

## Position Statement on Affordable Housing

### Agreed at Planning and Transport Strategy Committee

21 June 2007

#### 1 Definition for planning purposes

- 1.1 Central government defined affordable housing in Planning Policy Statement PPS3 *Housing* in November 2006 as follows:

It should meet the needs of households who are unable to access or afford market housing. It should be available at a cost low enough for them to afford, determined with regard to local incomes and local house prices. Its supply should include provision for the home to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

It can be:

- social rented (owned and managed by councils or registered social landlords); or
- intermediate housing (available at prices and rents above those of social rent, but below market levels).

#### 2 Current policy framework for affordable housing in Newcastle

- 2.1 Planning Policy Statement 3 *Housing* (PPS3) was published in November 2006. It states central government's commitment to providing affordable housing. Local planning authorities are required to have regard to PPS3 as a material consideration in making decisions on planning applications after 1 April 2007. PPS3 asks local planning authorities to set out the approach to seeking developer contributions to facilitate the provision of affordable housing.
- 2.2 Policy H7 in existing Regional Spatial Strategy (RPG1) says that development plans should address the need for affordable housing and where need is clearly established that provision should be sought. Policy 32 in the Proposed Changes version of draft revised Regional Spatial Strategy, issued in May 2007, addresses affordability under the heading of *Improving Inclusivity*. It says that "Strategies, plans and programmes and planning proposals should ..... address the problems of local affordability in both urban and rural areas ...". The document specifically recognises at paragraph 3.100 that Newcastle has an affordability problem.

- 2.3 Unitary Development Plan (UDP) policy H1.3 provides for the Council to seek suitable provision of affordable housing in new development, subject to identified need. The 2003 Housing Requirements Study for Newcastle identified a sizeable need for affordable housing city-wide and recommended adoption of a 25% target on suitable sites. There is considerable evidence that the need for affordable housing has grown since that time (see section 4 below).
- 2.4 Consequently, in accordance with UDP Policy H1.3 and PPS3, the Council has decided to seek affordable housing on all sites for new housing development (including conversions) which will provide 15 or more units. The Council will require that at least 25% of the total number of units on the site will be affordable homes. It is possible that either the site size threshold or the percentage of affordable units may change in the future - see the following section on preparation of a Supplementary Planning Document on Affordable Housing.
- 2.5 In seeking developer contributions, the presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing. However, where it can be justified, off-site provision or a financial contribution in lieu of on-site provision (of equivalent value) may be accepted as long as the agreed approach contributes to the creation of mixed communities in the local authority area. The Council recognises that provision of affordable housing, possibly alongside other planning requirements, may have an influence on scheme viability and is willing to consider robust evidence on this.

### **3 Types of affordable housing to be sought**

- 3.1 The Council recognises that there is a range of housing types and tenures together with related financial products that come under the broad banner of affordable housing and some advice can be offered now. However, the forthcoming Supplementary Planning Document on Affordable Housing (see section 5 below) will contain much more detail on what will be most suitable and where across the city. In the meantime prospective developers are asked to seek guidance from the named contact officers below.
- 3.2 There will still be a place in future for some further new social rented property with subsidy from central government. However such funding is relatively scarce and will be allocated, usually well in advance, according to current national and local priorities. In the absence of specific assurances on public funding, developers should assume that there will not be subsidy and should therefore consider discuss a range of options with the Council and providers such as registered social landlords. These might include shared ownership, shared equity and discounted sale as well as forms of renting.

### **4 Evidence base and justification for seeking affordable housing**

#### ***Housing needs assessments***

- 4.1 In 2003 the Council commissioned a city-wide Housing Requirements Study in accordance with the central governments current good practice guide. The study identified an outstanding requirement for subsidised affordable housing

of about 405 units per year over a five-year period. The study recognised that this was unlikely to be deliverable and recommended negotiation for 25% of units on qualifying sites. The study is available to download - see the link at the end of this document.

- 4.2 Since the study was carried out major changes in the housing market have taken place. Average house prices in the city have risen steeply - up by a third from £123,000 in 2003 to £163,000 in 2006 (source: Land Registry). Lower quartile (i.e. entry level) prices have risen at an even faster rate. The ratio of house price to income (at the lower quartile for each) has risen from 4.1 to 6.4 in the same period and now stands at the second highest in the eight leading provincial cities. Demand for social rented housing has risen during the same period, whilst the amount of such stock has fallen and will continue to fall with demolition and right-to-buy.
- 4.3 In November 2006 the City Council approved *Homes for a sustainable future: Newcastle's Housing Strategy 2006 - 2021*. The Strategy outlined the need to plan for 15,000 new homes over the fifteen years between 2006 and 2021. With 3,000 expected losses, this would give a net gain of 12,000 units. The Strategy also identified a target within these overall totals of 6,000 units to meet the needs of those not able to afford market housing. About 1,000 of these would be low-cost market homes and the balance would be affordable housing using the central government definition - see 1.1 above. The Strategy is available to download - see the link at the end of this document.

## **5 Future planning policy framework**

- 5.1 The Council considers that there is a sound policy framework and a strong evidence base in order to seek affordable housing now (as above). However, it is recognised that it would be helpful to consolidate policy and evidence plus practical advice on implementation in one place. At the same time there is a need to fulfil the new and wider requirements of PPS3 on such issues.
- 5.2 The Council is therefore a Supplementary Planning Document (SPD) on Affordable Housing, for consultation as a draft in autumn 2007 and adoption by early 2008. The Council will be consulting informally on the issues to be included in the SPD over the summer of 2007. There will be formal statutory consultation on the SPD during autumn 2007. Please look at the Council's web site at [www.newcastle.gov.uk/ldf](http://www.newcastle.gov.uk/ldf) for the latest information.
- 5.3 It is recognised that the 2003 Housing Requirements Study requires updating and therefore a new Local Housing Assessment is being undertaken now. It is looking at housing needs and preferences in 21 housing sub market areas, grouped into six larger areas. The study will report in early autumn 2007 and will be a key input into the preparation of the SPD.
- 5.4 At about the same time that the SPD is published for consultation, the Council will also be publishing what is called its *submission draft* Core Strategy. Whilst this document (part of the new Local Development Framework) will not be full operational until late 2008, it will contain policies that will be consistent with the contents of the SPD. It will underline the Council's wish to deliver a significant part of its affordable housing targets through the planning process.

## **6 Contacts**

### **6.1 *Planning Policy (for application of planning policy)***

Peter Cockbain  
Planning Policy Officer  
Planning and Transportation Division  
Tel: 0191 211 5641  
Email: peter.cockbain@newcastle.gov.uk

### **6.2 *Strategic Housing (for discussion on delivery mechanisms)***

Mark Ellis  
Housing Strategy Officer  
Strategic Housing Division  
Tel: 0191 211 7858  
Email: mark.ellis@newcastle.gov.uk

## **7 Links to useful web site pages**

### **7.1 *City Council web site pages:***

Homes for a sustainable future: Newcastle's Housing Strategy 2006 - 2021  
[www.newcastle.gov.uk/core.nsf/level2?readform&ID=100007~NC20016](http://www.newcastle.gov.uk/core.nsf/level2?readform&ID=100007~NC20016)

Housing Requirements Study 2003  
[www.newcastle.gov.uk/eecsh.nsf/a995f08678e0882f80256688005190dd/f81acc0ce3053d8180256efa00329de3/\\$FILE/%23Newcastle%20Final%20170904.pdf](http://www.newcastle.gov.uk/eecsh.nsf/a995f08678e0882f80256688005190dd/f81acc0ce3053d8180256efa00329de3/$FILE/%23Newcastle%20Final%20170904.pdf) (522kb)

Local Development Framework  
[www.newcastle.gov.uk/ldf](http://www.newcastle.gov.uk/ldf)

Current development plan (including the Unitary Development Plan)  
[www.newcastle.gov.uk/core.nsf/a/statplans?opendocument](http://www.newcastle.gov.uk/core.nsf/a/statplans?opendocument)

Planning index page  
[www.newcastle.gov.uk/core.nsf/level2?readform&ID=100006~200074](http://www.newcastle.gov.uk/core.nsf/level2?readform&ID=100006~200074)

*N.B. There will be page specifically on affordable housing, accessible via the planning index page - URL not available yet*

### **7.2 *External web sites:***

Planning Policy Statement 3 *Housing*  
[www.communities.gov.uk/index.asp?id=1504591](http://www.communities.gov.uk/index.asp?id=1504591)

Communities & Local Government page on affordable housing  
[www.communities.gov.uk/index.asp?id=1150312](http://www.communities.gov.uk/index.asp?id=1150312)

Communities & Local Government publication - Delivering Affordable Housing  
[www.communities.gov.uk/index.asp?id=1504795](http://www.communities.gov.uk/index.asp?id=1504795)

Central government advice to the public on affordable housing  
[www.direct.gov.uk/en/HomeAndCommunity/BuyingAndSellingYourHome/HomeBuyingSchemes/index.htm](http://www.direct.gov.uk/en/HomeAndCommunity/BuyingAndSellingYourHome/HomeBuyingSchemes/index.htm)

Publication of National Planning & Housing Advisory Unit - Affordability Matters  
[www.communities.gov.uk/index.asp?id=1510913](http://www.communities.gov.uk/index.asp?id=1510913)

Consultation on Proposed Changes to revised Regional Spatial Strategy  
[www.gos.gov.uk/nestore/497503/129263/137066/292984/rss\\_consult](http://www.gos.gov.uk/nestore/497503/129263/137066/292984/rss_consult)

Housing Corporation  
[www.housingcorp.gov.uk/index.php](http://www.housingcorp.gov.uk/index.php)

HomeBuy national agent  
[www.myftbi.com](http://www.myftbi.com)

HomeBuy local agent  
[www.nomad-homes.co.uk](http://www.nomad-homes.co.uk)

First Time Buyers scheme launched in north east  
[www.go-ne.gov.uk/gone/news/496102](http://www.go-ne.gov.uk/gone/news/496102)

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