

Local Development Framework

Supplementary Planning Document:

**Developer Contributions Towards  
Affordable Housing**

Consultation Draft

June 2006

## **1. Purpose of this document**

- 1.1. Supplementary Planning Documents (SPDs) further explain and clarify policies contained in the Development Plan for the area.
- 1.2. For Huntingdonshire the relevant Development Plans are:
  - The Cambridgeshire and Peterborough Structure Plan 2003
  - The Huntingdonshire Local Plan 1995
  - The Huntingdonshire Local Plan Alteration 2002
- 1.3. The objectives of this SPD are to:
  - Set out additional guidance on how Affordable Housing will be delivered by applying planning policy in the context of Policies AH1 – 4 of the Huntingdonshire Local Plan Alteration 2002; and Policies P5/4 and P9/1 of the Cambridgeshire and Peterborough Structure Plan 2003; and to
  - Assist the Council in meeting Affordable Housing needs in accordance with its corporate objectives.
- 1.4. The additional guidance set out in this SPD is in conformity with the relevant policies in the Development Plan. Once adopted, it will form a “material consideration” in determining planning applications.
- 1.5. The SPD will need to be reviewed to take account of any policy changes arising from the adoption of policies in the Core Strategy of the Local Development Framework which has been submitted to the Secretary of State and any changes which arise in Government policy and guidance.
- 1.6. The policies and guidance set out in this SPD cover the whole of the District of Huntingdonshire.

## **2. Corporate Approach**

- 2.1. The Council's vision and priorities can be found in its corporate plan, 'Growing Success', which identifies as a high priority:

“housing that meets local needs:

- sufficient affordable housing;
- well-maintained housing stock;
- opportunities for the vulnerable to live independently;
- a low level of homelessness;
- appropriate new housing.”

### **3. Sustainability Appraisal**

- 3.1. As required by the Planning and Compulsory Purchase Act 2004, a Sustainability Appraisal (SA) has been undertaken on the policies and guidance set out in this SPD. This means that the social, environmental and economic effects of the SPD have been taken into account. The SA is published alongside this document.

### **4. Policy Background**

- 4.1. Planning policies at all levels, Government, Regional, County and District emphasise the importance of Affordable Housing and recognise that developer contributions are an essential component in its provision.
- 4.2. The Government recognises the importance of Affordable Housing in a number of policy documents, including Planning Policy Guidance Note No.3 on Housing (PPG3) and its updates and the draft Planning Policy Statement No.3 (PPS3). The Government's Circulars 6/98 (Planning and Affordable Housing) and 05/2005 (Planning Obligations) are also highly relevant to the delivery of Affordable Housing.
- 4.3. The Government has also recently (December 2005) published its response to the Kate Barker Review of Housing Supply and a consultation paper on the introduction of a Planning-gain Supplement.
- 4.4. Regional, County and District level planning policies, both statutorily adopted and emerging, demonstrate that Affordable Housing need in Huntingdonshire is particularly acute.
- 4.5. The policies in Regional Planning Guidance for East Anglia (RPG6) and the emerging policies in the East of England Plan (Regional Spatial Strategy 14 or RSS14) point to the very high need for Affordable Housing in Cambridgeshire. The Cambridgeshire and Peterborough Structure Plan 2003 and the Huntingdonshire Local Plan Alteration 2002 contain policies for the delivery of Affordable Housing through developer contributions. This is justified by the very high level of local need caused by high house prices and the scarcity of suitable accommodation.
- 4.6. More details on this planning policy background are set out in Appendix 1 of this document.

### **5. The Housing Needs Survey**

- 5.1. The Council commissioned Fordham Research to undertake a comprehensive Housing Needs Study in 2002. This involved 500 completed personal interviews and 1,252 returned postal

questionnaires to gain an accurate understanding of housing need across the district. This survey was updated in 2006 to revise estimates of the need for Affordable Housing based on more recent information. The 2006 study used an updated methodology for assessing housing need. The main changes taken into account were:

- changes in the housing market (both prices and rents)
- changes in local incomes
- changes in the supply of affordable housing
- re-basing the household figures, drawing on the 2001 Census and the Housing Strategy Statistical Appendix (HSSA).

5.2. The main findings of the 2006 survey are:

- A significant increase in property prices, especially for smaller homes.
- Rents have also increased but not to the same extent as prices.
- Household incomes rising generally less than house prices and rents.
- By looking at the backlog of need and the newly arising need and taking supply into account, there is a shortfall of 585 affordable homes every year in Huntingdonshire.
- Given the income levels of these 585 households, social rented housing is the only product that can meet this need.
- The most acute need is for smaller (1 and 2 bedroomed) homes although there is a need for homes of all sizes.
- There is a further group of people who are not in 'housing need' because they can afford to access private rented housing. However, their incomes are insufficient to afford owner occupation. There are 470 households in this situation every year in Huntingdonshire. The Council could meet this need through intermediate housing options.
- There is a small need for 4 properties per year for homes for key workers who cannot afford market housing.

5.3. The 2006 study concluded that the need for affordable housing represents considerably over 100% of the estimated new build target of 559 dwellings per year and therefore, affordable housing should be maximised and any target for affordable housing on eligible sites would be justified.

A summary of the Update is attached at Appendix 3

## 6. **The Council's Housing Strategy**

- 6.1 The Housing Strategy (July 2006) is prepared by the District Council to provide direction for both private and social housing in the area. The Strategy uses a number of information sources to assess need including the Housing Needs Survey; Housing Register; Special Needs Housing Register; Stock Condition Survey; Empty Property data; and partnership work with a variety of agencies including health and social services. The Strategy sets out the Council's aims and objectives for the next five years, proposes future actions and establishes priorities.
- 6.2 The development of new affordable housing is a Corporate Priority. Given the high land prices in the district, land secured via section 106 agreements is the principal way in which new affordable housing is provided and developer's contributions are therefore extremely important.
- 6.3 The Council has investigated the private housing market in the District and the results are published in a report called "Reading the Housing Market" (2006). It concludes that the private sector is failing to provide for households on low incomes, benefit dependent households or households who are entering the housing market for the first time. Affordable housing is in short supply and high demand.
- 6.4 Evidence from the Council's Housing register also confirms high levels of housing need in the district. At 31st January 2006, there were 2,345 households on the Housing Register, of whom 220 (9.4%) required special need housing. Homelessness continues to increase in the District. In the year ending 31st January 2006, there was a duty towards 314 households to provide housing compared to the year before being 308 households, an increase of 2%.
- 6.5 The only product for households in 'housing need' is socially rented housing. This need amounts to 585 new homes per year. There is a further need for intermediate housing for households who are not in 'housing need' because they can afford private sector rents but they cannot afford owner occupation. This amounts to a further 470 homes per year.
- 6.6 In pursuit of a balanced housing market, mixed tenure developments, and to enable delivery, the Council seeks to secure affordable housing on all eligible sites to a 70% social rent and 30% intermediate tenure split. This split may vary from site to site.

## **7. Supplementary Affordable Housing Policies**

- 7.1. The following policies give more detail on the operation of the current development plan policies in order to assist developers in understanding the Council's negotiating position.

**Policy SAH/1: Affordable Housing contributions from developers will be sought on a basis consistent with Policies AH1, AH2, AH3 and AH4 of the Huntingdonshire Local Plan Alteration 2002 and Policy P9/1 of the Cambridgeshire Structure Plan 2003. In the Cambridge Sub-Region within Huntingdonshire a target of 40% or more Affordable Housing will be sought. This is consistent with the Cambridgeshire Structure Plan. In the remainder of the District, which lies within the Peterborough and North Cambridgeshire Sub-Region, the Local Plan Alteration target of 29% will apply.**

- 7.2. The Huntingdonshire Local Plan Alteration 2002 is part of the statutory Development Plan for the District and its policies will apply until replaced by those in the Core Strategy of the Local Development Framework. The Local Plan Alteration covers the period until 2006 but its provisions will prevail until the adoption of the Core Strategy in 2007. The Cambridgeshire Structure Plan is also part of the Development Plan and its plan period runs to 2016. It will remain part of the Development Plan until the adoption of the emerging Regional Spatial Strategy for the East of England (RSS14) and the Huntingdonshire Core Strategy.
- 7.3. The local evidence base, including the latest housing needs surveys, demonstrates a high level of need across Huntingdonshire. Therefore the current target of 29% on eligible sites as defined in the Local Plan Alteration policy AH4 is justified. For that part of the District within the Cambridge Sub-Region, the requirement for Affordable Housing to be provided on eligible sites is 40% or more. This accords with Policy P9/1 of the Cambridgeshire Structure Plan which takes precedence over the Local Plan Alteration because the County Council has issued a Statement of General Conformity (January 2006) which says that the Local Plan Alteration is not in conformity on this matter. For that part of the District in the Peterborough and North Cambridgeshire Sub Region, the Local Plan Alteration target is the requirement. The latest housing needs surveys demonstrate that these targets are more than justified. A list of parishes in the two sub-regions is attached as Appendix 2.

- 7.4. Recent evidence gathered since the adoption of the Local Plan Alteration in 2002 demonstrates that a higher level should be sought across the District but this is a matter for policies in the emerging Core Strategy Development Plan Document of the Local Development Framework. The Core Strategy was submitted to the Secretary of State in April 2006, and Policy H7 proposes that all eligible housing developments should bring forward up to 40% Affordable Housing.
- 7.5. The Local Plan Alteration 2002 Policy AH4 sets a site threshold of 25 dwellings or more (or 1 ha irrespective of the number of dwellings) in settlements larger than 3,000 population and to all sites regardless of size in settlements of 3,000 population or less applies across the District. Draft PPS3 in paragraph 26 proposes that the indicative national minimum threshold is 15 dwellings and that local authorities may set different thresholds where they can be justified. The current threshold of 25 dwellings in settlements of over 3,000 population will therefore be reduced to 15 once PPS3 is confirmed as Government policy. This may be ahead of adoption of the changes to thresholds proposed in the Core Strategy.
- 7.6. Developers may not circumvent the policy on site-size thresholds by the artificial subdivision of sites. PPS3 makes it clear that new housing should make efficient use of land and it would therefore be contrary to this aim if land is used inefficiently to avoid having to provide Affordable Housing. The District Council will refuse planning permission in such cases. This includes those circumstances where ownership boundaries are used as a means of artificially dividing a planning site.
- 7.7. In considering whether a development meets the threshold for providing Affordable Housing, the Council will consider the gross number of proposed dwellings, not the net increase which takes into account any loss through demolition or conversion.
- 7.8. On schemes where these Affordable Housing policies apply, the Council will seek to secure the provision of developer contributions to Affordable Housing through a planning contribution under Section 106 of the Planning and Compulsory Purchase Act 2004.

**Policy SAH/2: In delivering Affordable Housing, the Council will seek to maximise the number of social rented units (as justified by the Housing Needs Surveys) to be provided through negotiations with developers/land owners on contributions for eligible sites.**

- 7.9. The demonstrated high level of housing need in Huntingdonshire provides a clear justification for all bodies and organisations delivering housing to meet this need wherever possible.
- 7.10. The latest available Housing Needs Survey Update conducted by Fordham Research confirms that the greatest need is for social rented properties. It is clear from the survey that only social rented housing can address Huntingdonshire's need.
- 7.11. The District Council wishes to address demand through other tenures for those who are not considered in need but cannot afford open market tenures. This is addressed in more detail in the text supporting policy SAH/4.
- 7.12. The size and type of housing units to be provided will be determined by analysing the latest Housing Register information available for the settlement in which the site is located.

**Policy SAH/3: On eligible sites, the Council will seek the provision of free serviced plots for the development of affordable housing.**

- 7.13. The mechanism to deliver Affordable Housing on eligible sites via developer contributions is for the developer/owner to make serviced plots available for free to a Registered Social Landlord at nil or nominal cost and free of all further financial or other encumbrances or stress. This is a well established approach and is set out in paragraph 3.2 of the Huntingdonshire Local Plan Alteration, which refers to the transfer of serviced plots for free or at agricultural value.
- 7.14. Free land should be transferred to a Registered Social Landlord for the delivery of Affordable Housing. As advised in Circular 6/98 (paragraph 27), the use of a Registered Social Landlord can ensure that future occupancy of Affordable Housing is controlled. Such bodies are obliged to have publicly available policies and procedures for allocating tenancies that must be fair and based on housing need, and any disposal of properties will take place under Housing Corporation controls.
- 7.15. Free serviced land is defined as that which is:



- Provided with roads to the boundary of the Affordable Housing plots which shall be adopted or capable of being adopted by the local highway authority
- where all mains services of electricity, potable water, foul and surface water drainage are supplied to a convenient point or points abutting the boundary of the plots for affordable housing
- where services of gas or cable TV or other telecommunications (including optical fibre) are brought to the site boundary and are capable of connection to the affordable housing dwellings.

**Policy SAH/4: In addition to free serviced land the Council may negotiate an appropriate level of capital or other contributions from the owners/developers of eligible sites to ensure the delivery of the required appropriate tenure of Affordable Housing.**

- 7.16. There is an overwhelmingly high level of housing need in Huntingdonshire. Even if 100% of all new homes built in the district were affordable, there would still be an outstanding number of households in need. It is therefore important that the Council maximises all resources to deliver new Affordable Housing. Developer contributions form an important part of the Council's strategy for delivering new Affordable Housing. The Council has carefully considered the level and nature of contributions to be sought and has considered the delivery mechanisms and funding streams available.
- 7.17. Since the adoption of the Local Plan Alteration, the Government has, in April 2003, abolished Local Authority Social Housing Grant. This means that the Council is now no longer able to grant-aid RSLs to a level which can meet the need. Consequently the process of securing Affordable Housing has been jeopardised.
- 7.18. Grant funding from the Housing Corporation (HC) is now secured via a competitive bidding process which currently takes place every two years. For the Cambridge Sub-Region, the National Affordable Housing Programme for 2006-2008 was heavily over-subscribed (by a factor of almost 2.5 to 1) for Huntingdonshire bids for that two year period totalled in excess of £20m but only £7.2m was secured. It is clear that these resources alone will be insufficient to enable delivery of affordable housing in keeping with need.

- 7.19. The Council's preference is to seek free serviced land from developers and to deliver the affordable housing with grant from the Housing Corporation. However, it is appropriate to have a cascade mechanism to ensure that affordable housing can be delivered in the absence of grant.
- 7.20. The Council's policy on Affordable Housing contribution can therefore be summarised as follows in priority order:
1. Free serviced land with the benefit of grant to deliver 70% social rented housing and 30% intermediate housing.
  2. Free serviced land plus dwellings transferred to a RSL at a cost that enables them to deliver 70% social rent and 30% intermediate housing
  3. Free serviced land and (in the absence of grant) a capital contribution from the developer to deliver 70% social rented housing and 30% intermediate housing.
- 7.21. Section 106 agreements will be drafted to allow any of the three options above to be taken up in the period immediately prior to commencement of construction. Any capital contribution should be paid prior to occupation of the first open market unit.
- 7.22. In cases where the applicant has provided clear evidence that the requirements compromise site viability; the Council may consider other options in the following priority order:
1. A different tenure mix may be considered which is likely to involve providing a higher proportion of intermediate housing.
  2. Fewer units (than 40% in the Cambridge Sub-Region or 29% in the rest of the District) may be provided, requiring less land for Affordable Housing. The Affordable homes should be built and transferred to a RSL at a cost that requires no grant.
  3. In very exceptional circumstances a financial contribution in lieu of on site provision may be accepted (see SAH/8).
- 7.23. These solutions will be considered as part of a close collaboration between the Council, the developer and the RSL. In considering them, and given the overwhelming needs data, any options which result in a reduction of the total number of affordable homes are only likely to be acceptable where there is

convincing evidence of barriers to achieving the number of homes sought in the Council's adopted plans.

- 7.24. The supporting text to Policy AH1 of the Huntingdonshire Local Plan Alteration states that Affordable Housing provided through developer contributions will “normally” be secured via land values. However, the changing circumstances outlined above demonstrate that additional contributions are required in order to achieve the aims of the policy.

**Policy SAH/5 – Bodies other than RSLs who wish to provide Affordable Housing should:**

- **be a body which is in a position to receive grant from the Housing Corporation**
- **make all reasonable endeavours to secure grant and submit competitive bids from the Housing Corporation to deliver 70% social rented and 30% Intermediate Housing**
- **provide the housing to persons nominated by the Council**
- **Ensure that the resultant housing is managed by a Housing Corporation accredited body**

**or,**

**if it is unable to access grant, undertake to provide housing, irrespective of the availability of subsidy, to meet the Housing Corporation's Scheme Development Standards (for social rented) and to a tenure mix of 70% social rented and 30% Intermediate or as agreed by the Council.**

- 7.25. The Housing Act 2004 includes provisions to extend the Housing Corporation's grant-giving powers to unregistered bodies. This is set out in the new Section 27A introduced into the Housing act 1996.
- 7.26. The Council recognises that in the future bodies other than RSLs, including site developers, may wish to access grant from the Housing Corporation and then build and manage the Affordable Housing. Whether this is implemented with funding from the Housing Corporation or from other sources, including private

finance or the District Council, it is important that the proposals address the identified housing needs of Huntingdonshire and meet the Development Standards set out by the Housing Corporation.

**Policy SAH/6 – The Council will require Affordable Housing to be distributed throughout the site of a residential development.**

- 7.27. It is essential that Affordable Housing is spread throughout a development rather than in one location within it; it is preferable to avoid large areas or pockets within the development that constitute solely market or affordable dwellings. This will be consistent with the principles outlined in PPS1 on creating mixed communities. Outwardly there should be little observable difference between market and Affordable homes; both should be consistent with the design principles for that site. This will help to with achieve a good mix of housing types and tenures within the development and assist integration and minimise the risk of social exclusion. Affordable Housing should therefore be provided either as individual units scattered throughout he development or else in small clusters of no more than 15 dwellings made up of an agreed mix of Affordable Housing types and tenures. The size of the overall development should also be taken into account. On smaller sites a cluster of 15 Affordable dwellings could be too large and a correspondingly smaller cluster size and distribution appropriate to the size of the site would be more appropriate.

**Policy SAH/7 – The District Council will require the phasing of the development to ensure that the commencement of the Affordable Housing proceeds without unnecessary delay.**

- 7.28. Given that Affordable Housing is to be spread throughout the site, phasing of the development will also need to ensure that the phasing of affordable housing is consistent and co-ordinated with the overall phasing of development. This is particularly important on large sites. The Council will therefore seek an element of Affordable Housing within all phases and will require the land to be transferred to the RSL at specified trigger points within each phase. Planning conditions or agreements will be used to ensure that a specified number of the market housing dwellings cannot be occupied until the Affordable Housing sites have been transferred to a RSL. For smaller sites, however, and for the first phase of larger developments, the land for the Affordable Housing should be transferred to the RSL prior to the commencement of development.

**Policy SAH/8 – Only in very exceptional circumstances will it be acceptable for affordable housing to be provided off-site or financial payments to be made in lieu of on-site provision.**

- 7.29. Government guidance set out in Circular 6/98 and PPG3 is that where Affordable Housing is required it should be provided as part of a development. This will ensure an integrated mix of dwelling types and tenures.
- 7.30. Off-site provision will therefore only be appropriate where there are sound planning or Affordable Housing delivery reasons why on-site provision would be unsuitable. This may relate to the location of the site or possible extraordinary financial reasons that may make the Affordable Housing more expensive to construct than might ordinarily be expected.
- 7.31. Off-site provision should preferably be on an alternative site which is suitable for the Affordable Housing requirement which is within the same local area so that it addresses the local need. There will also be a need for a financial contribution to enable the development to take place; this will be the equivalent of the cost of providing services to the plots which would normally be provided on-site. Planning permission for the development of the market-housing site will not be granted until the arrangements, including planning permission and relevant agreements, are in place for the affordable housing site. The alternative Affordable Housing site will have sufficient capacity to meet the required market housing/Affordable Housing ratio. The Council will also require the phasing of the two developments to be linked, consistent with the principles established in Policy 6.
- 7.32. Only in very exceptional circumstances will a general non-site related financial contribution be acceptable. The justification may be similar to 7.30 above. In such cases the Council would undertake to utilise the capital contribution for the purposes of providing Affordable Housing elsewhere in the District. The capital contribution will be equivalent to the market value (assuming private development) of the land that would otherwise have been provided for Affordable Housing.

## **APPENDIX 1**

### **National Policy**

#### *Planning Policy Guidance Note 3*

PPG3 (2000), including its two housing updates “Planning for Sustainable Communities in Rural Areas” and “Supporting the Delivery of New Housing” (January 2005) is particularly relevant.

PPG3 (as updated) aims to ensure that everybody has the opportunity of a decent home, including those in need of affordable housing and special needs housing. It confirms that the need for a mix of housing types is a material planning consideration and where there is a demonstrated lack of affordable housing, it should be sought from appropriate developments, with the amount and type of affordable housing reflecting local housing need and site suitability.

The PPG will be superseded by a new version of the guidance in the form of a Planning Policy Statement as set out below.

#### *Planning Policy Statement 3*

The Government has published a draft Planning Policy Statement on Housing (PPS3) which takes into account research into the implementation of PPG3, including:

- the two updates to PPG3 published in January 2005, Planning for Sustainable Communities in Rural Areas and Supporting the Delivery of New Housing;
- Planning Circular 6/98: Planning and Affordable Housing; and the two consultation papers Planning for Mixed Communities (published in January 2005) and Planning for Housing Provision (published in July 2005).

The draft PPS defines affordable housing as including social-rented and intermediate housing and points to Sub-regional housing market assessments to determine whether affordable housing is needed and to guide the level, size, type and location of affordable housing provision, either through new or replacement provision.

It requires local planning authorities in determining the overall target for affordable housing provision, to have regard to sub-regional housing market assessments, the Regional Spatial Strategy, Regional Housing Strategy, Regional Homelessness Strategy, Local Housing Strategy and Community Strategy. It states that the target should take account of the anticipated levels of finance available for affordable housing, including public subsidy (based on priorities set out in the Regional Housing

Strategy and discussions with the Housing Corporation), and the level of developer contribution that can realistically be sought on relevant sites.

It proposes separate targets for social-rented and intermediate housing as a sufficient supply of intermediate housing can help meet the needs of key workers and those seeking to gain a first step on the housing ladder, reduce the call on social-rented housing, free up existing social-rented homes, provide wider choice for households and ensure that sites have a balanced mix of tenures.

It emphasises the need to balance the need for affordable housing against the viability of sites, having regard to the implications of competing land uses and making informed assumptions about the levels of finance available for affordable housing

A companion guide is proposed but still awaited. It is likely to set out an approach that local planning authorities may use if the assumed level of finance available for affordable housing is not forthcoming and provide suggestions for delivering affordable housing where this is the case or to supplement the delivery of affordable housing.

The PPS states clearly that the presumption should be that affordable housing should be provided on the application site so that it contributes towards the creation of more mixed communities and avoids concentrations of deprivation. However, local development documents may set out the circumstances in which provision would not be required on an application site or in which a financial contribution would be acceptable in lieu. In such instances, any off-site provision of affordable housing, or a financial contribution in lieu of on-site provision, must be of a broadly equivalent value and should contribute towards the plan objectives for mixed communities.

#### *Circular 05/2005*

Government Guidance in Circular 05/2005 on planning obligations (which has replaced Circular 1/97) makes it clear that affordable housing is a material planning consideration to be taken into account in Local Development Documents (B13). Such documents are expected to identify the need for affordable housing and set site-size related thresholds above which the provision of a specified proportion of affordable housing would be required.

The Circular states that local planning authorities should include as much information as possible in their Local Development Framework documents. It also states that general policies should be included in Development Plan Documents, including any "saved" policies under Schedule 8 of the Planning and Compulsory Purchase Act 2004. It goes on to state that more detailed policies ought to be included in SPD. Such more detailed policies might include matters such as the size and types of planning

obligations likely to be sought for specific sites, sub-plan areas or windfall sites.

The presumption in the Circular is that affordable housing should be provided on-site as part of a mixed community but that in certain circumstances provision on another site or a financial contribution may be more appropriate (paragraph B14).

It also states that planning obligations need to take into account the economic viability of a development (paragraph B10). In such cases the level of contributions should be reasonable whilst still allowing development to take place.

The Circular emphasises the need to maintain a plan-led system and that where local authorities do not have existing high level policies on planning obligations in an adopted local plan, a SPD may be used, based on the policies in the Circular, for a transitional period before policies are in place in the relevant Development Plan Document.

It also states that LDFs should identify the need for affordable housing and set size thresholds above which it would be required (paragraph B13).

#### *Circular 6/98*

Circular 6/98, Planning and Affordable Housing, supplements PPG3. It states that site size, suitability and the economics of provision together with the need to achieve a successful housing development should be taken into account when assessing a site's suitability to provide affordable housing. Circular 6/98 is due to be replaced by a further update to PPG3. The Government is considering a consultation paper called "Planning for mixed communities", the objective of which is to create mixed and inclusive communities that offer a wide range of housing and promote social inclusion. It proposes that the site size thresholds above which affordable housing should be sought can be set by a local authority where there is a high level of affordable housing need and/or the majority of housing supply is from smaller sites. The resultant changes, if approved, would replace paragraphs 9 to 17 of PPG3, Annex C would be updated with new definitions and Annex D would be updated with the details of new practice guidance.

#### *Consultation on a Planning Gain Supplement*

The Government has responded to Kate Barker's independent review of housing supply in a consultation paper suggesting the introduction of a Planning-gain Supplement (PGS).

To help finance vital infrastructure and support growing communities, Kate Barker recommended that the Government should capture a portion of the land value uplift arising from the planning process.



The proposed PGS could reduce the scope of the planning obligations to matters affecting the environment of the development site and the provision of affordable housing. It would take into account the up-lifted value of the land and the viability of development to ensure that essential housing development would not be discouraged. However, it is unlikely to be introduced before 2008.

### Regional Policy

The approved regional policy is set out in Regional Planning Guidance for East Anglia (2000) (RPG 6).

It sets out a vision and planning framework which includes the requirement to “provide a high quality of life and seek to avoid social exclusion, including by addressing the issue of housing affordability in the area”.

It requires local authorities to monitor housing needs, with development plans ensuring the provision of affordable housing, including policies for securing an adequate supply of affordable housing based on local housing strategies which in turn should be based on robust local assessments of need and showing how planning obligations will be used to contribute towards affordable housing.

The supporting text states that local authorities should also make use of supplementary planning guidance and site-specific development briefs to guide developers.

### Regional Spatial Strategy for the East of England (RSS 14)

The East of England Regional Assembly (EERA) has produced a draft RSS, the East of England Plan, which is currently at Examination in Public. When adopted in 2007, it will replace RPG 6.

Draft RSS policy SS 13 requires at least 30% of housing to be affordable, but that 40% is required in areas where housing stress warrants a higher provision.

Building on policy in RPG 6, RSS Policy H2 requires local authorities to monitor housing needs and local development documents to:

- secure an adequate supply of affordable housing consistent with local assessments of need
- specify the proportion of housing which should be affordable
- specify the circumstances in which thresholds for the inclusion of affordable housing in new developments will be applied below those indicated in Government guidance, in particular to address the need for affordable housing in rural settlements.

It defines affordable housing as housing for households who cannot afford to rent or purchase on the open market, including subsidised social

renting, key worker housing, shared home ownership, equity sharing, sub-market renting and discounted market ownership. It also notes that housing for key workers is of strategic economic importance for the region.

Paragraph 7.16 identifies the Cambridge Sub-Region as one of those parts of the East of England as having greater need as indicated by the East of England Affordable Housing Study (Stage 1).

#### The Cambridgeshire & Peterborough Structure Plan 2003

The need for a greater provision of affordable housing in its area is recognised in the Structure Plan. It notes that in the Cambridge Sub-Region, house prices have been rising faster than incomes, making it impossible for some to compete on the open market for housing, and creating serious recruitment problems for business. It expects housing development to make a contribution to affordable housing provision, with Local Plans including overall targets and individual targets for affordable provision to be negotiated on a site-by-site basis, in accordance with PPG3 and Circular 6/98 'Planning and Affordable Housing'. It acknowledges that the targets set will vary according to the local level of need.

Affordable housing is defined as housing for rent, discounted low cost market housing and shared equity housing, and that such housing provided for sale or for rent below the prevailing market level may be achieved by a contribution from the developer, landowner or other body. Local planning authorities are to assess the types of housing needed within their areas, which may include housing for people with special needs such as the elderly or disabled.

The Structure Plan recognises that a large proportion of newly formed households, forecast over the plan period, will comprise one and two persons and therefore, local planning authorities are to make every effort to provide for a higher proportion of one and two bedroom dwellings in affordable and open market categories, thus helping to securing a better mix and choice of housing types and more varied urban forms, at higher densities.

P9/1 requires 40% or more of the new housing in the Cambridge Sub-Region to be affordable with Local Plans setting site thresholds according to local circumstances. Employment developments will also be expected to contribute towards affordable housing through developer contributions.

It is proposed that the relevant policies from the Structure Plan will be saved into RSS14 when it is adopted. The policies to be saved are identified in Appendix E of the Draft East of England Plan.

#### The Huntingdonshire Local Plan Alteration 2002

Policy AH1 defines affordable housing as that which is affordable to those householders who cannot either rent or purchase on the open market. The supporting text recognises that the 1997 District-wide Housing Needs Survey (HNS) identifies social rented housing (provided through Registered Social Landlords or RSLs) as being the highest priority need.

Policy AH2 provides the mechanism to ensure that affordable housing is available at a meaningful discount below the cost on the open market for equivalent properties.

Policy AH3, based on the findings of the 1997 HNS, sets the target for affordable housing of at least 1,500 affordable homes between 1997 and 2006.

Policy AH4 sets the target that 29% of all dwellings should be affordable, on sites of 25 dwellings or more (or 1 ha regardless of the number of dwellings) in settlements larger than 3,000 population, while in settlements of 3,000 or less on all sites regardless of size, subject to the financial viability of the scheme.

#### The Local Development Framework – Core Strategy

The District Council is in the process of preparing a Core Strategy as a fundamental part of the Local Development Framework. The proposed Core Strategy has been the subject of participation on preferred options during June-July 2005. An additional element of the Core Strategy relating to affordable housing policy was the subject of consultation on options in September/October 2005 and participation on preferred options in December 2005/January 2006. The Core Strategy is due to be submitted to the Secretary of State in April 2006 with adoption, following an independent examination into the soundness of the plan and a binding Inspector's report, in April 2007.

The emerging Core Strategy policies on affordable housing within Huntingdonshire will indicate that:

- Proposals for housing development should provide 40% or more of the total number of proposed dwellings as affordable housing on housing sites
  - Of 0.5 ha or more and all developments containing 15 dwellings or more in market towns or key centres as defined in the settlement hierarchy of the Core Strategy
  - On all developments containing 2 or more dwellings in smaller settlements as defined by the settlement hierarchy of the Core Strategy
- Account will be taken of any particular costs associated with the development and whether there are other planning objectives which need to be given priority
- The appropriate mix of housing tenures and sizes of affordable housing within a development will be determined in response to identified needs and funding priorities at the time of development.

The justification for these emerging policies is that it has become increasingly difficult for local people on low to modest incomes to gain access to suitable housing. A growing gap between average earnings and housing costs, a limited supply of new affordable properties and the loss of existing social housing through “right to buy”/“right to acquire” provisions have all contributed to this problem.

The 2002 Housing Needs Survey (HNS) estimated a total requirement for new affordable housing 2003-2007 of 5,065 dwellings coupled with government advice to meet the backlog over a 5 year period. To achieve this a very high proportion of affordable housing would be required. On this basis the HNS demonstrates that at least 40% or more is clearly justified. It also notes that the Council’s responsibility as a housing and planning authority operates at the level of the whole district. The Council has to meet need where it can best do so; it is unrealistic to expect that those parts of the district with greatest numbers of housing allocations will exactly match with the greatest levels of identified need.

Reducing the threshold from a site size of 25 dwellings to 15 dwellings is in accordance with the Government’s suggestions in “Planning for Mixed Communities” and should generate a further 50 affordable dwellings per annum than a lower threshold of 25 dwellings.

## **APPENDIX 2**

<b>Huntingdonshire Town and Parish Councils in the Cambridge Sub-Region.</b>
Abbotsley
Bluntisham
Brampton
Colne
Earith
Eynesbury Hardwick (det)
Eynesbury Hardwicke
Fenstanton
Godmanchester
Great Gransden
Great Paxton
Hilton
Holywell-cum-Needingworth
Houghton and Wyton
Huntingdon
Little Paxton
Offord Cluny
Offord D'arcy
Somersham
St Ives
St Neots
St Neots Rural
Tetworth
The Hemingfords
The Stukeleys
Toseland
Waresley
Yelling

<b>Huntingdonshire Town and Parish Councils in the Peterborough and North Cambridgeshire Sub-Region.</b>
Abbots Ripton
Alconbury
Alconbury Weston
Alwalton
Barham & Woolley
Brington & Molesworth
Broughton
Buckden
Buckworth

Bury
Bythorn & Keyston
Catworth
Chesterton
Conington
Covington
Denton and Caldecote
Diddington
East & West Perry
Easton
Ellington
Elton
Farcet
Folksworth & Washingley
Glatton
Grafham
Great Gidding
Great Staughton
Haddon
Hail Weston
Hamerton
Holme
Kimbolton
Kings Ripton
Leighton
Little Gidding
Morborne
Old Weston
Oldhurst
Pidley-cum-Fenton
Ramsey
Sawtry
Sibson-Cum-Stibbington
Southoe & Midloe
Spaldwick
Steeple Gidding
Stilton
Stow Longa
Tilbrook
Upton & Coppingford
Upwood and the Raveleys
Warboys
Water Newton
Winwick
Wistow
Woodhurst
Woodwalton
Yaxley

## **APPENDIX 3**

### **2006 HOUSING NEEDS SURVEY UPDATE SUMMARY**

#### **SUMMARY**

##### ***Introduction***

This report has been produced for Huntingdonshire District Council as an update to the 2002 housing needs survey. The main purpose of the update is to revise estimates of the need for affordable housing as new information has become available. The main changes made are to take account of:

1. Changes in the housing market (i.e. changes in prices/rents)
2. Changes in local incomes
3. Changes in the supply of affordable housing
4. A re-basing of household figures drawing on information from the 2001 Census and also HSSA (Housing Strategy Statistical Appendix) data

##### ***Survey and initial data***

The 2002 survey achieved 500 completed personal interviews and 1,252 returned postal questionnaires to enable accurate analysis of need across the District.

The survey data was updated to a base date of January 2006 using information from a number of sources including latest ONS household projections and HSSA data. As of 2006 it was estimated that around three quarters (77.3%) of the District's households are owner-occupiers with around 12% living in the social rented sector and around 10% living in private rented accommodation.

<b>Number of households in each tenure group</b>				
<b>Tenure</b>	<b>Total number of households</b>	<b>% of households</b>	<b>Number of returns</b>	<b>% of returns</b>
Owner-occupied (no mortgage)	18,383	27.5%	570	32.5%
Owner-occupied (with mortgage) ①	33,335	49.8%	838	47.8%
RSL	8,298	12.4%	195	11.1%
Private rented	5,075	7.6%	113	6.4%
Other rented②	1,809	2.7%	36	2.1%
<b>TOTAL</b>	<b>66,900</b>	<b>100.0%</b>	<b>1,752</b>	<b>100.0%</b>

*Source: Huntingdonshire – Housing Needs Assessment 2006 update*

NOTES ① - Includes shared ownership

② - Includes 'tied' accommodation and other rented accommodation

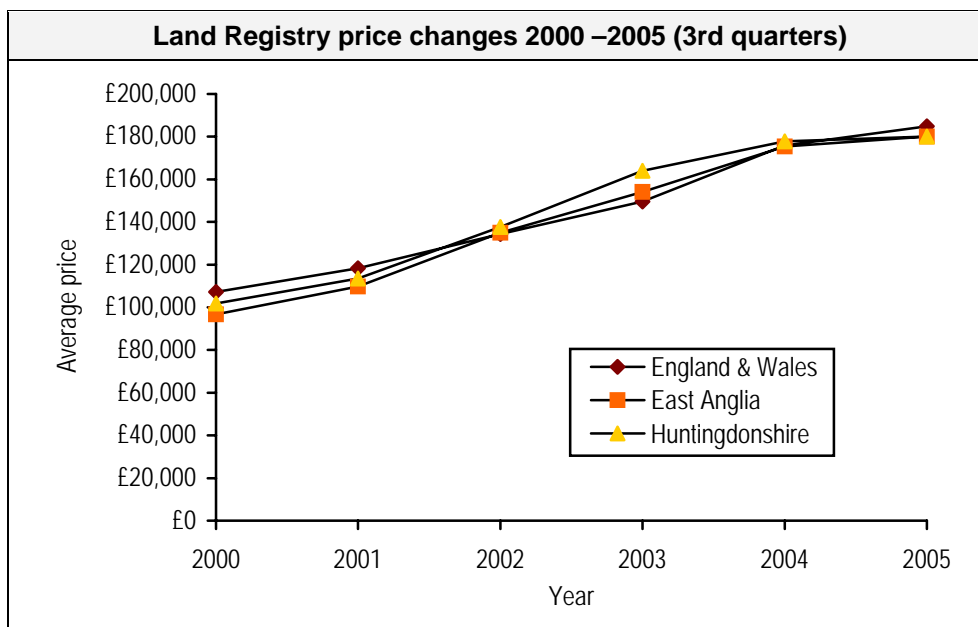
A study of the local housing market was undertaken to establish minimum (entry level) prices of housing in Huntingdonshire (both to buy and to rent). Information was collected from two sources to inform this analysis:

- Land registry
- Survey of local estate and letting agents

Land Registry data suggested that property prices in Huntingdonshire are marginally above the regional average but below the average for England and Wales. Between the 3rd quarter 2000 and the 3rd quarter 2005 average property prices in England and Wales rose by 82.3%. For the East Anglia region the increase was 86.2% whilst for Huntingdonshire the figure was 76.8%.

Land Registry average prices (3rd quarter 2005)		
Area	Average price	As % of E & W
England & Wales	£194,587	100.0%
East Anglia	£180,053	92.5%
Huntingdonshire	£180,124	92.5%

Source: HM Land Registry data



Source: HM Land Registry data

A survey of local estate and letting agents identified estimates of the minimum costs of housing to both buy and rent in the District. The minimum (entry-level) prices identified are the cheapest cost of housing that is regularly available and not needing any major repair. Due to the variety in prices across the district, prices have been split into two broad housing market areas for affordability purposes: South & East Huntingdonshire and North & West Huntingdonshire.

As the influence of Cambridge has expanded northwards, house prices in the North & West of Huntingdonshire have risen rapidly. This fast house price increase has resulted in the minimum house prices increasing quicker than the average prices in this part of the District. This has resulted in a much smaller difference in the minimum prices between the two housing market areas than the average prices.

Overall the survey suggests that entry-level property prices in South & East Huntingdonshire vary from £94,000 for a one bedroom home to £187,000 for a four



bedroom dwelling. In North & West Huntingdonshire entry-level prices vary from £90,000 (one bed) to £175,000 (four beds).

<b>Minimum prices in Huntingdonshire 2002 and 2006</b>						
Property size	South & East Huntingdonshire HMA			North & West Huntingdonshire HMA		
	July 2002	January 2006	% change	July 2002	January 2006	% change
1 bedroom	£58,000	£94,000	62.1%	£54,000	£90,000	66.7%
2 bedrooms	£74,500	£110,500	48.3%	£72,000	£112,000	55.6%
3 bedrooms	£99,500	£128,500	29.1%	£90,500	£130,500	44.2%
4 bedrooms	£153,500	£187,000	21.8%	£118,000	£175,000	48.3%

*Source: Fordham Research - survey of estate agents 2002 and 2006*

Minimum monthly rents in the South & East Huntingdonshire housing market area varied from £400 (one bed) to £750 (four beds). In the North & West Huntingdonshire housing market area minimum monthly rents varied from £380 (one bed) to £750 (four beds).

<b>Minimum and average private rents in Huntingdonshire</b>				
Property size	South & East Huntingdonshire HMA		North & West Huntingdonshire HMA	
	Minimum rent (monthly)	Average rent (monthly)	Minimum rent (monthly)	Average rent (monthly)
1 bedroom	£400	£475	£380	£430
2 bedrooms	£495	£590	£450	£520
3 bedrooms	£575	£660	£550	£600
4 bedrooms	£750	£1,020	£750	£750

*Source: Fordham Research - survey of estate agents 2006*

Comparisons with information collected from estate agents in 2002 suggest that property prices have increased significantly, although the cost of the rental market has not increased to the same extent.

The information about minimum prices and rents was used along with financial information collected in the survey to make estimates of households' ability to afford market housing (without the need for subsidy).

The survey estimates that average gross household income (including non-housing benefits) for households in the District is £34,924 per annum, up around 25% since 2002. The median income is noticeably lower at £30,525 per annum. The averages conceal wide variations among different tenure groups. The level of increase is a result of general wage inflation but also demographic changes since the time of the last survey (accounted for by the re-weighting of the data).

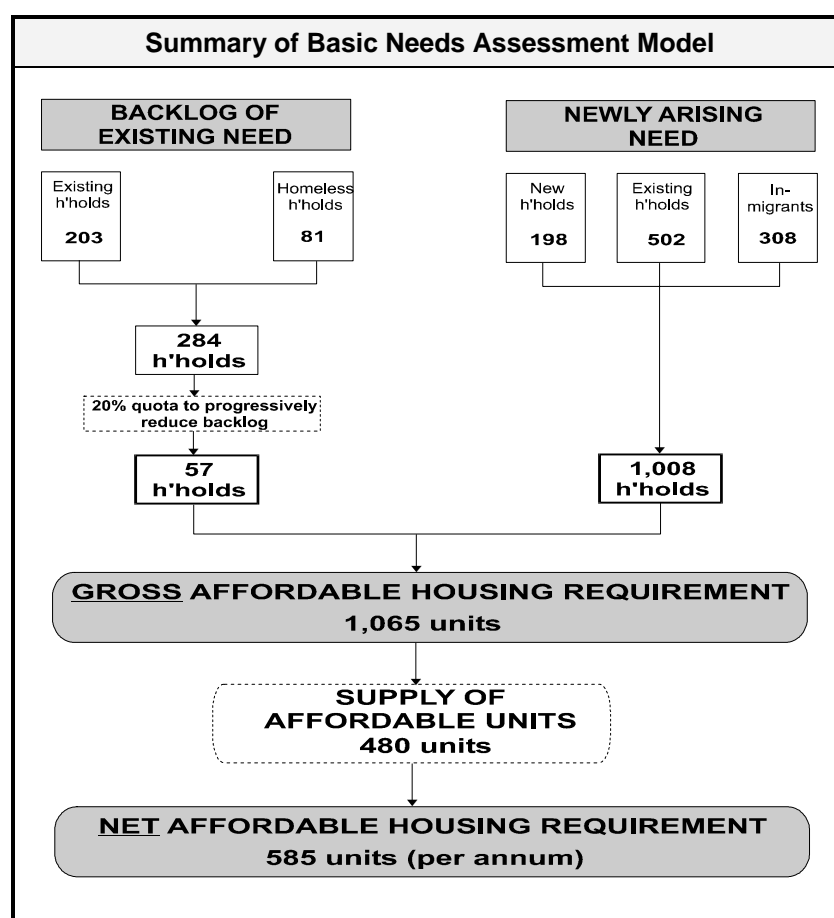
### ***The Guide model***

As part of the study, an estimate of the need for affordable housing was made based on the 'Basic Needs Assessment Model' (BNAM). The BNAM is the main method

for calculating affordable housing requirements suggested in Government guidance 'Local Housing Needs Assessment: A Guide to Good Practice' (Former DETR 2000).

The BNAM sets out 18 stages of analysis to produce an estimate of the annual requirement for additional affordable housing. The model can be summarised as three main analytical stages with a fourth stage producing the final requirement figure. The stages are:

- Backlog of existing need
- Newly arising need
- Supply of affordable units
- Overall affordable housing requirement



Source: Huntingdonshire – Housing Needs Assessment 2006 update

Overall, using the BNAM it was estimated that there is currently a shortfall of affordable housing in the District of around 585 units per annum. The data suggested that this shortfall is most acute for smaller (one and two bedroom) properties, although there is also a need for larger family sized (three and four bedroom) accommodation to meet the preferences of growing households. The figure of 585 is a substantial decrease from the 2002 survey of 1,013 per annum. This can be explained by the changes in the methodology (see Appendix A4).

The analysis suggests that any target of affordable housing would be perfectly justified (in terms of the needs) because the annual affordable housing requirement exceeds the level of supply of all new housing and it is necessary to maximise the supply of affordable housing.

All of the annual requirement of 585 new affordable homes should be met by social rented housing as a profile of the costs of potential intermediate housing options suggests that they are not affordable for households in need. Instead intermediate housing options (particularly shared ownership) could be used to meet the demand from the 470 households that are not in need, as they can afford private rented accommodation, but would like to access owner-occupation and cannot afford to do so. The decision on whether the Council wishes to meet the requirements of this group in addition to those households in housing need is a policy judgement for the District Council.

### ***Key workers***

The term intermediate housing is often used with reference to specific groups of households such as key workers. The survey therefore analysed such households (the definition being based on categories of employment identified by the Housing Corporation). Analysis of survey data indicates that there are an estimated 14,100 people in key worker occupations.

<b>Key worker categories</b>		
Category	Number of persons	% of key workers
Health Care	5,885	41.7%
Social Services	550	3.9%
Education	7,137	50.6%
Emergency Service	538	3.8%
<b>TOTAL</b>	<b>14,110</b>	<b>100.0%</b>

*Source: Huntingdonshire – Housing Needs Assessment 2006 update*

The survey also estimated that 8,005 households are headed by a key worker, these households were subject to additional analysis. The main findings from further analysis of this group of households can be summarised as follows:

- Key worker households are more likely to have moved in the last ten years than non-key workers and are more likely to have moved from abroad
- Key worker households are slightly more likely to move within the next three years and are more likely to want to move from the District
- Key worker households have slightly higher incomes than non-key worker households (in employment)
- All households are tested to ascertain whether they can theoretically afford different forms of housing. The majority (91.4%) of key worker households can afford market housing in the District (regardless of their intention to move), of the 690 that can't afford, intermediate housing is affordable for 21.4%

- The Basic Needs Assessment Model indicates that of the annual requirement of 585 dwellings across the District, 4 units should be for key worker households

### *Conclusions*

The housing needs survey update in Huntingdonshire provides a detailed analysis of housing requirement issues across the whole housing market in the District. The study began by following the Basic Needs Assessment Model, which estimated a requirement to provide an additional 585 affordable dwellings per annum if all housing needs are to be met over the next five years.

Overall, the need for additional affordable housing represents considerably over 100% of the estimated newbuild in the District of 559 units per year between 1999 and 2016. It would be sensible to suggest that in the light of the affordable housing requirement shown, the Council will therefore need to maximise the availability of affordable housing from all available sources (including newbuild, acquisitions, conversions etc). Attention should also be paid to the cost (to occupants) of any additional housing to make sure that it can actually meet the needs identified in the survey.