

## 5. Housing Needs in Wool Parish

### Introduction

107. The consultation undertaken to support the neighbourhood plan and the previous community-led Parish Plan show that village life in Wool Parish is valued, based on the balance of the size of the community, the available services and the relationship to the surrounding countryside. There is a concern that this balance will be lost if significant new development occurs.
108. The Purbeck Local Plan 2018-2034 (Policy H5 Wool) identifies a housing requirement of around 470 dwellings and 65 extra care homes to be accommodated within Wool Parish on four allocated sites over the plan period. The Dorset Council Local Plan January 2021 Regulation Option Consultation options included options for a further 400 dwellings in Wool. A Preferred Options Consultation is awaited. Dorset Council expects to adopt a new Dorset-wide Local Plan in 2026.
109. The need for new housing to meet local housing needs is acknowledged. The neighbourhood plan survey shows that providing small amounts of affordable housing to meet local needs would be supported. Access to local housing is becoming more difficult for local people. Market housing is mostly out of reach for young families and new households, and so increased reliance is placed on different forms of affordable housing.
110. In other circumstances, the neighbourhood plan could allocate sites for affordable housing within settlements of the parish or on affordable-only rural housing exceptions sites adjacent to settlement boundaries. This is not going to happen. Dorset Council have already published a preferred strategy and further options to develop significant amounts of new housing in Wool Parish.
111. This would deliver affordable housing, much more than needed to meet local needs, as part of strategic provision of housing in the area to meet Dorset needs. With the amount of housing being promoted and being considered, there is no scope for further local provision in the neighbourhood plan. Whilst it is understood that Dorset Council is reviewing its strategy options, the community is extremely concerned about the potential impacts of nearly 1,000 new houses in the parish.
112. The Wool Parish Neighbourhood Plan cannot take a contrary position to adopted strategic policies. The allocation of strategic housing sites for 470 dwellings and 65 extra care homes in Wool are set out in the Purbeck Local Plan 2018-2034.
113. In line with policies in adopted and emerging plans, the neighbourhood plan can provide evidence of local housing needs and how, logically, these should be met on local developments. Strong evidence of local housing need should be used in the making and consideration of planning applications which may come forward, both in relation to principal consents and any reserved matters and amendments over time. The policy basis for this is set out below.

### Local Plan Policy Considerations (July 2024)

114. The Purbeck Local Plan 2018-2034 says that the neighbourhood plan can provide evidence to support local policies setting out tenure requirements. Some matters relating to housing mix set out in the Purbeck Local Plan 2018-2034 are strategic matters and are subject to memorandums of understanding to be agreed between Dorset Council and developers. There is no scope for the neighbourhood plan to set a different requirement on those sites. A summary of local understanding of the local plan view of infrastructure requirements in support of the planned developments has been prepared as a supporting document.

115. Policy H9 requires a housing mix identified through the Strategic Housing Market Assessment, but this policy also allows for neighbourhood plans to set distinct local requirements where justified by robust local evidence. The Housing Needs Assessment for Wool Parish has been prepared by AECOM to provide evidence in support of policies in the neighbourhood plan.
116. Policy H10 addresses requirements for adaptable and accessible homes on sites which are not proposed site allocations (where requirements are addressed specifically). The policy allows for neighbourhood plans to present evidence of local requirements which could result in changes in the proportion and design of adaptable and accessible homes.
117. Policy H11 sets levels of affordable housing requirements on sites of different sizes and indicates the proposed tenures. The policy accommodates the potential for neighbourhood plans to set out different tenure requirements based on robust local evidence.

### **National Policy Requirements**

118. The Government introduced a First Homes product in 2021, which is set out in a Ministerial Statement of May 2021 and in Planning Practice Guidance. The Government requires the first 25% of new affordable housing secured through Section 106 Planning Obligations to be provided as First Homes.
119. First Homes are for sale at a minimum discount of 30% below full market value of an equivalent new home. Local Authorities and Neighbourhoods can set a requirement for a higher discount (40% or 50%) subject to the evidence to support this. Outside London, the initial sale price (after discounts are applied) cannot exceed £250,000. Lower caps can be set locally.
120. First Homes must be purchased by first-time buyers with an income less than £80,000 outside London. They can be prioritised for local people and/or key workers. A legal restriction will ensure the initial discount is retained for future occupants. Renting out of properties will not normally be permitted.

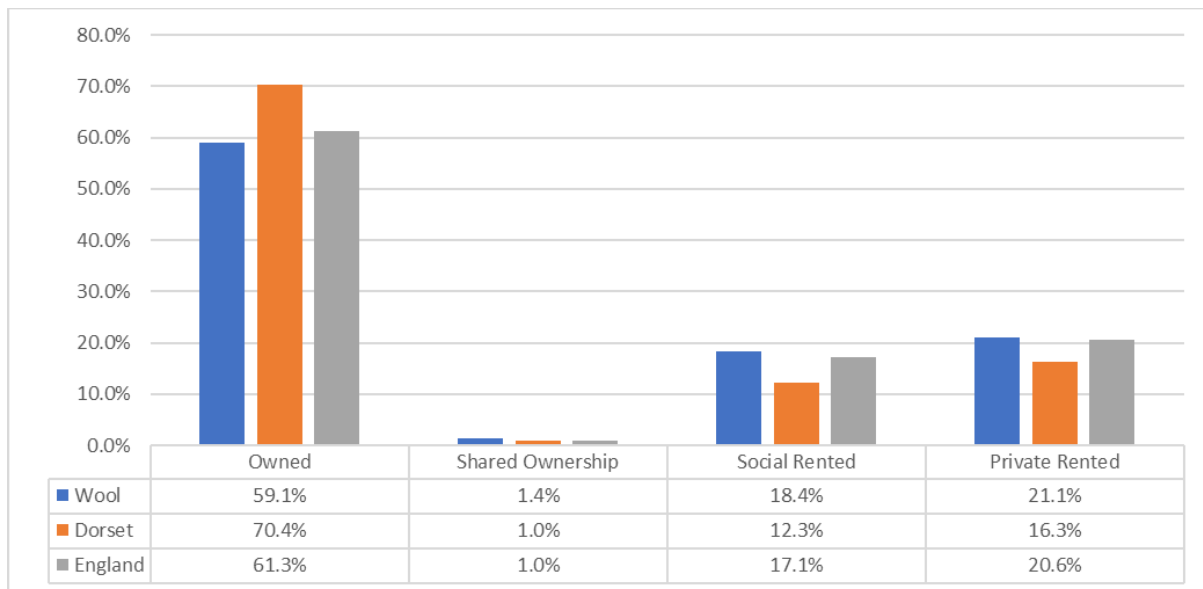
### **Housing Needs Assessment**

121. AECOM were commissioned to prepare a Housing Needs Assessment for Wool. This was prepared in 2023 using 2021 Census information and other available information which has supported development of policies in the Purbeck Local Plan 2018-2034 and the emerging Dorset Local Plan. The results demonstrate the broad requirements from new development in Wool Parish.
122. AECOM met with the Neighbourhood Plan Steering Group to set the requirements for the study. Reflecting the issues raised during consultation with the community, the terms for the housing need assessment included a consideration of housing mix, housing tenure products and split, and the need for specialist accommodation for the elderly and other people, for example people with disabilities.
123. A key objective is to make sure new housing development delivers housing of a size and type and level of affordability which meets the needs of people living in the area. This has several dimensions including providing homes that new households and families can afford to maintain community cohesion and balance. In Wool, there is also a need to ensure sufficient housing is available to allow families to move up into larger houses and to attract newcomers particularly in relation to the establishment of new businesses in the area.
124. Purbeck Local Plan 2018-2034 policies relevant to the matters addressed in the Housing Needs Assessment are set out in Policies H2 Housing Land Supply, H5 Wool Allocations, H9 Housing Mix and H11 Affordable Housing. In all cases the Housing Needs Assessment provides information which supports policies in the neighbourhood plan which aids the effective implementation of these strategic policies in the Wool Parish context

## Housing Affordability and Tenure

125. Broadly speaking, Figure 14 shows that households in Wool own and rent in a similar pattern to the rest of England but this is not reflective of ownership and renting profiles in the rest of Dorset. In Wool, just over 59% of households are privately owned whilst the Dorset average is over 70%. Shared ownership rates are low (1.4%) and very slightly higher to the rest of Dorset and England (1%). Social and Private renting is in a higher proportion than the rest of Dorset.

**Figure 14 – Housing Tenure of Households in Wool Parish in 2021.**

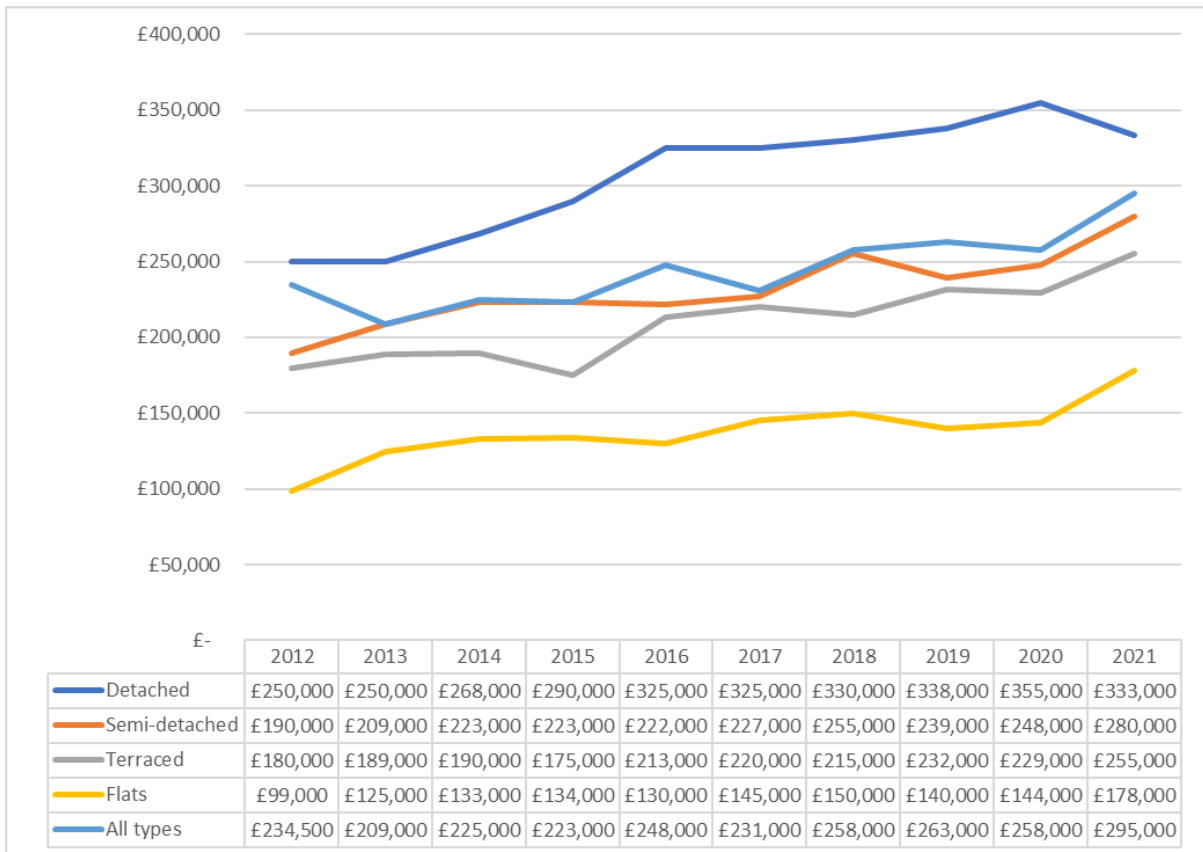


Source: AECOM Housing Needs Assessment, June 2023, Table 4-1

## Incomes and House Price Affordability

126. The Housing Needs Assessment has provided Land Registry data for the period 2012–2021 on different house types within the parish. Figure 15 presents the median house price in each year of the period for detached, semi-detached and terraced houses, and for flats. The overall average for all types of home is also included. Over the period 2012–2021, the median price of all homes grew by an average 40.1%. The price of flats grew by 27.1%, terraced house prices grew by 18.6% and detached house prices grew by 24.3%. The largest growth in price was of semi-detached houses, the median average price of which grew by 47.1%. The data does not indicate the volume of sales.
127. An important consideration is the price of cheaper housing. Lower Quartile (the middle figure of the lowest 50%) house prices grew by 42% between 2012–2021 (to £250,000).
128. How affordable the price of housing is to local people depends on whether their income levels are sufficient to access it. Affordability will be in relation to owner occupation through purchase of homes, through renting, and through shared ownership.
129. The Housing Needs Assessment gathered available data to determine that (in 2018) average total household incomes within Wool Parish were £42,200. It also provides Dorset-wide data on lower quartile individual earnings, which were £14,530 in 2020. Two lower quartile earners in a household would therefore have a total household income of £29,060.

**Figure 15 – House Price Trends in Wool Parish, 2012–2021**



Source: data from Land Registry PPD, taken from AECOM Housing Needs Assessment, June 2023

130. An Affordability matrix is presented in Figure 16. This lists the different types of market and affordable housing products that are available, and the income required to access them in terms of affordability. The colour coding indicates unaffordable housing products (in red), housing products which are marginally affordable (in yellow) and affordable housing products (in green).
131. The Housing Needs Assessment makes assumptions that mortgages will be limited to 3.5 times single salary and 2.75 times joint salaries, and that housing costs would not exceed 30% of household income. On this basis, households on average incomes and lower quartile earning households with two incomes are not able to access local market housing for sale, including entry-level housing unless there is very large deposit. Private renting is not affordable for households with two lower quartile incomes, unless a higher proportion of income is devoted to paying rent.
132. Planned development on sites allocated in the Purbeck Local Plan 2018–2034 would go only some way to meet affordable housing needs identified in the Housing Needs Assessment. The need to secure the full 40% of housing from planned developments on an affordable basis is clear.

**First Homes**

133. ‘First Homes’ are a new government affordable home ownership product which local authorities are required to secure from the first 25% of any affordable housing they secure from new developments. The product works by discounting and capping the price of market housing for first time buyers with the ability to prioritise their availability for local people and for key workers. Legal restrictions ensure discounts are retained for future purchasers. Neighbourhood plans can apply additional criteria such as a lower income cap and a local connection test. The level of discount is a minimum 30% and the maximum price after the discount is £250,000 outside London. Increased discounts can be justified and applied, also through neighbourhood plans.

**Figure 16 – Affordability Thresholds for different types of home in Wool**

Tenure	Mortgage value (90% of price)	Annual rent	Income required	Affordable on average incomes? £42,200	Affordable on LQ earnings (single earner)? £14,530	Affordable on LQ earnings (2 earners)? £29,060
<b>Market Housing</b>						
Median House Price	£265,500	-	<b>£75,857</b>	No	No	No
Estimated NA New Build Entry-Level House Price	£250,761	-	<b>£71,646</b>	No	No	No
LQ/Entry-level House Price	£225,000	-	<b>£64,286</b>	No	No	No
LA New Build Median House Price	£346,050	-	<b>£98,871</b>	No	No	No
Average Market Rent	-	£15,000	<b>£50,000</b>	No	No	No
Entry-level Market Rent	-	£9,120	<b>£30,400</b>	Yes	No	No
<b>Affordable Home Ownership</b>						
First Homes (-30%)	£175,533	-	<b>£50,152</b>	No	No	No
First Homes (-40%)	£150,457	-	<b>£42,988</b>	Marginal	No	No
First Homes (-50%)	£125,380	-	<b>£35,823</b>	Yes	No	No
Shared Ownership (50%)	£125,380	£3,483	<b>£47,432</b>	No	No	No
Shared Ownership (25%)	£62,690	£5,224	<b>£35,325</b>	Yes	No	No
Shared Ownership (10%)	£25,076	£6,269	<b>£28,061</b>	Yes	No	Yes
<b>Affordable Rented Housing</b>						
Affordable Rent	-	£7,436	<b>£24,762</b>	Yes	No	Yes
Social Rent	-	£5,460	<b>£18,182</b>	Yes	No	Yes

Source: Wool Housing Needs Assessment, June 2023, Table 4-4

134. The Housing Needs Assessment has assessed whether households on average incomes can afford First Homes and has determined that with a maximum 50% discount on local newbuild median house prices, these households would be able to access this type of housing. At 40% discount, affordability to households on average incomes would be marginal. Lower Quartile Earners in two-earner households would need a discount larger than the scheme allows for entry level new homes and so would not be affordable.

#### Shared Ownership

135. Shared ownership housing products combine payments to acquire equity in a property (the traditional 25% stake which is being reduced to a minimum 10% stake) with rent. The combined costs can be expensive to levels approaching those of private rent. Based on 10–25% equity stake, shared ownership homes would be affordable to households on average incomes in Wool, but not to lower quartile income households with one earner. A lower quartile income household with two earners would be able to afford shared ownership housing with the minimum 10% equity stake.

#### Affordable and Social Rent

136. Social Rent tenure is housing owned by local authorities and housing associations and is usually available based on income and other eligibility criteria. Affordable Rent is available at no more than 80% of the local market rent with similar eligibility criteria. Figure 16 shows that lower quartile single income households in Wool cannot afford to access affordable rent or social rent accommodation. Two-earner lower quartile income households can afford both affordable rent and social rent. Dorset Council allocation policies seek to allocate 3 out of 4 social rent and affordable rent to local people.

### **Affordable Housing Tenure Policy**

137. Purbeck Local Plan (2012) policy AH set a requirement of 40% of homes from new development on greenfield sites to be affordable (there is no data to determine if any of the 19 dwellings completed in the last ten years in Wool were affordable). The Purbeck Local Plan 2018-2034 sets range of requirements (20%, 30% and 40%) depending on the size of the development and whether it is a green or brownfield site. The Wool H5 allocation would need to accord with the Policy H11 requirement of the Purbeck Local Plan 2018-2034 for 40% affordable housing provision and the prescribed mix of 10% social rented, 65% affordable rented housing and 25% affordable home ownership. The developers are likely to seek flexibility on the mix of tenures based on viability concerns.
138. The government's First Homes scheme would take the first 25% of any affordable housing provided which could account for this element of affordable housing provision. The Housing Needs Assessment for Wool suggests that an additional 10% of affordable home ownership dwellings would be appropriate in the form of shared ownership housing with a 10% equity share. This would provide a total affordable home ownership proportion of 35% of the affordable housing delivered from allocations in Wool, based on the recommendations of the Housing Needs Assessment. This would provide 10 per cent more affordable home ownership than Purbeck Local Plan Policy Wool H5.
139. Provision of the remaining proportion of affordable housing for rent would comprise a balance between affordable rent and social rent set in consultation with Dorset Council's Housing Enabling Team, working with Registered Providers to ensure that average and lower quartile income households can access the housing made available.

#### **WOOL 5 - Affordable Housing Tenure**

Affordable housing provided in Wool Parish should be secured in a proportion of 40% from qualifying developments in accordance with policy H11 of the Purbeck Local Plan 2018-2034. Where possible, the affordable housing tenure-split should be on the following basis:

First Homes provided as the first 25% of affordable housing should be made available at the maximum 50% discount in order to be affordable to local households.

Shared equity homes should form no more than 10% of affordable housing provision in Wool Parish. Equity stakes should be set at a 10% minimum.

Social Rent and Affordable Rent should form 65% of affordable housing provision through new development in Wool Parish. Social Rented homes should be provided in larger schemes to ensure that provision is made for lower quartile income households.

Social Rented and Affordable Rented homes should be allocated in accordance with Dorset Council's Allocation Policies. First Homes and shared equity homes should be prioritised for people with a local connection in the first instance, using the following criteria:

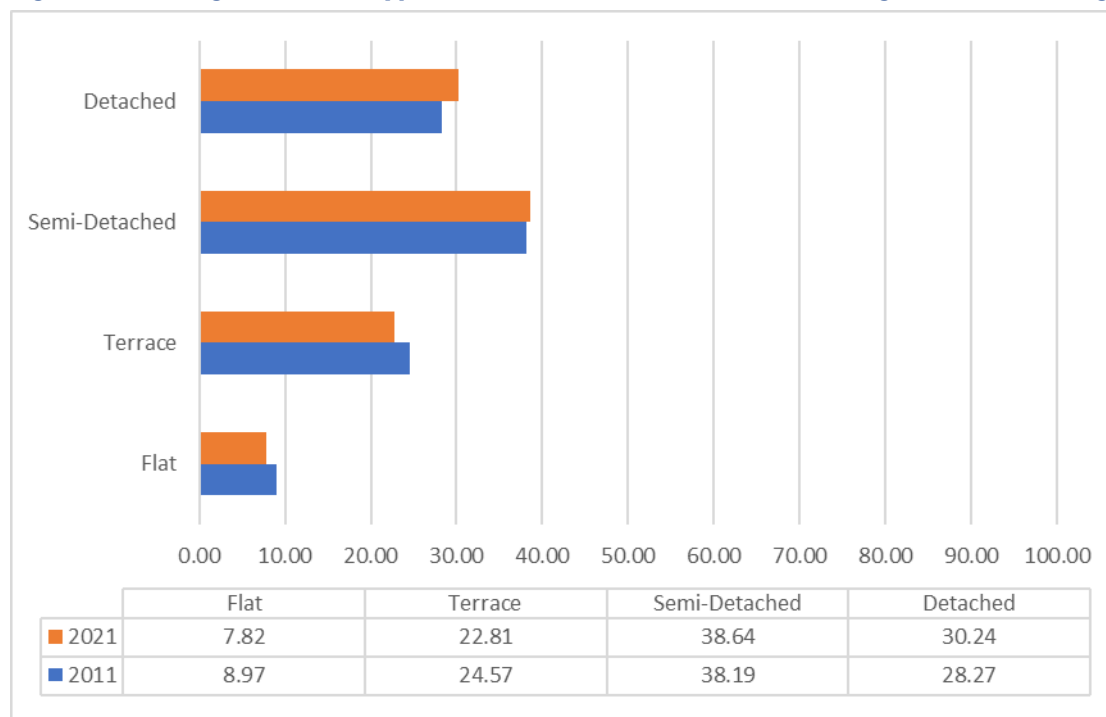
- a) Residency in Wool Parish in 2 years or 3 years out of the last 5 years.
- b) Close family continuous residency in Wool Parish (parents, siblings, non-dependent children) of 5 years evidenced.
- c) Paid employment in Wool Parish of 16 hours per week average for minimum period of 1 year (including zero hours contracts).
- d) Offer of permanent employment to social tenant in Wool Parish of 16 hours per week average for period no less than 1 year (including zero hours contracts) and where it is unreasonable to travel from current social housing property.

e) Location requirements – Any requirements detailed in a Section 106 Town and Country Planning Act 1990 and or a local lettings plan.

## Housing Type and Size Requirements in Wool

140. Understanding the composition of existing local housing in Wool is important to identifying what priorities should be adopted for future provision in the Parish. The Housing Needs Assessment provides a baseline default scenario onto which the considerations of strategy can be applied. Figure 17 shows changes in the composition of housing types between 2011-2021.

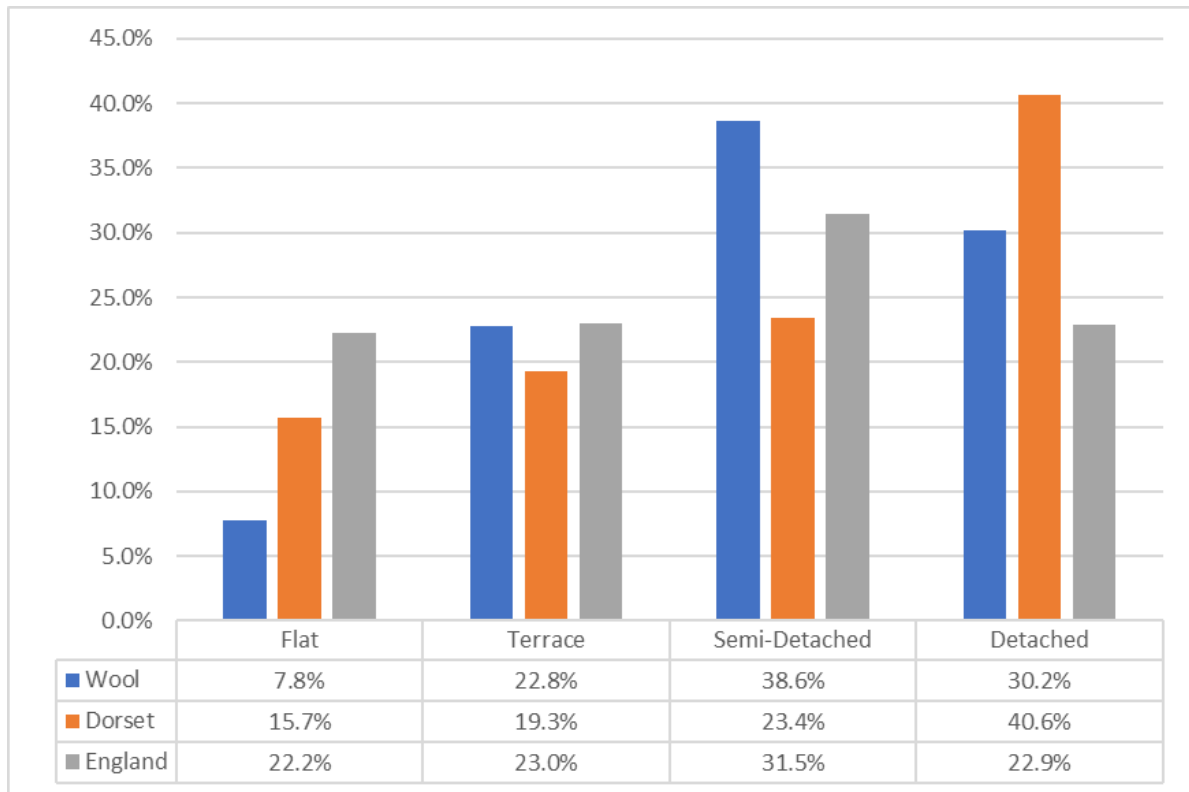
**Figure 17 – Changes in House Types in Wool Parish, 2011-2021 (Percentage of total dwellings)**



Source: AECOM Housing Needs Assessment, Table 5-1

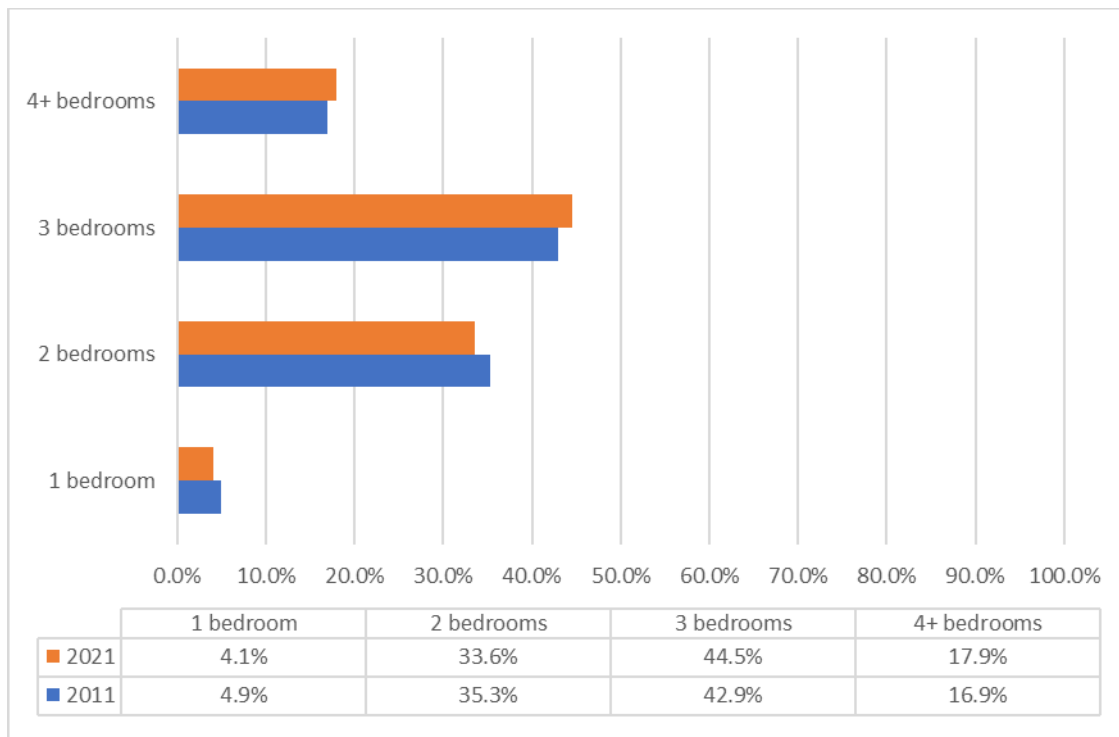
141. Figure 18 compares the composition of housing in Wool Parish to Dorset and England, revealing that flats are significantly less evident in the parish than the rest of Dorset and England, whilst semi-detached houses form a greater proportion of housing than in the other areas. The proportion of detached houses is lower in Wool than the average for the rest of Dorset.
142. Figure 19 shows change in the size of residential properties in Wool Parish between 2011-2021, defined by the number of bedrooms. The proportion of the smallest properties (1-beds and 2-beds) declined between 2011 and 2021 whilst the larger properties (3-beds and 4+ beds) increased. A potential explanation for this could be that when the demand for larger properties is not met through lack of availability, or when larger properties are not affordable to existing residents, then a response is to enlarge the property you have. This would result in a reduction in smaller properties over time.
143. Figure 20 shows that, compared to the rest of Dorset and England as a whole, 1-bedroom properties are a significantly smaller proportion of the housing stock in Wool Parish. There is a greater proportion of 2-bedroom and 3-bedroom properties with a lower proportion of large 4+ bedroom properties. This may relate to the low proportion of flats in the area.

**Figure 18 – Housing Types in Wool Parish, Dorset and England, 2021**



Source: AECOM Housing Needs Assessment, Table 5-2

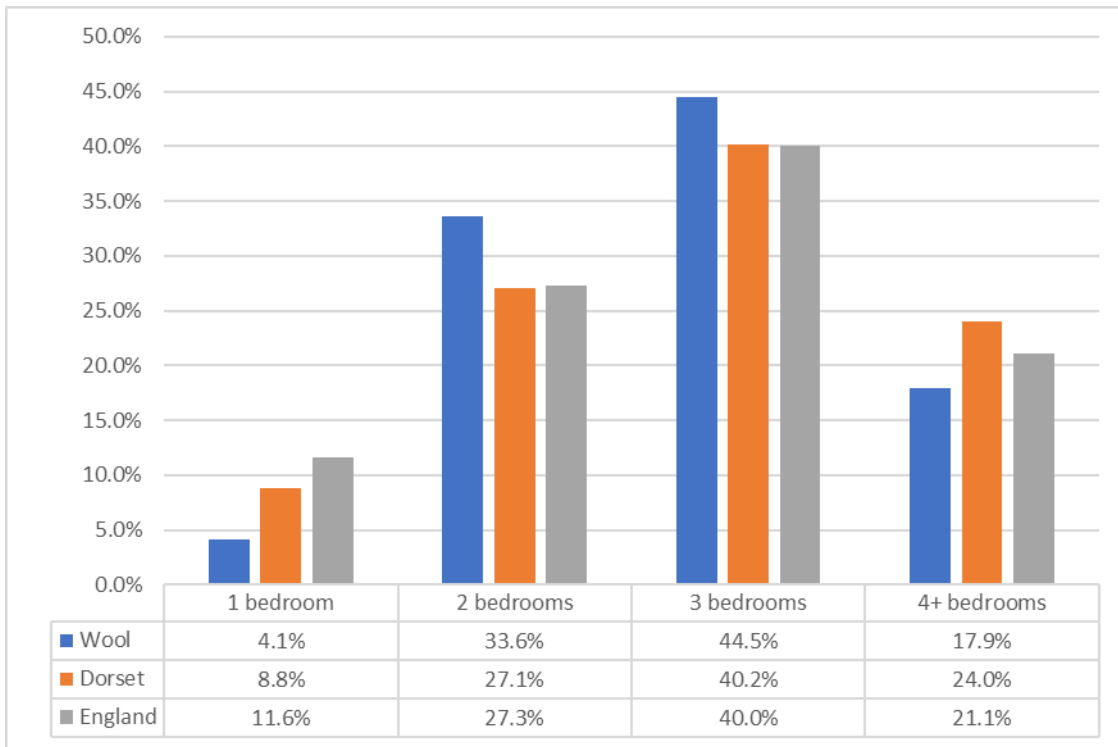
**Figure 19 – Change in Housing size in Wool Parish, 2011–2021 (percentage of total dwellings)**



Source: AECOM Housing Needs Assessment, Table 5-3



**Figure 20 – Housing size in Wool Parish, Dorset and England, 2021**



Source: AECOM Housing Needs Assessment, Table 5-4

**Housing for older people**

- 144. The Housing Needs Assessment has examined the projected population of elderly people living in Wool Parish and in particular those aged 75+ years, to 2038. The population overall is expected to grow and the proportion of elderly people in this category will grow as a proportion of the Wool population. This is expected to translate into approximately an additional 184 households (to a total of 368 households) aged 75+ years. Somewhere between 65–84 households are considered likely to require specialist housing to meet their housing and care needs depending on assumptions made. There is a significant assumption that people living independently in this age group are living in suitable accommodation already, but there is no survey information available to confirm this.

**Care Homes**

- 145. Extra care accommodation has been provided for in policy H5 of the Purbeck Local Plan 2018–2034, though the precise nature of this provision is not clear and has changed from earlier proposals to provide a nursing home. It is not clear whether any of the units would be affordable or available for local nomination and so it is not possible to know whether the need for 17 care home beds identified in the Wool Housing Needs Assessment would be met through this development.

**Affordable Housing Type and Size Policy**

- 146. The Wool Housing Needs Assessment has examined the housing stock of the parish and has determined that there is a predominance of 2-bedroom and 3-bedroom properties which make up 80% of the dwellings. Consequently, there are smaller proportions of 1-bed flats and of larger 4+ bedroom properties than for Dorset as a whole.
- 147. Most people would probably not want a 1-bedroom flat by choice and would want at least a 2-bedroom dwelling, but the housing needs assessment for Wool indicates that the cheapest form of housing (likely to be the smallest 1-bed properties) is all that can be afforded (and even then this is marginal) by lower-quartile single income households. The provision of smaller properties would

facilitate entry to the market by those currently unable to access it locally. It might also provide options for the elderly on lower incomes in 2 and 3 bed properties, looking for smaller accommodation.

148. If the existing occupation of housing by different age groups was projected onto the population in 2038, then this would mean creating a housing mix in the parish which focuses more on 1-bedroom properties and larger 4+bedroom properties than 2- and 3-bedroom properties. From the point of view of affordability, smaller properties will be more in reach than larger properties and may be attractive to downsizers. Larger properties will appeal to families currently occupying 2 and 3-bedroom homes, looking to move up.

#### WOOL 6 – Housing types and sizes in Wool Parish

Major planning applications for new housing in Wool Parish should include balanced provision of 1 bedroom and 4+ bedroom dwellings alongside 2-3 Bedroom dwellings, to meet identified housing needs in Wool.