variation. The detached median was £595,000, the semi-detached home sold for £565,000, the terraced average was £450,000 and the flat average was £225,000.
135. Around half of the private rented properties available in the assessed area are flat shares (rooms in a shared dwelling). This assessment is focussed primarily on the need for self-contained dwellings, but it is worth bearing in mind that this much more affordable option exists in abundance and provides valuable options for certain types of households – namely single persons and those using housing benefits.

Tenure options

136. AECOM has estimated the annual income required to afford various tenures of housing in the area – each of which is explained in detail in Appendix A. These thresholds are compared to local incomes to determine which options are the most appropriate for local people going forward. The mean household income in the assessed area is £38,125, the median is £25,000 and the lower quartile is £15,000.
137. It was found that a household would need an income comfortably above the average (or a large deposit) to qualify for a mortgage even for an entry-level home in the area. Home ownership through the mainstream market is not an

option for the majority of local people. The median house price would require an annual income over 20% higher than the current mean.

138. Private renting is generally only affordable to average earners and above (and even then, the mean earning household can only just afford a 2 bedroom rental property). Median 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.
139. There is a relatively large group of households in the assessed area who may be able to afford to rent privately but cannot afford home ownership. They are typically earning between around £30,000 per year (at which point entry-level rents become affordable) and £40,000 (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.
140. All of these products would be valuable to different segments of the local population, with shared ownership at a lower than 25% equity share potentially allowing lower earning households to get a foot on the housing ladder, while rent to buy offers poorer long-term prospects but is helpful to those with little or no savings for a deposit, and First Homes at a 40% or greater discount provides the best long-term support to those with slightly higher incomes.
141. Local authorities and neighbourhood plan qualifying bodies will have discretion to increase the discount on First Homes to 40% or 50% where there is evidence to suggest this is appropriate. This report has estimated the income required to afford First Homes and tested the implications of 30%, 40% and 50% discount levels. It would appear that a 40% discount would be sufficient, on the assumption that average earners (rather than lower earners) are the target group for this product and that they will come forward as flats. If First Homes are delivered as terraced homes even a 50% discount would appear insufficient to bring them within reach of average earners. It is important to note that NDOs are unlikely to be able to set discount levels for the sites in question; this is understood to be the prerogative only of plan-making bodies.
142. Affordable rented housing is generally affordable to mean and median earning households if they are eligible. However, lower quartile earning households 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.
143. The evidence in this chapter suggests that the small affordable rented sector performs a vital function in the assessed area as the only option for a large segment of those in the greatest need. Being cheaper for the occupant, social rent performs this function best.

Quantity of Affordable Housing needed

144. The Medway Local Housing Needs Assessment (LHNA) 2021 finds an overall net Affordable Housing need of 870 units per year across Medway (paragraph 6.3). This is not broken down to sub-areas. The LHNA analysis suggests that the appropriate tenure split between affordable renting and affordable home ownership should be 51% to 49% (paragraph 6.5).
145. The LHNA also cites Housing Register statistics for sub-areas within Medway in Table C8. In the Chatham KDL there was a base of 965 households on the register for affordable rented housing. This is 12.9% of the 7,489 applicants on the register overall. Medway Council have also confirmed that as of January 2022 there are 1,660 people on the active housing register for the district. Within this figure, 530 have listed Chatham in their address. This suggests a reduction since the time of the LHNA, although it may well be that the Chatham KDL extends to an area beyond that counted in the current data, accounting for part of the discrepancy.
146. When the LHNA need figure is pro-rated to the assessed area based on its fair share of the population (9.9% of the LPA's population according to ONS estimates), this equates to 86 homes per annum or 1,291 homes over the 15 year period from 2022-2037. This should be split into 51% affordable rent and 49% affordable ownership.

Policy considerations

147. Medway's adopted policy on this subject simply sets out the considerations that will be taken into account during negotiations with developers. The draft Policy H3 in the emerging Local Plan is more specific in requiring 25% of all residential units on sites of 15 or more dwellings to be Affordable Housing.
148. The overall proportion of housing that must be affordable is not an area of policy that a Neighbourhood Plan or NDO can usually influence, but it is worth emphasizing that the HNA finds there to be robust evidence of need for Affordable Housing in the assessed area, and every effort should be made to maximise delivery where viable.
149. 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 only in the LHNA at this stage, which recommends a balance of 51% renting to 49% ownership.
150. On the balance of factors listed in the Policy Guidance section of this chapter, AECOM recommends that the LHNA proposed tenure split for Affordable Housing is suitable for the NDO site given what is currently known about it. However, if the number of affordable units is proportionally low in relation to the need for Affordable Housing identified here and in the LHNA, there would be justification for giving greater priority to the more urgently needed affordable rented housing.

5. RQ 2: Type and Size

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

Introduction

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

Existing types and sizes

Background and definitions

153. Before beginning to explore issues of dwelling type and size, it is important to note that the demand for housing by size and type tends to be determined primarily by wealth – with those having more buying power choosing to occupy larger homes, and often preferring detached properties to denser types, such as flats.
154. This study is concerned primarily with need rather than demand. Need for homes of different sizes is chiefly determined by the number of people occupying the home. In the strict sense, there is no ‘need’ for dwellings of any particular type, other than the specific needs of those with certain disabilities for level access properties, for example.
155. The best proxy for the number of people in a household is age or ‘life stage’, with younger and then older households tending to have one or two people, and those in between these poles more likely to have larger families including children. Life stage is therefore a main indicator considered here for the size of housing needed. But it is worth pointing out that wealth is also correlated with age, so it is not possible to attain a pure view of what is needed from the secondary data alone.
156. It is also useful to clarify the terminology around dwellings and households. Dwellings are counted in the Census by combining address information with Census returns on whether people’s accommodation is self-contained. As such, all dwellings are classified as either shared or unshared dwellings. Households

are groups of people who live together as a coherent unit (such as a family), and a dwelling is shared where there is more than one household occupying it (e.g. two families or a group of individual students). Hence, there is usually a different number of households and dwellings in any given area. The number of dwellings can also exceed that of households in areas with large numbers of holiday or second homes.

157. As noted in the Context section of this report, there is no perfect data source for the current mix of dwellings in the area. Because the assessed area is a bespoke proxy area, it is not possible for Medway Council to gather precise completions figures, which could be added to the 2011 Census baseline. However, the area does align with the boundaries used by the Valuation Office Agency (VOA), which provides the breakdown of the housing stock with reference to Council Tax reporting. As such, the VOA data is the best source for establishing the existing mix of housing, and is used here.

Dwelling type

158. The housing stock in the assessed area is dominated by terraced houses and flats, which together make up more than 90% of properties. There are few of the other, typically less dense, housing types such as bungalows, semi-detached and detached houses, which is not unusual for an urban area. A full breakdown and comparison with wider Medway and England is provided in Table 5-1 below.

Table 5-1: Dwelling type, various geographies, 2021

Dwelling type	Assessed Area	Medway	England
Bungalow	1.6%	6.9%	9.4%
Flat	34.2%	17.5%	23.0%
Terrace	57.6%	42.1%	26.4%
Semi-detached	5.0%	22.6%	23.8%
Detached	1.1%	9.7%	15.9%
Unknown/other	0.5%	1.2%	1.4%

Source: VOA 2021, AECOM Calculations

Dwelling size

159. In terms of size (represented by number of bedrooms), the housing mix in the assessed area skews significantly smaller than Medway and England. Only 4% of homes have more than 3 bedrooms, compared with 12% in Medway and 16% nationally. The assessed area also has nearly double the proportion of 1-bedroom homes as seen across the district and England. The proportions of 2- and 3-bedroom homes are not dissimilar across the three geographies. A full breakdown is given in Table 5-2 below.

160. These findings align with those from the table above relating to dwelling type, since flats and terraced homes tend to have fewer bedrooms. In summary, it is clear that the assessed area is characterised by smaller, denser forms of housing, as befits its urban character. That said, this also represents a lack of choice for residents, particularly those with larger families who require more

bedrooms, living space, or the amenities (such as gardens) that are more common features of houses than flats.

Table 5-2: Dwelling size (bedrooms), various geographies, 2021

Number of bedrooms	Assessed Area	Medway	England
1	21.5%	11.2%	12.3%
2	29.3%	25.4%	28.1%
3	45.1%	51.9%	43.4%
4	3.4%	9.8%	12.2%
5	0.5%	1.3%	2.4%
6+	0.2%	0.4%	0.9%
Unknown	0.1%	0.1%	0.6%

Source: VOA 2021, AECOM Calculations

Age and household composition

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

Age structure

162. Table 5-3 shows the most recent estimated age structure of the local population, alongside 2011 Census figures.

163. All age groups have expanded over the past decade with the exception of the 16-24 age band. In contrast, the 0-15 age band has increased the most. This clearly indicates the presence of families with children, yet also suggests that as those children grow up (either still living with parents or forming their own independent households) those households are moving away. This makes sense in the context of the assessed area's housing stock, discussed above, which contains a fair number of terraced homes and flats that could accommodate young families but few follow-on properties suitable for those with more and/or older children. The previous chapter also makes a clear case that affordability issues may be driving this loss in the young adult population (i.e. those in their early twenties who find the assessed area too expensive for their first home).

164. The population aged 25-64 has expanded in-line with overall population growth in the area, while the 65-84 population has grown much more slowly. While this could suggest that retirees are less attracted to move to or remain in the assessed area than others, it is interesting to observe that the 85+ population has expanded by the greatest amount in percentage terms (47%). A variety of factors are at work here, including the general ageing of the population locally and nationally, set against the tendency for older people to prefer less central urban environments – either for lifestyle reasons or because the housing choices available are less suitable to their needs (i.e. level-access and space for mobility requirements) and budgets (typically larger due to capital appreciation of existing assets). The number of people aged over 65 remains small at 2,400 (of which only 300 are

aged over 85), but it is worth considering whether this is function of preference or the possibility that their needs are not being met as well as those of others. Primary survey evidence could help to illuminate this.

165. Note that ONS advises exercising caution with population estimates by single year of age (from which this 2020 data has been derived), as patterns of variance and bias make it relatively less accurate compared to Census data.

166. It is also worth noting that only the age structure of the population (individuals) can be brought up to date in this way. The life stage of households, which forms the basis of the subsequent analysis of future dwelling size needs, is not estimated each year. The 2011 Census therefore remains the most accurate basis to use in those areas, and the brief comparison here demonstrates that the change from 2011-2020 has not been so significant as to invalidate the 2011 household data used in modelling later in this chapter.

Table 5-3: Age structure of the assessed area population, 2011 and 2020

Age group	2011 (Census)		2020 (ONS, estimated)	
0-15	5,521	22.3%	6,729	24.3%
16-24	4,031	16.3%	3,289	11.9%
25-44	8,149	32.9%	9,143	33.1%
45-64	4,851	19.6%	6,076	22.0%
65-84	1,992	8.0%	2,100	7.6%
85 and over	206	0.8%	303	1.1%
Total	24,750		27,640	

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

167. For context, it is useful to look at the parish population structure alongside that of the district and country. Figure 5-1 below (using 2011 Census data) shows confirms that the assessed area is generally younger than wider Medway and England, with a higher proportion of the population in all age bands under 65 and a lower proportion in older age groups.

Figure 5-1: Age structure in the assessed area, Medway and England, 2011



Source: ONS 2011, AECOM Calculations

Household composition

168. Household composition (i.e. the combination and relationships of adults and children in a dwelling) is an important factor in the size (and to an extent, the type) of housing needed over the Neighbourhood Plan period. Table 5-4 shows that a far greater proportion of households in the assessed area are composed of a single individual than is the case across Medway and (to a lesser extent) England. Of the family households, a much higher proportion have dependent children than do not. Despite a lower proportion of family households overall, the assessed area has a similar share of households with dependent children to the comparator geographies – further evidence of the preponderance of children.
169. Note that non-dependent children refer to households in which adult children are living at home, or which students still call their primary residence despite living for most of the year near to university. A marked increase in this category can be taken to indicate the relative unaffordability of entry-level homes, where young people are financially unable to move out and form their own households. While the data is quite old at this point, it is interesting to observe that this category grew by 19% between 2001 and 2011 in the assessed area – a faster rate of increase than Medway and England. 12% of households in the assessed area are also composed of multiple cohabiting individuals or families (gathered in the ‘other’ category), and this group saw an 80% increase over the same period. This suggests that house shares, HMOs and student living play an increasingly significant role in the housing market. This fact is corroborated by a review of the private rented sector, see Appendix A, as well as the LHNA, which found that the Chatham KDL represented 18% of HMO conversion applications in Medway between 2016 and 2021 (Table 2.6). Nearby Chatham Maritime and Gillingham saw an even higher 49% of all HMO applications.

Table 5-4: Household composition, the assessed area, 2011

Household composition		Assessed Area	Medway	England
One person household	Total	34.0%	27.7%	30.2%
	Aged 65 and over	9.0%	11.2%	12.4%
	Other	24.9%	16.5%	17.9%
One family only	Total	54.3%	65.1%	61.8%
	All aged 65 and over	3.1%	7.0%	8.1%
	With no children	13.8%	17.6%	17.6%
	With dependent children	29.5%	29.7%	26.5%
	All children Non-Dependent ⁶	7.9%	10.8%	9.6%
Other household types	Total	11.7%	7.2%	8.0%

Source: ONS 2011, AECOM Calculations

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

Occupancy ratings

170. The tendency of households to over- or under-occupy their homes is another relevant consideration to the future size needs of the area. 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.

171. Table 5-5 below shows that a combined 53% of households in the assessed area have more bedrooms than they might be expected to need, which is fairly evenly balanced with the 47% who have the 'right' number of bedrooms or too few. Though only 8% of households overall have too few bedrooms, 12% of households with dependent children fall into this category – further evidence of the lack of suitable properties for large or growing families. It is households aged over 65 and those under 65 with adult children or no children who are most likely to have more bedrooms than they are expected to need.

Table 5-5: Occupancy rating by age in the assessed area, 2011

Household type	+2 rating	+1 rating	0 rating	-1 rating
Family 65+	59.4%	28.4%	12.1%	0.0%
Single person 65+	39.9%	27.8%	32.3%	0.0%
Family under 65 - no children	41.7%	38.1%	20.2%	0.0%
Family under 65 - dependent children	3.9%	33.2%	51.4%	11.5%
Family under 65 - adult children	5.6%	52.3%	35.1%	6.9%
Single person under 65	24.1%	33.6%	42.3%	0.0%
All households	19.6%	33.3%	39.4%	7.7%

Source: ONS 2011, AECOM Calculations

Dwelling mix determined by life-stage modelling

Suggested future dwelling size mix

172. As noted above, there is a strong link between the life stage of a household and the size of dwelling that household can be expected to need. The final part of this chapter presents the results of a model that aims to estimate the dwelling size needs of the parish at the end of the Neighbourhood Plan period. The steps involved in this model are not presented in full, but can be summarised – along with the underpinning assumptions and some limitations – as follows:

- The starting point is the age distribution of the assessed area households in 2011.
 - The life stage of a household is determined by the age of the household reference person (HRP), a more modern term for the head of household.
 - As noted above, household life stages are not estimated annually, so the older Census data must be used.

- This life stage data is then projected forward to the end of the Plan period by applying the growth rates for each household age group as suggested by the latest household projections. This allows for an estimate of how the parish population might evolve in future.
 - ONS household projections are produced every two years but are only available at Local Authority level. The growth rates are therefore applied to the 2011 starting household age profile of the NA.
- Next, we turn to a Census dataset that shows the occupation patterns or preferences of each household life stage (e.g. what proportion of households aged under 24 tend to live in 1 bedroom homes as opposed to 2, 3 or 4 bedroom homes). This data is mapped to the distribution of the projected NA population for each life stage and each dwelling size category to form a picture of what mix of homes might be appropriate in future.
 - This occupation data is again only available at Local Authority scale, so it does risk embedding any unusual characteristics present in the area.
 - The model also assumes that today's occupation patterns persist into the future, which is not a given, particularly with the change in preferences for home working space and other features arising from the Covid-19 pandemic. However, there is no better indication of what those patterns might look like. It is considered more appropriate to adjust the end mix that results from this model to reflect such trends than to build further speculative assumptions into the model.
- Finally, this 'ideal' future mix of dwelling sizes can be compared to the current stock of housing in the NA. From this we can identify how future development might best fill the gaps.
 - In this unusual case, the 2021 dwelling total is already larger than the modelled future number of households. This is because new development in the assessed area in recent years has exceeded the rate of growth in the number of households expected for Medway as a whole. To estimate a more realistic household projection that anticipates further growth in future years and allows the current dwelling size mix to be responded to, the following approach is taken:
 - Using the latest household projections, which run to the year 2043, the average annual household growth rate for Medway from the 2011 Census figure to 2037 is calculated (0.5%) and applied to the assessed area's 2011 starting figure to give an average annual increase of 50 households;
 - This is multiplied by 10 years and added to the 2011 starting figure to give a 2021 estimate of 10,607 households. Using the same method, the 2037 estimate for the assessed area is 11,410 households. This suggests that the number of households in the assessed area can be expected to expand by 7.6% between 2021 and 2037;

- The projections-based estimate for 2021 of 10,607 is then replaced with a more accurate estimate of 11,220, which is the 11,810 dwellings that actually exist in 2021 multiplied by 0.95, which is the number of households per dwelling in the assessed area at the time of the 2011 Census.
- This updated 2021 estimate is then uplifted by 7.6% (the projected growth rate between 2021 and 2037) to give a more realistic 2037 estimate of 12,068 households.
- This updated 2037 projection is then distributed according to the age breakdown for the projected population in 2037

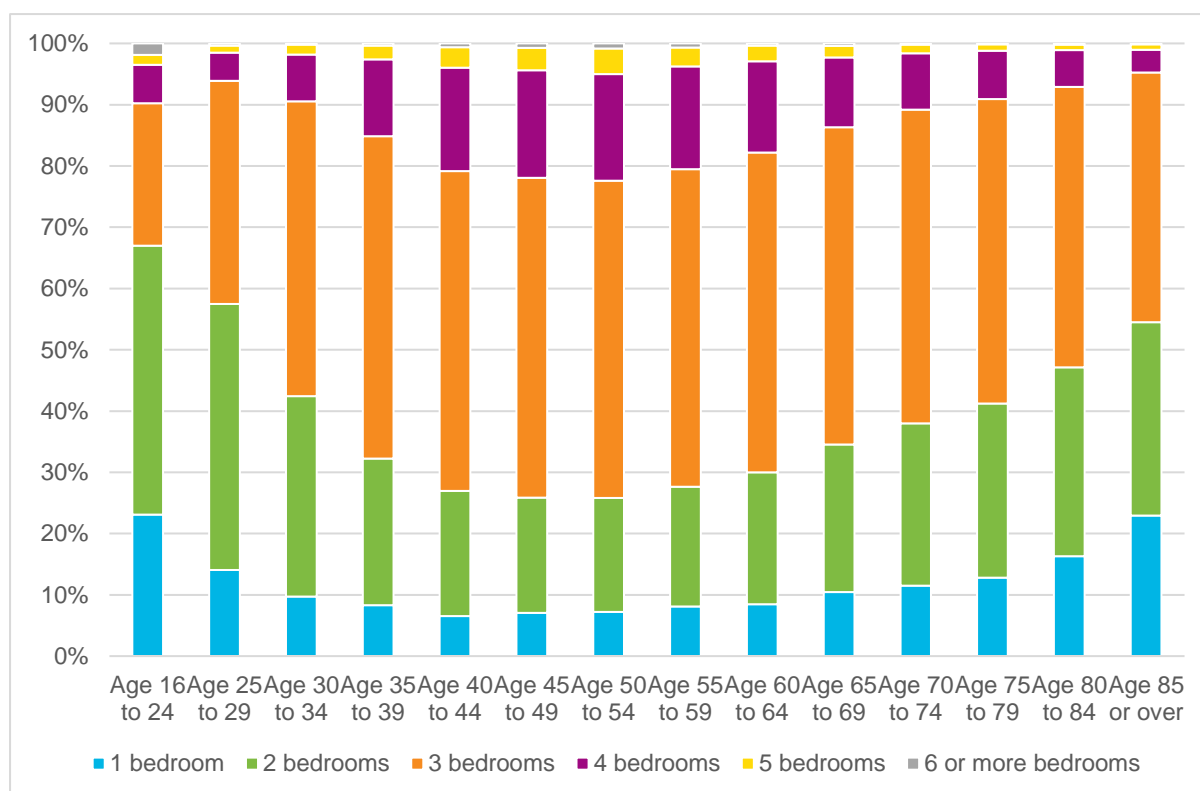
173. It is important to keep in mind that housing need is not an exact science and this exercise provides an estimate based on demographic trends and occupancy patterns alone. It does not take into account income and wealth, other than in an indirect way through the tendency of households to occupy more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

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

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

176. The first, given as Figure 5-2, sets out the relationship between household life stage and dwelling size for Medway in 2011. This shows how the youngest households occupy the smallest dwellings, before rapidly taking up larger homes as their families expand, and then more gradually downsizing to smaller homes again as they age.

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



Source: ONS 2011, AECOM Calculations

177. The second dataset of note is the result of applying Local Authority level household projections to the age profile of the assessed area households in 2011 and the updated estimates of household numbers described in the bullets above. Table 5-6 below makes clear that population growth can be expected to be driven by the oldest households, which are expected to grow by 50% to become the second largest group (after those aged 35-54). This is consistent with the ageing observed over the past decade but also reflects trends district-wide, where ageing is already more apparent. Because of the fairly clear contrast between the age structure of the assessed area and that of Medway (see Figure 5-1 above), applying Medway projections here may not be fully representative of the evolution of the population in the assessed area itself. District-level projections are the best available indicator, but the results below should be viewed with caution. It is likely that the youngest age groups will continue to expand and that the growth in the oldest households may be less pronounced than is suggested by these results.

Table 5-6: Projected distribution of households by age of HRP, the assessed area

Year	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	777	2,206	4,276	1,252	1,595
2037	627	2,195	4,259	1,405	2,399
% change 2011-2037	-19%	-1%	0%	12%	50%

Source: AECOM Calculations

178. The final result of this exercise is presented in Table 5-7. The model suggests

that new development should be restricted to homes with 3 or more bedrooms because these size categories are so underrepresented at present compared with what the future population might be expected to need given the existing preferences of different age groups across Medway.

Table 5-7: Suggested dwelling size mix to 2037, the assessed area

Number of bedrooms	Current mix (2021)	Target mix (2037)	Balance of new housing to reach target mix
1 bedroom	21.5%	10.6%	0.0%
2 bedrooms	29.3%	26.7%	0.0%
3 bedrooms	45.1%	47.9%	28.8%
4 bedrooms	3.4%	11.9%	56.6%
5 or more bedrooms	0.7%	2.9%	14.6%

Source: AECOM Calculations

179. This result strives to correct imbalances in the existing stock of housing, particularly the lack of larger homes compared with district levels, which appears to be placing limits on the ability of larger or growing families to stay in the area. This aspect of the model has a far greater effect on its outcome than the projected effects of demographic change on the demand for housing. In other words, regardless of how the population evolves there is likely to be more demand for mid-sized and large properties than the existing stock can satisfy.
180. It also makes intuitive sense in that there are already many 1-2 bedroom homes in the assessed area. An injection of larger homes would improve the offering for larger families who have few options for their next step on the property ladder, and would also widen choice in general.
181. However, it is never advisable to restrict future housing delivery to specific size categories only. The result of this model is a relatively blunt measure of what could be beneficial given population change and existing imbalances in housing options. It is a starting point for thinking about how best to address the more nuanced needs of the future population.
182. There are two key arguments against weighting the dwelling mix on the NDO site and other future developments too strongly towards larger homes (as proposed in the table above).
183. First, the preceding chapter found that affordability is a serious and worsening challenge in the area. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
184. Second, this chapter has established the clear direction of travel toward the ageing of the population (even if this is not felt as strongly in the assessed area as wider Medway). This suggests that suitable options for downsizing older households should form a valuable contribution to the housing mix. Some

additional 2-3 bedroom homes would help to achieve this, where a narrow focus on 3+ bedroom homes may not.

185. Furthermore, young starter families and downsizing older households may both need ‘mid-sized’ homes, but are likely to have extremely different requirements and degrees of purchasing power. In particular, to best meet the needs of the growing cohort of older households expected to be present over the coming decades, it should be considered whether the existing options are well tailored to older people’s requirements in terms of space, flexibility, quality, location and accessibility. Variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release some larger homes for use by families who need more bedrooms if they can afford to.
186. Finally and more generally, it would be unwise for new housing to be delivered in an unbalanced way, particularly on one individual site. Those wishing to move within or relocate to the assessed area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to larger and mid-sized homes if this can be accommodated within the limitations of site density and viability, but that this is done to a degree that aligns with the wider objectives of the community and does not overly limit choice.
187. The evidence in this section represents a starting point for further thought and consultation. On the balance of the factors described above, one way that the NDO may consider modifying the suggested size mix provided in Table 5-7 would be to require a mix of housing closer to the middle column (overall target mix) rather than the right-hand column (balance of new housing to reach target). This would allow the key trends and imbalances to be reflected, without asking too much of a single site to address the gaps in the market.
188. It is also worth considering the suggested size mix put forward in the LHNA, for both the Chatham KDL and Medway as a whole (Tables D8 and 6.1 respectively). The Medway size mix is also broken down in the LHNA according to tenure, with a general emphasis on smaller homes in the affordable rented sector, mid- to larger ones in the market sector, and a heavy weighting towards 2-bedroom properties (70-75%) in the affordable home ownership sector. The overall Medway mix is 10-20% 1 bedroom, 40-45% 2 bedroom, 25-30% 3 bedroom and 15-20% 4 bedroom. For Chatham a further breakdown by type is given, with the conclusions reproduced as Table 5-8 below. This is further evidence to support seeking a more balanced mix with greater emphasis on smaller properties than is suggested in the HNA model.

Table 5-8: Suggested dwelling size mix to 2037, Chatham KDL

Sub-Area	Dwelling type and number of bedrooms								
	1-bedroom house	2-bedroom house	3-bedroom house	4-bedroom house	1-bedroom flat	2 or more-bedroom flat	1-bedroom bungalow	2-bedroom bungalow	3 or more-bedroom bungalow
Key Development Area									
Chatham	1-2%	10-15%	35-40%	5-10%	15-20%	15-20%	1-2%	2-3%	1-2%

Source: LHNA Table D8

Conclusions- Type and Size

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

The existing stock

190. The assessed area has a relatively unbalanced mix of dwelling types, with a combined 90% of all homes falling into the categories of terraced houses and flats. This is not unusual for an urban area. It is likely to mean that relatively affordable housing options are available, but also that the assessed area may not be catering well to all groups in the population. While larger flats and terraces can certainly meet the needs of growing families, a wider variety of options, including those with more flexible living space and/or access to gardens, may help to serve a broader range of people.

191. In terms of size, the housing stock in the assessed area is similarly skewed towards smaller homes, with only 4% of homes having more than 3 bedrooms (compared with 12% across Medway and 16% nationally). The assessed area also has nearly double the proportion of 1-bedroom homes as seen across the district and England. Again, there is a clear gap in the market for larger homes and more variety generally.

Demographics

192. The age structure of the population is a key indicator of the future need for housing. The assessed area has a younger population profile than Medway and England. The older age brackets have grown the fastest between the 2011 Census and the latest estimates in 2020, but from a low base meaning that they remain relatively small in terms of actual numbers. The general ageing of the population is driving the increase, but the low numbers reflect the tendency for older people to prefer less central urban environments – either for lifestyle reasons or because the housing choices available are less suitable to their needs and budgets. It may be worth exploring further whether older people feel their needs are being met by the available housing options.

193. At the opposite end of the age spectrum, it is interesting to note that the 0-15 age band has seen healthy growth over the past decade while the 16-24 age band has contracted. This clearly indicates the presence of families with children, yet also suggests that as those children grow up (either still living with parents or forming their own independent households) those households are moving away. This makes sense in the context of the assessed area's housing stock, discussed above, which contains a fair number of terraced homes and flats that could accommodate young families but few follow-on properties suitable for

those with more and/or older children. The previous chapter also makes a clear case that affordability issues may be driving this loss in the young adult population (i.e. those in their early twenties who find the assessed area too expensive for their first home).

194. A far greater proportion of households in the assessed area are composed of a single individual than is the case across Medway and (to a lesser extent) England. Of the family households, a much higher proportion have dependent children than do not. The number of households containing non-dependent (adult) children or multiple families (HMOs and house shares) rose steeply between the last Censuses.
195. A combined 53% of households in the assessed area have more bedrooms than they might be expected to need, which is fairly evenly balanced with the 47% who have the 'right' number of bedrooms or too few. Though only 8% of households overall have too few bedrooms, 12% of households with dependent children fall into this category – further evidence of the lack of suitable properties for large or growing families. It is households aged over 65 and those under 65 with adult children or no children who are most likely to have more bedrooms than they are expected to need, suggesting that the largest homes are not necessarily occupied by those with the largest families but by those with the financial capacity to do so, irrespective of their household size.

The future dwelling mix

196. The results of a life stage modelling exercise, which looks at the sizes of dwelling occupied by households at different life stages and projects the growth and decline of those household age groups over the Plan period, suggests that new development should be restricted to homes with 3 or more bedrooms because these size categories are so underrepresented at present compared with what the future population might be expected to need given the existing preferences of different age groups across Medway. An injection of larger homes would improve the offering for larger families who have few options for their next step on the property ladder, and would also widen choice in general.
197. However, it is never advisable to restrict future housing delivery to specific size categories only. There are two key arguments against weighting the dwelling mix on the NDO site and other future developments too strongly towards larger homes.
198. First, the preceding chapter found that affordability is a serious and worsening challenge in the area. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.
199. Second, this chapter has established the clear direction of travel toward the ageing of the population (even if this is not felt as strongly in the assessed area as wider Medway). This suggests that suitable options for downsizing older

households should form a valuable contribution to the housing mix. Some additional 2-3 bedroom homes would help to achieve this, where a narrow focus on 3+ bedroom homes may not.

200. Furthermore, variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release some larger homes for use by families who need more bedrooms if they can afford to.
201. Finally, and more generally, it would be unwise for new housing to be delivered in an unbalanced way, particularly on one individual site. Those wishing to move within or relocate to the assessed area will have a range of circumstances and preferences, and they should be offered a range of choices. As such, it is recommended that priority is given to larger and mid-sized homes if this can be accommodated within the limitations of site density and viability, but that this is done to a degree that aligns with the wider objectives of the community and does not overly limit choice.
202. The HNA target dwelling mix for 2037 (retaining up to 40% of new homes with 1-2 bedrooms), and the proposed mix for the Chatham KDL put forward in the LHNA, may be considered more balanced breakdowns to aim for or sources to justify adjusting the mix to give more emphasis on smaller properties if this is the desire of the community.

6. RQ 3: Specialist housing for older people

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

Introduction

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

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

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

205. 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.

206. The specialist housing needs of older people (75+) are assessed below using two methods. The first is a tenure-led projection, based on rates of mobility limitation among this age group and the tenure of housing they currently occupy. The second, included for the purposes of comparison, is based on the Housing Learning and Improvement Network (HLIN) Strategic Housing for Older People (SHOP) tool,⁷ which is based on best practice nationally and sets a recommended level of provision per 1,000 head of population.

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

⁷ Available at <https://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPv2/>

as opposed to the projected new households which form the baseline for estimating housing need overall.⁸

208. This study covers the need for housing, i.e. buildings that the planning system classifies as Use Class C3 (private dwellings).⁹ Residences that fall into Use Class C2 (institutions including prisons, boarding schools and some care homes for the elderly) are not within the scope of this research. Unfortunately, however, the dividing line between care homes for older people that fall into use class C2 and those where accommodation is counted as C3 is blurred. As such, the findings of this chapter may justify the provision of extra-care C3 housing and/or C2 care home units, but it is not possible to state definitively how much of each would be required.

Current supply of specialist housing for older people

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

210. Table 6-1 counts a total of 317 units of specialist accommodation in the assessed area at present across 9 schemes. While a clear majority of schemes are for social rent (or through almshouse charities – sometimes aimed at particular groups), the number of units for social rent at 177 is just over half of the total, with the remaining 140 units available for leasehold market purchase (across just two large schemes). All but one of the schemes take the form of age-restricted retirement housing. The exception, Bellerophon House, offers 41 units of extra-care accommodation.

211. In summary, the split between market ownership and social renting is roughly equal, but only 13% of units provide extra-care for residents with support requirements.

212. It is also important to note that 4 of the 9 schemes counted here are in the part of the assessed area known as the Rochester Waterside and its environs (shaded grey in the table). This part of the area was included in this study because it is conjoined with the town centre within a single Census boundary. It may be considered that these older people's schemes serve a different population. If that is the case, the total number of units available within the assessed area proper is 191.

213. ONS 2020 population estimates suggest that there are currently around 1,019 individuals aged 75 or over in the assessed area. This suggests that current provision of specialist housing is in the region of 311 units per 1,000 of the 75+ population (a common measure of specialist housing supply).

⁸ See Paragraph: 017 Reference ID: 2a-017-20190220, at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

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

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

Name	Description	Units	Tenure
Bellerophon House	Extra care housing (55+) with on-site care staff	41 flats, 1-2 bedrooms	Social rent
Hospital of Sir John Hawkins	Almshouse for older, needy or disabled Navy veterans	8 flats, 1-2 bedroom	Social rent
Apni Haweli	Retirement housing (55+) of interest to BME elders, visiting management staff and alarm service	18 flats, 1 bedroom	Social rent
Pembroke Court	Retirement housing (55+), visiting management staff, alarm service, social activities	86 flats, 1-2 bedroom	Leasehold (market sale)
Thorndike House	Retirement housing (60+) with visiting management staff and alarm service	38 flats/bungalows, 1-2 bedroom	Social rent
Hayward House	Retirement almshouse housing, non-resident management	6 flats, 1 bedroom	Social rent
Rochester Gate	Retirement housing (55+), visiting management staff, alarm service, social activities	54 flats, 1-3 bedroom	Leasehold (market sale)
French Hospital	Retirement housing for those of French descent, non-resident management and alarm service	55 flats, 1 bedroom	Social rent
St. Catherines	Almshouse for older local residents, non-resident management	11 flats, 1 bedroom	Social rent

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

Tenure-led projections

214. Turning to determining future need for specialist housing, the first step is to review data on the tenure of households aged 55-75 across Medway, as this is the most recent and smallest geography for which tenure by age bracket data is available.
215. 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 2037. 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.
216. According to Table 6-2, 80% of older households across the district are homeowners, with a majority of the remainder living in social rented accommodation. This is unlikely to represent the older population of Chatham, where just 45% of households overall are homeowners. It is therefore more

realistic to take the mid-point between these figures and rebalance the sub-tenures proportionally. This is done in Table 6-3 below.

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

All owned	Owned outright	Owned with a mortgage or loan or Shared Ownership	All Rented	Social rented	Private rented	Living rent free
80.4%	54.5%	25.9%	19.6%	12.0%	6.8%	0.8%

Source: Census 2011

Table 6-3: Estimated tenure of households aged 55-75 in assessed area, 2011

All owned	Owned outright	Owned with a mortgage or loan or Shared Ownership	All Rented	Social rented	Private rented	Living rent free
62.7%	42.5%	20.2%	37.3%	22.8%	12.9%	1.6%

Source: Census 2011

217. The next step is to project how the overall number of older people in the assessed area is likely to change in future, by extrapolating from the ONS Sub-National Population Projections for Medway at the end of the Plan period. The figure must be extrapolated from the Local Authority level data because such projections are not available at neighbourhood level. The results are set out in Table 6-4 below. While the proportion of older people in the overall population in the assessed area is likely to stay much lower than in Medway, it is projected to grow from 3.7% today to 5% in 2017 – an increase of roughly 412 people.

Table 6-4: Modelled projection of elderly population in the assessed area by end of Plan period

Age group	2020		2037	
	assessed area (ONS)	Medway (ONS)	assessed area (Estimated)	Medway (ONS projection)
All ages	27,640	279,142	28,594	288,772
75+	1,019	19,866	1,431	27,897
%	3.7%	7.1%	5.0%	9.7%

Source: ONS SNPP 2016, AECOM Calculations

218. A key assumption for the next stages of the calculation is that the older people living in the NA currently are already suitably accommodated, either because they occupy the existing stock of specialist accommodation, have made appropriate adaptations to their own homes or do not require support or adaptations. This is unlikely to be completely true, but it is not possible to determine how many such individuals are inadequately housed without evidence from a household survey (which itself may not give a complete picture). The national survey evidence cited in the LHNA suggests that around 10% of 65-74

year olds have adapted homes, and this percentage rises to 15% of 75-84 year old and 26% of 85+ year olds (Table 5.8).

219. The people whose needs are the focus of the subsequent analysis are therefore the additional 412 individuals expected to join the 75+ age group by the end of the Plan period. This figure should also be converted into households with reference to the average number of people per household with a life stage of 75+ in Medway in 2011 (the smallest and most recent dataset to capture households). In 2011 there were 16,353 individuals aged 75+ and 12,072 households headed by a person in that age group. The average household size is therefore 1.35, and the projected growth of 412 people in the assessed area can be estimated to be formed into around 304 households.

220. The next step is to multiply this figure by the percentages of 55-75 year olds occupying each tenure (shown in the table above). This is set out in Table 6-5 below. This provides a breakdown of which tenures those households are likely to need.

Table 6-5: Projected tenure of households aged 75+ in the assessed area to the end of the Plan period

Owned	Owned outright	Owned with a mortgage or loan or shared ownership	All rented	Social rented	Private rented	Living rent free
191	129	61	113	69	39	5

Source: Census 2011, ONS SNPP 2013, AECOM Calculations

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

Table 6-6: Tenure and mobility limitations of those aged 65+ in the assessed area, 2011

Tenure	All categories: Long-term health problem or disability	Day-to-day activities limited a lot		Day-to-day activities limited a little		Day-to-day activities not limited	
All categories: Tenure	2,164	590	27.3%	620	28.7%	954	44.1%
Owned or shared ownership: Total	1,520	367	24.1%	419	27.6%	734	48.3%
Owned: Owned outright	1,303	307	23.6%	359	27.6%	637	48.9%
Owned: Owned with a mortgage or loan or shared ownership	217	60	27.6%	60	27.6%	97	44.7%
Rented or living rent free: Total	644	223	34.6%	201	31.2%	220	34.2%
Rented: Social rented	404	150	37.1%	122	30.2%	132	32.7%
Rented: Private rented or living rent free	240	73	30.4%	79	32.9%	88	36.7%

Source: DC3408EW Health status

222. It is now possible to multiply the projected number of 75+ households occupying each tenure by the rates of mobility limitation for that tenure to arrive at the final tenure-led estimate for specialist housing needs. The number of households falling into potential need for specialist accommodation to 2037 is 173.

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

Table 6-7: AECOM estimate of specialist housing need in the assessed area by the end of the Plan period

Type	Affordable	Market	Total (rounded)
Housing with care (e.g. extra care)	Multiply the number of people across all rented tenures (not just social rent as those aged 65+ who need to rent are overwhelmingly likely to need Affordable Housing) by the percent of occupiers in that tenure who have day to day activity limitations limited a lot	Multiply the number of people across all owner-occupied housing by the percent of occupiers in that tenure who have day to day activity limitations limited a lot	85
	39	46	
Adaptations, sheltered, or retirement living	Multiply the number of people across all rented housing by the percent of occupiers in that tenure who have day to day activity limitations limited a little	Multiply the number of people across all owned housing by the percent of occupiers in that tenure who have day to day activity limitations limited a little	88
	35	53	
Total	74	99	173

Source: Census 2011, AECOM Calculations

Housing LIN-recommended provision

224. It is worth comparing these findings with the recommendations of the Housing Learning and Improvement Network (HLIN), one of the most simple and widely used models estimating for the housing needs of older people. Table 6-8 below reproduces the key assumptions of HLIN's Strategic Housing for Older People (SHOP) toolkit. The table serves as a guide to the numbers of specialist dwellings for older people that should be provided given the increase in their numbers over the Plan period, and how these should be split into the different tenures.

225. It is worth highlighting that the HLIN model suggests that the level of unmet demand for specialist housing for older people of all kinds is approximately 251 units per 1,000 of the population aged 75+. Recall that the rate of provision in the assessed area currently is around 311, suggesting that existing provision is sufficient for the existing population and confirming that the needs of the additional people to enter older age groups to 2037 should be the focus of this analysis.

Table 6-8: Recommended provision of specialist housing for older people from the SHOP toolkit

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

Source: Housing LIN SHOP Toolkit

226. As Table 6-4 shows, the assessed area is forecast to see an increase of 412 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 = $60 \times .412 = 25$
- Leasehold sheltered housing = $120 \times .412 = 49$
- Enhanced sheltered housing (divided 50:50 between that for rent and that for sale) = $20 \times .412 = 8$
- Extra care housing for rent = $15 \times .412 = 6$
- Extra care housing for sale = $30 \times .412 = 12$
- Housing based provision for dementia = $6 \times .412 = 2$

227. This produces an overall total of 102 specialist dwellings which might be required by the end of the plan period.

228. Table 6-9 below sets out the HLIN recommendations in the same format as Table 6-7 above. It is important to stress that the SHOP toolkit embeds assumptions that uplift the provision of specialist accommodation compared to current rates.

Table 6-9: HLIN estimate of specialist housing need in the assessed area by the end of the Plan period

Type	Affordable	Market	Total
Housing with care (e.g. extra care)	Includes: enhanced sheltered housing for rent + extra care housing for rent + housing based provision for dementia	Includes: enhanced sheltered housing for sale + extra care housing for sale	29
	13	16	
Sheltered housing	Conventional sheltered housing for rent	Leasehold sheltered housing	74
	25	49	
Total	38	65	103

Source: Housing LIN, AECOM calculations

Conclusions- Specialist Housing for the Older People

229. There are approximately 317 units of specialist accommodation in the assessed area at present across 9 schemes. The split between market ownership and social renting is roughly equal, but only 13% of units provide extra-care for residents with support requirements. It is also important to note that 4 of the 9 schemes counted here are in the part of the assessed area known as the Rochester Waterside and its environs. If these are excluded the number of units available within the assessed area proper is 191.
230. ONS 2020 population estimates suggest that there are currently around 1,019 individuals aged 75 or over in the assessed area. This suggests that current provision of specialist housing is in the region of 311 units per 1,000 of the 75+ population (a common measure of specialist housing supply). Housing LIN suggests that provision should be roughly 250 units per 1,000 of the older population so on this measure the existing supply appears to be sufficient in the assessed area.
231. While the proportion of older people in the overall population in the assessed area is likely to stay much lower than in Medway, it is projected to grow from 3.7% today to 5% in 2017 – an increase of roughly 412 people. It is the needs of these people that form the focus of this analysis.
232. The potential need for specialist housing with some form of additional care for older people can be estimated by bringing together data on population projections, rates of disability, and what tenure of housing the current 55-75 cohort occupy in the NA. This can be sense-checked using a toolkit based on national research and assumptions.
233. These two methods of estimating the future need in the assessed area produce a range of 103 to 173 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 in the existing stock, through adaptations to their own homes, or other care arrangements. If this is found not to be the case, it would justify aspiring to exceed the range identified here.
234. The LHNA identified a need for 753 units of specialist accommodation for older people to 2037 across Medway, plus an additional 436 units of care home accommodation (page 12). If this figure is shared across the district according to population statistics, the assessed area might be expected to deliver 75 units over the same period (being 9.9% of the Medway population in 2020). Given the generally younger population profile of the assessed area compared with Medway, the LHNA evidence suggests that the need may be towards the lower end of the range suggested here.
235. In the tenure-led estimate (which reflects the higher rates of renting in assessed area compared to Medway) the need for affordable specialist housing approaches that for market housing, while the HLIN estimate is weighted more

towards market housing. The rate of affordable housing required in the Local Plan does not appear sufficient to accommodate the affordable component of these estimates, but is unlikely to be something that can be changed for the NDO site. Existing provision of socially rented specialist accommodation is also quite high at present, which may reduce some of the pressure from future households falling into need through turnover in the existing stock.

236. A slight majority of the need, when averaged across the two, is anticipated to be for sheltered (age-restricted) housing, but some need is still expected for extra-care accommodation. Given the lack of extra-care accommodation in the existing stock, it may be wise to prioritise this kind of specialist housing to a greater extent in future development.
237. Given the extent of the potential need for sheltered accommodation and the potentially limited delivery of this form of housing at the NDO site, an alternative avenue could be to require standards of accessibility and adaptability in the new homes to be met at more ambitious levels than those mandated in the Local Plan.
238. The emerging Local Plan provides explicit encouragement for development to accommodate specific groups such as older people. However, it does not set specific targets for the proportion of new housing that might be required to meet national standards for accessibility and adaptability (Category M4(2)), or for wheelchair users (Category M4(3)). The evidence gathered here would appear to justify applying such a target for the NDO or in the Neighbourhood Plan if this avenue has the support of Medway Council and does not overly impinge on viability.
239. The LHNA proposes that 5% of new dwellings should be built to M4(3) standards and that all new dwellings should be built to M4(2) standards. This ambitious requirement would seem fitting for the assessed area if it has the support of Medway Council.

7. Conclusions

Overview

240. **Error! Reference source not found.** 7-1 below sets out in full the conclusions and recommendations of this Neighbourhood Plan housing needs assessment, based on the evidence reviewed and analysed.

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

Issue	Summary of evidence and data assessed	Conclusions and recommendations
Housing tenure and affordability	<p>The assessed area's current tenure mix reveals a very low rate of home ownership, at 45%, compared to wider averages. Correspondingly, there is slightly more social renting than across Medway and far more private renting (a tenure option that has also more than doubled between 2001 and 2011).</p> <p>Home values in the assessed area have increased steadily and substantially over the past decade. The median price, at £180,000, is now 75% higher than it was in 2011. The lower quartile (or entry-level) price, at £158,000, is now 80% higher than it was in 2011. Of the 347 transactions in 2020, just 5 were detached and 29 semi-detached. In contrast, 241 were terraces and 72 were flats. It is reasonable to assume therefore that both the median and lower quartile price are terraced homes.</p> <p>Land Registry records 29 sales of new build properties in the assessed area in 2020. There were 50 such transactions in 2019, but none in 2017 or 2018. The combined 79 new home sales in 2019-2020 represent a significant uptick on recent years (with 86 new build transactions in the much longer period from 2011 to 2018). The median price of a new build home in 2019-2020 (combined for a bigger sample) was £266,280.</p> <p>Around half of the private rented properties available in the assessed area are flat shares (rooms in a shared dwelling). This assessment is focussed primarily on the need for self-contained dwellings, but it is worth bearing in mind that this much more affordable option exists in abundance and provides valuable options for certain types of households – namely single persons and those using housing benefits.</p> <p>The mean household income in the assessed area is £38,125, the median is £25,000 and the lower quartile is £15,000.</p>	<p>A household would need an income comfortably above the average (or a large deposit) to qualify for a mortgage even for an entry-level home in the area. Private renting is generally only affordable to average earners and above (and even then, the mean earning household can only just afford a 2 bedroom rental property).</p> <p>Affordable home ownership products would be valuable to different segments of the local population, with shared ownership at a lower than 25% equity share potentially allowing lower earning households to get a foot on the housing ladder, while rent to buy offers poorer long-term prospects but is helpful to those with little or no savings for a deposit, and First Homes at a 40% or greater discount provides the best long-term support to those with slightly higher incomes.</p> <p>It would appear that a 40% discount on First Homes would be sufficient, on the assumption that average earners (rather than lower earners) are the target group for this product and that they will come forward as flats. If First Homes are delivered as terraced homes even a 50% discount would appear insufficient to bring them within reach of average earners.</p> <p>The evidence in this chapter suggests that the affordable rented sector performs a vital function in the assessed area as the only option for a large segment of those in the greatest need. Being cheaper for the occupant, social rent performs this function best.</p> <p>When the LHNA Affordable Housing need figure is prorated to the assessed area based on its fair share of the population (9.9% of the LPA's population according to ONS estimates), this equates to 86 homes per annum or 1,291 homes over the 15-year period from 2022-2037. This should be split into 51% affordable rent and 49% affordable ownership.</p> <p>AECOM recommends that the LHNA proposed tenure split for Affordable Housing is suitable for the NDO site given what is currently known about it. However, if the number of affordable units is proportionally low in relation to the need for Affordable Housing identified here and in the LHNA, there would be justification for giving greater priority to the more urgently needed affordable rented housing.</p>

<p>Housing type and size</p>	<p>The assessed area has a relatively unbalanced mix of dwelling types, with a combined 90% of all homes falling into the categories of terraced houses and flats. This is not unusual for an urban area. It is likely to mean that relatively affordable housing options are available, but also that the assessed area may not be catering well to all groups in the population. While larger flats and terraces can certainly meet the needs of growing families, a wider variety of options, including those with more flexible living space and/or access to gardens, may help to serve a broader range of people.</p> <p>In terms of size, the housing stock in the assessed area is similarly skewed towards smaller homes, with only 4% of homes having more than 3 bedrooms (compared with 12% across Medway and 16% nationally). The assessed area also has nearly double the proportion of 1 bedroom homes as seen across the district and England. Again there is a clear gap in the market for larger homes and more variety generally.</p> <p>The assessed area has a younger population profile than Medway and England. The older age brackets have grown the fastest between the 2011 Census and the latest estimates in 2020, but from a low base meaning that they remain relatively small in terms of actual numbers. At the opposite end of the age spectrum it is interesting to note that the 0-15 age band has seen healthy growth over the past decade while the 16-24 age band has contracted. This clearly indicates the presence of families with children, yet also suggests that as those children grow up (either still living with parents or forming their own independent households) those households are moving away.</p> <p>A far greater proportion of households in the assessed area are composed of a single individual than is the case across Medway and (to a lesser extent) England. Of the family households, a much higher proportion have dependent children than do not. The number of households containing non-dependent (adult) children or multiple families (HMOs and house shares) rose steeply between the last Censuses.</p> <p>A combined 53% of households in the assessed area have more bedrooms than they might be expected to need, which is fairly evenly balanced with the 47% who have the 'right' number of bedrooms or too few.</p>	<p>The results of a life stage modelling exercise suggest that new development should be restricted to homes with 3 or more bedrooms because these size categories are so underrepresented at present compared with what the future population might be expected to need given the existing preferences of different age groups across Medway. An injection of larger homes would improve the offering for larger families who have few options for their next step on the property ladder, and would also widen choice in general.</p> <p>However, it is never advisable to restrict future housing delivery to specific size categories only. There are two key arguments against weighting the dwelling mix on the NDO site and other future developments too strongly towards larger homes.</p> <p>First, the preceding chapter found that affordability is a serious and worsening challenge in the area. While the provision of Affordable Housing (subsidised tenure products) is one way to combat this, another is to ensure that homes come forward which are of an appropriate size, type and density for local residents' budgets. Continuing to provide smaller homes with fewer bedrooms would help to address this situation.</p> <p>Second, this chapter has established the clear direction of travel toward the ageing of the population (even if this is not felt as strongly in the assessed area as wider Medway). This suggests that suitable options for downsizing older households should form a valuable contribution to the housing mix. Some additional 2-3 bedroom homes would help to achieve this, where a narrow focus on 3+ bedroom homes may not.</p> <p>Furthermore, variety should be sought within the mid-sized homes that come forward in future to attract both newly forming households on lower budgets and older households with substantial equity from their existing larger homes. Facilitating downsizing among older households may release some larger homes for use by families who need more bedrooms if they can afford to.</p> <p>Finally, and more generally, it would be unwise for new housing to be delivered in an unbalanced way, particularly on one individual site.</p> <p>As such, it is recommended that priority is given to larger and mid-sized homes if this can be accommodated within the limitations of site density and viability, but that this is done to a degree that aligns with the wider objectives of the community and does not overly limit choice.</p> <p>The HNA target dwelling mix for 2037 (retaining up to 40% of new homes with 1-2 bedrooms), and the proposed mix for the Chatham KDL put forward in the LHNA, may be considered more balanced breakdowns to aim for or sources to justify adjusting the mix to give more emphasis on smaller properties if this is the desire of the community.</p>
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Issue	Summary of evidence and data assessed	Conclusions and recommendations
Specialist housing for older people	<p>There are approximately 317 units of specialist accommodation in the assessed area at present across 9 schemes. The split between market ownership and social renting is roughly equal, but only 13% of units provide extra-care for residents with support requirements. It is also important to note that 4 of the 9 schemes counted here are in the part of the assessed area known as the Rochester Waterside and its environs. If these are excluded the number of units available within the assessed area proper is 191.</p> <p>ONS 2020 population estimates suggest that there are currently around 1,019 individuals aged 75 or over in the assessed area. This suggests that current provision of specialist housing is in the region of 311 units per 1,000 of the 75+ population (a common measure of specialist housing supply). Housing LIN suggests that provision should be roughly 250 units per 1,000 of the older population so on this measure the existing supply appears to be sufficient in the assessed area.</p> <p>While the proportion of older people in the overall population in the assessed area is likely to stay much lower than in Medway, it is projected to grow from 3.7% today to 5% in 2017 – an increase of roughly 412 people. It is the needs of these people that form the focus of this analysis.</p>	<p>Two methods of estimating the future need in the assessed area produce a range of 103 to 173 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 in the existing stock, through adaptations to their own homes, or other care arrangements. If this is found not to be the case, it would justify aspiring to exceed the range identified here.</p> <p>The LHNA identified a need for 753 units of specialist accommodation for older people to 2037 across Medway, plus an additional 436 units of care home accommodation (page 12). If this figure is shared across the district according to population statistics, the assessed area might be expected to deliver 75 units over the same period (being 9.9% of the Medway population in 2020). Given the generally younger population profile of the assessed area compared with Medway, the LHNA evidence suggests that the need may be towards the lower end of the range suggested here.</p> <p>In the tenure-led estimate (which reflects the higher rates of renting in assessed area compared to Medway) the need for affordable specialist housing approaches that for market housing, while the HLIN estimate is weighted more towards market housing. The rate of affordable housing required in the Local Plan does not appear sufficient to accommodate the affordable component of these estimates, but is unlikely to be something that can be changed for the NDO site. Existing provision of socially rented specialist accommodation is also quite high at present, which may reduce some of the pressure from future households falling into need through turnover in the existing stock.</p> <p>A slight majority of the need, when averaged across the two, is anticipated to be for sheltered (age-restricted) housing, but some need is still expected for extra-care accommodation. Given the lack of extra-care accommodation in the existing stock, it may be wise to prioritise this kind of specialist housing to a greater extent in future development.</p> <p>Given the extent of the potential need for sheltered accommodation and the potentially limited delivery of this form of housing at the NDO site, an alternative avenue could be to require standards of accessibility and adaptability in the new homes to be met at more ambitious levels than those mandated in the Local Plan.</p> <p>The LHNA proposes that 5% of new dwellings should be built to M4(3) standards and that all new dwellings should be built to M4(2) standards. This ambitious requirement would seem fitting for the assessed area if it has the support of Medway Council.</p>

Recommendations for next steps

241. This housing needs assessment aims to provide the assessed area with evidence on a range of housing trends and issues from a range of relevant sources. We recommend that its contents and conclusions be discussed with Medway Council with a view to agreeing and formulating the content of the NDO.
242. 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.
243. Bearing this in mind, it is recommended that strategies and documents with an impact on housing policy produced by the Government, Medway or any other relevant party should be monitored carefully.

Appendix A : Calculation of Affordability Thresholds

A.1 Market housing

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

i) Market sales

246. The starting point for calculating the affordability of a dwelling for sale (i.e. the purchase threshold) from the perspective of a specific household is the loan to income ratio which most mortgage companies are prepared to agree. This ratio is conservatively estimated to be 3.5.
247. 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 the assessed area, 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.
248. The calculation for the purchase threshold for market housing is as follows:
- Value of a median NA house price (2020) = £180,000;
 - Purchase deposit at 10% of value = £18,000;
 - Value of dwelling for mortgage purposes = £162,000;
 - Divided by loan to income ratio of 3.5 = purchase threshold of £46,286.
249. The purchase threshold for an entry-level dwelling is a better representation of affordability to those with lower incomes or savings, such as first-time buyers. To determine this threshold, the same calculation is repeated but with reference to the lower quartile rather than the median house price. The lower quartile average in 2020 was £158,000, and the purchase threshold is therefore £40,629.
250. Finally, it is worth assessing the purchase threshold for new build homes, since this most closely represents the cost of the new housing that will come forward in future. Land Registry records 29 sales of new build properties in the assessed area in 2020. There were 50 such transactions in 2019, but none in

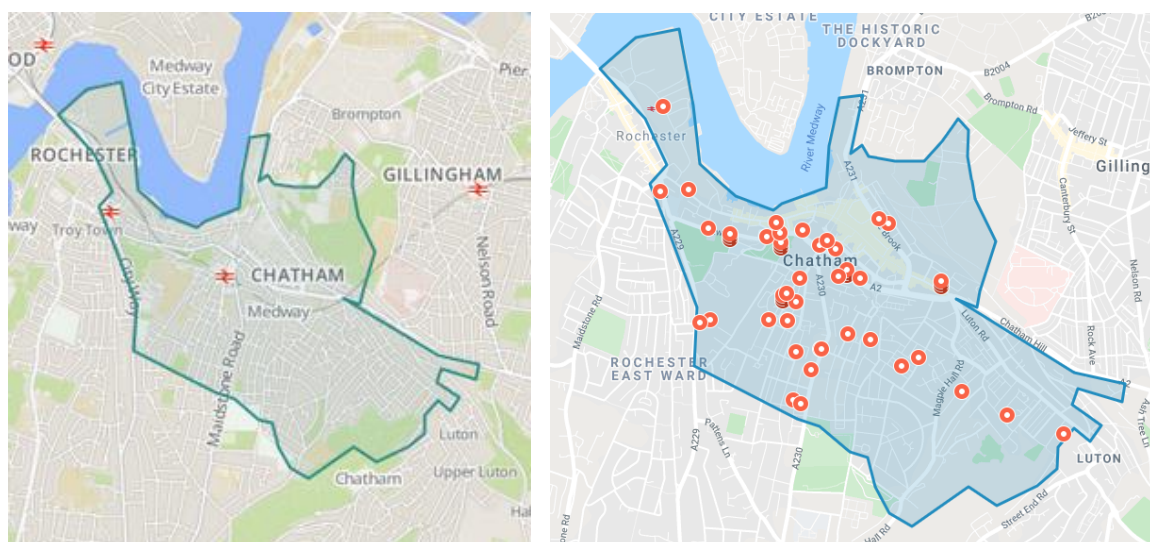
2017 or 2018. It is worth noting that the combined 79 new home sales in 2019-2020 represents a significant uptick on recent years (with 86 new build transactions in the much longer period from 2011 to 2018).

251. To attain a more robust sample of recent transactions, the average is taken of all new build sales recorded in 2019-2020. The overall median price was £266,280. The 79 sales in this period included just 2 detached homes, 1 semi-detached home (presumably because its partner was retained for rent or was an existing detached home), 13 terraced home and 63 flats. The overall median price therefore masks a high degree of variation. The detached median was £595,000, the semi-detached home sold for £565,000, the terraced average was £450,000 and the flat average was £225,000.
252. The purchase threshold for new build housing therefore ranges from £57,857 (flat) to £153,000 (detached). The key indicators for the following sections of this study are the costs of new build flats and terraces since these are clearly the most likely to come forward in future given historic trends, and also best represent the equivalent value of an entry-level new home, against which the prices of First Homes and shared ownership are likely to be set.

ii) Private Rented Sector (PRS)

253. Income thresholds are used to calculate the affordability of rented and affordable housing tenures. It is assumed here that rented housing is affordable if the annual rent does not exceed 30% of the household's gross annual income.
254. 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.
255. The property website Rightmove.co.uk shows rental values for property in the assessed area. A custom boundary had to be drawn to align with the other datasets used throughout this report. An image of the area drawn is provided in Figure 7-1, alongside a map showing the pinned locations of the rental listings.

Figure 7-1: Area of search for rental price data



Source: Rightmove.co.uk

256. According to Rightmove, there were 44 properties for rent at the time of search in December 2021. They are comprised of:

- 11 x 1 bedroom properties ranging in price from £600-£950 per month and with a median of £750;
- 6 x 2 bedroom properties ranging in price from £800-£1,100 and with a median of £950;
- 5 x larger homes ranging in price from £1,050-£1,800 and with a median of £1,100; and
- 22 x flat shares (rooms in a shared house) ranging in price from £225-£600 and with a median of £400.

257. It is immediately clear that around half of the rental options available in the assessed area are flat shares. This aligns with the LHNA and the finding in the Type and Size chapter that ‘other’ households such as HMOs are growing at pace. While flat shares may not be the preferred living situation of all people, they significantly expand the affordability of rented housing for those who cannot afford a self-contained property, and also likely accommodate many people on housing benefits who have not been allocated a social or affordable rented home.

258. Note also that the LHNA finds lower quartile rents in the Chatham KDL to be £650 per month and median rents to be £802 per month (Table 3.9b). The lower quartile figure is slightly below the 1-bedroom median identified here and the median is at the lower end of the 2 bedroom range in the assessed area.

259. For simplicity, the analysis in the main Affordability chapter focuses on two thresholds for rented housing: 1-bedroom self-contained properties and 2 bedroom self-contained properties.

260. The calculation for the private rent income threshold for 1-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.

261. The calculation is repeated for 2-bedroom properties to give an income threshold of £38,000. But as stated above it is worth remembering that affordability can be further improved if flat shares are considered. The income threshold for the median flat share would be £16,000, though this is not formally taken forward in the main body of this report.

A.2 Affordable Housing

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

i) Social rent

263. 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.

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

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

Table A-1: Social rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average social rent per week	£94.27	£105.15	£113.32	£128.17	£106.75
Annual average	£4,902	£5,468	£5,893	£6,665	£5,551
Income needed	£16,324	£18,208	£19,622	£22,194	£18,485

Source: Homes England, AECOM Calculations

ii) Affordable rent

266. 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).

267. Even an 80% discount on the market rent may not be sufficient to ensure that households can afford this tenure, particularly when they are dependent on benefits. Registered Providers in some areas have applied caps to larger properties where the higher rents would make them unaffordable to families under Universal Credit. This may mean that the rents are actually 50-60% of market levels rather than 80%.
268. Data on the most realistic local affordable rent costs is obtained from the same source as social rent levels for Medway. Again, it is assumed that no more than 30% of income should be spent on rent, and the overall average is taken forward.
269. 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 A-2: Affordable rent levels (£)

Size	1 bed	2 beds	3 beds	4 beds	All
Average affordable rent per week	£107.06	£126.46	£140.94	£184.94	£127.94
Annual average	£5,567	£6,576	£7,329	£9,617	£6,653
Income needed	£18,539	£21,898	£24,405	£32,024	£22,154

Source: Homes England, AECOM Calculations

iii) Affordable home ownership

270. 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.
271. In paragraph 65 of the NPPF 2021, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.” The recently issued Ministerial Statement and updates to PPG state that 25% of all Affordable Housing should be First Homes – the Government’s new flagship discounted market sale product. When the NPPF is next updated, it is expected that the 10% affordable home ownership requirement referenced above may be replaced by the First Homes requirement.

First Homes

272. Whether to treat discounted market housing as affordable or not depends on whether discounting the asking price of new build homes of a size and type suitable to first time buyers would bring them within reach of people currently unable to buy market housing.

273. The starting point for these calculations is therefore the estimated cost of new build housing in the assessed area noted above – the median for flats of £225,000, and the median for terraced homes at £450,000.
274. Taking flats first, for the minimum discount of 30% the purchase threshold can be calculated as follows:
- Value of a new home = £225,000;
 - Discounted by 30% = £157,500;
 - Purchase deposit at 10% of value = £15,750;
 - Value of dwelling for mortgage purposes = £141,750;
 - Divided by loan to income ratio of 3.5 = purchase threshold of £40,500.
275. The income thresholds analysis in the Tenure and Affordability chapter also compares local incomes with the costs of a 40% and 50% discounted First Home flat. This would require an income threshold of £34,714 and £28,929 respectively.
276. The equivalent income thresholds for First Home terraces are as follows:
- 30% discount = £81,000;
 - 40% discount = £69,429; and
 - 50% discount = £57,857.
277. All of the income thresholds calculated here for First Homes except for terraces at a 30% discount are below the price cap of £250,000 and the income cap of £80,000 above which households are not eligible. For 30% discounted terraces either a greater discount is justified, developers would need to bring the price down, or smaller or lower value properties would need to be delivered than our assumed benchmark.
278. Note that discounted market sale homes may be unviable to develop if the discounted price is close to (or below) build costs. Build costs vary across the country but as an illustration, the build cost for a 2-bedroom home (assuming 70 sq m and a build cost of £1,500 per sqm) would be around £105,000. This cost excludes any land value or developer profit. This would not appear to be an issue in the assessed area.

Shared ownership

279. Shared ownership involves the purchaser buying an initial share in a property, typically of between 25% and 75% (but now set at a minimum of 10%), and paying rent on the share retained by the provider. Shared ownership is flexible in two respects, in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable. The share owned by the occupant can be increased over time through a process known as 'staircasing'.
280. 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.

281. To determine the affordability of shared ownership, calculations are again based on the estimated costs of two forms of entry-level 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).

282. The affordability threshold for a 25% equity share, again taking flats as a full example, is calculated as follows:

- A 25% equity share of £225,000 is £56,250;
- A 10% deposit of £5,625 is deducted, leaving a mortgage value of £50,625;
- This is divided by the loan to value ratio of 3.5 to give a purchase threshold of £14,464;
- Rent is charged on the remaining 75% shared ownership equity, i.e. the unsold value of £168,750;
- The estimated annual rent at 2.5% of the unsold value is £4,219;
- This requires an income of £14,063 (annual rent multiplied by 3.33 so that no more than 30% of income is spent on rent).
- The total income required is £28,527 (£14,464 plus £14,063).

283. The same calculation is repeated for equity shares of 10% and 50% producing affordability thresholds of £22,661 and £38,304 respectively.

284. Again, the equivalent income thresholds for shared ownership terraces are as follows:

- 10% equity share = £45,321;
- 25% equity share = £57,054; and
- 50% equity share = £76,007.

285. These are all below the £80,000 eligibility cap.

Rent to buy

286. 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)

287. 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.
288. It is important to note that this product widens access to market housing but does not provide an affordable home in perpetuity.

Appendix B : Housing Needs Assessment Glossary

Adoption

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

Affordability

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

Affordability Ratio

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

Affordable Housing (NPPF Definition)

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

- a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- c) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods¹⁰.

Age-Restricted General Market Housing

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

Annual Monitoring Report

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

Basic Conditions

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

Backlog need

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

Bedroom Standard¹¹

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

Co-living

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

Community Led Housing/Community Land Trusts

Housing development, provision and management that is led by the community is very often driven by a need to secure affordable housing for local people in the belief that housing that comes through the planning system may be neither the right tenure or

¹⁰ The Tenant Services Authority has issued an explanatory note on these methods at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

¹¹ See <https://www.gov.uk/government/statistics/english-housing-survey-2011-to-2012-household-report>

price-point to be attractive or affordable to local people. The principle forms of community-led models include cooperatives, co-housing communities, self-help housing, community self-build housing, collective custom-build housing, and community land trusts. By bringing forward development, which is owned by the community, the community is able to set rents and/or mortgage payments at a rate that it feels is appropriate. The Government has a range of support programmes for people interested in bringing forward community led housing.

Community Right to Build Order¹²

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)¹³

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

Equity Loans/Shared Equity

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

Extra Care Housing or Housing-With-Care

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

Fair Share

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

¹² See <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

¹³ See http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf

First Homes

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

Habitable Rooms

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

Household Reference Person (HRP)

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

Housing Market Area

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

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

Housing Needs

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

Housing Needs Assessment

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

Housing Products

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

Housing Size (Census Definition)

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

Housing Type (Census Definition)

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

Housing Tenure (Census Definition)

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

Income Threshold

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

Intercensal Period

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

Intermediate Housing

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

Life Stage modelling

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

Life-time Homes

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

Life-time Neighbourhoods

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

Local Development Order

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

Local Enterprise Partnership

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

Local housing need (NPPF definition)

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

Local Planning Authority

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

Local Plan

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

Lower Quartile

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

Lower Quartile Affordability Ratio

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

Market Housing

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

Mean (Average)

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

Median

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

Median Affordability Ratio

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

Mortgage Ratio

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years¹⁴, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

Neighbourhood Development Order (NDO)

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

Neighbourhood plan

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

Older People

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

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

An output area is the lowest level of geography for publishing statistics, and is the core geography from which statistics for other geographies are built. Output areas were created for England and Wales from the 2001 Census data, by grouping a number of households and populations together so that each output area's population is roughly the same. 175,434 output areas were created from the 2001 Census data, each

¹⁴ See <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

containing a minimum of 100 persons with an average of 300 persons. Lower Super Output Areas consist of higher geographies of between 1,000-1,500 persons (made up of a number of individual Output Areas) and Middle Super Output Areas are higher than this, containing between 5,000 and 7,200 people, and made up of individual Lower Layer Super Output Areas. Some statistics are only available down to Middle Layer Super Output Area level, meaning that they are not available for individual Output Areas or parishes.

Overcrowding

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

Planning Condition

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

Planning Obligation

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

Purchase Threshold

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

Proportionate and Robust Evidence

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

Private Rented

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

Retirement Living or Sheltered Housing

Housing for older people which usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It

does not generally provide care services, but provides some support to enable residents to live independently. This can include 24 hour on-site assistance (alarm) and a warden or house manager.

Residential Care Homes and Nursing Homes

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

Rightsizing

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

Rural Exception Sites

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

Shared Ownership

Housing where a purchaser part buys and part rents from a housing association or local authority. Typical purchase share is between 25% and 75% (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 Housing¹⁵

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

¹⁵ 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 SMAs 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 SMAs are combined with Economic Development Needs Assessments to create documents known as HEDNAs (Housing and Economic Development Needs Assessments).

Specialist Housing for the Elderly

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

Social Rented Housing

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.). Guideline target rents for this tenure are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.¹⁶

¹⁶ See <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

