



Report to the Partnership for Urban South Hampshire Joint Committee

Date: 28 January 2008

Report of: Barbara Compton, Chair, Housing Officer Group

Subject: PUSH Affordable Housing Policy Framework

SUMMARY

The report provides a justification for and sets out a proposed policy framework for the sub region to ensure a consistent approach to the delivery of affordable housing over the next 20 years within the PUSH area.

RECOMMENDATIONS

1. That the Joint Committee endorse and support the approach as set out in this report;
2. That the Joint Committee recommend that each PUSH partner local authority integrates the Policy Framework set out in this report into their Local Development Framework, as it relates to the PUSH area, at the earliest opportunity.

INTRODUCTION

1. The Partnership for Urban South Hampshire (PUSH) has been looking to develop a common policy framework to ensure a consistent approach to the delivery of affordable housing across the sub-region. This aspiration is clearly set out in Policy SH13 of the Submitted South East Plan, as set out in Appendix 1, which received no adverse comment in the Examination Panel Report. This report sets out what progress has been made to date and proposes an Affordable Housing Policy Framework to be agreed across the sub region. This Policy Framework has been developed using a similar approach to that taken with the production of the PUSH Environmental Sustainability Policy Framework.

DEVELOPING THE POLICY FRAMEWORK

2. The preparation of this Policy Framework has been led by the PUSH Housing Officer Group. A sub group of housing and planning officers (drawn from the PUSH Planning Officers Group) was formed to produce the Policy Framework with a representative mix of the different types of Authority within PUSH.
3. In discussing the most appropriate methodology for PUSH to adopt when taking this Policy Framework forward, it was considered that key sub-regional policy principles relating to affordable housing need to be embedded in the emerging Local Development Frameworks (LDF). Once the Policy Framework is agreed by PUSH, all authorities can then promote consistent policy content within their respective Core Strategies and detailed Development Plan Documents.
4. However, each authority's LDF Policies will need to consider the evidence from the Housing Market Assessment (HMA) carried out in October 2006 to reflect the unique characteristics of that area, whilst maintaining the PUSH policy principles. It will be for each Authority in PUSH to consider what options may exist to meet the housing needs identified in the HMA.
5. A PUSH Housing Conference was held in January 2007 which was very well attended and included developers and housing associations. One of the main themes identified at the Conference was the need for Local Authorities to develop a more consistent approach across the sub-region which will give more certainty to developers working in the area.
6. At a recent meeting held between PUSH officers and GOSE, the informal views of GOSE representatives were sought and they confirmed support for the approach being taken with the Policy Framework. In particular, GOSE representatives advised of the need for individual LDF policies on affordable housing to be supported by evidence collected at the city or district level on any potential impact of LDF affordable housing policy requirements on the deliverability of overall housing supply within the city or district. Such studies have previously been undertaken by a number of PUSH authorities.

7. A number of previous versions of the Policy Framework have previously been considered by both the PUSH Housing and Planning Officer Groups. The proposed Policy Framework has recently been presented for consideration by both the PUSH Housing Member Panel and the Planning/Sustainability Member Panel, prior to consideration by the PUSH Joint Committee at this meeting. Both Member Panels supported the proposed Policy Framework subject to a number of small-scale changes which have been addressed prior to presentation to the Joint Committee.

PROPOSED OBJECTIVES OF POLICY FRAMEWORK

8. Against a background of increasing demand for more affordable housing PUSH is seeking to promote challenging policy targets to ensure that the PUSH growth agenda is as sustainable as possible and that a balanced housing market is achieved in the future, in accordance with the recently approved South Hampshire Sub-regional Housing Strategy.
9. PUSH authorities collectively wish to maximise the amount of affordable housing that will be required in South Hampshire as part of the South East Plan (SEP). The rapid rise in house prices in recent years has made the housing challenges in the sub region more acute. Between 1999 and 2006, house prices in South Hampshire have more than doubled whilst earnings have increased at a slower rate, resulting in a 60% decline in affordability. A minimum income of £33,000 is now required to buy a home.
10. The preparation of a coherent sub-regional Affordable Housing Policy Framework will provide a sound and detailed basis on which the individual local authorities can provide affordable housing. The definition of affordable housing given in the national Planning Policy Statement on Housing is set out in Appendix 2 for ease of reference. The Policy Framework sets out the range of affordable housing proportions that will be sought to meet the varying circumstances found throughout the sub region and the site size thresholds above which affordable housing policies will apply. The framework will introduce the consistency which is currently lacking in the application of affordable housing policy and therefore make a sub-regional impact on securing as much affordable housing as possible, without damaging the overall output of new homes.
11. Consequently, the objectives of the proposed Affordable Housing Policy Framework are as follows:-

- a. **To provide a sub-regional planning policy framework to inform the policies incorporated into individual PUSH authorities' Local Development Frameworks;**
- b. **To ensure that the authorities within the PUSH area use a consistent approach and shared housing market assessment information to inform their own affordable housing strategies;**
- c. **To ensure that all parts of the PUSH area are contributing to the sub-regional target for the provision of affordable housing, whilst recognising local variations in housing supply;**

- d. To ensure that the affordable housing provided meets the identified requirements of the PUSH area, whilst recognising local variations in the nature of housing need;**
- e. To provide a framework for the negotiation of affordable housing through the planning process across the sub-region, including a common approach to assessing site viability.**

PROPOSED POLICY PRINCIPLES

12. The proposed policy principles for incorporation into each individual PUSH authority's Core Strategy or other relevant Development Plan Document are as follows:
- *The provision and development of affordable housing is required throughout South Hampshire and the PUSH authorities. Each Council aims to meet local, and contribute towards, regional and sub regional affordable housing targets.*
 - *LDF policies should be informed by sub-regional evidence on the level of affordable housing need (as referenced in the South Hampshire Housing Market Assessment), and the sub-region's past and future reliance on sites below 15 dwellings in size as part of overall housing supply.*
 - *Individual authorities should prepare LDF policies that seek to ensure that residential developments within the city/district provide up to 40% affordable housing, and examine the need to vary affordable housing requirements in relation to site size.*
 - *Individual authorities should seek to prepare LDF policies which set out site size thresholds (above which affordable housing requirements are applied) below 15 dwellings, where supported by local evidence.*
 - *Individual authorities should develop LDF policies on affordable housing policies in the light of local evidence relating to any potential impact on the delivery of overall housing supply within the relevant city or district, the reliance on small sites to deliver a high proportion of overall housing land (e.g. within tightly constrained urban areas), and local housing market conditions.*
 - *Higher proportions of affordable housing (i.e. above 40%) and/or low site size thresholds may be applied in the more rural parts of the sub-region, where supported by local evidence; separate provision will be made for rural exception sites.*
 - *Individual LDF policies should provide for variations from affordable housing policy requirements if the developer can demonstrate that this approach would make development unviable. A common viability model will be used across the PUSH authorities and this will be detailed in the supporting Technical Annex.*

- *The mix of affordable housing tenures provided by a development should contribute towards the sub-regional target of at least 65% social rented and up to 35% intermediate housing, although may be informed by site viability, funding arrangements and local housing need.*
- *The design of affordable housing will be required to meet high standards and create quality residential environments in accordance with the Code for Sustainable Homes and the Housing Corporation's Design and Quality Standards, and conform with the PUSH Sustainability Policy Framework.*

13. The drafting of policies in Local Development Documents, consistent with the approach set out by these principles, will be a matter for each local planning authority.

SUPPORTING TECHNICAL ANNEX

14. A Technical Annex which will accompany this document is currently being prepared by members of the PUSH Housing Officer Group, and following consultation with the PUSH Planning Officer Group, will come forward for consideration by the PUSH Housing and Planning/Sustainability Member Panels in due course. The Technical Annex will set out in more detail the proposals being developed across the sub region with the intention to develop a more consistent approach to meeting the local need for more affordable housing. In particular, the Technical Annex will set out the relevant sub-regional evidence relating to housing need, recent housing completions and projected housing land supply.
15. Since the Technical Annex will be consistent with above policy principles, it will be available to PUSH authorities to use as the basis for Affordable Housing or, in part, Developer Contributions' Supplementary Planning Documents, which support the relevant affordable housing policies in the respective Core Strategy or other Development Plan Document. However, the use or otherwise of the Technical Annex to support SPD preparation would be a matter for the discretion of individual PUSH authorities.

CONCLUSION

16. It is therefore now recommended that the Joint Committee support this approach and commend the Affordable Housing Policy Framework to each PUSH authority for integration into their individual LDFs.

Approved by the Monitoring Officer	Mark Heath, Southampton CC	Date:	tba
Approved by the Finance Officer	Jon Pittam, Hampshire CC	Date:	tba

Background Papers:

South East Plan (submitted draft)
South East Plan – Panel Report
Planning Policy Statement 3 : Housing

South Hampshire Sub-regional Housing Strategy (2007)

Reference Papers:

Enquiries:

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Extract from Draft Sub Regional Strategy for South Hampshire (Part of Draft South East Plan)

Housing

- 2.32 It is a central priority for South Hampshire to ensure the affordable and key worker housing needs of the sub-region are met so as to support the economic development strategy as well as to deliver good quality public services. Overall, at least 30% of all new housing planned for 2006 – 2026 needs to be affordable in order to address a backlog of existing unmet need and to provide for newly arising needs. In order to achieve this target, 30-40% of housing on new development sites should be affordable housing. Achieving this level of affordable housing will require substantial Government funding and co-ordinated action by regional and local agencies.
- 2.33 The South Hampshire Authorities will develop a policy framework to ensure that a consistent approach is taken to the delivery of affordable housing. The policy framework will set out the range of affordable housing proportions that will be sought to meet the varying circumstances found throughout the sub-region and the site size thresholds above which the affordable housing policy will apply. The policy framework should be integrated into the individual authorities Local Development Frameworks. Individual Local Development Documents will decide the proportion of housing on development sites which must be affordable, bearing in mind the sub-regional target above. Research shows a need for affordable housing in South Hampshire to be about two-thirds rented and one-third shared ownership.

**POLICY SH13:
AFFORDABLE HOUSING**

Regional and local agencies will work together to provide new affordable homes to meet both the backlog of needs and the needs generated by future growth. On average 30-40% of housing on new development sites should be affordable housing.

A common policy framework will be developed by the South Hampshire authorities to ensure a consistent approach to the delivery of affordable housing. They will work together to establish the amount, types, sizes and tenure of affordable housing required in South Hampshire, the site size thresholds above which the affordable housing policy will apply, and how such provision should be funded. Local Development Documents will set the percentage of housing on development sites which must be affordable in order to contribute towards the sub-regional target.

Extract from Planning Policy Statement 3: Housing, Annex B: Definitions

Affordable Housing

- **Affordable housing is:**

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

- **Social rented housing is:**

Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented 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.

- **Intermediate affordable housing is:**

Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.

These definitions replace guidance given in *Planning Policy Guidance Note 3: Housing (PPG3)* and *DETR Circular 6/98 Planning and Affordable Housing*.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.

There is further guidance on eligibility for affordable housing, recycling of subsidy, specific features of social rented and intermediate affordable housing and the application of the affordable housing definition, in particular with regard

to the extent to which non-grant funded and private sector low cost housing products meet the definition in the Affordable Housing Policy Statement.

The terms 'affordability' and 'affordable housing' have different meanings. 'Affordability' is a measure of whether housing may be afforded by certain groups of households. 'Affordable housing' refers to particular products outside the main housing market.