

Interim Planning Polices: Affordable Housing

1 Preamble

- 1.1 The Interim Planning Policies (IPP) for Affordable Housing have been produced due to significant change in housing affordability since the South Ribble Local Plan was adopted in 2000. In particular average house prices have more than doubled and the average price of terraced properties has trebled.
- 1.2 The new policies together with the reasoned justification set out a series of material considerations to which the Council will have regard alongside the saved policies from the adopted Local Plan in determining planning applications for residential development. Relevant saved policies in the Local Plan include: HP3 (Affordable Housing Site Specific Targets) and HP5 (Rural Areas Exception Policy). Policies which have expired are HP2 (Affordable Housing Provision Overall), HP4 (Requirement for Affordable Housing on Other Sites) and HP6 (Mechanisms to Ensure Affordability).
- 1.3 The policies reflect updated regional and national planning policy and they will apply until the Council adopts the Central Lancashire Local Development Framework (LDF) Core Strategy in conjunction with Preston and Chorley Local Planning Authorities. These policies should be considered alongside the other Interim Planning Policies particularly those on housing and open space.
- 1.4 The Affordable Housing policies have been subjected to public participation and hence to public scrutiny on three occasions. The representations received have all been taken into account in the final content of the policies and accompanying justification.

2 Definitions

- 2.1 Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should (a) meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices and (b) include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.
- 2.2 Affordable rented housing is owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.
- 2.3 Intermediate housing is that at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products, other low cost homes for sale and intermediate rent. Intermediate housing differs from low cost market housing (which Government does not consider to be affordable housing).

3 Interim Planning Policies and Reasoned Justification

POLICY HP2 R

To meet the identified housing needs of the borough, developments on sites for 15 or more dwellings or of 0.5 hectares and over will be required to make provision for an element of affordable housing.

The Council will base negotiations on 20% of dwellings to be affordable, of which approximately 70% should be social rented and approximately 30% will be intermediate housing for sale or rent. Affordable units must meet the price guidelines set out in the appendix to this interim planning policy, which will be updated on an annual basis.

Exceptions to these requirements will be proposed developments that are the subject of consideration under Local Plan policy D9 relating to Local Needs in Villages and Local Plan policy HP3 on Affordable Housing – Site Specific Targets. In these cases the specific requirements of policies D9 and HP3 will take precedence over HP2 R.

Reasoned Justification

- 3.1 National and regional planning policies require the provision of affordable housing in South Ribble. Policy L6 of the Draft RSS states that Local Planning Authorities are best placed to assess the need for affordable accommodation in their areas, on the basis of local knowledge derived from their studies of local housing markets. It goes on to state that plans and strategies should set out a range of delivery mechanisms to secure the provision of affordable housing.
- 3.2 As regards local knowledge the 2007 update to the Central Lancashire Housing Needs & Demand Study 2004 shows a need for 671 affordable dwellings per annum in South Ribble (indicating that the need for affordable housing has risen significantly in Central Lancashire between 2004 and 2007). However it is anticipated that 460 dwellings per annum will be available for social rented provision as re-lets. Hence the need is for some 211 affordable dwellings per annum. This figure would equate to over 50% of the annual total housing requirement of 417 dwellings indicated for South Ribble in the Draft RSS.
- 3.3 The much more cautious 20% affordability target is set in the policy as it is considered (a) inappropriate to set a higher target without the weight of a full Strategic Housing Market Assessment; (b) that a very high affordable housing requirement, based solely on need, is likely to cause viability problems and (c) there is little public subsidy and limited housing association reserves to support a high affordable housing target. In the light of these arguments the Council will need strong logical and well founded arguments if they are to see a provision less than 20%.
- 3.4 The affordable housing policy HP2 R relates to developments for 15 or more dwellings, or on sites of 0.5 hectares and over. The threshold of 15 dwellings is in line with the national indicative figure which is set out in PPS3.

- 3.5 In relation to the type of affordable units that are required, the Council will identify the most appropriate type of dwellings to be provided on the site as affordable units, based on evidence of needs according to the latest available Housing Needs Study (or updated equivalent), discussions with the developer, the relevant registered social landlord who will manage the units and site-specific factors.
- 3.6 All affordable dwellings must conform to the general policies set out in the Local Plan with regard to open space and design standards. Affordable homes should be well integrated in a residential scheme by virtue of their design and siting. It is important to ensure that there is no obvious visual distinction or social separation between the affordable and open market housing.

POLICY HP6 R

The Council must be satisfied before the granting of planning permission that suitable arrangements have been made to ensure that the benefit of affordable housing is available to both initial and successive occupiers of the dwellings.

Where necessary, the Council will seek the provision of affordable housing by way of a Section 106 agreement and / or by condition, having regard to the particular circumstances of the development proposal.

Reasoned Justification

- 3.7 It would negate many of the aims of the Affordable Housing guidance and policies if dwellings provided under the system were made available to persons who were not eligible under the specific criteria, accordingly a Section 106 agreement or planning condition may be used as appropriate to secure the provision of the social rented affordable housing in perpetuity.
- 3.8 Intermediate housing offers individuals a chance to purchase a share in the value of a property and they can choose to 'staircase' i.e. increase the percentage of the property they own until; in some cases they can own the property outright. Where the occupier of an intermediate affordable property chooses to staircase into greater ownership, the payments received will be recycled back into the Council's affordable housing fund.
- 3.9 Development will not be permitted until details of the affordable housing provision have been submitted and agreed with the Local Planning Authority. Details of the affordable housing provision must include a named partner and written confirmation from that partner confirming agreement with the developer to acquire and manage the affordable units.

POLICY HP4 R

Where the Council decides that on-site provision of affordable housing is not practicable or appropriate, it will require the developer to enter into a Section 106 agreement or condition to secure off-site affordable housing provision or provide a financial contribution for provision off-site.

Reasoned Justification

- 3.10 Policy HP4 R relates to the Council's approach to off-site contributions. PPS3 allows Local Planning Authorities to accept off-site contributions in lieu of on-site provision where it can be robustly justified and provided it contributes to the creation of mixed communities in the area.
- 3.11 Off-site contributions can take a number of forms including financial contributions, provision of units on an alternative site and the provision of another site already serviced. The Council will maintain an affordable housing fund, and, in accordance with this interim policy, will accept financial contributions in lieu. However, it is envisaged that affordable housing will be delivered on-site in most cases. The provision of units on an alternative site may apply where the Council considers that the provision of completed units elsewhere would enable it to apply the contribution more effectively to meet the Borough's housing need.
- 3.12 Circumstances where the Council may consider the acceptance of financial contributions in lieu of on-site dwellings include (a) it would be contrary to the interest of promoting 'well balanced communities' to provide affordable housing on-site and (b) where the Council considers it would be preferable to focus affordable provision in areas where there is greatest demonstrated need for affordable housing.
- 3.13 The method for calculating off-site financial contributions will be calculated as per the formula in the appendix. It is not the Council's intention to set out a complex scale of contributions reflecting the multitude of local land value patterns but to look at each case according to circumstances and based on the same principles of negotiation as adopted for on-site provision.

APPENDIX CALCULATION TOWARDS AN AFFORDABLE FINANCIAL CONTRIBUTION

The Interim Planning Policy sets out circumstances in which a financial contribution, as opposed to on-site provision, will be acceptable.

In calculating the level of contribution for developments on sites of 0.5 hectares and over or for 15 or more dwellings, it is relevant to apply the on-site provision standards aimed for in HP2 R therefore, if 20% of dwellings are affordable, 14% will be social rented and 6% will be intermediate provision.

It should be noted that 40% of the open market value of the completed housing is a widely accepted 'rule of thumb' for determining base land values and has been widely used to determining affordable financial contributions by other Local Planning Authorities.

The open market values for different types of properties in South Ribble for the financial year 2007/08 are set out in Figure 1 below together with financial contributions. The figures in this table will form the basis for negotiations with developers and will be reviewed annually.

Figure 1: Financial Contributions for Affordable Housing

Unit Type / Size	Open Market Value	% Land Element	Contribution Per Unit
Maisonette / Flat	£102,000	40%	£40,800
Terraced	£77,000	40%	£30,800
Semi-Detached	£137,000	40%	£54,800
Detached	£254,000	40%	£101,600

Notes: Open market value is taken from Land Registry data rounded to the nearest £1,000.

An additional 10% will be added to the calculated sum to reflect land purchase costs and a contribution towards the cost of servicing that land.

As the Council seek a minimum of 20% of dwellings to be affordable the financial contribution will be required to make provision equivalent to 20% of the, number of units to be provided on the primary development site. The contribution will be based on the unit type to be provided on the primary development site.

Worked Example

Scheme: 20 units of primary development site with no Affordable Housing provision. Consisting of: 12 x flats, 8 x semi-detached house.

1. Calculate the affordable requirement by calculating 20% of each type of dwelling (rounded to the nearest whole number):

2 x flats
2 x semi-detached house

2. Identify the appropriate level of contribution per unit from the current model:

£40,800 per flat

£54,800 per semi-detached house

3. Calculate the contribution, including an additional 10% for purchasing and service costs.

Unit Type	Contribution per unit	Units	Contribution
Flat	£40,800	2	£81,600
Semi-detached house	£54,800	2	£109,600
Sub-Total		4	£191,200
10% contribution to purchasing and servicing costs			£19,120
Total Contribution Required			£210,320

Updating the model

Following the publication of this IPS, the parameters in this model will be updated as soon as practicable after April 1st each year to reflect any changes in the above figures. The revised charges will be for that financial year.

Average house prices will be taken from Land Registry data for the preceding quarter (January to March).

Contributions will be calculated using the current model as at the date the application is registered.