



Developer Contributions Towards Affordable Housing - Draft for Cabinet

Huntingdonshire District Council



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Purpose of this document 1

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1 Purpose of this document

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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 District 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 Development Plan will in future consist of the Regional Spatial Strategy for the East of England, RSS14, (which is due to be approved later in 2007) and the Council's Local Development Framework. The RSS will make reference to a number of policies which have been saved from the Structure Plan and Local Plan. The Council is currently preparing a Core Strategy and a Development Control Policies Development Plan Document. A previous version of a Core Strategy was withdrawn in April 2007, and an Interim Planning Policy Statement adopted for development control purposes.

1.6 The SPD will be reviewed to take account of any policy changes arising from the adoption of policies in the Core Strategy of the Local Development Framework when it has completed all the statutory stages of adoption.

1.7 The policies and guidance set out in this SPD cover the whole of the District of Huntingdonshire.





Corporate Approach 2

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2 Corporate Approach

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2 Corporate Approach

2.1 The Council's vision and priorities can be found in its corporate plan for 2007/8, 'Growing Success'.

2.2 In this document:

- The District Council's Vision for Huntingdonshire includes enabling people to realise their full potential and have access to suitable homes, jobs and services.
- The Community aims include providing housing that meets local need.
- Community Priorities include enabling the provision of affordable housing.
- The Community objectives include "enabling the provision of affordable housing by maximising the land available for new affordable housing, working in partnership with housing associations to bid for external funding and by making a financial contribution to pay for new affordable homes to be built."





Sustainability Appraisal 3

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3 Sustainability Appraisal

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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.

3.2 The Council has produced a Scoping report which identifies appropriate high level objectives for appraising policies and examines baseline conditions in the District.

3.3 Amendments to the UK Conservation (Habitats &c) Regulations 2006 include the requirement for an Appropriate Assessment under Article 6(3) and (4) of the Habitat Directive 92/43/EEC for all land use plans likely to have a significant effect on a European site defined as a Special Area of Conservation, Special Protection Area or Offshore Marine site. The Council considers that this SPD does not require an Appropriate Assessment as it is not site specific.





Policy Background 4

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4 Policy Background

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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, especially Planning Policy Statement No.3 (PPS3) and 05/2005 (Planning Obligations) .

4.3 The Government published in December 2006, a paper entitled "Changes to Planning Obligations: a Planning-gain Supplement consultation". Consultation ended in February 2007. The Government proposes that a planning gain supplement will be introduced in 2009.

4.4 Regional, County and District level planning policies, both statutorily adopted and emerging, recognise that Affordable Housing is a major planning issue.

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 high need for Affordable Housing in Cambridgeshire. The RSS is at an advanced stage of preparation with Proposed Changes published in December 2006 and with final

approval expected later in the Summer of 2007. The Proposed Changes include the objective giving priority to the provision of Affordable Housing to meet identified needs. 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. A number of the policies in the Structure Plan and Local Plan will be saved within the RSS.

4.6 *More details on this planning policy background are set out in Appendix 1 of this document.*





The Housing Needs Survey 5

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5 The Housing Needs Survey

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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 and an updated methodology.

5.2 The main changes between the two surveys 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).

5.3 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.
- All of the annual requirement of 585 new Affordable homes should be met by social rented housing as the income levels of these 585 households means that 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.
- The Housing Needs Survey 2002 indicated that 1,013 households per year were in housing need. The results of the 2006 update do not indicate a reducing need but reflect the new methodology that now applies. As indicated in the updated survey, had the old methodology been used, the number of households in need would be 3,136.

5.4 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.

5.5 The District Council is working in collaboration with other Cambridgeshire Districts and the County Council to prepare a Strategic Housing Market Assessment. It is a requirement set out in PPS3 and is being prepared in accordance with practice guidance from the Government. It is due to be published later this year.



The Housing Needs Survey 5

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5.6 *A summary of the Housing Needs Assessment Update is attached at Appendix 3*



5 The Housing Needs Survey

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The Council's Housing Strategy 6

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6 The Council's Housing Strategy

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6 The Council's Housing Strategy

6.1 The Council's Housing Strategy for 2006-2011 provides direction for both private and social housing in the area. It 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 Council has a number of strategies that feed into the main housing strategy, identifying component parts of the strategy such as Homelessness (the Homelessness Strategy), the Needs of Older People (Housing, Health and Social Care Strategy for Older people), the state of the private sector housing market (Reading the Housing Market), and the Housing Needs Assessment that was completed recently on the Council's behalf by Fordham.

6.3 Reading the Housing Market 2006 concluded 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.

Evidence from the Council's Housing Register also confirms high levels of housing need in the district. At 31 March 2007, there were 2132 households on the housing register, of whom 266 (12.5%) required special needs housing. In 2006/7 the Council accepted a duty towards 160 homeless households.

6.4 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.

6.5 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.



Supplementary Affordable Housing Policies 7

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7 Supplementary Affordable Housing Policies

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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 the saved Policies AH1, AH2, AH3 and AH4 of the Huntingdonshire Local Plan Alteration 2002 and the saved 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. The Cambridgeshire Structure Plan is also part of the Development Plan with its plan period running to 2016. It will remain part of the Development Plan until the adoption of the



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emerging Regional Spatial Strategy for the East of England (RSS14) and the Huntingdonshire Core Strategy. However, the RSS will include "saved" policies from the Structure and Local Plan, including those referenced above.

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.

7.4 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 issued a Statement of General Conformity (January 2006) which says that the Local Plan Alteration is not in conformity on this matter.

7.5 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 and an illustrative map is attached as Appendix 2.

7.6 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 will be a matter for policies in the Core Strategy Development Plan Document of the Local Development Framework.

7.7 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. This policy applies equally to general needs housing developments and to specialist developments like retirement housing schemes. However, PPS3 in paragraph 29, states that the indicative national minimum threshold is 15 dwellings. The current threshold of 25 dwellings in settlements of over 3,000 population as set out in the LPA has now therefore been reduced to 15 as it has been superseded by more recent Government Guidance.

7.8 The Council will resist attempts by developers to circumvent the policy on site-size thresholds by the artificial sub-division of sites allocated in the Development Plan. Government guidance makes it clear that housing development should make efficient use of land (PPS3, paragraph 45). Where development is proposed on a "windfall" site the Council will take account of land which would form part of a natural planning unit and is within the applicant's control.

7.9 In considering whether a development meets the threshold for providing Affordable Housing, the Council will consider the net increase in dwellings, which takes into account any loss through demolition or conversion.

7.10 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.

7.11 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.

Policy SAH/ 2

In delivering Affordable Housing, the Council's priority is to maximise the number of social rented units (as justified by the Housing Needs Surveys) to be provided through negotiations with developers/landowners on contributions for eligible sites.



7 Supplementary Affordable Housing Policies

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7.12 The latest available Housing Needs Survey Update conducted by Fordham Research confirms that only social rented housing can address Huntingdonshire’s priority need.

7.13 The District Council wishes to address demand through other tenures for those who are not considered in need but cannot afford owner occupation. This is addressed in Policy SAH/5.

7.14 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.

Huntingdonshire Local Plan Alteration, which refers to the transfer of serviced plots for free or at agricultural value.

7.16 Free land should be transferred to a Registered Social Landlord (RSL) for the delivery of Affordable Housing. The use of a RSL 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.

7.17 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.

7.18 There is a high level of housing need in Huntingdonshire. The level of need for Affordable Housing is so high that even if all housing completions were for Affordable Housing, it would still not meet the need. It is therefore important that the Council maximises all resources to deliver new Affordable Housing and developer contributions form an

Policy SAH/ 3

On eligible sites, the Council will seek the provision of free serviced plots for the development of Affordable Housing.

7.15 The mechanism to deliver Affordable Housing on eligible sites via developer contributions is for the developer/landowner 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



Supplementary Affordable Housing Policies 7

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important part of the strategy for delivery. The Council has carefully considered the level and nature of contributions to be sought and the delivery mechanisms and funding streams available.

7.19 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.

7.20 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.

Policy SAH/ 5

The Council's policy on Affordable Housing contribution is the following 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 (in the absence of grant) 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 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.

7.22 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.

7.23 Affordable Housing contributions will be considered in the context of the commercial viability of developing the site. Some sites, such as brownfield sites, may incur additional costs of clearance and decontamination while others may incur higher levels of contributions towards other infrastructure provision. These costs and their impact on viability will be taken into account by the Council in determining the level of Affordable Housing contributions.



7 Supplementary Affordable Housing Policies

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Policy SAH/ 6

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/10).**

7.24 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 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.

7.25 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.



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Policy SAH/ 7

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 meet the Housing Corporation requirements on standards, irrespective of the availability of subsidy. In the case of social rented housing, this will include meeting Scheme Development Standard and/or such other standards as the Housing Corporation may

introduce. Such housing must be provided to a tenure mix of 70% social rented and 30% Intermediate or as otherwise agreed by the Council.

7.26 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.

7.27 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, 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/ 8

The Council will require Affordable Housing to be distributed throughout the site of a residential development.

7.28 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 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 the development or else in small clusters of no more than 15 dwellings made up of an agreed mix of Affordable Housing types and tenures.

7.29 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. In some urban situations there may be a case for developing clusters of more than 15 Affordable Housing dwellings. Where such a circumstance is justified it will require a very careful approach to layout and a very high standard of design in order to achieve integration with the rest of the development.



7 Supplementary Affordable Housing Policies

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Policy SAH/ 9

The District Council will require the phasing of the development to ensure that the commencement of the Affordable Housing proceeds without unnecessary delay.

7.30 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/ 10

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.

7.31 Government guidance set out in PPS3 is that where Affordable Housing is required it should be provided on the application site as part of the development so that it contributes towards creating a mix of housing. This will ensure an integrated development with a range of dwelling types and tenures.

7.32 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.

7.33 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 must 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.

7.34 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 serviced land that would otherwise have been provided for Affordable Housing.



Appendix 1

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Appendix 1

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Appendix 1

National Policy

Planning Policy Statement 3 (PPS3) Housing

Planning Policy Statement 3

The Government published Planning Policy Statement on Housing (PPS3) in November 2006. The PPS reflects the Government's commitment to improving the affordability and supply of housing.

The PPS defines affordable housing as including social-rented and intermediate housing and points to Strategic Housing Market Assessments to determine the likely overall proportions of households that require affordable housing, including the size and type of affordable housing.

It states that the target should reflect an assessment of the likely economic viability of land for housing within the area, taking account of risks to delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can realistically be secured.

It requires local authorities to set 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.

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 creating a mix of housing. However, where it can be robustly justified off-site provision or a financial contribution may be accepted as long as the agreed approach contributes towards the creation of 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).

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 2009.

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) produced the East of England Plan, which been the subject of an Examination in Public and subsequently

Proposed Changes were published by the Secretary of State in November 2006. When adopted later in 2007, it will replace RPG 6.

In the Proposed Changes, Policy H3 requires Local Development Documents to set appropriate targets Affordable Housing taking into account:

- the objectives of the RSS;
- local assessments of affordable housing need prepared in accordance with Government guidance,
- the need where appropriate to set specific, separate targets for social rented and intermediate housing;
- housing market considerations; and
- the Regional Housing Strategy.

At the regional level, delivery should be monitored against the expectation that some 35% of housing coming forward as a result of planning permissions granted after the adoption of the RSS are affordable. The RSS policy therefore puts forward an average target for the Region, within which there will be variations which need to be addressed at a more local level.



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The text of the Proposed Changes also notes that the widening of the ratio of house prices to incomes makes it increasingly difficult both for those on low incomes and many key workers to obtain decent accommodation in reasonable proximity to their workplace and that an adequate supply of good, affordable housing is essential to the quality of life of those of the region's residents who cannot afford to compete in the open market.

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. However, it should be noted that this definition of Affordable Housing has now been superseded by that in PPS3. 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 saved policies will be identified in an appendix to the RSS.

Local Policy

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.

As with the Structure Plan, saved policies from this Local Plan Alteration will be identified in an appendix to the RSS.



The Local Development Framework – Core Strategy

The District Council is in the process of preparing a Core Strategy as a key element of the Local Development Framework. The first stage, Issues and Options, under Regulation 25 was published for consultation in May 2007.

In the Core Strategy Issues and Options, Corporate Plan Objectives include:

- to ensure an appropriate supply of new housing
- to enable the provision of affordable housing
- to achieve a low level of homelessness.

Community Strategy Objectives include:

- ensuring the availability of a range of decent housing to meet local needs
- realising the benefits to economic, social and environmental well being from housing and employment development.

The document recognises that it has become increasingly difficult for local people on low to modest incomes to gain access to suitable housing. It notes that 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 and that the planning system has a key role to play in making more affordable properties available, through securing contributions from market housing schemes as well as by enabling rural "exceptions" sites to come forward.

It also notes that Housing Needs Surveys in the District have shown a significant demand for affordable housing, far exceeding that likely to be built, and that a District-wide target should be set.

Option 30 of the document suggests a target of 40% of all housing on eligible sites throughout the District to be provided as "Affordable Housing". It suggests that targets could be set at 40% within the Cambridge Sub-Region and 30% within the rest of the District; the average of 35% included in the RSS could be used but this is an average for the region.



Appendix 1

Huntingdonshire District Council | Developer Contributions Towards Affordable Housing - Draft for Cabinet



Appendix 2

Huntingdonshire District Council | Developer Contributions Towards Affordable Housing - Draft for Cabinet



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Appendix 2

Huntingdonshire Town and Parish Councils in the Cambridge Sub-Region.

Abbotsley, Bluntisham, Brampton, Colne, Earith, Eynesbury Hardwick (det), Eynesbury Hardwicke, Fenstanton, Godmanchester, Great Gransden, Great Paxton, Hilton, Holywell-cum-Needlingworth, 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.

Huntingdonshire Town and Parish Councils in the Peterborough and North Cambridgeshire Sub-Region.

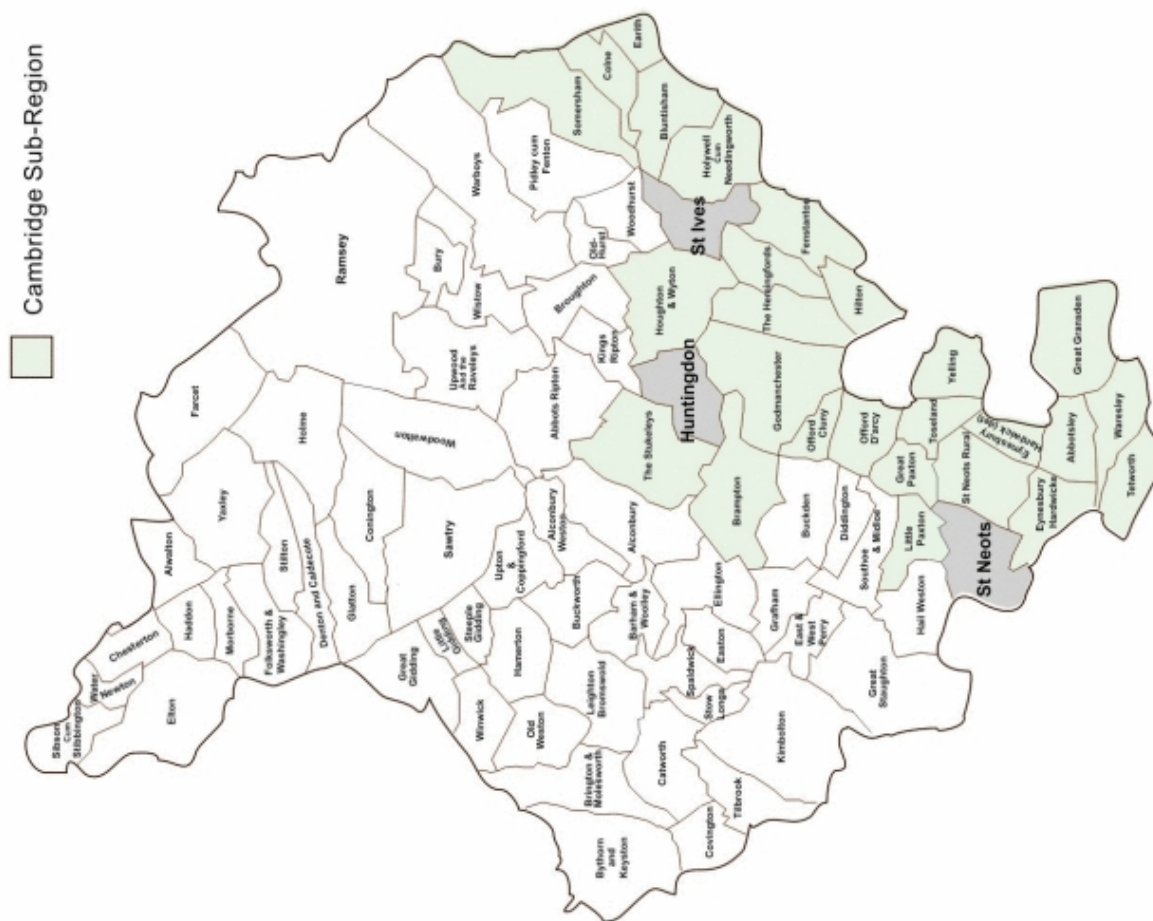
Abbots Ripton, Alconbury, Alconbury Weston, Alwalton, Barham & Woolley, Brington & Molesworth, Broughton, Buckden, Buckworth, Bury, Bythorn & Keyston, Catworth, Chesterton, Conington, Covington, Denton and Caldecote, Diddington, East & West Perry, Easton, Ellington, Elton, Farcet, Folksworth & Washingley, 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 & Copingford, Upwood and the Raveleys, Warboys, Water Newton, Winwick, Wistow, Woodhurst, Woodwalton, Yaxley.



Appendix 2

Huntingdonshire District Council | Developer Contributions Towards Affordable Housing - Draft for Cabinet

Map showing extent of Cambridge sub-region





Appendix 2

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Appendix 3

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Appendix 3

2006 HOUSING NEEDS SURVEY UPDATE 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.

| Number of households in each tenure group | | | | |
|---|----------------------------|-----------------|-------------------|--------------|
| Tenure | Total number of households | % of households | Number of returns | % of returns |
| Owner-occupied (no mortgage) | 18,383 | 27.5% | 570 | 32.5% |
| Owner-occupied (with mortgage) <i>j</i> | 33,335 | 49.8% | 838 | 47.8% |
| RSL | 8,298 | 12.4% | 195 | 11.1% |

| Number of households in each tenure group | | | | |
|---|--------|--------|-------|--------|
| Private rented | 5,075 | 7.6% | 113 | 6.4% |
| Other rented <i>k</i> | 1,809 | 2.7% | 36 | 2.1% |
| TOTAL | 66,900 | 100.0% | 1,752 | 100.0% |
| <i>NOTES :</i> | | | | |
| <i>j - Includes shared ownership</i> | | | | |
| <i>k - Includes 'tied' accommodation and other rented accommodation</i> | | | | |

Source: Huntingdonshire – Housing Needs Assessment 2006 update

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

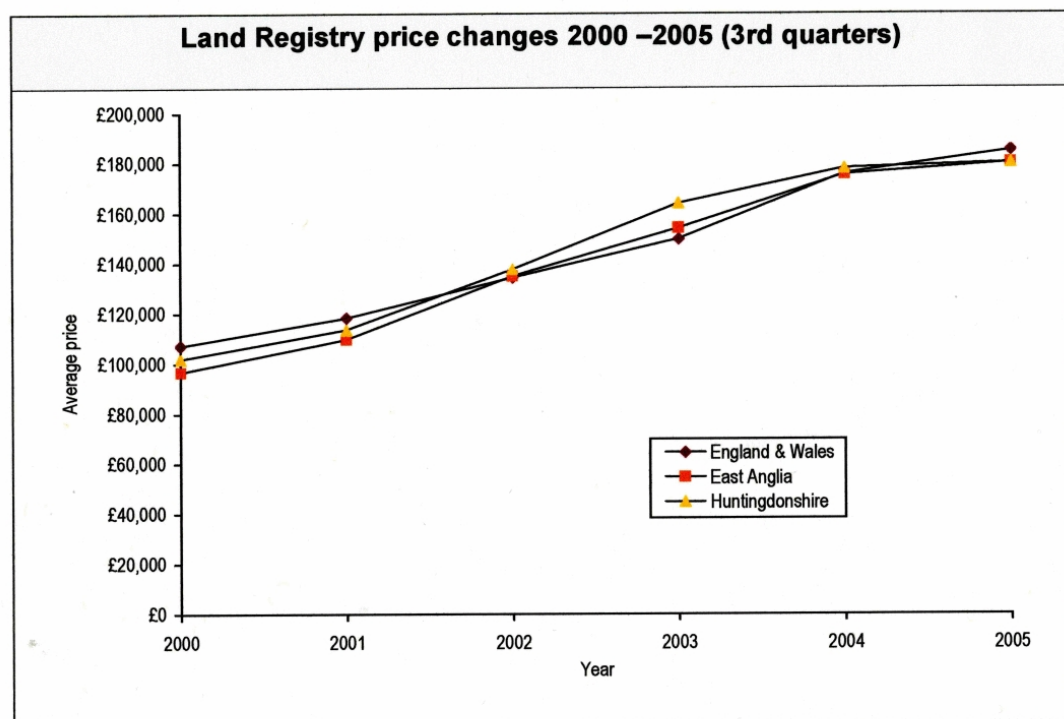
Land Registry data suggested that property prices in Huntingdonshire are marginally above the regional average but below the average for England and Wales. Between the 3rd quarter 2000 and the 3rd quarter 2005 average property prices in England and Wales rose by 82.3%. For the East Anglia region the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

Appendix 3

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Source: HM Land Registry data



Source: HM Land Registry data

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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).

| Minimum prices in Huntingdonshire 2002 and 2006 | | | | | | |
|---|----------------------------------|--------------|----------|----------------------------------|--------------|----------|
| 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).

| Minimum and average private rents in Huntingdonshire | | | | |
|--|----------------------------------|------------------------|----------------------------------|------------------------|
| Property size | South & East Huntingdonshire HMA | | North & West Huntingdonshire HMA | |
| | Minimum rent (monthly) | Average rent (monthly) | Minimum rent (monthly) | Average rent (monthly) |



Appendix 3

Huntingdonshire District Council | Developer Contributions Towards Affordable Housing - Draft for Cabinet

| Minimum and average private rents in Huntingdonshire | | | | |
|--|------|--------|------|------|
| 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).

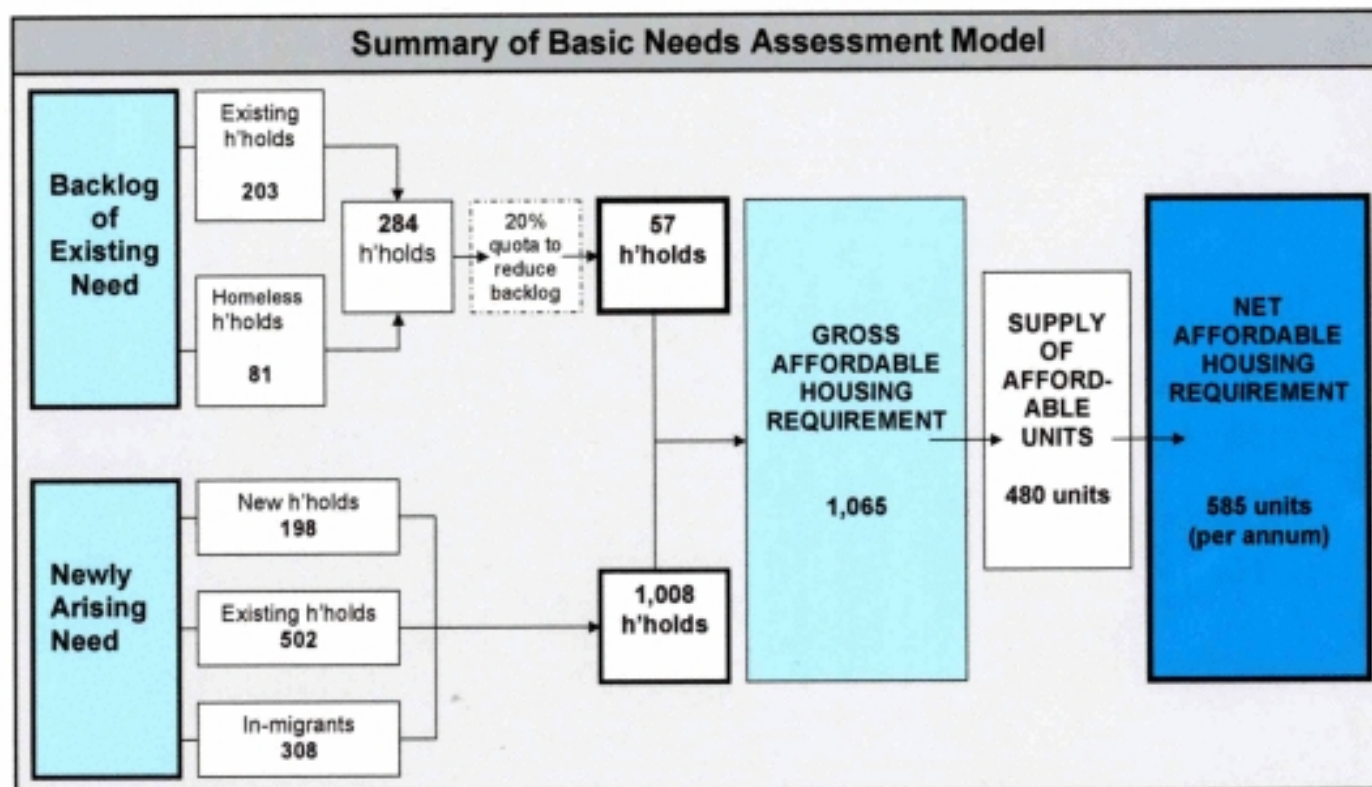
The survey estimates that average gross household income (including non-housing benefits) for households in the District is £34,924 per annum, up around 25% since 2002. The median income is noticeably lower at £30,525 per annum. The averages conceal wide variations among different tenure groups. The 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



Appendix 3

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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.

| Key worker categories | | |
|-----------------------|-------------------|------------------|
| 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% |
| TOTAL | 14,110 | 100.0% |

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.



Appendix 3

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