

Appendix 1
Interim Affordable Housing Position Statement
January 2007

1. Background

- 1.1 In 2004, Rossendale Borough Council commissioned David Cumberland Housing Regeneration Ltd to undertake a comprehensive Housing Market Needs Assessment for Rossendale Borough Council. A survey of all 28,068 occupied properties within the Borough was carried out, and a total of 6,906 questionnaires were returned representing a 24.6% response rate.

- 1.2 Having regard to the empirical data contained in the up to date Housing Market Needs Assessment published in May 2005, the policy context provided by Planning Policy Statement 3, the supporting text to Joint Lancashire Structure Plan Policy 12 and the Planning Obligations Statement prepared by LCC which provided the basis for the Planning Obligations paper adopted by Cabinet at its meeting of the 13 December 2006 (Minute No 13), there is a pressing need to address the issue of affordable housing provision in Rossendale. This is particularly so, as there is no affordable housing policy in the Adopted Local Plan, as it was not an issue at the time the plan was adopted. Additionally, this Interim Affordable Position Statement has been informed by consultation on the Core Strategy - Revised Preferred Options, and consultation on this Interim Affordable Housing Position Statement will in turn inform policy in the submission version of the Core Strategy.

2. Justification

- 2.1 With reference to the specific proportion of affordable housing requirement set out in this Interim Position Statement, the Housing Market Needs Assessment by David Cumberland HR Ltd identified the level of affordable housing need to be 354 units for the period 2005 to 2010. This equates to an annual Affordable Housing need of 70 dwellings.
- 2.2 However, the guidance in PPS3 indicates the national minimum site size threshold upon which affordable housing can be required is 15 or more units. Additionally, government guidance in PPS12 which has been emphasised by the Government Office for the North West indicates the overall annual housing target for the Borough should be taken from the most up to date adopted document which in this case is the Joint Lancashire Structure Plan (2001-2016), until the emerging Regional Spatial Strategy housing targets have been adopted. Taking into account this position, the current Joint Lancashire Structure Plan target for Rossendale is for only 80 dwellings per annum.
- 2.3 Having regard to paragraphs 2.1 and 2.2 above and past trend data on completions, only approximately 75% of residential units can be expected to come forward on sites of 15 or above and, consequently, it would be necessary to require more than 100% of residential units to be affordable to meet the target of 70 per annum. This is an untenable position for the Council if identified affordable housing need is to be met. Added to this, current consents in the Borough point to an over supply of housing in the Borough compared to JLSP targets.
- 2.4 Given this apparently conflicting position, the Borough Council considers a compromise is required in order to set a realistic approach to securing affordable housing whilst having regard to oversupply.
- 2.5 The build rate over the period 2001-2006 was approximately 200 dwellings per annum. Based on this historic build rate, approximately 45% of residential development being completed on sites of 15 dwellings or more would need to be affordable to deliver the 70 units per annum as identified in the Housing Market Needs Assessment. It is this knowledge which has been used to set the affordable housing requirement on sites of 15 units or more in the Interim Affordable Housing Position Statement. It is intended that the approach of using the historic build rate will continue until such time as the Regional Spatial Strategy sets the housing requirement target rather than the Structure Plan.

Interim Affordable Housing Position Statement

In determining applications for residential development of 15 units or more, the Council will seek to negotiate on site a minimum of 45 % of the units to be affordable housing where justified by the Housing Market Needs Assessment.

Exceptions to this policy will only be considered where clear evidence can be shown to demonstrate that the required level of affordable housing provision would not be viable due to strategic or significant wider regeneration and commercial benefits.

A minimum of 10% of the affordable provision will be of intermediate tenure unless the Housing Market Needs Assessment indicates a higher requirement.

3. Application

- 3.1 The Housing Market Needs Assessment has identified a Borough wide target of 10% to 20% of affordable housing provision should be of intermediate tenure. Accordingly, where affordable housing provision is required, a minimum of 10% will be required to be of intermediate tenure unless the HMNA indicates a higher requirement for the relevant specific area.
- 3.2 The Borough Council expects affordable housing to be provided on site in accordance with government guidance as set out in PPS3. However, the Council recognises in exceptional circumstances, for example in relation to the findings of the Housing Market Needs Assessment, a financial contribution in lieu of on site provision may be more appropriate.
- 3.3 The formula for off-site contributions on affordable housing is consistent with the Planning Obligations Paper approved by cabinet on 13th December 2006 and is as follows:

Equivalent open market dwelling price (£) **less** affordable level (£) (a) =
Affordable Housing contribution per property (£)

(Please note the above terms used in the formula are defined in the Glossary at the back of this appendix)

- 3.4 Most of the affordable housing requirement within Rossendale falls within the six wards of Cribden, Eden, Goodshaw, Greenfield, Helmshore and Longholme which are predominantly to the north, west and south of Rawtenstall. However, most of these areas of highest need for affordable housing provision are relatively rural and will not be appropriate locations for development having regard to the Revised Interim Housing Position Statement. As a result, the Borough Council will not meet its target for affordable provision from development in these locations, having regard to the need to control oversupply, regeneration priorities and the principles of sustainable development. Affordable housing provision will therefore be negotiated on all sites of 15 or more units that are in the regeneration priority areas as defined in the Revised Interim Housing Position Statement that are closest to the areas of affordable housing need as identified by the Housing Market Needs Assessment.

Glossary

Affordable Housing:

The Housing Market Needs Assessment defines affordable as a household whose housing costs are no more than 30% of its Net Equivalent Income (NEI) and their NEI is less than two-thirds of the average income for Rossendale.

The above local definition fits within the requirements as set out in the definition of affordable housing as set out in PPS3 which includes social rented and intermediate housing.

N.B – In PPS3, the government indicates it does not consider low cost market housing to be affordable housing.

Intermediate Housing:

Housing at prices or rents above those of social-rent but below market prices or rents. This can include shared equity products and intermediate rent (i.e. rents above social-rented level but below market rents).

Social Rented Housing:

'Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the National Rent Regime. It may also include rental housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant'.

Equivalent open-market dwelling price (£):

A price negotiated between the developer and the local authority, based on the developer's projected selling price or land registry data.

Affordable level (£):

A price less than or equal to the following.

For a single-income buyer – their relevant average earnings multiplied by three.

For joint buyers with two incomes – one and a half times the average relevant earnings of one buyer, multiplied by three.

Average Relevant Earnings are identified for the site through the council's housing market needs assessment or the average earnings figure for the area identified in the New Earnings Survey.