

Affordable Housing Statement

Land off Sheffield Road, Chapel-en-le-Frith

5th March 2012

pioneer
housing & development consultants

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1.0 INTRODUCTION

1.1 This Statement considers the provision of affordable housing upon the proposed mixed use development on land off Sheffield Road, in Chapel-en-le-Frith ("the application site") which is situated within the administrative area of High Peak Borough Council ("the Council"). This Statement accompanies an application for outline planning permission for the residential development of the application site, which is designated within the Local Plan as Primary Employment Land.[1] The application site currently comprises of previously developed land and buildings.

1.2 The planning application proposes that 53 dwellings will be provided on the application site, and that 30% of these dwellings will be delivered as affordable housing without recourse to public subsidy.

1.3 It is proposed that 60% of the affordable dwellings will be provided for Affordable Rent and 40% for Intermediate Sale, and that 50% of the affordable homes will be provided as 2 bedroom accommodation, and 50% will be provided as 3 bedroom houses.

1.4 The following section of this Statement will consider the overarching national planning guidance framework in respect of affordable housing, and, within the context of this framework, the Development Plan policy position.

1.5 Section three of this Statement reviews the Council's relevant evidence of housing need, and considers how this should be interpreted and applied when considering affordable housing proposals, and how the proportion of affordable housing proposed by the applicant will assist with addressing the areas affordable housing needs.

1.6 Section four of this Statement sets out the proposed methodology of provision, and Section 5 concludes that the applicant's affordable housing proposals accord with national and regional guidance, align with settled local policy, and reflect the available evidence of affordable housing need in the area. Section 5 further concludes that the application proposals will be of significant benefit in assisting with addressing affordable housing need across the Borough, and within the Chapel-en-le-Frith / High Peak Central sub-area.

[1] paragraphs 7.10 to 7.11, High Peak Saved Local Plan Policies

2.0 POLICY CONTEXT

2.1 Emerging National Position

2.1.1 On the 28th of October 2010 the Government published the Whitepaper entitled 'Local growth: realising every place's potential' ("Whitepaper"). The whitepaper introduced Government aims to 'fundamentally reform' / streamline national policy, and introduce a 'simple national planning framework'.

2.1.2 A period of public consultation seeking feedback upon the shape that the revised National Planning Policy Framework ("NPPF") should take came to an end on the 28th of February 2011. The National Planning Policy Framework Practitioners Advisory Group were invited by the Rt Hon Greg Clark MP (Minister of State for Decentralisation) to submit their 'independent recommendations on what the National Planning Policy Framework should contain'. In May 2011 the 'National Planning Policy Framework A proposed draft from the Practitioners Advisory Group' ("NPPF Recommendation") was published setting out the Advisory Group's recommendations. On 25th July 2011 the Government published their draft NPPF for consultation. This document was open for consultation until 17th October 2011. It is anticipated that a final NPPF will be published before the end of March 2012, and which will become a material consideration for all planning applications with immediate effect.

2.1.3 In November 2010 the Government confirmed a commitment to increasing housing supply, and published a consultation paper on the proposed 'New Homes Bonus' ("NHB") scheme.[2] A recent Home Builders Federation publication[3] has identified that increased housing delivery within High Peak based on annual household projections could provide additional financial benefits to the Council and local communities of up to £3,599,112 over a six year period. However, the High Peak local authority area has been allocated nil NHB for year one of the NHB scheme.[4]

2.1.4 The Government intends to empower local communities to develop 'neighbourhood plans'[5] and local authorities will be expected to provide 'local development plans'. Where a 'neighbourhood plan' has not been prepared the local plan will guide development in that

[2] 12 November 2010, paragraph 3.2
[3] 2nd March 2011
[4] The new homes bonus scheme grant determination 2011-12, published April 2011
[5] Whitepaper, page 24

area. Local development plans will be required to 'have regard to national policy' and to 'provide the basis for local planning decisions and planning by local communities'.[6] These matters have been formalised following the laying of the Localism Bill before Parliament in December 2010 – the Bill is now progressing though Parliament and is anticipated to receive Royal Assent late in 2011.

2.1.5 On the 22nd November 2010 the Department for Communities and Local Government published for consultation **"Local Decisions: A Fairer Future for Social Housing"** ("LD") – this sets out the Government's proposals for the reform of social housing and social housing policy. The consultation has now taken place and the Government has published their response to comments received.[7]

2.1.6 A key aspect of the LD is the introduction of the 'Affordable Rent' ("AR") tenure to be offered by Housing Associations to households unable to afford market housing.[8] AR rents can be set at up to a maximum of 80% of local market rents for a fixed term of 'at least 2 years', and are eligible for Housing Benefit (depending upon the occupants entitlement). This is proposed alongside an intention to enable both local authorities and Private Registered Providers (i.e. all social providers) the opportunity to offer fixed term tenancies. The Government is in the process of introducing legislation to enable local authorities to offer to 'some or all new tenants' a 'flexible tenancy' ("FT")[9] (with a minimum 2 year fixed term).

2.1.7 Affordable Rent is being promoted as the 'default' tenure by both the HCA and the Government. The HCA 'Affordable Homes Programme Framework' confirms that for the 2011-2015 programme only a very limited grant funding pot will be made available, of which just 1.8 '£bn' will be available for Affordable Rent and Intermediate Sale products (the remainder of the 4.49 £bn will be split between existing 2008-11 Programme commitments, mortgage rescue, empty homes, homelessness and Traveller pitch initiatives).[10] It is intended that the 1.8 £bn will be distributed to assist with the provision of 56,000 affordable homes.[11]

[6] whitepaper, page 25
[7] Local decisions: next steps towards a fairer future for social housing - Summary of responses to consultation, February 2011
[8] paragraph 2.4 – 2.8
[9] paragraph 2.9 – 2.13
[10] page 60
[11] page 60

2.1.8 The Framework makes it clear that only in exceptional circumstances will grant funding be made available on s106 developments (and such schemes will be subject to open book scrutiny[12]), and that the primarily focus of grant funding is upon the Affordable Rent product. The Framework also mandates Registered Providers to include an element of Affordable Rent dwellings in their programme if they are to enter into a Contract with the HCA.

2.1.9 The Framework indicates that where existing affordable dwellings are converted into Affordable Rent the Registered Provider must use the increased rent revenue to provide additional affordable housing (i.e. if a Social Rented / Intermediate mix is proposed initially on a s106 scheme, and is later converted into Affordable Rent the Registered Provider will retain the entirety of any uplift).

2.1.10 Where Affordable Rent dwellings are provided at the outset on s106 schemes it may enable the increased rental stream revenue to assist with the price that Registered Providers can pay for the affordable dwellings.[13] Affordable Rent dwellings could be provided at up to 80% of local market rents and on fixed tenancy periods of not less than two years. However, only Registered Providers who have entered into a contract with the Homes and Communities Agency will be able to provide Affordable Rent dwellings.[14]

2.2 National Guidance

2.2.1 Planning Policy Statement 3 'Housing' ("PPS3") was initially published in November 2006, but has been subject to amendment in respect of paragraph 47 (i.e. the deletion of the national indicative dwelling density) and Annex B (i.e. the exclusion of private residential gardens from the definition of previously developed land, and alterations to the Affordable Housing definition to incorporate Affordable Rent), and was re-published in June 2010 and again in June 2011. The June 2011 PPS3 represents the current position.

2.2.2 PPS3 states that Local Development Framework ("LDF") targets for the overall amount of affordable housing to be delivered should reflect the definitions provided at annex B of PPS3.[15]

[12] paragraph 5.17, '2011 – 2015 Affordable Homes Programme Framework'
[13] see paragraph 5.15, '2011 – 2015 Affordable Homes Programme Framework'
[14] paragraph 2.2, '2011 – 2015 Affordable Homes Programme Framework'
[15] PPS3, paragraph 29, page 10

2.2.3 The overarching Affordable Housing definition in Annex B of the June 2011 PPS3 remains unaltered but for the inclusion of the Affordable Rent Tenure as Affordable Housing. The main alterations occur further down the page of Annex B, including the introduction of a separate description defining the Affordable Rent tenure as follows:

> *"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 percent of the local market rent."*
> (PPS3, Annex B, page 25 - emphasis added)

It is of particular significance that Affordable Rent is clearly distinguished from Intermediate housing, not only as a result of being given its own definition, but also as a result of the words included within the Intermediate Affordable Housing definition confirming that Intermediate Affordable Housing:

> *"....does not include affordable rented housing."*

This confirms that where Affordable Rented housing is proposed PPS3 does not intend that this will be in lieu of the Intermediate housing element of proposals, but instead that it will be made available to households eligible for Social Rented housing.

2.2.4 PPS3 confirms that Affordable Rent is to be promoted as a replacement product for Social Rent, and this approach aligns with the stance within other documents such as the 'Local decisions: a fairer future for social housing' consultation (published November 2010) and the Homes and Communities Agency's 2011 - 2015 Affordable Homes Programme Framework.

2.2.5 The overarching affordable housing definition in Annex B PPS3 essentially requires affordable housing to be delivered at a cost below that of the open market. In this respect the definition requires that an element of 'subsidy' is provided to facilitate delivery of accommodation at less than market prices.

2.2.6 PPS3 states that:

"Based upon the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:

– The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.

– The likely profile of household types requiring market housing eg multi-person, including families and children (x%), single persons (y%), couples (z%).

– The size and type of affordable housing required."

(paragraph 22, page 9)

This paragraph makes it clear that the requirement for both market and affordable housing should be appropriately assessed, and reflected within Local Development Documents ("LDD").

2.2.7 PPS3 requires local planning authorities, based upon the findings of a Strategic Housing Market Assessment ("SHMA"), to set an overall target for the amount of affordable housing to be provided but cautions that such targets 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 reasonably be secured."

(paragraph 29, PPS3)

It is clear that PPS3 intends targets set by local authorities for the proportion of affordable housing to be responsive to the availability of public and private subsidy, and that the provision sought should be reasonable.

2.2.8 When considering housing requirements PPS3 applies a different approach in respect of affordable dwelling types and sizes to that applied to market housing; proposals for the affordable housing are to reflect the size and type of housing required. PPS3 does not set out that local authorities should specify the types and sizes of market housing required, but that the profile of household types requiring such accommodation should be identified.

Both market housing household profiles and affordable dwelling type/size requirements are to be informed by SHMA and other local evidence.[16]

2.2.9 This distinction reflects the differing dynamics of the private and affordable housing markets; the former being driven by households' choices and an ability to pay (i.e. a 2 person household may wish, and be able to afford, to live in a 5 bedroom house), and the latter by the assessed housing requirements (i.e. need). This distinction is apparent within Annex B to PPS3, where 'demand' is described as referring to households 'willing and able to buy or rent' and 'need' as households 'unable to access suitable housing without financial assistance' (i.e. requiring subsidised housing).[17]

2.2.10 PPS3 provides further guidance in respect of housing delivery at a site level in paragraph 24. This paragraph differentiates between 'large strategic' and 'smaller' sites such as the application site:

> *"In planning at site level, Local Planning Authorities should ensure that the proposed mix of housing on large strategic sites reflects the proportions of households that require market or affordable housing and achieves a mix of households as well as a mix of tenure and price. For smaller sites, the mix of housing should contribute to the creation of mixed communities having regard to the proportions of households that require market or affordable housing and the existing mix of housing in the locality."*
> (page 10)

In both instances the housing proposals should reflect the proportions of households requiring either market or affordable housing, and provision of affordable housing should reflect the evidenced need for such housing, as assessed within the SHMA.

2.2.11 Further national guidance is provided within the Affordable Housing Policy Statement '**Delivering Affordable Housing'** ("DAH") which accompanies PPS3. Local authorities should have regard to DAH when reading the 'Affordable Housing' section of PPS3,[18] albeit that the June 2011 definition of Affordable Housing and amendments to Annex B replace the definitions within DAH.[19]

[16] paragraph 22, page 9
[17] page 27
[18] paragraph 27, PPS3
[19] PPS3 page 25

2.2.12 DAH states that:

> *"Existing housing provision needs to be balanced carefully with future housing demand, and needs to be expressed clearly in the evidence base for housing strategies."*
> (Paragraph 15, page 5)

DAH builds upon the PPS3 requirement that both long and short term housing need and demand are robustly assessed in SHMA.[20] Whilst DAH encourages local authorities to make *'the best possible use of planning obligations*[21]*',* it makes it clear that any such obligations must be realistic and take into consideration the availability of public subsidy.[22]

2.2.13 A further observation in respect of PPS3 requirements, is that, in continuation of the previous advice in Circular 6/98, PPS3 does not specify that affordable housing should remain affordable in perpetuity,[23] and DAH clarifies that developer contributions should be used to deliver affordable housing 'over the long term'.[24] An example of what this means in real terms has been provided at a major Inquiry decision in which the Inspector concluded that it was PPS3 compliant for private subsidy (i.e. developer contribution) to be recycled for a period of 15 years. This decision was confirmed as correct by the Secretary of State.[25]

2.2.14 Also of relevance is **'Circular 05/2005 'Planning Obligations'** ("Circular 05/05"), published in July 2005. Circular 5/05 provides instruction on the imposition by local authorities of planning obligations. Importantly it states that a planning obligation must be:

> *"(i) relevant to planning;*
> *(ii) necessary to make the proposed development acceptable in planning terms;*
> *(iii) directly related to the proposed development;*
> *(iv) fairly and reasonably related in scale and kind to the proposed development; and*

[20] DAH, paragraph 16, page 5
[21] DAH, paragraph 9, page 2
[22] paragraphs 10, and 94
[23] Annex B
[24] Paragraph 34, page 9, see also the South Hams Development Management Document Inspector's report (2008) which supports this conclusion (paragraphs 1.6d, 3.10 and 3.14)
[25] Kings Cross Central Inquiry, APP/v5570/A/07/2051902 and APP/X5210/A/07/2051898, Inspector's report 16 may 2008, Secretary of State Decision Letter 22 July 2008

(v) reasonable in all other respects."
(Paragraph B5, page 10)

As of 6th April 2010 it is unlawful for a planning obligation, regardless of whether or not the Community Infrastructure Levy ("CIL") is operating in an area, to fail to meet tests 'ii' to 'iv' above.[26]

2.2.15 C05/05 states that planning obligations should not be used to obtain a 'betterment levy'[27] and should be functionally or geographically linked to the development.[28] C05/05 also states that planning obligations should not 'solely' be used to remedy 'existing deficiencies' in the infrastructure or to resolve wider planning objectives unnecessary to secure the consent of the development in question.[29]

2.2.16 With this in mind, local authorities should not seek to obtain additional affordable housing through developer contributions as a means of resolving existing deficiencies (such as a dwelling size / need mismatch within their affordable housing stock - particularly where an element of stock is under occupied - or maintenance / repair issues).

2.3 Regional Guidance

2.3.1 It is relevant to note that (in a letter sent by the Secretary of State for Communities and Local Government to Chief Planners ("CLG Letter") on 6th July 2010) Regional Strategies were revoked. However, the High Court ruled this revocation unlawful,[30] resulting in a reinstatement of regional strategies.

2.3.2 Subsequently, following a challenge by CALA Homes in the High Court in response to a letter issued by CLG in which it was stated that the Government's intention to abolish regional strategies should be treated as a material consideration, the Court of Appeal has confirmed that the Government's intention to revoke regional strategies could be a lawful material consideration in planning decisions in 'very few' circumstances, although local

[26] Community Infrastructure Regulation 122, **Community Infrastructure Levy An Overview**, May 2011, paragraphs 61 to 63
[27] paragraph B7, page 10
[28] paragraph B8, page 10 – document's own emphasis
[29] paragraph B9, page 10
[30] Neutral Citation Number: [2010] EWHC 2866 (Admin), 10th November 2010

planning authorities would be acting unlawfully if the intention to abolish regional strategies is reflected within their plans.[31]

2.3.3 Guidance provided by the Planning Inspectorate for Inspector's (in June 2010) sets out that Regional Strategies should continue to be treated as part of the development plan until they are abolished. As has been confirmed at Inquiry,[32] even once / if a revocation of the regional strategies is in place, Local authorities are required by the Secretary of State for Local Communities to demonstrate a 5 year housing land supply, and it remains the responsibility of the local authority to establish, on the basis of a PPS3 compliant evidence base, what constitutes an appropriate level of local housing supply.

2.3.4 Regional guidance in respect of High Peak is provided within the Regional Spatial Strategy for the East Midlands ("RSS" - March 2009). Policy 13a includes a target for the delivery of 300 homes annually to 2026 in the borough of High Peak. High Peak is identified as falling within the Peak, Dales and Park sub-area / Housing Market Area ("HMA"), and over this sub-area a target for the delivery of 10,000 homes is set for 2006 to 2026.[33]

2.3.5 The regional 'indicative' approach towards affordable housing provision is provided within Policy 14, which states that:

> *"As part of their Local Development Frameworks local planning authorities should adopt affordable housing targets in line with the conclusions of the most up to date Housing Market Area Assessments for their area."*

Policy 14 sets out an indicative affordable housing delivery target for the period 2006-2026 of 6,100 homes for the Peak, Dales and Park HMA suggesting that a significant proportion of the sub-regions homes will be sought as affordable housing.

2.3.6 However, this does not represent a target to be applied directly at local authority level, and introductory supporting text sets out that:

[31] Neutral Citation Number: [2011] EWCA Civ 639, 27th May 2011

[32] APP/H1840/A/10/2124085, 27 Brewers Lane and land to the rear, Badsey, Evesham, Inspector's report, 26/08/2010, paragraph 11, and Appeal Ref: APP/L1765/A/10/2133702 Pumping Station, Spring Gardens, Alresford SO24, Inspector's report 16 February 2011, paragraph 25

[33] Policy 13a

"These are a guide to the level of affordable housing required for each Housing Market Area grouping…Within the overall housing provision figures in Policy 13, targets should be reviewed by Local Development Frameworks when full Housing Market Area Assessments have been completed by the relevant local partnerships." (paragraph 3.1.10, page 44)

The RSS clarifies that the requirements are guidelines only for 'monitoring purposes', and the actual Local Development Framework targets will need to be justified within the local authority's evidence base.[34]

2.4 Local Policy

2.4.1 The adopted (March 2005) Local Plan for High Peak ("LP") sets out the policy framework for the delivery of affordable accommodation in the Borough in Policy H9 'Affordable Housing for Local Needs'. This policy has been saved and is also referred to as 'Policy 44' within the saved Local Plan Policies document published by the Council. Policy H9 states that:

"The council will negotiate with developers to ensure the provision of a proportion of affordable housing for local needs in new residential development schemes, including windfall sites, conversions and renewals of existing or recently expired permissions. Under the terms of this policy the following thresholds apply:

In the case of settlements of less than 3,000 population:

- *sites of 0.17 hectare or more; or*
- *developments of 5 dwellings or more,*

And elsewhere:

- *Sites of 0.5 hectares or more; or*
- *development of 15 dwellings or more.*

Negotiations will be undertaken on the basis of the following criteria:

[34] paragraph 3.1.10, and Policy 14

- *the level and type of affordable housing needed in the area, having regard to the council's most up-to-date analysis; and*
- *the suitability of the site to accommodate a range of house types and sizes, including a proportion of Affordable housing; and*
- *proven site development constraints, including the level of new infrastructure required; and*
- *the proximity of local services and facilities and access to public transport.*

Where a site is considered suitable for an element of affordable housing, rather than make direct provision on the land itself it may be appropriate to make a contribution to affordable housing provision on a different suitable site in the area in its place.

Conditions will be imposed, and/or planning obligations or the involvement of registered social landlords sought, to ensure the benefits of affordable dwellings for local needs will continue for initial and subsequent occupiers. Conditions will be imposed on outline approvals to ensure that appropriate pro rata provision is made at reserved matter stages."

(Policy H9 Adopted Local Plan 2005 High Peak – emphasis added)

2.4.2 This policy was initiated on the strength of need demonstrated by the housing need survey from 2002 by Fordham Research Ltd ("HNS 2002"). This survey was accepted as sufficiently robust by the local plan inspector and was used to inform both this policy and the adopted supplementary planning guidance on affordable housing.

2.4.3 The main policy amendments from the previous plan centred on trigger thresholds for affordable provision and the target percentage. In respect of thresholds these were successfully revised downwards to 15 properties in respect of the urban areas. In agreeing to this amendment the local plan inspector commented:

"I am satisfied that the council has demonstrated a very high level of need…As to the nature of supply, this is significantly constrained. With Housing Targets already exceeded in the central area, and likely to be exceeded in Glossopdale, relatively few sites will be coming forward."
(LP inspectors report June 2004 Para 7.13.7)

The inspector further comments:

> *"I acknowledge that lowering the threshold might only result in relatively small additional number of affordable homes, but given the scale of need, any extra provision is to be welcomed."*
> (LP inspectors report June 2004 Para 7.13.7 - emphasis added)

2.4.4 In respect of the overall target percentage of affordable accommodation on a qualifying site High Peak sought a review of this upwards from 20-25% to 30% (& 40% in Glossopdale). Once again this alteration was based on the changing and increasing affordable housing need in the Borough. In this respect the inspector was supportive of the amendment but expressed some concern about deliverability at the higher percentage rates. He commented;

> *"There is no doubt that the need for affordable housing would justify a figures of 40% for it is abundantly clear that the demand would not be satisfied even if all the new houses to be built were affordable."*
> (LP inspectors report June 2004 Para 7.13.12)

2.4.5 However, the inspector concluded that whilst need clearly existed for a 40% target 30% was more reasonable and would most likely result in maximising the affordable provision through S106 opportunities. Supporting text to Policy H9 'recommends' a level of 'at least 30%' affordable housing upon eligible sites.[35]

2.4.6 It can be noted from the debate at the Local Plan enquiry in June 2004 that demand for affordable housing throughout the Borough had grown whilst the supply of suitable sites had not kept pace, this is partly because areas of the Borough reached the Derbyshire Structure Plan targets before the end of the plan period. This resulted in the SPD 'Development Restraint' being implemented to restrict urban sprawl and instead focus upon regeneration activities within the existing conurbations.

Supplementary Planning Documents and Guidance

[35] paragraph 6.60, High Peak Saved Local Plan Policies

2.4.7 In November 2007, following public consultation, the Council adopted the 'Housing Needs in High Peak' Supplementary Planning Document' ("HN SPD"). The HN SPD identifies that it is prepared in support of LP Policy H9,[36] and is informed by the 2007 Housing Needs Survey for the 'Peak sub-region' ("HNS07").[37] The HN SPD identifies a 'key action' to deliver '336 new affordable homes' over the next three years (i.e. 112 annually),[38] and refers to the HNS07 assessed '317' annual affordable dwelling shortfall.[39] The HN SPD also confirms that over the preceding two years 50 new affordable homes were achieved[40] (i.e. 25 annually). It is apparent that historically the Council has fallen short of delivering enough affordable housing to address the assessed need, and aims to increase supply - any increase in provision is therefore of significant benefit.

2.4.8 The HN SPD places a priority upon the delivery on-site of Social Rented housing, followed by a combination of Social Rented and Intermediate housing.[41] In section 14.1 the HN SPD expands upon this position referring to HNS07 conclusions that Social Rent 'should account for 80.5% of provision', that shared ownership could address 19.5% of need if provided at a 50% equity share, and that sub-market renting at 75% of private rents would be affordable for 11.6% of households in need. The HN SPD states that affordable housing tenure split will be negotiated on the basis of the HNS07 conclusions.[42]

2.4.9 However, with the introduction by the Government of Affordable Rent it is clear that an increased emphasis is to be placed upon affordable dwellings with housing costs of up to 80% of local market rents and fixed term tenancies.

2.4.10 This point is also of relevance when reading sections 7, 8 and 9 of the HN SPD which relates to the price at which affordable housing should be provided, and refers to incomes and housing costs identified within the HNS07, and implies that service and maintenance charges will be included within the prices informed by these incomes. The HNS07 incomes will now be dated (and the assessment is pre-recessionary) and the emphasis in affordable housing delivery should be placed upon outputs as opposed to inputs.

2.4.11 National policy has not placed it within the remit of local authorities to prescribe within development plan documents the price that should be paid by AHPs for affordable housing.

[36] page 5
[37] paragraph 2.2
[38] paragraph 3.1
[39] paragraph 4.2
[40] paragraph 3.1
[41] paragraph 6.1
[42] paragraph 14.1

Regarding service charges, the Landlord and Tenant Act of 1985 precludes differential charges between properties which 'enjoy' similar services. In addition, national guidance does not empower Local authorities to prescribe service charges. The AHP will not pay a transfer price for either rented housing or Intermediate affordable housing that cannot be supported by its business plan whilst still delivering affordable housing in accordance with the PPS3 definitions, and as such transfer prices should be subject to agreement between the developer and the AHP.

2.4.12 The HN SPD sets out that the Council will seek to negotiate the provision of 30% of the number of dwellings to be provided on site as affordable housing,[43] in line with the aspiration within supporting text to LP Policy H9. The HN SPD states that the size and type of dwellings will be 'based upon' HNS07 information.[44]

2.4.13 Further reference is made to mix at section 18 of the HN SPD. This sets out the HNS07 conclusion that the following mix would be appropriate:[45]

Bedsits	=	-8%
1 bedroom	=	6%
2 bedrooms	=	60%
3 bedrooms	=	40%
4 bedrooms	=	2%

The Council expresses a preference for a provision of predominantly 2 and 3 bedroom dwellings, with 'an emphasis on two bed' homes.[46] The proportions do not appear to add up to 100% - this appears to relate somehow to the minus 8% bedsit proportion. An overview of the HNS07 conclusions is provided within section 3 of this Statement below, but it is noted that the HNS07 does not present net dwelling size requirements at a local authority level, and the gross requirements differ to those set out above.

2.4.14 The precise source of the above proportions within the HNS07 is not referenced. In section 20.1 of the HN SPD it is confirmed that the size, type and tenure of affordable housing will

[43] paragraph 11.1
[44] paragraph 15.2
[45] paragraph 18.1
[46] paragraph 18.2

be negotiated with reference to site characteristics and need in the locality as identified within the HNS07.[47]

2.4.15 In section 19 the HN SPD expresses an intention to apply HNS07 conclusions when negotiating market housing mix. However, as is set out within section 2.2 of this Statement, national guidance does not empower local authorities to specify market housing types and sizes within LDDs, but states that local authorities should refer to the household profile of households likely to require market housing.

2.4.16 Similarly to the earlier 2005 Residential Design SPD,[48] the HN SPD states that the affordable dwellings should be visually indistinguishable from the market dwellings. The HN PSD also sets out that non-flatted affordable dwellings should be distributed in groups of 'no more than four' dwellings.[49]

2.4.17 It is important to emphasise that there is no definitive affordable housing cluster size identified within national guidance or within the Council's settled statutory policy. It is appropriate that the Council applies a flexible approach with a view to reaching a negotiated result with developers. Guidance on this issue can be found within the HCA's 'National Affordable Housing Programme 2008-11 Prospectus' ("NAHP") which states that:

> *"we will only support developments containing a single concentration of more than 25 Social Rented homes on an exception basis."*
> (paragraph 77, page 27)

This suggests that the HCA find it acceptable to deliver affordable housing in clusters of up to 25 dwellings, and this flexible approach enables housing management issues to be taken into consideration whilst also ensuring the delivery of sustainable communities. Affordable housing distribution should be negotiated on a site by site basis, with regard to what is practicable, and to ensure good design.

2.4.18 Section 12 provides a 'guideline' table setting out affordable housing floor areas based on Housing Corporation (now Homes and Communities Agency – "HCA") guidance. However, the Council's settled statutory policy position does not require the imposition of HCA standards, or include a requirement for increased space standards. HCA standards do not

[47] paragraphs 20.1.3 and 20.1.6
[48] paragraph 8.4.6
[49] paragraphs 15.3 and 15.5

equate to national guidance. Where the Council aspires to increase standards beyond Building Regulations these should be brought forwards through the appropriate statutory policies and subject to independent examination, particularly as increased standards impact upon the ability to provide other planning contributions.

2.4.19 There is no requirement within national guidance for non-grant funded affordable dwellings to be constructed to standards which exceed building regulations. Whilst the Council may seek to negotiate affordable housing with the floor areas included at section 12 of the HN SPD, it would be inappropriate were it to seek to prescribe such matters. It is also noted that the floor areas in the table relate to the number of occupants as opposed to the number of bed spaces required (as per the approach within HCA standards). As such, the two are not comparable. Where affordable dwellings are provided with the benefit of grant subsidy they would be required to achieve the HCA Design Quality Standards (2007), but there would be no requirement for dwellings to exceed the HCA space standards.

2.4.20 The HN SPD refers to a 'Sustainable Design and Construction' guidance note. This note states that it expects 'major developments' to produce 10% of their energy either on site through a renewable source, or through connection to a decentralised, renewable or low carbon energy supply.[50] This is sought on the basis of the supplement to Planning Policy Statement 1: Planning and Climate Change'.[51] However, whilst it is acknowledged that PPS1 on climate change recognises that there may be situations where it could be appropriate for LPAs to seek increased levels of building sustainability, the PPS makes it clear that LPAs must demonstrate the local circumstances that warrant and allow this, and introduce it within a DPD to allow the position to be independently tested.[52]

2.4.21 The note also states that the Council will expect new homes to be constructed to meet Code for Sustainable Homes Level 3.[53] The note suggests that its requirements are justified by Local Plan policies, although there is no specific plan policy requiring new homes to be built to standards in excess of Building Regulations and which are subject to independent review and certification.

[50] paragraph 4.1
[51] paragraph 4.3
[52] paragraph 33, Planning & Climate Change Supplement to PPS1
[53] paragraphs 1.3 and 3.2

2.4.22 This situation has been considered recently at appeal (Fairview Homes v London Borough of Croydon[54]). In this appeal the Council sought to impose Code for Sustainable Homes ("CSH") standards in excess of Building Regulations upon the affordable dwellings regardless of grant funding. The Inspector concluded that whilst the local authorities plan policy referred to achieving the highest possible standards of design it did not require compliance with a specific standard of the CSH, and the application could not justifiably be refused on the basis of non-compliance with the local authorities aspirations in this regard.

2.4.23 Similarly, in the appeal 'R Hitchins v West Wiltshire District Council'[55] the Local Authority sought to impose a planning obligation requiring the affordable dwellings to exceed or achieve Homes and Communities Agency Design and Quality Standards 2007 (which includes achieving Code for Sustainable Homes Level 3, and increased internal layout, size and other standards).[56] However, the Inspector concluded that the application was for outline planning permission, and at that stage to require such matters could not be considered necessary to make the development acceptable in planning terms, and hence would fail to meet Circular 5/05 tests in paragraph B5.[57] The Inspector also concluded that the inclusion of such an obligation would fail the third Circular 5/05 test on the basis that it could not be said to relate directly to the development – the inspector stated that the requirement set out within the SPD (upon which the local authority relied) related 'to all affordable housing built in the relevant area' as opposed to the appeal development specifically.[58]

2.4.24 In addition to the above appeals, the imposition of standards in excess of Building Regulations (i.e. Lifetime Homes and Code for Sustainable Homes) has also been considered during independent examination of the Poole Core Strategy (2009) and the examining Inspector concluded that such matters were best left for introduction through national guidance or Building Regulations, and that whilst it was acceptable to generally encourage increased standards for new housing development within local policy it would not be sound to introduce blanket requirements.[59]

2.4.25 At paragraph 20.1.7 the HN SPD states that the Council will seek to ensure that affordable homes are 'managed locally' and refers to a list of preferred partner Affordable Housing

[54] APP/L5240/A/10/2123712, 7th September 2010
[55] APP/Y3940/A/09/2108716, 18 January 2010
[56] paragraph 38
[57] paragraph 39
[58] paragraph 40
[59] Poole Core Strategy Inspector's report, paragraphs 4.58 to 4.59

Providers ("AHP"). When considering planning application it is appropriate that the Council's preferences in respect of AHPs should reflect national guidance provided within DAH which emphasises that:

> *"The Government supports a 'mixed economy' of providers, including the private sector and community trusts, as long as homes meet the standards expected of affordable housing and are value for money"*
> (Delivering Affordable Housing, paragraph 19)

DAH also specifies that:

> *"Local authorities should not prescribe affordable housing providers in planning conditions, obligations or local development documents."*
> (Delivering Affordable Housing, Paragraph 49, page 13)

Local authorities should ensure that this approach is reflected within LDDs and when making development control decisions.

2.4.26 In section 21 the HN SPD provides 'an indication' of matters that the Council will seek to address through planning agreements. These are also set out within the 2005 Planning Obligations SPD.[60] These include ensuring the provision of the affordable housing to eligible households, using staircasing receipts to provide additional affordable housing, ensuring the housing remains available as affordable accommodation for the 'life of the development', and including occupation triggers to ensure the occupation of the affordable dwellings prior to the occupation and completion of a 'specified proportion' of the market dwellings.[61]

2.4.27 With regard to the Council's preferences in respect of staircasing payments, when assessing application proposals the Council should consider that national guidance does not specify that both the private and the public subsidy must be recycled following a staircasing event. To this end whilst it is appropriate for a Planning Agreement to include a requirement for any grant funding element of capital receipts realised as a result affordable shared ownership occupiers staircasing to 100% equity ownership to be recycled in accordance with the HCA Capital Funding Guide, the local authority should not seek

[60] page 13
[61] page26

require that the entirety of the receipt, including the private subsidy element, is retained. Indeed, such an approach may fail to comply with the Circular 5/05 and CIL Regulation 122 tests (see section 2.2 of this Statement above).

2.4.28 The Council's aspiration to retain the affordable dwellings for the life of the development has to be considered within the context of PPS3 and DAH which do not require the retention of affordable housing in perpetuity, but in the 'long term'.[62]

2.4.29 In terms of occupation triggers, these should recognise that (and particularly in the absence of grant funding) revenue from market dwelling sales may be needed to subsidise the provision of the affordable dwellings. These triggers should therefore be negotiated with the developer to ensure that proposals remain viable. Triggers must also be workable in the light of agreed dwelling distribution, and in all other respects. Local authorities are not empowered by national guidance to prescribe these matters, and specific requirements are not identified within the LP.

Emerging Local Policy

2.4.30 The Council is developing its LDF, and the draft Core Strategy is being progressed as part of this process. The Preferred Options draft Joint Core Strategy ("draft CS") was published in June 2010 and consulted upon, with submission to the Secretary of State originally anticipated by March 2011. However, in a report to the Derbyshire Dales and High Peak Core Strategy Joint Advisory Committee on the 5th of January 2011, and in view of planning and policy changes proposed by the Government, a revised timetable is set out for the completion of the draft Core Strategy. This proposes that a further draft Joint Core Strategy will be published for consultation in April 2012, followed by submission to the Secretary of State in September 2012.

2.4.31 The draft CS remains at the relatively early stages of its development, and the LP continues to provide the settled statutory local policy position. However, it is relevant to note briefly that the draft CS refers to the HNS07[63] suggesting an annual need for between 443 and 591 affordable dwellings to address emerging and backlog need.[64] The draft CS also refers to the 2008 Peak Sub-region Strategic Housing Market Assessment ("SHMA08") states that

[62] It has been accepted at appeal (and ratified by the Secretary of State) that a period of 15 years can be considered to be compliant with PPS3, Argent St George, LCR and Excel PLC v London Borough of Islington, 16 May 2008, paragraph 12.56, APP/V5570/A/07/2051902
[63] paragraph 1.9
[64] paragraph 7.8

both assessments suggest a need to increase affordable housing supply. Reference is also made to the RSS approach to affordable housing.[65] The draft CS states that the Local Investment Plan anticipates that investment will be available from 2010 to 2014 for approximately 54 affordable dwellings per annum.[66] This level of delivery falls significantly short of the annual affordable housing shortfall suggested to occur across the Borough in the Council's evidence base (see section 3 of this Statement below).

2.4.32 The draft CS approach to affordable housing provision is set out within proposed Policy CS14, and this seeks a 30% proportion of affordable housing on sites of 25 dwellings or more in High Peak (and 25% on sites of 5 to 24 dwellings).[67] The proposed policy wording sets out a 'target' for 80% Social Rented housing. However, this approach precedes the introduction of the Affordable Rent tenure. It is apparent that the emerging position continues to place an emphasis upon the need to increase affordable housing delivery across High Peak.

2.5 Summary

2.5.1 National guidance advises that local authorities should develop LDF affordable housing targets with reference to robust SHMA, local housing needs assessments and Viability evidence. National guidance emphasises that local authorities should not seek to introduce restrictive or prescriptive practices within LDF documents, but that they should endeavour to widen housing choice and affordability across the whole housing market. National guidance confirms the role of Affordable Rent as providing affordable housing to households eligible for social rented housing. Regional guidance provides a broad framework within which local authorities should develop LDF policies with reference to their own local housing needs and demand and economic viability evidence.

2.5.2 The Council's settled statutory local policy position continues to be that set out within the LP Policy H9, which states that the Council will negotiate for the provision of a proportion of affordable housing upon eligible sites to meet local housing needs. Supporting text sets out the Council's aspiration for the provision of 'at least' 30% affordable housing upon eligible sites, and the HN SPD, which refers to negotiating a 30% level of affordable housing provision, places an emphasis upon a need to increase affordable housing supply.

[65] paragraph 7.8
[66] paragraph 7.9
[67] page 65

Although the HN SPD details the Council's preference for 80% of affordable homes to be provided for Social Rent, the LP does not set separate targets for different affordable housing tenures, but refers to provision reflecting the assessed housing need.

3.0 AFFORDABLE HOUSING NEED

3.1 The Housing Market in High Peak is influenced by the proximity of Manchester and Stockport to the North West of the District and by Sheffield and Chesterfield to the East. The travel to work patterns reflect the superior road network connections to the Manchester and Stockport areas with around 15 – 20%[68] of households in the northern towns of Glossop and New Mills travelling to work in these areas. The influence of Sheffield and Chesterfield is less apparent as they generally only attract commuters from the rural areas to the East of the Borough.

3.2 The Manchester and Stockport travel to work area extends through the towns of central High Peak such as Chapel en le Frith and Whaley Bridge and, to a lesser extent to the southern area including Buxton. The High Peak local authority area is subsequently identified within the RSS to fall 'within the influence of the Manchester City Region'.[69]

3.3 The other main influencing factor on the Housing Market in High Peak is the National Park status of the Peak District which encompasses large areas of High Peak Borough. The combination of attractive countryside, generally good transport links (particularly in the North West of the Borough) and the higher earnings available in Manchester and Stockport has increased pressure on house prices as households who are prepared to commute seek accommodation within High Peak.

3.4 Further, the National Park status effectively sterilises large areas of the Borough in terms of providing locations in which to live both due to the practical issues of terrain and the inevitable planning restrictions which arise as a consequence of the National Park status.

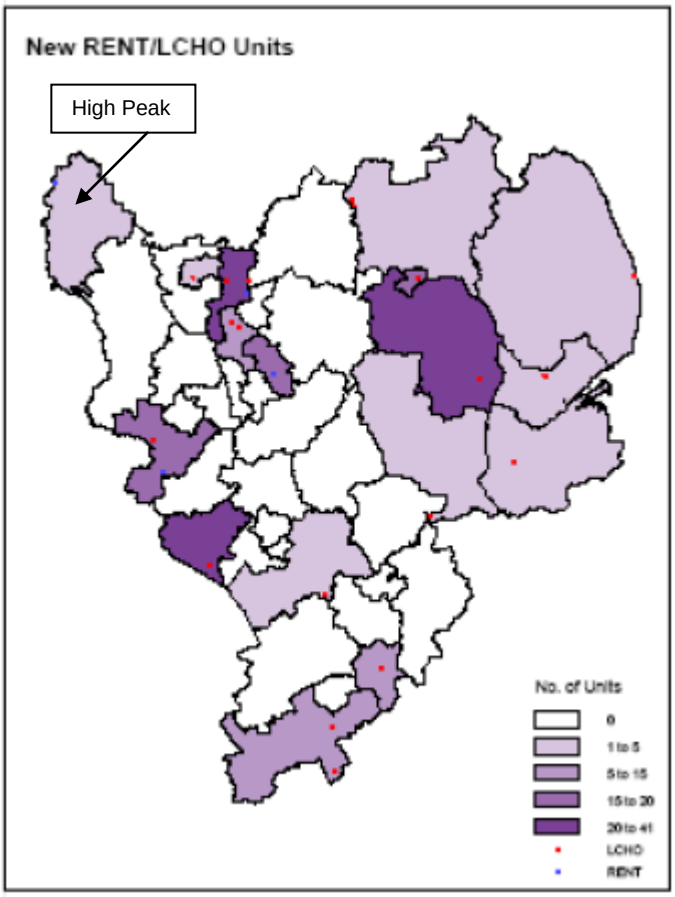
3.5 The housing market in High peak is further complicated in terms of how social housing grant funding is distributed by the Homes and Communities Agency ("HCA"). The HCA include High Peak within the East Midlands Region. In this respect the Borough needs to compete for grant resources with the high priority regeneration areas of Nottingham, Leicester and Derby alongside the housing growth areas of Northampton.

3.6 The following map in Figure 1 illustrates the East Midlands HCA region with the darker areas identifying where most grant funded new affordable dwellings have been delivered:

[68] Housing in the East Midlands- Profile information for the Housing Market Areas of the East Midlands March 2006
[69] paragraph 2.4.26

Figure 1:

Summary of Grant funded new homes across the East Midlands Region:



Source: HCA East Midlands Investment Statement 2008-11, October 2010

3.7 The proximity of high priority regeneration areas in Greater Manchester and also within Nottingham and Derby has limited the ability of Affordable Housing Providers ("AHP") to secure grant funding to develop affordable housing in the High Peak area.

3.8 The HCA 'Affordable Homes Programme Framework' confirms that, overall, for the 2011-2015 programme only a very limited grant funding pot will be made available, of which just 1.8 '£bn' will be available for Affordable Rent and Intermediate Sale products (the remainder of the 4.49 £bn will be split between existing 2008-11 Programme commitments, mortgage rescue, empty homes, homelessness and Traveller pitch initiatives).[70] It is intended that the 1.8 £bn will be distributed to assist with the provision of 56,000 affordable homes.[71]

[70] page 60
[71] page 60

3.9 These historically low levels of grant funding will continue to create additional pressure on the Council to secure the necessary new affordable housing through delivery on private sector developments under section 106 planning negotiations. Whilst the introduction of the Affordable Rent tenure is intended to increase rent revenues to AHPs and enhance AHP business plans and spending power, this is expected to take place initially primarily via conversions of existing stock upon re-let to new tenants,[72] and will therefore take time. In the meantime the lack of public subsidy will continue to restrict the level of affordable housing that can be provided.

3.10 Of further relevance is the fact that the limited scope for additional accommodation (both affordable and market) within the National Park areas of High Peak means that the market towns of Glossop, New Mills, Chapel en le Frith and Buxton must provide the vast majority of the housing supply. Additionally, the potential of these market towns to provide additional affordable accommodation has previously been restricted as a result of the adoption of the Housing Restraint SPD in late 2006 and on the basis of LP Policy H1 and an assessment of supply against Structure Plan housing supply targets (albeit that the Council, on the basis of RSS housing supply targets and the Council's assessment of housing supply, has since stated via the 'Interim Housing Policy Statement' published in January 2009 that these restrictions no longer apply[73]).

3.11 The 2007 Housing Needs Survey for the 'Peak sub-region' ("HNS07") is the main source of reference with regards to the assessed affordable housing shortfall within the 2008 SHMA (carried out by DTZ), the HN SPD, the draft CS, and the 2009/10 Annual Monitoring Report. Whilst the HNS07 is now a little dated, it represents the most recent evidence base referred to by the Council, and used to inform the 2008 SHMA published a year later. The following section of this Statement therefore reviews the conclusions of the HNS07 when drawing conclusions regarding affordable housing tenure and mix requirements in High Peak.

3.12 The HNS07 concludes an annual affordable housing shortfall for the Peak sub-region of between 443 (favourable scenario) and 591 dwellings (unfavourable scenario).[74] In High Peak the HNS07 sets out an annual affordable housing shortfall of 317 dwellings.[75]

[72] paragraph 2.5, 'Local Decisions: a fairer future for social housing', November 2010
[73] paragraphs 3.5 and 3.6
[74] HNS07, paragraph 7.39
[75] Table 8.6b

3.13 The Annual Monitoring Report 2009/10 states that between 2004/05 and 2009/10 a total of 233 affordable homes have been delivered in High Peak (excluding the Peak Park area). This suggests an annual average affordable dwelling completion rate of 39 dwellings per annum. This is approximately 12% of the annual affordable housing shortfall suggested within the HNS07 for High Peak.

3.14 In the 2009/10 monitoring period an annual provision of only 16 dwellings is reported, this is less than the 28 dwellings achieved in 2008/09 and the 63 dwellings achieved in 2007/08. It is apparent that any additional affordable housing provision via section 106 contributions will be of material benefit in assisting with increasing the affordable housing supply in the borough, for which the housing needs evidence base suggests there to be significant need.

Affordable Housing Tenure

3.15 The HNS07 concludes that 80% of affordable housing in the Peak sub-region should be made available for Social Rent. However, whilst assessing the affordability of a set menu of intermediate products, this conclusion does not appear to be based upon a comparison of need / supply, and as such does not represent net tenure requirements.[76] However, it is possible to assess the HNS07 conclusions on the proportion of households able to afford an Intermediate housing solution against the likely annual supply of such housing, thus generating a net requirement in line with the Strategic Housing Market Practice Guidance Version 2 methodology.[77]

3.16 In the 'unfavourable' scenario the HNS07 suggests a gross annual affordable housing shortfall (comprising backlog and newly arising need) of approximately 1172 across the Peak sub-region.[78] The HNS07 broadly concludes that 80% of these households (i.e. 938) will require Social Rented housing, and 20% (i.e. 234) will need an Intermediate housing solution.[79] These gross affordable housing requirements can be compared to the annual Intermediate and Social Rented affordable housing supply across the sub-region.

[76] paragraph 9.12 – this refers to the gross backlog and newly arising need, and a comparison of the set intermediate product housing costs against the income profile within Table 9.6
[77] Figure 6.3, page 60
[78] Tables 8.3 and 8.4
[79] paragraph 12.17

3.17 The HNS07 does not deduct a committed supply of either Social Rented or Intermediate housing from the overall backlog affordable housing requirement prior to annualising the backlog requirement over a 5 year period.

3.18 However, an annual Social Rented re-let supply is deducted from the overall gross annual affordable housing requirement.[80] Unfortunately the HNS07 provides very little information regarding the annual supply of Intermediate affordable housing through re-sales / re-lets likely to be available to meet future needs, despite summarising Social Rented re-lets for the preceding 3 years within Table 7.7.

3.19 However, Table 3.5 suggests that as few as between 0.1% (HNS07) and 0.6% (2001 Census) of households in the Peak sub-region live in shared ownership properties, compared to 13% (HNS07) to 13.1% (2001 Census) of households living within Social Rented housing. On this basis, and in the absence of evidence within the HNS07 confirming otherwise, it is reasonable to assume that the annually arising supply of Intermediate affordable housing through re-sales / re-lets across the Peak sub-region is negligible. The HNS07 suggests an annual supply of 582 Social Rent re-lets across the sub-region (after deductions for stock losses).[81]

3.20 On the basis of these gross requirements and supply scenarios a net requirement for 356 Social Rented (i.e. a 938 annual Social Rented requirement minus a 582 annual Social Rented supply) and 234 Intermediate (i.e. a 234 Intermediate annual requirement minus a nil annual Intermediate supply) affordable dwellings is suggested. This implies a net tenure split of 60% Social Rent and 40% Intermediate affordable housing.

3.21 However, it is important to note that the HNS07 affordability conclusions rely on a fixed selection of Intermediate products and an assessment of the proportions of households that could afford the housing costs generated by these. This fails to acknowledge the possibility that a variety of Intermediate products can be provided with a range of housing costs that enable households across the Intermediate gap (i.e. households able to afford to pay more than Social Rent but less than private rents) to afford an Intermediate housing solution.

3.22 As such it is reasonable to suggest that in excess of 20% of households in affordable housing need are likely to be able to afford Intermediate affordable accommodation.

[80] Table 8.4
[81] Table 8.4

Therefore, the 60 / 40 net affordable housing tenure split suggested above should be considered to represent a minimum as opposed to a maximum Intermediate housing requirement.

3.23 For example, referring to Table 9.6 of the HNS07 it is possible to assess the proportion of households across the sub-region that fall within the Intermediate 'gap'. Table 5.9 of the HNS07 suggests a mid-point Social Rent of £67 per week. This indicates an annual housing cost of £3484, which in turn indicates a gross annual household income requirement of just under £14,000 (assuming housing costs equate to no more than 25% of the gross household income[82]). Table 9.6 suggests that broadly 58% of households have gross annual incomes of £14,000 or less and require a Social Rented housing solution.

3.24 Table 5.7 suggests an average private sector rent of £572 per month – this implies an annual housing cost of £6864, and an annual gross household income requirement of £27,456. Table 9.6 suggests that approximately 35% of households in need can afford more than £14,000 but less than £27,500 and could afford Intermediate housing.

3.25 Therefore, 38% of households in need (i.e. 58 + 35 = 93, and 35 divided into 93 = 38%) fall within the Intermediate 'gap' and could have their housing needs addressed by an appropriately priced Intermediate housing product.

3.26 If this revised assessment of affordability is applied in the requirement / supply comparison exercise summarised in paragraph 3.17 above it suggests that 445 (38%) of the 1172 households in affordable housing need could benefit from an Intermediate product, and 727 (62%) would require homes with housing costs at Social Rent levels (some of which would require financial assistance through Housing Benefit). If the HNS07 sub-regional 582 Social Rented re-let supply is deducted, a net requirement for 145 Social Rented homes (i.e. 727 minus 582) and 445 Intermediate homes (i.e. 445 minus 0) is suggested. On this basis the majority of additional affordable housing need across the Peak sub-region is suggested to be for Intermediate housing (i.e. approximately 75%). The analysis suggests that the remaining 25% of affordable housing should be provided as Social Rented housing.

3.27 Whilst an analysis is provided within the HNS07 Table 6.6 of the tenure of accommodation that households can afford by sub-area, this relates only to unsuitably housed households (i.e. excluding newly arising need) and assesses only shared ownership affordability as

[82] In line with the Strategic Housing Market Practice Guidance Version 2 2007, page 42

opposed to considering a variety of Intermediate housing with a range of housing costs. In the absence of a more robust sub-area level assessment it is reasonable to apply the Peak sub-region conclusions drawn in the preceding paragraphs of this Statement.

3.28 It is reasonable to conclude that between 25% and 60% of additional housing should be provided as Social Rented housing and between 40% and 75% should be provided as Intermediate housing (including a range of Intermediate products). The mid-point of these conclusions suggests a 50:50 Social Rented / Intermediate tenure split.

Affordable Rent

3.29 Whilst the analysis above provides an overview of an appropriate traditional Social Rented / Intermediate affordable tenure split, this approach now needs to take the Affordable Rent tenure into account.

3.30 Affordable Rent is being promoted by the Government and the HCA as the default tenure, and is now defined as affordable housing within PPS3 (and it is noted that the affordable housing definition proposed by the NPPF Advisory Group within the NPPF Recommendation makes no reference to Social Rented housing[83]). It is therefore necessary to consider how Affordable Rented dwellings should be provided upon the application site, and whether a proportion of affordable dwellings should also be made available for Intermediate Sale.

3.31 Table 9.11 of the HNS07 suggests that 19.5% of households in need can afford to purchase an Intermediate home for sale on a Shared Ownership basis. The Table also suggests that 4.1% of households able to afford to purchase a Shared Ownership dwelling can afford a Discounted Sale affordable housing option (discounted by 25%), and 11.6% households can afford Intermediate Rent at 75% of open market rents. The Table suggests that a remaining 80.5% can only afford a Social Rented housing solution.

3.32 As already highlighted, the conclusions within Table 9.11 are likely to under estimate the proportion of households that could benefit from an Intermediate housing solution. However, if for arguments sake the conclusions are taken at face value they suggest that broadly 20% of households can afford an Intermediate Sale dwelling. The remaining 80% require a subsidised rented dwelling, and in line with the Government and HCA emphasis

[83] footnote 8, page 9

upon Affordable Rent as the default affordable housing tenure, and in line with the PPS3 definition, it is reasonable to conclude that these households can address their housing requirements within an Affordable Rented dwelling.

3.33 This conclusion does not take affordable housing supply into account, but can be adjusted to reflect the supply suggested within Table 8.4 of the HNS07. If the 80/20 tenure split set out above is applied to the gross Peak sub-regional shortfall of 1172, this suggests that 234 households can afford Intermediate Sale homes (comprising mainly of Shared Ownership – i.e. 16% - and an element of Discounted Sale – i.e. 4%), and 938 require a Subsidised Rented housing solution. As has already been noted the supply of Intermediate homes through re-sales / re-lets is likely to be negligible based on HNS07 conclusions, but the HNS07 suggests a supply of 582 Social Rented dwellings (i.e. a form of subsidised rent). This gross need / annually arising supply can be compared to derive a net requirement as follows:

Figure 2 – Peak Sub-region Affordable Housing Tenure Requirements

Tenure	Gross Requirement[84]	Annual Supply through Re-lets / Re-sales[85]	Net Requirement (%)
Discounted Sale	47	0	47 (8%)
Shared Ownership	188	0	188 (32%)
Subsidised Rent[86]	938	582	356 (60%)
TOTAL	1173*	582	591* (100%)

*Rounding errors result in 1173 and 591 totals

Based on this analysis it is reasonable to propose that 60% of any additional affordable homes are provided for Affordable Rent, and 40% for Intermediate Sale (i.e. split broadly as 30% Shared Ownership and 10% Discounted Sale).

3.34 Affordable Rent can be provided in rents of up to 80% of local market rents (although the HCA Framework suggests that where justifiable this maximum can be adjusted downwards in specific circumstances locally[87]), and for fixed tenancy periods. Affordable Rent can only be delivered via a Registered Provider who has agreed a Framework contract with the HCA

[84] Based on HNS07 Tables 6.11, 8.3 and 8.4
[85] Based on HNS07 Tables 8.4
[86] This includes Social Rent and Intermediate Rent, or Affordable Rent
[87] paragraphs 3.10 and 3.11

Affordable Housing Mix

3.35 When considering the affordable dwelling size / type mix pertinent to the application site the SHMA08 states that:

> *"In terms of the size and type (houses or flats) of affordable housing provision there is no need for local authorities to specify the requirements in Local Development Documents. Local authorities can influence the pattern of provision in the light of current needs, as identified by analysis of Local Housing Registers, through their relationship with housing associations."*
> (paragraph 10.78, SHMA08)

The SHMA08 refers back to the HNS07 conclusions in terms of affordable mix.[88]

3.36 The HNS07 provides conclusions as to the net affordable dwelling size requirements within Table 9.5. This suggests that 77.5% of net need across the Peak sub-region is for 1 and 2 bedroom accommodation. A further 19.6% is suggested to be for 3 bedroom accommodation, with a remaining 2.9% of net need being for 4 or 5 bedroom homes.

3.37 The HNS07 provides information in respect of net dwelling size requirements at a sub-area level in Table 8.7 (page 116). The application site falls within the 'Central' sub-area, and Table 8.7 suggests that 83% of net affordable housing need in this location is for 1 and 2 bedroom accommodation with a nil 4 bedroom and larger requirement (this exceeds the 79% net 1 and 2 bedroom requirement suggested across the Peak sub-region as a whole).

3.38 This can also be compared to High Peak (excluding the National Park area) which suggests a net affordable housing requirement for 72% 1 and 2 bedroom accommodation, 27% 3 bedroom accommodation and 1% 4 bedroom accommodation (also based on HNS07 Table 8.7). This differs slightly from the mix aspired to within the HN SPD, although that also supports that the majority of provision should be as 1 to 2 bedroom accommodation (see sub-section 2.4 of this Statement).

3.39 The HNS07 does not provide an analysis of net sub-area requirements by affordable housing tenure, but it is reasonable to conclude that any affordable housing for sale will

[88] page 116, SHMA08

need to reflect the relevance of households' aspirations and affordability if these are to be marketed successfully (i.e. one and four bedroom or larger accommodation is unlikely to be appropriate).

3.40 Housing waiting list data within section C of the Housing Strategy Statistical Appendix ("HSSA") 2009/10 for High Peak suggests that 86% of households require 1 or 2 bedroom accommodation (with 62% requiring 1 bedroom accommodation). In 2008/09 87% of households are suggested to have required 1 and 2 bedroom accommodation (with 63% requiring 1 bedroom accommodation), hence the dwelling size requirement profile has remained broadly the same over the last two years and supports the general conclusion within the HNS07 that the majority of additional affordable housing across High Peak should be provided as 1 and 2 bedroom accommodation.

Summary

3.41 The High Peak housing market is such that housing provision overall has been subject to restriction, and this is further complicated by a proportion of the borough having National Park status. This has acted to reduce the availability of affordable housing contributions through developer contributions. Historically, grant funding has been limited as a result of the location of High Peak in relation to other key regeneration areas within the region, and on the basis of recent Government proposals and the HCA Affordable Housing Programme Framework it is apparent that grant funding will be extremely scarce in the coming years, and largely specific to Affordable Rent and some Intermediate Sale products.

3.42 Supply and need analysis (in line with SHMA guidance) of data within the Council's evidence base suggest that between 40% and 75% of affordable housing can reasonably be provided as Intermediate housing. However, taking the Affordable Rent tenure into account, it is reasonable to propose that 60% of additional affordable housing is provided as Affordable Rent, with the remaining 40% provided for Intermediate Sale.

3.43 A review of the evidence base suggests that the majority of additional affordable housing across the sub-region, borough and the Central sub-area in which the application site lies, is required as 1 and 2 bedroom accommodation. In the High Peak Central sub-area the evidence similarly suggests a nil requirement for 4 bedroom or larger dwellings, with only a 1% net requirement for 4 bedroom dwellings (and nil larger) at a local authority level.

4.0 AFFORDABLE HOUSING PROPOSALS

Overall percentage of affordable housing

4.1 A minimum of 30% (i.e. 16) of the total number of dwellings will be provided as 'subsidised' affordable housing, without recourse to public subsidy. The proposals accord with the aspired level of affordable housing provision within LP supporting text, and align with the level of affordable housing sought within emerging DPD policy.

4.2 This level of provision will be of significant benefit in assisting with addressing affordable housing need across the Borough, and in the Central sub-area, particularly in view of the limited supply of additional affordable housing achieved in comparison to the assessed annually occurring shortfall.

Tenure

4.3 The 30% affordable housing will be made available on terms which will enable the provision of 60% of the dwellings for Affordable Rent and 40% for Intermediate Sale. This reflects a guidance compliant tenure split assessment of supply and need conclusions provided within the HNS07 in respect of the Peak sub-region, and the Government and HCA emphasis upon Affordable Rent being provided as the default affordable housing tenure. The proposals also reflect the HCA stance that affordable housing provision upon section 106 sites will only be assisted with grant funding in exceptional circumstances.

Mix

4.4 It is anticipated that the affordable dwellings will be provided broadly as follows:

50% x 2 bedroom houses
50% x 3 bedroom houses

This mix provides 50% of the affordable housing as 2 bedroom dwellings, and 50% as 3 bedroom dwellings. The proposals reflect and exceed the local affordable dwelling size requirements indicated by an analysis of the HNS07, and provide an increased proportion

of 3 bedroom accommodation ensuring a more sustainable affordable housing mix (the analysis indicating that almost 70% of need in the sub-area and 30% at the local authority level is for additional 1 bedroom affordable homes). The proposals will deliver a mix that responds to both local sub-area level and local authority level affordable housing requirements.

4.5 It is proposed that the following tenure specific mix will be provided:

Affordable Rent
50% (i.e. 5) x 2 bedroom houses
50% (i.e. 5) x 3 bedroom houses

Intermediate Sale
50% (i.e. 3) x 2 bedroom houses
50% (i.e. 3) x 3 bedroom houses

The above mix is of significant benefit in providing a mixed and sustainable affordable housing proposal that reflects the assessed local needs (in accordance with the LP).

Delivery

4.6 All of the affordable dwellings will be managed by organisations that have been accredited for such purposes by the HCA. Many Registered Providers will fulfil this criteria but it is beyond the powers of the Council to prescribe whom a developer chooses to work with – particularly when there is no such restriction in their settled statutory development plan policies.

4.7 Any desire to secure affordable dwellings in perpetuity must be considered in light of the situation when public subsidy is utilised to provide dwellings for rent; in such circumstances, tenants enjoy the Right to Acquire by virtue of Section 16 of the Housing Act 1996 (just as every 'shared owner' on the grant funded model lease has the right to "staircase" to 100% ownership) and therefore it is not possible for either a Registered Provider or other AHP to comply with such a requirement. In particular, it is commonly accepted that, even when a Section 106 obligation is entered into, a 'mortgagee in possession' clause will need to be included to enable the funder to sell properties to

recover their loan in the case of foreclosure. National guidance does not require the provision of affordable housing in perpetuity.

Standards

4.8 All of the Affordable Rent dwellings will be constructed in accordance with the HCA Design Quality Standards (replacement to the Scheme Development Standards) as set out within the HCA Framework document.[89] The Intermediate Sale dwellings, provided without recourse to grant funding, will be built to the same standard as the private dwellings.

Subsidy

4.9 The development will enable the provision of 30% of the total number of on-site dwellings as affordable housing without recourse to public subsidy.

Nominations

4.10 National guidance does not empower local authorities to prescribe nominations procedures; the Council must reach agreement with the AHP in respect of nominations. Furthermore, there is no requirement in national guidance for non-grant funded Intermediate affordable homes to be marketed by Registered Providers or through a 'HomeBuy Agent', although the local authority may seek to negotiate this with developers.

4.11 The Regulatory Framework for Social Housing Provision in England (The Tenants Services Authority - April 2010) sets out that:

> *"Registered providers shall co-operate with local authorities' strategic housing function, and their duties to meet identified local housing needs. This includes assistance with local authorities' homelessness duties, and through meeting obligations in nominations agreements. Where, in exceptional circumstances, registered providers choose not to participate in choice-based lettings schemes in areas where they own homes, they shall publish their reasons for doing so."*
> (paragraph 1.1 – emphasis added)

[89] paragraph 5.27

This does not empower local authorities to impose nominations procedures upon Registered Providers (i.e. Registered Social Landlords), but places an emphasis upon co-operation, and the allocation of affordable housing in line with nominations 'agreements'. It is also apparent that Registered Providers cannot be required to participate in Choice Based Lettings schemes, and are able instead to publish their reasoning for not doing so.

4.12 It is supported at appeal that nominations rights included within a proposed planning obligation which provided 100% of initial Social Rented nominations and 50% of subsequent Social Rented nominations to the local authority, are appropriate (paragraph 6.44, Inspector's Report).[90] The Inspector's conclusion has been endorsed by the Secretary of State.[91] The nominations proposals in this appeal, and accepted by the Inspector and Secretary of State, align with the approach that was taken within the earlier Housing Corporation Circular 02/03.

4.13 More recently the HCA confirm within paragraph 3.21 of the Framework document that:

> *"Allocations and nominations processes for Affordable Rent homes are expected to mirror the existing frameworks for social rented housing. Providers will be under the same statutory and regulatory obligations when allocating Affordable Rent homes as they are when allocating properties for social rent."*

and emphasises that:

> *"…we strongly encourage local negotiation and agreement between providers and local authorities to reach appropriate and flexible solutions."*

4.14 The local planning authority will be offered 100% nomination rights to initial subsidised rent lettings and 50% of true voids thereafter. It is anticipated that dwellings for subsidised rent will be made available via a 'Choice Based Lettings' system and Intermediate Sale dwellings will be marketed in conjunction with the relevant HomeBuy Agent.

[90] APP/P1615/A/07/2042254, Land off Lydney Bypass and Highfield Road, East of Lydney, Inquiry Opened 16 October 2007 Gloucestershire – Inspector's Report
[91] Letter, paragraph 27 February 2008

5.0 SUMMARY AND CONCLUSION

5.1 The application proposals will provide 30% of the dwellings on site as affordable housing without recourse to public subsidy, with 60% of the affordable dwellings to be provided as Affordable Rent and 40% as Intermediate Sale. It is proposed that 50% of the affordable homes will be provided as 2 bedroom accommodation, with the balance provided as 3 bedroom houses. The proposals reflect the national and regional guidance framework, accord with the Council's settled statutory local policy position (set out within the LP) which states that the Council will negotiate for the provision of a proportion of affordable housing upon eligible sites to meet local housing needs.

5.2 The LP aspires to the provision of 'at least' 30% affordable housing upon eligible sites, and does not set separate targets for Social Rent and Intermediate housing, but refers to provision reflecting the assessed housing need. The emerging CS proposes a target for the provision of 30% affordable housing upon eligible sites.

5.3 The HN SPD, refers to negotiating a 30% level of affordable housing provision, and places an emphasis upon a need to increase affordable housing supply. The HN SPD details the Council's preference for 80% of affordable homes to be provided for Social Rent. However, this should be considered within the context of the higher level local policy position and the available evidence of affordable housing need.

5.4 Whilst the Council's housing needs evidence base suggests that just 20% of households across the Peak sub-region can afford Intermediate housing, an affordable housing tenure supply and need analysis (in line with SHMA guidance) of data within the Council's evidence base (and a review of the Intermediate housing gap) suggests that between 40% and 75% of affordable housing can reasonably be provided as Intermediate housing.

5.5 However, taking the Affordable Rent tenure into account, analysis of the evidence suggests that it is reasonable to propose that 60% of additional affordable housing is provided as Affordable Rent, with the remaining 40% provided for Intermediate Sale. Affordable Rent is being promoted by the Government and the HCA as the default tenure (and it is noted that the affordable housing definition proposed by the NPPF Advisory Group within the NPPF Recommendation makes no reference to Social Rented housing[92]).

[92] footnote 8, page 9

5.6 A review of affordable housing mix evidence supports that the majority of additional affordable housing across the sub-region, the borough, and the Central sub-area in which the application site lies, is required as 1 and 2 bedroom accommodation (the majority of which could reasonably be provided as 1 bedroom accommodation). In the High Peak Central sub-area the evidence suggests a nil requirement for 4 bedroom or larger dwellings. The proposals are of significant benefit in that they will provide a significant proportion of 2 bedroom family housing and an appropriate proportion of 3 bedroom housing – the proposed mix will assist with providing a sustainable affordable dwelling mix which reflects the assessed sub-area and local authority area housing need.

5.7 It is apparent that the application proposals will deliver a significant number of on site affordable dwellings 30% in an appropriate tenure and dwelling size mix, which will assist with addressing what is assessed in the Council's evidence base to be a substantial level of affordable housing need across the Peak sub-region, the Borough and in the Central High Peak area. In view of the shortage of affordable housing supply the affordable housing proposals are of substantial benefit to the Borough, and represent a significant material consideration in favour of the application proposals.