

# Affordable Housing

Supplementary Planning Document – Consultation Draft

MAY 2005



## Foreword

The affordability of housing in Charnwood is a key issue. Property prices have risen dramatically in the last five years or so preventing many people from being able to buy or rent a home.

The Affordable Housing Supplementary Planning Document will clarify the Council's policies on affordable housing. It increases the proportion of affordable homes the Council will seek on a new housing scheme to a minimum of 30% and sets clear guidelines about how the Council will determine the type and tenure of dwellings as well as their design and layout.

This draft version of the SPD is now available for public consultation. Please consider the draft and let us have your comments. The closing date for comments is 8<sup>th</sup> July 2005. Any comment made will be considered before the SPD is finalised. We hope to adopt the SPD in September 2005.

Please send any comments, in writing, to Planning Policy, Planning Services, Charnwood Borough Council, Council Offices, Southfield Road, Loughborough LE11 2TN or by email to [localplans@charnwood.gov.uk](mailto:localplans@charnwood.gov.uk).



Councillor Cameron Macleod  
Cabinet Lead Member for Planning

If you would like to obtain copies in Braille, on audio tape or large print, please contact us by telephoning 01509 634769 or email [localplans@charnwood.gov.uk](mailto:localplans@charnwood.gov.uk)

If you would like to have the content of any part of this document explained to you in your own language, please ring 01509 634769

### Gujarati

આ દસ્તાવેજના સમાવેશમાથી જે તમને કોઈ પણ ભાગની તમારી ભાષામા સમજણ પોઈતી હોયતો, મહેરબાની કરી અને 01509 634769 પર ફોન કરશો.

### Hindi

यदि आप चाहते हैं कि आपको इस दस्तावेज के किसी भी भाग का विवरण आपकी अपनी भाषा में बताया जाए, तो कृपया 01509 634769 पर फ़ोन कीजिए।

### Bengali

আপনি যদি এই দলিলের (document) যেকোন বিষয়ের ব্যাখ্যা আপনার নিজস্ব ভাষায় পেতে চান, তাহলে অনুগ্রহ করে 01509 634769 নাম্বারে টেলিফোন করুন।

# Affordable Housing SPD – Consultation Draft

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## **Introduction**

The purpose of this Supplementary Planning Document (SPD) is to clarify the Council's policies – Policy H/4, Policy H/5 and Policy H/6 of the adopted Borough of Charnwood Local Plan - on affordable housing. It will also help everyone involved in the process to understand how these policies can be implemented successfully. It aims to give an overview of housing need in Charnwood, to explain where and when the Council will seek affordable housing and to describe how it will be secured. In addition, the Document will give good practice advice to make sure the whole process runs smoothly.

This guidance is designed to highlight, at the earliest opportunity, where planning obligations will be sought for affordable housing and to encourage negotiations to be started as early as possible to make sure that developments are not delayed.

A number of key Council services are involved in the process and will work closely to ensure minimum delay. The Development Control sections negotiate Section 106 Agreements that include affordable housing provision, with the help of the Housing Strategy and Policy Unit. Legal Services is then involved in the drafting of the Agreements.

Once adopted, this SPD will be a material consideration in determining planning applications.

This document covers the following main areas to assist developers:

- Planning policy context;
- Definition of affordable housing;
- Evidence of need;
- Negotiating affordable housing, including thresholds, tenure, housing mix and design;
- Delivering affordable housing through Section 106 agreements.

In line with Government guidance, this document will be monitored and reviewed on a regular basis to make sure that it continues to help to meet the identified housing needs in Charnwood.

This document takes account of consultation undertaken through the issues paper 'Towards a Local Development Framework', a consultation event held by the Local Strategic Partnership on the housing strategy and discussions with some of the Council's preferred partner Registered Social Landlords.

This document is currently the subject of a consultation exercise before its adoption. It is accompanied by a Sustainability Appraisal Report. The Council is consulting with developers, Registered Social Landlords and the public on the contents of this SPD. All the comments that are made will be considered by the Council and, if appropriate, changes will be incorporated into the final Supplementary Planning Document.

## **Policy Context**

### National

#### Section 54a

Section 54a of the Town and Country Planning Act 1990 provides the legislative background for the Council's policies on Affordable Housing. It means that affordable housing policies contained within the Borough of Charnwood Local Plan are a material consideration in all planning applications. The Act states that:

“Where, in making any determination under the Planning Acts, regard is to be had to the development plan, the determination should be made in accordance with the plan unless material considerations indicate otherwise”.

In addition, Section 38 (6) of the Planning and Compensation Act 2004 reiterates the planned system of planning:

“If regard is to be had to the development plan for the purpose of any determination to be made under the Planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise.”

Planning Policy Statement 1 (PPS1) 'Delivering Sustainable Development' (2005) indicates that development plans should ensure that sustainable development is pursued in an integrated manner. The Government is committed to developing strong, vibrant and sustainable communities and to promoting community cohesion in both urban and rural areas. Development plans should promote development that creates socially inclusive communities, including suitable mixes of housing.

#### Planning Policy Guidance 3 (PPG3): Housing (2000)

PPG3 outlines the Government's approach to the provision of housing. The Government intends that everyone should have the opportunity of a decent home. The Guidance advocates creating balanced and mixed communities and emphasises the need to plan to meet the housing needs of the whole community, including those in need of affordable housing. It stresses that:

“the Government believes that it is important to help create mixed and inclusive communities, which offer a choice of housing and lifestyle. It does not accept that different types of housing and tenures make bad neighbours.”

It states that Local Plan policies should seek affordable housing provision on suitable housing sites, where there is a demonstrated need for such provision. The details of the affordable housing provision on each site will be negotiated. If such provision is not forthcoming on housing sites, planning permission can justifiably be refused.

In January 2005, the Government published amendments to PPG3 'Planning for Sustainable Communities in Rural Areas'. This replaces paragraph 18 and Annex B and amends paragraph 36 of PPG3. Local planning policy should make sufficient land available within or adjoining existing rural communities to meet the housing needs of local people in rural areas in a way that contributes to achieving sustainable communities. Affordable housing policy in rural areas should be supported by a rural exceptions policy.

In addition, in January 2005, the Government published for consultation 'Planning for Mixed Communities'. This document is intended to replace paragraphs 9 to 17 of PPG3 and

Circular 6/98 (Planning and Affordable Housing). It indicates how local planning policy should contribute to creating sustainable communities by ensuring a well integrated mix of decent housing of different types and tenures to support a wide range of households of different sizes, ages and incomes.

#### Planning Policy Statement 12 (PPS12): Local Development Frameworks (2004)

PPS12 states that Supplementary Planning Documents must be consistent with national and regional planning guidance, as well as the policies set out in the Local Development Framework. They must be clearly referenced to the relevant development plan document policy or 'saved policy' and reviewed regularly. The process by which they are prepared and how the community were consulted must be made clear.

#### Circular 6/98: Planning and Affordable Housing

Circular 6/98 adds detail to the general Government policy on affordable housing established by PPG3. It gives advice on the need to make sure new housing developments provide an appropriate mix of housing types.

Circular 6/98 defines affordable housing as:

“both low-cost market and subsidised housing (irrespective of tenure, ownership - whether exclusive or shared - or financial arrangements) that will be available to people who cannot afford to rent or buy houses generally available on the open market.”

It sets out criteria for the suitability of affordable housing provision on new developments. In assessing the suitability of sites, Local Planning Authorities should take into account:

- Site size, suitability and the economics of provision. The threshold for requiring affordable housing is set at 25 units or 1 hectare, irrespective of the number of units. In settlements in rural areas with a population of 3,000 or fewer a appropriate thresholds should be adopted. The proximity of local services, facilities and access to public transport should also be taken into account.
- The need to achieve a successful housing development.

The Circular advocates that, where there is a requirement for an element of affordable housing, it should be provided as part of the proposed development. However, the Circular does allow for off-site provision or a financial contribution if both the Local Planning Authority and developer agree this is the best solution, but only where it would actually result in the provision of affordable housing elsewhere.

#### Circular 1/97: Planning Obligations

Circular 1/97 gives advice on the acceptability of planning obligations. It includes examples of appropriate planning obligations and arrangements to secure an element of affordable housing.

#### Sustainable Communities: Building for the Future (2003)

The Sustainable Communities Plan sets out the Government's agenda for providing sustainable communities, including increasing housing supply and tackling decent homes standards.

### Sustainable Communities: Homes for All (2005)

This is the Government's five year plan for housing, showing how it will offer greater choice and opportunity in housing across England. It builds on the Sustainable Communities Plan and sets out the Government's vision for the future:

"A flourishing, fair society, based on opportunity and choice for everyone depends upon creating sustainable communities – places that offer everyone a decent home that they can afford in a community in which they want to live and work, now and in the future".

### Regional

#### Regional Spatial Strategy for the East Midlands (RSS8) (2005)

It indicates that local planning policies should have regard to the priorities for affordable housing set out in the Regional Housing Strategy and include policies seeking the provision of a mix of dwellings in terms of size, type, affordability and location in order to create inclusive communities which provide wider opportunity and choice.

The level of affordable housing should be justified by local housing needs assessments based on housing market or journey to work areas, as well as an assessment of the viability of seeking a proportion of affordable housing from such developments. Policy 18 sets an indicator for meeting affordable housing provision of 3,950 dwellings across the East Midlands per year.

#### Regional Housing Strategy

The Regional Housing Strategy is part of the Integrated Regional Strategy and sits alongside the Regional Economic Strategy and Regional Spatial Strategy. It delivers national housing priorities set out in the Sustainable Communities Plan in a way that is appropriate to the East Midlands region.

Based upon robust evidence the Strategy includes a number of policies. It aims to ensure:

- a more balanced provision of housing by building more affordable homes in areas where they are needed;
- that the housing provided meets the needs of a wide range of people;
- that housing policy is joined up with other social, economic and environmental agendas across the region.

### County

#### Leicestershire, Leicester and Rutland Structure Plan 1996-2016 (2005)

Housing Policy 4 'Affordable Housing' indicates that provision should be made for affordable housing in urban and rural areas based upon an assessment of local housing need. Housing Policy 5 'Density and Design' indicates that the density and design of new housing should take into account proximity and accessibility to centres and the provision of a mix of housing types to establish socially mixed communities.

## Borough

### Borough of Charnwood Local Plan 1991-2006 (2004)

Policy H/4 'General Guidance on Provision for Affordable Housing' indicates the number of affordable units on each site allocated for housing in the Plan. Policy H/5 'Affordable Housing on Unallocated Sites' indicates that the Council will seek to negotiate an element of affordable housing on sites that come forward for housing development. Policy H/6 'Affordable Housing in the Rural Areas' is an exceptions policy for small scale schemes providing affordable housing. The specific circumstances where such an exception will be made are set out in the policy.

The SPD sets out specifically to expand upon Policy H/4, Policy H/5 and Policy H/6 of the adopted Local Plan. Appendix I sets out Policy H/4, Policy H/5 and Policy H/6 in full.

### Charnwood Housing Strategy (2005)

The Council is developing a new Housing Strategy for the period 2005 to 2010. A draft has been circulated for consultation and a final version is expected to be confirmed by July 2005. The Council aims to "increase the availability of good quality affordable homes for people in housing need". A priority within this aim is to "increase affordable housing targets on new developments to 30%".

## **Housing Need and Supply**

### Charnwood Housing Needs Survey 2003

An survey of housing need was undertaken on behalf of the Council by David Couttie Associates in 2003. This assessment was undertaken in line with the ODPM research paper 'Local Housing Needs Assessment: A Guide to Good Practice'. The purpose of the study was to examine the housing requirements (needs, aspirations and demands) of the communities and households in Charnwood. In terms of affordable housing, the study's conclusions include the following:

- House prices in Charnwood are on average higher than those in Leicestershire and the East Midlands. Although, a considerable spread of incomes is evident, a number of people live on relatively lower incomes. Consequently, the two most important issues relate to affordability and the level of 'concealed households' living within an existing household, the majority of which are not recorded on a register of housing need.
- The house price and income study shows that about 60% of these concealed households are not able to afford even the cheapest 'market' housing within Charnwood.
- Most concealed household demand is for smaller and affordable types of housing, particularly flats and terraced houses, to meet the needs of newly forming households. There is a shortfall of flats in the existing stock. This should be addressed to ensure there is a mix of house types and sizes in line with PPG3.
- The assessment of annual affordable housing need and supply reveals that there is a total annual need of 1,409 units. Taking into account the supply of 749 units from re-

lets of existing social housing stock there is net outstanding need for 660 units per year.

- This level of need, 660 units per year, significantly exceeds the number of units likely to be delivered from new acquisitions, new build or conversions, resulting in growing levels of unmet need each year. To address this scale of need, the consultants recommend a target of up to 30% of new units should be negotiated as subsidised affordable housing on all suitable sites.

Appendix 2 sets out a summary of the Housing Needs Survey results including reference to the housing market context and key findings from the household survey.

The Housing Needs Survey is currently being updated by David Coultie Associates. The Council will make use of this updated Survey in determining local needs on specific sites.

#### Housing Market Assessment 2005

David Coultie Associates have also been commissioned to carry out a dwelling balance analysis and housing market assessment for the Borough. Their report is expected by the end of May 2005.

#### Council Housing Register

The Council's Housing Register records the needs and preferences of applicants for Council accommodation. It is constantly being updated and can be analysed to extract information about the situations of current applicants as a whole or of those with selected characteristics. The Register does not provide a comprehensive picture of housing need in the Borough but can give valuable insights when considered in conjunction with the other sources of information.

#### East Midlands Housing Market Study

The Housing Needs Survey has already identified Charnwood as above average in term of house prices. Additional work has also been undertaken on the East Midlands housing market by the Centre for Urban and Regional Studies (March 2004) to identify and interpret affordability issues across the region. The study compares average house price information with average incomes at a district level to provide a measure of affordability. Postcode data was also used to provide below district level data.

The Study indicates that Charnwood was in the highest 10 districts for the ratio of prices to incomes, along with the neighbouring districts of Harborough, Melton and Rushcliffe. At 2003, the ratio of average sale price to average household income was 4.60 in Charnwood. When looking at a more detailed level using the postcode data, the most severe affordability problems in 2003 were found in the centre of the East Midlands Region including large parts of Charnwood. The ratio of prices to incomes does decrease to 3.7 for all non detached dwellings and 3.5 for terraced dwellings but these are still within the highest 10 of the region.

This Study supports the Housing Needs Survey information on house prices and incomes.

#### Other Sources

In addition to the sources already mentioned, the Council has access to other information which can assist in assessing housing need. Examples include the Census for 2001, Land

Registry data on house sales, the CORE returns from Registered Social Landlords and homelessness statistics.

### **Definition of Affordable Housing**

As noted earlier, Circular 6/98 defines affordable housing. This definition is also included in the Borough of Charnwood Local Plan. The suitability of different tenure types to satisfy housing need in Charnwood in current circumstances is considered below.

### **Negotiating Affordable Housing**

#### Target

**The Council will seek a minimum of 30% affordable housing units on all sites for new housing which meets the thresholds described below.**

Based on the evidence set out in the latest Housing Needs Survey and supported by the regional housing study information, a target of 30% has been adopted by the Council for negotiating affordable housing.

The Council assumes that the cost of meeting the affordable housing requirement will be reflected in land prices for housing sites. It also expects land prices to take account of all abnormal costs which could have reasonably been foreseen. Such costs include site clearance and demolition, landscaping, archaeological and ecological surveys, drainage, planning requirements and other Section 106 obligations.

Developers should not assume that any subsidy is available to fund the affordable housing that the Council will seek to negotiate. If exceptional circumstances are claimed, the developer must provide a full financial appraisal of the scheme in a form agreed by the Council and allow the appraisal to be verified, at the developer's expense, by an independent agent chosen by the Council.

#### Thresholds

**The Council will seek the provision of affordable housing on all housing sites which meet the thresholds set out in Government guidance except in settlements with a population of 3,000 or less where a threshold of 5 dwellings or more will be applied.**

**The Council will encourage the provision of affordable housing on sites which fall below these thresholds.**

The thresholds for sites which are suitable for accommodating affordable housing are set out in the Borough of Charnwood Local Plan. These are in line with current guidance set out in Circular 6/98 which indicates that policies should be applied to suitable sites of 25 or more units or 1 hectare, irrespective of the number of units.

However, the recent Government statement ('Planning for Mixed Communities - Consultation Paper') on affordable housing indicates that the minimum site size threshold above which affordable housing may be sought is likely to be reduced to developments of 15 dwellings or sites of 0.5 hectares. The Council's threshold will be revised in line with any Government guidance that supersedes Circular 6/98.

In recent times, an average of about 100 new affordable homes have been provided each year in Charnwood. However, the addition of new affordable homes has not kept pace with the loss of existing affordable homes due to Council tenants exercising their 'Right to Buy'.

The adopted Local Plan allocates sites for housing and includes within those policies the number of affordable housing units that the Council will seek to negotiate from that site. If all the allocated sites were developed with their full contribution of affordable units, there would still be a shortfall in the number of affordable homes available in Charnwood. As a result, every opportunity to secure affordable housing on windfall sites will be taken. Therefore, for all planning applications for housing developments above the site size threshold, the Council will seek the provision of an appropriate proportion of affordable housing.

On sites where there is no specific Local Plan allocation, and hence no suggested level of contribution, affordable housing will be sought at a minimum level 30% of the total number of dwellings proposed on the site. This figure is in line with the recommendations of the most recent Housing Needs Survey.

The 30% minimum target for affordable housing will apply to all applications for renewal of permission where the site crosses the current thresholds. Any increase in the number of dwellings on a site should be reflected in a proportionate increase in the amount of affordable housing provision.

Sub-dividing a site or building so that the thresholds are not crossed will not avoid the requirement for affordable housing; thresholds will be applied across the whole development area. If there is a reasonable expectation of adjoining land coming forward for housing development, the Council will take account of the whole area to calculate any requirements, with each phase providing its share. Affordable housing will also be sought where the Council feels that a development site has been specifically designed so that the number of dwellings falls below the threshold.

The Council encourages the provision of affordable housing on sites which fall below the thresholds. In rural areas, Policy H/6 sets out the circumstances for the provision of affordable housing on exceptions sites.

Circular 6/98 indicates that appropriate thresholds should be set in rural areas in settlements where the population is 3,000 or less. Draft 'Planning for Mixed Communities' to replace the Circular indicates lower levels of threshold can be set where there are high levels of need which cannot be met on larger sites alone and/or where the majority of housing supply comes from smaller sites. Investigation of the levels of housing development in such settlements indicates that the majority of provision is made through small sites or from sites of less than 25 dwellings, the current threshold. There is a high level of need for affordable housing in Charnwood and it is unlikely that sites coming forward for housing development in rural settlements will be above the threshold of 25 dwellings. It is, therefore, proposed to reduce the threshold to 5 dwellings or more in settlements where the population is 3,000 or less.

## Tenure

**On sites where affordable housing is sought, the Council's priority is for the provision of social rented housing.**

In setting its tenure priorities for affordable housing, the Council has taken note of the Housing Need Survey. Part of the Survey looked at the incomes of households in housing need and compared them with costs in the housing market. It found, for instance, that 52% of 'concealed' households (intending to move within a year) had an annual income of £15,000 or less. A further 17% had incomes between £15,001 and £23,000. At the same time, in February 2003, the price of a 2 bed 'access' terraced house ranged from £70,000 in Loughborough to £86,950 in the settlements fringing Leicester. Prices have risen sharply since the time of the original Survey and are expected to be significantly higher in the updated Survey.

In these circumstances, the Council's priorities for the tenure of new affordable dwellings is as follows:

### ***Social Rent***

With the present relationship between incomes and property prices, only rented properties, controlled by a Registered Social Landlord, are likely to be affordable for the majority of households in housing need in Charnwood. This is, therefore, the Council's first priority. Although local situations will vary, the Council expects at least 75% of all new affordable housing in the Borough to be for social rented housing.

### ***Shared Ownership***

Shared ownership is an appropriate tenure for households which can afford more than social rent levels but are unable to meet mortgage payments on outright purchase. For this reason, the Council recognises that shared ownership has a role in meeting housing need in the Borough. Shared equity schemes have the potential to play a similar role but, in practice, participants are likely to have difficulty obtaining a mortgage. To be acceptable, therefore, proponents of a shared equity schemes must be able to convince the Council that they have overcome this obstacle.

### ***Other Tenures***

Other forms of affordable housing, such as low cost, discounted and sub market housing, are the Council's lowest priority in current circumstances. The Council believes that they are only helpful to people in housing need if substantial discounts are available initially and a mechanism is provided to transfer these discounts to future sales.

## Housing Mix

**The size and type of dwellings sought from a development will be determined by specific local need and the nature of development.**

The characteristics of the housing market in different parts of Charnwood are such that it is not appropriate to seek a uniform quota for the size and type of affordable housing for each development site. The mix of affordable housing on any given site will be dependant on local housing need. The housing mix will be determined by the Council at the time the proposal is made to reflect priority housing needs and could include affordable homes for single people, family accommodation, as well as provision for older people or to meet other special needs.

The Council will produce a Brief for each site setting out the affordable housing it seeks from that particular location. In preparing this Brief, the Council will have regard to the following sources of evidence of housing need:

- i) The latest Housing Need Survey;
- ii) The latest Housing Market Assessment;
- iii) Council Housing Register;
- iv) Other sources such as the East Midlands Housing Market Study, Census data, Land Registry house price data, CORE returns for Registered Social Landlords and homelessness data.

The nature of the wider housing development should also be taken into account. For example, if a proposal comes forward for one and two bedroom flats, the Council would not insist on the provision of houses. The Council will take a sensible approach which balances local housing need with the need to achieve a sustainable housing development that integrates the affordable housing with market housing.

#### Design and Layout

**To ensure a high standard of design and to create balanced communities, the Council will expect affordable housing to:**

- i) Be well related to, and indistinguishable from, the market housing on site;**
- ii) Be distributed across a number of different areas around the site;**
- iii) Be built to the Housing Corporation's 'Scheme Development Standards'; and**
- iv) Reflects the design briefs of Registered Social Landlords, Council Supplementary Planning Documents on design and BRE 'Ecohomes' standards.**

As with all housing developments, the Council expects a high standard of design for affordable housing. The affordable housing should be well related to, and indistinguishable from, the market housing.

The distribution of affordable housing across new housing developments is essential to help to create sustainable communities. On larger sites, it is preferable to have small groups of affordable dwellings in a number of different areas around the site. In order to achieve an agreed distribution, developers will be expected to provide details of the location of the affordable housing within the development as part of the planning application.

All affordable housing units need to be built to the Housing Corporation's 'Scheme Development Standards' (SDS), unless site constraints make this impossible. The Council and/ or Registered Social Landlords must agree to any deviation from SDS. Many Registered Social Landlords also have their own 'Design Briefs', which will have to be adhered to. The Council has also published 'Leading in Design Supplementary Planning Document' to encourage, promote and inspire higher design standards in Charnwood.

Modern methods of construction, which embrace the Government's agenda from Rethinking Construction, should be considered in all housing provision. All affordable housing and, where possible, private housing should be sustainable. Affordable homes should achieve the Building Research Establishment's (BRE) Eco-homes 'pass' standard as a minimum, for sustainable residential development.

### Management and Long-term Affordability

**The Council will ensure that affordable housing provision remains affordable and is occupied by local people in housing need in perpetuity by the involvement of an approved Registered Social Landlord in the ownership and management of affordable housing.**

The easiest way to ensure that affordable housing remains affordable and is occupied by local people in housing need in perpetuity is for it to be owned and managed by a Registered Social Landlord. The Council notes the benefits of this approach described in Circular 6/98. It values the regulatory role of the Housing Corporation in ensuring open and fair access to affordable properties, high standards of service and control over disposals. Other development partners may be considered but only where the Council is satisfied that the assurances provided by the Housing Corporation in the case of Registered Social Landlords will be replicated for the alternative development partners. Affordable homes must meet housing need in perpetuity. The Council will wish to approve all development partners providing affordable housing.

Developers are strongly advised to use the Registered Social Landlord which the Council will nominate in conjunction with its Preferred Partner Development Group. The nominated Registered Social Landlord brings a number of advantages:

- the Council is already satisfied with its policies and performance and no further enquiries are necessary,
- a close working relationship already exists between the Registered Social Landlord and the Council,
- the Registered Social Landlord is familiar with the Council's requirements in terms of both provision and administrative and legal procedures,
- nomination rights are agreed, and
- there is the possibility of Council support for grant applications.

Developers are encouraged to involve the nominated Registered Social Landlord at the earliest opportunity and to use its experience of developing affordable housing in Charnwood.

### **Delivery of Affordable Housing**

#### Use of Section 106 Agreements

**The Council will use a Section 106 Agreement to secure affordable housing on qualifying residential sites.**

Circular 6/98 allows the use of both conditions and planning obligations to secure affordable housing. Although conditions could legitimately be used, the Council's preference is to use planning obligations. The requirements for affordable housing are usually too complicated to be incorporated into a condition.

Therefore the Council will tend to use Section 106 Agreements to secure affordable housing on qualifying residential sites. To make the process as quick and consistent as possible, the Council will be producing standard Heads of Terms and standard clauses for use when drafting all such agreements relating to the provision of affordable housing. The clauses will

include a requirement to provide the affordable dwellings at least as quickly as the remainder of the development.

The standards will give developers a clear idea in advance of what the Council will be seeking and how it will be secured. Use of the standards will also allow agreements to be drafted swiftly.

#### On-site provision

**In order to create mixed and balanced communities, affordable housing should be provided on site.**

Government guidance promotes the provision of affordable housing on-site wherever possible. Circular 6/98 states that where affordable housing is not provided as part of the proposed development, planning permission can be justifiably refused. The Council's priority for affordable housing is to have the units provided on-site, in order to create mixed and balanced communities. Only in exceptional circumstances will the Council accept off-site provision or, as a last resort, a financial contribution.

#### Off-site provision

In exceptional circumstances, affordable housing may be provided off-site but only if the Council and the developer agree. The Council will need to be persuaded that the off-site provision would meet housing need at least to the same extent as the on-site provision would have done. In addition, the Council will have to be convinced that the off-site provision will bring benefits in the form of more or better affordable housing.

#### Financial contributions

Financial contributions will be targeted firstly within three kilometres of the application site. Only in exceptional circumstances will they be spent elsewhere in the Borough, depending upon priority housing needs. If a financial contribution is accepted, the level should be large enough to ensure that the same number and type of affordable dwellings can be secured on an alternative site in the same locality. The developer will have to prove to the Council that the financial contribution can provide extra benefits over and above those which would have been provided on-site. As the main barrier to providing affordable housing is the availability of land, proposals will have to be exceptionally attractive. They may have to include an additional amount to cover the Council's costs in finding alternative sites or units on which to spend the financial contribution.

Financial contributions will be targeted firstly within the local area of the application site, but may be spent anywhere within the Borough, depending on priority housing needs. Contributions may also be pooled with other sums from developments across the Borough in order to make the best use of available resources. Funding may be used to purchase land or buildings or to subsidise Registered Social Landlord development.

#### **Monitoring**

A single monitoring system will be developed for the various component documents of the Charnwood Development Framework. This will be reported through an Annual Monitoring Report.

The following indicators could be used to monitor the effectiveness of the Affordable Housing SPD:

- Average percentage of affordable housing negotiated on housing developments
- Affordable housing completions
- Average house price to incomes ratio
- Affordable housing stock

### **Contacts**

Planning Policy, Planning Services	01509 634769
Development Control North, Planning Services	01509 634738
Development Control South, Planning Services	01509 634731
Development & Enabling Officer, Housing Services	01509 634531

## **Appendix I - Local Plan Policies on Affordable Housing**

### **POLICY H/4 - General Guidance on Provision for Affordable Housing**

The Council will institute, and keep under review assessments of needs for affordable housing and other specialist housing needs. The Borough Council will seek to negotiate the provision of affordable housing to meet the targets specified on the following allocated sites which are considered suitable for affordable housing and are located in areas where an affordable housing needs has been identified:

H/2(a)	Land North of Bradgate Road, Anstey	approximately 15 dwellings
H/2(b)	Land between Cotes Road and Willow Way, Barrow upon Soar	approximately 55 dwellings
H/1(a)	Land off Nottingham Road, Barrow upon Soar	approximately 5 dwellings
H/2(c)	Land at Brook Street, Burton on the Wolds	approximately 10 dwellings
H/1(b)	Empress Road, Loughborough	approximately 5 dwellings
H/2(d)	Land at Peartree Lane, Loughborough	approximately 15 dwellings
H/1(c)	Former Factory, Churchside/Forest Street, Shepshed	approximately 5 dwellings
H/2(f)	Land at Little Haw Farm, Shepshed	approximately 8 dwellings
H/2(g)	Land east of 19 Barkby Lane, Syston	approximately 12 dwellings
H/2(h)	Land Barkby Road, Syston	approximately 55 dwellings
H/2(i)	Land at Wysall Lane, Wymeswold	approximately 15 dwellings

### **POLICY H/5 - Affordable Housing on Unallocated Sites**

For housing developments not allocated in the Plan which come forward in areas of identified need, the Borough Council will seek to negotiate an element of affordable housing provided:

- i) the site is close to a range of local services and facilities and easily accessible by public transport, and;
- ii) the provision of affordable housing would not prejudice the achievement of other key planning objectives identified in relation to the development of the site and;
- iii) the development incorporates a range and mix of housing types.

### **POLICY H/6 - Affordable Housing in the Rural Areas**

In those areas where market housing sites would not be suitable or are not able to provide affordable housing to meet local needs planning permission will be granted on an exceptions basis for small-scale schemes providing for affordable housing.

This exceptions policy will apply to sites where housing would be contrary to normally applicable policies and when all the following criteria are met:

- i) a local need within approximately 3km of the site for a specific scale, type, tenure and price range of affordable housing has been identified by the Borough Council, or through an appropriate local survey, the format of which has been agreed by the Borough Council;
- ii) the proposed scheme is shown to be economically viable on the basis of building the affordable housing without any enabling development;
- iii) the scale, location, details of development are compatible with the form, function and character of the settlement and the local environment;
- iv) the affordable housing could not be provided on allocated sites, or through infill, redevelopment or conversion within established limits to development located within approximately 3km of the site;

- v) the benefits of the affordable housing are guaranteed for the local community in the long term preferably by the involvement of a registered housing association or local trust to manage the housing and the signing of a secure agreement between the Borough Council and relevant parties.

## **Appendix 2 - Housing Needs Survey 2003 – Summary Report**

This report contains a summary of the results from an assessment of housing needs conducted by consultants, DCA, on behalf of Charnwood Borough Council.

The purpose of the study was to examine the housing requirements (needs, aspirations and demands) for the communities and households of the Borough.

The overall aims of the project were to:-

- Determine the levels of housing supply and demand in the Borough;
- Support the annual HIP bid and development of the Housing Strategy;
- Provide robust information at a local level in accordance with PPG3, to guide the location of new provision and support Local Plan Policies.

In this summary you will find the main findings from a study undertaken through:-

- A postal questionnaire to 6,750 households in sixteen sub-areas;
- 300 household face-to-face interviews;
- A housing market survey utilising the Land Registry and Halifax House Price databases and a telephone survey of estate agents on the supply and cost of private rented housing;
- Secondary data analysis drawing upon HIP and Housing Register data on the flow of social stock and need, 2001 Census, household and population projections and other national research.

### **KEY FINDINGS OF THE SURVEY**

- Communities in Charnwood are generally very settled, 52% of all households having lived at their current home for over 10 years; 90% live in housing adequate for their needs,
- Affordability is an issue for many new households due to the house price / income relationship;
- The population is ageing and almost half of those with a special need have a mobility problem;
- There is a requirement to develop a more balanced housing stock with a need for more flats and terraced houses in both the private and affordable sectors.
- Annually 1,409 affordable housing units are needed, which significantly exceeds supply from relets of existing stock and expected new supply.

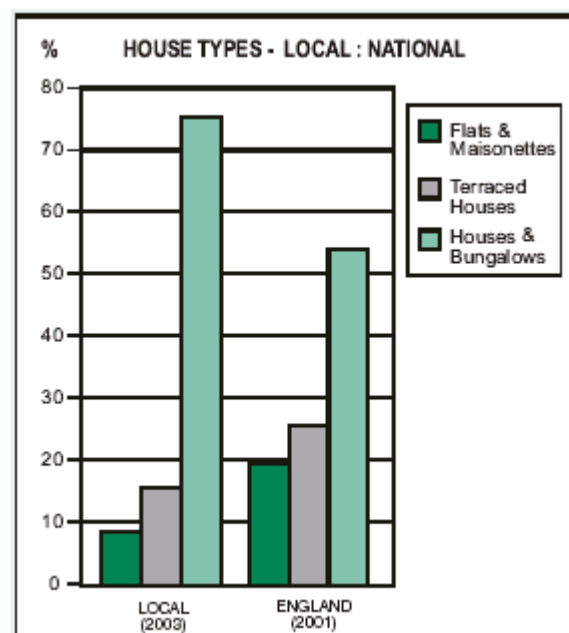
This assessment provides key information to assist the Council in preparing its Housing Strategy Statement and to incorporate housing needs into Development Plans. This will support bids for Central Government funding for housing and help to negotiate "affordable housing" on private development sites.

### **THE HOUSING STOCK**

The chart shows the characteristics of the Borough stock in 2003, compared to the national average level at the 2001 Census in each category.

Locally, the proportion of houses and bungalows (75.3%) is well above the national average of 54.1%.

The supply of terraced properties is 15.7%, below the national average of 25.4%, and flats / maisonettes at 8.5% are below the national average of 19.7%.



## THE BOROUGH POPULATION - FUTURE PROJECTIONS

An important feature in measuring housing needs is to forecast what is likely to happen over the next decade or so in order that provision for new housing can be planned. Population change in an area results from a number of factors - numbers of births and deaths, how the population is ageing, and the migration of people into and out of the area. The number of households rises and falls over time in response to these and is also affected by changes in the pattern of marriages and divorces and the general economic climate.

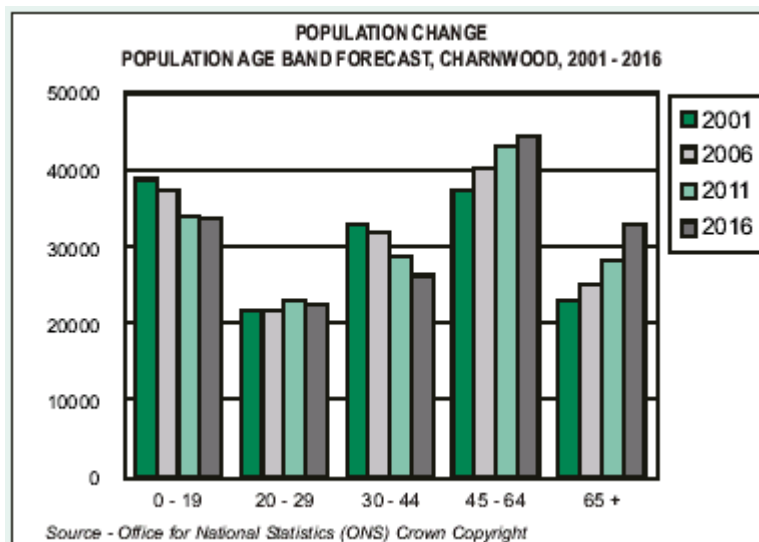
### What about the future?

The population data provided by Leicestershire County Council are the Long-Term Population Projections and incorporate the most recent ODPM household formation rates (expressed as age, sex, marital status specific household representative rates), and the adopted County Structure Plan dwellings proposals, phased broadly over the plan period but taking account of relevant local factors.

The 2001 Census population figures recently published show a total population of 153,500, 100 lower than the projected figure of 153,600. The population and housing model will be updated to take account of the 2001 Census figures in due course. Although the total figures are higher than the forecasts we would not expect the trends in age groups to differ.

The 2001 based projections indicate that the population will increase significantly by approximately 6,200 people, 4.0% over the 15 years to 2016, rising at an average annual rate of approximately 0.3%.

- The 0-19 population shows a decrease in numbers overall. Although a decrease is seen throughout the forecast period, the largest is seen between 2006 and 2011 (3,200; 8.6%).
- Numbers in the 20-29 age group are projected to increase overall (800; 3.7%). As this age range comprises new households forming this will have implications for future affordable housing need both in the short and longer term.
- The 30-44 age group, the main economically active group, decreases in numbers, with 6,700 less individuals. The largest decrease is seen between 2006 and 2011 (3,000; 21.8%).
- The 45-64 age group shows an overall rise in numbers. Over the forecast period there is an increase of 7,200 people; 19.3%. The main increase occurring between 2001 and 2006 (3,100; 8.3%).
- The most significant feature here is the growth of the population in the over 65 age group, 10,000 individuals over the forecast period. The largest increase is projected to occur between 2011 and 2016 (4,700; 16.6%).
- The "older" retirement group, those 80 and over grows by 46%, 2,700 more people by 2016. This group represents 8,600 people in the area by 2016 who are much more likely to have care and support needs which should now be assessed in detail.



## THE HOUSING MARKET

The housing market is the context against which all the housing needs of the area are set. In particular, house price information is the basis on which the "affordability" of housing is measured for low-income households. In essence, we are seeking to establish who cannot afford to be in the market. This data is then related to the problems faced by the "concealed households" in the area, i.e. households living with friends and relatives unable to gain access to the housing market.

### National and Regional Context

UK house price inflation for the year ending 31st December 2002 was recorded by the Halifax at 26.4%. House price inflation in the fourth quarter of 2002 accelerated in most regions with an overall increase of 7.4%, above the 6.4% gain in the third quarter of 2002.

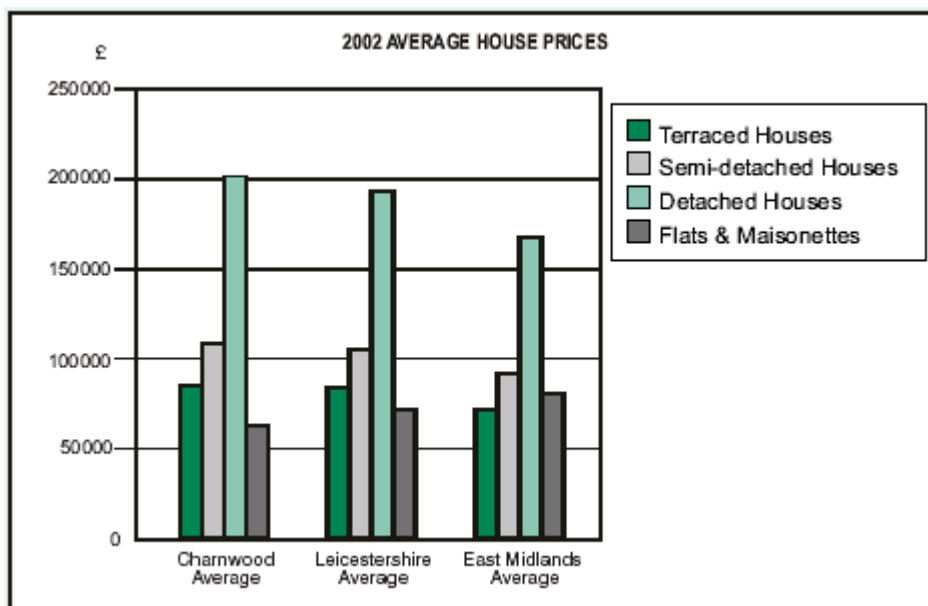
House prices in the East Midlands Region continue to rise, showing an increase of 8.0% during the fourth quarter of 2002 and the annual rate of house price inflation in the Halifax Index in the East Midlands Region at 31st December 2002 was 42.0%.

### The Borough Housing Market

The evaluation of the Charnwood housing market is based on specially prepared information taken directly from the Land Registry Database for the year up to 31<sup>st</sup> December 2002 and an analysis of local estate agency sales of access level (the cheapest) properties. The average price for all dwellings in Charnwood was, at December 2002, £126, 577.

Incomes of £15,000 are needed to buy a one bedroom flat and £22,000 for a two bedroom terrace in Loughborough, the cheapest location. However, in other areas incomes of at least £17,500 are needed to buy a flat and £24,000 a terraced house. The largest volume of sales in Charnwood were for semi-detached houses (41.3%) selling at an average price of £108,725. Terraced houses average £86,462 and are 28.1% of sales. Detached houses average £201,340 and are 27.5% of sales. Flats / maisonettes only account for 3.1% of sales with an average price of £63,039. Due to the low volume of flat sales in the Borough we assess terraced houses to be the main access property for first time buyers.

The average semi-detached dwelling sold for £108,725, 3.2% higher than the Leicestershire average of £105,371. The graph shows semi-detached house prices in the Borough are higher than the average for both Leicestershire and the average for East Midlands region, reflecting the level of prices for all property types in the Borough with the exception of flats / maisonettes.



## KEY FINDINGS FROM THE HOUSEHOLD SURVEY

The fieldwork of the study took place in February 2003 and provides a detailed picture of the current and future housing needs and preferences in the Borough. Postal questionnaires were sent to 10,425 resident households in the Borough (17%). 3,428 responses were achieved (32.9%), providing statistical confidence at 95%  $\pm$  1.31%. 6.2% of all households in the Borough participated in the survey.

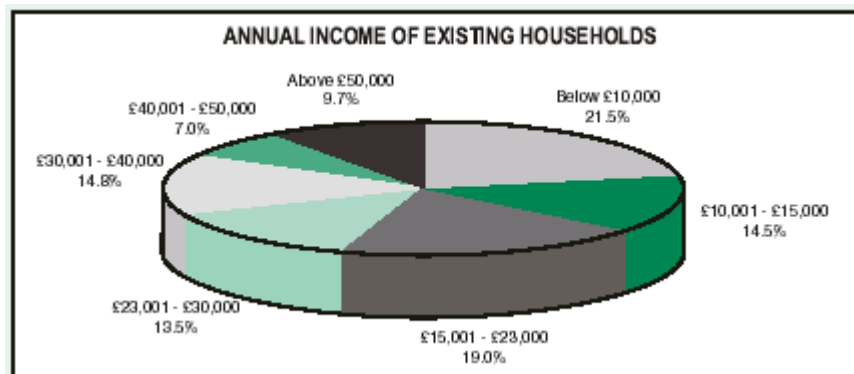
The "implied" numbers are our assessment of the total numbers after applying a weighting factor at sub-area level, linking the total population of the ward to responses received. Below we present in summary form some of the key findings from the survey with particular emphasis on the needs of concealed households.

### Adequacy of the Existing Stock

- The vast majority of households have access to all the basic amenities, including 94% with full or partial central heating, higher than the national average of 88%. The perception of most residents is that their homes are well maintained and not in need of improvement.
- Some 90% of households say that their accommodation is adequate for their needs. 10% (5,932 implied) say that it is inadequate. The largest single issues for those reporting an inadequacy which could be resolved in-situ were that the dwelling needed improvement / repairs, 75%. Of those requiring a move 72% (2,765 implied) indicated that the dwelling was too small.
- Based on a calculation of occupants to bedroom numbers, under-occupation affects approximately 14% of all households and over-occupation affects almost 2%.

### Costs of Present Housing and Household Income

- 60% of households renting pay less than £60 per week and 70% or so less than £70. Of owner-occupiers, 49% of respondents paid no mortgage (outright owners) with a further 24% paying less than £300 per month. 7% of owner-occupier households pay in excess of £600 per month.
- 22% of households have incomes below £10,000, which is well below that for the UK as a whole (28%). Some 32% of households in the Borough have incomes above £30,000.



- 25% or so of households were in receipt of financial support (14,776 implied), of whom 37% (5,440 implied) were in receipt of Housing Benefit.

### Moving Households

- 8,889 existing households are currently seeking to move or will do so in the next five years. 5,675 existing households and 2,964 new households will be moving within the Borough.
- A further 5% (2,985 implied) wish to move but cannot, 72% giving lack of affordability (to move and purchase) as their main reason; 17% referring to lack of affordable rented housing.
- 5,201 existing and new forming households anticipate moving away from the Borough. In the case of existing households moving, choices were concentrated fairly evenly over four categories - employment (38%), to be nearer family / carer (29%), better shops / leisure (27%) and better access to work (24%).

**Supported and Adapted Housing**

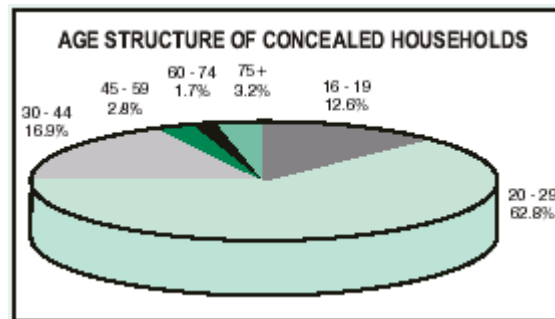
- 18% of households in the Borough contain somebody with a disability, 10,836 households implied, a much higher level than the national average level of 15%. In around 81% of cases only one household member was involved, in 19% two members were involved. Around 66% of all disabled household members were over the age of 60; 16% under 45.
- The largest group (4,977) affected by a named disability were those with mobility problems representing 47% of those with a disability.
- 11% of these households contained someone who was a wheelchair user, suggesting around 1,062 in the Borough as a whole. 68% of wheelchair users live in a property without suitable adaptation.
- Of household members with a disability, some 47% (5,992) felt that they needed care / support. Of those, 72% were receiving sufficient care / support leaving around 28% with outstanding support needs (1,703 implied).
- 9% of all dwellings (5,679 implied) have been adapted to meet the needs of a disabled person. In terms of the nature of adaptations, 53% have handrails / grabrails, 43% have bathroom adaptations and 38% also have a ground floor toilet.

**CONCEALED HOUSEHOLDS**

Concealed households are people who could not afford to be in the housing market and are living within another household. We found that around 4.9% of households contained one or more households seeking independent accommodation giving a total of 2,964 cases over the next five years to 2008. Nearly 81% are the adult 'children' of existing Charnwood residents.

In the concealed households group:-

- 63% of the people in these new households are between 20 and 29 years of age and some 24.6% are over 30.



- 13% (382 implied) were either a couple or single households with children or have a child due.
- 748 (27%) of households are being formed with a partner living in a separate household elsewhere in Charnwood Borough.
- Around 10% of all new / concealed households (581 implied) were registered on a housing waiting list, 18% being on the Charnwood Borough Council List and 13% were registered with a Housing Association. 34% (293 implied) of new households moving within one year were so registered.

Their needs and preferences for specific house types were:-

Type	Need %	Preference%
Flat	30.4	10.1
Terraced	25.5	19.6
Semi detached	33.4	50.6

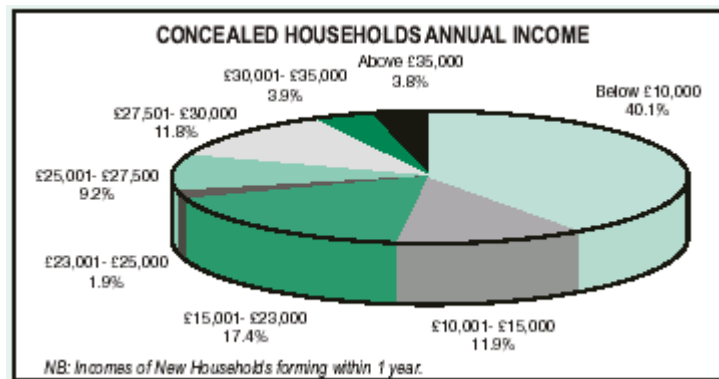
Size	Need %	Preference%
One bed	26.7	6.5
Two bed	54.8	51.6
Three bed	16.6	37.4

- Important differences exist between the levels of preference expressed for property types and their stock supply levels, especially the higher preference for flats, and terraces, than are present in the existing stock.
- 80% (2,365 implied) of the concealed households want to owner occupy. 9% (279 implied) council rental; 6% HA rental (175 implied), 4% (124 implied) were interested in Private rent and less than 1% (27 implied) expressed interest in shared ownership and.

### Concealed Household's Housing Costs and Incomes

Key factors relating to immediately forming households' ability to meet housing costs are that:-

- 90% could afford a weekly rent of no more than £70;
- 82% could not afford a mortgage of more than £400 per month;
- 52% have household incomes below £15,000 per annum, 17% earn between £15,000 - £23,000 and a further 23% between £23,001 and £30,000.



### Affordability and Access to Market Housing

- The data indicates strongly that there is an affordability problem arising from the relationship between local incomes and supply of stock with below average prices.
- The average access price of terraced houses, according to the Land Registry House Price Study, was about £86,462 although access prices are varied at £70,000 in Loughborough, rising to £86,950 in the Leicester Fringe.
- Based on a 95% mortgage availability, and a 3-times gross income lending ratio, it is estimated that a new purchaser would need an annual income of £22,000 per annum to buy a terrace in Loughborough, and an income of at least £24,000 in Shepshed. There will be a limited number of cheaper terraces but these are dependent upon availability, condition and location.
- The survey findings indicate that income levels of around 60% of the concealed households are below the level necessary to be able to access the local market.

### CONCLUSIONS

Borough house prices are higher than the average in both Leicestershire and the East Midlands. Although a considerable spread of incomes is evident, a number of people live on relatively low incomes. Consequently, the two most important issues are the problem of affordability and the level of "concealed" households living within an existing household, the vast majority of whom are not recorded on a register of housing need.

The house price and income study shows that 60% of these "concealed" households are not able to afford even the cheapest available housing in the Borough.

Most concealed household demand is for the smaller and affordable type of housing, particularly flats and terraced houses, to meet the needs of new forming households. There is a shortfall of flats in the

existing stock which should be addressed to ensure there is a mix of house types and sizes available in line with the principles in PPG3 Housing, the Government Guidance issued in March 2000.

The assessment of annual affordable housing need and supply reveals the following position:-

Total annual need	1,409
Total Supply from re-lets	749
Net annual outstanding need	660

The total affordable housing need annually is for 1,409 units. Re-lets of the existing social stock average 749 units and is the major means of addressing the scale of need identified. Even after allowing for this level of supply, there will still be an annual affordable housing shortfall of 660 units which projected over the year period to 2011 is a total of 5,280 units.

This level of need significantly exceeds the number of units likely to be delivered from acquisitions, new delivery or conversions, resulting in growing levels of unmet need each year. To address this scale of need a target of up to 30% of new units should be negotiated as subsidised affordable housing on all suitable sites.

A significant finding from the study is the projected 46% increase in the over 80 year old population between 2001 and 2016. In view of the relationship between increasing age and dependency, consideration will need to be given to the related housing and care needs of this particular sector if the needs of this group of people are to be effectively addressed.

In total the data suggests a combined requirement for 1,688 units of sheltered accommodation from older people currently living in the Borough (312 households) and those who may in-migrate to be beside their family (1,376 households). 907 are in the affordable sector and 781 in the private sector.

- To address the requirements of disabled people there is a need to:-
- Continue to promote disabled adaptations in order to improve the ratio of suitably adapted properties for disabled people;
- Create a register of adapted property and disabled people needing adapted accommodation in order to facilitate better matching.

September 2003